



UNIVERSITY OF
BIRMINGHAM

Annual Report and Accounts

2022/23



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Vice-Chancellor's report

This is the second time I have written an introduction to the University's Annual Report. In my first, I noted how struck I was by the pride and commitment with which people engaged with the University and, a year later, I continue to be deeply impressed by the enthusiasm and dedication of our University community: the quality and vibrancy of our research and teaching is outstanding, and the talents and abilities of our people are exceptional. This year exposed us to many challenges – in particular, the effects of high inflation – but there was much cause for optimism, too. We advanced our work in each of the six pillars of our *Birmingham 2030* strategy, and we made excellent progress towards our ambition of being one of the world's most prestigious universities by the end of the decade.

Among the many and diverse highlights of the last 12 months, we hosted the UKRI Clean Air Networks Conference, were designated one of eight National Institute

for Health and Care Research hubs for the new National Research Support Service, saw the University of Birmingham Voices choir perform alongside the City of Birmingham Symphony Orchestra at the BBC Proms, and provided nearly one hundred work placements for University of Birmingham School pupils. We also enjoyed a seven-point rise in the global QS World Rankings to 84th place, reflecting the importance and impact of our research and the international experience and outlook of our students.

We were delighted that the outstanding work of Professor Janet Lord and Professor Arri Coomarasamy was recognised in the New Year and King's Birthday Honours respectively.

Our plan to deliver *Birmingham 2030* was energised this year by the appointment to the University Executive Board (UEB) of Professor Stephen Jarvis as the new Provost and Vice-Principal, Professor Rachel

O'Reilly as the new Pro-Vice-Chancellor (Research), Professor Neil Hanley as the new Pro-Vice-Chancellor and Head of the College of Medical and Dental Sciences, and Professor Marika Taylor as the new Pro-Vice-Chancellor and Head of the College of Engineering and Physical Sciences.

The potential to transform lives and society drives the University's research agenda. A significant piece of work this year, led by our interim Pro-Vice-Chancellor for Research and Knowledge Transfer, Professor Hugh Adlington, involved widespread consultation to identify five broad interdisciplinary themes, which will shape and enhance our research profile. By focusing on these key areas, we can speak in a more compelling and impactful way about what we do. These themes are: World Health, Thriving Planet, Connecting Cultures, Life-Changing Technologies, and Fairer World.

Our outstanding research achievements this year are too numerous to mention here, but I will try to provide a snapshot of the breadth and impact of our work:

- The E-MOTIVE project, a joint University of Birmingham and World Health Organisation trial of interventions to manage postpartum haemorrhage, proved to be a major breakthrough in treating a condition which affects an estimated 24 million women each year, accounting for around 70,000 deaths. When scaled up and sustained, it is expected that new practices will save a woman's life every half an hour.
- A minuscule 17th-century notebook bearing Shakespeare's name, which was transcribed at the University's Shakespeare Institute, went on public display in Stratford-upon-Avon. Dating from the 1600s, the anonymously authored text fits into the palm of a hand and contains 12,500 words in 48 pages.
- Bioscientists from Birmingham, working with experts at the Institute of Molecular and Cellular Biology in Spain, found that DELLA proteins, which regulate how plants deal with drought and disease, could help scientists to produce crops with better resilience and higher yields; a similar approach to the selective breeding technologies that preceded the Green Revolution of the 1960s.
- An international research team, including University astronomers, announced the rare discovery of two 'super-Earth' planets. The planets orbit LP 890-9, a small, cool star located about 100 light-years from Earth. Also called TOI-4306 or

SPECULOOS-2, it is the second-coolest star found to host planets, after the famous TRAPPIST-1.

- Our sustainable-engineering experts worked with Birmingham-based company Suscons to develop a new type of emergency relief shelter. Made from 100 per cent recycled materials, the four-person Suscons Transitional Shelter is delivered as an easy-to-assemble flat pack in standard ISO freight containers, has a minimum ten-year lifespan and will help to protect refugees fleeing disaster zones.

All but the very wealthiest in society have been affected by increased costs in household bills, food and utilities, and we worked hard to help our community respond to the increased cost-of-living. We provided a range of advice and guidance to staff, and trialled initiatives including an on-campus store that offered cost-price groceries and 'pay what you can' ingredients. For students, we extended the Chamberlain Award to more than 5,000 undergraduates (each receiving up to £2,000 per year of study), enhanced the value of the Student Support (Hardship) Fund and recognised cost-of-living pressures in the eligibility criteria. Close liaison with our Guild of Students and our alumni community helped to support students in immediate financial distress. We also invested more than £1 million to increase the value of PhD stipends and a further £1 million in financial aid for students, researchers and academic staff from Ukraine, through our support for refugee academics and

via the establishment of our new Student Sanctuary Scholarships.

Birmingham 2030 outlines our ambition to deliver an outstanding educational experience for all our students. Our programmes of study are distinctive, exciting and innovative, and we strive to deliver an education that is centred on the needs, interests and aspirations of our students. In recent years, students have presented challenging feedback in the National Student Survey and we will make a series of substantive responses to this; improving student perceptions will be a major focus in the coming year.

Like other organisations in the sector, we saw significantly increased demand from students for our mental health and wellbeing services. Sustained investment in these services, including in our wellbeing teams in our Colleges and academic schools, our University-wide mental health and wellbeing team, and partner-relationship services meant we were able to respond. The co-ordinated leadership of these services provides for a 'whole University approach' to wellbeing support, which is considered to be a central pillar of good practice in the sector. We continued to develop key strategic partnerships within the Russell Group, the City of Birmingham, and worked with the NHS and West Midlands Police to tackle mental health priorities, cost-of-living pressures, and violence against women and girls. The University acts as a strategic convenor across these priority areas, investing not

only financially, but with our academic expertise and leadership.

Supporting students from less advantaged backgrounds continues to be a core part of our civic mission. Our Pathways to Birmingham (birmingham.ac.uk/teachers/year-12/pathways-to-birmingham/index.aspx) scheme ensures that students from backgrounds under-represented at the University, who have engaged with us during their secondary schooling, are supported in accessing our programmes of study. I am incredibly proud that we have welcomed over 6,000 students through this route. All new students who join us via Pathways to Birmingham and similar routes are automatically enrolled to become Birmingham Scholars, and are supported to transition into university, progress through their studies, and, ultimately, reach their full potential.

Since our statement declaring a climate emergency, we have continued to take steps forward, and Sustainability is a pillar of our *Birmingham 2030* strategy. A joint statement from the University and our Guild of Students in June expressed unity in our commitment to act on climate change. We have made considerable progress on the development of our Net Zero Plan, which is informing the University's long-term Estates and Campus Strategy – recognising that our buildings are an area in which we can make a significant difference. Alongside this, we issued our first carbon accounting report (birmingham.ac.uk/documents/university/environment/24564-carbon-account-report-aw-digital.pdf), giving greater insight into our carbon emissions. Recognising that

emissions relating to the purchase of goods and services form the largest proportion of our scope three emissions, we also launched the Net Zero Carbon Suppliers Tool to our highest spend suppliers and are working with them on their own road maps to Net Zero. We have made several key appointments in this area to establish a new leadership team focussed on supporting the University in making substantial progress on our sustainability agenda.

Creating an environment in which everyone feels welcomed, included and empowered to succeed is at the heart of the University's bold new vision for Equality, Diversity and Inclusion (EDI), which was formally endorsed by UEB this year. The plan includes a number of signature initiatives, including the creation of an EDI Centre that will be a focal point for our activities and home to a critical mass of experts, analysts and facilitators. We were particularly pleased that our student EDI course was shortlisted for a Times Higher Education Award for Outstanding Contribution to Equality, Diversity, and Inclusion. The initiative engaged thousands of students and facilitated important conversations about equality and diversity and stimulated inclusive practices in learning and teaching. While there is much to be proud of in the positive work that is already taking place, there remains more we can – and will – do, particularly in relation to staff recruitment, and UEB was unanimous in agreeing that this is a priority.

Our global partnerships have continued to thrive over the year. Progress in

developing our Dubai campus has been genuinely impressive as we moved from a start-up phase to a period of growth and consolidation. I was very pleased to attend the first in-person graduation ceremony at the Jinan University-University of Birmingham Joint Institute in June. The ceremony saw 195 students receive their degrees in a special event held on the Jinan University campus in Guangzhou. Meanwhile, the University of Birmingham and the Indian Institute of Technology Madras (IIT Madras) (iitm.ac.in) have opened applications for a new joint Master's programme in Data Science and Artificial Intelligence – the first such education partnership between any of the Indian Institutes of technology and a UK Russell Group university. Successful applicants will study in Birmingham and Chennai before receiving a single degree awarded by both universities. They will also carry out a substantial research project, giving them an opportunity to apply their knowledge to real world challenges.

Universities such as ours are defined by the people who work and study within them, and – as I noted at the start of this report – there is exceptional capability among our people. I am deeply proud of the progress we have made this year, and I would like to thank our University community for their invaluable contributions to our outstanding work. I am confident that, together, we will continue to make strides towards our *Birmingham 2030* vision in the years to come.

Professor Adam Tickell
Vice-Chancellor and Principal



Chief Financial Officer's report

As I reflect on the financial year past, it is with a mixture of highs and lows. Summer graduation ceremonies recognised another cohort of students who have shown amazing resilience in the face of challenging circumstances. Having come through the Covid pandemic, our students, and indeed our staff, face many of the same challenges as the University. High levels of inflation over the year have impacted costs, with little opportunity to increase our income. Everyone has worked exceptionally hard to either sustain their studies if they are students; to support our students and deliver important research if they are our staff; and to obtain the necessary supplies and new people to deliver the operations of the University. These factors are all reflected in the financial results for this year.

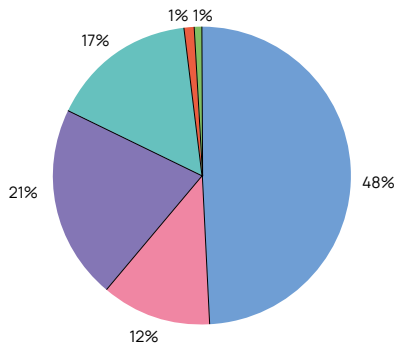
Income

For the first time, the University has delivered over £900 million of annual income, up 5% in comparison with last year. Increases reflect some growth in numbers for all student types and slight increases in the fees we set, whereas the Home Undergraduate fee remains at £9,250. Universities compete globally for students, in different markets there are different approaches to fee setting and student acquisition. And yet across our markets we have not passed on the full impact of cost increases to our students.

The decline in research income compared to last year is a result of the Covid disruption provision release which increased research income in the prior year by £21 million.

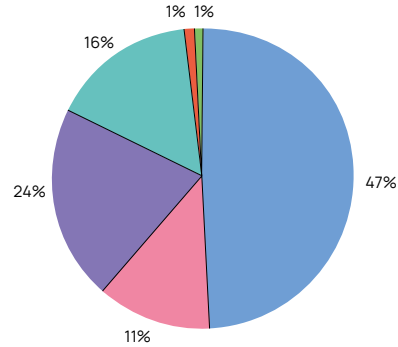
Research income for 2022/23 is comparable to the 2020/21 year and reflects a recovery post-Covid that we hope will continue. We have been supported with some one-off allocations of grant funding for both teaching and research activity. As the diversity of our other activities continues to expand our other income grows, with this year seeing the remainder of the Commonwealth Games impact, increases in investment income as interest rates have gone up, and a return to face-to-face activity generating more conference and catering income.

Income Analysis



2022/23 Total Income - £929 million

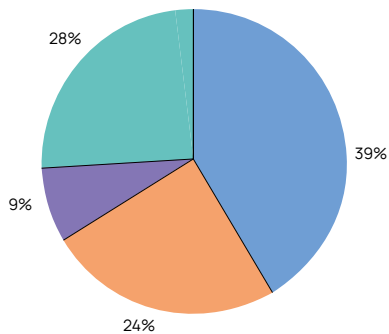
- Tuition fees and education contracts **£445 million (48%)**
- Funding body grants **£113 million (12%)**
- Research grants and contracts **£197 million (21%)**
- Other income **£155 million (17%)**
- Investment income **£10 million (1%)**
- Donations and endowments **£9 million (1%)**



2021/22 Total Income - £888 million

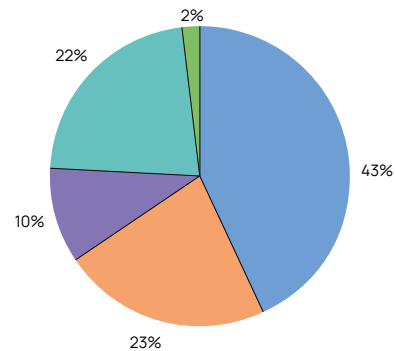
- Tuition fees and education contracts **£418 million (47%)**
- Funding body grants **£96 million (11%)**
- Research grants and contracts **£215 million (24%)**
- Other income **£144 million (16%)**
- Investment income **£7 million (1%)**
- Donations and endowments **£8 million (1%)**

Tuition Fee Analysis



2022/23 Tuition Fees - £445 million

- Undergraduate tuition - home **£173 million (39%)**
- Undergraduate tuition - other students **£108 million (24%)**
- Postgraduate tuition - home **£39 million (9%)**
- Postgraduate tuition - other students **£124 million (28%)**
- Other courses **£1 million**



2021/22 Tuition Fees - £418 million

- Undergraduate tuition - home **£181 million (43%)**
- Undergraduate tuition - other students **£94 million (23%)**
- Postgraduate tuition - home **£42 million (10%)**
- Postgraduate tuition - other students **£93 million (22%)**
- Other courses **£8 million (2%)**

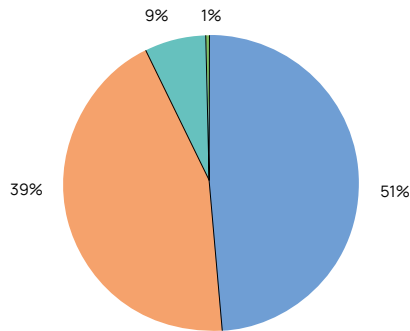


Expenditure

In relation to costs, there have been two key drivers. The first is the impact of inflation referenced above, which was felt in all areas of our activity. For example, our energy costs have increased by 31 per cent and £5 million compared to last year; licences for library materials and software increased by 15 per cent and six per cent respectively; and equipment costs have seen c.20 per cent added over recent months. The second driver is the cost of our people. We were looking to grow our staff numbers to support expansion in a wide range of academic disciplines as we seek to deliver our strategic objective of becoming one of the world's most prestigious universities. We also wanted to increase our non-academic staff base to ensure academics and students receive the high level of support our Professional

Services seek to deliver. Whilst staff costs have increased this year as a result of pay awards, in line with businesses worldwide, we have found staff recruitment to be very challenging. As we approached the year end this did seem to be turning around, with increased applicants for roles and less dropouts at interview and offer stage than we experienced in 2022. As has been referenced in the national press, universities have been involved in pay and pensions related disputes, which in turn led to delayed pay awards for some staff beyond the year end, resulting in an increase in the surplus for the year. Approximately two per cent of income or c.£20 million of the surplus is due to the shortages in recruitment and pay award matters. I am hopeful that the next few months will see progress on the pay and pensions issues such that we can settle the disputes and move on.

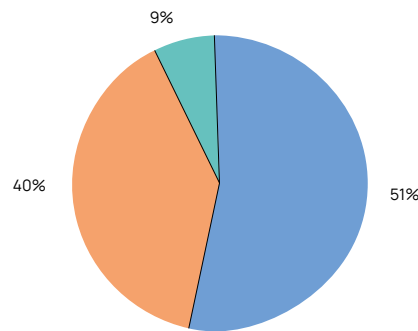
In 2021/22, our surplus was reduced due to the most recent valuations for a sector pension scheme (the Universities Superannuation Scheme or USS), resulting in a charge of £203 million to reflect a change in the future cost of the deficit in the scheme. We anticipate that the March 2023 valuation will result in a significant reduction in that deficit and a release of the long-term provision. The charge reflected for 2022/23 does not reflect the new valuation, as it has not yet concluded; rather it is the one-year provision unwind cost, of £55 million. Pensions are a long-term liability, and with a number of different schemes available to our staff, the variety of accounting treatments and their impacts are complex. The current high interest rate environment looks set to stay for a few years which may mitigate some of the large swings we have seen in recent years; only time will tell.



2022/23 Expenditure* – £945 million

- Staff cost **£484 million (51%)**
- Other operating expenses **£362 million (39%)**
- Depreciation and amortisation **£87 million (9%)**
- Interest and other finance cost **£12 million (1%)**

*excluding USS provision movement



2021/22 Expenditure* – £861 million

- Staff costs **£440 million (51%)**
- Other operating expenses **£343 million (40%)**
- Depreciation and amortisation **£74 million (9%)**
- Interest and other finance costs **£4 million**

*excluding USS provision movement

Other financial matters

Last year we included £9 million of income from the Commonwealth Games, which took place in July and August 2022. The residual elements of income from that event resulted in £5 million of income in this financial year; with associated costs of supplies and services being included in expenditure. We continue to see the benefits of the in-kind tier one sponsorship of the Games, with the name of the city and this university both having been enhanced. In August 2023, the University hosted aspects of the International Blind Sport Federation World Games and the financial income and costs associated with that will be included in the 2023/24 financial year

After nearly 18 months of operating the National College of Advanced Transport and Infrastructure (NCATI, a wholly owned subsidiary of the University), the Board of Directors consulted widely and had to conclude that the rail sector did not have the capacity to support its ongoing operations. The NCATI Board, with support from the University, resolved to discontinue the direct delivery of its further and higher

education programmes, and to wind down the College by 31 July 2023. This has resulted in the working capital loan of £2.5 million from the University to NCATI being provided for in full in advance of it being waived in 2023/24; and on consolidation the pension liability reflects the estimated final settlement. The other loan with HS2 of £3.1 million will also be waived in 2023/24; and the NCATI leasehold buildings and associated goodwill (net £3.4 million) have been written off in full. The University continues to support NCATI through the approved grant of c.£5 million that is covering working capital and wind-up expenses.

The arrangements to transfer the ownership, development and running of the student residences at Pritchatts Park resulted in a commitment to allocate the rooms to our students over the 3 years of the build which is included in leasehold land and buildings. A further £3.9 million has been charged to depreciation in this second year, leaving a balance of £4.6 million for the final year of this arrangement. The project is progressing on target and the first phase of

completed rooms had students in them all of this year.

The development of the Birmingham Health Innovation Campus is also progressing with completion of the first building still anticipated in 2023/24. A grant from third parties is held as deferred income (£13 million), and there are also assets in the course of construction of £18 million.

Also, in assets in the course of construction is £76 million relating to the molecular sciences building that will open in 2024. This is our first building to be designed and built with an air source heat pump system, supporting our ambitions for Net Zero carbon (scope 1 and 2) by 2035. The detailed plan for achieving Net Zero has been developed and is being considered as part of a master-planning exercise that is in progress at present. Together with external consultants we are seeking to have an outline plan for all our campus locations, in the Midlands and worldwide, to represent the reputation of the University and all its varied activities, now and for decades to come.

Summary five-year financial accounts	2021/22				
	2022/23	Restated	2020/21	2019/20	2018/19
Consolidated	£m	£m	£m	£m	£m
Total income	929	888	786	748	716
Total expenditure	(891)	(1,064)	(753)	(680)	(835)
Surplus/(deficit) before other gains, losses and tax	38	(176)	33	68	(119)
Cashflow from operations	24	82	99	72	78
Capital expenditure	86	70	91	109	163
Fixed, intangible and heritage assets	1,487	1,493	1,491	1,453	1,413
Borrowings	(247)	(257)	(266)	(263)	(262)
Cash and cash equivalents	126	192	173	145	126
Investments	225	217	207	194	255
Net assets at year end	1,128	1,136	1,290	1,225	1,179

Cash and investments

The University has two groups of investments:

- ④ Those that are endowments, gifted where the investment needs to generate sufficient funds to support the activity for which the funds were provided and the capital secured on a long-term basis such that short term valuation adjustments are acceptable, the Long-Term Endowment Fund (LTEF); and
- ④ Those that represent cash which will be required in the medium term but not immediately for day-to-day operations, which need to generate a return and not suffer capital losses, the University Investment Fund (UIF).

The LTEF and UIF are overseen by the Investment Sub-Committee, a sub committee of the Strategy, Planning and Resources Committee (SPRC), on the advice of external investment advisors. Investments are into funds, and a number of external investment managers manage the day to day running of those funds in line

with agreed mandates. The mandates are set in line with the University's policy on Responsible investment (Ethical Investment and Finance - University of Birmingham - birmingham.ac.uk/university/social-responsibility/ethical-investment-and-finance.aspx), which sets out our commitment to integrating environmental, social and governance matters into all investment decisions. The LTEF returned 1.5 per cent in aggregate (2021/22: 5 per cent) with income of £4 million (2021/22: £4 million). The UIF returned 2.4 per cent in aggregate (2021/22: -0.2 per cent) with income of £4 million (2021/22: £2 million). The University also holds cash at banks and financial institutions to manage day to day operations. The average monthly outlay is £80 million (2021/22: £70 million). With year-end cash and cash equivalents of £126 million (2021/22: £192 million), representing approximately 1.5 months (2021/22: three months) of expenditure, we anticipate drawing down further investments to fund expenditure in the coming year.

Financial strategy and going concern

The long-term financial strategy of the University is to generate sufficient cash to enable investment into the physical and digital infrastructure, support staff and student experiences, and to enable it to develop and respond to change, all of which will secure its long-term future. In support of this, and to ensure the financial sustainability, a five-year planning cycle is in place, comprising of a one-year budget and four-year projections which are derived at both University level and on a bottom up basis with budget centres. All of this is aligned with the overarching strategy through local strategic plans assessed against the *Birmingham 2030* strategic framework and its supporting longer term outlook (university-of-birmingham.foleon.com/bham2030/strategic-framework/birmingham-2030/).

Using a balanced score card which includes financial metrics, such as income levels and proportions; income per FTE; cash generated as a percentage of income; and net asset levels; at local and University level, we are able to assess the delivery of both strategic and financial plans across the year and to take action, to correct, or change, in the light of those reviews and external factors. The five-year planning process includes the preparation of income and expenditure statements, cash flows, capital plans and summarised balance sheets. The budgets and projections are subjected to sensitivity assessments which flex the key assumptions and enable us to assess the financial sustainability of the University as well as to inform decision making.

The University's Council has determined that the University has adequate resources to continue in operational existence throughout the going concern assessment period to 31 July 2025. In order to support the Council in making this assessment, a thorough review has been carried out including stress testing of assumptions and reverse stress testing in order to ensure appropriate headroom in the event of a plausible downside scenario. Based on this determination, these financial statements have been prepared on a 'going concern' basis. Further information is given within the Statement of Accounting Policies.



Principal risks and uncertainties

Following the release of *Birmingham 2030*, the Strategic Risk Register was aligned, and risks were linked to that strategic framework. The risks in the register are periodically reviewed by Council, most recently in April 2023, and reflect the current environment and the uncertainties that the University is facing. Examples of the mitigating actions are set out in the following table.

	Description of risk/uncertainty	Examples of mitigating actions
Research	Achieving research quality, scale, income and reputation required to support the global top 50 ambition.	<ul style="list-style-type: none"> - Development of research funding strategy to enable improved responses to funding calls, support for new funding routes and investment to support activity. - Embed the Research Strategy and Services Division to support researchers at all stages of the process. - Tracking of key performance indicators at all levels of the University to enable timely actions. - Development of new partnerships and alliances to support alternative activity and funding. - Facilitate inter-disciplinary groups to utilise our broad offering more effectively in funding applications.
Education	Sustain academic standards, excellent teaching and student experience.	<ul style="list-style-type: none"> - Deliver prioritised investment in academic and other aspects of teaching support. - Free up time to enable more to be spent on teaching and its support, with investments in processes and systems. - Continue to review programme make-up to ensure responding to both student and employer needs for the future. - Seek opportunities for inter-disciplinary delivery to utilise our broad offering effectively.
	Achieve student recruitment and diversification targets at quality and scale set out in strategic plans.	<ul style="list-style-type: none"> - Deliver on existing and new business cases for student recruitment and type. - Develop new approaches to applicant attraction and conversion. - Build on the initial success of the Dubai campus and partnership locations to diversify.
Engagement and impact	Exploit the use of our innovation sites and assets to support the global top 50 ambition.	<ul style="list-style-type: none"> - Development of new partnership and other arrangements to strengthen collaboration and our assets, both physical and intellectual.
Global and local	Strengthen our influence, impact and reputation through engagement on a national and international basis.	<ul style="list-style-type: none"> - Identify partnerships to support growth in income and reputation. - Capitalise on current arrangements with refresh of international strategy.

	Description of risk/uncertainty	Examples of mitigating actions
People and culture	Recruit, develop and retain a diverse and high calibre workforce to enable a collaborative and intellectually stimulating environment to deliver our global top 50 ambitions.	<ul style="list-style-type: none"> - Embed the Birmingham Academic Career and Birmingham Professional Frameworks and supporting action plans. - Complete activities already underway to reset tone, encourage a supportive culture which expects high performance and embeds our values. - Invest to deliver efficient processes and systems to free up time for other activity. - Delivery of Equality change action plans.
Sustainability	Challenges in developing plans and achieving them for net zero carbon, including embracing sustainable behaviours, investments, research and teaching.	<ul style="list-style-type: none"> - Delivery of plans to address scopes 1, 2 and 3 Net Zero by 2045. - Aligning the Net Zero plan with the campus master plan, when developed. - Integration of sustainability in teaching and research areas to develop plans to address all relevant sustainability goals - Wide engagement with student and staff champions to promote and support sustainable behaviours and associated action plans.
All	Deliver the supporting strategies required to deliver <i>Birmingham 2030</i> ambitions.	<ul style="list-style-type: none"> - Development of prioritised investment plans, for growth, change, as well as the needs of the infrastructure and digital strategies. - Devise new approach to space utilisation and allocation to support strategic aims and improved on-campus experiences.
	Make adequate and appropriate investment in academic activity and campus infrastructure on a prioritised basis to deliver <i>Birmingham 2030</i> ambitions.	<ul style="list-style-type: none"> - Innovation and opportunities for alternative funding. - Delivery of growth and investment plans. - Management of inflation and currency risks with forward purchases. - Close monitoring of key performance indicators to enable actions to be taken on a timely basis.

Undoubtedly, the ways in which these risks and uncertainties manifest themselves will change, as they have in the recent challenging years. And yet, our staff and students are resilient and responsive. As such, the financial position from which we start provides us with a sound base which enables us to take advantage of appropriate opportunities that present themselves to diversify and adapt.

Erica Conway
Chief Financial Officer



Chair of Council's report

As Pro-Chancellor and Chair of Council, my role is to chair the University's governing body. Council brings together independent lay members, who are in the majority, the most senior members of the University Executive Board (UEB) and representatives of the academic and student communities. Together we have the ultimate responsibility for the University's governance, strategy and performance.

This year has been an extremely busy one for both Council and the University. Alongside its role in ensuring good governance and scrutinising performance, Council's focus during the year has been on the continued development of the University's *Birmingham 2030* strategy.

We have great ambitions for the future. We are already a global Top 100 university, but we have set the long-term ambition of reaching the global Top 50. We have created a clear strategic framework setting out the steps we need to take to achieve that ambition and have made good progress towards this throughout this year. Indeed,

our achievement of a seven-point rise in the global QS World Rankings to 84th place has been a highlight of this year.

At the heart of our strategy, and much more important than any ranking, is the belief that our most important mission is the continued pursuit of ever greater excellence in research and education. Council has therefore spent much of its time this year on both of these key priorities. We have discussed the development of the University's interdisciplinary research themes, which will shape our research priorities, and considered how to enhance further our research performance in pursuit of our global Top 50 ambition. We have also reviewed our future plans for continued enhancement of our education delivery and student experience, including the implications of Artificial Intelligence, improvements to the academic teaching year and the transformation of assessment.

Council has also been involved in the development of the University's International Strategy, a key theme of

Birmingham 2030, throughout the year. This aims to ensure that Birmingham is a thriving global university; operating successfully in all of its international locations, and leveraging our global presence and partnerships to raise the quality and reach of our education, research and engagement. We will regularly review progress as we now proceed to implementation of the Strategy, led by the Pro-Vice-Chancellor (International).

We have also embarked on an exciting master-planning exercise, with the support of KPF, a leading global architect practice. This will provide a framework for future development of the University estate aligned with our global Top 50 ambitions, including opportunities to support and enhance research. The framework will be considered by Council in February 2024, so there will be an update on the outcome in next year's report.

To achieve our ambitions, Council has continued to recognise that we need to attract the best staff and students, an

to create an environment in which all can flourish and succeed. The work being led by the Provost and Vice-Principal to promote an institutional culture of excellence within the University is key to achieving this.

We also need to make sure that our community is diverse and inclusive and Council therefore continues to pay particularly close attention to equality, diversity and inclusion (EDI) and progress with implementation of the University's EDI Strategy 2021-2024. The recent establishment of the University's EDI Centre, led by the newly appointed Director of Equality, Inclusion and Wellbeing, and implementation of the Bold Vision for EDI signature initiatives were considered and welcomed by Council this year.

We must continue to invest both in people and in the facilities that they need to do their best work. To make that investment, we need to continue to be financially strong and well-run. As covered in the Chief Financial Officer's Report, we have again this year delivered a strong financial

performance. This financial resilience positions the University well to cope with the challenges it faces in the current environment and the uncertainties we are facing.

The period ahead remains one of opportunity, but also one of significant challenge for society, the economy and the higher education sector. No organisation can do everything. Our agenda remains exciting, but we continue to need to make difficult choices about what we will and won't do. With the right leadership culture, I continue to have no doubt that we will make the right decisions and that we will be successful.

Making the right decisions requires a strong partnership between Council and UEB, the University's senior leadership team led by Professor Adam Tickell, our Vice-Chancellor. Members of Council continue to value the open and constructive relationships which they have with the members of UEB. It has been a year of transition in the membership of UEB, including the departure of Professor

Tim Jones, our Provost and Vice-Principal, to take over as Vice-Chancellor of the University of Liverpool in January 2023 and the retirement of one of the longest serving members of UEB, Professor David Adams, Pro-Vice-Chancellor and Head of the College of Medical and Dental Sciences, this Summer. The seamless nature of this transition as new members have joined has meant that UEB has been able to maintain its momentum and continue to focus entirely on delivery of the University's ambitions, which is a great credit to Adam's leadership and the whole senior team.

Finally, I want to thank my Council colleagues, UEB and the University's broader leadership and staff community, for their hard work this year and their commitment to supporting the University and its ambitions for the future, in the service of our students and of society.

Mervyn Walker
Pro-Chancellor and Chair of Council

Our community

The University is an exempt charity by virtue of Schedule 3 of the Charities Act 2011. The Office for Students (OfS) is the University's principal regulator under the Charities Act 2006. The University's principal place of business is Edgbaston, Birmingham B15 2TT.

The University is able to operate autonomously, having regard to requirements to fulfil its charitable objectives under the Royal Charter (by which it was established in 1900), to the OfS and other regulatory bodies within the sector.

In setting strategy and implementing decisions to enhance our activity, the University's Council has due regard to the Charity Commission's guidance on public benefit and takes account of this when exercising its powers and duties.

The University's activities are governed by its Charter and Statutes. In accordance with these, the University's objective is to be a teaching and an examining university, and to further the prosecution of original research.





Educational benefit

In 2022/23, the University taught more than 40,000 students, offering the highest quality academic experience at both undergraduate and postgraduate level. Our subject range is one of the broadest of any UK university, and our students form part of a vibrant academic community, studying and working alongside some of the finest academic minds in the world.

As one of the first universities to set up a fair access scheme over 20 years ago, we have a longstanding commitment to ensuring that students from a diverse range of social and cultural backgrounds can study at the University of Birmingham. This year, 38 per cent of our home undergraduate students are from a minority ethnic background, 18 per cent have declared a disability, 74 per cent are from state schools, and one in three are first generation into higher education.

We are proud of our long-standing approach to widening participation and again met our Access and Participation target of over nine per cent of students coming from the most disadvantaged backgrounds, many from the West Midlands region. The ratio of students from high participation areas to those from low participation areas is 4:1, the lowest it has ever been.

We are extending access to university qualifications in other ways, with 720 people participating in our Skills Bootcamps, flexible courses designed to help individuals adjust to the changing economy by upskilling or reskilling. With funding through private and public organisations including the Department for Education and the West Midlands Combined Authority, many of these students can study with us for free.

£1.2 million from the Department for Science, Innovation and Technology and Office for Artificial Intelligence to fund postgraduate scholarships is helping people from diverse social and cultural backgrounds to study artificial intelligence and data science postgraduate programmes.

We believe that financial worries should not be a barrier to accessing higher education, offering financial support for eligible students through scholarships, our Pathways to Birmingham initiative, and our Student Support fund. Birmingham Scholars, our dedicated initiative for improving student access, success and progression, is designed to support students from under-represented backgrounds, particularly those identified in the University's Access and Participation Plan.

We also have a specific programme for Care Leavers which includes a £2,000 cash bursary and other support. A signatory of Care Leavers' Covenant – a national inclusion programme that supports care leavers aged 16-25 to live independently – since 2020, we have also been awarded the NNECL Quality Mark.

The University of Birmingham is the lead partner in the Aimhigher West Midlands partnership, a sector-leading widening participation partnership working collaboratively with regional universities to address educational inequality across the West Midlands. This year, Aimhigher worked with around 150 West Midlands schools, delivering 50 activities, including summer schools, mentoring, masterclasses, and campus visits.

Our investment in the University of Birmingham School spreads this education benefit more widely across the city, enhancing the ambition of, and opportunities for, a genuinely diverse range of young people from across the city. Rated 'Good' by Ofsted, the school is a popular non-selective school in the city and the first University Training School in the country. This July, 81 Year 10 and 12 University of Birmingham School pupils joined departments across the University for practical work experience.

Once here, our students access support and enhance their employability through mentoring relationships and engagement in flagship programmes such as the Persona Skills Award and the Birmingham Project. This year Lloyds Banking Group, PwC, Siemens, Transport for West Midlands, and the West Midlands Combined Authority supported The Birmingham Project, giving students hands-on experience and a chance to develop strong team working and enterprising skills.

Ranked third among the universities most targeted by top employers in the High Fliers Graduate Market in 2023 report, our students are highly sought after post-graduation, joining employers including the NHS, KPMG, Amazon, and the Civil Service.

Many of our students are also setting up in business themselves, with current (2021/22) HESA (Higher Education Statistics Agency) data showing that the University is in the upper quartile of UK universities for graduate start-ups. Through UoB Elevate, our business incubator located in The Exchange, we have facilitated more than £1 million in funding for student and graduate start-ups. The £1 million is external from the University, and is made up from venture capital, private equity, crowdfunding efforts, grants, and alumni support.

These educational benefits spill over into the region. We are a net importer of graduates, with almost 40 per cent of our graduates choosing to stay and work in the West Midlands. We have more than 6,000 students studying towards professions in the healthcare sector, from courses including Medicine, Nursing, Physiotherapy, Psychology, and Healthcare Leadership.

After graduation, our students take the training and skills they have gained with us into a variety of careers and locations, spreading the impact of the University around the globe. We have alumni in almost every country in the world and they maintain strong contacts with us long after graduation.



Research benefit

For more than a century, research from our university has created a major impact on the city, the region, and the world, leaving a lasting impact on lives, culture, industry and society. Working with industry and other funding bodies, we continue to create innovative, grounded and enduring solutions to some of the world's biggest issues.

The University's involvement in several new cutting-edge research and innovation collaborations has been announced this year, including the Prosperity Fund with BAE Systems and Rolls-Royce, and half of the £30 million funding from the UK Research Partnership Investment Fund to establish two new world-leading railway research and innovation centres in the UK.

The National Institute for Health and Care Research awarded £30 million to our NIHR Birmingham Biomedical Research Centre to improve the treatment of inflammatory diseases and our pioneering cancer trials unit, which delivers more than 100 national and international trials, received a £10 million grant from Cancer Research UK.

We are leading the 6D Innovation Accelerator, which brings together more than 20 public and private partners, to supercharge the region's ability to accelerate new health and medical technologies. NatWest is partnering with the Precision Health Technologies Accelerator – the University's innovation and incubation facility dedicated to translational health research – to boost healthcare entrepreneurship.

Engaging local and international communities

Birmingham is committed to being an exemplary civic and a leading global university: bringing the best to our campuses and taking our best to the world to strengthen research excellence, student opportunities, and international reputation. The University is one of a small number of large global organisations in Birmingham.

The public and private benefit we attract together with our operational expenditure and capital investment, mean we have a significant beneficial impact on the region's economy. The University is an international gateway attracting students and staff from around the world.

June marked the end of the European Regional Development Fund (ERDF). The University of Birmingham hosted a celebration event with ERDF project partners to champion small and medium-sized enterprises. Over the past six years, through the ERDF, the University has created £210 million of (GVA) from £33.8 million, supported over 1,800 businesses across six Local Enterprise Partnerships and secured additional funding of £8.3 million, and created over 75 jobs within these businesses.

Marking the anniversary of the Commonwealth Games, the University was a principal partner in Birmingham Festival 2023, a free 10-day arts and culture festival. Used as a hub for festival activity, The Exchange welcomed more than 6,000 visitors during the festival. Highlights included a display of Commonwealth Games objects on loan from Birmingham Museums Trust, an interactive installation initiative, and two inspiring family talks with Professor Alice Roberts (Professor of Public Engagement in Science).

To test approaches to promoting our Edgbaston campus as a visitor destination and cultural resource to families, particularly those from areas of high deprivation within



the city, we piloted 'Come to Campus'. Over three days in July, more than 1,100 people came, at least a third of whom had never visited the University before.

This year also saw the launch of Culture Forward, an initiative aiming to bring the University, the city, and its cultural organisations closer together, while Booker Prize-winner Bernardine Evaristo gave the Baggs Memorial Happiness lecture to a packed Great Hall audience. Before the lecture took place, Bernardine met and talked with current creative writing students to share her insights and experiences.

Our Edgbaston campus also welcomed students, staff and other visitors to Langar on Campus and our Community Iftar. Langar on Campus saw 2,000 people participate and enjoy free food provided by the local Sikh community. We hosted the biggest Community Iftar in Birmingham, sharing our campus with 1,800 guests from across the city. More than 500 people also attended a Holocaust Memorial Day arranged by the Jewish student society.

In the city, we participated in not one, but two Birmingham Prides. In October, 500 students, staff, alumni, and their families

and friends joined the parade as part of the UNified at Pride joint-university group with Birmingham City University, University College Birmingham, Newman, Aston and Wolverhampton universities. We also hosted performers from Mobilise at The Exchange. 600 people participated in May's Pride.

These are some examples of the way we celebrate our different communities, with staff and students providing the inspiration, organisation and support to make them happen.

Following the twinning agreement signed last year between the University and Ivan Franko National University of Lviv (IFNUL), we hosted a summer school on Ukraine's language, history, and culture – one of the first events of its kind in the UK. Working in partnership with Birmingham allows IFNUL to continue its long-running summer school programme, which is not possible given the current conflict in Ukraine.

The two institutions are also working on a new project to create a unique handbook for scientists, human rights defenders, and legal experts that will provide correct translations of English-language legal terms to support Ukraine's development

as a constitutional democracy. Additionally, the University has secured funding for a range of civil engineering research projects which will help to rebuild the country's war-torn infrastructure.

In China, 195 students from Jinan University received their University of Birmingham degrees at our first in-person graduation ceremony, graduating from Jinan-Birmingham dual degree programmes. In India, the University and Indian Institute of Technology Madras (IIT Madras) launched Joint Master's programmes in Data Science and Artificial Intelligence – the first such education partnership between any IIT and a UK Russell Group university.

We also unveiled a new, fully-funded scholarship, including accommodation expenses, for students in India – offering the winner a mentoring opportunity with the University's Chancellor Lord Karan Bilimoria and leading alumni. The scholarship includes a full tuition fee waiver and accommodation costs up to the duration of the programme for the winner.

In the United States, the Portrait of the Moroccan Ambassador, which usually resides in the Shakespeare Institute in



Stratford-upon-Avo travelled to New York's Metropolitan Museum of Art, Cleveland Museum of Art, and the Fine Arts Museum of San Francisco as part of an exhibition on the Tudor monarchs. We also launched a new seed fund with McMaster University in Toronto to support collaborative research projects at both institutions and renewed and expanded our research and education partnership with the University of Illinois Urbana-Champaign.

The University of Birmingham and the Brazilian federal funding agency for graduate education CAPES signed a partnership agreement to inaugurate the Chico Mendes Chair Programme at the University, while philanthropic donors have funded three new academic appointments to develop teaching and research in Jainism.

Campus developments

We continue to deliver new developments to support the University's aspiration to become one of the most prestigious universities in the world. This ambitious yet achievable plan has world-class research and outstanding global education at its core, and the delivery of world-class facilities is significant in helping the University to achieve this goal.

This year, in partnership with Bruntwood SciTech, we celebrated the topping out of the first building at the Birmingham Health Innovation Campus. New and improved, low-carbon student accommodation at our Pritchatts Park Residence Project welcomed its first student residents in the autumn of 2022. We also look forward to the new University Station later in 2023.

To help us shape the strategy for the physical development of our estate and campuses to 2045, we have started a master-planning exercise to consider a range of factors, such as the size and shape of the University, research facilities, education and teaching spaces, living on campus, and the University's sustainability

work and carbon Net Zero goals. The result will be a framework to guide the future development of and investment in the University's estate.

Our new campus in Dubai won a Special Prize in the prestigious Prix Versailles 2022 global architecture and design award. The World Judges Panel selected the Dubai campus for the award based on the criteria of innovation, creativity, reflection of local heritage and ecological efficiency, with the importance of sustainable development at the heart of its decision making.

Heritage buildings, collections and assets

The University holds and maintains historic buildings, collections of art and other valuable items of artistic, scientific and historical importance. The University conserves these assets and occasionally supplements the collections where appropriate. The collections are used for research and teaching purposes, and there are exhibition and event programmes open to the public.

These include five accredited museums and collections:

- Research and Cultural Collections includes thousands of artefacts that showcase examples of research and discovery, created in Birmingham with global reach – affecting the lives of millions of people around the world. The collections cover many subject areas, such as Africa, Archaeology, Art, Chemistry, Medical and Dental, Physics, Recent and Contemporary Innovation and University Heritage. You can see a selection in the current exhibition, 'A History Through Objects'.
- The Barber Institute of Fine Arts, an Old Master and Impressionist gallery of world renown.
- Winterbourne House and Garden, an Arts and Crafts house and stunning Botanical Garden.

- The Lapworth Museum of Geology, a specialist geological museum dating back to 1880.
- Cadbury Research Library consists of approximately 120,000 antiquarian books dating from 1471 and three million archives and manuscripts, all of which provide a rich resource for teaching and research.

Listed buildings of heritage significance on our Edgbaston campus and in the city centre, include:

- The Aston Webb Building, Great Hall and Clock Tower, our Grade II listed building at the heart of the Edgbaston campus.
- Muirhead Tower, a Modernist icon of Brutalist architecture.
- The Exchange, located in Centenary Square in Birmingham, uses our research, teaching and local, national and international networks to create a place of curiosity, celebration, collaboration and change.

Fellowships and scholarships

The University provides scholarships and bursaries on a targeted basis to encourage entry to and continuation of higher education from as wide a cross-section of the community as possible. In 2022/23, financial support amounted to £56 million (2021/22: £56 million). This year, the University invested in supporting students affected by the cost-of-living crisis as well as additional support for students from Ukraine.

Some of the other scholarships we offer are targeted to encourage study in subjects which may be less popular but nonetheless valuable. Some are for certain student types, for example, musicians studying other subjects may be offered music tuition. Sports scholarships and performance awards support students to continue their sporting success alongside their study.

With contributions from external funders, we run a number of doctoral training centres, which provide studentships in a

variety of multidisciplinary areas. These focus on postgraduate opportunities and links with businesses through the programmes ensure the activities are dealing with issues which matter in the world around us.

Fundraising and alumni

During the year, our alumni and supporters have volunteered more than 14,000 hours of their time to support the student experience and graduate employability through mentoring, delivering guest lectures, speaking at events, providing internships and more. In the last year, more than 2,000 alumni made donations to support scholarships for students.

Alumni, staff and students all play a role in Birmingham In Action, which brings together many of the University's charitable projects to tackle five key challenges that face our generation and the next. Fundraising activities included face-to-face meetings, corporate philanthropy, applications to Trusts and Foundations, legacy stewardship, and direct mail. Over the year, we raised a total of £16.2 million (2021/22: £14.6 million).

We are grateful for the generous donations that enable us to fulfil our philanthropic and research objectives. By making a gift of time or money, you can help turn pioneering research into life-changing solutions, and ensure young people are not held back by their circumstances. More information can be found at, <https://www.birmingham.ac.uk/birmingham-in-action/about-the-campaign/index.aspx>.

Highlights include eight alumni winning medals at the Commonwealth Games. All our medallists were supported by a sports scholarship. Two alumni had roles in the Coronation of King Charles III. Baroness Valerie Amos LG participated in the act of Recognition of His Majesty, while the Rt. Reverend Rose Hudson-Wilkin CD, The Bishop of Dover, presented The Queen Consort's Rod to Her Majesty, The Queen Consort.

We work within OfS regulation and keep up to date with guidance from other charity governance bodies to ensure we deliver the best service for our supporters, alumni, and donors. We have clear systems, including robust due diligence, in place to protect the University's reputation and the financial and other assets. The University has received no allegations or investigations from regulatory bodies on our fundraising practice.

The primary responsibility for fundraising at the University is held by the Development and Alumni Relations Office (DARO). The Director of DARO is accountable to Council for fundraising performance. Day-to-day supervision of fundraising is conducted within DARO and the Office's strategy, targets, resources and risk assessment are clearly set out and approved on an annual basis.

All our supporters are treated fairly and without discrimination and we adhere to the recommendations from the Institute of Fundraising, particularly the protection of vulnerable supporters. Our transparent dialogue with all members of our donor and non-donor community represents our commitment to a lifelong relationship with all friends of the University.

We deliver a global programme of events and activities, both online and in person, offering our alumni the opportunity to hear from our academics and researchers, to continue their personal and professional development and to reunite with their fellow graduates.

We encourage everyone to engage in the full range of the University life whether donating, volunteering, attending events, or reading the latest academic and alumni news in *Old Joe*: www.oldsjoe.co.uk

Conclusion

The University was England's first civic university, where students from all backgrounds and regions were accepted on an equal basis and we continue to innovate and engage, responding to the challenges around us to ensure we continue to inspire great minds whatever their background.

We contribute directly to the public benefit through the outcomes of our teaching and research, and our commitment to enhancing our civic role in the city and region. Our staff and many of our students recognise that wider engagement with our environment and community can deliver significant benefit alongside achieving the requirements of our Charter and Statutes, first introduced in the 1900s, which remain relevant today.



Corporate governance statement

The following statement is provided to enable readers of the financial statements to understand the key aspects of the governance of the University of Birmingham.

The University is committed to best practice in all aspects of corporate governance and conducts its business in accordance with:

- (i) the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- (ii) the guidance on corporate governance which has been provided for the sector by the Committee of University Chairs (CUC), including the Higher Education Code of Governance. The University has also supplemented this guidance by publishing its own Code of Practice on Corporate Governance;
- (iii) the public interest governance principles identified by the Office for Students. This includes significant engagement with our stakeholders, particularly students and staff

Status of the University

The University is an independent corporation whose legal status derives from its Royal Charter granted in 1900. The University's title, objects, degree awarding powers and framework of governance are set out in the Charter and its supporting Statutes.

The University is an exempt charity and is subject to regulation by the Office for Students (OfS). The members of the University Council are the charity trustees and are responsible for ensuring compliance with charity law.

Council

The governing body of the University is the Council and is chaired by the Pro-Chancellor, Mr Mervyn Walker. Council consists of 24 lay, academic and student members, the majority of whom are external to the University. The Council continues to take opportunities to broaden the diversity and skills profile of its membership, recognising the benefits to the University of having members from a range of different backgrounds

The actual powers of the Council are set out in the Charter and Statutes of the University. The primary responsibilities of Council in the CUC Code include:

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 ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the strategy, plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
3. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk assessment, value for money arrangements, and procedures for handling internal grievances and for managing conflicts of interest.
4. To delegate authority to the Vice-Chancellor and Principal, as head of the University, for the academic, corporate, financial, estate and human resource management of the University and to keep under regular review how such management functions are undertaken by and under

the authority of the Vice-Chancellor and Principal.

5. To safeguard the good name and values of the University.

6. To be the employing authority for all staff in the University and to be accountable for ensuring that an appropriate human resources strategy is established.

7. 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 accountability for the University's assets, property and estate.

8. 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 institution's name. This includes accountability for health, safety and security and for equality, diversity and inclusion.

9. To receive assurance that adequate provision has been made for the general welfare of students.

Council meets five times per year.

The formal meetings of Council are supplemented by briefing sessions to explore key issues, strategy days, visits to departments, external speakers on major issues in higher education and attendance at key University events such as the University Annual Meeting, the Chancellor's Dinner, and Degree Congregations. This ensures that members of Council are part of the wider community of the University and that they are fully briefed on the activities of and challenges facing the University.

Council members also spend time within the wider activities of the University. This can take the form of specific meetings with students and members of staff including mentoring, delivery of and attendance at lectures and events, representing the University in social or business communities, fundraising and raising the awareness, profile and excellence of the University within their own networks.

Council undertakes regular reviews of its effectiveness. The most recent effectiveness review of Council and its



Back row left to right: Amira Campbell, Professor David Hannah, Steve Hollis, Nick Owen, Richard Swann, Lucy Baldwin, Rosie Harris, Professor Pam Kearns, Professor Helen Abbott, Anthony Lilley, Dr Clive Hickman, Professor Stephen Jar is, Alice Liu. **Front row left to right:** Jacqueline Taylor, Deborah Cadman, Mervyn Walker, Professor Adam Tickell, Harjinder Kang, Professor Catherine Mangan. Lisa Fretwell, Tim Gardam, Dame Lin Homer, Mick Lavery and Dame Cilla Snowball are also members of Council.

Committees reported to Council in June 2020. The Effectiveness Review Panel was chaired by the Deputy Pro-Chancellor, Richard Haywood, and benefitted from external scrutiny and advice provided by Mr Will Spinks, former Registrar, Secretary and Chief Operating Officer at the University of Manchester. The overall conclusion of the Effectiveness Review was that Council can continue to be assured of its effectiveness having regard to the Committee of University Chairs (CUC) Higher Education Code of Governance and other good governance practice. Indeed, the Review was a valuable opportunity to reflect and make further enhancements to what is already a high-performing Council and effective governance at the University. The arrangements for the next Effectiveness Review of Council will be considered by Council in November 2023 in accordance with the timescale for effectiveness reviews set out in the CUC Higher Education Code of Governance.

Senate

The Senate is chaired by the Vice-Chancellor and consists of up to 60 members drawn from the leadership team of the University, academic staff and the

student community. It is the principal academic body of the University and is responsible to the Council for regulating and directing the academic work of the University in teaching, examining and research and for award of all Degrees, Diplomas, Certificates and other academic distinctions of the University. Senate oversees quality assurance and standards of the education provided by the University and provides an annual assurance report to Council on academic quality, standards and the student experience. Council also considers a report from each meeting of Senate covering key aspects of teaching and learning, student experience and quality matters (e.g. admissions, progression, degree classification, external examiners report, employability etc.).

University Executive Board

The University Executive Board (UEB) is the senior management team of the University and a Committee of Council. Its membership consists of the Vice-Chancellor and Principal (Chair), the Provost and Vice-Principal, the Pro-Vice-Chancellors, the Heads of College, the Registrar and Secretary and the Chief Financial Officer. It normally meets weekly

to steer the implementation of strategy and policies under Council's direction and within the Council's scheme of delegation. It oversees and makes decisions on major issues relating to the University and monitors institutional performance. It also fosters good communication and inter-collegiate activity in the University.

Committees of Council

There are four other Committees of Council: Strategy, Planning and Resources Committee (SPRC), Audit Committee Membership Committee and Remuneration Committee. All of these include lay members of the Council. The decisions and recommendations of these Committees are formally reported to Council and their membership and terms of reference are reviewed on an annual basis. The Council operates a Scheme of Delegation which delegates specific matters to University Committees or senior members of staff. The attendance at meetings of Council and its Committees for 2022/23 is shown on the following page.



		Council membership dates	Council 5 in year	SPRC 5 in year	Audit 4 in year	Remuneration 3 in year	Membership 1 in year
Lay members appointed by the Council							
Mr Anthony Lilley OBE			4/5	-	-	-	-
Dame Cilla Snowball DBE	Term commenced April 2023		2/2	-	-	-	-
Dr Clive Hickman OBE			2/5	-	-	-	-
Ms Deborah Cadman OBE			2/5	-	-	-	0/1
Mr Harjinder Kang			4/5	-	0/4	2/3	-
Ms Jacqueline Taylor			4/5	-	4/4	3/3	-
Dame Lin Homer DCB			5/5	5/5	-	3/3	1/1
Ms Lisa Fretwell			4/5	-	-	-	-
Ms Lucy Baldwin			5/5	-	-	-	-
Mr Mervyn Walker, Pro-Chancellor and Chair of Council			5/5	5/5	-	3/3	1/1
Mr Mick Lavery			5/5	-	4/4	-	-
Mr Richard Swann			4/5	3/3	-	-	-
Ms Rosemary Harris			4/5	-	3/4	-	-
Mr Steve Hollis			3/5	5/5	-	2/3	1/1
Mr Tim Gardam			5/5	4/5	-	-	-

Appointed by Guild of Students							
Ms Acacia Matthews, President of the Guild Of Students	Term ended July 2023		5/5	5/5	-	-	-
Ms Alice Liu, International Officer			5/5	-	-	-	-
Ms Amira Campbell, President of the Guild of Students	Term commenced July 2023		N/A	N/A	N/A	N/A	N/A

Ex-Officio Members							
Professor Adam Tickell, The Vice-Chancellor and Principal			5/5	5/5	-	-	1/1
Professor Stephen Jarvis, The Provost and Vice-Principal	Term commenced January 2023		3/3	3/3	-	-	1/1
Professor Tim Jones, The Provost and Vice-Principal	Term ended December 2022		2/2	2/2	-	-	-

Academic Members Appointed by Senate							
Professor Catherine Mangan			5/5	-	-	-	-
Professor David Hannah			5/5	4/5	-	-	-
Professor Helen Abbott			4/5	5/5	-	-	1/1
Professor Pam Kearns	Term commenced 31 October 2022		3/4	-	-	-	-

Secretary to Council	
Mr Lee Sanders, The Registrar and Secretary	

Strategy, Planning and Resources Committee

SPRC is comprised of the Pro-Chancellor and Chair of Council (Chair), the Deputy Pro-Chancellors, the Vice-Chancellor, the Provost, three Pro-Vice-Chancellors, two academic members of Council, three lay members of Council and the President of the Guild of Students. It met five times during 2022/23.

The key responsibilities of SPRC are:

- (a) oversight of the strategic planning of the University, bringing together academic, financial and physical planning;
- (b) oversight and development of the University's financial strategy for institutional sustainability. This includes consideration of the University's five-year plan financial scenarios and long term financial projections and monitoring financial performance. The Committee also recommends the University's Annual Report and Accounts to the Council;
- (c) oversight, development and implementation of systems of institutional performance monitoring and review of progress towards achievement of institutional targets. The Committee undertakes detailed scrutiny of the University's Key Performance Targets, aligned with the Strategic Framework, to monitor the University's progress against its most important indicators of success and sustainability;
- (d) keeping under review the policies of the University as an employer of staff and making recommendations to Council for change in matters of substance or principle.

Audit Committee

The Audit Committee meets four times per year and consists of five lay members of Council who are not members of SPRC. It also has three external coopted members (Mr Steve Connors [from 1 February 2023], Mr Phil

Harrold, and Mr Les Krepa during 2022/23). The Committee reviews the effectiveness of the University's financial and other internal control systems, satisfies itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness and advises the Council on risk management. It reviews the reports of the External Auditor and the scope and effectiveness of the work of the Internal Auditor and advises the Council on their appointment. It reviews regulatory requirements and the University's annual financial statements and accounting policies. The lay members of the Audit Committee meet with the Internal and External Auditors for independent discussions.

Membership Committee

The Membership Committee considers nominations for vacancies in the membership of Council and its Committees

Remuneration Committee

The Remuneration Committee is responsible for setting the remuneration of all senior staff, namely the Vice-Chancellor, members of the University Executive Board, Professors and senior professional staff.

The Committee is chaired by a Deputy Pro-Chancellor (Dame Lin Homer). The Pro-Chancellor is a member of the Committee but since he reports to the Committee on the Vice-Chancellor's performance and recommends to the Committee the Vice-Chancellor's remuneration, the University believes it is appropriate that a different senior lay member chairs the Committee. The Committee is comprised of five lay members of University Council. The Vice-Chancellor is not a member of the Committee but attends its meetings to discuss the remuneration of other senior staff. The Registrar and Secretary is also in attendance. The Director of Human Resources advises the Committee and supports the remuneration process. No member of staff, including the Vice-Chancellor and Registrar and Secretary, is present for discussion of their own

remuneration. The Remuneration Committee meets at least twice a year and its terms of reference are:

- (a) to agree and oversee the annual remuneration process for senior staff (i.e. grade 10 and above) (noting that performance is assessed for the prior academic year and the reward payments made in October following the second meeting of the Committee in September).
- (b) to review and agree the University's reward policy for senior staff, designed to support a high performance culture and taking account of pay data, market factors and the financial position of the University and recommend major changes to Council.
- (c) to review and determine senior staff remuneration
- (d) to review senior staff equal pay issues
- (e) to review and determine pay and reward for the Vice-Chancellor's direct reports on UEB; review reports on the Vice-Chancellor's objectives and performance, and review and determine the Vice-Chancellor's remuneration.
- (f) to agree severance packages for staff earning in excess of £100k per annum:
 - where the severance payment is up to 12 months' salary (and so within the University's long-standing arrangements for Voluntary Severance), the payment will be approved by the Chair on behalf of the Committee and reported to the next meeting of the Committee
 - where the severance payment is above 12 months' salary, the payment will be considered by the Committee, which can be by circulation if the case needs agreement between Committee meetings
- (g) to monitor strategic risks relevant to the work of the Committee as determined by the Strategic Risk Register.



(h) to monitor the extent to which value for money is achieved within the areas under the Committee's oversight

(i) to monitor relevant Key Performance Targets and to ensure that any concerns with performance against these KPTs are addressed.

The Committee ensures that it complies with the OfS Accounts Direction and other guidance on senior staff remuneration, including the CUC Higher Education Senior Staff Remuneration Code. The annual process for setting senior staff remuneration is as follows:

1. At its first meeting each May, the Remuneration Committee considers and agrees the parameters and principles that will apply to that year's process and the information and market, comparative and other benchmarking data it wishes to consider at its second meeting in September, when it sets senior staff remuneration. The Vice-Chancellor is responsible for overseeing the annual process for senior staff (other than

himself, which falls to the Pro-Chancellor) working within the approach agreed by the Committee

2. In the case of senior academic staff, professors are invited to submit a statement describing their achievements over the previous 12 months, which is reviewed by their Head of School and forms the basis for any recommended change. These are then considered alongside market, comparative, and equality data by their Head of College, who is responsible for ensuring consistency and equality of treatment, and for making recommendations regarding proposed remuneration increases reflecting individuals' performances in their College. The Vice-Chancellor considers these recommendations for consistency across the University, and then confirms the proposals at a formal meeting with the Provost and Vice-Principal and Director of Human Resources; the Provost and Vice-Principal having reviewed recommendations with the thematic Pro-Vice-Chancellors and Heads of College. The Vice-Chancellor then presents the

recommendations to the second meeting of Remuneration Committee (September) for consideration and approval.

3. There is a parallel process for senior professional staff, under which the Registrar and Secretary recommends remuneration increases reflecting individuals' performance, informed by the appraisal process, and taking account of comparative, market and equality data. The Vice-Chancellor meets with the Registrar and Secretary to scrutinise these recommendations, determine any changes, and then presents his plan for the remuneration of professional staff to the second meeting of Remuneration Committee for consideration and approval.



4. Those members of UEB who report directly to the Vice-Chancellor agree a series of collective and individual performance objectives at the start of the year, which are reviewed at least twice during the year. This provides the Vice-Chancellor with an assessment of performance, which, along with market, comparative and other relevant inputs, are used by him to prepare proposals for the remuneration of those staff, which he presents to the second meeting of the Remuneration Committee for consideration and for approval.
5. In considering recommendations, review meetings are informed by data relating to equality and to the institutional gender and ethnicity pay gaps.
6. Remuneration Committee takes into account a range of indicators in considering whether reward proposals for senior staff are justified. These include but are not limited to:
 - (a) performance in support of the University's strategic objectives in areas such as:
 - (i) education (e.g. NSS, student feedback, recruitment and admission, student outcomes and employability, teaching awards, programme leadership etc.);
 - (ii) research (e.g. publications, citations, grants, impact, research leadership, major initiatives including with industry and external partners, contribution to REF etc.);
 - (iii) management and administration (e.g. professional and academic leadership, service enhancement and delivery, policy development and delivery, income generation, improving performance of School or Service etc.);
 - (iv) leadership of staff (e.g. development, performance and retention of staff, quality of hires, diversity and inclusion etc.);
 - (v) student recruitment (in relation to target, international/domestic balance, undergraduate and postgraduate mix);
 - (vi) partnerships and external relations – internationally, nationally and locally (e.g. leadership in external networks and communities, external policy work, business engagement etc.); and,
 - (vii) major initiatives and projects (e.g. international campus, capital projects etc.);
 - (b) the University's objectives in relation to the diversity of the workforce;
 - (c) contributions to the University's management of and recovery from the Covid-19 pandemic.
7. The Vice-Chancellor's performance objectives are agreed each year with the Pro-Chancellor. These are considered and endorsed by the Remuneration Committee. The Pro-Chancellor undertakes six and twelve-month appraisal discussions with the Vice-Chancellor and obtains feedback from selected individuals both within the University, from other members of Council and the University's external stakeholders and reports these to Remuneration Committee.
8. The Pro-Chancellor makes a recommendation to the Remuneration Committee's Autumn meeting on the Vice-Chancellor's remuneration, informed by his assessment of the Vice-Chancellor's performance and a range of data and comparative information on the Vice-Chancellor's remuneration. In considering the Pro-Chancellor's recommendation to the Committee and whether it is justified, the Committee reviews a range of data and information on the Vice-Chancellor's remuneration, including:
 - (a) the Vice-Chancellor's salary history;
 - (b) how the Vice-Chancellor's remuneration compares to that of other Vice-Chancellors across the Russell Group and the sector more broadly, taking account of the comparative size and complexity of the University and including data collected by Korn Ferry Hay, the Universities and Colleges Employers' Association, the Office for Students, the Russell Group Secretariat and the Committee of University Chairs
 - (c) how the Vice-Chancellor's current salary compares to that of other staff at the University. This includes data on the Vice-Chancellor's remuneration (including pension) as a percentage of turnover (0.04% for 2022-23, compared with 0.12% for the higher education sector*). It also includes information on the pay multiples of the Vice-Chancellor's basic salary compared with median earnings of the University's whole staff, of academic staff and of professorial staff. The p ratios are disclosed in Note 7 to the Accounts (*Data published by HESA 2021/22);
 - (d) the Vice-Chancellor's and the University's performance over the review period.
9. Having considered performance for the previous academic year, the decisions of the Remuneration Committee on reward proposals for senior staff, including the Vice-Chancellor, are taken in the second meeting of the Committee and implemented the following month. This means that the remuneration information provided in these Accounts reflect the decisions taken by the Committee in September 2022 (and therefore implemented during the 2022/23 financial year), having considered performance for the 2021/22 academic year.
10. Having considered the range of factors above and the Pro-Chancellor's appraisal of the Vice-Chancellor's performance since his appointment on 1st January 2022, the Committee concluded in September 2022 that Professor Adam Tickell had had an excellent start, noting that this had been reflected in feedback from Council members and external stakeholders, as well as from other senior staff. The Pro-Chancellor particularly highlighted the following in his appraisal

of the Vice-Chancellor's performance:

- (i) an exceptional year for research, noting in particular the exceptional outcome for the REF, published in 2022
- (ii) excellent progress on key projects, including the opening of the University of Birmingham Dubai campus and the Birmingham Life Sciences Park;
- (iii) dealing effectively with the student recruitment challenges posed by government responses to the aftermath of Covid-19;
- (iv) sustained financial strength in a challenging sector and external environment, including generation of an annual cash surplus to support future investment in the University;
- (v) continued development of the University's leadership team.

11. The Vice-Chancellor's total remuneration paid in 2022/23 is disclosed in Note 7 to these financial statement . It comprises of a basic salary and a salary supplement in lieu of pension of 13.7% of salary (this is also paid to other members of senior staff across the University under the current policy of the Remuneration Committee). There is no performance related reward. The Remuneration Committee agreed in September 2022 that the annual increase in pay negotiated nationally in higher education would apply to members of UEB, including the Vice-Chancellor, noting that the Vice-Chancellor's basic salary was increased by 3% to £341,455 with effect from 1st October 2022. The Vice-Chancellor also received the temporary University of Birmingham non-consolidated salary supplement of 2% paid to other University of Birmingham staff in 2022/23 only and the first part of the national 2023/24 award which universities were asked to implement at the end of February 2023 (2%).

12. An annual report is presented from Remuneration Committee to Council on completion of this process on the Committee's work during the year, together with the outcomes.

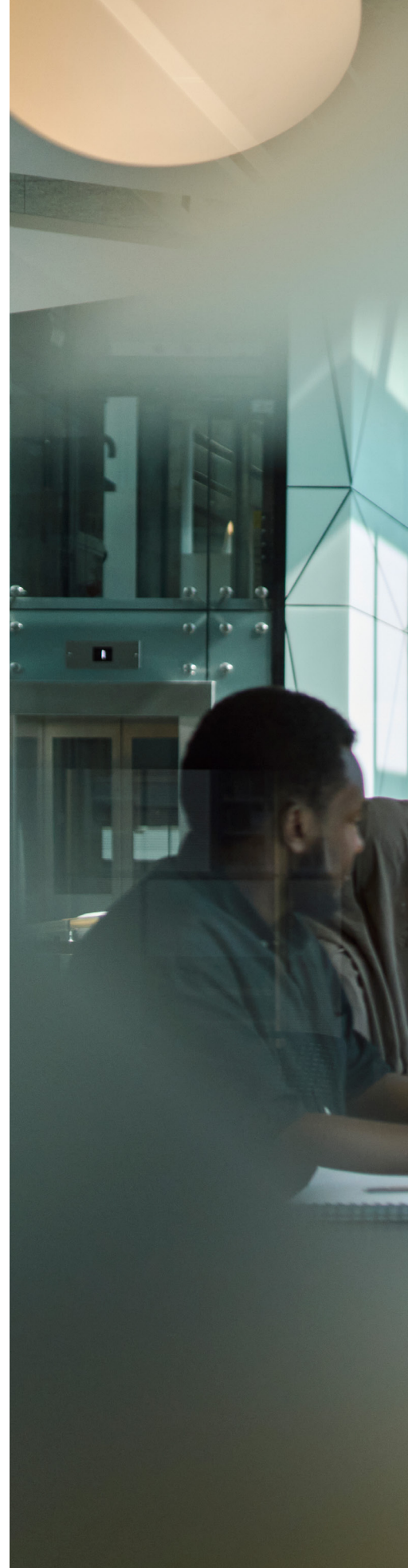
Annual declarations

Members of Council and its Committees and the University's wider leadership make an Annual Declarations Return which includes declarations of interest and disclosure of related party transactions, noting that conflicts of interest are also declared and managed effectively at meetings as they arise.

Outside activities

Academic staff are encouraged to undertake relevant activities outside the University and may apply for permission to undertake up to 30 days of such activities in any one financial year. The arrangements for this are set out in the University's Guidelines on Outside Activities.

The Vice-Chancellor declares his outside activities in his Annual Declarations Return. In addition, his outside activities are discussed with and reviewed by the Pro-Chancellor and Chair of Council. The Vice-Chancellor makes an annual declaration to Remuneration Committee on his outside activities, including any income earned from these activities and donation of that income to charitable causes associated with the University and education. The Vice-Chancellor did not earn any income from his outside activities during the current year or prior year.





Statement of internal control

The Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Governing Body in Article 7 of the Charter of Incorporation, Section 9 of the Statutes of the University and the Office for Students' terms and conditions of funding for higher education institutions.

The system of internal control is designed to manage rather than eliminate risk. It can therefore only provide reasonable and not absolute assurance of effectiveness. The internal control system has been in place for the year ended 31 July 2023 and up to the date of approval of the financial statements, and accords with Office for Students guidance.

The following processes have been established to monitor effectiveness of the internal control system:

- Council meets a minimum of five times a year to consider the plans and strategic direction of the institution.
- Council reviews an annual report on teaching quality and standards (from the Senate which has responsibility for this under the University's legislation).
- Council receives, as a standing item, a report from each meeting of the Audit Committee concerning internal control, and requires regular reports from managers, either directly or through the SPRC, on the steps they are taking to manage strategic risks in their area of responsibility, including progress reports on key projects.
- Council has requested the Audit Committee to provide oversight of the risk management process. This provides a formal reporting and appraisal mechanism, in addition to the reports noted above.
- The Audit Committee receives regular reports from the Head of Internal Audit, which include an independent opinion on the adequacy and effectiveness of the University's systems of governance, risk management and internal control, together with recommendations for improvement.
- A risk management process has been established which includes a Risk Register that is fully aligned to the University's strategic goals. Heads of Budget Centres seek to manage the risks in their own areas and embed this within their normal management processes. Audit Committee receives presentations, on a cyclical basis, from the Heads of College and thematic Pro-Vice-Chancellors on their risk register to supplement the work of Internal Audit in relation to the effectiveness of risk management.
- The risk management process has been refreshed in 2022/23 to align with the *Birmingham 2030* strategic framework. The approach was developed with the input of the Vice-Chancellor, members of Council who specialise in risk management, and external advice from sector specialists, and includes new ways to visualise the assessment of risks against target. An updated Register has been reviewed by UEB, Audit Committee and Council.
- A system of key performance indicators has been developed for the risks contained in the Risk Register, and

residual risks are monitored against these regularly by UEB, SPRC and Council.

- Regular formal reviews take place to identify, and where necessary, revise and update the record of risks facing the institution.
- Reports are received from budget holders, department heads and project managers on internal control activities via committees of Council i.e. SPRC, Senate and Audit Committee
- A framework is in place to raise the profile of significant risks throughout the institution in a timely manner outside of the normal risk management cycle.
- Systematic and comprehensive independent peer reviews of Schools and Professional Services report to UEB and are aimed at enhancing performance in line with the strategic framework.
- All major investment projects undertaken by the University are subject to rigorous governance procedures, including objective post-investment learning reviews. Specific subgroups of Council are set-up as appropriate to provide high level governance and oversight of projects of significant strategic or reputational importance.

- The University has an Internal Audit function comprising an in-house team supported by an external co-source arrangement which provides additional expertise and resourcing. Internal Audit delivers a range of audits covering financial, operational, compliance, IT and data risks which constructively challenge management to operate an efficient and effective control environment. Recommendations are made to management where the control environment can be developed, and progress on the completion of agreed actions within agreed timescales is reported to Audit Committee. An external quality assessment of the Internal Audit function found that it generally conforms with the Institute of Internal Auditor's International Standards.
- Internal Audit works with Procurement and Strategic Change to compile an annual Value for Money report that is approved by Audit Committee
- The role of External Audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and report

their opinion to Council. The external auditor does this by assessing the risk of material misstatement in the University's financial statements, understanding the relevant internal controls which mitigate these risks, and devising procedures and tests to enable them to provide their opinion. External Audit also reviews accounting policies, the presentation of financial statements and disclosures to ensure the financial statements are 'true and fair'. They report their opinion and recommendations on improving the control environment to Audit Committee and this is shared with the Office for Students. The agreed actions in response to their recommendations are tracked by management and reported back to Audit Committee.

The above review processes are further informed by external good practice and guidance and the work of the leadership of the institution, who have responsibility for the development and maintenance of the internal control framework.



Responsibilities of the Council

The University Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the University Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and other relevant accounting standards.

In addition, within the terms and conditions of funding for higher education institutions set by the Office for Students (OfS), the University Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the Group's and University's income and expenditure, gains and losses and changes in reserves and of the Group's cashflows for the year then ended.

In preparation of the financial statements, the University Council has to ensure that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- It is satisfied that the University has adequate resources to continue in operation throughout the going concern period to 31 July 2025; and
- The going concern basis is appropriate for the preparation of the financial statements.

The University Council has taken reasonable steps to:

- Ensure there is no relevant audit information of which the University's auditor is unaware;
- Make themselves aware of any relevant audit information and to establish that

the University's auditor is aware of that information;

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

Mervyn Walker

Pro-Chancellor and Chair of Council
29 November 2023

Independent auditor's report to the Members of Council of the University of Birmingham

Opinion

We have audited the financial statement of University of Birmingham ('the parent institution') and its subsidiaries (the 'group') for the year ended 31 July 2023 which comprise the Consolidated and Institution Statement of Comprehensive Income and Expenditure, Consolidated and Institution Statement of Changes in Reserves, Consolidated and Institution Statement of Financial Position, Consolidated Statement of Cash Flows, the Statement of Accounting Policies and the related notes 1 to 30. 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 University of Birmingham's group financial statements and parent institution financial statements (the 'financial statements')

- Give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2023 and of the group's and of the parent institution's income and expenditure, gains and losses and changes in reserves, and of the group's cash flows for the year then ended
- Have been properly prepared in accordance with United Kingdom

Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and

- Have been properly prepared in accordance with the requirements of the Office for Students' Accounts Direction (OfS 2019.41).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 Council's 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 and parent institution's ability to continue as a going concern for a period to July 2025.

Our responsibilities and the responsibilities of the Council with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

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 Council 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 this report, we do not express any form of assurance conclusion thereon.



Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Students

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

- The requirements of the Office for Students accounts direction for the relevant year's financial statements have been met;
- Funds from whatever source administered by University of Birmingham have been properly applied to those purposes and managed in accordance with relevant legislation; and

- Funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the applicable terms and conditions attached to them.

Matters on which we are required to report by exception

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

- The parent institution's grant and fee income, as disclosed in note 2a to the financial statements, has been materially misstated.
- The parent institution's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Council

As explained more fully in the Responsibilities of the Council set out on page 40, the Council are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council 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 Council are responsible for assessing the group's and the parent institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the group or the parent institution or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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



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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are the Office for Students' terms and conditions of funding for higher education institutions, FRS 102, and the Statement of Recommended Practice for Further and Higher Education.
- We understood how the University of Birmingham is complying with those frameworks by understanding the oversight of those charged with governance, the culture of honesty and ethical behaviour, the incentives, opportunities and motives for fraud to occur, and processes for fraud deterrence.

- We assessed the susceptibility of the University's financial statements to material misstatement including how fraud might occur by enquiring of management, audit committee and internal audit concerning actual and potential litigation and claims and the processes for identifying these.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved inquiring of management, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the group and institution's policies and procedures relating to:
 - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - The internal controls established to mitigate risks related to fraud or noncompliance with laws and regulations.
- Our procedures also included discussions amongst the engagement team regarding how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified the potential for fraud in the following areas: revenue recognition and management override of controls.

In addition to the above, our procedures to respond to the identified risks included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- Reading minutes of meetings of those charged with governance and the Council;
- In addressing the risk of management override of controls we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We reviewed significant accounting estimates for management bias and noted that we did not identify any significant unusual transactions in the financial statements
- In addressing the risk of improper recognition of revenue we performed a substantive analytical review over tuition fee income and focused our testing on those items of income that fell outside of our expectations. We tested a sample of research income and education contracts (including any associated deferred income) to assess performance related conditions and recognition in the correct year. For a sample of deferred income items (also covering additions and releases), we confirmed that income had been recognised in the correct financial year and that conditions had been met. For a sample of donations and endowments we checked the recognition basis for those which were restricted in nature to confirm they had been recognised in the correct period.

For a sample of capital grants we confirmed recognition was in line with the contract terms and assessed whether recognition was in the correct year. For other income, and investment income we performed sample testing to agree the appropriateness of revenue recognised and tested the income to underlying support and cash receipt. We also tested a sample of income transactions before and after the year end to confirm that they had been recorded in the correct financial year

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

Use of our report

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

Stephen Reid (Senior statutory auditor)

for and on behalf of Ernst & Young LLP,
Statutory Auditor
Edinburgh
Date:

Statement of accounting policies

1. Accounting convention and basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 2019: Accounting for Further and Higher Education, Financial Reporting Standard (FRS) 102 and the Office for Students (OfS) Accounts Direction published in October 2019.

The consolidated and University financial statements have been prepared under the historical cost convention modified by the revaluation of certain financial assets and liabilities at fair value.

2. Going concern

The University's consolidated financial statements have been prepared on a going concern basis for the period to 31 July 2023. Council considers this to be appropriate for the following reasons.

At 31 July 2023 the University had net current liabilities of £20 million, mainly due to high levels of research deferred income, with cash equivalents of £113 million, plus subsidiary cash balances of £13 million and further liquid investments of £98 million, the latter being held to fund capital expenditure. The Institution also had long term loans of £247 million for which all covenants had been complied with at the Statement of Financial Position date.

The going concern assessment period for the annual accounts is to the end of July 2025 (being the end of the financial year which is at least one year from the approval of the financial statements). A recent update to the five-year financial forecast, reflecting the size and shape to deliver the University Strategic Framework, *Birmingham 2030*, has been used as the baseline for cash flow forecasts. The plan assumes over the five year period the drawdown from liquid investments, as both operating cash flow and these drawdowns fund capital schemes.

The University's base case scenario projects compliance with all loan covenants to 31 July 2025 and liquidity headroom (excluding liquid investments), in excess of £100 million through the going concern assessment period.

A number of potential down-side scenarios have been run on the baseline forecast to stress test the cash position, as well as the ability to remain compliant with covenant restrictions. This included modelling risks to student fee income, increases in staff and non-pay costs and reductions in research contribution levels.

Under the plausible downside scenario, cash remains well above the operational minimum of £40 million at all points in the going concern assessment period. It should also be noted the scenarios did not assume any mitigating actions were taken to offset

the impact on cash, with the exception of planned drawdowns from disposable investments. If necessary, the University has a number of actions it could take, including the introduction of more stringent cost controls and adjustments to the Capital Plan. The University has clearly demonstrated its ability to successfully take rapid mitigating actions during the pandemic.

The University has considered scenarios to reverse stress test the model under which it either utilises all cash and liquid investments or breaches loan covenants. These scenarios would require a significant reduction in forecast income with no mitigating actions. Tuition fee income would need to fall by c.£8 million in 2023/24 to breach the loan covenants or reduce by more than 13 per cent over the going concern assessment period in order to fully exhaust all cash and cash equivalents.

After reviewing these forecasts, Council is of the opinion that, based on the current considerable financial resources and the latest cash flow forecasts, the University will have sufficient funds to meet their liabilities as they fall due over the period to 31 July 2025.

3. Basis of consolidation

The consolidated financial statement combine the financial statements of the University and its subsidiary undertakings, all of which have 31 July year-ends, except the University of Birmingham School which has a financial year end of 31 August and Guangzhou ABC Education Information Consultancy Limited which has a financial year end of 31 December. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the Guild of Students as the University does not exert control or have a dominant influence over policy decisions.

Where necessary, adjustments are made to the subsidiary financial statements to align accounting policies.

As permitted under FRS 102, the University has taken advantage of the disclosure exemptions in respect of an institution-only cashflow statement.





4. Income recognition

Income from the sale of goods or services is credited to the 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.

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income and Expenditure over the period in which students are studying. Bursaries, scholarships and stipends that are not common practice are accounted for gross as expenditure and not deducted from income.

Bursaries, scholarships and stipends that are common practice in specific markets or geographies in which the University operates are effectively a discount to gross tuition fee income and are debited to income over the period in which the students are studying.

Investment income is credited to the Statement of Comprehensive Income and Expenditure on a receivable basis.

Grant funding

Grant funding including OfS block grant, research grants from government sources and grants (including research grants) from non-governmental sources are recognised as income when the University is entitled to the income and performance-related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors and released to income as conditions are met.

Donations and endowments

Non-exchange transactions without performance-related conditions are donations and endowments. The University holds the following types of donations:

- i) Restricted donations – the donor has specified that the donation must be used for a particular objective.
- ii) Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested and generate an

income stream for the general benefit of the University.

- iii) Restricted expendable endowments – the donor has specified a particular objective other than fixed assets and the University has the power to use capital over the medium term.
- iv) Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations and endowments with donor-imposed restrictions are recognised as income on a receivable basis and retained within the restricted reserve until such time they are utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Investment income and appreciation of endowments is recorded as income in the year in which it arises and is either restricted or unrestricted according to the terms of instruction applied to the individual endowment.



Capital grants

Capital grants are recognised as income when the University is entitled to the funds subject to any performance-related conditions being met. Where grant-funded assets are in the course of construction the University considers on a case-by-case basis whether their construction constitutes a performance-related condition.

5. Accounting for retirement benefits

The principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), and, for support staff, the Group Personal Pension Scheme (GPPS). The University also operates the University of Birmingham Pension and Assurance Scheme (BPAS) for some support staff, which was closed to new members in 2002. The USS is a hybrid plan and BPAS is a defined benefit scheme. The GPPS is a defined contribution pension scheme. The University additionally participates in the NHS pension schemes (NHSPS) and one of its subsidiaries is in a local government pension scheme (LGPS).

The USS, NHSPS and LGPS are multi-employer schemes.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the University pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income and Expenditure in the periods during which services are rendered by employees.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne in substance by the University.

The University recognises a liability for its obligations under defined benefit plan net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. Should a net defined benefit asset arise, this is not recognised. The calculation is performed by a qualified actuary using the projected unit credit method.

Hybrid plans

The USS is a hybrid plan, meaning that it is partly a defined benefit plan and partly a defined contribution plan. Members earn a defined benefit pension on salary up to certain level and earn defined contribution benefits on salaries above this threshold.

The University has entered into an agreement with the USS scheme that determines how the University will contribute to a deficit recovery plan. A liability is recorded within provisions for any contractual commitment to fund past deficits within the scheme and the resulting expense is recognised in expenditure. Further details on the USS deficit are included in Note 18.

Multi-employer schemes

Where the University is unable to identify its share of the underlying assets and liabilities in a multi-employer scheme on a reasonable and consistent basis it accounts for the scheme as if it were a defined contribution scheme.

6. 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 unused entitlement.

7. Leases

Where assets are financed by leasing arrangements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as an obligation under finance leases. Depreciation on leased assets is charged to the Statement of Comprehensive Income and Expenditure on the same basis as owned fixed assets. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to the Statement of Comprehensive Income and Expenditure over the period of the lease.

Operating lease costs are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and

Expenditure. Lease premiums or incentives are spread over the lease term.

8. Foreign currency

Transactions in foreign currencies are translated to sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income and Expenditure.

9. Tangible fixed assets

Fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Prior to the date of transition to FRS 102, a revaluation process was carried out by an independent valuer, Gerald Eve LLP, and the University revalued the land and buildings at fair value at the date of transition, 1 August 2014, with revised economic useful lives allocated to the individual assets. These values have been adopted as the deemed cost of these assets.

Land is not depreciated. Buildings are depreciated over their economic useful lives on a straight-line basis over a range of three to 76 years.

Major refurbishments are capitalised at cost and depreciated on a straight-line basis over ten years where they substantially add to the total area of the building or prolong its useful life or enhance the economic benefits of the building

Equipment (including IT) is capitalised at cost and is depreciated over three years on a straight-line basis.

Assets under construction are not depreciated until they are ready for use and are represented as costs incurred to date.

Where factors exist that indicate the residual value, useful life and depreciation method of an asset may have changed since the last reporting date these are reviewed and revised as necessary.

10. Heritage assets

Heritage assets are works of art and other valuable artefacts, held principally for their contribution to knowledge and culture rather than for the University's operational use. Heritage assets acquired or donated since 1 August 1999 and valued over £25,000 have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Heritage assets acquired before 1 August 1999 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis.

Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material. The University's practice in regards to heritage assets, in accordance with the national accreditation standards, is: to preserve, conserve and manage the objects in its care; to augment the collections where appropriate and within the resources available; to enable and encourage access to and use of the collections for teaching and research, and to enable wide access to and engagement with the collections by members of the public.

11. Intangible assets

Intangible assets represent significant software development costs for long-term use. Only costs relating to the development and implementation phases of software projects have been capitalised. The research phase and training costs involved with the project are expensed as incurred.



Costs are amortised over their useful economic life (being between three and ten years) and are subject to periodic impairment reviews as appropriate. Major IT systems are capitalised and amortised on a straight-line basis over the useful economic life based on the terms of the contract for system licences.

12. Investments

Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Current asset investments are held at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure.

13. 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 measured initially 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 or reviewed annually according to market conditions at 31 July each year.

14. Business combinations and goodwill

Negative goodwill arises where the net amount of identifiable assets and liabilities recognised at the acquisition date exceeds the cost of a business combination. The excess is included in the Statement of Financial Position and recognised in the Statement of Comprehensive Income and Expenditure in the periods expected to benefit. As detailed in Note 24a, negative goodwill has been released from the Statement of Financial Position during the year.

15. Stock

Stock is held at the lower of cost and net realisable value. Consumable items are charged directly to the Statement of Comprehensive Income and Expenditure.

16. 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 (within 90 days) to known amounts of cash with insignificant risk of change in value.

17. Provisions

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

18. Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is, therefore, a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478–488 of the Corporation Tax Act 2010 (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 exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT related to fixed assets is included in their cost.

The University's subsidiaries are liable to corporation tax in the same way as any other commercial organisation. Within these subsidiaries deferred tax is provided in full on timing differences which result in an obligation at the year-end 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 financial statements. Deferred tax assets are recognised only if they are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

19. Financial instruments

Financial assets and financial liabilities are recognised when the University becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the University after deducting all of its liabilities.

a) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets and liabilities are only offset in the Statement of Financial Position when there exists a legally enforceable right to set off the recognised amounts and the University intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of being 'basic' financial instruments as defined in FRS 102 are subsequently measured at amortised cost using the effective interest method. Debt instruments that have no stated interest



rate (and do not constitute a financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. With the exception of some hedging instruments, other debt instruments, held for trading, are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment. Financial assets are derecognised when:

- (i) the contractual rights to the cash flows from the financial asset expire or are settled
- (ii) the University transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- (iii) the University, despite having retained some, but not all, significant risks and rewards of ownership, has transferred

control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(b) Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the University's Statement of Financial Position, investments in subsidiaries are measured at cost less impairment.

(c) Derivative financial instruments

The University uses derivative financial instruments to reduce exposure to interest rate, exchange rate and cash flow movements. The University does not hold

or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument.

(d) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

20. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each reporting date.

Non-financial assets

If events or changes in circumstances indicate that the carrying amount may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the Statement of Comprehensive Income and Expenditure. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at amortised cost, the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date. Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring

after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an impaired financial asset to the extent that the revised recoverable value does not exceed the carrying value had no impairment been recognised.

21. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a restricted fund which the University must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds. Unrestricted reserves are funds that are freely available to spend on any of the University's activities.

22. Agency arrangements

Funds that the University receives and disburses as paying agent on behalf of a funding body are excluded from the Statement of Comprehensive Income and Expenditure where the University is exposed to minimal risks or enjoys minimal economic benefit related to the transaction.

23. Service concession arrangements

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

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

24. Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, the University is required to make estimations and judgements that have a significant impact on the amounts recognised. The estimates and associated judgements are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the

estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

Four significant judgements have been identified

- i) Judgements on the recoverability of aged trade receivables based on the knowledge of the individuals or market. Where conditions suggest the full recoverability is doubtful, a provision will be recognised.
- ii) Judgements in the amounts recognised in regards to the Pritchatts Park design, build and operate project. A total consideration of £47.8 million was received in the prior year for the 53-year lease of the Pritchatts Park site, of which £14.1 million was recognised as profit in the prior year and the remaining £33.7 million was treated as deferred income to be released over the life of the lease. The University has made a judgement on how the capital consideration should be split between deferred income and profit based on the relative book values of the land and buildings at the lease commencement date.

At 31 July 2023, £32.4 million (2021/22: £33.1 million) of the capital

consideration is held as deferred income, reflecting the University's land interest two years into the lease term. A total of £0.6 million (2021/22: £0.6 million) has been recognised in Other Income in the year reflecting 1/53rd of the deferred capital consideration.

- iii) The University has made a judgement as to how the income and costs relating to the 2022 Commonwealth Games should be recognised, given that the period of sponsorship and the games themselves span two financial years. Venue hire income of £2.6 million has been recognised in the year (2021/22: £3.2 million) reflecting the period of exclusive use of hired facilities. £1.1 million sponsorship costs have been recognised in the year (2021/22: £3.4 million) based on the signing dates of tiered sponsorship contracts. All remaining income and expenditure has been recognised based on the service delivery date.
- iv) Judgements as to whether any indicators of impairment are present for any of the University's assets. Following recent government announcements, the University is undertaking an assessment of RAAC concrete across its estate. Initial indications are that the impact is not significant and no

provision for impairment has been made in the year.

There are two key sources of estimation uncertainty:

- i) Assumptions underlying the calculation of the BPAS pension deficit liability have been informed by independent actuarial assessment. The brought forward provision was £nil owing to an irrecoverable surplus (effect of asset ceiling). At 31 July 2023, this increased to a liability £21 million, reflecting changes in assumptions during the year. Further details are provided in Notes 18 and 26.
- ii) The University recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme (USS). Details of this provision are included in Notes 18 and 26 to the financial statements. In calculating the USS pension deficit liability of £269 million (2021/22: £313 million), a discount rate of 5.49 per cent has been used in line with higher education sector norms (2021/22: 3.33 per cent) and a combined salary inflation and FTE growth rate of 5.28 per cent (2021/22: 5.45 per cent) over the period to 31 July 2038.

Consolidated and Institution Statement of Comprehensive Income and Expenditure

Year ended 31 July 2023

		Year ended 31 July 2023		Year ended 31 July 2022	
	Notes	Consolidated	Institution	Consolidated	Institution
				Restated	Restated
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	445,050	445,050	418,346	418,346
Funding body grants	2	112,852	112,852	95,599	95,599
Research grants and contracts	3	196,726	196,726	214,964	214,964
Other income	4	154,697	135,083	144,327	126,227
Investment income	5	9,802	9,798	6,674	6,674
Total income before endowments and donations		919,127	899,509	879,910	861,810
Donations and endowments	6	9,589	9,589	8,030	8,030
Total income		928,716	909,098	887,940	869,840
Expenditure					
Staff costs excluding movement in the USS provision*	7	484,387	470,275	439,501	428,336
USS provision movement	7	(54,769)	(54,769)	203,227	203,227
Total staff costs	7	429,618	415,506	642,728	631,563
Other operating expenses		361,891	372,700	343,295	337,561
Depreciation and amortisation	11,12	86,716	84,216	74,082	71,694
Interest and other finance costs	8	12,299	12,299	3,586	3,586
Total expenditure	9	890,524	884,721	1,063,691	1,044,404
Surplus/(deficit) before other gains and losses		38,192	24,377	(175,751)	(174,564)
(Loss)/gain on disposal of fixed assets		(15,694)	636	4,810	4,810
Loss on investments	13	(2,610)	(2,610)	(421)	(421)
Surplus/(deficit) before tax		19,888	22,403	(171,362)	(170,175)
Corporation tax	10	-	-	-	-
Surplus/(deficit) after tax		19,888	22,403	(171,362)	(170,175)

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Consolidated	Institution	Consolidated	Institution
		£'000	£'000	Restated £'000	Restated £'000
Actuarial (loss)/gain in respect of pension schemes	26	(27,475)	(27,400)	30,780	28,600
Total comprehensive expenditure for the year		(7,587)	(4,997)	(140,582)	(141,575)
Represented by:					
Endowment comprehensive income for the year		4,286	4,286	4,273	4,273
Restricted comprehensive income/(expenditure) for the year		11,284	321	(1,579)	(988)
Unrestricted comprehensive expenditure for the year		(23,157)	(9,604)	(143,276)	(144,860)
Total comprehensive expenditure for the year		(7,587)	(4,997)	(140,582)	(141,575)

Details of the restatement are provided in Note 30.

* The Universities Superannuation Scheme (USS) provides defined benefits for members and the University contributes through a scheme-wide contribution rate. The University recognises a liability to contribute to the recovery plan put in place as part of the 2020 valuation. The deficit provision movement has decreased staff costs by £55 million (2021/22: £203 million increase) as outlined in Notes 18 and 26.

Consolidated and Institution Statement of Changes in Reserves

Year ended 31 July 2023

Consolidated

	Notes	Income and Expenditure account			Total
		Endowment	Restricted	Unrestricted	
		£'000	£'000	£'000	£'000
Balance at 1 August 2021		134,526	32,024	1,122,971	1,289,521
Surplus/(deficit) for the year (restated)		6,865	14,551	(192,778)	(171,362)
Other comprehensive income		-	-	30,780	30,780
Release of restricted funds spent in year		(2,592)	(16,130)	18,722	-
Total comprehensive income/(expenditure) for the year (restated)		4,273	(1,579)	(143,276)	(140,582)
Negative goodwill recognised on acquisition of subsidiary		-	(12,908)	-	(12,908)
Other movements		(784)	140	608	(36)
Balance at 31 July 2022 (restated)		138,015	17,677	980,303	1,135,995
Surplus/(deficit) for the year		6,504	17,182	(16,706)	6,980
Other comprehensive expenditure		-	-	(27,475)	(27,475)
Release of restricted funds spent in year	21,22	(2,218)	(18,806)	21,024	-
Negative goodwill recognised on wind down of subsidiary	24a	-	12,908	-	12,908
Total comprehensive income/(expenditure) for the year		4,286	11,284	(23,157)	(7,587)
Other movements	21,22	186	(11)	(174)	1
Balance at 31 July 2023		142,487	28,950	956,972	1,128,409

Institution

	<i>Notes</i>	Income and Expenditure account			Total
		Endowment	Restricted	Unrestricted	
		£'000	£'000	£'000	£'000
Balance at 1 August 2021		134,526	11,041	1,106,625	1,252,192
Surplus/(deficit) for the year (restated)		6,865	7,421	(184,461)	(170,175)
Other comprehensive income		-	-	28,600	28,600
Release of restricted funds spent in year		(2,592)	(8,409)	11,001	-
Total comprehensive income/(expenditure) for the year (restated)		4,273	(988)	(144,860)	(141,575)
Other movements		(784)	1,304	(519)	1
Balance at 31 July 2022 (restated)		138,015	11,357	961,246	1,110,618
Surplus for the year		6,504	8,848	7,051	22,403
Other comprehensive expenditure		-	-	(27,400)	(27,400)
Release of restricted funds spent in year	21,22	(2,218)	(8,527)	10,745	-
Total comprehensive income/(expenditure) for the year		4,286	321	(9,604)	(4,997)
Other movements	21,22	186	(11)	(175)	-
Balance at 31 July 2023		142,487	11,667	951,467	1,105,621

Details of the restatement are provided in Note 30.

Consolidated and Institution Statement of Financial Position

Year ended 31 July 2023

		As at 31 July 2023		As at 31 July 2022	
	Notes	Consolidated	Institution	Consolidated	Institution
				Restated	Restated
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	11	24,700	24,700	26,585	26,585
Fixed assets	12	1,461,914	1,434,924	1,465,818	1,420,406
Heritage assets	12a	549	549	549	549
Investments	13	224,807	230,351	217,425	223,470
Negative goodwill	24a	-	-	(12,908)	-
		1,711,970	1,690,524	1,697,469	1,671,010
Current assets					
Stocks for resale		363	316	397	345
Trade and other receivables	14	197,888	197,078	198,579	201,322
Cash and cash equivalents		126,109	113,335	192,038	180,018
		324,360	310,729	391,014	381,685
Creditors					
Amounts falling due within one year	15	(343,900)	(331,761)	(336,177)	(328,928)
Net current (liabilities)/assets		(19,540)	(21,032)	54,837	52,757
Total assets less current liabilities		1,692,430	1,669,492	1,752,306	1,723,767
Creditors: amounts falling due after more than one year	16	(274,424)	(274,424)	(303,019)	(299,932)
Provisions					
Pension provisions	18	(289,597)	(289,447)	(313,292)	(313,217)
Total net assets		1,128,409	1,105,621	1,135,995	1,110,618

		As at 31 July 2023		As at 31 July 2022	
	Notes	Consolidated	Institution	Consolidated	Institution
				Restated	Restated
		£'000	£'000	£'000	£'000
Restricted reserves					
Income and expenditure reserve – endowment reserves	21	142,487	142,487	138,015	138,015
Income and expenditure reserve – restricted	22	28,950	11,667	17,677	11,357
Unrestricted reserves					
Income and expenditure reserve		956,972	951,467	980,303	961,246
Total reserves		1,128,409	1,105,621	1,135,995	1,110,618

Details of the restatement are provided in Note 30.

The financial statements were approved by the Governing body on 29 November 2023 and were signed on its behalf on 30 November 2023 by:

■ Professor Adam Tickell, Vice-Chancellor and Principal

■ Mr Mervyn Walker, Chair

Consolidated Statement of Cash Flows

Year ended 31 July 2023

	Notes	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 Restated £'000
Cash flow from operating activities			
Surplus/(deficit) for the year		19,888	(171,362)
Adjustment for non-cash items			
Depreciation and amortisation	11, 12	86,716	74,082
Loss on investments	13	2,610	421
Decrease/(increase) in stock		34	(89)
Decrease/(increase) in debtors		691	(40,552)
Increase in creditors		2,299	10,491
(Decrease)/increase in long term creditors		(8,458)	1,533
(Decrease)/increase in pension provision		(61,599)	209,887
Adjustment for capital payments		(2,450)	16,728
Adjustment for wind-down of subsidiary		(14,005)	976
Investment income	5	(9,802)	(6,674)
Interest payable	8	12,299	3,586
Endowment income	21	(564)	(472)
Loss/(gain) on the sale of fixed assets		15,694	(4,810)
Capital grant income		(19,132)	(11,307)
Net cash inflow from operating activities		24,221	82,438
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	15,341
Capital grants receipts		12,505	11,307
Disposal of non-current asset investments	13	2,928	5,984
Investment income		9,802	6,674
Payments made to acquire fixed assets		(81,166)	(64,083)
Payments made to acquire intangible assets	11	(4,661)	(5,526)
Payments made to acquire non-current asset investments	13	(14,130)	(18,241)
Net cash outflow from investing activities		(74,722)	(48,544)

	Notes	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 Restated £'000
Cash flows from financing activities			
Interest paid		(8,334)	(7,969)
Endowment cash received		564	472
New unsecured loans		-	333
Repayments of amounts borrowed		(4,263)	(4,284)
Capital element service concession payments		(3,395)	(3,070)
Net cash outflow from financing activities		(15,428)	(14,518)
(Decrease)/increase in cash and cash equivalents in the year		(65,929)	19,376
Cash and cash equivalents at beginning of the year		192,038	172,662
Cash and cash equivalents at end of the year		126,109	192,038
Consolidated reconciliation of net debt			£'000
Net debt 1 August 2022			(65,234)
Movement in cash and cash equivalents			(65,929)
Other non-cash changes			10,138
Changes in market value			(27)
Analysis of net debt			
Cash and cash equivalents		126,109	192,038
Borrowings: amounts falling due within one year			
Unsecured loans		(7,330)	(4,263)
Derivatives		(559)	(532)
Borrowings: amounts falling due after more than one year			
Unsecured loans		(239,272)	(252,477)
Net debt		(121,052)	(65,234)



Notes to the financial statements

for the year ended 31 July 2023

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
1. Tuition fees and education contracts				
Undergraduate tuition - home students	173,043	173,043	180,886	180,886
Undergraduate tuition - other students	108,094	108,094	94,276	94,276
Postgraduate tuition - home students	38,578	38,578	41,637	41,637
Postgraduate tuition - other students	124,132	124,132	93,286	93,286
Other courses	1,203	1,203	8,261	8,261
	445,050	445,050	418,346	418,346
2. Funding body grants				
Recurrent grants:				
Office for Students (OfS)	32,723	32,723	30,119	30,119
Research England	53,083	53,083	42,205	42,205
OfS Capital grant	100	100	2,030	2,030
Research England Capital grant	9,800	9,800	5,193	5,193
Specific grants:				
Higher Education Innovation Fund	6,161	6,161	4,785	4,785
Department for Education	27	27	-	-
OfS other	2,172	2,172	2,679	2,679
Research England other	8,786	8,786	8,588	8,588
	112,852	112,852	95,599	95,599
2a. Grant and Fee Income				
The source of grant and fee income, included in Notes 1 and 2 is as follows:				
Grant income from the OfS	34,995	34,995	34,828	34,828
Grant income from other bodies	77,857	77,857	60,771	60,771
Fee income for taught awards (exclusive of VAT)	443,847	443,847	410,085	410,085
Fee income from non-qualifying courses (exclusive of VAT)	1,203	1,203	8,261	8,261
	557,902	557,902	513,945	513,945

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
3. Research grants and contracts				
Research Councils	67,235	67,235	76,748	76,748
UK-based charities	32,420	32,420	34,209	34,209
UK Central/local government, health and hospital authorities	47,673	47,673	45,295	45,295
UK industry, commerce and public corporations	13,582	13,582	15,820	15,820
EU government bodies	13,910	13,910	19,991	19,991
EU other	4,316	4,316	6,165	6,165
Other overseas	16,453	16,453	14,764	14,764
Other sources	1,137	1,137	1,972	1,972
	196,726	196,726	214,964	214,964
4. Other income				
Residences, catering and conferences	51,433	43,579	45,150	38,114
Other services rendered	8,762	6,354	8,926	5,873
Health Authority-funded external posts	15,388	15,388	14,522	14,522
Other capital grants	9,232	9,232	4,084	4,084
Student support	12,254	12,254	12,056	12,056
Sport	6,128	6,128	5,796	5,796
External funding	15,928	7,594	16,772	9,644
Day Nurseries	3,450	3,450	3,233	3,233
Other income	26,899	25,881	24,237	23,354
Commonwealth Games	5,223	5,223	9,551	9,551
	154,697	135,083	144,327	126,227
Other Income includes miscellaneous sales and grant income, rental income and VAT refunds.				
5. Investment income				
Investment income on endowments	4,177	4,177	4,004	4,004
Other investment income	5,625	5,621	2,670	2,670
	9,802	9,798	6,674	6,674
6. Donations and endowments				
New endowments	564	564	472	472
Donations with restrictions	5,160	5,160	4,234	4,234
Unrestricted donations	3,865	3,865	3,324	3,324
	9,589	9,589	8,030	8,030



	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
7. Staff costs				
Salaries	380,426	368,997	344,625	335,900
Social security costs	39,155	38,061	34,068	33,115
Movement on USS pension provision	(54,769)	(54,769)	203,227	203,227
Other pension costs	64,806	63,217	60,808	59,321
	429,618	415,506	642,728	631,563

No payments were made in respect of compensation for loss of office to a senior post-holder in 2022/23 (2021/22: £nil).

Compensation for loss of office (including voluntary severance) of £0.6 million was paid in 2022/23 (2021/22: £0.5 million) and this relates to 23 employees (2021/22: 25).

	2023 Professor Adam Tickell	2022 Professor Adam Tickell Jan-22 to Jul-22	2022 Professor Sir David Eastwood Aug-21 to Dec-21
Emoluments of the Vice-Chancellor:	£'000	£'000	£'000
Salary	342	190	146
Payments in lieu of pension	46	26	20
Long-term incentive plan (LTIP)	-	-	120
Performance-related award	-	-	70
Taxable benefit (utilities and other costs associated with use of a property)	19	13	16
	407	229	372

The process of Remuneration Committee to determine the remuneration of the Vice-Chancellor is set out in the Corporate Governance Statement. The performance-related award disclosed in 2021/22 was calculated on a full-time equivalent basis.

The Vice-Chancellor's basic salary is 7.9 times the median pay of staff (2021/22: 7.9 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff.

The Vice-Chancellor's total remuneration is 8.9 times the median total remuneration of staff (2021/22: 9.0 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the University of its staff.

In calculating the pay multiples, only staff included in real-time reporting to HMRC are considered, all funding received as part of external funding agreements are excluded from the calculation, as are those not in receipt of a basic salary payment. Agency paid staff are excluded.

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	Institution	Consolidated	Institution
Staff full-time equivalents (FTE) numbers by major category:	FTEs	FTEs	FTEs	FTEs
Academic, Clinical Academic and Administrative	5,793	5,710	5,423	5,340
Other, including Technical, Clerical and Manual	2,225	2,046	2,182	2,004
	8,018	7,756	7,605	7,344

Trustees

The total expenses paid to or on behalf of 10 (2021/22: 5) Council members was £4,981 (2021/22: £1,460). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and events in their official capacity as Council members. No payments or other benefits have been received by Council members, in respect of their services.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University and are represented as the University Executive Board (UEB).

In the year, UEB consisted of the Vice-Chancellor and Principal, Provost and Vice-Principal, Pro-Vice-Chancellor (Education), Pro-Vice-Chancellor (Research and Knowledge Transfer), Pro-Vice-Chancellor (International), five College Pro-Vice-Chancellors, the Registrar and Secretary, and the Chief Financial Officer.

Institution

	Year ended 31 July 2023	Year ended 31 July 2022
	£'000	£'000
Key management personnel compensation	2,515	2,516

Other higher-paid staff

Remuneration of higher-paid staff other than the Vice-Chancellor (including members of UEB and Professors) accounted for in the Statement of Comprehensive Income and Expenditure is set out on the following page.

Some staff, who are not in the USS pension scheme and do not therefore receive the employer's contribution, receive instead as part of their salary a 13.7 per cent cash payment in lieu of pension. The remuneration figures below are presented in line with the requirements of Accounting Standards and therefore do not include any employer pension contributions, but do include cash payments in lieu of pension. To make a meaningful comparison, approximately 20 per cent (2021/22: approximately 20 per cent) would need to be added to those staff for whom the University is making pension contributions and comparison figures adjusted for those staff who have opted out of pension schemes.

Staff on clinical pay scales received NHS pay awards in both years.

The number of higher-paid staff members has increased by 41. A total of 33 members of staff were included in the disclosure for this first time as a result of the annual pay award.

	Year ended 31 July 2023	Year ended 31 July 2022
	No.	No.
£100,000.00 to £104,999.99	40	26
£105,000.00 to £109,999.99	30	29
£110,000.00 to £114,999.99	25	19
£115,000.00 to £119,999.99	36	27
£120,000.00 to £124,999.99	11	7
£125,000.00 to £129,999.99	10	7
£130,000.00 to £134,999.99	7	7
£135,000.00 to £139,999.99	5	5
£140,000.00 to £144,999.99	5	7
£145,000.00 to £149,999.99	6	3
£150,000.00 to £154,999.99	6	6
£155,000.00 to £159,999.99	4	1
£160,000.00 to £164,999.99	1	2
£165,000.00 to £169,999.99	1	2
£170,000.00 to £174,999.99	2	-
£175,000.00 to £179,999.99	1	1
£180,000.00 to £184,999.99	-	1
£185,000.00 to £189,999.99	1	-
£190,000.00 to £194,999.99	2	-
£195,000.00 to £199,999.99	-	-
£200,000.00 to £204,999.99	-	1
£205,000.00 to £209,999.99	-	-
£210,000.00 to £214,999.99	-	-
£215,000.00 to £219,999.99	-	2
£220,000.00 to £224,999.99	-	-
£225,000.00 to £229,999.99	-	-
£230,000.00 to £234,999.99	2	-
£235,000.00 to £239,999.99	-	-
£240,000.00 to £244,999.99	-	-
£245,000.00 to £249,999.99	1	1
£250,000.00 to £254,999.99	-	-
£255,000.00 to £259,999.99	-	-
£260,000.00 to £264,999.99	-	1
	196	155

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
8. Interest and other finance costs				
Loan interest	7,917	7,917	7,277	7,277
Decrease in fair value of derivatives	(6,464)	(6,464)	(5,853)	(5,853)
Swap interest	111	111	171	171
BPAS interest charge	-	-	500	500
USS interest charge	10,429	10,429	970	970
Investment fees	306	306	521	521
	12,299	12,299	3,586	3,586
9a. Analysis of total expenditure by activity			Restated	Restated
Academic and related expenditure	316,508	316,508	275,365	275,365
Administration and central services	230,552	222,149	193,217	184,258
Premises	78,532	77,799	89,454	88,753
Residences, catering and conferences	37,232	32,484	31,652	29,219
Research grants and contracts	211,546	211,546	199,958	199,958
Other operating expenses	70,923	79,004	70,818	63,624
USS pension movement	(54,769)	(54,769)	203,227	203,227
	890,524	884,721	1,063,691	1,044,404
Other operating expenses include:				
External auditor's remuneration in respect of audit services	841	594	627	414
External auditor's remuneration in respect of non-audit services	223	223	-	-
Operating lease payments	15,745	15,745	7,805	7,805

Details of the restatement are provided in Note 30.

9b. Access and Participation

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Access Investment	3,973	3,973	3,597	3,597
Financial Support	9,055	9,055	9,640	9,640
Disability Support	1,174	1,174	1,073	1,073
Research and Evaluation	315	315	247	247
	14,517	14,517	14,557	14,557

The costs for Access and participation relate to the agreed OfS Access and Participation plan (the Plan) www.birmingham.ac.uk/university/about/equality/widening-access.aspx and is part of enabling the University to charge higher fees for UK undergraduate courses. The Plan commenced in 2020/21 and continues through to 2024/25.

Included in the above are staff costs of £2.3 million (2021/22: £2 million) which are included within the staff costs in Note 7. These were spent on access investment £1.4 million (2021/22: £1.2 million), disability support £0.6 million (2021/22: £0.5 million) and research and evaluation £0.3 million (2021/22: £0.3 million).

Access investment includes activity funded by higher fee income and other sources and relates to outreach, summer schools and scholarships. Financial support includes financial packages (funded by higher fee income) and hardship funds (funded by OfS Student Premium). Disability support includes activity funded by higher fee income and OfS student premium. In accordance with the Plan, 20 per cent overhead has been allocated to staff costs for Plan activity and 20 per cent of student recruitment and admission costs have been included. The overall expenditure in 2022/23 is consistent with the prior year (2021/22: £0.1 million increase).

10. Taxation

There are no tax charges for the University of Birmingham in 2022/23 (2021/22: £nil). In the prior year subsidiary companies incurred a combined corporation tax charge of £46,848.

11. Intangible assets			
	Assets in the course of construction	Intangible assets	Total
Consolidated and Institution	£'000	£'000	£'000
Cost or valuation			
At 1 August 2022	14,029	32,741	46,770
Additions	4,661	-	4,661
At 31 July 2023	18,690	32,741	51,431
Amortisation			
At 1 August 2022	-	20,185	20,185
Charge for the year	-	6,546	6,546
At 31 July 2023	-	26,731	26,731
Carrying amount			
At 31 July 2023	18,690	6,010	24,700
At 31 July 2022	14,029	12,556	26,585

Intangible assets represent costs incurred in relation to Core, which redesigned Finance, HR, Payroll, and Research Grant Management processes through a cloud-based system. Assets in the course of construction relate to StARS, an upgrade to the student record system.

12. Fixed Assets	Freehold land and buildings	Leasehold land and buildings	Major refurbishment	Equipment	Assets in the course of construction	Total
Consolidated	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 August 2022 (restated)	1,455,108	62,595	141,918	65,375	89,893	1,814,889
Additions	747	-	-	11,007	79,986	91,740
Transfers	2,234	-	18,985	22,657	(43,876)	-
Other movements	1,210	-	-	-	-	1,210
Disposals	-	(16,684)	-	(9,455)	-	(26,139)
At 31 July 2023	1,459,299	45,911	160,903	89,584	126,003	1,881,700
Depreciation						
At 1 August 2022 (restated)	235,514	8,101	74,796	30,660	-	349,071
Charge for the year	39,031	5,877	19,843	19,480	-	80,170
Other movements	-	-	-	-	-	-
Disposals	-	-	-	(9,455)	-	(9,455)
At 31 July 2023	270,484	13,978	94,639	40,685	-	419,786
Net book value						
At 31 July 2023	1,188,815	31,933	66,264	48,899	126,003	1,461,914
At 31 July 2022 (restated)	1,219,594	54,494	67,122	34,715	89,893	1,465,818

Details of the restatement are provided in Note 30.

At 31 July 2023, freehold land and buildings included £216.5 million (2021/22: £216.5 million) in respect of freehold land and is not depreciated.

In December 2021 the University entered into a design, build, finance and operate arrangement (DBFO) with an experienced developer to provide student housing (both a new build and refurbishment of existing accommodation) and a car park at the current site on Pritchatts Road. The developer will then lease, maintain and operate the student village, Pritchatts Park, for a period of 53 years. A special purpose vehicle has been set up to procure the development and maintenance of the project, in which the University has a 10 per cent equity stake. Leasehold additions of £12.8 million were recognised in the prior year reflecting rooms the University had nominated for the period to 31 July 2024. The net book value at 31 July 2023 is £4.6 million.

As detailed in Note 24a, assets with a net book value of £16.3 million have been disposed of by the NCAT1 subsidiary.

Institution	Freehold land and buildings £'000	Leasehold land and buildings £'000	Major refurbishment £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost						
At 1 August 2022 (restated)	1,418,032	45,911	141,918	64,923	89,893	1,760,677
Additions	-	-	-	10,992	79,986	90,978
Transfers	2,234	-	18,985	22,657	(43,876)	-
Other movements	1,210	-	-	-	-	1,210
Disposals	-	-	-	(9,455)	-	(9,455)
At 31 July 2023	1,421,476	45,911	160,903	89,117	126,003	1,843,410
Depreciation						
At 1 August 2022 (restated)	227,110	7,748	74,796	30,617	-	340,271
Charge for the year	36,930	5,483	15,782	19,475	-	77,670
Other movements	-	-	-	-	-	-
Disposals	-	-	-	(9,455)	-	(9,455)
At 31 July 2023	259,979	13,231	94,639	40,637	-	408,486
Net book value						
At 31 July 2023	1,161,497	32,680	66,264	48,480	126,003	1,434,924
At 31 July 2022 (restated)	1,190,922	38,163	67,122	34,306	89,893	1,420,406

12a. Heritage assets

	31 July 2023	31 July 2022
Consolidated and Institution	£'000	£'000
At 1 August	549	549
Acquisition	-	-
Disposals	-	-
At 31 July	549	549

As stated in the Statement of Accounting Policies, heritage assets acquired or donated since 1 August 1999 have been capitalised. Heritage assets acquired prior to this have not been capitalised as reliable estimates of cost or valuation are not available on a cost-benefit basis.

13. Investments

	Subsidiary companies	Investment in spinouts	Other non- current asset investments	Endowment asset investments	Investment Properties	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Consolidated						
At 1 August 2022	-	3,406	90,343	122,466	1,210	217,425
Additions	-	803	10,000	3,327	-	14,130
Reclassification	-	-	-	-	(1,210)	(1,210)
Disposals	-	-	(104)	(2,824)	-	(2,928)
Revaluation	-	(936)	814	(2,488)	-	(2,610)
At 31 July 2023	-	3,273	101,053	120,481	-	224,807
Institution						
At 1 August 2022	6,030	3,406	90,358	122,466	1,210	223,470
Additions	-	803	10,000	3,327	-	14,130
Reclassification	-	-	-	-	(1,210)	(1,210)
Disposals	(500)	-	(105)	(2,824)	-	(3,429)
Revaluation	-	(936)	814	(2,488)	-	(2,610)
At 31 July 2023	5,530	3,273	101,067	120,481	-	230,351

The other non-current asset investments class includes University holdings in a number of investment funds which are held at fair value. It also has shareholdings in several companies which are held at fair value. In the endowment asset investment class, the University holds a number of investments which are held at fair value.

14. Trade and other receivables

	31 July 2023		31 July 2022	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research grants receivables	100,018	100,018	100,923	100,923
Other trade receivables	53,457	51,775	48,819	51,202
Other receivables	5,098	4,564	7,950	5,587
Prepayments and accrued income	37,740	36,565	39,462	38,664
Amounts due from subsidiary companies	-	2,281	-	1,521
	196,313	195,203	197,154	197,897
Amounts falling due after one year:				
Other debtors and prepayments	1,575	1,575	1,425	1,425
Amounts receivable from subsidiary companies	-	300	-	2,000
	197,888	197,078	198,579	201,322

15. Creditors: amounts falling due within one year

	31 July 2023		31 July 2022	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Research grants received on account	152,732	152,732	141,571	141,571
Unsecured loans	7,330	4,242	4,263	4,263
Service concession liabilities	6,301	6,301	3,400	3,400
Trade payables	57,374	55,679	54,846	53,629
Social security and other taxation payable	14,256	13,457	12,810	12,301
Accruals	36,964	34,293	50,379	47,807
Deferred income	53,928	52,620	56,423	55,135
Derivatives	559	559	532	532
Other creditors	14,456	11,878	11,953	10,185
Amounts due to subsidiary companies	-	-	-	105
	343,900	331,761	336,177	328,928

16. Creditors: amounts falling due after more than one year

	Notes	31 July 2023		31 July 2022	
		Consolidated	Institution	Consolidated	Institution
		£'000	£'000	£'000	£'000
Research grants and contracts in advance		3,365	3,365	11,823	11,823
Service concession liabilities		-	-	6,296	6,296
Unsecured loans		239,272	239,272	252,477	249,390
Deferred income		31,787	31,787	32,423	32,423
		274,424	274,424	303,019	299,932

Analysis of unsecured loans:

Due within one year or on demand	15	7,330	4,242	4,263	4,263
Due between one and two years		4,083	4,083	4,242	4,242
Due between two and five years		11,916	11,916	12,248	12,248
Due in five years or more		223,273	223,273	235,987	232,900
Due after more than one year		239,272	239,272	252,477	249,390
Total secured and unsecured loans		246,602	243,514	256,740	253,653

Included in loans are the following:

Lender	2023	2022	Maturity	Interest rate %	Borrower
	Amount £'000	Amount £'000			
Private Placement - Barings	25,700	30,000	2042/43	2.64	University
Private Placement - BAE	40,000	40,000	2050/51	2.58	University
Private Placement - Aviva	20,000	20,000	2057/58	2.51	University
Private Placement - PIC	20,000	20,000	2044/45	2.67	University
Private Placement - PIC	90,000	90,000	2057/58	2.51	University
Private Placement - Great-West Life	4,300	-	2042/43	2.64	University
Lloyds	41,258	50,884	2034/35	3.95	University
HEFCE Revolving Green Fund	2,256	2,768	2026/27	NIL	University
HS2	3,088	3,088	See Note 24a	NIL	NCATI
	246,602	256,740			

The Lloyds loan balance contains a contractually connected interest rate swap valued at £2.8 million debit at year-end (2021/22: £3.1 million credit). The swap fixes the interest rate paid on the term loan at 3.96 per cent as the term loan SONIA payment and the swap SONIA receipt offset each other.

17. Financial instruments

The carrying values of the Consolidated and University financial assets and liabilities are summarised by category below:

		31 July 2023		31 July 2022	
		Consolidated	Institution	Consolidated	Institution
	Notes	£'000	£'000	£'000	£'000
Financial assets					
Measured fair value through income and expenditure					
Investments in common investment funds	13	218,553	218,567	209,840	209,855
Debt instruments measured at amortised cost					
Cash and cash equivalents		126,109	113,335	192,038	180,018
Long-term loans receivable	14	1,575	1,875	1,425	3,425
Measured at undiscounted amount receivable					
Trade and other receivables		182,249	181,139	176,783	177,526
Equity instruments measured at cost less impairment					
Non-current asset investments in utilised equity instruments	13	6,254	11,784	7,585	13,615
		534,740	526,700	587,671	584,439
Financial liabilities					
Measured at fair value through income and expenditure					
Derivative financial liabilities	15	559	559	532	532
Measured at amortised cost					
Loans payable	16	246,602	243,514	256,740	253,653
Measured at undiscounted amount receivable					
Trade and other creditors		108,794	101,850	117,178	111,621
		355,955	345,923	374,450	365,806

The derivative financial liability relates to an interest rate swap, with notional value of £5 million, carried at fair value. The swap gives a fixed rate of 4.89 per cent compared to the variable three months LIBOR rate payable on the loan. The swap is held with Yorkshire Bank and expires in 2026. It is settled quarterly, with the difference between the fixed and floating interest rate settled on a net basis.

The loans payable liability includes a Lloyds Bank term loan facility with an associated interest rate swap. The swap had an initial valuation in December 2020 of £9.8 million and at 31 July 2023 is carried at fair value within the loan balance at £2.8 million debit (2021/22: £3.1 million credit).

The Consolidated and University income, expense, gains and losses in respect of financial instruments are summarised below:

	Notes	31 July 2023		31 July 2022	
		Consolidated	Institution	Consolidated	Institution
		£'000	£'000	£'000	£'000
Interest income and (expense)					
Total interest income for financial assets at amortised cost	5	9,802	9,798	6,674	6,674
Total interest expense for financial liabilities at amortised cost	8	(8,028)	(8,028)	(7,448)	(7,448)
		1,774	1,770	(774)	(774)
Fair value gains and (losses)					
On financial assets measured at fair value through income and expenditure	13	(2,610)	(2,610)	(421)	(421)
On derivative financial liabilities		(27)	(27)	562	562
		(2,637)	(2,637)	141	141

18. Pension provisions

	Obligation to fund deficit on US Pension	Define Benefi Obligation on BPAS Pension	NCATI LGPS Pension	Total Pensions Provision
Consolidated	£'000	£'000	£'000	£'000
At 1 August 2022	313,217	-	75	313,292
Utilised during the year	(15,873)	(8,700)	-	(24,573)
(Credited)/charged to the Statement of Comprehensive Income and Expenditure	(28,497)	29,300	75	878
At 31 July 2023	268,847	20,600	150	289,597

Institution	£'000	£'000	£'000	£'000
At 1 August 2022	313,217	-	-	313,217
Utilised during the year	(15,873)	(8,700)	-	(24,573)
(Credited)/charged to the Statement of Comprehensive Income and Expenditure	(28,497)	29,300	-	803

USS Pension

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

The major assumptions used to calculate the obligations are:

	2023	2022
Discount rate	5.49%	3.33%
Salary growth year one (headcount and awards)	10.10%	17.02%
Salary growth future years (headcount and awards)	4.00%	4.00%

Sensitivity analysis

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

Changes in assumptions at 31 July 2023	Approximate impact
	£ million
0.5% pa decrease in discount rate	9.5
0.5% pa increase in salary inflation over duration	10.0
0.5% pa increase in salary inflation year 1 only	1.2
0.5% increase in staff changes over duration	10.0
0.5% increase in staff changes year 1 only	1.2
1% increase in deficit contributions	42.7

BPAS Pension

The University operates the University of Birmingham Pension and Assurance Scheme (BPAS) for the University's qualifying support staff. The scheme is a funded scheme. The latest actuarial valuation of the scheme was at 31 March 2022 and revealed a funding shortfall. The Trustees have put a Recovery Plan in place to address the deficit as detailed in Note 26

Sensitivity analysis

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

Changes in assumptions at 31 July 2023	Approximate impact
	£ million
0.1% increase in discount rate	3.7
0.1% increase in RPI	3.3
Mortality base 107%/98% SAPs 3	4.0
Mortality future CMI 2022 1.50% trend	1.6

LGPS Pension

One of the subsidiaries (NCATI) is a member of a local government pension scheme for some of its staff. The scheme is valued on a triennial basis. The value recorded in pension provisions is the anticipated settlement value to buy out of the scheme on wind-down of the subsidiary. See Note 24a for further details.

19. Events after the reporting period

No significant events occurred between the end of the reporting period and the date when the financial statements were approved.

20. Lease commitments

The total of future minimum lease payments under non-cancellable operating leases is as follows:

	2023 £'000	2022 £'000
Not later than 1 year	14,822	16,036
Later than 1 year and not later than 5 years	60,471	64,650
Later than 5 years	22,486	40,723
Total lease payments due	97,779	121,409

In 2019/20 the University entered into an agreement with Unite Students to rent 348 students rooms in the property known as Battery Park, Bristol Road, Birmingham at a total annual cost, excluding VAT, of £2.2 million. This agreement covers the academic years 2019/20 to 2028/29.

Void rent is payable by the University to Unite Students to the extent that nominees are not referred to Unite Students for reserved rooms. The void rent is calculated as total rent if 98 per cent of the rooms are let less rent due from referred nominees. The University has committed to nominate an agreed number of rooms each academic year for the lease term which enables students to commit for a one-year term whilst also enabling the University to review the scale of any void liability on annual basis, rather than over the full lease term. The University manages its total available number of room in such a way as to ensure any void liability is minimised.

In the prior year, the agreement with Unite Students was extended for a further two years covering the period up to and including the academic year ending 2031/32. Due to the high levels of demand for student accommodation, the University is able to nominate all rooms covered by the lease agreement and therefore does not consider it necessary to carry a liability for void rent at 31 July 2023, having considered both the nominations for the forthcoming academic year and based on subsequent events.

21. Endowment reserves

Consolidated and Institution	Restricted permanent endowments	Unrestricted permanent endowments	Expendable endowments	2023 Total	2022 Total
	£'000	£'000	£'000	£'000	£'000
Balances at 1 August					
Capital	81,812	37,560	9,486	128,858	126,219
Accumulated income	8,115	521	521	9,157	8,307
	89,927	38,081	10,007	138,015	134,526
New endowments	137	-	427	564	472
Investment income	6,954	1,172	302	8,428	4,226
Expenditure	(1,591)	(313)	(314)	(2,218)	(2,592)
Increase in market value of investments	(1,619)	(679)	(190)	(2,488)	2,167
Total movement for the year	3,881	180	225	4,286	4,273
Transfer from/(to) unrestricted reserves	48	52	86	186	(784)
At 31 July	93,856	38,313	10,318	142,487	138,015
Represented by:					
Capital	80,330	36,881	9,720	126,931	128,858
Accumulated income	13,526	1,432	598	15,556	9,157
	93,856	38,313	10,318	142,487	138,015
Analysis by type of purpose:					
Funded posts	25,064	471	1,365	26,900	27,076
General	17,980	23,920	5,017	46,917	42,234
Lectureships	11,168	389	2,930	14,487	14,594
Prize funds	4,281	1,593	-	5,874	5,824
Research support	7,677	3,169	613	11,459	11,173
Scholarships and bursaries	27,686	8,771	393	36,850	37,114
	93,856	38,313	10,318	142,487	138,015
Analysis by asset:					
Non-current asset investments				120,481	122,466
Cash and cash equivalents				22,006	15,549
				142,487	138,015

Consolidated and Insitiution	2023 Total	2022 Total
Represented by:	£'000	£'000
Equities	69,083	71,146
Fixed interest securities and bonds	23,012	21,894
Property	15,918	19,048
Infrastructure	12,468	10,378
Cash and cash equivalents	22,006	15,549
	142,487	138,015

22. Restricted reserves

Consolidated

	2023 Total £'000	2022 Total £'000
Balances at 1 August	17,677	32,024
Income	17,182	14,549
Expenditure	(18,806)	(16,128)
Negative goodwill released on wind-up of subsidiary	12,908	-
Total restricted comprehensive income/ (expenditure) for the year	11,284	(1,579)
Negative goodwill recognised on acquisition of subsidiary	-	(12,908)
Transfer to unrestricted reserves	(11)	140
At 31 July	28,950	17,677

Institution

	2023 Total £'000	2022 Total £'000
Balances at 1 August	11,357	11,041
Income	8,848	7,421
Expenditure	(8,527)	(8,409)
Total restricted comprehensive expenditure for the year	321	(988)
Transfer from unrestricted reserves	(11)	1,304
At 31 July	11,667	11,357

	2023 Consolidated £'000	2023 Institution £'000	2022 Consolidated £'000	2022 Institution £'000
Analysis of other restricted funds/donations by type of purpose:	£'000	£'000	£'000	£'000
Funded posts	358	358	310	310
General	23,793	6,510	12,841	6,521
Lectureships	-	-	1	1
Outreach	495	495	-	-
Prize funds	199	199	178	178
Research support	3,228	3,228	3,081	3,081
Scholarships and bursaries	877	877	1,266	1,266
	28,950	11,667	17,677	11,357

23. Capital and other commitments

The group had the following capital commitments at year end:

	31 July 2023		31 July 2022	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Commitments contracted for	16,800	16,800	59,350	59,350

Within commitments £4.6 million relates to intangible assets (2021/22: £1.9 million).



24. Subsidiary undertakings

The subsidiaries are all wholly owned or effectively controlled by the University and incorporated in and operate in Great Britain, other than Alta Birmingham China Limited which is incorporated in the UK but operates in the UK and China. Guangzhou ABC Education Information Consultancy Limited, incorporated and operating within China, is a 100 per cent subsidiary of Alta Birmingham China Limited. Birmingham Global Limited runs an Indian Liaison Office to enable the University to access research funding and opportunities for education engagement.

University of Birmingham School and NCATI are connected to the University of Birmingham by virtue of the University's role as the founding member of the Charitable Company. The University has control over both the University School and NCATI through its majority representation on the board.

Name of company	Percentage holding		Nature of business
	Consolidated	University	
Alta Birmingham China Limited	100%	100%	Management of activities in China
Alta Cyclotron Services Limited	100%	100%	Preparation and sale of chemicals for clinical use
University of Birmingham Enterprise Limited	100%	100%	Technology transfer and provision of both accommodation and services to high technology companies
University of Birmingham Selly Oak Educational Trust (UoBSOET)	100%	100%	Management of land and buildings on the Selly Oak campus
Guangzhou ABC Education Information Consultancy Limited	100%	0%	Consulting services on education, trade, investment, enterprise management, convention and exhibition services
Edgbaston Park Hotel and Conference Centre Limited	100%	100%	Hotel and conference centre
Birmingham Global Limited	100%	100%	Management of activities in India
University of Birmingham School (Company Limited by Guarantee)	Member	Member	Running the University School and Sixth Form
National College for Advanced Transport and Infrastructure (NCATI) (Company Limited by Guarantee)	Member	Member	Provision of further education and associated services. See Note 24a
The National College for High Speed Rail Limited (NHSR)	100%	0%	Provision of support services to NCATI
Precision Health Technologies Accelerator Ltd (PHTA Ltd)	100%	100%	Provision of life sciences incubation, diagnostic and translational medicine
Pritchatts Park Investment Company Limited	100%	0%	Holds an investment in a special purpose, undertaking a design, build, finance and operate contract in respect of Pritchatts Park halls of residence
Pritchatts Park Holding Company Limited	100%	100%	Holding company of Pritchatts Park Investment Company Limited

24a. Wind down of NCATI subsidiary

On 30 March 2023 the University approved a request from NCATI's governing body to discontinue the delivery of its further and higher education programmes and to wind down the college by 31 July 2023. Since that date students have been transferred to alternative providers, a severance scheme has been implemented for staff and liquidators have been appointed. Prior to the year-end, waivers were agreed in principle with HS2 and the University in respect of a £3.1 million loan and a £2.5 million intercompany loan and work was underway to terminate NCATI as a member of the Local Government Pension Scheme (LGPS). Leasehold buildings in Birmingham and Doncaster will be transferred to other parties and the wind down of NCATI will be fully completed by November 2023.

The impact of the discontinued operations on the consolidated Statement of Comprehensive Income and Expenditure is as follows:

	2023	2022
	£'000	£'000
Income	1,431	973
Expenditure	(1,438)	(3,196)
Release of negative goodwill	12,908	-
Loss on disposal of fixed assets	(16,330)	-
Deficit for the year	(3,429)	(2,223)
Actuarial(loss)/gain on LGPS	(75)	359
Total comprehensive expenditure for the year	(3,504)	(1,864)

The carrying values of NCATI's assets and liabilities included in the Consolidated Statement of Financial Position at 31 July 2023 are as follows:

	31 July 2022	Wind down adjustments	31 July 2023
	£'000	£'000	£'000
Fixed assets	(a) 16,330	(16,330)	-
Negative goodwill	(b) (12,908)	12,908	-
Trade and other receivables	(c) 442	(73)	369
Cash and cash equivalents	(d) 562	(185)	377
Creditors due within one year	(e) (1,203)	650	(553)
Unsecured loans	(f) (5,588)	2,500	(3,088)
Pension provisions	(g) (75)	(75)	(150)
Net assets	(2,440)	(605)	(3,045)
Reserves	(2,440)	(605)	(3,045)
Less consolidation adjustments	2,500	(2,500)	-
Net impact on Consolidated Statement of Financial Position	60	(3,105)	(3,045)

(a) Leasehold properties to be transferred to other parties written down to £nil

(b) The negative goodwill balance is released in full

(c) Residual trade receivables remain at 31 July 2023 pending completion of the liquidation

(d) £377,000 residual cash after operational outflows, including £250,000 held in security in relation to the LGPS at 31 July 2023 pending final settlement

(e) Residual creditors of £553,000 including a dilapidations liability of £200,000 held at 31 July 2023

(f) The £2.5 million intercompany loan with the University is to be waived (no impact on consolidation) and the £3.1 million loan with HS2 remains pending the completion of waiver documentation

(g) The LGPS liability is held at its cessation value of £150,000 at 31 July 2023 prior to final settlement in September 2023

In 2022 the University approved a grant of up to £5.3 million to support the activities of NCATI. The University recognised expenditure of £2.9 million (2021/22: £0.8 million) in the year in relation to the grant, with no impact on consolidation. The NCATI income figures disclosed above exclude the intercompany grant receipts.

25. Connected charitable institutions

A number of charitable institutions are administered by or on behalf of the University and have been established for its general or special purposes. As a result, under paragraph 28 of Schedule 3 to the Charities Act 2011, these connected organisations are exempt from registration with the Charity Commission. One of the connected charities, being UoBSOET (University of Birmingham Selly Oak Educational Trust), is included as a subsidiary undertaking in these consolidated financial statements; the others are not included in the consolidation as the University does not have control over their activities.

The movements in the year on the total funds of UoBSOET, as reported are as follows:

	Opening balance	Income	Expenditure	Closing balance
	£'000	£'000	£'000	£'000
University of Birmingham Selly Oak Educational Trust	5,537	40	(295)	5,282

Not consolidated

Included within the balance sheet, held in endowments assets, is £2.8 million (2021/22: £2.8 million) which represents the University's shareholding via the Samuel Hanson Rowbotham Trust which holds a minority shareholding of Waterloo House, a private limited company.

The University owns the Barber Institute of Fine Arts, which hosts one of the finest small collections of European Art in the United Kingdom. The collection belongs to the trustees of the Henry Barber Trust. The University provided a grant of £0.1m (2021/22: £0.1 million) to the Trust in the year.

There are a number of charities which have been established to undertake activity closely affiliated to the University's charitable objectives. These are registered at University premises and conduct their activities on campus. The University does not control or manage any of these and they are not consolidated in the financial statements:

The Holdsworth Club of the Students of the Faculty of Law in the University of Birmingham
 The Britain-Nepal Academic Council
 The Micropaleontological Society
 The Anglican Chaplaincy Trust
 The Platelet Society
 HaemSTAR: Haematology Speciality Training, Audit and Research
 The Anglo-Catalan Society
 The Society of Caribbean Studies

No transactions or balances are included in the financial statements in relation to any of these entities.

26. Pension schemes

The four principal pension schemes for the Institution's staff are the Universities Superannuation Scheme (USS); the University Birmingham Pension and Assurance Scheme (BPAS); the Group Personal Pension Scheme (GPPS) and the NHS Pension Scheme (NHSPS).

(i) Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Further details are provided in the Statement of Accounting Policies.

Deficit recovery liability

The total credited to the Consolidated Statement of Comprehensive Income and Expenditure is £54.8 million, including current year deficit contributions of £15.9 million (2021/22: £209.8 million charge less deficit contributions of £6.6 million).

Deficit recovery contributions due within one year for the University are £18.0 million (2021/22: £17.2 million)

The latest available completed actuarial valuation of the Retirement Income Builder is at 31 March 2020 (the valuation date), which was carried out using the projected unit method.

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

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ration of 83 per cent.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles).

CPI assumption	Term dependent rates in line with the difference between the fixed interest and index linked yield curves less: 1.1 per cent pa to 2030, reducing linearly by 0.1 per cent pa to a long term difference of 0.1 per cent pa from 2040
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75 per cent pa Post-retirement: 1.00 per cent pa
Pension increases (subject to a floor of 0 per cent)	CPI assumption plus 0.05 per cent

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2020 valuation
Mortality base table	101 per cent of S2PMA "light" for males and 95 per cent of S2PFA for females
Future improvements to mortality	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5 per cent pa and a long term improvement rate of 1.8 per cent pa for males and 1.6 per cent pa for females

The current life expectancies at age 65 are:

	2023	2022
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2 per cent of salaries over the period 1 April 2022 until 31 March 2024 at which point the rate will increase to 6.3 per cent. The 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	5.49%	3.33%
Pensionable salary growth year one	10.10%	17.02%
Pensionable salary growth subsequent years	4.00%	4.00%

The employers' contribution rates are as follows:

1 October 2019 to 30 September 2021	21.10%
1 October 2021 to 31 March 2022	21.40%
1 April 2022 to 31 March 2024	21.60%
1 April 2024 to 30 April 2038	21.40%

(ii) University of Birmingham Pension and Assurance Scheme (BPAS)

The University operates the BPAS defined benefit pension scheme which was closed to new members in July 2002. BPAS is contracted out of the State Second Pension (S2P) and the management of the Scheme's investments is undertaken by a team of investment managers.

Actuarial Valuation

The latest actuarial valuation of the scheme was at 31 March 2022 and it revealed a funding shortfall (technical provisions minus value of assets) of £64.8 million. The valuation was carried out using the projected unit method.

The Trustees of the scheme have put a recovery plan in place to address the shortfall. The recovery plan requires the University to make contributions to the scheme for both future accrual and deficit of £7.3 million in the scheme year commencing April 2023 and increasing each year indexed by CPI, up to a maximum of 5 per cent in any given year, to 2034.

An accounting valuation has been completed by the scheme actuary at 31 July 2023 for the purpose of this disclosure. In 2022/23 the University made employer contribution payments to the Scheme of £8.7 million (2021/22: £7.2 million) comprising of contributions in respect of future accrual of £1 million and a deficit recovery contribution of £7.7 million.

	At 31 July 2023	At 31 July 2022
	% pa	% pa
Discount rate	5.15%	3.35%
Price Inflation (RPI)	3.45%	3.45%
Price Inflation (CPI)	3.00%	3.05%
Rate of salary increase	12% in the year commencing 31 July 2023 and 5% thereafter	4% in the year commencing 31 July 2022 3% in the year commencing 31 July 2023 2% thereafter
Pension increases for in-payment benefits	2.15% to 3.45%	3.25%
Pension increases for deferred benefits	3.00%	3.05%

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes (i.e. equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

The assets in the scheme were:

	Fair value as at 31 July 2023	Fair value as at 31 July 2022
	£ million	£ million
Equities	29.2	52.6
Credit	108.4	107.2
Multi-Asset Growth	46.6	113.1
Liability-Driven Investments	82.4	82.1
Other	25.7	9.7
Total	292.3	364.7

Analysis of the provision included in the Statement of Financial Position	Assets £ million	Liabilities £ million	Total £ million
At 1 August 2022	364.7	(355.1)	9.6
Employer contributions	8.7	-	8.7
Current service cost	-	(1.9)	(1.9)
Interest income/(expense)	12.0	(11.6)	0.4
Benefits paid from scheme	(16.9)	16.9	-
Actuarial gains and losses	-	38.8	38.8
Return on plan assets	(76.2)	-	(76.2)
Total at 31 July 2023	292.3	(312.9)	(20.6)

The prior year net asset of £9.6 million was not recognised and a £nil provision presented owing to an irrecoverable surplus (effect of asset ceiling).

Analysis of the amounts included in the Statement of Comprehensive Income and Expenditure:

	2023	2022
	£ million	£ million
Current service cost	(1.9)	(2.7)
Interest cost	-	(0.5)
Amounts recognised in surplus/(deficit) for the year	(1.9)	(3.2)
Actuarial (loss)/gain on pension scheme	(27.4)	28.6
Amounts recognised in other comprehensive income and expenditure	(29.3)	25.4

The net interest income of £0.4 million disclosed on the previous page has been included in the actuarial loss on pension scheme of £27.4 million.

(iii) Group Personal Pension Scheme (GPPS)

The University introduced this defined contribution pension scheme for its support staff who are not members of BPAS. The University contributes 10 per cent in addition to an agreed percentage paid by the individual. The scheme operates as a Group Personal Pension Scheme and is run on the University's behalf by Legal and General. The value of employer contributions for the year ending 31 July 2023 was £4.4 million (2021/22: £4.1 million).

(iv) NHS Pension Scheme (NHSPS)

The University participates in the NHSPS, which is a multi-employer scheme. The notional assets of NHSPS are assessed by the Government Actuary and the benefits are underwritten by the government.

The NHSPS is a defined benefit public service pension scheme, which operates on a pay-as-you-go basis. A new reformed scheme was introduced on 1 April 2015 that calculates pension benefits based on career average earnings. Transitional arrangements permit individuals who on 1 April 2012 were within ten years of normal pension age to continue participating in the previous 'final salary' NHS Pension Scheme arrangements (the 1995 and 2008 sections).

In the event of the withdrawal of a participating employer the remaining participating employers will assume responsibility for any increased contributions arising.

The value of employer contributions for the year ended 31 July 2023 was £2.6 million (2021/22: £2.4 million).

(v) NCATI pension scheme

NCATI is part of a Local Government Pension Scheme (LGPS), which is a multi-employer defined benefit plan; it is a funded scheme with assets and liabilities held separately. The NCATI share of the scheme is measured at fair value on an actuarial basis using the projected unit credit method. Amounts charged to the Statement of Comprehensive Income and Expenditure reflect contributions in the year and actuarial gains and losses on scheme assets.

The following information is based upon a full actuarial valuation of the fund at 31 March 2022. An accounting update has been performed by a qualified independent actuary to 31 July 2023.

As detailed in Note 24a the amount recognised in provisions at year end reflects NCATI's liability to exit the scheme.

	2023	2022
Rates of increase in salaries	3.60%	3.75%
Pension increase rate (CPI)	3.00%	2.75%
Discount rate	5.05%	3.50%

	£'000	£'000
Fair value of assets at 31 July	972	870
Fair value of liabilities at 31 July	(1,122)	(945)
Deficit recognised in provisions at year end	(150)	(75)



27. Guild of Students

The University has not consolidated the financial statements of the Guild of Students because the University has no control or dominant influence. The summarised statement of financial position and results for the year ended are as follows:

	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
Tangible fixed assets	217	214
Current assets	4,151	3,789
Creditors	(901)	(1,157)
Pension provision	(3,790)	(3,859)
Reserves	(323)	(1,013)
Surplus for the year	690	1,371

The University's Statement of Comprehensive Income and Expenditure reflects payment to the Guild of Students of a block grant of £3.7 million (2021/22: £3.0 million).

28. Related party transactions

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

All members of Council are required to declare any such relationships in the Register of Interests return on an annual basis. To capture information on related party transactions members of Council, Audit Committee, Strategy, Planning and Resources Committee and University Executive Board have submitted returns.

The organisations in which members of Council have an interest in and with which the University has had transactions during the financial year ended 31 July 2023 are set out in the table below.

Related Party	Relationship
Academy of Social Sciences	A UEB Member is a Trustee
Alta Birmingham China Limited	100% subsidiary with shared Directors
Alta Cyclotron Services Ltd	100% subsidiary with shared Directors in prior year
Arts and Humanities Research Council	A Council Member is an Advisory Member A Council Member is a Council Member
Astra Zeneca	A Council Member is an Academic Consultant
Bayer AG	A Council Member is an Academic Consultant
Birmingham City Council	A Council Member is Chief Executive
Birmingham Global Limited	100% subsidiary with shared Directors
Birmingham Women's and Children's Hospital	A UEB Member is a Non-Executive Director
BNP Paribas Group	A Council Member is a Managing Director
Cancer Research UK	A Council Member is a Trustee and Council Member A Council Member is an Academic Consultant
Children with Cancer	A Council Member is an Independent Advisor to the Board
Commonwealth Scholarship Commission	A UEB Member is a Director
Department of Health and Social Care	A UEB Member has a family member Employed
Diabetes UK	UEB Member is Chair of Research Committee
Edgbaston Park Hotel and Conference Centre Limited	100% subsidiary with shared Directors
Electric House Group Limited	A Council Member is a Director
ExtraCare Charitable Trust	A Council Member is Chief Executive
Guts UK Charity	A UEB Member is Chair
Halesowen College	A UEB Member is a Governor
Kings Norton Girls School	A UEB Member is a Governor
Manufacturing Technology Centre Group	A UEB Member is an Audit Committee Member A Council Member and UEB Member are Directors

2022/23		2022/23 Outstanding Balances		2021/22		2021/22 Outstanding Balances	
Income	Expenditure	Balance due to the University	Balance due from the University	Income	Expenditure	Balance due to the University	Balance due from the University
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
-	6	-	-	-	12	-	-
390	794	-	-	328	809	-	-
-	-	-	-	247	6	74	-
1,569	-	107	-	1,480	-	238	-
1,534	-	253	-	-	-	-	-
983	-	-	-	-	-	-	-
1,111	2,039	1,149	699	231	1,744	394	665
143	-	143	-	188	-	78	-
2,991	-	1,761	-	2,088	349	1,185	7
-	74	1	-	-	-	-	-
8,297	199	1,055	199	-	-	-	-
9	-	9	-	-	-	-	-
218	-	20	-	-	-	-	-
-	-	52	376	-	-	-	-
493	-	261	-	124	-	173	-
1,104	2,089	71	-	472	1,225	153	202
-	2	-	-	-	-	-	-
-	-	-	-	-	6	-	-
-	-	3	-	-	-	-	-
-	24	-	-	-	-	-	-
-	3	-	-	-	-	-	-
377	2,665	741	231	641	-	222	-

Related Party	Relationship
National College for Advanced Transport and Infrastructure (NCATI)	100% subsidiary with shared Members
Natural Environment Research Council (NERC)	A Council Member is Chair of the Science Committee
Nesta	A Council Member is a Trustee
Nuffield Health	Related party in the prior year
Nuffield Foundation	A Council Member is Chief Executive
PHTA Limited	100% subsidiary with shared Directors
Russell Group	Vice-Chancellor is on the Board
Sandwell & West Birmingham NHS Trust	A Council Member is a Non-Executive Director
Santander UK Plc	A Council Member is on the Audit and Risk Committee
Teach First	A Council Member is a Trustee and Vice-Chair
The King Edward VI Academy Trust	A UEB Member is a Trustee
The Wellcome Trust Group	A Council Member is a Governor
Ulster University	A Council Member is a Professor
Universities and Colleges Employers' Association (UCEA)	Vice-Chancellor is on the Board
Universities UK	Vice-Chancellor is on the Board
University of Birmingham Enterprise Limited	100% subsidiary with shared Directors
University of Birmingham Guild of Students	A Council Member is a Trustee A UEB Member is a Trustee
University of Birmingham Pension and Assurance Scheme	A Council Member is a Trustee
University of Birmingham School	100% subsidiary with shared Members
University of Nottingham	Related party in the prior year
University of Warwick	A UEB Member has a family member Employed
Wessex Water Services Limited	A Council Member is a Non-Executive Director
West Midlands Growth Company	Vice-Chancellor is a Director

2022/23		2022/23 Outstanding Balances		2021/22		2021/22 Outstanding Balances	
Income	Expenditure	Balance due to the University	Balance due from the University	Income	Expenditure	Balance due to the University	Balance due from the University
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
4	2,900	-	-	290	-	-	-
4,587	-	269	-	-	-	-	-
1	-	-	-	-	-	-	-
-	-	-	-	7	-	1	-
167	1	56	-	82	-	258	-
2	989	-	-	-	-	-	-
2	87	-	-	-	83	-	-
1,410	178	469	11	1,201	82	492	15
-	-	1	-	1	-	-	-
1	-	-	-	-	-	-	-
29	-	-	7	25	4	19	-
6,009	10	1,195	-	-	-	-	-
-	186	-	13	-	-	-	-
-	21	-	-	-	-	-	-
21	187	-	-	1	75	-	-
2,767	2,275	262	-	1,931	1,882	4	-
815	4,630	25	63	527	4,337	177	15
187	-	354	-	-	-	-	-
43	356	8	-	175	174	33	174
-	-	-	-	1,219	1,651	997	194
344	-	1,378	-	1,306	916	1,423	187
4	-	-	-	4	-	-	-
-	7	-	-	254	46	193	-

29. US Department of Education Financial Responsibility Supplemental Schedule

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

The amounts presented within the schedules have been:

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

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

Details of the restatement are provided in Note 30.

Primary Reserve Ratio

Note

CSoFP, line 20 less row below	Statement of Financial Position – Net assets without donor restrictions
CY: 21, line 10 (restricted) plus 22, line 8	Statement of Financial Position – Net assets with donor restrictions
28, total balance due to the Institution	Statement of Financial Position – Related party receivable and Related party note disclosure
28, total balance due to the Institution	Statement of Financial Position – Related party receivable and Related party note disclosure
CY: 12, line 12 (exc. leasehold)	Statement of Financial Position – Property, Plant and Equipment, net
	Note of the Financial Statements – Statement of Financial Position – Property, Plant and Equipment – pre-implementation
	Note of the Financial Statements – Statement of Financial Position – Property, Plant and Equipment – post implementation with outstanding debt for original purchase
CY: 12, line 12 (exc. leasehold and AUC)	Note of the Financial Statements – Statement of Financial Position – Property, Plant and Equipment – post-implementation without outstanding debt for original purchase
CY: 12, line 12 (AUC) PY: 12, line 13 (AUC)	Note of the Financial Statements – Statement of Financial Position – Construction in process
CY: 12, line 12 (leasehold) PY: 12, line 13 (leasehold)	Statement of Financial Position – Lease right-of-use assets, net
CY: 12, line 12 (leasehold) PY: 12, line 13 (leasehold)	Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset pre-implementation
	Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset post-implementation
24a	Statement of Financial Position – Goodwill
18, total	Statement of Financial Position – Post-employment and pension liabilities
16, total	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process
CY: 16, line 11 less row below	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process
CY: 16, lines 18 & 20 plus CSCF, line 27	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process
	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process

	Year ended 31 July 2023		Year ended 31 July 2022 (Restated)	
Expendable Net Assets:	£'000	£'000	£'000	£'000
Net assets without donor restrictions	-	1,005,603	-	1,028,391
Net assets with donor restrictions	-	122,806	-	107,604
Secured and Unsecured related party receivable	9,643	-	6,114	-
Unsecured related party receivable	-	9,643	-	6,114
Property, Plant and Equipment, net (includes Construction in progress)	1,429,981	-	1,411,873	-
Property, Plant and Equipment – pre-implementation	-	-	-	-
Property, Plant and Equipment – post-implementation with outstanding debt for original purchase	-	-	-	-
Property, Plant and Equipment – post-implementation without outstanding debt for original purchase	-	1,303,978	-	1,321,980
Construction in process	-	126,003	-	89,893
Lease right-of-use asset, net	31,933	-	54,494	-
Lease right-of-use asset pre-implementation	-	31,933	-	54,494
Lease right-of-use asset post-implementation	-	-	-	-
Intangible assets	-	-	-	(12,908)
Post-employment and pension liabilities	-	289,597	-	313,292
Long-term debt – for long term purposes	246,602	-	256,740	-
Long-term debt – for long term purposes pre-implementation	-	202,256	-	202,436
Long-term debt – for long term purposes post-implementation	-	44,346	-	54,304
Line of Credit for Construction in process	-	-	-	-

	Statement of Financial Position – Lease right-of-use asset liability
	Statement of Financial Position – Lease right-of-use asset liability pre-implementation
	Statement of Financial Position – Lease right-of-use asset liability pre-implementation
	Statement of Financial Position – Annuities
	Statement of Financial Position – Term Endowments
	Statement of Financial Position – Life Income Funds
CY: 21, line 10 (restricted) plus 22, line 8	Statement of Financial Position – Perpetual Funds
Note	
CSoCI, line 15 less 21, line 6 less 22, line 3	Statement of Activities – Total Operating Expenses (Total from Statement of Activities prior to adjustments)
CSoCI lines 5, 18 & 22	Statement of Activities – Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss) – (Total from Statement of Activities prior to adjustments)
CSoCI, lines 5 & 18	Statement of Activities – (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)
	Statement of Activities – Pension-related changes other than periodic pension
Equity Ratio	
Note	
CSoFP, line 20 less 21, line 10 less 22, line 8	Statement of Financial Position – Net Assets without Donor Restrictions
CY: 21, line 10 (restricted) plus 22, line 8	Statement of Financial Position – Total Net Assets with Donor Restrictions
24a	Statement of Financial Position – Goodwill
28, total balance due to the Institution	Statement of Financial Position – Related Party receivable and Related party note disclosure
28, total balance due to the Institution	Statement of Financial Position – Related Party receivable and Related party note disclosure
CSoFP, lines 6 & 10	Statement of Financial Position – Total assets
CY: 12, line 12 (leasehold) PY: 12, line 13 (leasehold)	Note of Financial Statement – Statement of Financial Position – Lease right-of-use asset pre-implementation
	Statement of Financial Position – Lease right-of-use asset liability pre-implementation
24a	Statement of Financial Position – Goodwill
28, total balance due to the Institution	Statement of Financial Position – Related Party receivable and Related party note disclosure
28, total balance due to the Institution	Statement of Financial Position – Related Party receivable and Related party note disclosure
Net Income Ratio	
Note	
CY: CSCR, line 15 less line 8 (unrestricted) PY: CSCR, line 8 less line 1 (unrestricted)	Statement of Activities – Change in Net Assets Without Donor Restrictions
CSoCI, line 8 less line 5 plus 22, line 7	Statement of Activities – (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)

Lease right-of-use asset liability	-	-	-	-
Pre-implementation right-of-use leases	-	-	-	-
Post-implementation right-of-use leases	-	-	-	-
Annuities with donor restrictions	-	-	-	-
Term endowments with donor restrictions	-	-	-	-
Life income funds with donor restrictions	-	-	-	-
Net assets with donor restrictions: restricted in perpetuity	-	122,806	-	107,604
Total Expenses and Losses:				
Total expenses without donor restrictions – taken directly from Statement of Activities	-	869,500	-	1,044,972
Non-Operating and Net Investment (loss)	-	20,283	-	(37,033)
Net investment losses	-	(7,192)	-	(6,253)
Pension-related changes other than net periodic costs	-	-	-	-
Modified Net Assets:				
Net assets without donor restrictions	-	1,005,603	-	1,028,391
Net assets with donor restrictions	-	122,806	-	107,604
Intangible assets	-	-	-	(12,908)
Secured and Unsecured related party receivable	9,643	-	6,114	-
Unsecured related party receivables	-	9,643	-	6,114
Modified Assets:				
Total assets	-	2,036,330	-	2,088,483
Lease right-of-use asset pre-implementation	-	31,933	-	54,494
Pre-implementation right-of-use-leases	-	-	-	-
Intangible assets	-	-	-	(12,908)
Secured and Unsecured related party receivable	9,643	-	6,114	-
Unsecured related party receivables	-	9,643	-	6,114
Net Income Ratio:				
Change in Net Assets Without Donor Restrictions	-	(23,331)	-	(142,668)
Total Revenues and Gains	-	918,903	-	881,406

30. Prior year adjustment

Following a review of property, plant and equipment in 2022/23, several errors were identified.

- 1) A number of assets were incorrectly included within 'Assets in the Course of Construction' as at 31 July 2022, but were available for use in 2021/22, resulting in higher additions (£22 million) and transfers (£57.2 million). This led to a classification error of £79.2 million and a cut-off error of £3.3 million relating to depreciation not being charged in the correct year.
- 2) The review also identified several items included in 'Assets in the Course of Construction' at July 2022, with a value of £17.8 million, that did not meet the criteria for capitalisation and should have been expensed in the prior year, as Other Operating Expenses, in the Statement of Comprehensive Income and Expenditure.
- 3) Eleven assets in Freehold Land and Buildings had been demolished in previous financial years but not removed from the fixed asset register. Two of the assets had a carrying value of £67,000 in total which should have been disposed of in the prior year resulting in a loss on disposal in the Statement of Comprehensive Income and Expenditure. One equipment asset had also been disposed before 31 July 2022 but had not been removed from the fixed asset register. This asset had no carrying value at the time of disposal. The total value of the error was £7.7 million in cost and £7.6 million in accumulated depreciation.

In total therefore, for items (1), (2) and (3), the total value of the error in 'Assets in the Course of Construction' was £97 million and in depreciation was £4.3 million.

As a result, the 1 August 2022 opening balances for cost and depreciation of fixed assets have been restated; and Other Operating Expenditure and Depreciation costs in the prior year Statement of Comprehensive Income have been restated.

All of these changes also resulted in reclassifications and adjustments in the Statement of Cash Flows, with no changes in overall cash spend in years.

Details of the restatements are set out in the tables below.

Statement of Comprehensive Income & Expenditure	Year ended 31 July 2022	
	Consolidated £'000	Institution £'000
Other operating expenses previously reported	325,482	319,748
Restatement (Item 2)	17,813	17,813
Other operating expenses after restatement	343,295	337,561
Depreciation and amortisation previously reported	70,817	68,429
Restatement (Items 1)	3,265	3,265
Depreciation and amortisation after restatement	74,082	71,694
Gain on disposal of fixed assets previously reported	4,877	4,877
Restatement (Item 3)	(67)	(67)
Gain on disposal of fixed assets after restatement	4,810	4,810
Total comprehensive expenditure for the year previously reported	119,437	120,430
Restatement (Items 1, 2 and 3)	21,145	21,145
Total comprehensive expenditure for the year after restatement	140,582	141,575

Statement of Financial Position**Year ended 31 July 2022**

	Consolidated £'000	Institution £'000
Fixed assets previously reported	1,486,963	1,441,551
Restatement (Items 1, 2 and 3)	(21,145)	(21,145)
Fixed assets after restatement	1,465,818	1,420,406
Total net assets previously reported	1,157,140	1,131,763
Restatement (Items 1, 2 and 3)	(21,145)	(21,145)
Total net assets after restatement	1,135,995	1,110,618

Consolidated Statement of Cash Flows**Year ended 31 July 2022**

	As previously reported £'000	Adjustment for restatement £'000	After restatement £'000
Cash flow from operating activities			
Deficit for the year (Items 1, 2 and 3)	(150,217)	(21,145)	(171,362)
Adjustment for non cash items:			
Depreciation (Item 1)	70,817	3,265	74,082
Other non cash items	179,651	67	179,718
Net cash infl w from operating activities	100,251	(17,813)	82,438
Cash flows from investment activities			
Payments made to acquire fi ed assets (Item 2)	(81,896)	17,813	(64,083)
Other items	15,539	-	15,539
Net cash outfl w from investing activities	(66,357)	17,813	(48,544)

Note 12 - Fixed Assets (Restated)

	Freehold land and buildings	Leasehold land and buildings	Major refurbishment	Equipment	Assets in the course of construction	Total
Institution	£'000	£'000	£'000	£'000	£'000	£'000
Cost at 1 August 2022 previously reported	1,371,522	45,911	138,894	42,923	1,869,20	1,786,170
Restatement adjustments	46,510	-	3,024	21,999	(97,027)	(25,493)
Cost at 1 August 2022, restated	1,418,032	45,911	141,918	64,922	89,893	1,760,677

Accumulated depreciation at 1 August 2022 previously reported	233,375	7,748	74,488	29,008	-	344,619
Restatement adjustments	(6,265)	-	308	1,609	-	(4,348)
Accumulated depreciation at 1 August 2022, restated	227,110	7,748	74,796	30,617	-	340,271

Net book value at 31 July 2022 previously reported	1,138,147	38,163	64,406	13,915	186,920	1,441,551
Restatement adjustments (Items 1, 2 and 3)	52,775	-	2,716	20,390	(97,027)	(21,145)
Net book value at 31 July 2022, restated	1,190,922	38,163	67,122	34,305	89,893	1,420,406

Consolidated

	£'000	£'000	£'000	£'000	£'000	£'000
Cost at 1 August 2022 previously reported	1,408,598	62,595	138,894	43,375	186,920	1,840,382
Restatement adjustments (Items 1 and 2)	46,510	-	3,024	21,999	(97,027)	(25,493)
Cost at 1 August 2022, restated	1,455,108	62,595	141,918	65,374	89,893	1,814,889

Accumulated depreciation at 1 August 2022 previously reported	241,779	8,101	74,488	29,051	-	353,419
Restatement adjustments (Items 1 and 3)	(6,265)	-	308	1,609	-	(4,348)
Accumulated depreciation at 1 August 2022, restated	235,514	8,101	74,796	30,660	-	349,071

Net book value at 31 July 2022 previously reported	1,166,819	54,494	64,406	14,324	186,920	1,486,963
Restatement adjustments (Items 1, 2 and 3)	52,775	-	2,716	20,390	(97,027)	(21,145)
Net book value at 31 July 2022, restated	1,219,594	54,494	67,122	34,714	89,893	1,465,818



Note 9a - Analysis of total expenditure by activity (Restated)**Year ended 31 July 2022**

	Consolidated £'000	Institution £'000
Total expenditure previously reported	1,042,613	1,023,326
Restatement adjustment by activity:		
Premises (Item 2)	17,813	17,813
Other operating expenses (Items 1 and 3)	3,265	3,265
Total expenditure after restatement	1,063,691	1,044,404

Note 29 - US Department of Education Financial Responsibility Supplemental Schedule (Restated)**Year ended 31 July 2022**

	As previously reported £'000	Adjustment for restatement £'000	After restatement £'000
Net assets without donor restrictions	1,049,536	(21,145)	1,028,391
Property, plant and equipment - pre-implementation	1,224,242	(1,224,242)	-
Property, plant and equipment - post-implementation without outstanding debt	21,856	1,300,124	1,321,980
Construction in process	186,920	(97,027)	89,893
Total expenses without donor restrictions - taken directly from Statement of Activities	1,023,893	21,079	1,044,972
Total assets	2,109,628	(21,145)	2,088,483
Change in net assets without donor restrictions	(121,523)	(21,145)	(142,668)





Five-year summary accounts

The following information is not within the scope of the audit and is unaudited

Consolidated Statement of Comprehensive Income and Expenditure Summary

	2022/23	2021/22	2020/21	2019/20	2018/19
		Restated			
	£'000	£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	445,050	418,346	389,558	379,167	351,782
Research grants and contracts	196,726	214,964	168,282	140,420	150,620
Other income	286,940	254,630	227,871	228,993	213,894
Total Income	928,716	887,940	785,711	748,580	716,296
Expenditure					
Staff costs	429,618	642,728	428,875	352,541	518,673
Other – non staff	460,906	420,963	323,826	327,582	316,446
Total Expenditure	890,524	1,063,691	752,701	680,123	835,119
Surplus/(deficit) before tax	19,888	(171,362)	58,492	59,999	(115,398)
Total comprehensive (expenditure)/income for the year	(7,587)	(140,582)	52,739	46,499	(109,098)

Consolidated Statement of Financial Position Summary

	2022/23	2021/22	2020/21	2019/20	2018/19
		Restated			
	£'000	£'000	£'000	£'000	£'000
Non-current assets	1,711,970	1,697,469	1,697,921	1,647,454	1,668,861
Current assets	324,360	391,014	330,997	283,772	240,639
Total assets	2,036,330	2,088,483	2,028,918	1,931,226	1,909,500
Current liabilities	(343,900)	(336,177)	(325,686)	(289,221)	(255,142)
Non-current liabilities	(274,424)	(303,019)	(271,657)	(265,101)	(262,388)
Pension provisions	(289,597)	(313,292)	(142,054)	(151,433)	(212,998)
Total liabilities	(907,921)	(952,488)	(739,397)	(705,755)	(730,528)
Net assets	1,128,409	1,135,995	1,289,521	1,225,471	1,178,972

Consolidated Cash Flow Statement Summary

	2022/23	2021/22 Restated	2020/21	2019/20	2018/19
	£'000	£'000	£'000	£'000	£'000
Cash flow from operating activities	24,221	82,438	98,551	72,390	77,710
Cash flow from investing activities	(74,722)	(48,544)	(61,255)	(41,530)	(64,552)
Cash flow from financing activities	(15,428)	(14,518)	(9,913)	(11,725)	(9,684)
(Decrease)/increase in cash and cash equivalents in the year	(65,929)	19,376	27,383	19,135	3,474
Cash and cash equivalents at beginning of the year	192,038	172,662	145,279	126,144	122,670
Cash and cash equivalents at end of the year	126,109	192,038	172,662	145,279	126,144

Key Financial Indicators

	2022/23	2021/22 Restated	2020/21	2019/20	2018/19
Surplus before tax to income	2%	(19%)	7%	8%	(16%)
Net cash inflow from operating activities to income	3%	9%	13%	10%	10%
Staff costs (excl USS) as a proportion of income	52%	49%	55%	57%	54%
Debt to unrestricted reserves	26%	26%	23%	24%	25%
Ratio of current assets to current liabilities	0.9	1.2	1.0	1.0	0.9



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