



University of
Reading

**FINANCIAL
STATEMENTS**

2020–2021



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PRESIDENT'S FOREWORD

Dr Paul Preston

The dedication and hard work of staff and students at the University of Reading is always evident, and never more so than over the past year. Despite the challenges brought on by the COVID-19 pandemic, students have continued to focus on their studies, while also helping each other and the wider community. Members of academic and professional staff have worked hard to give students the best possible experience, while also continuing their world-class research and engagement. Above all else, the main goal of the University is to nurture and educate the next generation, and I am truly grateful to all for their continuing hard work.

The pandemic has clearly had a significant impact on the University, not just from an operational standpoint of teaching and research, but also financially. Beyond the additional costs of responding to the pandemic, such as reconfiguring buildings to allow social distancing, we have also experienced a loss of forecast income from a reduction in numbers of international students and in accommodation and other campus operations.

That said, the University has faced these challenges from a strong financial position and we have been able to weather the storm. This has been thanks in no small part to the openness and maturity of discussions between colleagues, unions and University leaders about our position. While it has not been necessary to invoke all of the agreed measures to reduce costs, I am grateful to the sacrifices that staff have made for the benefit of others, and to allow the collective mission of our University to continue. This serves to highlight the importance of prudent financial management to ensure that we can respond to whatever situation may arise, while still maintaining our core purpose of high quality teaching and research.

Financial and environmental sustainability are both key principles of the University strategy, and I am pleased to have seen further investment into carbon-reducing initiatives across our campuses which will also deliver long-term savings for the University.

This last year has seen staff and students move into the brand new Health and Life Sciences building, which is now the new home of our School of Biological Sciences, as well as the Cole Museum. Featuring state-of-the-art teaching and laboratory space, plus a cafe and social areas, the four-storey building has been built using the latest sustainable construction techniques and with energy efficiency in mind, keeping to our principles of sustainability.

The University has continued to forge stronger links with our local partners, demonstrating the impact that we have in the region. The film studios being developed by Shinfield Studios, at the University-owned Thames Valley Science Park, will bring a new industry and jobs to the area. At the same time, our links with both the Royal Berkshire Hospital and the Berkshire Healthcare NHS Foundation Trust have continued to grow, with new partnerships around our campus estate, in educating our vital healthcare workers, and in cutting-edge research.

As the world begins to recover from the COVID-19 pandemic, universities will be at the forefront of helping local communities to build back better. The ongoing impact of the pandemic will be felt for many years to come, and we can play our part in helping society not only to recover but become stronger and provide greater opportunities for all.

Dr Paul Preston

President of the Council

23 February 2022

VICE-CHANCELLOR'S FOREWORD

Professor Robert Van de Noort

I am extremely proud of the achievements of our students and colleagues over this academic year, despite some understandably challenging circumstances.

Our vision for the University is now firmly established as we approach our centenary in 2026. Our strategy is based around four key principles: community, excellence, sustainability – both financial and environmental – and being a university fully engaged with the world around us. This year, we have made great strides towards our goals.

The launch of Cine Valley is a great example of this. It represents the beginning of a new future for the University's Thames Valley Science Park, one which will bring the world of film and television right to our doorstep. But more than that, it will provide research and work opportunities for our students and academics and entertainment prospects for local residents, offer a range of new jobs and growth to the Thames Valley region, and attract inward investment to the UK from a growing global industry. I am excited that we are playing a key role in helping this to develop over the coming months and years.

We continue to be world leaders in climate change research, with many of our climate scientists involved in the latest working group of the Intergovernmental Panel on Climate Change (IPCC) report – the highest number from any institution in the world. Sustainability is now firmly embedded into everything we do. I am pleased that we have recently made the major commitment to build on our sector-leading carbon reduction, with an ambitious plan to reduce our net carbon emissions to zero by 2030. This will take a great deal of work and investment but, when achieved, will see the University leading the world in delivering on climate change mitigation at an institutional level.

Of great importance this year has been the publication of our comprehensive Race Equality Review, which I commissioned in June 2020. I believe the review was an important step in facing up to serious challenges of racism and is fully in the spirit of demonstrating our 'community first' commitment. The Race Equality Review details 20 recommendations to ensure fairer and more equal treatment for all colleagues and students. We have committed to acting on these recommendations and I intend to follow this closely to ensure progress is made.

The Community Fund launched earlier this year, in partnership with Reading-based charity the John Sykes Foundation. Designed to benefit the people and community of Reading, we are now jointly funding 12 projects – totalling £50,000 – across a diverse range of areas, including art, music, education, sport and heritage. The money will help those with disabilities, the homeless, refugees, school pupils and more. I couldn't think of a better example of us being a university engaged with the community around us, and I look forward to seeing the impact these projects will have on local people and building further on this positive start.

To achieve all of this, and more, in a year where the COVID-19 pandemic has drastically restricted our ability to collaborate with one another, is remarkable. Importantly, we have not neglected our commitment to our own financial sustainability, as these financial statements show. As we look ahead, there will no doubt be new challenges. I am confident that we will meet these head on so that we can continue to achieve our goals together.

Professor Robert Van de Noort

Vice-Chancellor

23 February 2022

STRATEGIC REPORT

The University of Reading has its roots in University College Reading, which was established in 1892.

It received its Royal Charter in 1926 and has since developed into a leading force in British and international higher education. It is a global university that enjoys a world-class reputation for teaching, research and enterprise.

Principal operations

Research and teaching are currently grouped into schools, which are situated on three campuses in the UK. The University is very active internationally and has operations in many countries including campuses in Malaysia and South Africa. It has in excess of 22,000 students across a broad range of disciplines and attracts high-quality students and academics from around the world.

The University has more than 4,000 members of staff, with 35% of our academic staff and 16% of our professional and administrative staff from overseas. Our campuses offer extensive teaching space and laboratories, where students have access to cutting-edge research.

A new strategic direction

Following the appointment of Professor Robert Van de Noort as Vice-Chancellor in 2019, the University has undergone a process of strategic renewal.

Our new strategy aims to galvanise the University community around a set of shared ideals, and to guide our decision-making in the years leading to our centenary in 2026.

OUR FOUR PRINCIPLES

1. Community

The University is a diverse, inclusive and supportive community.

Our strategy was shaped by the community itself – from discussions with students, colleagues, alumni, the University Council, and a range of external stakeholders.

The strategy aims to foster a people-orientated environment at Reading by:

- working with the Students' Union to strengthen the student voice in our decision-making
- introducing a new change governance process to better involve our community
- investing in staff development, including effective use of the apprenticeship levy, to improve colleagues' work and create career development opportunities.

Our progress under this strategic principle is monitored through two KPIs: our performance on the 'employer of choice' measure in our Staff Survey (KPI 1) and our performance on the 'community' question in the National Student Survey (NSS) (KPI 2). Please see pages 10–11 for further details.

2. Excellence

By 2026, we aspire to be in the top quartile in the UK for our undergraduate and postgraduate teaching and research.

To achieve this ambition, we will:

- create an environment where students and staff can excel academically and personally
- increase research influence and income, including strategic research partnerships
- work with government, business, charities and other organisations to enhance student learning and career development, and to extend the impact of our research.

Our progress under this strategic principle is monitored through two KPIs: our average score across the education-specific questions in the NSS (KPI 3) and our performance in the THE World University Rankings (KPI 4).

3. Sustainability

Our principle of sustainability is based on two interlinking concepts: environmental and financial sustainability.

While we are committed to carbon neutrality by 2030, we also acknowledge that a solid financial base is essential to achieving our strategic goals.

The emphasis on environmental sustainability offers major financial benefits. We have already achieved:

- £39m in cumulative revenue savings from reducing carbon emissions
- £20,600 in annual savings from improvements to the University's central servers
- £635,000 cumulative revenue savings from our waste strategy
- £9,900 of costs avoided by reusing 8.4 tonnes of waste furniture and equipment during the year.

However, reducing our carbon footprint and enhancing our environmental impact comes at a financial cost. To manage the process responsibly, the University Executive Board will:

- review current offerings to ensure they meet demand and deliver on financial and strategic requirements
- develop a commercial strategy to increase our income through commercialisation and engagement with business
- review the University's investment portfolio in light of the changing operational context, including around climate change and long-term viability.

We gauge our progress under the two elements of this strategic principle by monitoring our performance in the UK People and Planet University League Ranking (KPI 6) and our cashflow from operating activities as a percentage of income (KPI 5).

4. Engaged University

The University is a major contributor to Reading and the Thames Valley, working with local partners to play a positive role in the social, cultural and economic life of our wider community.

For example, we:

- support our staff to volunteer for good local causes
- open our superb sporting facilities to local clubs and athletes
- use our research strengths to support local and regional improvement.

Overseas, we maintain global connections through our teaching, research and active engagement. We use our global links to benefit the towns and regions in which we operate, and use these local connections to strengthen our work around the world.

Our progress under this principle is monitored through three KPIs: our performance in the Knowledge Exchange Framework (KPI 7), our international outlook as measured in the THE World University Rankings (KPI 8), and our economic impact (KPI 9).



OUR MEASURES OF SUCCESS

Measure	Previous	Current	Target
KPI-1 Staff Survey: 'employer of choice' score (which brings together multiple measures including diversity and inclusion)	Third quartile (53rd percentile)	No data	Top (fourth) quartile (i.e. 75th percentile or above)
KPI-2 National Student Survey: 'I feel part of a community of staff and students' (Question 21)	Second quartile (43rd percentile)	Second quartile, (27th percentile)	Top (fourth) quartile (i.e. 75th percentile or above)
KPI-3 National Student Survey: average of education-specific questions (Questions 1–25)	Second quartile (33rd percentile)	Bottom (First) quartile, (24th percentile)	Top (fourth) quartile (i.e. 75th percentile or above)
KPI-4 Rank amongst UK universities in THE World University Rankings	30	29	Top 25
KPI-5 Cashflow from operating activities as a percentage of income	(1.4%)	5.9%	10%
KPI-6 UK People and Planet University League ranking	29th (1st class award)	15th (1st class award)	Top 5
KPI-7 Knowledge Exchange Framework metrics			To be determined
KPI-8 The World University Rankings international outlook – UK universities	Top (fourth) quartile (76th percentile)	Third quartile (74th percentile)	Top (fourth) quartile (i.e. 75th percentile or above)
KPI-9 Economic impact on UK economy (Gross Value Added)	£0.8 billion	No data	£1.0 billion




"The University Strategy provides a framework for the direction of the University as we approach our centenary in 2026, and these targets are useful indicators of our improvement. We have made good progress in some areas, as indicated by improvements in relevant league table rankings and other measures. I am encouraged that even through a global pandemic we have been able to focus on our goals while maintaining high standards across our core activity of education and research, thanks to the hard work of colleagues and students. We remain committed to achieving success across all areas, and have strong plans in place to ensure we are on track to reach our long-term goals."


Professor Robert Van de Noort
Vice-Chancellor



IN THE
TOP
20%
OF WORLD
INSTITUTIONS FOR
FIVE YEARS IN A ROW¹



98%
OF OUR RESEARCH
IS INTERNATIONALLY
RECOGNISED
and **78%** is
internationally excellent²




23,570
STUDENTS
from around
160 countries³



14,610
UNDERGRADUATE
STUDENTS and
8,960
POSTGRADUATE STUDENTS⁴



74%
OVERALL STUDENT
SATISFACTION
remaining close to the
the sector average⁵



ACROSS ALL LEVELS OF STUDY
54% of our students
are women
37% of our students are from
a Black, Asian and Minority
Ethnic (BAME) background

13% have declared
a disability⁶

89% of graduates
in full-time
work are in **PROFESSIONAL
OR MANAGERIAL ROLES**⁷

94% of our graduates are
in work or further study
**WITHIN 15 MONTHS
OF GRADUATION**

1 The University of Reading is ranked 202nd out of 1,300 institutions ranked in the QS World University Rankings, 2022 and was ranked among the top 20% in the QS World University Rankings 2016-2019.

2 Based on our submissions judged to be world leading, internationally excellent and internationally recognised in overall quality by the Research Excellence Framework (REF) 2014 and the Times Higher Education's analysis of REF 2014. See the overall table of excellence at www.timeshighereducation.com

3 HESA 2019/20 Student Record and Aggregate Offshore Record, figures rounded to the nearest five.

4 HESA 2019/20 Student Record and Aggregate Offshore Record, figures rounded to the nearest five.

5 Reading received a score of 74% for Overall Student Satisfaction in the National Student Survey (NSS) 2021. The average overall satisfaction rate for the higher education sector is 75%.

6 HESA 2019/20 Student Record and Aggregate Offshore Record.

7 Graduate Outcomes Survey 2018/19, based on first degree/ other undergraduate, postgraduate (taught), and postgraduate (research) responders.

COVID-19

The impact of the COVID-19 pandemic has posed major challenges for societies and economies worldwide, including in higher education.

Financial impact

The financial impact of COVID-19 has compounded existing financial challenges, such as income shortfalls due to inflationary pressures, Brexit, and static UK undergraduate fees. Although there has been a cost in directly responding to the pandemic – for example, implementing enhanced safety measures and installing signage around campus – the most serious challenge has arisen from lost income as a result of lower-than-expected student recruitment, following uncertainty in international and UK student markets. Ongoing government restrictions have also meant that alternative sources of income, including revenue from student accommodation and conference and hospitality facilities on our campuses, have been lost or reduced. While there have also been some savings during this period, such as reduced travel and energy costs, these have been outweighed by the negative financial impact.

The Post-COVID-19 Response Programme was set up last year to urgently address the immediate financial issues raised by the pandemic, in consultation with the University and College Union and our Staff Forum. A series of measures relating to staff costs were agreed to immediately reduce the University's largest expenditure. The majority of these measures, including a three-year vacancy freeze, have now been implemented. Fortunately, the proposed tiered pay cuts for grades three and above have not been needed.

The University continues to carefully monitor the financial impact of the COVID-19 pandemic.

University response

Throughout the pandemic, the University's priority has been to ensure the safety and wellbeing of its staff and students. A major incident team was established in January 2020 to oversee and manage the University's response, including senior leadership from our University Executive Board and colleagues from across our University community, including the Reading University Students' Union. The University has provided regular updates to staff and students on precautions, government advice and support available, alongside dedicated coronavirus webpages for prospective students, applicants, current students and staff.

Changes have been made across campus, in line with government guidance, to mitigate risks and create as safe an environment as we reasonably can, including in teaching, research and office spaces, the Library, our catering facilities, the SportsPark and halls of residence.

The University's COVID-19 Case Management Team is working alongside NHS Test and Trace to support, identify and contact potential cases. They provide support and advice to our students and staff who have tested positive for COVID-19 and offer practical help to students who are self-isolating in halls of residence, such as arranging food deliveries and mental health support.

Teaching

The 2020/21 academic year was a mix of online delivery with interactive, face-to-face, small-group teaching, and online-only after the Christmas break. The third national lockdown meant students were unable to return to campus, and – apart from those on particular courses – they were not permitted to return until 17 May 2021.

With the start of a new academic year, the lifting of restrictions and the progress of the nationwide vaccine rollout, we have returned to a blend of online and in-person teaching. We hope this approach will ensure students get the best possible teaching and learning experience, whilst at the same time keeping our community as safe as possible. It also gives us flexibility should the local or national picture change at short notice.

Staff return to campus

Staff have been encouraged to gradually return to campus from the summer of 2021 as national restrictions began lifting. In July, the University announced that it would not require any form of social distancing on campus, although sensible precautions like mask-wearing, handwashing and distancing continue to be encouraged. Ventilation requirements and enhanced cleaning regimes remain in place. Decisions regarding on-campus working are made at a local level within academic schools, professional services and individual teams based on risk assessments, allowing teams to maintain appropriate mitigation measures like limited occupancy.

While the health and safety of our colleagues remains at the forefront of any decisions, the University remains a collaborative, campus-based institution and colleagues are encouraged to spend, on average, the majority of their working time there.

However, there has been a desire to maintain some of the benefits that many colleagues discovered while working remotely. The Ways of Working pathway (part of the Strategic Foundation Programme) published a new Smart Working Framework at the end of October, which was the result of a series of workshops and input from a wide range of colleagues from across the University. The framework provides a set of guidelines, tools and case studies that will help us maintain informal and optional arrangements for flexible working patterns and locations (where appropriate and possible), drawing on our experiences during the pandemic.

Testing and vaccines

Working with Reading and Wokingham Borough Councils and local health authorities, the University has provided various opportunities for COVID-19 testing on its campuses in Reading.

In October 2020, we began hosting a venue for a walk-in COVID-19 testing centre on the London Road campus to provide easier access to testing for people in Reading and Wokingham. This facility has provided an invaluable resource for members of our local community to access symptomatic tests.

Since the introduction of the rapid asymptomatic testing in the latter part of 2020, and vaccines in early 2021, we have been encouraging all staff and students to take regular Lateral Flow Tests and to take up both doses of the COVID-19 vaccine as soon as possible. While we have not made testing or vaccines compulsory, we have made it as easy as possible for students and staff to access them by offering 'pop-up' facilities on campus, and free rapid test kits continue to be made available on Whiteknights.

In the run-up to the Christmas break in December 2020, we transformed our SportsPark into a dedicated testing facility, allowing asymptomatic students and staff who were living, studying and working on campus to access free tests, giving them peace of mind that they were not carrying the virus either on campus or when travelling home for the holidays. The uptake of tests from this facility was so popular that we extended the provision until the end of May 2021, when the SportsPark was handed back for reopening as a sports and fitness facility. In total, 12,491 tests were taken through this facility, resulting in 50 positive cases that could then be isolated and supported.

In September 2021, we announced that an NHS 'Health on the Move' vaccine van would be visiting campus during Welcome Week and the first two weeks of term to offer first and second doses of the Pfizer vaccine. The van visited campus over eight days, enabling more than 150 people to receive their vaccine. The van returned to campus later in the autumn term to deliver follow-up doses.

Before the start of 2021/2022 autumn term, we surveyed 10,000 returning students to gather their vaccination status and intentions. While the survey was not mandatory, we received 664 responses giving us a snapshot of vaccine uptake within our student community. In total, 86% of those who responded had already received both doses of the COVID-19 vaccine, while a further 6% had received one dose. Of those who had not yet been vaccinated, 2% intended to have their first dose soon. 5% of students who responded said they were not intending to be vaccinated. Nationally, 65% of 18 to 24-year-olds in England have received at least one dose, but we are seeing a similar picture to other universities who are reporting that their students are getting vaccinated in larger numbers.

During Welcome Week, we also polled new students enrolling for the first time about their vaccination status and intentions. More than 2,200 students took part in the poll, with 77.6% indicating they had been double-vaccinated, while 13% had received one dose. 7% of respondents said they were not yet vaccinated at all, with 2% declining to share their status. Again, the rates of vaccination among our new students is much higher than the 18-24-year old population in England.

Events

While COVID-19 regulations have significantly reduced our events programme, the University adapted its most important events in 2020/21, including Open Days, to become innovative online events.

But, as social distancing restrictions began to ease in the summer of 2021, the University began to host more in-person events.

A public lecture to celebrate 900 years of Reading Abbey was hosted on campus in September, which 300 people registered to attend. This figure is just short of average pre-pandemic event registrations, which is very encouraging. The event was well-attended and was a welcome return to in-person campus events of this scale.

The University has also held several events off-campus, such as the launch of Cine Valley at the Thames Valley Science Park in Shinfield, which proved to be very popular and received a lot of local coverage in the media.

Open Days returned to in-person events this autumn but were adapted to allow large numbers to gather safely, while also providing some online content for those who could not travel to Reading. A programme of virtual events, webinars and meetings is also scheduled for the rest of the academic year, allowing prospective international students the opportunity to speak with our recruitment and admissions advisors and find out more about Reading.

Community support

Colleagues and students have been incredibly active within the community during the pandemic, both virtually and in-person. In the 2020/21 academic year, We saw many groups raising money for charity through virtual fitness challenges, such as the Reading University Boat Club, who raised £1,290 for Cardiac Risk in the Young (CRY).

Others drew on specialist skills they had learnt during their time at university, helping out on the COVID-19 frontline. Third-year pharmacy students, Reem Shalhoub and Sara Haj Mohamed, helped vaccinate more than 900 patients at a local GP surgery, by preparing the Pfizer-BioNTech vaccine for use, as well as providing valuable medical reinforcement.

Pharmacy lecturer, Gurinder Singh, not only encouraged his students to help in the vaccine roll-out but also pledged his own time by volunteering to vaccinate homeless and vulnerable people in London.

And PhD graduate, Eleni Kaisis, secured a role analysing COVID-19 test samples at a test and trace laboratory in Bracknell, having completed her research during the pandemic.

In the media

Academics at Reading have helped to keep the public informed about COVID-19 through daily engagement with press and social media. Those with expertise in virology, microbiology, drugs and disease

testing, along with academics with knowledge around social isolation, schooling, psychology and economic impacts, have worked to guide journalists and the media, as millions of people seek information about coronavirus and the global response to fight it. Our experts have helped provide clarity on government advice, concerns with safety, and other relevant fields such as mental health.

We also ran a Lockdown Climate Change campaign to highlight links between reduced social and economic activity and the positive reductions in energy use and pollution. The two-week social media campaign showed how lockdown measures provided a template for reducing carbon emissions and asked people to pledge their continued commitment to actions that positively impact the climate beyond the pandemic.

Ongoing situation

The University will continue to prioritise the safety and wellbeing of our community, and follow all government guidance, as we have throughout the pandemic.

Despite the pandemic, life at the University must go on, and we have a responsibility to provide our students with the best possible experience.

Our world-leading research continues to change lives, despite our changing circumstances. Overall, as a community, we strive to make every effort to support one another in these challenging times – a responsibility to which we will remain committed into the future.



DEVELOPMENT AND PERFORMANCE

The University continues to grow with more than 14,600 undergraduate and over 8,900 postgraduate students now studying at Reading, both in the UK and abroad.

We are among the top 20% of world institutions ranked in the QS World University Rankings, 2021, a position we have held for seven consecutive years. Reading is ranked in the top 250 universities in the 2021 Times Higher Education (THE) World University Rankings, and retains its position among the top 30 of UK institutions ranked in both the THE and QS tables. Reading was also ranked 36th nationally in the Complete University Guide, 2022.

Consistent with both our world-leading academic credentials in climate science and our institutional commitment to sustainability, we hold a 'First Class' rating in the 2021 People & Planet University League. Our environmental and ethical performance saw the University ranked 15th out of 154 institutions assessed in the scheme. Our 134-hectare Whiteknights campus also won its eleventh Green Flag Award in 2021, recognising it as one of Britain's top green spaces.



Henley Business School is a triple-accredited business school and has been part of the University of Reading since 2008. It is ranked among the UK top five business schools for Executive MBA programmes (Economist, 2020) and Executive Education programmes (Financial Times, 2020). In 2021, Henley Business School was reaccredited for a further five years by the AACSB, representing the highest level of recognition. As such, since 2001, it maintains its place as one of the world's leading business schools, holding accreditation from all the major international bodies, including EFMD's European Quality Improvement System (EQUIS) and AMBA.

With the continued demand for coaching qualifications and skills development, the opportunities in this area are growing. Henley's expertise in this field has enabled the introduction of a new team coaching qualification, a corporate coaching service and an online version of some programmes. The qualification programmes are variously accredited by the three largest international coaching bodies and the Henley Centre for Coaching has grown to over 1,000 members.



In 2020/21, as with other institutions in the country, the University of Reading Malaysia campus was affected by the onset of the global pandemic, and the shift to online learning.

Despite this challenge, new undergraduate recruitment remained at 91% of the previous year. The campus also launched an undergraduate entry point in April, in addition to the existing September one, which will further support student recruitment activities going forward.



The University of Reading has a long-established relationship with the Nanjing University of Information Science and Technology (NUIST), China's premier university in meteorology. The joint academy established by the two institutions enables Chinese students to work towards one of eight UK undergraduate degrees. Since 2018/19, the academy operates a model whereby undergraduate students can complete the final year of their four-year degree in Reading or in Nanjing, under China's Ministry of Education (MoE) rule – the only exception being BA Law, where students complete the final year in Reading. In 2020/21, two new postgraduate programmes, MSc Data and Decision Analysis and MSc Data Science, were approved by China's MoE, with MSc Data Science and Decision Analysis starting in 2021/22 and MSc Data Science starting in 2022/23.



Since 2016, the University of Reading has invested over £200m into developing our campus facilities – including a new Health and Life Sciences building, a major upgrade to the Library, and the refurbishment of lecture theatres and the student nightclub. Many of these investments were a result of student feedback about the need for more study space and better technical resources. Sustainability has been another important driver, including improving energy efficiency and reducing our carbon emissions. By January 2020, pre-pandemic, we were already at 44% of our 45% carbon reduction target for 2020/21, compared to our 2008/09 baseline. At the end of July 2021, we temporarily saw emissions drop to a staggering 65% below this baseline. Whilst we expect something of a rebound once normal operations resume, this gives us a glimpse of what can be achieved, as well as the challenges we face.

Following the successful completion of the Library refurbishment in 2019, we have focused on the development of an ambitious new Health and Life Sciences building. An investment of more than £55m has been made to enhance our teaching and research space, improving the student experience, and integrating the School of Biological Sciences. Construction of the new Health and Life Sciences building was completed in summer 2020, and staff and students have now moved into the building for teaching and research. The building incorporates many new features that will contribute to future financial and environmental sustainability.

Research lab space caters for both biomedical sciences and whole-organism biology; this allows for wider usage, including undergraduate student projects. The building's key facilities include:

- a teaching lab that can be used as a single space or sub-divided to provide flexibility to timetabling and increase utilisation
- a state-of-the-art Bioresource Unit will allow new types of research to be carried out
- the Cole Museum of Zoology in the public foyer, designed to share this rich heritage collection and securing it for future reference and research.



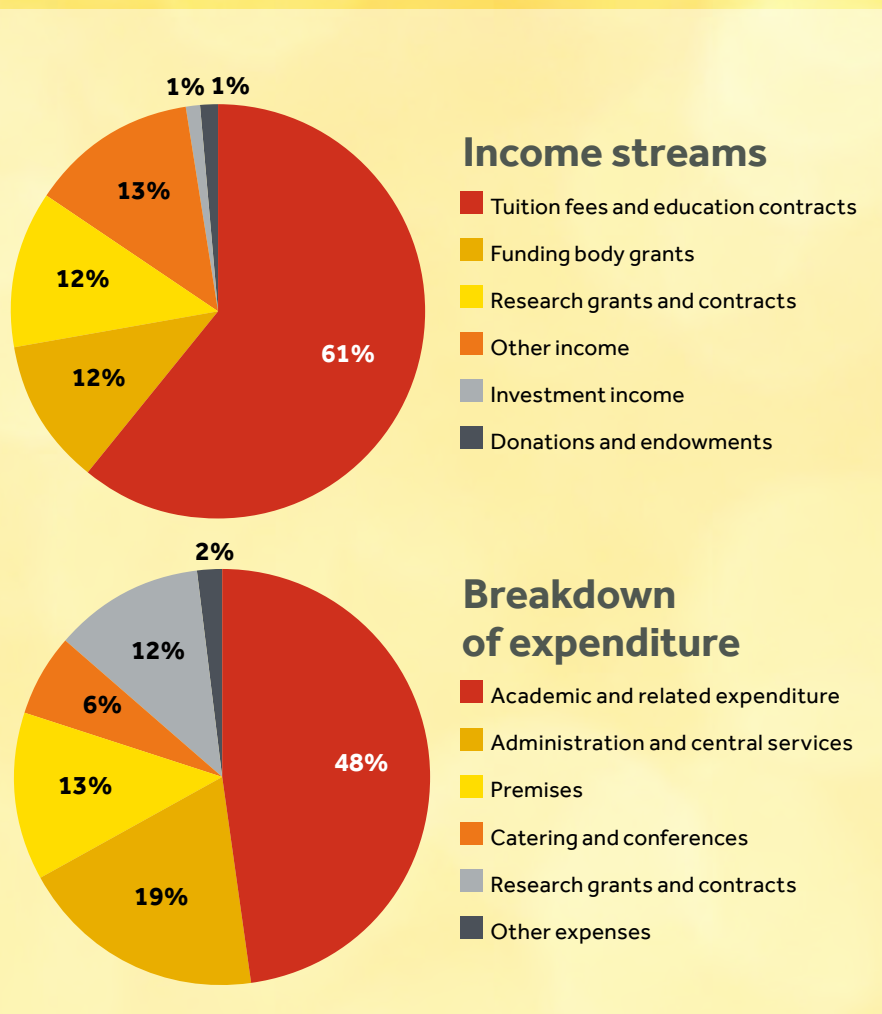
PROVIDING VALUE FOR MONEY

In this section we outline how we create, sustain and improve value for our stakeholders.

The Office for Students (OfS) has included value for money as a key regulatory objective, and the Higher Education and Research Act 2017 gives OfS the power to ensure that universities monitor how they provide value for money. In achieving this, we need to recognise the close interrelationships between our education and research activities, and that we should demonstrate value for money for both students and the taxpayer.

By attending university, our students are making a considerable investment in their future, both in time and money. University is a hugely personal experience and there are a range of ways that the University provides value for money. This will vary from person to person, based on their course of study, individual needs and interests, and the services and facilities they access.

The higher education sector in the UK makes a major contribution to society and the economy, and contributes enormously to a student's personal development. It is also one of the most respected higher education systems in the world, and one that international students strive to access.



There are four main ways that the University of Reading offers students value for money:

- The value that our students get from their experience of university – both now and in the long term – as alumni of a well-respected university with global presence.
- The wider benefit that studying provides, including transferable skills and developing career prospects.
- The way that higher education institutions benefit society as a whole economically, socially and culturally – through both the education of our students and through the contribution of our research to solving global challenges.
- The efficiency and effectiveness with which a university's finances are managed, with financial sustainability being one of the emerging principles underlying the University's new strategy.



We are a major employer in the Thames Valley region.

In addition, our international sites both serve to benefit the host country (for example employment, skilled development and knowledge exchange) and to generate benefits for Reading, the Thames Valley and the UK through export earnings, international networks and an enhanced profile for Reading.



By studying with us, our students see the benefits of a University of Reading experience in a number of ways, including:

- directly in relation to their course – including teaching, supervision and materials, one-to-one supervision, and investment in continual teaching and technological improvement.
- the wider university experience – including services and facilities like the Library and study space, the high-spec SportsPark, placement opportunities, the award-winning Careers Service, and relaxing parkland and grounds.

We also work closely with the Reading University Students' Union (RUSU) – run by students, for students, to represent our student community – to ensure that a student perspective is reflected in our decision-making. This covers the full range of university life, like teaching, welfare, diversity initiatives and our environment.



FULFILLING POTENTIAL



Supporting Reading University Students' Union (RUSU)

The Student Experience Fund is an initiative developed in partnership between the University and RUSU. The fund resources projects suggested by students to enhance their experience. Recent projects approved include an increased investment in learning technology, improved study and meeting spaces, and digital communication screens across campus.

We are committed to providing our diverse community of students and staff with what they need to fulfil their potential.



Enriching opportunities

We encourage our students to study abroad and experience life in another country as part of their degrees. Students who study abroad are not only more likely to find graduate employment, but also start work on a higher wage¹. It's a valuable opportunity to learn a new language and gain skills and life experiences that employers are looking for.

Providing the best academic support

Our enhanced Academic Tutor system, introduced in 2018, provides all undergraduate and postgraduate taught students with personalised support from a member of our academic staff throughout their course of study. Tutors work in partnership with students and the University's wider support services to support academic, personal and professional development.



Improving welfare services

- Enhancing our triage process to help students get the right help sooner
- Establishing a new team of welfare officers
- Launching a free online support community, available 24/7.



Preparing for employment

We have expanded our award-winning career mentoring programme, THRIVE, which gives students a year of collaboration with successful, professional alumni. This often leads to unique opportunities in the workplace and beyond. Mentors may be able to offer a workplace visit, introductions to fellow professionals, guidance on CVs and interview technique, and the opportunity for personal growth.

Diverse and inclusive

- We have been awarded an Athena SWAN Silver award from Advance HE recognising our work on gender equity.
- We continue to be a Stonewall Top 100 Employer, ranked 93 out of the 503 UK organisations and ranked 15 out of the 54 educational institutions in the Stonewall Workplace Equality Index, 2020.
- Alongside our wider action plan taking us towards race and ethnicity equality, we published our Race Equality Review in May 2021 that details clearly where we are on our race journey, and 20 recommendations proposing the way forward.



¹ UUKi (2017) Gone International: Mobility Works.

UNDERSTANDING OUR RISKS

In common with all organisations, we are affected by a large number of different risks. Risk can simply be defined as the potential effects of uncertainty on achieving our objectives. There are risks associated in everything we do; however, informed risk-taking is essential if the University is to innovate and succeed.

Effective risk management is about ensuring that all significant risks are understood and prioritised as part of business as usual to increase the probability of successful outcomes, while protecting the reputation and sustainability of the University.

Our approach to risk management

The University has a responsible approach to risk management, seeking to recognise and manage exposure to risks. The pursuit of knowledge, innovation, strategic aims, and implementing strategic developments will always have risks. Risk also has to be balanced against the University's obligations to use charitable funds and public money responsibly and prudently. Effective risk management increases the probability of successful outcomes, while promoting the reputation and sustainability of the University. A balanced assessment of risks has to be taken; there will be occasions when taking calculated risks will be appropriate if commensurate with potential reward. There are also risks involved in doing nothing.

Process

The University's approach to the management, oversight and monitoring of risks has been to build risk management into its structures and processes through a framework comprising:

- Governance
- Risk Appetite Statement
- Identification, evaluation and management of significant risks
- Policy
- Audit and review.

The University's approach is to minimise its exposure to compliance, reputational and financial risk. The University has a very low appetite for risk where there is a likelihood of significant and lasting damage to: its provision of teaching and research; loss of life or harm to students, staff and visitors; significant and lasting reputational damage; significant financial loss or negative variations to financial plans; illegal or unethical activity; and breaches of regulatory compliance. The University will endeavour to manage and reduce such risks to the lowest practical level by putting in place effective mitigation.

The University has a high appetite for risk in the context of encouraging and promoting critical enquiry, academic freedom, and open debate. The University is open to innovation in education and student experience if this has the potential to support and enhance its reputation and position, and does not expose it to unacceptable levels of financial, compliance, or reputational risk. It recognises that outcomes of research are often uncertain, and accepts the risk of embarking upon research projects that are high risk but where the outcomes would be of significant scientific, economic, or social value. It acknowledges that its appetite for risk varies according to the activity undertaken, and that its acceptance of risk is subject to ensuring that potential benefits and risk are fully understood before activities are agreed, and that measures to mitigate risk are identified, put in place, and effectively monitored.

The Risk Management Group monitors and reviews emerging and changing risks throughout the year. It reports to both the University Executive Board and to the Audit Committee. Each year an annual report on its work is produced. Risk appetite is also reviewed on an annual basis.

Risk owners assess risk regularly, and risk registers are reviewed by the Risk Management Group. In addition, school and function risk registers form part of the yearly submission to the University's planning process. All major projects have individual risk registers, and risk assessment is incorporated into planning and decision-making processes.

Each year, Internal Audit base their audit plan around the risk register, undertaking reviews of key areas according to a rolling plan.

Effective risk management is built on continuous review and improvement. A review of the existing organisational risk management framework will be considered by the Risk Management Group later this year.

Summary of the University's Structure of corporate governance and responsibility pertaining to risk management

Committee	Role	Responsibility
Council	Oversight	<ul style="list-style-type: none"> To oversee risk management within the University To set the tone and influence the risk culture within the University.
Audit Committee	Challenge and oversight	<ul style="list-style-type: none"> To oversee risk management within the University Set the tone and influence risk culture within the University (as delegated to by the Council) To agree risk appetite, and the monitoring and management of significant risks To review the University's approach to risk management.
University Executive Board	Ownership	<ul style="list-style-type: none"> To own and review the effectiveness of risk management To implement policies on risk management To identify and evaluate significant risks.
Risk Management Group	Implementation, Coordination and Advice	<ul style="list-style-type: none"> To keep under review the Risk Register To maintain and develop the systems that support risk management.
Internal Audit	Assurance and Testing	<ul style="list-style-type: none"> To report on the effectiveness of the University's risk management processes.

Risk Register

The University's Risk Register is formally reviewed and updated annually by the Audit Committee. The 2020–21 Risk Register was approved at the Audit Committee on 27 May 2020.

The table below sets out those risks considered the most material, drawn from the Risk Register. The list is not exhaustive and is in no particular order.

Risk Area	Description of risk	How we seek to mitigate
Disruptions arising from the on-going pandemic. The most significant disruption being the inability to return to campus life for a second academic year.	The second and third wave of the pandemic and the introduction of the delta variant impacted progress on the Government roadmap and consequently implementing our own institutional recovery measures to a desired timescale.	<p>With the common objective being return to campus for start of academic term September 2021, the University's Major Recovery Team has been working with key stakeholders to ensure this can take place. Like many organisations, the University made a strategic decision to implemented agile working. Coordinating and implementing this is an integral part of return to campus life moving forward.</p> <p>Along-side the activities of the Major Recovery Team, the Covid-MIT and key members will manage outbreaks that may emerge, and support testing and the vaccination effort.</p>
Employees and supporting our people	Failure to attract and retain high-quality staff may negatively impact the quality and recognition of both teaching and research, reputation and recruitment.	<p>The University has established a People Plan Board to initiate and monitor work to enhance the recruitment and employment experience of staff at the University, which will address identity/brand, experience, resilience and development offering. The University is consulting its staff in the development of its new strategy.</p> <p>The University established a Brexit Working Group to closely monitor and identify the possible implications for UK Universities of the UK's decision to leave the European Union. Work is focussing on student recruitment, research, staff recruitment and retention, and student exchange and mobility.</p>
Research	<p>Failure to maintain or improve our annual research income in response to changing political and regulatory environment may lead to loss of research revenue and negatively impact our global reputation.</p> <p>Failure to sufficiently exploit the development of economic and social impact from our research and enterprise activity may lead to loss of research revenue and negatively impact our global reputation.</p>	<p>Following the submission to the REF in March 2021, the University is now developing a new Research Plan to implement key priorities of the Research and Innovation Strategy. The University will respond to changes in our regulatory and policy environment such as with regard to open research, and to new research opportunities and collaboration, strategically investing in partnerships.</p> <p>Research Services and the Knowledge Transfer Centre offer support and guidance to academics to enhance research and funding, accessing expertise and opportunities for academic staff and graduates. The University has developed an innovation strategy and structure for strategic partnerships, as well as investing in Research communication as part of the MCE department.</p>

Risk Area	Description of risk	How we seek to mitigate
Brand and reputation	Failure to maintain an internationally competitive position and global reputation regarding the quality and recognition of both teaching and research may lead to lower positions in league tables, and negatively impact our reputation, recruitment and retention.	<p>The new strategy will include a new identity/brand overseen by our Marketing, Communication and Engagement Team.</p> <p>The University continues to invest in its activity with international partners and has established an International Partnerships Team to support activity with our existing overseas teaching and exchange partners, as well as to develop new ones. Following the REF submission in March 2021, the University is developing a plan for the next five years to implement the objectives of its Research and Innovation Strategy. Alongside this, it has developed a Global Engagement Strategy and Action Plan with clear milestones to 2020, overseen by the Global Engagement Strategy Board and Global Engagement Leadership Team.</p> <p>By clear strategic planning and effective operational management of our overseas campuses (including UoRM, which is overseen by RUMAL Reading Sdn Bhd), including regular reporting to senior University committees.</p>
Facilities and infrastructure	<p>Failure to deliver capital projects on budget and on time, lack of space to support the growth of the University and/or failure to ensure buildings and estate infrastructure are adequately maintained due to financial challenges or insufficient funds may result in lack of appropriate teaching, learning and accommodation space, students, a diminished student experience and loss of income.</p> <p>Failure of Digital Services (DTS) to meet the needs of the University for the services provided could lead to diminished staff and student experience.</p> <p>Failure of the University’s external web-presence at critical times could lead to loss of income and reputational damage.</p>	<p>The University has well-established processes and rolling programmes for the monitoring and surveying of the estate and IT infrastructure. These include controls and policies which are reviewed and updated annually, and the Estates Strategy which is reviewed on a 5-year cycle. Capital Project progress and expenditure is monitored by internal governance committees monthly.</p> <p>Governance structures and processes are in place to monitor use of space, and make recommendations regarding space matters, in accordance with the Space Management Policy and underpinned by the Estates Strategy. The University has invested in making improvements to optimise learning spaces. Continued investment in systems projects are improving the experience of working and studying at the University for its staff and students.</p> <p>The University is developing a new 5 year Digital Strategy which will be completed by Spring 2022. The core values of the strategy will focus on; experience first culture; fit for purpose core infrastructure; cyber security; data accuracy; collaborative working; and the digital fluency of staff and students. Developing initiatives around those core values together will mitigate the risks of digital services failing to meet the needs as we continue on our digital transformation journey.</p>

Risk Area	Description of risk	How we seek to mitigate
Teaching and learning	Failure to maintain or enhance teaching & learning quality and the student experience may negatively impact our reputation, recruitment and retention.	<p>Institution-wide frameworks are in place to enhance the learning experience for students, including the curriculum and assessment and feedback.</p> <p>The University continues to implement access and widening participation activity and runs initiatives to improve diversity and inclusion.</p> <p>Investment continues to be made in the development of innovative teaching practices through the Teaching & Learning Development Fund. The University’s institution-wide programme (FLAIR) promotes and supports academic development. There is a focus on the recruitment of teaching-intensive funded academic staff.</p> <p>The plans and priorities of Schools and Functions are reviewed annually. Teaching and Learning facilities are also regularly reviewed, and the University works closely with the Students’ Union to engage with, and seek the views of, students. Student participation and attendance on University committees and working groups is actively encouraged, and student experience has been made a more prominent part of the remits of the University’s top teaching and learning committees, including the Council.</p>
Digital transformation and data	<p>A compromise to information security (including confidentiality, integrity and availability) may lead to failure to comply with information and data regulations, financial loss and reputational damage</p> <p>Failure to meet the needs of the University and/or existing technology falls behind may lead to a diminished student and staff experience, and reputational damage.</p> <p>An emerging risk from Covid-19 has been an increase in ransomware attacks on Higher Education institutions.</p>	<p>The University has policies in place pertaining to information security (including cyber security policies) and information compliance.</p> <p>Robust controls are in place around the University’s digital infrastructure. We use robust and usable IT systems, essential to data storage and manipulation. A governance structure is in place which has oversight of systems projects, systems management and future technology requirements. There is a rolling programme of upgrades to IT infrastructure across the University.</p> <p>Alongside existing resilience measures Cyber Insurance was introduced as part of the mitigation and further work is being done to look at IT Disaster recovery.</p>

Risk Area	Description of risk	How we seek to mitigate
Income and financial sustainability	<p>Failure to maintain the financial sustainability of the institution may lead to loss of assets and investment income, financial loss and inability to fund strategic objectives.</p> <p>Failure to recruit appropriate quality of undergraduate and postgraduate students to target levels</p>	<p>Forecasting, budgeting and planning are well-established processes and support the financial strategy. Controls in place include a cycle of monitoring and corrective action and effective management of short- and long-term cash flow. The use of our investment portfolio follows our Investments Strategy, both which are monitored and reviewed regularly by Investments Committee.</p> <p>The Marketing and Communications Office are responsible for the promotion of University programmes following an effective marketing approach, and for ensuring the University has an effective web presence, which is currently being invested in.</p> <p>The admissions process has been centralised and applications are monitored regularly during the recruitment cycle. Processes are in place to monitor campaign impact, analyse targets, metrics, outreach and the delivery of aspects of the Access Agreement. The University offers several targeted bursaries, scholarships and internal studentships.</p>

Our appetite for risk:

Area of Activity	Averse	Cautious	Moderate	Open	Mature
Reputation	Yellow				
Legal, Compliance, and Regulation	Yellow				
Financial Performance and Sustainability	Yellow	Yellow			
Research			Yellow	Yellow	Yellow
Commercialisation				Yellow	Yellow
Teaching and Learning		Yellow	Yellow	Yellow	Yellow
Wider Student Experience			Yellow	Yellow	Yellow
Global Engagement				Yellow	Yellow
People and Culture		Yellow	Yellow	Yellow	Yellow
Community, Environment and Social Responsibility			Yellow	Yellow	Yellow
Strategic Change, Major Change and Continuity		Yellow	Yellow	Yellow	Yellow

COVID-19

The University stood up its Major Incident Team (MIT) in January 2020 in response to the global COVID-19 pandemic. It quickly became clear that the pandemic had the potential to affect most if not all aspects of the University. A significant amount of work was undertaken to prepare the University's response to the disruption caused by COVID-19. From May 2020, the MIT was replaced by a Major Recovery Team, leading the work around planning a safe return to on-campus activities, managing risk and mitigation. The University continues to work closely with the Local Authorities and Public Health England to manage and respond to risks around a potential future spike.

The size, scale, and global impact of Covid-19 has placed significant demands on the University to continue to provide and maintain the delivery of activities core to its business (including, but not limited to: teaching provision, research activity, and support for staff and students) during what has been, and continues to be, a protracted period of disruption and uncertainty. Regular and ongoing assessment of risk in respect to each decision being made and activity undertaken. Covid-19 has been, and continues to be, a protracted major incident and one with significant impact on the University and the wider HE Sector. A risk on the impact that the disruption and nature of the COVID19 pandemic (and future pandemics) might have on the institution have been added to the 2020-21 Corporate Risk Register.



Brexit

In recognition of the risks that the UK's decision to leave the EU at the end of 2020 will bring to the Higher Education sector, the University established a Brexit Working Group to identify and review the risks associated with Brexit, particularly in response to any changes in the situation or information issued by the UK Government. The risks to the University arising from Brexit broadly correspond to the following four themes, for which a risk owner from the University Executive Board has been identified:

- Students
- Staff
- Research
- Suppliers.

The University acknowledges that the challenges around identifying the detail and impact of these risks would differ based on the type of Brexit agreement reached. The risks the University has identified, and associated mitigation work, will be kept under review.



Professor Robert Van de Noort

Vice-Chancellor
23 February 2022

Sam Foley

Chief Financial Officer
23 February 2022

FINANCIAL PERFORMANCE IN THE YEAR

The surplus/(deficit) position in 2020/21 is a surplus of £26.3m.

COVID-19 related impacts continued to affect our cost base and main academic related income streams. Student recruitment has been stable but our pre pandemic plans have been clearly impacted, particularly around international students. We did not charge many of our students who could not or did not wish to stay in Halls rooms and this loss, plus associated income losses on our campus operations that service students and staff, resulted in an unplanned COVID-19 related income loss of circa. £17m in 2019/20 and a net loss of £13m in 2020/21.

Within this result the University investment asset portfolio showed a significant recovery from the difficult conditions that existed at 31 July 2020, recording a £32m gain in asset value during the year.

We must also recognise a pension provision under FRS 102 for any estimated future contributions under the formally agreed Universities Superannuation Scheme (USS) deficit recovery plan that exists at our balance sheet date. For Reading, this resulted in a reduced provision of £46.1m, which is included in our 2021 balance sheet, the movement showing as a reduction of £4.5m in staff costs in year. The latest deficit recovery plan is based on the 2018 valuation of USS (which was finalised in September 2019) and is based on a ten-year period to 2028 and assumes additional contributions of 2%, rising to 6% from October 2021.

Last year also included a major positive swing in the USS provision, generating a credit of £44.3m and we also disposed of a plot of land. The table below shows a comparison after removing these items. The pandemic largely explains the underlying deficit for the last two financial years.

	2021 £'000	2020 £'000
Surplus/(Deficit) for the year	26,314	42,562
(Remove): USS provision movement	(4,537)	(44,262)
(Remove): Major land sales	NIL	(15,150)
(Remove)/Add: Investment asset gains/losses	(32,123)	2,074
Underlying performance for the year	(10,346)	(14,776)

The University recorded a slight increase in its core tuition income stream despite COVID-19 impacts, these impacts overall contributed to a slightly lower group income for the year of £311.0m (2020: £313.8m).

Group expenditure for the year was £316.4m (2020: £282.9m). The University remains focused on keeping costs under tight control to maximise value, and also the delivery of efficiency savings wherever possible. The University has seen significant improvement in the financial performance of its longer-established academic activities and has embarked on a Strategic Programme out to 2025/26 to further improve the way we operate. It is committed to continuing this trend of growing academic surpluses, in order to re-invest in the future of the institution.

Financial operating results from our campus in Malaysia showed a small operating deficit for the year, as it continues to improve its financial performance after a start-up phase. The campus is operated by RUMAL Reading Sdn Bhd, whose activities are kept legally and financially distinct from the University in the United Kingdom.

Other comprehensive income also included re-measurement gains of £5.1m on the locally managed UREPF pension scheme. These gains arise from updated actuarial assumptions around life expectancy, inflation and discount rates, changes to the membership profile and investment returns. In general accounting terms this scheme remains in surplus.

Group income (£m)

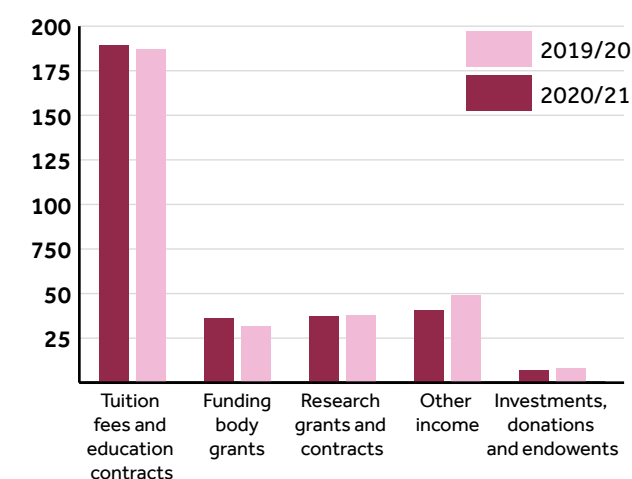
Income from all sources totalled £311.0m, a 1% decrease from the previous year, with growth recorded in tuition fees. The fall is due to COVID-19 impacting our income streams.

Tuition fees increased by £2.1m to £189.3m, with student number growth relatively modest in 2020/21. Funding body grants increased slightly in the year to £36.2m but these grants now make up less than 12% of total income. Total research income fell by 1% to £37.6m as a result of a slight decrease in the rate and value of new grant awards and some COVID-19 related impact on research activity.

Other income fell by £8m to £40.9m. Other income arises from a number of sources including executive education, property rentals, catering, conferences, and the SportsPark, consultancy and enterprise activities. These were all impacted by COVID-19 and one-off accommodation refunds to students. We did however make use of the Government Furlough Scheme for appropriate activities, claiming £1.6m in the year which is included in other income.

Income from investments, donation and endowments totalled £7.1m. This was a mixture of good investment performance in a difficult market and new endowments received.

Group income (£m)



Group expenditure (£m)

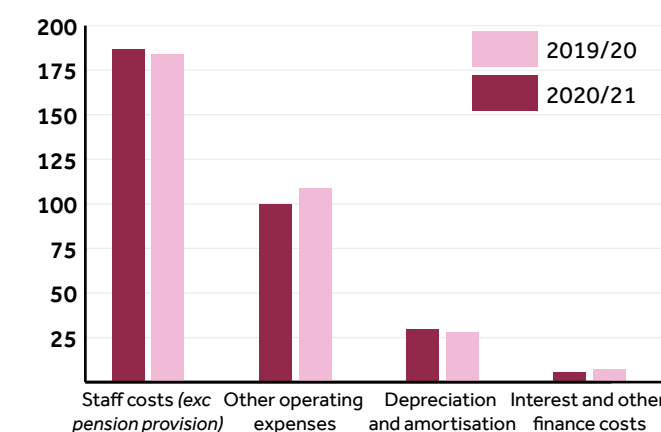
Overall group expenditure (if the USS provision movement is excluded) fell by £6m from £327.2m to £321.2m largely due to COVID-19 extra cost impacts being balanced out by a slow down in expenditure as certain operations proved more challenging during lockdowns and the general national and international disruption that took place throughout the financial year.

Total staff costs have increased to £186.5m (2020: £183.9m). The increase is due to a small rise in staff numbers and incremental progression.

The decrease in the overall USS provision of £4.5m is a direct result of the annual update of the recovery plan assumptions agreed as part of 2018 scheme valuation process. This provision is detailed in note 26. The 2020 USS scheme valuation process is in progress, which in turn will generate a new recovery plan so we expect future volatility around this provision. It is a non cash effect and many external agencies and our banking covenants exclude the movement on this provision when assessing our year on year financial performance.

Other operating expenses totalled £99.7m (2020: £108.5m) with again a COVID-19-related slow down in expected expenditure levels and depreciation on tangible fixed assets totalled £29.5m. Interest payable was £5.5m.

Group expenditure (£m)



Financial position

Consolidated net assets totalled £475.2m on 31 July 2021 (2020: £438.3m). The increase against the previous year can be attributed primarily to gains on our investment assets and reductions in pension provisions. Net current assets stood at £123.0m (2020: £121.3m).

Fixed assets and our infrastructure

The University continues to invest in the future. We have already invested £430m in teaching, research and student accommodation projects in the last decade and have plans to invest to further improve our facilities, so we can continue to provide a high-quality environment for our teaching, learning and research and to support both current and future students and staff. This long-term programme of infrastructure developments is designed to enhance the University's academic activity and ensure that it continues to be regarded as a world-class university both in the UK and internationally.

A major refurbishment of the Library is complete and a new Health and Life Sciences complex will be fully open in the 2021/22 academic year.

The University offers a wide range of accommodation options for its students in partnership with its accommodation provider University Partnerships Programme (UPP). Demand for high quality, affordable accommodation located on or near our main Whiteknights campus is ongoing and the University is developing a long-term accommodation strategy to help us meet these requirements as effectively as possible.

Investments and investment properties

The University is fortunate to hold a number of investments in land and property that allows us to operate effectively and will generate long term value.

The total investments held by the University and its trusts were valued at £127.4m (2020: £122.8m), showing a significant in year market value gain post the difficult market conditions in 2020 and after net withdrawals.

The returns generated from these investments have helped to fund specific research activity in the year as well as supporting a range of prizes for achievements, scholarships and bursaries.

During the year the University applied for and was granted permission from the Charity Commission to close the Research Endowment Trust. As a result, all of the trust's assets and liabilities were distributed to the University, who is the sole Trustee. A large majority of the assets held by the trust were classified as current investments and the distribution process involved closing the trust funds managed by our investment manager and opening new ones in the name of the University.

The University publishes its investment policy on its website as well as publishing annually a list of investments held. The policy is set and monitored by the Investments Committee and was formally reviewed in 2021. The portfolio is managed on a day-to-day basis by a professional investment manager. As well as targeting income returns and capital growth, the manager is required to consider the social, environmental and ethical issues of the companies in which investments are held. We continue to work closely with the Student Union to ensure this aspect of our approach to investment is given prominence.

The University and its trusts hold some land and properties for their investment potential. Their combined market value on 31 July 2021 was £118.8m (2020: £94.4m).

The University and its trusts also own land at the Thames Valley Science Park in Shinfield and continue to work with interested parties to locate to the Science Park. Developments at the Science Park and a general uplift in values has resulted in a significant value gain this year on these investment properties.

Pensions surplus / deficit

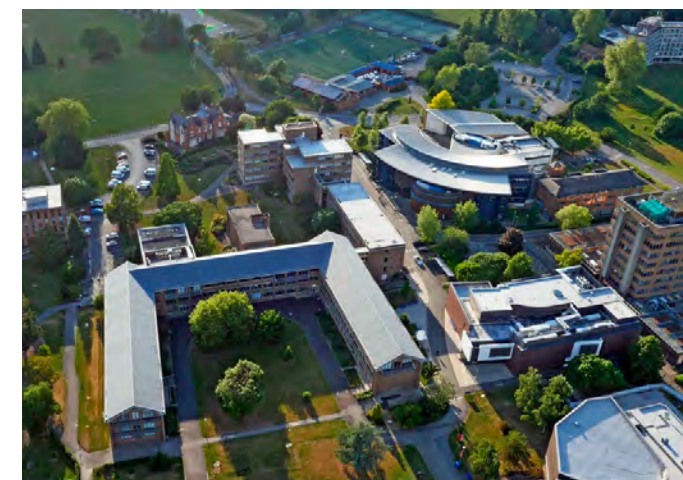
The financial statements report the overall surplus or deficit of the University of Reading Employees' Pension Fund (UREPF) on the balance sheet, in line with the requirements of FRS 102. The scheme showed an overall surplus of £20.8m on 31 July 2021 (2020: £16m). The positive in year movement was mainly driven by the re-measurement of the assumptions in the year. The University has made some modest additional cash payments to the scheme in recent years and this has helped to rectify a historic deficit. As well as making regular employer contributions, the University funds £0.6m per annum towards the scheme's administration costs.

The University also contributes to the Universities Superannuation Scheme (USS), a multi-employer scheme. The University and the other employers who contribute to USS make agreed contributions to reduce the overall deficit on the scheme. The University has recognised a provision of £46.1m for its share of the additional contributions (2020: £50.7m) in accordance with the deficit funding plan agreement accompanying the agreed 2018 actuarial valuation.

Cash flow and borrowings

The Group generated a net cash inflow from operating activities of £18.4m (2020: outflow of £4.2m) and sees this measure as a key indicator of year-on-year financial performance. The net increase in cash and cash equivalents for the year was £31.2m (2020: decrease of £26.6m). The increase was due to a smaller than normal investment in capital projects as projects naturally finished and COVID-19 impacts made new investment projects move slower than anticipated. The University has recently completed two major capital projects which are the end point of a major cycle of investment and is currently assessing the shape and size of a future capital programme.

The University's treasury policy sets out the key controls placed on the treasury management function at the University. It contains guidance on a number of key areas and focuses on the risks that the University faces in its day-to-day activities. The policy includes details about the delegations surrounding the investment of surplus cash funds and sets firm limits in regard to the credit-worthiness of potential counterparties. The Strategy and Finance Committee receives reports on treasury management including an annual strategy and plans for the next year.



The University's non-endowment cash balances are held primarily in the form of interest-bearing deposits with financial institutions. The University also has a number of unsecured borrowings including a £70m corporate bond, a £55.5m sterling long-term loan facility and a fully drawn £50m revolving credit facility which was re-established in 2021.

Going concern

The accounts have been prepared on a going concern basis and due to the COVID-19 pandemic, regular and detailed monitoring has taken place since March 2020.

It is anticipated that the main impact on the University will continue to be international student recruitment and the impact on commercial income streams generated through on campus activities such as halls of residences and catering.

Numerous, prudent scenarios have been forecast over a 3 year cycle and consideration given to the cash flow implications and also the impact on any loan and covenant arrangements.

Whilst income losses are anticipated, the University, though various mitigations is well placed to respond to this. In addition, the University has access to funds through its two main trusts. We have assessed and included estimates of these losses in 2020/21 (and 2019/20).

Taking all of this into consideration, the University is able to meet all obligations including loan repayments and meet its covenants. The University is therefore considered a going concern.



PARTNERING FOR THE PLANET

Sustainability campaign

The work of the entire University of Reading community to address global problems like poverty, inequality and climate change by working with partners was celebrated during May 2021.

The University's **#PlanetPartners campaign** highlighted the efforts of researchers, lecturers, students and others at Reading, working with individuals, organisations and governments around the world, to support the internationally recognised United Nations Sustainable Development Goals (SDGs).

The **17 SDGs** focus on societal and environmental challenges, and are intended to focus the efforts of organisations in helping to solve them around the world. At the University of Reading, which has highlighted the principles of sustainability, community, engagement and excellence in its institutional strategy, **these goals are integral** to much of its research, teaching and broader institutional mission.

The campaign followed **Reading's strong performance** in the 2021 Times Higher Education (THE) Impact Rankings in April, which ranked Reading in the top 200 participating universities for its work towards the SDGs.

Evidence and case studies were gathered throughout the 2020/21 academic year, before being showcased in May on the University's social media channels.

#ShowYourStripes

The popularity of the warming stripes created by Reading climate scientist, Professor Ed Hawkins, continued throughout the year.

The graphics were updated in January, with an additional stripe representing the latest temperature data for 2020. These updated graphics for more than 200 countries and regions were made available on the **showyourstripes.info** website, along with new temperature visualisations by Professor Hawkins.

Brand-new graphics **merging the warming stripes with the US national flag** were also released to celebrate the return of the United States to the Paris Agreement in February.

This momentum continued with another successful **#ShowYourStripes Day** to mark the Summer Solstice in July, with the stripes appearing on news broadcasts across the globe, projected onto buildings, and shared by thousands on social media, **including climate activist Greta Thunberg**.

COP26 activities

The strong theme of partnerships central to the SDGs campaign was built upon with the creation of the University's **'Partnering for the Planet' website**, demonstrating Reading's commitment to, and sector-leading action on, sustainability and climate action across a range of disciplines.

The website is the public face of a **series of activities announced by the University** to run ahead of the COP26, and beyond. The main initiative was the Climate Education Summit hosted by the University.

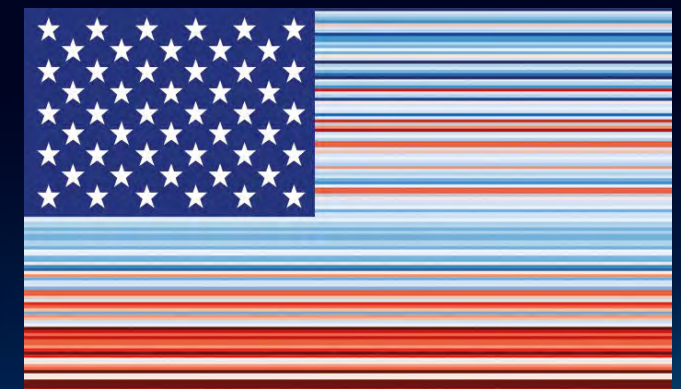
Other activities included a London Fashion Week showcase of clothing featuring and inspired by the warming stripes, created by designer Tammm.

Climate Education Summit

The Climate Education Summit in September was the culmination of months of planning, and brought together scientists, campaigners, education professionals, policymakers and young people to discuss how **climate change could be taught in all subjects at school**.

Partner organisations on the online event included the Office for Climate Education, Royal Meteorological Society, Met Office, EAUC and Ashden.

The Summit comprised two keynote plenary sessions, each followed by a closed roundtable discussion, with opportunities for attendees to ask questions throughout. A draft action plan was discussed in detail by partners and invited attendees during the closed sessions, and a final version was published in October before being presented at COP26.



STATEMENT ON PUBLIC BENEFIT

The University is an independent corporation with charitable status, established by a Royal Charter granted in 1926. Its objects, powers and framework of governance are defined in the Charter and supporting Ordinances. It is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and is a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010.

It is not required to be registered with the Charity Commission but is, however, subject to the Charity Commission's regulatory powers, which are monitored by the Office for Students (OfS) since its recent replacement of the Higher Education Funding Council for England (HEFCE). The University's Council has due regard to the Charity Commission's public benefit guidance. The University's Handbook for Council Members contains additional guidance on members' responsibilities in respect of public benefit.

All charities must have charitable purposes and apply them for the public benefit. The University's core charitable purposes are the delivery of higher education teaching and research. The University seeks to achieve excellent standards in these areas to the benefit of the local, national and international communities.

We encourage people of all backgrounds to participate in, and benefit from, our teaching, research and other activities. The policy of equal opportunities for all is a key part of the University's strategy in ensuring that it delivers its core purposes for the public benefit.

The University and its subsidiaries also carry out teaching and research of a more commercial nature, for example in some of the executive education programmes run by Henley Business School, and in research carried out for private sector organisations. The University is careful to ensure that the extent of these activities does not conflict with, or detract from, its core charitable purposes.



Teaching and learning

The University has admissions policies in place to attract and admit the most able and motivated undergraduate and postgraduate students with the greatest potential to contribute to, and benefit from, the education provided, irrespective of their background. The admissions procedures, our outreach activity and the provision of bursaries are designed to support this policy fully.

The University promotes – among all its students – excellence in their studies and the other activities in which they participate while at Reading, such as sporting, cultural and voluntary engagements. It also encourages the opportunities these activities provide for stimulating personal development and the wellbeing of the community. When students complete their studies, they are

able to use the skills they have acquired, both academic and non-academic, in their lives and careers beyond the University.

The University offers support to students through its access bursary scheme, which allows it to recruit the most able students, regardless of financial background. The University aims to offer programmes of study that are attractive to a diverse range of potential students, have fair and transparent admission policies, and provide financial support to low-income students. The University has a comprehensive Student Complaints Procedure to deal swiftly and effectively with any problems that arise during a student's time at Reading.

The University is committed to widening access into higher education, and demonstrating the opportunities a degree can afford, to as diverse

a body of students as possible, particularly those in under-represented groups.

The University works in a number of ways to achieve this. This includes the delivery of events and activities in schools, colleges, on campus, and virtually, as well as providing support and information for pupils, their parents and carers, and teachers and advisors about higher education; the opportunities it affords, application process, and education and career pathways.



Research

The University aims to deliver outstanding research, a significant proportion of which is specifically designed to have a meaningful impact on knowledge, people or the economy, or to enhance or change society for the better.

Moreover, the University is committed to supporting its researchers to actively engage with both public and professional audiences, to ensure that our research contributes to global debates and benefits the economic and social life of Reading, the UK, and the wider world. The University's work in this area has recently been assessed by Research England in the first Knowledge Exchange Framework (KEF). The KEF aims to increase efficiency and effectiveness in the use of public funding for



knowledge exchange and to further a culture of continuous improvement in universities.

The first UK-wide KEF, launched in March 2021, shows that the University of Reading is making a significant contribution to growth and regeneration in the local area.

Community

The University is proud to play a key role locally and regionally, and works hard to ensure that our economic, cultural and education benefits are shared beyond our campuses.

Every day, we are open to the local community through our SportsPark, three museums and award-winning grounds. Our Whiteknights campus, a 130-hectare parkland, was named among the most-popular green spaces in the UK in the 2021 Green Flag People's Choice Awards for the eleventh year running. The Whiteknights campus is a beautiful, green oasis situated within a residential area bordering Reading and Wokingham boroughs. With its distinctive woodland walks, conservation meadows and large lake, its appeal stems from both the natural beauty of the landscape and the University's architectural diversity. The campus provides a natural environment for visitors of all ages to enjoy and benefit from.

Thousands of people have also attended our public events, such as lectures, music concerts and exhibitions, and we have received more than 1.35 million enrolments from as many as 190 countries for our free online courses.

CIVIC UNIVERSITY

The economic, cultural and educational benefits of the University reach beyond our campuses into Reading, Wokingham and the wider Thames Valley.

Our town's future

A multidisciplinary research team from the University is supporting a project to reimagine the future of Reading. 'Reading 2050' sees an ambitious, smart and sustainable future for Reading, with green technology, culture and diversity, and our town's rivers and parks at the centre of development.

Sanctuary Scholarship Scheme

The Sanctuary Scholarships Scheme has been introduced in 2021 for sanctuary seekers (people with refugee, humanitarian protected or asylum seeker status) in recognition of the disruption to education that displaced people experience. The Scheme offers financial support to those hoping to start or continue their education in the UK.

The Sanctuary Scholarship Scheme is part of the University's wider commitment to supporting the City of Sanctuary initiative. The University signed the national organisational pledge to City of Sanctuary for the first time in 2021 and has also renewed its pledge to Reading City of Sanctuary, demonstrating our support for the vision of the UK as a welcoming place of safety for all those fleeing violence and persecution.

“We have a broad and diverse community of staff and students here at the University of Reading and are committed to the City of Sanctuary initiative. We value the rich contribution those seeking sanctuary can make to our institution and life in Reading more generally.”

Paul Inman, Pro-Vice Chancellor (International) at the University of Reading

Business

The University of Reading's engagement with business continues to strengthen. Through our Front Door initiative, the Knowledge Transfer Centre has supported businesses to collaborate with academic experts to secure innovation funding, whilst the Careers team have met the needs of employers through placements and internships with our students. We remain committed to our business community through our CPD offerings at Henley Business School and other specialist areas, such as degree apprenticeships. The University works in partnership with organisations to build strategic alliances and grow local and regional networks such as the Thames Valley AI Hub.

Museums

The University of Reading has three museums open to the general public: The Ure Museum of Greek Archaeology; The Cole Museum of Zoology; and The Museum of English Rural Life. We also launched a new online portal, a remarkable resource for collections-based learning and research across the University. This includes new websites for our Special Collections and Art Collections.

Schools

Our 'Students in Schools' scheme is more than 20 years old and continues to go from strength to strength. Last year, although the pandemic prevented our volunteers helping in schools, we were able to launch a range of online resources for primary schools including subject tasters and EAL language materials. This year we plan on developing additional online resources while resuming our traditional volunteering in local primary and secondary schools. We anticipate a high demand for volunteers and we are confident our students will soon be back working alongside teachers to help pupils raise both their attainment and aspirations as well as encouraging them to continue into higher education.

Community projects

In 2020/21, students volunteered more than 9,200 hours of their time to community projects through the University's Reading Experience and Development Award, designed to help them make the most of their extra-curricular experiences.

During the first lockdown, the University set up a volunteering scheme matching students with local community organisations in Berkshire. Student volunteers remotely supported over 25 local community organisations with their technical, digital or admin needs, as they transitioned from in-person to online meetings and communications.

The Community Fund was launched in 2020-21, in partnership with the John Sykes Foundation. The two-year pilot saw £50,000 awarded to various community projects in Reading in the first year.

Apprenticeship levy

Henley Business School is delivering apprenticeship programmes for businesses in England across a range of sectors, including telecoms, pharmaceuticals, healthcare, public sector and banking. These are helping organisations to upskill their workforce, and support the government's goal of improving productivity through the apprenticeship levy. In spring 2021, Henley became the largest provider of Senior Leaders Master's Degree Apprenticeship with around 900 apprentices starting programmes during this academic year. Over 80 learners completed their apprenticeship this year with 90% achieving Distinction, 10% with Merit.

TEACHING

As an established and highly successful research-intensive institution with a global reach, we have teaching, learning and the student experience at our heart.

The University works in partnership with our students and the Reading University Students' Union to build a supportive and engaging environment, where learners at all stages of their careers are equipped to fulfill their intellectual and personal potential. The goal is to equip graduates with a range of valuable skills, including mastery of their discipline, skills in research and enquiry, personal effectiveness and self-awareness, and global engagement and multicultural awareness.

The University's Pro-Vice Chancellors for Education and Student Experience are responsible for educational quality, student experience, international, and student achievement. They also lead University-wide strategic projects in Teaching and Learning. They work closely with four Teaching and Learning Deans who provide strategic leadership and lead enhancement activities in each of their designated Schools.

The Strategic Foundations Programme will enable our institution to invest more in educational excellence. As part of this, the Portfolio Pathways will focus and streamline our programme and module offering to enhance our graduate attributes and provide students with the skills and knowledge to successfully enter graduate employment. Other changes include a re-orientation of the academic year and proposals for effective blended learning across our wide range of disciplines.

The Academic Tutor System, introduced in the 2018/19 academic year, supports students with their academic, personal and professional development through proactive and structured academic conversations informed by student data.

By focusing on staff development and reward, the University aims to recruit and develop well-qualified, professional academic staff, encourage innovative approaches to teaching and learning, and make use of technological developments in learning methods. The University continues to prioritise staff development in teaching and learning through the FLAIR CPD scheme, which allows staff to gain HEA-accredited recognition for their work. The scheme has made more than 408 awards in total. The University also has 15 National Teaching Fellows and 54 University Teaching Fellows which make a significant contribution to the teaching and learning in the Institution.

Student satisfaction at the University of Reading remains close to the sector average, with 74% of final-year undergraduates reporting satisfaction with their overall experience according to the National Student Survey, 2021.¹

At discipline level, three areas achieved an overall satisfaction score of 90% or above. More than 2,500 students completed the survey, representing a 71% response rate.

¹ National Student Survey, 2021. The average overall satisfaction rate for the higher education sector is 75%.

RESEARCH

With 98% of our research assessed as internationally recognised in the Research Excellence Framework 2014, the University of Reading has a global reputation for the quality of its research.

As a broad-based, research-intensive institution, Reading's research priorities and expertise extend across a wide range of disciplines in the environmental, physical and life sciences, arts and humanities, business, and social sciences. The University attracts high-quality academics and postgraduate research students, providing them with a stimulating and supportive research environment and professional training.

In addition, research income was £37.56m, a decrease of £465k from the previous year.

The University of Reading's research is structured around four themes:

- Agriculture, Food and Health
- Environment
- Heritage and Creativity
- Prosperity and Resilience.

Each theme is led by one of four Research Deans, who support the Pro-Vice-Chancellors for Research and Innovation in implementing the University's research strategy.

98%
**OF OUR RESEARCH
IS INTERNATIONALLY
RECOGNISED**
and **78%** is
internationally excellent¹



¹ Based on our submissions judged to be world leading, internationally excellent and internationally recognised in overall quality by the Research Excellence Framework (REF) 2014 and the Times Higher Education's analysis of REF 2014. See the overall table of excellence at www.timeshighereducation.com



RESEARCH FOR A BETTER WORLD

Our world-leading research helps to transform the lives of people locally, nationally and internationally. Through it, we discover more about ourselves and the world in which we live. At the same time, we build a stronger and more resilient economy, enhance social and individual wellbeing, and influence policy and practice.

54%



of all
research
publications from
2015–2020 were a result
of **INTERNATIONAL
COLLABORATION**¹

Putting farmer priorities at the heart of innovation research

Agriculture needs to change fast to meet the challenges of our time, including tackling climate change, loss of biodiversity and food-related illness, and ensuring resilient and secure food supply chains. As part of a multi-university programme, **Dr David Rose** is working with farmers to address the gap between scientific research on innovation and real-life farming experience. The aim is to improve adoption of research-led innovation and help the Department for Environment, Food and Rural Affairs target research funding where it will be most relevant on the ground.

Protecting and exhibiting Iraq's cultural heritage

Professor Roger Matthews is working with the Ministry of Culture in Iraq to enhance the protection and promotion of Iraq's heritage sites and assets and to ensure equitable access by all the communities of Iraq. The University of Reading team worked with the Iraq SmartWater project to apply a traceable liquid to 273,000 artefacts in order to deter theft and potentially track looted items. They also worked with local antiquities staff and trained them in security measures and cataloguing of application protocols. They now aim to expand the project to other museums in Iraq and in other regions experiencing instability and conflict.

Teaching literacy: As easy as ABC?

Education researchers led by **Dr Naomi Flynn** are revealing new insights about how children learn to read and spell. Their findings have influenced the development of a tool for assessing progress in early word reading. The research has also revealed the importance of teachers' own knowledge of phonics in classroom practice, which has been incorporated into the OFSTED framework for the inspection of early reading in primary schools in England and Wales. Through ongoing engagement, the researchers are filling gaps in education policy and practice that will significantly improve the life chances of millions of children.

£37.16m

is the value of **NEW AWARDS WON** in 2020/21²



Our success
rate with **Research
Councils** was **30%**³

35 RESEARCH DIVISIONS

across
four themes with
ca. 900 researchers



Designing fonts for a global audience

While most western languages use the Latin alphabet, hundreds of languages across the world are based on scripts such as Arabic, Greek, or those of South and East Asia. In the past, despite their complex, centuries-old manuscript traditions, these scripts were often compromised when they were rendered by mechanical type.

Now, researchers at the University of Reading are rigorously identifying critical cultural and historic examples of each script to promote the integration of language and script knowledge into the font design process. By offering new ways for designers to understand how scripts represent languages, the research has established new, accessible benchmarks and standards. It has been adopted by the major global tech companies, who incorporate these improved fonts into their operating systems and software.

The big green energy balance

Producing energy for the UK has always been a fine balancing act – over-supply leads to inefficiency through energy wastage, while under-supply leads to inconvenience in the form of widespread blackouts. A team led by **Professor Jacopo Torriti** has investigated the potential of facilitating flexibility on the 'demand side', using a flexible tariff system to reward consumers for changing how and when they use electricity. The research demonstrated the relative costs and benefits of flexible electricity tariffs to consumers from different income groups, leading to regulatory reform and ultimately benefiting end-users through lower bills, improved supply and a better quality of service.

Climate change and air quality: looking to the future

Climate scientists at the University of Reading played a leading role in the latest Intergovernmental Panel on Climate Change (IPCC) report, which warns that damaging effects of climate change are already being seen across the globe. Six researchers from the Department of Meteorology were lead authors for the first working group of the IPCC Sixth Assessment Report published in August. The report focuses on the physical science behind climate change to present the current state of the climate and how it may look in the future to policymakers worldwide.

¹ 54% based on SciVal data from 2015–2020.

² Based on data recorded in the Research Services award database of total amount of awards funding pledged in 2020/21.

³ UKRI Decisions on competitive funding 2019–20. This number has been changed to 30% based on a report from PSO that went to UEB in Jan 2019.

ENVIRONMENTAL MATTERS

The University is proud to be a leader in supporting environmental sustainability in its operations. It continues to make improvements in its resource use in a number of key areas, delivering on its aim to continually reduce its environmental impacts.

Leading the way

Environmental matters are increasingly making headline news, in particular the call for more urgent action to tackle human-made climate change. As an institution, the University is a world leader in environmental research and has committed to becoming Net Zero Carbon by 2030. It has completely divested from fossil fuels, with an ambitious ethical investment programme focused on encouraging the transition to a low-carbon future. By signing up to Electronics Watch, the University is also seeking to ensure its electronics are ethically and sustainably sourced.

The challenge of climate change goes much wider, affecting not only the management of the University's local physical assets, but also its markets (such as the direction of research and innovation) and its customers (such as global impacts on the international student body). The University anticipates that these issues will only grow in importance, as awareness and expectations of students and the wider public rise.

Reducing carbon emissions

In July 2021, the University's carbon emissions were 65% below its baseline 2008/09 level, in part due to the impact of the COVID-19 pandemic. Prior to the pandemic, emissions in January 2020 were already 44% below this baseline, some of the largest reductions across the university sector¹. This has delivered cumulative financial savings in excess of £4m since 2011, keeping energy costs under control at a time when energy prices have risen significantly.

Significant further energy and carbon reduction projects have been delivered this year, funded through a combination of internal and external funds. The University has rapidly expanded the number of individual solar panels installed across its estate, with the current number standing at 3,600.

This work has been boosted this year by securing over £3.4m in grant funding from Salix Finance's Public Sector Decarbonisation Fund and Low Carbon Skills Fund, anticipated to deliver over £400,000 of annual energy cost savings.

There is more to be done, and environmental issues are increasingly at the forefront of current and prospective students' minds at the University. We are proud to have an integrated ISO14001 Environmental Management and ISO50001 Energy Management system.

Strategic plan

The University strategy identifies environmental sustainability as a key principle for the University. As part of the strategy, the University has developed six sustainability work streams to support, plan, and implement solutions in the following areas:

- Civic and University Community Engagement
- Catering Commerce and Farming
- Resource Use and Waste
- Biodiversity and Green Infrastructure
- Education for Sustainability Development
- Net Zero Carbon.

The development of new buildings presents the opportunity to integrate mitigation features in a cost-effective way. For example, the new Health and Life Sciences building, certified to the BREEAM Very Good standard, has incorporated subdivision in lab spaces beating best-practice space efficiency benchmarks by about 20%².

Outdoors, planting schemes and grounds maintenance already incorporate an awareness of suitability for hotter, drier summer seasons across the 134-hectare Whiteknights Campus. The campus has received eleven consecutive Green Flag Awards, run by environmental charity Keep Britain Tidy, recognising the UK's best public outdoor spaces each year.

Supporting the local community and beyond

Recognising the need for local collaboration to address climate risks, the University jointly chairs the Reading Climate Change Partnership, and actively engages with key local stakeholders, such as Reading Borough Council, for climate-sensitive management of joint assets.

Through world-leading environment and development research and innovation, the University is also supporting adaptation to the impacts of climate change around the world, particularly through the School of the Built Environment, the Department of Meteorology, the Department of Geography and Environmental Science, and the Walker Institute.

¹ HESA 2019/20. HE Provider Data: Estates Management. See full table at www.hesa.ac.uk/data-and-analysis/estates/environmental.

² Stride Treglown, 2021. Health and Life Sciences, University of Reading. See the full data online at <https://stridetreglown.com/projects/health-and-life-sciences-university-of-reading/>

COMMUNITY

The University of Reading is an important anchor institution, making a significant economic, social and cultural contribution to Reading and Thames Valley Berkshire (TVB), as well as other locations around the world.

An independent report commissioned by the University from economic consultants Hatch Regeneris¹ in 2018 estimated that the University generates at least £800m in Gross Value Added (GVA)² and 11,550 Full Time Equivalent (FTE) jobs for the UK economy, of which around 55% accrues to Thames Valley Berkshire.

To put this into context, this means that:

- around one in every 27 jobs in the whole of Reading and Wokingham can be traced back to the University
- this GVA contribution is equivalent to 1.3% of all GVA in the Thames Valley area
- for every direct job at the University, a further 2.4 jobs are supported across the UK economy.

Every day, we are open to the local community through our SportsPark, four museums and award-winning grounds.

Our Whiteknights campus, a 134-hectare parkland, received its eleventh consecutive Green Flag Award in 2021, recognising it as one of the UK's top green spaces.

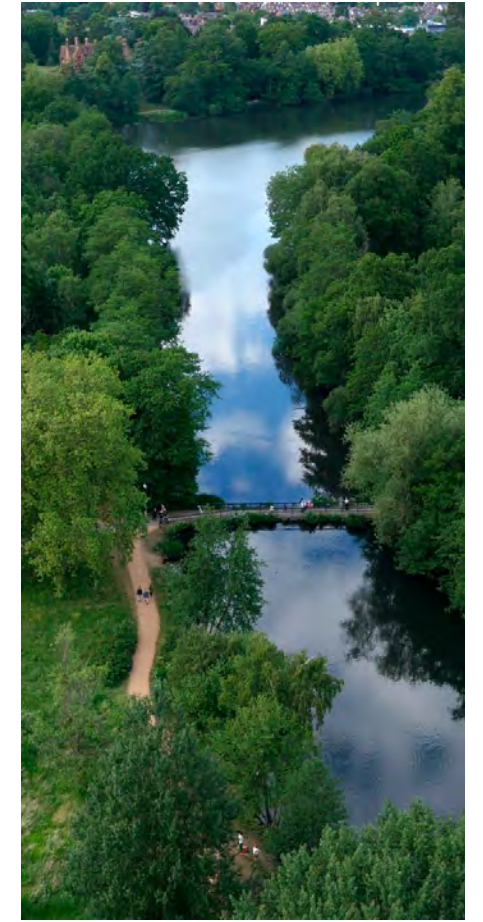
Thousands of people have also attended our public events, such as lectures, music concerts and exhibitions, and we have received more than one million enrolments from as many as 190 countries for our free online courses.

Beyond these quantitative economic measures, the report also found that the University supports Reading and the Thames Valley by:

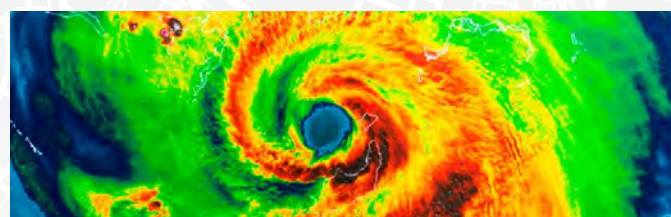
- supplying highly skilled graduates: more than 20% of graduates stay locally, and most contribute to the future growth of London and the south east. The University is a major supplier and supporter of Continuing Professional Development for both business and key public services like schools, health and care
- driving business productivity: through knowledge exchange, particularly for businesses located on the University estate at Whiteknights and the Thames Valley Science Park.

1 www.reading.ac.uk/economicimpact

2 Gross Value Added (GVA) is the key measure of the value of goods and services produced by an organisation, sector or region. It is measured as the difference between income and the value of bought in goods and services, or the sum of gross profits before interest costs, taxes, depreciation and amortisation, and total employment costs.



KEY REGIONAL PARTNERSHIPS



WORKING TOGETHER FOR WEATHER RESEARCH

Our 45-year partnership with the European Centre for Medium-Range Weather Forecasts (ECMWF) is one of our most valued.

Together, we are advancing understanding of weather and climate and making a real-world impact on the humanitarian aid response to extreme weather events. In 2020, more than 35 live joint projects, including large European projects, have enabled the latest Reading research to support ECMWF's work as the world-leading centre for medium-range weather forecasting.

The partnership also supports the education and training of the next generation of weather and climate scientists, at both master's and PhD level. To strengthen this partnership, we have been working closely with the UK Government to attract ECMWF to relocate onto our Whiteknights Campus.



DEVELOPING A UNIQUE DESTINATION IN THE THAMES VALLEY

The University is delivering ambitious plans to further develop our Thames Valley Science Park, creating a unique destination for businesses, students and the local community.

Cine Valley, the University's project to create a new film and TV production hub, launched in September 2021. The project will help provide a range of new jobs and opportunities in the region, attract inward investment to the UK, and help the British TV and film sectors to expand and diversify its talent pool.

Proposals by the University's tenant, Shinfield Studios, for a four-stage temporary film studio were approved by Wokingham Borough Council in March 2021, with building work completed in the autumn ready for filming to begin. Permanent plans for the 18-stage film studio were approved in October.

In addition, plans submitted by the University for a TV studio to be built next to the existing Gateway building at the Thames Valley Science Park were approved in July 2021. The TV studio would be leased to and run by a TV production company, to host prime-time entertainment shows. It is hoped the studio will be operational by the end of 2022.



OPENING UP THE BRITISH MUSEUM'S COLLECTION

This is a first-of-its-kind partnership between a national museum and a UK university. Based in Shinfield, the British Museum Archaeological Research Collection (BM_ARC) will house objects from the British Museum's world-renowned archaeological collections, offering the opportunity for collaborative research and community engagement. Joint funding from the University and the British Museum will strengthen the partnership by supporting innovative scientific and historical research on the collections. Construction began in 2019 and the planned building will provide custom-designed space to store, study and share the collections. The building will be completed and objects moved in by 2023/24.

MEETING THE HEALTHCARE CHALLENGES OF THE REGION

The University's partnerships with the Royal Berkshire NHS Foundation Trust (RBFT) and Berkshire Healthcare NHS Foundation Trust (BHFT) have been further strengthened, bringing tangible benefits to patients and our communities throughout the pandemic.

We continue to grow the number of students and teaching programmes: a fourth cohort of RBFT staff taking the HBS degree apprenticeship in Management; increasing numbers on our postgraduate certificate in Healthcare Education, designed to certify RBFT

trainers and the establishment of a Faculty of Educators to support their continued CPD; the first intake of students to our new undergraduate Physician Associate and Medical Sciences programmes; and increasing student placements and research opportunities across both organisations.

Through our Joint Academic Board (JAB), we have supported 37 novel projects across research, education and innovation, co-led by RBFT and Reading staff, spanning disciplines as diverse as meteorology, typography, philosophy and biomedical engineering, and have seen our partnership generate £2.75m of externally won research funds, which includes awards from British Heart Foundation, the Health Foundation and Innovate UK. We have established a Recognition of Excellence scheme conferring the title of 'University Department of' to clinical departments for demonstrating excellence across three domains – clinical, research and education – with four awards made to Emergency Medicine, Cardiology, Radiology and Stroke.

Throughout the pandemic, the excellent relationships between the University and the RBFT has allowed us to share facilities and expertise and generate new research. Recently, we have formally established a Strategic Partnership Board, bringing together senior leadership from both anchor institutions and evolving JAB into the Health Innovation Partnership Board to take our partnership to the next level. We are co-investing in a £2m clinical skills suite and recruited to a number of joint strategic partnership posts to allow us to build our vision for the future of Berkshire's health together.

These new successes further enhance our existing partnerships, including four joint research clinics on the Whiteknights campus. BHFT are offering community health services at Erleigh House – which is now also the location for RBFT's Dingley Clinic, a multi-professional unit offering child and adult mental health services and other talking therapy services – and completed a deal in July 2021 to lease laboratory and office space in the Harborne building for pathology purposes.

GOVERNANCE STATEMENT

Responsibilities of the University's Council and structure of corporate governance

The University is committed to the highest standards of governance and continues to review its processes and framework to refine its governance arrangements. In developing its approach, the University has drawn on the Combined Code on Corporate Governance. In addition, the University has referred to guidelines published by the Higher Education Funding Council for England (HEFCE), the Office for Students (OfS), Research England, the British Universities Finance Directors Group (BUFDG) and the Committee of University Chairs (CUC) including the CUC Higher Education Code of Governance. This statement sets out how the University has applied the relevant corporate governance recommendations during the year and the period up to the date of the approval of the audited financial statements.

The University has reviewed and continues to review its governance arrangements and is satisfied that the University has fully complied with OfS's and others' guidelines throughout the financial year. Specifically this covers the requirements around regularity and propriety in the use of any public funding. As part of good governance, the Council has conducted one of its regular reviews of its effectiveness, including compliance with the new CUC Code of Governance. The Council has concluded that it remains effective and that it is compliant with the Code. However, it has agreed on a number of improvements which it will implement through 2021-22.

The Charter and Ordinances determine the primary organisational structure of the University, the key constituent parts of which are the Council and the Senate. Each has defined and discrete responsibilities and functions described in further detail in this statement.

The Council

The Council is the University's governing body, meeting at least four times during the academic year. It sets the University's strategic direction, ensures compliance with statutory requirements, and approves constitutional changes. The Council is ultimately responsible for managing the University's estate, finance and staff, promoting teaching, learning and research, and

making provision for the general welfare of students, with much of the detailed work falling to sub-committees.

Here, broad majority representation by lay members, drawn from a diverse range of backgrounds, provides a valuable perspective. The primary responsibilities of the Council are set out in Ordinance A2, Statement of Primary Responsibilities of the Council, which can be viewed on the University website.

The Council has also:

- monitored the implementation of the new University Strategy for the period up to 2026
- approved the annual report of the Audit Committee
- approved the annual Learning and Teaching Report
- approved the approach taken by the Remuneration Committee in setting senior staff pay
- endorsed the conclusion of the Audit Committee that it is compliant with the CUC Audit Code of Practice
- received briefings, and provided decisions or advice to the University, on such matters as progress towards meeting diversity and inclusion targets, dealing with the effects of the pandemic (including financial, welfare and academic matters), and trusts
- ensured that it has heard from students, academic staff and professional staff in formal and informal settings
- monitored significant capital investment.

Lay members of the Council receive no remuneration for their role in these bodies, although they are reimbursed for expenses incurred in attending meetings.

The role of President of Council is separated from the role of the University's Chief Executive, the Vice-Chancellor. The Vice-Chancellor is an ex-officio member of the Council and the principal academic and administrative officer of the University. He is also the accountable officer as required by the Office for Students as part of its Regulatory Framework. He exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Deputy Vice-Chancellor, Pro-Vice-Chancellors, Heads of Service and Function, Deans, Heads of School and Heads of Function all support and contribute to this work.

The Senate

The Senate is the University's main academic administrative body, providing assurance to the Council on matters of academic governance. Reporting to the Council and meeting at least four times a year, the Senate advises on areas such as student entry, assessment and awards. With around 100 members, the Senate includes Deans, Heads and elected representatives of Schools/Departments, representatives from teaching and research as well as professional staff and students. University Boards responsible for developments in research, in teaching and learning, and in global engagement report to the Senate.

Following a review of its effectiveness, Senate has operated in a different form, with time devoted to one or two major items of strategy, led by senators who are not members of the Executive Board, as well as to necessary items of governance. Senators are positive about this new way of working. A significant change in the membership of Senate, encouraging a more diverse membership including more junior staff, was implemented in 2018-19. Senate has committed to review its effectiveness in 2021-22.

Committees of Council

The Council has five principal committees, each of which reports to the Council on a regular basis. These committees have formally prescribed terms of reference and specified membership, including a majority of lay members. The principal committees are:

- the Strategy and Finance Committee which meets at least four times a year and, inter alia, advises the Council on key strategic, policy and operational issues including the financial management of the University. This Committee considers financial plans, monitoring reports and proposals with financial implications recommended by the University Executive Board.
- the Remuneration Committee which determines the pay and conditions for the University's senior executive management, including the Vice-Chancellor, the Professoriate and equivalent professional staff. It is comprised solely of lay members. It has oversight of the University's employment policies and the power to make recommendations to the Council on remuneration and contractual arrangements. A report from the Remuneration Committee is included within the financial statements.

- the Audit Committee, which is independent and advisory, and reports directly to the Council. This Committee is responsible for considering the findings of internal and external audit, the management responses and progress against implementation plans and has an overview of the internal and external audit functions. It also has oversight of the internal control system, risk management arrangements and the framework for ensuring economy, efficiency and effectiveness including governance arrangements. The Audit Committee monitors compliance with regulatory requirements. It meets four times a year and has the right of access to information it considers necessary. While senior executives have the right to attend meetings of the Committee, they are not members of the Committee. The Committee meets with both the internal and external auditors for independent discussions.
- the Appointments and Governance Committee which meets termly and discharges the Council's responsibilities in respect of non-financial aspects of staffing matters and some governance matters. It also operates as the Nominations Committee in seeking and recommending persons to serve on the Council and other committees.
- the Student Experience Committee which has oversight of non-academic services policy and advisory oversight of student services in general. It also discharges the Council's responsibility in respect of formal student complaints and disciplinary matters.

Management and strategic direction of the University is undertaken by the University Executive Board comprising the Vice-Chancellor, the Deputy Vice-Chancellor, the Pro-Vice-Chancellors and the Heads of Service. The Board meets weekly throughout most of the year and reports routinely to the Senate and Strategy and Finance Committee.

Supply of information

Papers summarising financial and non-financial performance, major events, and key indicators of performance are presented to the Council, Strategy and Finance Committee and University Executive Board on a regular basis. Papers explaining topics on the agenda for the various Council and committee meetings are issued in advance. The Council monitors performance and various key areas on a regular basis including operating and financial performance, annual operating plans and budgets, strategic proposals, student recruitment, changes in the operational environment including those due to funding, regulatory or legal changes, staff recruitment and retention, remuneration and risk management arrangements.

Risk management and internal controls

The University acknowledges the risks inherent in its activities, and is committed to managing those risks that pose a significant threat to the achievement of its academic and business objectives and financial health. The systems for risk management and internal controls exist to manage and control the risk of failure to achieve academic and business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. There is a continuous process for identifying, evaluating and managing the significant risks faced by the University and this is reviewed regularly by the University Executive Board, Strategy and Finance Committee, Audit Committee and the Council. This process was in place throughout the year under review and up to the date of approval of the financial statements.

In accordance with the University's Charter and Ordinances and the Memorandum of Assurance and Accountability with OfS, the University's Council is ultimately responsible for the management of the affairs of the University, advancing its interests, promoting teaching and research and providing an excellent student experience.

A key responsibility of the Council is to ensure an effective system of internal and financial controls to support the achievement of the University's objectives while safeguarding the public and other funds.

The system of internal control is developed on an ongoing basis and is designed to identify the principal business, operational, compliance and financial risks to the achievement of aims and objectives, to evaluate the nature and extent of those risks and manage them efficiently, effectively and economically.

The Council, through the Audit Committee, has overall responsibility for reviewing the effectiveness of the systems of internal control and risk management. The University has developed and adopted a formal and structured risk management policy and system to ensure that key risks are identified, prioritised and managed consistently across the University. The policy and system are reviewed and updated on a regular basis. Reports documenting the policy, system, procedures and issues arising are reported to the Strategy and Finance Committee on a regular basis. A comprehensive set of policies and procedures designed to manage and monitor risks is in place. The key elements of these systems are explained below:

- the Council meets four times a year to consider the University's strategic direction, decisions and progress against its strategic plans and is advised by various committees. The Council, through the Strategy and Finance Committee, is responsible for reviewing the effectiveness of the internal controls of the University.
- the University has developed a system of internal control in line with best practice. This system is designed to identify the principal risks which may prevent or inhibit the achievement of the University's aims and objectives, to evaluate the nature and extent of those risks and manage them efficiently, effectively and economically.
- the Audit Committee receives regular reports from the Head of Internal Audit Services, together with recommendations for improvement. These reports comment on the arrangements for internal control, risk management and governance.
- a Risk Management Group reporting to the University Executive Board and led by a Pro-Vice-Chancellor oversees risk management at the University. The University has developed its strategic plans with specific reference to the key risks identified for the University. The Risk Management Group also oversees work on major incident and business continuity planning.

- a framework for managing risk is in place and includes a risk register. Each key risk is assigned to named members of the University Executive Board. Each risk has also been assigned to the appropriate committee to monitor the operation of the associated controls within their broader remit. The risks are prioritised based on the likelihood of an event arising from a particular risk and an assessment of the anticipated impact. The assigned priority helps focus resources on critical areas.
- corporate and subsidiary risk registers held at school and central services level which document controls, mitigating actions and early-warning mechanisms in place to manage each risk. The corporate risk register is assessed by the Risk Management Group who consider the risks identified, their interactions and interdependencies, the exposure and the proposed processes for managing these risks. Schools and Function also report on their risk management arrangements to the Risk Management Group. The registers are directly linked to and inform the strategic and operational plans.
- internal audit reviews the system of risk management and internal controls on an ongoing basis. The internal audit programme is driven by the strategic, operational and financial risks potentially affecting the University, with each risk being reviewed by internal audit on a three-year rolling programme. In discharging its plan, internal audit gives assurance on the quality and reliability of the risk management framework and the controls which protect the University against exposure to risk and reviews compliance with policies and procedures.

No significant internal control weaknesses or failures arose during the financial year or have arisen up to the date these financial statements are signed.

During the year the University and one of its connected trusts the National Institute for Research in Dairying Trust (NIRD) have been in discussions to resolve some legacy governance issues that were self-reported to OfS and the Charity Commission. These discussions are progressing well and are close to resolution. To date they have not raised any issues that would have a material impact on the University. The University is the sole Trustee of NIRD and NIRD is accounted for as part of the University group.

Register of interests

The Secretary to the Council maintains a register of interests for Council members, lay members of University committees and senior members of staff.

Preparation of the financial statements

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable it to ensure that the financial statements are prepared in accordance with the University's Charter of Incorporation, the Statement of Recommended Practice: Accounting for Further and Higher Education and applicable accounting standards. In addition, within the terms and conditions of a Memorandum of Assurance and Accountability agreed between HEFCE/OfS and the University, the 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 Group and University and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Council is required 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
- financial statements are prepared on a going-concern basis unless it is inappropriate to presume that the University will continue in operation. The Council is satisfied that it has adequate resources to continue in operation for the foreseeable future; for this reason, the going-concern basis continues to be adopted in the preparation of these financial statements.

The Council has taken reasonable steps to:

- ensure that the University’s funds have been applied in accordance with the University’s Ordinances, the Memorandum of Assurance and Accountability and the funding agreement with the National College for Teaching and Leadership as appropriate
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the University and prevent and detect fraud and other irregularities
- secure the economical, efficient and effective management of the University’s resources and expenditure
- ensure that material risks are identified, carefully considered and properly managed and that appropriate risk management procedures and processes are in place across the University.

- regular reviews of academic, operational and financial performance undertaken on an ongoing basis using operational performance information and financial monitoring reports
- clearly defined and formalised requirements for approval and control of expenditure, with capital expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council
- comprehensive financial regulations reviewed and developed by the Strategy and Finance Committee with amendments subject to approval by the Council
- an annual programme of work undertaken by the internal audit team which is reviewed and approved by the Audit Committee
- reviews by the Audit Committee of the effectiveness of risk management, control and governance arrangements.

The Director of Internal Audit Services is responsible for providing reasonable assurance on the adequacy and effectiveness of risk management, control and governance arrangements.

Information held on the University’s website

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

Internal financial controls

The key elements of the University’s system of internal financial controls and the associated process for monitoring the effectiveness of these controls include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic schools and central services and such other staff to whom such authority and responsibility is from time to time delegated
- a comprehensive corporate planning process supported by key strategic and financial resource plans and a robust investment appraisal process

REPORT OF THE REMUNERATION COMMITTEE

This report summarises the business of the Remuneration Committee for the academic year and financial year to 31 July 2021, and sets out how the Committee had discharged its responsibilities.

The Remuneration Committee is one of six principal committees of the University’s Council.

It determines, on the authority of the Council, the remuneration of each individual member of the University’s senior executive and academic leadership and management, specifically the Vice-Chancellor, the other members of the University Executive Board (UEB), Deans, Heads of School, the Professoriate, and Grade 9 Professional and Managerial staff.

Reports to the Committee highlight any staff whose pay exceeds £100k. The Committee also approves severance payments for any staff whose pay exceeds £100k and approves all severance payments in excess of £90k. The Committee also approves any out-of-cycle salary increases, such as where retention cases are agreed.

It has the power to make recommendations to the Council on the contractual arrangements and the terms and conditions of employment for such staff.

In discharging its responsibilities, the Committee is informed by, and adheres to, the requirements of the Higher Education Senior Staff Remuneration Code as set out by the Committee of University Chairs (CUC) and the Office for Student (OfS).

The Committee has six members, all of whom are lay members of the Council. Members are nominated to the Council by the Appointments and Governance Committee with due regard to the skills and experience required for the good-running of the Remuneration Committee.

Members of the Committee for the reporting period were:

- **Dr Paul Preston** (President of the Council)
- **Mr Tom Beardmore-Gray** (Vice-President of the Council and Chair of the Committee)
- **Mrs Kate Owen** (Vice-President of the Council)
- **Mrs Sue Woodman** (Lay member of the Council)
- **Mr John Taylor** (Lay member of Council) (Right of attendance)
- **Mrs Helen Gordon** (Vice-President of the Council) (Right of Attendance)

It is chaired by a Vice-President of the Council. The Vice-Chancellor, the University Secretary, the Head of Governance and the Director of Human Resources are in attendance at its meetings. No employees of the University are present when their own remuneration or expenses are under consideration.

The Committee has met on three occasions in 2020/21 on the following dates:

- 19 October 2020
- 4 February 2021
- 8 June 2021.

Attendance at the meeting was as follows:

	Eligible to Attend	Actual Attendance
Dr Preston	3	3
Mr Beardmore-Gray	3	3
Mrs Owen	3	3
Mrs Woodman	3	2
Mr John Taylor	3	3
Mrs Gordon	3	3

No declarations of interests were made by Committee members in the reporting period.

The Committee reports directly to the Council and receives reports and recommendations from its Professorial Staff Salaries Advisory Group, its Senior Staff Salaries Advisory Group, and from the Vice-Chancellor in respect of his direct reports, respectively. These Advisory Groups, the Vice-Chancellor and the Committee itself, routinely have regard to the annual UCEA Remuneration Survey in the course of their deliberations and are mindful at all times of such guidance as CUC and OfS may, from time to time, provide.

The Committee is committed to having a transparent and consistent approach to its work. There has been continued interest by stakeholders, regulators and the Government regarding remuneration of University leaders and Vice-Chancellors in particular. Concerns have been raised about the levels of pay, value for money and transparency. The Committee has taken steps to improve transparency and accountability through the provision of additional information. The Committee has further increased the information it reports about the University's remuneration policies and approaches toward senior post holders' rewards.

Institutional context

The University has approximately 4,000 staff from more than 90 nations, and is home to more than 23,000 students from around 160 countries.

We offer a wide range of programmes from the pure and applied sciences to languages, humanities, social sciences, business and arts. New research and the latest thinking continually feed into our teaching, with academic staff working at the forefront of their fields of expertise.

We are a research-intensive university recognised for our expertise in areas such as climate science, business, agriculture, and food science. Our research is divided into four broad themes: Agriculture, Food and Health; Environment; Heritage and Creativity; and Prosperity and Resilience.

We have a global presence, with our Whiteknights and London Road campuses in Reading, Henley Business School (South Africa) in Johannesburg, and the University of Malaysia in Iskandar. The University also has a number of international partnerships and collaborations with institutions in China, USA, Canada, Malaysia, Russia, Italy, Philippines, France, Australia, Thailand, the Netherlands, Singapore, Japan, South Korea and Greece.

We are ranked 205th in the QS World University Rankings 2021, placing us among the top 20% of world institutions ranked by QS, a position we have now held for six consecutive years. We are ranked joint 29th in the UK according to the THE World University Rankings 2020, joint 38th in the UK in the Times and Sunday Times Good University 2020, and 39th in the UK in the Complete University Guide 2021.

However, we are now facing significant challenges. We are addressing, in common with other HEIs, the impact of the COVID-19 pandemic as well as Brexit, intensive competition for student recruitment, growing student expectations around facilities and teaching and learning quality, and increasing staff costs (not least in respect of pension contributions). The need to ensure financial sustainability against a backdrop of competing demands for resources is a major priority.

These challenges are immediate and real, and must be addressed face on, but our long-term ambitions remain as set out in the 2020–26 Strategic Plan, built on the four principles of Community, Excellence, Sustainability, and the Engaged University.

Approach to remuneration

The over-arching purpose of the Remuneration Committee is to assist the University with the effective recruitment, retention and motivation of staff. In doing so it is guided by, and abides with, the Committee of University Chairs (CUC) Remuneration Code, adapted as appropriate for local purposes (but with no diminution of its intent and purpose). The Committee is committed to ensuring fair, appropriate and justifiable levels of remuneration, and demonstrating procedural fairness, transparency and accountability.

Embracing diversity and inclusion is critical to the success of the University of Reading. The Remuneration Committee fully supports the University's commitment to diversity and inclusion, and is mindful of, and informed by, the University's stated targets for staff.

In so far as it is possible the Committee has aligned the arrangements for senior staff pay and reward with those mechanisms available for all staff. The majority of the University's staff are placed on one of 8 grades, on a pay structure based on the national pay spine, and enjoy automatic annual incremental progression until they reach the top of the relevant grade. There are further opportunities to recognise contributions above and beyond normal expectations, ranging from small, celebratory vouchers, lump sum payments and consolidated incremental increases. Senior staff have no expectation of automatic incremental progression, but have analogous arrangements to recognise and reward contribution. All staff receive the nationally-agreed pay award determined annually via the Joint Negotiating Committee for Higher Education Staff (JNCHES).

It should be noted that in response to the Covid-19 pandemic and associated financial challenges the University entered into a significant agreement with UCU and the Staff Forum that provided for, inter alia, a three-year pay freeze, meaning that nationally-agreed pay settlements for the years 20-21, 21-22 and 22-23 will not be applied locally for all staff. Normal incremental progression, where applicable, is not affected by this agreement.

The Committee's normal approach to the remuneration and reward of senior staff is set out in full within its Senior Staff Remuneration Policy.

The Committee has developed a strong evidence-based ethos to its work and has agreed the following guiding principles:

- ensure that salaries, benefits and any proposed adjustments to those represent good value for money and a proper use of public monies, seeking appropriate advice and guidance where required;
- require all proposals for salary adjustment to have been appropriately scrutinised and be evidence-based;
- recognise the value of appropriately rewarding staff for contributions that are above and beyond the normal expectations of their role;
- expect ratios of senior staff pay to all University staff to be contained within reasonable and defensible parameters;
- operate in the most transparent and accountable manner possible;
- seek explanation if it considers there has been significant or persistent under performance, whether or not a salary adjustment is being proposed.

The Committee has access to a range of benchmark information to best inform its decision-making in respect of senior staff remuneration. The primary source of information is the annual UCEA Senior Staff Remuneration Survey. This survey provides comprehensive salary benchmarking across the HE sector. The Committee also has access to benchmarking reports from the Director of Human Resources as and when required, with particular attention drawn to comparator information relating to:

- Pre-1992 HEIs by income (£202m-£400m).
- HEIs within the London/South-East Region.
- Russell Group HEIs.

The Committee seeks to contain senior staff salaries in the median to upper quartile range within the relevant comparator groups above, whilst being mindful of varying levels of individual contribution and length of service, and variations in portfolios of responsibilities.

Records of Committee meetings and decisions taken demonstrate adherence to the Committee's agreed practice and the principles noted above.

Vice-Chancellor's remuneration

The Vice-Chancellor is *de facto* the University's Chief Executive Officer, and as such has overall responsibility for the effective management of the University. The Vice-Chancellor is the accountable officer (as set out in OfS Regulatory Advice 10) responsible for effective governance and the financial stewardship of the University. The Vice-Chancellor is responsible to and works closely with the President of the Council in these matters and in all other aspects of the work of the governing body.

Working alongside Council members, the Senate and the University Executive Board, the Vice-Chancellor leads the strategic development of the University, ensuring its academic and financial sustainability.

The University has a global presence, and the Vice-Chancellor is required to promote its interests at home and overseas, and is expected to develop strong relationships with Government representatives, the Office for Students, the UUK and other key stakeholders.

The Vice-Chancellor role is highly visible, multi-faceted and very challenging. Leading the institution, ensuring its good governance and financial stability, and representing its interests across a complex matrix of settings is time-consuming and demanding of the post-holder.

With all of this in mind the Remuneration Committee considers arrangements for the Vice-Chancellors' remuneration, and is acutely sensitive to general concerns in respect of Vice-Chancellor remuneration levels across the sector. The Committee utilises evidence from both inside and outside the HE sector to benchmark the Vice-Chancellor's pay. The President of Council sets the Vice-Chancellor's objectives on the Committee's behalf, ensuring they are aligned to the University strategy.

The Vice-Chancellor's appraisal is conducted by the President of the Council following consultation with the Remuneration Committee.

From the Academic Year 2018/19 onwards decisions regarding the Vice-Chancellor's salary and any additional reward (consistent with the arrangements for other senior staff) will normally be taken at the Autumn Term meeting of the Remuneration Committee on the basis of proposals presented by the President.

It should be noted that such decisions had previously been taken at the Committee's Summer Term meeting, the arrangements having been altered to allow the Committee the best opportunity to scrutinise senior staff performance in light of the objectives set, both collectively and individually, for institutional and personal performance during the whole of the relevant academic year.

In assessing personal and collective performance the Committee gives due regard to a series of institutional performance indicators:

- **Financial performance** – notably Academic Group Surplus and University Group Surplus.
- **Student numbers** – Undergraduate and Postgraduate.
- **Research income** – grant and contract income.
- **External accreditation** – notably the Annual Provider Review, the Teaching Excellence Framework and the Research Excellence Framework.
- **League tables (for the previous five years)** – notably the National Student Survey ("Overall Satisfaction" rating), The Times and Sunday Times Good University Guide, The Guardian University Guide, The Complete University Guide, The Times Higher Education Student Experience Survey, The Times Higher Education World University Rankings, and the QS World Rankings.
- **Staff survey outcomes** – notably the Employer of Choice, Advocacy and Quality of Service scores (as measured against agreed "acceptable" scores and HE sector median scores).

Professor Robert Van de Noort was appointed as Vice-Chancellor with effect from 22 February 2019. The Remuneration Committee, for recruitment purposes, had agreed that the Vice-Chancellor's salary would be contained within the £220-280k range. On appointment the Vice-Chancellor had voluntarily limited his opening salary to £195k. Remuneration Committee members have reserved the right to make further salary adjustments to reflect contribution against agreed objectives, and to support future recruitment activity as and when required.

The following table illustrates the full-time equivalent payments made to the Vice-Chancellor for the relevant reporting period.

Emoluments of the Vice-Chancellor

	2020–21	2019–20
Salary	199,000	199,000
Performance-related pay ¹		5,000
Benefits		
Sub-total	199,000	204,000
Pension costs	42,000	41,000
Total	241,000	245,000

The Vice-Chancellor also participates in the available salary sacrifice scheme in respect of his USS contributions; this opportunity is available to all staff across all the relevant pension schemes.

Pay ratios

Vice-Chancellor's basic pay ratios – without sessional staff (as measured against basic median pay for all staff):

Date	Median	Salary	Ratio
2019–20	32,817	199,000	6.1-1
2020–21	31,866	199,000	6.2-1

Vice-Chancellor's basic pay ratios - with sessional staff

Date	Median	Salary	Ratio
2019–20	34,804	199,000	5.7-1
2020–21	33,797	199,000	5.9-1

Vice-Chancellor's total pay ratios – without sessional staff (as measured against basic median pay for all staff):

Date	Median	Salary	Ratio
2019–20	33,143	204,000	6.2-1
2020–21	32,817	199,000	6.1-1

Vice-Chancellor's total pay ratios - with sessional staff

Date	Median	Salary	Ratio
2019–20	35,497	204,000	5.7-1
2020–21	34,764	199,000	5.7-1

¹ Lump sum, non-consolidated payment.

Payments to members of the governing body

The Council is the University's governing body. It sets the University's strategic direction, ensures compliance with statutory requirements and approves constitutional changes. The Council is ultimately responsible for managing the University's estate, finance and staff, promoting teaching, learning and research, and making provision for the general welfare of students, with much of the detailed work falling to sub-committees. Here, majority representation by lay members, drawn from commercial, community and professional organisations, provides a valuable perspective. The primary responsibilities of the Council are set out in Ordinance. Lay members of the Council receive no remuneration for their role in these bodies, although they are reimbursed for expenses incurred in attending meetings.

External appointments

The Remuneration Committee accepts that senior staff may from time to time be engaged in work for outside bodies which may be paid or unpaid, recognising the potential value to the individual but also to the University in terms of profile, relationship-building, and exposure to outside thinking and processes. The University's general rules as set out within its Consultancy Policy apply equally to senior staff.

For senior staff, prior approval for outside work, not being undertaken in the individual's private time, must be sought before any commitment is made. The President of Council will agree broadly the range of external commitments appropriate for the Vice-Chancellor, explicitly approving further activity on a case-by-case basis. The same principle applies for other senior staff, with approval to be granted by the Vice-Chancellor.

Approval will not be granted where there is a clear conflict of interest, there is no clear value to the individual's development or to the University, or where the time commitment is deemed inconsistent with the needs of the substantive University post. Senior staff must ensure that they meet all the reasonable requirements of their University employment.

Approved additional earnings, other than that classified as University Consultancy, may be retained by the individual member of senior staff. All such earnings should be disclosed and may be subject to audit from time to time.

Expenses

The University's rules as set out in its Travel and other Expenses, Benefits, Hospitality and Gifts policy apply equally to senior staff.

Senior staff are allowed to reclaim their proper and reasonable business expenses, but they are expected to apply sensible discretion.

All expenses of members of UEB are published openly. The Remuneration Committee have access to such reports and reserves the right to seek further details and explanation of particular items.

Details on compensation for loss of office

Severance payments made to University staff during the period comprise statutory redundancies (arising predominately from the natural cessation of fixed-term contracts) and occasional mutually agreed payments contained within a formal Settlement Agreement.

In total, 117 employees received compensation for a loss of office, at a total cost of £1,878,000.

Committee activities during 2020–21

In addition, during 2020–21 the Committee has:

- (i) reviewed its own terms of reference and confirmed that these remain appropriate
- (ii) conformed with the Statement of the University's Remuneration Policy as approved by the Council
- (iii) monitored the approval processes that apply in respect of severance and early retirement arrangements and pronounced itself content
- (iv) had regard to the national and local context as it affects the remuneration of senior staff in the higher education sector
- (v) had regard to pensions matters and agreed an approach to consultations on USS
- (vi) reviewed paused annual reward arrangements as a result of the pandemic
- (vii) reviewed the Staff Retention Policy
- (viii) agreed adjustments to salary for members of the University Executive Board
- (ix) agreed, on the basis of a report from its Professorial Salaries Advisory Group, adjustments to salary for certain Professorial staff with effect from 1 August 2021
- (x) agreed, on the basis of a report from its Senior Salaries Advisory Group, adjustments to salary for certain senior staff with effect from 1 August 2021
- (xi) reviewed guidance issued by the Office for Students (OfS), the Universities and Colleges Employers' Association (UCEA) and the Higher Education Funding Council for England (HEFCE)
- (xii) reviewed and discussed the Gender Pay Gap Report
- (xiii) reviewed the outcome of a voluntary redundancy scheme
- (xiv) reviewed the Coronavirus Job Retention Scheme.

THE COUNCIL AND OFFICERS

The Council

Class 1: Ex officio

The Vice-Chancellor
 The Deputy Vice-Chancellor
 Three Pro-Vice-Chancellors
 The Dean of the Henley Business School (Professor J L G Board, BA, PhD)

Class 2: Fifteen persons not being employees or registered students of the University to be appointed by the Council

Mr T Beardmore-Gray, MA, FCA (Vice-President of Council and Chair of Remuneration Committee)
 Mrs S Butler, BSc, MSc, FRSC
 Mr K. Corrigan, BA, FCCA (Chair of the Investments Committee)
 Mrs P. Egan, BA, CBE
 Mrs H. Gordon, MBA (Vice President of Council)
 Ms S. Maple, MBA
 Mr P. Milhofer, BA
 Ms L Moses, LLB, PGDip
 Mrs K. Owen, BA (Vice-President of Council and Chair of the Student Experience Committee)
 Mrs S Plank, BA
 Dr P.R. Preston, BSc, PhD (President of the Council)
 Mr S.C.C. Pryce, BSc, ACA
 Mr N. Richards, MBA, ACIB, DipFS (Chair of the Audit Committee)
 Dr C. Shaw, BSc, PhD
 Mr J Taylor, BA, DLitt, CBE

Class 3: One member of the Academic Staff of the Leadership Group elected from among their own number in such a manner and under such conditions as are prescribed by the Council for the election of members of the Academic Staff to the Senate under Ordinance A1.

Professor U Kambhampati, PhD Cantab

Class 4: One member of the Senate not being a registered student of the University to be appointed by the Senate

Professor R A Frazier, BSc (Hons) Bristol, PhD Nottingham

Class 5: One member of staff who is employed in grades 6–9 at the time of his or her election shall be elected by and amongst his or her own number

Professor J Gibbins, BSc (Hons) Reading, PhD Reading

Class 6: One member of staff who is employed in grades 1–5 at the time of his or her election shall be elected by and from amongst his or her own number

Mr J Magee, MA, RSci

Class 7: Two Officers of the students' union and two alternates as determined from time to time by the Council after consultation with the students' union.

The President of the students' union
Welfare Officer of the students' union

The Officers of the University

Chancellor

The Rt. Hon. the Lord Waldegrave of North Hill

Vice-Chancellor

Professor R Van de Noort, BA, Drs, PhD, FSA, PFHEA

President of the Council

Dr P R Preston, BSc, PhD

Vice-Presidents of the Council

Mr T Beardmore-Gray, MA, FCA

Mrs H Gordon, MBA

Mrs K. Owen, BA

Deputy Vice-Chancellor

Professor P Yaqoob, MA, DPhil, RNutr, FAFN, FHEA

Pro-Vice-Chancellors

Professor M. Fellowes, BSc, ARCS, PhD, DIC, PgCert, FRSB

Mr P Inman, BA, MA, PGDip, FRSA

Professor E. McCrum, BA, MA, PGCE, EdD

Professor J.R. Park, BSc, CertEd, PhD

Professor P. Yaqoob, MA, DPhil, RNutr, FAFN, FHEA

Professor D. Zaum, BA, MPhil, DPhil

Heads of Service

Ms S Foley, Chief Financial Officer, BA, FCPFA

Dr R J Messer, Chief Strategy Officer and University Secretary, BA, PhD

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE UNIVERSITY OF READING

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of University of Reading (the 'university') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the group's and the university's affairs as at 31 July 2021 and of the group's and the university's income and expenditure, gains and losses and changes in reserves and cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: Accounting for Further and Higher Education.

We have audited the financial statements which comprise:

- the group and university statement of comprehensive income;
- the group and university statement of changes in reserves;
- the group and university statement of financial position;
- the group and university statement of cash flows;
- the statement of principal accounting policies; and
- the related notes 1 to 42; and
- Supplemental Schedule 35, being required by reference to University of Reading accepting students under the US Department of Education student financial assistance programs.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019).

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 and the university in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 governing body'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's and the university's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The governing body is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the governing body

As explained more fully in the governing body's responsibilities statement, the governing body is responsible for the preparation of the financial statements that give a true and fair view, and for such internal control as the governing body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governing body is responsible for assessing the group's and the university's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governing body either intends to liquidate the group or the university or to cease operations, or has 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.

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

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation, the Office for Students "Regulatory Advice 9:Accounts Direction", the relevant provisions of the code of financial regulations relating to the supplemental schedule; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the Terms and Conditions of Funding for Higher Education issued by the Office for Students.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions, IT, forensic and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and

our specific procedures performed to address it are described below:

- Accounting for the impact of losses in RUMAL Reading Sdn. Bhd.: We have reviewed and challenged the forecasts prepared by management and tested the design and implementation of controls in place over the preparation of the forecasts.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Office for Students (OfS) "Regulatory Advice 9: Accounts Direction"

In our opinion, in all material respects:

- funds from whatever source administered by the university for specific purposes have been applied to those purposes and managed in accordance with relevant legislation;

- funds provided by the OfS and UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS's accounts direction have been met.

Matters on which we are required to report by exception

Under the OfS Regulatory Advice 9: Accounts Direction, we are required to report in respect of the following matters if, in our opinion:

- the provider's grant and fee income, as disclosed in the note 3 to the accounts, has been materially misstated; or
- the provider's expenditure on access and participation activities for the financial year, as disclosed in note 4 to the accounts, has been materially misstated.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the governing body in accordance with the charter and ordinances of the University and the Accounts Direction issued by the Office for Students dated 25 October 2019. Our audit work has been undertaken so that we might state to the governing body those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the board of governors as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP

Statutory Auditor
St Albans, United Kingdom
23 February 2022

KEY FINANCIAL STATEMENTS

Statement of comprehensive income

Year ended 31 July 2021

Note	Consolidated		University	as restated	
	2021	2020	2021	2020	
	£'000	£'000	£'000	£'000	
Income					
1,3	Tuition fees and education contracts	189,264	187,125	180,838	178,547
2,3	Funding body grants	36,176	31,499	36,176	31,499
3,5	Research grants and contracts	37,557	38,022	37,240	37,809
6	Other income	40,902	48,930	36,914	45,623
7	Investment income	2,972	5,469	3,342	5,846
8	Donations and endowments	4,149	2,798	3,626	2,322
	Total income	311,020	313,843	298,136	301,646
Expenditure					
4,10	Staff costs	186,500	183,921	181,049	179,583
10,26	Staff costs – movement in pension provision	(4,537)	(44,262)	(4,537)	(44,262)
	Other operating expenses	99,466	108,514	97,309	104,135
14,15	Depreciation and amortisation	29,481	27,743	29,272	27,549
11	Interest and other finance costs	5,461	7,030	5,443	7,024
12	Total expenditure	316,371	282,946	308,536	274,029
	Total income less total expenditure	(5,351)	30,897	(10,400)	27,617
	(Loss) / gain on disposal of property, plant and equipment	(1,132)	15,150	(1,126)	15,153
16	Loss on disposal of heritage assets	(1,950)	-	(1,950)	-
18	Gain on disposal of investment properties	171	34	171	34
	Gain on disposal of investments	5,387	18,031	5,387	18,031
18	Gain on revaluation of investment properties	18,400	85	18,400	85
	Gain / (loss) on revaluation of investments	8,165	(20,224)	8,149	(20,224)
20	Share of operating surplus/ (deficit) in associates	2,627	(1,119)	-	-
	Surplus / (deficit) before tax	26,317	42,854	18,631	40,696
13	Taxation charge	(3)	(292)	(177)	(153)
	Surplus / (deficit) for the year (including decrease / (increase) in pension provision)	26,314	42,562	18,454	40,543
15	Surplus on revaluation of property, plant and equipment	3,638	-	3,638	-
20	Surplus on revaluation of property, plant and equipment held by associate	2,422	2	-	-
39	Remeasurement gains / (losses) in respect of pension schemes	5,111	(8,835)	5,111	(8,835)
	Exchange differences on consolidation of overseas subsidiaries	(579)	3,511	-	-
	Total comprehensive income / (expense) for the year	36,906	37,240	27,203	31,708
Represented by:					
	Endowment comprehensive income for the year	(143,520)	11,997	(143,520)	11,997
	Restricted comprehensive income for the year	2,014	714	1,887	743
	Unrestricted comprehensive income / (expense) for the year	174,302	24,527	167,148	18,968
	Revaluation reserve comprehensive income for the year	4,110	2	1,688	-
		36,906	37,240	27,203	31,708

All items of income and expenditure arise from continuing activities.

Statement of changes in reserves

Year ended 31 July 2021

Consolidated

At 1 August 2019

	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
Surplus / (deficit) for the year	11,997	714	29,851	-	42,562
Other comprehensive (expense) / income	-	-	(5,324)	2	(5,320)
Transfers between endowment and unrestricted reserves	-	-	-	-	-
Transfers between restricted and unrestricted reserves	-	-	-	-	-
Transfers between revaluation and unrestricted reserves	-	-	-	-	-

At 1 August 2020

	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
Surplus / (deficit) for the year	(16,951)	2,014	43,201	(1,950)	26,314
Other comprehensive (expense) / income	-	-	4,532	6,060	10,592
Transfers between endowment and unrestricted reserves	(126,569)	-	126,569	-	-
Transfers between restricted and unrestricted reserves	-	-	-	-	-
Transfers between revaluation and unrestricted reserves	-	-	3,458	(3,458)	-
Transfers between revaluation and endowment reserves	180	-	-	(180)	-

At 31 July 2021

	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2019	17,461	1,125	94,990	37,814	151,390
Pre Aug 2019 impact of prior year adjustment (note 42)	221,235	-	33,716	29	254,980
At 1 August 2019 (as restated)	238,696	1,125	128,706	37,843	406,370
Surplus / (deficit) for the year	409	743	28,440	-	29,592
Other comprehensive expense	-	-	(8,835)	-	(8,835)
Prior year impact of prior year adjustment	11,588	-	(637)	-	10,951
Transfers between endowment and unrestricted reserves	-	-	-	-	-
Transfers between restricted and unrestricted reserves	-	-	-	-	-
Transfers between revaluation and unrestricted reserves	-	-	-	-	-
At 1 August 2020	250,693	1,868	147,674	37,843	438,078
Surplus / (deficit) for the year	(16,951)	1,887	35,468	(1,950)	18,454
Other comprehensive expense	-	-	5,111	3,638	8,749
Transfers between endowment and unrestricted reserves	(126,569)	-	126,569	-	-
Transfers between restricted and unrestricted reserves	-	-	-	-	-
Transfers between revaluation and unrestricted reserves	-	-	3,458	(3,458)	-
Transfers between revaluation and endowment reserves	180	-	-	(180)	-
At 31 July 2021	107,353	3,755	318,280	35,893	465,281

University (as restated)

At 1 August 2019

Pre Aug 2019 impact of prior year adjustment (note 42)

At 1 August 2019 (as restated)

	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
Surplus / (deficit) for the year	409	743	28,440	-	29,592
Other comprehensive expense	-	-	(8,835)	-	(8,835)
Prior year impact of prior year adjustment	11,588	-	(637)	-	10,951
Transfers between endowment and unrestricted reserves	-	-	-	-	-
Transfers between restricted and unrestricted reserves	-	-	-	-	-
Transfers between revaluation and unrestricted reserves	-	-	-	-	-

At 1 August 2020

	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
Surplus / (deficit) for the year	(16,951)	1,887	35,468	(1,950)	18,454
Other comprehensive expense	-	-	5,111	3,638	8,749
Transfers between endowment and unrestricted reserves	(126,569)	-	126,569	-	-
Transfers between restricted and unrestricted reserves	-	-	-	-	-
Transfers between revaluation and unrestricted reserves	-	-	3,458	(3,458)	-
Transfers between revaluation and endowment reserves	180	-	-	(180)	-

At 31 July 2021

Statement of financial position

At 31 July 2021

	Consolidated		University	as restated
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Note Non-current assets				
14 Intangible assets	9,212	11,101	9,212	11,101
15 Property, plant and equipment	356,340	376,343	355,679	375,786
16 Heritage assets	39,173	39,346	39,173	39,346
17 Biological assets	659	720	659	720
18 Investment properties	118,787	94,419	118,787	94,419
19 Non-current investments	27,762	24,758	27,576	24,597
20 Investments in associates	27,143	21,633	10,567	10,567
	579,076	568,320	561,653	556,536
Current assets				
Stock	1,286	1,398	1,274	1,388
21 Trade and other receivables	76,124	98,588	73,436	96,433
22 Current investments	99,597	98,050	99,597	98,050
Cash and cash equivalents	51,736	20,542	46,089	16,936
	228,743	218,578	220,396	212,807
23 Creditors: Amounts falling due within one year	(105,779)	(97,300)	(98,319)	(90,760)
Net current assets / (liabilities)	122,964	121,278	122,077	122,047
Total assets less current liabilities	702,040	689,598	683,730	678,583
24 Creditors: Amounts falling due after more than one year	(181,096)	(187,659)	(181,096)	(187,659)
Provisions				
26 Pension provisions	(25,365)	(34,716)	(25,365)	(34,716)
27 Other provisions	(20,378)	(28,928)	(11,988)	(18,130)
Total net assets	475,201	438,295	465,281	438,078
Restricted reserves				
28 Income and expenditure reserve – endowment	107,353	250,693	107,353	250,693
29 Income and expenditure reserve – other restricted	4,619	2,605	3,755	1,868
Unrestricted reserves				
Income and expenditure reserve – unrestricted	308,791	131,031	318,280	147,674
Revaluation reserve	54,438	53,966	35,893	37,843
Total reserves	475,201	438,295	465,281	438,078

The financial statements on pages 72 to 111 were approved by Council on 23 February 2022, and signed on its behalf by:

Dr P R Preston
President of the Council

Professor R Van de Noort
Vice-Chancellor

Ms S Foley
Chief Financial Officer

Statement of cash flows

Year ended 31 July 2021

Cash flow from operating activities

Surplus for the year before tax

Adjustments for non-cash items:

Depreciation and amortisation

Gain on revaluation of investment properties

Disposal of heritage assets

(Gain) / loss on revaluation of investments

Loss / (gain) on revaluation of biological assets

Exchange differences

Decrease / (increase) in stock

Decrease in receivables

Increase / (decrease) in creditors

Decrease in pension provisions

(Decrease) / increase in other provisions

Share of operating (surplus) / deficit in associates

Adjustments for investing or financing activities:

Investment income

Capital grant income

New endowments

Interest payable

Loss / (gain) on disposal of property, plant and equipment

Gain on disposal of investment properties

Gain on disposal of investments

Tax paid

Net cash inflow from / (used in) operating activities

Cash flows from investing activities

Proceeds from sales of property, plant and equipment and investment properties

Proceeds from sales of land in previous years

Net receipts / (payments) for investments

Investment income

Capital grants received

Payments made to acquire property, plant and equipment

Payments made to acquire heritage assets

Net receipts / (payments) for biological assets

Payments made to acquire investment properties

Cash flows from financing activities

New endowments

Interest paid

New unsecured loans

Repayments of amounts borrowed

Increase / (decrease) in cash and cash equivalents in the year

Cash and cash equivalents at beginning of the year

Cash and cash equivalents at end of the year

	Consolidated	
	2021	2020
	£'000	£'000
Surplus for the year before tax	26,317	42,854
Adjustments for non-cash items:		
Depreciation and amortisation	29,481	27,743
Gain on revaluation of investment properties	(18,400)	(85)
Disposal of heritage assets	1,950	-
(Gain) / loss on revaluation of investments	(8,165)	20,224
Loss / (gain) on revaluation of biological assets	47	(114)
Exchange differences	(604)	3,621
Decrease / (increase) in stock	112	(113)
Decrease in receivables	2,710	8,687
Increase / (decrease) in creditors	6,826	(35,049)
Decrease in pension provisions	(4,352)	(43,983)
(Decrease) / increase in other provisions	(8,550)	5,187
Share of operating (surplus) / deficit in associates	(3,088)	1,119
Adjustments for investing or financing activities:		
Investment income	(2,972)	(5,469)
Capital grant income	(3,424)	(2,385)
New endowments	(28)	(59)
Interest payable	5,461	7,030
Loss / (gain) on disposal of property, plant and equipment	1,132	(15,150)
Gain on disposal of investment properties	(171)	(34)
Gain on disposal of investments	(5,387)	(18,031)
	18,895	(4,007)
Tax paid	(465)	(234)
Net cash inflow from / (used in) operating activities	18,430	(4,241)
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment and investment properties	-	10,091
Proceeds from sales of land in previous years	19,926	-
Net receipts / (payments) for investments	9,002	(1,950)
Investment income	2,709	4,930
Capital grants received	3,424	2,385
Payments made to acquire property, plant and equipment	(10,485)	(26,802)
Payments made to acquire heritage assets	(1,777)	-
Net receipts / (payments) for biological assets	14	(16)
Payments made to acquire investment properties	(542)	(750)
	22,271	(12,112)
Cash flows from financing activities		
New endowments	28	59
Interest paid	(5,086)	(5,517)
New unsecured loans	50,000	-
Repayments of amounts borrowed	(54,449)	(4,770)
	(9,507)	(10,228)
Increase / (decrease) in cash and cash equivalents in the year	31,194	(26,581)
Cash and cash equivalents at beginning of the year	20,542	47,123
Cash and cash equivalents at end of the year	51,736	20,542

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

The University of Reading is registered with the Office for Students (OfS) in England. The address of the registered office is Whiteknights House, Whiteknights, Reading, RG6 6UR.

Statement of compliance

The Group and University financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019. They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017, the Accounts Direction issued by the OfS, the terms and conditions of funding for higher education institutions issued by OfS, and the terms and conditions of the Research England grant.

The University has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the University in its separate financial statements.

The University is a public benefit entity and has therefore applied the relevant public benefit requirements of applicable UK laws and accounting standards.

Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention modified by the revaluation of certain assets including investment properties, biological assets and certain investments.

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report which also describes the financial position of the University, its cash flows, liquidity position and borrowing facilities.

The Council has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the annual financial statements. Furthermore, the University has sufficient resources to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. The University's financial strategy has a clear focus on sustainability and facilitating efficient and effective working practices.

The financial statements are prepared in sterling which is the functional currency of the Group and rounded to the nearest £'000.

Basis of consolidation

The consolidated financial statements include the University, the University's subsidiary companies and the University's trusts. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal.

Non-company charitable subsidiaries, including trusts, are aggregated into the University accounts where they meet the definition of a 'Special Trust' as per section 287 of the Charities Act 2011. Where a trust does not meet the definition of a special trust, but control can be demonstrated by the University, it is consolidated.

Intra-Group transactions, gains and losses are eliminated on consolidation. Intra-Group amounts receivable and amounts payable are also eliminated on consolidation.

The consolidated financial statements also include the Group's share of the total comprehensive income of associated undertakings using the equity method.

The consolidated financial statements do not include the activities of the Students' Union as the University does not exert control or dominant influence over policy decisions.

Income recognition

(i) Goods and services

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

(ii) Fee income

Fee income is credited to the statement of comprehensive income over the period in which students are studying. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount.

(iii) Revenue grants

Revenue grants from both government and non-government sources, including all teaching and research grants, are recognised within the statement of comprehensive income when the University is entitled to the income and any performance-related conditions have been met. Income received in advance of performance-related conditions is deferred in the statement of financial position and released in line with such conditions being met.

(iv) Capital grants

Capital grants from both government and non-government sources are recorded in the statement of comprehensive income when the University is entitled to the income subject to any performance-related conditions being met.

(v) Investment income

Investment income is credited to the statement of comprehensive income on a receivable basis.

(vi) Donations and endowments

Donations and endowments are types of non-exchange transactions which are recognised within the statement of comprehensive income when the University is entitled to the income and any performance-related conditions have been met.

Where donations and endowments include donor-imposed restrictions, income is retained within a restricted reserve until such time as it is utilised in line with the restrictions, at which point the income is released to general reserves through a reserve transfer.

Investment income from endowments and changes in the fair value of endowments are recorded in the statement of comprehensive income in the period in which they arise and as either restricted or unrestricted income according to the terms applicable to the individual endowment fund.

The main types of endowment are given below:

- Unrestricted permanent endowments are funds where the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
- Restricted expendable endowments are funds where the donor has specified a particular objective, other than the purchase or construction of property, plant and equipment, and the University can convert the donated sum into income.
- Restricted permanent endowments are funds where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

The University's trusts are excluded from University endowments and are included on consolidation.

(vii) Agency arrangements

Funds which the University receives and disburses as paying agent on behalf of a funding body or other organisation are excluded from the statement of comprehensive income where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Accounting for retirement benefits

The principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the University of Reading Employees' Pension Fund (UREPF) and the University of Reading Pension Scheme (URPS).

USS is a multi-employer hybrid scheme which has both defined benefit and defined contribution elements. The assets of the scheme are

held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated 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 and, therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, contributions are recognised as an expense in the period during which services are rendered by employees.

Additionally, since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contractual commitment to fund past deficits within the USS scheme.

UREPF is a defined benefit scheme which closed to new members on 31 July 2011. The assets of the scheme are held in a separate trustee-administered fund. The scheme is valued every three years by a professionally qualified independent actuary using the projected unit credit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. The Group's net obligation is calculated by discounting to present value the estimated amount of future benefit that employees have earned in return for their service in the current and prior periods less the fair value of any plan assets. The statement of comprehensive income is charged with the current service cost, any past service costs, the net financing cost attributable to the pension liabilities and return on assets, and administrative expenses paid from plan assets. Actuarial gains and losses on the scheme, including the differences between expected and actual return on scheme assets, are recognised in other comprehensive income. When the calculation results in a surplus, the asset recognised is limited to the total of any unrecognised past service costs and the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan, and takes into account the adverse

effect of any minimum funding requirements.

URPS is a defined contribution scheme which was established on 1 August 2011 and is available to staff not eligible to join the USS scheme. Contributions are recognised as an expense in the period during which services are rendered by employees.

A small number of staff remain in other pension schemes.

Employee benefits

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

Leases

(i) Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Assets held under finance leases are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Minimum lease payments are apportioned between a finance charge and a reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Operating leases

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

(iii) Service concession arrangements

Items of property, plant and equipment 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 brought into use with a corresponding financial liability. Payments under each service concession

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

(iv) Lessor accounting

Where the University acts as a lessor under an operating lease, the leased asset is recognised within property, plant and equipment and lease income is recognised on a straight-line basis over the lease term. Where the University acts as a lessor under a finance lease, an amount receivable is recognised in the statement of financial position and lease payments are split between crediting the principle amount and finance income.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income in the period in which they arise. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into sterling at foreign exchange rates ruling at the reporting date. Income and expenditure of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from the translation of foreign operations are reported in other comprehensive income.

Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and is therefore a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from UK corporation tax in respect of income or capital gains received within categories covered by sections 478–488 of the Corporation Tax Act 2010, or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. Non-charitable subsidiary companies are liable to corporation tax.

The University is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its expenditure. Irrecoverable VAT is included in the costs of such expenditure.

Any irrecoverable VAT allocated to an item of property, plant and equipment is included in its cost.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more or less tax in the future have occurred at the reporting date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the reporting date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are not discounted.

Intangible assets

Intangible assets acquired or developed are initially recognised at cost. Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives as follows:

Software acquired or developed	4–10 years
--------------------------------	------------

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

Property, plant and equipment

Property, plant and equipment (PPE) is stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of a single item of PPE have different useful lives, they are accounted for as separate items of PPE. Costs incurred in relation to PPE after its initial purchase or production are capitalised to the extent that they increase the expected future benefits to the University from the existing PPE beyond its previously assessed standard of performance. The costs of any such enhancements are added to the carrying amount of the PPE concerned.

Assets under construction are not depreciated until they are brought into use.

Where material, the anticipated useful economic life of PPE is reviewed annually and the accumulated and future depreciation adjusted.

Expenditure to ensure that PPE maintains its standard of performance is recognised in the statement of comprehensive income when it is incurred. The University has a comprehensive planned maintenance programme, which is reviewed on an annual basis.

(i) Land and buildings

Freehold land is not depreciated as it is considered to have an indefinite useful life. The components of freehold buildings are depreciated on a straight line basis over their expected useful lives. The expected useful lives of

these components are shown below, although where it is expected that an individual asset will have a shorter or longer useful life, its life is adjusted accordingly.

Fabric – construction	50 years
Fabric – improvements and extensions	30 years
Mechanical and electrical	20 years

(ii) Plant, machinery and equipment

The purchase of equipment costing less than £10,000 per individual item or group of related items is charged to the statement of comprehensive income in the year of acquisition. All other equipment is capitalised and depreciated over its expected useful life.

The expected useful lives by class of asset are shown below, although where it is expected that an individual asset will have a shorter or longer useful life, its life is adjusted accordingly.

Plant and machinery	4–10 years
General equipment	4–10 years
Computers	4 years
Motor vehicles	4 years
Equipment acquired for specific research projects	3 years

(iii) Impairment

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

(iv) Borrowing costs

Borrowing costs directly relating to expenditure on the construction, development or major refurbishment of qualifying PPE are capitalised. The amount capitalised is calculated using the University's weighted average cost of borrowings over the period from the commencement of the work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Heritage assets

Heritage assets are books, manuscripts, specimens, artworks, objects or other assets that have historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Heritage assets are stated at cost less accumulated impairment losses. Heritage assets are capitalised where information on their cost or value is available. Where this information is not available without undue cost, the assets are not capitalised. Heritage assets are not depreciated due to their long economic life and high residual value.

Agriculture

Biological assets are living animals or plants held as non-current assets from which economic benefits flow to the University. Agricultural produce is the harvested product of a biological asset. The University's farming operations include dairy cattle which are classified as biological assets. Dairy cattle are stated at fair value less costs to sell. Changes in fair value less costs to sell are recognised in the statement of comprehensive income. The associated agricultural produce, milk, is stored only for a short time before onward sale and hence the value held is not considered material and is not included in the statement of financial position.

The University's operations also include arable farming from which economic benefits are derived. The plants and their harvested crops are treated as current assets within stock.

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. Properties are not depreciated but are revalued annually according to market conditions as at the reporting date.

Investments in associated undertakings

Associated undertakings are those entities in which the University has significant influence, but not control, over the financial and operating policies. In the consolidated financial statements, investments in associated undertakings are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the surplus or deficit and other comprehensive income of the associate.

Stock

Stock is stated at the lower of cost and net realisable value after making due provision for obsolete and slow moving items.

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group has chosen to adopt sections 11 and 12 of FRS 102 in respect of the recognition, measurement, and disclosure of financial instruments.

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of a financial instrument and they are classified according to the substance of the contractual arrangements entered into.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as 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 liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

(i) Cash and cash equivalents

Cash includes cash in hand, cash at bank, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are available

within 24 hours without penalty. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

(ii) Investments

Investments which are publicly traded, or where their fair value can be measured reliably, are subsequently measured at fair value with movements recognised in the statement of comprehensive income. Other investments, including investments in subsidiaries and associates, are subsequently measured at cost less any provision for impairment in their value in the University's statement of financial position.

Where fair value measurement is applied, the best evidence of fair value is considered to be 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.

(iii) Debt instruments

Debt instruments payable or receivable which meet the conditions in paragraph 11.8(b) of FRS 102 are subsequently measured at amortised cost using the effective interest method. Other debt instruments not meeting these conditions are measured at fair value with movements recognised in the statement of comprehensive income.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, is cancelled or expires.

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 Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the University has a present legal or constructive obligation 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. The amount recognised as a provision is determined by discounting the expected future cash flows at a rate that reflects risks specific to the liability.

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

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

Contingent assets and liabilities are disclosed by way of note where there is a possible rather than actual or probable asset or obligation arising from a past event, or where it is not possible to measure the asset or obligation.

Reserves

Reserves are allocated between restricted and unrestricted reserves.

Restricted reserves include endowment reserves and other restricted reserves. Where the terms of an endowment indicate a restriction on the use of the fund, the balance is held within restricted endowment reserves. Other restricted reserves include amounts received for which a donor has designated a specific purpose for the use of these funds.

All other reserves are treated as unrestricted.

NOTES TO THE FINANCIAL STATEMENTS

1 Tuition fees and education contracts	Consolidated		University	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Full-time home and EU students	104,477	101,947	104,476	101,947
Full-time international students	58,337	63,500	55,018	60,288
Part-time students	12,934	12,290	8,239	7,824
Research training support grants	3,996	4,237	3,996	4,237
Short course fees	411	900	-	-
Education contracts	9,109	4,251	9,109	4,251
	189,264	187,125	180,838	178,547

2 Funding body grants	Consolidated		University	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Recurrent grants				
Office for Students	5,377	5,704	5,377	5,704
Research England	20,213	18,345	20,213	18,345
Capital grants	2,813	2,365	2,813	2,365
Specific grants				
OfS and UK Research and Innovation	4,864	2,363	4,864	2,363
Higher Education Innovation Fund	2,909	2,722	2,909	2,722
	36,176	31,499	36,176	31,499

The University receives its main grant funding from the Office for Students (OfS) and UK Research and Innovation (via Research England).

3 Grant and Fee income	Consolidated		University	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Grant income from the OfS	8,190	8,069	8,190	8,069
Grant income from other bodies	27,986	23,430	27,986	23,430
Fee income for research awards (exclusive of VAT)	37,557	38,022	37,240	37,809
Fee income from non-qualifying courses (exclusive of VAT)	4,407	5,137	3,996	4,237
Fee income for taught awards (exclusive of VAT)	184,857	181,988	176,842	174,310
	262,997	256,646	254,254	247,855

This note provides a breakdown of the income shown in the Statement of comprehensive income under the headings; Tuition fees and education contracts, Funding body grants, and Research grants and contracts.

4 Access and participation

	University	
	2021	2020
	£'000	£'000
Access investment	1,845	2,086
Financial support	3,729	3,342
Disability support (in addition to above)	847	925
Research and evaluation	120	151
	6,541	6,504

Included in the above are the following staff costs, further information on staff costs is given in note 10.

	University	
	2021	2020
	£'000	£'000
Access investment – permanent staff	1,216	1,185
Access investment – student ambassadors	72	72
Disability support	575	552
Research and evaluation	110	140
	1,973	1,949

Details of the University's current access and participation plan can be found here:

<https://www.reading.ac.uk/Ready-to-Study/study/student-access-participation-plans>

5 Research grants and contracts

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Research Councils	14,477	12,980	14,477	12,980
Charities	3,585	3,282	3,585	3,282
Industry and commerce	6,384	7,208	6,200	7,141
Government (UK and overseas)	13,111	14,552	12,978	14,406
	37,557	38,022	37,240	37,809

6 Other income

	Consolidated		University	as restated
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Residences, catering and conferences	3,321	7,061	3,319	7,030
Other revenue grants	593	1,123	593	1,122
Other capital grants	611	20	611	20
Other income	36,377	40,726	32,391	37,451
	40,902	48,930	36,914	45,623

Other income arises from a number of sources including executive education, property rentals, catering, conferences, the SportsPark, consultancy and enterprise activities and the Government furlough scheme. Amounts receivable from the Government furlough scheme were £1.6m (2020: £2.0m).

7 Investment income

	Consolidated		University	as restated
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Income from short-term investments	2,439	4,035	2,809	4,412
Interest receivable on the deferred proceeds of sale of land	270	895	270	895
Net return on pension scheme	263	539	263	539
	2,972	5,469	3,342	5,846

8 Donations and endowments

	Consolidated		University	as restated
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
New endowments	28	59	28	59
Donations with restrictions	4,235	2,456	3,904	2,161
Unrestricted donations	(114)	270	(306)	89
Income from site servicing arrangements	-	13	-	13
	4,149	2,798	3,626	2,322

9 Distributions from Trusts

During the year ended 31st July 2020, the Charity Commission was approached and granted permission to transfer the assets of RET to the University, this being in effect a reversal of the process that originally created the trust. Permission was granted as the objects of the trust and the University were so closely aligned. On 29 May 2020, a variation of the original deed was signed which allowed the assets to be transferred once approval from the University's Council had been sought and granted. This approval was sought in the current financial year and the assets and liabilities were distributed to the University at their carrying values on 31 July 21. At 31 July 21, RET ceased to exist.

NIRD also distributed £10m which forms part of its ongoing commitment to support research into agriculture and food within the University.

10 Staff costs

	Consolidated		University	as restated
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Analysis of staff costs				
Salaries	133,207	132,932	128,654	129,420
Social security costs	14,091	13,966	13,764	13,612
Pension costs	37,107	36,443	36,748	36,036
Other staff costs	2,095	580	1,883	515
	186,500	183,921	181,049	179,583
Movement in USS pension provision (see note 25)	(4,537)	(44,262)	(4,537)	(44,262)
	181,963	139,659	176,512	135,321

Vice-Chancellor's remuneration

The Vice-Chancellor is de facto the University's Chief Executive Officer, and as such has overall responsibility for the effective management of the University. The Vice-Chancellor is the accountable officer responsible for effective governance and the financial stewardship of the University. The Vice-Chancellor is responsible to and works closely with the President of the Council in these matters and in all other aspects of the work of the governing body. Working alongside Council members, the Senate and the University Executive Board, the Vice-Chancellor leads the strategic development of the University, ensuring its academic and financial sustainability.

The University has a global presence and the Vice-Chancellor is required to promote its interests at home and overseas, and is expected to develop strong relationships with Government representatives, the Office for Students, the UUK and other key stakeholders. The Vice-Chancellor role is highly visible, multi-faceted and very challenging. Leading the institution, ensuring its good governance and financial stability, and representing its interests across a complex matrix of settings is time-consuming and demanding of the post-holder. With all of this in mind, the Remuneration Committee considers arrangements for the Vice-Chancellor's remuneration. The Committee utilises evidence from both inside and outside the HE sector to benchmark the Vice-Chancellor's pay.

The President of Council sets the Vice-Chancellor's objectives on the Committee's behalf, ensuring they are aligned to the University strategy. The Vice-Chancellor's appraisal is conducted by the President of the Council following consultation with the Remuneration Committee. In assessing personal and collective performance the Committee gives due regard to a series of institutional performance indicators including financial performance, student numbers, research income, external accreditation, league tables and staff survey outcomes.

	Prof Robert Van de Noort	
	1 Aug 2020	1 Aug 2019
From:	31 Jul 2021	31 Jul 2020
To:	£000	£000
Salary	199	199
Bonus	-	5
Performance-related pay	-	-
Living accommodation provided	-	-
	199	204
Pension contributions to USS	42	41
	241	245

10 Staff costs (continued)

University pension contributions to USS are paid at the same rate as for other academic staff. The Vice-Chancellor also participates in salary sacrifice schemes in respect of his USS contributions and the University's car parking charges; such opportunities are available to all staff.

The current Vice-Chancellor's basic salary is 6.2 times the median pay of staff (2020: 6.1), where the median pay is calculated on a full-time equivalent basis. His total remuneration is currently 6.1 times the median total remuneration of staff (2020: 6.2).

With sessionals included the current Vice Chancellor's basic salary is 5.9 times (2020: 5.7) and his total remuneration is 5.7 times (2020: 5.7) the median pay of staff. Sessionals are employees on part time and flexible contracts calculated on a full-time equivalent basis.

Higher paid staff	2021	2020
Remuneration of other higher paid staff, excluding employer's pension contributions:	Number	Number
£100,000 to £104,999	11	12
£105,000 to £109,999	12	12
£110,000 to £114,999	6	6
£115,000 to £119,999	5	6
£120,000 to £124,999	5	5
£125,000 to £129,999	1	2
£130,000 to £134,999	4	5
£135,000 to £139,999	1	2
£145,000 to £149,999	4	3
£150,000 to £154,999	1	2
£155,000 to £159,999	1	-
£160,000 to £164,999	-	1
£175,000 to £179,999	1	1
£185,000 to £189,999	1	-
£195,000 to £199,999	1	2
£270,000 to £274,999	1	1
	55	60

	2021	2020
	£000	£000
Compensation for loss of office to 117 employees (2020: 75)	1,878	314

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. The University has identified its key management personnel as being the members of the University Executive Group consisting of the Vice-Chancellor, the Deputy Vice-Chancellor, the Pro-Vice-Chancellors, the Chief Financial Officer and the Chief Strategy Officer & University Secretary. This covers 9 posts (2020: 8).

	2021	2020
	£000	£000
Salary and benefits of key management personnel (including pension contributions)	1,276	1,134

Average staff numbers by major category:

	Number	Number
Academic	1,011	939
Research	325	338
Management and specialist	929	991
Technical	147	157
Other	1,046	1,069
	3,458	3,494

11 Interest and other finance costs

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loan interest	5,312	5,643	4,921	5,307
Net interest charge on pension schemes	375	1,513	375	1,514
Exchange differences	145	210	144	209
Other	(371)	(336)	3	(6)
	5,461	7,030	5,443	7,024

12 Analysis of total expenditure by activity

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Academic and related expenditure	154,282	153,396	148,546	148,775
Administration and central services	61,030	24,773	57,596	22,543
Premises	41,435	36,693	39,025	39,352
Catering and conferences	20,551	16,736	20,524	16,385
Research grants and contracts	37,428	38,507	37,327	38,293
Other expenses	6,182	56,825	10,055	52,665
Movement in USS pension provision	(4,537)	(43,984)	(4,537)	(43,984)
	316,371	282,946	308,536	274,029

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Other operating expenses include:				
Operating lease rentals				
• land and buildings	3,048	2,697	1,638	1,546
• other	620	981	197	197
External auditor's remuneration				
• audit services	247	248	150	135
• non-audit services	24	80	15	14

13 Taxation charge

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Share of current tax from associates	(461)	-	-	-
Overseas – current tax	465	292	177	153
Overseas – deferred tax	(1)	-	-	-
	3	292	177	153

Most of the University's activities in the UK are exempt from corporation tax.

14 Intangible assets

Consolidated and University		Software	Software development	Total
		£'000	£'000	£'000
Cost or valuation				
At 1 August 2020		13,910	1,188	15,098
Additions		314	131	445
Transfers between categories		268	(268)	-
At 31 July 2021		14,492	1,051	15,543
Amortisation				
At 1 August 2020		3,997	-	3,997
Charge for the year		2,334	-	2,334
At 31 July 2021		6,331	-	6,331
Net book value at 31 July 2021		8,161	1,051	9,212
Net book value at 31 July 2020		9,913	1,188	11,101

15 Property, plant and equipment

Consolidated		Land and buildings	Plant and machinery	Equipment	Assets in the course of construction	Total
		£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 August 2020		473,514	42,399	91,921	53,511	661,345
Additions		3,327	117	4,009	2,587	10,040
Revaluation		3,638	-	-	-	3,638
Transfers between categories		50,401	-	1,956	(52,357)	-
Transfers to investment properties		(12,276)	(77)	(276)	(39)	(12,668)
Disposals		(541)	-	(854)	(318)	(1,713)
Exchange differences		10	-	(85)	-	(75)
At 31 July 2021		518,073	42,439	96,671	3,384	660,567
Depreciation						
At 1 August 2020		189,986	27,213	67,479	-	285,002
Charge for the year		16,279	2,982	7,886	-	27,147
Transfers between categories		-	-	-	-	-
Transfers to investment properties		(6,975)	(33)	(234)	-	(7,242)
Disposals		(37)	-	(533)	-	(580)
Exchange differences		6	-	(106)	-	(100)
At 31 July 2021		199,573	30,162	74,492	-	304,227
Net book value at 31 July 2021		318,500	12,277	22,179	3,384	356,340
Net book value at 31 July 2020		283,204	15,186	24,442	53,511	376,343

Total aggregate capitalised finance costs to date within property, plant and equipment at 31 July 2021 were £41k (2020: £4,966k).

15 Property, plant and equipment (continued)

University – as restated		Land and buildings	Plant and machinery	Equipment	Assets in the course of construction	Total
		£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 August 2020		472,969	42,399	88,476	53,511	657,355
Additions		3,208	117	3,854	2,568	9,747
Revaluation		3,638	-	-	-	3,638
Transfers between categories		50,401	-	1,956	(52,357)	-
Transfers to investment properties		(12,276)	(77)	(276)	(39)	(12,668)
Disposals		(531)	-	(814)	(318)	(1,663)
At 31 July 2021		517,409	42,439	93,196	3,365	656,409
Depreciation						
At 1 August 2020		189,986	27,213	64,370	-	281,569
Charge for the year		16,204	2,981	7,753	-	26,938
Transfers between categories		-	-	-	-	-
Transfers to investment properties		(6,975)	(33)	(234)	-	(7,242)
Disposals		(37)	-	(498)	-	(535)
At 31 July 2021		199,178	30,161	71,391	-	300,730
Net book value at 31 July 2021		318,231	12,278	21,805	3,365	355,679
Net book value at 31 July 2020		282,983	15,186	24,106	53,511	375,786

Included in land and buildings above is land which is not depreciated as follows:

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Land not depreciated	18,011	18,336	18,011	18,336

16 Heritage assets

Heritage assets include many unique items and collections which the University has accumulated since incorporation. These are held and maintained principally for their contribution to knowledge and culture. The University conserves these assets and augments the collections where appropriate in order to enable use of the assets for teaching and research and access to the assets for engagement with members of the public. The items and collections are carefully catalogued and custodianship is given to specific areas and persons for their care and maintenance.

The University's collections span museum, archive and library holdings of regional, national and international significance. These include the University's Library and archive Special Collections, the Art Collection, the Museum of English Rural Life, the Cole Museum of Zoology, the University Herbarium, the Ure Museum of Greek Archaeology, and the Lettering, Printing and Graphic Design Collections. These collections can be viewed by members of the public (some collections can only be viewed by appointment).

The University's Special Collections include rare books (pre-1851), private press books, modern literary first editions and other printed material. They also include over 300 archive collections, notably the Samuel Beckett Collection and the Archive of British Publishing and Printing, both of which are Designated as outstanding collections by Arts Council England. Other collections cover a wide range of subjects from manuscripts dating back to the 12th century to modern records of the University.

The Museum of English Rural Life (MERL) tells the story of rural England through interactive and immersive galleries. The collection has over 25,000 objects and the museum library has the most comprehensive collection of books related to rural England, with around 100,000 volumes. The collection also contains hundreds of hours of historic film and over 1 million photographs, including material from prominent agricultural publications and organisations. The archives cover more than 4.5 kilometres of shelving.

The Cole Museum of Zoology was established in the early 20th century by Francis J. Cole, Professor of Zoology from 1907 to 1939. It contains around 4,000 specimens. The museum illustrates the relationship between form and function in the animal kingdom and houses one of Britain's most important zoological collections. The Museum is currently relocating to the new Health and Life Sciences Building.

The University Herbarium was founded in 1900 and contains over 260,000 dried plant specimens. The collection is rich in specimens from Europe, North Africa, Macaronesia, the Middle East, temperate South America and the Falkland Islands. Ferns and fern allies are also represented on a worldwide scale. There are very significant British lichen and bryophyte holdings.

The Ure Museum of Greek Archaeology was formed in the early 1920s and contains the fourth largest collection of ancient Greek ceramics in Britain. The collection primarily consists of material from the Greek and Greco-Roman civilisations of the Mediterranean, most notably Greek and Etruscan ceramics and terracottas. Other artefacts include prehistoric pottery and an important collection of Egyptian antiquities, the total size of the collection is over 2,000 objects.

The collections were valued in 2012 by an external antique and fine art dealer and valuer and this has been adopted as the deemed cost of the assets held at that date. A subsequent 2019 valuation exercise included assets on long-term loan to and insured by the University but these have not been included in the statement of financial position. The University discloses its heritage assets at cost rather than valuation as this class of asset is rarely exchanged by the University and valuations can fluctuate for individual items from year to year.

Subsequent major acquisitions have been recorded at cost. It can be expected that a small number of individual items may have been received by donation and these have not been included in the statement of financial position.

Consolidated and University	2021	2020	2019	2018	2017
Cost	£'000	£'000	£'000	£'000	£'000
Acquisitions purchased with specific donations	-	-	-	-	-
Acquisitions purchased with University funds	-	-	-	-	-
Value of acquisitions by donation	1,777	-	-	-	-
Transfers out of collections	(1,950)	-	-	-	-
Net movement	(173)	-	-	-	-
At 1 August	39,346	39,346	39,346	39,346	39,346
Revaluations	-	-	-	-	-
At 31 July	39,173	39,346	39,346	39,346	39,346

The split of heritage assets by type of asset is:

Consolidated and University	2021	2020
Cost	£'000	£'000
Books and manuscripts	25,534	25,708
Artworks	3,938	3,938
Natural history	2,156	2,156
Agricultural	4,176	4,176
Other	3,369	3,368
	39,173	39,346

17 Biological assets

Consolidated and University

Fair value less costs to sell

	Dairy cattle	Total
	£'000	£'000
At 1 August 2020	720	720
Net decrease in livestock	(14)	(14)
Decrease in fair value less costs to sell	(47)	(47)
At 31 July 2021	659	659

18 Investment properties

Consolidated and University

Fair value

	Total
	£'000
At 1 August 2020	94,419
Additions	542
Transfers from property, plant and equipment	5,426
Disposals	-
Increase in value of properties in year	18,400
At 31 July 2021	118,787

The University and its trusts hold a number of commercial and residential investment properties. All properties are valued at least once every three years. The most recent valuations have been carried out by Haslams, a firm of independent valuers based in Reading, with considerable experience of the local residential and commercial property markets. Haslams are members of the Royal Institution of Chartered Surveyors (RICS).

Disposal at Didcot

In 2019 the University sold some land to the north east of Didcot in Oxfordshire to a housing developer. The University had owned the land for a number of years, during which time it had received income from farm-based tenants. The University has retained some land adjacent to the land disposed and will continue to let this.

Under the terms of the planning permission granted, the University is obliged to carry out a first phase of Section 106 improvement works associated with the site. Once these primary works have been completed, longer term Section 106 works will be undertaken by the developer and a party to a neighbouring development. The University will act as a guarantor over this second phase of works.

Proceeds from the sale are receivable in 5 instalments from the point of completion until 30 November 2024. Future instalments not yet received have been included in trade and other receivables at their present value using a discount rate of 1.39%. Proceeds associated with future Section 106 works have been included in deferred income within creditors.

The net income and gains recognised in the consolidated and University statement of comprehensive income in the year is shown below.

	£'000
Expenditure relating to Section 106 works	(1,381)
	(1,381)
Additional disposal costs expensed	132
Movement in discounting of receivable	270
Net income and gains recognised	(979)

Included within the original total proceeds recognised is an amount of £4,048k (2020: £4,016k) which is contingent on additional planning consent being obtained for a particular part of the site. This has been calculated based on a conservative estimate of the number of homes expected to be constructed on that site.

19 Non-current investments

	Listed investments	Other investments	Total
Consolidated	£'000	£'000	£'000
At 1 August 2020	24,552	206	24,758
Additions	28	9	37
Sale of investments at book cost	(3,355)	-	(3,355)
Purchase of investments	4,726	-	4,726
Other net income and realised gains reinvested	(935)	-	(935)
Changes in market value	2,515	16	2,531
At 31 July 2021	27,531	231	27,762

University – as restated

	Listed investments	Other investments	Total
Cost or valuation	£'000	£'000	£'000
At 1 August 2020	24,552	45	24,597
Additions	28	-	28
Sale of investments at book cost	(3,355)	-	(3,355)
Purchase of investments	4,726	-	4,726
Other net income and realised gains reinvested	(935)	-	(935)
Changes in market value	2,515	-	2,515
At 31 July 2021	27,531	45	27,576

Listed investments comprise:

	2021	2020
Consolidated and University	£'000	£'000
Cazenove Capital Portfolio	27,300	24,409
Genus plc	231	143
	27,531	24,552

Listed investments are stated at market value using widely published bid prices. Other investments are stated at cost less amortisation.

On the 17th December 2020 the University of Reading entered into a series of contracts with Shinfield Studios Limited, under which Shinfield Studios Limited intend to develop land owned by the University at Thames Valley Science Park into a film studio complex. Also on this date the University of Reading subscribed and purchased one B Class share in Shinfield Studios Limited for consideration of £1. This B Class share entitles the holder to the same rights as 6% of the Ordinary Share Capital of Shinfield Studios Limited.

20 Investments in associates

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Share of operating surplus retained by associates	2,627	(1,119)	-	-
Share of current tax from associates	461	-	-	-
Surplus on revaluation of property, plant and equipment	2,422	2	-	-
Total comprehensive income in the year for associates	5,510	(1,117)	-	-
At 1 August	21,633	22,750	10,567	10,567
At 31 July	27,143	21,633	10,567	10,567

The University is party to an arrangement with UPP in respect of the provision and operation of its student residential accommodation. The accommodation is operated by UPP (Reading I) Limited, a wholly-owned subsidiary of UPP (Reading I) Holdings Limited. The University has granted long leasehold interests to UPP (Reading I) Limited in respect of the accommodation. The University has a 20% holding in both the equity and loan notes of UPP (Reading I) Holdings Limited and has accounted for its interest as an investment in an associated undertaking.

	Shares	Loan notes	Total
	£'000	£'000	£'000
At 1 August 2020 and at 31 July 2021	441	10,126	10,567

The loan notes are interest-bearing, secured and subordinate to the senior lender's security. They are transferrable subject to certain restrictions.

Under the arrangement with UPP, the associate and its wholly-owned subsidiaries have responsibility for the provision and operation of the accommodation. The University continues to provide certain soft facilities management services in respect of the accommodation.

Consideration has been made as to whether the arrangement meets the criteria for classification as a service concession arrangement under Section 34 of FRS 102. Under the arrangement with UPP, the University has some, but not complete, control over the use and pricing of the accommodation units. The contract specifies a maximum price which may be charged, but UPP (Reading I) Limited are able to set a lower price. The University requires the rooms to be let primarily to students, but UPP (Reading I) Limited are able to fill any remaining rooms with non-students if the University consistently fails to fill the places.

The University takes on the risk of students defaulting on rental payments and some of the void risk for students not taking up assigned places. However, the University does not guarantee any particular level of occupancy or nominate a certain number of rooms. It also considers its involvement to be more akin to an agency arrangement rather than acting as principal. For these reasons, there is no minimum lease payment figure under the arrangement and therefore no asset or liability has been accounted for.

Included in the statement of comprehensive income are amounts receivable from / (payable to) the associate and its subsidiaries in respect of the following services.

Consolidated & University	Income	Expenditure	2021	Income	Expenditure	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Rent collection	949	-	949	942	-	942
Facilities management services	1,915	-	1,915	1,901	-	1,901
Utilities	729	-	729	902	-	902
Estates service charge and infrastructure fees	509	-	509	506	-	506
Vacation residence and conferencing	38	-	38	362	(18)	344
Interest receivable on loan notes	544	-	544	696	-	696
Other income	40	-	40	48	-	48
Other expenditure	-	-	-	-	-	-
	4,724	-	4,724	5,357	(18)	5,339

The University charges and receives rents from students. Payments are then made to UPP (Reading I) Limited with reference to the number of units of student accommodation rental amounts during the year. Payments made to UPP (Reading I) during the year totalled £30.8m (2020: £30.4m) and have been netted with the income received from students in the statement of comprehensive income.

21 Trade and other receivables

	Consolidated		University		<i>as restated</i>	
	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts falling due within one year:						
Research grants receivables	7,190	5,202	7,190	5,202		
Trade receivables	9,993	13,190	7,773	11,155		
Proceeds due on the sale of land at Didcot	18,574	14,641	18,574	14,641		
Developer receivables for the Shinfield Eastern Relief Road	666	3,188	666	3,188		
Proceeds due on the sale of land at Cutbush	-	5,234	-	5,234		
Other receivables	3,001	3,095	2,042	1,817		
Prepayments and accrued income	13,065	12,076	12,175	11,557		
Amounts due from subsidiary undertakings	-	-	1,382	1,676		
Amounts due from associated undertakings – UPP (Reading I) Limited	735	552	735	552		
	53,224	57,178	50,537	55,022		
Amounts falling due after more than one year:						
Developer receivables for the Shinfield Eastern Relief Road	-	98	-	98		
Proceeds due on the sale of land at Didcot	22,608	40,966	22,608	40,966		
Other receivables	292	346	291	347		
	76,124	98,588	73,436	96,433		

In connection with various activities in Shinfield in recent years, including sales of land to developers and the opening of Thames Valley Science Park, the University carried out the construction of the Shinfield Eastern Relief Road and related bridge over the M4. The road and bridge were opened during the year ended 31 July 2017. The project is being funded by developer contributions in respect of various developments in the Shinfield area and these fall due as dwellings are constructed. It is estimated that the remaining amount will be received in the next year. Amounts due have been included at their discounted values. A discount rate of 1.39% (2020: 1.09%) has been applied in line with similar debt instruments.

Included in University amounts due from subsidiary undertakings is £39.1m due from RUMAL Reading Sdn. Bhd. against which a full provision has been made (2020: £35.7m). This has resulted in a charge for the year of £2.4m in the University's statement of comprehensive income (2020: £5.5m). The amount of this provision will be reviewed from time to time as circumstances change.

22 Current investments

Consolidated and University	Total
Cost or valuation	£'000
At 1 August 2020	98,050
Additions	66,614
Withdrawals	(77,180)
Sales of investments at book cost	(37,600)
Purchase of new investments	29,406
Other net income and realised gains reinvested	14,673
Changes in market value	5,634
At 31 July 2021	99,597

Listed investments comprise:	2021	2020
Consolidated and University	£'000	£'000
Segregated portfolios managed by Cazenove Capital	92,839	91,991
Cazenove Capital Portfolio	6,758	6,059
	99,597	98,050

Listed investments are stated at market value using widely published bid prices. During the year the University transferred its listed investments to the management of Cazenove Capital.

23 Creditors: amounts falling due within one year

	Consolidated		University		<i>as restated</i>	
	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Unsecured loans	2,000	4,126	2,000	4,126		
Trade payables	6,204	4,167	6,041	4,086		
Social security and other taxation payable	5,290	3,725	5,321	3,597		
Other payables	10,989	8,755	10,413	8,130		
Accruals and deferred income	73,954	69,481	65,921	62,204		
Amounts due to subsidiary undertakings	-	9	1,281	1,580		
Amounts due to associated undertakings – UPP (Reading I) Limited	7,342	7,037	7,342	7,037		
	105,779	97,300	98,319	90,760		

Deferred income

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

	Consolidated		University		<i>as restated</i>	
	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Tuition fees	11,153	11,877	9,173	8,749		
Research grants received on account	21,643	24,530	21,600	24,502		
Site servicing arrangements	7,307	2,965	7,307	2,965		
Other income	9,030	11,900	6,040	10,812		
	49,133	51,272	44,120	47,028		

Deferred income on site servicing arrangements

In recent years the University has disposed of a number of landholdings around Shinfield and Didcot. The scale of these disposals has required the University to undertake significant obligations in respect of infrastructure works in the local areas. A proportion of the original income on disposal was deferred and is being recognised when the associated works are carried out.

24 Creditors: amounts falling due after more than one year

	Consolidated		University		<i>as restated</i>	
	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Unsecured loans	173,500	175,823	173,500	175,823		
Deferred income on site servicing arrangements (see note 23)	7,453	11,500	7,453	11,500		
Other payables	143	336	143	336		
	181,096	187,659	181,096	187,659		

25 Loans

Consolidated & University	
2021	2020
£'000	£'000
Due within one year or on demand	4,126
Due between one and two years	52,323
Due between two and five years	6,000
Due in five years or more	117,500
Due after more than one year	175,823
Total loans	179,949

Analysis of loans:

Due within one year or on demand

Due between one and two years

Due between two and five years

Due in five years or more

Due after more than one year

Total loans

The University issued a bond for £70m through a private placement facilitated by The Royal Bank of Scotland in May 2007. This loan is unsecured and is repayable in 2047 by a single payment of £70m. Interest is payable half yearly in arrears at a coupon rate of 5.42%.

The University has a sterling loan from Barclays Bank plc. There was a repayment holiday until July 2019 after which the loan is repayable at £500k per quarter until April 2049. The interest rate on this loan is at a set margin of 1.4% above LIBOR.

In July 2021 the University entered into a £50m revolving credit facility with Santander, available for five years, at a set margin of 1.25% over SONIA for amounts drawn. Non-utilisation fees apply at 50% of the applicable margin in respect of amounts undrawn. At 31 July 2021, £50m of this facility had been drawn down. The University has flexibility to draw down and repay any amount up to the facility limit during its term. Ultimately it is repayable in full in July 2026. This facility replaces the HSBC revolving credit facility which was settled when the Santander credit facility was drawn down (2020: £50m).

The University had a loan from the Homes & Communities Agency which was used to fund the construction of the Shinfield Eastern Relief Road and motorway bridge associated with the University's land disposals in Shinfield ahead of developer contributions. The loan was repaid during the year.

Consolidated and University	Bond	Barclays loan	RCF	HCA loan	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2020	70,000	57,500	50,000	2,387	62	179,949
New borrowing	-	-	50,000	-	-	50,000
Repayments	-	(2,000)	(50,000)	(2,387)	(62)	(54,449)
At 31 July 2021	70,000	55,500	50,000	-	-	175,500

26 Pension provisions**Consolidated and University**

	Obligation to fund USS deficit	UREPF scheme surplus	Total
	£'000	£'000	£'000
At 1 August 2020	50,678	(15,962)	34,716
Net charge to statement of comprehensive income	27,708	(2,274)	25,434
Contributions paid in year	(32,245)	(2,540)	(34,785)
At 31 July 2021	46,141	(20,776)	25,365

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) has arisen from the contractual obligation of employers within the scheme, including the University, to make additional contributions to reduce the overall deficit arising from past performance. An assessment has been made of the expected future employees within the scheme and the salary payments over the period of the contracted obligation in assessing the value of this provision. The provision has been discounted to present value.

The latest available complete actuarial valuation of the defined benefit element of the USS scheme was at 31 March 2018, which was carried out using the projected unit method. The valuation set out the challenges facing the scheme and the significant increases in contributions required to address these challenges however the latest valuation incorporates the recent higher than expected investment returns and changes in underlying financial conditions. This is the main factor in the decrease of £(4.5)m in the deficit funding provision in the year, of which £(4.9)m has been included in staff costs and £0.4m in interest and other finance costs.

The interim valuation as at 31 March 2020 was underway but not yet completed at 31 July 2021.

The Group's net surplus in respect of the University of Reading Employees' Pension Fund (UREPF) has been calculated by discounting to present value the estimated amount of future benefits that employees have earned in return for their service in the current and prior periods less the fair value of any plan assets.

More information on the Group's pension schemes is given in note 39.

27 Other provisions**Consolidated**

	Student Halls	TVSP	RUMAL	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2020	7,200	9,059	9,084	3,585	28,928
Utilised in year	(7,200)	-	(1,793)	-	(8,993)
Transferred to accrued expenditure	-	-	-	-	-
Charged / (credited) to statement of comprehensive income	4,449	(2,070)	-	(1,936)	443
At 31 July 2021	4,449	6,989	7,291	1,649	20,378

University

	Student Halls	RUMAL	Other	Total
	£'000	£'000	£'000	£'000
At 1 August 2020	7,200	7,180	3,750	18,130
Utilised in year	(7,200)	(1,290)	-	(8,490)
Charged / (credited) to statement of comprehensive income	4,449	-	(2,101)	2,348
At 31 July 2021	4,449	5,890	1,649	11,988

During the year ending 31 July 2018 the University commissioned a detailed financial review of its operations in Malaysia which are carried out by its subsidiary, RUMAL Reading Sdn Bhd, and this concluded that the subsidiary would continue to make losses for a number of years. Following the review, a restructuring took place in the year ending 31 July 2019 and revised business plans were prepared. Significant changes were negotiated to the terms of the main building lease at the campus. The activities will continue to make losses for the next few years but these are expected to reduce year by year. In accordance with FRS 102, the main building lease at RUMAL and a number of other contracts have been accounted for as onerous contracts and a provision has been made for contractual obligations which are estimated to extend to 2026. These obligations have been discounted to present value. The University has recognised its own obligation arising from its guarantee of all contractual amounts due under the building lease at RUMAL.

During the year ending 31 July 2019, Thames Valley Science Park Limited (a subsidiary company) completed a detailed review of its lease obligations. This review concluded that several of the company's leases should be accounted for as onerous contracts, in particular the Enterprise Centre lease, as such a provision for onerous lease contracts has been provided. This onerous lease provision was reviewed in the current year which has resulted in a reduction of the lease provision from £9.1m to £7.8m.

For the five years commencing 1st August 2018, the University entered into an agreement to underwrite the void risk of certain Student accommodation. This usually presents limited risk to the University, however the impact of the COVID-19 pandemic has meant that the risk of voids has increased and as such a provision of £4.4m has been recognised (2020: £7.2m).

28 Endowment reserves**Consolidated and University**

	Unrestricted permanent	Restricted permanent	Restricted expendable	2021	2020
	£'000	£'000	£'000	£'000	£'000
At 1 August					
Capital	2,622	8,764	234,237	245,623	233,904
Accumulated income	921	3,756	393	5,070	4,792
	3,543	12,520	234,630	250,693	238,696
New endowments	-	28	-	28	59
Income	60	199	2,390	2,649	5,066
Expenditure	(62)	(134)	(34,360)	(34,556)	(6,293)
Profit on disposal of property, plant and equipment	-	-	-	-	15,144
Loss on disposal of investment properties	-	-	(2)	(2)	-
Gain on disposal of investments	3	9	5,372	5,384	16,503
Increase in value of investment properties	-	-	1,866	1,866	250
Increase / (decrease) in value of investments	391	1,465	5,824	7,680	(18,732)
Transfer from revaluation reserve	-	-	180	180	-
Transfers to unrestricted reserves	-	-	(126,569)	(126,569)	-
At 31 July	3,935	14,087	89,331	107,353	250,693
Represented by:					
Capital	3,016	10,266	88,999	102,281	245,623
Accumulated income	919	3,821	332	5,072	5,070
	3,935	14,087	89,331	107,353	250,693

28 Endowment reserves (continued)

Analysis by asset	2021		2020	
	£'000	£'000	£'000	£'000
Land and property	1,431	2,844		
Investment properties	11,457	27,473		
Investments	52,846	117,413		
Receivables due in greater than one year	-	-		
Funds held by the University	52,513	109,967		
Other	(10,894)	(7,004)		
	107,353	250,693		

The bulk of the assets are held by the National Institute for Research in Dairying Trust. See note 38 for further details of these trusts and the nature of the restrictions.

29 Restricted reserves – donations

	Consolidated		University	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
At 1 August	2,605	1,891	1,868	1,125
New donations	4,235	2,456	3,904	2,161
Expenditure	(2,221)	(1,742)	(2,017)	(1,418)
Transfers from unrestricted reserves	-	-	-	-
At 31 July	4,619	2,605	3,755	1,868

Restricted income relates to donations received where the terms of the donation place restrictions on the way in which the funds can be spent.

30 Reconciliation of net debt

	Consolidated
	£'000
Net debt at 1 August 2020	159,407
Movement in cash and cash equivalents	(31,194)
New loans	50,000
Loan repayments	(54,449)
Net debt at 31 July 2021	123,764

Analysis of net debt

	Consolidated	
	2021 £'000	2020 £'000
Unsecured loans: amounts falling due within one year	2,000	4,126
Unsecured loans: amounts falling due after more than one year	173,500	175,823
Less: cash and cash equivalents	(51,736)	(20,542)
Net debt	123,764	159,407

31 Financial instruments

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

Note	Financial assets	Consolidated		University		as restated	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
	Cash and cash equivalents	51,736	20,542	46,089		16,936	
	Measured at fair value through income and expenditure						
22	Managed investment funds – segregated	92,839	91,991	92,839		91,991	
19, 22	Managed investment funds – common	34,058	30,468	34,058		30,468	
19	Other listed investments	231	143	231		143	
	Debt instruments measured at amortised cost						
21	Trade and other receivables	74,324	96,860	71,889		94,897	
	Bank deposits	185	161	-		-	
	Equity instruments measured at cost less impairment						
	Non-current investments in unlisted equity instruments	45	45	45		45	
		253,418	240,210	245,151		234,480	

Financial liabilities	Note	Consolidated		University		as restated	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
	Measured at amortised cost						
	Loans payable	25	175,500	179,949		175,500	179,949
	Trade and other creditors	23	49,499	38,513		47,021	36,345
			224,999	218,462		222,521	216,294

The Group's and University's income, expenditure, gains and losses in respect of financial instruments are summarised below:

	Consolidated		University		as restated	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Financial assets measured at fair value through income and expenditure	10,588	(16,189)	5,324		(4,833)	
Financial assets measured at amortised cost – interest receivable	270	895	270		895	
Financial liabilities measured at amortised cost – interest payable	(5,312)	(5,643)	(4,921)		(5,307)	
Impairment losses on trade and other receivables	(597)	(607)	(5,259)		(7,934)	
Impairment losses on non-current investments	-	-	-		-	
	4,949	(21,544)	(4,586)		(17,179)	

32 Capital commitments

	Consolidated		University	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Provision has not been made for the following capital commitments:				
Commitments contracted for	5,661	5,187	5,661	5,187

These commitments arise from contracts included in the ongoing capital programme.

33 Contingent liabilities

As part of its development of the Shinfield Eastern Relief Road and related bridge over the M4, the University provided performance guarantee bonds to Wokingham Borough Council totalling £2.7m and the Highways Agency totalling £1.0m. In relation to works related to developments on former University land at Didcot the University provided a bond of £0.1m to Oxfordshire County Council. Following the formal adoption of the Shinfield Eastern Relief Road by Wokingham Borough Council in September 2021 most of their bonds will be released by the end of July 2022, and negotiations continue with the Highways Agency about releasing their bonds.

In connection with its sale of land at Didcot to a housing developer in May 2019, the University will act as guarantor to the local authority for long-term site improvement works to be carried out by the developer and a party to a neighbouring development. The University's maximum potential liability under this guarantee during the first five years is set at £10m and then reduces to zero over the following four years. No provision has been made for this amount due to the University's view that a liability is very unlikely to crystallise given the financial strength of the developers undertaking these works.

The University has undertaken to provide continued support to its trusts and subsidiary companies for a period of at least twelve months from the date of approval of those undertakings' financial statements.

34 Future lease obligations and receivables

The total future minimum lease payments due under non-cancellable operating leases are as follows:

	Land and buildings	Other	2021	2020
	£'000	£'000	£'000	£'000
Consolidated				
Future minimum lease payments due:				
Not later than 1 year	3,241	300	3,541	3,347
Later than 1 year and not later than 5 years	13,179	238	13,417	13,412
Later than 5 years	18,729	-	18,729	21,693
	35,149	538	35,687	38,452
University				
Future minimum lease payments due:				
Not later than 1 year	1,674	127	1,801	1,732
Later than 1 year and not later than 5 years	7,007	88	7,095	6,810
Later than 5 years	18,601	-	18,601	19,894
	27,282	215	27,497	28,436

Included in the University and consolidated totals for land and buildings is £27.5m in respect of the Enterprise Centre on the Whiteknights campus (2020: £26.8m as restated). The lease runs until 2036.

Included in the consolidated total for land and buildings are commitments of £6.8m in respect of the campus in Malaysia (2020: £8.5m). These amounts are also included in other provisions (see note 27).

In addition, under the terms of the arrangement with UPP, the University makes payments with reference to the number of units of student accommodation sold during the year. At 31 July the University was committed to making payments in respect of those students who had accepted offers of accommodation for the forthcoming year. Further details of the arrangement are given in note 20.

The group also acts as lessor in a number of lease agreements. The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Land and buildings	Other	2021	as restated 2020
	£'000	£'000	£'000	£'000
Consolidated				
Future minimum lease payments receivable:				
Not later than 1 year	6,707	-	6,707	3,711
Later than 1 year and not later than 5 years	10,951	-	10,951	6,522
Later than 5 years	12,137	-	12,137	12,436
	29,795	-	29,795	22,669
University				
Future minimum lease payments receivable:				
Not later than 1 year	7,829	-	7,829	4,999
Later than 1 year and not later than 5 years	21,132	-	21,132	16,319
Later than 5 years	119,802	-	119,802	156,304
	148,763	-	148,763	177,622

The University receives lease income from its wholly-owned subsidiary undertaking, Thames Valley Science Park Limited (TVSP), in respect of the properties operated by that company. TVSP sublets these properties to a number of tenants. Lease agreements are in place between the University and TVSP with lease terms and payments determined on a commercial basis. In respect of the science park operated by TVSP, there is a 125 year ground lease and a 25 year building lease. The leases make provision for a rent-free period for the first 18 months. The ground lease payments are contingent on floor space occupied.

35 Amounts disbursed as agent – Consolidated & University

NCTL bursaries

The University acts only as a paying agent in relation to National College for Teaching and Leadership (NCTL) bursaries, distributing them to students and nurseries. The funds received and related disbursements are therefore excluded from the statement of comprehensive income.

	2021	2020
	£'000	£'000
Excess of income over expenditure at 1 August	175	279
Income		
Funding Council grants	5,355	4,074
Expenditure		
Disbursed to students and nursery settings	(5,096)	(4,178)
Excess of income over expenditure at 31 July	434	175

Student accommodation

The University generates charges and receives rents from students. Payments are then made to UPP (Reading I) Limited which manages the student accommodation. See note 20 for more details of this arrangement.

Supplementary Schedule for the United States Department of Education

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the University is required by the US Department of Education, to present the following Supplemental Schedule in a prescribed format. The amounts presented within the schedules have been:

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

The schedules set out how each amount disclosed has been extracted from the financial statements. Lines with a nil value have been excluded. 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.

Primary Reserve Ratio:

	2021	2020	
	£'000	£'000	
Expendable Net Assets			
Net Assets without donor restrictions	Statement of Financial Position - Unrestricted Income and Expenditure reserve and Revaluation reserve	363,229	184,997
Net Assets with donor restrictions	Note 28 (Endowment Reserves) and Note 29 (Restricted Reserve)	111,972	253,298
Restricted in perpetuity	Note 28 (Endowment Reserves)	(18,022)	(16,063)
Other intangible assets	Note 14 (Intangible assets)	(9,212)	(11,101)
Property, Plant and Equipment	Note 15 (Tangible assets) NBV at 31 July	(356,340)	(376,343)
Post Employment pension liability	Note 26 (Pension Provisions)	25,365	34,716
Line of credit for long term purposes	Note 25 (Loans)	175,500	179,949
Related party receivable	Note 21 (Trade and other receivables)	(735)	(552)
		291,757	248,901

Total Expenses and Losses without Donor Restrictions

	2021	2020	
	£'000	£'000	
Total Operating Expenses	Note 12 (Analysis of total expenditure by activity)	316,371	282,946
Other components of net periodic pension costs	Consolidated Statement of Comprehensive Income and Expenditure - Actuarial gains / (losses) in respect of pensions schemes	5,111	(8,835)
Other gains / (losses)	Statement of Comprehensive Income		
	• Revaluation of Investment Properties	18,400	85
	• Share of operating result of associate	2,627	(1,119)
	• Taxation charge	(3)	(292)
	• Exchange difference on consolidation	(579)	3,511
	• Disposal of heritage assets	(1,950)	-
	• Surplus on Revaluation of property, plant and equipment held by associate	2,422	2
		342,399	276,298

35 Amounts disbursed as agent – Consolidated & University (continued)

		2021	2020
		£'000	£'000
Equity Ratio:			
Modified Net Assets			
Net Assets without donor restrictions	Statement of Financial Position - Unrestricted Income and Expenditure reserve and Revaluation reserve	363,229	184,997
Net Assets with donor restrictions	Note 28 (Endowment Reserves) and Note 29 (Restricted Reserves)	111,972	253,298
Related party receivable	Note 21 (Trade and other receivables)	(735)	(552)
		474,466	437,743
Modified Assets			
Total assets	Statement of Financial Position – Current and Non-Current Assets	807,819	786,898
Related party receivable	Note 21 (Trade and other receivables)	(735)	(552)
		807,084	786,346
Net Income Ratio:			
Change in Net Assets without Donor Restrictions			
Change in Net Assets without Donor Restrictions	Consolidated Statement of Comprehensive Income and Expenditure - Unrestricted comprehensive income and expenditure for the year	47,733	24,527
		47,733	24,527
Total Revenues and Gains without Donor Restriction			
Total Operating Revenue and Other Additions	Consolidated Statement of Comprehensive Income and Expenditure - Total Income	311,020	313,843
Investment return appropriated for spending	Note 7 (Investment Income)	(2,972)	(5,469)
(Loss) / gain on disposal of fixed assets	Consolidated Statement of Comprehensive Income and Expenditure - (Loss) / gain on disposal of property plant and equipment	(1,132)	15,150
		306,916	323,524

36 Disclosure of related party transactions

Council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted in accordance with the University's Financial Regulations and usual procurement procedures.

Council members do not receive remuneration or fees in respect of their services as Council members. The expenses of Council members incurred and claimed in the performance of their duties including attendance at Council meetings are reimbursed by the University. All such reimbursements are subject to approval by the Secretary to the Council. The total expenses paid to or on behalf of members of Council was £nil (2020: £1,293 to 6 members of Council) which related to travel and subsistence expenses incurred. All meeting this year were virtual incurring no travel and subsistence expenses.

	2021	2020
	£'000	£'000
The University's financial statements include the following balances due from Reading University Students' Union (RUSU):		
Due from RUSU	350	405

The University paid the following grants to RUSU:

	2021	2020
	£'000	£'000
Core block grant	1,511	1,501
Specific grants	62	106
	1,573	1,607

Transactions with the University's 20% owned associate, UPP (Reading I) Holdings Limited, and its wholly owned subsidiary, UPP (Reading I) Limited, are set out in note 20.

37 The University and its subsidiary undertakings

As described in the statement on public benefit, the University of Reading is an independent corporation with charitable status established by Royal Charter granted in 1926. It is primarily based in the UK with some operations overseas. Its principal place of business is Whiteknights House, Whiteknights, Reading, RG6 6UR, UK.

The subsidiary companies, wholly-owned or effectively controlled by the University, are as follows:

Name of company	Country of registration	Principal activity	Status
Henley Business Angels Limited	England & Wales ¹	Business launch support	Limited by guarantee
Henley Business School Limited	England & Wales ¹	Management education	100% owned
Reading Real Estate Foundation	England & Wales ¹	Advancement of real estate education	Limited by guarantee
Thames Valley Science Park Limited	England & Wales ¹	Property letting business	100% owned
Henley Business School Germany GmbH	Germany ²	Management education	100% owned
RUMAL Reading Sdn Bhd	Malaysia ³	Overseas campus	100% owned
Henley Business School Limited (Incorporated in the United Kingdom)	South Africa ⁴	Management education	100% owned

Registered office addresses

- Whiteknights House, PO Box 217, Whiteknights, Reading, RG6 6AH
- Maximilianstrasse 40, 80539 Munich, Germany
- Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia
- Kirstenhof Office Park, 1 Witkoppen Road, Paulshof, 2056, South Africa

38 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 institutions are exempt from registration with the Charity Commission. These connected institutions are included in the consolidation and within the University amount since the University is the sole trustee of each and exercises control over each one's activities. The movements in the year on the total funds of all connected institutions, as reported in their own accounts, were as follows:

	At 1 August 2020	Total income	Total expenditure	Other gains and losses	At 31 July 2021
	£'000	£'000	£'000	£'000	£'000
Research Endowment Trust	139,711	679	(149,235)	8,845	-
National Institute for Research in Dairying Trust	107,231	1,589	(11,087)	3,996	101,729
Hugh Sinclair Trust	5,495	94	(533)	646	5,702
Beckett International Foundation	3	-	(1)	-	2
Greenlands Trust	13,491	-	(603)	-	12,888

The Research Endowment Trust (RET) provided funds for specific research and education projects at the University of Reading. As mentioned in Note 9 the Charity Commission granted permission to transfer the assets of RET to the University. The assets and liabilities were distributed to the University at their carrying values on 31 July 21 and on the same date RET ceased to exist. The National Institute for Research in Dairying Trust (NIRD) aims to promote and develop high quality research into agriculture or food (whether its production or otherwise) at the University of Reading.

NIRD holds significant assets. See note 27 for fuller details of the Group's endowment assets.

The Hugh Sinclair Trust promotes research into human nutrition at the University of Reading.

The Beckett International Foundation provides seminars and exhibitions on and promotes research into the works of Samuel Beckett. It also contributes to the preservation and cataloguing of the Samuel Beckett Archive held by the University of Reading.

The Greenlands Trust aims to advance education and learning in business and management studies which it does through the provision of specific grants to Henley Business School at the University of Reading.

39 Pension schemes

The principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the University of Reading Employees' Pension Fund (UREPF) and the University of Reading Pension Scheme (URPS). USS provides benefits based on career average earnings for academic and related employees for all UK universities. The UREPF and URPS schemes provide benefits for other members of University staff. Contributions are also paid to other pension schemes in overseas jurisdictions.

Total pension costs for the year	Consolidated		University	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
USS contributions	32,245	31,716	32,035	31,413
UREPF cost arising from employee service	2,634	2,553	2,625	2,538
URPS	2,103	2,062	2,089	2,042
Other pension schemes	125	113	-	-
	37,107	36,443	36,748	35,993
Movement on USS provision	(4,537)	(44,262)	(4,537)	(44,262)
Total pension costs	32,570	(7,819)	32,211	(8,269)

Included in other creditors are unpaid pension contributions of £3,237k (2020: £3,134k).

Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme (USS), a multi-employer hybrid scheme which has both defined benefit and defined contribution elements. The assets of the scheme are held in a separate trustee-administered fund. The University contributed 21.1% of payroll costs throughout the year. Members contributed 9.6%.

For members earning below a salary threshold, currently £59,892 per annum, all of these contributions are made to the defined benefit part of the scheme. For those members earning above the salary threshold, 12% of the University's contribution and all of the member's contribution above that threshold are invested in the defined contribution part of the scheme. Under the defined benefit arrangements, members currently accrue a pension of 1/75th for each year of service along with a 3/75th lump sum under a career average earnings arrangement.

Members can also make additional voluntary contributions (AVCs) into the defined contribution element of the scheme.

Salary sacrifice arrangements exist for those members wishing to participate. Under these arrangements, participating members agree to a reduction in salary in return for the University paying the 9.6% contribution on their behalf.

The latest available completed actuarial valuation of the defined benefit part of the scheme was at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. The interim valuation as at 31 March 2020 was underway but not yet completed at 31 July 2021.

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. Therefore, the University accounts for the scheme as if it were a defined contribution scheme. Institutions within the scheme share the liabilities, running costs and risks associated with the scheme. The individual liabilities from all institutions are pooled into a single liability for which all institutions are collectively liable.

The following disclosures reflect those relevant to the scheme as a whole.

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The shortfall on the scheme and its funding level are shown below.

	2021	2020
Scheme assets		
Total scheme liabilities	£63.7bn	£63.7bn
FRS 102 total scheme deficit	£67.3bn	£67.3bn
FRS 102 total funding level	£3.6bn	£3.6bn
	95%	95%

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

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

39 Pension schemes (continued)

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

	2021	2020
Mortality base table		
Pre-retirement	71% of AMC00 (duration 0) for males; 112% of AFC00 (duration 0) for females.	71% of AMC00 (duration 0) for males; 112% of AFC00 (duration 0) for females.
Post-retirement	97.6% of SAPS S1NMA "light" for males; 102.7% of RFV00 for females.	96.5% of SAPS S1NMA "light" for males; 101.3% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2021 Years	2020 Years
Males currently aged 65	24.6	24.4
Females currently aged 65	26.1	25.9
Males currently aged 45	26.6	26.3
Females currently aged 45	27.9	27.7

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 USS deficit funding provision outlined in note 25 reflects this plan. The provision figures have been produced using the following assumptions.

	2021	2020
Discount rate	0.89%	2.59%
Pensionable salary growth	N/A	N/A
Pensions inflation (CPI)	4.33%	4.20%

University of Reading Employees' Pension Fund (UREPF)

The University is the sponsoring employer to the UREPF, which is a funded UK defined benefit pension scheme where contributions are held in a separate trustee-administered fund. It was closed to new members in 2011 and replaced by URPS, a defined contribution scheme.

The University paid contributions at a rate of 23.8% of pensionable salaries and members were required to contribute 6.25% of pensionable salaries during the year. Salary sacrifice arrangements exist for those members wishing to participate. Under these arrangements, participating members agree to a reduction in salary in return for the University paying the 6.25% contribution on their behalf. The University also made the following additional contributions: £500k in additional contributions agreed with the trustees and £600k towards the administration costs of the scheme.

From 1 August 2021 University contributions will remain at 23.8% and member contributions will remain at 6.25%. The University will also contribute additional contributions of £500k as well as a further £600k towards the administration costs of the scheme for the year ended 31 July 2022.

A full actuarial valuation was carried out as at 31 July 2017 by a qualified independent actuary. The actuary has reviewed the progress of the scheme since the valuation date in determining the net surplus at 31 July 2021. The service cost has been calculated using the projected unit credit method. The discount rate is one of the key assumptions used in calculating the value of the liabilities and is based on AA rated corporate bond yields. The expected return on plan assets is also based on the discount rate.

Analysis of movement in benefit obligation

	2021 £'000	2020 £'000
At 1 August	195,762	183,060
Cost arising from employee service in the year	2,636	2,558
Past service costs	-	-
Interest expense	2,989	3,784
Benefits paid from plan assets	(5,871)	(5,730)
Plan participants' contributions	9	11
Premiums paid	(20)	(20)
Remeasurements – Effect of changes in assumptions	7,913	12,099
Remeasurements – Effect of experience adjustments	(9,140)	-
At 31 July	194,278	195,762

39 Pension schemes (continued)**Analysis of movement in plan assets**

Fair value at 1 August	211,724	207,596
Interest income	3,252	4,328
Employer contributions	2,540	2,633
Plan participants' contributions	9	11
Benefits paid from plan assets	(5,871)	(5,730)
Administrative expenses paid from plan assets	(464)	(358)
Premiums paid	(20)	(20)
Remeasurements - Return on plan assets	3,884	3,264
Fair value at 31 July	215,054	211,724

Amounts recognised in the statement of financial position

Defined benefit obligation	(194,278)	(195,762)
Fair value of plan assets	215,054	211,724
Net defined benefit asset	20,776	15,962

Components of pension cost

Cost arising from employee service in the year	2,636	2,558
Past service costs	-	-
Interest expense on defined benefit obligation	2,989	3,784
Interest income on plan assets	(3,252)	(4,328)
Administrative expenses paid from plan assets	464	358
Total cost recognised in deficit before tax	2,837	2,372
Remeasurements	(5,111)	8,835
Total cost / (credit) recognised in the statement of comprehensive income	(2,274)	11,207

Fair value of plan assets

	2021	2020
	£'000	£'000
Cash and cash equivalents	23,071	408
Equity instruments	41,077	39,357
Debt instruments	111,496	128,875
Property	39,410	1,469
Other	-	41,615
	215,054	211,724

Actual return on plan assets

	2021	2020
	£'000	£'000
Interest income	3,252	4,328
Remeasurements – Return on plan assets	3,884	3,264
	7,136	7,592

Experience gains and losses

	2021	2020
	£'000	£'000
Remeasurements – Return on plan assets		
Amount	3,884	3,264
Percentage of plan assets	1.8%	1.5%
Remeasurements – Effect of experience adjustments		
Amount	9,140	-
Percentage of present value of plan liabilities	4.7%	0.0%

39 Pension schemes (continued)**Weighted average assumptions used to determine benefit obligations**

	2021	2020
Discount rate	1.65%	1.55%
Rate of salary increases	1.5% fixed for first year 4.25% thereafter	4.83% fixed for first year 3.9% thereafter
Rate of RPI price inflation	3.25%	2.90%
Rate of CPI price inflation	2.55%	2.20%
Assumed life expectancy on retirement at age 65:		
Male member aged 65 (current life expectancy)	22.1	22.0
Male member aged 45 (life expectancy at age 65)	23.8	23.6
Female member aged 65 (current life expectancy)	24.1	23.9
Female member aged 45 (life expectancy at age 65)	25.9	25.7

Weighted average assumptions used to determine cost relating to defined benefit plans

	2021	2020
Discount rate	1.55%	2.10%
Rate of salary increases	4.83% fixed for first year 3.9% thereafter	4.25%
Rate of RPI price inflation	2.90%	3.25%
Rate of CPI price inflation	2.20%	2.25%

The University offers membership in URPS, which is a funded defined contribution pension scheme in the UK. The University pays contributions at a rate of 5% of pensionable salaries for those who have been scheme members for less than five years and 7% for those who have been scheme members for more than five years. Members are required to contribute 4% of pensionable salaries. Salary sacrifice arrangements exist for those members wishing to participate. Under these arrangements, participating members agree to a reduction in salary in return for the University paying the 4% contribution on their behalf.

40 Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, judgements have been made in determining the most appropriate methods of applying the University's accounting policies to the economic transactions which have arisen during the year. It has also been necessary to make assumptions about the future in determining the values of assets and liabilities at the end of the financial year. 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.

Critical accounting judgements

There were no critical judgements, apart from those involving estimations.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Income deferred in respect of site servicing commitments

In recent years the Group has disposed of a number of landholdings in the Shinfield and Didcot areas. The scale of these disposals has required the University to undertake significant obligations in respect of infrastructure development and maintenance in the local areas. In accounting for these disposals, estimates have been made of the total obligations in order to calculate the amount of income to be deferred until these obligations are met. The obligations are reassessed annually. The amount of deferred income at 31 July 2021 was £14.8m (2020: £14.5m). The amount of deferred income has increased as in 2019/20 the Trust disposed of a smaller area of land south of the M4 at Cutbush Lane. All income was recognised in 2019/20, however during 2020/21 adjustments have been made to reflect future site servicing costs which the Trust has an obligation to carry out. These adjustments are not material and no prior year adjustment is required.

40 Critical accounting judgements and key sources of estimation uncertainty (continued)

USS deficit recovery plan

In respect of pension schemes, FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in the statement of comprehensive income. USS meets the definition of a multi-employer scheme. Therefore, the University has recognised the discounted fair value of its contractual contributions under the recovery plan within pension provisions. The obligation at 31 July 2021 was £46.1m (2020: £50.7m). The calculation of this provision has relied on the actuary's overall view of the funding of the scheme and the University's assumptions on future salary payments and the most appropriate discount rate to be applied. Variations in these estimates could lead to a significant change in the provision.

Defined benefit pension scheme

The overall surplus on the UREPF scheme has been included in pension provisions. A number of actuarial assumptions have been made in estimating the surplus which have been set out in note 38. The net scheme asset at 31 July 2021 was £20.8m (2020: £16m).

Provisions in respect of RUMAL

In 2018/19, a restructuring of the University's subsidiary in Malaysia, RUMAL Reading Sdn Bhd, was carried out as a result of its ongoing loss-making position. Revised business plans were prepared and significant changes were negotiated to the terms of the main building lease at the campus. RUMAL is expected to continue to make losses for the next few years. An onerous contracts provision has been made in the consolidated financial statements based on the University's commitment to continue operations at the campus until at least 2026, the point at which the new lease will expire. The new lease was signed in 19/20 and the lease provision has reflected this. Other onerous costs have been estimated based on forecast information.

Provisions in respect of TVSP Ltd

In 2018/19, Thames Valley Science Park Limited (a subsidiary company) completed a detailed review of its lease obligations. This review concluded that several of the company's leases should be accounted for as onerous contracts, in particular the Enterprise Centre lease, as such a provision for onerous lease contracts has been provided.

Provisions in respect of accommodation voids

In 19/20, the University made a provision of £7.2m for onerous costs associated with COVID-19 and the subsequent impact on student accommodation voids provided through two separate providers. For 20/21, the provision has reduced to £4.4m as it relates solely to one contract. The liability to underwrite any void risk will cease in August 2022.

41 Event after the balance sheet date

Universities Superannuation Scheme (USS)

As described in note 39 the University participates in the Universities Superannuation Scheme (USS), a multi-employer hybrid scheme which has both defined benefit and defined contribution elements. The assets of the scheme are held in a separate trustee-administered fund.

As at 31 July 2021 the latest available completed actuarial valuation of the defined benefit part of the scheme was at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. The interim valuation as at 31 March 2020 was underway and not completed at 31 July 2021, however it was subsequently signed and filed with The Pensions Regulator with an effective date of 1 October 2021.

The 2020 Valuation came into effect with a dual rate schedule of contributions:

- leg 1, which includes a small increase in contributions rates from the 2018 valuation and a longer deficit recovery period as a result of the decision to proceed with the benefit change by the Joint Negotiating Committee (JNC) subject to member consultation.
- leg 2, which includes more significant increases in contribution rates from the 2018 valuation and shorter deficit recovery period, which only becomes applicable if the JNC recommended deed on benefit changes has not been executed by 28 February 2022.

Note that, for both legs of the 2020 valuation, the future service cost of funding the current benefits is different than it was under the 2018 valuation.

As the 2020 valuation effective date has occurred after the accounting year end but before the date of signature of these accounts, the 2020 valuation constitutes a non-adjusting post balance sheet event.

41 Event after the balance sheet date (continued)

If i. leg 1 and ii. leg 2 of the 2020 valuation had been reflected in the financial statements the effect would have been as follows:

Effect on net assets

	Leg 1 Consolidated	Leg 2 Consolidated
	31 July 2021	31 July 2021
	£'000	£'000
Net assets reported in previous financial statements	475,201	475,201
Provision for onerous leases	(98,370)	(176,663)
Net assets restated	376,831	298,538

Effect on total reserves

	Consolidated	Consolidated
	31 July 2021	31 July 2021
	£'000	£'000
Total reserves reported in previous financial statements	475,201	475,201
Correction to income and expenditure reserve – unrestricted	(98,370)	(176,663)
Total reserves restated	376,831	298,538

Effect on financial performance

	Consolidated	Consolidated
	31 July 2021	31 July 2021
	£'000	£'000
Total comprehensive loss for the year reported in previous financial statements	36,906	36,906
Correction to operating expenditure	(98,370)	(176,663)
Total comprehensive expense for the year restated	(61,464)	(139,757)

42 Prior year adjustment

A prior year adjustment arising from a change in the accounting for five trusts has resulted in a number of changes within the financial statements. The change has been the inclusion of these trusts in the University result, whereas they had previously been accounted for as part of the Group.

This accounting treatment reflects their status as special trusts as defined by the Charities Act 2011 and FRS102's requirement for intermediate payment arrangements. This effectively means that each of the trusts should have been accounted for in the individual financial statements of the University. It has not generated any changes to the overall Group results in 2020/21 or 2019/20 and each trust is still operating under unchanged regulatory and governance arrangements. A summary of the results of the trusts for the year is disclosed in Note 38.

For the statement of comprehensive income this change has mainly affected the University result for investment income, operating expenses, losses and gains recognised on disposal of fixed assets and investments, and revaluation of investments. For the statement of financial position this change has mainly affected the University balances for fixed assets, investment properties, current investments and intercompany.

42 Prior year adjustment (continued)


University	as previously reported		Movement
	2020	2020	
Statement of comprehensive income	£'000	£'000	£'000
Tuition fees and education contracts	178,547	178,547	-
Funding body grants	31,499	31,499	-
Research grants and contracts	37,809	37,809	-
Other income	46,924	45,623	(1,301)
Investment income	3,487	5,846	2,359
Donations and endowments	2,309	2,322	13
Total income	300,575	301,646	1,071
Staff costs	179,417	179,583	166
Staff costs – movement in pension provision	(44,262)	(44,262)	-
Other operating expenses	101,270	104,135	2,865
Depreciation and amortisation	26,858	27,549	691
Interest and other finance costs	7,533	7,024	(509)
Total expenditure	270,816	274,029	3,213
Total income less total expenditure	29,759	27,617	(2,142)
Gain on disposal of property, plant and equipment	9	15,153	15,144
Gain on disposal of investment properties	34	34	-
Gain on disposal of investments	9,353	18,031	8,678
Gain / (loss) on revaluation of investment properties	(165)	85	250
Loss on revaluation of investments	(9,245)	(20,224)	(10,979)
Surplus / (deficit) before tax	29,745	40,696	10,951
Taxation charge	(153)	(153)	-
Surplus / (deficit) for the year (including decrease / (increase) in pension provision)	29,592	40,543	10,951
Remeasurement gains/ (losses) in respect of pension schemes	(8,835)	(8,835)	-
Total comprehensive income / (expense) for the year	20,757	31,708	10,951
Represented by:			
Endowment comprehensive income for the year	409	11,997	11,588
Restricted comprehensive income for the year	743	743	-
Unrestricted comprehensive income / (expense) for the year	19,605	18,968	(637)
	20,757	31,708	10,951

University	as previously reported		Movement
	2020	2020	
Statement of financial position	£'000	£'000	£'000
Non-current assets			
Intangible assets	11,101	11,101	-
Property, plant and equipment	360,092	375,786	15,694
Heritage assets	39,167	39,346	179
Biological assets	720	720	-
Investment properties	66,946	94,419	27,473
Non-current investments	24,552	24,597	45
Investments in associates	10,567	10,567	-
	513,145	556,536	43,391

42 Prior year adjustment (continued)

	as previously reported		Movement
	2020	2020	
	£'000	£'000	£'000
Current assets			
Stock	1,388	1,388	-
Research grants receivables	5,202	5,202	-
Trade receivables	25,743	25,796	53
Other receivables	5,103	10,337	5,234
Prepayments and accrued income	11,555	11,557	2
Amounts due from subsidiary undertakings	1,213	1,676	463
Amounts due from University endowment trusts	563	-	(563)
Amounts due from associated undertakings - UPP (Reading I) Limited	552	552	-
Receivables falling due within one year	49,931	55,120	5,189
Other receivables	41,312	41,313	1
Receivables falling due after more than one year	41,312	41,313	1
Current investments	-	98,050	98,050
Cash and cash equivalents	16,936	16,936	-
Unsecured loans	(4,126)	(4,126)	-
Trade payables	(4,086)	(4,086)	-
Social security and other taxation payable	(3,597)	(3,597)	-
Other payables	(8,136)	(8,130)	6
Accruals and deferred income	(60,178)	(62,204)	(2,026)
Amounts due to subsidiary undertakings	(1,570)	(1,580)	(10)
Amounts due to University endowment trusts	(131,594)	-	131,594
Amounts due to associated undertakings - UPP (Reading I) Limited	(7,037)	(7,037)	-
Creditors: Amounts falling due within one year	(220,324)	(90,760)	129,564
Net current assets / (liabilities)	(152,069)	80,734	232,803
Total assets less current liabilities	402,388	678,583	276,195
Unsecured loans	(175,823)	(175,823)	-
Deferred income on site servicing arrangements	(1,236)	(11,500)	(10,264)
Other payables	(336)	(336)	-
Creditors: Amounts falling due after more than one year	(177,395)	(187,659)	(10,264)
Pension provisions	(34,716)	(34,716)	-
Other provisions	(18,130)	(18,130)	-
Provisions	(52,846)	(52,846)	-
Total net assets	172,147	438,078	265,931
Restricted reserves			
Income and expenditure reserve – endowment	17,870	250,693	232,823
Income and expenditure reserve – other restricted	1,868	1,868	-
Unrestricted reserves			
Income and expenditure reserve – unrestricted	114,595	147,674	33,079
Revaluation reserve	37,814	37,843	29
Total reserves	172,147	438,078	265,931

UNIVERSITY OF READING FINANCIAL STATEMENTS 2020–2021

 For more information, please contact:

Director of Finance

University of Reading
Whiteknights House
Whiteknights


Reading

RG6 6UR

finance-help@reading.ac.uk

Tel +44 (0) 118 378 6700

 /theuniversityofreading

 @UniofReading

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