



**The University of Northampton
Higher Education Corporation**

**Consolidated Financial Statements
for the year ended 31 July 2010**

Consolidated Financial Statements for the Year Ended 31 July 2010

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General Information

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Report of the Governing Council for the year ended 31 July 2010

Format of the Financial Statements

The consolidated financial statements presented within this report are structured in accordance with the Statement of Recommended Practice (SORP) 2007 on Accounting for Further and Higher Education Institutions, and the 2010 HEFCE Accounts Direction.

The intention of the SORP is that the accounts of Further and Higher Education Institutions should, as far as possible, be prepared on a comparable and consistent basis. They should also, where possible, be prepared on a similar basis to the accounts of other corporate organisations. As such, the SORP takes account of what is currently thought of as best accounting practice, the accounting provisions of the Companies Acts, Statements of Standard Accounting Practice, Financial Reporting Standards, as applicable to Further and Higher Education Institutions, and the concept of the "true and fair view", which is regarded as of paramount importance.

The consolidated financial statements cover the activities of The University of Northampton, The University of Northampton Education and Learning Limited and The University of Northampton Enterprises Limited.

Operating and Financial Review

The Educational Character and Mission of the University of Northampton

The University of Northampton is a modern, innovative and responsive institution with a national and increasingly international reach. It offers a range of high quality flexible programmes relevant to learners' and employers' needs in education, health, applied social sciences, science and technology, business and the professions and the arts. The University has a particular emphasis on regional engagement which impacts across all its core activities of learning and teaching, research and knowledge transfer, and social and community activities. It is committed to working in partnership with others in the region to secure maximum participation in Higher Education and to offer continuous opportunities for personal and organisational development.

Financial Review

In order to facilitate comparison of performance against the previous year the University's financial results are summarised below with and without the impact of the FRS 17 adjustments, which account for the University's share of certain pension scheme liabilities.

	2009/10 £000	2008/09 £000
Income	89,111	77,704
Expenditure	81,239	74,023
Historical Cost Surplus before FRS 17 adjustments	7,872	3,681
FRS 17 Adjustments	(1,539)	(1,373)
Historical Cost Surplus/(Deficit)	6,333	2,308
Reserves (excluding pension liability)	47,220	40,016
Pension reserve	(20,339)	(22,576)
Total Reserves	26,881	17,440

The financial results for the year (operational excluding FRS 17) exceeded both the budget and mid-year forecast, which is pleasing, and the University recognises the efforts of its dedicated and motivated staff in contributing to this achievement.

The Position of the Institution at the End of the Year

At the end of the year, the University was in a strong financial position, cash positive, growing successfully, and generating operating surpluses to improve its balance sheet strength and increase its resilience to the forthcoming changes in the Higher Education Funding regime.

Main trends and factors which are likely to affect the Institution's future development, performance and position

The outcome of the Browne review on student fees, and the Comprehensive Spending review, both announced in October 2010, will change the landscape of Higher Education in the UK.

As a young University, Northampton's financial resources and reputation have been less well developed than some of our competitors, but as discussed in this report, the excellent growth in reputation and demand over the last few years and the consequent financial performance stand us in good stead to tackle the challenges ahead.

The market for overseas students continues to hold potential for the University, which has been very successful in attracting business students, and hopes to develop this expertise across other areas. Numbers of full time UK undergraduate students are likely to continue to be capped by Government in the short term, restricting growth in our main market, but this will give us an opportunity to increase tariff points and increase quality, whilst growing our part time and postgraduate student body.

In summary, the University is proud of its vibrancy and strength, and is confident of its ability to address the challenges ahead.

The General Operating Environment

Despite the UK recession, and the cap on UK full time undergraduate student numbers imposed by the UK government, the operating environment for the University and the Higher Education sector in 2009/10 was relatively good. Demand for all modes of education, full and part-time, undergraduate and postgraduate, from both UK and overseas students was strong.

The increased student numbers were able to be accommodated within the University's existing teaching and estates capacity without a corresponding increase in direct costs, other than bursaries.

The pay settlement for 2009 was modest at 0.5%, so although pension and National Insurance costs continue to rise, total pay increases were not at the unsustainable rate experienced in the mid 2000s.

The University continued to invest in its physical and IT infrastructure and services, funded through a combination of government grants and the University's bank loan facility.

The University is pleased to report an operating surplus which is greater than it has produced in recent years, which will bring its reserves level closer to comparable institutions in the Higher Education sector, and will increase its financial resilience to future funding reductions and sector turbulence.

Key Performance Indicators (KPIs)

Under the 2005-10 Strategic Plan, 21 Key Performance Indicators have been reported twice a year to the Governors' Development & Review Committee, which has held the monitoring remit for performance. The KPIs were underpinned by a broad range of Supporting Performance Indicators reflecting the business of the institution.

Performance against KPIs 2009/10

In 2009/10, against the targets which the University had set for itself, it achieved excellent or good performance in performance indicators relating to: External Policy, Future Students, Developing Educational Partnerships, Alumni, Sustainability, Finance, Student Satisfaction, and The Student Community.

The University performed less well against its targets in the areas of: Information Resources, Curriculum Development and Employability. Work is on-going in these areas to address the specific problems raised.

Major Risks

Risk assessment is embedded in the University and risk registers are held at each level of management. At the strategic level, 26 key risks have been identified which are aligned with the corporate objectives of the Strategic Plan and the KPIs.

The register and the mitigation plan are monitored regularly by the Governance, Administration and Employment Committee, as well as Audit Committee and Council.

The financial risks for the University are discussed later in this report.

Cash Flow

Information regarding the University's cash position for 2009/10 is included in the accounts, complying with the requirements of Financial Reporting Standard 1.

The University's excellent operational performance translated directly into increased cash generation, and higher balances in short term investments at the year end. The University's cash flow also benefited from a capital repayment holiday on its long term loans, cash grants from several funding bodies as contributions to its capital expenditure, and an improvement in working capital.

Subsidiary Companies

Both of the University's 100% owned subsidiary companies traded in 2009/10, although The University of Northampton Education and Learning Limited ceased trading on 31 January 2010 and its trade and assets were transferred to the University. An application to strike off this company has been made.

Further details are included within Note 10 to these accounts.

Payment of Creditors

The University's standard payment terms are 28 days, although some agreements have been negotiated individually with suppliers to obtain the best value for money.

The University estimates that in excess of 90% of approved invoices are paid on or before the due date.

Capital Projects

The University and its funding partners invested over £11 million in buildings, equipment and technology during the year. This expenditure related to the long term strategy to upgrade and improve the condition and facilities of the existing campuses and information technology systems together with the occupation of the Newton building, formerly Kingsley Park.

The contract to refurbish and remodel the Newton building, adjacent to the University's Avenue Campus, was successfully completed at the end of 2009 and the building was occupied by the School of Science and Technology in January 2010. The impressive 3d visualisation cave was completed in March 2010 and a key anchor tenant, The British Institute of Non Destructive Testing, moved into the building in July 2010. The building, which has received critical acclaim from local planners and funding bodies alike, was officially opened by HRH Princess Anne in September 2010.

At the University's Park Campus, work to develop specialist facilities for new dental nursing and paramedic courses, commissioned in June 2009, completed on time and the building was occupied and in full use by the start of the new academic year.

Plans to remodel and extend the Sulgrave building, which houses the School of Education, were approved in November 2009 with preparatory work, detailed design for tendering and temporary accommodation all completed in year. The tenders were returned in September 2010 with construction planned to commence shortly.

Plans to extend the Cottesbrooke building, which is home to the Northampton Business School, were approved in May 2010 with design work and temporary accommodation being sourced in year. Construction commenced in September 2010.

The Ashton building has been converted following the School of Science and Technology's move to Newton. The building is the new base for the senior management and school administration teams from the School of Health. The work was completed in September 2010.

Further work on the Carbon Management Plans for the institution this year included new lighting schemes, insulation and power management systems all designed to reduce waste in the University's use of fossil fuels. These work programmes were supported by an additional grant of £400,000 from the HEFCE backed Salix fund designed to help reduce Carbon Emissions.

The minor capital works programme for 2009/10 provided for a number of facility and equipment upgrades such as the teaching furniture in several buildings, plant and equipment replacements and relocation/refurbishment of staff spaces. It also included work on Sunley Management Centre to improve and redevelop its facilities to meet its revised business plan.

Notable achievements in Information Services in 2009/10 have included the new Web Site project, steered collaboratively and successfully to a launch date on 2 September 2010 following a significant amount of work to reconfigure, reshape and completely revamp the look, feel and navigation of the site. This will form the basis for further work developing web and mobile services for students.

A Feasibility Study has led to the 'NEWBIS', a project encapsulating fundamental business process review across the organisation, which will feed into a strategy for next generation Management Information systems in the University.

On the scholarly side, E-learning was boosted from closer collaboration between the specialists in Information Services, the Schools and Learning specialists. Take-up of 'NILE', the virtual learning system, is pressing at the boundaries of current system and storage capacity, but this is a problem of success and is indicative of the permeation of this resource into day-to-day learning and teaching. A project was undertaken to investigate the full range of research data created, analysed and stored by University of Northampton staff. The University Archive was re-located at Park Campus in a more spacious site, and work on a process for the proper management of semi-current records was started in the summer of 2010. The Library Collections Management Policy was revised, and a small number of specialist collections will supplement the existing Special Collections. Work is ongoing on cataloguing the 'Fowler' collection of secondary historical source documents.

Sustainability and Environmental Management

Under the direction of the University's Environmental Working Group the Institution has continued to move forward in principle and in practice in the areas of sustainability and environmental management in 2009/10.

The University has again improved its score in the annual 'Universities that Count' Environment Index of Higher Education Institutions, rising to 76.3% in 2010, and remaining above the sector average. The University showed improvements in the areas of corporate strategy and environmental management.

In 2009/10, the University commenced its participation in the EcoCampus programme, which is an Environmental Management System and award scheme for Higher Education Institutions. The scheme assists universities to improve environmental performance through good operational and management practices. The University is currently working towards achieving the first level of the four-stage scheme, with the ultimate aim of achieving ISO14001 Environmental Management accreditation in the future.

In line with its Carbon Management Plan, the University has undertaken a significant programme of carbon-reduction initiatives in 2009/10 in order to improve its energy efficiency performance in existing buildings. This has been funded by a combination of an interest-free repayable loan from Salix Finance (Carbon Trust), HEFCE capital and University funding. The projects included: upgraded insulation installed in roof spaces and cavity walls of many of the campus buildings; six buildings have had old gas boilers replaced by new high-efficiency models; Park Campus' district heating system has been renovated with improved boilers and new sections of pipe work; and efficient lighting and controls have also been installed in a number of buildings. The full effect of these projects on reducing the University's energy consumption will be seen during the 2010/11 academic year.

A notable achievement in the last year has been the 7.5% reduction in electricity consumption seen at Avenue Campus (not including Newton) due to the installation of a Voltage Power Optimiser in September 2009. This equipment optimises the voltage supplied to the campus from the electricity grid, thereby lowering electricity usage and reducing associated carbon dioxide emissions.

The refurbishment and refitting of Newton gave an opportunity to trial a new concept for waste disposal with the introduction of communal recycling stations situated around the building. These stations give staff and students access to facilities for recycling plastics, cans, paper and cardboard, and to dispose of non-recyclable waste, without the need for many smaller litter bins. Similar facilities will be rolled-out across other University buildings in the next year.

In February 2010, the University was accredited with Fairtrade University status, having its application noted as 'excellent' by the Fairtrade Foundation. The accreditation was the culmination of 18 months of work by the University's Fairtrade Steering Group. Fairtrade guarantees producers in developing countries a fair and stable price for their products that covers their costs and enables them to support their families and invest in a better future.

Further information about the University's environmental and sustainability initiatives can be found by visiting www.northampton.ac.uk/green.

Employee / Student Involvement

In reflection of the considerable value which the University places on the involvement of its employees and students, both groups are represented on the Governing Council. In accordance with best practice within the sector, the institution operates a Joint Consultation and Negotiation Committee with recognised Trade Unions within the University. An equal opportunities policy is operated for both staff and students and an annual grant is made to the Students' Union within the constraints of current legislation.

Employment of Disabled People

Applications for employment by disabled persons are always given full and fair consideration bearing in mind the individual's aptitude and abilities. In the event of employees becoming disabled, every effort would be made to relocate, or retrain them in order that their employment with the University may continue.

Academic Performance and Development

The Academic Quality and Standards Committee (AQSC) advises Senate on the maintenance of the standards of the University's academic awards. In its Annual Report, AQSC noted the very positive reports from External Examiners confirming that the academic standards were appropriate, that the University's assessment processes were sound and fairly conducted, and that student performance was comparable with that in other UK institutions. Standards and learning and teaching strategies were also confirmed through validation and periodic subject review reports, which were compiled with external specialist inputs. Additionally, the University received very successful accreditation visits from seventeen bodies. In this regard, the University was particularly pleased to have been granted "outstanding" by Ofsted for Primary/Early Years education.

The University was pleased that the Quality Assurance Agency expressed confidence in the University's current and future arrangements for the management of standards of all awards and of the learning opportunities for courses offered on-campus. The University has in place arrangements to enhance the management of learning opportunities for its off-campus provision.

Academic achievement

80% of students (1,603 out of 2,004) (full and part-time) achieved an undergraduate degree after the summer exams in 2009/10. Of these 1,075 achieved a "good degree" (1st or 2:1).

91% of students (1,907 out of 2,088) (full and part time) achieved an undergraduate degree after the autumn exams in 2009/10. Of these 1,191 achieved a "good degree" (1st or 2:1).

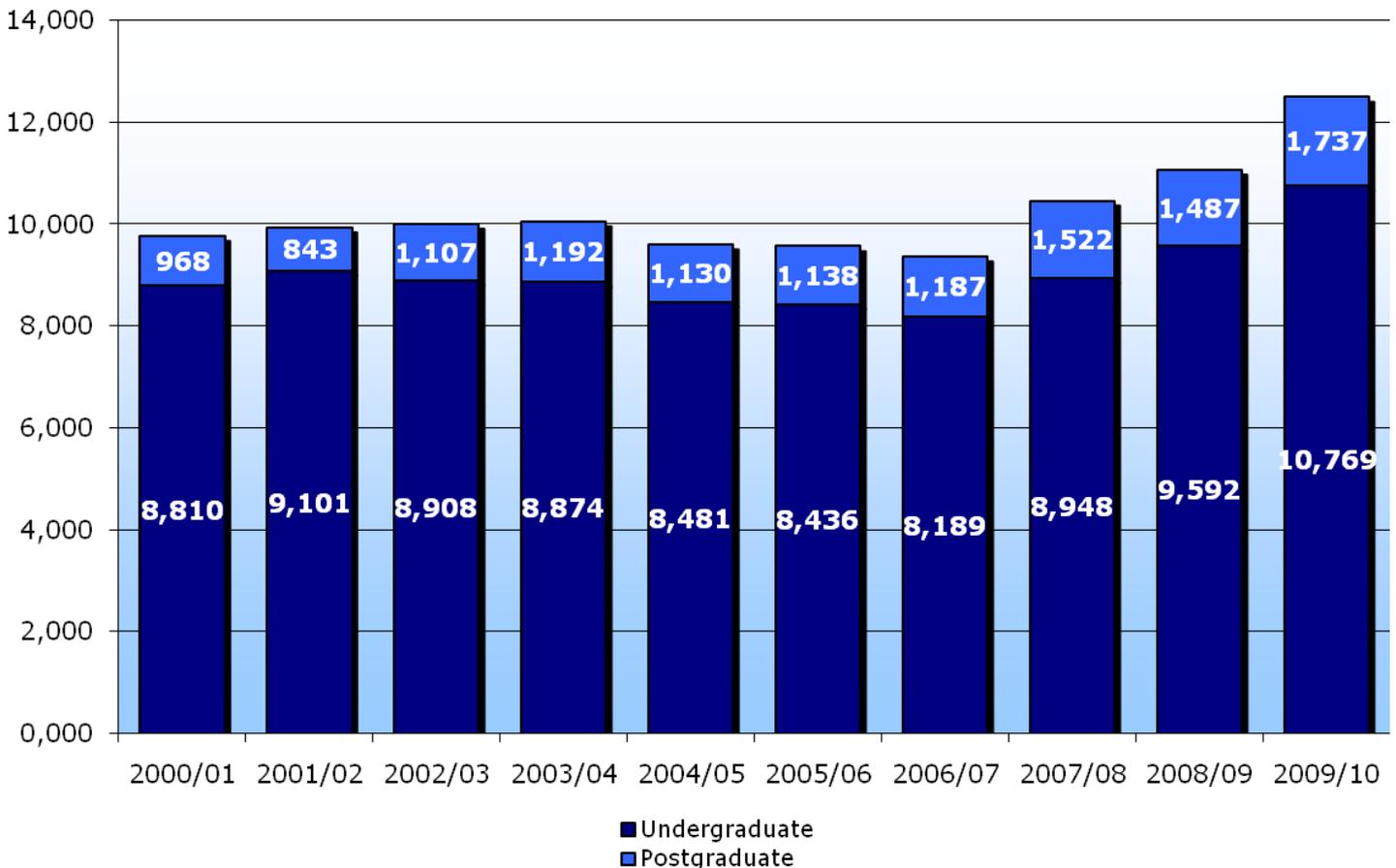
In the 2010 National Student Survey, the University ranks joint 2nd out of the 13 comparator institutions for the 'Overall satisfaction' question, with 82% of students agreeing that they were satisfied; this matches the average for the UK sector. The University achieved higher levels of satisfaction than both the UK sector average and the average for its comparator institutions in the areas of 'The Teaching on my Course', 'Assessment & Feedback' and 'Personal Development'.

Scores in the section 'Learning Resources' are still below comparator averages and continue to fall, and the University is taking steps to address this. 'Organisation & Management' scores have improved greatly since 2009.

Trend Data

Total enrolled students Higher Education students 2009/10

	Undergraduate	Postgraduate	Total
Full-Time (Home)	7,576	238	7,814
Full-Time (Overseas)	536	427	963
Part-Time (Home)	2,556	888	3,444
Part-Time (Overseas)	101	184	285
Total	10,769	1,737	12,506

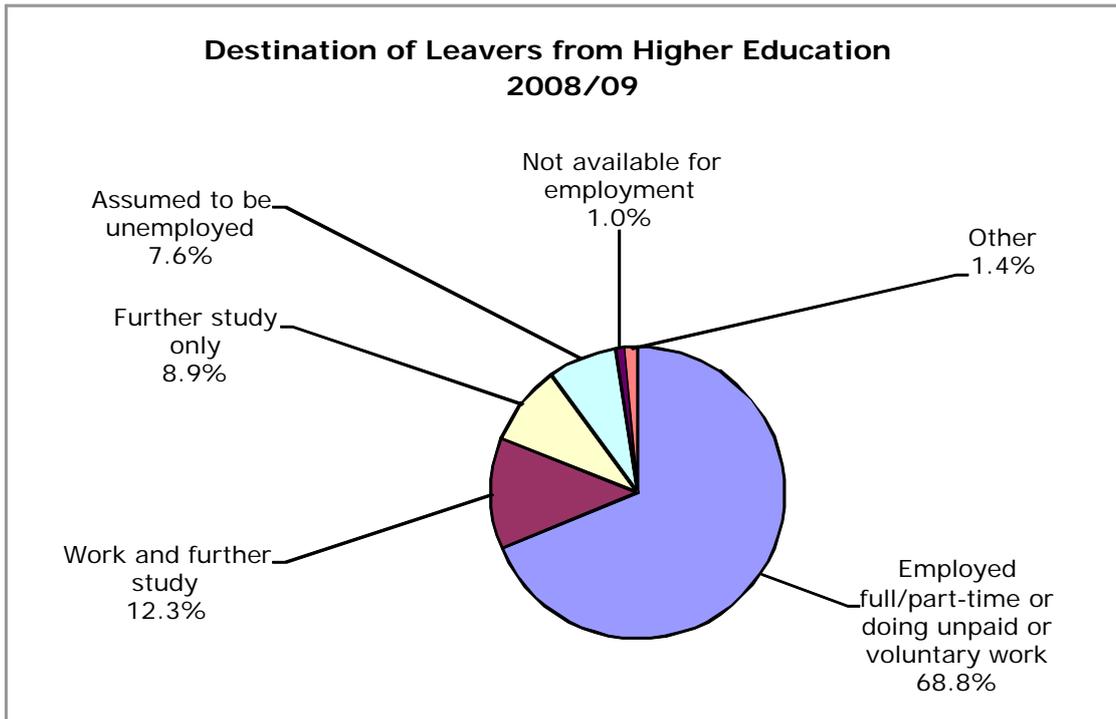


Destination of Leavers from Higher Education

The Destination of Leavers from Higher Education Survey (DLHE) is undertaken each year. The 2008/09 survey covered students successfully completing courses between 01/08/2008 and 31/07/2009 and asked for information about their employment and study status six months after their departure. The survey covered all UK and EU domiciled award holders completing undergraduate, postgraduate, foundation degrees, certificates in HE, diplomas in HE, HNDs and HNCs, whether full or part-time.

The results showed that 90% of leavers who supplied data were in work or study (or both).

There were 2207 eligible leavers in 2008/09 of whom 1733 (79%) leavers supplied the following information*:



*This breakdown excludes those leavers who gave an 'explicit refusal to take part' in the survey, but includes those alumni who are 'not available for employment' or 'other'.

Distribution of Higher Education Students (2009/2010)

7.3% of full-time students and 5.3% of part-time students state that they have some form of disability (2009/10).

31.6% of full-time students and 19.4% of part-time students come from Black and Minority Ethnic communities (2009/10).

In 2008-09 (latest HESA Performance Indicators for entrants 2008/09) 97.8% of young full time undergraduate entrants came from state schools. This was tagged by HESA as being significantly better than benchmark. 42.5% of young full time undergraduate entrants are from Social Class NS-SEC 4, 5, 6 & 7 and 15.0% are from Low Participation Neighbourhoods (both of these percentages showed increases over the previous year).

Participation in subject areas is indicated broadly by the recruitment of schools:

Distribution by School 2009/10

School	Full-time	Part-time	Total
Science and Technology	442	619	1,061
The Arts	1,359	51	1,410
Education	1,285	490	1,775
Health	1,584	810	2,394
Northampton Business School	2,039	988	3,027
Social Sciences	1,328	144	1,472
Partner Colleges	707	565	1,272
Research Students	33	62	95
Total	8,777	3,729	12,506

Distribution by Gender

	Total	Male	%	Female	%
Full-time					
Postgraduate	665	341	51	324	49
Undergraduate	8,112	2,763	34	5,349	66
TOTAL	8,777	3,104	35	5,673	65
Part-time					
Postgraduate	1072	435	41	637	59
Undergraduate	2,657	1,119	42	1,538	58
TOTAL	3,729	1,554	42	2,175	58

Distribution by Age*

	Total	Under 21	%	21 and Over	%
Full-time					
Postgraduate	665	5	1	660	99
Undergraduate	8,112	4,045	50	4,067	50
TOTAL	8,777	4,050	46	4,727	54
Part-time					
Postgraduate	1,072	0	0	1,072	100
Undergraduate	2,657	167	6	2,490	94
TOTAL	3,729	167	4	3,562	96

* Age = as at the beginning of year of study

Research and Knowledge Transfer

The value of research bids won was £3.1m and the value knowledge transfer bids won was £3.6m, against targets of £3m and £4m respectively.

This was the second year of HEIF 4 (Higher Education Innovation Fund), which provides £2.2m over three years to broaden and deepen the capacity of the University to engage with its region. To this end, the Knowledge Exchange offers academic staff support including: a) a mentoring programme; b) a Postgraduate Certificate in Income Generation, Bidding and Tendering; c) a staff placement scheme with external organisations; d) access to IP protection, exploitation and early-stage funding services; e) an events programme to promote our expertise to a wider audience and e) a training course – “Building an Active Client Portfolio”.

HEIF 4 has also been used to help fund the University’s Enterprise Club. The Club, established in 2006, has 880 members (as at 1 August 2010), including local entrepreneurs or would-be entrepreneurs.

The Club runs the Enterprise in Prison scheme with HM Prison Wellingborough. In 2009/10, over 50 prisoners enrolled on the scheme. The scheme was awarded the ‘Outstanding Contribution to Working with Offenders’ by the Northamptonshire Criminal Justice Board in 2009. It was also short-listed by Times Higher Education for a national award.

In November 2009 the Club organised and delivered the first Northamptonshire New Business Show. Sponsored by Northamptonshire Enterprise Ltd, one of the major high street banks, and the Club, the event attracted over 300 visitors who were able to meet 65 new business exhibitors and

business support providers. As a result of his contribution to enterprise across the county, Professor Simon Denny was awarded the Queen's Award for Enterprise Innovation 2010.

In January 2010, led by the Knowledge Exchange, The University of Northampton, Northampton College, Moulton College and Silverstone Circuits Limited signed a Memorandum of Understanding that set out precepts to enable partners to develop and sustain a world-leading, high performance education, research and knowledge transfer base at Silverstone.

The University of Northampton is the lead body driving the formation of the innovation network (iNet) in Sustainable Construction: with projects worth a total of £17m. The University successfully bid for and secured revenue and capital funding for a state-of-the-art "green" building in Daventry. The iNet promotes and stimulates innovation throughout the built environment supply chain through research, knowledge dissemination, project management and high-level networking. From 2011, the iNet will be based in the new building in Daventry that will offer state-of-the-art meeting, conferencing and community facilities. When fully operational it will also provide 60 business start-up offices.

The Portfolio Innovation Centre first opened as a 'pilot' project during 2006 with funding from the Arts Council, emda, NEL and WNDC. After winning follow-on funding, it has now expanded across three floors, complete with 46 studios and offices for businesses in the design, digital and creative sectors. In 2009/10 the Centre achieved full occupancy, providing essential start-up support to new businesses within the county. In January, the Centre was visited by Siôn Simon MP, Minister for Creative Industries, for a showcasing event held in collaboration with Northamptonshire Chamber of Commerce.

NVision is a state-of-the art technology centre designed to help businesses by using 3-D immersive stereo visualisation and computational modelling. Its facilities include a 4 metre fully tracked ActiveWall, 512 Core High Performance Computational (HPC) Cluster and the UK's most accessible 5-sided High Definition ActiveCube. Businesses are able to let office space on a short or medium term basis. By using the centre, businesses have benefited from a new, differentiated way to interact with customers, staff and suppliers. NVision has been made possible by a £3m funding package from the European Regional Development Fund (ERDF).

The Graduate School continues to act as the fulcrum for research degrees business. In July 2009 the Graduate School launched the implementation of a revised Concordat for Early Career Researcher offering a full programme of workshops and events, a "Research Staff Network" for those beginning their research careers, and a placement scheme for its PGR students, whereby on-site training is offered within an organisation for up to two weeks. In recognition of these initiatives the University has been shortlisted for a National Award for Early Career Researchers. Following QAA institutional audit, the Graduate School was commended on the training that it provides to research degree students.

Statement of Public Benefit

The Charities Commission has issued guidance on public benefit requiring inter alia that there must be clearly identifiable benefits related to the aims of the charity, that the benefits must be to the public or a section of the public and where the benefit is to a section of the public that the opportunity to benefit must not be unreasonably restricted by geographical or other restrictions or by ability to pay fees and that people in poverty must not be excluded from the opportunity to benefit. The objects of a Higher Education Corporation can be inferred from the Education Reform Act 1988, section 124, which sets out the powers of a Higher Education Corporation. These include powers to 'provide higher and further education' and 'to carry out research and publish the results of the research.'

The University of Northampton makes a significant contribution, via its research, teaching and other activities, not only to the advancement of education but to the following 8 of the 12 specific categories set out in the Charities Act 2006. The examples below illustrate how the University meets the requirement of the public benefit test.

The advancement of education

By advancing student learning the University makes a significant contribution to the social, economic and cultural development, regionally, nationally and internationally. The University offers courses to meet a wide range of needs and interest, from foundation and undergraduate level, to postgraduate, professional and doctoral qualifications. It has a student population of 13,000 including 1,000 international students. The University is accessible to all who can benefit from higher education, whatever their background, and offers generous bursaries to those who need them.

In terms of its specialisms, the University enjoys a reputation as an international leader in materials science and is home to the British School of Leather Technology; it has established the SITA Centre for sustainable Wastes Management, which is at the forefront of research in its area; the Centre for Children and Youth enjoys an international reputation for research on primary education; and the Centre for the Study of Anomalous Psychological Processes works closely with St Andrew's, the county's largest mental health hospital situated in Northampton. The University is also well known for specialist expertise in the arts and humanities, Anglo Chinese relations and special needs education.

The advancement of health or saving of lives

The Centre for Health and Wellbeing has carried out a number of projects in the last year that are assisting the Primary Care Trust in the commissioning of services to increase health and wellbeing of the local population based on a sound evidence base. As the sole provider of nursing and midwifery education in the county, the students of the University, when qualified add to the advancement of health and good quality care that saves lives.

The advancement of citizenship or community development.

The University's Centre for Community Volunteering encourages and supports students and staff to get involved in projects that benefit the local community, local organisations and charities. Projects such as, the Charity (Re) Fashion Show and ArtBlast have been successful in raising money and developing the skills of the volunteers, whilst benefiting local community groups. The University is proud that its staff and students have contributed 23,688 hours of volunteering in the last year, which makes a significant impact on the local economy.

The Northampton Business School delivers social enterprise modules to those 'not in employment, education or training', to prisoners, sixth formers and unemployed executives.

The Northampton Institute of Urban Affairs is developing new models of adult social care and exploring new models of delivering services, including social enterprises and social innovation. It is

focusing on community development and also looking at community asset transfer which links into new development models and potentially social enterprise and social innovation.

The advancement of the arts, culture, heritage or science

The School of Arts engages with its community in a range of ways from working with the Fish Market Arts Space in the Centre of Northampton, Northamptonshire Dance, collaborating in the Northamptonshire Lion charity fund raising event to raise funds for Born Free and the Cynthia Spencer Hospice, to create an exciting new community theatre company named 'Act Out', who will work in the community using scenario acting on specific subjects or issues with the view to education or awareness raising. In addition, our design staff and students have undertaken numerous projects that have helped local and regional business with their identities or products.

The advancement of amateur sport

The University supports the Students Union financially to allow for the development of sports clubs. This has led to students participating in a wide range of sports and for some students, playing at regional and national levels. The University opens up its campus for the local communities to use its facilities. Students on sports related programmes of study also undertake qualifications in coaching skills.

The advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity

The Multi-Faith Chaplaincy promotes religious harmony within the University and works within the wider community.

The advancement of environmental protection or improvement

The advancement of environmental protection and sustainability sits at the core of the School of Science and Technology's mission. The School is home to the University's Centre for Sustainable Wastes Management, which has a significant track record in working with business, local and national governments and voluntary organisations to provide research, education and training in the broad area of sustainability. In particular, the Centre provides businesses with advice, training and research in environmental auditing, wastes minimisation and environmental legislation. The Centre and the Environmental Science team are also working closely with staff in Leather Technology to improve and enhance the efforts of the Leather industry to address that industry's often unwarranted reputation for pollution and environmental impacts, through interventions such as composting of leather by-products and use of reed beds to filter organic and other chemical wastes.

Both Leather and Wastes Management are leading the way in internationalisation of the curriculum and of the University's reach and Wastes has existing or developing relationships with HE establishments in India, Nigeria, Brazil and Trinidad which will provide education for future environmental managers in those emerging economies. The Nigerian example in particular relates to empowering individuals who earn their living by "scavenging" electronic wastes to do so in as safe and responsible a manner as possible.

The University has a range of research projects which are providing crucial information for the sustainable management of the environment. These range from assessing a range of different low-carbon homes at the ground-breaking Upton Project, in Northampton, to addressing the decline of pollinators in the both the UK and world-wide.

Finally, public understanding of science and reaching out to young people is a fundamental tenet of the University's activities. In the past 12 months, this has featured a range of activities and events such as a schools conference entitled *evolution@Northampton* in March 2010, the "Junkbots" project in which school children used waste materials to construct working robots and a sustainability project with a local school in which children of a range of ages were able to assess the key aspects of sustainable living in the future.

The relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage

The Access Ability Team provides guidance, advice and support to all students who have a disability. In addition the University has an independent Disabled Students Allowance assessment centre which is open to all Higher Education students. The University is committed to inclusion and increasing access to Higher Education.

Statement of Primary Responsibilities for the year ended 31 July 2010

Introduction

The University of Northampton is a statutory body which derives its powers from an Order in Council dated 25 August 2005 pursuant to the Education Reform Act 1988 as amended, and its operation is governed by an Instrument and Articles of Government approved by the Privy Council in August 2005.

These regulate its administration, procedures and how the University functions, and constitutes part of the legal and regulatory framework that ensures that its decisions and operations are efficient, transparent and accountable to its users and to the community. As a constituent element of the Constitution, the University is required to have in place this formal Statement of Primary Responsibilities, encapsulating the general principles within which the Council and Governors, both individually and collectively, exercise their powers and responsibilities.

Powers and Duties of the Governing Body

- To be responsible for overseeing the management and administration of the affairs of the University and for the planning of its future development, including approval of both its mission and strategic vision, and its long term academic and business plans and related Key Performance Indicators, to meet the interests of all stakeholders.
- To ensure that processes are in place to monitor and evaluate the performance and effectiveness both of the University generally and of its Governing Body against the relevant Plans, Policies and Key Performance Indicators, benchmarking them, where appropriate, against other comparable Institutions.
- To safeguard the good name and values of the University and to conduct its business in accordance with Best Practice in Higher Education Corporate Governance and the Principles of Public Life drawn up by the Committee for Standards in Public Life.
- To be the legal authority of the University, and, as such, to ensure that systems are in place for meeting all of its legal obligations, including compliance both with the general law relevant to its operation, its Constitution and all its legal and contractual commitments, acting formally as Trustee of any property, legacy, endowment, bequest or gift in support of the work or welfare of the University.
- To be the principal financial and business authority for the University, approve its annual Budget and Financial Statements and to be responsible for the Assets, Property and Estates Strategy of the University.

In exercise of these responsibilities, to ensure the establishment and monitoring of all necessary systems of control and operation, including financial and operational controls, strategies and audit systems and also risk management, which latter shall include both procurement procedures and those for handling internal grievances and managing conflicts of interest.

- To be the formal employing authority for all University staff.
- To appoint the head of the University as Vice Chancellor, and in accordance with the Articles of Government to delegate authority to him/her, as Chief Executive, for the Academic, Corporate, Financial, Estate and Personnel management of the University, establishing and keeping under regular review the policies, procedures and parameters within which such management functions shall be undertaken.

- To appoint such other Senior Post Holders as so defined within the Articles of Government, to determine their pay and conditions, and to establish procedures for their suspension and dismissal.
- To make, in consultation with the Senate, such provision as is necessary for the general welfare of students and further to take such steps as are reasonably practicable to support the Students' Union and to ensure that it operates in a fair and democratic manner and is accountable for its finances.
- To ensure that the processes are in place to provide for and monitor the welfare and health and safety at work of its employees, visiting staff and others, including the approval of all necessary policies, training and consultation to achieve this.

General

The exercise of the foregoing rights, duties and responsibilities shall at all times be subject to the general law, the Instrument and Articles of Government of the University and any formal Policies approved thereunder.

Statements of Corporate Governance and Internal Controls for the year ended 31 July 2010

The following statement is provided to enable readers of the annual report and accounts of the institution to obtain a better understanding of the governance and legal structure of the institution.

The institution endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life and with the Committee of University Chairs' 2009 Guide for Members of Higher Education Governing Bodies in the UK.

The University's objects, powers and framework of governance were initially set out in the Articles of Government that were approved by the Privy Council on 16 February 1993. The version of the Articles relevant to 2009/10 was approved by the Privy Council on 5 September 2007. The Articles require the University to have a Governing Council, a Senate and a Vice Chancellor, each with clearly defined functions and responsibilities, to oversee and manage its activities.

The Council has a majority of independent members, chosen in line with strict criteria. The Chairman of the Council is elected from amongst the members of the Council. There is also provision for the appointment of co-opted members, including academic and support staff members and a representative of the student body. No members of the Council receive any reimbursement for the work which they do for the Council. In line with effective practice, the University maintains a Register of Interests of members of the Council, which may be consulted by arrangement with the Clerk.

During 2009/10, Governing Council met on five occasions. However, much of the detailed work is initially handled by six standing committees (Audit; Development and Review; Finance and Estates; Governance, Administration and Employment; Nominations and Remuneration). Council received formal reports of these committees through the presentation of minutes and verbal reports by the Chairman of each committee. Further information on the work of the Committees can be found at the end of these Consolidated Financial Statements. The membership of these committees, with the exception of the Audit and Nominations Committees, consists entirely of members of the Council. The Audit and Nominations Committees have a majority of members who are independent and co-opted members of the Council. The Chairman of each committee is elected by its membership annually.

The Vice Chancellor, as Chief Executive Officer, is the head of the institution and has a general responsibility to the Governing Council for exercising considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos, the organisation and management of the institution and acting as the HEFCE Accountable Officer of the institution. The other members of the Directorate [the Pro-Vice Chancellor (Academic), the Pro-Vice Chancellor (Research and Business Development), the Pro-Vice Chancellor (Strategic Planning and Resources), the Registrar and Clerk to the Governing Council and the Director of Finance] and the senior academic and administrative officers all contribute in various ways to this aspect of the work, but the ultimate responsibility for what is done rests with the Vice Chancellor.

In accordance with the Articles of Government of the institution, the Clerk to the Governing Council provided advice on matters of governance to all Council members. During 2009/10, Mrs Jane Bunce, the University's Registrar, was the Clerk to the Governing Council.

The University acknowledges and endorses the principles of corporate governance, and the Governing Council has a responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to it in the instrument and articles and the HEFCE Model Financial Memorandum. In relation to this, the Governing Council makes the following statement regarding internal control:

- The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
- The system of internal control is based on an on-going 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 2010 and up to the date of approval of the financial statements, and accords with HEFCE guidance.
- We have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:
 - We meet a minimum of four times a year to consider the plans and strategic direction of the institution.
 - We receive periodic reports from the Chairman of the Audit Committee concerning internal control and we require regular reports from senior management on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
 - We have designated the Governance, Administration and Employment Committee to oversee the risk management process.
 - The Audit Committee receives regular reports from the partner of the contracted internal audit service, which include the partner's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement.
 - An annual cycle of Committee meetings involving the Governing Council and Directorate is undertaken to identify and keep up to date the register of risks facing the organisation.
 - Risk is a standard heading within reports presented to Governors and University Committees and within proposals for bids and developments (for example new courses and bids for research funding).
 - A system for the identification and monitoring of key performance and risk indicators is operational.
 - A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis is in place.
 - An organisation-wide risk register is maintained and a Risk Management Group meets regularly to review the risk register.
 - Deans and Directors of departments report on risk and internal control activities through their development plans.

Our review of the effectiveness of the system of internal control is informed by the contracted internal audit service which operates to standards defined in the HEFCE Accountability and Audit Code of Practice and which was last reviewed for effectiveness by the HEFCE Audit Service in March 2008. The internal auditors submit regular reports which include the audit partner's independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement.

Our review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution 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 other reports.

The Governing Council is of the opinion that the actions it has taken and the arrangements that it has put in place have made the institution fully compliant with the requirements and expectations placed on it regarding corporate governance during the financial year 2009/10.

Deirdre M. Newham

Deirdre Newham (Chairman)

25th November 2010

Date

Responsibilities of the Governing Council (in relation to the Financial Statements) for the year ended 31 July 2010

In accordance with the Education Reform Act 1988, as updated by the 1992 Further and Higher Education Act, the Governing Council of The University of Northampton Higher Education Corporation is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Governing Council is responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the 1992 Further and Higher Education Act, the Statement of Recommended Practice on Accounting in Further and Higher Education and other relevant standards. In addition, within the terms and conditions of the Model Financial Memorandum agreed between the Higher Education Funding Council for England and the Governing Council of The University of Northampton, the Council, through its Accountable Officer, is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the University and of the surplus, or deficit, and cash flows for that year.

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

- Suitable accounting policies have been selected and applied consistently.
- Judgements and estimates have been made that are reasonable and prudent.
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Financial statements are prepared on the going concern basis, unless it is inappropriate to presume that the University will continue in operation. The 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.

The Council has taken reasonable steps to:

- Ensure that funds from the Higher Education Funding Council for England have been used only for the purposes for which they have been given and in accordance with the Model Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe.
- Ensure that funds from the Training and Development Agency for Schools have been applied only for the purposes for which they have been given.
- Ensure that there are appropriate safeguards and management controls in place to safeguard public funds and funds from other sources.
- Safeguard the assets of the University and to prevent and detect fraud.
- Secure the economical, efficient and effective management of the University's resources and expenditure.

In fulfilling the above responsibilities, the Council has established the Finance and Estates Committee to determine and advise it on matters relating to finance.

Report of the Independent Auditors to the Governing Council of The University of Northampton Higher Education Corporation

We have audited the Consolidated and University financial statements (the 'financial statements') of The University of Northampton for the year ended 31 July 2010 which comprise: the Consolidated income and expenditure account, the Consolidated note of historical cost surpluses and deficits, the Consolidated and University balance sheets, the Consolidated cash flow statement, the Consolidated statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Governing Council, in accordance with the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Governing Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Council for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the University's Governing Council and Auditors

The Governors' responsibilities for preparing the report of the Governing Council and group financial statements in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and the International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice and 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

We also report to you whether income from funding councils, 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. In addition, we report to you whether, in all material respects, income has been applied in accordance with the statutes and, where appropriate, the financial memorandum with the Higher Education Funding Council for England, and the Training and Development Agency for Schools.

We also report to you whether the information in the report of the Governing Council is consistent with the financial statements.

In addition we report to you if in our opinion the University has not kept adequate accounting records, if the University's financial statements are not in agreement with the accounting records and returns, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the financial statements and consider whether it is consistent with the audited financial statements. This information comprises only the report of the Governing Council and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. We are not required to consider whether the statement of internal control (included as part of the Corporate Governance Statement) covers all risks and controls, or to form an opinion on the effectiveness of the institution's corporate governance procedures or its risk and control procedures. Our responsibilities do not extend to other information.

Basis of Audit Opinion

We conducted our audit in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governing Council in the preparation of the financial statements and of whether the accounting policies are appropriate to the group and University's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the University's affairs as at 31 July 2010 and of the group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education;
- the information given in the report of the Governing Council is consistent with the financial statements for the year ended 31 July 2010;
- in all material respects, income from the funding council, the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2010 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2010 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the funding council, the funding agreement with the Training and Development Agency for Schools.

Grant Thornton UK LLP

Grant Thornton UK LLP
Registered Auditor, Chartered Accountants
Oxford

25 November 2010

Statement of Principal Accounting Policies for the year ended 31 July 2010

1. Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with both the Statement of Recommended Practice (SORP): Accounting in Further and Higher Education and applicable Accounting Standards.

2. Basis of consolidation

The consolidated financial statements consolidate the financial statements of the University and all its trading subsidiaries (together "the Group") for the financial year to 31 July 2010.

The consolidated financial statements do not include those of The University of Northampton Students' Union as the University has no direct financial interest and no control or significant influence over their commercial and financial policy decisions other than that they are required to produce audited financial statements and operate as a going concern.

3. Recognition of income

Income from short term investments is credited to the income and expenditure account on a receivable basis.

Income from the HEFCE and the TDA in respect of the main funding grant for teaching and research is credited to the income and expenditure account on a receivable basis.

Income from ring fenced allocations, donations, research grants, contracts and other services rendered is included to the extent of the expenditure incurred during the year, together with any related contribution towards overhead costs.

Capital allocations made by the HEFCE, the TDA and other sources to acquire and restore tangible fixed assets are credited to the income and expenditure account over the estimated useful lives of the related assets.

Deferred credits in respect of expended allocations received from the HEFCE, the TDA and other sources which are attributable to subsequent financial years are included in deferred capital grants on the face of the balance sheet.

4. Pension schemes

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

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi employer scheme and the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality

corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The University has adopted FRS 17 Retirement Benefits, in the financial statements. Details of the effect of adopting FRS 17 are given in Note 26.

5. Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

6. Land and buildings

Land and buildings are stated at cost, other than the properties transferred from Northamptonshire County Council on 1 April 1989, which are shown at their valuation at that date less depreciation plus the cost of improvements and additions since that date, and Simon Senlis and Spencer Perceval halls of residence which were valued on acquisition. The basis of valuation is depreciated replacement cost and an assumption has been made that no land is held specifically for sale or development. The valuation on the NCC properties was performed at 31 March 1990 by Messrs Gotch, Saunders & SurrIDGE, Chartered Architects and Quantity Surveyors, in order to calculate their value as at 1 April 1989. The amount paid by the University for these assets was zero and the corresponding credit in respect of the valuation was taken to the revaluation reserve. Freehold buildings are depreciated over their useful economic lives of 50 years, commencing in the financial year after completion. Leasehold land and buildings are depreciated over the life of the lease or 50 years, whichever is the shorter. Freehold land, other than that transferred from Northamptonshire County Council, is not depreciated as it is considered to have an indefinite useful life.

7. Equipment

Equipment, including computer hardware and software, costing less than £5,000 is included as an expense in the Income and Expenditure account in the year of acquisition. All other equipment is capitalised at cost and depreciated over its expected useful life, as follows:

Plant and machinery	5 – 10 years
Furniture, fixtures and fittings	5 – 8 years
Computer equipment	3 years
Motor vehicles	4 years
Other equipment	4 – 5 years

8. Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account as incurred. A long term maintenance programme is in place.

9. Leases

Rental costs under operating leases are charged to expenditure in equal amounts over the period of the leases.

Operating lease income is recognised on a straight line basis over the period of the lease.

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

10. Investments

Current asset investments are included at the lower of cost and net realisable value. These are comprised of bank and money market investments.

11. Stocks

The stocks relate to the bar and catering supplies of the Sunley Management Centre. They are valued at the lower of cost or net realisable value.

12. Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No money market investments, however liquid, are included as cash.

Liquid resources comprise assets held as a readily disposable store of value. They include term deposits held as part of the University's treasury management activities.

13. Taxation status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and, as such, is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 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. All non-recoverable value added tax on purchases is included within the appropriate expenditure headings. The University has an agreement with the local HMRC Office which allows recovery of input VAT on certain business activities.

The Group has a minimal corporation tax liability as any surplus in the subsidiary companies that is assessable to corporation tax is covenanted to the parent entity, The University of Northampton Higher Education Corporation, hence leaving a nil liability.

Consolidated Income and Expenditure Account for the Year Ended 31 July 2010

	Note	2010 £000	2009 £000
Income			
Funding Council grants	1	33,924	32,640
Exceptional funding income	1	581	(1,123)
Academic fees and support grants	2	40,038	33,179
Research grants and contracts	3	1,929	1,521
Other income	4	12,449	11,146
Endowment and investment income		190	341
Total income		89,111	77,704
Expenditure			
Staff costs	5	46,678	45,071
Depreciation	9	3,750	3,467
Other operating expenses	6	30,872	25,899
Interest payable	7	2,146	1,627
Total expenditure		83,446	76,064
Surplus on continuing operations after depreciation of assets at valuation and before taxation		5,665	1,640
Taxation		-	-
Surplus on continuing operations after depreciation of assets at valuation and tax		5,665	1,640

Note of Historical Cost Surpluses and Deficits for the Year Ended 31 July 2010

	Note	2010 £000	2009 £000
Surplus after depreciation of assets at valuation and tax and exceptional items		5,665	1,640
Difference between depreciation charge based on an historical cost and revalued basis (as included above)	17	668	668
Historical cost surplus after tax		6,333	2,308

The consolidated income and expenditure of the University and its subsidiaries relate wholly to continuing operations.

Statement of Total Recognised Gains and Losses for the Year Ended 31 July 2010

	Note	2010 £000	2009 £000
Surplus on continuing operations after depreciation of assets at valuation and tax		5,665	1,640
Actuarial gain / (loss) in respect of pension scheme	26	249	(2,356)
Past service gain in respect of pension scheme	26	3,527	-
Total recognised gains / (losses) relating to the period and since last report		9,441	(716)

Reconciliation

Opening reserves	17,440	18,156
Total recognised gains / (losses) for the year	9,441	(716)
Closing reserves	26,881	17,440

The Past Service gain of £3,527,000 has arisen as a result of the government's announcement on 22 June 2010 that future pensions increases would be linked to CPI rather than RPI. The University has recognised this amount in the Statement of Total Recognised Gains and Losses as management consider the resulting gain a change in actuarial assumption.

Balance sheets as at 31 July 2010

	Note	Consolidated		The University	
		2010 £000	2009 £000	2010 £000	2009 £000
Fixed Assets					
Tangible assets	9	82,082	77,284	82,732	75,520
Investments	10	1	1	1	135
		<u>82,083</u>	<u>77,285</u>	<u>82,733</u>	<u>75,655</u>
Endowment Assets	28	<u>1,156</u>	<u>940</u>	<u>1,156</u>	<u>940</u>
Current Assets					
Stocks and stores in hand		4	6	-	-
Debtors	11	6,023	6,387	5,981	6,294
Investments		23,526	16,774	23,526	16,774
Cash at bank and in hand		1,452	884	1,447	861
		<u>31,005</u>	<u>24,051</u>	<u>30,954</u>	<u>23,929</u>
Creditors: amounts falling due within one year	12	<u>(17,907)</u>	<u>(15,786)</u>	<u>(18,008)</u>	<u>(15,724)</u>
Net current assets		<u>13,098</u>	<u>8,265</u>	<u>12,946</u>	<u>8,205</u>
Total assets less current liabilities		96,337	86,490	96,835	84,800
Creditors: amounts falling due after more than one year	13	(18,242)	(18,294)	(18,242)	(18,472)
Provisions for liabilities and charges	14	<u>(1,567)</u>	<u>(1,705)</u>	<u>(1,567)</u>	<u>(1,705)</u>
Total Net Assets excluding Pension Liability		<u>76,528</u>	<u>66,491</u>	<u>77,026</u>	<u>64,623</u>
Net pension liability	26	<u>(20,339)</u>	<u>(22,576)</u>	<u>(20,339)</u>	<u>(22,576)</u>
Total Net Assets including Pension Liability		<u>56,189</u>	<u>43,915</u>	<u>56,687</u>	<u>42,047</u>
Represented by:					
Deferred capital grants	15	<u>28,152</u>	<u>25,535</u>	<u>28,152</u>	<u>25,535</u>
Endowments	28				
Expendable		343	226	343	226
Permanent		813	714	813	714
		<u>1,156</u>	<u>940</u>	<u>1,156</u>	<u>940</u>
Reserves					
Revaluation reserve	17	19,141	19,809	19,141	19,809
Income and expenditure account excluding pension reserve	16	28,079	20,207	28,577	18,339
Pension reserve	26	<u>(20,339)</u>	<u>(22,576)</u>	<u>(20,339)</u>	<u>(22,576)</u>
Income and expenditure account including pension reserve		7,740	(2,369)	8,238	(4,237)
Total reserves		<u>26,881</u>	<u>17,440</u>	<u>27,379</u>	<u>15,572</u>
Total Funds		<u>56,189</u>	<u>43,915</u>	<u>56,687</u>	<u>42,047</u>

The financial statements on pages 1 to 53 were approved by the Governing Council and signed on its behalf by:

Vice Chancellor

- Prof. Nick Petford



Chairman of Governing Council

- Mrs Deirdre Newham



Chairman of Finance and Estates Committee

- Mr Milan Shah



Consolidated Cash Flow Statement for the Year Ended 31 July 2010

	Note	2010 £000	2009 £000
Net Cash Inflow from Operating Activities	21	11,633	6,342
Returns on Investments and Servicing of Finance			
Income from short term investments		190	341
Interest paid		(927)	(876)
Net cash outflow from returns on investments and servicing of finance		<u>(737)</u>	<u>(535)</u>
Taxation		<u>-</u>	<u>-</u>
Capital Expenditure and Financial Investment			
Payments to acquire tangible assets (other than leased equipment)		(8,549)	(8,585)
Deferred capital grants received		4,955	5,097
Net cash outflow from investing activities		<u>(3,594)</u>	<u>(3,488)</u>
Management of Liquid Resources	22	<u>(6,752)</u>	<u>(5,556)</u>
Financing			
New loan		<u>18</u>	<u>2,582</u>
Increase / (decrease) in Cash	23	<u>568</u>	<u>(655)</u>
Reconciliation of Net Cash Flow to Movement in Net Debt			
Increase / (decrease) in cash		568	(655)
Increase in short-term cash deposits	22	6,752	5,556
Change in debt		(18)	(2,582)
Change in Net Debt		<u>7,302</u>	<u>2,319</u>
Net debt at 1 August		(636)	(2,955)
Net Debt at 31 July	23	<u>6,666</u>	<u>(636)</u>

Notes to the Accounts

1. Funding Council Grants

	2010 £000	2009 £000
HEFCE:		
Recurrent grant for teaching and research	26,151	26,975
Specific grants and non-formula funding		
Management Development Fund	1	2
Learning & Teaching Strategy	665	413
Teaching Fellowships	4	107
HEIF	446	423
Summer School	32	34
Aim Higher	842	785
Life Long Learning Network	30	35
E Learning	1	41
Deferred capital grants released in year (note 15)		
Land and buildings	2,337	686
Equipment	-	191
	30,509	29,692
TDA recurrent grant	3,414	2,947
TDA deferred capital grants released in year (note 15)	1	1
	33,924	32,640

Exceptional Item

The University was advised on 7 July 2009 of a net funding reduction of £1,123,473 relating to the HESES08 audit, and a provision was made in the year ended 31 July 2009. On 11 February 2010 the University was informed that the funding reduction would be reduced to £542,577 following a successful appeal, thus leaving £580,896 to be released out of the provision in the year ended 31 July 2010.

2. Academic Fees and Support Grants

	2010 £000	2009 £000
Full-time HE fees – UK and EU students	18,991	15,303
Full-time HE fees – overseas and other students	5,942	4,321
Part-time HE fees	2,414	1,947
FE franchise	388	442
FE fees	20	26
Short course fees	3,544	2,977
Contracts with the University in lieu of academic fees	8,739	8,163
	40,038	33,179

3. Research Income

	2010 £000	2009 £000
OST Research Councils	276	199
UK Based Charities	35	202
UK Central Government and Local Authorities	1,089	766
UK Industry and Commerce	90	82
EU Government	13	(31)
EU Other	47	46
Others	379	257
	1,929	1,521

4. Other Operating Income

	2010	2009
	£000	£000
Residences, catering and conferences	6,772	6,399
Sunley Management Centre	322	361
European Funding	94	150
Other income	5,261	4,236
	12,449	11,146

5. Staff and Governors

	2010	2009
The average monthly number of persons employed by the University during the year expressed as full-time equivalents was:	1,048	1,056
	£000	£000
Staff Costs:		
Wages and salaries	38,526	36,893
Social Security costs	2,943	2,913
Other pension costs (note 26)	5,209	5,265
	46,678	45,071

During the year ending 31 July 2010, total redundancy / severance costs were £300k.

Emoluments of the Vice-Chancellor

Salary and healthcare	175	142
Non-Consolidated bonus	-	14
Value of residential emolument	20	20
Membership of HEFCE Board	5	5
Emoluments of the Vice-Chancellor	200	181

The emoluments of the Vice Chancellor are shown on the same basis as for higher paid staff. The University's pension contributions to the Universities' Superannuation Scheme are paid at the same rates as for other academic staff and amounted to £22,651 (2009: £22,651). The emoluments of the Vice Chancellor include £5,000 reimbursed by HEFCE in respect of membership of its Board.

A review of the Vice Chancellor's residential emolument was last undertaken during 2000/2001. A revised residential emolument took effect from August 2001.

In addition to the Vice Chancellor, a number of members of staff in post at 31 July had their basic salary determined on an individual basis by either the University's Remuneration Committee or the Vice Chancellor. The distribution of those salaries was:

	2010	2009
£85,000 - £89,999	-	2
£90,000 - £94,999	-	3
£95,000 - £99,999	5	-
	5	5

No member of the Governing Council received an emolument during the year in their capacity as a Governor. Governors were reimbursed a total of £5,114 (2009: £6,200) for expenses in connection with their duties as a Governor.

6. Other Operating expenses

	2010	2009
	£000	£000
Franchise fees	3,619	2,992
Residences, catering and conferences operating expenses	2,909	2,626
Consumable and laboratory expenditure	869	670
Books and periodicals	943	902
Heat, light, water and power	1,338	1,374
Repairs and general maintenance	4,748	2,669
Grants to The University of Northampton Students' Union	393	519
External auditors' professional fees		
External Auditor's remuneration – University	34	29
External Auditor's remuneration – Other group	2	3
External Auditor's remuneration – Non-audit services	-	-
Internal audit	65	48
Marketing	1,814	1,705
Subscriptions	665	519
Travel and subsistence	757	682
Staff development	688	904
Invoiced staff	678	458
Rents	268	280
Printing, postage and stationery	579	551
Telephones and communications	286	199
Hire of plant & machinery	10	23
Rental of land & building	143	81
Equipment rental	404	350
Partner schools funding	1,519	1,105
Speakers / Misc. fees	326	307
Staff advertising	203	332
Transport	650	559
Insurance	206	193
Student visits, field courses and placements	463	391
Legal & professional fees	171	272
Rates	363	114
Student bursaries	2,764	2,205
Other expenses	2,995	2,837
	30,872	25,899

7. Interest Payable

	2010	2009
	£000	£000
Loans not wholly repayable within five years	973	818
Pension finance costs	1,173	809
	2,146	1,627

8. Analysis of 2009/10 Expenditure by Activity

	Staff costs	Other operating expenses
	£000	£000
Academic departments	26,094	11,968
Academic services	4,556	2,402
Administration and central services	9,733	4,743
Premises	1,813	6,046
Residences and catering	1,088	2,909
Research – externally funded	1,396	325
Research – internally funded, including HEFCE funding	509	1,304
Other expenses	1,123	1,175
FRS 17 adjustments	(3,161)	-
	43,151	30,872

9. Tangible Assets - Consolidated

	Land and Buildings		Equipment	Total
	Freehold £000	Leasehold £000	£000	£000
Valuation / cost				
At 1 August 2009				
Valuation	40,879	-	629	41,508
Cost	57,853	2,020	6,892	66,765
Additions at cost	3,149	-	5,400	8,549
Disposals at cost	-	-	(1,313)	(1,313)
Transfer	2,020	(2,020)	-	-
At 31 July 2010				
Valuation	40,879	-	629	41,508
Cost	63,022	-	10,979	74,001
Depreciation				
At 1 August 2009	26,432	339	4,218	30,989
Charge for year	1,899	20	1,831	3,750
Disposals	-	-	(1,312)	(1,312)
Transfer	359	(359)	-	-
At 31 July 2010	28,690	-	4,737	33,427
Net book value				
At 31 July 2010	75,211	-	6,871	82,082
At 1 August 2009	72,300	1,681	3,303	77,284
Inherited	19,426	-	-	19,426
Financed by capital grant	15,662	-	3,631	19,293
Other	40,123	-	3,240	43,363
Net book value at 31 July 2010	75,211	-	6,871	82,082

	Consolidated £000
The depreciation charge for the year has been met by:	
Deferred capital grants released	2,338
Revaluation reserve released	668
General income	744
	3,750

Exchequer interests (representing the contributions made by HEFCE towards the constructions and refurbishment of University buildings) amounted to £23,876,753 as at 31 July 2010. Exchequer interests are amortised over 10 and 15 years and are repayable only in the event of insolvency or a significant reduction in the level of HEFCE-funded activity.

Tangible Assets – The University

	Land and Buildings		Total
	Freehold £000	Equipment £000	£000
Valuation / cost			
At 1 August 2009			
Valuation	33,393	629	34,022
Cost	63,621	6,361	69,982
Additions at cost	5,543	5,400	10,943
Disposals at cost	-	(1,313)	(1,313)
At 31 July 2010			
Valuation	33,393	629	34,022
Cost	69,164	10,448	79,612
Depreciation			
At 1 August 2009	24,713	3,771	28,484
Charge for year	1,903	1,827	3,730
Disposals	-	(1,312)	(1,312)
At 31 July 2010	26,616	4,286	30,902
Net book value			
At 31 July 2010	75,941	6,791	82,732
At 1 August 2009	72,301	3,219	75,520
Inherited	19,426	-	19,426
Financed by capital grant	15,662	3,631	19,293
Other	40,853	3,160	44,013
	75,941	6,791	82,732

Exchequer interests (representing the contributions made by HEFCE towards the constructions and refurbishment of University buildings) amounted to £23,876,753 as at 31 July 2010. Exchequer interests are amortised over 10 and 15 years and are repayable only in the event of insolvency or a significant reduction in the level of HEFCE-funded activity.

Included in the total net book value of freehold land and buildings is £nil (2009: £365,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £nil (2009: £9,140).

	University £000
The depreciation charge for the year has been met by:	
Deferred capital grants released	2,337
Revaluation reserve released	668
General income	727
	3,732

10. Fixed Asset Investments

	Consolidated		The University	
	2010 £000	2009 £000	2010 £000	2009 £000
Investment in subsidiaries	1	1	1	1
Loan to subsidiary	-	-	-	134
	1	1	1	135

The Group has the following investment in a joint venture.

Name of Company	Ordinary Share Capital	% of Issued Share Capital	Date of Incorporation	Place of Incorporation
BLC Leathersellers Research Company Limited	£500	50%	13 June 2000	England & Wales

The results of this company have not been consolidated into the group accounts on the basis of materiality.

The year end of this company is 30 September and the latest results for 30 September 2009 were as follows:

	30 September 2009
Net loss	£378
Net assets	£673

Investment in Subsidiaries

The University owns 100% of the issued share capital of 100 £1 ordinary shares of The University of Northampton Enterprises Limited, a company registered in England and Wales and operating in the UK, whose principal activities are the provision of training courses and facility hire.

The University Education and Learning Limited was a 100% subsidiary company of The University of Northampton. The company was principally engaged in the provision of nursing services. The company traded until 31 January 2010, when their business and assets were transferred to the University. An application to strike off the company was made on 8th July 2010.

ICON (East Midlands)

ICON (East Midlands) is a charitable organisation set up to manage the project and day to day running of and ICON building in Daventry, a centre for business units utilising green technologies. The University is one of 5 partners involved in the organisation, all with equal voting rights. The University is not currently involved in the day to day running of the project or committed financially.

11. Debtors

	Consolidated		The University	
	2010 £000	2009 £000	2010 £000	2009 £000
Debtors	3,659	4,039	3,632	2,491
Amounts owing by subsidiary undertakings	-	-	-	1,938
Prepayments and accrued income	2,364	2,348	2,349	1,865
	6,023	6,387	5,981	6,294

12. Creditors: Amounts Falling Due Within One Year

	Consolidated		The University	
	2010 £000	2009 £000	2010 £000	2009 £000
Creditors	1,122	716	1,120	715
Amounts owed to subsidiary undertakings	-	-	144	159
Social Security and other taxation	1,619	1,742	1,604	1,535
Accruals and deferred income	15,096	13,328	15,070	13,315
Unsecured loan	70	-	70	-
	17,907	15,786	18,008	15,724

13. Creditors: Amounts Falling Due After More Than One Year

	Consolidated		The University	
	2010 £000	2009 £000	2010 £000	2009 £000
Unsecured Loan	18,142	18,212	18,142	18,212
Repayable by 2034				
Other loan	100	82	100	82
Finance lease commitments – subsidiary undertakings	-	-	-	178
	18,242	18,294	18,242	18,472

The loans are repayable as follows:

	Consolidated		The University	
	As at 31 July 2010 £000	As at 31 July 2009 £000	As at 31 July 2010 £000	As at 31 July 2009 £000
Between one and two years	70	-	70	11
Between two and five years	1,480	656	1,480	717
In five years or more	16,762	17,638	16,762	17,744
	18,312	18,294	18,312	18,472

The maturity of net obligations under finance leases is as follows:

	2010 £000	2009 £000
Within one year	-	11
Between two and five years	-	61
Over five years	-	117
	-	189

Included within unsecured loans are the following:

Lender	Amount £000	Term	Interest rate	Borrower
Lloyds TSB	8,000	2015	6.45%	University
Lloyds TSB	4,000	2016	4.74%	University
Lloyds TSB	3,000	2010	3.99%	University
Lloyds TSB	2,500	2014	4.00%	University
Lloyds TSB	712	2034	0.22%	University
	18,212		above base	

The University has a loan facility of £30m of which £18,212,000 has been utilised. The current loans have been fixed at carrying interest rates and terms. When these terms expire, the interest rates

will revert to the variable rate of 0.22% above base. All loans are repayable by 2034 with capital repayments commencing June 2011.

14. Provisions for Liabilities and Charges

	Consolidated and The University
	Pensions (note 26) £000
At 1 August 2009	1,705
Decrease in provision	(138)
	1,567

15. Deferred Capital Grants

	Consolidated and The University			
	TDA £000	HEFCE £000	Other £000	Total £000
At 1 August 2009				
Land and buildings	53	17,189	6,844	24,086
Equipment	-	1,245	204	1,449
Total	53	18,434	7,048	25,535
Cash received				
Land and buildings	-	375	-	375
Equipment	-	2,363	2,217	4,580
Total	-	2,738	2,217	4,955
Released to income and expenditure				
Land and buildings (note 1)	1	441	80	522
Equipment (note 1)	-	1,443	373	1,816
Total	1	1,884	453	2,338
At 31 July 2010				
Land and buildings	52	17,123	6,764	23,939
Equipment	-	2,165	2,048	4,213
Total	52	19,288	8,812	28,152

16. Income and Expenditure Account

	Consolidated	University
	£000	£000
Surplus after depreciation of assets at valuation and tax	5,665	8,031
Release from valuation reserve	668	668
Actuarial loss in respect of pension scheme	249	249
Past service cost in respect of pension scheme	3,527	3,527
Historical cost surplus after tax	10,109	12,475
Balance at 1 August 2009	(2,369)	(4,237)
At 31 July 2010	7,740	8,238
Balance represented by:		
Pension reserve	(20,339)	(20,339)
Income and expenditure reserve excluding pension reserve	28,079	28,577
At 31 July 2010	7,740	8,238

17. Revaluation Reserve

Consolidated and The University

	Inherited assets £000	Inherited loans £000	Total £000
Revaluations			
At 1 August 2009 and 31 July 2010	34,040	(3,675)	30,365
Contribution to depreciation / repayment of principal			
At 1 August 2009	14,220	(3,664)	10,556
Released in year (note 10)	668	-	668
At 31 July 2010	14,888	(3,664)	11,224
Net revaluation amount			
At 31 July 2010	19,152	(11)	19,141
At 1 August 2009	19,820	(11)	19,809

18. Lease Obligations

	Consolidated		The University	
	2010 £000	2009 £000	2010 £000	2009 £000
Operating lease commitments in respect of equipment for the 2009/10 financial year, on leases expiring:				
Within one year	1	1	1	1
Between two and five years	1	1	1	1
	2	2	2	2
Operating lease commitments in respect of land and buildings for the 2009/10 financial year, on leases expiring:				
Over five years	-	4	-	22
	-	4	-	22

19. Capital Commitments

	Consolidated		The University	
	2010 £000	2009 £000	2010 £000	2009 £000
Commitments contracted at 31 July	2,961	3,861	2,961	3,861
	2,961	3,861	2,961	3,861

20. Contingent Liabilities

The University had no contingent liabilities at 31 July 2010 or at 31 July 2009.

21. Reconciliation of Consolidated Operating Surplus/ (Deficit) to Net Cash From Operating Activities

	2010 £000	2009 £000
Surplus before tax	5,665	1,640
Depreciation (note 9)	3,750	3,467
Deferred capital grants released to income (note 15)	(2,337)	(878)
Investment income	(190)	(341)
Interest payable (note 7)	2,146	1,627
Pension cost less contributions payable (note 26)	366	564
Decrease in stocks	2	5
Decrease / (increase) in debtors	364	(2,633)
Increase in creditors	1,867	2,891
Net cash inflow from operating activities	11,633	6,342

22. Management of Liquid Resources

	2010 £000	2009 £000
Increase in short-term cash deposits	6,752	5,556
	6,752	5,556

23. Analysis of Changes in Net Debt

	At 1 August 2009 £000	Cash Flows £000	Non- cash changes £000	At 31 July 2010 £000
Cash at bank and in hand	884	568	-	1,452
	884	568	-	1,452
Short-term cash investments	16,774	6,752	-	23,526
Debt due within 1 year	-	-	(70)	(70)
Debt due after 1 year	(18,294)	(18)	70	(18,242)
	(636)	7,302	-	6,666

24. Access Funds

	2010 £000	2009 £000
Balance at 1 August	15	8
Funding Council grants	310	344
Interest earned	-	7
	325	359
Disbursed to students	(315)	(344)
Balance unspent at 31 July	10	15

Access funds are available solely for students: the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

25. TDA Bursaries

	2010 £000	2009 £000
Balance at 1 August	(1)	(1)
Funding Council grants	384	260
		259
Disbursed to students	(384)	(260)
Balance unspent at 31 July	(1)	(1)

TDA bursary funds are available solely for students: the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

26. Pension Schemes

The University's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS) administered by Northamptonshire County Council. Both are defined benefit schemes. The total pension cost for the period was £1,682 (Note 5) (2009: £5,265k).

Teachers' Pension Scheme (TPS)

The TPS is an unfunded, defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purposes of determining contribution rates.

The pension cost is assessed every five years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

<i>Latest actuarial valuations</i>	<i>31 March 2004</i>
<i>Actuarial method</i>	<i>Prospective Benefits</i>
<i>Notional investment returns per annum</i>	<i>7.0%</i>
<i>Pension increases per annum</i>	<i>3.5%</i>
<i>Salary scale increases per annum</i>	<i>5.0%</i>
<i>Notional value of assets at date of last valuation</i>	<i>£102,010 million</i>
<i>Proportion of members' accrued benefits covered by the actuarial value of the assets</i>	<i>100%</i>

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employers' contributions. From 1 April 2003 the employer contribution was 13.5%. The rate increased to 14.1% from 1 January 2007. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions. The employees' contribution rate to the scheme increased from 6% to 6.4% at 1 January 2007.

FRS 17

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

26. Pension Schemes – Continued

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2010 was £2,831,743 of which employer's contributions totalled £2,003,835 and employees' contributions totalled £827,908. The agreed contribution rate for employers was 15.8% for the year ended 31 July 2010. In subsequent years the rate will increase to 16.5%. As per the Actuarial report, the estimated Employer's contributions for the year ended 31 July 2011 will be approximately £2,181,000.

FRS 17

The following information is based upon a full actuarial valuation of the fund as at 31 March 2004, updated to 31 July 2010 by a qualified, independent Actuary.

	31 July 2010 £000	31 July 2009 £000	31 July 2008 £000
Inflation	2.9%	3.7%	3.8%
Rate of increase in salaries	4.9%	5.2%	5.3%
Rate of increase in pensions	2.9%	3.7%	3.8%
Discount rate for liabilities	5.4%	6.0%	5.9%

The assumed life expectations on retirement at age 65 are:

	2010	2009
Retiring today		
Males	21.6	21.1
Females	24.8	24.0
Retiring in 20 years		
Males	23.5	22.2
Females	26.7	25.0

The University's share of assets in the scheme and the expected rates of return were:

	2010		2009		2008	
	Long term rate of return expected at 31 July 2010	Value at 31 July 2010 £000	Long term rate of return expected at 31 July 2009	Value at 31 July 2009 £000	Long term rate of return expected at 31 July 2008	Value at 31 July 2008 £000
Equities	7.3%	23,232	7.3%	19,708	7.5%	18,376
Bonds	4.8%	7,302	5.3%	4,794	5.9%	2,253
Property	5.3%	1,991	4.3%	1,598	6.5%	1,981
Cash	4.4%	664	4.3%	533	5.0%	461
Fixed interest gilts	-	-	-	-	4.8%	2,551
Other	-	-	-	-	7.5%	1,520
Total market value of assets		33,189		26,633		27,142

26. Pension Schemes – Continued

	2010 £000	2009 £000	2008 £000
University's estimated asset share	33,189	26,633	27,142
Present value of scheme liabilities	(53,528)	(49,209)	(45,989)
Deficit in the scheme	(20,339)	(22,576)	(18,847)

Analysis of net return on pension scheme

	2010 £000	2009 £000
Expected return on pension scheme assets	1,851	1,964
Interest on pension scheme liabilities	(3,024)	(2,773)
Net return	(1,173)	(809)

Amounts recognised in the statement of total recognised gains and losses (STRGL)

	2010 £000	2009 £000
Actual return less expected return on pension scheme assets	2,666	(4,338)
Change in financial and demographic assumptions underlying the scheme liabilities	(2,417)	1,982
Actuarial loss recognised in STRGL	249	(2,356)

Movement in deficit during year

	2010 £000	2009 £000
Deficit in scheme at beginning of year	(22,576)	(18,847)
Movement in year:		
Current service charge	(2,436)	(2,445)
Contributions	2,085	1,881
Past service costs / curtailments	3,512	-
Net interest / return on assets	(1,173)	(809)
Actuarial gain or loss	249	(2,356)
Deficit in scheme at end of year	(20,339)	(22,576)

Analysis of the movement in the present value of the scheme liabilities

	2010 £000	2009 £000
At the beginning of the year	(49,209)	(45,989)
Current service charge	(2,436)	(2,445)
Interest cost	(3,024)	(2,773)
Contributions by scheme participants	(862)	(805)
Actuarial gains and losses	(2,417)	1,982
Benefits paid	908	821
Past service cost	3,527	-
Curtailments	(15)	-
At the end of the year	(53,528)	(49,209)

26. Pension Schemes – Continued

Analysis of the movement in the market value of the scheme assets

	2010 £000	2009 £000
At the beginning of the year	26,633	27,142
Expected rate of return on scheme assets	1,851	1,964
Actuarial gains and losses	2,666	(4,338)
Contribution by the employer	2,085	1,881
Contributions by scheme participants	862	805
Benefits paid	(908)	(821)
At the end of the year	33,189	26,633

History of experience gains or losses

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Difference between the expected and actual return on assets:					
Amount	2,666	(4,338)	(4,702)	330	1,217
% of scheme assets	8.0%	16.3%	17.3%	1.2%	4.9%
Experience gains and (losses) on scheme liabilities:					
Amount	(2,417)	1,982	(3,095)	520	(926)
% of scheme liabilities	4.5%	4.0%	6.8%	1.4%	2.6%
Total amounts recognised in statement of total recognised gains and (losses):					
Amount	249	(2,356)	(7,797)	850	291

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and (Losses) is £(9,769)k (2009: £(10,018)k).

27. Related Party Transactions

Financial Reporting Standard No. 8 'Related Party Transactions' requires the disclosure of material transactions between the University and any related parties. The University has taken advantage of the exemption permitted by the Financial Reporting Standard No. 8 not to disclose transactions with other group companies which have been eliminated on consolidation, and government departments and their sponsored bodies.

Due to the nature of the Institutions operations and the compositions of the Governing Council, being drawn from local public and private organisations, it is inevitable that transactions will take place with organisations in which a member of the Governing Council may have an interest. All transactions involving organisations in which a member of Governing Council may have an interest, including those identified below, are conducted at arms length and in accordance with the Institution's Financial Regulations and usual procurement procedures.

Governing Council member	Company Associated	Relationship to Company	Transactions in year	Amounts due / receivable with University at 31 July 2010
Mrs Lucy McGibbon	Sundial Group Limited	Director	£10,114	£535

28. Endowments - Consolidated & University

	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	Total £000
Balances at 1 August 2009				
Capital	714	714	226	940
New endowments	70	70	184	254
Investment income	18	18	-	18
Gift Aid income	-	-	5	5
Management charge	(6)	(6)	-	(6)
Matched funding	35	35	96	131
Expenditure	(18)	(18)	(168)	(186)
	99	99	117	216
At 31 July 2010	813	813	343	1,156
Represented by:				
Investments	631	631	-	631
Cash	182	182	343	525
	813	813	343	1,156

Additional Governing Council Information

Membership of the Governing Council

During 2009/10, the Members of the Governing Council were as follows:

Abbreviations:

Audit	Audit Committee
D&R	Development and Review Committee
F&E	Finance and Estates Committee
GA&E	Governance, Administration and Employment Committee
Nominations	Nominations Committee
Remuneration	Remuneration Committee

Name	Category	Committee Membership
Mrs Deirdre Newham Chairman	Independent	F&E, GA&E, D&R, Nominations and Remuneration
Mr Terence Libby Deputy Chairman	Independent	F&E, GA&E, D&R, Nominations and Remuneration
Reverend Will Adams	Co-opted	Audit
Mrs Celia Conquest	Independent	GA&E
Mr Richard Davies	Independent	Audit and D&R
Mrs Linda Davis ¹	Co-opted as Support Staff Member	D&R and Nominations
Miss Emily Dean ²	Co-opted as Student Governor	D&R and Nominations
Professor Heather Eggins	Independent	F&E
Mrs Penny Escombe	Independent	D&R
Ms Helen Flach	Independent	Audit
Mr Graham Gannaway	Independent	GA&E, Nominations and Remuneration
Mrs Vivien Gibney	Independent	D&R, Nominations and Remuneration
Mrs Ann Gilbert	Co-opted	D&R
Mrs Lucy McGibbon	Co-opted	GA&E
Mr Eamon Lindsay ³	Co-opted as Student Governor	D&R and Nominations
Dr Ahmed Mukhtar	Independent	F&E
Ms Caroline Neville	Co-opted	GA&E
Sir David O'Dowd	Independent	F&E
Mr Michael Orton-Jones	Independent	GA&E
Mrs Margaret Pratt	Independent	Audit
Brigadier David Santa-Olalla	Holder of Leathersellers' Company Co-opted position on Governing Council	
Mr Andrew Scarborough	Co-opted	F&E
Mr Milan Shah	Co-opted	F&E
Mr Ron Simms	Co-opted	GA&E
Mr Simon Sneddon	Co-opted as Senate Member	F&E and GA&E
Mrs Ann Tate	Vice Chancellor of the University	F&E, GA&E, D&R, Nominations and Remuneration
Mr David Watson ⁴	Co-opted as Support Staff Member	D&R and Nominations

¹ Until 18 May 2010

² From 7 July 2010

³ Until 6 July 2010

⁴ From 19 May 2010

Appointed by Council as external representatives to the Audit Committee only:

Mr Bill Blyth⁵
Mr Stephen Kimbell
Mr Aidan O'Rourke⁶

Appointed to the Nominations Committee as Court Representatives:

Lady Jenny Harper
Sir Patrick Walker

As at 30 November 2010, the Governing Council of The University of Northampton consisted of:

Reverend W Adams
Lord Boswell of Aynho
Mrs C Conquest
Mr R Davies
Mr J Davis
Miss E Dean
Professor H Eggins
Mrs P Escombe
Ms H Flach
Mrs V Gibney
Mrs A Gilbert
Mrs S Hughes
Mrs L McGibbon
Dr A Mukhtar
Ms C Neville
Mrs D Newham (Chairman)
Mr M Orton-Jones
Professor N Petford (Vice Chancellor)
Mrs M Pratt
Brigadier David Santa-Olalla
Mr A Scarborough
Mr M Shah
Mr R Simms
Mr S Sneddon
Mr D Watson

Deirdre M. Newham Deirdre Newham (Chairman)
25th November 2010 Date

⁵ Until 31 December 2009

⁶ From 1 January 2010

Governing Council Attendance and Appointments

Governing Council meetings were held on 26 November 2009, 31 March 2010, 19 May 2010 and 7 July 2010. A Special Meeting was convened in accordance with the rules outlined in the Constitution of the Governing Council on 12 February 2010. This meeting specifically appointed the University's next Vice Chancellor.

10 Governors attended five meetings
10 Governors attended four meetings
Four Governors attended three meetings
One Governor attended two meetings

Action has been taken in respect of low attendance.

Attendance at the five meetings, respectively, was 22, 18, 20, 22 and 22 members out of a total membership of 25. At least seven independent members were present at each meeting.

At its meeting in May 2010, Council agreed to appoint Mr Tim Boswell (now Lord Boswell of Aynho), Mrs Clare Colacicchi, Mr John Davis and Mr Nicholas Robertson to replace Mr Graham Gannaway, Mr Terence Libby and Sir David O'Dowd as lay Governors of the University. Lord Boswell and Mr Davis would begin their tenure on 1 August 2010. Mrs Colacicchi and Mr Robertson would begin their tenure on 1 August 2011.

Miss Emily Dean, President-Designate of the Student Union, was appointed to represent the student body and was invited to attend the meeting held on 7 July 2010.

Governing Council Effectiveness

During 2008/9, the Governing Council undertook an effectiveness review. The results of the review were reported to the meeting held on 8 July 2009 and during 2009/10 actions arising from the review were implemented. This included the role and responsibilities of the Deputy Chairman of Governing Council, the permitted extension of the term of office for a Governor appointed to the position of Chairman of Governing Council during their final three year term of office as a Governor of the University and the consideration of the future of the Development and Review Committee.

Governing Council Business

During 2009/10, Governing Council was predominantly engaged in the process of appointing the new Vice Chancellor of the University. This process was concluded with the appointment of Professor Nick Petford (formerly of Bournemouth University) as Vice Chancellor on 12 February 2010. Professor Petford was appointed to begin his tenure on 1 September 2010. In addition, Governing Council approved its Strategic Plan for 2010-2015 at its November 2009 meeting and considered a number of supporting statements and strategies at Governing Council (Academic Strategy – March 2010; Financial Strategy – May 2010 and Estates Strategy – July 2010) or Council Committee meetings (Human Resources Strategy at Governance, Administration and Employment Committee on 9 June 2010) and considered the draft Performance Framework to underpin the Strategic Plan (July 2010).

In accordance with its responsibilities as outlined in the Articles of Government, the Governing Council continued to consider regular items such as annual reports, assessments against the University's Performance Framework, the approval of the draft budget and audited accounts and minutes of Council Committees and Senate. A number of governance matters were considered including:

- Revisions to the Statement of Primary Responsibilities (November 2009)
- Revisions to the Student Union Constitution (November 2009);
- Appointment of the Vice Chancellor (February 2010);
- Revisions to the Senate Committee structure (March 2010);

- Election of the Deputy Chairman (March 2010 and July 2010);
- Future of the Development and Review Committee (July 2010)
- Roles and responsibilities of the Deputy Chairman (July 2010);
- Extension to the term of office for a Governor appointed as Chairman of Governing Council during their final three year tenure as a Governor of the University (July 2010).

At the meetings in November, March and July, the Vice Chancellor presented minutes and delivered a report on the work of Senate. At the March meeting, the Council received excerpts from the Academic Quality and Standards Committee Annual Report to Senate on quality and standards at the University.

The November 2009 meeting of Governing Council was preceded by a presentation from the University's appointed search consultants in relation to the process which was being undertaken to find the University's next Vice Chancellor. At the July meeting, Governing Council endorsed the recommendations from the Finance and Estates Committee and Governance, Administration and Employment Committees to appoint new Chairmen and Deputy Chairmen for their Committees from 2009/10. These appointments followed elections from amongst members of the Committees.

Governing Council Committees

Audit Committee

In 2009/10, the Audit Committee operated using the terms of reference which Governing Council had agreed in July 2008. These terms of reference were drawn up using the model terms of reference outlined in the HEFCE/Committee for University Chairs' Handbook for Members of Audit Committees in Higher Education Institutions, 2008 (the Handbook). During 2009/10, the Audit Committee received guidance from the internal auditors recommending a change to the terms of reference to specifically include reference to the management and quality assurance of data provided to external agencies by the University. This change was endorsed by the Audit Committee at its meeting on 16 June 2010 and agreed by the Governing Council at its meeting on 7 July 2010. The revised terms of reference will guide the Committee during 2010/11.

The Audit Committee provides assurance to the Governing Council about the efficacy of management of risk through review of systems of internal control and other sources of assurance. It reviews and monitors management action to deliver the implementation of audit recommendations. The Committee reviews the performance of both internal and external audit on an annual basis and makes recommendations to Council regarding the provision of audit services. Council also receives annual audit plans for approval and an annual report from the Audit Committee. In line with effective practice outlined in the Handbook, the Committee held private meetings between Governors and internal and external auditors at the end of each meeting of the Committee.

The Committee receives an annual report on the work of the internal auditors; and on value for money, fraud and corruption and risk management.

During 2009/10 the Audit Committee met three times, on 12 November 2009, 11 March 2010 and 16 June 2010. From 1 August 2009, KPMG provided the University's internal audit services. KPMG replaced RSM Bentley Jennison whose term of office ended on 31 July 2009. During 2009/10, the Committee received reports on 24 internal audits (nine reports had been conducted by RSM Bentley Jennison and 15 reports had been conducted by KPMG) and the reports of the external auditors on the annual accounts. For the nine internal audits which had been undertaken during the latter part of 2008/9 by RSM Bentley Jennison, the internal audit team gave substantial assurance rating in seven areas and an adequate assurance rating in one area. The remaining area did not receive a rating as this was a follow-up from a previous audit.

For audits undertaken during 2009/10 by KPMG, members of the audit team gave a low risk rating (equivalent to a substantial assurance rating made by RSM Bentley Jennison) for four areas, a medium risk rating (equivalent to an adequate assurance rating made by RSM Bentley Jennison) for

seven areas and a high risk rating (equivalent to a limited assurance rating made by RSM Bentley Jennison) for three areas. The remaining audit was advisory in nature. The areas which received a high risk rating will be subject to additional scrutiny by the relevant Council Committee for its area. The Committee continued to receive reports, at each meeting, on progress on action relating to recommendations for these audits plus those audits undertaken in previous academic sessions with particular scrutiny on the progress of the area found to be inadequate or ineffective.

The Committee has continued to work to develop an Assurance Framework for the University, which will assist it in planning its workload to focus on gaining assurance that the risks to delivery of the University's objectives are appropriately controlled, managed and mitigated.

Prior to its meeting in June 2010, the Committee held a 'development workshop' which included a presentation from a HEFCE Assurance Consultant on 'Planning for an Uncertain Future'. The purpose of the workshop was to allow the Committee to explore in depth the controls and assurances on which it can rely in assessing the University's ability to respond to an uncertain future. Members of the Finance and Estates Committee were invited to attend the workshop which provided an opportunity to consider the HEFCE approaches to forecasting, modelling and scenario planning in relation to all aspects of the HE environment.

Development and Review Committee

The Development and Review Committee was established in 2003 to further involve Governors in the formulation and review of the strategies of the University. This is undertaken through the development, monitoring and review of the Strategic Plan and the formulation of Key Performance Indicators which not only measure performance against, but encourage achievement of, strategic objectives.

During 2009/10, the Committee met on three occasions, on 3 November 2009, 2 March 2010 and 1 June 2010. During 2009/10 the Committee's work focussed on the final draft of the Strategic Plan 2010-2015 and the creation of accompanying Performance Framework. The final draft of the Strategic Plan was considered by the Committee at its November 2009 meeting and was subsequently approved by the Governing Council. The Committee also received reports on the preparations undertaken to produce an accompanying Performance Framework at its March and June 2010 meetings.

At its November 2009 and March 2010 meetings, the Committee received a report on the University's performance in relation to the Performance Framework underpinning the Strategic Plan 2005-2010.

During 2009/10, the Committee received update presentations from the Director of Information Services on the E-Strategy and the Director of Marketing and External Relations on the Marketing Strategy. These presentations followed previous presentations which had been delivered to the Committee on these topics in March 2009 and June 2007 respectively and enabled Governors to gain a deeper appreciation of the work of the University in those areas.

At its June 2010 meeting, the Committee considered a paper which was presented to the Governance, Administration and Employment Committee in relation to its future.

Finance and Estates Committee

The Finance and Estates Committee met six times during 2009/10, on 14 October 2009, 11 November 2009, 3 February 2010, 10 March 2010, 5 May 2010 and 23 June 2010.

The Committee regularly monitored the financial position of the University. Responsibilities in relation to the oversight of the Student Union finances were also undertaken. The Committee endorsed and recommended to Council version 13 of the Financial Regulations at its meeting in October 2009. The draft Financial Statements for 2008/9 were considered by the Committee at its meeting in November 2009 and members were pleased to note the unqualified audit report which

was issued by the external auditors. The revised Financial Regulations and Financial Statements were approved by Governing Council at its meeting in November 2009.

The Committee regularly received reports on student applications and enrolments in light of the significance of the financial risk arising from this activity. The Committee received an update on HEFCE funding matters at its meeting in February 2010 and considered the budget strategy to be adopted for 2010/11 later in that meeting. The draft budget for 2010/11 was presented to the Committee at its meeting in May 2010 and ratified by Council at its meeting in May 2010 (subject to the confirmation of the HEFCE Grant Allocation). Annual reports on procurement, investment performance and insurance were also received.

During 2009/10, the Committee received a number of items of estates business. At each meeting, an update was provided on progress in relation to the University's Estates Strategy and the Committee endorsed to the Governing Council the Estates Strategy 2010-2020 (which was subsequently approved) at its meeting in June 2010. A proposal to refurbish and extend the Sulgrave Building on Park Campus was approved by the Committee at its meeting in November 2009. The February 2010 meeting was preceded by a tour of the recently refurbished Newton Building at Avenue Campus. At its March 2010 meeting, the Committee received the outcome of a review which had been undertaken of the Sunley Management Centre. At the May 2010 the Committee considered and approved a proposal to refurbish and extend the Cottesbrooke Building on Park Campus.

At its meeting in October 2009, the Committee considered a paper on future demand for student accommodation at the University. This paper was followed by a further report at the meeting in March 2010 and at the meeting in May 2010 by a presentation from the University's appointed consultants on student accommodation needs. This presentation was accompanied by a further paper including a memorandum of understanding with a potential partner in the development of additional accommodation. A further update was provided at the meeting held in June 2010.

Amongst extraordinary business considered by the Committee, in October 2009 it considered an update to the University's Treasury Management Policy and Responsible Investment Policy. In February 2010, the Committee received a report on the review of academic programmes which was being undertaken by the Academic Development Committee of Senate. The Committee also received the Financial Strategy and Forecasting Internal Audit Report which had been reviewed by the Audit Committee earlier in 2009/10.

At its meeting in February 2010, the Committee endorsed the establishment of a working group to consider interest rate management of the University's current borrowings. A further discussion in relation to the working group took place at the meeting in May 2010 and this was followed by a paper which was presented to the Finance and Estates Committee at its meeting in June 2010 about the management of long-term borrowing. A paper was subsequently presented to the Governing Council and a formal working group, comprising the Chairman of Governing Council, Vice Chancellor, Chairman of Finance and Estates Committee, Director of Finance and a further member of the Finance and Estates Committee was endorsed by the Governing Council.

Governance, Administration and Employment Committee

The Governance, Administration and Employment Committee covers areas of regulatory and legislative compliance, governance matters including on-going review of effectiveness, and matters relating to employment, risk and equality and diversity. The Committee met three times during 2009/10 on 28 October 2009, 17 March 2010 and 9 June 2010, and received annual reports on Equality and Diversity, Human Resources Monitoring Statistics and Occupational Health and Safety.

During 2008/9, the Committee sponsored the Governing Council Effectiveness Review and monitored the progress in relation to the actions arising from the Review during 2009/10. This included endorsing revisions to sections of the Constitution of the Governing Council (relating to the roles and responsibilities of the Deputy Chairman, the term of office of Governors and a review of

the role of the Link Governor), the consideration of the presentation of papers to Governing Council Committees and a consideration of the future of the Development and Review Committee.

Amongst the other business considered by the Committee, in October 2009, it received and endorsed to Governing Council the commentary which preceded the Consolidated Financial Statements for 2008/9. At the October 2009 meeting, the Committee also endorsed and recommended to Council the approval of the revised Student Union Constitution. The Committee endorsed minor revisions to the Governing Council's Statement of Primary Responsibilities which were subsequently approved by the Governing Council. Updates on pay costs and sickness absence were provided to the Committee at its November 2009 meeting. At its meeting in March 2010 the Committee considered the draft Human Resources Strategy 2010-2015 and approved the Strategy at its meeting in June 2010. The June 2010 meeting also considered a review which had been undertaken by the Clerk to the Governing Council and a Governor into Equality and Diversity Arrangements at the University. The governance implications arising from the revisions to the HEFCE Model Financial Memorandum were also considered by the Committee at its meeting in June 2010.

During 2009/10, the Committee also considered and approved the following new and revised policies and procedures:

- Asbestos Policy
- Control of Hand Arm Vibration Policy
- Data Protection Policy
- Group and Individual Redundancy Policy
- Pay and Reward Policy
- Use of Email Policy

The Committee received updates from the Risk Management Group at each of the three meetings during 2009/10. Governor members of the Committee met with Recognised Trade Union representatives from the University's Joint Consultation and Negotiation Committee and a verbal report on this meeting was provided to the June 2010 meeting of the Committee.

Regular updates, in the form of the minutes, were provided from the Occupational Health and Safety Committee.

Nominations Committee

The Nominations Committee formally met three times during 2009/10, on the 26 November 2009, 31 March 2010 and 5 May 2010. During 2009/10, the Committee considered the impending retirement of three Governors and their replacements. At the meeting on 26 November 2009, the Committee endorsed the procedure for filling the vacancies which would arise, involving the submission of proposals from University staff, Governors and Members of the Court and advertisements in local and regional newspapers.

As a result of the submission of proposals and press advertisements, the University received 18 applications, from which the Committee selected six for interview in April/May 2010. Following these interviews the Committee at its May meeting had agreed on the selection and appointment of four new Governors, two of which would fill the vacancies arising in August 2010 and two further Governors who would fill the vacancies arising in August 2011.

These four new Governors were subsequently endorsed by the Independent Members' Appointment Committee and approved by Governing Council in May 2010.

Remuneration Committee

The Remuneration Committee met four times in 2009/10, on 18 September 2009, 10 February 2010, 31 March 2010 and 19 May 2010. The September meeting reviewed performance in the previous year and considered the performance and salaries of the Clerk and Vice Chancellor. The

second meeting in February 2010 considered the remuneration of the Vice Chancellor with effect from 1 September 2010. The March 2010 meeting considered a report on senior staff salaries which followed a review undertaken by the Hay Group. This document was also reviewed at the meeting held in May 2010 and would be considered further in 2010/11.