

UNIVERSITY COLLEGE BIRMINGHAM

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR TO 31 JULY 2021

The members present their report and the audited financial statements for the year ended 31 July 2021.

CORPORATION

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of managing University College Birmingham and was re-established in August 2002 when the institution transferred to the Higher Education Sector. At that point, members of the Corporation were appointed by the Secretary of State. The University is an exempt charity for the purposes of the Charities Act 2011.

PUBLIC BENEFIT STATEMENT

In 2021, the University prepared a Corporate Strategy for the period 2021 to 2024. The Corporation monitors the performance of the University against this strategy. The strategy is reviewed and updated each year and focusses on:

- Teaching and Learning Priorities;
- The Student Experience;
- Access, Employability and Meaningful Partnerships;
- Becoming a Global University; and
- Investment, Transformation & Sustainability.

Mission and Values

The University's mission is:

"To promote and provide the opportunity for participation in the learning process by those with the ambition and commitment to succeed and to maintain a learning community that meets the diverse needs of our students, the economy and society at large."

The University's core values are:

- Teaching and learning will always be industry led, research informed and vocational in nature
- The Corporation is deeply committed to fundamental values of equality of opportunity, mutual respect, diversity, integrity and community
- The Corporation governs the University in accordance with the OfS Public Interest Governance Principles and the Nolan Principles of Standards.

The strategic plan incorporates objectives in the key areas of teaching and learning, the student experience, being a global University and access, employability and meaningful partnerships, all of which are underpinned by investment, transformation and sustainability priorities, of which the financial strategy is a key component.

High Quality Education

The University's teaching has a wide range of public benefits:

- Enabling students to maximise their potential.
- Widening access to education.
- Enabling students to pursue their chosen career path.

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Students are attracted by our excellent academic reputation, our outstanding graduate employment record and the wide array of other opportunities we offer. We offer placement options across our discipline base and our graduates have excellent employment prospects, not only because of their discipline-specific knowledge and skills but also because of the emphasis we place on developing enterprising individuals with high aspirations. As a result, our graduates are well-equipped to obtain jobs in their chosen area, enjoy strong career progression and make a positive social contribution.

We use a detailed set of Performance Indicators to measure the University's success at recruitment, retention and student satisfaction. We recruit internationally and are committed to promoting a diverse student population.

We support social mobility through a range of activities:

- Enhancing student services and support networks to minimise barriers to retention.
- Diversifying our curriculum, delivery methods and modes of learning to attract a wider range of students.
- Promoting access and minimising barriers to progression by working to understand and to mitigate the difficulties some applicants experience in joining the University.
- Raising aspiration and outreach activities for young people from under-represented groups.

We recognise that tuition fees may be a barrier to accessing our teaching and we publicise the comprehensive financial support that we can provide to students through our website and Open Days.

We encourage gifted and talented young people from socio-economic groups under-represented in Higher Education, to raise their educational aspirations. We provide a supportive learning environment, with central student services and academic departments working in partnership. We have an excellent record for supporting students with disabilities to the successful completion of their studies.

Public Detriment

Whilst we do not believe that there is any direct harm or detriment to the public arising from our corporate goals, we recognise that our activities have environmental consequences and we have made a number of commitments to promote effective environmental management:

- Make the most efficient and effective use of all resources, encouraging members of our community to develop a sustainable approach.
- Develop and implement effective energy and water conservation measures.
- Act in an environmentally and biodiversity-sensitive manner.
- Reduce overall waste production.
- Continually improve our environmental performance as far as the constraints of our physical infrastructure and estate will permit.

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FINANCIAL OBJECTIVES AND REVIEW OF OUT-TURN FOR THE YEAR

Since incorporation the University has sought to exercise tight cost control whilst seeking to maximise its income from a variety of sources. This has resulted in satisfactory surpluses in all accounting periods. The University will continue to accumulate reserves in order to create a contingency fund to improve its stock of both teaching and residential accommodation and to enhance the condition of its buildings in order to strengthen its appeal to students in an increasingly competitive national and international market.

PERFORMANCE INDICATORS

The University sets a wide range of targets for its performance each year and these targets are monitored throughout the year. Reporting of the out-turn against targets and, where possible, benchmarking against appropriate external data is summarised in the University's "HE Performance and Targets" document which is produced for Governor review and approval each year. The main areas in which the University sets targets are as follows:

- Governance
- Student Recruitment
- Student Retention
- Achievement Rates
- Destinations
- Equal Opportunities
- Student Satisfaction
- Accommodation
- Finance.

STUDENT NUMBERS

The University is funded according to the units of activity it generates each year. In 2020/21, the University achieved the following estimated full-time equivalent student recruitment:

	<u>Recruitment</u>
Department for Education (previously NCTL) (Full-Time Equivalents)	54
Higher Education: Home and EU (Full-Time Equivalents)	4,204
Further Education: Home and EU (Learner Numbers)	1,473
Further Education Apprenticeships	347
Overseas (Learner Numbers)	625

CURRICULUM DEVELOPMENTS

Methods of teaching and learning are under continuous review and development to ensure that the curriculum meets the needs of the local population and the Employment Sectors the University serves.

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FINANCES

The Group generated a surplus before other gains and losses in the year of £3,292,000 (2019-2020: £640,000), with total comprehensive income of £13,805,000 (2019-20: income of (£17,605,000)). The net cash inflow from operating activities was £11,914,000 (2019-2020: £747,000). Net assets and the balance of cash at bank and in hand at 31 July 2021 were £138,384,000 and £7,643,000 respectively (31 July 2020: £124,578,000 and £4,645,000).

During the year, the University purchased tangible fixed assets of £1,079,000 of which £956,000 relates to land and buildings and refurbishment.

The key financial performance indicators of the university for the year to 31 July 2021 are as follows:

Current Ratio	2.06:1
Operating Surplus as a Percentage of Income	6%
Net Liquidity Days	115
External Borrowing as a Percentage of Income	0%

POST BALANCE SHEET EVENTS

The University's fully-owned subsidiary company, Summer Row Developments Ltd, sold land owned at Legge Lane for £4.8 million on 1 October 2021. This sale generated a profit of £895,000 on disposal.

RESOURCES

The University has various resources that it can deploy in pursuit of its strategic objectives.

In addition to the strong financial resources, the University's human resources comprise 517 employees (expressed as full-time equivalents), 244 of whom are teaching staff. The University has an excellent reputation locally, nationally and internationally and considers that maintaining a quality brand is essential for its success at attracting students and external relationships.

GOING CONCERN

The financial statements have been prepared on a going concern basis and, having evaluated the University's financial prospects, the governing body considers that adequate resources exist for the University to continue in operational existence for the foreseeable future.

In reaching this conclusion, members have taken into account the financial results for 2020-21 (an operating surplus of £4,176,000 and total fixed assets of £171,000,000. Cash balances are £7,643,000, with £10,122,000 held on short term deposit) and projected results to July 2022 (an operating surplus of up to £1,007,000 and total assets of £182,000,000, of which cash balances will be £23,017,000).

The University holds fixed asset investments, including property, of greater than £56,000,000 and this portfolio provides robust coverage against a downturn in finances in the short to medium term.

The impact of the Covid pandemic, whilst profound in terms of its global reach, does not represent a threat to the University as a going concern on the basis of the economic and environmental restrictions remaining in place at the time of signing the accounts.

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PRINCIPAL RISKS AND UNCERTAINTIES

The University has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect its assets and reputation.

Based on the Corporate Plan, the University's Executive Management Team undertakes a comprehensive review of the risks to which the University is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the University. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Executive Management Team will also consider any risks which may arise as a result of a new area of work being undertaken by the University.

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

Outlined below is a description of the principal risk factors that may affect the University. Not all of the factors are within the University's control. Other factors besides those listed below may also adversely affect the University.

a) The Developing Policy Environment for Higher Education

Potential changes floated by government include changes to funding levels, tighter entry requirements for students, expectations around graduate outcomes relating to jobs and salaries and there are some areas of the University curriculum which could be affected if changes materialise. As part of its robust approach to risk management and curriculum development, the University is undertaking a number of detailed strategic reviews of curriculum areas that may be affected by emerging government policy or that might offer opportunities for the University to better meet the needs of local people in attaining high level qualifications, skills and jobs.

b) Cybercrime and Cybersecurity

Following recent cases of cybercrime in the local area the University has further strengthened its arrangements for cybersecurity, including the development of a new strategy for preventing cybercrime, the appointment of a technical leader to oversee cybersecurity and plans for auditing the arrangements during 2021-22.

c) Strategic Partnership with University of Warwick

The University has entered into a strategic partnership with the University of Warwick commencing in February 2022, including the accreditation of many of the University's degree programmes. The agreement will run alongside an agreement with University of Birmingham which is being phased out and will end in 2024 with new entrants coming under the Warwick agreement from February 2022. The partnership represents a major opportunity for the University, with Warwick placed 6th in the UK Universities and an outstanding reputation world-wide. However, the University is mindful that in any change-situation, there lies potential risks (i.e. local Birmingham students that valued a UoB degree or adverse government policy affecting University's with accreditation agreements). The University is therefore handling the communications sensitively and working closely with Warwick to ensure the partnership develops successfully.

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d) Student recruitment

The University is reliant upon government funding through the Office for Students (OfS) and the Education Skills Funding Agency (ESFA) and upon tuition fees receivable from students. These sources of income are dependent upon meeting student number targets for Higher and Further Education. Failure to meet these targets would therefore have an adverse effect on resources. Following Covid and Brexit, two key markets for Universities, the EU and International students, have become more challenging.

This risk is being mitigated in several ways. The University offers a generous fee waiver scheme to some students and continues to market itself strongly. The University is also in the process of strengthening its International Strategy and developing market share in targeted countries.

e) UK exit from Europe (Brexit)

Following the UK exit from Europe on 31 January 2020, the classification of EU students as "International" has had a potential impact upon student recruitment numbers and associated tuition fee and accommodation income. For 2021-22, the University has increased UK enrolments to compensate for the reduction in EU students but the reduction in EU will continue in the next two years also. The University will be seeking to grow other markets, including targeting the EU as International students in the future.

f) Impact of Covid-19 virus

The Covid pandemic has resulted in significant economic and environmental challenges impacting across all sectors. Uncertainty around the future impact arising from the UK's response and levels of confidence in the UK, overseas, increases risks around recruitment and financial viability.

g) Significant stock market fall

The University's fixed asset investments comprise holdings in managed funds and covered warrants and are carried at market value. There is therefore a risk of significant reductions in value as a result of fluctuations in market conditions.

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CHARITABLE AND TAXATION STATUS

The University is an exempt charity for the purposes of the Charities Act 2011 and is not liable to Corporation Tax.

STAKEHOLDER RELATIONSHIPS

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

- Students
- Staff
- Local employers (with specific links)
- ESFA
- West Midlands Combined Authority and the Local Authorities
- The local community
- Other HE and FE institutions
- Trade Unions
- Professional bodies
- Local Enterprise Partnerships

The University recognises the importance of these relationships and engages in regular communication with them.

EQUAL OPPORTUNITIES

The University is committed to a policy of Equal Opportunities. The aim of the policy is to ensure that all applicants, students, employees, all those involved in its work and other users of University facilities receive fair and equal treatment. The University aims to provide a service that, in its teaching, administration and support, actively promotes equality of opportunity and freedom from discrimination on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief (including lack of belief), sex, and sexual orientation (The Equality Act 2010, Section 4).

The University continues to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act (The Equality Act 2010)
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not

The University fosters an environment where discrimination is seriously challenged. It is committed to fairness, justice, equality, respect and dignity by attempting to eradicate discrimination in all spheres of its influence (i.e. admissions and access; student assessment and achievement; student guidance and support; teaching and learning; curriculum; staff recruitment; professional development and support; partnerships and community links; procurement and outsourcing; and quality assurance). To this end the University will:

- Develop an awareness of the dangers of discrimination and prejudice in all spheres and the need to counter discrimination, harassment, victimisation, bullying and prejudicial practices
- Provide for the particular educational needs of students, having regard to their protected characteristics
- Prepare students for life in a modern-day society, building on strengths of cultural diversity, mutual tolerance, dignity and respect

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- Enable all staff to deliver a quality service by building upon strengths of cultural diversity, mutual tolerance, dignity and respect.

The University considers all applications for employment from disabled people, making reasonable adjustments to the working environment where required. Where an existing employee becomes disabled every effort is made to ensure that employment with the University continues. The University's policy is to provide training, career development and opportunities for promotion to disabled people which are, as far as possible, identical to those for other employees.

DISABILITY STATEMENT

The University seeks to meet the requirements of the Equality Act 2010 at all times and in particular makes the following commitments to the provision of facilities, equipment and reasonable adjustment:

- As part of the design of new buildings and refurbishment of existing buildings it is installing lifts, ramps, toilets and specific adjustments, so that facilities will allow access to people with a disability;
- There is a range of specialist equipment, lighting and audio facilities which the University makes available for use by students and staff with a disability;
- The University has made a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. There are also a number of academic support workers who provide 1-1 and in-class support to meet the needs of individuals. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- Counselling, occupational health and welfare services support student and staff needs.

To maintain our commitment to equality, independent consultants carry out a detailed annual review of facilities and services offered by the University across all teaching and non-teaching sites. The University remains committed to implementing and maintaining the recommendations of their reports.

TRADE UNION FACILITY TIME

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the University to publish information on facility time arrangements for trade union officials at the University

Numbers of employees who were relevant Union officials employed in the relevant period	FTE employee number
2	2.0

Percentage of time	Number of employees
0%	-
1-50%	2
51-99%	-
100%	-

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Total cost of facility time	£10,000
Total pay bill	£31,118,000
Percentage of total bill spent on facility time	0.03%

Time spent on paid trade union activities as a percentage of total paid facility time	5%
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STAFF AND STUDENT INVOLVEMENT

The University considers good communications with its staff to be very important and to this end holds regular staff meetings and publishes a newsletter which is available to all staff. The University encourages staff and student involvement through membership of formal committees.

DISCLOSURE OF INFORMATION TO AUDITORS

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

PROFESSIONAL ADVISERS

Internal Auditors: PricewaterhouseCoopers LLP
1 Chamberlain Square
Birmingham
B3 3AX

External Auditors: Mazars LLP
Park View House
58, The Ropewalk
Nottingham
NG1 5DW

Principal Bankers: National Westminster Bank plc Yorkshire Bank
1 St Philips Place Temple Point
Birmingham 1 Temple Row
B3 2PP Birmingham
B2 5YB

Principal Solicitors: Eversheds LLP Shakespeare Martineau LLP
115 Colmore Row 1 Colmore Square
Birmingham Birmingham
B3 3AL B4 6AA

Browne Jacobson LLP
Victoria Square House
Victoria Square
Birmingham
B2 4BU

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Investment Advisors:

UBS AG
10 Colmore Row
Birmingham
B3 2QD

Investec
Colmore Plaza
20 Colmore Circus Queensway
Birmingham
B4 6AT

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MEMBERS

Name	Date of Current Appointment	Term of Office	Date of Resignation	Status of Appointment	Notes	Committees Served
Mr N Moss	1 August 2020	3 years		Independent Member	Chair of Corporation	Remuneration and Nominations (Chair)
Dr A Antona	1 August 2020	3 years		Independent Member		Finance and General Purposes (Chair) Remuneration and Nominations
Mrs J Belza	20 November 2019	3 years		Independent Member		Student Services and Standards
Sir G Hall	20 November 2019	3 years		Independent Member		
Prof M Hatkin	1 August 2019			Vice-Chancellor & Principal		Finance and General Purposes
Mr R Kennett	20 November 2019	3 years		Independent Member		Remuneration and Nominations
Dr Z Khan	1 August 2020	2 years		Co-opted Member		
Mrs E Penn	16 November 2019	2 years		Staff Member		Student Services and Standards
Ms V Lee	1 December 2018	3 years		Independent Member		Audit
Mrs S Morris	1 August 2020	3 years		Independent Member		Audit
Mr A Jallow	1 August 2020	1 year		Student Member		Student Services and Standards
Mr P Romain	11 November 2020	3 years		Independent Member		Student Services and Standards (Chair)
Ms L Teague	1 December 2020	3 years		Independent Member	Deputy Chair of Corporation	Finance and General Purposes Remuneration and Nominations

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Mr M Wiseman	1 December 2020	3 years	Independent Member	Audit (Chair)
Mr N Wright	1 August 2019	3 years	Independent Member	Audit

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MEETINGS OF THE MEMBERS OF THE CORPORATION

The members of the corporation usually serve one or more committees. The committee meetings held during 2020-21 and the main agenda items discussed are listed below.

Committee	Date Convened	Principal Items Discussed
Corporation	11 November 2020	<ul style="list-style-type: none">• Regional Partnerships• Pension and Insurance Arrangements• Latest response to Covid-19 pandemic• Strategic Context Setting• HE and FE Policy Update• OfS Conditions of Registration Update•• Local Government Pension Scheme and Employee Benefits• Review of Risk Register• Review and proposed changes to Academic Board Standing Orders• Remuneration and Nominations Committee Annual Statement• Proposals for Overseas Visits• FE Data and Draft SAR• Annual Accounts Return including the Report and Financial Statements, financial results and updated forecast tables• Financial Report for the two months to 30 September 2020• Student numbers September 2020• Proposed Changes to Subcommittee TOR, Statement of Primary Responsibilities and Standing Orders of the Corporation• Appointment of Independent Members• VC & Principal Report from Academic Board
	24 March 2021	<ul style="list-style-type: none">• Covid-19 Update• Appointment of Independent Members• VC & Principal Report from Academic Board• Accreditation Agreement Update• FE and HE Curriculum Priorities• Draft Access and Participation Plan Monitoring Return• Financial Report for the six months to 31 January 2021• Review of Risk Register• Estates Development Update
	7 July 2021	<ul style="list-style-type: none">• Financial Report for the ten months to 31 May 2021• University of Warwick Partnership

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- Review of Risk Register
- VC & Principal Report from Academic Board
- Proposed amendment to Academic Board Standing Orders
- OfS Conditions of Registration Compliance Update
- Draft HE KPIs 2021/22
- Access and Participation Update
- OfS Statement of Expectations on Harassment and Sexual Misconduct
- Financial Forecast (Budget) 2021/22
- Equal Opportunities Report 2020/21
- Guild of Students Budget 2021/22

Committee	Date Convened	Principal Items Discussed
Finance and General Purposes	23 September 2020	<ul style="list-style-type: none">• Update on student enrolment• Draft Report and Financial Statements for year to 31 July 2020• Financial Report for the one month to 31 August 2020• Health and Safety Review 2019/20 and Action Plan 2020/21• Modern Slavery & Human Trafficking Statement• Application of Corporation Seal• Estates development update• Investment review update
	3 February 2021	<ul style="list-style-type: none">• Partnership Update• 2021 Lockdown – Financial Implications• Proposed Tuition Fees• Financial Report for the period to 31 December 2020• TRAC Return• Sytner Site• Estates development update• Investments Update
	5 May 2021	<ul style="list-style-type: none">• Gender Pay Gap Report 2020• Equal Pay Audit and Review 2020• Forecast Outturn and Draft Budget 2021/22• Review of Financial Regulations• Estates development update• Financial Report for the eight months to 31 March 2021• Investments Update

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Audit	14 October 2020	<ul style="list-style-type: none">• Funding Assurance Audit 2018/19• Review of Risk Management for 2020/21• Review of Draft Report and Financial Statements for 2019/20, including the External Auditor's Draft Audit Completion Report• Internal Audit Service Annual Report 2019/20• Draft Audit Committee Annual Report to the Corporation• Draft Provision of non-audit services by the external auditor policy• Estates Development Update• Tenders Awarded• Private meeting between Committee Members and Auditors <ul style="list-style-type: none">• Internal Audit Reports• Key suppliers in 2019/20• External Audit Fees• Recruitment Agency Update• Tenders Awarded• Estates Development Update• Provision of Internal and External Audit Services – Market Testing
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Committee	Date Convened	Principal Items Discussed
Audit	26 May 2021	<ul style="list-style-type: none">• Internal Audit Reports• External Audit Strategy Memorandum• Assurance on the arrangements for Risk Management Control and Governance• Tenders awarded• Estates development Update
	29 July 2021	<ul style="list-style-type: none">• Draft Internal Audit Plan 2021/22

Student Services and Standards	21 October 2020	<ul style="list-style-type: none">• External examiner and verifier reports• Enrolment update• Draft Further Education Self-Assessment Report• Progress towards Ofsted EIF• FE Quality Cycle and Strategy 2020/21• Quality Improvement Plan•
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		<ul style="list-style-type: none">• Estates developments• Guild President Report
	24 February 2021	<ul style="list-style-type: none">• Performance Measures and Targets 2019/20 and FE Assessment Reports for 2018/19• Graduate Outcomes• Partnership Update• Response to T Level Implementation• TEF Independent Review and Response• HE Observations and Online Reviews• OfS Quality and Standards Consultation• Start to Success Measure• Review of SAR Action Plan• Guild President's Report• Estates Developments Update
	16 June 2021	<ul style="list-style-type: none">• Impact of Covid 19 – Online Delivery and Maintaining Quality• Impact of Covid 19 – Examinations, Assessment and Progression• Impact of Covid 19 – Student Experience• Partnership Update• Proposed Amendments to the General Student Regulation 2021/22 and UCB Student Charter, including Complaints, Assessment Appeals and Student Protection Plan• Safeguarding Practice Update• Review of SAR Action Plan• Draft SAR 2020/21 – Proposed Content and Structure• Access and Participation Plan Update• Estates Development Update• Guild President's Report
Remuneration and Nominations	11 November 2020	<ul style="list-style-type: none">• Nominations and appointments of Governors• Remuneration and Nominations Committee Annual Statement 2020
	6 July 2021	<ul style="list-style-type: none">• Nominations and appointment of Governors• Staff Expenses Summary 2020/21• Staff Pay Proposals

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The members of the Corporation of the University are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between the Office for Students (formerly the Higher Education Funding Council for England) and the Corporation of the University, the Corporation, through its Vice-Chancellor & Principal, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and with the Accounts Direction issued by the OfS, which give a true and fair view of the state of affairs of the University and the surplus for that year.

In preparing the financial statements the Corporation is required to:-

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the OfS are used only in accordance with the Financial Memorandum with the OfS and any other conditions which the OfS may from time to time prescribe. Members of the Corporation must ensure that there are appropriate financial and management controls in place sufficient to safeguard public and other funds and ensure that they are used only in accordance with the conditions under which they have been made available. In addition, members of the Corporation are responsible for securing the economical, efficient and effective management of the University's resources and expenditure, so that the benefits that should be derived from the application of public funds by the OfS are not put at risk.

Approved by order of the members of the Corporation on 3 November 2021 and signed on its behalf by:



Nigel Moss
Chair
3 November 2021

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STATEMENT OF CORPORATE GOVERNANCE

The University is committed to exhibiting best practice in all aspects of corporate governance. It complies with the provisions of the voluntary *Governance Code of Practice* adopted by the Committee of University Chairmen (CUC) as updated in September 2020 and also the UK Corporate Governance Code which was published in 2018. This summary describes the manner in which the University has applied the principles set out in the Combined Code. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the governors, the University complies with the provisions of both the CUC Governance Code of Practice and the UK Corporate Governance Code in so far as they apply to the higher education sector, and it has complied throughout the year ended 31 July 2021.

Statement of Primary Responsibilities

Having regard to the Code, the Corporation has adopted the following statement of primary responsibilities:

1. To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To delegate authority to the Vice-Chancellor & Principal, as chief executive, for the academic, corporate, financial, estate and personnel management of the University and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice-Chancellor & Principal.
3. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
4. To ensure that the University has adequate and effective management arrangements in place to comply with the Conditions of Registration with the Office for Students.
5. To approve the University's Access and Participation Plan and monitor specific progress against it, so as to ensure ongoing improvements are made to equality of opportunity for underrepresented groups of students.
6. To ensure processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
7. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
8. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life and the OfS Public Interest Governance Principles.
9. To safeguard the good name and values of the University.
10. To appoint the Vice-Chancellor & Principal as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
11. To appoint a secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
12. To be the employing authority for all staff in the University and to be responsible for establishing a human resources strategy.

UNIVERSITY COLLEGE BIRMINGHAM

STATEMENT OF CORPORATE GOVERNANCE

Statement of Primary Responsibilities *(continued)*

13. To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.

14. To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name.

15. To make such provision as it thinks fit for the general welfare of students, in consultation with the Academic Board.

16. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.

17. To ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.

18. To act as the Board of Trustees for the University as an Exempt Charity subject to the provisions of the Charity Act 2011 and to therefore ensure that the University delivers its charitable purposes for the public benefit and submits the information the Office for Students requires in its role as regulator of exempt charities.

The Corporation

The composition of the Corporation during the year is set out on pages 11-12. It is the Corporation's responsibility to bring independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the University, together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are: Finance and General Purposes; Remuneration and Nominations; Audit; Student Services and Standards.

The Finance and General Purposes Committee, the Audit Committee, the Student Services and Standards Committee and the full Corporation meet at least termly. The Remuneration and Nominations Committees is convened as necessary. Full minutes of all meetings are available from the University Secretary and Registrar at:

University College Birmingham
Summer Row
Birmingham
B3 1JB

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

UNIVERSITY COLLEGE BIRMINGHAM

STATEMENT OF CORPORATE GOVERNANCE

The Corporation *(continued)*

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

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

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

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

Remuneration and Nominations Committee

It is the responsibility of the Remuneration and Nominations Committee to determine the remuneration and benefits of the Vice-Chancellor & Principal and other senior staff, based on a remuneration policy which takes into account the Nolan Principles of Public Life, the CUC Code on HE Senior Staff Remuneration and the University's current financial position in relation to the rest of the sector.

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Remuneration and Nominations Committee is responsible for the selection and nomination of new Independent members for the Corporation's consideration, based on an approved Skills Audit of current membership. The Corporation is responsible for ensuring that appropriate training is provided as required.

Independent Members of the Corporation are appointed for a term of office not exceeding 3 years. Details of remuneration for the year ended 31 July 2021 are set out in note 5 to the financial statements.

Audit Committee

The Audit Committee comprises three members of the Corporation (excluding the Vice-Chancellor & Principal). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the University's internal and financial statement auditors, who have access to the Committee for independent discussion, without the presence of University management. The Committee also receives and considers reports from the Funding Council as they affect the University's business.

The University's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input, reporting their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations and internal auditors undertake periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal and financial statement auditors and their remuneration for both audit and non-audit work.

UNIVERSITY COLLEGE BIRMINGHAM

STATEMENT OF CORPORATE GOVERNANCE

Internal control

The Vice-Chancellor & Principal, as Accountable Officer, is responsible for ensuring that an effective system of internal control is maintained and operated by the University.

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

The Corporation has delegated to the Vice-Chancellor & Principal, as Accountable Officer, the day-to-day responsibility for reviewing the adequacy of the system of internal financial control and making any appropriate amendments. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal financial control.

The Corporation has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The Executive Management Team receives reports setting out key performance and risk indicators, and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the departments and reinforced by risk awareness training. The Executive Management Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports therein from the Executive Management Team and Audit Committee. The emphasis is on obtaining the relevant degree of assurance, not merely reporting by exception. At its November 2021 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the Executive Management Team and internal audit, and taking account of events since 31 July 2021.

Public benefit

University College Birmingham is an exempt charity and has regard to the Charity Commission's guidance on public benefit in the exercise of its duties. Its charitable object is, for the public benefit, to advance education, knowledge and learning by teaching and research. It carries out this object in accordance with the powers granted to the Corporation by Section 124 of the Education Reform Act 1988.

The University has delivered its charitable purposes for the Public Benefit in 2020/21 by providing both Higher and Further education and training to in excess of 7,000 students and providing research and consultancy services for business within its specialist industry areas, namely

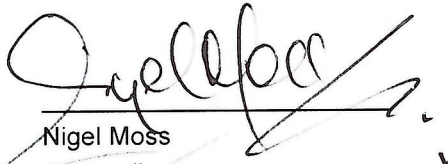
- Restaurants, hotels and licensed trade
- Bakery
- Food and consumer management
- Tourism
- Early years education and childcare
- Events and entertainment
- Sports therapy
- Sports management
- Beauty therapy, hairdressing, salon management and theatrical special effects & media make-up
- Service sector marketing
- Health and social care

UNIVERSITY COLLEGE BIRMINGHAM

STATEMENT OF CORPORATE GOVERNANCE

Going concern

After making appropriate enquiries, the Corporation considers 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 financial statements.



Nigel Moss
Chancellor
3 November 2021



Michael Harkin
Vice-Chancellor & Principal

UNIVERSITY COLLEGE BIRMINGHAM

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF THE UNIVERSITY COLLEGE BIRMINGHAM

Opinion

We have audited the financial statements of University College Birmingham ('the University') and its subsidiaries ('the Group') for the year ended 31 July 2021 which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Statement of Financial Position, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and University's affairs as at 31 July 2021 and of the Group's and University's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial

UNIVERSITY COLLEGE BIRMINGHAM

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF THE UNIVERSITY COLLEGE BIRMINGHAM

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

We have nothing to report in this regard.

Responsibilities of the Board of Governors

As explained more fully in the Statement of Responsibilities of the Board of Governors set out on page 17, the Board of Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they 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 are responsible for assessing the Group and University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Governors either intend to liquidate all or part of the University Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the University Group and its operations, we identified that the principal risks of non-compliance with laws and regulations related to the OfS requirements, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the OfS Accounts Direction.

We evaluated the Board of Governors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Board of Governors and management their policies and procedures regarding compliance with laws and regulations;

UNIVERSITY COLLEGE BIRMINGHAM

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF THE UNIVERSITY COLLEGE BIRMINGHAM

- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the University Group which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Board of Governors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Other Required Reporting

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS's accounts direction 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 OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the accounts, is materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the accounts, has been materially misstated.

Use of the audit report

This report is made solely to the Board of Governors as a body in accordance with paragraph 4(2) of the University's articles and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and University and the Board of Governors as a body for our audit work, for this report, or for the opinions we have formed.

UNIVERSITY COLLEGE BIRMINGHAM

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF THE UNIVERSITY
COLLEGE BIRMINGHAM



[David Hoose \(Jan 21, 2022 15:55 GMT\)](#)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: 21-Jan-2022

UNIVERSITY COLLEGE BIRMINGHAM

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR TO 31 JULY 2021

		2021 £'000	2020 £'000
	Notes		
Income			
Funding body grants	2	11,008	8,743
Academic fees and support grants	2	40,789	37,167
Other operating income	3	4,236	6,305
Investment income	4	350	647
Total income		56,383	52,862
Expenditure			
Staff costs	5	(30,899)	(30,210)
Other operating expenses	6	(17,140)	(17,926)
Depreciation and amortisation		(4,485)	(3,621)
Interest payable	8	(566)	(465)
Total expenditure		(53,090)	(52,222)
Surplus before other gains and losses		3,292	640
Profit/(loss) on investment disposals		797	(17)
Profit on fixed asset disposals		70	-
Surplus before tax		4,159	623
Taxation	7	17	17
Surplus for the year		4,176	640
Unrealised (loss)/gain on revaluation of investments	14, 27	8,564	(1,266)
Unrealised gain on disposal of fixed assets		25	-
Actuarial Gain/(loss) in respect of pension scheme	15	1,040	(16,979)
Total comprehensive income for the year		13,805	(17,605)

The statement of comprehensive income is in respect of continuing activities. The figures are consolidated for University College Birmingham and its subsidiaries.

UNIVERSITY COLLEGE BIRMINGHAM

UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR TO 31 JULY 2021

		2021 £'000	2020 £'000
	Notes		
Income			
Funding body grants	2	11,008	8,743
Academic fees and support grants	2	40,789	37,167
Other operating income	3	4,236	6,305
Investment income	4	514	805
Total income		56,547	53,020
Expenditure			
Staff costs	5	(30,899)	(30,210)
Other operating expenses	6	(17,140)	(17,926)
Depreciation	9	(4,382)	(3,518)
Interest payable	8	(566)	(465)
Total expenditure		(52,987)	(52,119)
Surplus before other gains and losses		3,560	901
Profit/(Loss) on investment disposals		797	(17)
Profit on fixed asset disposals		70	-
Surplus before tax		4,427	884
Taxation	7	-	-
Surplus for the year		4,427	884
Unrealised gain/(loss) on revaluation of investments	14	8,564	(1,266)
Unrealised gain on revaluation of fixed assets		25	
Actuarial gain/(loss) in respect of pension scheme	15	1,040	(16,979)
Total comprehensive income for the year		14,056	(17,361)

UNIVERSITY COLLEGE BIRMINGHAM

CONSOLIDATED STATEMENTS OF CHANGES IN RESERVES FOR THE YEAR TO 31 JULY 2021

Group	<i>Income and Expenditure Account £'000</i>	<i>Revaluation Reserve £'000</i>	<i>Total £'000</i>
Balance at 31 July 2019	128,271	13,912	142,183
Surplus for the year	640	-	640
Other comprehensive income	(16,979)	1,266	(18,245)
Transfers	293	(293)	-
Total comprehensive income for the year	(16,046)	1,559	(17,605)
Balance at 31 July 2020	112,225	12,353	124,578
Surplus for the year	4,176	-	4,176
Other comprehensive income	1,040	8,589	9,629
Transfers	804	(804)	-
Total comprehensive income for the year	6,020	7,785	13,805
Balance at 31 July 2021	118,245	20,138	138,383

University	<i>Income and Expenditure Account £'000</i>	<i>Revaluation Reserve £'000</i>	<i>Total £'000</i>
Balance at 31 July 2019	128,117	13,798	141,915
Surplus for the year	884	-	2,968
Other comprehensive income	(16,979)	(1,266)	(1,285)
Transfers	293	(293)	-
Total comprehensive income for the year	(15,802)	(1,559)	(17,361)
Balance at 31 July 2020	112,315	12,239	124,554
Surplus for the year	4,427	-	4,427
Other comprehensive income	1,040	8,589	9,629
Transfers	804	(804)	-
Total comprehensive income for the year	6,271	7,785	14,056
Balance at 31 July 2021	118,586	20,024	138,610


UNIVERSITY COLLEGE BIRMINGHAM

CONSOLIDATED BALANCE SHEET AS AT 31 JULY 2021

		2021 £'000	2020 £'000
	Notes		
FIXED ASSETS			
Goodwill		206	309
Tangible assets	9	114,073	117,375
Investments	10	56,925	47,407
		<u>171,204</u>	<u>165,091</u>
CURRENT ASSETS			
Stock		26	26
Debtors	11	6,331	4,712
Short-term investments		10,122	109
Cash at bank and in hand	17	7,643	4,645
		<u>24,122</u>	<u>9,492</u>
CREDITORS: amounts falling due within one year	12	(13,660)	(8,701)
		<u>10,462</u>	<u>791</u>
NET CURRENT ASSETS		<u>10,462</u>	<u>791</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		181,666	165,882
Deferred Tax Liability		(30)	(47)
PENSION LIABILITY	13	(43,252)	(41,257)
NET ASSETS		<u><u>138,384</u></u>	<u><u>124,578</u></u>
RESERVES			
Income and expenditure account including pension reserve		118,246	112,225
Revaluation reserves	14, 27	20,138	12,353
		<u><u>138,384</u></u>	<u><u>124,578</u></u>

The financial statements on pages 27 to 57 were approved by the Corporation on 3 November 2021 and were signed on its behalf by:


 Nigel Moss
 Chair
 3 November 2021


 Michael Harkin
 Vice-Chancellor & Principal

UNIVERSITY COLLEGE BIRMINGHAM

UNIVERSITY BALANCE SHEET AS AT 31 JULY 2021

		2021 £'000	2020 £'000
	Notes		
FIXED ASSETS			
Tangible assets	9	114,073	117,375
Investments	10	53,371	43,868
		<u>167,444</u>	<u>161,243</u>
CURRENT ASSETS			
Stock		26	26
Debtors	11	10,287	8,489
Short-term investments		10,122	109
Cash at bank and in hand		7,643	4,645
		<u>28,078</u>	<u>13,269</u>
CREDITORS: amounts falling due within one year	12	(13,660)	(8,701)
		<u>14,418</u>	<u>4,568</u>
NET CURRENT ASSETS		<u>181,862</u>	<u>165,811</u>
TOTAL ASSETS INC CURRENT ASSETS		<u>181,862</u>	<u>165,811</u>
PENSION LIABILITY	13	(43,252)	(41,257)
NET ASSETS		<u>138,610</u>	<u>124,554</u>
RESERVES			
Income and expenditure account including pension reserve		118,586	112,315
Revaluation reserves	14	20,024	12,239
		<u>138,610</u>	<u>124,554</u>

The financial statements on pages 27 to 57 were approved by the Corporation on 3 November 2021 and were signed on its behalf by:


 Nigel Moss
 Chair
 3 November 2021


 Michael Harkin
 Vice-Chancellor & Principal

UNIVERSITY COLLEGE BIRMINGHAM

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR TO 31 JULY 2021

		2021 £'000	2020 £'000
	Notes		
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	11,914	747
CASH FLOWS FROM INVESTING ACTIVITIES		<u> </u>	<u> </u>
Purchase of tangible fixed assets not under finance leases	9	(1,079)	(15,825)
Income from sale of tangible fixed assets		70	-
Deferred capital grants received		310	203
Purchase of investments		(15)	(240)
Income from sale of investments		1,461	650
Income from investments		336	611
Other interest received		14	36
New deposit investments		(10,013)	(1)
		<u>(8,916)</u>	<u>(14,566)</u>
INCREASE/(DECREASE) IN CASH IN THE YEAR		<u>2,998</u>	<u>(13,819)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
		£'000	£'000
Increase / (Decrease) in cash in the year		2,998	(13,819)
Net funds at 1 August		4,645	18,464
Net funds at 31 July		<u>7,643</u>	<u>4,645</u>

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

1. ACCOUNTING POLICIES

Statement of accounting policies

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

Going concern

The financial statements have been prepared on the going concern basis, based on an annual assessment of the University's financial prospects by the governors to determine that there are adequate resources to continue in operational existence for the foreseeable future, a minimum of 12 months from the date when the financial statements are authorised for issue.

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): *Accounting for Further and Higher Education 2019* and in accordance with Financial Reporting Standard ("FRS") 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Foreign currency

Transactions denominated in foreign currencies are recorded using the exchange rate prevailing at the date of the transaction.

Basis of consolidation

The consolidated financial statements of the group include the financial statements of the University and its subsidiary undertakings. The results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated statements of comprehensive income from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the University does not control those activities. All financial statements are prepared to 31 July 2021.

Recognition of income

a) *Tuition fee income*

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income is shown net of the discount. Bursaries and scholarships which are not offered as a deduction on fees are accounted for gross as expenditure and not deducted from income.

b) *Other operating income*

Income from the sale of goods or services is credited to the Consolidated statement of comprehensive income and expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

c) *Investment income*

Income from investments represents dividends received. Fluctuations in market value on investments which have been held by the University throughout the year are taken directly to reserves.

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

1. ACCOUNTING POLICIES *(continued)*

d) *Grant funding – funding body grants*

Recurrent grants receivable from the Education Skills Funding Agency and the Department for Education represent the funding allocations attributable to the current financial year and are credited direct to the statements of comprehensive income. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the statements of comprehensive income. Recurrent grants receivable from the Office for Students (formerly the Higher Education Funding Council for England) are based upon the HESES returns provided by the University in December and June of each academic year.

e) *Grant funding – other grants*

Grants receivable from the Department for Education represent the funding allocations attributable to the current financial year and are credited direct to the statements of comprehensive income.

Pension schemes

Retirement benefits to employees of the University are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme.

Contributions to the TPS are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 15, the TPS is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Employment Benefits

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

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired is capitalised and written off on a straight line basis over its useful economic life. Useful economic life is assessed separately for each business acquired, depending on the nature of that business. Where a reliable estimate of the useful life of goodwill cannot be made, the life shall not exceed five years. Provision is made for any impairment.

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

1. ACCOUNTING POLICIES *(continued)*

Tangible fixed assets

a) Land and buildings

The University's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost. Land and buildings acquired since incorporation are capitalised at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the University of 50 years. Leasehold buildings are amortised over the length of the lease.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

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

Where significant subsequent expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- i. Market value of the fixed asset has subsequently improved
- ii. Asset capacity increases
- iii. Substantial improvement in the quality of output or reduction in operating costs
- iv. Significant extension of the asset's life beyond that conferred by repairs and maintenance

b) Refurbishments

Refurbishments costing less than £15,000 are written off to the income and expenditure account in the period of refurbishment. All other refurbishments are capitalised at cost and are depreciated over their useful economic life to the University of 4 years.

c) Other tangible fixed assets

Other tangible fixed assets costing less than £15,000 per individual item are written off to the income and expenditure account in the period of acquisition. All other tangible fixed assets are capitalised at cost.

Other tangible fixed assets are depreciated over their useful economic lives as follows:

Motor vehicles	4 years
Computer equipment	4 years
General equipment	4 years

Investment Properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services.

Investment properties are initially measured at cost and subsequently at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure. Properties are not depreciated but are revalued annually according to market conditions as at 31 July each year.

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

1. ACCOUNTING POLICIES *(continued)*

Investments in subsidiaries

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.

Investments in joint ventures

Due to the nature of its activities, the University is a member of a number of other joint ventures and companies. The individual detail of these other holdings is not disclosed, nor consolidated into the accounts of the University, purely on the grounds of materiality.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements which transfer to the University substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets. Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Investments

Investments are held for the long term and are therefore treated as fixed assets and included at market valuation. Fluctuations in value are taken directly to the investment revaluation reserve included within reserves in the balance sheet, so avoiding significant fluctuations in operating surpluses resulting from short term fluctuations in the value of investments.

Stocks

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

Taxation

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

The University receives no similar exemption in respect of Value Added Tax. Most of the services provided to students are, however, exempt from VAT. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

1. ACCOUNTING POLICIES *(continued)*

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial or corporate organisations.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are more likely than not to be recovered.

European Social Fund ("ESF") Monies

The University only recognises ESF monies upon official confirmation that a particular bid for funds has been approved.

Cash and cash equivalents

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

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

Provisions

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

Deferred Capital Grants

In accordance with FRS 102 the University accounts for deferred capital grants using the Performance model whereby grants that do not impose specific future performance-related conditions are recognised in the statements of comprehensive income on receipt and grants that impose specific future performance-related conditions are only recognised in the statements of comprehensive income once the performance-related conditions are met.

Agency arrangements

The University acts as an agent in the collection and payment of Learner Support Funds and Department for Education training bursaries. Related payments received from the Office for Students, ESFA and DfE and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 23, except for the 5% of the grant received which is available to the University to cover administration costs relating to the grant. The University employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.

Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

1. ACCOUNTING POLICIES *(continued)*

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitutes a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Reserves

The University has an income & expenditure reserve which is unrestricted, meaning that it can be used to support all activities of the University. There are two other restricted reserves which can only be used for specified purposes. These are the pension reserve which is retained to support the Local Government Pension deficit and the revaluation reserve which reflects unrealised gains in investments.

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

2. GRANT AND FEE INCOME

<i>Consolidated and University</i>	2021 £'000	2020 £'000
Grant income from OfS	2,469	1,917
Grant income from other bodies	8,539	6,826
Fee income for taught awards (exc. VAT)	39,741	36,289
Fee income for non-qualifying courses (exc. VAT)	534	437
Overseas trips	0	5
Contracts	493	439
European funds	22	(3)
Total grant and fee income	51,798	45,910

During the year, the University received £38,000 (2020: £38,000) from the ESFA earmarked as access funds. These funds were administered in accordance with the terms and conditions specified by the ESFA. The funds have been excluded from both income and expenditure and are disclosed in note 22.

3. OTHER OPERATING INCOME

<i>Consolidated and University</i>	2021 £'000	2020 £'000
Catering operations	204	775
Residence income	2,764	3,478
Other income generating activities	392	678
Other services rendered	13	105
Coronavirus job retention scheme	863	1,269
	4,236	6,305

4. INVESTMENT INCOME

	2021		2020	
	<i>Group</i> £'000	<i>University</i> £'000	<i>Group</i> £'000	<i>University</i> £'000
Income from investments	336	336	611	611
Other interest receivable	14	178	36	194
	350	514	647	805

Income from investments represents dividends received and losses or gains on disposals realised in-year. Fluctuations in market value on investments which have been held by the University throughout the year are taken directly to reserves.

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

5. STAFF COSTS

The average number of persons employed by the University during the year, expressed as full-time equivalents, was:

<i>Consolidated and University</i>	<i>2021</i>	<i>2020</i>
Teaching departments	244	269
Teaching and other support services	159	179
Administration and central services	28	32
General education expenditure	31	25
Premises	27	30
Research	-	-
Catering and residences	28	43
	<u>517</u>	<u>578</u>
	<i>2021</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>
Wages and salaries	21,435	21,557
Social security costs	2,048	2,207
Pension costs (including FRS 102 adjustments of £2,469,000 – 2020: £1,751,000)	6,638	5,877
	<u>30,121</u>	<u>29,641</u>
Payroll sub-total	778	569
Contracted-out lecturing services	<u>30,899</u>	<u>30,210</u>
	<i>2021</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>
Employment costs for staff on permanent contracts	26,663	26,897
Employment costs for staff on short-term and temporary staffing contracts	988	993
Contracted-out lecturing services	779	569
FRS 102 retirement benefit charge	2,469	1,751
	<u>30,899</u>	<u>30,210</u>

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

5. STAFF COSTS *(continued)*

The number of staff, including the Vice-Chancellor & Principal, who received a basic salary in excess of £100,000 in the following ranges was:

<i>Consolidated and University</i>	2021	2020
£100,000 to £105,000		
£120,001 to £125,000	3	1
£130,000 to £135,000	1	1
£140,001 to £145,000	-	-
£145,001 to £150,000	-	1
£150,001 to £155,000	-	-
£155,001 to £160,000	1	1
£165,001 to £170,000	-	-
£200,001 to £205,000	1	1
	6	5
	6	5

The remuneration paid to the Vice-Chancellor & Principal was:

<i>Consolidated and University</i>	2021 £'000	2020 £'000
Salary	203	203
Payment in lieu of notice		-
Benefits in kind	1	1
	204	204
	204	204
Pension contributions	38	49
	38	49

i. The Vice-Chancellor and Principal's basic salary is 6.5 times the median pay of staff (2020: 6.2), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff.

ii. The Vice-Chancellor and Principal's total remuneration is 6.5 times the median total remuneration of staff (2020: 6.7), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the University to its staff.

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

5. STAFF COSTS *(continued)*

The remuneration of the Vice-Chancellor and Principal is determined by the Remuneration and Nominations Committee who take a broad view of the financial performance of the HE sector and base decisions primarily on the recommendations made by the Universities and Colleges Employers' Association (UCEA), who negotiate nationally on the University's behalf. Remuneration and Nominations Committee consider that this is appropriate given the seniority of the post and the success of the University in a very challenging Higher Education environment.

The members of the Corporation other than the Vice-Chancellor & Principal and the member nominated by the staff (who is a University employee) did not receive any payment from the University other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Key management personnel

The members of the Executive Management Team are considered to be the key management personnel of the University, having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel.

	2021 £'000	2020 £'000
Key management personnel compensation	1,158	1,301
	<u>1,158</u>	<u>1,301</u>
Staff costs included:		
	2021 £'000	2020 £'000
Access and Participation related costs:		
- Access Investment	835	837
- Financial Support	116	84
- Disability Support (excluding expenditure in the two categories above)	169	156
- Research and Evaluation	83	107
	<u>1,203</u>	<u>1,184</u>

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

6. OTHER OPERATING EXPENSES

<i>Consolidated and University</i>	<i>2021</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>
Teaching departments	1,335	2,543
Teaching support services	1,623	1,731
Other support services	428	531
Administration and central services	2,423	2,669
General education expenditure	6,591	5,257
Premises costs	3,168	3,140
Catering costs	493	911
Residences expenditure	1,053	1,118
Local government pension administration costs	26	26
	17,140	17,926
Other operating expenses included:		
	<i>2021</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>
Auditors' remuneration:		
- external audit	35	38
- internal audit	53	24
- other services provided by external auditors	-	-
- other services provided by internal auditors	-	14
	1,514	1,397
Access and Participation related costs:		
- Access Investment	-	-
- Financial Support	1,514	1,397
- Disability Support (excluding expenditure in the two categories above)	-	-
- Research and Evaluation	-	-
	1,514	1,397

The University's Access and Participation Plan can be found at
<https://www.ucb.ac.uk/media/jhyhztxy/access-and-participation-plan-2020-2021-to-2024-25.pdf>

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

7. TAXATION

	2021		2020	
	Group £'000	University £'000	Group £'000	University £'000
Recognition of deferred tax asset on losses	17	-	17	-
	<u>17</u>	<u>-</u>	<u>17</u>	<u>-</u>
	<u><u>17</u></u>	<u><u>-</u></u>	<u><u>17</u></u>	<u><u>-</u></u>

8. INTEREST PAYABLE

<i>Consolidated and University</i>	2021 £'000	2020 £'000
Short term borrowing	-	18
Local government pension deficit interest (note 15)	566	447
	<u>566</u>	<u>465</u>
	<u><u>566</u></u>	<u><u>465</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

9. TANGIBLE FIXED ASSETS

Consolidated and University	Assets in the course of construction	Freehold land and buildings	Refurbishment	Motor vehicles	Computer equipment	General equipment	Total
Cost or valuation:							
At 1 August 2020	-	129,432	16,773	212	1,026	2,919	150,362
Assets in Construction							
Completed	-	-	-	-	-	-	-
Unrealised gain on revaluation	-	25	-	-	-	-	25
Additions	-	358	573	-	105	18	1,054
Disposals	-	-	-	-	-	-	-
At 31 July 2021	-	129,815	17,346	212	1,131	2,937	151,441
Depreciation:							
At 1 August 2020	-	18,407	12,207	203	610	1,560	32,987
Charge for the year	-	2,180	1,604	9	153	436	4,382
Disposals	-	-	-	-	-	-	-
At 31 July 2021	-	20,587	13,811	212	763	1,996	37,369
Net book value							
At 31 July 2021	-	109,228	3,535	0	368	941	114,072
Net book value:							
At 1 August 2020	-	111,025	4,566	9	416	1,359	117,375
At 31 July 2021	-	109,228	3,535	0	368	941	114,072

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

9. TANGIBLE FIXED ASSETS *(Continued)*

Inherited land and buildings have been valued at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the University on a depreciated replacement cost basis with the assistance of independent professional advice in 1994. There are no tangible fixed assets held under finance leases. Land and buildings with a net book value of £2,178,412 have been financed by exchequer funds, through for example the receipt of capital grants. Should these assets be sold, the University may be liable, under the terms of the Financial Memorandum with the OfS, to surrender the proceeds.

10. INVESTMENTS

	2021		2020	
	Group £'000	University £'000	Group £'000	University £'000
Managed Funds and Covered Warrants				
Market value at 1 August	40,855	40,855	42,568	42,568
Other changes in-year	276	276	-	-
Prior Year Realised Surplus	664	664	204	204
Sale of investments	-	-	(651)	(651)
Surplus on revaluation for year	8,564	8,564	(1,266)	(1,266)
	<u>50,359</u>	<u>50,359</u>	<u>40,855</u>	<u>40,855</u>
Investment in joint venture (see note 21)				
Cost at 1 August	-	-	-	344
Provision for impairment	-	-	-	-
Transfer due to dissolution of joint venture	-	-	-	(344)
Cost at 31 July	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment in subsidiary (see note 21)				
Cost at 1 August	-	401	-	401
	<u>-</u>	<u>401</u>	<u>-</u>	<u>401</u>
Investment properties				
Cost at 1 August	6,339	2,399	13,374	9,674
Additions	15	-	240	-
Disposals	-	-	-	-
T/f to Fixed Assets	-	-	(7,275)	(7,275)
Surplus / (loss) on revaluation	-	-	-	-
Cost at 31 July	<u>6,354</u>	<u>2,399</u>	<u>6,339</u>	<u>2,399</u>
Works of Art				
Cost at 1 August	212	212	212	212
Additions	-	-	-	-
Cost at 31 July	<u>212</u>	<u>212</u>	<u>212</u>	<u>212</u>
Total investments	<u>56,926</u>	<u>53,371</u>	<u>47,407</u>	<u>43,868</u>

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

10. INVESTMENTS *(Continued)*

Managed funds and covered warrants have been included at market value. Unrealised gains and losses arising from fluctuations in value are included within revaluation reserves. Investments in joint ventures and works of art have been included at cost.

Investment properties were revalued at 31 July 2020 by Cushman & Wakefield, Chartered Surveyors on the basis of Market Value in accordance with the requirements of the RICS Valuation – Global Standards which incorporate the International Valuation Standards (“IVS”) and the RICS Valuation UK National Supplement (the “RICS Red Book”) edition current at the Valuation Date.

11. DEBTORS

	2021		2020	
	Group £'000	University £'000	Group £'000	University £'000
Trade debtors	4,740	4,740	3,109	3,109
Prepayments and accrued income	1,132	1,132	1,144	1,144
Loans to joint ventures (see note 20)	429	429	429	429
Loans to other subsidiary undertakings	-	3,957	-	3,777
Other debtors	30	30	30	30
	6,331	10,288	4,712	8,489

12. CREDITORS

	2021		2020	
	Group £'000	University £'000	Group £'000	University £'000
Amounts falling due within one year:				
Trade creditors	3,649	3,649	2,358	2,358
Other taxation and social security	166	166	-	-
Accruals and deferred income	9,845	9,845	6,343	6,343
	13,660	13,660	8,701	8,701

Deferred income

Included within creditors are the following items of income which have been deferred until specific performance related conditions have been met.

	2021		2020	
	Group £'000	University £'000	Group £'000	University £'000
Tuition fees in advance	4,677	4,677	2,389	2,389
Accommodation fees in advance	87	87	63	63
	4,764	4,764	2,452	2,452

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

13. PENSION LIABILITY

<i>Consolidated and University</i>	<i>2021</i> <i>£'000</i>	<i>2020</i> <i>£'000</i>
Local government pension liability	43,252	41,257

14. REVALUATION RESERVES

	<i>2021</i>		<i>2020</i>	
	<i>Group</i> <i>£'000</i>	<i>University</i> <i>£'000</i>	<i>Group</i> <i>£'000</i>	<i>University</i> <i>£'000</i>
<i>Inherited Assets</i>				
At 1 August	3,773	3,773	3,913	3,913
Transfer from revaluation reserve to income and expenditure account	(140)	(140)	(140)	(140)
	<u>3,633</u>	<u>3,633</u>	<u>3,773</u>	<u>3,773</u>
<i>Investments</i>				
At 1 August	8,580	8,466	9,999	9,885
Release of revaluation reserve in respect of investments sold during the year	(664)	(664)	(153)	(153)
Increase in valuation of investments during the year	8,564	8,564	(1,266)	(1,266)
Revaluation of investment properties	-	-	-	-
	<u>16,480</u>	<u>16,366</u>	<u>8,580</u>	<u>8,466</u>
<i>Fixed Assets</i>				
At 1 August	-	-	-	-
Increase in valuation during the year	<u>25</u>	25	-	-
	<u>25</u>	25	-	-
Total Revaluation Reserve	<u>20,138</u>	<u>20,024</u>	<u>12,353</u>	<u>12,239</u>

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

15. PENSION AND SIMILAR OBLIGATIONS

The two principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). Both are defined benefit schemes.

The total pension cost for the University was:

<i>Consolidated and University</i>	<i>2021</i> £'000	<i>2020</i> £'000
Contribution to TPS	2,401	2,578
Contribution to LGPS	1,767	1,548
FRS 102 charge	2,470	1,751
Total pension (Note 5)	<u>6,638</u>	<u>5,877</u>

Teachers' Pension Scheme (TPS)

The University participates in the TPS, which is an unfunded defined benefit pension scheme where contributions payable are credited to the Exchequer and a notional set of investments maintained. The pension cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary.

For the period from 1 August 2020 to 31 July 2021 the employer contribution was 23.68%. The employee rate was between 7.4% and 11.7%.

Financial Reporting Standard 102

Under the definitions set out in Financial Reporting Standard 102, the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Local Government Pension Scheme (LGPS)

The University participates in the LGPS, which is a funded defined benefit pension scheme where contributions payable are held in a trust separately from the University. The total contribution made for the year ended 31 July 2021 was £2,314,000 of which employer's contributions totalled £1,767,000 and employees' contributions totalled £547,000. The agreed employer contribution rate for the 2020/21 Fiscal is 18.7%. The employee contribution rate depends upon the salary of the individual member and varies between 5.5% and 12.5%.

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

15. PENSION AND SIMILAR OBLIGATIONS (Cont)

Financial Reporting Standard 102

The following information is based upon a full actuarial valuation of the Fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

Weighted average assumptions used to determine benefit obligations at:	31 July 2021	31 July 2020
Rate of increase in salaries	3.80%	3.20%
Rate of increase for pensions	2.80%	2.20%
CPI inflation assumption	2.80%	2.20%
Discount rate for scheme liabilities	1.60%	1.40%
Further life expectancies from age 65:		
Retiring today		
Males	21.6 yrs	21.9 yrs
Females	24.0 yrs	24.1 yrs
Retiring in 20 years		
Males	23.4 yrs	23.8 yrs
Females	25.8 yrs	26.0 yrs

Changes to the LGPS under regulation 3 of the LGPS (Amendment) Regulations 2006 (Statutory Instrument 2006/966) permit employees retiring on or after 6 April 2006 to take an extra increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. The actuaries have assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme. The actuaries have advised that this will reduce the value of the University's retirement benefit liability.

The current mortality assumptions include allowance for future improvements in mortality rates.

The University's share of the assets in the scheme at the balance sheet date was:

<i>Consolidated and University</i>	<i>Fair value At 31 July 2021 £'000</i>	<i>Fair value At 31 July 2020 £'000</i>
Equities	31,965	24,437
Government bonds	4,336	4,720
Other bonds	3,212	1,688
Property	3,686	3,279
Cash / liquidity	1,932	2,886
Other	7,343	6,492
	<hr/>	<hr/>
Total fair value of assets	52,474	43,502
Present value of plan liabilities	(95,723)	(84,755)
	<hr/>	<hr/>
Deficit	(43,249)	(41,253)
Present value of unfunded obligation	(3)	(4)
	<hr/>	<hr/>
	(43,252)	(41,257)
	<hr/> <hr/>	<hr/> <hr/>

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

The return on the fund (on a bid value to bid value basis) for the year to 31 July 2021 is estimated to be 2%. The actual return on fund assets over the year may be different.

Analysis of the amounts recognised in the Statement of Comprehensive Income in respect of the scheme

<i>Consolidated and University</i>	<i>2021</i> <i>£'000</i>	<i>2020</i> <i>£'000</i>
Amounts included in staff costs:		
Service cost	4,230	3,299
	<hr/>	<hr/>
	<i>2021</i> <i>£'000</i>	<i>2020</i> <i>£'000</i>
Amounts included in other operating expenses:		
Administration costs	6	26
	<hr/>	<hr/>
Amounts included in interest payable:		
Net interest cost	566	447
	<hr/>	<hr/>

Amount recognised in Other Comprehensive Income

<i>Consolidated and University</i>	<i>2021</i> <i>£'000</i>	<i>2020</i> <i>£'000</i>
Return on pension scheme assets	6,743	(23)
Other actuarial (losses) on assets	-	(2,040)
Changes in assumptions underlying the present value of scheme liabilities	(8,324)	(9,678)
Change in demographic assumptions	1,264	(1,788)
Experience gain / (loss) on defined benefit obligation	1,357	(3,450)
	<hr/>	<hr/>
Actuarial gain/(loss) recognised in Other Comprehensive Income	1,040	(16,979)
	<hr/>	<hr/>

Movement in net defined benefit liability during the year

<i>Consolidated and University</i>	<i>2021</i> <i>£'000</i>	<i>2020</i> <i>£'000</i>
Deficit in scheme at 1 August	(41,257)	(22,054)
Movement in year:		
Current service charge	(4,215)	(3,224)
Employer contributions including unfunded	1,767	1,548
Past service charges	(15)	(75)
Administration costs	(6)	(26)
Net interest cost	(566)	(447)
Actuarial gain/loss	1,040	(16,979)
	<hr/>	<hr/>
Deficit in scheme at 31 July	(43,252)	(41,257)
	<hr/>	<hr/>

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

15. PENSION AND SIMILAR OBLIGATIONS *(continued)*

Reconciliation of Defined Benefit Obligations

<i>Consolidated and University</i>	2021 £'000	2020 £'000
Defined benefit obligation at start of year	84,759	65,447
Current service cost	4,215	3,224
Interest cost	1,186	1,372
Member contributions	547	578
Change in financial assumptions	8,324	9,678
Change in demographic assumptions	(1,264)	1,788
Experience (gain)/loss on defined benefit obligation	(1,357)	3,450
Estimated benefits paid net of transfers in	(698)	(853)
Past service costs, including curtailments	15	75
Unfunded pension payments	(1)	-
	<u>95,726</u>	<u>84,759</u>

Reconciliation of Assets

<i>Consolidated and University</i>	2021 £'000	2020 £'000
Fair value of assets at start of year	43,502	43,393
Interest on assets	620	925
Return on assets less interest	6,743	(23)
Employer contributions including unfunded	1,767	1,548
Member contributions	547	578
Estimated benefits paid plus unfunded net of transfers in	(699)	(853)
Administration expenses	(6)	(26)
Other actuarial (losses)	-	(2,040)
	<u>52,474</u>	<u>43,502</u>

The total return on the fund assets for the year to 31 July 2021 is £7,363,000.

Contributions

The employer expects to make contributions in the year to 31 July 2022 of £1,490,000.

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

16. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2021 £'000	2020 £'000
Surplus on continuing operations after depreciation of assets at valuation and tax	3,292	640
Adjustment for non-cash items:		
Depreciation (note 9)	4,382	3,518
Amortisation of intangible assets	103	103
(Profit)/loss on disposal of investments	(1,461)	17
(Profit) on disposal of fixed assets	(70)	-
(Increase) in stocks	-	(3)
(Increase) in trade debtors	(1,632)	(974)
(Increase)/Decrease in prepayments, accrued income and other debtors	12	(240)
Increase/(Decrease) in trade creditors	1,291	(512)
Increase/(Decrease) in other taxation and social security	166	(128)
Increase/(Decrease) in accruals	3,500	(3,050)
Pension cost less contributions payable (notes 5 and 15)	2,436	1,751
Pension administration costs (notes 6 and 15)	6	26
Tax (credit)	(17)	(17)
Adjustment for investing or financing activities:		
Deferred capital grants released to income	(310)	(203)
Other interest (note 4)	(14)	(36)
Income from investments (note 4)	(336)	(611)
Interest payable (note 8)	566	465
Net cash inflow from operating activities	11,914	747

17. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2020 £'000	Cash flows £'000	At 31 July 2021 £'000
Cash at bank and in hand	4,645	2,998	7,643

18. CAPITAL COMMITMENTS

	2021 £'000	2020 £'000
Contracted for at year end	2,460	-

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

19. RELATED PARTY TRANSACTIONS

Due to the nature of the University's operations and the composition of the Corporation (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 Corporation may have an interest. All transactions involving organisations in which a member of the Corporation may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. The only transaction identified which should be disclosed under Financial Reporting Standard 102 was the payment of £148,000 grant to the University College Birmingham Guild of Students of which Mr A Jallow was the president at the time.

Transactions with the OfS, DfE and ESFA are detailed in note 2.

20. JOINT VENTURES AND SUBSIDIARY ENTITIES

On 5 July 2012, a private limited company called SUCB Holdings Limited was set up. The University owned 50% (500 ordinary shares of £0.01 each) of the issued share capital of this company with the other 50% being owned by a company called NRH Media Limited. On 6 July 2012 Smartphone Hospitality Limited, a wholly owned subsidiary of SUCB Holdings Limited, was incorporated. The purpose of this joint venture was to seek to maximise business opportunities arising out of the utilisation of augmented reality in the hospitality industry. During the year ending 31 July 2019, SUCB Holdings was dissolved and a loan of £125,000 (which had previously been fully provided for) was written off. The University did not account for SUCB Holdings Limited as a joint venture due to the immateriality of the figures involved.

On 25 October 2013, a Limited Liability Partnership called UCB Leisure LLP was incorporated. The Capital of this business is owned equally by University College Birmingham and David Playdon (who up until the incorporation of the business was a Governor of the University). On 22 November 2013 UCB Leisure LLP purchased the freehold of the land and buildings of Gayhill Golf Club (now renamed Hollywood Golf Club) for a total consideration of £858,000.

On 22 April 2015, a Limited Liability Partnership called Legge Lane Birmingham LLP was incorporated. The Capital of this business was owned equally by University College Birmingham and Romiga Washington Ltd. The purpose of this joint venture was to build apartments on land owned by the University at Legge Lane, Birmingham and planning permission has been gained for the building of 100 mixed one and two bedroom flats. During the 2017/18 year, the University acquired ownership of Romiga Washington and now owns 100% of Legge Lane Birmingham LLP. Romiga Washington was renamed 'Summer Row Developments' and as a consequence of this, all interests in Legge Lane Birmingham LLP were transferred to Summer Row Developments and Legge Lane Birmingham LLP was dissolved. At the end of the year, the University had provided its wholly owned subsidiary, Summer Row Developments, with loans totalling £3.956m (2020: £3.8 million) to maintain their interest in land owned at Legge Lane.

21. MAJOR NON-CASH TRANSACTIONS

There have been no major non-cash transactions in the year.

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

22. LEARNER SUPPORT FUNDS

	<i>Learner Support Funds</i>	
	<i>2021</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>
Funding Agency grants	38	38
Interest earned	-	-
	<hr/>	<hr/>
	38	38
Disbursed to students	(36)	(24)
Administration costs	(2)	(1)
	<hr/>	<hr/>
Balance unspent at 31 July	-	13
	<hr/> <hr/>	<hr/> <hr/>

Funding Council grants are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

23. EXPENSES PAID TO OR ON BEHALF OF THE MEMBERS OF THE CORPORATION

During the year expense payments amounting to a total of £1,966 were paid to 3 Corporation Members for expenses they incurred in attending University meetings. Examples of the types of expenses incurred include travel and hotel costs.

No payments for services were made to any of the Members or connected parties, other than under contracts of employment.

24. POST BALANCE SHEET EVENTS

Summer Row Developments Ltd, a subsidiary company of University College Birmingham sold land at Legge Lane for £5.85 million on 2 October 2021. This sale generated a profit of £895,000 on disposal.

25. ACCOUNTING ESTIMATES AND JUDGEMENTS

The main source of estimation uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year is the uncertainty surrounding the valuation of the net pension liability.

In order to value the pension liability, it is necessary to make assumptions about future discount rates, salary increases, pension increases and life expectancies.

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

25. ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

The value of the pension liability is sensitive to changes in these assumptions as follows:

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	82,728	84,759	86,842
Projected service cost	4,304	4,448	4,597
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	85,010	84,759	84,510
Projected service cost	4,450	4,448	4,446
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	86,572	84,759	82,991
Projected service cost	4,594	4,448	4,307
Adjustment to life expectancy assumptions	+ 1 Year	None	- 1 Year
Present value of total obligation	88,406	84,759	81,269
Projected service cost	4,621	4,448	4,281

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

Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

The provision for bad or doubtful debts is based on a number of factors for each debtor, including the age and value of the debt and past payment experience of each debtor.

UNIVERSITY COLLEGE BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2021

26. FINANCIAL INSTRUMENTS

	2021		2020	
	Group £'000	University £'000	Group £'000	University £'000
Financial Assets				
<i>Financial assets at fair value through Statement of Comprehensive Income</i>				
Managed funds & covered warrants	50,359	50,359	40,855	40,855
Investment properties	6,354	2,399	6,339	2,399
<i>Financial assets that are debt instruments measured at amortised cost</i>				
Cash and cash equivalents	17,765	17,765	4,754	4,754
Trade debtors	4,740	4,740	3,109	3,109
Loan to joint venture	429	429	429	429
Loan to subsidiary undertaking	-	3,957	-	3,777
Other debtors	1,162	1,162	1,174	1,174
Financial Liabilities				
<i>Financial liabilities measured at amortised cost</i>				
Trade creditors	3,649	3,649	2,358	2,359
Other creditors	10,009	10,009	6,343	6,343

The University has no commercial loans from banks or other lenders.

The University engages two investment advisors, UBS and Investec to manage investment funds and covered warrants totaling £50.359 million. On all matters relating to property investment and development, the University engages independent professional advice.

The University has a subsidiary company, Summer Row Developments Limited, that oversees the development of a property investment site at Legge Lane and at 31 July 2021 owes the University £4.0 million. All other investment properties are in the freehold of the University.