

Together we
create...

ANNUAL REPORT 2020/21
FINANCIAL STATEMENTS
TO 31 JULY 2021



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Chair's Foreword

Another remarkable year with virtually all our students taught remotely, completing their examinations on-line across the globe, supported by staff who responded in exceptional ways under challenging circumstances.

The COVID-19 global pandemic has impacted on all our activities but with the extraordinary contribution of all our staff we have been able to deliver our education and research mission and maintain sound finances throughout the year.

In her first year as Vice-Chancellor Professor Lisa Roberts, with her senior team, successfully navigated the impacts of the pandemic. She has also helped us look beyond day-to-day challenges by leading on the development of a new University strategy. Holding a series of Big Conversations, achieving unprecedented levels of staff engagement, we launched a new University Strategy 2030, which will, I am sure, help us emerge from the pandemic with our sights firmly on the future.

The year saw the University breaking into the world's top 150 in the two major world rankings, ranking 143rd in the Times Higher Education World Rankings and 149th in the QS World University Rankings. By definition a University

has to be a globally connected to address global challenges, so to be recognised in the world's top 150 is particularly pleasing.

Last year I suggested that the 2020/21 year was likely to be among our most difficult, reflecting a convergence of issues: the pandemic, Brexit and pensions.

As a University that recruits both staff and students from around the world Brexit posed challenges but we made considerable effort to support our staff through the uncertainties of the Brexit process and strived to deepen relationships with our European partners.

The sector's pension's challenge is far from over, but as the USS 2020 valuation draws to a close the threat of material cost increases has been averted.

If the pandemic, Brexit and pensions were not enough to contend with, in February we also had to deal with the discovery of an unexploded bomb from World War Two close to the Streatham campus. How our staff responded to this perfectly illustrates their commitment and ability to respond in a crisis. Over a long weekend

over 1,200 students had to be temporarily evacuated and re-homed across the South West. Managers responded brilliantly, working closely with colleagues in the City to keep students and local residents safe, enabling the armed forces to control the explosion with no harm to life and minimal damage to buildings.

While our Financial Statements report a strong set of results they do not reflect the challenges our staff have had to face over the last year. My heartfelt thanks to everyone at the University.

Sarah Turvill

Chair of Council and Pro-Chancellor



Together we
create the possible.

Our Purpose,
Vision and Values



Our Purpose, Vision and Values

Our Purpose

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

Our Vision

In order to achieve our purpose, in the next decade we will build on our strong interdisciplinary culture to:



Lead meaningful action against the climate emergency and ecological crisis.



Make key breakthroughs to transform human health and wellbeing.



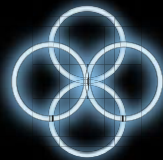
Lead the progress towards creating a fair, socially just and inclusive society.

Our Values



Discovery

We thrive on imagination and creativity to make new discoveries and to innovate in our ways of working.



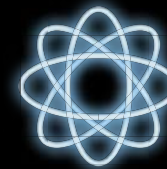
Inclusion

We welcome and champion diversity to create a sense of belonging so that everyone is valued.



Respect

We respect our community and our environment, and we build trust and wellbeing by showing kindness.



Community

We work best when we collaborate to deliver our shared priorities and goals.



Excellence

We seek to excel and deliver the very best in everything we do.

Discover More
[exeter.ac.uk/strategy2030](https://www.exeter.ac.uk/strategy2030)



Our Stakeholders



Our Stakeholders

The University serves a multitude of stakeholders. Our members – students, staff, alumni and trustees – are what make the University.

Our activity reaches out locally, regionally, nationally and globally.

We are an important part of our local community in Devon and Cornwall, making a significant economic contribution, working with local partners such as Exeter College, the Royal Devon and Exeter NHS Foundation Trust, the UK Met Office, the Exeter Mathematics School and Exeter City and Cornwall County Councils as well as working with local and national employers.

The University recently entered into two Civic University Agreements:

- Exeter: in partnership with Exeter City Council, Exeter College and the Royal Devon and Exeter NHS Foundation Trust
- Cornwall: in partnership with Falmouth University, Cornwall Council and the Royal Cornwall Hospital Trust

A third agreement is being developed, covering Devon and Torbay, in partnership with the Royal Devon and Exeter NHS Foundation trust, the University of Plymouth and Devon County Council.





How we
create value



How we create value

We create value through the knowledge our people create and transmit, through the numerous relationships, partnerships and networks they develop, all supported by our physical and financial resources.

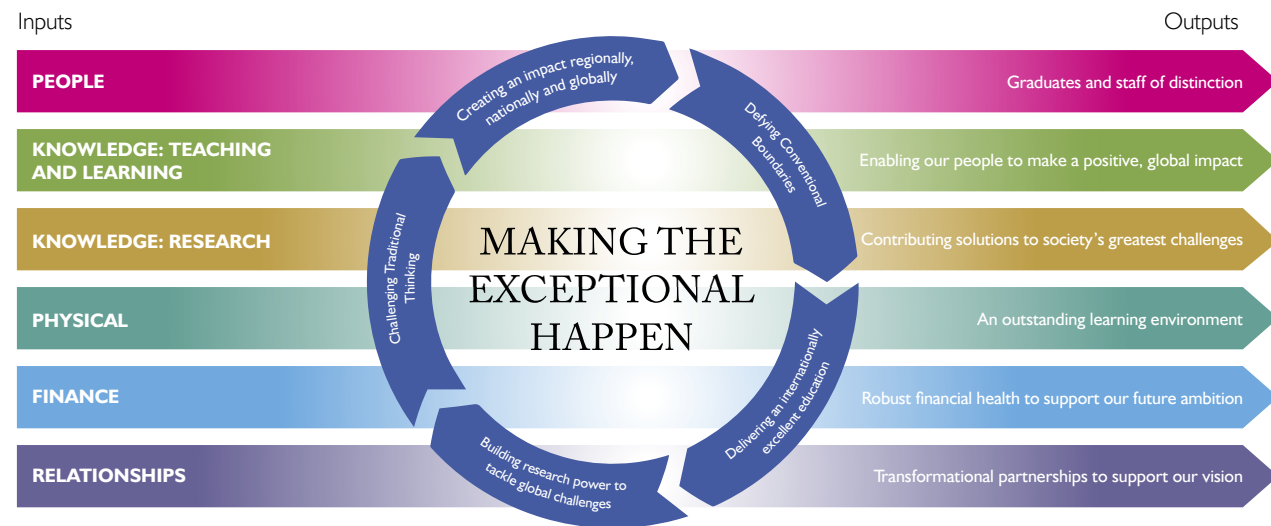
This is reflected in the range of our outputs, from producing graduates of distinction to contributing to the solution of global challenges.

We transform lives to have a real and lasting impact on the world around us and challenge our talented students to achieve more than they ever thought possible.

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

This Annual Report describes how we have developed all of our key resources – people, knowledge, relationships, physical and financial – into outputs over the last year, setting out our performance for the year ended 31 July 2021 in each of these output areas. We hope this will give you a good understanding of what we do and how we have performed, enabling you to better judge the value for money we provide.

OUR VALUE MODEL





Introduction from the Vice-Chancellor



Introduction from the Vice-Chancellor

I took up the role of Vice-Chancellor in September 2020 and am privileged to be leading a University which is making a significant contribution towards solving some of the world's most challenging global problems and transforming lives. Since arriving at Exeter, I have been struck by the real sense of commitment to making a difference and a will to take the next step to cement Exeter's reputation as a one of the world's leading universities. It has been a pleasure to meet a wide range of staff, students and alumni over the past year and see first-hand how special our community is.

No one can deny that the last year was a challenging one. Students were forced to study remotely, all over the world, and most of our staff quickly transitioned to providing online learning and conducting their research from home for the most part. The wellbeing and safety of our staff has been a high priority, as has engaging with students to make sure we maintain our high standards in their teaching and learning experience. We invested over £17M last year in various COVID-19-related projects to support staff and students in the provision of teaching tools, content, learning resources and health and safety. We waived £9M of student rents and increased spending on student hardship, access and participation by 25% to £11M.

This significant but necessary re-prioritisation of our resources was made possible by the fact that student demand for our programmes remained resilient. It is also remarkable, and testament to the excellence, innovation and resilience of our research community that our research income increased last year and a number of researchers quickly pivoted their research to tackle the pandemic, in many different ways.

The Reuters Hot List of world's top climate scientists highlighted Exeter as home to the UK's top five most influential climate scientists, all of whom also featured in the top 21 globally, and a number of our disciplines in the arts and social sciences featured in global top 100 world rankings.

Now is the perfect time for us to highlight our truly world-leading quality and scale of environment and sustainability research with the hosting of the G7 in Cornwall and the COP26 meeting in Glasgow. These events have given us the opportunity to tell the world about our work to lead the charge towards net zero as well as protecting habitats and communities.

Exeter is a global university, with staff and students from all over the world coming to study and work with us and our researchers in partnership to find solutions to global problems. This year we were ranked in the top 150 globally. We also have a key role to play locally, within Devon and Cornwall and the greater South West. Last year, we began to develop a number of Civic University Agreements, with our anchor partners in Exeter, Devon, Cornwall and Somerset, with the aim of enriching the economy, supporting the transition to net positive, building aspiration

and opportunity for our communities as well as enhancing health and wellbeing. A great illustration of this is our partnership within the South West Institute of Technology, and we recently celebrated the opening of the University building on our Streatham Campus. It will be at the forefront of technical education and degree apprenticeships in digital, data and advanced engineering in the region.

Even though it has been a difficult year, we have emerged from it strongly and I believe we will power out of this pandemic period with renewed strength and ambition. In October 2021, we launched our ambitious new Strategy 2030 in which we set out our vision to use the power of our education and research to create a sustainable, healthy and socially just future. We will build on our strong, interdisciplinary culture to lead meaningful action against the climate emergency and ecological crisis; make key breakthroughs to transform human health and wellbeing; and lead the progress towards creating a fair, socially just and inclusive society.

The way in which we developed the strategy was unique and the biggest engagement initiative the University has ever undertaken. The Strategy is

the product of real co-creation between everyone in our community, through engaging with ideas, sharing opinions and making suggestions about where the University, higher education and the world is going in the next ten years, and what part the University of Exeter can play.

Over 4,000 individuals contributed over 85,000 ideas through a series of 'big conversations' over the last year, and I want to thank everyone for contributing and participating.

As we begin a new academic year, it is exciting and uplifting to see the vibrancy return to our campuses; a year in which student demand has yet again exceeded expectations with our largest ever intake. We have work to do on making sure we achieve the high standards we set ourselves to ensure our students receive the student experience they rightly expect when becoming a member of our community.

This Annual Report and Financial Statements describe the extensive and impressive achievements we have made together over the last year. I thank everyone in our community for your part in that. Looking forward, work is underway to develop the delivery plan so that we can begin to implement Strategy 2030 and realise our new ambitious goals – together.

Professor Lisa Roberts

Vice-Chancellor and Chief Executive

A challenging year

Our achievements in 2020/21 are even more impressive considering the challenges posed by the ongoing COVID-19 pandemic.

This year we entered the world's top 150 in two international league tables, ranking 143rd in the Times Higher Education World Rankings and 149th in the QS World Rankings.

Of course, the University's collective journey over the last 12 months hasn't been easy but the way in which our community has come together to respond to these challenges, and the gains we've made, are a testament to our ethos and even more so to our indefatigable staff and students.

Together we have nurtured our global partnerships and accelerated our work on diversity and inclusion, building on our work as a University of Sanctuary and our support of CARA (Council for at-risk academics).

COVID-19

The COVID-19 pandemic had a serious and wide-ranging impact on the University's activities in 2020/21, having already significantly disrupted the previous academic year.

Project Enhance, protecting the student experience

Our approach to addressing the impact of the pandemic on the student experience was managed through Project Enhance, a £7m investment in staff and resources which enabled a rapid transition to a blended learning model.

The scheme provided resilience and agility to respond to the way the pandemic continued to unfold and the series of changes to government restrictions. Central to the success of Project Enhance was the appointment of 69 recent graduates as Digital Learning Developers and 130 interns as Digital Learning Assistants, working together with the educators in our departments to co-create digital learning resources that could be made available on an anytime, anywhere basis. In total, an incredible 2,930 individual modules were enhanced in preparation for blended delivery, and all underwent accelerated, but rigorous, quality assurance processes.

Project Sustain, protecting our community

A total of £11.4m has been invested in programmes of work and facilities to make working on campus as safe and secure as possible. Ranging from our own test and trace service to alleviate the pressure on local NHS services, to marquees to add sheltered space and 4G dongles to facilitate remote working among other actions.

Policies were developed to help our academic and Professional Services colleagues adjust to the impact of the pandemic, emphasising a flexible approach which recognised that colleagues' activity and priorities may have significantly changed during the past year. The impact of these changes is likely to endure beyond the pandemic and many of these policies will remain in effect this year and throughout the next two academic years.



A challenging year

Working from home

The pandemic accelerated changes in the ways people work. We rapidly switched to remote working for many staff, supported by investment in technology and resources designed to help staff to work at home effectively, with a focus on wellbeing.

We recognise that many staff continued to work on campus throughout the pandemic and that many of our activities, particularly teaching and other student-facing services, still had to be delivered in person and on campus.

The Future of Work

Working with student representatives and trade unions, we developed and delivered a comprehensive framework for a return to campus working for September 2021.

The Future of Work project has been set up to review how we use our campus space, how and where we will work in the future and how technology will support us to do this effectively. The project, which will begin implementing changes during 2021/22, is expected to see an increase in blended working arrangements.

Brexit

Following the UK's exit from the European Union, we proactively supported staff from EU countries to apply for Settled Status, and we have reviewed our arrangements to support new international appointments joining the University from both EU and non-EU countries. This includes updates to our visa reimbursement scheme for staff who require a visa to take up their employment.

Last year was the last in which new undergraduate students from the EU were admitted under the £9,250 fee regime, and with access to the student loan system. From 2021 new students admitted from the EU will no longer have access to the UK loan system to cover their tuition fees and will pay international fees.

Continuing students who were admitted in earlier years will continue under the former fee regime with access to student loans.





How we
performed



How we performed: teaching and learning

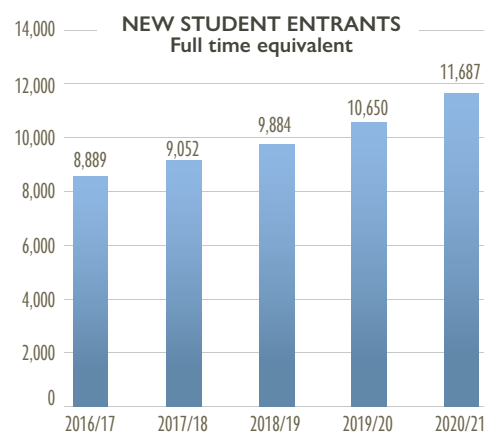
Enabling the very best outcomes for all of our students, facilitated by excellence in teaching and learning, is fundamental to our University.

At the heart of this is working in partnership with our students, fostering a culture of student support, delivering research-inspired learning and driving pedagogic innovation.

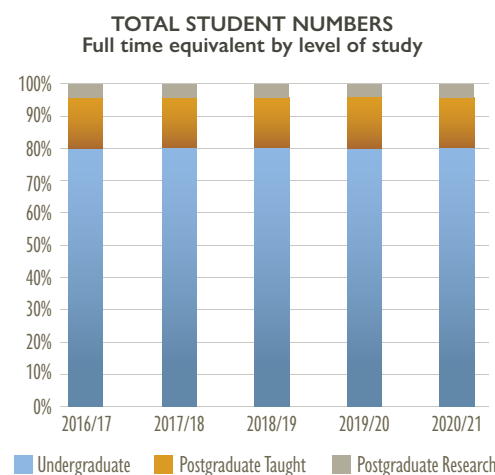
Supporting all our students to achieve their very best – through excellent teaching, learning and a holistic student experience – is fundamental to our University. Our partnership with students is essential, and fosters an inclusive and supportive learning community which celebrates research-inspired learning and drives pedagogic innovation. In 2020 the University admitted 11,687 new students across all study levels, 19.3 per cent of whom were international students. They enrolled in 37 disciplines in our six academic colleges across our campuses in Devon and Cornwall. The total student body rose to 27,296 full-time equivalent students in 2020/21.

Graduate outcomes

Other measures demonstrate our continued high performance in delivering the best outcomes for



our students, in particular our success in ensuring these outcomes in light of the pandemic. Good honours degrees (First Class Honours or 2:1) were awarded to 95 per cent of our students (92 per cent in 2019/20), while 80.5 per cent of our graduates were in graduate-level employment 15 months after graduating according to the Graduate Outcomes Survey. Student withdrawals were 1.8 per cent, consistent with previous years, and are among the lowest in the UK.



Enhancing our digital offering

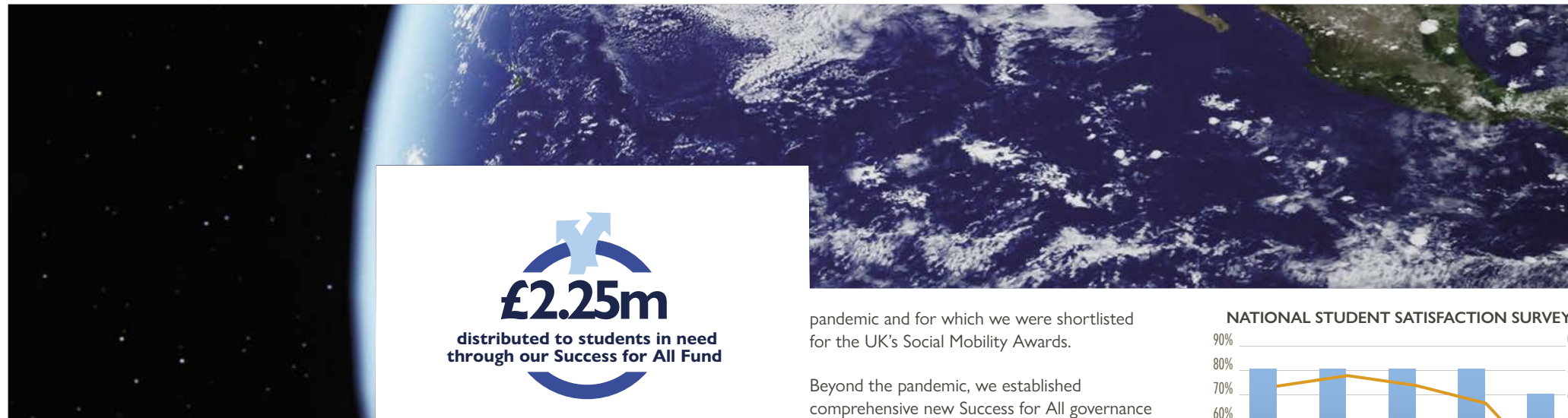
Through our investment in Project Enhance we invested significantly in our systems and digital tools, including enhanced capacity to support 20,000 concurrent users of our virtual learning environment (VLE).

We invested £611k in the virtualisation of key software packages used in teaching, making them

available remotely and free-of-charge to students. We also put more than £1m into additional support for students, including electronic textbooks, LinkedIn Learning to provide access to a wealth of professional study and personal development resources, and for Studiosity, a service to provide rapid feedback on students' written work. Through Studiosity, our students have accumulated over 500,000 minutes of usage in the last year.

We developed our distance-learning support for students across the globe. Through the Alibaba interface we have been able to ensure continued access to key online systems and resources for students in China, and supported around 10 per cent of our student body to study remotely, around the world, in the last academic year.

The pandemic required that we continue with online-only examinations, with students undertaking papers in open-book, uninvigilated conditions within 24-hour windows. In total, over 130,000 exam sittings were conducted over the January and May 2021 examination periods, all administered and marked online.



The No Disadvantage Guarantee

In the early part of 2021, we engaged with our Students' Guild and Students' Union, and a group of student campaigners, to co-create the No Disadvantage Guarantee, providing assurance to our students that both their academic outcomes and the integrity of their Exeter degree would be protected.

This took the form of three 'safety nets' aimed at whole cohorts, at individuals in particularly adverse circumstances and at finalists and taught postgraduate students. The development and implementation of a new Exceptional Circumstances Policy, meant that students had a mechanism to provide evidence to exam boards of particularly detrimental impacts of the pandemic on their studies.

2,731 applications from 511 students were received through this process in advance of summer exam boards, also including students who had been disrupted by the discovery and removal of WWII ordnance close to our Streatham Campus.

Success for All

Throughout the year, we have demonstrated our ethos of Success for All Our Students, which is central to our Education Strategy 2019–25.

The pandemic increased financial pressure on students, with loss of employment, changes in family circumstances, quarantine, isolation and lockdown requirements, all contributing to unprecedented levels of hardship. In response, the University created a new Success for All Fund to provide a one-stop-shop for financial help. Between September 2020 and July 2021 1,921 students from 79 countries made applications for financial support. This support was unprecedented, not just in the level of expenditure but the sustained scale of demand, and the breadth of students requiring help. Evaluation shows the impact of this funding was significant not only in alleviating financial hardship but also in helping students to continue their studies, reduce anxiety and support attainment.

We distributed £2.25m to students in need through our Success for All Fund, a direct response to the hardship occasioned by the

pandemic and for which we were shortlisted for the UK's Social Mobility Awards.

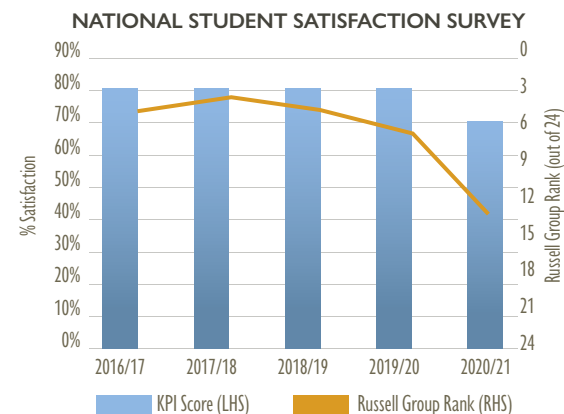
Beyond the pandemic, we established comprehensive new Success for All governance arrangements to coordinate activity across the University, and in January 2021 we appointed Dr Vrinda Nayak to the new key leadership role of Associate Academic Dean for Students (Racial Equality and Inclusion).

Under Dr Nayak's leadership, and in partnership with the Students' Guild and Students' Union, we have recently established the Success for All Student Forum, as a space for students to discuss and feedback on their experiences.

National Student Survey results

Alongside nearly all other universities, we experienced a decline in student satisfaction in the 2021 National Student Survey (NSS), from 85.7% in 2020 to 76.5%. Our KPI, applying the Times league table methodology focused on teaching quality and student experience, also declined from 78.7% to 71.8%.

We were disappointed that our NSS scores fell more than those of our peers; we rank 14th in the Russell Group (down from 3rd in 2020) on our KPI measure. This outcome has galvanised us to do all we can to improve our performance and return to a position of delivering a sector-leading experience in the coming year and beyond.



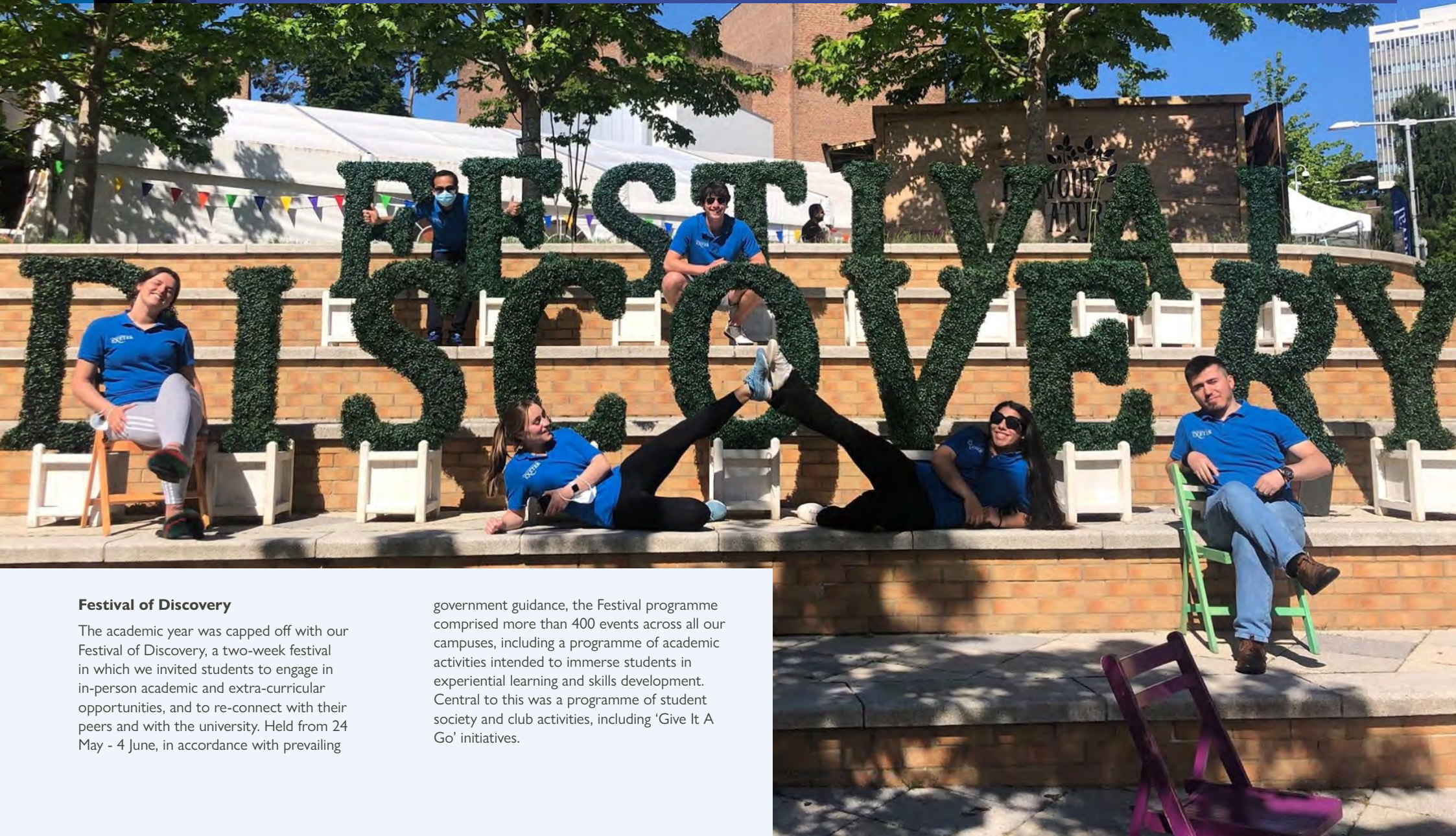
Looking to the future

Looking ahead to 2021/22, we will continue our clear focus on Success for All Our Students, and on key priorities for the enhancement of education. The Global Enhance Programme is now well established, with a number of projects expected to deliver benefits in terms of the resilience and efficacy of core systems, and the diversification of our degree programme portfolio to capitalise on our increased capacity for online and blended learning.

Through Global Enhance and other activities, we are well positioned to quickly begin to deliver the vision for education which is set out within the University's new 2030 Strategy.



How we performed: teaching and learning



Festival of Discovery

The academic year was capped off with our Festival of Discovery, a two-week festival in which we invited students to engage in in-person academic and extra-curricular opportunities, and to re-connect with their peers and with the university. Held from 24 May - 4 June, in accordance with prevailing

government guidance, the Festival programme comprised more than 400 events across all our campuses, including a programme of academic activities intended to immerse students in experiential learning and skills development. Central to this was a programme of student society and club activities, including 'Give It A Go' initiatives.



How we performed: teaching and learning

Challenges Online

Challenges Online was developed in response to the Covid-19 lockdown, adapting our established Grand Challenges programme in which students work in small interdisciplinary teams to tackle a range of topics aligned with the United Nations' Sustainable Development Goals (for example, Social Inequalities, Fake News, Planetary Health and many others). The programme's student-centred approach encourages the development of employability skills in a safe environment through playful experimentation, while exposing students to different ways of thinking and working.

In 2020-21, more than 300 undergraduates from 34 nations across 10 time zones participated, including 21 students from our global partner Universities working alongside Exeter students. Feedback showed that 98% said that Challenges Online had improved their employability skills, 90% said that Challenges Online demonstrated how different disciplines can work together to address an issue and 89% said that they would recommend Challenges Online to other students. The overall satisfaction rate was 94%.

Two of the winning projects include SAFESEX, an app and website to unlearn patriarchal behaviour and educate on consent, and The Biodiet Cookbook, a cookbook and a website focusing on our biodiversity crisis, and how individuals can make a difference without leaving their house. One of our student participants said: "The opportunity to do whatever you wanted to tackle the challenge at hand was exciting and allowed my group to tailor our project in such a way as to play to all our strengths."



How we performed: research and innovation

As a research-led institution, creating and disseminating knowledge that has an impact on society and addressing the many challenges facing humankind is central to our mission.

Our research advances knowledge, understanding and the capacity to respond to local, national and global, social, economic and environmental challenges. Despite a year of disruption and challenge created by the pandemic we:

- Increased research awards by 12% compared to 2019/20, with 771 awards at a total value of £120m;
- made our largest submission to REF 2021, the UK's national research assessment process, submitting the work of 1,327 individuals (over 1,250 FTE) – a 70% increase on the number of people submitted to REF 2014;
- increased the volume and quality of research across our disciplines;
- sustained a strong portfolio of research activity, submitting over 3,000 research publications and 112 impact case studies across 26 disciplines.

Exeter was represented in Glasgow when it hosted the UNs COP26 in November 2021; much of our research is aligned with COP26 objectives. Our expertise in climate, environment and sustainability is reflected in the Reuters' new Climate Scientists Hot List where 18 of

our climate scientists (including 9 who hold joint appointments with the UK's Met Office) were featured.

Research Excellence

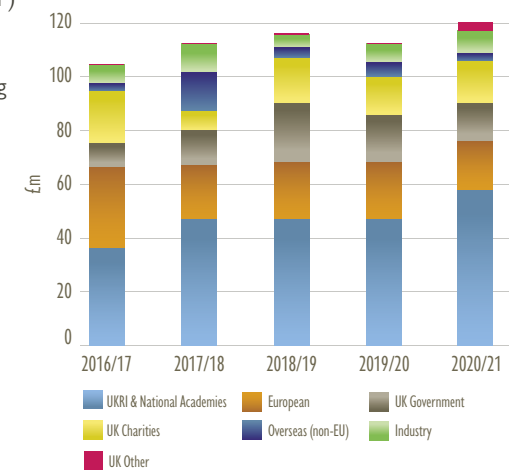
In the 2014 Research Excellence Framework (REF) exercise, 98 per cent of the University's research was rated as of internationally excellent quality. Our research community, while rapidly expanding in number, remains relatively small compared to others within the Russell Group (the UK's most research-intensive institutions, where we are currently placed 18th of 24 for the number of education and research staff, and 22nd when we include our research-only staff).

The CWTS Leiden Ranking offers key insights into the scientific performance of more than 900 major universities worldwide. We are 8th in the UK, 10th in Europe and 31st* in the world in the CWTS Leiden Ranking, which is based on the quality of research publications. The 2020 Thomson Reuters Highly Cited Researchers list featured 14 Exeter researchers representing the top 1 per cent of cited researchers in their fields.

* www.leidenranking.com/ranking/2021/list Proportion of the publications of a university belonging to the top 10% in their field.



AWARDS BY FUNDING SOURCE





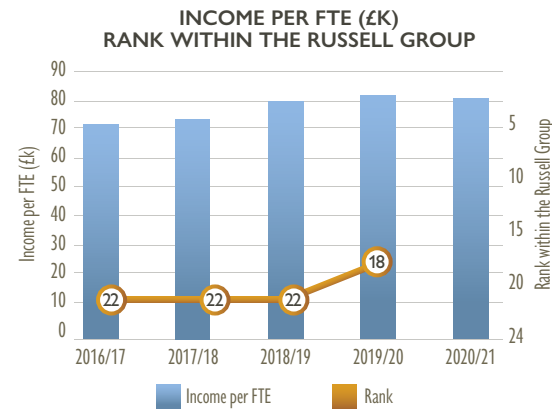
The 771 new research awards won this year fund multi-year projects and will convert to research income over the next few years as projects are mobilised and delivered through to completion. 2020/21 marks the fourth consecutive year where annual awards exceeded £100m. Funding was attracted from UKRI and national academies, Innovate UK, from the European Research Council and other Horizon 2020 schemes, the Wellcome Trust, other medical charities and over 30 industry funders such as:

- AstraZeneca
- Hitachi
- Nike
- QinetiQ
- Pukka Herbs
- Syngenta
- Fujitsu
- Mozilla
- Novo Nordisk
- PepsiCo
- Serco
- UCB Pharma

Growth of awards is reflected in the growth of research income to £95m, an increase of 2% over 2019/20. Further, our indirect cost recovery was £29m, a 9% increase on 2019/20.

Research income per staff FTE had gradually been improving, increasing from £80.7k per FTE in 2018/19 to £82.7k per FTE in 2019/20 but fell slightly and is now at £81k per FTE for 2020/21. By the income per FTE measure we are now ranked 18th (out of 24) in the Russell Group.

Our overall ranking in part reflects the balance of our science and humanities disciplines in comparison to the large civic and London institutions in our peer group.



Building research power to tackle global challenges

Key components of our strategy includes building our research power by expanding our academic community, accelerating the growth of our science base and harnessing our interdisciplinary strengths. Institutes are essential mechanisms to support mission-led research and building the infrastructure to support cutting-edge research.

The 1,327 academics submitted into REF2021 represented a growth of 71 percent over the previous REF2014, and exceeded our target of 1,000. The submission incorporated over 3,000 research publications and outputs, 112 impact case studies and articulated a thriving and inclusive research culture.

Infrastructural investments in support of interdisciplinary research include the establishment of our four institutes, the Environment and Sustainability Institute, Global Systems Institute, the Institute for Data Science and Artificial Intelligence, the Living Systems Institute and the development of a new International Institute for Cultural Enquiry. Over a quarter of the publications submitted into REF2021 have been classed as interdisciplinary.

Entering the new decade, our new Research and Impact Strategy is helping us to identify next-generation research questions; enable creativity and innovation; and generate sustainable solutions for the economy, society and communities worldwide. We promote a working environment that is inclusive, supportive, efficient and inspiring. Our objectives over the next five years include:

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



How we performed: research and innovation

Spotlight on health and wellbeing

Exeter's contributions to improving wellbeing and health has been wide-ranging across numerous disciplines.

Through diabetes prevention research by Jane Smith, Colin Greaves and Phil Evans from the College of Medicine and Health we have not only improved health outcomes but also enabled a £1.2bn* saving for the NHS over a five-year period.

Eye-tracking research by Mark Wilson and Samuel Vine in Sports and Health Sciences has transformed laparoscopic surgical training for urology surgeons.

Susannah Cornwall, in Theology, worked in partnership with the West of England NHS Specialist Gender Identity Clinic to change health professional standards of care for intersex and trans people.

From the College of Medicine and Health, Dave Wright's research on algorithms which combine the use of biomarkers and maternal factors helped prevent an estimated 49,000 cases of preeclampsia globally by the end of 2020.

In Psychology, the work of Heather O'Mahen, David Richards and Fiona Warren has helped shape UK national policies and greater provision of perinatal mental health services supporting treatment for over 60,000 people.

Mathematical research by Theo Economou and Oliver Stoner has helped shape regional disease warning systems in Brazil to enable effective influenza and dengue prevention across 6 of Brazil's municipal states with a combined population of 108m.

From Business and Management Studies, the research of Navonil Mustafee, Surajeet Chakravarty, Todd Kaplan and John Powell has allowed for the development of a digital platform and app, NHSquicker, which helps to reduce real-time waiting at A&E wards and in Urgent Care centres and Minor Injuries units.

Interdisciplinary research collaborations bridging sociology and the medical humanities has seen Mark Jackson and Felicity Thomas shape WHO policies to better integrate cultural factors in the delivery of health care, and Felicity Thomas to help shape mental health reform across Central Europe, in particular in Belarus and Ukraine.



* NHS England (2016) Impact Analysis of implementing NHS Diabetes Prevention Programme 2016 to 2021
[england.nhs.uk/publication/nhs-england-impact-analysis-of-implementing-nhs-diabetes-prevention-programme-2016-to-2021/](https://www.england.nhs.uk/publication/nhs-england-impact-analysis-of-implementing-nhs-diabetes-prevention-programme-2016-to-2021/)



How we performed: research and innovation

People and ideas

Our research environment and culture enables our researchers to thrive, make outstanding contributions and build sustained and successful careers at the University.

Across our disciplines, research questions have focused on questions of inclusivity, fairness and justice. In Classics, Elena Isayev's research on mobility and constructions of place, hospitality and belonging, and her wide-ranging, collaborative work with refugee communities, artists, NGOs, educationalists, and policymakers across Europe, Africa and the Middle East is transforming perceptions of migration. Christine Robins research on minoritized Middle Eastern communities, such as the Yezidis and Mandaeans in the Institute of Arab and Islamic Studies is not only helping to better preserve their cultural heritage but is also supporting public policy development in relation to non-Christian minority persecution.

In Kenya, Inma Adarves-Yorno's application of psychology research has been transformative for rehabilitation programmes in their prison services resulting in improved prisoner relationships with families, colleagues, authorities and reduced incidences of violence, alcohol and drug use. The work of John Heathershaw, David Lewis and

Catherine Owens from Politics in collaboration with colleagues in the US is supporting global responses to transnational repression, especially political exiles from Central Asia and has also directly influenced US legislation and the Foreign, Commonwealth and Development Office strategies and approach to internationalisation and academic freedom.

In the UK, Brahm Norwich' research has directly influenced special education needs (SEN) curriculum development improving the learning and teaching experience for pupils with SEN. Between 2013 and 2019, referrals to NHS gender clinics increased by 240%; the risk of self-harm and suicide are known to increase with increased waiting times. Susannah Cornwall from Theology has shown that improvements to training on variant sex and gender and faith, for faith leaders and gender medicine specialists alike, have the potential to improve trans people's wellbeing. Her research on LGBTQI+ inclusive theologies has resulted in changes to healthcare policy by NHS employers, influenced church policy on same sex marriage and gender transition blessings and contributed to the Royal College of Physicians' professional qualifications in gender medicine, the first of their kind worldwide.

In 2020/21 Dragan Savic, Lydia Vamvakieridou-Lyroudia, Albert Chen, Mehdi Khoury and Gareth Lewis received the Royal Academy of Engineering's President's Special Awards for Pandemic Service in addition to winning the #EUvsVirus hackathon for pioneering solutions to fight coronavirus outbreaks.

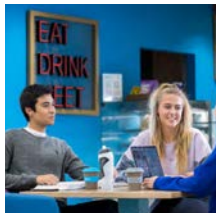
Andrew Hattersley received the Baillet Latour Health Prize 2020 from Belgium's Queen for his contributions to the understanding, diagnosis and treatment of the genetic forms of diabetes.

Sarah Richardson won the RD Lawrence Lectures Award from Diabetes UK which recognises an outstanding individual who has made seminal contributions to their field as an early career researcher.

Dora Vargha received the Arts and Humanities Research Council Medical Humanities Awards, jointly awarded with the Wellcome Trust, for "Best International Research" award for transforming understanding of the spread of infectious disease, mental illness and obesity.

Maggie Shepherd became one of just four UK nurses and midwives to be included among the Women in Global Health's 100+ Outstanding Women Nurses and Midwives and Adilia Warris won the 2021 Bill Marshall Award, the most prestigious award given by ESPID (European Society for Paediatric Infectious Diseases).

Nick Stone received the Institute of Physics and Engineering in Medicine's Academic Gold Medal for outstanding contributions to physics and engineering applied to medicine and biology.

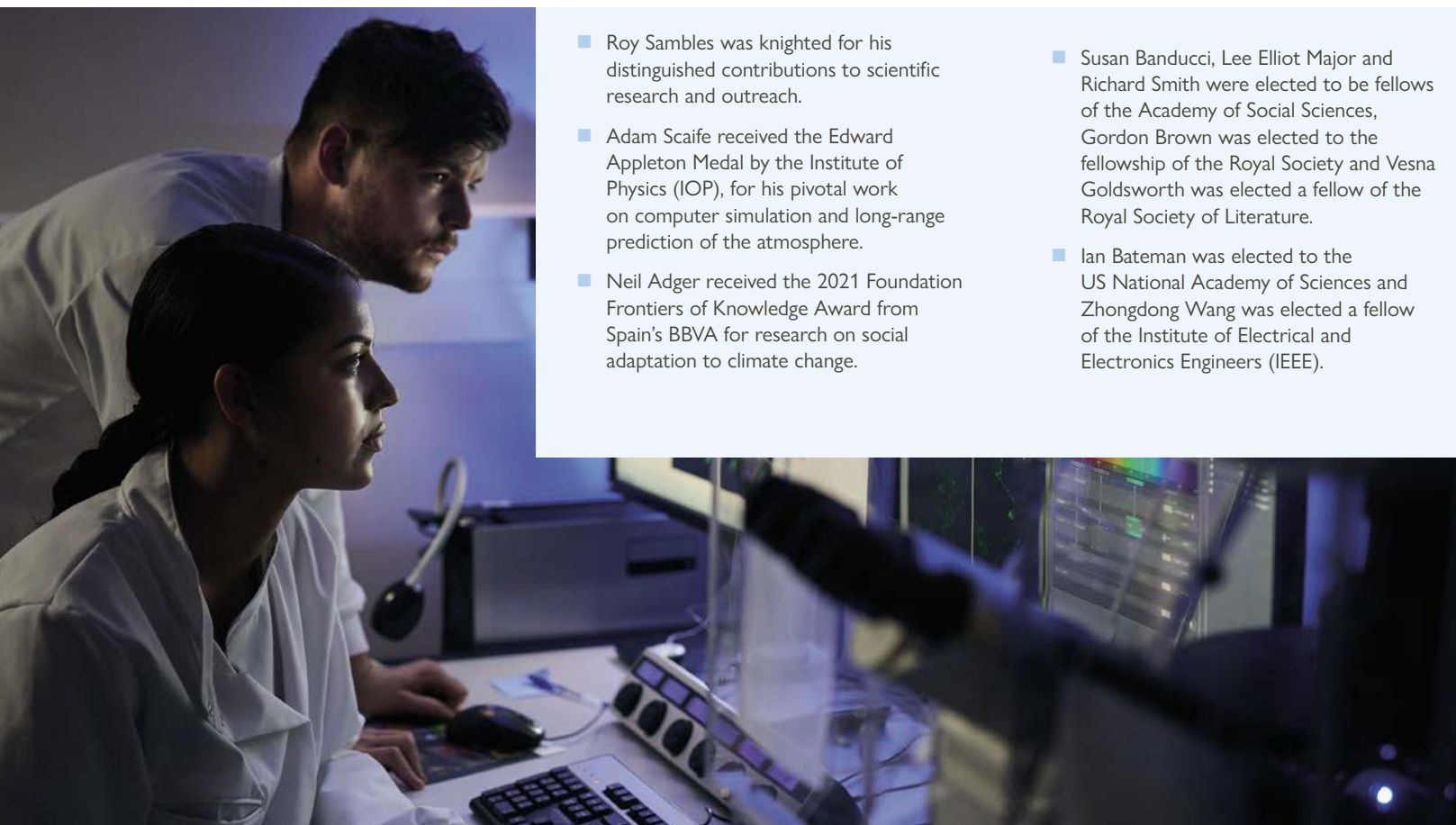


How we performed: research and innovation

A number of our academics received personal recognition for their achievements this year:

- Roy Sambles was knighted for his distinguished contributions to scientific research and outreach.
- Adam Scaife received the Edward Appleton Medal by the Institute of Physics (IOP), for his pivotal work on computer simulation and long-range prediction of the atmosphere.
- Neil Adger received the 2021 Foundation Frontiers of Knowledge Award from Spain's BBVA for research on social adaptation to climate change.
- Susan Banducci, Lee Elliot Major and Richard Smith were elected to be fellows of the Academy of Social Sciences, Gordon Brown was elected to the fellowship of the Royal Society and Vesna Goldsworth was elected a fellow of the Royal Society of Literature.
- Ian Bateman was elected to the US National Academy of Sciences and Zhongdong Wang was elected a fellow of the Institute of Electrical and Electronics Engineers (IEEE).

v



How we performed: people

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

Graduates and staff of distinction

We are proud that Business School student, Lara Vincent-Young, was named Black Heritage Undergraduate of the Year 2021 by Target Jobs. Lara is a student ambassador for the School and a passionate advocate for improving student diversity.

Champika Dona, a clinical matron at Hampshire Hospitals NHS Foundation Trust was awarded apprentice of the year at the BAME Apprenticeship Awards 2021, in the health, medical and social care category.

Champika is a student on the University's Senior Leader Degree Apprenticeship programme. Another student on the same programme, Shumailla Dar, was also shortlisted for the national award.

Alumni volunteers of the year

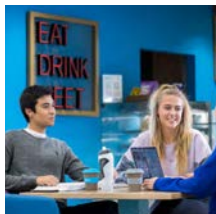
Staff, students and fellow alumni all came forward to nominate their Alumni Volunteers of the Year in 2021. After a tough process, the judging panel, made up of representatives of all the above groups, announced the following winners:

Debbie Hill Award for the Exceptional Support of Students

- Naveen Fatima (MSc Human Resource Management, 2018), for volunteering her time to provide mock interviews to students, taking part in the Career Mentor Scheme, supporting the first University of Exeter Giving Day, speaking to recruitment agents about her Exeter experiences, playing an active role in the new MENA alumni network and joining our offer-holder calling campaign.
- Virginia Stuart-Taylor (Spanish, Italian with proficiency in Portuguese, 2012) for her work organising an event series for alumni in 2020 and as a committee member of the Alumni group, as well as mentoring students through the Career Mentor Scheme, giving careers talks, participating in online open days and taking over the @exeterunilife Instagram account to showcase her career.

Nicholas Bull Award for the Exceptional Support of the Alumni Community

- John Gilbert (Economics, 1972) thanks to his work in establishing the Alumni Golf Days, which has raised thousands of pounds for the University golf team, and his time spent working with rowing, cricket, hockey and football alumni to connect the sports alumni community.



How we performed: people

Exeter alumnus Dr Alex George (Medicine, 2015) has been appointed as a Youth Mental Health Ambassador* to advise government and raise the profile of mental health education and wellbeing in schools. An Accident and Emergency doctor, Alex has been a passionate online campaigner for children’s mental health since he lost his brother to suicide last year.

In his role as Youth Mental Health Ambassador, Alex uses his clinical expertise and personal experience to champion the government’s work on children’s mental health and shape policy on improving support for young people. He sits on the new Mental Health in Education Action Group, chaired by Children’s Minister Vicky Ford, replaced by Will Quince 16 September 2021, and Universities Minister Michelle Donelan, and looks specifically at how to support young people with their wellbeing as they return to school and university.

* www.gov.uk/government/news/prime-minister-appoints-dr-alex-george-as-youth-mental-health-ambassador

Protecting our colleagues

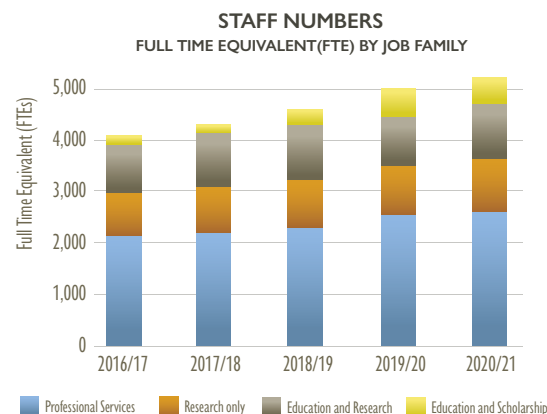
Recognising that the pandemic has impacted the work of academic colleagues in many ways – including interrupting their research and balancing their work alongside caring responsibilities or supporting their children’s education when schools were closed – we developed a new policy to ensure that career development opportunities were not lost.

The policy on Adjusting for the Differential Impact of the COVID-19 Pandemic was developed in partnership with academic leadership teams and presented in the Spring Term before the academic promotion cycle commenced. The policy is supported by resources for colleagues applying for promotion and for managers assessing promotion applications.

We had positive discussions with trade unions about how to reduce expenditure on staff in ways which avoided compulsory redundancies as part of COVID-19 budget mitigations. Restrictions were introduced on recruitment, colleagues were offered the opportunity to reduce working hours, staff were redeployed to essential activities and use was made of the government’s furlough scheme.

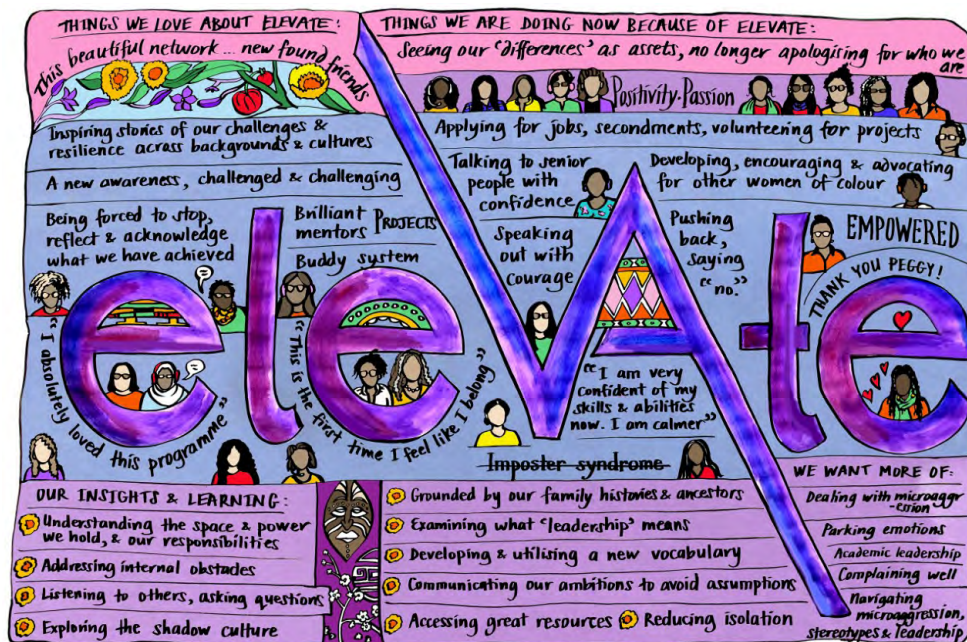
We suspended some reward arrangements in 2020/21 until further information was known about the impact of the pandemic on the University’s finances. As finances held up well, we were able to reintroduce many of these measures during the year. Senior managers also agreed to accept a reduction in their reward for the year.

In 2020/21, the number of full-time equivalent staff employed by the University increased by 4% to 5,213 by the end of the year. The number of teaching focused academics grew by 14% to ensure our excellent teaching was supported in response to the extraordinary student recruitment witnessed following the A-level results.





How we performed: people



ELEVATE: Evaluating Module 4, Self within the Organisation, May 2021. Graphics by www.penmendonca.com @MendoncaPen

Elevate: leadership development for BAME women

The first pilot of its kind, Elevate offers a unique opportunity for Professional Services and academic staff who identify as female to meet, share, support and learn together from across the four GW4 universities in the Southwest (Bristol, Bath, Cardiff and Exeter).

Being female from an ethnic minority background brings its own challenges, and this was highlighted in our 2020 Race Equality Charter staff survey. Not only was Exeter instrumental in developing the programme with our partners, but crucially we are also coordinating cross-institutional mentoring for the programme. This programme has proven popular, and we have funded seven places. So far, the programme has positive feedback.

We are currently working with our GW4 partners to determine what the future of the programme will look like and how we can integrate any learning from the pilot into our core business.

Gender safety

The Provost Commission held an event with staff, students and our partners in the region to discuss work already underway, and explore priorities and next steps in the fight against gender-based violence. A new Gender Safety Group has been established. The Tackling Gender-Based Violence Together summit, agreed on the development of Bystander Intervention training for staff and students, consent training, a passive alarms pilot and a pilot night safety scheme.

We hosted a panel event on Gender-Based Violence and a Multi-Agency Response. Jess Phillips MP (Shadow Minister for Domestic Violence and Safeguarding) and Dr Rachel Fenton (Expert in Prevention of Violence Against Women) were joined by representatives from national and local charities including Southall Black Sisters, Devon Rape Crisis and First Light. The event continued the conversation about gender-based violence and the role the University and partners can play in responding to such incidents.



How we performed: relationships

Our working relationships with business partners and stakeholders in the local area, across the country and around the world are vital to the success of the University's mission.

In 2020/21, more than ever, we have recognised and risen to the challenges that face the sector and the world, addressing global challenges through research and education collaboration.

Partnerships

Strategic regional, national and international partnerships bring together leading academics and the resources of outstanding universities, industry, public and third-sector partner organisations to deliver transformative impact in key global challenges, bringing multidisciplinary teams together for mutual advantage.

The University's reputation for being good to do business with has been earned through many years of successful collaboration with small and medium enterprises, large multinationals, government agencies, NGOs and charities. This has been exemplified yet again in the past year, and is especially seen in the renewal of some of our major centres and the launch of new research centres.

In addition, 2020/21 saw the renewal of significant funding for two major collaborative centres the Medical Research Council (MRC) Centre for Medical Mycology and the Wellcome Centre for Cultures and Environments of Health. Existing partnerships with government departments, industry, charities and communities were further strengthened by the launch of the new research and innovation centres.

These included amongst others the Terabotics (Terahertz robotics for surgery and medicine) Centre in partnership with the universities of Warwick, Leeds and the University Hospital of Coventry and Warwickshire which will seek to improve diagnosis, reduce waiting times for surgery and support more comprehensive removal of tumours, and the National Interdisciplinary Circular Economy Research Hub (CE Hub), a four-year £30M investment led by the University Exeter and constituting five Circular Economy Centres of Excellence (led by UCL, Loughborough, Exeter, Brunel and the Royal College of Art).



How we performed: relationships

Fundraising and philanthropy

Our Making the Exceptional campaign closed on 31 December 2020, having surpassed both financial and volunteering targets. A number of gifts under negotiation in the closing period of the campaign were secured with the receipt of signed gift agreements in the early months of 2021. Using a final census date of 30 April 2021 to capture this activity, a total of £71.3m was raised (119 per cent of target) and 103,768 volunteering hours (173 percent of target) were secured in support of the University's strategic priorities.

A few of the significant gifts include:

- £2.1m from the Alzheimer's Drug Discovery Foundation
- £1.4m from the A.G. Leventis Foundation
- £687k from the Leona M and Harry B Helmsley Charitable Trust
- £200k from LimeTree Capital Partners Holdings.

The University's spring telethon raised a record £227k, an increase of more than £60k over the previous highest total. During the telethon a team of 41 student callers spoke to more than 2,000 alumni in the UK and US about their experiences, and 690 people made a donation.

The money raised helps to provide bursaries and scholarships for students who would otherwise struggle to attend university and supports student activities such as sports clubs and societies. Donors can also choose to support our health and environmental research funds. The students working on the telethon benefit from being able to talk to alumni about their careers and Exeter experiences.

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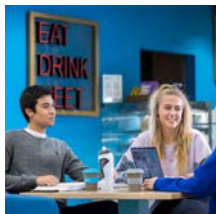
Being a telephone fundraiser for the University is more of a rewarding, unique experience than a job. It is so rewarding to share stories and receive first-hand experience about career paths and university life from alumni who themselves have been through the entire journey. Most importantly, I came out of this experience for the second time with a more deepened appreciation for all of these University projects and research that aims to directly improve student life and the lives of the wider community too.

Sadaf Sahel, Biochemistry

”

£71,327,230
raised by the Making the
Exceptional Happen campaign

2,000
students benefited from £2m in
donations by Scholars' Fund and
Santander Universities UK



How we performed: relationships

This academic year we have seen the highest number of alumni volunteers, giving the highest number of hours, to support the most activities across the University ever. Hundreds of students have attended nearly 50 virtual alumni events sharing careers advice, supporting with interview preparation and giving insights into specific industries and organisations.

More than 100 alumni have generously given their time to take part in these events and even more have helped to provide nearly 600 mentoring partnerships since September 2020. This support makes an enormous difference to our students, particularly at this tricky time for entering the workplace.

Scholarships

A new scholarship fund to support Chinese PhD students during their time at Exeter was launched thanks to the generosity of alumnus James Goulding, founder of investment management company LimeTree Capital Partners, which has offices across China.

Each year the China Scholarship Council (CSC) supports talented Chinese PhD students to come

to the University of Exeter to complete their studies in a broad range of subjects. While the CSC scholarships cover students' living costs, many students still miss out on taking part in additional activities due to lack of funds. The new LimeTree Capital PhD China Scholarship Fund will therefore provide £50,000 per year for four years to support students in these activities.

The fund will support things like specialist equipment and fieldwork costs, as well as expenses for development opportunities such as attending academic conferences. This will help to ensure that all students can gain the maximum benefit from their time at Exeter.

Long-term University of Exeter supporter, The A.G. Leventis Foundation, has extended its support of our research in 2021.

The Foundation has supported research at Exeter for almost 25 years and marked this milestone with a gift of £1.2m to endow a new Chair within the Department of Classics and Ancient History. The A.G. Leventis Chair in Ancient Scientific and Technological Thought will be unique within the UK, and will play an extremely significant role in promoting research, teaching and wider public

“

Exeter gave me a lot of opportunities, it gave me self-confidence, and it gave me skills to succeed. I always wanted to give something back in return, and this is the way I think I can have most impact. When I graduated, Floella Benjamin told us to 'go out and change the world' and that stuck with me. I think it's really important for those of us with privilege to recognise it, and to do something with it. I have a platform and the ability to make a difference, so I need to use it.

”

220 Kid (musician and Biosciences and Sustainable Development graduate, 2013)

engagement in this increasingly important field. The Foundation has also funded two complementary PhD studentships based within the Global Systems Institute. These focus on tropical forest protection and restoration, specifically understanding carbon storage within degraded and recovering forest ecosystems.

Tropical forest protection and restoration is an urgent priority for rebalancing the carbon cycle as well as preserving the most biodiverse habitats on earth. The combined effects of a hotter and drier climate and land-use is making forests more susceptible to fire, resulting in forest degradation that is increasing the loss of carbon and diversity across Amazonia.

BAME scholarships

Four scholarships were awarded to BAME students this year, thanks to the support of Exeter alumni.

Each scholarship supports a high-achieving student to come to Exeter to study at any of the colleges across all campuses. Last year, the first two BAME scholarships supported by alumni were launched so there are now a total of six opportunities funded thanks to Exeter's alumni community.

William Graydon (Biosciences & Sustainable Development, 2013), better known as musician and producer 220 Kid, is funding one of the scholarships for the next three years. He was inspired in part by former Chancellor, Baroness Floella Benjamin, as well as the recent Black Lives Matter protests.

The COVID-19 pandemic has affected students in many ways – including financially, emotionally and academically, and our supporter community has provided support in many ways.

A proactive alumni community

In March 2021, thanks to a generous donation from Exeter alumnus David Higgins, all 913 medical students (BMBS programme) were offered a £30 voucher to spend at one of three food retailers. David is a longstanding supporter of the University and wanted to recognise some of the unprecedented challenges students have faced due to the COVID-19 pandemic.

“

When my daughter began her medical studies at Exeter last year, I saw first-hand how these difficult times have affected students. While the University has done a fantastic job of finding new ways to deliver the complex medical programme, it does mean that students spend a lot of their time at home, learning on their own and studying in a different way than many had imagined. I hope the students will use these vouchers to treat themselves, perhaps while socialising with their household or bubble.

”

David Higgins (University of Exeter graduate of Law, 1990)



“

Thank you to the Water Conservation Trust, this funding would go a long way towards living expenses for me and my family now my extension funding has run out,

”

Water Conservation Trust support recipient

Additional support was also received from the Southdown Trust in 2020 to support undergraduate students within Camborne School of Mines with hardship bursaries. Many of the recipients had experienced a loss of earnings, as they were unable to take up their usual part-time jobs and were not eligible for furlough.

In addition, many of the recipients were unable to get out of private accommodation contracts that they had to continue to pay even though they were unable to live there. The trust was motivated to support Geology students who would have been undertaking valuable practical experiences through summer internships which were unable to run, to ensure they were not further hindered by financial worries.

The pandemic also had a significant impact on our PhD students who were unable to continue with the practical nature of their research projects in the normal way. While many were supported by the University with funding to cover a period of extended studies, some went on to continue to experience disruption and delays throughout early 2021 causing their extension funding to be exhausted and still facing significant living costs.

The Water Conservation Trust donated in support of two PhD students undertaking Water Engineering research to ensure they are able to continue into the final stages of their PhDs with adequate financial support.

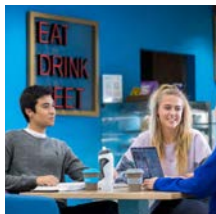


“

Over the summer I was unable to obtain a job to support myself due to a vulnerable family member needing to shield for health reasons and the lack of suitable jobs available which wouldn't put them at risk. For this reason I had a loss of income to support myself during the final year of my degree. Entering into my final year studying BSc Geology has been challenging, as well as rewarding, receiving the bursary has helped ensure my third year hasn't been limiting. The money has been a great help with living expenses, as well as buying various geological equipment needed for practicals, helping ensure I can focus on getting the most out of my degree before graduation next year, without any financial distractions.

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Camborne School of Mines hardship bursary recipient



How we performed: physical resources

An outstanding learning environment

Project Experience focused on supporting students in the transition into the 2020/21 academic year, building their connections and supporting engagement and wellbeing in the context of national restrictions and blended or online provision.

This included: the rapid development of our digital 'New Students' Guide', curating students' journey into the University through an easy-to-use platform; airport collection services and chartered flights to enable our international students to reach us; Welcome Week activity coordinated with the Students' Guild and Students' Union; online events and activities; additional support for late-arriving students; Equality, Diversity and Inclusion training resources; 'Digital Hampers' including equipment and vouchers for students. In addition, our 'Student Reach Out' and 'Here 2 Talk' teams provided proactive support for students in isolation or studying remotely.



Project Sustain and Project Enhance have already been referred to in this report but both were a significant factor in ensuring an outstanding learning environment was provided to the very best of our abilities. In total, £17.5m was invested in these 3 projects in 2020/21.

Responding to the continued demand from students for high quality accommodation on campus, the first phase of the East Park student residences development opened its doors in September 2020. Building work continued throughout the year leading to the completion of all 1,182 modern bedrooms a short walk from central campus. This on-campus accommodation provides enhanced social experience and wellbeing, especially for first year students leaving home for the first time. The accommodation offers prospective students a range of room types and rent levels and a variety of local amenities to enjoy. Comprising of several blocks, the East Park development is built into the topography of the slope and takes advantage of the fantastic views across the city.



Penryn campus has seen continued investment in academic and social space with the opening of the Exchange Courtyard at the campus. A key element of a wider £4.4m design and build project to upgrade academic and social facility as part of the Future Spaces plan. Future Spaces is the result of extensive consultation with campus users and is transforming the heart of Penryn Campus, creating high quality, flexible learning spaces and vibrant social environments.

The Exchange Courtyard building provides 450m² of new academic space for Penryn Campus, and includes six 20-25 seat seminar rooms, two 15-18 seat seminar rooms, six tutorial rooms and informal study booths. One of the rooms features a black box environment which supports flexibility in teaching approaches through the provision of a fully IT and AV-enabled environment.

Harrison

Extensive capital works have continued in Harrison through 2020/21. This has included an investment of £11.5m (gross value to date) the removal of sprayed asbestos, construction of a new roof, replacement and reconfiguration of the mezzanine floor, and installation of new LED



smart lighting. The works were carefully planned to minimise disruption and allow continued use of the building and are expected to be complete by 1 January 2022. A further £4.5m (gross) has also been invested to provide new workshops and equipment for the launch of the Engineering Curriculum. The phase 1 workshops were completed and have been in use since Easter, with phase 2 likewise expected to be complete for the 1 January 2022.



How we performed: physical resources

Investment in virtual teaching and learning

Field Trips in 2020/21 – Isles of Scilly

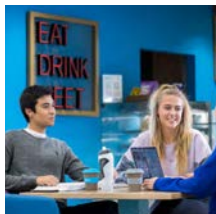
Throughout 2020/21, colleagues have worked hard to provide important experiential learning opportunities for students in the context of national and international restrictions on travel and other activities, including the provision of virtual field trips.

With enhanced risk assessment and governance arrangements, we have been pleased to facilitate a number of field trips, including a three-week hybrid field course on the Isles of Scilly for students studying Geography on our Penryn Campus.

Led by Professor Jane Wills, what would normally be a residential trip to the Isles of Scilly became a period of blended learning, including specially-recorded video content and workshops enabling students to learn data connection techniques and gain insights from key stakeholders.

At the end of the course, 50 out of 59 students took up an optional in-person visit to the Scillies to complete their project, with those who did not working with staff to complete their assignments virtually.

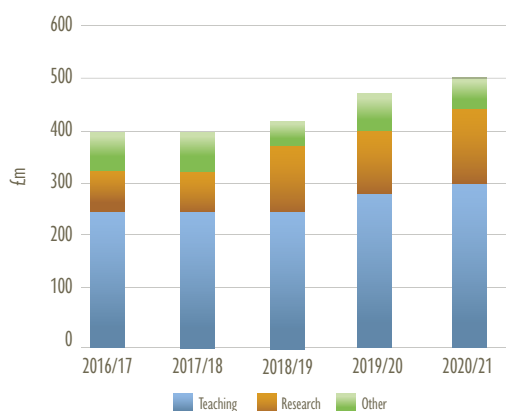




How we performed: finance

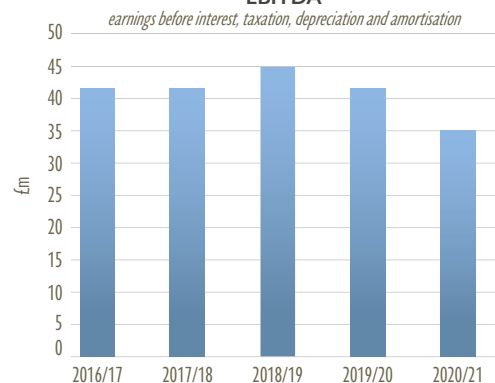
The UK higher education sector started the year with unprecedented levels of uncertainty on how the global COVID-19 pandemic would impact on student recruitment and the ability to perform research. In this context our financial performance was exceptionally strong.

TOTAL INCOME



Total income of £502m grew by 7% over the year largely as a result of strong growth of home/EU teaching income of 16%, partly attributable to unplanned levels of home undergraduate admissions following late and unexpected changes made to the A level system by the Government, but also due to a 40% increase in income from home/EU post-graduate taught activity. International teaching income fell by 2%, a remarkable outturn in light of travel restrictions and teaching activity largely delivered entirely on-line, remotely around the world.

EBITDA



Similarly to 2019/20, the main top-line impact of the pandemic has been on residence, catering and conference income, in particular our decision to continue to waive our contractual right to collect rents from students should they be unable to occupy their residents due to restrictions at the time. In spite of this, income from student rents rose by 21% over the year as a result of an additional 980 new student rooms opening on campus at the start of the academic year. Although income grew over the year, so too did our cost base as we continued to respond to the

pandemic through investments on campus and online, resulting in a drop in EBITDA to £36m from £42m in 2019/20. This remarkable outcome contrasts to our worst fears before the year started.

Capital investment reduced to £31m in the year, with £11m of that financed by external capital grant, as we minimised investment to conserve cash given the higher levels of uncertainty.

As a result of maintaining a healthy level of EBITDA, the benefit of reduced levels of capital expenditure supported by a higher level of external capital grants, as well as some favourable movements to working capital, cash balances increased by £26m over the year to stand at £137m, representing 126 liquidity days. We remain compliant within all our lending covenants and continue to hold an undrawn low-cost £50m revolving credit facility.

Pension liabilities have increased, and will increase materially again in 2021/22 as a result of the outcome of the 2020 valuation of the USS pension scheme.

Looking forward, student recruitment in 2021/22 has exceeded target, materially so for home undergraduates as a direct result of the A-level teacher-led assessment process implemented this year. International recruitment is on target and teaching income will exceed our budget. However, we face significant challenges in delivering the student experience in a limited number of disciplines so we are investing in these areas to mitigate these challenges. Brexit continues to be a contributory factor in increased costs and delays in procurement of materials, principally impacting research and capital projects.

We are currently developing an investment plan to support the delivery of the new Strategy 2030. This will include investment in the student experience, in research, in estate infrastructure addressing growth, decarbonisation and hybrid ways of working and in digital and IT infrastructure. While COVID-19 has had a hugely disruptive impact on society, staff and students, it has also provided space to rethink our strategy and our investment priorities. Over the coming months a plan will be developed and quantified, along with a finance strategy that will set out how it will be financed.



What do our
students think?



What do our students think?

The 2020/2021 academic year was unlike any other. Student representatives, both full-time and part-time, had the challenge of representing students whom they had never met in person, and both the Falmouth and Exeter Students' Union and the University of Exeter were called upon to enhance their digital methods of interacting and communicating with students.

These changes, although founded in less-than-optimal circumstances, will have long lasting positive impacts for the global University of Exeter student community. The Cornwall student voice has particularly benefited from the greater emphasis on digital communication as a result of the COVID-19 pandemic. Cornwall student representatives were invited to, and had the benefit of attending, many more meetings with their counterparts at Exeter Students' Guild and University senior management than they did in previous years, as those meetings were now overwhelmingly conducted virtually rather than in person (and usually at the Streatham Campus).

This has made partnership working across the two Students' Unions and the University excellent and, in my opinion, sector leading, as demonstrated by the development of the No Disadvantage Guarantee. Another way in which Exeter have found themselves outperforming other universities, is through their communication with students throughout the academic year.

The utmost effort has been made to make sure students never feel in the dark about how various changes to the national situation may affect their university experience, even to the extent

of students complaining that they had too many emails to read!

Of course, many challenges presented by the pandemic were difficult to truly overcome this academic year. Students in Cornwall greatly missed the social aspects of their courses and their extra-curricular activities, which were lost due to periods of online-only learning and social distancing regulations. Both the Falmouth and Exeter Students' Union and the University built online events programmes, and when possible, on campus opportunities, such as the Festival of Discovery, but inevitably students still felt lonely, disconnected from their peers, and disappointed with a university experience so unlike the one they had hoped for. This, amongst the many other mental health impacts of the pandemic, has led to greater concern than ever for the wellbeing of our student population. Going forward, we need to rebuild campus communities and opportunities for peer interaction, as well as strengthening wellbeing and mental health support for staff and students.

The tuition fee debate reared its ugly head again this year, with many students calling for reimbursements on their fees due to the reduction of in-person teaching, learning and

research. This is an issue which needs to be carefully considered and responded to, as it's unlikely to disappear any time soon.

Overall, the University of Exeter has responded admirably to the challenges posed by the COVID-19 pandemic, ending the academic year on a high with the mini graduation celebrations and Teaching Awards. Cornwall continues to provide one of the best (if not the best) student experiences in the country, and my hope is that the University, in collaboration with student representatives, will continue to champion the Cornwall Campuses, and will move on from the COVID-19 pandemic with many lessons learnt.

Cara Chittenden

President Exeter, 2020-2021
Falmouth and Exeter Students' Union



What do our students think?

A considerable amount of the year has gone to handling the various issues arising from a shift of the delivery model to online education and teaching during the ongoing global pandemic. We recognise the efforts individuals and teams have gone to in these circumstances.

This year the Students' Guild's relationship with the University was positive and productive. We have shown at Exeter that when we put our shared values together and have frank and honest conversations about what those values mean, we can achieve more together.

From a financial perspective, the Guild has benefited this academic year from an increased block grant from the University – making us one of the highest funded student unions in the country – which in turn has demonstrated that Universities benefit from strong investments in students' unions. Being less financially volatile has meant that the Guild could focus on improving student engagement and enhancing representation. As such, Officers nationally trailblazed on issues ranging from the No Detriment Policy, freedom of speech, sexual misconduct, outreach and support for isolating students through acclaimed Give-It-A-Go and 'Here to Talk' schemes, and disabled student access.

We are building key strategic partnerships with leading organisations. We have also been able to pay student assistants to help permanent staff on several key projects. This gives students valuable employability skills as well as enhancing the quality of service for our other members.

The University also demonstrated financial generosity in prioritising student welfare. They agreed to allow interrupted students to access the COVID-19 hardship fund, breaking away from unofficial, yet established, sector norms around financial hardship and student criteria. They also waived rents for students unable to return to Exeter to access their University accommodation and, when considering the impact of growing period poverty on students, invested in sustainable solutions for students to access free menstrual products. There was also large investment in implementation of recommendations from the Gender Safety Group following the tragic murder of Sarah Everard. It is important to note the Registrar's position leading this group as good practice from the University as it positions gender safety as a priority of the institution politically as well as financially.

We were also pleased to see the University work with the Guild on policies surrounding sex work, drug harm minimisation, and sexual misconduct. Showing progressive values and attention to evidence-led policy.

Student involvement in the consultation and development stages of these policies is particularly

appreciated given the need for lived experience to inform key decisions.

The Estate Patrol team have a new uniform which highlights that their role is welfare based rather than punitive. This was strategically vital given the relationship challenges between students and the EP team when the latter had to enforce COVID-19 restrictions.

Welfare and inclusivity is also being centred academically with the new The Success for All Forum, chaired by the newly-appointed Associate Academic Dean for Racial Equality and Inclusion and Vice President Education, addressing inequality in education.

As we now prepare to deliver hybridised services, it is hoped we can work more closely with the University on the Global Enhance project to drive excellence in student experience both digitally and on campus.

Seamless digital experiences, clear pathways into services, fewer areas of duplication and better targeting of our harder-to-reach communities remain at the forefront of our planning.

However, it is important to note that in a hybridised and digitally blended world, students, student representatives, and academics are more exposed and vulnerable to nefarious media surveillance. It is vital that the University steps up to defend academics and students against such ritualistic slander. This year saw a hyper focus on student leaders and academics in the media where their work was misrepresented, and members of the public were incited into so-called 'culture wars.'

The continued unfair scrutiny is disproportionate. It is only with this solidarity and partnership from our parent institution that we can overcome the current insidious culture of press and Government-mandated bullying of students and academics. It is a critical time to show solidarity, unity and partnership. The roles of students and academics are critical in a political environment that is unsupportive to us, and I hope going forward that the University takes opportunities to champion that, recognising the value we bring.

Sunday Blake

President 2020-21
Exeter Students' Guild



Environment and Climate Emergency

Environment and Climate Emergency

Exeter is the UK's leading centre for research in climate change and among the best in the world, conducting pivotal research to accelerate the adoption of actions needed to achieve the goal of net zero by 2050.

The University itself has embraced the need to change and be an exemplar in contributing towards environmental and climate challenges.

Our Targets

During the year we launched our Environment and Carbon 5-Step Journey, setting out 5 milestones to delivering environmental net gain and carbon net zero across the University by 2050 if not before.

The Environment and Climate Emergency (E&CE) 10-Year Delivery Plan is driven by these milestones and sets out in-year carbon reduction targets up to 2030. This 10-year plan comprises 3 principles: reduction of the carbon footprint, adoption of low-carbon solutions, and natural balance offsetting of residual carbon.

Our first priorities were aimed at delivering the first milestone on the 5-Step Journey; Building the Foundations. Our initial focus has been to establish a baseline carbon footprint, define in-year targets for Strategy 2030 and build a realistic but stretching savings delivery plan. Our second priorities are planning and delivering the embedding of an Operational Carbon and Environmental Strategy. During this phase carbon savings will be realised through pan-University activities and a complete University agenda for change.

We are confident that our milestone carbon savings targets can be achieved, and that we will be operating with net zero status before 2050.

Achievements and Highlights

The infographic outlines the headline achievements made this year, which includes; carbon reduction, the formation of internal groups and channels to promote low-carbon behaviour. Building the Foundations have allowed us to categorise our overall carbon footprint, identifying carbon-intense activity and developing action to reduce it.

Using a data management platform, we are now able to evaluate internal decision options quantitatively and accurately to understand the carbon implications of our decisions. As a result, impacts on carbon emissions and the environment can now be considered for business cases across the University, alongside resource and finance, with departments and colleges taking responsibility for their own carbon footprint. Through 'Building The Foundations' and developments in our procedures and processes we have brought about greater participation and awareness in operations and activities.

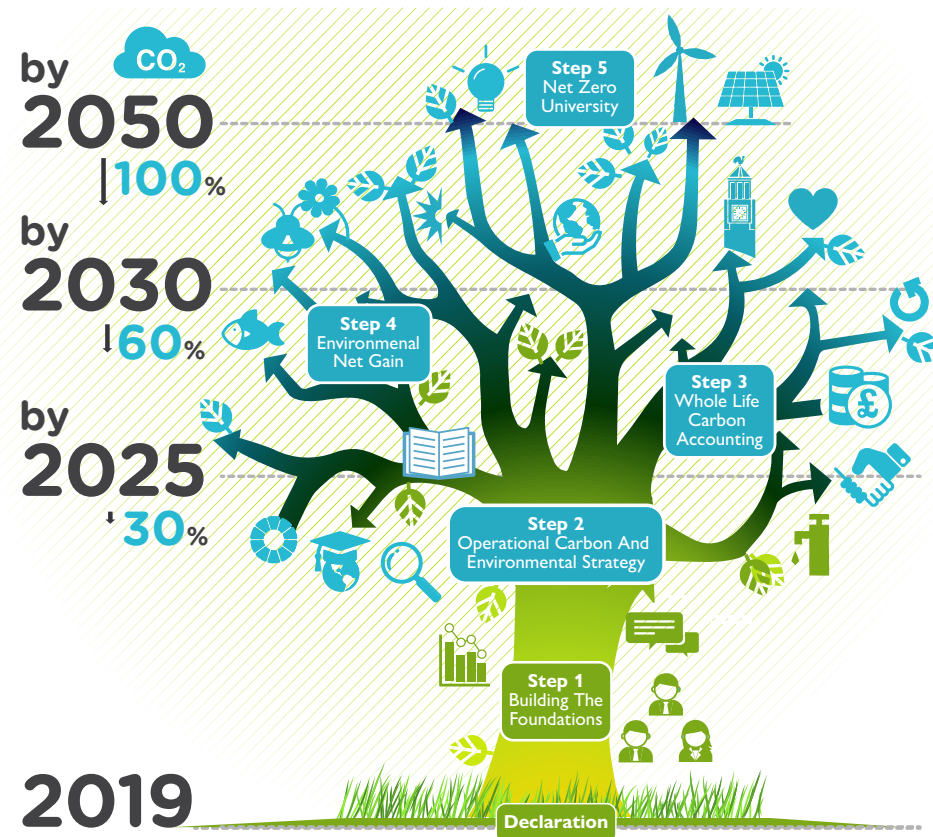
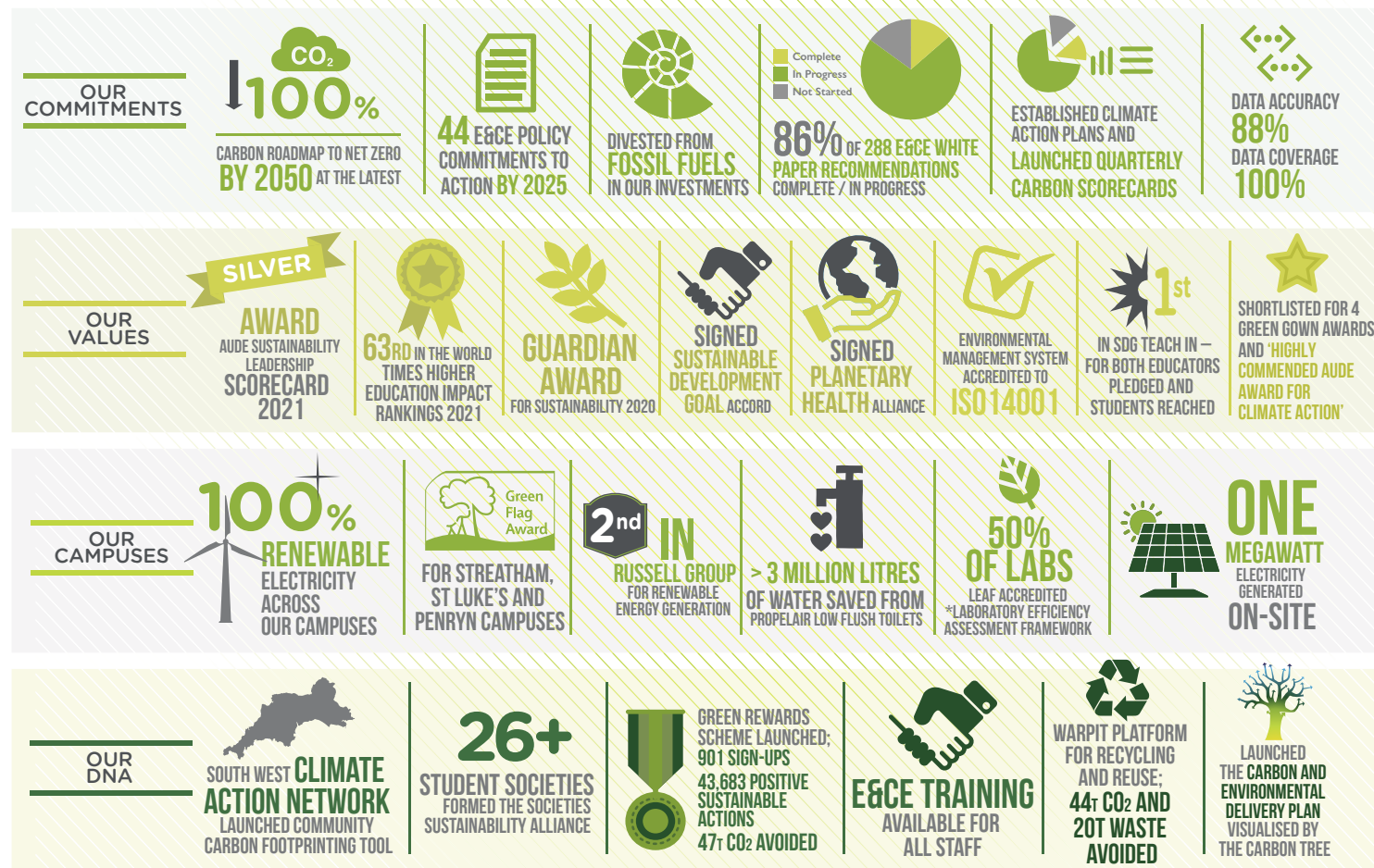


Figure 1. Our Carbon Tree

Environment and Climate Emergency



OUR ACHIEVEMENTS



Our achievements (fig. 2) are summarised by the delivery of our commitments and our values across our campuses and the embedding of the sustainability agenda as part of our DNA.

Each of these achievements represents a goal on our delivery plan and a step towards the realisation of our ambition. We have progressed significantly with the decarbonisation of our footprint.

Our achievements since our climate emergency declaration, May 2019 – Sept 2021.

Figure 2 – Infographic



Environment and Climate Emergency



Figure 3 outlines some highlights from 2020/21. Our focus and priority continues to be engagement with our staff and students, our community and partners.

Figure 3 - 20/21 in-year achievements broken down by theme.

TOTAL CARBON EMISSIONS

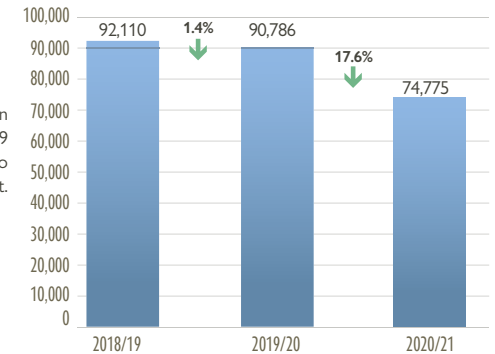


Figure 4. Net Carbon variation from 18/19 baseline footprint to 20/21 year-end footprint.

Our Carbon Footprint

Progress in reducing our carbon footprint is shown in the chart above, comparing our current performance to our initial baseline from our declaration year, 2018/19. This baseline captures all carbon emissions (scope 1, 2, and 3: inclusive of direct and indirect emissions). Due to improvements in the data capture processes there is now 100% coverage and 88% accuracy* of the data for the year-end report for 2020/21. As a result of this full coverage, the baseline footprint requires restatement to 92,110 tCO₂.

The planned carbon reduction target for 2020/21 was -4.5%. Due to the impact of COVID-19, in particular on travel, there has been a 17.6% reduction (19% from 2018/19 baseline). The carbon footprint will increase in 2021/22 as activities resume, particularly travel, and further steps will be required to minimise the increase.

To keep up to date with our continued progress and find out how to get more involved, please visit our dedicated pages exeter.ac.uk/sustainability

* Achieving over 80% accuracy and 100% coverage meets the E&CE Policy Statement requirement ref.42



Environment and Climate Emergency





Risk



Risk

How we manage risk

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

The risk category classification is set out in the table below, defining the appetite and tolerance that the University has for each category. A score that meets the criteria for "High Amber" (marked "H" within the table) is the maximum level of risk tolerated. Risks meeting this score or above are discussed at the Professional Services Leadership Team (PSLT), and, where appropriate, reported onwards to the University's Executive Board (UEB)¹ which has overall institutional responsibility for risk management. A summary of the key corporate risks is considered in December and July of each academic year by the University Council.

Category 1 - Highly Risk Averse. Key legal, regulatory or significant financial risks

Category 2 - Managed Risks. Risk impact may be significant but not catastrophic to strategy

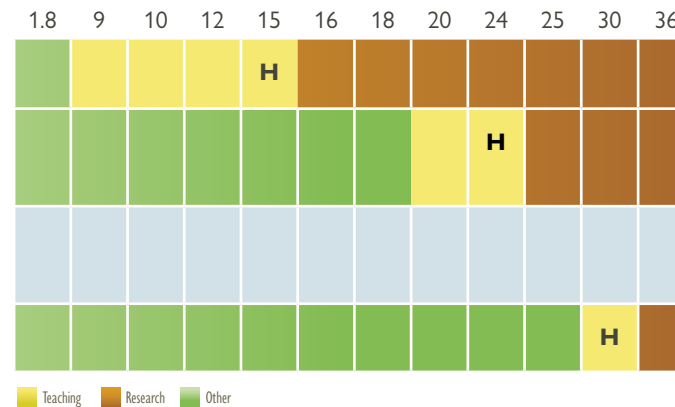
Category 3 - Unknown/External risks. Impact on but beyond the control of the University

Category 4 - Risk Reward Focused. Potential benefits outweigh the risk

Risk Register

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

Net Risk Score



We maintain a number of risk registers:

- Corporate risk register – key strategic risks identified and reviewed at senior management level. Reviewed by relevant Dual Assurance Group(s) as part of the governance process and reported to the University Executive Board termly and to Council twice a year. The highest scoring principle risks on this register are detailed below.
- College risk registers – risks identified, reviewed and managed at college level.
- Professional Service risk registers – risks identified, reviewed and managed at service level

¹ UEB (former VCEG, the Vice-Chancellor's Executive Group) is the University's senior team. PSLT is the leadership group of Professional Services covering the administration and operational support functions of the University.



Risk

University Risk Management

Principle Risks to University Strategy

The following 8 risks are the key risks on the corporate risk register as identified by the model.

Risk	Threats to Information Security Systems	Pension cost	IT Resilience	Student and Staff Wellbeing and Safety
Current Position	<p>The sector is specifically targeted.</p> <p>Insurers are re- evaluating their exposure and increasing premiums.</p> <p>Over the past 2 years, 30+ HE providers have been impacted by attacks.</p> <p>Phishing attacks are increasingly sophisticated. We have identified & avoided threats.</p> <p>A Gold group oversees our cyber response, and a Working Group is helping to develop our Cyber Security strategy and giving assurance on risk controls. A range of controls including Multi-Factor Authentication and complex password have been implemented.</p> <p>The risk remains Red due to the ongoing targeting of the sector.</p>	<p>The USS 2020 valuation is in its concluding phase, proposing an affordable solution, for staff and employers. This will not result in a long-term sustainable solution but there is national recognition that there is more work to do once the 2020 valuation is concluded.</p> <p>While the risk of national strike action remains, the University is proactively engaging with local trade unions and with staff more generally through a series of all-staff communications.</p>	<p>IT resources are maintaining Business as Usual, along with new project work.</p> <p>The Digital business response group and the Portfolio Management process ensure prioritisation in partnership with the business.</p> <p>An IT Resilience programme is underway, addressing resource and resilience risks in defined areas..</p>	<p>Ensuring the physical safety of individuals on campus and across the entire University community. High profile events highlight national gender-related and sexual violence issues.</p> <p>A Provost Commission event with staff, students and regional partners was held in April 2021:</p> <p>“Tackling Gender Based Violence Together”, discussed work underway, priorities and next steps.</p> <p>A Gender Safety Group is in place. Actions agreed include Bystander Intervention training, consent training, a passive alarms pilot and a pilot night safety scheme.</p>
Governance and Oversight	IGS ² Reported to UEB	Finance and Investment DA*, Reported to UEB	Information Technology DA, Reported to UEB	With reporting lines to UEB and Council.
Link to Strategy	1 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4

Key

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

* DA = Dual Assurance, please see page 60 for more details



Risk

University Risk Management

Risk	Staff Wellbeing	Insufficient Taught Admissions – Postgraduate Taught students (PGT)	Not delivering our financial plans	External Funding Reductions
Current Position	<p>Scored amber due to the ongoing impact of the pandemic and plans to return to campus.</p> <p>There are continuing changes to ways of working, caring duties and other demands.</p> <p>Staff and students are considered by the Mental Health and Wellbeing Board (MHWB), chaired by the Provost, as part of an overarching University wellbeing strategy.</p> <p>The Colleague Health and Wellbeing Survey has been shared with staff, along with plans to address key areas.</p>	<p>Weekly meetings review offer/marketing tactics.</p> <p>There are links to international recruitment projects, plus the strategic aim of increasing the proportion of PGT students.</p> <p>PGT International growth is managed via Project Business (via a 5 year plan), alongside a targeted group focussing on COVID impacts and associated mitigations</p>	<p>This risk score has decreased from high amber to amber given how resilient our finances were in 2020/21.</p> <p>Focus is now on 2021/22, particularly income retention combined with materially higher costs to protect student experience, staff and student safety and protect income streams. Some budget mitigations remain in place at least for the first half of 2021/22, such as minimising new capital projects.</p>	<p>The real-terms reduction to the £9.25k fee since 2012 is eroding UK undergraduate margins; intensified competition for international students is increasing acquisition costs; there are risks over future income streams from the long-awaited but not yet published Government's final response to the Augar review.</p>
Governance and Oversight	MHWB Reported to UEB Reported to Council	Education DA, Reported to UEB	Finance and Investment DA, Reported to UEB	Finance and Investment DA, Reported
Link to Strategy	2 4	2 4	2 4	1

Key

1

Building research power to solve global challenges

2

Delivering an internationally excellent education

3

Creating an impact regionally, nationally and globally

4

Supporting our people to make the exceptional happen

5

Making the most of our resources

Together we
create...

FINANCIAL STATEMENTS
TO 31 JULY 2021



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Management Team, Council Members and Advisors

Chancellor

Lord Paul Myners of Truro CBE

Council Members

year ended 31 July 2021

Officers

Sarah Turvill, *Pro-Chancellor and Chair of Council*
Sarah Buck OBE, *Pro-Chancellor*
Sir Richard Atkins, *Pro-Chancellor*
Professor Lisa Roberts, *Vice-Chancellor and Chief Executive*
Professor Janice Kay CBE, *Provost and Senior Deputy Vice-Chancellor*
Professor Mark Goodwin, *Deputy Vice-Chancellor*

Members appointed by Council

Jo Binding
Gerry Brown
Nicholas Cheffings
Graham Cole CBE
Lounette Dyer (*appointed 1 August 2021*)
Andrew Greenway
Salam Katbi
Professor Dame Caroline MacEwen
Amoetsoe Mkwena
Sir John O'Reilly (*retired 31 July 2021*)
Alison Reed
Glenn Woodcock

Members appointed by the Senate

Dr Barrie Cooper (*appointed 1 August 2021*)
Professor Alex Gerbasi
Professor Andrew McRae (*retired 31 July 2021*)
Professor Gareth Stansfield (*appointed 1 August 2021*)
Professor Anni Vanhatalo (*appointment ended 31 July 2021*)

Member of Staff other than Academic Staff

Alison Rose (*appointment ended 31 July 2021*)
Tina Verhaeghe (*appointed 1 August 2021*)

Student Members

Sunday Blake (*appointment ended 31 July 2021*)
Cara Chittenden (*appointment ended 31 July 2021*)
Lily Margaroli (*appointed 1 August 2021*)
Steven Preece (*appointed 1 August 2021*)

University Executive Board

as at 9 December 2021

Vice-Chancellor and Chief Executive

Professor Lisa Roberts, *BSc (Hons) PhD*

Provost and Senior Deputy Vice-Chancellor

Professor Janice M Kay CBE, *BA PhD AFBPsS*

Deputy Vice-Chancellors

Professor Mark Goodwin, *BA PhD FAcSS*
DVC for Global Engagement

Professor Tim Quine, *BSc PhD*
DVC for Education

Professor Neil Gow, *FRS FMedSci FRSE FRSB*
FAAM FECMM DSc
DVC for Research and Impact

Pro-Vice-Chancellor and Executive Deans

Professor Alex Gerbasi, *BA MA PhD (interim)*
Professor Clive Ballard, *MBChB (Medicine) MMedSci*
MRC Psych MD
Professor Dan Charman, *BSc PhD*
Professor Jo Gill, *BA MA PhD SFHEA*
Professor Gareth Stansfield, *BA MA PhD (interim)*
Professor Zhongdong Wang, *BEng MSc PhD*

Pro-Vice-Chancellor Cornwall

Professor David Hosken, *BSc PhD*

Registrar and Secretary

Mike Shore-Nye, *BA (Hons)*

Director of Human Resources

Imelda Rogers, *FCIPD*

Director of Communications and Corporate Affairs

Jane Chafer, *BSc MBA FCIM*

Chief Financial Officer

Andrew Connolly, *BA (Hons) CPFA*

Deputy Registrar and Chief College Operations Officer

Linda Peka, *BSc (Hons) FCPFA*

Members of the Council



Front row (from left to right)

- 1 Lily Margaroli, President Students' Guild
- 2 Professor Janice Kay CBE, Provost
- 3 Nicholas Cheffings, Independent Member
- 4 Professor Alex Gerbasi, Senate Representative
- 5 Professor Lisa Roberts, Vice-Chancellor and Chief Executive
- 6 Professor Barrie Cooper, Senate Representative
- 7 Tina Verhaeghe, Professional Services Representative
- 8 Salam Katbi, Independent Member

Second row (from left to right)

- 1 Mike Shore-Nye, Registrar & Secretary and Secretary to Council
- 2 Gerry Brown, Independent Member
- 3 Sarah Buck OBE, Pro-Chancellor
- 4 Glenn Woodcock, Independent Member
- 5 Jo Binding, Independent Member
- 6 Professor Mark Goodwin, Deputy Vice-Chancellor (Global Engagement)
- 7 Sarah Turvill, Pro-Chancellor and Chair of Council

Third row (from left to right)

- 1 Professor Gareth Stansfield, Senate Representative
- 2 Andrew Greenway, Independent Member
- 3 Alison Reed, Independent Member
- 4 Graham Cole CBE, Independent Member
- 5 Sir Richard Atkins, Pro-Chancellor
- 6 Amoetsoe Mkwena, Independent Member

Absent

Lounette Dyer, Independent Member
Professor Dame Caroline MacEwen, Independent Member
Steven Preece, President Exeter, The Students' Union

BANKERS

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

Barclays Bank PLC
3 Bedford Street
Exeter EX11LX

INVESTMENT MANAGERS

Rathbones Greenbank Investments
8 Finsbury Circus
London EC2M 7AZ

EXTERNAL AUDITOR

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

INTERNAL AUDITOR

PriceWaterhouse Cooper LLP
1 Embankment Place
London WC2N 6RH

Financial Review

HIGHLIGHTS

Performance

Total income: **£502m** (£468m), up **7%**
 Earnings (EBITDA) **£36m** (£42m), down **14%**
 Underlying deficit: **£7m** (surplus £3m)
Underlying deficit excludes changes to pension provisions, changes to the market valuation of investments and capital grants received.
 Staff cost ratio: **55%** (57%)

Investment

Capital expenditure: **£31m** (£54m)
 Capital grants: **£11m** (£4m)

Liquidity and Debt

Total debt: **£210m** (£210m)
 Total cash and cash deposits: **£137m** (£112m)
 Net debt: **£73m** (£98m)

Financial Strength

Net current assets ratio: **1.4** (1.4)
 Net assets: **£518m** (£515m), up **0.6%**

Comparative data for the prior year 2019/20 shown in brackets throughout this review

Scope of the Financial Statements

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

Performance

Given that the UK higher education sector started the year with unprecedented levels of uncertainty on how the global Covid-19 pandemic would impact on student recruitment and the ability to perform research, we achieved a very strong set of results in 2020/21.

Such was the level of uncertainty that, unusually, Council did not set a budget for 2020/21, instead approving what was the start of a rolling set of forecasts that were continually updated as we progressed on a roller coaster journey, responding to the frequent twists and turns of the pandemic and changing government advice on lockdowns. Markets remained surprisingly resilient, the contribution of our staff was exceptional in delivering our core teaching and research operations while budget mitigation measures proved successful in covering unavoidable extra costs.

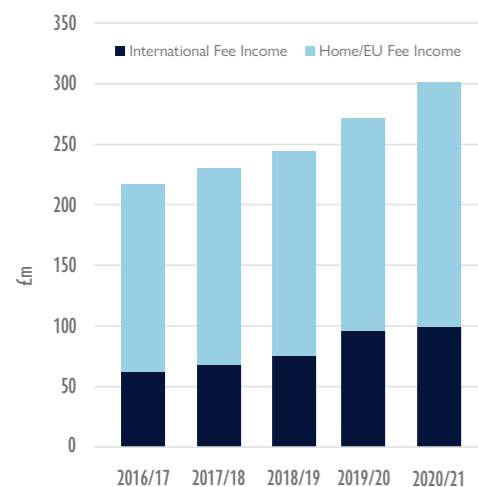
Over the year cash balances increased by £25m without the need to draw on any additional borrowing.

EBITDA of £36m far exceed our initial fears before the year started and is only £8m lower than the previous year. This is a very different, and much improved outcome from the one we were anticipating in last year's *Future Outlook* in the 2019/20 financial statements.

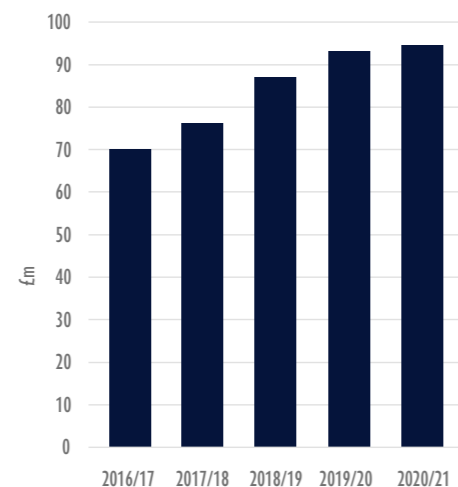
Total income of £502m grew by 7% over the year largely as a result of strong growth of home/EU teaching income of 16%, partly attributable to unplanned levels of home undergraduate admissions following late and unexpected changes made to the A level system by the Government, but also due to a 40% increase in income from home/EU post-graduate taught teaching activity. International teaching income fell by only 2%, a remarkable outturn in light of travel restrictions and teaching activity largely delivered entirely on-line, remotely around the world.

While student registrations last year were at their highest ever level the most noticeable impact of the pandemic has been on the change in the mix of the student body with proportionately more home/EU students and fewer international students. Higher income has helped us meet the immediate challenges of uncertainty and the substantial extra COVID related costs, but the change in mix on tuition fee levels will have consequences for medium-term financial sustainability that we will be addressing through our new University strategy.

Tuition Fee Income



Research Grants and Contracts Income

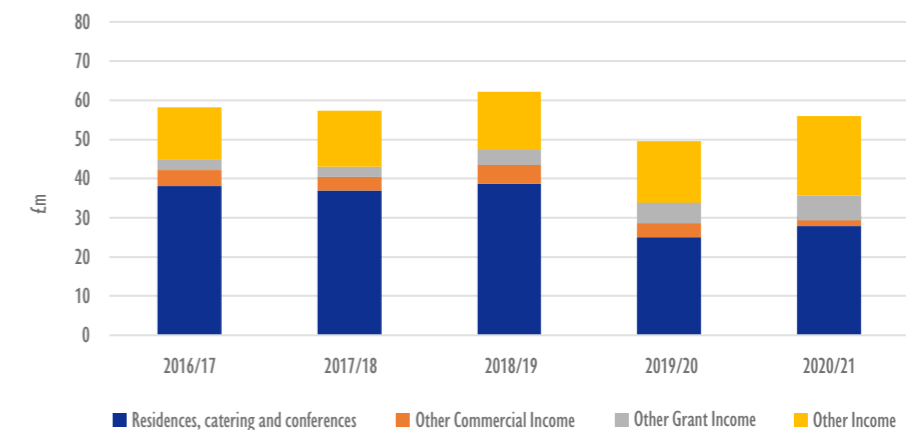


Research grants and contract income rose by a modest £2m or 2%, to stand at £95m. However, this result is equally remarkable. Most academics performed their normal teaching and research activities at home during the year yet they have been able to deliver their research outputs and complete the University's submission to the 2021 Research Excellence Framework. While income grew modestly over the year, indirect-cost recovery grew by 9%, an important signal of improved financial efficiency of research.

Research income in any one year is significantly influenced by the level of research awards gained in previous years. We entered the pandemic with strong growth of research awards, effectively a strongly growing order-book for research projects, and this has helped maintain our level of research activity and income over the last year.

The impact of Covid has largely been one of opportunity cost in that growth of research would have been higher this year but for the global pandemic.

Other Income



Other income contains a multitude of different activities, from student rents, conferences, catering, consultancy, commercial rents, a variety of services provided to third parties, sports centre and many other activities.

Income from student accommodation, within residences, catering and conferences, rose by 21% over the year, largely as a result of an additional 980 new student rooms opening on campus at the start of the academic year. Growth in income would have been higher but we took the decision to waive our rights under rental contracts in light of lockdown policies and advice that students should study from home. Occupancy levels exceeded expectations as a surprising number of UK students opted to live in their University accommodation to study on-line rather than at home.

Catering and retail venues, and activity delivered by the Events Exeter team, were significantly impacted by lockdowns. Commercial income was down £3.3m or 54% over the year.

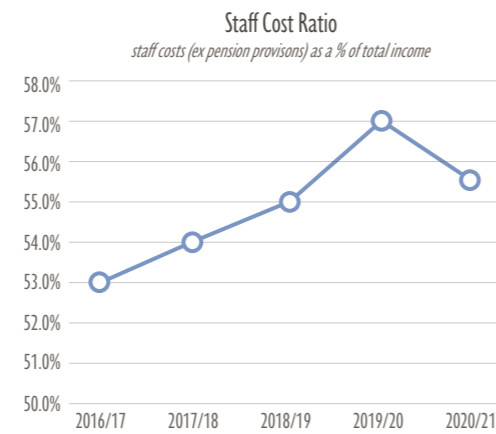
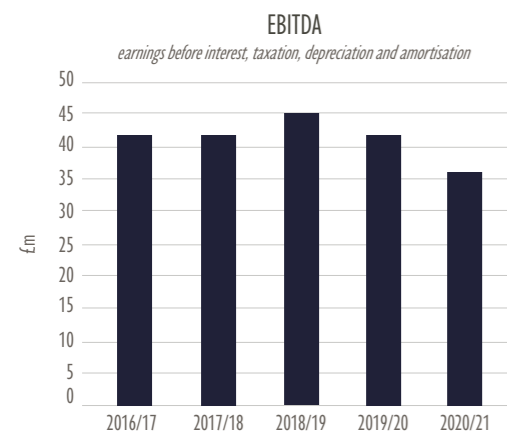
It takes a deep delve into these financial statements to detect the impact of the pandemic, especially as some year on year changes may appear counter intuitive, such as the increase in research income. But perhaps three pieces of data capture the impact in direct terms. Spending on travel fell by 71% last year, spending on IT operating costs rose by 62% and spending on student access and participation rose by 26%.

We focus on two key measures of financial performance, EBITDA¹ and the staff cost ratio (staff to income ratio).

EBITDA is a measure of operating cash generation needed to fund capital investment and debt servicing costs. It is a better measure of financial performance than the surplus for the year as it excludes the major non-cash accounting charges or credits such as depreciation charges and movements to pension provisions, valuation changes on investment values and earmarked receipts such as capital grants.

The staff cost ratio is both an indicator of efficiency and risk since staff costs are effectively fixed in the short and medium term against a variable income stream. The ratio has improved over the past year to 55.4%.

1 EBITDA is earnings before interest, taxation, depreciation and amortisation



The table below shows what adjustments are made to derive EBITDA from the surplus for the year presented in the Statement of Comprehensive Income. It also shows our assessment of the underlying deficit, once distorting

valuation changes and capital grants are removed as neither of these are available to support recurrent activity and do not reflect underlying financial performance.

2020/21
£000

2019/20
£000

EBITDA

35,780 **42,401**

less FX+ Ltd share of surplus

(1,123) (1,690)

add surplus/(deficit) from Endowments

40 871

add student rental income from service concessions

16,106 11,526

less Depreciation

(52,119) (45,402)

less Impairment charge

(488) (4,656)

less Interest Payable (exc. pensions)

(5,565) (5,565)

(less)/add revaluation of investment properties

- (370)

Underlying deficit for the year

(7,369) **(2,884)**

add/(less) Pension adjustment

(16,477) 65,993

add Capital Grants received

10,918 4,096

add unrealised (loss)/gains on investments

7,768 (115)

Surplus/(deficit) for the year

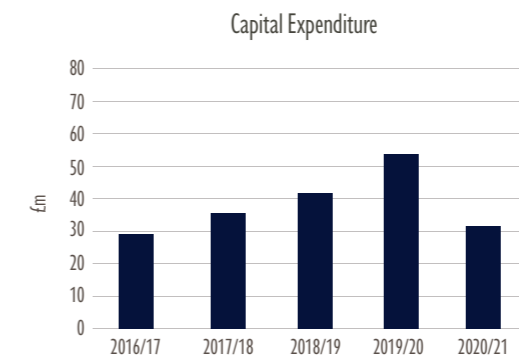
(5,160) **67,090**

In the face of the global pandemic financial management during the year has been focused on the immediate challenges of funding our day to day operations whilst maintaining sound finances. The resilience of student markets, significant unavoidable COVID-related costs

partly offset by COVID related savings on travel for example, as well as managed savings on staff recruitment and non-pay budgets, have all heavily influenced EBITDA performance this year.

Investment

One of our principal budget mitigations, implemented in the last quarter of 2019/20 and continuing into 2020/21, was to pause new capital starts unless they were externally funded. As a result the sharp reduction in capital expenditure last year played a critically important role in conserving cash to strengthen our position in dealing with ongoing pandemic risks.



Capital investment, at £31m, while lower than in previous years, was largely on projects that started pre-pandemic or on a small number of new projects that attracted significant external grant funding. Last year saw capital grants increase to £11m (£4m in 19/20) for example.

Major projects in the year include a major refurbishment of the Harrison Building, which includes major works to its roof as well as re-modelling parts of the building to enable the delivery of a new engineering curriculum. A purpose built extension to the Innovation Centre was also completed to house part of the South West Institute of

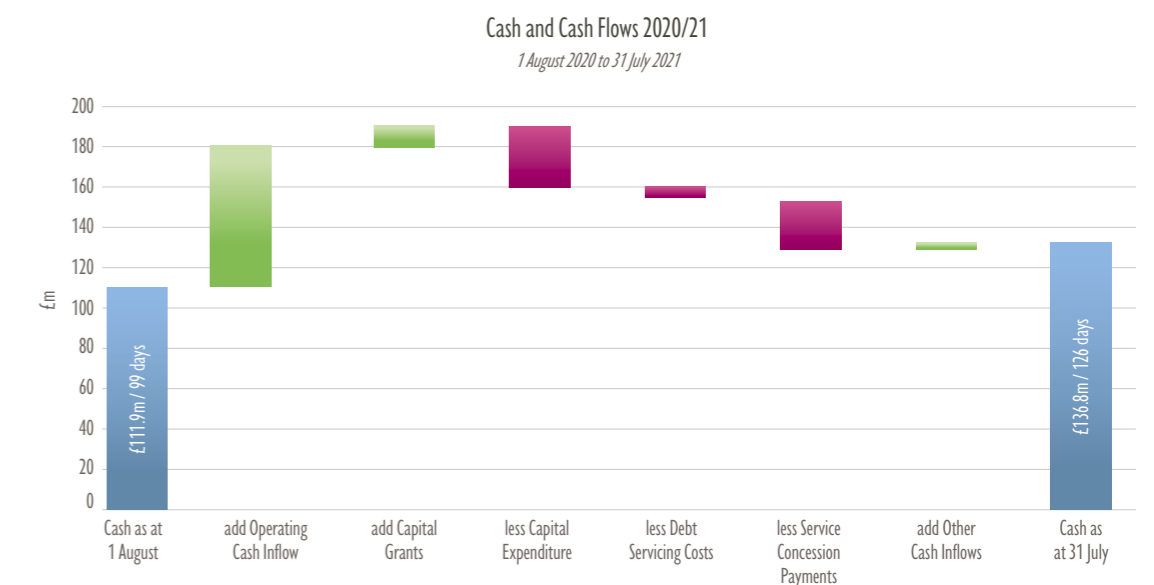
Technology which will focus on technical training and skills relating to artificial intelligence and computer learning. There was also significant investment in IT upgrades, particularly relating to network improvements, a digital research system and research data storage solution and learning resources across all our campuses.

The Streatham campus saw the completion of 980 new student accommodation rooms at East Park phase 1 (600), Spreytonway (130) and Moberley (250). This investment was funded by our partner, Universities Partnerships Programme Ltd, as part of a 50-year service concession arrangement. The pandemic and other supply chain challenges such as Brexit, had no discernible impact on the construction programme and were handed over on time. East Park phase 2 has delivered a further 582 new bedrooms for the start of the 2021/22 academic year. As a result of new accommodation stock the University has been in an exceptionally good position to house growth of student numbers in both 2020/21 and 2021/22.

Liquidity and Debt

At the start of the pandemic financial management switched from business as usual budget management to forecasting receipts and payments focused on cash management.

As a result of maintaining a healthy level of EBITDA, the benefit of reduced levels of capital expenditure supported by a higher level of external capital grants, as well as some favourable movements to working capital, cash balances increased by £26m over the year to stand at £137m, representing 126 liquidity days.



We hold a low-cost £50m revolving credit facility which was not utilised during the year.

Gross long-term debt remains unchanged at £210m and we were compliant with all lending covenants in 2020/21.

Pensions

Pension liabilities totalling £86.6m (£80.2m in 2019/20), arise from two pension schemes. Liabilities arise from funding commitments in the deficit recovery plan for the sector wide Universities Superannuation Scheme (USS) and from our own Exeter Retirement Benefit Scheme (ERBS) which was closed to future accrual in November 2016 and replaced by a new defined contribution scheme, the Exeter Retirement Savings Scheme (ERSS).

The liabilities reported in the Statement of Financial Position are our estimates based on the parameters set out in the 2018 USS deficit recovery plan and, in the case of ERBS, an independent professional assessment of scheme liability based on its 2019 actuarial valuation. ERBS has recently concluded a new 2021 valuation and USS has nearly concluded its 2020 actuarial valuation. These updated valuations are not yet reflected in these financial statements but will be incorporated in 2021/22. The table below shows the headline impact of the revised valuations:

USS	ERBS
2018 Valuation • £3.6bn Scheme deficit (95% funding level)	2019 Valuation • £21m Scheme deficit (86% funding level)
Impact on Exeter (2020/21) • £82.7m Provision for liability (Note 28/29)	Impact on Exeter (2020/21) • £3.9m Provision for liability (Note 28/29)
2020 Valuation in progress • £14.1bn Scheme deficit (83% funding level)	2021 Valuation • £25.1m Scheme deficit (86% funding level)
Impact on Exeter (2021/22) • £201.7m Provision for liability (+£119m)	

As the table shows, we expect to report a material increase in the USS scheme liability in the 2021/22 financial statements, with an estimated increase of £119m taking the total liability to £201.7m as at 31 July 2022. However, this is accompanied by a modest increase in scheme contributions as a result of proposed future benefit reforms and an employer covenant support package provided to USS.

ERBS have reported a £4.1m increase in the scheme deficit largely as a consequence of the Governments announced reforms of how the Retail Price Index is calculated which has had a materially adverse impact on the scheme. The University has agreed a revised recovery plan which will result in deficit repayments increasing by £750k per year from 1 January 2022 to 31 December 2024 and then a further £1.05m per year from 1 January 2025 to 31 December 2027.

The increase in USS pension liabilities is a concern. Work, at national level, is continuing to manage risks and ensure that the considerable challenges the sector has faced from USS can be minimised.

Endowments

Endowments have performed well over the year, standing at £49.5m at 31 July.

Investment returns of 21.8% (net of fees) compare well to our investment objective of 6%, based on CPI+4%.

Equally important is the performance on a range of environmental, social and governance (ESG) factors. Our investment policy requires our fund manager, Rathbones Greenbank, to invest in entities who exhibit *best in class* ESG performance while precluding investments in entities involved in fossil fuel extraction and tobacco production. The two graphs below illustrate the characteristics of our portfolio in terms of its carbon footprint (WACI or *weighted average carbon intensity*) and its exposure to climate solutions:

Future Outlook

Student recruitment for 2021/22 has exceeded target, materially for home undergraduates as a direct result of the A-level teacher-led assessment process implemented this year. International recruitment is on target. Teaching income will exceed the budget, however, we face significant challenges in delivering the student experience in a small number of disciplines and have already agreed to increase investment in those areas to mitigate these challenges. The completion of East Park phase 2, bringing an extra 582 student bedrooms for the start of the new academic year, has helped ensure we do not face significant accommodation challenges.

The 2021/22 academic year is the first in which new undergraduate students from the EU have been admitted paying full international tuition fees, rather than the home tuition fee funded from Government-backed loans. Continuing EU students remain entitled to the home fee and the student loan system. While the new intake from EU counties is down by 38%, total revenue is up as a result of the switch in fee status.

In-person teaching has returned at the start of the 2021/22 academic year and, following government advice, social distancing restrictions have been reduced. However, the Covid-19 pandemic remains so we are continuing to support staff and student testing, have a range of Covid support measure in place and continue to support remote learning as an option.

Brexit is impacting in terms of higher cost of importing goods and consumables, principally impacting on research activity and in higher costs and delays in procurement of materials for capital projects. We have decided to continue with our restrictions on new capital starts so capital expenditure will run at below pre-COVID levels for 2021/22.

The USS 2020 valuation looks like it has been resolved on a financially affordable basis, for both staff and employers. However, at a national level there remains the possibility of industrial action as nationally unions are contending the outcome of the valuation. Beyond the 2020 valuation is a need for the sector to get to grips with USS and ensure that it is affordable and sustainable in the medium term especially as we begin to approach its next valuation in 2023.

We are beginning to experience rising costs, for example utilities, as well as some supply chain constraints.

Our exciting new University strategy, developed over the course of 2020/21, was launched in October 2021, following an extensive consultation process involving the entire University community. We are currently developing an investment plan to support the delivery of the strategy. This will include investment in the student experience, in research, in estate infrastructure addressing growth, de-carbonisation and hybrid-ways of working and in digital and IT infrastructure. While Covid has had a hugely disruptive impact on society, staff and students, it has also provided space to re-think our strategy and our investment priorities. Over the current months a plan will be developed and quantified, along with a finance strategy that will set out how it will be financed.

Going Concern

In spite of the extraordinary year, financial performance was strong and as the results have highlighted, our core activity of research and teaching was maintained. Applications for research grants and subsequent awards secured both exceeded targets which, coupled with the existing portfolio, provides high confidence in continuing to produce high quality research and the income and contribution associated with it.

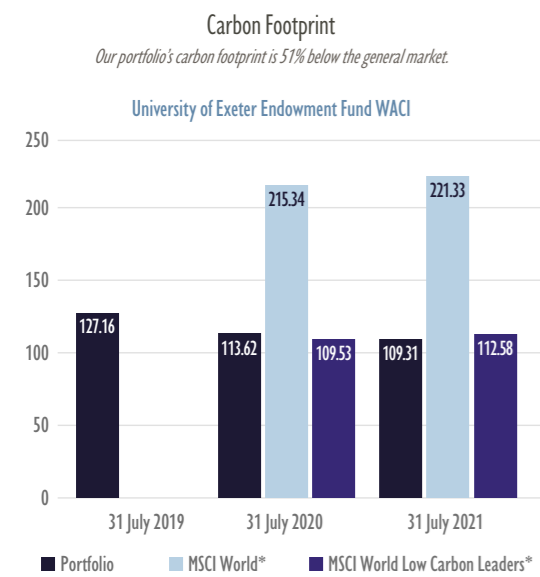
Applications for 2020/21 study have been strong throughout the cycle, partly aided by the Government's decision to use centre assessed grades for a second year, and have resulted in record numbers of students starting their studies at the University. These student numbers are in excess of our plan, and the associated income will provide the resources to cope with the additional challenges and costs in ensuring they receive the very best education. Recruitment is already underway for the 2022/23 cycle.

Cash balances remain high, representing 126 days average expenditure at 31 July and in addition, the University holds a £50m revolving credit facility which gives us access to cash should it be required. This facility has yet to be used and there are no plans to draw upon it for the foreseeable future.

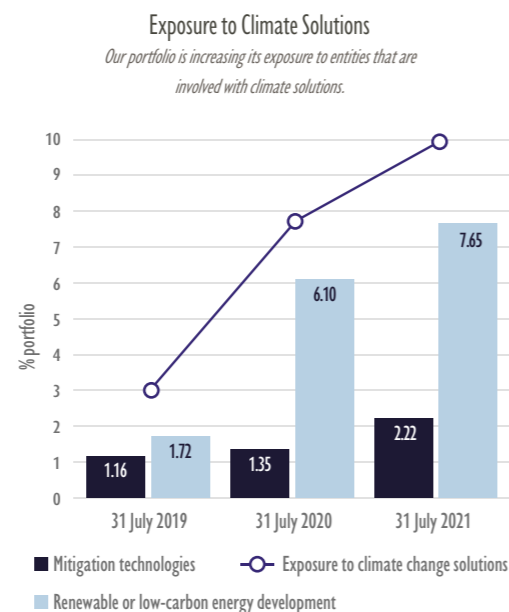
The University is confident that it will be able to meet all of its future financial obligations and commitments, operating well within financial investor covenants for the next 12 months and will continue to do so for the foreseeable future.

The University has launched Strategy 2030 – Together we create the possible, and the continued performance provides the foundation to deliver on this long term ambition.

Andrew Connolly
Chief Financial Officer



*Benchmark figures are provided by MSCI. No figures are currently available for July 2019.



Corporate Governance and Statement of Internal Control

Legal Status of the University

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

Governance

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

Council

Council, as the governing body, is responsible for the finance, property, investments and general business of the University, and for setting the general strategic direction of the institution. It is also responsible for seeking assurance that the University is compliant with relevant regulation and legislation. There are 23 members of Council, the majority of whom are from outside the University (independent members). The members include representatives of staff and students. Council met six times during 2020/21. Additionally, it held a strategic away day. There is also an annual joint meeting between the Council and the Senate. The responsibilities of Council are more fully described below.

Senate

Senate, as the senior academic body, is given devolved responsibility by the Council, for student matters, academic quality and standards, and plays a key role in the development and approval of the University's education and research strategies. There are 70 members of the Senate, including members elected by the University's academic colleges and student representatives. There were three meetings of the Senate during 2020/21.

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

Management

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

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

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

Responsibilities of Council

The primary responsibilities of Council are:

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

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

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

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

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

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

Council are also responsible for ensuring that:

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

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

The arrangements described above were in place during the period covered by this annual report, including up to the point of the annual report approval in December 2021.

Dual Assurance

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

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

The table below shows the areas governed through dual assurance and the management and independent leads as at December 2021:

Business Area	Management Lead	Independent Lead
Finance and Investment	Chief Financial Officer	Alison Reed
Research and Impact	DVC (Research and Impact)	Vacant
Innovation and Business	DVC (Global Engagement)	Graham Cole CBE
Human Resources	Director of Human Resources	Professor Dame Caroline MacEwen
Equality, Diversity and Inclusivity	Deputy Registrar and Chief College Operations Officer	Salam Katbi and Amoetsoe Mkwena
Estates	Director of Estates	Sarah Buck OBE
Ethics	DVC (Research and Impact)	Professor Dame Caroline MacEwen
Digital and Information Technology	Registrar and Secretary	Andrew Greenway
Education and Student Experience	DVC (Education)	Sir Richard Atkins
Global Strategy	DVC (Global Engagement)	Graham Cole CBE
Global Advancement	Provost	Gerry Brown
Risk	Registrar and Secretary	Nicholas Cheffings
Marketing and Reputation	Director of Marketing, Recruitment, Communications and Global	Jo Binding
Sport	Director of Sport	Salam Katbi

Statement of Internal Control

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

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

As the governing body, Council must assure itself of the effectiveness of the University's systems of internal control. It meets at regular intervals to consider the plans and strategic direction of the institution and receives the minutes of Audit Committee and periodic reports from the Chair of Audit Committee concerning internal control.

The review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the University, who have responsibility for the development, maintenance and continual review of the internal control framework.

The Audit Committee receives regular reports from internal audit, which include an independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement. The programme of internal audit work during the year has focused on our most significant risk areas and has been designed to evidence the achievement of value for money with regard to efficiency, economy and effectiveness. The Council has appointed Price Waterhouse Coopers LLP (PWC) to provide internal audit services to the University. The Audit Committee approves the strategic internal audit plan and receives internal audit reports from PWC at its regular meetings during the year. Where appropriate, individual audit reports are considered by other committees for information. Council receives regular reports on the progress of the audit plan from the Chair of Audit Committee. The internal auditors provide an annual

report, which includes an opinion on internal control, risk and the adequacy and effectiveness of our arrangements for economy, efficiency and effectiveness. The internal auditor's opinion for 2020/21 was *generally satisfactory with some improvements required* relating to a small number of weaknesses in control which are currently being addressed.

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

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

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

Higher Education Code of Governance

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

Sarah Turvill

Chair of the Council

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

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

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

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

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

The Corporate Governance Statement and Responsibilities of the Council of the University are set out on pages 58 to 59 and were approved by Council on 9 December 2021 and signed on its behalf by:

Professor Lisa Roberts

Vice-Chancellor and Chief Executive

Report from the Chair of Audit Committee

Alongside its Terms of Reference for 2020/21, which were amended to strengthen the role of the Committee in understanding and scrutinising institutional culture, the Audit Committee reviewed its twelve core objectives. A key objective is to ensure that the University is focused on the delivery of its strategic priorities, and in 2020/21 it was agreed that there should be a strong focus on identifying the risks to delivering those priorities.

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

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

The Committee met six times during 2020/21, including an additional meeting in December 2020 to discuss ways of working and a further meeting in May 2021 to review the University's financial plans.

Membership and attendance at meetings was as follows:

	Eligible to attend	Actually attended
Gerry Brown, Independent Member of Council and Chair	6	6
Graham Cole, CBE, Independent Member of Council	6	6
David Dupont, Independent External Member of Audit Committee	6	6
Simon Enoch, Independent External Member of Audit Committee	6	6
Alison Reed ACA, Independent Member of Council	6	6
Nicholas Cheffings, Independent Member of Council	6	6

The Committee agreed the plan of work for 2020/21 with PWC, the University's internal auditors, and during the year reviewed the outcome of 17 internal audit reports and also continued to ensure a strong focus on the completion of outstanding audit recommendations. The COVID-19 pandemic continued to have an impact on the audit plan, resulting in some planned reviews being deferred to 2021/22 and replaced on the recommendation of the Committee with reviews that would better reflect the risks faced by the University in the context of the pandemic.

The additional meeting held in May 2021 reviewed the financial underpinning of the corporate strategy, also reviewing the related financial strategy and the Office for Students (OfS) five year forecasts. Assurance was sought on the financial stability of the University and there were detailed discussions around fees, student recruitment, research and investment. The successful management of the University's finances, interim financial arrangements and the University's response to the Covid-19 pandemic was commended.

The Committee also scrutinised Organisational Health and IT Security with deep dive sessions held at the March and June meetings. The session on Organisational Health included a presentation from the Director of Human Resources. The IT Security deep dive included detailed assurance provided by the Interim Chief Information and Digital Officer.

The Committee received reports from its internal and external auditors on best practice aligned to themes arising in response to the pandemic, and also set out areas of focus to ensure that the University could maintain good governance and decision making as the challenge of the pandemic developed. There was also a strong focus on broader higher education (HE) sector developments.

During the year, a strong focus on value for money has been maintained, including within the context of the revised operating model required by the pandemic.

The Committee has also had a strong focus on key sector developments.

Other key areas of work have included:

- Benchmarking against the Committee of University Chairs (CUC) Code for HE Audit Committees and the Internal Audit Code of Practice.
- Data assurance and quality
- Bribery Act
- Cyber Security
- Loan Strategy
- University's Insurance Arrangements
- Research Cost Recovery
- USS Pensions
- Treasury Management

The Committee was satisfied that these areas were being managed effectively. It also continued to work closely with the Risk Dual Assurance team to review risk management policies and procedures, including reviewing the risk discussions held at Council. In its Annual Report to the Vice-Chancellor, Council and the OfS for 2020/21, the Committee was of the opinion that the University had a sound framework of risk management, control and governance, value for money, and the management and quality assurance of data.

Gerry Brown
Chair of Audit Committee

Reports from the Chair of Nominations Committee

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

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

It is also responsible for reviewing arrangements for developing future leaders of the University and for succession planning. In 2020-21, the Committee's Terms of Reference were updated to remove the remit for senior development. It was agreed that assurance to Council in this respect could be provided via the Dual Assurance mechanism. The Committee's recommendations are informed by a skills matrix, which details the relevant skills of Council's current membership and skills sought in new appointments.

The Nominations Committee actively promotes equality and diversity in all its deliberations and appointments. The Committee met three times in the academic year 2020/21. Membership and attendance at meetings was as follows:

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

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

Council

- The re-appointment for a further term of office for the following:
Salam Katbi (Class II Independent member)
Glenn Woodcock (Class II Independent member)
- The appointment of Lounette Dyer as a Class II Independent Member (August 2021- July 2024)
- The appointment of Dr Barrie Cooper as a Class III member (August 2021-July 2024) to replace Professor Anni Vanhatalo as one of the three Senate representatives on Council
- The appointment of Professor Gareth Stansfield as a Class III member (August 2021-July 2022) to replace Professor Andrew McRae who had requested to end his term of office in July 2021
- The appointment of Tina Verhaeghe as the Class VI member (August 2021-July 2022) to replace Alison Rose as the Member of Staff other than Academic Staff.
- The outcome of elections for both the Students' Guild and Students' Union:
Students' Guild – Lily Margaroli
Student's Union – Steven Preece

Other

- The appointment of Jane Chafer as trustee for a three-year term for Camborne School of Mines Trust (CSM).
- The appointment of Pamela Freeman for a further three-year term on the Devon Educational Trust ending in July 2024.

The Committee had also discussed the recommendations in the recently revised CUC Code of HE Governance to appoint a Senior Independent Director (SID). The Nominations Committee considered the proactive and agreed to recommend to Council that a SID not be appointed as this role was already being fulfilled by the Pro-Chancellors. The Chair confirmed that both Pro-Chancellors would share the role. The Chair noted that Council had reviewed the revised CUC code at its October meeting and members approved its adoption.

Sarah Turvill
Chair of Nominations Committee

Annual Report of Remuneration Committee

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

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

The Committee met five times during 2020/21. The attendance of members at meetings was as follows.

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

The Committee publishes a full annual report as recommended by the Committee of University Chairs. This is available on the Remuneration Committee section of the University website² together with the Committee's Executive Reward Policy and Terms of Reference.

Decisions on the reward of the Vice-Chancellor are made by the Remuneration Committee. Professor Sir Steve Smith retired on 31 August 2020 after 18 years leading the University as Vice-Chancellor. There had been no changes to his basic salary since 2015. The Committee had agreed the salary of the new Vice-Chancellor, Professor Lisa Roberts, who took up her position on 1 September 2020, as part of her recruitment in 2019/20. Further information on the reward arrangements for the Vice-Chancellor are given in the Staff Costs section of the Financial Statements on page 81.

At the beginning of the year, the Committee reviewed the achievement of institutional targets and personal objectives for the 2019/20 financial year. Taking account of these assessments, and the reduction in the level of award for 2019/20 which had been previously agreed (and reported in the annual report for 2019/20), the Committee agreed reward payments under the Executive Performance Reward Scheme for the achievement of personal and institutional objectives in 2019/20.

The Committee also agreed its annual report for 2019/20 and its schedule of work for 2020/21.

Taking account of the impact of the Coronavirus pandemic on the University, and the University's collective agreement with trade unions to suspend some reward arrangements in 2020/21, the Committee carefully considered what

arrangements should be applied to reward of members of the University Executive Board (former Vice-Chancellor's Executive Group) in 2020/21. Following the decision to reinstate some of the suspended procedures in response to the University's improved financial position, the Committee agreed that the Executive Performance Reward Scheme would operate in 2020/21. The Committee agreed to a proposal from the University's Executive Board to reduce the maximum award in 2020/21 under the Executive Performance Reward Scheme by 50%, and to consider further reductions if there were any compulsory redundancies during the year.

During the year, the Committee commissioned an external review of the executive reward arrangements. The review was reported to a special meeting of the Committee in June 2021. The review concluded that the current approach to senior remuneration was consistent with good practice and had been effective in attracting and retaining executive appointments. The review made a number of recommendations to improve the clarity and operation of these arrangements. These recommendations will be developed into detailed procedures during 2021/22 ready for implementation from the beginning of the 2022/23 University's year.

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

The Committee received a report on external work undertaken by senior executives in 2020/21.

The Committee reviewed the base salaries of members of the Vice-Chancellor's Executive Group, in accordance with the Committee's Executive Reward Policy, taking account of market data, affordability and performance. Taking account of the impact of the Coronavirus pandemic, the Committee agreed that there should be no changes to basic salary for members of Vice-Chancellor's Executive Group in the financial year beginning August 2021, with the exception of one member where an increase was agreed to recognise their experience and performance and to ensure parity with other roles.

At its first meeting in the autumn term 2021, the Committee reviewed the achievement of the institutional targets and personal objectives for members of the Vice-Chancellor's Executive Group which had been agreed for 2020/21. Taking account of these assessments, to reduce the maximum award in 2020/21 under the Executive Performance Reward Scheme by 50%, the Committee made decisions on the performance rewards which should be paid under the Executive Performance Reward Scheme to recognise the achievement of these institutional and personal objectives.

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

Sir Richard Atkins

Chair of the Remuneration Committee

Fundraising Standards

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

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

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

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

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

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

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

The University received no complaints about its fundraising activities for the year to 31 July 2021.

² www.exeter.ac.uk/about/organisation/governance/committees/remuneration_committee

Independent Auditor's Report to Council of University of Exeter

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the University of Exeter ("the University") for the year ended 31 July 2021 which comprise the Consolidated and University Statement of Comprehensive Income, Consolidated and University Statement of Changes in Reserves, Consolidated and University Statement of Financial Position, Consolidated Statement of Cash Flow and related notes, including the accounting policies.

In our opinion the financial statements:

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

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of the directors, audit committee, internal audit and inspection of policy documentation as to the University's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the University's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Council and Senate minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that research income is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account

the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual postings to revenue or cash accounts, journals posted in the period following the year end with no narrative description, and unbalanced journal entries.
- Bespoke data and analytics testing to identify research projects considered to be outliers from the population for specific testing. Detailed testing included agreeing cash receipts to remittance advice, confirming the associated expenditure is in line with the relevant funding agreement and recalculating the revenue recognised .

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

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

As the University is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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

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

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), including the regulatory framework for higher education in England operates under Accounting Direction issued by Office for Students on 25 October 2019, tax legislation and Pensions legislation in respect of defined benefit pension schemes and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: compliance with higher education regulatory requirements of the Office for Students, recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

Independent Auditor's Report to Council of University of Exeter (continued)

Other information

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

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

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Strategic Review and the Report of the Council and Corporate Governance Statement is consistent with the financial statements.

Council responsibilities

As explained more fully in their statement set out on page "Responsibilities of Council" on page 59, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

Report on other legal and regulatory requirements

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the Group has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 33 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in Note 2 to the financial statements has been materially misstated.

We have nothing to report in these respects.

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

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

Rees Batley

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

9 December 2021

Principal Accounting Policies

Basis of Preparation

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

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

Going concern

In spite of the extraordinary year, financial performance was strong and as the results have highlighted, our core activity of research and teaching was maintained. Applications for research grants and subsequent awards secured both exceeded targets which, coupled with the existing portfolio, provides high confidence in continuing to produce high quality research and the income and contribution associated with it.

Applications for 2020/21 study have been strong throughout the cycle, partly aided by the Government's decision to use centre assessed grades for a second year, and have materialised in record numbers of students starting their studies at the University. Student numbers are in excess of our plans and the associated income will provide the resources to cope with the additional challenges and costs in ensuring they receive the very best education. Recruitment is already underway for the 2022/23 cycle.

Cash balances remain high, representing 126 days average expenditure at 31 July and in addition, the University holds a £50m revolving credit facility which gives us access to cash should it be required. This facility has yet to be used and there are no plans to draw upon it for the foreseeable future.

The University is confident that it will be able to meet all of its future financial obligations and commitments, operating well within financial investor covenants for the next 12 months and will continue to do so for the foreseeable future.

Basis of Consolidation

The results of the University's subsidiary undertakings and undertakings in which it has a controlling interest for the financial year ended 31 July 2021, have been consolidated in the Financial Statements. Details of these subsidiaries are provided in Note 15.

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

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

Recognition of Income

Recurrent grants and tuition fees

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

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

Grant funding

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

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

Principal Accounting Policies (continued)

Donations and endowments

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

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

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

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

Other income

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

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

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

Income within the University's subsidiary companies represents the fair value of consideration receivable, excluding Value Added Tax, in the ordinary course of that Company's business for goods and services provided. In respect of long-term contracts and contracts for ongoing

services, income represents the value of work done in the year, including estimates of amounts not invoiced. Income in respect of long-term contracts for ongoing services is recognised by reference to the stage of completion.

Accounting for retirement benefits

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

The USS is a multi-employer hybrid scheme, offering a mix of defined benefits as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other providers' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by FRS 102 "Employee benefits", the University therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme. The University has entered into an agreement that determines how each employer within the scheme will fund the scheme's overall deficit, the University therefore recognises its share of the liability for deficit contributions payable. Contractual contributions are recognised through staff costs in the Statement of Comprehensive Income. The scheme is revalued periodically by professionally qualified independent actuaries.

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

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

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

Employment benefits

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

Finance leases

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

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

Service concession arrangements

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

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

Operating leases

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

Foreign currencies

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

Taxation

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

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

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

Tangible and intangible assets

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

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

Capitalisation

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

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

Principal Accounting Policies (continued)

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

Intangible assets held by the University relate to software.

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

Heritage assets

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

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

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

Depreciation / Amortisation

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

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

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

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

Investment property

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

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

Investments

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

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

Stock

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

Cash and cash equivalents

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

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

The exemption for the parent's Statement of Cash Flows preparation has been applied under the SORP Section 3.3.

Financial instruments

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

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

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the Financial Statements when:

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

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

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

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

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

Reserves

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

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

Key Estimates and Judgements

Key sources of estimation uncertainty

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

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

Pensions – USS

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

Assumptions used to calculate the scheme liability in the current financial year are detailed in Note 28.

Pensions – ERBS

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

Useful economic lives of tangible assets

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

Impairment of debtors

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

Critical accounting judgements in applying the University's accounting policies

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



Consolidated and University Statement of Comprehensive Income

For the year ended 31 July 2021

	Notes	Group		University	
		Year Ended 31 July 2021 £'000	Restated ³ Year Ended 31 July 2020 £'000	Year Ended 31 July 2021 £'000	Restated ³ Year Ended 31 July 2020 £'000
INCOME					
Tuition fees and education contracts	1	287,491	265,128	287,491	265,128
Funding body grants	2	59,416	53,241	59,416	53,241
Research grants and contracts	3	94,618	93,152	94,618	93,152
Other income	4	56,287	49,991	56,074	49,868
Investment income	5	1,145	2,064	1,138	2,063
Endowments and donations	6	2,615	4,733	4,392	5,508
Total income		501,572	468,309	503,129	468,960
EXPENDITURE					
Staff costs	7	277,971	265,957	277,971	265,927
Staff costs – movement on pension provisions	7	20,731	(63,981)	20,731	(63,981)
Operating expenses	8	154,216	138,071	154,101	138,199
Depreciation and amortisation	9	53,266	48,189	53,266	48,189
Impairment charge	9	488	4,656	488	4,656
Interest and other finance costs	10	6,243	7,745	6,243	7,745
Total expenditure		512,915	400,637	512,800	400,735
(Deficit)/surplus before other gains/(losses) and share of operating surplus in joint ventures		(11,343)	67,672	(9,671)	68,225
Gain/(loss) on investments	15	7,768	(486)	7,768	(486)
Share of operating deficit in joint venture	16	(1,585)	(97)	-	-
(Deficit)/surplus for the year		(5,160)	67,089	(1,903)	67,739
Revaluation deficit on heritage assets	13	-	(5)	-	(5)
Actuarial gain/(loss) in respect of pension schemes	29	8,310	(15,235)	10,073	(12,059)
Total comprehensive income		3,150	51,849	8,170	55,675
Represented by:					
Endowment comprehensive income for the year	23	8,065	756	8,065	756
Restricted comprehensive (expenditure)/income for the year		(41)	33	(41)	33
Unrestricted comprehensive (expenditure)/income for the year	25	(4,358)	51,808	402	55,264
Revaluation reserve comprehensive expenditure for the year	26	(516)	(748)	(256)	(378)
		3,150	51,849	8,170	55,675

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

³ See Note 34 for detail

Consolidated and University Statement of Changes in Reserves

For the year ended 31 July 2021

Group	Endowment	Restricted	Unrestricted	Revaluation	Total
	Reserve	Income and Expenditure	Income and Expenditure	Reserve	
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2019	40,726	50	398,753	23,287	462,816
Surplus/(deficit) from the Statement of Comprehensive Income	756	33	66,678	(378)	67,089
Other comprehensive expenditure	-	-	(15,240)	-	(15,240)
Transfers between revaluation and income and expenditure reserve	-	-	370	(370)	-
Total comprehensive income/ (expenditure)	756	33	51,808	(748)	51,849
Balance at 1 August 2020	41,482	83	450,561	22,539	514,665
(Deficit)/surplus from the Statement of Comprehensive Income	8,065	(41)	(12,928)	(256)	(5,160)
Other comprehensive income	-	-	8,310	-	8,310
Transfers between revaluation and income and expenditure reserve	-	-	260	(260)	-
Total comprehensive income/ (expenditure)	8,065	(41)	(4,358)	(516)	3,150
Balance at 31 July 2021	49,547	42	446,203	22,023	517,815
University	Endowment	Restricted	Unrestricted	Revaluation	Total
	Reserve	Income and Expenditure	Income and Expenditure	Reserve	
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2019	40,726	50	399,301	9,574	449,651
Surplus/(deficit) from Statement of Comprehensive Income	756	33	67,328	(378)	67,739
Other comprehensive expenditure	-	-	(12,064)	-	(12,064)
Total comprehensive income/ (expenditure)	756	33	55,264	(378)	55,675
Balance at 1 August 2020	41,482	83	454,565	9,196	505,326
(Deficit)/ surplus from the Statement of Comprehensive Income	8,065	(41)	(9,671)	(256)	(1,903)
Other comprehensive income	-	-	10,073	-	10,073
Total comprehensive income/ (expenditure)	8,065	(41)	402	(256)	8,170
Balance at 31 July 2021	49,547	42	454,967	8,940	513,496

The accompanying notes form part of these financial statements.

Consolidated and University Statement of Financial Position

For the year ended 31 July 2021

	Notes	Group		University	
		Year Ended 31 July 2021	Year Ended 31 July 2020	Year Ended 31 July 2021	Year Ended 31 July 2020
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	11	6,733	8,485	6,733	8,485
Tangible fixed assets	12	742,923	741,060	742,923	741,060
Heritage assets	13	9,088	9,088	9,088	9,088
Investments	15	48,429	40,979	48,631	41,181
Investment in joint venture	16	5,099	9,047	-	-
		812,272	808,659	807,375	799,814
Current assets					
Stock		617	656	617	656
Receivables	17	79,620	82,113	80,704	82,423
Investments	18	10,251	25,414	10,251	25,414
Cash and cash equivalents		126,546	86,494	125,671	85,485
		217,034	194,677	217,243	193,978
Less: Creditors: amounts falling due within one year	19	(158,403)	(135,937)	(158,034)	(135,732)
Net current assets		58,631	58,740	59,209	58,246
Total assets less current liabilities		870,903	867,399	866,584	858,060
Creditors: amounts falling due after more than one year	20	(264,049)	(270,099)	(264,049)	(270,099)
Provisions					
Pension provisions	29	(86,639)	(80,235)	(86,639)	(80,235)
Other provisions	29	(2,400)	(2,400)	(2,400)	(2,400)
Total net assets		517,815	514,665	513,496	505,326
Restricted Reserves					
Endowment reserve	23	49,547	41,482	49,547	41,482
Income and expenditure reserve		42	83	42	83
Unrestricted Reserves					
Income and expenditure reserve	24	446,203	450,561	454,967	454,565
Revaluation reserve	25	22,023	22,539	8,940	9,196
Total Reserves		517,815	514,665	513,496	505,326

The accompanying notes form part of these financial statements.

The Financial Statements on page 75 to 113 were approved by Council on 9 December 2021 and were signed on its behalf by:

Professor Lisa Roberts
Vice-Chancellor and Chief Executive

Sarah Turvill
Chair of the Council

Andrew Connolly
Chief Financial Officer

Consolidated Statement of Cash Flows

For the year ended 31 July 2021

		Year Ended 31 July 2021	Year Ended 31 July 2020
	Notes	£'000	£'000
Cash flow from operating activities			
(Deficit)/surplus for the year		(5,160)	67,089
Adjustment for non-cash items			
Depreciation and impairment	12	50,366	50,110
Amortisation of intangibles	11	3,388	2,735
(Gain)/loss on investments	15	(7,768)	486
Decrease/(increase) in stock		39	(150)
Decrease/(increase) in debtors		2,298	(7,970)
Increase/(decrease) in creditors		16,107	(1,741)
Increase/(decrease) in pension provision	29	16,477	(68,174)
Share of operating deficit in joint ventures		1,585	97
Adjustment for investing and financing activities			
Investment income	5	(1,145)	(2,064)
Interest and other finance costs	10	6,243	7,745
New endowments	6	(2,372)	(4,005)
Loss on the sale of fixed assets		-	2,877
Capital grant receipts	2	(10,918)	(4,096)
Net cash inflow from operating activities		69,140	42,939
Cash flow from investing activities			
Disposal of non-current asset investments		487	2,891
Investment income		949	2,064
Capital grants receipts	2	10,918	4,096
Withdrawal of deposits		15,163	3,860
New non-current asset investments		(368)	(5,520)
Payments made to acquire fixed assets	12,13	(5,105)	(430)
Payments made to acquire assets under construction	12	(24,512)	(51,626)
Payments made to acquire intangible assets	11	(1,636)	(2,077)
Net cash outflow from investing activities		(4,104)	(46,742)
Cash flow from financing activities			
Interest and other finance costs		(5,861)	(5,178)
New endowments	23	2,372	4,005
Capital element of finance lease		(21,495)	(15,807)
Net cash outflow from financing activities		(24,984)	(16,980)
Increase/(decrease) in cash and cash equivalents		40,052	(20,783)
Cash and cash equivalents at beginning of the year		86,494	107,277
Cash and cash equivalents at end of the year		126,546	86,494

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 July 2021

NOTE 1 TUITION FEES AND EDUCATION CONTRACTS

	Group		University	
	Year Ended 31 July 2021 £'000	Restated ⁴ Year Ended 31 July 2020 £'000	Year Ended 31 July 2021 £'000	Restated ⁴ Year Ended 31 July 2020 £'000
Home and EU students	194,582	167,626	194,582	167,626
International students	85,775	87,574	85,775	87,574
Research Training Support Grant	4,108	6,860	4,108	6,860
Non-credit bearing course fees and other tuition fees	3,026	3,068	3,026	3,068
	287,491	265,128	287,491	265,128

NOTE 2 FUNDING BODY GRANTS

	Group		University	
	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Recurrent Grant				
Office for Students – Teaching grant	13,756	13,252	13,756	13,252
UKRI – Research grant	27,326	27,240	27,326	27,240
Specific Grants				
Office for Students – Capital grants	2,073	1,068	2,073	1,068
UKRI – Capital grants	6,760	3,028	6,631	3,028
Other Capital grants	2,085	-	2,214	-
Higher Education Innovation Fund	4,530	4,063	4,530	4,063
Other grants	2,886	4,590	2,886	4,590
	59,416	53,241	59,416	53,241

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

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

NOTE 3 RESEARCH GRANTS AND CONTRACTS

	Group		University	
	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Research Councils	40,873	38,791	40,873	38,791
UK Research Charities	11,220	10,944	11,220	10,944
UK Central Government, local authorities and health authorities	13,686	12,547	13,686	12,547
UK Industry and commerce	2,655	3,667	2,655	3,667
European Union government	17,614	20,898	17,614	20,898
European Union industry / other bodies	4,217	2,466	4,217	2,466
Other	4,353	3,839	4,353	3,839
Total Research Income	94,618	93,152	94,618	93,152

⁴ See Note 34 for detail

Notes to the Financial Statements

For the year ended 31 July 2021

NOTE 4 OTHER INCOME

	Group		University	
	Year Ended 31 July 2021	Year Ended 31 July 2020	Year Ended 31 July 2021	Year Ended 31 July 2020
	£'000	£'000	£'000	£'000
Residences, catering and conferences	28,806	25,649	28,808	25,558
Other revenue grants	4,451	2,071	4,451	2,120
Coronavirus jobs retention scheme	621	2,453	621	2,453
Other services rendered	3,603	3,404	1,922	1,700
Income from health authorities and trusts	4,656	4,634	4,656	4,634
Sports and swimming pool income	606	1,725	606	1,725
Summer Schools, fair and degree day income	37	139	37	139
ERASMUS income	795	1,154	795	1,154
Rental income and room hire	600	1,084	600	714
Externally charged staff time	1,610	1,864	1,705	2,291
Supplies and services to external customers	3,602	3,057	5,032	4,634
Library and IT related income	9	97	9	97
Family centre fees	-	15	-	15
Other income	6,891	2,645	6,832	2,634
	56,287	49,991	56,074	49,868

Included within residences, catering and conferences is £16.1m (2020: £11.5m) related to rental income from student residences that are operated under a service concession arrangement, which is further explained in Note 14.

NOTE 5 INVESTMENT INCOME

	Note	Group		University	
		Year Ended 31 July 2021	Year Ended 31 July 2020	Year Ended 31 July 2021	Year Ended 31 July 2020
		£'000	£'000	£'000	£'000
Investment income on expendable endowments	23	297	240	297	240
Investment income on permanent endowments	23	582	604	582	604
Other investment income		259	1,220	259	1,219
Other interest receivable		7	-	-	-
		1,145	2,064	1,138	2,063

NOTE 6 ENDOWMENTS AND DONATIONS

	Note	Group		University	
		Year Ended 31 July 2021	Year Ended 31 July 2020	Year Ended 31 July 2021	Year Ended 31 July 2020
		£'000	£'000	£'000	£'000
New expendable endowments	23	2,295	3,249	2,295	3,249
New permanent unrestricted endowments	23	77	756	77	756
Restricted donations		199	324	199	324
Unrestricted donations		44	404	1,821	1,179
		2,615	4,733	4,392	5,508

NOTE 7 STAFF COSTS

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

	Year Ended 31 July 2021	Year Ended 31 July 2020
	Number	Number
Academic	1,697	1,592
Research	883	871
Professional Services	2,728	2,708
Total	5,308	5,171

Staff costs for the above persons:

Group	Note	Year Ended 31 July 2021	Year Ended 31 July 2020
		£'000	£'000
Salaries		220,780	210,281
Employer Taxes		21,486	20,286
Pension contributions	29	35,177	34,626
Direct staff costs		277,443	265,193
Severance payment		528	764
Movement on USS pension provision		20,731	(63,981)
Total staff costs		298,702	201,976

Vice Chancellor and Chief Executive's Salary

University Context and institutional Performance 2020/21

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

The University's 2030 strategy⁵ sets out our aims to use the power of our interdisciplinary education and research culture to create a sustainable, healthy and socially just future. We have set ambitious goals to challenge and inspire our students to develop skills to lead the change the world needs; to foster new discoveries for solving the challenges of today and tomorrow; and to be a globally networked University with regional, national and international impact, offering outstanding education and

research opportunities for our communities to overcome the challenges of the twenty-first century. We will achieve these goals through creating strong partnerships with partners, students and alumni across our campuses, our region and the world; and supporting each other to thrive, be fulfilled and reach our potential within an inclusive, fair, compassionate and healthy community.

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

The University's achievement in 2020/21 are detailed in the "How we performed" section of the Annual Report.

Remuneration Decisions

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

Professor Lisa Roberts took up her appointment as Vice-Chancellor of the University of Exeter on 1 September 2020. In setting Professor Roberts' salary, the University's Remuneration Committee has taken account of the level of responsibility and market data for the remuneration of Vice-Chancellors at competitor institutions.

⁵ www.exeter.ac.uk/strategy2030

NOTE 7 STAFF COSTS (continued)

The remuneration received by Professor Roberts in the year ended 31 July 2021 was:

- a base salary of £275,000 per annum. (The amount paid for the period September 2020 to July 2021 is shown in the table below).
- a performance award (under the Executive Performance Reward Scheme) of £24,063.
The payment made under the Executive Reward Scheme in respect of the Vice-Chancellor's performance in 2020/21 reflected the decision of the Remuneration Committee to reduce the maximum level of award for all executive group members by 50%, following a proposal from the University's Executive Board in response to the impact of the Coronavirus pandemic on the University.
- Employer pension contributions to the Universities Superannuation Scheme (USS) at the same level paid for other members of USS. After the first 3 months of her employment, in line with other appointments, Professor Roberts joined the University's USS salary sacrifice arrangements. Under this arrangement,

Professor Roberts' salary has been reduced by £17,600 from the figure quoted above and the University paid these employee contributions on her behalf.

To support Professor Roberts' relocation to Exeter (made more difficult due to relocating during the pandemic), she received the following additional benefits in the 2020/21 financial year:

- Relocation expenses of £17,807, of which £8,000 was exempt from tax under HMRC regulations.
- Temporary accommodation provided by the University until her personal home was available. The taxable benefit in respect of the 2019/20 financial year was £193.

Professor Sir Steve Smith retired on 31 August 2020. The last increase to his base salary was in 2015. In accordance with the terms of a long-term incentive scheme entered into in 2013, to ensure that the University retained his leadership during a time of significant change, Sir Steve received a payment of £105,850 in August 2020.

Emoluments of the Vice-Chancellor

	Professor Sir Steve Smith 2020-21	Professor Lisa Roberts 2020-21
2019-20	2020-21	2020-21
	£'000	£'000
Salary	315	26
Performance related remuneration	28	-
Pension contributions and payments in lieu of pension contributions.	51	4
Other taxable benefits	5	-
Other non-taxable benefits	-	-
Long-term performance incentive scheme 2013-2020	185	N/A
Long-term retention scheme 2013-2020	N/A	106
Total Emoluments	584	136

Pay Ratios

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

The figures for 2020/21 are calculated for the current Vice-Chancellor, Professor Lisa Roberts. Figures for 2019/20 are calculated for Professor Sir Steve Smith who was Vice-Chancellor until 31 August 2021.

Based on the OfS methodology:

- The ratio between the Vice-Chancellor's basic salary in 2020/21 and the median basic salary of all other persons employed by the University in the 2020/21 financial year, including workers engaged on an occasional basis, is 9.4. (2019/20: 10.5)
- The ratio between the Vice-Chancellor's total reward in 2020/21 and the median total reward of all other persons employed by the University in the 2020/21 financial year, including workers engaged on an occasional basis, is 10.2. (2019/20: 17.0)

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

- The ratio between the Vice-Chancellor's basic salary and the median basic salary of all other persons employed by the University in the 2020/21 financial year is 7.7. (2019/20: 8.8);
- The ratio between the Vice-Chancellor's total reward in 2020/21 and the median total reward of all other persons employed by the University in the 2020/21 financial year is 9.4. (2019/20: 14.1).

Notes to the Financial Statements

For the year ended 31 July 2021

NOTE 7 STAFF COSTS (continued)**Compensation for loss of Office**

The total amount of any compensation for loss of office paid by the University for the year ended 31 July 2021 was £528k and relates to 104 posts (£764k for 122 posts to 31 July 2020). These figures include statutory redundancy and voluntary severance payments.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Such persons have been defined as members of the University's Executive Board. Remuneration of key management personnel, was £3,904k

including employer's pension contribution for 18 posts for the year ended 31 July 2021. (Excluding employer's pension contributions £3,443.) (£3,937k including and £3,534k excluding employer's pension contribution for 18 posts to 31 July 2020).

Higher paid staff

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

	Year Ended 31 July 2021	Year Ended 31 July 2021	Year Ended 31 July 2020	Year ended 31 July 2020
	Headcount	FTE	Headcount	FTE
£100,000-£104,999	25	22	20	19
£105,000-£109,999	18	15	27	23
£110,000-£114,999	33	26	19	17
£115,000-£119,999	13	12	12	11
£120,000-£124,999	15	12	18	13
£125,000-£129,999	22	13	18	11
£130,000-£134,999	4	4	1	1
£135,000-£139,999	6	5	4	4
£140,000-£144,999	4	3	3	3
£150,000-£154,999	3	2	2	1
£155,000-£159,999	3	3	3	3
£165,000-£169,999	3	3	1	1
£170,000-£174,999	1	1	1	1
£180,000-£184,999	2	2	1	1
£185,000-£189,999	1	1	1	1
£210,000-£214,999	2	2	2	2
£220,000-£224,999	1	1	1	1
£230,000-£234,999	1	1	1	1
	157	128	135	114

This table excludes the Vice-Chancellor's remuneration, which is detailed on page 81.

Independent members do not receive payment, apart from reimbursement of expenses for fulfilling their role as members of the governing body. Reimbursement of expenses amounted to £1,351 for 2 trustees (2020: £3,938 for 9 trustees). An additional £5,360 was paid directly by the University for travel, accommodation and subsistence for Council members (2020: £10,328).

Council Members

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

www.exeter.ac.uk/about/organisation/council/whoweare

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

Notes to the Financial Statements

For the year ended 31 July 2021

NOTE 8 OTHER OPERATING EXPENSES

	Group		University	
	Year Ended 31 July 2021 £'000	Restated ⁶ Year Ended 31 July 2020 £'000	Year Ended 31 July 2021 £'000	Restated ⁶ Year Ended 31 July 2020 £'000
Residences, catering and conferences	7,549	8,463	7,549	8,431
Rents and rates	1,700	1,247	1,697	1,828
Light, heat, power and water	5,801	5,649	5,805	5,625
Repairs and general maintenance	9,251	6,624	9,234	6,556
Research	16,967	19,877	16,967	19,877
Sport	748	1,343	748	1,343
Penryn campus costs	9,263	6,645	9,263	6,645
Laboratory equipment and consumables	3,292	3,320	3,292	3,320
IT hardware, software and licences	7,551	4,663	7,530	4,607
Other equipment (including loss on disposal of equipment)	8,656	6,493	8,656	6,491
Books and periodicals	7,155	5,528	7,155	5,528
Agency, seconded staff and staff support costs	4,414	3,547	4,414	3,547
Publicity, publications and student recruitment	9,781	8,215	9,781	8,215
Travel and subsistence	1,988	6,968	1,988	6,967
Scholarships, prizes and student support	26,116	24,897	26,116	24,845
Auditors remuneration	111	106	100	95
Auditors remuneration in respect of non-audit services	36	42	36	42
Other expenses	33,837	24,444	33,770	24,237
	154,216	138,071	154,101	138,199
Included within other operating expenses are:				
Internal audit costs (within other expenses) ⁷	232	162	232	162
External audit costs (within Auditors remuneration) ⁸	111	106	100	95
Operating lease expenses	466	428	466	356

⁶ See Note 34 for detail

^{7,8} Internal and external audit costs are shown net of the Value Added Tax.

NOTE 9 ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY

Group	Staff	Other	Depreciation	Interest	2021	2020
	Costs	Operating	and	Payable	Total	Total
	£'000	Expenses	Impairment	£'000	£'000	£'000
Academic colleges	139,110	27,912	2,043	-	169,065	152,457
Academic services	25,463	8,550	1,168	-	35,181	32,693
Administration and central services	52,267	71,844	3,806	-	127,917	123,005
Premises	9,384	23,350	21,797	5,565	60,096	61,697
Residences, catering and conferences	4,714	5,592	23,771	-	34,077	30,727
Research grants and contracts	47,033	16,968	1,169	-	65,170	66,051
Pensions adjustment	20,731	-	-	678	21,409	(65,993)
	298,702	154,216	53,754	6,243	512,915	400,637

NOTE 10 INTEREST AND OTHER FINANCE COSTS

Group and University	Year Ended	Year Ended
	31 July 2021	31 July 2020
	£'000	£'000
Loan interest	5,551	5,551
Other finance costs	14	14
Net charge on pension schemes	678	2,180
	6,243	7,745

NOTE 11 INTANGIBLE ASSETS

Group and University	Goodwill	Software	Assets under	Total
		£'000	development	£'000
Cost			£'000	£'000
As at 1 August 2020	-	18,712	2,282	20,994
Additions	364	-	1,272	1,636
Transfers	-	38	(38)	-
Impairment charge	-	-	(488)	(488)
As at 31 July 2021	364	18,750	3,028	22,142
Depreciation				
As at 1 August 2020	-	12,509	-	12,509
Charge for the year	364	2,536	-	2,900
As at 31 July 2021	364	15,045	-	15,409
Net Book Value				
At 31 July 2021	-	3,705	3,028	6,733
At 31 July 2020	-	6,203	2,282	8,485

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

Impairment relates to an IT system project which has ceased and no further work will be undertaken.

Notes to the Financial Statements

For the year ended 31 July 2021

NOTE 12 TANGIBLE FIXED ASSETS

	Land and buildings		Service concession arrangement (Note 14) £'000	Equipment £'000	Assets under construction £'000	Total £'000
	Freehold £'000	Long Leasehold £'000				
Group Deemed Cost						
At 1 August 2020	674,844	111,754	25,352	101,932	23,206	937,088
Additions	82	-	21,533	5,023	24,512	51,150
Disposals	-	-	(21,495)	(826)	-	(22,321)
Transfers from assets under construction	5,583	3,819	-	7,980	(17,382)	-
Transfer from investment property	1,079	-	-	-	-	1,079
At 31 July 2021	681,588	115,573	25,390	114,109	30,336	966,996
Depreciation						
At 1 August 2020	103,496	17,663	-	74,869	-	196,028
Charge for the year	18,627	3,453	21,495	6,791	-	50,366
Disposals	-	-	(21,495)	(826)	-	(22,321)
At 31 July 2021	122,123	21,116	-	80,834	-	224,073
Net book value						
At 31 July 2021	559,465	94,457	25,390	33,275	30,336	742,923
At 31 July 2020	571,348	94,091	25,352	27,063	23,206	741,060

NOTE 12 TANGIBLE FIXED ASSETS (continued)

	Land and buildings		Service concession arrangement (Note 14) £'000	Equipment £'000	Assets under construction £'000	Total £'000
	Freehold £'000	Long Leasehold £'000				
University Deemed Cost						
At 1 August 2020	674,844	111,754	25,352	101,670	23,206	936,826
Additions	82	-	21,533	5,023	24,512	51,150
Disposals	-	-	(21,495)	(826)	-	(22,321)
Transfers from assets under construction	5,583	3,819	-	7,980	(17,382)	-
Transfer from investment property	1,079	-	-	-	-	1,079
At 31 July 2021	681,588	115,573	25,390	113,847	30,336	966,734
Depreciation						
At 1 August 2020	103,496	17,663	-	74,607	-	195,766
Charge for the year	18,627	3,453	21,495	6,791	-	50,366
Disposals	-	-	(21,495)	(826)	-	(22,321)
At 31 July 2021	122,123	21,116	-	80,572	-	223,811
Net book value						
At 31 July 2021	559,465	94,457	25,390	33,275	30,336	742,923
At 31 July 2020	571,348	94,091	25,352	27,063	23,206	741,060

- a) At 31 July 2021, freehold land and buildings included £87.2m (2020: £87.2m) in respect of freehold land which is not depreciated.
- b) Included in the cost of freehold land and buildings is £1.1m (2020: £1.1m) bank loan interest paid that has been capitalised. This has been calculated at the loan interest rate of 5.88%. These finance costs are directly attributable to the construction of student residences and were capitalised as part of the cost of those assets whilst they were in the course of construction. There has been no capitalisation of interest payable in the current or prior years.
- c) Upon transition to FRS102 tangible fixed assets were valued at deemed cost following a valuation performed by the external Chartered Surveyors, Jones Lang LaSalle, as at 31 July 2014 on the basis of existing use or depreciated replacement cost according to the

nature and use of each building. This valuation was prepared in accordance with the valuation standards published by the Royal Institution of Chartered Surveyors. No further revaluations of tangible fixed assets will occur, with the exception of investment properties (Note 15) and heritage assets (Note 13).

d) Long leasehold land and buildings are composed of the University owned buildings on the Penryn Campus, which were acquired under a 125 years lease (107 years remaining), and the Research, Innovation, Learning and Development ("the RILD") buildings on the Royal Devon and Exeter Hospital (Wonford) site in Exeter, which was completed in 2013/14. The RILD buildings are held under a finance lease arrangement which has been fully paid in advance.

Notes to the Financial Statements

For the year ended 31 July 2021

NOTE 12 TANGIBLE FIXED ASSETS (continued)

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

	Note	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Debtors: Amounts falling due within one year	17	134	134
Debtors: Amounts falling due after more than one year	17	15,525	15,658
Creditors: Amounts falling due within one year	19	(134)	(134)
Creditors: Amounts falling due after more than one year	20	(15,525)	(15,658)

Of the amounts falling due after more than one year, £134k is due within one to two years, £400k is due within two to five years, and £14,990k is due after more than five years. (2020: £134k; £400k; £15,124k respectively).

NOTE 13 HERITAGE ASSETS

Group and University	Special Collections £'000	Fine Art Collection £'000	Total £'000
Cost/Valuation			
As at 1 August 2020	3,119	5,969	9,088
Revaluation surplus	-	-	-
As at 31 July 2021	3,119	5,969	9,088

History of heritage assets

Year-ended 31 July	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Acquisition of heritage assets	-	-	78	-	-
Donated heritage assets	-	-	9	-	-
Revaluation surplus	-	(5)	1,847	-	-

Library special collection

Special Collections manages unique and distinct collections of archives, manuscripts and rare books. The collections are used extensively in University teaching and research programmes across a range of disciplines and are particularly strong in twentieth-century literary papers by writers associated with the south west of England, Arab and Islamic Studies and religious archive and book collections. Recent donations have included a new Nursing Ethics Heritage Collection.

Fine art and furniture collection

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

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

Bill Douglas Cinema Museum

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

NOTE 14 SERVICE CONCESSION ARRANGEMENTS

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

The University has three service concession arrangements with University Partnerships Programme Limited (UPP) for the development and operation of student residential accommodation services. These facilities are now complete and available for the start of 2021/22 academic year.

Service concession arrangement	Contract starts	Contract length	Number of rooms available	Number of rooms nominated for 2021/22	Minimum lease payment £'000
Birks, Duryard, Lafrowda, St Germain's and Rowe residences	September 2009	42 years	2,569	2,569	15,584
Spreyton and Moberley residences	June 2018	52 years	382	382	2,322
East Park residences	January 2019	52 years	1,182	1,182	7,483

The assets and liabilities relating to these contracts are recognised on the University's Statement of Financial Position to the extent that the University is required to fulfil nomination commitments by 31 January each year for the following academic year. This requires the University to pay for the nominated rooms in the following financial year only. Therefore assets and liabilities relating to the service concession arrangements are recognised to the extent of the present value of the guaranteed minimum payment, being the rentals for the rooms nominated in each academic year. There is no provision for an occupancy guarantee in the contracts. In the normal course of business, student rental income is expected to fund the University's obligation for the minimum lease payment to UPP. During the year the University waived its entitlement to collect some student rents as a result of the COVID-19 pandemic and therefore funded part of the minimum lease payment from its own resources. At the end of the contract term the buildings will revert back to the University.

Service Concession Arrangement assets

The asset value of the service concession in the Statement of Financial Position as at 31 July 2021 is £25.4m (2020: £25.3m).

Service Concession Arrangement liabilities

The total liabilities relating to the service concession included in the Statement of Financial Position as at 31 July 2021 were £25.4m (2020: £25.3m), representing the present value of lease obligations for the following academic year.

Future Commitments

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

	Payable within 1 year £'000
Liability repayments	25,366
Service charge	24
	25,390

Notes to the Financial Statements

For the year ended 31 July 2021

NOTE 15 NON-CURRENT INVESTMENTS

	Endowment Funds invested £'000	Investment Property £'000	Subsidiary companies £'000	Other investments £'000	Total 2021 £'000	Total 2020 £'000
Group						
At 1 August 2020	38,640	2,284	-	55	40,979	38,073
Paid in/(withdrawn)	(142)	-	-	178	36	2,747
Investment income	880	-	-	-	880	844
Fees	(155)	-	-	-	(155)	(119)
Transfer to Tangible Fixed Assets	-	(1,079)	-	-	(1,079)	(81)
Revaluation gain	8,024	(256)	-	-	7,768	(485)
	8,607	(1,335)	-	178	7,450	2,906
At 31 July 2021	47,247	949	-	233	48,429	40,979
University						
At 1 August 2020	38,640	2,284	210	47	41,181	38,788
Paid in/(withdrawn)	(142)	-	-	178	36	2,747
Investment income	880	-	-	-	880	844
Fees	(155)	-	-	-	(155)	(119)
Transfer to Tangible Fixed Assets	-	(1,079)	-	-	(1,079)	(594)
Revaluation gain	8,024	(256)	-	-	7,768	(485)
	8,607	(1,335)	-	178	7,450	2,393
At 31 July 2021	47,247	949	210	225	48,631	41,181

Endowment Funds

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

Investment Property

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

NOTE 15 NON-CURRENT INVESTMENTS (continued)

Subsidiary companies

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

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

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

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

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

Other investments

Other investments of the University are comprised of the following:

Name	Holding
Attomarker Limited	765 Ordinary £0.01 shares
Biosystems Technology Limited	270 Ordinary £0.50 shares
ChocEdge Limited	10 Ordinary £1 shares
Concrete Ltd	2,350 Ordinary £0.01 shares
Cotton Mouton Diagnostics Limited	448,075 Ordinary £0.01 shares
Digital Cortex Global	3 Ordinary £1 shares
Disigi Limited	12 Ordinary £1 shares
Full Scales Dynamics Limited	1,600 Ordinary £1 shares
Health Behaviour Group	Limited by guarantee
Industrial Tomography Systems Plc	249,564 Ordinary £0.01 shares
Isca Diagnostics Limited	2,500 Ordinary £1 shares
MAXLLG	200 Ordinary £0.01 shares
Minviro Ltd	54,478 Ordinary £0.00001 shares
Neuronostics Ltd	145,036 Ordinary £1 shares
One Health Ventures Ltd	500,050 Ordinary £0.01 shares
Senisca Ltd	25,000 Ordinary £0.001 shares
Trireme Systems Limited	59,220 Ordinary £1 shares
Theta Technologies Ltd	1,583 Ordinary £1 shares
VM Agritech (former Myco Sciences Ltd)	125 Ordinary £1 shares

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

Shares in Exeter Science Park Ltd are held at nil value, reflecting the uncertainty and remoteness of a return on investment. The development of the Science Park is being funded in part from the Heart of the South West Local Enterprise Partnership loan facility, for further details on the loan see Note 27.

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

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

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

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

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

INTO University of Exeter LLP

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

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

Jointly controlled entities

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

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

		Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Share of operating surplus/ (deficit)	FX + INTO	(1,123) (462)	(1,690) 1,593
		(1,585)	(97)
Share of total comprehensive income	FX + INTO	(2,886) (462)	(3,177) -
		(3,348)	(3,177)
Share of gross assets	FX + INTO	40,469 7,804	41,289 7,919
		48,273	49,208
Share of gross liabilities	FX + INTO	(35,899) (7,275)	(33,832) (6,329)
		(43,174)	(40,161)
Share of net assets	FX + INTO	4,570 529	7,457 1,590
		5,099	9,047

Notes to the Financial Statements

For the year ended 31 July 2021

NOTE 17 TRADE AND OTHER RECEIVABLES

	Group		University	
	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Amounts falling due within one year				
Accrued research grant income	25,811	30,174	25,810	30,174
Prepayments	18,716	15,816	18,449	15,610
Other receivables	17,584	18,392	17,884	18,895
Amounts due from subsidiary companies	-	-	1,052	13
Amounts due from group undertakings	-	(24)	-	(24)
	62,111	64,358	63,195	64,668
Amounts falling due after one year				
Lease prepayment	17,509	17,755	17,509	17,755
Total	79,620	82,113	80,704	82,423

Amounts due from subsidiaries are repayable on demand with no interest charged, except for £1m loan to INTO University of Exeter LLP to fund working capital requirements of the partnership.

NOTE 18 CURRENT ASSET INVESTMENTS

	Group		University	
	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Short-term deposits	-	10,219	-	10,219
Other short-term investments	10,251	15,195	10,251	15,195
	10,251	25,414	10,251	25,414

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

At 31 July 2021 there were no short term deposits held with banks. The weighted average interest rate of these

fixed rate deposits was nil (31 July 2020: 0.65%) per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was nil (31 July 2020: 173 days).

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

NOTE 19 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		University	
	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Other payables	10,945	14,173	10,945	14,162
Obligations under finance leases	867	868	867	868
Trade payables	23,916	22,447	23,901	22,368
Service Concession Arrangement	25,390	21,495	25,390	21,495
Social security and other taxation payable	6,471	6,249	6,471	6,249
Accruals and deferred income	39,980	24,623	39,626	24,508
Research grants received on account	50,834	46,082	50,834	46,082
	158,403	135,937	158,034	135,732

Notes to the Financial Statements

For the year ended 31 July 2021

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

	Group		University	
	Year Ended 31 July 2021	Year Ended 31 July 2020	Year Ended 31 July 2021	Year Ended 31 July 2020
	£'000	£'000	£'000	£'000
Bank loans	209,566	209,552	209,566	209,552
Obligations under finance lease	15,525	15,658	15,525	15,658
Deferred income	38,424	39,156	38,424	39,156
Service Concession Arrangement	-	3,857	-	3,857
Other creditors	534	1,876	534	1,876
	264,049	270,099	264,049	270,099

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

Analysis of bank loans Group and University	Year Ended 31 July 2021	Year Ended 31 July 2020
	£'000	£'000
Due in five or more years	209,566	209,552
Total secured and unsecured loans	209,566	209,552

Included within the total balance above is the following:

Lender	Facility £'000	Interest Rate %	Repayment	Maturity	Year Ended 31 July 2021	Year Ended 31 July 2020
					£'000	£'000
Northwestern Mutual Life	35,000	2.58	Bullet	2038	34,931	34,927
Pricoa Capital Group	60,000	2.61	Bullet	2043	59,877	59,873
Pricoa Capital Group	90,000	2.68	Bullet	2048	89,811	89,806
Macquarie Investment Management	25,000	2.68	Bullet	2048	24,947	24,946
					209,566	209,552

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

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

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

NOTE 21 ANALYSIS OF CHANGES IN NET DEBT

Group	At 1 August 2020 £'000	Cash flow in year £'000	Change in creditor £'000	At 31 July 2021 £'000
Cash and cash equivalents	86,494	40,052	-	126,546
Current asset investments	25,414	(15,163)	-	10,251
	111,908	24,889	-	136,797
Bank loan and borrowings				
Due within 1 year	-	-	-	-
Due after 1 year	(209,552)	-	(14)	(209,566)
	(209,552)	-	(14)	(209,566)
	(97,644)	24,889	(14)	(72,769)

NOTE 22 FINANCIAL INSTRUMENTS

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

Financial instruments	Group		University	
	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Financial assets				
<i>Financial assets at fair value through Statement of Comprehensive Income</i>				
Listed investments	47,247	38,640	47,247	38,640
Investment properties	949	2,284	949	2,284
Investment in joint venture	5,099	9,047	-	-
<i>Financial assets that are equity instruments measured at cost less impairment</i>				
Other investments	233	55	225	47
<i>Financial assets that are debt instruments measured at amortised cost</i>				
Cash and cash equivalents	126,546	86,494	125,671	85,485
Investments	10,251	25,414	10,251	25,414
Other debtors	57,330	66,297	57,878	66,813
Financial liabilities				
<i>Financial liabilities measured at amortised cost</i>				
Loans	209,566	209,552	209,566	209,552
Service concessions	25,390	25,352	25,390	25,352
Finance leases	16,392	16,526	16,392	16,526
Trade creditors	23,916	22,447	23,901	22,368
Other creditors	534	1,876	534	1,876

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

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

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

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

Notes to the Financial Statements

For the year ended 31 July 2021

NOTE 22 FINANCIAL INSTRUMENTS (continued)

Nature and Extent of Risks Arising from Financial Instruments

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

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

Credit and Counterparty Risk

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

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

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

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

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

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

Liquidity/Refinancing Risk

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

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

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

Market Risk

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

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

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

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

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

Foreign Exchange Risk

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

NOTE 23 ENDOWMENT RESERVES

Group and University	Restricted permanent endowment £'000	Unrestricted permanent endowment £'000	Expendable endowments £'000	2021 Total £'000	2020 Total £'000
Balances at 1 August:					
Capital	9,712	1,868	14,345	25,925	23,964
Accumulated income	14,578	419	560	15,557	16,762
	24,290	2,287	14,905	41,482	40,726
New endowments	2	75	2,295	2,372	4,005
Investment income	532	50	298	880	844
Expenditure	(1,627)	(9)	(1,862)	(3,498)	(3,976)
Increase/(decrease) in market value of investments	5,294	445	2,285	8,024	(117)
Transfer from donations	-	287	-	287	
Total endowment comprehensive income/(loss) for the year	4,201	848	3,015	8,064	756
Balances at 31 July	28,491	3,135	17,921	49,547	41,482
Represented by					
Capital	9,714	1,943	17,016	28,673	25,925
Accumulated income	18,777	1,192	905	20,874	15,557
	28,491	3,135	17,921	49,547	41,482

Analysis by asset:	£'000	£'000
Investment Portfolio	47,247	38,640
Cash and cash equivalents	2,300	2,842
	49,547	41,482

Analysis by type:

Institute for Arab and Islamic Studies	20,921	18,140
Exeter Forever Fund	3,135	2,287
Devon Research Scholarships	1,129	918
Sir Steve Smith Scholars Fund	1,078	833
Special Collections	993	808
Other permanent funds	4,370	3,591
Total Permanent Funds	31,626	26,577
HRH Prince Al-Waleed Al Saud Awards	1,841	1,637
Ines Barroso Fund	1,460	1,265
John Oldacre Foundation	1,141	1,025
The Carlotta Palmer Legacy	717	640
Vandervell Fund	614	638
Other expendable endowments	12,148	9,700
Total Expendable Funds	17,921	14,905

Notes to the Financial Statements

For the year ended 31 July 2021

NOTE 23 PERMANENT ENDOWMENT RESERVES (continued)

Permanent funds descriptions

- The Institute for Arab and Islamic Studies (IAIS) Fund provides financial support for academic chairs within the Institute.
- The Exeter Forever Fund is a permanent unrestricted endowment. All legacies donated to the University (except those with specific restrictions) are allocated to the Exeter Forever Fund.
- The University hold funds for research scholarships for specific awards for residents of Devon and Cornwall.
- Sir Steve Smith Scholars Fund – Fundraising commenced in 2019 to link with retirement of former Vice Chancellor Sir Steve Smith. The aim is to create permanent endowment capable of supporting 1 widening participation student per college annually.
- The Special Collections fund is held to fund future additions to the Heritage Asset investments.
- The remaining permanent funds comprise 77 separate funds that are used for scholarships, prizes and general educational support.

Expendable funds descriptions

- The HRH Prince Al-Waleed Al Saud scholarships are for IAIS students who are citizens of countries outside the Arab world. The scholarships are intended to support IAIS students in their University of Exeter assessments, by contributing to the cost of visiting Arab countries to undertake a recognised Arabic language course, or undertake research for a dissertation.
- Ines Barroso Fund – Transferred from The University of Cambridge Wellcome Sanger Institute in support of epidemiology work carried out by Professor Ines Barroso.
- John Oldacre Foundation gift of £1m was received for funding John Oldacre Foundation research fellow between 2019 and 2023 with subsequent creation of a permanent endowment fund for funding PhD students.
- The Carlotta Palmer Legacy funds were left to the University by the donor to be utilised within science disciplines. These funds are used to support a minimum of nine studentships across three colleges.
- The Vandervell fund holds non-restricted gifts awarded from the Vandervell Foundation, primarily for medical research.
- The remaining expendable funds are comprised of 333 separate restricted funds which were donated for a specified purpose, with no obligation to retain capital.

NOTE 24 UNRESTRICTED RESERVES

Income and expenditure reserve

	Group		University	
	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Balances at 1 August	450,561	398,753	454,565	399,301
(Deficit)/surplus from the income and expenditure statement	(12,928)	66,678	(9,671)	67,328
Other comprehensive income	8,310	(15,240)	10,073	(12,064)
Transfers between revaluation and income and expenditure reserve	260	370	-	-
Total comprehensive income/ (expenditure) for the year	(4,358)	51,808	402	55,264
Balances at 31 July	446,203	450,561	454,967	454,565

NOTE 25 REVALUATION RESERVE

Revaluation reserve

Group	Freehold land and buildings	Fixed asset investment	2021 Total	2020 Total
	£'000	£'000	£'000	£'000
Balances at 1 August	13,343	9,196	22,539	23,287
Revaluation in year	-	(256)	(256)	(378)
Transfers from revaluation to general reserve				
Depreciation on re-valued assets	-	(260)	(260)	(370)
Total reserve movement for the year	-	(516)	(516)	(748)
Balances at 31 July	13,343	8,680	22,023	22,539

Revaluation reserve

University	Freehold land and buildings	Fixed asset investment	2021 Total	2020 Total
	£'000	£'000	£'000	£'000
Balances at 1 August		9,196	9,196	9,574
Revaluation in year	-	(256)	(256)	(378)
Transfers from revaluation to general reserve				
Depreciation on re-valued assets	-	-	-	-
Total reserve movement for the year	-	(256)	(256)	(378)
Balances at 31 July	-	8,940	8,940	9,196

Notes to the Financial Statements

For the year ended 31 July 2020

NOTE 26 CAPITAL COMMITMENTS

Group and University	Year Ended 31 July 2021	Year Ended 31 July 2020
	£'000	£'000
Commitments contracted at 31 July	8,906	20,853
Authorised but not contracted at 31 July	34,006	35,037
Total	42,912	55,890

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

NOTE 27 FINANCIAL COMMITMENTS

Operating Leases	Year Ended 31 July 2021	Year Ended 31 July 2020
	£'000	£'000
Expiring within one year	348	377
Expiring between two and five years	224	279
Total	572	656

Guarantees	Year Ended 31 July 2021	Year Ended 31 July 2020
	£'000	£'000
Exeter Science Park Ltd	2,400	2,400

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

Other Liabilities

In addition to the liabilities recognised in these Financial Statements, the University also has financial guarantees and commitments with third parties which are not quantified as the likelihood of them being realised is remote. The two key commitments in place as at 31 July 2021 are:

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

NOTE 28 PENSION SCHEMES

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

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

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

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

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

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

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

An HM Treasury pension scheme valuation for funding purposes was carried out as at March 2012. The Scheme Regulations have been changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate. The contribution rate payable by the Institutions during the year ended 31 July 2021 salaries was equal to 14.3% of the total pensionable salary, in accordance with the conclusion of the Government Actuary's report on the scheme.

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

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£'000	£'000
Pension Contributions		
USS	31,900	30,306
ERSS	2,334	2,650
ERBS scheme expenses	465	460
Other pension schemes	478	1,210
Total in Staff Costs	35,177	34,626
Repayment of ERBS scheme deficits	1,592	1,539

(i) Universities Superannuation Scheme

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

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

The total increase of the liability attributable to USS of £17.9m (2020: decrease £64.5m) is reflected in the Consolidated Statement of Comprehensive Income.

The latest complete actuarial valuation of the scheme is at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method with the assumptions determined by the Trustee of the Scheme.

Notes to the Financial Statements

For the year ended 31 July 2021

NOTE 28 PENSION SCHEMES (continued)

(i) Universities Superannuation Scheme (continued)

The 2018 valuation was the fifth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

Scheme Assets and Liabilities	2018 valuation	2017 valuation
Scheme assets	£63.7bn	£63.7bn
Total Scheme liabilities	£67.3bn	£67.3bn
FRS 102 total Scheme deficit	£3.6bn	£3.6bn
FRS 102 total funding level	95%	95%

Key Sources of Estimation Uncertainty

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

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

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

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

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

	2018 valuation
Mortality base table	<i>Pre-retirement:</i> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females <i>Post-retirement:</i> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females

The current life expectancies on retirement at age 65 are:

	2018 valuation	2017 valuation
Males currently aged 65 (years)	24.4	24.4
Females currently aged 65 (years)	25.9	25.9
Males currently aged 45 (years)	26.3	26.3
Females currently aged 45 (years)	27.7	27.7

NOTE 28 PENSION SCHEMES (continued)

(i) Universities Superannuation Scheme (continued)

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6% until March 2028. The 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2021	2020
Discount rate	0.87%	0.73%
Pensionable salary growth	3.5%	0%

In the year ended 31 July 2020, the liability was based on the previous deficit recovery plan, which required payment of 5% of salaries over the period 1 April 2020 to 30 June 2034.

A further full valuation as at 31 March 2020 is currently underway. There is still work to be done agreeing the technical provisions assumptions, the extent of future investment risk, the duration of the deficit period and the level of deficit contributions. Rule changes in respect of strengthening the employer covenant are also in progress including restrictions on employer exits, debt monitoring and pari passu arrangements. The valuation has not met its statutory deadline of 30 June 2021. It is anticipated that there will be an increase in the deficit provision and impact on cash flow as a consequence of the new schedule of contributions. The accounting impact of the 2020 Valuation is disclosed in Note 32.

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

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

The last triennial actuarial valuation of the ERBS scheme was performed as at 5 April 2021 by a professionally qualified actuary. This valuation continued to show that the funds held by the Scheme were insufficient to meet anticipated future commitments. The valuation was completed in October 2021 and an overview of the accounting impact is given in Note 32.

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

The University has updated the methodology used to derive the CPI inflation assumption in light of the RPI reform proposals published on the 4th September 2019 by the UK Chancellor of the Exchequer and UK Statistics Authority. The best estimate RPI-CPI wedge applied when setting the CPI assumptions has been updated from 0.6% to 0.7%. The impact of this change in assumptions has reduced the defined benefit obligation by approximately £2.5m.

As at 31 July 2021 the University has updated the methodology used to derive the RPI inflation assumption- in particular, the methodology used to set the market break even RPI inflation rate has been updated from a spot rate to a single equivalent approach, and the inflation risk premium applied to this market break even RPI inflation rate has been updated from 0.4% to 0.2%. The impact of the changes in approach when setting the CPI assumption is an increase in defined benefit obligations (DBO) of £2.5m.

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

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

	2021	2020
Discount rate	1.6%	1.4%
Inflation assumption (RPI)	3.3%	2.9%
Inflation assumption (CPI)	2.6%	2.3%
Pension payment increase for ERBS members – pre 01/08/10	2.6%	2.3%
Pension payment increase for ERBS members – post 01/08/10	2.0%	2.0%

Notes to the Financial Statements

For the year ended 31 July 2021

NOTE 28 PENSION SCHEMES (continued)

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

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

	2021	2020
Males currently aged 65 years	21.1	21.1
Females currently aged 65 years	23.1	23.0
Males currently aged 45 years	22.0	22.1
Females currently aged 45 years	24.3	24.2

The mortality rate is based on publicly available mortality tables for the specific country. COVID-19 has caused a short-term increase in deaths in the UK but the excess deaths to date have not generally had a material impact on UK pension scheme liabilities. The future impact of COVID-19 on long term mortality improvements is currently uncertain with potential adverse implications of delayed medical interventions and "long COVID" along with potential positive implications if the surviving population is less "frail" or the pandemic causes improved healthcare initiatives and lifestyle changes. Overall, the University believes there is insufficient evidence to require an explicit adjustment to the mortality assumption for COVID-19 at this time.

Scheme assets and expected rate of return for ERBS

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

	2021		2020
	£'000		£'000
Equities	19.3% 31,056	18.7%	28,510
Corporate Bonds	10.7% 17,200	10.9%	16,589
Government Bonds	68.8% 110,497	65.3%	99,463
Cash/Other	1.2% 1,823	5.1%	7,770
Total	160,576		152,332
Present value of scheme liabilities	(164,476)		(167,693)
Pension liability	(3,900)		(15,361)

Actual return on Scheme Assets

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£'000	£'000
Actuarial (loss)/gain on assets	10,073	12,059
Interest income	2,110	(3,024)
	12,183	(9,035)

Analysis of the amount charged to the Statement of Comprehensive Income

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£'000	£'000
Past service costs		
Scheme expenses	(465)	(460)
Interest income on assets	2,110	3,024
Interest cost on defined benefit obligations	(2,314)	(3,108)
Total charge to Statement of Comprehensive Income	(669)	(544)

NOTE 28 PENSION SCHEMES (continued)

Analysis of movements

Movement in the scheme deficit

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£'000	£'000
Opening deficit	(15,361)	(4,757)
Past service cost	-	-
Contributions paid	2,057	1,999
Scheme expenses	(465)	(460)
Interest income on assets	2,110	3,024
Interest cost on defined benefit obligations	(2,314)	(3,108)
Actuarial (loss)	10,073	(12,059)
Deficit on scheme at the end of the year	(3,900)	(15,361)

Movement in the fair value of scheme assets

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£'000	£'000
Opening fair value of assets	152,332	145,622
Interest income	2,110	3,024
Actuarial gain on assets	9,388	6,897
Employers' contributions	2,057	1,999
Scheme expenses	(465)	(460)
Actual benefit payments	(4,846)	(4,750)
Fair value of assets at the end of the year	160,576	152,332

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

Movement in the present value of ERBS Defined Benefit Obligations

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£'000	£'000
Opening Defined Benefit Obligations	167,693	150,379
Past service cost	-	-
Interest cost	2,314	3,108
Actuarial losses	(685)	18,956
Actual benefit payments	(4,846)	(4,750)
Closing Defined Benefit Obligations	164,476	167,693

Notes to the Financial Statements

For the year ended 31 July 2021

NOTE 29 PROVISIONS FOR LIABILITIES

	Provision for USS pension liability	Defined Benefit Obligations on ERBS pension	Total pensions provision	Other provisions	Total provisions 31 July 2021	Total provisions 31 July 2020
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2020	64,874	15,361	80,235	2,400	82,635	136,569
Utilised in year	(3,340)	(1,592)	(4,932)	-	(4,932)	(1,539)
Actuarial losses/(gains)	-	(10,073)	(10,073)	-	(10,073)	12,059
2020/21 movement	20,731		20,731		20,731	(66,634)
Interest on pension liability	474	204	678	-	678	2,180
At 31 July 2021	82,739	3,900	86,639	2,400	89,039	82,635

Pension provisions

The provision for the Universities Superannuation Scheme (USS) liability arises from the contractual obligation with the USS to make payments in accordance with the 2018 deficit recovery plan. In calculating this provision, management have estimated future staff levels for the duration of the contractual obligation and salary inflation. Key assumptions are set out in Note 28(i).

Sensitivity analysis

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

Change in assumptions at 31 July 2021	Impact: increase/(decrease) of USS provision £'000
0.5% p.a. decrease in discount rate	164
0.5% p.a. increase in salary inflation over duration	1,608
0.5% p.a. increase in salary inflation year 1 only	400
0.5% increase in staff changes over duration	1,634
0.5% increase in staff changes year 1 only	376

Other Provisions

£2.4m of the other provision is in relation to the guarantee held over Exeter Science Park Limited. See Note 27 for more details.

NOTE 30 RELATED PARTY TRANSACTIONS

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

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

Year ended 31 July 2021

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

Year ended 31 July 2020

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

NOTE 30 RELATED PARTY TRANSACTIONS (continued)

- Advance HE is a member-led, sector-owned charity that works with institutions and higher education across the world to improve higher education for staff, students and society. One Council member is a Board Member in Advance HE.
- Bailey Partnership is a building consultancy. One Council member is a consultant.
- Binit Group Limited provides rubbish and recycling services for businesses. One Council member is an investor.
- City Science Corporation Limited is a technology company created to optimise complex urban systems. One Council member is the chairman and a shareholder.
- Diabetes UK is the UK leading diabetes charity. An Independent Member of Audit Committee is a member of the Diabetes Research Steering Group.
- Exeter College provides education for students. One council member is the Vice Chair of the Board of Governors, one Exeter University Executive Board member is a member of the Governing Body.
- The Institution of Structural Engineers is a professional body for structural engineering based in the UK. One Council member is an Ethics Committee member.
- John Wiley & Sons is multinational publishing company that focuses on academic publishing and instructional materials. One Exeter University Executive Board member is an editor in microbiology.
- Royal Devon and Exeter NHS Foundation Trust serves the population of Devon and carries out cutting edge research into new treatments and understanding of disease. One Council member is a non-executive director.
- South West Institute of Technology is a collaboration between a number of partner organisations that provides technical education to learners and skills to employers. One Council member is a Board member.
- Ted Wragg Multi Academy Trust works in partnership with schools, local community and businesses to enhance and broaden an education experience. One Exeter University Executive Board member is a Nominated Member of the Academy.
- The South West Food Hub CIC leads a collaborative food community to support the region's food network by establishing local and sustainable food supply chains. One Council member is a director.
- The University of Manchester is part of the Russel Group of universities. One Exeter University Executive Board member is an Honorary Professor.
- Universities UK works with universities, government and stakeholders to continue improving the UK's higher education sector. One Exeter University Executive Board member is a Member of UUK's Charter for Portfolio Review Advisory Group.
- The University of Cambridge is a collegiate research university in Cambridge, and part of the Russel Group universities. One Council member is a Policy Fellow Alum.
- The University of Dundee is part of the Russel Group universities. One Council member is an Honorary Professor.
- The Westerdijk Institute is responsible for the journal Studies in Mycology. One Exeter University Executive Board member is a member of the Scientific Advisory Board.
- Browne Jacobson LLP is a national law firm with offices in Birmingham, Exeter, London, Manchester and Nottingham. One Council member is a director.
- The Camborne School of Mines Trust funds research and teaching. The school merged with the University of Exeter in 1993. A member of the Exeter University Executive Board is a Trustee.
- INTO University of Exeter LLP is a limited liability partnership between Exeter ISC Limited, a wholly owned subsidiary of the University, and INTO Exeter Limited, a wholly owned subsidiary of INTO University Partnerships Limited.
- The Exeter Mathematics School is a state funded 6th form college, jointly sponsored by the University of Exeter and Exeter College.
- One Health Ventures Limited is a research and development company. The University has significant control over the entity.
- The University of Huddersfield is a public research university located in Huddersfield, West Yorkshire. One member is an Industrial Visiting Professor.
- UCAS is a sector shared service, providing the undergraduate application and admission service. One Council member is the Chair of the Board and its Remuneration and Nominations Committee.
- The annually elected Student President of the University of Exeter Student Guild is a Council member.
- Willis Tower Watson plc (former Willis Group Holdings plc) is a multinational risk advisor, insurance brokerage and reinsurance brokerage company. One Council member is a non-executive director.
- Cornwall and Isles of Scilly LEP is a partnership between public and private sectors, established to drive economic strategy for the area. One Council member is a Board Member.
- Exeter Science Park Ltd is a business park on the outskirts of the city Exeter in the United Kingdom for companies specialising in science and technology. One Council member is a director.
- FX + Ltd is a service delivery partner of Falmouth University and the University of Exeter which provides shared Higher Education services and facilities.
- Global City Futures Limited is a consultancy that partners with local authorities and institutional leaders to co-create lasting solutions to urbanisation and establishing sustainable, 21st Century cities. One Council member is a Director of the company.
- Exeter Northcott theatre is a registered charity in England and Wales and a Company limited by guarantee. The University is one of core funders of the company. One Council member is a Trustee of the company.

- The Royal Academy of Engineering (RAEng) is the UK's national academy of engineering. One Council member is a member of the Enterprise Committee & Selection Committee for Enterprise Fellowships.
- St Luke's Foundation supports an advancement of further and higher education in Religious Education and Theology. One Council member is a Trustee of the foundation.
- The Falmouth and Exeter Student's Union (FXU) is a membership-led charity for Falmouth and Exeter Universities' students.
- Veale Wasbrough Vizards is a full service law firm with experienced lawyers and solicitors in London, Watford, Bristol & Birmingham. One Council member is an employee and a partner.
- University College London is a public research university located in London, England. One Council member is a visiting professor.
- The University of Exeter Retirement Benefit Scheme (ERBS) is a post-employment benefit plan for the benefit of the University employees. Details of transactions with ERBS are provided in Note 28.

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

The FX+ Limited has capital commitments as follows:

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Commitments contracted at 31 July	110	821
Authorised but not committed at 31 July	-	278
	110	1,099

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

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Income derived from the FX + Group	163	11
Expenditure incurred with the FX + Group	9,968	392

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

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Amount owing from the University to the FX + Group	5	125

FX + Ltd

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

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

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

Notes to the Financial Statements

For the year ended 31 July 2021

NOTE 30 RELATED PARTY TRANSACTIONS (continued)

INTO University of Exeter LLP / Exeter ISC Limited

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

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

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Income derived from INTO	1,185	1,352
Expenditure incurred with INTO	1,122	682

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

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Amount due to the University from INTO	230	130

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

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

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

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Balance at 1 August	465	407
NCTL Grants	3,742	4,744
		5,151
Disbursed to students	(4,018)	(4,686)
Balance at 31 July	189	465

NOTE 32 SUBSEQUENT EVENTS

In October 2021 employers entered into a revised Recovery Plan and Schedule of Contributions, ahead of the formal completion of the Universities Superannuation Scheme 2020 valuation. The interim result of the 2020 valuation shows that the scheme deficit as at 31 March 2020 was £14.1 billion, representing a funding level of 83%, compared to a deficit of £3.6 billion and 95% funding at the 2018 valuation. The new recovery plan will result in deficit recovery contributions increasing to 6.3% of salary from 1 April 2022 to 31 March 2038. As a result the provision for the USS pension liability is estimated to increase to £201.7m (£82.7m as at 31 July 2021). This will result in a charge to the Statement of Comprehensive income of an estimated £119.0m during 2021/22. In the event that the 2020 valuation is not concluded by

28 February 2022 an alternative Schedule of Contributions and Recovery Plan will be implemented that will result in employer contributions rising in six monthly stages to 38.2% from 1 October 2025 onwards while the provision for the USS liability will increase to £388.1m.

In October 2021 the Exeter Retirement Benefit Scheme completed its valuation for 2021. The valuation shows that the scheme deficit as at 5 April 2021 was £25.1 million, representing a funding level of 86%, compared to a deficit of £21m and a funding level of 86% at the 2019 valuation. A revised recovery will result in deficit contributions increasing by £750k per year between 1 January 2022 to 31 December 2024 and then a further £1.05m from 1 January 2025 to 31 December 2027.

NOTE 33 REGULATORY DISCLOSURES

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

Grant and Fee income

	Year Ended 31 July 2021 £'000	Restated Year Ended 31 July 2020 ⁹ £'000
Group and University		
Grant income from the OfS	15,829	14,320
Grant income from other bodies	43,587	38,921
Fee income for taught awards	268,841	245,075
Fee income for research awards	11,516	10,125
Fee income from non-qualifying courses	7,134	9,928
Total grant and fee income	346,907	318,369

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

Access and Participation Expenditure

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

We have entered into an Access and Participation Plan¹⁰ with the Office for Students, setting out our plan to achieve our objectives and the detailed targets we are committed to delivering.

Fair access

We invested £2.8m in supporting disadvantaged and underrepresented students to enter higher education during 20/21. The Covid pandemic and related restrictions meant we had to find new and innovative ways of engaging students.

We invested in interactive digital platforms and resources to support pupils, schools, parents and carers. Our extensive digital outreach programme, Discover University, included advice, guidance, teaching enrichment sessions, lecture series and student-led Q&As. More than 6,000 students took part in sessions with thousands more viewing content and downloading resources. Investment was made in a new e-learning platform to enable us to deliver our fair access programmes, such as Exeter Scholars, online. The innovative programme and high levels of engagement helped achieve record numbers of fair access students progressing to undergraduate study both at Exeter and beyond.

Work continued with schools but via zoom instead of in person and supported online learning. New resources were created to support teachers including CPD sessions, blogs and teaching resources including a range of activities for Black History Month and to support Yr 13 pupils make the transition to higher education. Schools also took part in subject conferences, lecture series and other teaching enrichment initiatives including workshops linked to the G7 summit in Cornwall.

We spent less against our operational access budget than planned due to the switch from face-to-face activities to digital. The underspend on access was utilised to support general hardship due to the pandemic, as approved by the Office for Students.

Financial Support

The pandemic continued to put financial pressure on students, with loss of employment, changes in family circumstances, quarantine, isolation and lockdown requirements, all contributing to unprecedented levels of hardship. A new Success for All Fund was created to provide a one-stop-shop for students requiring a variety of financial support. In addition to hardship funds, the University offered a range of other funding including the Access to Exeter Bursary for students on low household incomes; tuition fee waivers for care leavers; and Sanctuary Scholarships for refugees and asylum seekers. In addition to around £6.3m in financial support specifically for widening participation students, the University invested a further £1.5m on general hardship support. £0.7 million of the investment in general hardship was funded from the reallocation of the underspent budget for Fair access and Research and evaluation and is included in the reported financial support spend.

⁹ See Note 34 for detail

¹⁰ See www.exeter.ac.uk/media/universityofexeter/aboutusresponsive/wideningparticipation/UniversityOfExeter_APP_2020_21.pdf

NOTE 33 REGULATORY DISCLOSURES (continued)

Access and Participation	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Access Investment	2,778	2,325
Financial Support	6,956	5,444
Disability Support (excluding expenditure included in the two categories above)	927	878
Research and Evaluation	400	145
Total	11,061	8,792

Disability Support

Increasing proportions of students presented with mental health issues, with over 16% declaring a disability. We continued to provide extensive support including working with students pre-arrival to ensure they had plans and facilities in place to support them. Covid presented new challenges for these students and those supporting them, for example adapting to a blended learning environment, dealing with self-isolation, and making the transition to higher education after long periods out of school. Demand for mental health support was significant with pandemic-related pressures adding to wellbeing concerns. The university increased investment in disability and support services, including entering into a new partnership with Nilaari to provide a specialist counselling service for students of colour in response to feedback from students.

Research and Evaluation

Investment in research and evaluation was lower than forecast due to reprioritisation of resources in response to Covid. Progress was still made against our evaluation plans however, with new projects put in place focusing on different parts of the student journey. Work began on a regional project to help develop strategies to improve social mobility within the Southwest. Meanwhile the Centre for Social Mobility launched a successful small bids scheme, funding a variety of projects related to inclusive education, decolonising the curriculum and progression. Improvements were made to the provision of business intelligence to better inform a variety of work focusing on closing gaps in student outcomes and our financial evaluation was extended to better understand the impact of hardship support.

Expenditure on Access and Participation related activities for the year ended 31 July 2021 is included in the Statement of Comprehensive Income and presented in the table above.

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

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

- £3.295m of these costs (2020: £2.593m) are already included in the overall staff costs figures included in the financial statements (see Note 7);
- The published access and participation plan can be found here: www.officeforstudents.org.uk/advice-and-guidance/the-register/search-for-access-and-participation-plans/#/AccessPlans/accessplans/10007792

Notes to the Financial Statements

For the year ended 31 July 2021

NOTE 34 IMPACT OF TUITION FEE RESTATEMENT

Following a detailed review of financial support for students, including discounts, scholarships and bursaries, a number of fee waivers relating to the year ended 31 July 2020 were identified that should have been treated as reduced income rather than expenditure. A corresponding reduction in scholarship, prizes and student support expenditure included in Note 8 has been made to reflect this change. There is no impact on surplus or other comprehensive income.

Impact on the Surplus and Total Comprehensive Income

	Group			University		
	Previously reported Year Ended 31 July 2020 £'000	Restated Year Ended 31 July 2020 £'000	Impact of restatement Year Ended 31 July 2020 £'000	Previously reported Year Ended 31 July 2020 £'000	Restated Year Ended 31 July 2020 £'000	Impact of restatement Year Ended 31 July 2020 £'000
Tuition fee						
Home and EU students	168,674	167,626	(1,048)	168,674	167,626	(1,048)
International students	95,861	87,574	(8,287)	95,861	87,574	(8,287)
Impact on Total income			(9,335)			(9,335)
Other operating expenses						
Scholarships, prizes and student support	34,232	24,897	9,335	34,180	24,845	9,335
Impact on Total expenditure			9,335			9,335
Impact on Surplus and Total Comprehensive Income for the year			-			-

NOTE 35 US DEPARTMENT OF EDUCATION FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE

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

The amounts presented within the schedules have been:

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

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

Notes to the Financial Statements

For the year ended 31 July 2021

NOTE 35 US DEPARTMENT OF EDUCATION FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE (continued)

Primary Reserve Ratio

Line item/related disclosures		Year ended 31 July 2021		Year ended 31 July 2020	
		£'000	£'000	£'000	£'000
	Expendable Net Assets		12,813		13,009
Statement of Financial Position – Net assets without donor restrictions	Income and expenditure reserve		446,203		450,561
Statement of Financial Position – Net assets without donor restrictions	Revaluation reserve		22,023		22,539
Statement of Financial Position – Net assets with donor restrictions	Endowment reserve		49,547		41,482
Statement of Financial Position – Restricted reserves	Income and expenditure reserve		42		83
Note 23 – net assets with donor restrictions - restricted in perpetuity	Restricted permanent endowments	28,491		24,290	
Note 23 – net assets with donor restrictions - restricted in perpetuity	Unrestricted permanent endowments	3,135		2,287	
Note 23 – annuities, term endowments and life income funds with donor restrictions	Expendable endowments	17,921		14,905	
Statement of Financial Position – Restricted reserves	Income and expenditure reserve	42		83	
Statement of Financial Position – Non-current assets	Intangible assets	6,733		8,485	
Statement of Financial Position – non-current assets, net property, plant and equipment	Tangible fixed assets	742,923		741,060	
Statement of Financial Position – provisions, post-employment and defined benefit pension plan liabilities	Pension provisions		86,639		80,235
Note 20 – Long term debt obtained for long term purposes	Bank loans		209,566		209,552
Note 30 – Unsecured related party receivables	Sum of balances due to/(from) the University	1,962		333	
	Total expenses and losses		488,008		458,462
Statement of Comprehensive Income – Total expenditure	Total expenditure		512,915		400,637
Note 23 – expenditure with donor restrictions	Expenditure	3,498		3,976	
Statement of Comprehensive Income – Staff costs – movement on pension provisions	Staff costs – movement on pension provisions	20,731		63,981	
Note 10 – Net charge on pension schemes	Net charge on pension schemes	678		2,180	

NOTE 35 US DEPARTMENT OF EDUCATION FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE (continued)

Equity Ratio

Line item/related disclosures		Year ended 31 July 2021		Year ended 31 July 2020	
		£'000	£'000	£'000	£'000
	Modified Net Assets		509,120		505,847
Statement of Financial Position – Net assets without donor restrictions	Income and expenditure reserve		446,203		450,561
Statement of Financial Position – Net assets without donor restrictions	Revaluation reserve		22,023		22,539
Statement of Financial Position – Net assets with donor restrictions	Endowment reserve		49,547		41,482
Statement of Financial Position – Restricted reserves	Income and expenditure reserve		42		83
Statement of Financial Position – Non-current assets	Intangible assets	6,733		8,485	
Note 30 – Unsecured related party receivables	Sum of balances due to/(from) the University	1,962		333	
	Modified Assets		1,020,611		994,518
Statement of Financial Position – Non-current assets	Total non-current assets		812,272		808,659
Statement of Financial Position – Non-current assets	Total current assets		217,034		194,677
Statement of Financial Position – Non-current assets	Intangible assets	6,733		8,485	
Note 30 – Unsecured related party receivables	Sum of balances due to/(from) the University	1,962		333	

Net Income Ratio

Line item/related disclosures		Year ended 31 July 2021		Year ended 31 July 2020	
		£'000	£'000	£'000	£'000
	Change in Net Assets Without Donor Restrictions	4,874			51,060
Statement of Comprehensive Income	Unrestricted comprehensive (expenditure)/ income for the year	4,358			51,808
Statement of Comprehensive Income	Revaluation reserve comprehensive expenditure for the year	516		748	
	Total Revenue and Gains		498,121		463,136
Statement of Comprehensive Income – Total Income			501,572		468,309
Note 6 – New restricted endowments and donations	Note 6 – Total	2,615		4,733	
Note 6 – New restricted endowments and donations	Note 6 – Unrestricted donations		44		404
Note 23 – Restricted investment income		880		844	

These pages do not form part of the Statutory Financial Statements

Five Year Summary Accounts

INCOME AND EXPENDITURE	Restated ¹¹				
	2020/21 £'000	2019/20 £'000	2018/19 £'000	2017/18 £'000	2016/17 £'000
Income					
Tuition fees and education contracts	287,491	265,128	247,898	232,065	219,237
Funding body grants	59,416	53,241	47,006	45,795	44,019
Research grants and contracts	94,618	93,152	86,965	76,073	70,241
Other income	56,287	49,991	62,751	57,584	58,543
Investment income	1,145	2,064	1,413	1,450	1,161
Donations and endowments	2,615	4,733	3,245	2,522	3,855
Total income	501,572	468,309	449,278	415,489	397,056
Expenditure					
Direct staff costs	277,971	265,957	244,521	222,863	206,346
Movement on pension provision	20,731	(63,981)	85,878	(285)	45
Other operating expenses	154,216	138,071	142,261	139,969	131,837
Depreciation	53,754	52,845	46,323	41,594	41,350
Interest and other finance costs	6,243	7,745	6,514	10,110	10,093
Total expenditure	512,915	400,637	525,497	414,251	389,671
Deficit/(surplus) before other gains losses and share of joint ventures	(11,343)	67,672	(76,219)	1,238	7,385
Gain/(loss) on investments	7,768	(486)	2,491	1,404	2,821
Share of operating (deficit)/surplus in joint venture	(1,585)	(97)	2,000	1,092	1,117
Curtailment gain on Defined Benefit Pension Scheme	-	-	-	-	6,884
(Deficit)/Surplus for the year	(5,160)	67,089	(71,728)	3,734	18,207
University EBITDA	35,780	42,401	44,858	42,356	42,265

STATEMENT OF FINANCIAL POSITION	2020/21 £'000	2019/20 £'000	2018/19 £'000	2017/18 £'000	2016/17 £'000
Tangible and intangible assets	749,656	749,545	725,694	711,669	698,375
Heritage assets	9,088	9,088	9,093	7,244	7,244
Investments	48,429	40,979	38,073	41,998	44,952
Investment in joint venture	5,099	9,047	13,081	14,374	12,823
Net current assets	58,631	58,740	82,807	50,660	63,258
Creditors: due after one year	(264,049)	(270,099)	(269,363)	(240,972)	(246,669)
	606,854	597,300	599,385	584,973	579,983
Pension liability and other provisions	(89,039)	(82,635)	(136,569)	(47,343)	(70,694)
Total net assets	517,815	514,665	462,816	537,630	509,289
Represented by:					
Endowment reserve	49,547	41,482	40,726	38,228	37,211
Income and expenditure reserve	446,245	450,644	398,803	478,295	450,686
Revaluation reserve	22,023	22,539	23,287	21,107	21,392
Total reserves	517,815	514,665	462,816	537,630	509,289
	2020/21	2019/20	2018/19	2017/18	2016/17
EBITDA as a % of Total Income ¹²	7.3%	8.8%	10.0%	10.2%	10.6%
Staff cost ratio ¹³	55.3%	56.5%	54.0%	53.3%	52.0%

¹² EBITDA is defined in the business review for the relevant year, and reflect the results per the Financial Statements adjusted for material non-repeat items.

¹³ (Staff costs per note 7, excluding movement in pension provisions and severance costs, as a % of total income).

¹¹ See Note 34 for detail





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