



Annual Report

For the year ended 31 July 2021



ROYAL
HOLLOWAY
UNIVERSITY
OF LONDON



Contents

| | |
|--|----|
| A Successful University Today | 4 |
| Financial Highlights | 6 |
| Introduction | 7 |
| Royal Holloway at a glance | 9 |
| Strategic Report | 14 |
| Public Benefit Statement | 17 |
| Responsibilities and Membership of Council | 24 |
| Corporate Governance | 29 |
| Independent Auditor's Report to the Council | 33 |
| Consolidated and Institution Statement of Comprehensive Income | 36 |
| Consolidated and Institution Statement of Changes in Reserves | 37 |
| Consolidated and Institution Statement of Financial Position | 38 |
| Consolidated Cash Flow Statement | 39 |
| Notes to the Financial Statements | 40 |

Royal Holloway and Bedford New College is a Charity Incorporated in the United Kingdom by Act of Parliament.
Registered Office: Royal Holloway and Bedford New College, Egham Hill, Egham, TW20 0EX.

A Successful University Today

At Royal Holloway, students and staff join a close community of inspiring people with a truly global outlook.

TOP 25
UNIVERSITY
IN THE UK

(Guardian University Guide, 2022)

Ranked in the top 400 universities in the world according to the Times Higher Education World University Rankings 2022. Rose ten places to 22nd in the Guardian University League Table 2022.

World-class research that expands minds and changes lives, Royal Holloway is in the top 25% of UK universities for research rated 'world-leading' or 'internationally excellent'

(Research Excellence Framework, 2014)

Dedicated teachers and individual education with flexibility and breadth of choice.



Award-winning
careers service,
**with 79% of students
in graduate level
employment
within 15 months.**

(Guardian University Guide, 2022)

**OVER £3.4
MILLION**

available for students
**via scholarships
and bursaries**
in 2020/2021

**Vibrant and active
community with strong
student involvement:**
130+ societies and clubs
plus quality music,
media and performing
arts opportunities.

With our **beautiful
campus**, and the feel
of the Royal Holloway
experience, ours is a
community that inspires
individuals to succeed
academically, socially
and personally.

*(The 10 most beautiful universities in the UK,
Times Higher Education Supplement)*

**81% OF OUR
RESEARCH IS
WORLD-
LEADING
OR INTERNATIONALLY
EXCELLENT**

*(THE, REF, Overall ranking
of institutions, 2014)*



Financial Highlights

| | Year ended 31 July 2021 £000 | Year ended 31 July 2020 £000 |
|--|---------------------------------------|---------------------------------------|
| Results, Cash Flows and Reserves | | |
| Total income | 189,851 | 188,941 |
| Net cash flow from operating activities as % of income | 33,772 17.8 | 17,610 9.3 |
| Net liquidity (cash plus current asset investments) Net liquidity / (total expenditure - depreciation) days | 76,675 176 | 49,264 120 |
| External borrowing (including repayable within one year) as % of income | 140,000 73.7 | 140,000 74.1 |
| General reserve as % of income | 80,443 42.4 | 73,145 38.7 |
| Payments to acquire tangible and intangible fixed assets as % of income | 4,318 2.3 | 9,589 5.1 |
| Other Key Statistics | | |
| | Number | Number |
| Number of full-time equivalent students | 11,314 | 10,629 |
| Average number of full-time equivalent staff | 1,592 | 1,598 |

Introduction

Foreword by Dame Margaret Hodge, Chair of Council



After an incredibly difficult year, on behalf of the Council, I'd like to commend and thank the Royal Holloway community, students and staff alike, for their resilience and commitment in confronting and overcoming the challenges created by the Covid-19 pandemic.

When the first lockdown was announced, on 23 March 2020, the university was in the midst of a consultation on the development of a new ten-year strategy. That consultation was paused while the weight of the entire university turned its attention to supporting students to complete their academic year.

Recognising that the pandemic has been a catalyst for change, Council subsequently requested that the leadership team lead the development of a three-year strategic plan, one that would enable the university to move forward post pandemic and succeed in a more digital landscape. I am pleased to say that the plan was approved in the Spring of 2021 and implementation is now well underway.

Inspired by Royal Holloway's history and the vision of its founders, Elizabeth Jesser-Reid and Thomas Holloway, the three-year strategic plan celebrates and builds on the university's dual excellence and calls on it to align to the opportunities and requirements of our modern times to address local and global needs.

The plan gives particular emphasis in three distinct areas. First, the need to respond to the higher education needs and ambitions of an expanding London population. Second, recognising the global nature of research and higher education, to build strong and sustainable

partnerships that will support our UK and international students to expand their horizons. Third, to develop strengths in challenge-led research so that the university maximises its contribution to addressing the key issues of our modern times.

Supporting the three-year strategic plan will be a transformation programme to simplify processes and harness digital technologies in support of our academic endeavour.

The pandemic has thrown into sharp relief the power that UK universities have to help address global challenges. Royal Holloway has identified four areas where it can mobilise its research strengths while continuing to support the individual investigation that will reveal the challenges future generations will be called on to tackle. Council is also pleased to support the university which, during the year, announced its intention to open a new Department of Health Studies. The department will welcome its first students in September 2022.

During 2020/21, the university strengthened its distance learning offering by expanding its existing partnership with the University of London's Worldwide offer. This is an exciting development, which will make Royal Holloway's high quality educational offer and commitment to student success accessible to even more students around the world. Council looks forward to watching this partnership grow in the coming years.

Following the announcement of his decision to retire at the end of July 2022, after more than a decade leading the university, Council have begun the process of making arrangements to appoint a worthy successor to Professor Paul Layzell. Since his appointment, Paul has overseen an expansion of the university, including the establishment of new departments in Law and Electronic Engineering and an improvement in facilities for students, developments which have no doubt contributed to league table rises, including of ten places, to 22, in The Guardian University Guide 2022.

Under Paul's leadership, Royal Holloway has steered its way through a year of unprecedented challenges. The university concludes 2020/21 more focussed and committed to its purpose than before.

Royal Holloway is a remarkable community, and one that I am proud to serve as we strive together to pursue the vision of its founders.

Foreword by Professor Paul Layzell DL, Principal



The academic year 2020/21 has been one of the most challenging in our history. However, I am proud of the dedication and professionalism of our staff and the resilience and determination of our students to succeed, despite the challenges faced.

When preparing for the 2020/21 academic year, we knew that we would need to be agile so that we could respond to potentially rapidly changing circumstances, with little notice. We developed a flexible learning model that combined face-to-face with online teaching and learning support. This allowed us to welcome students to campus for face-to-face teaching at the start of the academic year, and move online when instructed to do so by the UK government. The model also meant that, when we could return to face-to-face teaching for some subjects in the spring of 2021, we were able to bring students back to campus.

Throughout the pandemic, the health, safety and well-being of students, staff and our wider community has been a priority. We worked hard to establish and maintain a Covid-secure campus, adapting and implementing measures in response to government legislation and guidance and sector best practice. We launched our 'Playing your Part' campaign at the start of the academic year and while we supported many students through self-isolation, thanks to everyone's efforts to work within the Government's rules and guidance, we did not experience a significant outbreak of Covid-19 on campus.

Many of our students faced financial difficulties as a consequence of the pandemic, for example, through the loss of part-time work or because of a change in family circumstances. Our Study Support Grants, funded in part through the generous donations of our supporters and alumni, provided financial assistance to students experiencing unexpected financial difficulties. The grants covered costs including laptops, accommodation rental costs, PCR test costs for travel and support towards educational psychologist assessments.

Despite the challenging year, our community has stood together and continued to thrive. For the second successive year we rose by ten places, to 22, in The Guardian University Guide 2022. To have followed our rise of ten places in last year's results with an identical achievement this year is a testament to our students and staff and the sense of purpose which drives us.

In 2019/20 we started to develop a ten-year strategy for Royal Holloway. Whilst the pandemic moderated our timeline, it accelerated our ambition, resulting in a new three-year strategy. We have confirmed our commitment to dual excellence in teaching and research, and set a course which should, by the end of the decade, see Royal Holloway grow to 15,000 students on campus, 8,000 distance learning students, and a research income double what it is today.

A key part of our strategy is our commitment to challenge-led research. Over the last year, our academics have collaborated with colleagues across the globe in response to complex challenges faced by individuals and humanity as a whole.

Dr Queenie Chan from the Department of Earth Sciences found water and organic matter on the surface of an asteroid sample for the first time.

Researchers from Royal Holloway and the Royal Botanic Gardens, Kew, found that caffeine, a compound found in many plants, reduces the occurrence and severity of an emerging fungal disease that threatens the health of bumblebees.

StoryFutures Academy has also been commissioned to develop a unique immersive storytelling project into production for UNBOXED: Creativity in the UK.

In recent years, we have leveraged our considerable reserves and refinanced our shorter-dated bank borrowing to secure both an £80m private placement in 2015 and a £60m private placement in 2019. Despite this year's challenges, the university's underlying financial performance in 2020/21 was sound, with income of £190m and healthy cash reserves.

In Spring 2021, I announced my decision to retire from Royal Holloway in Summer 2022. I am confident that the foundations laid by our new strategic plan, combined with the support, passion and commitment of our entire community, will enable Royal Holloway to continue to deliver on its purpose as a university and thrive in a post-pandemic world. In this, my last full academic year as Principal of this magnificent university, I am excited by all that we will achieve today and tomorrow.

Royal Holloway at a glance

Our constitution

Royal Holloway, University of London (“the university”) is a multi-faculty Higher Education Institution, offering undergraduate and postgraduate degrees and carrying out academic research. It is one of seventeen self-governing Colleges and nine smaller specialist research institutes of the University of London. It is financially independent, competes internationally, and has a diverse student population from over 140 countries. The university is a Charity Incorporated in the United Kingdom by Act of Parliament: Royal Holloway and Bedford New College Act 1985.

“The Founder believes that the education of women should not be exclusively regulated by the tradition and method of former ages; but that it should be founded **on those studies and sciences which the experience of modern times has shown to be the most valuable**, and the best adapted to meet the intellectual and social requirements of the students.”

Deed of Foundation, 1883

We have a bold vision for our future



Our new three-year strategic plan, 2021 to 2024, has been inspired by the Deed of Foundation that established Royal Holloway College which opened in 1896. Royal Holloway College merged with Bedford College in 1985, and today’s university is rooted in the purpose and ethos of our two founding colleges, providing the foundations of the university we are today.

The colleges combined their heritages of academic excellence, social justice, philanthropy and entrepreneurship, together with their shared tradition of challenging social and cultural norms by being the first to open the doors to higher education for women, to form one university – Royal Holloway and Bedford New College, now known as Royal Holloway, University of London.

Royal Holloway’s history and origins in equality and social justice are a source of pride. Thomas Holloway set out in the College’s Deed of Foundation a College vision that met the key access challenge of the day, the access of women to Higher Education.

The strategic plan considers how we can meet the needs of our modern times in terms of the provision of higher education and research-based innovation. By building on our well-regarded academic strengths, and by aligning to needs, for example in graduate employability, programme portfolio, access, civic influence, partnership and knowledge exchange, we can deliver on our purpose as a university.

Our strategic plan has three strategic priority pillars:

- Respond to the higher education needs and ambitions of an expanding London population;
- Build strong, sustainable international partnerships that expand the horizons of all our students;
- Develop strengths in challenge-led research and contribute to addressing key issues of our modern time.

The world around us is undergoing a digital revolution, which is changing the environment both economically and socially. To thrive in this changing world the university must transform and recognises the need to embrace digitisation of our education and operations. Underpinning the plan is a strong focus on managing our resources effectively and efficiently. In doing so we protect the legacy of our founders and enable Royal Holloway to meet the modern needs of future generations.

Royal Holloway at a glance

Our future

Our vision as an institution is to cultivate an inclusive environment that supports excellence in teaching, research and student experience.

Our last strategy (2010–2020) supported a mission of dual excellence in research and education. This was successfully delivered, evidenced by top quartile outcomes in the 2014 Research Excellence Framework and our place in the UK top 20 universities by 2020. Student number growth was achieved as planned (rising 17% over five years), improvements were made to our Estate, a strong Law programme was introduced and we saw significant improvements in marketing and recruitment practice.

Before the Covid-19 pandemic we were in the midst of developing a new 10-year strategy (2020–2030) and a Green Paper consultation exercise was underway, with contributions from over 100 members of the university community – students, staff, Council members, alumni and partners – ahead of the drafting and agreement of the new strategy by Council. The pandemic created major disruption and uncertainty across the Higher Education sector, and this consultation was paused following the national lockdown in March 2020. As the university focused efforts on the immediate consequences of the pandemic and the unknown and potentially significant impacts on longer term prospects, Council requested that the university develop a three-year strategic plan to allow short-term actions to be aligned with the long-term success of the university, strengthening our dual excellence mission and maintaining financial sustainability.

The development of the new three-year strategic plan was led by members of the university Executive Board with support from the members of the Council’s Strategy and Governance Committee and drew from the work that went into the development of the Green Paper. The new plan was approved by Council in November 2020. It is ambitious and, if successfully implemented, will bring about significant change.

We aim to deliver positive change through delivery of the projects identified to implement our three-year strategic plan. Alongside this, work continues in 2021 to develop a new People Strategy and an Environmental Sustainability Strategy, which will strengthen and support the new plan.

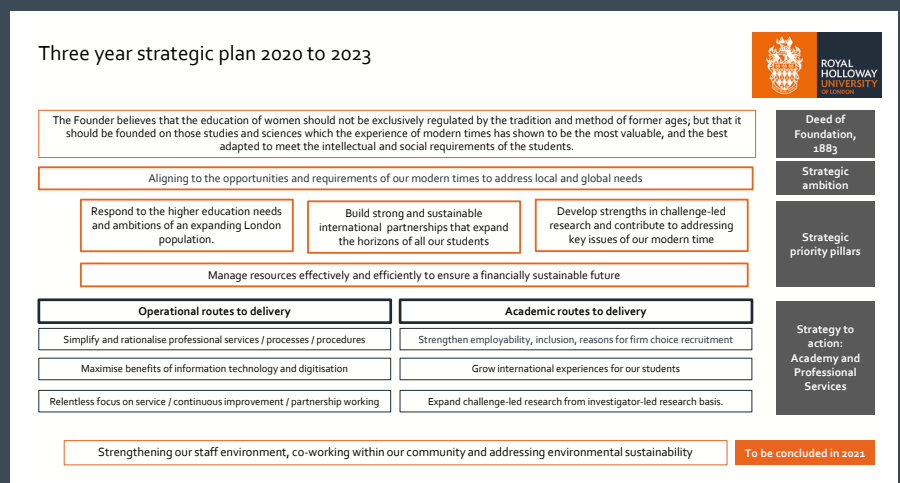
Ambition and focus of our new three-year strategic plan

The focus of the new plan is on our Education, Research and Financial Sustainability. The plan aims to create an inclusive environment, to allow the university to benefit from the increase in diverse students from London and

provides the opportunity for the university to grow in new academic areas and to expand opportunities as a result of the digital revolution.

A priority is to develop strength in our relationships through new partnerships, both locally and globally. A strong desire to make Equality, Diversity and Inclusion more central to the university’s long-term strategy, identified during the Green Paper consultation, is reflected in the new plan. Securing routes into the university for Overseas students is a focus and we aim to adapt our education and partnerships to enable this.

Our research intensity is a foundation for the university’s success and this underpins the education and environment we offer to students and staff. Traditionally we have focused on investigator-led research and, whilst this remains key to our success, our ambition is to bring teams together in new configurations to enable challenge-led research and to strengthen the role the university can play in the development of our region.



Implementation of the strategy

We are taking practical steps to implement our new three-year strategic plan and the strategy outlined above has been transformed into an action plan comprising 26 projects arranged under the four pillars. A Strategy Implementation Group (SIG) has been established. The SIG is responsible for directing the activity, focus and priorities for the strategic plan. This includes keeping a clear view of the cross-cutting themes that affect multiple pillars and projects, as well as the need to keep track of progress across the whole plan.

Governance

Our new three-year strategic plan is assured by effective governance, the structure of this is illustrated in the diagram below. Individual project boards report into pillar level programme boards and the SIG has been meeting regularly to direct the activity, focus and priorities for the strategic plan. The SIG reports into Executive Board and regular updates on progress will be provided to Council and its committees.



Key Performance Indicators (KPIs)

We aim to be transparent and to assess how well we are performing, our KPIs for our three-year strategic plan set out the milestones that we aim to reach to allow us to achieve our goals over the next three years. To make the greatest impact, we will focus on projects in four key areas where we will demonstrate our success:

- Graduate Outcomes
- Awarding Gaps
- Expansion of challenge-led research through development of Catalysts
- Expanding our PGT portfolio

Risks

Risks are present in all activity and can lead to adverse consequences without mitigation or unexpected opportunities. In order to protect the sustainability and reputation of the university we employ effective risk management. In terms of our new three-year strategic plan, this has included understanding and identifying what the risks are and mitigating where needed. Our risk appetite is to minimise any risks to our reputation, compliance and financial sustainability whilst accepting an increased level of risk in development of our education offering, research and knowledge exchange.

Future Opportunities

On Thursday 16 September 2021, the respective governing bodies of Royal Holloway, University of London, and St George's, University of London, agreed to progress discussions, which began during the summer of 2021, regarding a potential merger between their universities. A decision on whether, or not, to continue towards merger is expected to be reached by the end of 2021.

From positions of strength, a merger between Royal Holloway and St. George's will offer the possibility of a strong, dual-excellence university, drawing on broad disciplinary strengths

that will increase visibility, impact and international reach. A merged university will be able to offer more innovative, interdisciplinary, research-enriched learning and teaching, drawing on complementary disciplinary strengths, to meet future education demand, and support an outstanding student experience.

The possibility of a merger between Royal Holloway and St George's was considered in 2009. Since then, the complementary nature of our discipline mix has grown stronger and the landscape of higher education has changed considerably. We recognise that there are challenges to work through, however the compelling offer that a combined university would represent for today's students, together with the significant opportunities evident in our discipline complementarity, validates our decision to re-engage on the possibility of uniting our two universities.

While these discussions continue, the university will not be deterred from moving ahead with our own three-year strategic plan which sets out our strategy for what will be enacted during academic years 2021/22, 2022/23 and 2023/24. This plan will enable the long term success of the university, strengthening our dual excellence mission and laying the foundations for financial sustainability. As a university we aim to be resilient, adaptive and agile and to deliver solutions that do not lose sight of our values: our staff and students are our first priority.

Royal Holloway at a glance

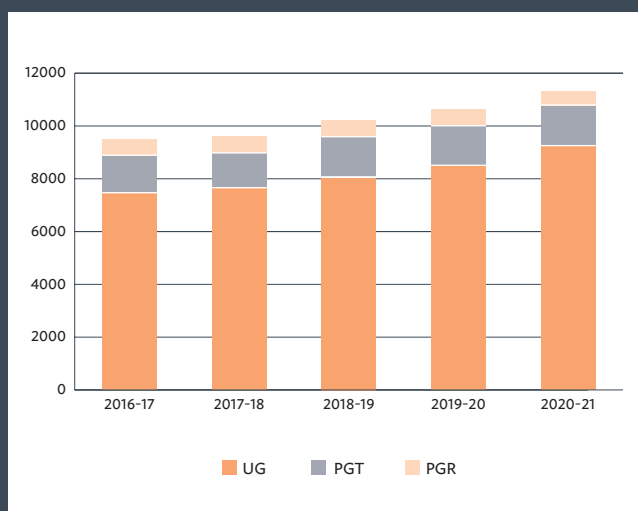


Student numbers

During 2020/21 the university increased student numbers once more to 11,314 (an increase of 6.4% year on year).

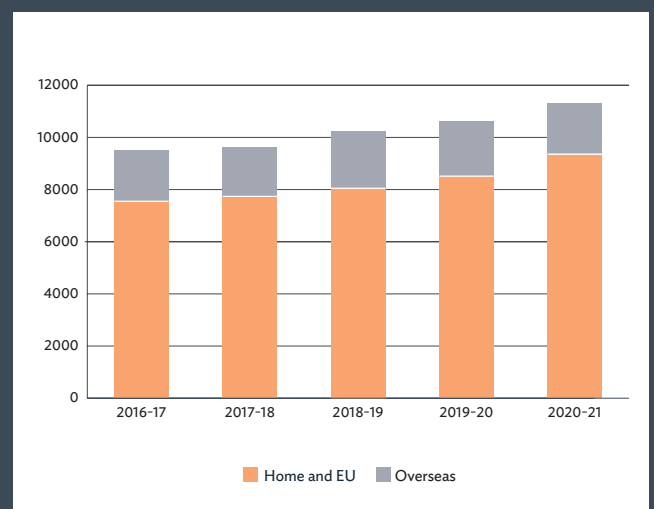
In 2020/21 student numbers were 11,314 full-time equivalents (FTEs) compared with 10,629 FTEs in 2019/20. Postgraduate (PG) student FTEs were 18.3% of the total, including research postgraduates at 5% (figure 1).

Figure 1: Student FTEs by category of undergraduate and postgraduate teaching and research



There was an increase of 877 Home and EU (HEU) FTEs and a decrease of 192 Overseas students (figure 2). Overall, the annual growth in total students FTE was 6.4%.

Figure 2: Student FTEs by domicile





Strategic Report

Scope of the financial statements

The financial statements comprise the consolidated results of the university (including funds for which the university is a trustee) and its subsidiary company Royal Holloway Enterprise Limited, for the year ended 31 July 2021.

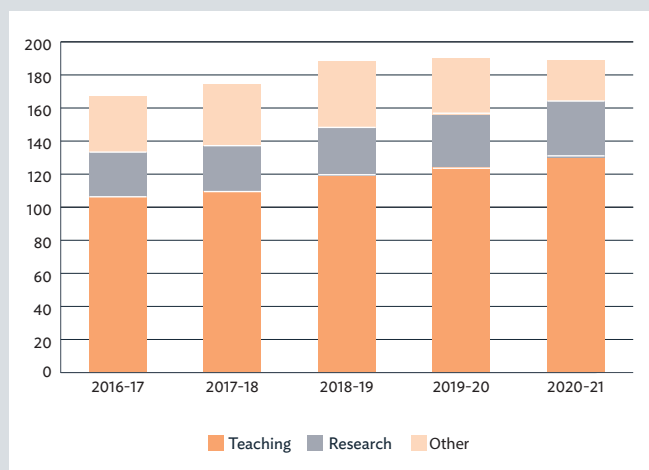
Operating results

The university's underlying financial performance in 2020/21 was sound. Before provisions and other gains and losses, the university achieved a surplus of £8.4m (2019/20: £1.8m surplus), with net cash inflow from operating activities of £33.8m (2019/20: £17.6m).

The operating results include a positive movement of £2.0m in the USS pension provision, based on the 2018 valuation, contributing to a surplus before other gains and losses of £10.6m. This compares with a much larger positive movement of £18.7m in the prior year.

Total income remained broadly similar to the previous year at £189.9m (2019/20: £188.9m). While income from commercial activities remained lower than normal due to the Covid-19 pandemic, tuition fee income grew by £6.6m since the prior year. In 2020/21 teaching accounted for 69% of total income and research 18% of the total (figure 3).

Figure 3: Annual income by major category (£m). "Teaching" is defined as the Office for Students (OfS) teaching grant plus tuition fees and contracts and "research" as OfS and Research England grant plus research grants and contracts



Tuition fees

Income from tuition fees and education contracts increased by £6.6m (6%) to £126.2m from £119.6m in 2019/20. The majority of this increase relates to Home/EU fee income which increased by £10.4m (14%), counteracted by a drop in Overseas fee income of £3.3m.

Research Training Support Grants were broadly the same as the previous year at £6.1m.

Office for Students (OfS) and Research England (RE) grants

Income from the OfS and RE increased to £20.0m (7%) from £18.6m.

Research income

Income from research grants and contracts was £1.6m higher at £18.8m in 2020/21 compared with £17.2m in 2019/20.

Other income

As anticipated, other operating income reduced this year due to the impact of Covid-19. The campus closure adversely affected the university's commercial income streams (catering and conferences) and accommodation fees were reduced due to the university's decision to refund student accommodation fees where students had vacated. These factors contributed to the drop of £8.6m in other income this year.

Investment, donations and endowment income also remain weakened by market turbulence arising from the pandemic, falling slightly to £1.9m from £2.3m last year.

Expenditure

Total expenditure increased by £11.5m (7%) to £179.2m from £167.8m in 2019/20. Excluding the shifts in the USS pension provisions in both years, total expenditure fell by 3%.

Excluding the pension provision adjustments, staff costs reduced by £4.4m (4.2%). Average staff FTEs were slightly lower at 1,592 (2019/20: 1,598).

Other operating expenses reduced by £2.6m to £53.5m largely due to periods of lockdown and the impact of ongoing travel restrictions due to Covid-19. This included £3.4m expenditure on student maintenance and awards.

Depreciation and amortisation costs were £1.7m higher at £20.7m compared with £19.0m in 2019/20.

Capital investment and the Estate plan

A plan for the long-term development of the main campus, most of which is located on Green Belt land, was approved by the Local Authority in January 2015.

Total capital investment in the year was £5.2m compared with £10.2m the previous year. The reduction reflects the fact that a number of projects were cancelled or suspended due to the impact of Covid-19.

Other Estates investment totalled £2.5m, of which refurbishment expenditure was £0.7m (2019/20: £7.0m). The reduction is due to there being no major refurbishments scheduled in 2020/21, as budgets were restricted due to Covid-19. There was limited refurbishment in areas such as Handa Noh and the Founder's kitchen. £0.6m was spent on the campus spine road upgrade and the remaining £1.2m was spent on Estates small works (cyclical and equipment replacements).

£1.5m was spent on academic equipment. £0.7m was spent on IT projects within Intangible assets during the year (2019/20: £1.0m).

Investment property

In July 2016 the university acquired Rusham Park, a site of great strategic importance based on its proximity, value and development potential, adjacent to its campus in Egham. The acquisition cost was £20.4m.

The site was acquired with tenants. At the time of acquisition it was anticipated that over time these tenants would leave the site. The tenants were specialist tenants and long-term occupiers and the facilities on the site were customised for their occupation. The specialist nature of the site means that it is impractical for the site to be leased to another occupier.

One of the tenants vacated during 2018/19 and the remaining tenant vacated prior to the balance sheet date. At this point the site was revalued and, as it no longer fits the definition under FRS102 of an investment property, it was transferred to land and buildings. The university takes a long-term view about the strategic importance of Rusham Park. After awarding preferred bidder status to Balfour Beatty Investments in February 2021, the College is nearing the final stages of preparation for the development of a 1,400-bed student village at the site. The final design is due to be submitted to Runnymede Borough Council in November with approval anticipated February 2022. Demolition is due to start imminently and the funder competition is due to start early 2022, with an indicative date for construction to commence of May 2022.

Cash flow, liquid assets and treasury management

The net cash flow generated from operating activities was £33.8m compared with £17.6m in 2019/20, and there was an overall increase in cash during the year of £14.1m. Capital expenditure was further reduced as part of the

expenditure control measures introduced in response to the pandemic in order to preserve cash levels.

The total of current asset cash and current asset investments (cash held on deposit) at the year end was healthy, increasing from £49.3m to £76.6m.

The university's treasury management policy has been kept under active review by the Finance Committee, partly in the light of changing credit ratings. The main principles of the policy are to place cash only with A-rated Money Market Funds and UK regulated banks and building societies that meet agreed credit rating criteria, to achieve diversification of deposits between counter-parties and in relation to maturity, and to limit exposure to a single counter-party or Fund.

Endowment assets

The university's endowment assets comprise the Art Collection and investment assets managed by professional fund managers. After the market turbulence caused by the pandemic reduced the value of the university's endowment assets to £78.8m at the end of 2019/20, the markets have rallied during the year and the value now stands at £87.7m (including cash and cash equivalents of £0.9m).

During the year the endowment assets (excluding the Art Collection) were managed by Rathbone Greenbank, an ethical and sustainable fund manager. Their market value at 31 July 2021 was £56.8m.

Endowment asset investment performance is monitored by the Investment sub-Committee. The primary objective is to achieve a total return, including dividends, interest, rent or other income, and capital appreciation, of Inflation +4% per annum, gross of fees, over 5 years.

The decarbonisation of our endowment assets is driven by our aims:

- reduction of future emissions
- reduction of exposure to carbon intensive companies
- making sustainably-themed investments

Targets are set in each of these three areas and significant progress has been made during 2020-21.

Trade Union facility time

Under the Trade Union (Facility Time Publication Requirements) Regulations 2017, the university, as a public sector employer, is required to collate and publish a range of data on the amount and cost of time spent by Trade Union Officials on facility time. Facility time is the

Strategic Report

provision of paid or unpaid time off from an employee's normal role to undertake Trade Union duties and activities.

The publication year runs from 1 April 2019 to 31 March 2020. This information is to be published every year by 31 July. The relevant Trade Unions with whom the university has a Collective Bargaining Agreement are GMB, Unite and Universities and Colleges Union (UCU). The number of employees who were relevant union officials during the relevant period was 14 with an FTE of 13.6.

The number of employees who were relevant union officials during the relevant period spent the following percentages of their working hours on facility time:

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0% | 3 |
| 1-50% | 11 |
| 51%-99% | 0 |
| 100% | 0 |

The total cost of facility time was £0.1m of a total pay bill of £104m.

The percentage of the total pay bill spent on facility time was 0.79%.

Principal risks and uncertainties and future prospects

The risk management objectives of the university are to support the achievement of the strategic priorities of the university, to assist in planning and decision making, to allow the university to anticipate and adapt to changing circumstances, to identify areas of concern (or opportunity), to reduce the cost of risk and to provide assurance to stakeholders.

The university has an active programme of risk management, which can detect and act upon situations of deteriorating risk and thereby protect the interests of the institution and its future. Risk management has been embedded through integration with the annual planning process, ensuring that all decision-making processes include a consideration of risk and supporting staff across the university to become risk managers.

The university has made significant improvements to its risk management structure during the year. This structure is aligned to the university's governance and line management structures from Council, through Executive Board, to supporting committees within Schools and Departments. The university identifies risks and their possible consequences, early warning mechanisms and countermeasures that mitigate the risks identified.

The highest residual risks to the university, after countermeasures, are considered to be as follows.

- **Cybersecurity:** cyber-attack or data breach resulting in breach under GDPR and/or outage of business critical systems. Mitigations include the establishment of an Information Technology Board to provide assurance and accountability, continued development and implementation of the university's Information Security and Data Management Policies, the implementation of a new password policy and Multi-Factor Authentication, ongoing training for all staff, and ensuring vulnerabilities in the system are identified and patched.
- **Employability:** Failure to achieve sector norms for graduate employability which could impact upon league table rankings and therefore affect future TEF results. Mitigations include increased placement and work experience opportunities, additional tactical work with students post-graduation, improved accessibility to employer engagement activities and events, supporting student enterprise and increased tangibility of curriculum-based employability skills development through the inclusion of employer and alumni voices in delivery.
- **Space:** Failure to ensure that the space on campus meets future requirements. This could impact the university's ability to deliver future strategic objectives and to maximise future income. Mitigations include the prioritisation of a Covid-secure campus, implementation of the Estates Development Plan, the tactical reorganisation of space in response to changing social distancing restrictions or requirements, and closer alignment of IT and Estates strategic planning.
- **Sustainability:** Failure to ensure we are an environmentally-sustainable institution and that climate change brings increasing threats to business-as-usual models of working. This is being addressed by a university-wide sustainability strategy as part of the three-year strategic plan.
- **Financial sustainability:** Lack of long-term financial sustainability – reductions in income and increases to expenditure, including rising staff costs due to increases in pension contributions, could lead to insufficient cash balances to ensure future sustainability and the required level of capital investment. Mitigations include tight financial control measures and clear budget targets (set and monitored), financial forecasts that include monitoring of covenant compliance, financial planning that sets out future savings requirements, and detailed cash flow modelling and monitoring.

All of these risk factors potentially have profound implications for UK-based Higher Education institutions. The university is well placed to respond to these risks and is satisfied that it is managing them effectively.

Professor P Layzell
Principal
18 November 2021

Dame Margaret Hodge
Chair of Council

Public Benefit Statement

The university wishes to make a report on how it has delivered its charitable purposes for the public benefit. In making this statement, the Trustees (Council Members) have had regard to the Charity Commission's guidance on public benefit.



Charitable status

The university is an exempt charity and, as such, is exempt from registration with the Charity Commission. The university is monitored by the Office for Students as its Principal Regulator, in accordance with the Charities Act 2011.

The university was incorporated by the Royal Holloway and Bedford New College Act 1985. This defined the university's charitable objectives to be "to promote for the public benefit education and scholarship and...for that purpose to provide instruction leading to degrees of the University of London, to superintend postgraduate studies and to promote research."

Education, access and widening participation

The university provides education at undergraduate and postgraduate level across its six schools: Business & Management; Engineering, Physical and Mathematical Sciences; Humanities; Law and Social Sciences; Life Sciences and the Environment; Performing and Digital Arts. Students are selected based on their ability to successfully complete their programme of study to the required standards. In the Times and The Sunday Times Good University Guide (TGUG) 2022, the university has been ranked as 26th in the UK and in the Guardian University Guide 2022 the university was ranked 22nd.

Royal Holloway was founded on principles of social inclusion, equality and being amongst the first places in Britain where women could enter higher education. The university has a five-year Access and Participation Plan (APP) that covers the period to 2024-25. It sets out to improve equality of opportunity for all student groups, particularly those that are currently underrepresented in higher education: students from underrepresented or deprived areas, students from ethnic minority groups, mature students, disabled students and care leavers. The university is committed to achieving the ambitious targets set out in the five-year plan and has a detailed action plan covering all the key activities to be delivered across all stages of the student lifecycle.

Fees to Home and EU (HEU) students are charged at the rates permitted by the regulations, and Overseas student fees and other discretionary fees take account of the competitive market and the requirement for activities to cover their full costs. A wide range of support for fees and living costs is provided in order to give opportunities to study at the university to those from underrepresented groups. Under the arrangements for charging fees of £9,250 to full-time undergraduate HEU students which are overseen by the Office for Students, awards to students totalled £3.4m in 2020/21. Other awards funded from the university's resources and endowment income, mainly to support postgraduates, were £6.6m in 2020/21.

The university provides opportunities to students with non-traditional qualifications to study at the university. For example, Access Bursaries provide additional financial support to students with non-traditional educational backgrounds and who are often mature learners. There are also bursaries available to support students who face barriers to entering Higher Education because of their low



Public Benefit Statement

household income or because they have spent time in local authority care.

The university provides Student Advisory and Wellbeing teams to provide assistance and guidance to students about their wellbeing and university life. The Student Counselling team provide students with the chance to talk about personal and emotional concerns in a confidential setting. The Disability and Neurodiversity team provide advice, guidance and support to disabled students, including those with specific learning difficulties. The Study Support Grant is provided through earmarked funds and grants, and endowment fund income is used to provide additional support, including temporary loans.



Research

The contribution of the university's research to the advancement of knowledge and understanding was reflected in the outcome of the REF 2014 in which 81% of the research submitted was rated as world-leading or internationally excellent.

The following examples give an indication of the variety of the public benefits that are produced by the university's research and academic engagement activities:

Arts, Drama & Theatre

Research undertaken in drama, led by Professor Helen Nicholson, has informed understanding of participatory arts and theatre making by, with, and for communities. Working in partnership with leading theatres, including the National Theatre, Royal Shakespeare Company and the Young Vic, Nicholson's research has led to more inclusive ways of working with people who have been

under-served by cultural organisations. From 2017-2020 she led the research for the National Theatre's new flagship community programme, Public Acts, informing its development into a nationwide programme. In 2021 her research for the Young Vic theatre documented their Taking Part programme during the pandemic, with her recommendations to secure funding and shape the next phase of their ambition to fully serve their neighbourhood. The Royal Shakespeare Company and the Little Theatre Guild benefitted from research led by Nicholson into amateur theatre, which has led to on-going research on the role of theatres in towns, which has been often overlooked.

Nicholson's commitment to sustaining creativity across a life time led to research on the arts in dementia care, working with charitable trusts including Age Exchange Theatre. Working with Professor Frank Keating, this research provided evidence that participating in the arts increased quality of life of people living with advanced dementia. As a result, the charity raised over £1 million to increase provision in care homes. Nicholson's expertise is sought internationally, with ongoing impact across the world, including India, Japan, Australia, Canada, Taiwan and Scandinavia.



Quantum technologies

Royal Holloway, University of London is supporting the UK National Quantum Technologies Programme funded by the UK government to drive industrial innovation in this field using our established Quantum expertise. Superconducting Quantum devices are expected to have wide applications in sensing devices that operate at sensitivities beyond the standard quantum limit, Quantum information processing, new electrical standards, Quantum simulators and new types of meta-materials.

Superconducting Quantum technology is widely thought to be a successful route to the construction of a Quantum computer which is being pioneered by companies such as Google, D Wave and IBM. This activity is part of our strategic direction of challenge-led research and part of the Advanced Quantum Science & Technologies catalyst.

We are forming new partnerships and collaborations with the academic community, NPL and wider industry sector to exploit our facilities, Intellectual property through licensing and collaborative research. Our collaboration with industry has led to an award of an Innovate UK grant “Reliable, high throughput production and characterisation of coherent superconducting devices”.

The UK’s innovation agency awarded Oxford Quantum Circuits-led consortium the largest ever Government grant (£6.8m) aimed at the commercialisation of superconducting quantum technologies, and positions the UK as a global leader in the field.

Despite the Covid-19 disruption the SuperFab facility has now been used for over 170 days to manufacture bespoke Qubits by industry with high-coherence properties which will be a critical component for a UK-designed Quantum computer. It is through the above activities that SuperFab is helping to realise a whole new quantum economy in the UK, and helping the facility to be sustainable for the future.

Supreme Court Studies

Building on collaborative activity in 2019 to help mark the Court’s 10 year anniversary, in 2020-21 Royal Holloway and the UK Supreme Court commenced work to co-design a new undergraduate module, ‘Supreme Court Studies’, to be piloted in 2022-23. This innovative new module will explore the history and role of the Court, with a number of sessions delivered either at the Court or at Royal Holloway with contributions from Supreme Court Justices, Judicial Assistants or staff.

In addition to the module, Royal Holloway and the Court are also developing a free online course, ‘Inside the Supreme Court’, to be launched in January 2022. This FutureLearn course will not only introduce learners to the work of the Court but also examine some of its landmark rulings, putting learners in the seat of Justices and asking them to reach their own judgment, after which they can compare their ruling with that of the Court.

Business and community engagement

The university engages in consultancy and technical services activity, which primarily provides advice and services to a specific customer. This commercial engagement with business is an important aspect of the university’s activities, as it builds relationships and creates potential opportunities for further engagement involving research and teaching.

Community engagement and support has played an ever more significant role for university services during 2020-2021. This has been a time of great challenge for our community partners, statutory and voluntary organisations as they seek to respond to the unprecedented times we have been through, yet also there has been positive opportunity for engagement with our wider community.

In September 2020 we hosted our biennial Partners’ Conference for over 30 virtual guests as an online event with guest speaker Paul Reddish, CEO of Volunteering Matters, and various relevant breakout sessions too. This was followed with two online Partner Forums during the academic year and continued use of our online volunteering platform to promote opportunities.

The Festival of Volunteering, involving a number of local charities with a number of other planned recruitment events, took place digitally throughout this year, and we now have over 120 approved community partner organisations with more than 1,200 registered volunteers.

Royal Holloway Volunteering student leadership programme has run in a hybrid format depending on government restrictions, term one in person on campus and term two remotely online. Our Social Action projects have continued to adapt and evolve in how they best operate during the pandemic which has involved a focus on Foodbank donations and fundraising, outdoor activities through our Community Garden supporting wellbeing of volunteers, and various Love Your Community initiatives to engage with the local community such as Paint A Poppy campaign with local schools, and NHS care parcels

Public Benefit Statement

scheme to create over 140 packages of thanks for local frontline workers.

Our 47 student leaders showcased their community projects during the year at an online showcase and raised the profile of volunteering by supporting national initiatives such as #iwill week and Student Volunteering Week. In May four students were presented with Surrey Lieutenancy Appreciation Awards for their exceptional support of the local community. Furthermore £3.5k of funds were raised in support of our student-led community projects through the university's ATS Covid Testing Incentive Scheme.

As a university community as part of our Donate and Reuse scheme we have donated over 20 full crates of food donations to Runnymede Foodbank, and hundreds of bags of clothes and other items to British Heart Foundation to help raise vital funds through local stores.

Our staff have continued to engage with local community multiagency task groups supporting various requests and opportunities as they arise. Furthermore 17 students were supported in sourcing remote short-term placements with voluntary organisations as part of our Voluntary Work in the Community module. The Community Research Hub has received continued HEIF enabling students to continue supporting 10 charities with their research requests during 2020-21.

During Volunteers' Week in June our Principal officially opened a new central campus location dedicated to empowering student volunteers called the Volunteering Hub. This will serve not only to raise the profile of volunteering as a culture at the university, yet provide space for students to continue taking a lead in supporting their local community as recipients of The Queen's Award for Voluntary Service.

Our second online Volunteering Awards were also hosted 1-7 June to celebrate and recognise outstanding students, staff, alumni, projects, and partners. The Mayor of Runnymede's Cup was presented albeit virtually for 13th year to our student volunteer of the year. The award recipient has led our Sing-Along Surrey initiative which adapted to film music performances, with equipment funded by Student Opportunities Fund, in collaboration with Together with Music to share with over 60 care homes in the UK.

As restrictions allowed in 2020/21 we welcomed 18 local community clubs back to our facilities and helped host activity for hundreds of children. After the relaxing of

restrictions in May we also hosted the annual Sportability Festival in partnership with Runnymede Borough Council and Enabled Not Disabled, which allowed local children of mixed abilities to take part in inclusive sports sessions.

In 2020/21 we launched the Royal Holloway Moves app which allows our students and staff to earn points for their physical activity, which they can then spend on campus. In partnership with the Volunteering team we gave students and staff the option to donate their points to fund student led projects which benefit the community. Throughout the academic year our users donated over £2,300 which helped to:

- Fund a new robot kit so our students can continue deliver STEM sessions for local primary schools
- Fund 25 Christmas gift bags for local elderly people as part of the Santa's Workshop project
- Donate £700 worth of food to the Runnymede Foodbank
- Assemble 144 boxes to be donated to NHS staff working at St Peter's Hospital
- Provide tablets for local refugees to ensure they can continue receiving English lessons virtually from our ESOL project.

Enriching the student experience and employment

Responding to the Covid-19 pandemic, the Careers Service developed a programme of virtual and remote support for students and graduates. By moving to an online service, the team was able to stay connected to students, graduates and employers to facilitate opportunities and develop skills. In 2020/21:

- 1,499 students attended one to one appointments with our Careers Consultants
- We delivered 185 events virtually to students and graduates
- 2,582 students and graduates attended central Careers events
- 91 employers and 47 alumni participated in our central Careers programme
- 90 students were successfully placed with employers for the Micro-placements scheme (many of these employers were able to facilitate remote work experience for the students).

Our Santander-funded employability programme continues to grow, with 23 opportunities secured this year. We also launched a new placements scheme funded by Santander, targeted to support students with mental health conditions into employment, and 10 students were placed. Furthermore, Santander have confirmed that Royal Holloway is currently in the top three universities globally for engagement with their new work experience platform (BECAS).

According to the Times University Guide 2022 our graduate prospects score has improved to 72.5% across all subjects, and we are in the top quartile for Music, Criminology, Philosophy, Law, Psychology, Biological Sciences, Computer Science and Creative writing. In the Guardian University League tables 2022 the university maintained a 79% career prospects score across all subjects and achieved the top quartile for Drama, English, Psychology, Computer Science, Geography, Biological Sciences and Management.

Acting responsibly

Sustainability is a key theme in our three-year strategic plan. We recognise that the world faces a climate emergency. Throughout our actions and expertise in research and education, we will generate positive and inclusive change that supports significant progress towards the UN Sustainable Development Goals on campus and beyond, for all our stakeholders.

We will leverage our expertise in research and education to encourage, equip and empower our students and staff to be leaders in environmental sustainability. For example, we will provide every student with the opportunity to be climate literate through their education by the start of 2024/25, and we are expanding our sustainability curriculum through specialist modules from 2021/22 onwards.

As part of our responsibility to the environment, the university uses a wide range of metrics relating to carbon and energy use which inform the university's carbon reduction strategy. At our Egham campus we continually invest to maintain and enhance the natural beauty and biodiversity of 135 acres of parkland of which over 65% is green space including ancient woodland.

The university purchases a wide range of goods, services and works which are sourced from both national and international suppliers.

The university is committed to carrying out procurement activities in an environmentally, socially, ethically and economically responsible manner and to entering into agreements, and contracts, with suppliers that share and adhere to this vision. The university expects all its suppliers to comply with its supplier code of conduct which covers the following:



- Social compliance, for example no use of forced or under aged labour, the provision of suitable working conditions and fair treatment of workers
- Ethical compliance and economic development, for example acting with integrity, compliance with laws and regulations, and support of fair trade
- Environmental compliance, for example avoidance of environmental harm and taking actions to reduce environmental impact

The university is a member of the London Universities Purchasing Consortium which considers responsible procurement throughout all of its activities and is considered a leader in this field. The university is an affiliate member of Electronics Watch which is an independent monitoring organisation that works with public sector organisations to promote and enable responsible procurement and protect the rights of workers in electronic supply chains.

The university is also a member of the Higher Education Procurement Association (HEPA) which supports responsible procurement throughout the sector.

The university encourages all suppliers of goods, services and works to adopt the NETpositive Supplier Engagement Tool (<http://supplierengagementthe.net-positive.org/>). The tool enables suppliers to create a simple, free sustainability plan that measures environmental, economic and social sustainability performance.

The university recognises that it has a responsibility to take a robust approach in its supply chains and is committed to a zero tolerance policy in relation to modern slavery and human trafficking.

The university's Modern Slavery policy statement, which is updated annually, can be found here: www.royalholloway.ac.uk/modern-slavery/

The university is fully committed to maintaining high environmental, social and governance (ESG) standards across its investment portfolios. We believe that good stewardship and engagement can benefit companies and markets as a whole.

The university's endowment fund portfolio is managed by Rathbone Greenbank, a dedicated ethical and sustainable fund manager. The decarbonisation of our investments is driven by our aims:

- Reduction of future emissions
- Reduction of exposure to carbon-intensive companies

- Making sustainably-themed investments

Targets are set in each of these three areas and significant progress has been made during 2020-21.

A Health and Safety Office is employed to ensure that there is best practice in health and safety standards including sound risk assessment practices. The Health and Safety Office continues to be at the heart of the university's response to Covid-19 and, with colleagues, monitors the virus outbreak, following advice from the government, Public Health England, the NHS, the Foreign, Commonwealth and Development Office (FCDO) and industry bodies such as UUK, London Higher, and USHA. The Covid-19 vaccination programme has paved the way for the lifting of restrictions, but the protection of staff and students at home and on campus continues to be paramount. A range of appropriate control measures remain in place, based on the lessons learned from last year. In addition, the Outbreak Management Plan has been reviewed with support from the Surrey Health Protection Team.

The university carries out its activities with the intention of avoiding detriment or harm. Research proposals involving human participants must be approved by an Ethics Committee before they can proceed.





Responsibilities and Membership of Council



Statement of Primary Responsibilities

In accordance with the Royal Holloway and Bedford New College Act 1985, the Council is the governing and executive body of the university. It has adopted the CUC Code of Governance 2014 (updated 2018) and its Statement of Primary Responsibilities. In October 2021 Council adopted the CUC Code of Governance 2020.

General Principles

1. The Royal Holloway and Bedford New College Act 1985 (RHBNCA '85) established the university as a body corporate with perpetual succession and a common seal. The university is a Statutory Corporation, i.e. a legal body that has the power to sue or be sued, own property and enter into contractual obligations. The Council is its governing body, with responsibility for the oversight of the business of the

university and for ensuring that it is done consistently with the Act and statutes and with the statutes, regulations and ordinances of the University of London.

Status of members

2. All members of the Council shall have equal status, rights, powers and duties and shall share collective responsibility for all the acts and decisions of the Council but subject to the limitation on the participation of student members specified in Statute 27 (exclusion from Reserved Area Business). All members shall speak and act in their own right contributing to the deliberations of the Council whatever special knowledge and advice they can, and exercising their own judgement to the best of their ability in the interests of and for the good of the university as a whole (RHBNCA '85 S8).

Duties of Council Members

3. In order to fulfil its role and demonstrate effective governance the Council and the university require that all members of Council contribute fully by fulfilling their duties individually and collectively:
 - a. Council members are expected to comply with the seven principles of Standards in Public Life (the Nolan Principles) namely: Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty and Leadership.
 - b. Members of Council have an overriding duty to act in the best interests of the university by ensuring that funds and property are used only in accordance with the RHBNC Act and standing Orders, and the university's charitable status. There is an obligation to act reasonably and this includes taking into account any guidance issued by such bodies as the OfS, CUC, the National Audit Office, the Public Accounts Committee et al.
 - c. All Members of Council have equal status and exercise their responsibilities in the interests of the university as a whole. No member of Council should act in a way that represents any particular internal or external constituency. Council members should participate in open and honest debate and all members have collective responsibility for the decisions reached by Council.
 - d. Members have a duty to attend the Council meetings and the meetings of any committees to which they have been appointed and to give timely apologies for absence on any occasion when they are unable to attend. Meeting dates are planned well in advance to support attendance.
 - e. Members are expected to use their knowledge and skills to make constructive and rational contributions to debate, to apply strategic insight to complex issues and to offer constructive challenge to the university, recognising the proper separation between governance and management. To this end members are expected to have prepared in advance of the meeting in order to be able to contribute to discussion, ask questions and influence informed collective decision making.
 - f. Members are expected to have a strong commitment to Higher Education and the values, aims and objectives of the university and take an interest in, and keep themselves up to date on, issues affecting the business of the university. They are expected to act as ambassadors and advocates for the university, promoting its activities and strategic aims in the wider community.
 4. Council aims to conduct its business so far as possible in an open manner. Where particular items of business preclude this all members must respect the confidentiality of Council business.
 5. External members have a wide range of expertise and specialist skills, and apply balanced and independent judgement to the Council's deliberations. Staff and student members bring the same broad range of qualities as external members and in addition they bring specific and general knowledge and understanding of the university work and culture.
 6. It is recognised that the particular knowledge and understanding that staff and student members bring to Council debate, while valuable, can give rise to perceived conflicts of interest, and the fact that they are internal stakeholders of the university as well as governing body members can sometimes lead to uncertainty as to their role on Council. This duality should not, however, be allowed to confuse the key principle that all Council members have a corporate responsibility and that this overrides their role as representatives of particular groups within the university.
 7. Council promotes equality and diversity throughout the institution, including in relation to its own operation and members are required to submit an annual return to the skills register.
 8. Members have a general duty to avoid perceived or actual conflicts of interest between their own private, public and professional life and that of the university. Members are required to submit an annual declaration of interests and to declare, as soon as it arises, any conflict of interest with an agenda item.
 9. Members may from time to time, and in accordance with the Regulations of Council and Financial Regulations, be asked to witness the application of the university seal and act as a formal signatory to sealed documents on behalf of the university.
- ## Time Commitment
10. Membership of Council requires attendance, normally, at five Council meetings per year in addition to a 1.5 day residential Strategy day meeting. Council meetings usually last for no more than three hours and preparation in advance is required.

Responsibilities and Membership of Council

11. Members may be asked to serve on a Committee of Council. Committees meet throughout the year and the frequency of meetings varies dependent upon the committee's role; normally between two and five times per academic year. Committee meetings usually last for no longer than two hours and preparation in advance is required.
12. All Council members are required to attend an induction at the university before they may participate at Council. Members will be required to attend externally organised briefings or training if appropriate.

Professional indemnity of members of Council

13. Individual members of Council are covered by the university's Directors' and Officers' Liability insurance policy in respect of the costs of any claim of negligence which may be made against them in the carrying out of their duties as a member of Council.

Trustee responsibilities

14. The university has charitable status, and members of Council are charitable trustees, subject to the

obligations this imposes under charity law. They are expected to discharge their duties of compliance, prudence and care and to accept ultimate responsibility for the affairs of the university and for ensuring that it delivers its charitable objectives for the public benefit.

The Founder's Endowment Fund:

15. During the year, the university acted as a Trustee of the Founder's Endowment Fund and was responsible, through members of Council, for the administration and management of the Trust fund.

The Hilda Martindale Trust

16. Council is responsible for the appointment of the Trustees of the Hilda Martindale Trust and receives annual accounts and a report of awards made.

The Charity Commission provides detailed information about the responsibilities of charitable trustees.



Membership

During the period from 1 August 2020 and up to the date of the signing of the Financial Statements, Council had the following membership:

Independent members

Dame Margaret Hodge (Chair of Council)
Ms Ann Ewing (Vice Chair of Council)
Mr Nick Perryman (Vice Chair of Council)
Mrs Christine Goodyear
Mr David Walker (from 8 October 2021)
Professor Michael Farthing (from 18 February 2021)
Ms Tina Harris (to 18 July 2021)
Ms Sarah King
Mr Gerry O'Hagan
Ms Chris Shoukry
Mr Balram Veliath
Mr David Williams
Mr Ian Wilson

Elected staff members

Professor Sarah Ansari (until 30 September 2021)
Professor Bob Fitzgerald
Mrs Hazel Jessop (until 18 September 2020)
Mr John Gregory
Mrs Denise Keable (until 30 September 2021)
Dr Donna Brown (from 1 October 2021)
Mr Simon Davis (from 21 October 2021)
Professor Elizabeth Schafer (to 30 September 2020)

Elected student members

Miss Alissa Chohan, Student Representative and Students' Union Vice President Education (Academic year 2020/21)
Miss Maia Jarvis, Student Representative and Students' Union Vice President Education (Academic year 2021/22)

Co-opted Council members

Mr David Walker (until 7 October 2021)
Professor Michael Farthing (until 17 February 2021)
Mr Peter Saraga

Ex officio members

Professor Paul Layzell, Principal
Miss Kate Roberts, President Students' Union (Academic year 2020/21)
Ms Henriette Warwick, President Students' Union (Academic year 2021/22)

Membership of Committees

Audit, Risk and Compliance Committee

Chair Mr Balram Veliath
Vice Chair Mr David Walker (from 22 October 2020)

Ex officio members

Mr Nick Perryman (from 22 October 2020)

Other members

Mr Bob Fitzgerald (from 22 October 2020)
Mrs Christine Goodyear (from 22 October 2020)
Mr John Gregory (from 22 October 2020)
Ms Tina Harris (to 18 July 2021)
Ms Chris Shoukry (until 18 February 2021)

Co-opted members

Ms Fiona O'Donnell (until 31 July 2021)
Ms Sheila Pancholi (from 1 August 2021)

Finance Committee

Chair Mr Ian Wilson
Vice Chair Mr David Williams

Ex officio members

Dame Margaret Hodge
Ms Ann Ewing
Professor Paul Layzell, Principal
Dr David Ashton, Deputy Principal (Operations) and Secretary to Council
Ms Mary White, Chief Financial Officer

Other members

Mr Nick Perryman

Co-opted members

Mr Kevin Meehan

People Committee

Chair Mrs Christine Goodyear
Vice Chair Ms Sarah King

Ex officio members

Dame Margaret Hodge
Professor Paul Layzell, Principal

Other Members

Ms Ann Ewing
Professor Michael Farthing
Mrs Chris Shoukry
Mr David Williams

Principal's Pay Committee

Chair Ms Ann Ewing

Members

Dame Margaret Hodge
Ms Ann Ewing
Mr Nick Perryman
Mr Ian Wilson

Remuneration Committee

Chair Ms Ann Ewing

Members

Dame Margaret Hodge (Chair of Council)
Professor Paul Layzell, Principal
Mr Nick Perryman (Vice Chair of Council)
Mr Ian Wilson (Chair of Finance Committee)

Strategy and Governance Committee

Chair Dame Margaret Hodge

Ex officio members

Mrs Christine Goodyear

Ms Ann Ewing
Mr Gerry O'Hagan
Professor Paul Layzell, Principal
Mr Balram Veliath
Mr Ian Wilson
Mr Nick Perryman

Co-opted member

Professor Michael Farthing (from 8 October 2021)

Students, Education and Research Committee

Chair Mr Gerry O'Hagan

Vice Chair Mr Peter Saraga (from 15 October 2020)

Ex officio members

Mr Nick Perryman (from 15 October 2020)
Professor Paul Layzell, Principal (from 15 October 2020)
Miss Kate Roberts, President Students' Union (Academic year 2020/21)
Ms Henriette Warwick, President Students' Union (Academic year 2021/22)

Other members

Professor Sarah Ansari (until 30 September 2021)
Ms Ann Ewing
Mrs Denise Keable (from 15 October 2020 until 31 July 2021)
Ms Sarah King (from 15 October 2020)
Mr David Walker (from 15 October 2020)



Corporate Governance

Statement of Primary Responsibilities

The Council of Royal Holloway has adopted the CUC Code of Governance (2014, updated 2018). The Council undertook an external independent review of governance during the year and formally adopted the CUC Code of Governance (2020) in October 2021. The Council's Statement of Primary Responsibilities in place during the reporting period is as follows:

Planning Monitoring and Control

- To approve the mission and strategic vision of the university, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of the stakeholders and are compliant with the RHBNC Act (the Act) and the charitable objectives of the university.
- To delegate authority to the Principal, as Chief Executive, for the academic, corporate, financial, estate and personnel management of the university. To establish and keep under regular review the policies and procedures and limits within such management functions as shall be undertaken by and under the authority of the Principal.
- To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
- To ensure processes are in place to monitor and evaluate the performance and effectiveness of the university against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
- To establish processes to monitor and evaluate the performance and effectiveness of the Council itself.
- To conduct its business in accordance with best practice in higher education corporate governance, including ensuring transparency regarding corporate governance arrangements, and the principles of public life drawn up from the Committee on Standards in Public Life.
- To safeguard the good name and values of the university.
- To ensure that the Act and statutes of the university, and the statutes, regulations and ordinances of the University of London are followed at all times and that appropriate advice is available to enable this to happen.

Appointment and employment

- To appoint the Principal as Chief Executive and to put in place suitable arrangements for monitoring his/her performance.
- To appoint a Secretary to the Council and to ensure that, if the person appointed has managerial responsibilities in the university, there is an appropriate separation in the lines of accountability.
- To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.

Financial and Legal

- To be the principal financial and business authority of the university, to ensure that proper books of accounts are kept, to approve the annual budget and financial statements and to have overall responsibility for the university's assets, property and estate and investment policy.
- To be the university's legal authority and, as such, to ensure that systems are in place for meeting all the university's legal obligations, including those arising from contracts and other legal commitments made in the university's name.
- To act as trustee for any property, legal endowment, bequest or gift, in support of the work and welfare of the university.

Student Welfare

- To receive assurance that adequate provision has been made for the general welfare of Students.

Financial Statements and Accounting Records

The members of Council are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the university and enable them to ensure that the financial statements are prepared in accordance with the university's Statutes, the Statement of Recommended Practice on Accounting in Higher Education Institutions and UK Generally Accepted Accounting Practice (UK GAAP). In addition, within the terms and conditions of the Terms and Conditions of Funding agreed between the Office for Students, Research England and the Council of the university, Council through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view, in accordance

Corporate Governance

with UK GAAP, of the state of affairs of the university and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, Council has ensured that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable UK accounting standards have been followed; and
- Financial statements are prepared on the going concern basis.

The university performed very well during 2020/21 due to controlling costs and mitigating the reduction in Overseas students by introducing a January cohort. During the 2021/22 planning process we have assumed that the impact of the Covid-19 vaccination programme would steer the university closer to a normal academic year. Therefore our student number intakes were based on strong Home undergraduate application numbers and the assumption that Overseas numbers would begin to recover. Furthermore we have assumed that our halls of residence are not likely to be operating at full occupancy and savings achieved during the 2020/21 budget process would remain.

The ensuing budget was conservative and ensures cash levels remain above target and no loan covenants are breached. In August the university did not meet its target for undergraduate Home students due to a national reduction of students in clearing, but it is hoped that this will be mitigated by gains in Overseas students and a January intake.

Cash levels at the start of the year are healthy at £76.7m and cash is not forecast to fall below the OfS 30 day limit at any point during the next year.

The two main risks to university income are student recruitment/retention and university residences occupancy. Risks to expenditure include additional costs of running the campus, student hardship costs, additional staffing required/inability to deliver staff savings, and costs for delivering the university's three-year strategy. The impact of these risks has been modelled and budgetary assumptions stress tested, and as a result mitigating actions are being planned, should they be required.

In conclusion, in the light of the university's risk analysis and mitigating actions, Council is satisfied that the university 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 the financial statements.

Council has taken reasonable steps to:

- Ensure that funds from the Office for Students and Research England are used only for purposes for which they have been given and in accordance with the Terms and Conditions of Funding with the Office for Students and the Terms and Conditions of Research England and any other conditions which they may from time to time prescribe;
- Ensure management controls, including appropriate systems of approval, are in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the university and to prevent and detect fraud and other irregularities; and
- Secure the economical, efficient and effective management of the university's resources and expenditure.

The key elements of the university system of internal financial control, which are designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative schools and departments;
- A comprehensive medium and short-term planning process, supplemented by income and expenditure, capital and cash flow budgets;
- Regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast outturns;
- Clearly defined and formalised requirements for the approval and control of expenditure, with major investment decisions being subject to detailed appraisal and review;
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance Committee and the Council; and
- A professional Internal Auditor whose annual programme of work is approved by the Audit, Risk and Compliance Committee.

All of the current Council members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the university's auditors for the purposes of their audit and to establish that the auditors are aware of that information. Council members are not aware of any relevant audit information of which the auditors are unaware.

The governing body of the university is Council. Council has a Chair and two Vice Chairs, who are not members of staff or students. The Principal, who is the chief academic and administrative officer of the university, is appointed by Council.

Council ensures that the university is governed in accordance with the Royal Holloway & Bedford New College Act 1985, its Statutes and Regulations, and under the Terms and Conditions of Funding with the Office for Students and Research England. The Council's role is to set the strategic direction of the university and, through the receipt of reports from its committees and officers, to be assured that its day to day operation is proceeding satisfactorily.

Council has responsibility for maintaining and reviewing an effective system of internal control and for supporting the achievement of the university's policies, aims and objectives, while safeguarding the public funds and other assets for which it is responsible. The system of internal control is designed to manage rather than eliminate the risk of not achieving policies, aims and objectives; it can, therefore, only provide a reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2021 and up to the date of approval of the financial statements, and accords with Office for Students guidelines. The process is reviewed by the Council's Strategy and Governance Committee and the Audit, Risk and Compliance Committee, which reports directly to Council. Council acknowledges continual improvements are required to its system of internal control and is committed to implementing necessary enhancements to the control environment

The university's Strategic Risk Framework for the management of major operational, compliance and

finance risks has been approved by Council. Council's Audit, Risk and Compliance Committee keeps under review the effectiveness of the management of risk and receives reports on risk management and reports to Council as appropriate. Risk management is considered within the corporate planning and decision-making processes of the university. In addition to a university-wide risk register, operational risk processes are linked to operational planning at programme, departmental and project level.

Council meets, as a minimum, five times a year. Its major committees are the Strategy and Governance Committee, the Finance Committee, the People Committee: Staff development, Reward and Wellbeing, the Remuneration Committee, the Audit, Risk and Compliance Committee and the Students, Education and Research Committee. All of these committees are formally constituted, with terms of reference, and include independent members of Council. Independent members chair all of these committees.

The university is driven by the ambition reflected in its Strategy and the key outcomes set out there. Predominantly these are about continuously improving the university's effectiveness, while being ever mindful to ensure the economic, efficient and sustainable use of resources. To this end the university monitors and assesses activities against a broad definition of value for money including economy, efficiency, effectiveness and equity.

During 2020/21 university committees have operated as follows:

The Council Strategy and Governance Committee is responsible for ensuring appropriate oversight of strategic priorities. It appoints the members of the principal committees, and oversees Council's effectiveness. It also makes nominations to Council for the conferral of honorary degrees and fellowships. The Committee takes responsibility on behalf of Council for the recruitment and appointment of the Principal, the Secretary to Council and Council members.

The Finance Committee provides Council with financial oversight of the university's activities and provides advice on the financial management of the university, as well as overseeing the university's investment portfolios. It recommends to Council the annual revenue and capital budgets and monitors performance in relation to the approved budgets.

Corporate Governance

The People Committee: Staff development, Reward and Wellbeing provides Council with assurance on matters relating to university staff including overall human resources strategy, equality and diversity, staff well-being and health and safety.

The Remuneration Committee determines the remuneration of members of the Principal's Advisory Group and staff with base pay in excess of £100k. It also approves or determines severance arrangements for members of staff within its remit. The Committee follow guidance of the CUC Remuneration code.

The Students, Education and Research Committee provides Council with assurance on the university's dual purpose of education and research, on the quality of the student experience and on the wellbeing of, and support for, students.

The Audit, Risk and Compliance Committee normally meets five times each year, including a meeting with the External Auditors to discuss audit findings, and with the Internal Auditor to consider detailed internal audit reports and recommendations for the improvement of systems of internal control, together with management's response and implementation plans. It also receives and considers reports from the OfS as they affect the university's business and monitors adherence with the regulatory requirements. It reviews the annual financial statements together with the accounting policies.

Whilst senior officers attend meetings of the Audit, Risk and Compliance Committee as necessary, they are not members of the Committee, and the Committee has the opportunity to meet with the External and Internal Auditors on their own for separate discussions.

The university has an Internal Audit service, which operates to standards defined in the Office for Students Directives. The Internal Auditor submits regular reports to the Audit, Risk and Compliance Committee including an annual report to the Audit, Risk and Compliance Committee which is included in the Committee's report to the Council and the Accountable Officer. The reports to the Audit, Risk and Compliance Committee include the Internal Auditor's opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

The Internal Auditors' opinion for 2020/21 was that they provide reasonable assurance that the College has an adequate and effective system of governance and internal control for the year ending 31 July 2021, except for in areas where limited assurance was provided. The Internal Auditor provides limited assurance that the College has an adequate and effective system of risk management.

Out of seven completed internal audit assignments there were three limited assurance reports for the year: Student Employability, Health and Safety and Cyber Security - Office 365. Nine high priority recommendations were raised, two relating to Health and Safety, one to Cyber Security - Office 365, four to Risk Management Readiness Assessment and two recommendations relating to an IT Disaster Recovery follow up audit.

The Internal Auditors' opinion on university governance is based on the external independent review undertaken during the year and the implementation status of the resulting action plan.

While the Internal Auditors agree that there is clear intention to implement agreed audit actions and good progress has been made, continued focus on overdue recommendations is needed. The Internal Auditors agree that management have made progress in developing the College's risk management framework, but there is still work to be done before the College has a fully developed and understood framework.

Council is committed to improving the control environment and addressing control weaknesses identified. An action plan is in progress which aims to address the concerns raised and prioritise the outstanding management actions.

Council's view of the effectiveness of the system of internal control is informed by the work of the Internal Auditor and the managers within the university who have responsibility for the development and maintenance of the internal control framework, and by comments made by the External Auditors in their management letter and in other reports.

Dame Margaret Hodge
Chair of Council
18 November 2021

Independent Auditor's Report to the Council of Royal Holloway and Bedford New College

Opinion on the financial statements

In our opinion, the financial statements:

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

We have audited the financial statements of Royal Holloway and Bedford New College ("the University") and its subsidiary ("the Group") for the year ended 31 July 2021 which comprise the and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

The Council is responsible for the other information. Other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters required by the Office for Students ("OfS") and Research England

In our opinion, in all material respects:

- Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.

Independent Auditor's Report to the Council of Royal Holloway and Bedford New College

- Funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

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

Responsibilities of Council

As explained more fully in the Statement of Primary Responsibilities set out on page 29, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the Group 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 Council either intends to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was 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:

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students ("OfS) and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the OfS Accounts Direction and tax legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence if any.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The audit procedures to address the risks identified included:

- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to classification of leases entered into by the University, the assessment of indicators of impairment, the actuarial assumptions used in the calculation of the Universities Superannuation Scheme liability, the assumptions used in the valuation of investment properties, calculations of bad debt provisions and the useful economic lives of tangible fixed assets;

- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management, journals posted by individuals outside of their expected job roles, and others deemed unusual based on our expectations;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and Research England.

Use of our report

This report is made solely to the Council Members, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. Our audit work has been undertaken so that we might state to the University's Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.

James Aston MBE (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated and Institution Statement of Comprehensive Income

for the year ended 31 July 2021

| | Notes | Year Ended 31 July 2021 | | Year ended 31 July 2020 | |
|---|-------|-------------------------|--------------------|-------------------------|--------------------|
| | | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| Income | | | | | |
| Tuition fees and education contracts | 3 | 126,218 | 126,218 | 119,613 | 119,613 |
| Funding body grants | 4 | 24,246 | 24,246 | 22,531 | 22,531 |
| Research grants and contracts | 5 | 18,774 | 18,774 | 17,160 | 17,160 |
| Other income | 6 | 18,749 | 18,749 | 27,323 | 27,323 |
| Investment income | 7 | 1,300 | 1,300 | 1,635 | 1,635 |
| Donations and endowments | 8 | 564 | 564 | 679 | 679 |
| Total income | | 189,851 | 189,851 | 188,941 | 188,941 |
| Expenditure | | | | | |
| Staff costs | 9 | 102,595 | 102,595 | 107,038 | 107,038 |
| Staff costs - pension provision | 9 | (2,174) | (2,174) | (19,427) | (19,427) |
| Other operating expenses | 11 | 53,514 | 53,514 | 56,128 | 56,128 |
| Amortisation of intangible fixed assets | 13 | 907 | 907 | 884 | 884 |
| Depreciation | 15 | 19,835 | 19,835 | 18,116 | 18,116 |
| Interest and other finance costs | 10 | 4,554 | 4,554 | 5,011 | 5,011 |
| Total expenditure | | 179,231 | 179,231 | 167,750 | 167,750 |
| Surplus before other gains and losses | | 10,620 | 10,620 | 21,191 | 21,191 |
| Loss on disposal of fixed assets | | (737) | (737) | (3,318) | (3,318) |
| Gain/(loss) on investments and picture collection | 21 | 8,912 | 8,912 | (2,443) | (2,443) |
| Change in market value of investment property | 15 | (3,000) | (3,000) | (1,500) | (1,500) |
| Surplus before tax | | 15,795 | 15,795 | 13,930 | 13,930 |
| Taxation | 12 | (22) | (22) | (191) | (191) |
| Surplus for the year | | 15,773 | 15,773 | 13,739 | 13,739 |
| Other comprehensive income for the year | | - | - | - | - |
| Total comprehensive income for the year | | 15,773 | 15,773 | 13,739 | 13,739 |
| Represented by: | | | | | |
| Endowment comprehensive income/(expenditure) for the year | | 8,912 | 8,912 | (2,443) | (2,443) |
| Restricted comprehensive income for the year | | 328 | 328 | 434 | 434 |
| Unrestricted comprehensive income for the year | | 6,533 | 6,533 | 15,748 | 15,748 |
| | | 15,773 | 15,773 | 13,739 | 13,739 |

The surplus and total comprehensive income for the year is attributable to the university and its subsidiary and relates to continuing activities.

The notes on pages 40 to 62 form part of the financial statements.

Consolidated and Institution Statement of Changes in Reserves

for the year ended 31 July 2021

Consolidated

| | Income and expenditure account | | | Revaluation reserve | Total |
|---|--------------------------------|--------------------|----------------------|---------------------|----------------|
| | Endowment £000 | Restricted £000 | Unrestricted £000 | £000 | £000 |
| Balance at 1 August 2019 | 81,221 | 160 | 56,651 | 125,516 | 263,548 |
| (Deficit)/surplus from the income and expenditure statement | (2,443) | 434 | 15,748 | - | 13,739 |
| Release of restricted funds spent in year | - | (435) | 435 | - | - |
| Release of revaluation reserves in year | - | - | 311 | (311) | - |
| | (2,443) | (1) | 16,494 | (311) | 13,739 |
| Balance at 1 August 2020 | 78,778 | 159 | 73,145 | 125,205 | 277,287 |
| Surplus from the income and expenditure statement | 8,912 | 328 | 6,533 | - | 15,773 |
| Release of restricted funds spent in year | - | (454) | 454 | - | - |
| Release of revaluation reserves in year | - | - | 311 | (311) | - |
| Total comprehensive income for the year | 8,912 | (126) | 7,298 | (311) | 15,773 |
| Balance at 31 July 2021 | 87,690 | 33 | 80,443 | 124,894 | 293,060 |

University

| | Income and expenditure account | | | Revaluation reserve | Total |
|---|--------------------------------|--------------------|----------------------|---------------------|----------------|
| | Endowment £000 | Restricted £000 | Unrestricted £000 | £000 | £000 |
| Balance at 1 August 2019 | 81,221 | 160 | 56,561 | 125,516 | 263,458 |
| (Deficit)/Surplus from the income and expenditure statement | (2,443) | 434 | 15,748 | - | 13,739 |
| RHE retained earnings | - | - | 90 | - | 90 |
| Release of restricted funds spent in year | - | (435) | 435 | - | - |
| Release of revaluation reserves in year | - | - | 311 | (311) | - |
| | (2,443) | (1) | 16,584 | (311) | 13,829 |
| Balance at 1 August 2020 | 78,778 | 159 | 73,145 | 125,205 | 277,287 |
| Surplus from the income and expenditure statement | 8,912 | 328 | 6,533 | - | 15,773 |
| Release of restricted funds spent in year | - | (454) | 454 | - | - |
| Release of revaluation reserves in year | - | - | 311 | (311) | - |
| Total comprehensive income for the year | 8,912 | (126) | 7,298 | (311) | 15,773 |
| Balance at 31 July 2021 | 87,690 | 33 | 80,443 | 124,894 | 293,060 |

The notes on pages 40 to 62 form part of the financial statements.

Consolidated and Institution Statement of Financial Position

as at 31 July 2021

| | Notes | Year Ended 31 July 2021 | | Year ended 31 July 2020 | |
|---|-------|-------------------------|--------------------|-------------------------|--------------------|
| | | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| Non-current assets | | | | | |
| Intangible assets | 13 | 5,288 | 5,288 | 5,455 | 5,455 |
| Investments | 14 | 56,784 | 56,784 | 46,993 | 46,993 |
| Fixed assets | 15 | 379,600 | 379,600 | 398,738 | 398,738 |
| | | 441,672 | 441,672 | 451,186 | 451,186 |
| Current assets | | | | | |
| Stock | | 204 | 204 | 220 | 220 |
| Debtors | 16 | 13,789 | 13,789 | 13,982 | 13,982 |
| Investments | 17 | 31,800 | 31,800 | 18,500 | 18,500 |
| Cash and cash equivalents | | 44,875 | 44,875 | 30,764 | 30,764 |
| | | 90,668 | 90,668 | 63,466 | 63,466 |
| Less: Creditors: amounts falling due within one year | 18 | (53,963) | (53,963) | (44,491) | (44,491) |
| Net current assets | | 36,705 | 36,705 | 18,975 | 18,975 |
| Creditors: amounts falling due after more than one year | 19 | (158,338) | (158,338) | (162,101) | (162,101) |
| Provisions | | | | | |
| Provisions for liabilities | 20 | (26,979) | (26,979) | (30,773) | (30,773) |
| Total net assets | | 293,060 | 293,060 | 277,287 | 277,287 |
| Restricted Reserves | | | | | |
| Income and expenditure reserve – endowment reserve | 21 | 87,690 | 87,690 | 78,778 | 78,778 |
| Income and expenditure reserve – restricted reserve | 22 | 33 | 33 | 159 | 159 |
| Unrestricted Reserves | | | | | |
| Income and expenditure reserve – unrestricted | | 80,443 | 80,443 | 73,145 | 73,145 |
| Revaluation reserve | | 124,894 | 124,894 | 125,205 | 125,205 |
| Total Reserves | | 293,060 | 293,060 | 277,287 | 277,287 |

The financial statements were approved and authorised for issue by the Governing Body on 18 November 2021 and were signed on its behalf on that date by:

Dame Margaret Hodge, Chair of Council

Professor Paul Layzell, Principal

The notes on pages 40 to 62 form part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 31 July 2021

| | Notes | Year ended 31 July 2021 £000 | Year ended 31 July 2020 £000 |
|--|-------|---------------------------------------|---------------------------------------|
| Cash flow from operating activities | | | |
| Surplus for the year before tax | | 15,795 | 13,930 |
| Adjustment for non-cash items | | | |
| Amortisation of intangible assets | 13 | 907 | 884 |
| Depreciation | 15 | 19,835 | 18,116 |
| Revaluation of fixed assets | 15 | 3,000 | 1,500 |
| Revaluations of endowments assets | 21 | (8,912) | 2,443 |
| Decrease in stock | | 16 | 79 |
| Decrease/(increase) in debtors | 16 | 193 | (713) |
| Increase/(decrease) in creditors | 18 | 8,537 | (1,894) |
| Decrease in provisions | 20 | (3,794) | (19,024) |
| Adjustment for investing or financing activities | | | |
| Investment income | 7 | (1,300) | (1,635) |
| Interest payable | 10 | 4,345 | 4,264 |
| Loss on disposal of intangible assets | 13 | - | 2,258 |
| Loss on disposal of tangible fixed assets | 15 | 750 | 1,106 |
| Capital grant income | | (5,578) | (3,513) |
| Cash flows from operating activities | | 33,794 | 17,801 |
| Taxation | | (22) | (191) |
| Net cash inflow from operating activities | | 33,772 | 17,610 |
| Cash flows from investing activities | | | |
| Capital grants receipts | | 1,855 | 2,008 |
| Investment income | 7 | 1,300 | 1,635 |
| Payments made to acquire intangible assets | 13 | (740) | (1,053) |
| Payments made to acquire tangible fixed assets | 15 | (3,578) | (8,536) |
| Proceeds of investments | 14 | 16,578 | 31,557 |
| Purchase of investments | 14 | (17,431) | (30,775) |
| (Increase)/decrease in current asset investments during the year | 17 | (13,300) | 3,500 |
| | | (15,316) | (1,664) |
| Cash flows from financing activities | | | |
| Interest paid | 10 | (4,345) | (4,264) |
| | | (4,345) | (4,264) |
| | | 14,111 | 11,682 |
| Cash and cash equivalents at beginning of the year | | 30,764 | 19,082 |
| Cash and cash equivalents at end of the year | | 44,875 | 30,764 |
| Increase in cash and cash equivalents in the year | | 14,111 | 11,682 |

The notes on pages 40 to 62 form part of the financial statements.

Notes to the Financial Statements

1 Statement of Principal Accounting Policies

i Basis of preparation

These financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom, the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019) and other applicable accounting standards. The university is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards.

The university performed very well during 2020/21 due to controlling costs and mitigating the reduction in Overseas students by introducing a January cohort. During the 2021/22 planning process we have assumed that the impact of the Covid-19 vaccination programme would steer the university closer to a normal academic year. Therefore our student number intakes were based on strong Home undergraduate application numbers and the assumption that Overseas numbers would begin to recover. Furthermore we have assumed that our halls of residence are not likely to be operating at full occupancy and savings achieved during the 2020/21 budget process would remain.

The ensuing budget was conservative and ensures cash levels remain above target and no loan covenants are breached. In August the university did not meet its target for undergraduate Home students due to a national reduction of students in clearing, but it is hoped that this will be mitigated by gains in Overseas students and a January intake.

Cash levels at the start of the year are healthy at £76.7m and cash is not forecast to fall below the OfS 30 day limit at any point during the next year.

The two main financial risks to university income are student recruitment/retention and university residences occupancy. Risks to expenditure include additional costs of running the campus, student hardship costs, additional staffing required/inability to deliver staff savings, and costs for delivering the university's three-year strategy. The impact of these risks has been modelled and budgetary assumptions stress tested, and as a result mitigating actions are being planned, should they be required.

In conclusion, in the light of the university's risk analysis and mitigating actions, Council is satisfied that the university 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 the financial statements.

ii Parent disclosure exemptions

In preparing the separate financial statements of the university, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the university; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the university as their remuneration is included in the totals for the group as a whole.

iii Basis of consolidation

The consolidated financial statements include the university and its subsidiary undertaking Royal Holloway Enterprise Limited for the financial year to 31 July 2021. Intra-group transactions are eliminated on consolidation.

iv Income recognition

Income from the sale of services is credited to the Consolidated Statement of Comprehensive Income when the services are supplied to the external customers or the terms of the contract have been satisfied.

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

Funds the university receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the university where the university is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Revenue government grants including funding council block and government research grants are recognised within the Consolidated Statement of Comprehensive Income when the university is entitled to the income and performance-related conditions have been met. Income received in advance of performance-related conditions being met is deferred on the Balance Sheet and released to the Consolidated Statement of Comprehensive Income in line with such conditions being met.

Capital government grants are recognised in income on a systematic basis over the expected useful life of the asset to which the grant relates.

Capital and revenue grants and donations from non-government sources, including research grants from non-government sources, are recognised within the Consolidated Statement of Comprehensive Income when the university is entitled to the income and performance-related conditions have been met. Income received in advance of performance-related conditions being met is deferred on the Balance Sheet and released to the Consolidated Statement of Comprehensive Income in line with such conditions being met.

Donations and endowments are recognised within the Consolidated Statement of Comprehensive Income when the university is entitled to the income.

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

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

v Accounting for retirement benefits

The two principal pension schemes for the university's staff are the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL). The schemes are defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally-qualified independent actuaries.

The USS and SAUL are multi-employer schemes for which it is not possible to identify the assets and liabilities to the university as members due to the mutual nature of the scheme and therefore the schemes are accounted for as defined contribution retirement benefit schemes.

A liability is recorded within provisions for any contractual commitment to fund past service deficits.

vi Employment benefits

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

vii 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.

viii Foreign currency

Transactions in foreign currencies are translated into sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated into sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

ix Fixed and intangible assets

Fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over their expected useful lives, usually fifty years.

Leasehold land and buildings are depreciated over the remaining life of the lease.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the university and are depreciated over the period of the expected future benefits. This is usually twenty years for services and ten years for minor works.

For student residences where a cyclical refurbishment programme is in place, the original costs of the components are depreciated over their useful lives of five to twelve years, as appropriate, and the refurbishment spend is capitalised and depreciated in the same way.

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

Borrowing costs which are directly attributable to the acquisition, construction or production of a building are capitalised.

Picture Collection

The university houses a collection of paintings gifted by Thomas Holloway, the founder of Royal Holloway College.

The pictures are included in the balance sheet with the other fixed assets. An external professional valuation of the main collection was carried out in 2019; the valuation is assessed on the basis of high auction value. The university also has a secondary collection that includes items by and from the collection of Christiana Herringham presented to Bedford College in 1918 and acquired on merger with Bedford College in 1985 along with various other items purchased, commissioned and donated which do not form part of the main collection in the picture gallery. An external valuation of this collection was last carried out in June 2019. A professional valuation of all collections will continue to be carried out at least once every five years, with an update in year three, also performed by a qualified valuer.

Equipment

Equipment, including computers and software, costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over five years or its expected useful life if this is different.

Furniture and fittings are written off in the year of acquisition, except the costs of furniture and fittings for a new building or major refurbishment which are capitalised and depreciated over the expected lifetime of the asset, usually ten years.

Software costs that are directly attributable to bringing an item of hardware into productive use, such as laboratory equipment and computer operating systems, are classified as tangible fixed assets, and are depreciated over the same life as the hardware or equipment.

Intangible assets

Networked applications software that is provided using virtual server architecture, is classified as an intangible fixed asset and is depreciated over five years.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Investments

Fixed asset investments are held at fair value with movements recognised in the Consolidated Statement of Comprehensive Income.

x Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts.

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

Notes to the Financial Statements

xi Taxation

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

The university receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The university's subsidiary, Royal Holloway Enterprise Limited, is liable to Corporation Tax in the same way as any other commercial organisation.

xii Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the university, are held as a permanently restricted fund as the university must hold the fund to perpetuity.

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

Founder's Endowment Fund

The Founder's Endowment Fund was created from the proceeds of the sale of three pictures from the collection and is held in a separate trust. Income from the Fund is credited to the Consolidated Statement of Comprehensive Income on a receivable basis. Income is applied in accordance with the purposes of the Scheme; any unapplied income is disclosed as a restricted reserve.

xiii Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income. Where investment properties no longer fit the definition under FRS102 these are transferred to land and buildings.

xiv Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

xv Financial liabilities

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial

liabilities, excluding derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

xvi Finance costs

Finance costs are charged to surplus or deficit over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements Council have made the following judgements:

- Determine whether leases entered into by the university either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance.
- The liability for the contributions in respect of the past service deficits of its USS and SAUL defined benefit schemes, and the assumptions for calculating these liabilities, will be covered by the recovery plans agreed following the most recent valuations in place at the balance sheet date.

Other key sources of estimation uncertainty

- Rental and other trade receivables (see note 16)
The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on individual debtor balances to consider whether each debt is recoverable.
- Tangible fixed assets (see note 15)
Investment property is stated at fair value. Valuations are based on rental income receivable and market valuation of land.
Tangible fixed assets, other than investment properties, are depreciated over their useful lives, taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as the condition and future use of the asset are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value.

| | Notes | Year Ended 31 July 2021 | | Year ended 31 July 2020 | |
|---|-------|-------------------------|----------------|-------------------------|------------|
| | | Consolidated | University | Consolidated | University |
| | | £000 | £000 | £000 | £000 |
| 3 Tuition fees and education contracts | | | | | |
| Full-time Home and EU students | | 83,530 | 83,530 | 73,108 | 73,108 |
| Full-time international students | | 32,352 | 32,352 | 35,653 | 35,653 |
| Part-time students | | 1,349 | 1,348 | 1,085 | 1,085 |
| Research Training Support Grant | | 6,122 | 6,122 | 6,208 | 6,208 |
| Short course and Other fees | | 2,865 | 2,865 | 3,559 | 3,559 |
| | | 126,218 | 126,218 | 119,613 | 119,613 |
| 4 Funding body grants | | | | | |
| Recurrent grant | | | | | |
| Office for Students - Teaching | | 4,276 | 4,276 | 4,098 | 4,098 |
| Research England - Research | | 15,695 | 15,695 | 14,491 | 14,491 |
| Specific grants | | 1,953 | 1,953 | 1,534 | 1,534 |
| Deferred capital grants released in year: | | | | | |
| Capital grant - Buildings | | 1,379 | 1,379 | 1,469 | 1,469 |
| Capital grant - Equipment | | 943 | 943 | 939 | 939 |
| | | 24,246 | 24,246 | 22,531 | 22,531 |
| Income from funding body grants includes £5.6m in respect of capital grants released in the year (2019/20: £3.5m) | | | | | |
| 5 Research grants and contracts | | | | | |
| Research councils | | 12,963 | 12,963 | 9,472 | 9,472 |
| Research charities | | 1,186 | 1,186 | 1,546 | 1,546 |
| Government (UK and overseas) | | 2,493 | 2,493 | 2,755 | 2,755 |
| Industry and commerce | | 1,029 | 1,029 | 2,508 | 2,508 |
| Other | | 1,103 | 1,103 | 879 | 879 |
| | | 18,774 | 18,774 | 17,160 | 17,160 |
| 6 Other income | | | | | |
| Residences, catering and conferences | | 12,794 | 12,794 | 20,954 | 20,954 |
| Other services rendered | | 1,785 | 1,785 | 949 | 949 |
| Released from deferred capital grants | | - | - | - | - |
| Other income | | 4,170 | 4,170 | 5,420 | 5,420 |
| | | 18,749 | 18,749 | 27,323 | 27,323 |
| Other income includes £0.5m (£0.7m 2019/20) income from the government's Coronavirus Job Retention Scheme (furlough). | | | | | |
| Grant and Fee income | | | | | |
| Grant income from the OfS | | 6,598 | 6,598 | 6,506 | ,506 |
| Grant income from other bodies | | 18,201 | 18,315 | 16,025 | 16,025 |
| Fee income for research awards (exclusive of VAT) | | 18,774 | 18,774 | 17,160 | 17,160 |
| Fee income from non-qualifying courses (exclusive of VAT) | | 8,987 | 8,987 | 9,767 | 9,767 |
| Fee income for taught awards (exclusive of VAT) | | 117,231 | 117,230 | 109,846 | 109,846 |
| | | 169,791 | 169,904 | 159,304 | 159,304 |
| 7 Investment income | | | | | |
| Investment income on endowments | 21 | 1,246 | 1,246 | 1,249 | 1,249 |
| Other investment income | | 54 | 54 | 386 | 386 |
| | | 1,300 | 1,300 | 1,635 | 1,635 |

Notes to the Financial Statements

for the year ended 31 July 2021

| | Notes | Year Ended 31 July 2021 | | Year ended 31 July 2020 | |
|-----------------------------------|-------|-------------------------|--------------------|-------------------------|--------------------|
| | | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| 8 Donations and endowments | | | | | |
| Donations with restrictions | 22 | 328 | 328 | 434 | 434 |
| Unrestricted donations | | 236 | 236 | 245 | 245 |
| | | 564 | 564 | 679 | 679 |

9 Staff costs

Staff Costs:

| | | | | |
|--------------------------------|----------------|----------------|----------|----------|
| Salaries | 73,155 | 73,155 | 77,683 | 77,683 |
| Social security costs | 8,060 | 8,060 | 8,209 | 8,209 |
| Movement on Pension Provisions | (2,174) | (2,174) | (19,427) | (19,427) |
| Other pension costs | 21,380 | 21,380 | 21,146 | 21,146 |
| Total | 100,421 | 100,421 | 87,611 | 87,611 |

| | Year ended 31 July 2021 £000 | Year ended 31 July 2020 £000 |
|--|---------------------------------------|---------------------------------------|
| Emoluments of the Principal: | | |
| Salary | 288 | 301 |
| Taxable benefits - accommodation running costs | 3 | 7 |
| Non-taxable benefits - accommodation costs | - | - |
| Taxable benefits - accommodation costs | 17 | 20 |
| | 308 | 328 |
| Pension contributions to USS | 6 | 6 |
| | 314 | 334 |

A Taxable benefit is provided to the Principal in the form of accommodation and accommodation running costs with a value of £20k (2019/20 £27k).

The Principal waived 10% of his salary including London Allowance between March and July 2021, in order for this sacrifice to be paid into the Student Hardship Fund.

The university provides the Principal with accommodation which otherwise would yield an annual rental income in the local rental market. The value of this benefit has been calculated based on the market rent valuation. The university perceives the Principal's proximity to the university as essential in all operational and strategic matters.

The university is a multi-faculty Higher Education Institution, offering undergraduate and postgraduate degrees and carrying out academic research. It is one of seventeen self-governing Colleges and nine smaller specialist research institutes of the University of London. It is financially independent, competes internationally, and has a diverse student population from

over 140 countries. The university is a Charity Incorporated in the United Kingdom by Act of Parliament: Royal Holloway and Bedford New College Act 1985. The university has an annual income of £190m and educates 11,284 FTE students and employs an average of 1,592 FTE staff. It is recognised consistently as being one of the top UK universities in major league tables, currently being ranked in the top 25, and excellent research informs its teaching.

The university Principal's Pay Committee determines, on appointment and annually, the remuneration and benefits of the Principal of the university. The terms of reference of the Principal's Pay Committee state that this will be done 'having regard to university policies, national and international trends and nationally negotiated terms, as well as the financial and operational circumstances of the university.'

The Principal's Pay Committee is chaired by a Vice-Chair of Council. Membership includes the Chair of Council, the second Vice-Chair of Council, and the Chair of the Finance Committee. The Principal has no involvement in this committee.

9 Staff costs (continued)

In determining a salary which is fair, appropriate and justifiable in line with the requirements of the Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration Code, the Committee takes into account data provided by the Senior Staff Remuneration Survey conducted by the Universities and Colleges Employers Association (UCEA) and the CUC Survey of Vice-Chancellors' Remuneration.

The Committee considers the annual pay award made to all staff following negotiation through the Joint Negotiating Committee for Higher Education Staff (JNCHES). The Committee also takes account of the university's financial position and therefore its ability to pay. In addition, the Committee has considered the pay multiple as detailed in the CUC Code and in relation to the median earnings of the whole Institution.

The Committee considers the Principal's performance in accordance with university policy. Objectives are set and reviewed annually as part of the annual appraisal of the Principal's performance by the Chair of Council. These cover a range of performance areas including:

- league table position (the university has risen ten places to number 22 in the UK in The Guardian University League Table 2022),

- Research and partnership where the StoryFutures Academy run by Royal Holloway and the National Film and Television School (NFTS) was commissioned as one of 10 creative teams to develop its ground-breaking project into full production for next year's Festival UK* 2022
- student numbers
- financial sustainability (cash flow, reserves, ability to service debt) and the completion of major capital projects to improve the university's estate.

The Principal has been offered, but declined to accept, any pay rise from 2017/18 to 2019/20. A 0% pay award was agreed in 2020. During the 2020-21 year the Principal waived part of his salary which contributed towards the Student Hardship Fund.

The Principal of the university's basic salary is 8.0 times (2019/20 10.9 times) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the university to its staff, including casual, agency and contract staff.

The Principal of the university's total remuneration is 8.3 times (2019/20 7.9 times) times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the university of its staff.

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

| | Year ended 31 July 2021 | Year ended 31 July 2020 |
|----------------------|-------------------------------|-------------------------------|
| | Number | Number |
| £100,000 to £104,999 | 18 | 18 |
| £105,000 to £109,999 | 5 | 7 |
| £110,000 to £114,999 | 10 | 11 |
| £115,000 to £119,999 | 8 | 9 |
| £120,000 to £124,999 | 5 | 4 |
| £125,000 to £129,999 | 1 | 1 |
| £130,000 to £134,999 | 1 | - |
| £135,000 to £139,999 | - | - |
| £140,000 to £144,999 | 1 | 4 |
| £145,000 to £149,999 | - | - |
| £150,000 to £154,999 | - | - |
| £155,000 to £159,999 | - | - |
| £160,000 to £164,999 | 1 | 1 |
| £165,000 to £169,999 | - | - |
| £170,000 to £174,999 | 1 | 2 |
| £285,000 to £290,000 | 1 | - |
| £295,000 to £300,000 | | 1 |

The analysis shows the number of staff with a full-time equivalent salary of over £100,000 as at 31 July. Where staff are on reduced pay due to parental, maternity or sickness leave, or work part time, this is disclosed on a full-time equivalent basis. Any visiting lecturers disclosed have been aligned with university standard payscales.

Notes to the Financial Statements

for the year ended 31 July 2021

9 Staff costs (continued)

Employees are able to opt for a reduced contractual salary, with the university then making the pension contribution, formerly paid by the employee, as additional employer's contributions. Staff costs reflect the reduced contractual salary and increased employer contribution of £6.4m (2019/20 £5.2m) in total, as applicable.

The Emoluments of the Principal and Remuneration of Other Higher Paid Staff are shown prior to any salary sacrifice.

| | Year ended 31 July 2021 | Year ended 31 July 2020 |
|---|-------------------------------|-------------------------------|
| Average FTE staff numbers by major category: | Number | Number |
| Academic, Research and Other | 775 | 774 |
| Management & specialist | 647 | 648 |
| Technical | 69 | 68 |
| Other | 101 | 108 |
| | 1,592 | 1,598 |
| | £'000 | £'000 |
| Compensation for loss of office payable to senior post-holders: | - | - |

The total amount of compensation for loss of office across the university was £0.3m (2019/20 £0.9m), for 41 members of staff (2019/20 41).

| | Year ended 31 July 2021 | Year ended 31 July 2020 |
|---------------------------------------|-------------------------------|-------------------------------|
| | £000 | £000 |
| Key management personnel compensation | 1,822 | 1,406 |

Council Members

The university's council members are the trustees for charitable law purposes.

In 2020/21 expenses of £64 (2019/20 £2,615) were paid to 2 (2019/20 8) non-staff trustees for travel, subsistence and business entertaining.

There are no related party transactions relating to Council Members to be disclosed.

The Chair of Council, Dame Margaret Hodge, received honorarium payments totalling £20,000 (gross) during 2020/21 (2019/20: £20,000).

| | Notes | Year Ended 31 July 2021 | | Year ended 31 July 2020 | |
|--|-------|-------------------------|--------------------|-------------------------|--------------------|
| | | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| 10 Interest and other finance costs | | | | | |
| Loan interest | | 4,345 | 4,345 | 4,264 | 4,264 |
| | | 4,345 | 4,345 | 4,264 | 4,264 |
| Net charge on pension scheme | 27 | 209 | 209 | 747 | 747 |
| | | 4,554 | 4,554 | 5,011 | 5,011 |

| | | Year Ended 31 July 2021 | | Year ended 31 July 2020 | |
|---|--|-------------------------|--------------------|-------------------------|--------------------|
| | | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| 11 Analysis of total expenditure by activity | | | | | |
| Academic, research and related expenditure | | 25,184 | 25,184 | 24,406 | 24,406 |
| Administration and central services | | 9,287 | 9,287 | 11,426 | 11,426 |
| Premises | | 10,749 | 10,749 | 11,721 | 11,721 |
| Residences, catering and conferences | | 237 | 237 | 1,016 | 1,016 |
| Other expenses | | 8,057 | 8,057 | 7,559 | 7,559 |
| | | 53,514 | 53,514 | 56,128 | 56,128 |

Other operating expenses include:

| | | | | |
|---|----|----|----|----|
| External auditors remuneration in respect of audit services | 64 | 64 | 57 | 57 |
| External auditors remuneration in respect of non-audit services | 4 | 4 | 7 | 7 |

| | | Year Ended 31 July 2021 | | Year ended 31 July 2020 | |
|-------------------------------------|--|-------------------------|--------------------|-------------------------|--------------------|
| | | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| 11b Access and Participation | | | | | |
| Access Investment | | 1,625 | 1,625 | 1,666 | 1,666 |
| Financial Support | | 3,531 | 3,531 | 4,870 | 4,870 |
| Disability Support | | 88 | 88 | 106 | 106 |
| Research and Evaluation (i) | | 169 | 169 | 115 | 115 |
| | | 5,413 | 5,413 | 6,757 | 6,757 |

(i) £1.5m of these costs are already included in the overall staff costs figures included in the financial statements, see note 9.

The university has spent £5.4m on reportable Access and Participation expenditure during 2020-21 (£6.8m 2019-20). From 2020-21, expenditure on Student Success and Progression is no longer required to be reported externally. This represented £2.0m of the £6.8m spent in 2019-20. Access and Participation expenditure delivers support that takes into account the needs of students, especially students from underrepresented groups, including equal access to education and opportunity, financial support (bursaries and hardship funds), support for students with a disability and research and evaluation in order to improve access and participation overall.

The university's Access and Participation Plan can be found here: <https://www.royalholloway.ac.uk/media/14282/royal-holloway-university-of-london-app.pdf>. During the year, access expenditure was £0.1m below target. As activities were paused due to the pandemic, this resulted in lower travel expenses as well as lower catering and other costs. In addition staff recruitment occurred later than expected. Financial support expenditure was £0.5m higher than planned due to the recruitment of 246 more eligible students than anticipated. Research and evaluation was £0.2m under target and further work will be undertaken in this area in the coming year.

12 Taxation

Recognised in the statement of comprehensive income

Current tax

| | | | | |
|----------------------------|-----------|-----------|-----|-----|
| Singapore Corporate Tax | 22 | 22 | 191 | 191 |
| Current tax expense | 22 | 22 | 191 | 191 |

As explained in the accounting policies, the university is potentially exempt from taxation because of its charitable status and no taxation on income or capital gains was payable for 2020/21 or 2019/20. A charge was made in 2020/21 of £22k in relation to Singapore Corporation Tax (2019/20: £191k)

Notes to the Financial Statements

for the year ended 31 July 2021

13 Intangible assets

Consolidated and University

| | Total |
|---------------------------------------|--------------|
| | £000 |
| Networked Application Software | |
| Cost | |
| At 1 August 2020 | 8,524 |
| Additions in the year | 740 |
| Disposals | - |
| At 31 July 2021 | <u>9,264</u> |
| Amortisation | |
| At 1 August 2020 | 3,069 |
| Amortisation charge for the year | 907 |
| At 31 July 2021 | <u>3,976</u> |
| Net book value | |
| At 31 July 2021 | <u>5,288</u> |
| At 31 July 2020 | <u>5,455</u> |

14 Investments

Consolidated and University

Endowment Assets

| | |
|---------------------|---------------|
| At 1 August 2020 | 46,993 |
| Additions | 17,431 |
| Disposals | (16,578) |
| Loss on Investments | 8,938 |
| At 31 July 2021 | <u>56,784</u> |

Endowment assets comprise equities, fixed interest bonds, property, cash and unitised funds.

| Name | Country of Incorporation | Principal Activity | % of shares held by |
|--------------------------------------|--------------------------|--|---------------------|
| | | | University & Group |
| Subsidiary Undertakings | | | |
| Royal Holloway Enterprise Ltd | Great Britain | Consultancy | 100 |
| Associates and Joint ventures | | | |
| Abatis (UK) Limited | Great Britain | Business and domestic software development | 19 |
| Seclea Ltd | Great Britain | | 7 |

Abatis (UK) Limited went into liquidation / administration in July 2021.

The university holds 99 shares in Royal Holloway Enterprise Limited, the remaining share is held by a nominee on behalf of the university. The company is now dormant.

The cost and net book value of Fixed Asset Investments are less than £1,000.

The Council considers that the fair value of fixed asset investments is not materially different to cost.

15 Fixed Assets

| | Freehold Land and Buildings | Investment Property | Leasehold Land and Buildings | Picture Collection | Fixtures, Fittings and Equipment | Assets in the Course of Construction | Total Tangible Assets |
|---------------------------------------|-----------------------------|---------------------|------------------------------|--------------------|----------------------------------|--------------------------------------|-----------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Consolidated and University | | | | | | | |
| Cost or valuation | | | | | | | |
| At 1 August 2020 | 436,776 | 13,000 | 7,478 | 30,065 | 71,389 | 1,329 | 560,037 |
| Additions | 288 | - | 2 | - | 2,154 | 2,030 | 4,474 |
| Completed Assets | 375 | - | - | - | 729 | (1,104) | - |
| Transfer | 10,000 | (10,000) | - | - | - | - | - |
| Change in Market Value | - | (3,000) | - | (27) | - | - | (3,027) |
| Disposals | - | - | - | - | (129) | (735) | (864) |
| At 31 July 2021 | 447,439 | - | 7,480 | 30,038 | 74,143 | 1,520 | 560,620 |
| Consisting of valuation as at: | | | | | | | |
| 31 July 2021 | 172,706 | - | 1,800 | 30,038 | 796 | - | 205,340 |
| Cost | 274,733 | - | 5,680 | - | 73,347 | 1,520 | 355,280 |
| | 447,439 | - | 7,480 | 30,038 | 74,143 | 1,520 | 560,620 |
| Depreciation | | | | | | | |
| At 1 August 2020 | 114,718 | - | 4,012 | - | 42,569 | - | 161,299 |
| Charge for the year | 11,352 | - | 423 | - | 8,060 | - | 19,835 |
| Disposals | - | - | - | - | (114) | - | (114) |
| At 31 July 2021 | 126,070 | - | 4,435 | - | 50,515 | - | 181,020 |
| Net book value | | | | | | | |
| At 31 July 2021 | 321,369 | - | 3,045 | 30,038 | 23,628 | 1,520 | 379,600 |
| At 31 July 2020 | 322,058 | 13,000 | 3,466 | 30,065 | 28,820 | 1,329 | 398,738 |

At 31 July 2021, freehold land and buildings included £130.6m (2020 £119.4m) in respect of freehold land and is not depreciated. Freehold land and building at cost included £6,664k of capitalised finance costs (2020 £6,664K). Assets in the course of construction include £nil of capitalised finance costs (2020 £nil).

Investment Property

An investment property was purchased in July 2016 and was previously valued at fair value. As the tenants vacated during the year this property no longer meets the definition of investment property and has been transferred to freehold land and buildings.

Picture Collection

The university's picture collection which is displayed in the picture gallery contributes to the appeal of the venue for functions and tours. The collection was left to the university by its founder, Thomas Holloway, and is disclosed as a fixed asset. The secondary art collection has been disclosed as a fixed asset at valuation. This collection includes items by and from the collection of Christiana Herringham presented to Bedford College in 1918 and acquired on merger with Bedford College in 1985 along with various other items purchased, commissioned and donated which do not form part of the main collection in the picture gallery.

Notes to the Financial Statements

for the year ended 31 July 2021

16 Debtors

| | Year ended 31 July 2021 | | Year ended 31 July 2020 | |
|--------------------------------------|-------------------------|--------------------|-------------------------|--------------------|
| | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| Amounts falling due within one year: | | | | |
| Other trade receivables | 3,414 | 3,414 | 5,096 | 5,096 |
| Prepayments and accrued income | 10,375 | 10,375 | 8,886 | 8,886 |
| | 13,789 | 13,789 | 13,982 | 13,982 |

17 Current Investments

| | Year ended 31 July 2021 | | Year ended 31 July 2020 | |
|---------------------|-------------------------|--------------------|-------------------------|--------------------|
| | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| Short term deposits | 31,800 | 31,800 | 18,500 | 18,500 |

18 Creditors: amounts falling due within one year

| | Year ended 31 July 2021 | | Year ended 31 July 2020 | |
|--|-------------------------|--------------------|-------------------------|--------------------|
| | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| Trade payables | 2,909 | 2,909 | 2,225 | 2,225 |
| Payments received on account | 6,571 | 6,571 | 5,297 | 5,297 |
| Social security and other taxation payable | 4,099 | 4,099 | 4,106 | 4,106 |
| Accruals and deferred income | 40,384 | 40,384 | 32,863 | 32,863 |
| | 53,963 | 53,963 | 44,491 | 44,491 |

19 Creditors: amounts falling due after more than one year

| | Year ended 31 July 2021 | | Year ended 31 July 2020 | |
|---|-------------------------|--------------------|-------------------------|--------------------|
| | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| Deferred capital grants | 18,338 | 18,338 | 22,101 | 22,101 |
| Unsecured loans | 140,000 | 140,000 | 140,000 | 140,000 |
| | 158,338 | 158,338 | 162,101 | 162,101 |
| Analysis of secured and unsecured loans: | | | | |
| Due within one year or on demand (Note 18) | - | - | - | - |
| Due between one and two years | - | - | - | - |
| Due between two and five years | - | - | - | - |
| Due in five years or more | 140,000 | 140,000 | 140,000 | 140,000 |
| Due after more than one year | 140,000 | 140,000 | 140,000 | 140,000 |
| Total secured and unsecured loans | 140,000 | 140,000 | 140,000 | 140,000 |

Loans comprise the following:

| Lender | Amount £000 | Term | Interest rate % |
|--------------------------|----------------|------|--------------------|
| PIC Private Placement | 60,000 | 2055 | 3.09 |
| Pricoa Private Placement | 27,500 | 2035 | 2.97 |
| | 27,500 | 2040 | 3.17 |
| | 25,000 | 2045 | 3.26 |
| | 80,000 | | |
| | 140,000 | | |

Notes to the Financial Statements

for the year ended 31 July 2021

19 Creditors: amounts falling due after more than one year (continued)

| | Consolidated and University Year ended | |
|---|---|----------------|
| | 31 July 2021 | 31 July 2020 |
| | £000 | £000 |
| Consolidated and University financial instruments may be analysed as follows: | | |
| Financial Assets | | |
| Financial assets measured at fair value through profit or loss | <u>56,784</u> | <u>46,993</u> |
| Financial assets measured at fair value through profit or loss comprises the fixed asset investments. | | |
| Financial Liabilities | | |
| Financial liabilities measured at amortised cost | <u>140,000</u> | <u>140,000</u> |
| Financial liabilities measured at amortised cost comprise bank loans. | | |

20 Provisions for liabilities

| Consolidated and University | Obligation to fund deficit on USS Pension £000 | Other £000 | Total Provisions £000 |
|------------------------------------|---|-----------------------|--------------------------------------|
| At 1 August 2020 | 28,593 | 2,180 | 30,773 |
| Utilised in year | (1,054) | (2,000) | (3,054) |
| Additions | (910) | 170 | (740) |
| At 31 July 2021 | 26,629 | 350 | 26,979 |

Pension enhancement

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

| | |
|---------------|-------------|
| | USS |
| Discount rate | 0.87 |
| Inflation | 2.00 |

USS deficit

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

Sensitivity analysis

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

| Change in assumptions at 31 July 2021 | Approximate impact £000 |
|--|------------------------------------|
| 0.5% pa decrease in discount rate | (516) |
| 0.5% pa increase in salary inflation over duration | 522 |
| 0.5% pa increase in salary inflation year 1 only | 131 |
| 0.5% increase in staff changes over duration | 530 |
| 0.5% increase in staff changes year 1 only | 132 |
| 1% increase in deficit contributions from October 2021 | 4,402 |
| 1 year increase in term | 4,384 |

Notes to the Financial Statements

for the year ended 31 July 2021

21 Endowment Reserves

Restricted net assets relating to endowments are as follows:

| | Restricted permanent endowments | Unrestricted permanent endowments | Expendable endowments | 2021 Total | 2020 Total |
|---|---------------------------------|-----------------------------------|-----------------------|---------------|------------|
| | £000 | £000 | £000 | £000 | £000 |
| Balances at 1 August 2020 | 75,735 | 2,822 | 221 | 78,778 | 81,221 |
| New endowments | | | | - | - |
| Investment income | 1,066 | 68 | 38 | 1,172 | 1,444 |
| Expenditure | (1,066) | (68) | (38) | (1,172) | (1,444) |
| Increase in market value of investments | 8,278 | 512 | 148 | 8,938 | (3,817) |
| Decrease in valuation of the Picture Collection | (26) | | | (26) | 1,374 |
| | 8,252 | 512 | 148 | 8,912 | (2,443) |
| At 31 July 2021 | 83,987 | 3,334 | 369 | 87,690 | 78,778 |
| Analysis by type of purpose | | | | | |
| Hilda Martindale Educational Trust | 1,101 | - | - | 1,101 | 932 |
| Other scholarship, prize and fellowship funds | 7,793 | - | 369 | 8,162 | 6,768 |
| Founder's Endowment Fund | 45,055 | - | - | 45,055 | 38,191 |
| Other funds | - | 3,334 | - | 3,334 | 2,822 |
| Picture Collection | 30,038 | - | - | 30,038 | 30,065 |
| | 83,987 | 3,334 | 369 | 87,690 | 78,778 |
| Analysis by asset | | | | | |
| Fixed assets – Picture Collection | | | | 30,038 | 30,065 |
| Current and non-current asset investments | | | | 56,784 | 46,993 |
| Cash & cash equivalents | | | | 868 | 1,720 |
| | | | | 87,690 | 78,778 |

Hilda Martindale Educational Trust

The Trust was created under the Will of the late Miss Hilda Martindale in 1952 to provide opportunities for girls and women to train in a specialist field.

Other scholarship, prize and fellowship funds

These comprise a number of smaller funds donated to the university for a variety of purposes for the benefit of students, across a wide number of disciplines.

Founder's Endowment Fund

In May 1992 the Charity Commissioners authorised the sale of certain pictures, the proceeds of which were to be administered and managed as a separate charity as the Founder's Endowment Fund (FEF).

The income of the Fund is applied by the university in the following order of priority:

- a - maintenance, security and upkeep of the pictures and picture gallery of the university
- b - in the maintenance and improvement of the original buildings and grounds of the university
- c - in any other way which will further the general charitable purposes of the university for which provision is not made out of Government fund or by other usual University funding sources.

| | £000 |
|--------------------------------|---------------|
| Balance brought forward | 38,191 |
| Income | 920 |
| Expenditure | (920) |
| Appreciation of Investments | 6,864 |
| Balance carried forward | 45,055 |

22 Restricted Reserves

| | Consolidated and University | |
|--|-----------------------------|-------|
| | 2021 | 2020 |
| | Total | Total |
| | £000 | £000 |
| Reserves with restrictions are as follows: | | |
| Balances at 1 August 2020 | 159 | 160 |
| New donations | 328 | 434 |
| Expenditure | (454) | (435) |
| At 31 July 2021 | 33 | 159 |

23 Capital and other commitments

| | 31 July 2021 | | 31 July 2020 | |
|--|--------------|--------------|--------------|------------|
| | Consolidated | University | Consolidated | University |
| | £000 | £000 | £000 | £000 |
| Provision has not been made for the following capital commitments. | | | | |
| Commitments contracted at 31 July | 1,254 | 1,254 | - | - |
| Authorised but not contracted at 31 July | 709 | 709 | - | - |
| | 1,963 | 1,963 | - | - |

Capital commitments comprise work on the campus spine road, refurbishments to Stewart House, refurbishment of some halls of residence kitchens, as well as other minor items.

24 Lease obligations

Total rentals receivable under operating leases

Property previously held as an investment property was let under non-cancellable operating leases for future minimum lease receipts. The lessee vacated the property during the year.

| | 31 July 2021 | 31 July 2020 |
|--|--------------|--------------|
| | £000 | £000 |
| Consolidated and University | | |
| Future minimum lease receipts due: | | |
| Not later than 1 year | - | 298 |
| Later than 1 year and not later than 5 years | - | - |
| Total lease payments due | - | 298 |

Total rentals payable under operating leases

| | 31 July 2021 | 31 July 2020 |
|--|--------------|--------------|
| | £000 | £000 |
| Consolidated and University | | |
| Future minimum lease receipts due: | | |
| Not later than 1 year | 467 | - |
| Later than 1 year and not later than 5 years | - | - |
| Total lease payments due | 467 | - |

25 Cash and cash equivalents

| | Consolidated and University | | |
|---------------------------|-----------------------------|---------------|-----------------|
| | At 1 August 2020 | Cash Flows | At 31 July 2021 |
| | £'000 | £'000 | £'000 |
| Consolidated | | | |
| Cash and cash equivalents | 30,764 | 14,111 | 44,875 |
| Bank overdraft | - | - | - |
| | 30,764 | 14,111 | 44,875 |

Notes to the Financial Statements

for the year ended 31 July 2021

26 Consolidated reconciliation of net debt

| | Consolidated and University 31 July 2021 £'000 |
|---------------------------------------|--|
| Net debt 1 August 2020 | 90,736 |
| Movement in cash and cash equivalents | (14,111) |
| Movement in current asset investments | (13,300) |
| Net debt 31 July 2021 | 63,325 |
| Change in net debt | (27,411) |

| Analysis of net debt: | Consolidated Cash Flows | | |
|---------------------------|-------------------------|---------------------|-----------------------|
| | 31 July 2021 £'000 | Cash Flows £'000 | 31 July 2020 £'000 |
| Cash and cash equivalents | 44,875 | 14,111 | 30,764 |
| Short term investments | 31,800 | 13,300 | 18,500 |
| Unsecured loans | 140,000 | - | 140,000 |
| Net debt | 63,325 | 27,411 | 90,736 |

27 Pension Schemes

The total pension cost for Royal Holloway and its subsidiary was:

| | Consolidated and University | |
|---------------------------------------|-----------------------------|---------------|
| | 2021 £000 | 2020 £000 |
| Contributions to USS | 19,032 | 18,689 |
| Contributions to SAUL | 2,338 | 2,447 |
| Other pension contributions and costs | 10 | 10 |
| Total Pension Cost (note 9) | 21,380 | 21,146 |

The university participates in the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL).

The university offers a pension salary sacrifice arrangement. Employees are able to opt for a reduced contractual salary, with the university then making the pension contribution, otherwise payable by the employee, as additional employer's contributions. The amount relating to salary sacrifice in 2020/21 was £6.4m (2019/20 £5.2m).

USS

Significant accounting policies

The institution participates in Universities Superannuation Scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature

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

27 Pension Schemes (continued)

Critical accounting judgements

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

The total cost charged to the profit and loss account is (£2.2m) (2020: (£19.4m)).

Deficit recovery contributions due within one year for the institution are £3.4m (2020: £1.3m).

At the balance sheet date, the latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 has been completed since the year end.

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

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

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

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

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

2018 valuation

Mortality base table

Pre-retirement:

71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females

Post retirement:

97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females

Future improvements to mortality

CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

| | 2021 | 2020 |
|-----------------------------------|------|------|
| Males currently aged 65 (years) | 24.6 | 24.4 |
| Females currently aged 65 (years) | 26.1 | 25.9 |
| Males currently aged 45 (years) | 26.6 | 26.3 |
| Females currently aged 45 (years) | 27.9 | 27.7 |

Notes to the Financial Statements

for the year ended 31 July 2021

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

| | 2021 | 2020 |
|---------------------------|------|-------|
| Discount rate | .87% | 0.73% |
| Pensionable salary growth | 2.0% | 2.0% |

SAUL

The university participates in the Superannuation Arrangements of the University of London (“SAUL”), which is a centralised defined benefit scheme within the United Kingdom and was contracted out of the Second State Pension (prior to April 2016).

SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings (“CARE”) basis.

The university is not expected to be liable to SAUL for any other current participating employer’s obligations under the Rules of SAUL, but in the event of an insolvency of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

Funding Policy

SAUL’s statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL’s benefits as they fall due (the “Technical Provisions”). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members’ accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2020. Informal reviews of SAUL’s position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed by the Trustee and employers in June 2021 and will be reviewed again at SAUL’s next formal valuation in 2023.

At the 31 March 2020 valuation SAUL was 94% funded on its Technical Provisions basis. However, market movements following the valuation date were positive and the Trustee and the Employers agreed to allow for post-valuation experience up to 30 April 2021. As SAUL was in surplus on its Technical Provisions basis at that date, no deficit contributions were required. However, the Trustee and the Employers have agreed that the ongoing Employers’ contributions will increase from a rate of 16% of CARE Salaries to 19% of CARE Salaries from 1 April 2022 and to 21% of CARE Salaries from 1 January 2023.

Accounting Policy

The university is a Participating Employer in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL’s assets at 31 March 2020 was £3,612 million representing 94% of the liabilities.

The market value of SAUL’s assets at 30 April 2021 was £4,369 million representing 109% of the estimated liabilities.

It is not possible to identify an individual Employer’s share of the underlying assets and liabilities of SAUL. Royal Holloway accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 28.11 of FRS 102.

Although there was a Technical Provisions deficit at 31 March 2020, allowing for post valuation experience to 30 April 2021, SAUL had a Technical Provisions surplus. Therefore, no deficit contributions were required following the 2020 valuation and there is no defined benefit liability (i.e. the present value of any deficit contributions due to SAUL) to be recognised by the university.

28 Related Party Transactions

Royal Holloway paid grants of £1.1m (2019/20 £1.3m) to Royal Holloway Students' Union.

There were no other related party transactions to disclose.

29 Events after the reporting period

On Thursday 16 September 2021, the respective governing bodies of Royal Holloway, University of London, and St George's, University of London, agreed to progress discussions, which began during the summer of 2021, regarding a potential merger between their universities. A decision on whether, or not, to continue towards merger is expected to be reached by the end of 2021.

In respect of the USS pension scheme, a valuation as at 31 March 2020 was completed in October 2021 by the USS

Trustee. The financial position of the scheme has worsened since the last valuation in 2018 and, as the valuation was not completed until after the balance sheet date, resulting increases in the provision for the university's obligation to fund the USS deficit, which total an expected £94m should the Joint Negotiating Committee fail to reach a conclusion on benefit reform, will be reflected in the university's Financial Statements for the year ended 31 July 2022.

30 Supplementary schedule

We have an obligation as part of our participation in the US Federal Loans program to include Supplemental Information which complies with Federal Register/Vol. 84, No. 184/Monday, September 23, 2019/Rules and Regulations. The data is prepared using UK GAAP and does not include any adjustments that would be required to comply with US GAAP.

| Lines | Expendable Net Assets | | Year ended 31 July 2021 | | Year ended 31 July 2020 | |
|-----------------|---|--|-------------------------|----------------|-------------------------|---------|
| | | | £000 | £000 | £000 | £000 |
| 24 | Statement of Financial Position - Net assets without donor restrictions | Net assets without donor restrictions | | 205,337 | | 198,350 |
| 30 | Statement of Financial Position - Net assets with donor restrictions | Net assets with donor restrictions | | 87,723 | | 78,937 |
| 4 | Statement of Financial Position - Related party receivable and Related party note disclosure | Secured and Unsecured related party receivable | - | | - | |
| 4 | Statement of Financial Position - Related party receivable and Related party note disclosure | Unsecured related party receivable | | - | | - |
| 8 | Statement of Financial Position - Property, Plant and equipment, net | Property, plant and equipment, net (includes Construction in progress) | 379,600 | | 398,738 | |
| FS Note line 8A | Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - pre-implementation | Property, plant and equipment - pre-implementation | | 368,578 | | 388,174 |
| FS Note line 8B | Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post-implementation with outstanding debt for original purchase | Property, plant and equipment - post-implementation with outstanding debt for original purchase | | - | | - |
| FS Note line 8D | Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post-implementation without outstanding debt for original purchase | Property, plant and equipment - post-implementation without outstanding debt for original purchase | | 8,992 | | 6,548 |
| FS Note line 8C | Note of the Financial Statements - Statement of Financial Position - Construction in progress | Construction in progress | | 2,030 | | 4,016 |

Notes to the Financial Statements

for the year ended 31 July 2021

| Lines | Expendable Net Assets | | Year ended 31 July 2021 | | Year ended 31 July 2020 | |
|------------------------------|--|--|-------------------------|----------------|-------------------------|---------|
| | | | £000 | £000 | £000 | £000 |
| 9 | Statement of Financial Position - Lease right-of-use assets, net | Lease right-of-use asset, net | - | | - | |
| Excluded Line 9 Note Leases | Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation | Lease right-of-use asset pre-implementation | | - | | - |
| M9 Note Leases | Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset post-implementation | Lease right-of-use asset post-implementation | | - | | - |
| 10 | Statement of Financial Position - Goodwill | Intangible assets | | 5,288 | | 5,455 |
| 17 | Statement of Financial Position - Post-employment and pension liabilities | Post-employment and pension liabilities | | 26,979 | | 28,593 |
| 14,20,22 | Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process | Long-term debt - for long term purposes | 140,000 | | 140,000 | |
| M24,20,22, Note Debt A | Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process | Long-term debt - for long term purposes pre-implementation | | 140,000 | | 140,000 |
| M24,20,22, Note Debt B | Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process | Long-term debt - for long term purposes post-implementation | | - | | - |
| M24,20,22, Note Debt C | Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process | Line of Credit for Construction in process | | - | | - |
| 21 | Statement of Financial Position - Lease right-of-use asset liability | Lease right-of-use asset liability | - | | - | |
| Excluded Line 21 Note Leases | Statement of Financial Position - Lease right-of-use asset liability pre-implementation | Pre-implementation right-of-use leases | | - | | - |
| Line 21 Note Leases | Statement of Financial Position - Lease right-of-use asset liability post-implementation | Post-implementation right-of-use leases | | - | | - |
| 25 | Statement of Financial Position - Annuities | Annuities with donor restrictions | | - | | - |
| 26 | Statement of Financial Position - Term endowments | Term endowments with donor restrictions | | - | | - |
| 27 | Statement of Financial Position - Life Income Funds | Life income funds with donor restrictions | | - | | - |
| 29 | Statement of Financial Position - Perpetual Funds | Net assets with donor restrictions: restricted in perpetuity | | 87,723 | | 78,937 |

| Lines | Total Expenses and Losses | | Year ended 31 July 2021 | | Year ended 31 July 2020 | |
|---------------------|---|---|-------------------------|----------|-------------------------|---------|
| | | | £000 | £000 | £000 | £000 |
| 43 | Statement of Activities - Total Operating Expenses (Total from Statement of Activities prior to adjustments) | Total expenses without donor restrictions - taken directly from Statement of Activities | | 179,231 | | 167,750 |
| (35),45,46,47,48,49 | Statement of Activities - Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss) - (Total from Statement of Activities prior to adjustments) | Non-Operating and Net Investment (loss) | | (7,212) | | 2,308 |
| (35),45 | Statement of Activities - (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss) | Net investment losses | | (10,212) | | 808 |
| 47 | Statement of Activities - Pension related changes other than periodic pension | Pension-related changes other than net periodic costs | | - | | - |

| Lines | Modified Net Assets | | Year ended 31 July 2021 | | Year ended 31 July 2020 | |
|-------|--|--|-------------------------|---------|-------------------------|---------|
| | | | £000 | £000 | £000 | £000 |
| 24 | Statement of Financial Position - Net assets without donor restrictions | Net assets without donor restrictions | | 205,337 | | 198,350 |
| 30 | Statement of Financial Position - total Net assets with donor restrictions | Net assets with donor restrictions | | 87,723 | | 78,937 |
| 10 | Statement of Financial Position - Goodwill | Intangible assets | | 5,288 | | 5,455 |
| 4 | Statement of Financial Position - Related party receivable and Related party note disclosure | Secured and Unsecured related party receivable | - | | - | |
| 4 | Statement of Financial Position - Related party receivable and Related party note disclosure | Unsecured related party receivable | | - | | - |

| Lines | Modified Assets | | Year ended 31 July 2021 | | Year ended 31 July 2020 | |
|------------------------------|--|---|-------------------------|---------|-------------------------|---------|
| | | | £000 | £000 | £000 | £000 |
| 12 | Statement of Financial Position - Total Assets | Total Assets | | 532,340 | | 514,652 |
| Excluded Line 9 Note Leases | Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation | Lease right-of-use asset pre-implementation | | - | | - |
| Excluded Line 21 Note Leases | Statement of Financial Position - Lease right-of-use asset liability pre-implementation | Pre-implementation right-of-use leases | | - | | - |

Notes to the Financial Statements

for the year ended 31 July 2021

| Lines | Modified Assets | | Year end 2021 | | Year end 2020 | |
|-------|--|--|---------------|--------------|---------------|-------|
| | | | £000 | £000 | £000 | £000 |
| 10 | Statement of Financial Position - Goodwill | Intangible assets | | 5,288 | | 5,455 |
| 4 | Statement of Financial Position - Related party receivable and Related party note disclosure | Secured and Unsecured related party receivable | - | | - | |
| 4 | Statement of Financial Position - Related party receivable and Related party note disclosure | Unsecured related party receivable | | - | | - |

| Lines | Net Income Ratio | | Year end 2021 | | Year end 2020 | |
|--------------|--|---|---------------|----------------|---------------|---------|
| | | | £000 | £000 | £000 | £000 |
| 51 | Statement of Activities - Change in Net Assets Without Donor Restrictions | Change in Net Assets Without Donor Restrictions | | 6,533 | | 15,748 |
| 38, (35), 50 | Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses) | Total Revenue and Gains | | 187,814 | | 183,988 |



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