

ANNUAL ACCOUNTS

2019-2020



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CHANCELLOR, BOARD OF GOVERNORS AND COMMITTEES, EXECUTIVE BOARD AND PROFESSIONAL ADVISERS

CHANCELLOR

The Baroness Lawrence of Clarendon OBE *Term ended January 2020 (position remains vacant as of December 2020)*

BOARD OF GOVERNORS

Mr Ian Squires BA (Hons) (Chair of the Board) *Appointed January 2020*
Mrs Sally Bowie *Stepped down November 2019*
Ms Dianne Buchanan MA (Hons), ACA
Mr Simon Capper BA (Hons), ACA *Term ended December 2019*
Mr Alan Charlton CMG, CVO, MA, BLing, PGCE, FRSA *Term ended December 2019*
Mr Phil Clarke BA (Hons), CIMA
Mr Simon Cole QPM, Hons DAarts, BA (Hons) Dunelm, MA, DipCrim *Term ended July 2020*
Professor Fiona Cownie FAcSS, FRSA, PFHEA (Deputy Chair of the Board)
Ms Jill Ezard BA (Hons), MBA *Term ended July 2020*
Ms Lin Hinnigan BSc, MEd, MBA (Interim Chair of the Board until January 2020) *Term ended July 2020*
Mr Charles Ilako BSc (Hons), MSc, FCA ICAEW *Stepped down November 2019*
Ms Suzanne Overton-Edwards *Term ended August 2019*
Ms Sara Pierson BA (Hons), MBA
Mrs Jasvinder Sanghera BA (Hons), CBE *Stepped down November 2020*
Dr Dave Stevens MPhil, Hon.DTech *Term ended August 2019*
Mr Peter Tansley BA (Hons), CGMA, CIMA, CMIIA
Mr Daniel Toner BA (Hons)
Ms Sonia Watson OBE MBA (Dist), Hon FRIBA *Stepped down September 2019*
Ms Lisa Capper BA (Hons), MBA *Appointed August 2020*
Ms Catherine Clarke BA (Hons) *Appointed August 2020*
Dr Rob Hull MA, PhD *Appointed August 2020*
Ms Mehrunnisa Lalani MA *Appointed August 2020*
Ms Sharon Manikon-Deane BSc (Hons) *Appointed November 2020*
Ms Beverley Shears MA, PGDip, FRSA, Chartered CIPD, CDir FloD *Appointed August 2020*

REPRESENTATIVE GOVERNORS

Mr Jon Lees BA (Hons) PgCert MBA *Appointed November 2019*
Mr Paul McNicoll MA ACMI *Term ended November 2020*
Ms Diya Rattanpal (DSU Equality and Diversity Executive) *Reappointed July 2020*
Dr Richard Snape MA (Cantab) MEng PhD *Appointed November 2019*

EX-OFFICIO GOVERNOR – CHIEF EXECUTIVE AND VICE-CHANCELLOR

Professor Andy Collop BEng, PhD, DSc, CEng, FIHT (Interim)

SECRETARY/CLERK TO THE BOARD OF GOVERNORS

Mr Sam Weston BA (Hons)

COMMITTEES OF THE BOARD

Audit Committee

Peter Tansley (Chair)

Lisa Capper

Fiona Cownie

Rob Hull

Sharon Manikon-Deane

Ethics Committee

Daniel Toner

Diya Rattanpal

Professor Andy Collop (ex-officio)

Professor David Mba

Sara Pierson

Finance and Performance Committee

Daniel Toner (Chair)

Dianne Buchanan

Catherine Clarke

Phil Clarke

Ian Squires

Professor Andy Collop (ex-officio)

Nominations Committee

Ian Squires (Chair)

Phil Clarke

Rob Hull

Mehrunnisa Lalani

Diya Rattanpal

Richard Snape

Professor Andy Collop (ex-officio)

Remuneration Committee

Professor Fiona Cownie (Chair)

Dianne Buchanan

Catherine Clarke

Beverley Shears

Ian Squires

People and Culture Committee

Beverley Shears (Chair)

Mehrunnisa Lalani

Sara Pierson

Ian Squires

Professor Andy Collop (ex-officio)

EXECUTIVE BOARD

Professor Andy Collop (Interim Vice-Chancellor and Chief Executive)
BEng, PhD, DSc, CEng, FIHT

Dr Simon Oldroyd (Interim Deputy Vice-Chancellor) BSc (Hons), PhD,
FIBMS

Mr Ben Browne (Chief Operating Officer) MA (HRM), FCIPD

Professor Jackie Labbe (Pro Vice-Chancellor (Academic)) BA (Hons),
MA, PhD, FRSA

Mr Simon Bradbury (Pro Vice-Chancellor (International) and Dean of
Arts, Design and Humanities) MA (Cantab), DipArch, RIBA, ARB, FHEA

Ms Kaushika Patel (Interim Pro Vice-Chancellor (Equality, Diversity, and
Inclusion) and Dean of Health and Life Sciences) BA, MA, CQSW

Professor Rusi Jaspal (Pro Vice-Chancellor (Research)) MA (Cantab),
MSc, PhD, CPsychol, FBPsS, FRSM, FRSPH, FRSA

Left March 2020

Mrs Beverly Vickerstaff (Interim Pro Vice-Chancellor and Dean of
Business and Law and Principal, Leicester Castle Business School) BSc,
MSc, FCA, FHEA

Left January 2020

Professor Heather McLaughlin (Pro Vice-Chancellor (Community and
Civic Engagement) and Dean of Business and Law) BA MSc PhD FCA
CMgr FCMI SFHEA CMBE

Joined January 2020

Professor David Mba (Pro Vice-Chancellor (Research and Enterprise))
PFHEA, FBINDT, FISEAM (took on the remit for Research in March 2020)

Mr Simon Ambrose (Vice-Chancellor's Chief of Staff) LLB (Hons), MBA

Left August 2019

Mrs Jo Cooke (Associate Chief Operating Officer and Executive Director
of Student and Academic Services) BA (Hons)

Dr Peter Cross (Chief Finance Officer) MAAT, FCPFA, MScPSM, DBA

Mrs Jennifer Penfold (Interim Executive Director of People and
Organisational Development) BA (Hons), MSc

Left September 2019

Ms Janine Brennan (Executive Director of People and Organisational
Development)

Joined September 2019

Mrs Mel Fowler (Associate Chief Operating Officer and Executive
Director of Marketing and Communications) BSc (Hons), MA

Maternity leave from November 2019

Dr Philip Pothen (Acting Executive Director of Marketing and
Communications) BA (Hons) MA, MCIPR, PGCTHE, DPhil

Maternity leave cover from November 2019

Mr Sam Weston (Clerk to the Board of Governors and Governance
Manager) BA (Hons)

Appointed May 2020

Professor Shushma Patel (Pro Vice-Chancellor and Dean of Computing,
Engineering and Media) BSc (Hons), PhD, FBCS CITP, PFHEA

Joined November 2020

PROFESSIONAL ADVISERS TO THE CORPORATION

Auditors

External auditors: Ernst & Young, Birmingham

Internal auditors: PricewaterhouseCoopers LLP, Birmingham

Bankers

National Westminster Bank plc.



Welcome to De Montfort University



DE MONTFORT UNIVERSITY
Leeds

CHAIR'S INTRODUCTION TO THE ANNUAL ACCOUNTS 2019-20

Never in its 150-year history has De Montfort University Leicester (DMU) and its predecessor institutions witnessed so much change and challenge as it has in the year on which we report here.

DMU went into the academic year under a great deal of scrutiny and with much to achieve. Before us lay the action plan for improvement agreed with the regulator, the Office for Students (OfS), and a review of the effectiveness of our governance which formed part of the same agreement with the OfS. We also had to complete the recruitment of a new Board of Governors, set about the appointment of a permanent Vice-Chancellor, and undertake a thorough review of all of our policies and procedures including revisions to our governing documents.

And having squared up to these significant tasks, DMU – along with the rest of the world – was assailed by the Covid-19 pandemic. This saw our entire campus being closed, students sent home, teaching and learning rapidly moved online, exams largely replaced by alternative forms of assessment, and huge amounts of energy spent preparing for the next academic year which, it soon became clear, would have to be delivered in the new digital environment.

It is with pride I can say, on behalf of the governors, that DMU's staff and students rose to these challenges with characteristic energy, creativity and care for each other, over a long and often arduous summer. The transition to online working and studying was completed rapidly while we focused on the health and safety of students and staff and strove to ensure that no student was disadvantaged by the far-reaching impact of the pandemic. The Board of Governors recognises the university's firm and reassuring response to the pandemic and we salute the commitment of everyone in ensuring the continued delivery of DMU's high-quality teaching, learning and research as well as the continuation of our civic role in the wider community.

I joined DMU as an independent governor and Chair of the Board in January 2020 and, together with my colleagues, was able to sign off the externally conducted governance effectiveness review and publish our response during the summer that followed. We have also seen the key points of the OfS action plan being steadily delivered. That work is now almost complete.

The summer also saw the departure of a number of long-serving independent governors whose tenures had come to an end, with none of the remaining independent governors having been in office prior to July 2019. Previously co-opted governors Dianne Buchanan, Phil Clarke, Jasvinder Sanghera and Peter Tansley became full members and we have since recruited five further new members, Lisa Capper, Catherine Clarke, Rob Hull, Mehrunnisa Lalani, and Beverly Shears, all of whom together bring an enormous range of skills and experience to the board. Jon Lees and Dr Richard Snape joined us as staff governors and we are very pleased that our student representative, Diya Rattanpal, was nominated by De Montfort Students' Union to serve for a second term.

As we bid farewell to colleagues, I want to pay particular tribute to Lin Hinnigan, my predecessor, who led the board as Interim Chair of the Board through some difficult times. Lin was forthright and resolute in her leadership and I am very grateful for her support and counsel during the early months of my tenure.

Also leaving DMU during this time was Baroness Doreen Lawrence who had served as Chancellor of DMU for four years. Her pursuit of racial equality and social justice will continue to inspire all of us at DMU as we progress with the search for our next Chancellor.

Undoubtedly the key appointment we have made this year is that of a permanent Vice-Chancellor. I was delighted to announce in August that Professor Katie Normington, Deputy Principal at Royal Holloway, University of London, had accepted the position and she will join us in early 2021.

Despite the difficulties of the past, and in particular the challenges of the pandemic, the board is confident that the university is well placed to respond effectively to the challenges of the coming year. Our financial performance remains positive, with a strong cash and surplus position. In spite of the uncertainties surrounding A-level results and the complexities of a socially distanced Clearing operation, our student numbers for the year ahead – including international students – are encouraging. Our academic offer for 2020-21 has been designed to provide students with the best possible university experience given the prevailing national and global circumstances. Our blended approach combines online delivery and face-to-face teaching in an environment that prioritises the safety of our students and staff. I am optimistic that the strength of our offer will stand us in good stead in what promises to be one of the most testing environments we've ever operated.

I will end this introduction with some messages of personal thanks. The first is to the Board of Governors and Executive Board colleagues for their support and warm welcome, and for their hard work and commitment throughout this year – 'The best of times, and the worst of times', to quote Charles Dickens. The 'worst' because of the self-evident challenges on all fronts, but the 'best' because of the way we saw DMU, governors, staff and students rise to the challenges with confidence and humanity.

Second is to our Interim Vice-Chancellor, Professor Andy Collop, who has been leading us through this for more than 18 months now. To him, on behalf of the board, I express our admiration, praise and thanks for a job very well done in restoring calmness and trust, and bringing the team together to work diligently and tirelessly through some of the darkest days we have known. Thank you, Andy.

Ian Squires

Chair of the Board of Governors

OPERATING AND FINANCIAL REVIEW 2019-20

The university's Strategic Plan 2018-23 builds upon our previous framework, which we developed through discussion and engagement across the university. The focus of our Strategic Plan is crucial at this time of uncertainty and change. Within it are improvements that are driven by what our students want and deserve, improvements that will strengthen our position in the current environment. The plan, approved by our Board of Governors and launched in the summer of 2018, remains a clear direction for achieving our ambitions in a changing sector.

Our mission:

We are a scholarly community that is committed to the public good and driven by an unrivalled ability to challenge convention and create impact.

Our vision:

By 2023, our unsurpassed commitment to the public good and transformational scholarship will position us as the definition of a 21st-century global university.

To help us achieve this vision, we are focusing our efforts on the five themes detailed in our Strategic Plan.

1. Delivering a transformational educational experience that works for all
2. Creating and applying knowledge
3. Promoting our city
4. Strengthening our global influence
5. Enhancing our effectiveness through our diverse and vibrant university community

We have a reputation for transforming students from diverse, non-traditional backgrounds into successful, change-making graduates. Winning the University of the Year for Social Inclusion award in 2019 from The Times and The Sunday Times Good University Guide reflects the engaging and inclusive experience available at DMU. Our students' abilities to contribute to creating their own unique learning experience and making the most of every opportunity that comes their way is shown through our high performance

in Higher Education Statistic Agency benchmarks in both participation and continuation of students.

We have successfully continued our innovative programmes such as DMU Global and Universal Design for Learning, which show our commitment to providing international experiences and inclusive teaching for our students. We have also built on this excellence through DMU Works – a careers and employability programme focusing on ensuring our students are work-ready – and explored methods to teach and retain students in inclusive ways.

Our Centre for Academic Innovation (CAI) supports and disseminates teaching and learning good practice across the university and beyond. As the university's hub offering innovative and sector-leading pedagogies, the CAI explores, supports and facilitates best practice in the transformation of assessment, learning and curriculum development.

The creation and application of knowledge is at the heart of DMU's mission to deliver research that has an impact on people locally, nationally and internationally. This research then informs the excellent teaching we offer our students. We aim to develop interdisciplinary themes addressing key societal challenges in the areas of urban living, lifelong wellbeing, creativity in the digital age, and social value.

We continue to prepare for the Research Excellence Framework (REF) 2021 that will review our outstanding research projects, many of which are conducted in partnership with international collaborators, businesses, national bodies and the NHS. For REF 2021, we're aiming to submit work from double the number of our academic staff compared to REF 2014, to support them in producing excellent outputs for future exercises, and to make REF preparations 'business as usual'. Given our commitment to the United Nations' (UN) Sustainable Development Goals (SDGs), we aim to use our REF preparations as an opportunity to develop internationally excellent impact case studies. We will continue to build a scholarly environment conducive to world-leading research. We are focused on enhancing the outcomes of our postgraduate research students – an important group within our research community – ensuring a consistently high level of attainment. We have developed a vision for the future

of DMU's Doctoral College, focusing on how students can be supported to produce excellent research while gaining the skills and competencies necessary for successful completion of a PhD and a brilliant postdoctoral career. A new PhD student management system is currently being implemented along with software to support students and supervisors, as well as provide appropriate management information.

The creation and application of knowledge is also paramount to our commercial and enterprise activities. The Knowledge Exchange Framework (KEF) has been developed by Research England, and we aim to instil a change in culture to promote commercial activity and enterprise across the institution. Part of this vision is achieved by the creation of an additional pathway to academic promotion based around knowledge exchange, which will support colleagues whose passions lie outside of research. We are also developing a strategy for the KEF that achieves an increase year-on-year to enhance the level of funding DMU receives.

Activities to promote our city have taken on a new level of significance as our communities tackle the Covid-19 pandemic. DMU's community and civic engagement has focused on responding to the immediate needs of the NHS as well as supporting vulnerable groups. Hundreds of staff and students responded to a call to help in foodbanks, deliver medicines and make personal protective equipment. Furthermore, a pioneering programme led by DMU has been established, which brings together 70 researchers, 40 community groups, Leicester City Council and other local authorities to develop a plan to 'build back better' in the aftermath of the pandemic. This is creating new opportunities for research and diverse learning experiences for students through volunteering. This amplification of the university's position as an anchor institution for the city and its role as a global hub for the SDG 16 – to promote peace, justice and strong institutions – has led to the creation of a DMU Community and Civic Engagement Committee to set future top-level strategic direction for this work.

Internationally, our reach, impact and influence all continue to grow. In 2019-20 we have continued to build our global partnerships and laid the foundations for significant

growth in transnational education numbers for next year, with new partners in Malaysia, Sri Lanka and Singapore – demonstrating we are a partner of choice. This is alongside emerging opportunities in Central Asia and the Middle East. International students account for 27 per cent of the total student population at DMU, with 2019-20 being another strong year for recruitment. This year has seen a number of important mitigating actions to maximise recruitment for 2020-21, despite the immensely challenging conditions.

We are proud that DMU continues to be recognised internationally and is currently ranked 64th globally in the Times Higher Education University Impact rankings, awarded on the basis of championing the UN's SDGs.

DMU's ambition to become a beacon for diversity, inclusion and equality is widely recognised. We are one of just 10 universities in the UK to be awarded the Race Equality Charter award by Advance HE. DMU is also an Athena SWAN Bronze award holder, has for a number of years been placed firmly within the LGBT equality charity Stonewall Top 100 Employers list, and is a Disability Confident Employer. To support this activity, we also support four active and strong staff network groups focusing on women, disabled staff, BAME staff and LGBTQ staff. We have been undertaking work to close the BAME attainment gap with our university-wide Decolonising DMU initiative. This activity will be the overarching response to the actions outlined within our Race Equality Charter action plan and relevant targets within the Access and Participation Plan. The aim of Decolonising DMU is to review, understand and redress matters of racial disparity within staff and student recruitment, progression, promotion and award.

These annual accounts show our ambition and confidence we will deliver consistent and sustainable financial performance at this time. We continue to deliver a healthy surplus through a combination of income growth – generated from the successful recruitment and retention of students – alongside a drive for efficiency and value for money. This will be a firm foundation for the unknown challenges that Covid-19 presents, and enable us to protect our student experience and pursue our strategic ambitions.

THE UNIVERSITY'S STATEMENT OF PUBLIC BENEFIT

DMU is an exempt charity by virtue of Schedule 3 of the Charities Act 2011 and, as such, is regulated by the Office for Students. The university's objectives, as defined in the Education Reform Act 1988, are to 'provide higher education', to 'provide further education' and to 'carry out research and to publish the results of that research' for the public benefit.

Members of the university's Board of Governors serve as trustees and are responsible for determining the educational character and mission of the university, overseeing and scrutinising its activities.

When establishing the strategic direction of the university, the Board of Governors and DMU's Executive Board also gave careful consideration to the Charity Commission's guidance on public benefit, and advice issued by the Higher Education Funding Council for England.

We consider the beneficiaries of our charitable status to be all students, both undergraduate and postgraduate, as well as members of the public in the UK and overseas. We believe universities are a public good and that DMU transforms lives by providing inspiring environments for its students and staff, while sharing their discoveries to benefit the world.

This year has seen us face challenges and adversity like never before – and not just within our community at DMU or our city of Leicester, but across the globe.

All corners of the world were impacted by the Covid-19 pandemic in 2020 – making it a time when people needed compassion, generosity and support more than at any point in recent years.

As a civic university at the heart of Leicester, DMU plays a key role in helping those in many different areas of our community. As the country went into months of lockdown, we were driven to support our community in its time of need.

We sped up the registration process for Adult Nursing, Child Nursing, Mental Health Nursing and Midwifery final year students to fast-track 200 newly qualified nurses joining the NHS and provide vital support during the initial peak of the coronavirus pandemic.

As hospitals across the UK reported shortages of personal protective equipment for frontline staff, we donated several crates of disposable masks, gloves, aprons and visors to the University Hospitals Leicester NHS Trust (UHL) at no cost to the NHS.

We converted The Watershed, our sports facility, into a regional outlet for national aid organisation 3D Crowd UK. Some 3,000 face shields and visors 3D printed to NHS standard were sent to care homes, hospitals and health workers around Leicestershire from the base, which was one of five distribution hubs in the East Midlands.

Our cleaning staff switched from the DMU campus to hospital wards to support Leicester's frontline healthcare. Following a call-out from UHL for extra cleaners, five DMU cleaning staff stepped forward to help support the NHS in its time of need.

Health professionals who teach at our School of Nursing and Midwifery and the School of Pharmacy went back to re-join the NHS in their former roles and help the fight against Covid-19. While they helped on the frontline, our fashion technicians worked from home behind the scenes to make scrubs for health workers when the country faced a nationwide shortage.

But it wasn't just DMU staff who stepped up to support the community – so did our students. Around 1,500 student nurses who were on placement in the East Midlands region kept hospitals and clinical care teams going while frontline staff looked after coronavirus patients. Many of these students worked on hospital wards to free up more experienced nurses to support emergency cases. Alongside all of this, while the UK was in lockdown we provided free car parking in our main car park on campus for NHS workers at UHL.

While 2020 presented a set of new challenges which have been like none we've ever faced before, it still couldn't stop us from celebrating what was a monumental year in DMU's long history – our 150th anniversary.

Originally founded as the Leicester School of Art in 1870, the university has evolved through many incarnations including the Leicester Colleges of Art and Technology and Leicester

Polytechnic, before officially becoming De Montfort University in 1992.

From those small beginnings, DMU has grown to the global institution it is today, with 26,000 students and 2,600 staff. In celebrating the diverse and rich heritage we're so proud of, we've shown that during any period of adversity, we've done all we can to stand strong and continue supporting our community.

Throughout the course of those 150 years we've helped the home front during World War II, volunteered thousands of hours to support local schools and charities, and worked to create a better place for our students, staff and the people of Leicester by creating a state-of-the-art campus for all to enjoy.

We reached another milestone this year when the university appointed a new Vice-Chancellor, Professor Katie Normington, who joins us in 2021. As she takes over the role from our Interim Vice-Chancellor Professor Andy Collop, she looks forward to leading our institution in its ambition to build an outstanding university of the 21st century for the benefit of students, staff and the city.

This will come from developing our existing work, such as our commitment to real equality through Decolonising DMU. Our ambition to break down barriers of all kinds is why DMU was named one of the most inclusive employers in Britain by LGBT equality charity Stonewall in its Top 100 Employers list for 2019.

Ours is a community in which everyone learns, develops and contributes for the good of all. Research is central to this, enhancing our teaching and serving society's needs. That is why we are investing in research staff and infrastructure, to build on our Research Excellence Framework (REF) results, which judged that almost 60 per cent of DMU's research activities were world-leading or internationally excellent.

We are strongly committed to widening access to higher education and to supporting students from diverse backgrounds. We developed our DMUaspire project with local schools and colleges, to inspire a new generation of undergraduates from hard-to-reach groups. This has boosted exam results in areas of deprivation and encouraged new university applications.

Bolstering our students' success even further is our careers programme DMU Works, which provides access to placements, internships, volunteering and coaching. It guarantees professional work experience opportunities, so that in a competitive jobs market our students can become work-ready graduates.

Many of our volunteering opportunities are available through the DMU Local programme, one of our key public-benefit activities. It offers opportunities for our wider community to draw upon the university's academic expertise to improve health, education and job prospects across Leicester and beyond.

A number of these projects are embedded into degree coursework, ensuring hundreds of participating students gain skills to make them stand out, as well as demonstrating how the work of a university can sustainably support and develop communities.

It's this ethos that has led to DMU being selected as the global lead by the United Nations (UN) for one of its Sustainable Development Goals (SDGs), which aim to transform the lives of millions by 2030. DMU has been chosen as the hub for SDG number 16 – promoting peace, justice and strong institutions. We've worked alongside the UN to engage with universities around the world in the #JoinTogether campaign, to help support refugees worldwide.

With so much of our work dedicated to current students and staff, we want everyone who studied at DMU, to know that being a part of the DMU family doesn't end when they graduate. With DMU for Life, our alumni can be an active part of our global and local family. Former students are always welcome back on campus – doing everything from supporting volunteering projects to sharing career experiences with current students.

Among all of the trials we've faced this year, the health and wellbeing of everyone at DMU continues to be fundamental, and our highest priority. Officially launched last year, Healthy DMU is a university-wide programme that provides advice and other resources to support staff and students, embedding holistic health promotion and wellbeing behaviours across the institution.

DELIVERING A TRANSFORMATIONAL EDUCATION EXPERIENCE THAT WORKS FOR ALL

DMU began life as a simple idea: 'To afford authoritative instruction in art to the people of Leicester.'

In March 1870 the first classes were held in a former warehouse that was then known as the Leicester School of Art, and from those small beginnings DMU has grown to become a global institution with more than 26,000 students. We had planned to mark our educational journey over the intervening 150 years with a series of events that culminated in March 2020. Those plans were, however, quickly adjusted by the onset of the Covid-19 pandemic. This meant that, with the government's introduction of a full lockdown of the country, we had to close our campus for teaching on 24 March 2020. While this created the biggest challenge that the university has faced in its 150-year history, all staff rallied round to adjust our teaching delivery and within a week we had moved to teaching in an online environment.

While no one could have predicted such a drastic turn of events, the nature of the way the pandemic emerged and spread throughout the globe highlighted the interconnectedness of our world. At DMU we were already aware of some of the impact of Covid-19 in January and February 2020 through our contacts in partner institutions in China and Hong Kong. Although we had already started to plan for the impact of the pandemic in the early months of 2020, our shift to online teaching meant that we had to develop the policies and procedures to ensure that our students would have an equitable academic experience. This included devising new forms of assessments as students would be taking exams remotely rather than on campus, and enabling students to access study resources such as laboratories and library materials. We also had to implement a No Detriment Policy so that students completing work after 30 March would not be unfairly affected by the changes made to their learning, teaching and assessment. All these changes required a great deal of consultation with students and staff to ensure that the policies and procedures being implemented were fair and equitable.

Although these challenges have been immense, the response from our staff and students has been fantastic. Our colleagues in Information Technology and Media Services worked tirelessly to ensure that staff had the relevant

systems and equipment to support the student experience. This included improved cyber security for staff and students and ensuring the IT infrastructure could support the additional demands made from remote learning. We accelerated the implementation of Office 365, particularly MS Teams, to enable students and staff to study and work effectively while away from campus.

Colleagues in our Library and Learning Services were critical in ensuring that students could access the relevant books, journals and study materials online, with more than one million eBooks and 60,000 eJournals. Support was provided to students and staff through a programme of workshops, online teaching and digital drop-ins. We also established a live chat help-desk with support from library staff, librarians, academic skills tutors and maths learning colleagues in the Centre for Learning and Study Support. This included digital capability support for students. Teams in the Centre for Enhancing Learning Technology provided support for faculty staff in delivering online learning and mastering technology. The university also provided access for all staff and students to LinkedIn Learning, a website service offering video courses taught by industry experts in software, creative, and business skills.

In effect, almost overnight we went from a campus-based institution to a remote-working university. Just as students have had to be taught in an online environment, we have had to learn how to ensure that staff and students have the necessary equipment and levels of access to be successful in their studies and work. To support our students and staff, we distributed in excess of 350 additional computers to students based on priority areas identified by our four faculties.

Our Centre for Academic Innovation, which we launched in autumn 2019, has been at the heart of coordinating our approach to online delivery. Working with colleagues across the university, it has developed resources and guidance to support staff in their teaching. We have provided guidance on how to teach in an online environment as well as clarity on the different forms that online teaching can take. This includes online lectures and seminars through to online laboratories. Teaching in an online environment requires a



While no one could have predicted such a drastic turn of events, the nature of the way in which the pandemic emerged and spread throughout the globe highlighted the interconnectedness of our world.



We've adopted a whole-university approach to wellbeing known as Healthy DMU, which provides a comprehensive range of guidance for staff in relation to student mental health, delivered through the Healthy DMU staff toolkit.

rethinking of the way material is delivered and how students are engaged. Our work in this area has been externally recognised by the Quality Assurance Agency through the guidance issued for digital learning and the dissemination of our work through blogs.

The shift to online teaching was primarily facilitated through the use of the university's virtual learning environment, Blackboard Collaborate Ultra. We already had an inclusive policy of recording all lectures through DMU Replay as part of our Universal Design for Learning (UDL) framework, which enables students anytime access to audio and/or visual material that is provided before, during or after staff-led teaching sessions. And while we continued this use of DMU Replay, Blackboard Collaborate Ultra was used to support the delivery of live teaching sessions such as seminars. Between 1 March and 31 May we delivered 25,168 Blackboard Collaborate Ultra sessions, with 74,296 unique attendances and 6,398 recorded sessions.

The Covid-19 pandemic has created many challenges for our students, not least in relation to concerns about their studies and their futures in these challenging times. An important area of support provided to our students is in relation to mental health, and the government has repeatedly emphasised the need for this to be a priority area for universities, even prior to the Covid-19 pandemic.

We've adopted a whole-university approach to wellbeing known as Healthy DMU, which provides a comprehensive range of guidance for staff in relation to student mental health delivered through the Healthy DMU staff toolkit. The Healthy DMU Hub provides a route into a diverse range of information, guidance and support mechanisms for students. This was adapted significantly during the UK lockdown to provide additional resources which were pertinent to the experiences of students during this trying period. This year we have further developed a comprehensive range of training in relation to student wellbeing, which should empower staff across the university to better understand and exercise their duty of care in relation to students. We have also worked to recruit additional staff in the mental health team and counselling service, to provide additional support and work more in partnership with faculties to adopt early intervention and preventative approaches. We are working towards establishing a No Space for Hate provision, which will assist students to make decisions about how they want to respond if they have been subjected to hate incidents on grounds of protected characteristics or perceived characteristics, such as BAME status, disability, sexual orientation or gender. This service will be fully implemented in 2021.

Our shift to online learning could not have been done without the support of De Montfort Students' Union (DSU), which has been critical for ensuring that the student voice is fully reflected across the university. Working in partnership with DSU, a new Student Academic Representation Committee was established to provide the main forum for representing the student voice through our school representative coordinators. Elsewhere, we have built on the role of the student consultant that we introduced in 2018-19 by extending it to include personal tutoring advocates. This focus on engaging students as advocates, advisers and consultants reflects how we are responding to the shift over recent decades from the traditional position of the student as a learner to one of a participant and stakeholder. We are rethinking the context of student representation so that they take on a more facilitative and engaged role in developing the overall student experience. Important innovations over the last year include the establishment of a pop-up coaching corner area in the Kimberlin Library to allow staff and students to provide short bite-sized presentations on topics of interest. We also established a space in the library to support commuting students, which offered flexible and comfortable seating, lockers and refreshments. A maker space was also created for model making, design and fabrication.

In recent years, an extremely important area of work for the university has been our Freedom to Achieve programme, which focuses on reducing the attainment gap between BAME and white students. Following a successful two-year pilot, the Freedom to Achieve project demonstrated that the university needs to not only address teaching, learning and assessment methodologies and ideologies, but to develop a broader institution-wide approach to understand, appreciate and challenge the factors that contribute to an attainment gap. As a result, we have committed to move forward with this project under the identity of Decolonising DMU. To support this, we have structured the work of the project into four key workstreams: the university, the library, students, and staff.

This approach builds on the university's overall approach to student engagement which, over the last decade, has had a civic engagement lens where we have worked with our local community in Leicester as well as supporting initiatives abroad. Volunteer students work with DMU Local in Leicester to help those affected by poverty, cancer and dementia plus others who may have fled war or persecution in their home country. Last year, our students and staff volunteered more than 20,000 hours in the community and, following the outbreak of the Covid-19 pandemic, responded by helping the city of Leicester and its people. More than 200 students and staff signed up to offer their services to help Leicester's response to the coronavirus pandemic,

helping with tasks such as shopping, dog walking, collecting prescriptions and making friendly phone calls to check in on elderly or vulnerable people.

Elsewhere, in 2019-20 we have seen success with new forms of student engagement as part of our Leicester's Future Leaders project, which is co-funded by the Office for Students. We identified a single student lead who is an established social media influencer with more than 26,000 Instagram followers and previous experience running marketing campaigns for major brands. We tasked the student to promote our project and engage 30 of their peers in a student leadership group that will commit to the project for three years.

Based on consultation with the student group, we delivered a ground-breaking student-business conference. This four-day event brought students and Leicester businesses together to explore barriers to BAME recruitment and career progression, and learn about unconscious bias. The conference was seen to transform the students' levels of self-belief and confidence. Students tweeted on their personal accounts: 'I will leave here today a different person' and 'Best thing I've ever done'. The conference also achieved its objective of changing students' views about staying in Leicester after graduating. At the start of the conference, of the 30 students in attendance, 10 had no plans at all to stay in Leicester. After the four days, six of these students had changed their minds and wanted to stay. The overall percentage of students wanting to build their career in Leicester, among all 30 students, rose from 67 per cent to 87 per cent.

We have launched new activity to support graduate retention in Leicester, seeking to increase the number of graduates who stay to live and work in the region, building a stronger economy. DMU has formed a partnership with the University of Leicester and Leicester City Council to drive actions in this area. In 2019 we led a Leicester Student Voice event which brought together 120 students to hear their views on the city. Instead of finding out the students' views using a conventional survey, the event invited them to 'mind map' their ideas and discuss their thoughts in peer-to-peer focus groups. This approach has generated 35 original recommendations for changes to the city, which will shape the project's objectives through to 2023.

As a direct response to the Covid-19 pandemic, the DMU Works team devised a voluntary digital support scheme for businesses. The scheme anticipated and responded to local business needs by matching students' digital skills with businesses needing urgent technical support due to the national restrictions. This saw 23 short placements take

place, with the students providing phone and online support from their homes. This helped students build their skills and connections despite being in lockdown. The businesses involved said: "This was an excellent initiative from DMU, and well appreciated by small- and medium-sized enterprises at a difficult time when they are uncertain about sustainability, let alone growth."

To enable our graduates to be in the best possible position for the future challenges of work, we have increased the number of students taking part in sandwich placements. Participation has increased sharply from 261 in 2016-17 to 482 in 2018-19 and up to the Covid-19 pandemic – this growth was set to continue as a key element in our employability strategy. Immediately prior to lockdown the Placements team had achieved a 40 per cent increase in placement offers compared with the same time the previous year and were on track to achieve the 2019-20 target of 560 offers.

Unfortunately, due to the pandemic, many businesses have been forced to review their placement and graduate programmes and in the latter part of the previous academic year we have seen a pattern of placement offers being withdrawn as a result of the Covid-19 pandemic. As with other areas of our teaching and learning provision, this meant we had to rethink ways in which we provide placement opportunities so that we can support both our students and the business community which benefit greatly from their expertise. One of the key ways we are doing this is by developing a flexible placement 'year' model, whereby students embark on a shorter internship or other employability-related activities in the first semester, followed by a placement with a later start date.

In 2019, we unveiled our Career Launcher Programme to enable 200 of our recent graduates who were 'under' or unemployed at the time to begin graduate-level work. Working in partnership with Gradcore, we were able to provide graduates with targeted one-to-one support through the assignment of industry mentors who provided expert advice and guidance. All 200 graduates received bespoke support from mentors to enhance their employability in the form of interview preparation skills, CV enhancement, confidence building and network building.

The university developed a new digital employability strategy in 2019-20, supporting students to access a vast range of online career resources and tools. Through the DMU WorksSkills Hub, students can upload their CV and receive instant feedback to make improvements or enhancements.

Our focus on applied learning is evidenced by the fact that the number of timetabled employability sessions built into academic programmes has risen from 163 in 2017-18 to 239 in 2018-19, with total attendances of 8,289 students this academic year. We have introduced greater variety into the sessions by including the Placement, Enterprise and Mentoring teams to lead them, as well as more talks from employers.

Due to the success of our annual Faculty of Health and Life Science's (HLS) Plan Ahead, Value Employability Conference, which regularly attracts more than 700 student attendees, the DMU Works team introduced the first ever Faculty of Computing, Engineering and Media (CEM) PAVE event in November 2019. With around 140 students attending, the event was a great pilot and we aim to grow it year-on-year to emulate the success of its HLS equivalent. Another impactful new initiative has been the addition of speed interviews to our offer, which allowed employers to meet DMU students. Those students who impressed during the speed interview were then invited to skip the initial application stages of the employer's recruitment process.

In 2019-20, the DMU Works Enterprise team engaged more students than ever before through a range of enterprise and entrepreneurial initiatives, events and activities. The team's annual Entrepreneurship Day received 250 registrations from students, staff and members of the public. The Enterprise team staged its first ever TEDx event, TEDxDeMontfortUWomen, which received more than 13,000 online video views. In response to the Covid-19 pandemic, the Enterprise team launched an online DMU Works Start-up Summer School. A total of 280 students registered for the summer school, representing 15 countries and including students from five overseas partner universities. In 2019-20, DMU Works Enterprise improved and streamlined the process for international students who want to apply for the Start-up visa. So far, 25 Start-up visas have been approved. In 2020, the DMU Works Enterprise team launched the DMU Works Enterprise Network, linking business founders with entrepreneurial students at DMU. A total of 753 students have participated in DMU Works Enterprise guest lectures throughout 2019-20, and through the team's strategic use of social media DMU Works Enterprise tweets have been seen on 934,000 occasions.

Our Employability Mentoring Programme began preparations and research in 2019-20 to launch an in-work mentoring scheme for DMU BAME graduates working in high-skilled roles in Leicester. The new scheme will aim to help these graduates progress in their careers, rising to leadership level through appropriate support from inside and outside their

organisation. DMU has recruited an additional Mentoring Manager to lead this programme, supporting the objectives of our Leicester's Future Leaders project.

These initiatives are reflective of our commitment to co-creation, which is a central pillar of our University Learning, Teaching and Assessment Strategy (ULTAS). The other two key pillars of ULTAS include our commitment to UDL and building capability within the university by developing digital capabilities and supporting our staff. Important initiatives in these areas include a cross-university group of staff working together to create learning space design principles across all campus classrooms and lecture theatres.

A key aspect of our commitment to the student experience is our investment in staff and the recognition that is given to them through initiatives such as National Teaching Fellowships [NTFs], Teacher Fellows, and Vice-Chancellor's Distinguished Teaching Awards. The latter celebrates those who inspire both inside and outside the classroom, and in 2019-20 students submitted more than 700 nominations for 12 annual awards. DMU is proud of its commitment to academic excellence, highlighted by a total of 23 NTFs previously awarded to the university, with DMU once again being successful in the 2019-20 competition. We continue to see an increase in staff receiving professional recognition from Advance HE, with an additional 80 staff receiving either an Associate Fellow, Fellow, Senior Fellow or Principal Fellow.

Last year, we launched our innovative Education Leadership Programme, which is designed to support the next generation of academic leaders within the university, mirroring the success of the Future Research Leaders Programme. The programme focuses on developing and supporting colleagues so they have the necessary skills and sector experience to be successful leaders within their respective academic departments and across the university as a whole.



Our academic researchers have excelled over the past year in acquiring prestigious fellowships and prizes reflecting both on breadth of research at DMU and individual excellence.

CREATE AND APPLY KNOWLEDGE THAT FURTHERS GLOBAL, SOCIETAL AND ECONOMIC DEVELOPMENT

DMU has been engaged in a number of outstanding projects over the past year, supported by external research grants from a wide variety of governmental and charitable funders. Our staff have won a number of prestigious fellowships, published well-received books and worked to inform policy makers in important areas of national governance. Our researchers have continued to work with national and international partners and have strived to develop new opportunities.

In 2019-20 DMU has had some very significant successes with research grant funding, both nationally and internationally.

Professor Laurence Brooks has been successful in securing grants including H2020 (EU) for the Centre for Computing and Social Responsibility (CCSR). The TechEthos proposal (Ethics for Technologies with High Socio-Economic Impact Euros) awarded €260,000 for work at DMU. This award will allow CCSR to look at a wider variety of emerging technologies and the potential ethical challenges and societal consequences. It also reinforces the CCSR's position as one of the leading research centres in this field in both the UK and Europe.

Work has started on the final stage of one of the largest scientific projects ever funded by the European Union: the Human Brain Project (HBP), which has had input from researchers at DMU. The university's share of this project is worth more than €2.1 million. Professor Bernd Stahl, Director CCSR, said: "DMU has a key role in HBP, looking after the management of all ethical issues and social implications of the research. As part of this, we provide guidance and advice on the actual and potential impacts of the computing and related technologies involved."

Dr Rajnaara C. Akhtar has been awarded a Nuffield Foundation grant worth £156,000 for the research project 'When is a wedding not a marriage? Exploring non-legally binding ceremonies'. This work commenced in September 2020 and will conclude in December 2021. This a collaboration with Professor Rebecca Probert (University of Exeter) and Dr Vishal Vora (Max Planck Institute of Social Anthropology, Germany). The project will inform both the Law Commission and Ministry of Justice reviews of marriage

laws by investigating a wide range of marriage practices within various communities.

DMU's Professor Jonathan Payne has been awarded £160,000 from The Leverhulme Trust to fund the project 'Digital technologies and job quality: Do trade unions make a difference?'. There is considerable debate around the impact of robotics and artificial intelligence on employment. This project focuses on trade unions as potentially important actors in shaping public policy and technological change in the workplace.

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Dr Funmi Adewole, from our Institute of Dance, Drama and Performance Studies, was awarded a Dance of the African Diaspora Lifetime Achievement Award by One Dance UK, the national body representing the dance sector. The award recognises Dr Adewole's professional achievements, as well as her dedication to building a legacy and changing perceptions in the UK.

Dr Karthikeyan Kandan's work on prosthetic limb sockets from recycled plastic has been nominated for the Blavatnik Awards for Young Scientists. The upcycling project was funded by the Global Challenges Research Funding, which supports research into solutions for problems faced by the developing world. It was also backed by the Academy of Medical Sciences. Dr Kandan worked with the Bhagwan Mahaveer Viklang Sahayata Samiti in India, the world's largest organisation for rehabilitating disabled people, as well as prosthetic experts from the University of Salford, University of Southampton, University of Strathclyde, and India's Malaviya National Institute of Technology Jaipur.

Associate Professor Dr Helena Dunbar has been awarded a prestigious fellowship from the Winston Churchill Memorial Trust to explore paediatric palliative care. Dr Dunbar is hoping to transform palliative and end-of-life care for children in the UK as part of her latest work. Awarded to just 141 people in 2020, Churchill Fellowships are subsidised by the Winston Churchill Memorial Trust. The scheme is open to all UK adults regardless of qualifications, age or background and

successful applicants can use the funding to travel anywhere in the world to research a topic of their choice. Dr Dunbar will travel to Canada, visiting Quebec, Ontario, Alberta and British Columbia.

Dr Tiziana Sgamma and her postdoctoral candidate Nazia Nazar have been awarded £160,000, for a fellowship from the Daphne Jackson Trust, which is the first for the Faculty of Health and Life Sciences. The project title is 'Genetic and molecular analysis of essential oils production in Lamiaceae glandular trichomes'.

Dr Esmée Hanna was successful in developing a project that has acquired funding of £623,000 for an NIHR Advanced Fellowship. The title of her project is 'Improving psychological preparedness for amputation surgery: co-designing, implementing and evaluating patient-centred care pathways'. These fellowships are highly prestigious and will allow Dr Hanna to advance her career in improving patient care.

Among the publications this year are Professor Panikos Panayi's book *Migrant City: A New History of London*. Professor Panayi explores the rich and vibrant story of London – from its founding two millennia ago by Roman invaders, to Jewish and German immigrants in the Victorian period, and the Windrush generation invited from Caribbean countries in the 20th century. Panayi shows how migration has been fundamental to London's economic, social, political and cultural development. The book was widely and favourably reviewed, including in *The Spectator*, *The Sunday Times*, and *The Evening Standard* (where it was named as a 'book of the week').

As the university reacted to the Covid-19 pandemic our researchers developed responses in a number of areas, using data to identify and model approaches to aid recovery, working to urge an examination of the media and public discourse through the pandemic, as well as examining how data gathered during the pandemic should be protected.

Stuart Price and Ben Harbisher from our Media Discourse Centre published the book *Power, Media, and the Covid-19 Pandemic: Framing Public Discourse*. The goal of this edited volume is to provide an in-depth, interdisciplinary critique of state, corporate, media and 'citizen' response to the outbreak of the Covid-19 virus.

Professor Francisco Chiclana, Dr Mario Gongora and Dr Fabio Caraffini, working alongside Dr Raymond Moodley, a visiting researcher at DMU's Institute of Artificial Intelligence, to provide the UK Parliament with advice and evidence regarding the use of localised cordons for Covid-19 economic recovery, based on a data analytics model using the artificial intelligence approach of self-organizing maps.

From our Cyber Technology Institute, Professor Eerke Boiten appeared on UK and Netherlands national TV news and in newspapers in the UK and Germany discussing the use of data for apps used to coordinate Covid-19 contact tracing, highlighting information security. Pressing the government for clearer information on how it is using health data, Professor Boiten, raised concerns about the companies with 'strong political connections' that have access to the data.



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ENTERPRISE AND LOCAL BUSINESS

This year DMU teamed up with NatWest to launch a course designed to help aspiring entrepreneurs and start-up businesses. The bank brought its Business Builder programme to Leicester for the first time to help catalyse the progress the city has made in supporting and facilitating start-up growth. Businesses who join this programme will benefit from the wealth of experience of NatWest, the start-up community of DMU's Innovation Centre and the expertise of the university. Some 140 businesses or individuals attended the workshops and events, which focused on entrepreneurial mindset, customer development and business planning and viability.

Further support for start-ups is provided by the Crucible Project – a dedicated programme for student and graduate entrepreneurs who have an innovative business idea. Now in its fourth year, the 10-month programme provides a mix of funding and support as well as access to facilities and professional equipment that will enable entrepreneurs to thrive. Successful Crucible Project members include lingerie designer Elissa Poppy, whose business got a huge boost after she won the ASOS Fashion Discovery competition, and company One Up, whose gamification programme for sales teams leveraged £150,000 in venture capital investment in this now thriving company.

DMU is a proud headline partner of the Leicester Business Festival (LBF) which is set up to drive inward investment in the city and county. The festival runs over two weeks and includes dozens of free events across a host of sectors. In 2019, 115 events took place with more than 6,300 attendees from across the city and county, sharing ideas and showcasing the diverse talent and innovation in Leicester and Leicestershire. 2020 marked five years of the festival, which has seen 698 events take place and 40,000 attendees in total – more than a quarter of whom came from outside the region. DMU will be continuing the LBF partnership for the next three years, along with the East Midlands Chamber and the LLEP Business Gateway.

As a centre of excellence for apprenticeships in the region, DMU draws on decades of experience in providing vocational programmes tailored to business needs. In February 2020, DMU hosted a packed programme of

events for apprentices, employers and staff during National Apprenticeship Week to raise awareness about the wider, far-reaching benefits of apprenticeships. At a panel event with around 50 local businesses, representatives from companies including Siemens, the NHS, Leicestershire Police and Showsec joined Pro Vice-Chancellor Enterprise, Professor David Mba, to share their experiences of making DMU apprenticeships part of their staff development programmes. The engagement and interaction during the week-long initiative demonstrated the value-added benefits of apprenticeship programmes.

The Enterprise and Business Services team supported local businesses through a very challenging time during the Covid-19 outbreak, providing practical tools to re-plan their business strategy in the new environment that resulted from the pandemic. DMU showed unwavering support to its business and apprenticeship communities, offering free one-to-one advice, a dedicated business hour on Twitter, and ongoing signposting to relevant support. During this crisis it was essential to work together with partner organisations and play a part in helping companies to emerge stronger, more resilient and more successful. During the UK national lockdown and despite the impact of Covid-19, DMU welcomed new cohorts of employed professional learners to apprenticeship programmes using virtual induction sessions. Even with restrictions in place, there was continued support for our current apprentices and new opportunities for learners this year.

We have launched a new project called Local+ in partnership with Leicester City Council, which will deliver a series of joint projects designed to improve life for residents in the city. Academics will become consultants for the authority, applying their own and others' research in health, technology, psychology and design to key strategic programmes being planned by the council. DMU academics will get the chance to see their work have a real-life impact, while Leicester City Council will benefit from the expertise that they bring. Health programmes, smart cities and the built environment have been identified as the three key areas for the first wave of project collaborations. Local+ provides an opportunity to work with Leicester City Council in a long-term sustainable



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manner, delivering projects that can bring huge benefits to the local community.

EcoVisum, a DMU spin-out company based at the Innovation Centre, has won an international award for making a difference to students' lives. The spin-out's innovative energy management software made energy saving fun by turning it into an online student competition. The Class Digital Innovation Award at the Best In Class Awards 2019 recognised the EcoVisum dashboard, which lets students see at a glance if their halls of residence are using more or

less energy than their counterparts. The energy dashboard raised awareness of environmental actions, increasing social engagement around this issue. Taken up by the National Union of Students, the energy dashboard is now used in 142 halls at 14 universities in six countries across Europe, including Lithuania and Cyprus. It is part of the EU-funded programme SAVES2.

TOWARDS THE VISION OF A GLOBAL UNIVERSITY

DMU's global footprint has once more widened in the academic year 2019-20. This year saw the university increasing its international student recruitment and transnational education (TNE) offer, delivering against the ambitious vision set out in the Strategic Plan 2018-23.

In the academic year 2019-20, we continued to build our global partnerships in line with our TNE strategy, and remained a firm choice for our international students, while maintaining our presence in all our recruitment regions. We focused on raising our international profile and global connectedness in the challenging contexts of Brexit and the pandemic. DMU continues to be a strong TNE partner, offering our undergraduate and postgraduate scholars access to studying abroad.

In true DMU spirit, we look ahead to the new academic year from a healthy position of the very successful intakes in 2019-20. In response to a very different global context, in 2020-21 we will continue to expand our international presence as well as maintaining and increasing our global partnerships, including in the EU.

Through both our TNE provision and on-campus learning, we are proud to provide a transformational education experience for our graduates. This provides them with an invaluable set of skills and experiences, empowering them to gain an international outlook and pursue successful employment opportunities across the globe.

Transnational education at DMU

The number of students studying overseas for a DMU award this year saw modest levels of growth to those recorded in the latest 2018-19 Higher Education Statistic Agency returns, of circa 1,400.

More significant growth is anticipated in the year ahead with the launch of new strategic partnerships in Malaysia and as recently approved partnerships in Sri Lanka and Singapore become fully embedded.

Work also continues with existing partners to maximise their potential; we are working to expand existing arrangements with the addition of several new programmes at various stages of approval, in readiness for the next academic session.

A range of significant opportunities have also emerged during the academic year 2019-20 and work is underway to develop a number of new partnerships in the Middle East and Central Asia. China also continues to be a key market for potential future collaboration, with opportunities to re-engage being actively pursued.

International recruitment at DMU

During this academic year, DMU saw further growth in international intakes, reinforcing our presence in a volatile yet competitive international student recruitment context. In 2019-20, international students accounted for 27 per cent of the total student population at DMU. Our drive to achieve the vision of a global university translated to delivering 95 per cent of the annual recruitment target from the September 2019 entry alone, which was the single biggest international student recruitment intake in DMU's history.

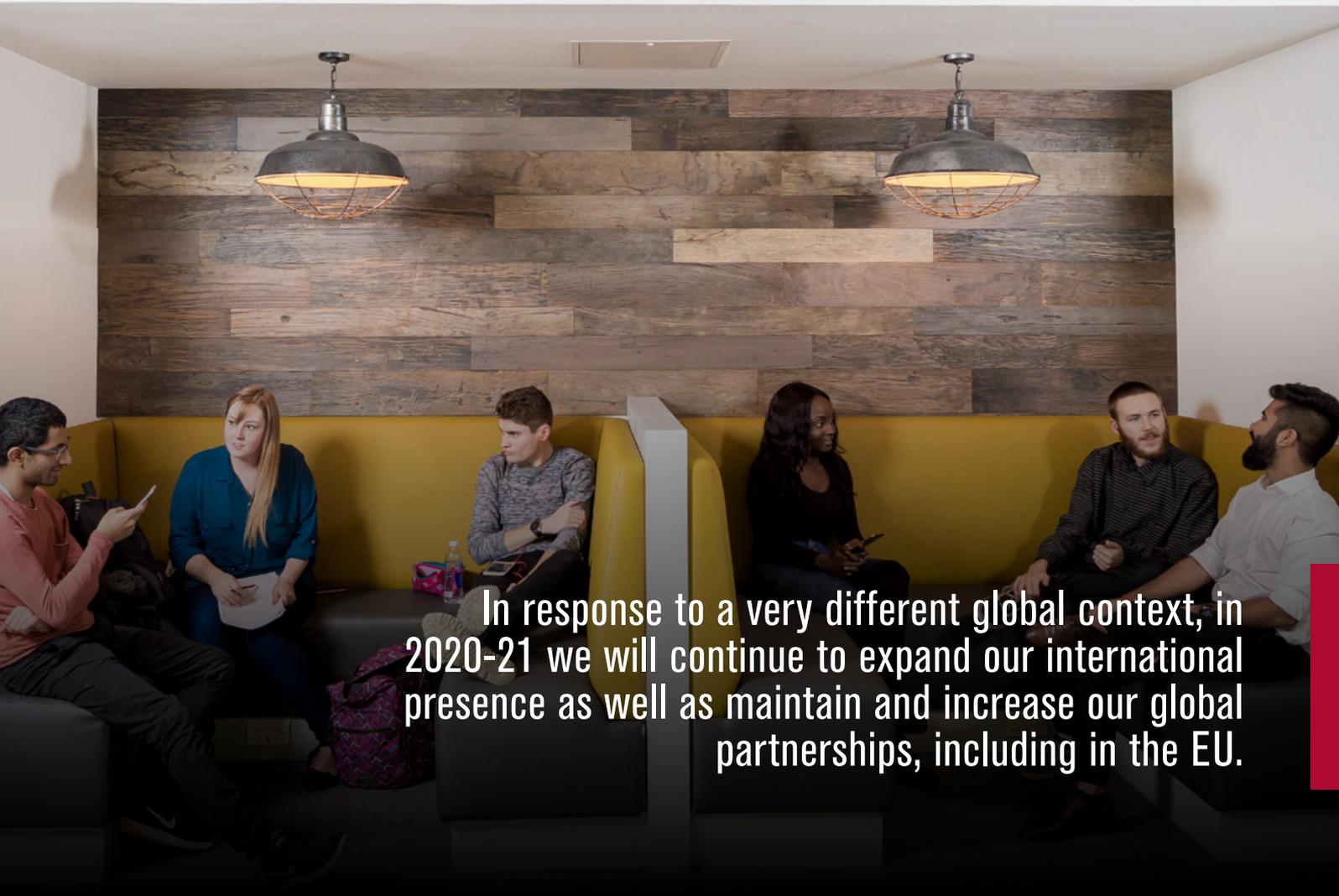
Progression partnerships

The recruitment of students via progression partnerships remains a key factor in maintaining our successful growth in international student recruitment. The continual development of new partnerships globally not only allows for increased channels through which we can recruit students, but helps build DMU's reputation as an internationally focused institution. DMU's continued success in China resulted in a total recruitment of more than 1,300 students in the academic year 2019-20.

International recruitment 2019-20: an analysis

DMU underwent a period of a rapid expansion in the number of new international student enrolments in the academic year 2018-19 and enjoyed an unprecedented 32 per cent growth on the academic year 2017-18. In 2019-20, we built on this legacy and opened our doors to 2,718 more students, which was only 5.8 per cent away from our previous year's intake.

Advice



In response to a very different global context, in 2020-21 we will continue to expand our international presence as well as maintain and increase our global partnerships, including in the EU.

DMU continues to attract a near equal ratio of undergraduate to postgraduate students, which demonstrates our considered approach to offering courses to a diverse student population. This is in line with DMU's commitment to widening participation and responding to international trends.

We are currently ranked 64th in the Times Higher Education Impact Rankings 2020, which is awarded on the basis of championing the United Nations' Sustainable Development Goals (SDGs), contributing to the university's prestige on a global scale. Among the Impact Rankings, DMU was listed 26th in the world for SDG 16 to promote peace, justice and

strong institutions. This helps set us apart from other young universities, offering a competitive advantage.

In addition, in 2019-20 we continued our successful partnerships with DMU International College – an embedded college that offers integrated undergraduate and postgraduate programmes for non-UK students.

ENHANCE OUR EFFECTIVENESS THROUGH OUR DIVERSE AND VIBRANT SCHOLARLY COMMUNITY

The Enhance our Effectiveness theme provides us with the key strategic drivers to achieve our ambitions – developing and empowering our leaders at all levels, achieving outstanding financial performance to ensure sustainability and value for money from our resources, and a relentless focus on being a beacon for diversity, inclusion and equality within our community. Without these things, we cannot achieve the ambitions we have set ourselves in the other four pillars of our Strategic Plan.

In 2019, we completed and delivered the Developing and Recognising Effective Teaching framework, outlining the support and development available to academic staff. The framework sets out clearly the learning and development to support academics at different stages of their careers, while also maintaining a focus on how we contribute to the student experience.

In 2020, we also commenced delivery of the Postgraduate Certificate in Academic Practice, aligned to the apprenticeship standards, giving our academic staff improved opportunities to develop while also gaining recognition from the Higher Education Authority. Two programmes commenced during the 2019-20 academic year, with further programmes planned for 2020-21 and beyond.

We actively engaged with our staff by delivering listening events and, as a result, the university completed the internationally recognised Human Synergistics Culture Audit in November 2019. The results were shared with the Executive Board and staff during the first six months of 2020 and, while the Covid-19 pandemic delayed the dissemination, details from the audit will be used to inform our approach to leadership development in future, including defining the skills and behaviours leaders and managers need. This will be a significant piece of work in 2020-21, with a focus on creating the cultural environment that supports and enables our staff to deliver an excellent student experience.

Throughout 2020 we finalised the Core Systems Modernisation (CSM) programme, the largest technology-enabled transformation that the university has ever delivered. Having implemented the finance, HR and CRM systems in

2016 and 2017, we have now deployed the student system and completed our first academic year using this technology. This element completes the delivery of the CSM programme and we are already seeing benefits, including the ability to run processes remotely. As with any application of this size, we now have the challenge of continuing to deliver process and systems improvements to both enhance user experience and maximise return on investment.

We have improved our internal workforce planning processes and have delivered a full programme of activity to enhance our external presence in the job market, our 'brand' and employer offer and to review our staff benefits and rewards. We continue to work on the core fundamentals we need to get right for our staff and students. We've adapted our approach, processes and training to respond to the General Data Protection Regulation, built a better intranet for communication across the university, improved the access and reporting of key information and bettered students' access to module choices and results. We've responded swiftly to the challenges of the pandemic to ensure our systems, staff and students have had the tools, software and capability to work during this time.

Crucial to our drive towards our 2023 strategic vision is our desire to be a beacon for diversity, inclusion and equality within our community. We've broadened our ambition through Decolonising DMU, which recognises and reaffirms our unwavering commitment to diversity and equality. We hold a number of accolades recognising our efforts in this area, including the Athena SWAN bronze award, as well as being a Disability Confident Employer, named in the Stonewall Top 100 Employers list for 2020, and chosen as one of 10 universities in the UK to be awarded the Race Equality Charter award by Advance HE.

Building on the success of our campus transformation project, the university has continued to invest in key areas of growth and planning for the future. The Hugh Aston Building annex, called The Yard, is now complete and has been used for teaching since the start of the 2020-21 academic year. Bede House, a 4,500sqm building, has been fully refurbished into state-of-the-art classrooms and office accommodation for professional services staff.



Crucial to our drive towards our 2023 strategic vision is our desire to be a beacon for diversity, inclusion and equality within our community. We've broadened our ambition through Decolonising DMU, which recognises and reaffirms our unwavering commitment to diversity and equality.

One of the two halls of residence that DMU owns has been fully refurbished to modern standards, the first time since the halls were built in 1995. The university has also invested in a number of building infrastructure projects including a programme to replace 12 lifts in a number of

buildings across campus, as well as replacing all lights in key academic buildings with LED energy efficient fittings and replacement of single-glazed windows with new double-glazed units. Overall this investment approaches £17 million in capital projects.

CONCLUSION: LOOKING AHEAD – OPPORTUNITIES AND RISKS

The higher education sector has faced unprecedented challenges throughout 2019-20, and the university has worked tirelessly to ensure that the disruption caused to students and staff by the pandemic is kept to a minimum. This has been achieved, while maintaining the teaching and learning experience our students expect, with a dedicated focus on student and staff health and wellbeing. Covid-19 has presented, and will continue to present, significant risks to business and delivery models across the sector. While the university is no exception, it is well positioned to navigate these difficult times, and to explore the threats, opportunities and risks ahead.

At DMU, risk management is a collective responsibility, overseen by the Risk Management Committee and with strong governance through our Executive Board and Audit Committee. This ensures that, at every level – from the Board of Governors to individual risk owners – the university is able to identify, assess and adapt quickly and strategically to threats and opportunities.

Our strategic risk register is aligned to our Strategic Plan, and covers risks associated with the university's five key thematic areas. These strategic risks are translated into local requirements and aligned to broader performance management processes. This provides an assurance framework and robust review of the overall university strategic risk register. Risk management, therefore, forms a critical part of the university's structure of internal control, auditing, planning and reporting cycles.

It is because of this active management of risk that the university is able to effectively minimise the threats posed and take advantage of any opportunities that may arise.

The Covid-19 pandemic

The health and wellbeing of staff and students, and ensuring that the student experience remains exceptional, have been of critical importance during the Covid-19 pandemic. In response to the pandemic, DMU's major incident plan was engaged to ensure support was given to staff and students. Alongside this, faculty and directorate business continuity plans were revised and updated, and institutional policies were reviewed and adapted to the ongoing crisis. Looking

to 2020-21, a dedicated strategic planning group is in place to transform the educational offer for students. This will ensure the proficiency and quality of our offering in the next academic year. Financial recovery plans are in place and a return to campus project is also up and running.

The political and regulatory environment

The Covid-19 pandemic has resulted in changes to the higher education regulatory environment, including the temporary reintroduction of student number controls, the prohibition of specific student recruitment practices, and a heightened focus on consumer protection. In addition, Brexit continues apace, causing further uncertainty around student recruitment, funding and the UK reputation internationally.

The university was quick to instigate the major incident plan in response to the pandemic, and use the gold, silver and bronze command structure to coordinate crisis management decision-making. The university's existing committee and decision-making structures have continued to provide effective leadership throughout this period as well. Political and regulatory changes are fed through each committee, and inform and are informed by these discussions. The university also ensures that staff and students' voices are heard in responses to regulatory consultations, as well as play a lead role in debate and strategy across the sector, support health and wellbeing, and lead by example in championing the civic role of higher education in local communities.

Student recruitment

The Covid-19 pandemic, changes to regulation, and Brexit are most likely to impact on student recruitment, with competition for places at a premium. This leaves future student cohorts facing an unpredictable and significantly adapted student experience.

The university continues to adapt its strategy through regular reviews of performance metrics, rapid responses to emerging trends, and in maintaining a dynamic approach to recruitment throughout this highly challenging period. In particular, a new group has been established, which explores the policy and legal aspects of student recruitment and oversees the university's recruitment strategy.



The higher education sector has faced unprecedented challenges throughout 2019-20, and the university has worked tirelessly to ensure that the disruption caused to students and staff by the coronavirus pandemic is kept to a minimum.

As the Covid-19 pandemic predicated the need to move much of the university's teaching and learning activity online, a strategic planning group has been constituted. This group has specific workstreams addressing the pedagogical and student engagement challenges of blended teaching and learning.

From an international perspective, the university is implementing a number of new measures. This includes additional courses to be offered from January 2021 targeted at international students, online delivery of Pre-Sessional English courses to ensure continuity of our offer in China and other key regions, and approval of multiple alternative United Kingdom Visa and Immigration compliant English language tests. In addition, conversion activity is being prioritised and engagement continues with in-country teams to support local recruitment efforts and to gauge sentiment globally.

Financial sustainability

The higher education sector faces significant financial challenges, the likes of which have not been seen in a generation. Deep levels of uncertainty prevail, with threats posed to income streams, tuition fees, accommodation, research and commercial activity. In response to the financial challenges arising from the Covid-19 pandemic, the university has put in place a financial recovery plan that will see full recovery over a three-year period, allowing a return to reinvestment of our growth and efficiency opportunities into strategic priorities. DMU is well-placed to emerge from this period of financial instability. With strong financial management already in place, the financial recovery plan will form the core part of our decision-making over the next three years.

With these principles in place, the university will remain committed to quality teaching and learning, the safety and wellbeing of students and staff, being a beacon of civic pride and engagement, and emerge even stronger financially.

FINANCIAL PERFORMANCE 2019-20

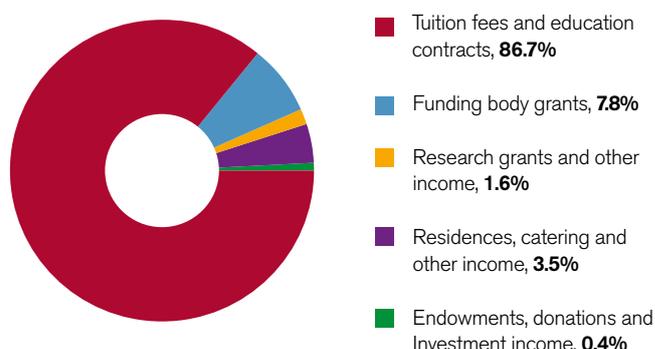
Financial performance in 2019-20

The university has achieved a strong financial outturn for 2019/20, reporting a £0.4 million increase in surplus for the year to £15.0 million. This has been driven by income growth from successful student recruitment and retention together with tighter expenditure controls introduced as a result of the Covid-19 pandemic. Excluding the pension liability, the total reserves of the university have improved by £21.1m, underpinned by good working capital management and cash generated from operations leading to the cash and short-term investments position improving by £17.2m to £123.8m.

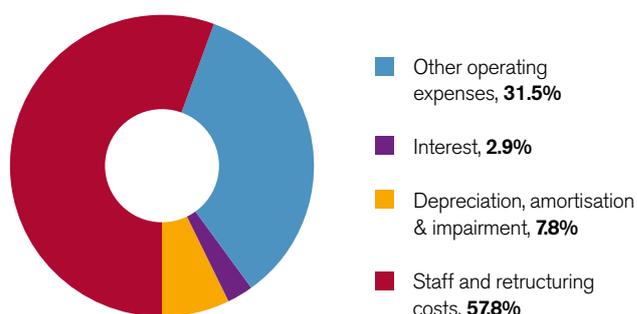
The university's consolidated financial position is summarised as follows:

	2019-20 £'000	2018-19 £'000
Income	253,853	245,290
Expenditure	238,828	230,838
Surplus for the year	15,019	14,585
Cash and investments	123,813	106,628
Net current assets	94,915	73,113
Total net assets/reserves including pension reserve	141,482	177,360

Income analysis for year ended 31 July 2020



Expenditure analysis for year ended 31 July 2020



Total income of £253.9 million increased by £8.6 million (3.5%) from 2018/19 and is attributable to the £3.1 million (2%) growth in Home/EU students and £8.1 million (18.8%) growth in overseas student recruitment and retention.

Due to higher allocations relating to specific grant funding, total funding body grants received increased by £1.6 million (8.6%).

All other income has seen a decrease of £1.9 million (11.8%) due to the impact of the pandemic on residences and catering and one-off endowment and investment receipts in 2018/19.

Total expenditure of £238.8m million is an increase of £8 million (3.5%) from 2018/19. Staff costs including restructuring increased by £9.2 million (7.1%) and represents 57.8% of total

expenditure (2018/19 – 55.8%). This reflects increase in staff numbers, pay inflation and increases to employer pension costs for all staff who are members of Local Government, Teachers' Pension or Universities Superannuation pension schemes.

Other operating expenses decreased by £4 million (5.1%). This is a result of net saving on non-essential spend across all areas following the lockdown at the end of March 2020 and additional costs in response to the pandemic relating to student accommodation, marketing, overseas recruitment and supporting additional IT requirements to enable online learning.

Interest payable is £0.3m (5%) higher due to the increase in net financing costs associated with the Local Government Pension Scheme valuation at the year end.

Including the impairment charge of £1.4m following the major refurbishment to Bede House, total depreciation and amortisation charges of £18.6 million increased by £2.5 million reflecting the continued capital investment and timing for when assets, in particular buildings, come fully into use.

Balance sheet

The university's total net asset position has decreased by £35.9 million to £141.5 million due to:

- £57 million (62%) increase in the Local Government Pension Scheme provision to £148.7m as a result of lower investment returns and adverse movements in the key actuarial assumptions applied for accounting valuation purposes, and
- £21.8m improvement in net current assets underpinned by £17.2m (16%) increase in investments and cash balances and £4.2m reduction in creditors falling due in one year

The university invested £16.6 million in additions to fixed assets during 2019/20 of which major capital spend included completion of Bede House refurbishment, construction of the Hugh Aston courtyard extension and refurbishment to New Wharf halls of residence.

Payment of creditors

The university is committed to the prompt payment of invoices from suppliers and supports the Department for Business, Energy and Industrial Strategy's Prompt Payment Code. The aim is to pay invoices in accordance with agreed contractual conditions or, where no such conditions exist, by thirty days from the date of invoice following receipt of goods or services or the presentation of a valid invoice, whichever is the later.

Conclusion

This strong financial performance underpins the university's financial standing in ensuring continued investment in enhancing student experience and providing a good platform to manage the financial challenges expected to arise due to the impact of the Covid-19 pandemic. The Board is therefore assured that the university has adequate resources to remain in operation for the foreseeable future and at least for the next 12 months from the date of the accounts, which have been prepared on a going concern basis.



Mr Ian Squires
Chair of the Board of Governors



Professor Andy Collop
Chief Executive and Interim Vice-Chancellor

STATEMENT ON CORPORATE GOVERNANCE

Corporate governance

This statement outlines for readers of the financial statements the corporate governance procedures adopted by the Board of Governors, covering the period from 1 August 2019 to 31 July 2020, and the subsequent period up until the date of approval of the financial statements.

During the 2019-20 financial year, the university delivered a number of the key actions that it had agreed with the Office for Students (OfS), following the resolution of a regulatory investigation in early 2019.

At its meeting in March 2020, the Board of Governors oversaw the completion of a review of the university's policies and procedures, which included the approval of a revised Instrument and Articles of Government, a revised Scheme of Delegation, and the introduction of a set of standing orders for the board. In June 2020, the board published its response to an independent review of the effectiveness of governance at DMU. The review had been conducted between September and December 2019, and the outcome had been considered by the board at its meetings in March and May 2020.

A new, permanent Chair of the Board was appointed in January 2020, and the end of July 2020 saw the departure of the remaining governors who had been appointed prior to the regulatory investigation. August 2020 saw the appointment of a number of new independent governors and, at that point, the membership of the board was refreshed entirely. August 2020 also saw the appointment of a new, permanent Vice-Chancellor for DMU, following an extensive and transparent recruitment process. It is intended that the new Vice-Chancellor will take up the role in January 2021, and that the existing interim arrangements will continue in the meantime.

Summary of the university's structure of corporate governance

The university's objectives, powers and framework of governance are set out in its Instrument and Articles of Government. Under the Instrument and Articles of Government, the Board of Governors has a range of powers and duties, including the ongoing responsibility for the strategic direction of the university, approval of major developments,

approval of annual estimates of income and expenditure, ensuring solvency of the institution, and safeguarding its assets.

It is a requirement of the Instrument and Articles of Government that there should be a majority of board members who are independent, and that the board should comprise no fewer than 12 and no more than 23 members (including the Vice-Chancellor ex-officio). As of the end of the 2019-20 academic year, the board now has a total of 16 members (including the Interim Vice-Chancellor ex-officio), 11 of whom are independent governors as defined by the Instrument and Articles of Government. The remaining five members of the Board of Governors are members of the university's staff and student bodies. Membership of the Board of Governors is considered at the Nominations Committee, based on a skills matrix that allows decisions to be made about governor requirements for the board.

The principal officer is the Interim Vice-Chancellor, who has responsibility to the Board of Governors for the organisation, direction and management of the university. He is also the designated Accountable Officer for the purposes of the university's registration with the OfS. The Interim Vice-Chancellor is supported by an Executive Board, which comprises: the Interim Vice-Chancellor; the Interim Deputy Vice-Chancellor; four Faculty Pro Vice-Chancellor/Deans; the Pro Vice-Chancellors (Research and Enterprise) and (Academic); the Chief Operating Officer; the Chief Finance Officer; the Executive Director of People and Organisational Development; the Executive Director of Marketing and Communications; the Executive Director of Student and Academic Services; and the Secretary/Clerk to the Board of Governors.

Conduct of business

The Board of Governors is responsible for, among other matters, the determination of the educational character and mission of the university and for the general oversight of its activities. It approves the university's Strategic Plan, the most recent version of which supports and informs the setting of strategic and other priorities up to 2023.

In the conduct of its formal business, and in addition to an annual strategic away day, the board meets four times a year. It has a number of formally constituted sub-committees looking at the following areas: Audit; Finance and Human Resources; Ethics; Nominations; and Remuneration. Each sub-committee has clearly defined and delegated responsibilities as laid out in its respective terms of reference and via the board's Scheme of Delegation.

The Audit Committee regularly meets with external and internal auditors through their attendance at each meeting of the committee. It considers internal audit reports and recommendations for the improvement of the university's systems of internal control, together with management responses and implementation plans. It is also responsible for monitoring the university's ongoing compliance with the OfS action plan, and for assessing the effectiveness of the external audit process through review and consideration of the annual audit plan, including key areas of audit risk, the external audit management letter, and meeting with the external auditors as necessary.

The terms of reference of the Audit Committee incorporate its role in monitoring and reporting upon the effectiveness of the university's risk management, data management quality, and value for money processes and procedures. While senior executives attend meetings of the Audit Committee as necessary, they are not members, and the committee may meet the internal and external auditors independently.

The Ethics Committee, which met last in November 2019, seeks to promote the highest standards of ethical behaviour at DMU, and is responsible for monitoring the ongoing implementation of a university Ethics Code, seeking assurance that its principles, and those of relevant policies that sit beneath it, are fully embedded and actioned across the university. As of the end of 2019-20, the implementation of the code has been delayed in order to enable the outcomes of DMU's cultural audit, which concluded recently, to inform a consultation process with staff and students. Subsequently, the implementation has been further delayed by the impact of Covid-19. The OfS has been informed of the revised timescales and has given its consent to the delay.

The Finance and Human Resources Committee, inter alia, recommends, to the Board of Governors, annual revenue and capital budgets, and monitors performance in relation to the approved budgets. The committee also reviews and recommends to the board the university's Financial Regulations, financial policies, accounting policies and the annual financial statements. It determines matters in relation to the conditions of employment of all university staff and has oversight of the university's compliance with legislation relating to diversity and equality as it relates to, and impacts on, staff, students and other parties. The committee took the lead role for oversight of the aforementioned review of the university's policies and procedures, which included the introduction of a set of a revised set of Financial Regulations. One of the recommendations of the governance effectiveness review was that the Finance and Human Resources Committee be divided into two separate bodies: the Finance and Performance Committee, and the People and Culture Committee. These changes took effect from the 2020-21 academic year.

The Nominations Committee reviews the membership of the Board of Governors, advising on the skills mix required by the board to fulfil its responsibilities. It also considers the recruitment and nomination of new governors, making recommendations to the Board of Governors as appropriate.

The Remuneration Committee determines the annual remuneration of the Vice-Chancellor and senior post holders, and receives a report on the annual review of other senior academic and professional services staff.

All committees of the board are required to report in some form to the board. They do so in a variety of ways, including the formal submission of their minutes or a summary of outcomes provided by the chairs of the respective committees at board meetings, with key matters reported as substantive agenda items for discussion. In addition, the Audit Committee produces an annual report, which is sent to the OfS as part of the Annual Accountability Return. The Interim Vice-Chancellor also provides a report on the broader operation of the university at each board meeting. As appropriate, members of the Executive Board are present at meetings of the board to expand, where necessary, on reports and answer questions as they arise.

The Board of Governors periodically reviews its own effectiveness in accordance with good practice and Committee of University Chairs (CUC) guidance. As noted above, the most recent review was concluded in late 2019, with the board's response being published in June 2020. As part of its commitments to the OfS under the terms of the action plan, the university will look to embark upon another effectiveness review in 2021, two years earlier than recommended by the CUC. Newly appointed governors are expected to participate in a robust internal induction programme, tailored to their specific needs and experience, which will include them being made aware of their legal and regulatory obligations, as well as their obligations as a trustee of a charitable institution. Additionally, it is a mandatory requirement of governors that they attend external training offered by independent organisations, to ensure they are aware of wider higher education governance policy developments and best practice. They are also encouraged to be proactive in identifying opportunities for any further training or support that might be required to enable them to better fulfil their duties as governors. In relation to the conduct of board business, there is considerable opportunity for governors to request additional information through board committees, the board itself, and via the Secretary/Clerk to the Board.

Financial responsibilities of the university's Board of Governors

In accordance with the university's Instrument and Articles of Government, the Board of Governors is responsible for the oversight of the administration and management (by the Executive Board) of the affairs of the university and is required to approve audited financial statements for each financial year. The Board of Governors is responsible for keeping proper accounting records that disclose the financial position of the university and enable it to ensure that the 'financial statements' are prepared in accordance with the university's Instrument and Articles of Government, the Statement of Recommended Practice on Accounting in Higher Education Institutions, and other relevant accounting standards. As a Higher Education Corporation, the board, through its designated Accountable Officer, produces financial statements for each financial year, which give a true and fair view of the state of affairs of the university and of the surplus or deficit and cash flows for that year. These statements are also submitted to the OfS as part of the Annual Accountability Return.

In overseeing the preparation of financial statements, the Board of Governors has ensured, either directly or via delegated authority to one of its sub-committees, that:

- Suitable accounting policies are selected and applied consistently
- Judgments and estimates are made that are reasonable and prudent
- Applicable accounting standards have been followed and any material departures disclosed and explained in the financial statements
- Financial statements are prepared on a going concern basis

The Board of Governors has also taken reasonable steps to:

- Ensure that funds from the OfS are used only for the purposes for which they have been given and in accordance with the terms and conditions of funding for higher education institutions
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- Safeguard the assets of the university and prevent and detect fraud
- Secure the economical, efficient and effective management of the university's resources and expenditure

Statement of internal control

Internal control

The key elements of the university's system of internal control, which is designed to discharge the financial responsibilities of the Board of Governors, include:

- Clear definitions of the responsibilities of, and the authority delegated to, senior staff of the university
- A comprehensive short and medium-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- Regular reviews of academic performance and of financial results involving variance reporting and updates of forecast out-turns
- Clearly defined and formalised requirements for approval and control of expenditure
- Procedures for the management of investment and risk
- Comprehensive financial regulations, detailing financial controls and procedures, which were reviewed as part of the review of the university's policies and procedures
- A professional internal audit service, whose annual programme is approved by the Audit Committee on behalf of the Board of Governors

- On behalf of the Board of Governors, the Audit Committee reviews the effectiveness of the university's system of internal control

Risk management

The Board of Governors recognises that effective risk management is an essential element in the framework of good governance. The board has continued to develop its risk management systems, ensuring that they are compliant with the OfS Accounts Direction and good practice guidance such as that issued by the Charity Commission and the Financial Reporting Council.

The system of internal control adopted by the board is designed to set the tone, and embed the culture of risk and resilience management across the university. This is achieved through approving the appropriate risk appetite for the university, and by actively participating in major decisions affecting the university's exposure to risk. It is based on an ongoing process, designed to identify significant risks to the achievement of policies, aims and objectives and the development of policy and strategy; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically to reduce the likelihood of adverse events occurring. This approach enables the board to engage in risk management, rather than elimination, and provide assurance that the risk of failure to achieve policies, aims and objectives is being effectively managed.

The university has in place a risk and enterprise resilience management framework. The university's strategic aims and objectives drive the risk and enterprise resilience of the organisation. This is achieved by:

1. Ensuring a focus on risks that threaten the university's business model and strategic aims
2. Establishing key operations and the corresponding institutional appetite for risk for these areas
3. Strengthening the connection between business continuity and crisis management as key aspects of enterprise resilience
4. Scoping internal and external factors to identify changes to the risk landscape

The governance architecture describes the roles and responsibilities of the Board of Governors, Audit Committee and Executive Board, ensuring clear lines of accountability and communication. The Audit Committee receives quarterly updates to the risk register, one at each of its meetings. The Director of Strategic Planning is the university's lead officer for risk management. To ensure appropriate

responses to each risk, owners are assigned that will facilitate the identification, analysis and evaluation of risks. These risk owners are proactively and continuously reviewing internal and external influences, and ensuring risk mitigation and controls remain up to date. Should risks fall outside of the set risk appetite, escalation will occur to the Risk Management Committee.

This process has been cascaded into the university's faculties and directorates, ensuring that there is a consistent and aligned approach to risk management through which risks are managed at the most appropriate level in the institution.

An update of the Risk and Enterprise Resilience Policy took place in October 2019. Following this update, the Risk Management Committee was constituted as a sub-committee of the Executive Board, which would receive its minutes following each meeting. The Risk Management Committee held its first meeting in February 2020. The updated policy recommends an annual, independent appraisal of the effectiveness of risk management across the university takes place. This should be aligned to existing reporting processes, via the Audit Committee to the Board of Governors, on the effectiveness of internal control systems.

Going concern statement

The Board of Governors have reviewed the university's detailed financial forecast and cash position including a range of potential downside scenarios which incorporate assumptions that there will remain a significant ongoing impact on the university from COVID-19 over the next three years in particular. These assumptions include the impact of potentially lower Home/EU and overseas student recruitment, suppressed levels of research and commercial activity, risk of exceeding student number controls if these are introduced, costs associated with student accommodation, increases in employer pension costs, the delivery of financial targets as set out in the university's financial recovery plan and ability to continue to fund the university's capital investment programme. The forecast cash position is expected to continue to support liquidity requirements and the university will continue to meet its bond covenant.

On this basis the Board of Governors has a reasonable expectation that the university has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the university's accounts.

Members of the Board of Governors who served throughout the year ended 31 July 2020

Their eligibility and attendance as members of the Board of Governors, Audit, Ethics, Finance and Human Resources, Nominations, and Remuneration Committees is shown below:

	Governor attendance at meetings 2019-20	Board meetings*		Audit		Ethics		Finance and Human Resources*		Nominations**		Remuneration	
		Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend**	Attended	Eligible to attend	Attended	Eligible to attend	Attended
1	S Bowie	1	–	2	1	–	–	–	–	–	–	–	–
2	D Buchanan	5	3	–	–	–	–	5	4	–	–	–	–
3	S Capper	3	3	–	–	–	–	2	2	–	–	2	2
4	A Charlton	3	1	2	2	1	1	–	–	–	–	–	–
5	P Clarke	1	1	–	–	–	–	5	4	–	–	–	–
6	S Cole	6	2	4	3	–	–	–	–	–	–	–	–
7	A Collop	6	6	4	2	1	1	5	3	–	–	–	–
8	F Cowrie	6	6	–	–	–	–	–	–	–	–	2	2
9	J Ezard	6	6	–	–	–	–	5	2	–	–	2	2
10	L Hinnigan	6	6	–	–	–	–	5	5	–	–	2	2
11	C Ilako	2	1	2	2	–	–	–	–	–	–	–	–
12	J Lees	5	5	–	–	–	–	–	–	–	–	–	–
13	P McNicoll	6	5	–	–	–	–	–	–	–	–	–	–
14	S Overton-Edwards	–	–	–	–	–	–	–	–	–	–	–	–
15	S Pierson	6	3	1	1	–	–	3	1	–	–	–	–
16	D Rattanpal	6	5	–	–	1	1	–	–	–	–	–	–
17	J Sanghera	5	2	1	1	1	1	–	–	–	–	–	–
18	R Snape	5	4	–	–	–	–	–	–	–	–	–	–
19	I Squires	3	3	–	–	–	–	2	2	–	–	–	–
20	D Stevens	–	–	–	–	–	–	–	–	–	–	–	–
21	P Tansley	5	5	4	3	–	–	–	–	–	–	–	–
22	D Toner	6	5	2	1	–	–	3	3	–	–	–	–
23	S Watson	–	–	–	–	–	–	–	–	–	–	–	–

*including one extraordinary meeting

**the business of the Nominations Committee was conducted electronically during 2019-20



Vijay Patel Building
Art & Design

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF DE MONTFORT UNIVERSITY

Opinion

In our opinion:

- De Montfort University's group financial statements and parent institution's financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2020, and of the Group's and parent institution's income and expenditure, gains and losses, changes in reserves for the year then ended, and of the Group's cash flows for the year then ended
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation.

We have audited the financial statements of De Montfort University which comprise:

Group	Parent institution
Consolidated balance sheet as at 31 July 2020	Balance sheet as at 31 July 2020
Consolidated statement of comprehensive income and expenditure account for the year then ended	Statement of comprehensive income and expenditure for the year then ended
Consolidated statement of changes in reserves for the year then ended	Statement of changes in reserves for the year then ended
Consolidated statement of cash flows for the year then ended	Related notes 1 to 28 to the financial statements including a statement of principal accounting policies
Related notes 1 to 28 to the financial statements, including a statement of principal accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The financial reporting standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent institution in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board of Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Governors has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent institution's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none">▪ Risk of fraud in revenue recognition▪ Financial standing and going concern
Audit scope	<ul style="list-style-type: none">▪ We performed an audit of the complete financial information of De Montfort University as the only full scope component of the group. We considered the University's subsidiary, De Montfort Expertise Limited, to be out of scope due to size relative to the group.
Materiality	<ul style="list-style-type: none">▪ Overall group materiality of £2.5m which represents 1% of revenues.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk		Key observations communicated to the Audit Committee												
<p>Risk of fraud in revenue recognition:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">Group 2018/19 £'000</th> <th style="text-align: right;">Group 2019/20 £'000</th> </tr> </thead> <tbody> <tr> <td>Tuition fee income</td> <td style="text-align: right;">211,195</td> <td style="text-align: right;">220,052</td> </tr> <tr> <td>Research grant income</td> <td style="text-align: right;">3,953</td> <td style="text-align: right;">3,956</td> </tr> <tr> <td>Other income</td> <td style="text-align: right;">10,311</td> <td style="text-align: right;">9,040</td> </tr> </tbody> </table> <p><i>Refer to the Accounting policies (page 47); and Note 1 of the Consolidated Financial Statements.</i></p> <p>Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. There is inherently more judgement applied in determining the amount and timing of income to be recognised in respect of tuition fees, and research grants and 'other' income.</p> <p>As such we focussed our work on the following key judgements:</p> <ul style="list-style-type: none"> ▪ Tuition fee income – the timing of certain courses which span the year end create judgement in determining which period the income should be recognised in; ▪ Research grant income and education contracts - judgement is used to determine which period the award should be recognised and can be dependent on satisfaction of performance conditions; and ▪ Residences, catering and conferences income; health authority income; and other income - the varied nature and size of the income streams creates an opportunity to apply judgement in the period the income is recognised. 		Group 2018/19 £'000	Group 2019/20 £'000	Tuition fee income	211,195	220,052	Research grant income	3,953	3,956	Other income	10,311	9,040	<ul style="list-style-type: none"> ▪ We performed transaction testing in respect of tuition fee income, tracing sampled transactions back to remittance advice and bank statement. ▪ For income from research and non-research projects, we followed a tailored approach in order to test the revenue recognition and verify the related project balances (accrued income). ▪ 'Other' income streams were split out into separate identifiable types and testing was carried out based on consideration of the assessed risk in each area. Testing included sample testing of individual transactions to supporting records. ▪ We supplemented our income statement testing with related balance sheet procedures, testing cut-off at year end and verifying the existence of debtors at the Balance Sheet date. ▪ In addition, we focussed our journal entry testing on manual entries posted to increase revenue. ▪ We performed full scope audit procedures over this risk area in one location (the University), which covered 99.79% of the risk amount. 		<p>Our testing did not identify any material misstatements in respect of revenue and expenditure recognition.</p> <p>Overall, our audit work did not identify any material issues or unusual transactions to indicate any misreporting of the University's financial position.</p>
	Group 2018/19 £'000	Group 2019/20 £'000													
Tuition fee income	211,195	220,052													
Research grant income	3,953	3,956													
Other income	10,311	9,040													

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Financial standing and going concern</p> <p>The sector is facing several actual and potential financial pressures. This includes increasing pension contributions (such as those in relation to the Universities Superannuation Scheme and Teachers' Pension Scheme), and uncertainty over tuition fees as a result of the Augar review.</p> <p>In addition, Covid-19 is likely to have a significant impact on the Higher Education Sector, particularly in 2020/21. For DMU the potential impacts include:</p> <ul style="list-style-type: none"> ▪ Uncertainty around the level of 2020/21 student intake, with the potential for a high drop off in student numbers from September 2020, including international students ▪ Increased voids on student accommodation ▪ Reduced levels of research with a corresponding impact on research income ▪ Reduced commercial activities ▪ The need to reprofile capital developments with a potential shift in focus to the delivery of remote learning. <p>The University is currently updating financial plans in the light of Covid-19 to cover 2020/21 and 2021/22. The impact on the 2020/21 financial position is likely to be significant but the University will have significant levels of cash at 31 July 2020.</p> <p>The University has a £90 million bond issued on the London Stock Exchange. OfS require the University to provide for the repayment of the bond in the form of a bond redemption fund of £15 million every 5 years. DMU will need to ensure it maintains covenant compliance on this borrowing through 2020/21 and 2021/22.</p> <p>We consider this risk to be relevant to the Group (and University as a single entity), and De Montfort Expertise Limited.</p>	<p>In assessing management's consideration of the potential impact of COVID-19, we have undertaken the following audit procedures:</p> <ul style="list-style-type: none"> ▪ We obtained from management their latest financial models that support the Board of Governor's assessment and conclusions with respect to the statement of going concern. ▪ We obtained the facility agreement and confirmed the covenant arrangements that apply. ▪ We performed procedures to ensure the accuracy of the models and resulting forecasts, together with the balance of net debt. ▪ We recalculated managements forecast covenants and compared them with the facilities agreements to ensure that they were met. ▪ We requested management to prepare a reverse test to indicate how significant a reduction in revenue would need to be to breach covenants and assessed the likelihood of occurrence. ▪ We challenged management on the critical estimates and judgements applied in their latest financial models so we could understand and consider the rationale and contra indicators for the factors incorporated into the models and assessed the impact of COVID-19 on the forecasts and conclusion ▪ We inspected the financial models provided to assess their consistency with our understanding of the operations of the University. We also agreed any key amendments, estimates and judgements to underlying supporting information and fact patterns as appropriate and considered contra evidence. ▪ We subjected the financial models to additional stress testing to confirm that the Board have considered a balanced range of outcomes in their assessment of the potential impact of COVID-19 on the Group. ▪ The group team performed going concern procedures in respect of 100% of the group. 	<p>We consider the disclosures made in the basis of preparation and the Strategic report by the Board of Governors in respect to going concern to be appropriate.</p>

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 2 reporting components of the Group, we selected 1 component (the University), which represent the principal business units within the Group. We performed an audit of the complete financial information of the University ("full scope component") based on its size or risk characteristics.

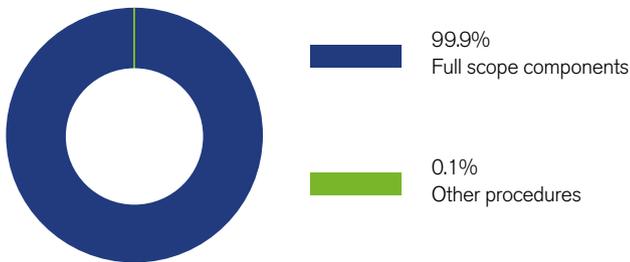
Except as explained below, we did not perform any audit procedures in respect of the other components because we did not consider there to be any accounts that had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting component where we performed audit procedures accounted for 99.9% (2019: 99.9%) of the Group's Total income, 100% (2019: 100%) of the Group's Surplus before tax and 99.9% (2019: 99.9%) of the Group's Total assets.

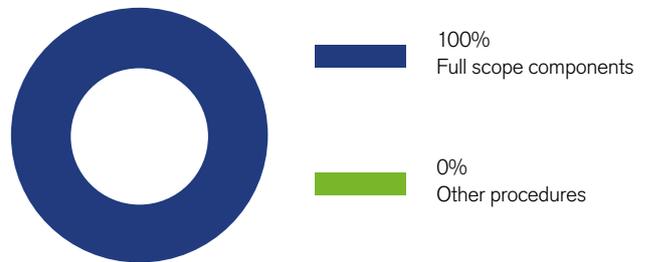
The remaining component represents 0.1% of the Group's revenue. We considered this component to be out of scope for the group audit. For this component, we tested consolidation journals and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.

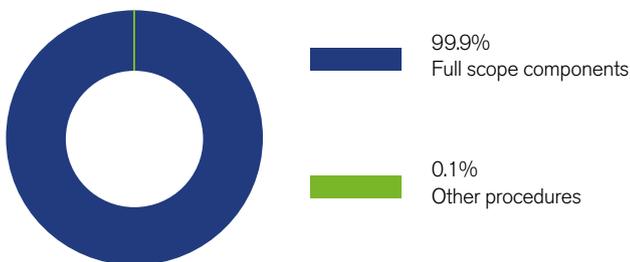
Total income



Surplus before tax



Total assets



Involvement with component teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £2.5 million (2019: £2.4 million), which is 1% (2019: 1%) of revenue. We believe that revenue provides us with the appropriate basis as the University is a not for profit organisation.

We determined materiality for the parent institution to be £2.5 million (2019: £2.4 million), which is 1% (2019: 1%) of revenue.

During our audit, we reassessed initial materiality, which was based on prior year reported revenue, to reflect the current year reported revenue. This resulted in an increase in materiality from £2.45 million to £2.54 million.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2019: 50%) of our planning materiality, namely £1.27m (2019: £1.04m). We have set performance materiality at this percentage due to our level of knowledge and experience of the University, particularly with respect to prior year audit adjustments and observations, and changes in the finance team at the University in the year.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.127m (2019: £0.104m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 37, other than the financial statements and our auditor's report thereon. The Board of Governors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Students

In our opinion, based on the work undertaken in the course of the audit, in all material respects:

- funds from whatever source administered by De Montfort University 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 applicable Terms and conditions attached to them; and
- the requirements of the Office for Students accounts direction for the current year's financial statements have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Office for Students require us to report to you where:

- the University's grant and fee income, as disclosed in note 1g) to the financial statements, has been materially misstated
- the University's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Board of Governors

As explained more fully in the Statement of the Board of Governors' responsibilities statement set out on page 34, the Board of Governors is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance, and for such internal control as the Board of Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Governors is responsible for assessing the group and parent institution'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 management either intend to liquidate the group or the parent institution or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are the Office for Students Terms and conditions of funding for higher education institutions and the Higher Education and Research Act 2017.
- We understood how De Montfort University is complying with those frameworks by the oversight of those charged with governance (i.e. considering the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage earnings in order to influence the perceptions of analysts as to the entity's performance and profitability), the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by considering management's journal entries and potential for bias in the use of judgments and estimates.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
 - o Making enquiries of the University's internal legal team;
 - o Reviewing the minutes of the Finance and HR Committee, Board of Governors and Audit Committee;
 - o Testing manual journal entries; and
 - o Testing estimates for unexpected changes in assumptions.

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

Other matters we are required to address

- We were appointed by De Montfort University on 19 June 2018 to audit the financial statements for the year ending 31 July 2018 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 3 years, covering the years ending 31 July 2018, 31 July 2019 and 31 July 2020
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent institution and we remain independent of the group and the parent institution in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

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

Ernst and Young LLP

Ernst & Young LLP, Statutory Auditor

Birmingham

Date:

18/12/2020

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently throughout the period to items that are considered material in relation to the accounts. These accounting policies have been reviewed by the Board of Governors and are considered to be appropriate to the university's activities.

1. BASIS OF PREPARATION

The uncertainty as to the future impact on the financial performance and cashflows of the University, as a result of the Covid-19 pandemic, has been considered as part of the university's adoption of the going concern basis in these financial statements and in developing a sustainable financial plan. While Covid-19 implications have consequences across the university's range of activities, the most significant impacts are those arising from teaching and the ability and willingness of students to travel for the purposes of Higher Education. The potential impact of volatility on student numbers was a significant factor in producing the university financial plan. These financial statements have been prepared on a going concern basis which senior management believe to be appropriate for the following reasons:

At 31 July 2020, the university generated total comprehensive income for the year of £253.8m and held net assets of £141.5m. Borrowings amounted to £90m listed bond (note 16 and note 27) equivalent to 35.5% of turnover in the year. In addition, the university held cash and cash equivalents and investments of £123.8m, as at 31 July 2020. As the university moved into 2020/21, demand levels from students had proven to be strong, however volatility related to the pandemic persists.

The listed debt is subject to financial covenants as set out in note 27. As at 31 July 2020, all financial covenants were met.

A financial plan for 2020/21 through to 2024/25 is in place which takes into consideration the anticipated impact of Covid-19, recognising the significant impact it has had on the university together with required efficiencies and cost management. The approved financial plan for the next two financial years to 31 July 2021 and 31 July 2022

forecasts income of £239.3m and £264.5m respectively, with corresponding cash and investment balances of £134m and £153m respectively. In support of this plan, cashflow projections have been prepared for twelve months from the date of approval of these consolidated financial statements together with forecast subsidiary balances to reflect the consolidated group balance. On this basis, the University is forecast to operate within its available committed facilities, meeting all financial covenants, with forecast cash and investments headroom no lower than £104m throughout the going concern assessment period of 12 months from the date of approval of these financial statements. The projected covenant position for 31 July 2021 and 31 July 2022 is 1.8% and 1.6% respectively, the maximum being 7% before the covenant is breached. The university carefully monitors the impact of Covid-19 on its financial position regularly. Senior management have considered various scenarios in assessing the impact of Covid-19 on future financial performance and cashflows. The ability to deliver dual-mode teaching mitigates risk in this respect against any further government enforced restrictions, with the expectation, backed by the latest Government indicators, that students would remain in residential accommodation throughout any period of additional restrictions. The university has working policies established from the initial outbreak of Covid-19 ensuring the safe wellbeing of students whilst in residential accommodation.

In testing the robustness of the University's financial position, we have modelled a severe downside scenario. Most of the students for the 2020/21 academic year are currently on campus and as per current government guidance, we have assumed that they will remain in accommodation if the government introduces further lockdown measures. In 2021/22, we assume widespread prolonged government restrictions remain, with majority of students learning online. In this most severe scenario, the forecast to 31 July 2021 would see income reduce to £191m and for 31 July 2022 is expected to recover to £243m, with corresponding cash and investment balances of £73m and £132m respectively. The projected covenant position would be 2.5% and for year ending 31 July 2022 is 1.8%, the maximum being 7% before the covenant is breached. The university is therefore

forecast to continue to operate within its available cash and investment facilities, meeting all financial covenants, with forecast headroom no lower than £72.6m throughout the going concern assessment period of 12 months from the date of approval of these financial statements. The university has demonstrated its ability to secure a strong cohort of students for the 2020/21 academic year whilst operating in a Covid-19 environment. The same level of action would be undertaken to secure a similar cohort for 2021/22.

Should a severe downside scenario occur, a range of mitigating actions are included in the university's financial recovery plan, covering savings expected to be realised on activities that are restricted due to Covid-19. This includes travel, utilities and consumable costs as the majority of staff continue to work from home, tighter controls over staff recruitment including vacancy management and operational efficiency, and cost control primarily through managing discretionary spend which does not have an impact on our ability to meet and maintain our high standards of teaching and research. This is alongside with restricting non-essential and non-committed capital expenditure in the next 12 to 18 months of around £8.2m (note 23).

We will continue to strengthen our liquidity and balance sheet to place us in a strong position as we emerge from this pandemic and safeguard the long-term financial sustainability of the university.

Based on the above analysis, it remains wholly appropriate to prepare the consolidated financial statements on a going concern basis.

2. ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention in accordance with FRS 102 as interpreted by the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019. The university is a Public Benefit Entity and has adopted the Public Benefit Entity requirements of FRS 102.

3. ACCOUNTING JUDGMENTS AND ESTIMATES

In preparing these financial statements, management has made the following judgments and estimates:

i) Impairment of tangible assets

To determine whether there are indicators of impairment within the group's tangible assets, factors taken into consideration in reaching such a decision include, the economic viability and expected future financial performance

of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

ii) Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives, considering residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are considered.

Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

iii) Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note (26d) in the Annual Accounts, will impact the carrying amount of the pension liability.

Furthermore, a roll forward approach, which projects results from the latest full actuarial valuation performed at 31 March 2019, has been used by the actuary in valuing the pensions liability at 31 July 2020.

Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

iv) Bad and doubtful debts

A provision for bad and doubtful debts is calculated using a formula based on the age of the overdue debt. The formula is applied consistently from year to year but necessarily requires a degree of estimation. Specific provision is made for individual debts where recovery is deemed to be uncertain and this requires an element of judgment.

v) Retirement benefit obligations

The university also operates within two schemes that are accounted for as defined contribution schemes – the Universities Superannuation Scheme (USS) and the Teachers' Pension Scheme (TPS). These are accounted for as defined contribution schemes as insufficient information is available to identify the university's share of the underlying assets and liabilities.

As the university is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The USS deficit recovery plan defines the deficit payment required as a percentage of future salaries until 2031. These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing rate of discount. See note 26c.

4. TANGIBLE FIXED ASSETS

i) Measurement at initial recognition

Tangible assets are capitalised if they are capable of being used for a period that exceeds one year and:

- Individually have a cost equal to or greater than £10,000 or
- Collectively have a cost equal to or greater than £10,000 where the assets are functionally interdependent or are purchased together and intended to be used as group under common management control

or

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

ii) Measurement after initial recognition

Land and buildings inherited from Leicestershire County Council on 1 April 1989, and prime teaching buildings, that had been revalued to fair value on 30 May 2012, are

measured at deemed cost, being the revalued amount at the date of that revaluation, less depreciation since that date.

All other tangible fixed assets are stated at cost.

Assets held for resale are stated at the lower of cost or net realisable value.

A review for impairment of buildings is carried out annually. If events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable, an impairment charge is made to the Consolidated Statement of Comprehensive Income.

Componentisation is built into the asset lives of the buildings. When significant components are replaced, they have their asset lives individually assessed.

iii) Depreciation

Land is not depreciated. Freehold property is depreciated over expected useful life on a straight-line basis. For existing properties, new construction and major renovations, the expected useful life is based on an external appraisal and reflects all of the buildings' major components. Refurbishment projects are depreciated over 20 years.

Leasehold property, including improvements to leasehold property, and other leased assets are depreciated over the life of the lease. Other tangible assets are depreciated on a straight-line basis over their useful life as follows:

Equipment	Lifespan
Computer equipment	Three years
Other equipment and furniture	Five years
Equipment acquired for specific projects	Over the life of the project (generally three years)
Expenditure which extends useful life	Over additional useful life

Buildings	Lifespan
University-owned buildings	Over expected useful life (20 to 50-plus years)
Leasehold property	Over life of lease

New buildings and major refurbishments to buildings are depreciated from the month in which they are put into service. All other assets are depreciated from the month after they are put into service.

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

Depreciation on disposals is provided up to the month before the asset is taken out of use.

iv) Funded tangible fixed assets

Where assets are acquired with the aid of specific grants or donations they are capitalised and depreciated as above.

All non-government grants are released to the Consolidated Statement of Comprehensive Income as donations, as performance criteria are met.

Government grants and donations are treated as deferred capital grants and released to income over the expected useful life of the asset (or the period of the grant in respect of specific projects).

Grants received in respect of land are released to the Consolidated Statement of Comprehensive Income and shown under 'Donations and Endowments' when performance-related conditions are met.

v) Tangible donated fixed assets

Tangible fixed assets other than land that have been donated to the university are capitalised at market value.

All non-government donations are released to the Consolidated Statement of Comprehensive Income as donations.

Government donations are treated as deferred capital grants. Assets are depreciated over their estimated useful lives, and a corresponding amount is released from deferred capital grants to the Consolidated Statement of Comprehensive Income.

vi) IT equipment and software licences

IT equipment, such as personal computers and related items, are purchased in bulk through the university's central purchasing and supply system. These items are capitalised as a single group of equipment and depreciated in accordance with i) and iii) above.

IT software licences are treated as a revenue cost and are charged to the Consolidated Statement of Comprehensive Income in the year of purchase.

IT software development is treated as an intangible asset.

vii) Maintenance of premises

The cost of routine maintenance is charged to the Consolidated Statement of Consolidated Income in the period in which it is incurred. The university has a long-term planned maintenance programme, which is reviewed on an annual basis. The university charges actual expenditure on long-term planned maintenance to the Consolidated Statement of Consolidated Income in the period in which it is incurred.

viii) Heritage assets

Heritage assets are defined as assets that are held principally for their contribution to knowledge and culture.

An independent antiques and fine art assessor valued the heritage assets as at 12 March 2016 on the basis of the value for insurance purposes. Those assets, which are valued either individually or as a group at or in excess of £10,000, are recognised in the Balance Sheet at deemed cost, being this valuation.

Heritage assets are not depreciated since their long economic life and high residual value are an indication that any depreciation charge is immaterial. They are subject to an annual impairment review at the reporting date. They are maintained and the cost of maintenance charged to the Consolidated Statement of Comprehensive Income as incurred.

5. INTANGIBLE ASSETS

Intangible assets are recorded at cost and amortised over their expected useful life.

6. 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 held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excess of the lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

Rental costs under operating leases are charged to the Consolidated Statement of Comprehensive Income in equal amounts over the periods of the leases. Any lease premiums or incentives are spread over the minimum lease term.

7. REVENUE

i) Tuition fees

Revenue from tuition fees represents student fees received and receivable that are attributable to the studies undertaken in the current accounting period. Where the amount of the tuition fee is reduced by a discount then the income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

ii) Funding body grants

Income from Funding Council recurrent grants is in support of general or specific revenue activities of the university. The income is credited direct to the Consolidated Statement of Comprehensive Income on an accrual's basis.

Other government grant income is recognised on a systematic basis using the 'percentage of completion' method. Income is recognised based on costs expended during the period.

Government capital grants and contributions received by the university to finance the construction or purchase of capital assets are accounted for as deferred capital grants and released to the Consolidated Statement of Comprehensive Income over the expected useful life of the related assets (or the period of the grant in respect of specific projects).

Grants received in respect of land are released to the Consolidated Statement of Comprehensive Income as donations in the year in which performance conditions are met.

Deferred income in respect of the Office for Students (OfS) capital grant, which is attributable to subsequent years, is shown and is reported under creditors due within one year and falling due after more than one year in the Balance Sheet.

iii) Research grants and contracts

Other grants and donations from non-government sources, including research grants from non-government sources, are released to the Consolidated Statement of Comprehensive Income as performance criteria are met. Those transactions under £100,000 are released on an accrual's basis. These are shown under research grants and contracts.

iv) Commercial research and consultancy revenue

Revenue from commercial research contracts, consultancy and other services rendered is recognised using the 'percentage of completion' method and is shown under 'Research'.

v) Investment Income

All income from short-term deposits and endowment asset investments is credited to the Consolidated Statement of Consolidated Income on a receivable basis and is shown under 'Investment Income'.

vi) Donations and Endowments

Non-exchange transactions without performance-related conditions are donations and endowments.

Endowment assets are reported under investments and cash and cash equivalents.

vii) Donations with no restrictions

Charitable donations with no restrictions are recognised in the Consolidated Statement of Comprehensive Income when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability. This includes all donations under £1,000.

viii) Donations and endowments with restrictions

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types:

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 institution. Income is recognised on entitlement. Investment returns are recognised immediately and held within the endowment reserve, to the extent that it has not been spent.

Restricted expendable endowments

The donor has specified a particular objective and the donation is expected to be spent over a period of at least 24 months. These are recorded in the Consolidated Statement of Comprehensive Income on entitlement and retained within a restricted endowment reserve until

such time that expenditure is incurred in line with the restriction. The university applies a de-minimis of £5,000 for expendable endowments.

Donations with restrictions

The donation doesn't meet the expendable endowment criteria where the general use of the funds is specified by the donor. These are recorded in the Consolidated Statement of Comprehensive Income on entitlement and retained within a restricted reserve until such time that expenditure is incurred in line with the restriction.

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. Income is recognised on entitlement. Investment returns are recognised immediately and held within the endowment reserve, to the extent that it has not been spent.

Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the Consolidated Statement of Comprehensive Income to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the Balance Sheet.

ix) Donations for fixed assets

All non-government donations are released to the Consolidated Statement of Comprehensive Income as donations. Government donations are treated as deferred capital grants.

Donations received to be applied to the cost of land are recognised by inclusion as 'Donations' in the Consolidated Statement of Comprehensive income.

x) Gifts in kind, including donated tangible fixed assets

Gifts in kind are included in 'other income' or 'deferred capital grants' as appropriate using a reasonable estimate of their gross value or the amount actually realised.

8. STOCK

Stocks are stated at the lower of cost and net realisable value. Consumable items are charged directly to the Consolidated Statement of Comprehensive Income. The first in, first out (FIFO) method is used for costing stock.

9. INCOME TAX

Taxation status

The institution is an exempt charity within the meaning of part 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993) and does pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by 478-488 of the Corporation Tax Act 2010 (CTA2010) 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.

All subsidiary companies are liable to Corporation Tax and Value Added Tax in the same way as any other commercial organisation.

10. DEFERRED TAXATION

Provision is made for deferred taxation in respect of subsidiary companies, using the liability method on all material timing differences.

11. EMPLOYEE BENEFITS

i) Short-term employee benefits

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

ii) Post-employment benefits

Retirement benefits to employees of the university are provided by defined benefit schemes that are funded by contributions from the university and employees.

Payments are made to the Teachers' Pension Scheme and the Universities Superannuation Scheme for academic staff and to the Local Government Pension Scheme for support staff. These are all independently administered schemes. Pension costs are assessed on the latest actuarial valuations of the schemes.

For the Local Government Pension Scheme, the assets of the scheme are included at closing market value and scheme liabilities are measured on an actuarial basis using the projected unit credit method. The difference between the fair value of assets and liabilities measured

on an actuarial basis, net of the related amount of deferred tax, is recognised in the university's balance sheet as a pension scheme liability or asset as appropriate. A surplus is only included to the extent that the university is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The following are recognised in the Consolidated Statement of Comprehensive Income:

- a) Changes in the defined asset or liability arising from factors other than cash contributions to the scheme
- b) Actuarial gains and losses
- c) Interest charges/returns by applying the discount rate to the net pension deficit/surplus

The Teachers' Pension Scheme and the Universities Superannuation Scheme are multi-employer schemes where the university is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. Contributions are charged directly to the Consolidated Statement of Comprehensive Income as if the schemes were a defined contribution scheme.

Provision is made for enhanced pensions where employees have taken early retirement.

Also, a provision is made for any contractual commitment to fund any past deficits within the Universities Superannuation Scheme.

12. BASIS OF CONSOLIDATION

The Consolidated Statement of Comprehensive Income and Balance Sheet include the annual accounts of the corporation and its operating subsidiary undertakings. Details of the university's subsidiary undertakings are provided in the notes to the accounts. The Annual Accounts have been consolidated under the acquisition method of accounting; intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include those of De Montfort University Students' Union Limited, as it is a separate limited company over which the university does not exert control or dominant influence over policy decisions.

13. FINANCIAL INSTRUMENTS

Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an immaterial risk of changes in value ie price risk. Cash and cash equivalents consist of cash on hand, demand deposits and short-term deposits/highly liquid

investments, less bank overdrafts, which are repayable on demand. Short-term deposits and investments are those with an outstanding maturity of three months or less.

Interest-bearing borrowing

In accordance with the requirements of IAS 39 Financial Instruments, bonds and long-term borrowings are recognised initially at fair value less attributed transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in debt and equity securities

Other investments in debt and equity securities held by the university are classified as being 'available for sale' and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in the fair value reserve), except for impairment losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the Consolidated Statement of Comprehensive Income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost, less any provision for impairment.

Bad Debts

The university regularly reviews its aged accounts receivable and records an impairment for its estimate of unrecoverable items.

14. INTEREST PAYABLE

Interest is capitalised on borrowings to finance major property development to the extent that it accrues in respect of the period of development. Such costs are capitalised as part of the specific asset.

Other interest payable is charged to the Consolidated Statement of Comprehensive Income.

15. STAFF RESTRUCTURING COSTS

Restructuring costs are recognised in respect of the direct expenditure of a reorganisation, where plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken at the Balance Sheet date.

16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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 Balance Sheet but are disclosed in the notes.

17. FOREIGN CURRENCIES

The consolidated financial statements are presented in pounds sterling, which is the group's functional and presentation currency. The group does not include any foreign entity. Transactions denominated in foreign currencies are recorded at the exchange rate on the transaction date, while assets and liabilities are translated at exchange rates at the Balance Sheet date. The resulting exchange rate differences are recognised in the Consolidated Statement of Comprehensive Income.

18. INVESTMENT PROPERTIES

An investment property can comprise land, buildings or part of a building and is one that is used to earn rentals or for capital appreciation or for both, rather than for the supply of goods or services. Property that is used with a primary purpose of supporting education does not meet the definition of an investment property and is accounted for as a tangible fixed asset.

Mixed use property is separated between investment property and fixed assets where rental income is considered material. Where the fair value of the investment property component cannot be measured reliably without undue cost or effort the entire property is accounted for as a tangible fixed asset.

After initial recognition at cost, an investment property is measured at fair value, with any changes in fair value recognised immediately within gains or losses on investments in the Consolidated Statement of Comprehensive Income. Investment properties are not depreciated but are revalued or reviewed as at 31 July each year.

Rentals received in relation to investment properties are credited to Investment Income.

Consideration of whether or not a property is an investment property is made at both the individual entity and consolidated accounts level.

CONSOLIDATED AND CORPORATION STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2020

Income	Notes	Group 2020 £'000	Group 2019 £'000	Corporation 2020 £'000	Corporation 2019 £'000
Tuition fees and education contracts	1a	220,052	211,195	219,958	210,629
Funding body grants	1b	19,899	18,325	19,899	18,325
Research grants and contracts	1c	3,956	3,953	3,842	3,897
Other income	1d	9,040	10,311	8,913	10,630
Investment income	1e	817	1,080	813	1,074
Donations and endowments	1f	89	426	89	426
Total income		253,853	245,290	253,514	244,981
Expenditure					
Staff costs	2	137,693	128,162	137,387	127,676
Staff restructuring costs	2e	299	648	299	648
Other operating expenses	3	75,183	79,227	75,150	79,404
Interest and other finance costs	4	7,035	6,694	7,035	6,694
Intangible amortisation	7	4,329	3,746	4,329	3,746
Depreciation	8	12,911	12,361	12,911	12,361
Impairment	8	1,378	–	1,378	–
Total expenditure	5	238,828	230,838	238,489	230,529
Surplus before other gains/(losses)		15,025	14,452	15,025	14,452
Loss on disposal of fixed assets		–	(36)	–	(36)
Gain on investments		3	146	3	146
Surplus before tax		15,028	14,562	15,028	14,562
Taxation	6	(9)	23	(9)	23
Surplus for the year		15,019	14,585	15,019	14,585
Actuarial (loss)/gain in respect of pension schemes	26d	(50,897)	(24,198)	(50,897)	(24,198)
Total comprehensive income for the year		(35,878)	(9,613)	(35,878)	(9,613)
Represented by:					
Endowment comprehensive income for the year		52	364	52	364
Restricted comprehensive income for the year		–	32	–	32
Unrestricted comprehensive income for the year		(35,764)	(10,068)	(35,764)	(10,068)
Revaluation reserve comprehensive income for the year		(166)	59	(166)	59
		(35,878)	(9,613)	(35,878)	(9,613)

CONSOLIDATED AND CORPORATION STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2020

Group	Income and expenditure account				
	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2019	2,263	57	173,813	1,227	177,360
Surplus for the year	52	–	14,967	–	15,019
Other comprehensive income	–	–	(50,897)	–	(50,897)
Transfers between revaluation and income and expenditure reserve	–	–	166	(166)	–
Total comprehensive income for the year	52	–	(35,764)	(166)	(35,878)
Balance at 31 July 2020	2,315	57	138,049	1,061	141,482

Group	Income and expenditure account				
	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2018	1,899	25	183,881	1,168	186,973
Surplus for the year	364	32	14,189	–	14,585
Other comprehensive income	–	–	(24,198)	–	(24,198)
Transfers between revaluation and income and expenditure reserve	–	–	(59)	59	–
Total comprehensive income for the year	364	32	(10,068)	59	(9,613)
Balance at 31 July 2019	2,263	57	173,813	1,227	177,360

Corporation	Income and expenditure account				
	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2019	2,263	57	173,556	1,227	177,103
Surplus for the year	52	–	14,967	–	15,019
Other comprehensive income	–	–	(50,897)	–	(50,897)
Transfers between revaluation and income and expenditure reserve	–	–	166	(166)	–
Total comprehensive income for the year	52	–	(35,764)	(166)	(35,878)
Balance at 31 July 2020	2,315	57	137,792	1,061	141,225

Corporation	Income and expenditure account				
	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2018	1,899	25	183,624	1,168	186,716
Surplus for the year	364	32	14,189	–	14,585
Other comprehensive income	–	–	(24,198)	–	(24,198)
Transfers between revaluation and income and expenditure reserve	–	–	(59)	59	–
Total comprehensive income for the year	364	32	(10,068)	59	(9,613)
Balance at 31 July 2019	2,263	57	173,556	1,227	177,103

CONSOLIDATED AND CORPORATION STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2020

	Notes	Group 2020 £'000	Group 2019 £'000	Corporation 2020 £'000	Corporation 2019 £'000
Non-current assets					
Intangible assets	7	24,464	28,531	24,464	28,531
Tangible fixed assets	8	292,822	290,807	292,822	290,807
Heritage assets	9	1,073	1,073	1,073	1,073
Investments	11	1,085	1,249	1,395	1,559
Total non-current assets		319,444	321,660	319,754	321,970
Current assets					
Stocks	12	115	99	115	99
Trade and other receivables	13	15,614	15,251	16,498	16,360
Investments	14	69,016	66,000	69,016	66,000
Cash and cash equivalents	21	54,797	40,628	53,914	39,213
Total current assets		139,542	121,978	139,543	121,672
Less: Creditors: amounts falling due within one year	15	(44,627)	(48,865)	(45,195)	(49,126)
Net current assets		94,915	73,113	94,348	72,546
Total assets less current liabilities					
		414,359	394,773	414,102	394,516
Creditors: amounts falling due after more than one year	16	(121,737)	(122,202)	(121,737)	(122,202)
Provisions					
Pension provisions	26d	(148,722)	(91,772)	(148,722)	(91,772)
Other provisions	17	(2,418)	(3,439)	(2,418)	(3,439)
Total net assets		141,482	177,360	141,225	177,103
Restricted reserves					
Income and expenditure reserve - endowment fund	18	2,315	2,263	2,315	2,263
Income and expenditure reserve - restricted reserve	19	57	57	57	57
Unrestricted reserves					
Income and expenditure reserve - unrestricted		138,049	173,813	137,792	173,556
Revaluation reserve		1,061	1,227	1,061	1,227
Total unrestricted reserves		139,110	175,040	138,853	174,783
Total reserves		141,482	177,360	141,225	177,103

The financial statements on pages 54 to 77 were approved by the Board of Governors on 16 December 2020 and were signed on its behalf by



Mr Ian Squires
Chair of the Board of Governors



Professor Andy Collop
Chief Executive and Interim Vice-Chancellor

This statement should be read in conjunction with the report of the Chairman, the Operating and Financial Review and Notes to the Accounts

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Surplus for the year before taxation		15,028	14,562
Adjustment for non-cash items			
Depreciation	8	12,911	12,361
Amortisation of intangible assets	7	4,329	3,746
Impairment	8	1,378	-
Gain on investments		(3)	(146)
Increase in stock		(16)	(8)
Increase in debtors		(364)	(5,813)
(Decrease)/increase in creditors		(4,375)	6,583
Increase in pension provision	26	4,328	6,804
(Decrease)/increase in provisions		(1,360)	527
Adjustment for investing or financing activities			
Investment income	1e	(817)	(1,080)
Interest payable	4	7,035	6,694
Endowments received	18	(87)	(390)
Loss on the disposal of fixed assets		-	36
Capital grants income		(1,701)	(1,699)
Cash inflow from operating activities		36,286	42,177
Taxation		(9)	23
Net cash inflow from operating activities		36,277	42,200
Cash flows from investing activities			
Proceeds from sales of fixed assets		-	53
Capital grants receipts		1,242	1,817
Repayment of capital grants		-	(336)
Non-current investment disposal		166	-
Withdrawal from deposits		(3,016)	(16,000)
Investment income		817	1,080
Payments made to acquire tangible assets		(16,301)	(12,470)
Payments made to acquire intangible assets		(265)	(2,811)
		(17,357)	(28,667)
Cash flows from financing activities			
Interest paid		(4,838)	(4,838)
New endowments		87	390
		(4,751)	(4,448)
Increase in cash and cash equivalents in the year		14,169	9,085
Cash and cash equivalents at the beginning of the year		40,628	31,543
Cash and cash equivalents at the end of the year		54,797	40,628
		14,169	9,085

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2020

1. Analysis of income	Group 2019/20 £'000	Group 2018/19 £'000	Corporation 2019/20 £'000	Corporation 2018/19 £'000
a) Tuition fees and education contracts				
Home and EU students	162,235	159,136	162,149	158,572
Overseas students	51,109	43,028	51,109	43,028
Education contracts	4,541	6,017	4,533	6,017
Other contracts	2,167	3,014	2,167	3,012
Total	220,052	211,195	219,958	210,629
b) Funding body grants				
Recurrent grants				
Office for Students	15,710	15,107	15,710	15,107
Education and Skills Funding Agency	503	431	503	431
Specific grants				
Higher Education Innovation Fund	1,039	600	1,039	600
Connection Capability Fund	972	514	972	514
Release of capital grants				
Buildings	906	897	906	897
Equipment	769	776	769	776
Total	19,899	18,325	19,899	18,325
c) Research grants and contracts				
Research councils	845	849	845	849
UK-based charities	505	205	505	205
European Commission	1,218	1,415	1,218	1,415
Other grants and contracts	1,388	1,484	1,274	1,428
Total	3,956	3,953	3,842	3,897
d) Other income				
Residences and catering	2,031	4,450	2,031	4,448
Other services rendered	2,062	2,309	1,126	1,815
Other income	4,921	3,526	5,730	4,341
Other capital grants	26	26	26	26
Total	9,040	10,311	8,913	10,630
e) Investment income				
Interest from short-term investments	776	717	772	711
Income from restricted expendable endowments	9	9	9	9
Income from restricted permanent endowments	32	28	32	28
Other investment income	–	326	–	326
Total	817	1,080	813	1,074
f) Donations and endowments				
New endowments	87	390	87	390
Donations with restrictions	2	35	2	35
Unrestricted donations	–	1	–	1
Total	89	426	89	426
Total income	253,853	245,290	253,514	244,981

ii) Former Vice-Chancellor

The remuneration for the former Vice-Chancellor is detailed in the table below and relates to the period of office from 1 August 2018 to 28 February 2019.

	2019/20 £'000	2018/19 £'000
Salary	–	204
Bonus relating to prior year	–	10
Health insurance	–	1
Compensation for loss of office	–	260
Total excluding pension contributions	–	475
Pension contributions to USS	–	4
Total emoluments	–	479

Justification for remuneration package

Professor Andy Collop held the role of Vice-Chancellor during the 2019/2020 academic year. During this period, Professor Collop had a significant impact on university's performance demonstrated through the following areas:

The 2019 NSS results, which provide data from the survey conducted between January and April 2019 which were used as part of the data to inform the remuneration process, showed a continued performance above benchmark and sector. DMU's Overall Satisfaction score was 83.75% and compared to: -

- DMU's benchmark figure of 81.79% in 2019, meant that the University was +1.96% above expected performance.
- The sector average which stood at 83.65% for Overall Satisfaction (and represented a small increase from the 2018 results from of 83.48%). DMU

Across the three major domestic league tables published in 2019 – the Sunday Times Good University Guide, the Guardian League Table and the Complete University Guide – DMU experienced improvements in two rankings. It should be noted that league tables are published to help students make informed decisions about where to study in the following academic year. So, the Sunday Times Good University guide, released in September 2019, has a publication year of 2020. Similarly, the Guardian League Table and the Complete University Guide, released in June and May 2019 respectively also have publication years of 2020.

In the 2020 Guardian League Table (released in 2019), DMU rose 10 places compared with the previous year.

In the 2020 Complete University Guide (released in 2019), DMU rose three places compared with the previous year.

In the 2019 Complete University Guide (released in 2018), DMU rose eight places compared with the previous year.

DMU was ranked joint 50th in the inaugural Times Higher Education (THE) University Impact Rankings (UIR) published in April 2019. The UIR captures universities' impact on society, based on their success in delivering the United Nations' (UNs') Sustainable Development Goals (SDGs). This build upon DMU being engaged with the United Nations Sustainable Goal Development and was named a Global Hub for Sustainable Development Goal 16, which promotes peace, justice and strong institutions.

It was noted that 2019 had been a challenging year given the Office for Students action plan, together with the imperative to drive cultural change. Working with the Governing Body, Professor Collop led significant changes to improve Governance arrangements, transparency and accountability.

Professor Collop has also significantly increased engagement with staff via a number of mechanisms, to provide opportunities for staff to positively influence the university's strategy and decision making, including the undertaking of an evidence based cultural audit to identify the scale of change needed to move DMU forward and seek staff views on the 'ideal' culture for DMU.

Financially, DMU performed exceptionally well in 2018/19 with a £14.6m surplus, cash and investment balances of £107m (an increase of £25m from 2017/18) and an extensive capital programme funded through cash reserves. This financial performance placed DMU in the top quartile of universities within the United Kingdom.

d) Remuneration of other higher paid staff

Remuneration of other higher paid staff, excluding employer's pension contributions:

	2019/20	2018/19
£100,000 to £104,999	1	2
£105,000 to £109,999	2	–
£110,000 to £114,999	2	2
£115,000 to £119,999	1	1
£120,000 to £124,999	3	1
£125,000 to £129,999	1	3
£130,000 to £134,999	1	1
£135,000 to £139,999	1	1
£140,000 to £144,999	1	–
£145,000 to £149,999	–	1
£150,000 to £154,999	–	–
£155,000 to £159,999	1	–
£160,000 to £164,999	–	–
£165,000 to £169,999	1	–
£170,000 to £174,999	–	1
£175,000 to £179,999	–	–
£180,000 to £184,999	–	–
£185,000 to £189,999	–	1
£190,000 to £194,999	–	–
£195,000 to £199,999	–	–

The Board of Governors has agreed the terms of reference, policy and guidelines for DMU's Remuneration Committee that determines membership, responsibilities and how they must carry out their role. The Remuneration Committee is responsible for meeting the obligations described in those documents and has oversight of their implementation in relation to senior staff remuneration and severance arrangements. These documents and the approach taken to comply with the Committee of University Chairs Higher Education Senior Staff Remuneration Code can be found here:

<http://www.dmu.ac.uk/about-dmu/university-governance/the-board-of-governors/sub-committees-of-the-board.aspx>

The Remuneration Committee has a specific remit for determining the remuneration of the Vice-Chancellor and those roles determined to be Senior Post-holders which within the reference period was the Deputy Vice-Chancellor, Chief Operating Officer, Pro Vice-Chancellors/Deans and Chief Finance Officer. The reference period for determining pay during 2019/20 is 2018/19 as pay is reviewed in the first academic term of the following academic year i.e. Autumn 2019.

The Remuneration Committee has its own terms of reference, which include membership and responsibilities, as well as a set of guidelines detailing the role and remit of the committee and the information that is required by the committee to support determination of remuneration decisions. These documents describe the university's policy approach to determining remuneration for those within the remit of the remuneration committee and can be found here:

<https://www.dmu.ac.uk/documents/university-governance/guidance-for-remuneration-committee.pdf>

A range of benchmarking data is used to guide remuneration decisions including data from the higher education sector and beyond and more details can be found in the guidance described above. In order to determine the salary of the Vice-Chancellor and other Senior Post-holders, data on whole sector and similar university data are considered as well as those that are considered to be immediate and aspirational competitors recognising that our aim is to secure and retain those who can enable and drive the university's progress. Senior Professional Service Post-holders remuneration is also benchmarked against data provided by Korn Ferry/Hays using the "Service Sector" average to determine salaries of roles that are generic across sectors.

Key management personnel

The university Executive Board are classed as key management personnel whom have authority and responsibility for planning, directing and controlling the activities of the institution. This includes compensation paid to key management personnel.

	2019/20 £'000	2018/19 £'000
Key management personnel	2,102	2,132

e) Restructuring costs – group and corporation

The total amount of any compensation for loss of office paid across the institution

	2019/20 £'000	2018/19 £'000
Staff restructuring costs	299	648
Number of staff to whom this was payable to	31	50

f) Trade Union Facility Time

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period

Full-time equivalent employee

	2019/20	2018/19
	22	22
	22.0 FTE	21.3 FTE

Percentage of time spent on facility time

Employees who were relevant union officials employed during the period

Percentage of time	Number of employees	
0%	–	–
1-50%	22	22
51-99%	–	–
100%	–	–

Percentage of pay bill spent on facility time

Percentage of total pay bill spent on paying employees who were relevant union officials for facility time during the period

Total cost of facility time	78,804	90,296
Total pay bill	128,201,000	117,822,000
Percentage of the total pay bill spent on facility time	0.06%	0.08%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours

	8.02%	13.24%
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g) Access and Participation

Access Investment

Financial Support

Disability Support

2019/20

5,883

2,184

1,681

Total

9,748

3. Other operating expenses

	Group 2019/20 £'000	Group 2018/19 £'000	Corporation 2019/20 £'000	Corporation 2018/19 £'000
External auditor's remuneration	212	219	203	210
Auditor's fees for non-audit services Other services supplied pursuant to such legislation	4	4	4	4
Internal audit services	246	224	246	224
Legal, professional, agency and consultancy fees	25,619	26,069	25,832	26,548
Administrative expenses	6,458	7,615	6,441	7,585
Publicity	7,604	7,602	7,604	7,601
General education expenses	3,033	3,366	2,877	3,197
Consumables	9,430	10,363	9,375	10,324
Repairs and general maintenance	3,640	3,662	3,640	3,653
Student bursaries	3,267	2,659	3,267	2,659
Travel and subsistence	2,924	5,566	2,915	5,528
Energy	2,852	3,160	2,852	3,160
Residences and catering	4,648	3,673	4,648	3,672
Rent, rates and insurance	2,009	2,004	2,009	2,002
Grant to De Montfort University Students' Union Limited	1,294	1,170	1,294	1,170
Staff development	1,049	1,018	1,049	1,016
Other	894	853	894	851
Total	75,183	79,227	75,150	79,404

	Group 2019/20 £'000	Group 2018/19 £'000	Corporation 2019/20 £'000	Corporation 2018/19 £'000
Other operating expenses include:				
Operating leases – buildings	386	371	386	371
Operating leases – equipment	52	47	52	47

Governors

In 2019/20 five governors were entitled to remuneration for their roles as Chairs of Committees. A total of £45,937 (2018/19 – £23,214) has been paid.

The total expenses paid to or on behalf of 13 governors was £6,191 (2019: £7,059 to 21 governors). This represents travel and subsistence incurred in attending Board and Committee meetings in their official capacity.

4. Interest payable – group and corporation

	2019/20 £'000	2018/19 £'000
Net financing costs in pension scheme liabilities	2,018	1,702
Interest on USS	46	22
Interest on bond	4,838	4,837
Bond transaction costs	133	133
Total	7,035	6,694

5. Analysis of 2019/20 expenditure by activity – group and corporation	Staff costs	Other operating expenses	Depreciation, amortisation and impairment	Interest	2019/20 Total	2018/19 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Academic departments	78,911	8,472	1,520	–	88,903	82,778
Academic services	15,490	9,861	6,697	–	32,048	32,514
Admin and central services	13,285	7,093	1,546	–	21,924	22,214
General education expenditure	3,560	26,247	1	–	29,808	26,709
Staff and student facilities	12,347	9,077	88	–	21,512	23,496
Premises	6,719	8,913	8,686	–	24,318	23,455
Residences and catering	479	3,371	80	74	4,004	2,032
Research grants and contracts	2,091	1,502	–	–	3,593	3,267
Other expenditure	483	647	–	4,963	6,093	5,219
Provision for restructuring	299	–	–	–	299	648
Pension scheme's adjustment	4,328	–	–	1,998	6,326	8,506
Total	137,992	75,183	18,618	7,035	238,828	230,838

Other operating expenses includes amortisation.

The depreciation and amortisation charge has been funded by:

	£'000
Deferred capital grants released	1,701
General income	16,917
Total	18,618

6. Taxation – group and corporation

	2019/20 £'000	2018/19 £'000
Corporate Income Tax (CIT) paid/(refunded) – Liaoning University (LNU)	9	(10)
Individual income tax (IIT) paid / (refunded) -LNU	-	(4)
(Release) / provision for (IIT) due in Shenyang Huanggu region	-	(9)
Total	9	(23)

Tax is payable to Chinese Tax Authorities on activity relating to JEPs with partner universities in China.

7. Intangible fixed assets

	2019/20 £'000	2018/19 £'000
Group and corporation		
Opening balance 1 August	28,531	29,237
Transfer (to)/from tangible fixed assets	(3)	229
Additions in the year	265	2,811
Amortisation charge for the year	(4,329)	(3,746)
Closing balance at 31 July	24,464	28,531

The university has concluded a core systems modernisation programme (CSM) to replace a number of items of software that have reached the end of their useful lives. These costs are amortised over a period of 10 years.

Internal staff capitalised within intangible asset additions at 31 July 2020 was nil (31 July 2019: nil)

8. Tangible fixed assets	Land and buildings	Assets under construction	Furniture and equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000
Group and corporation					
Cost or valuation					
At 1 August 2019	318,286	5,300	13,203	35,583	372,372
Additions at cost	4,213	8,138	1,418	2,532	16,301
Transfers from assets under construction	1,847	(4,133)	799	1,490	3
Disposals	–	–	(85)	(476)	(561)
At 31 July 2020	324,346	9,305	15,335	39,129	388,115
Depreciation					
At 1 August 2019	42,408	–	9,882	29,275	81,565
Charge for the year	7,127	–	1,648	4,136	12,911
Impairment	1,378	–	–	–	1,378
Depreciation charge for the year	8,505	–	1,648	4,136	14,289
Disposals	–	–	(85)	(476)	(561)
At 31 July 2020	50,913	–	11,445	32,935	95,293
Net book value:					
At 31 July 2020	273,433	9,305	3,890	6,194	292,822
At 31 July 2019	275,878	5,300	3,321	6,308	290,807

The net book value of tangible fixed assets held under finance leases at 31 July 2020 was nil (31 July 2019: nil). Land and buildings includes £9.4m (31 July 2019: £9.4m) of university-owned land that is not depreciated.

	Group and corporation	
	2019/20	2018/19
	£'000	£'000
The net book value of land and buildings is comprised as follows:		
Freehold	264,541	266,497
Long lease	8,892	9,381
Total	273,433	275,878

9. Heritage assets	2019/20	2018/19
	£'000	£'000
Group and corporation		
Cost or valuation		
At 1 August	1,073	1,073
Additions at cost	–	–
At 31 July	1,073	1,073

The university holds a number of pieces of artwork, these were re-valued in 2016 and in accordance with the universities accounting policies the annual impairment review has been undertaken and identified no adjustment to be made to the value of these assets.

10. Investment properties	2019/20	2018/19
	£'000	£'000
Group and corporation		
Cost or valuation		
At 1 August	–	3,795
Additions at cost	–	–
Transfers to tangible fixed assets	–	(3,795)
At 31 July	–	–

The investment property held has been transferred to tangible fixed assets for business use during 2018/19.

11. Investments

	Group 2019/20 £'000	Group 2018/19 £'000	Corporation 2019/20 £'000	Corporation 2018/19 £'000
Movement in the year				
Balance at beginning of year	1,249	1,102	1,559	1,412
Disposals	(166)	–	(166)	–
Appreciation of investments	2	147	2	147
Balance at year end	1,085	1,249	1,395	1,559
Analysis of closing balance				
Shareholding in subsidiary undertakings	–	–	310	310
Other investments	27	193	27	193
Shareholding in CVCP Properties PLC	38	38	38	38
Securities and fixed interest stock for endowments	1,020	1,018	1,020	1,018
Total	1,085	1,249	1,395	1,559

a) Shareholdings in subsidiary undertakings

At year end, investments in subsidiary undertakings comprise:

	Group holding %	Corporation 2019/20 £	Corporation 2018/19 £	Description of activities
Directly owned by the university:				
De Montfort Expertise Ltd	100	310,000	310,000	Provision of contract research and development
Leicester Business School Ltd	100	1	1	Dormant company
Leicestershire Business School Ltd	100	1	1	Dormant company
Total		310,002	310,002	

All of the subsidiary undertakings are incorporated in England and Wales.

b) Other investments

	Holding %	Corporation 2019/20 £	Corporation 2018/19 £	Description of activities
Spear Therapeutics Ltd	11.06	234	234	Drug development and research
BTG PLC	<0.01	–	166,012	Drug development and research
CYPS Ltd	100.00	100	100	Dormant company
In Smart Ltd	100.00	100	100	Dormant company
Morvus Technology Ltd	<0.40	589	589	Drug development and research
Abeona Therapeutics	<0.70	421	486	Drug development and research, incorporated in USA
Mediatag Ltd	32.47	150	150	Software development
Venuesim Ltd	33.00	300	300	Software development
WZVI Ltd	10.00	100	100	Science and engineering research
IP By Design Ltd	10.00	25,000	25,000	Intellectual property management consultancy
CYP Design Ltd	20.00	2	2	Drug development and research
Total		26,996	193,073	

12. Stocks – group and corporation

	2019/20 £'000	2018/19 £'000
Goods for resale	2	6
Art and design supplies	113	93
Total	115	99

13. Trade and other receivables

	Group 2019/20 £'000	Group 2018/19 £'000	Corporation 2019/20 £'000	Corporation 2018/19 £'000
Amounts falling due within one year				
Student receivables	6,524	5,402	6,524	5,402
Other receivables	1,600	3,081	1,538	2,942
Research grants receivables	2,408	1,525	2,128	1,430
Prepayments and accrued income	5,082	5,243	5,067	5,148
Subsidiary undertakings	–	–	1,241	1,438
Total	15,614	15,251	16,498	16,360

14. Investments – group and corporation

In accordance with its Treasury Management Policy, the university regularly invests surplus funds on deposit or on the money market.

At 31 July 2020 £69,016,000 of Group funds was on short term deposit (31 July 2019: £66,000,000).

At 31 July 2020 £69,016,000 of Corporation funds was on short term deposit (31 July 2019: £66,000,000).

Included within investments and cash balances is the notional reserve of £15m, representing the OfS requirement to provide for the repayment of the bond in the form of a bond redemption fund of £15m every five years (note 27).

15. Creditors: amounts falling due within one year

	Group 2019/20 £'000	Group 2018/19 £'000	Corporation 2019/20 £'000	Corporation 2018/19 £'000
Payments received in advance	23,051	27,331	22,995	27,152
Trade creditors	5,170	2,782	5,056	2,691
Other creditors	2,995	2,588	2,924	2,495
Taxation	1,567	1,346	1,567	1,346
Social security	1,537	1,477	1,537	1,477
Accruals	9,839	12,774	9,572	12,388
Student caution deposits	468	567	468	567
Subsidiary undertakings	–	–	1,076	1,010
Total	44,627	48,865	45,195	49,126

Payments received in advance

Included within payments received in advance are the following items of income which have been deferred until specific performance-related conditions have been met.

	Group 2019/20 £'000	Group 2018/19 £'000	Corporation 2019/20 £'000	Corporation 2018/19 £'000
Research grants received on account	7,682	7,089	7,627	6,912
Capital grant income	1,828	1,691	1,828	1,691
Other income	13,541	18,551	13,540	18,549
Total	23,051	27,331	22,995	27,152

16. Creditors: amounts falling due after more than one year – group and corporation

	2019/20 £'000	2018/19 £'000
Bond	90,000	90,000
Bond transaction costs	(2,931)	(3,064)
Bond total	87,069	86,936
Deferred income	34,668	35,266
Total	121,737	122,202

See note 27 for further details on the bond listing.

17. Provisions for liabilities

	Taxation	Future pensions	Staff restructuring	Obligation to fund deficit on USS pension	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2019	9	996	234	2,200	3,439
Utilised in year	–	(101)	(234)	(51)	(386)
Additions in year	–	305	–	46	351
Unused amounts reversed in year	(9)	–	–	(977)	(986)
At 31 July 2020	–	1,200	–	1,218	2,418

The enhanced pension provision represents the future costs relating to former staff who were awarded enhancements to their Local Government Pension Scheme pensions when they were made redundant. Since it is the University that makes these payments to these pensioners and not the LGPS, provision for these payments is made on the basis of a present obligation arising from an obligation event for which there is an outflow which can be reliably estimated.

An amount of £1,200,000 (2019: £996,000), is included in provisions for liabilities and charges representing the extent to which the capital cost charged exceeds actual payments made. The provision will be released against the cost to the university of enhanced pension entitlements over the estimated life expectancy of each relevant employee.

The provision for staff restructuring relates to agreements that have been reached for early retirement and voluntary severance as at the Balance Sheet date.

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 26(c).

The major assumptions used to calculate the obligation are:

	2020	2019
Discount rate	1.50%	2.10%
Salary growth	1.00%	2.00%

18. Endowment reserves – group and corporation

	Unrestricted permanent	Restricted permanent	Restricted expendable	2019/20 Total	2018/19 Total
	£'000	£'000	£'000	£'000	£'000
Capital	1	930	1,176	2,107	1,751
Accumulated income	–	156	–	156	148
Total	1	1,086	1,176	2,263	1,899
Investment income	–	32	9	41	38
Expenditure	–	(19)	(59)	(78)	(151)
Total	–	13	(50)	(37)	(113)
New endowments	–	–	87	87	390
Appreciation in market value of investments	–	2	–	2	87
At 31 July 2020	1	1,101	1,213	2,315	2,263
Represented by:					
Capital value	1	932	1,213	2,146	2,107
Accumulated income	–	169	–	169	156
Total	1	1,101	1,213	2,315	2,263
Analysis by type of purpose:					
Scholarships and bursaries				1,621	1,587
Research support				38	23
Prize funds				589	570
General				67	83
Total				2,315	2,263
Analysis by asset:					
Current and non-current asset investments				1,020	1,018
Cash and cash equivalents				1,295	1,245
Total				2,315	2,263

19. Restricted reserves – group and corporation

Reserves with restrictions are as follows:

	Donations	
	2019/20 £'000	2018/19 £'000
Balance at 1 August	57	25
New donations	2	36
Expenditure	(2)	(4)
At 31 July	57	57

20. Lease obligations

	Land and buildings £'000	Other leases £'000	2019/2020 £'000	2018/2019 £'000
Payable during the year	386	52	438	418
Future minimum lease payments due:				
Not later than 1 year	386	45	431	418
Later than 1 year and not later than 5 years	1,227	13	1,240	1,571
Later than 5 years	150	–	150	262
Total lease payments due	1,763	58	1,821	2,251

21. Cash and cash equivalents

	At 1 August 2019 £'000	Cash flows £'000	Non-cash changes £'000	At 31 July 2020 £'000
Consolidated				
Cash and cash equivalents	40,628	14,169	–	54,797
Total	40,628	14,169	–	54,797

22. Consolidated reconciliation of net debt

	At 1 August 2019 £'000	Cash flows £'000	Non-cash changes £'000	At 31 July 2020 £'000
Cash in hand	40,628	14,169	–	54,797
Current investments	66,000	3,016	–	69,016
Debt due after 1 year	(86,936)	–	(133)	(87,069)
Total before fixed investments	19,692	17,185	(133)	36,744
Fixed Investments	1,249	(166)	2	1,085
Total	20,941	17,019	(131)	37,829

23. Capital and other commitments

	Intangible fixed assets £'000	Tangible fixed assets £'000	2019/20 Total £'000	2018/19 Total £'000
Provision has not been made for the following capital commitments at 31 July 2020:				
Commitments contracted for	–	6,498	6,498	9,417
Authorised but not contracted for	67	8,087	8,154	16,995
Total	67	14,585	14,652	26,412

24. Contingent liabilities

There are no material contingent liabilities.

25. Related party transactions

The operating statements of the University include transactions with related parties. In accordance with FRS102 these are disclosed where members of the University Board of Governors disclose an interest in a body with whom the university undertakes transactions which are considered material to the University's Financial Statements and/or the other party. Due to the nature of the University's operations and the composition of the Board, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest including those identified below, are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

An updated Register of Interests for all members of the Board of Governors and Executive Board Members is maintained.

The University has taken advantage of the exemption within FRS 102 and has not disclosed transactions with other group entities where it holds 100% of the voting rights. Included within the financial statements are the following transactions with related parties:

	Income £'000	Expenditure £'000	Balance due from at 31 July 2020 £'000	Balance due to at 31 July 2020 £'000
De Montfort Students' Union	–	1,409	–	–
Spire Healthcare Group Limited	1	25	–	–
Leicester City Football Club	265	492	–	–
Kettering General Hospital	–	21	–	–
Leicester Cathedral	–	1	–	–
Curve Productions Limited	3	–	–	–
Leicester Theatre Trust Limited	–	51	–	–
The Foundry Visionmongers Limited	–	12	–	–

De Montfort Students' Union (DSU) is an independent, student-run and student-led organisation for students at De Montfort University. Ms Diya Rattanpal, DSU Executive Officer joined the Board in September 2019.

Mr Daniel Toner, Independent Governor is the General Counsel and Group Secretary for Spire Healthcare Group Limited. He is also director of the 34 subsidiary companies of this Group.

Mr Ian Squires, Independent Governor and Chair of the Board of Governors since January 2020, is a director of Curve Productions Limited and Leicester Theatre Trust Limited.

Mr Simon Capper, Independent Governor until December 2019, serves as the Finance Director at Leicester City Football Club with whom the University is party to a Sponsorship Agreement. Leicester City Football Club also buys services from De Montfort Expertise Limited, a company wholly owned by De Montfort University.

Mrs Lin Hinnigan, Independent Governor and Interim Chair of the Board Governors until July 2020, also serves as Associate Non-Executive Director of the Kettering General Hospital.

Mrs Sally Bowie, Independent Governor until November 2019 also serves as Lay Canon of Leicester Cathedral.

Ms Gill Ezard, Independent Governor until July 2020, also serves as a director of The Foundry Visionmongers Limited.

26. Pension schemes

- a) The university's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Leicestershire County Council Pension Fund, a Local Government Pension Scheme (LGPS) and there is also a strictly limited membership in the Universities Superannuation Scheme (USS). The total pension cost for the year was as follows:

Total pension cost for the year	2019/20 £'000	2018/19 £'000
Teachers' Pension Scheme: contributions paid	11,215	7,075
Universities Superannuation Scheme: contributions paid	651	576
Local Government Pension Scheme (LGPS): contributions paid	9,156	8,264
Total other pension costs	21,022	15,915
The financial effects of LGPS pension scheme	4,328	6,804
Total	25,350	22,719

b) Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website <https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

Scheme Changes

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

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

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

c) Universities Superannuation Scheme

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

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

The total cost charged to the profit and loss account is £650,945 (2019: £575,954) as shown in note 26a.

Our obligation to fund the USS pension deficit is £1,218,000 (2019: £2,200,000) as shown in note 17.

Deficit recovery contributions due within one year for the institution are £60,924 (2019: £51,683).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

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

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

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

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

The current life expectancies on retirement at age 65 are:

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

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount rate	1.50%	2.44%
Pensionable salary growth	1.00%	2.11%

d) Local Government Pension Scheme

The university participates in a defined benefit scheme in the UK, the Leicestershire County Council Pension Fund. A full actuarial valuation of the fund was carried out at 31 March 2019 by a qualified independent actuary. This was updated to 31 July 2020 for FRS 102 purposes by a qualified independent actuary. The major assumptions used by the actuary were as follows:

	2020	2019
Rate of increase in salaries	2.7%	3.1%
Rate of increase in pensions	1.7%	2.0%
Discount rate for liabilities	1.5%	2.1%
Inflation assumption	1.7%	2.0%

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

	2020	2019
Retiring today		
Males	21.3 years	21.1 years
Females	23.6 years	23.3 years
Retiring in 20 years		
Males	21.7 years	21.7 years
Females	24.7 years	24.3 years

The major categories of plan assets as a percentage of total plan assets

	2020 %	2019 %
Equities	57%	59%
Bonds	31%	30%
Property	8%	8%
Cash	4%	3%

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for the year ended 31 July 2020	2019/20 £'000	2018/19 £'000
Fair value of plan assets	246,444	223,040
Present value of funded liabilities	(338,216)	(282,108)
Opening position as at 1 August	(91,772)	(59,068)
Charged to staff costs		
Current service cost	(15,549)	(11,836)
Past service gain/(cost)	2,058	(3,213)
Total service cost	(13,491)	(15,049)
Financing		
Interest income on plan assets	5,241	6,313
Interest costs on defined benefit obligation	(7,239)	(8,015)
Total net interest	(1,998)	(1,702)
Total defined benefit costs recognised	(15,489)	(16,751)
Cash flows		
Employer contributions	9,163	8,245
Total cash flows	9,163	8,245
Expected closing position	(98,098)	(67,574)
Remeasurements		
Changes in demographic assumptions	(169)	15,103
Changes in financial assumptions	(24,155)	(51,213)
Other experience	(9,614)	–
Return on assets excluding amounts included in net interest	(16,686)	11,912
Total remeasurements recognised in Other Comprehensive income	(50,624)	(24,198)
Analysis of the movement in the fair value of plan assets		
Value of assets at 1 August	246,444	223,040
Interest income on plan assets	5,241	6,313
Plan participants' contributions	2,908	2,708
Employer contributions	9,163	8,245
Benefits paid	(6,849)	(5,774)
Return on assets excluding amounts included in net interest	(16,686)	11,912
Value of assets at 31 July	240,221	246,444
Analysis of the movement in the present value of funded liabilities		
Present value of liabilities at 1 August	338,216	282,108
Current service cost	15,549	11,836
Past service cost	(2,058)	3,213
Interest cost on defined benefit obligation	7,239	8,015
Plan participants' contributions	2,908	2,708
Benefits paid	(6,849)	(5,774)
Changes in demographic assumptions	169	(15,103)
Changes in financial assumptions	24,155	51,213
Other experience	9,614	–
Present value of liabilities at 31 July	388,943	338,216
Fair value of plan assets	240,221	246,444
Present value of funded liabilities	(388,943)	(338,216)
Closing position as at 31 July	(148,722)	(91,772)

Following the judgements on McCloud in 2019, the actuary made an estimated adjustment to the liabilities for McCloud from the 2019 valuation data. This impact would flow through as one of many 'other experience' items and is recognised in the 2019/20 statement of comprehensive income. However, the adjustment was based on the original assumption of full eligibility. The actuary has reduced this adjustment to reflect the 2020 proposed changes to McCloud eligibility and the reduction is shown as a past service gain in the statement of comprehensive income

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 July 2020	Approximate % increase to employer liability	Approximate monetary amount £'000
0.5% decrease in real discount rate	12%	45,312
0.5% increase in the salary rate increase rate	1%	5,137
0.5% increase in the pension increase rate (CPI)	10%	39,432

27. Financial instruments

Bond disclosures

An unsecured fixed rate public bond was issued in July 2012 in the sum of £110 million over a 30-year term with a coupon rate of 5.375%. The £20 million reserve bond which was held without coupon by the trustee for a five year period to July 2017 has since been withdrawn. There are no capital payments to be made over the term with the bond maturing in 2042.

DMU may, at its option, redeem all, or from time to time any part of, the bonds at the higher of the principal amount of the bonds and the sum of the gross redemption yield of the benchmark gilt (4.5% Treasury Gilt 2042) and 0.40%, plus accrued interest.

The bond transactions costs of £4.0 million are amortised over the life of the bond of 30 years to interest payable, with effect from financial year 2012/13.

Financial instruments – Risk management

The group operates a centralised treasury function which is responsible for managing the credit, liquidity, interest & foreign currency risk associated with the group's activities. These financial risks are managed within parameters specified by the Treasury Management Policy which governs all treasury management activities and sets out relevant policy objectives and control measures as driven by the university's Financial Strategy. Key recommendations of the Code of Practice on Treasury Management in Public Services as issued by Chartered Institute of Public Finance and Accountancy (CIPFA) as recommended by the Office for Students (OfS) are adopted as appropriate. The Policy is reviewed and approved by the university Finance & Human Resources Committee annually.

The group's principal financial instruments are the bond, cash, short term deposits and investments. The core objective of these financial instruments is to meet financing needs of the group's operations. Additionally, the group has other financial assets and liabilities arising directly from its operations such as trade debtors and creditors.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group's Treasury Management Policy and Bad Debt Write Off Policy lay out the framework for credit risk management. Credit risk is monitored on an on-going basis.

The group's credit risk arises from bank balances, investments, students, government and commercial debtors. Management of credit risk is a prime objective of the Treasury Management Policy. At 31 July 2020, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

Student, government and commercial debtors are reviewed on an on-going basis and bad debt provisions are made if recovery of credit becomes uncertain. A debtor deemed irrecoverable is written off in accordance with the Bad Debt Write Off policy. The concentration of risk is limited due to the student base being large and diverse, and all Home/EU students having access to the Student Loans Company to fund their tuition fees. The treasury management policy states maximum level of investments for each counterparty to mitigate risk concentration. Similarly, the group's investment decisions are based on strict minimum credit worthiness criteria to ensure the safety of cash and investments. Credit worthiness of group's banks and money market funds is regularly monitored. Generally, the group does not require collateral against financial assets.

Liquidity risk

Liquidity risk refers to the risk that the group will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities.

Formal cash flow forecasts are developed, monitored and updated to ensure that adequate working capital is available and excess funds are invested to reduce the carrying cost of funds. The group reviews its minimum liquidity requirements to ensure cash is available between the three annual Student Loans Company remittances and invest excess funds to maximise investment in short term fixed deposits. At 31st July 2020, the group is holding cash deposits and investments of various maturities, none of which is greater than 12 months. The average maturity of all deposits and investments is 50 days.

The long term financing of the group relies on £90m, unsecured Eurobonds maturing in June 2042. The retained bonds held by or on behalf of the group were cancelled on 18 July 2017. The capital amount will be paid at maturity and coupon of 5.375% is paid semi-annually. The group may, at its option, redeem all, or from time to time any part of, the bonds at the higher of the following:

- (a) the principle amount of the bonds to be redeemed;
- (b) the sum of the Gross Redemption Yield of the benchmark gilt (4.50% Treasury Gilt 2042) and 0.40% plus accrued interest.

Unless previously redeemed or purchased and cancelled, the bonds will be redeemed at their principle amount on 30 June, 2042.

Under the terms of the bonds, for so long as any of the bonds remains outstanding, in respect of each financial year, the group is to ensure that its total borrowing costs (as defined by trust deed) do not exceed 7% of the aggregate of:

- (a) Its total consolidated income for the Financial Year; and
- (b) The total cash of the group as at the end of the financial year.

For financial year ending on 31 July 2020, the ratio was 1.86% (2018/19 2.01%). The bonds may be redeemed at the option of the holder subject to the occurrence of certain events mentioned in the bond trust deed. Moody's review of the university's credit rating in 2020 determined the credit rating to be Aa3 negative outlook (previously Aa3 stable outlook).

Foreign currency risk

Foreign currency risk refers to the risk that the unfavourable movements in foreign exchange rate may cause financial loss to the group.

The group's principal foreign currency exposures generally arise from research related receipts and payments denominated in euros. There are ring-fenced euro bank accounts, set up especially for research projects funded in euros. All other receipts in foreign currencies are converted into pound sterling unless required for immediate foreign currency payments. Overall foreign currency exposure is immaterial, being insignificant portion of total Income and expenditure. At 31 July 2020, the sterling equivalent of all euro bank balances was £4.5m (2018/19 : £2.9m).

Interest rate risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of Balance Sheet items (i.e. price risk) or changes in interest income or expenses (i.e. re-investment risk).

The group's main financing relates to 30 years £90m bonds (31 July 2019 - £90m). At 31 July 2020, balance sheet values of deposits and investments are not exposed to changes in interest rates. However, the group's interest and investment income is exposed to changes in interest rates i.e. reinvestment rate risk. The group is prepared to accept re-investment risk to exploit opportunities where yield can be maximised without compromising capital base of the investment. The group has no outstanding derivative instruments as at 31 July, 2020.

Financial instruments – fair values

The fair values of each category of the group's financial instruments are the same as their carrying values in the group's Balance Sheet, other than as noted below:

	2019/20 Carrying value £m	2019/20 Fair value £m	2018/19 Carrying value £m	2018/19 Fair value £m
5.375%, Unsecured Bonds due 2042	87.1	137.2	86.9	134.8

Value of interest accrued at 31 July 2020 is £0.4m (31 July 2019: £0.4m).

The bond is listed on the London Stock Exchange, therefore categorised as Level 1 under the requirements of FRS 102 and valued using quoted ask price as at 31 July 2020 in compliance with FRS 102. The fair value of the bond is its market value at the Balance Sheet date. Market value includes accrued interest and changes in credit risk and interest rate risk, and is therefore different to the reported carrying amounts.

OfS requires the university to provide for the repayment of the bond in the form of a bond redemption fund of £15m every five years. The current value of this notional reserve is £15m held within short term deposits (note 14).

28. Post balance sheet events note

As the balance sheet date of 31 July 2020 was subsequent to the start of the Covid-19 lockdown period, the emergence of Covid-19 is not a post balance sheet event, and the impact on the financial performance in the year and year-end balance sheet position has been accounted for in these financial statements. The potential impact from developments after the 31 July 2020 year end, including the recent second lockdown, have been considered accordingly for disclosure in the financial statements. From our assessment of these developments we have not identified any adjusting post balance sheet events.

There have been numerous developments in relation to the pandemic subsequent to 31 July 2020, including the return of students to the University campus for teaching the 2020/21 academic year and ongoing revisions to relevant legislation and guidance which the University is following. The University continues to monitor and assess the financial impact of Covid-19 and the subsequent changes to its operating environment for 2020/21.



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