



**The University of Northampton
Higher Education Corporation**

**Annual Report and Consolidated
Financial Statements
for the year ending 31 July 2015**

Consolidated Financial Statements for the year ending 31 July 2015

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General Information

Principal address

University of Northampton
Boughton Green Road
Northampton
NN2 7AL

Auditor

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Bankers

Lloyds Bank
Public and Community
125 Colmore Row
Birmingham
B3 2HJ

Introduction from the Vice Chancellor, Professor Nick Petford

I am pleased to introduce the University of Northampton's Annual Report for 2014/2015.

Our new strategic plan, 'Transforming Lives + Inspiring Change', will ensure that the University of Northampton remains a successful and diverse organisation, and maps out our vision for the next five years. By 2020, we aim to be positioned in the heart of Northamptonshire, intellectually, culturally and economically, whilst delivering a student experience of the highest quality in line with our strategic vision and values.

During 2015 we celebrated 10 years of receiving full University title and research degree awarding powers, and we are proud that over the last decade, we have grown to be a leading provider of Higher Education. This was highlighted in the UK-wide 2014 Research Excellence Framework (REF) where our research submissions were classed as 'world-leading' in six key areas; Allied Health Professions, Art and Design, English Language and Literature, History, Geography and Education. We are determined to build on this and engage with more high-quality and high-impact research locally, nationally and internationally.

The excellent employment and work experience opportunities provided by the University's Centre for Employability and Engagement (UCEE) and the Students' Union enhance our students' employability skills and gives them a competitive edge after graduation. For the third year running, we have maintained our position as one of the country's topperforming universities in the 2015 Destination of Leavers from Higher Education (DLHE) survey, with 96 per cent of our students in work or further study six months after completing their course. These statistics underscore our commitment to the employability prospects of our graduates.

As the first UK university designated a 'Changemaker Campus' by Ashoka-U in recognition of our commitment to social innovation and social impact, we continue to drive innovation in the Higher Education sector. We were also recently awarded funding from the Higher Education Academy (HEA) as part of a project to embed employability, social innovation and social impact into the curriculum. Our £8.5m Innovation Centre, themed around social innovation and impact, was officially opened this year and offers flexible space to SMEs, drawing on our strong links with the Northamptonshire Growth Hub and the regional growth agenda.

Development is now underway on our brand new £330m campus, located in the Northampton Waterside Enterprise Zone and on course to open in September 2018. Further to securing funds through a £231.5m bond in November last year - the first University bond to be guaranteed by HM Treasury - we are delighted to undertake this continuing investment in our students, staff, community and University. We are pleased to be working with Bowmer & Kirkland, appointed to construct the buildings of the new campus, and leading engineering company VolkerFitzpatrick, which will deliver the infrastructure for the site. This includes the construction of two bridges across the River Nene, which will further link our Waterside Campus with the town.

With our new strategic plan taking us through to 2020, we are in a strong position; successful but not complacent, and striving to exceed the expectations of our students, stakeholders and wider community.

Format of the Financial Statements

The Consolidated Financial Statements presented within this report are in accordance with the Statement of Recommended Practice (SORP) 2007 on Accounting for Further and Higher Education Institutions, and the 2014/15 HEFCE Accounts Direction. This means that the financial statements of Further and Higher Education Institutions will be prepared on both a comparable and consistent basis wherever possible, and on a similar basis to the financial statements of other corporate organisations.

The SORP takes account of what is currently thought of as best accounting practice for the education sector, as well as the accounting provisions of the Companies Acts, Statements of Standard Accounting Practice and Financial Reporting Standards (as applicable to Further and Higher Education Institutions), and in accordance with the concept of showing a "true and fair view" of the financial position of the University.

The Consolidated Financial Statements cover the activities of The University of Northampton, and its fully owned subsidiary companies; The University of Northampton Enterprises Limited, iCon East Midlands, Icon Operations Limited, Northampton Enterprise Social Enterprise CIC (NESE) and Waterside Campus Development plc. They also cover the active Joint venture companies; Uno Buses Northampton Limited and Healthwatch (Northamptonshire) CIC and an equity investment in Goodwill Solutions CIC.

Membership of the Board of Governors

During 2014/15, the Members of the Board of Governors were as follows:

Abbreviations:

Advancement	Advancement Committee
Audit	Audit Committee
IMAC	Independent Members Appointments Committee
Honorary Awards	Honorary Awards Committee (Joint Committee with Senate)
PAC	Project Assurance Committee
Nominations	Nominations Committee
Remuneration	Remuneration Committee
Search	Search Committee - Clerk
Treasury	Treasury Committee

Name	Category	Committee Membership
Mr Andrew Scarborough - <i>Chair</i>	Co-opted	Nominations, Remuneration, Honorary Awards and Search
Mrs Sylvia Hughes - <i>Deputy Chair</i>	Co-opted	PAC, Nominations, Remuneration and Search
Mr Nicholas Robertson <i>Senior Independent Member</i>	Independent	Advancement, Audit, IMAC, PAC and Treasury
Mr Victor Agboola	Nominated Governor as President of Students' Union	Nominations and Search
Mrs Jill Ainscough	Independent	IMAC, PAC <i>Governor to April 2015</i>
Prof David Baker	HE Co-opted	Remuneration and Search
Ms Helen Flach	Independent	IMAC, Audit
Mrs Margaret Gardner	Independent	IMAC, Honorary Awards
Mr Richard Horsley	Independent	IMAC, Audit
Mr Mark Mulcahey	Independent	IMAC, Remuneration

Mr Martin Pettifor	Independent	IMAC, PAC and Honorary Awards
Mr Nick Pitts-Tucker	Independent	Advancement, IMAC, PAC and Treasury
Dr Ron Mendel	Nominated Governor by Senate	Honorary awards
Professor Nick Petford	Vice Chancellor of the University	Advancement, Nominations, Remuneration and Search
Mr David Watson	Co-opted as Professional Staff Governor	Nominations

Appointed by the Board to the Audit Committee as external members:

Mr John Neilson
Ms Sarah Canning

Appointed by the Board to the Remuneration Committee as an external member:

Ms Julie Morosco

Appointed by the Board to the Nominations Committee as external members from the Court:

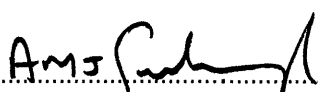
Mrs Margaret Pratt
Rt. Revd John Holbrook

There were three formal meetings of the Court in 2014-15. Baroness Falkner of Margravine remained University Chancellor during 2014-15 and Mr David Laing LL was the Pro Chancellor for the University to support the Chancellor and the work of the Court.

As at 18 November 2015, the Board of Governors of The University of Northampton consisted of:

Mr Victor Agboola
Prof David Baker
Dr Sue Dutton
Mrs Margaret Gardner
Mrs Sara Goodwin
Mr Richard Horsley
Mrs Sylvia Hughes (Deputy Chair)
Dr Ron Mendel

Mr Mark Mulcahey
Professor Nick Petford (Vice Chancellor)
Mr Martin Pettifor
Mr N Pitts-Tucker
Mr Nicholas Robertson
Mr Andrew Scarborough (Chair)
Mr John Skelton
Mr David Watson

 Andrew Scarborough (Chair)

25th November 2015 Date

Statement of Primary Responsibilities for the year ending 31 July 2015

1.1 Introduction

- 1.1.1 The University of Northampton is a Higher Education Corporation which derives its authority and degree awarding powers from Orders in Council dated 24 and 25 August 2005, pursuant to the Education Reform Act 1988 as amended. Its operation is governed by an Instrument and Articles of Government approved by the Privy Council in 1989 and amended in 1993, 2003, 2005, with the current version approved in May 2013.
- 1.1.2 The Instrument and Articles of Government regulate the University's governance, administration, and procedures and define how the University functions. They constitute part of the legal and regulatory framework that ensures that the University's 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 Board and Governors, both individually and collectively, exercise their powers and responsibilities.

1.2 Powers and duties of the Board of Governors

- 1.2.1 To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
- 1.2.2 To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
- 1.2.3 To appoint the Vice Chancellor as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
- 1.2.4 To delegate authority to the Vice Chancellor, as chief executive, for the academic, corporate, financial, estate and human resource management of the University. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice Chancellor.
- 1.2.5 To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, audit systems and risk assessment, and procedures for procurement and for handling internal grievances and for managing conflicts of interest.
- 1.2.6 To establish processes to monitor and evaluate the performance and effectiveness of the Board of Governors itself and University governance.
- 1.2.7 To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
- 1.2.8 To safeguard the good name and values of the University.
- 1.2.9 To appoint a Clerk to the Board of Governors and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.

- 1.2.10 To be the employing authority for all staff in the University and to be responsible for establishing a human resources framework.
- 1.2.11 To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
- 1.2.12 To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name.
- 1.2.13 To receive assurance that adequate provision has been made for the general welfare of students.
- 1.2.14 To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
- 1.2.15 To ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.

1.3 General

- 1.3.1 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 there under.

Report of the Board of Governors for the year ending 31 July 2015

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 international reputation. Its mission is simple; to transform lives and inspire change.

Dedicated to delivering a student experience of the very highest quality, the University also seeks to enhance the economic, social, cultural and creative reputation of our region. The University is committed in its actions to creating a culture of empowerment, responsibility, tolerance and excellence, whilst staying committed to innovation, value for money and financial sustainability.

Financial Review

The financial results are summarised below so that the University's performance can be compared against the previous year's results. These are detailed on page 38.

	2014/15 £000	2013/14 £000
Total Net Income	125,996	108,996
Total Expenditure	<u>(123,435)</u>	<u>(103,482)</u>
Surplus after depreciation	2,561	5,514
Share of Operating Profit/(Loss) in Joint Ventures & Associates	41	(1)
Difference between depreciation charge based on historical cost and revalued basis	1,309	1,309
Historical Cost surplus	3,911	6,822

The position of the institution at the end of the year

The University continues to be in a resilient financial position and continues to generate strong operating surpluses as a result of tight financial control and increasing efficiencies in administration. This year's surplus serves to improve the balance sheet reserves to fund planned future capital projects, in particular the proposed move to the new campus located at the Waterside development site in the town centre. It also provides further reassurance in the financial position in light of the uncertain outlook as regards increases in the permitted levels of fees income and general outlook for Higher Education funding.

The University continues to focus on improving the student experience of those studying at the University, and this is reflected in the University's ranking of 13th for student satisfaction in the Complete University Guide 2016 league table.

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

The University's financial strength continues to improve, with another strong year and a healthy operating surplus. This has enabled the University to again invest further in improving the student experience, allowing Northampton to become an increasingly attractive destination for students. It also provides increases in the reserves to assist in funding the University's ambitious proposals to relocate to a new campus site in Northampton town centre from September 2018, referred to as the 'Waterside' project.

The market for recruitment of home and overseas students continues to be competitive. Demographically in the home market, although the number of 18 year olds continues to fall, the proportion seeking to enter higher education is still increasing. The removal of the student number cap from 2015/16 has increased the competitive efforts of all Universities to attract students of the right calibre to their courses. However, applications from prospective students to the University remain strong.

Internationally, recruitment of overseas students to our courses also remains strong, although the measures brought in by the UK Visas and Immigration agency have adversely impacted the number of overseas students wishing to study in the UK.

Overall, given that the Waterside project is successfully in progress to facilitate the campus move in September 2018, the University is excited by its prospects and confident of its ability to meet the challenges of a competitive Higher Education market.

The General Operating Environment

The continuing improving prospects for UK economic growth, and the abolition of the cap on UK full-time undergraduate student numbers, meant that the operating environment for the University and the Higher Education sector in 2014/15 was good. Demand for all modes of education, full and part-time, undergraduate and postgraduate, from both UK and overseas students, continued to be strong.

The adverse impact of the maintenance of the student fee cap of £9,000 has not yet been felt by the University. However, long term maintenance of the cap at this level will eventually impose cuts in the real value of the fees received.

The pay settlement for 2014/15 was modest, so although pension costs continue to rise at rates above inflation, total pay increases were sustainable.

The University continued to invest during the year on its project to move to the new Waterside campus in central Northampton in September 2018. This project was approved by the Board of Governors in October 2014 and has since moved strongly ahead, raising the required finance, remediating the land on the proposed site, implementing a detailed project plan and since the year end appointing main contractors. Further details may be found under 'Capital Projects' below.

Key Performance Indicators (KPIs)

Under the 2010-15 Strategic Plan, 16 Key Performance Indicators (KPIs) have been established with targets that lead to the Raising the Bar aspirations by the 2014-15 academic year.

During 2014-15 the Board of Governors agreed to continue to monitor performance at institutional and academic unit level through scrutiny of seven of the 16 KPIs. The KPIs are divided into four balanced scorecard perspectives: Student Experience, Financial Sustainability, Intellectual Capital and Strategic Partnerships. The results are reported to the Governors according to the schedule of publication for each of the KPIs.

Performance against KPIs 2014/15

In 2014-15, figures available at the time of publication show that the University performed particularly strongly against our financial sustainability targets and also the specific KPIs relating to research and enterprise income, the Destination of Leavers from Higher Education Survey and investments in social enterprises.

The University performed less well against its targets in other areas, notably the number of academic staff members holding doctorates and improving against its demanding targets for student satisfaction. A detailed analysis is being undertaken in these areas to identify how the targets can be achieved moving forward and how successes can be built on further.

Major Risks

During 2014-15, in conjunction with the Board of Governors, the University continued to work on its approach to risk management and its analysis of risk appetite. Risk assessment is embedded in the University and risk registers are held at institutional and academic and professional service unit levels. In June 2015, the internal auditors commented that "the Board can take substantial assurance that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively".

Academic and professional service unit risk registers are monitored by the University's Risk Management Group (comprising members of the University Management Team). The institutional risk register which includes key strategic and business as usual risks is monitored by the Audit Committee and the Board of Governors. In addition, a detailed risk register has been prepared for the Waterside Project which will continue to be monitored during the project by the Project Assurance Committee of the Board of Governors.

Cash Flow

Information regarding the University's cash position for 2014/15 is included in the financial statements, and complies with the requirements of Financial Reporting Standard 1.

Significant movements in cashflow arose during the year due to the raising of £231.5m from a bond issue to finance the new Waterside development and subsequent repayment of previous borrowings. After significant increases in cash deposits to pay for the ongoing developments, the net effect on cashflow was a small increase in cash.

Subsidiary Companies

The University's 100% owned subsidiaries, University of Northampton Enterprises Limited, iCon East Midlands, Icon Operations Limited, and Northampton Enterprises Social Enterprise CIC continued to trade in 2014/15. A new subsidiary, Waterside Campus Development Company plc, was set up to administer the public bond issue during the year. Further details regarding these companies are included within Note 10 to the financial statements.

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 endeavours to ensure that all suppliers are paid within agreed terms at all times.

Capital Projects 2014/15

The University estate capital projects in the year 2014/15 have continued to be mainly focused on off-site development, namely The University of Northampton Innovation Centre at Black Lion Hill and the new Waterside Campus development. There has also been some modest investment in the existing campus sites directed toward maintaining and enhancing student experience.

The University of Northampton Innovation Centre was successfully completed to programme and budget in April 2015. The £8.5 million building stands in a prominent position at the gateway to the Northampton Waterside Enterprise Zone and further reinforces the University's presence in the town and its commitment and contribution to the regeneration of the town centre.

The Centre has 42 flexible office units and is intended to provide a supportive and encouraging environment for new and developing social enterprise companies. So far it has attracted a number of small businesses as tenants.

The new Waterside Campus development, also located within the Northampton Enterprise Zone, is progressing at pace. After 12 months of land remediation, infrastructure works are now underway. The tender for this phase of works has been awarded to VolkerFitzpatrick, which will construct a road bridge connecting the site to Bedford Road and a footbridge across the river into Becketts Park, bringing the town centre within a few minutes' walk of the new campus. This infrastructure package will also deliver the in-ground services, such as drains, heating, mains gas, water, electric and telecoms. We will also see the development of site roads and car park areas over the coming year.

Design development of the main academic buildings is now well advanced; The University and its consultant teams are working closely with contractor Bowmer and Kirkland to confirm details for the delivery of this element of the construction, with an anticipated start on site of January 2016.

The final package of work that will complete the Waterside development is the student residential accommodation. Stage 3 designs are nearing completion and preparations are being made to progress the procurement of a main contractor. All works on the project are due for completion by early 2018.

As in the previous year, the 2014/15 capital allocation for existing estate improvements is aimed at maintaining student experience and sustaining the quality of the estate in the run up to 2018 when the current academic sites will be vacated. There have been numerous improvements made to general teaching rooms, both in the standard of furnishing and finish and in the quality and reliability of audio visual equipment. In addition to general refurbishment, a new facility to support fashion footwear has been created and changes of use to some teaching spaces to accommodate additional student numbers generated by strong recruitment in some Arts areas.

Investment in the ongoing planned refurbishment and replacement programme for residences has not been affected by the reduction in capital spend on the academic estate. However budget allocations are now being focused on the buildings proposed to be retained post-August 2018.

In the year covered by this report, works included the replacement of the gas fired heating boilers in the 3 East Halls blocks. Now 20 years old, the boilers have been replaced with high efficiency condensing units, bringing both improved reliability and significant energy and carbon savings. Upgrades to heating controls within the building now provide thermostatic radiator valves throughout to give the student residents individual control within their rooms. Finally, as part of the planned replacement programme a percentage of soft furnishings, curtains, blinds and mattresses, etc were renewed.

Future plans for residences include the full refurbishment of kitchens and continuation of internal and external decoration programmes.

Sustainability and Environmental Management

The partnership bid between the University of Northampton and the University of Northampton Students' Union, Planet Too, released its final report as the two-year funded project drew to an end. The Planet Too project programme was awarded £250,000 in funding over two years to develop, transformative, student-led sustainability projects with real impact and legacy. Key achievements throughout the project included the participation of 141 volunteer Sustainability Changemakers; participation of 1,320 students in pro-environmental actions; accreditation of 47 student properties in the Green House Awards pilot; the creation of a student microbrewery NU Brew; the Food For Thought student allotment project and a bicycle rental business. The project has collectively saved 358 tonnes of carbon dioxide. The project also led a successful campaign to allocate 360m² of the new Waterside Campus to the development of a student allotment close to the Creative Hub and Student Village, which will contribute to the overall project legacy.

The Students' Union also received a Gold Award in the NUS Green Impact scheme which it participated in as part of the project. The Gold Award was a significant improvement in the accreditation received previously, with the last achievement being Bronze in 2013. In addition to behaviour change nudges, alterations were made to the Students' Union buildings' infrastructure to improve energy efficiency. These alterations included installing remote heating and cooling controls for the main venue and isolator switches to the fridges along with increasing the efficiency of the cellar cooling system. This led to a total reduction in electricity and gas usage of 12% and 17% respectively during the year compared to 2012/13.

The University has been working together with ADSM for a number of years to efficiently manage and reduce water consumption throughout the estate and realise potential savings by reducing waste. Through AquaFund projects delivered by WaterAid, the University has helped transform over 4,693 lives in rural and remote areas of Nepal by providing safe water and sanitation. The installation of six gravity flow water systems created a supply for 67 tap stands in local communities and work towards improving sanitation has led to the full eradication of open defecation across the project area.

During 2014/15, the University participated in the Ashden Award-winning NUS Student Switch Off campaign. Through peer-to-peer support and incentive schemes, students are encouraged to save energy and improve recycling in their halls of residence. Energy usage and waste and recycling data is collated at regular points throughout the campaign, to reinforce positive behaviour and communicate best practice. The University reduced electricity usage by 38,452 kWh during the year which is a 4% reduction compared with the baseline taken in 2012. This reduction resulted in a financial saving of £3,845. The campaign also prevented the emission of 21 tonnes of carbon dioxide and contributed to the University's Carbon Management Plan reduction target of 43% compared to the 2005 baseline. Although financial savings were achieved, the primary driver behind the campaign remains the opportunity to create pro-environmental behaviours in students, which are continued into off-campus housing and beyond. 194 resident students participated in the campaign, with a further three trained as Student Switch Off Ambassadors, boosting their future employability skills.

The two Sustrans (sustainable transport) officers leading the Department for Transport funded 'Access to Education' sustainable travel project have continued to work with the University, local colleges and schools. Their role is to inspire people to use sustainable methods of travel, to help reduce congestion, encourage active travel and minimise the effects of traffic on the natural environment. Cycling promotion events and activities have included guided rides, 'Dr Bike' maintenance sessions, pedal-powered cinema and bicycle polo. The University also hosts two 'Cycle CoNNect' docking stations for use by members of the scheme. Cycle CoNNect is a self-service bicycle hire scheme open to residents, commuters, students and visitors to the town. During the year, 15 members of University staff have taken the opportunity to lease a new bicycle of their choice as part of the Government's tax-efficient Cycle to Work scheme.

The University's 2014/15 annual Scope 1 and 2 emissions of carbon dioxide were calculated at 7,549 tonnes. This represents a 5% decrease compared to the institution's 2005 baseline of 7,947 tonnes of carbon dioxide. The greenhouse gas conversion factor for electricity was reduced by 7% due to changes in the fuel used at power stations which has contributed to lowered University emissions.

Employee / Student Involvement

The University places significant value on ensuring we have involvement from our employees and students in discussions and both groups are consequently represented on the Board of Governors. We promote positive relations between the University and its staff through the development of effective joint consultation and negotiation with recognised trade unions. This is to enhance effective communication and achieve greater participation and involvement of all members of staff.

Equality and Diversity

The University is committed to equality and valuing the diversity of all members of staff, job applicants, former employees and visitors. We endeavour to treat everyone fairly and equitably regardless of race, colour, ethnic or national origin, gender, gender identity, sexual orientation, age, religious or political beliefs, disability, marital status, pregnancy or maternity, family responsibility and socio-economic standing, membership of professional associations or trade unions, or any other category where discrimination cannot be reasonably justified as determined by legislation.

The University works to ensure that no requirements or conditions are imposed on individuals that could disadvantage them on any of the above grounds, unless justifiable by means of achieving a legitimate aim. We aim to create an environment that enables all staff to fulfil their potential without unnecessary barriers.

We believe our organisation must be proactive in promoting equality and diversity, and we are committed to a wide ranging Equalities Action Plan which has been implemented to tackle all facets of inequality and discrimination, to create genuine equality of opportunity, and to promote good relations between people of different groups.

The University is committed to providing a learning, working and living environment where everyone feels valued and is treated with dignity and respect.

Academic Performance and Development

The Academic Quality and Standards Committee (AQSC) advise the Senate on the maintenance of the standards of the University's academic awards. In its Annual Report, AQSC once again noted the very positive reports from external examiners confirming that the academic standards were appropriate, the University's assessment processes were sound and fairly conducted, and student performance was comparable with that in other UK institutions. Standards and learning and teaching strategies are also confirmed through validation and periodic subject review events, which were conducted during the year with external peer review by academics and professionals alike.

In preparation for the forthcoming QAA Higher Education Review in October 2015, the University's quality assurance and enhancement processes have undergone some major improvements to further establish and improve the University's academic quality development and related practices across the organisation. Similarly, the University's development processes for Education with Others (EWO) collaborations and partnerships continued to be developed during 2014/15, and the University successfully established several new academic collaborations both in the UK and abroad during the year.

The University continued to experience successful accreditation, re-accreditation and external review visits from professional statutory and regulatory bodies, demonstrating both external benchmarking of its standards and the relevance of its awards to employability. In this regard, the University is particularly pleased to have awards recognised by bodies representing a diversity of professional bodies. These recognising bodies include the following:

- British Psychological Society
- Chartered Institute of Architectural Technologists
- Chartered Institute of Management Accountants
- Chartered Institute of Marketing
- Chartered Institute of Personnel and Development
- Chartered Institute of Public Finance and Accountancy
- Chartered Institution of Wastes Management
- General Dental Council
- Health and Care Professions Council
- Institute of Chartered Secretaries and Administrators
- Institute of Leadership and Management
- Lift and Escalator Industry Association
- National College of Teaching and Leadership
- Nursing and Midwifery Council
- Ofsted
- Skillsmark

Academic achievement

2,879 full and part-time final year students achieved an undergraduate degree after the summer exams in 2014/15. Of these, 1,700 achieved a "good degree" (1st or 2:1).

National Student Survey (NSS)

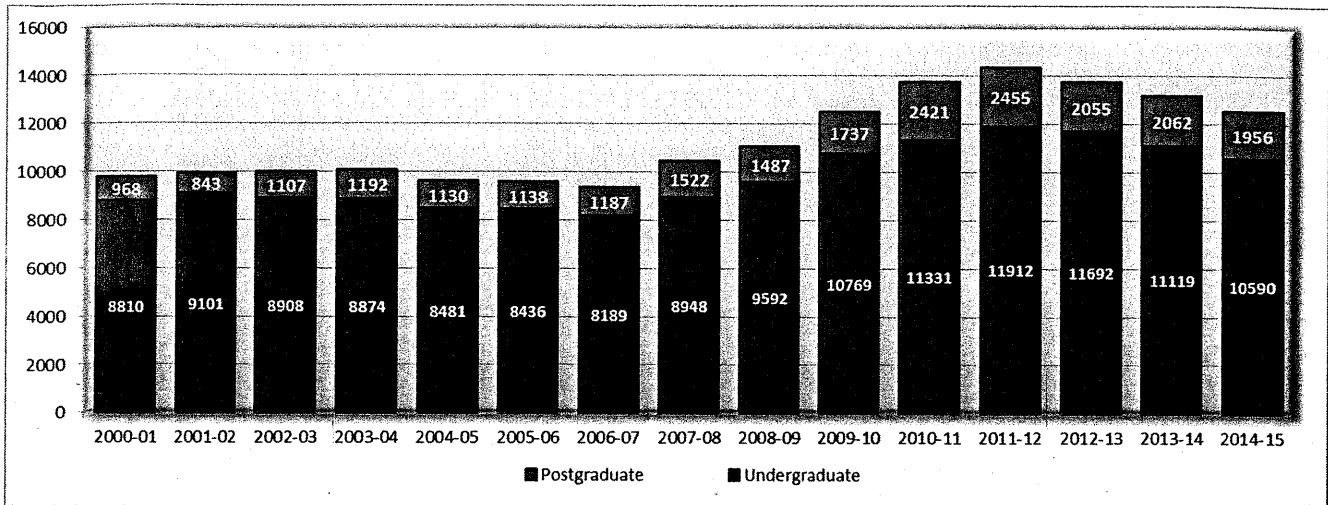
In the 2015 National Student Survey (NSS), the University ranked 14th out of the 49 comparator institutions. For 'Overall Satisfaction', 86% of students agreed that they were satisfied. The University achieved above HEI sector average levels of satisfaction in four sections: The Teaching on my course, Assessment and Feedback, Academic Support and Personal Development. The University of Northampton is in line with sector performance in overall satisfaction and organisation and management. Across the whole sector, including FECs, the University is in the top quartile for Personal Development.

The University will be continuing in its work to further improve satisfaction levels.

Trend Data

Total enrolled Higher Education students 2014/15

	Undergraduate	Postgraduate	Total
Full-Time (Home)	8,479	227	8,706
Full-Time (Overseas)	831	316	1,147
Part-Time (Home)	1,009	994	2,003
Part-Time (Overseas)	271	419	690
Total	10,590	1,956	12,546

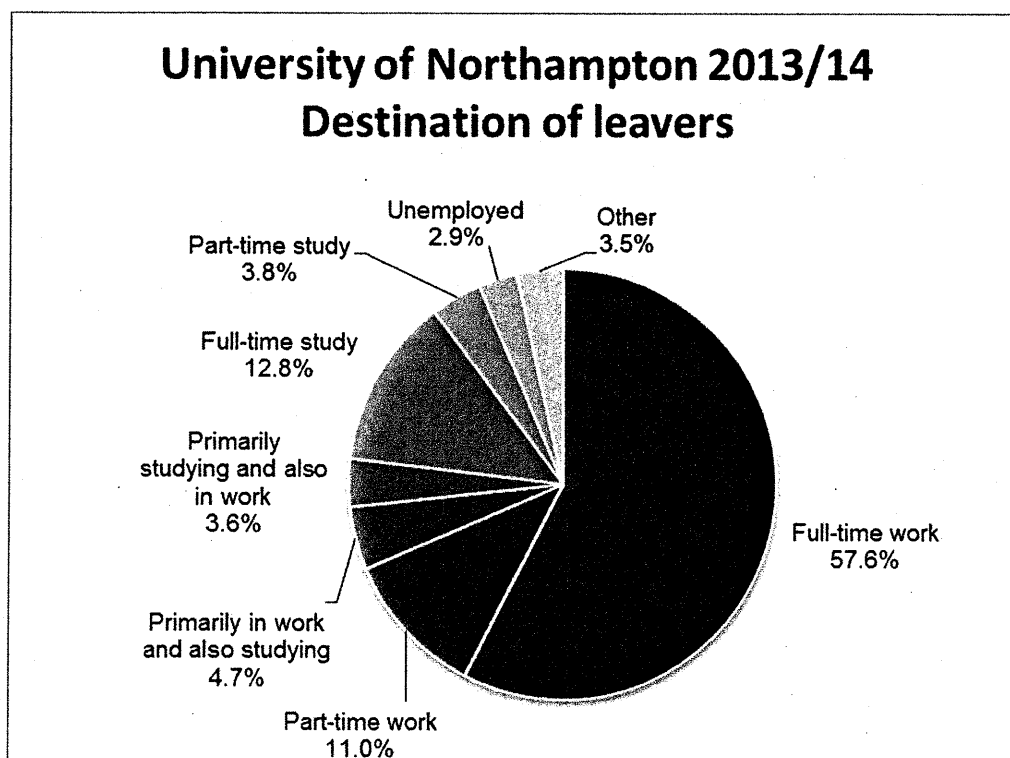


Destination of Leavers from Higher Education (DLHE)

The Destination of Leavers from Higher Education Survey (DLHE) is undertaken each year. The 2013/14 survey covered students successfully completing courses between 01/09/2013 and 31/07/2014 and asked for information about their employment and study status six months after their departure. The survey covered all UK, EU and non 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 93.6%* of leavers who supplied data were in work or study (or both). Of all leavers who are available for work, this figure is 97%**.

There were 4,562 eligible leavers in 2013/14 of whom 2,858* (63%) 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'.

** This breakdown excludes those who are 'not available for employment' or 'other' as used in the HESA Employment Performance Indicators.

Distribution of Higher Education Students (2014/15)

10.1% of full-time students and 5.5% of part-time students state that they have some form of disability (2014/15).

37.7% of full-time students and 33.8% of part-time students come from Black and Minority Ethnic communities (2014/15).

Participation in subject areas is indicated broadly by the recruitment of schools (all levels of study):

Distribution by School 2014/15

School	Full-time	Part-time	Total
The Arts	1,478.5	80.5	1,559
Education	1,248	665	1,913
Health	1,872	661.5	2,533.5
Northampton Business School	2,443.5	1065.5	3,509
Science and Technology	793	345.5	1,138.5
Social Sciences	1,558.5	170.5	1,729
Partner Colleges	519	136	655
Research Students	72	100	172
Unassociated Students	70	6	76
Total	10,054	3,231	13,285

Distribution by Gender

Full-time	Total	Male	%	Female	%
Postgraduate	543	225	41	318	59
Undergraduate	9,310	3,478	37	5,832	63
TOTAL	9,853	3,703	38	6,150	62

Part-time	Total	Male	%	Female	%
Postgraduate	1,413	541	38	872	62
Undergraduate	1,280	660	52	620	48
TOTAL	2,693	1,201	45	1,492	55

Distribution by Age*

Full-time	Total	Under 21	%	21 & Over	%
Postgraduate	543	1	0	542	100
Undergraduate	9,310	5,046	54	4,264	46
TOTAL	9,853	5,047	51	4,806	49

Part-time	Total	Under 21	%	21 & Over	%
Postgraduate	1,413	2	0	1,411	100
Undergraduate	1,280	95	7	1,185	93
TOTAL	2,693	97	4	2,596	96

* Age = as at the beginning of year of study

Distribution by Ethnicity

	Total	BME	%	White	%
Full-time					
Postgraduate	543	330	61	165	30
Undergraduate	9,310	3,382	36	5,422	58
TOTAL	9,853	3,712	38	5,587	57
Part-time	Total	BME	%	White	%
Postgraduate	1,413	457	32	847	60
Undergraduate	1,280	452	35	745	58
TOTAL	2,693	909	34	1592	59

Note: Numbers do not tally as there were a number of unknown ethnicities (not detailed).
Participation in subject areas is indicated broadly by the recruitment of schools:

Distribution by School 2013/14

School	Full-time	Part-time	Total
The Arts	1,457	75	1,532
Education	1,350	759	2,109
Health	1,775	652	2,427
Northampton Business School	2,522	824	3,346
Science and Technology	637	428	1,065
Social Sciences	1,558	173	1,731
Partner Colleges	636	194	830
Research Students	74	95	169
Unassociated Students	54	0	54
Total	10,063	3,200	13,263

Distribution by Gender

	Total	Male	%	Female	%
Full-time					
Postgraduate	745	295	40	450	60
Undergraduate	9,317	3,397	36	5,920	64
TOTAL	10,062	3,692	37	6,370	63
Part-time	Total	Male	%	Female	%
Postgraduate	1,317	507	38	810	62
Undergraduate	1,882	813	43	1,069	57
TOTAL	3,199	1,320	41	1,879	59

Distribution by Age*

	Total	Under 21	%	21 & Over	%
Full-time					
Postgraduate	745	5	1	740	99
Undergraduate	9,317	5,022	54	4,295	46
TOTAL	10,062	5,027	50	5,035	50
Part-time	Total	Under 21	%	21 & Over	%
Postgraduate	1,316	0	0	1,316	100
Undergraduate	1,881	132	7	1,749	93
TOTAL	3,197	132	4	3,065	96

* Age = as at the beginning of year of study

Note: Numbers do not always tally as there were a small number of missing dates of birth (not detailed).

Distribution by Ethnicity

Full-time	Total	BME	%	White	%
Postgraduate	745	473	63	231	31
Undergraduate	9,318	3,135	34	5,762	62
TOTAL	10,063	3,608	36	5,993	60
Part-time	Total	BME	%	White	%
Postgraduate	1,317	351	27	871	66
Undergraduate	1,882	491	26	1276	68
TOTAL	3,199	842	26	2147	67

Research and Enterprise Income

The value of research and enterprise (R&E) income during 2014/15 was £3.3m, standing at a similar level to last year. However bidding levels have risen dramatically, with over £24m of submitted bids between August 2014 and July 2015, securing £2.6m of funding so far, with over £9.4m of outstanding bids pending a funding decision. The Institutes are beginning to realise their income generating potential, with over half of the bids this year being won through The Institute of Public Safety, Crime and Justice, The Institute of Health and Wellbeing and the Institute of Social Innovation and Impact.

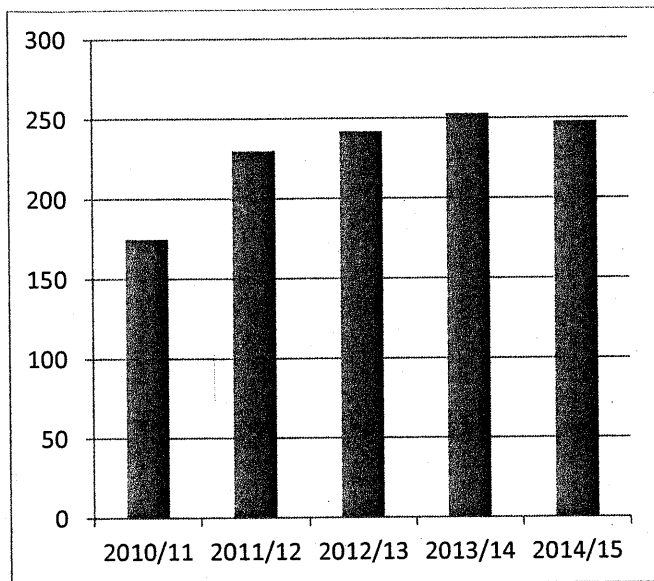
There have been further changes to Research Strategy management during the course of this financial year but with the implementation of the new Research Strategy and an associated training programme to be launched in the autumn, we should see further increases in the level of bidding in the forthcoming year.

Postgraduate Research Students

During 2014/5 the University awarded 27 PhDs, including 2 by means of Published Works, and 1 MPhil. To support a steady growth in our postgraduate research (PGR) students 19 research degree bursaries were granted in 2014/5, as follows:

- Fully funded by UN central funds – 2
- 50% funded by UN central funds and 50% by external – 8
- Funded by Schools' own funds – 3
- Funded by external bodies – 6

The above investments are in line with the vision of the University's strategy for 2010-15 presented in *Raising the Bar*, and the need to grow our PGR student numbers and provide them with a stimulating and supportive environment. There were 248 postgraduate research students in 2014-15 which is a very slight decrease from 2013-14. The year on year numbers are depicted in the chart below;



Intellectual Property

Following an audit of Intellectual Property (IP) processes last summer, a new post has been created with responsibility for generating income through commercial partnerships, Knowledge Transfer partnerships and IP management. We recruited to this post earlier this year and the new Knowledge Exchange Officer has already generated several potential KTP applications which should lead to secured projects over the next 12 months. A new IP toolkit has been created and is currently in the process of being made available on the University's intranet. The next step, during the financial year 2015/16 will be to work with the Schools and Institutes to identify and prioritise IP with the potential for commercial development.

Statement of Public Benefit

Introduction

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. We have given due regard to the Charities Commission's guidance on public benefit in the activity of the University in 2014-15. 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 HEFCE, the University's funder and charity regulator, make higher education innovation funding available for the purpose of stimulating entrepreneurial and community engagement and the University makes particular use of this income stream to develop social enterprise activity which seek to make significant social impact.

The University of Northampton makes a noteworthy contribution, via its research, teaching and other activities, not only to the advancement of education, but to the following eight 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 over 13,000, including over 1,500 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. The University endeavours to ensure that all its students can access opportunities to work in, or set up, social enterprises as part of their degree. Several hundred students are taking advantage of this offer, gaining new practical learning that enhances and supports their more theoretical studies. This new approach seeks to advance both education and employability.

The University of Northampton has a tradition of raising aspiration and supporting achievement by working with young people, teachers, schools and colleges across Northamptonshire, the East Midlands and beyond – and the University's commitment to working with schools and colleges remains undiminished. Our mission to 'transform lives and inspire change' is more important than ever in these challenging times. The agenda for school engagement is an embedded part of the University's 2010-15 strategy, Raising the Bar.

Our commitment is to all local schools, across all phases of education. We believe that children are never too young to be thinking about their future or to be encouraged to aspire to be the best they can be.

Our work in primary schools is aimed specifically at widening children's horizons and allowing them to see the extent of possibilities and the range of opportunities that exist. We work closely with primary partners to enrich and enhance provision in raising aspiration and achievement.

Our work with secondary schools covers the same range of activities but also inevitably has an additional focus on giving students the opportunity to visit us and to see first-hand what University is like. Teams from across the University work with students and their teachers to enable them to make the right career choices and to write successful university applications. Our work also includes specific input into curriculum areas to help schools to enrich their curriculum offer.

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, located in Northampton. The University is also well known for specialist expertise in the arts and humanities, Anglo-Chinese relations and special needs education.

As a consequence of our activities we believe society benefits from:

a) Health or saving of lives

The Institute for Health and Wellbeing has carried out a number of projects in the last year that are assisting the local health and social care community in the commissioning and evaluation of services to improve 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 University has its own Podiatry Clinic that not only trains students but also provides discounted health care treatment to several hundred members of the community each year. The Clinic also provides free treatment and care to the homeless and other significantly disadvantaged people.

The University of Northampton and Office of the Police and Crime Commissioner for Northamptonshire launched the Institute for Public Safety, Crime and Justice. The first Institute of its kind in the UK, The Institute for Public Safety, Crime and Justice (IPSCJ) seeks to bring together cutting-edge academic research and evidence with practice, training and development across public safety agencies. The Institute aims to be nationally and internationally recognised for high quality academic contributions to crime prevention, crime science and criminal justice practice. Researchers within the team will develop advanced understandings of victim, witness and community priorities, while analysing crime issues and agency activity and developing detailed understanding of criminal justice and public safety interventions.

b) Citizenship or community development

In 2014-2015 the University of Northampton built on its social enterprise mission to develop a new institutional strategy that puts social innovation and social impact at the heart of the University. We have identified the 13 key activities that we carry out that enable us to be socially innovative (applying new thinking to long-standing problems) and have social impact (make a measurable and positive difference to people and the environment). We have produced a comprehensive social impact report for the year 2014-2015 and we believe that this is the first such report of its kind by any UK HEI.

We are publicly committed to improving the lives of the people of the communities in which we work. In addition to supporting our students to live the values of the University, we have introduced social value into our procurement practices. Our new campus development, a £330 million construction project, has social impact clauses in all parts of the tendering process and developers and their sub-contractors have been scored against their ability to deliver social impact. This unique initiative has enabled the University to use its procurement power to reduce unemployment, especially among young people, and improve skills.

Over 1,500 students have been actively engaged in social enterprise activities over the past year of which in excess of 900 students have been supported in business and social enterprise activity including those provided with in-depth support on the Enterprise Inc. scheme (23 individuals supported/22 business start-ups), those supported by the Higher Education Innovation Fund (HEIF) via Schools Enterprise Days (100 year 9 pupils from a local secondary school attending).

Our Big Bonanza scheme in partnership with UnLtd has led to staff and students gaining support and funding for 11 new social enterprises operating in areas including mental and physical illness, education, and working with young people. We have also granted extended visas to international students who wish to develop their business ideas and in partnership with Santander have granted 14 business start-up awards.

In addition, students have undertaken community engagement activities including volunteering, venture development programmes, clubs and society involvement, alongside social enterprise development activities generating over 120,000 hours of voluntary engagement in community initiatives.

Our Inspire2Enterprise (I2E) national support service for social enterprises, third sector bodies, the public sector and organisations seeking to deliver social value remains the only national social enterprise support service. It now features on a Cabinet Office website and is the support organisation that Social Enterprise UK refers social entrepreneurs in need of business support to. By July 2015, I2E had undertaken over 12,000 engagements with people contacting it for advice, information and on-going support. It is the leading UK brand for social enterprise support.

The Northamptonshire Growth Hub, set up by the University of Northampton, Northamptonshire County Council, and Northamptonshire Enterprise Partnership in November 2013, has made very significant progress in 2014–2015. It gained both official recognition and funding from BIS during the year, and by July 2015 had supported over 1,400 businesses. The Growth Hub has a unique 'one phone call' entry point and an effective diagnostic process to ensure that clients are swiftly provided with the support they need; in consequence, in an evaluation study carried out by a third party, 85% of all businesses that have contacted the Growth Hub have said they would recommend it to others.

The University of Northampton remains the leading UK HEI for social enterprise. In 2014–2015 the University has also become a national innovator in social innovation and social impact delivery, especially through its procurement processes and its holistic management and measurement of the 'good stuff' that it does.

c) Arts, culture, heritage or science

The University of Northampton makes a significant contribution to the Arts and cultural sector of the town and county. This includes annual financial investment and support for the NN Gallery and performance venue in the Cultural Quarter, and the Northampton Music and Performing Arts Trust. There are strong links with the Royal and Derngate Theatre through the annual final year BA Acting performances drawing audiences from across the county including schools who receive free tickets to the productions. The University and the theatre are about to launch a joint project between the theatre and the School of the Arts to host and deliver a film studies module at the Errol Flynn Cinema.

Within the University, the School of The Arts engages with communities across the county. The theatre company Act Out, based at the University, works in the community using scenario acting on specific subjects or issues with the view to education or awareness raising, while Northampton theatre studies graduates have set up the Tap the Table social enterprise theatre company, creating performance art and workshops aimed at addressing social issues in the wider community, including unemployment and knife crime. Through our social enterprise strategy the University has set up a classical music co-operative (the Artists Recording Company) that enables young people in disadvantaged communities throughout Northamptonshire to become involved in making classical music. Avenue Music, which is embedded within the BA Popular Music programme, is the hub for activity across the town including gigs in local venues, links with several music festivals and an annual chamber choir event that fuses classical and popular music within churches in the town centre.

The School also operates a schools art competition that generates entries from a range of Northamptonshire schools. The annual Graduate Summer Show attracts visitors from across the

county to view and experience final year student work. A recent exhibition at Northampton Museum and Art Gallery showcased an international project between Northampton film-making students and a high status Indian Institute of Technology focussing on design solutions within the province of Gujarat. This British Council-funded project exemplifies the type of work students are encouraged to undertake, using their creative and artistic skills to realise a social impact project inspired by the University's Ashoka-U Changemaker status. Finally, the University, working with other stakeholders in the town, will shortly launch a joint venture Community Interest Company (CIC) that will operate an OfCom-licensed community radio station in the town.

d) Amateur sport

The University supports the Students' Union financially to allow for the development of its 35 competitive sports Ccubs, intramural sports leagues and fitness classes. This has led to significant numbers of students participating in a wide range of sports (1,597 in the 2014/2015 academic year) and for some students, playing at regional and national levels. The Students' Union is one of only three in the country to offer free sport membership to all participants.

e) Human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity

The University of Northampton Students' Union is committed to celebrating the diversity of our student membership through our array of student groups and ensuring equality through a fostering, supportive and inclusive environment for all our members.

The LGBT Society, as an example, hosts regular social nights to give students a safe space to socialise, weekly drop-in sessions over two campuses that provides an opportunity for students to talk about varying issues affecting them, whether they be emotional or welfare related, guest speakers to educate both LGBT and non-LGBT students on a range of issues, as well as movie nights to widen our students' knowledge and explore LGBT themes through film.

The Students' Union has also hosted a range of faith-based events throughout the year and during NUS' Interfaith Week each November, designed to bridge the differences between faith groups through a showcase of their similarities and a celebration of their respective traditions and events.

The Students' Union has a number of diversity targets as measures of society performance, which is linked to their financial support. These measures include engagement with women, international students and disabled students.

f) 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 environmental impacts, through interventions such as composting of leather by-products and use of reed beds to filter organic and chemical wastes.

Both Leather and Wastes Management are leading the way in internationalisation of the curriculum and of the University's reach - Wastes has existing or developing relationships with HE establishments in India, Nigeria, Kenya and Nepal, 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 and this work is being extended to other African nations.

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 both the UK and world-wide and assessing the value of the environment to health and well-being.

g) 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.

The University continues to be a 20% shareholder and partner of local social enterprise Goodwill Solutions CIC. The company enables ex-offenders and other disadvantaged worker groups to get back into mainstream society through back to work programmes whilst running a profitable, commercially viable business. During the year, Goodwill Solutions was recognised as the leading social enterprise in the East Midlands in the 2013 RBS SE100 awards. The University's involvement in Goodwill has enabled the company to develop its commercial operations and is a key way the University contributes to advancing positive local social impact.

Statements of Corporate Governance and Internal Controls for the year ending 31 July 2015

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

The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life and has adopted at the Board of Governors meeting in February 2015 with the Committee of University Chairs' Higher Education Code of Governance 2015. In March 2014, the Board adopted a Code of Conduct which further articulated the University's expectations of governors, University officers, senior post holders, and external committee members, which was updated in June 2015 in light of the CUC Higher Education Code of Governance.

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 2014/15 was approved by the Privy Council on 13 May 2013. In May 2013, the Privy Council approved a revised Instrument of Government and the then Governing Council approved updated Articles of Government. These changed the name from Governing Council to Board of Governors and 2013-14 saw the first full year of operation of the changes to governance following the review completed in 2012.

The Articles require the University to have a Board of Governors, a Vice Chancellor and a Senate, each with clearly defined functions and responsibilities, to oversee and manage the University's activities. The University is an exempt charity regulated through the Higher Education Funding Council for England, with the members of Board of Governors aware that they are also Trustees as well as Governors. The Board of Governors in its reduced size of up to 16 members has met on a monthly basis since September 2012 and almost all the work previously considered through the Finance and Estates Committee or the Governance, Administration and Employment Committee is now taken directly to the Board. The Board has established a Project Assurance Committee to focus on the particular monitoring of risk and the Waterside Project and Advancement Committee to progress its work on philanthropy and fundraising. Additionally, as a result of the work on evaluating its operation, in July 2013 the Board decided to follow commercial good practice and establish one of the governors as a Senior Independent Member to lead the work of governing body effectiveness. That work on Board effectiveness has been a particular focus during 2014. As a consequence of the need to pay further attention to cash and investment management the Board established a Treasury Committee in April 2015.

The Board has a majority of independent members, chosen in line with strict criteria. The Chair of the Board is elected from amongst the members of the Board. There is also provision for the appointment of co-opted members, including a person with expertise in Higher Education, professional staff member, an academic nominated by the Senate and a student nominated by the student body. No members of the Board receive any reimbursement for the work which they do for the Board. In line with effective practice, the University maintains a Register of Interests of members of the Board, which may be consulted by arrangement with the Clerk.

The Board's most noteworthy decisions during the year concerned the completion of the land agreement giving the University title to the land it has been developing at the Waterside site, the arrangements the University made for the procurement of project financing and the securing of a Bond backed by a guarantee from HM Treasury and the appointment of two major contractors for the work on infrastructure and on academic buildings for its Waterside campus development.

During 2014/15, Board of Governors met on 12 occasions, as well as an away day and risk workshop, having changed its mode of operation to monthly meetings in 2012. Some of the detailed work is initially handled by standing committees (Advancement, Audit, IMAC, Project Assurance, Nominations, Remuneration and Treasury) and task and finish groups as appropriate,

including during 2015 a Search Committee to secure a new Clerk to the Board of Governors. The Board received formal reports of these committees through the presentation of minutes and verbal reports by the Chair of each committee. The Audit, Project Assurance, Nominations and Remuneration Committees, include experts as external committee members who are appointed by the Board on recommendation from the Nominations Committee. The Committees have a majority of members who are independent or co-opted members of the Board. The Chair of each committee is appointed by the Board and confirmed by its membership annually. As a result of the work on evaluating its operation in 2013, the Board decided to follow commercial good practice and from August 2013 established an elected role for one of the governors as a Senior Independent Member to lead work on governing body effectiveness, including the five year evaluation of Board effectiveness being undertaken during 2014.

The Vice Chancellor, as Chief Executive Officer, is the head of the institution and has a general responsibility to the Board of Governors for exercising considerable influence upon the development of University 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 University. The Vice Chancellor is supported by the University Management Team comprising senior managers of the University. These senior managers all contribute in various ways to this aspect of the work, but the ultimate responsibility for what is done rests with the Vice Chancellor. The Vice Chancellor, Professor Nick Petford, the Chief Operating Officer, Mr Terry Neville, and the Clerk to the Board are the remunerated senior post holders. The Chancellor and Pro Chancellor are officers of the University in a voluntary and unremunerated capacity and with appointments to the University Court.

In accordance with the Articles of Government of the institution, the Clerk to the Board of Governors provided advice on matters of governance to all Board members. From 1 August 2014 to 31 July 2015, the Clerk to the Board of Governors was Miss Alice R Hynes.

The Board of Governors took forward the proposals from a report on the operation of the University Court and the Foundation by a consultant from the Leadership Foundation for Higher Education (LFHE), who had also provided the Governing Council review for the University. The development of the Court has been progressed in 2013-14 seeking to establish Court as more active and responsible stakeholder community, with a role to support the University in a better informed way and contribute expertise to the University's work. Alongside the Chancellor, the University has the position of Pro Chancellor to support the day to day leadership and development of the Court.

The report from the LFHE consultant on the Foundation, together with a further report on fundraising and philanthropy from consultants Morgen Thomas Ltd, were reviewed by the Board in 2013 and a new strategy for Advancement approved with the establishment of the Advancement Group and provision for a University Campaign Board. The Foundation as a Trust has been wound down with responsibility for its work passing to the University with new structures being put in place to underpin the philanthropic work required to see the University into the future and support the opportunities offered at the Waterside Campus.

The University acknowledges and endorses the principles of corporate governance, which it reaffirms in its byelaws. The Board of Governors 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 of Government and the HEFCE Memorandum of Assurance and Accountability. In relation to this, the Board of Governors 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

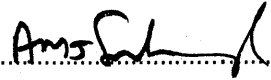
those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ending 31 July 2015 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

- As a Board, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:
 - Meeting as a Board a minimum of ten times a year to consider the plans and strategic direction of the institution.
 - Receiving as a Board periodic reports from the Chair 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.
 - The designation of the Audit Committee to oversee the risk management process and periodically review the University's risk register.
 - The designation of the Project Assurance Committee, which meets monthly, to give special attention to monitoring and risk management of the Waterside Project.
 - The receipt by the Audit Committee of 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 Board of Governors and Executive 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 the Board 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 is in place.
 - An organisation-wide risk register is maintained and a Risk Management Group comprising senior managers meets regularly to review the risk register.
 - Executive Deans, Dean and Directors of Professional Service report on risk and internal control activities through their School/Service Risk Registers.

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. The University was reviewed for effectiveness by the HEFCE Audit Service in January 2014 and received the highest categorisation, in that they "are able to place reliance on the University's accountability information". The internal auditors, Baker Tilly, submit regular reports which include the audit partner's independent opinion on the adequacy and effectiveness of the University'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 and senior managers within the University who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The Board of Governors is of the opinion that the actions it has taken and the arrangements that it has put in place have made the University fully compliant with the requirements and expectations placed on it regarding corporate governance during the financial year 2014/15.


 **Andrew Scarborough (Chair)**
 25th November 2015 **Date**

Responsibilities of the Board of Governors (in relation to the Financial Statements) for the year ending 31 July 2015

In accordance with the Education Reform Act 1988, as updated by the 1992 Further and Higher Education Act, the Board of Governors 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 Board of Governors 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 Memorandum on Assurance and Accountability, agreed between the Higher Education Funding Council for England (HEFCE) and the Board of Governors of The University of Northampton, the Board of Governors, through its Accountable Officer, is required to prepare financial statements for each financial year. Under those terms and conditions, the Board of Governors must not approve the financial statements unless they are satisfied that they 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 Board 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 Board 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 Board of Governors have taken reasonable steps to:

- Ensure that funds from the Higher Education Funding Council for England, the National College for Teaching and Leadership (NCTL) and the Chief Executive of Skills Funding have been used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with the Funding Council and the agreement with the National College for Teaching and Leadership (NCTL) and the Education Funding Agency and any other conditions which the Funding Council may from time to time prescribe.
- Ensure that funds from the National College for Teaching and Leadership (NCTL) 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.

Independent auditors' report to the Board of Governors of the University of Northampton (the "institution")

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2015 and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and parent institution financial statements (the "financial statements"), which are prepared by the University of Northampton, comprise:

- the consolidated and parent institution Balance Sheets as at 31 July 2015;

- the consolidated Income and Expenditure Account for the year then ended;

- the consolidated Statement of Total Recognised Gains and Losses for the year then ended;

- the consolidated Statement of Cash Flows for the year then ended;

- the Accounting Policies; and

- the notes to the financial statements.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Practice.

In applying the financial reporting framework, the Board of Governors has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group and parent institution's circumstances and have been consistently applied and adequately disclosed;

- the reasonableness of significant accounting estimates made by the Board of Governors; and

- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

In our opinion, in all material respects:

funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;

income has been applied in accordance with the institution's articles of government; and

funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Other matters on which we are required to report by exception

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion, the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the parent institution and group. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Respective responsibilities of the Board of Governors and auditors

As explained more fully in the Statement of Responsibilities of Board of Governors set out on page 26 the Board of Governors is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Board of Governors as a body in accordance with the institution's Articles of Government and section 124B of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992, and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Richard Bacon (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

Date: 30 November 2015

- (a) The maintenance and integrity of The University of Northampton's website is the responsibility of the Board of Governors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Statement of Principal Accounting Policies for the year ending 31 July 2015

1. Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP: Accounting for Further and Higher Education 2007) and in accordance with other applicable accounting standards in the United Kingdom, on a going concern basis.

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

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

2. Basis of consolidation

The consolidated financial statements consolidate the financial statements of the University and all its material trading subsidiaries (together "the Group") for the financial year to 31 July 2015. Uniform accounting policies have been adopted across the group, and profit/losses on intra group transactions have been eliminated. They are prepared on a going concern basis.

Entities are included within the consolidation from the point of the Group achieving control and are excluded from the consolidation when control is lost.

The consolidated financial statements do not include those of the Students' Union because the Institution does not control those activities.

3. Recognition of income

Funding council block grants are accounted for in the year to which they relate.

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

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities. Income earned but not received is accrued into the year into which the service or contract was earned; this is shown as accrued income on the balance sheet as a current asset.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Non-recurrent grants received in respect of the acquisition or constructions of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

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

Statement of Principal Accounting Policies for the year ending 31 July 2015 (continued)

3. Recognition of income - continued

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the statement of total recognised gains and losses.

4. Accounting for retirement benefits

The Institution contributes to the Universities Superannuation Scheme (USS), the Local Government Superannuation Scheme (LGPS) and the Teachers' Pension Scheme (TPS). All schemes are defined benefit schemes which are contracted out of the Second State Pension (S2P).

The assets of the USS and TPS are held in separate trustee-administered funds. Because of the nature of the schemes, the schemes' assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of these schemes on a consistent and reasonable basis and therefore as required by FRS 17 "Retirement benefits", accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting year.

The LGPS is a defined benefit scheme, the assets of which are held separately from those of the University in independently administered funds.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

Statement of Principal Accounting Policies for the year ending 31 July 2015 (continued)

5. Tangible fixed assets

Land and buildings are stated at cost, other than the properties transferred from Northamptonshire County Council (NCC) 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. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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 NCC properties were valued on initial recognition in 1990 and the deemed cost option was taken when FRS 15 was adopted.

Assets under construction are accounted for at cost, based on the value of the architects' certificates and other direct costs incurred to the balance sheet date. They are not depreciated until they are brought fully into use.

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

6. Investment Property

Investment properties are measured initially at cost. After initial recognition, investment properties are measured and carried at market value.

The property (Icon Building) is for external use.

Market value is based on valuation performed by an appointed independent registered valuer, taking into account factors such as the property growth and market in the surrounding area. The fair value of the investment properties reflects the market conditions at the balance sheet date. Changes in market values are recorded in the income statement as impairment market value adjustment.

7. 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.

Statement of Principal Accounting Policies for the year ending 31 July 2015 (continued)

8. 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.

Finance leases, which substantially transfer all the benefits and risks of ownership of an asset to the Institution, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

9. Investments

Listed investments held as fixed assets or endowment assets are shown at market value. Investments in subsidiary undertakings are shown at the lower of cost or net realisable value.

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

10. 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.

11. Taxation status

The Institution is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993) and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 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 Institution receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

Statement of Principal Accounting Policies for the year ending 31 July 2015 (continued)

12. Provisions and contingent liabilities

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

The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

13. Stock

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

14. Accounting for research and development

Expenditure on pure and applied research is treated as a part of the continuing activities of the Institution. Expenditure on development activities is carried forward and amortised over the period expected to benefit.

15. Joint venture entities and associates

The University's share of income and expenditure in joint venture entities is recognised in The University's income and expenditure account in accordance with FRS 9. Similarly The University's share of assets and liabilities in associate entities is recognised in The University's balance sheet in accordance with FRS 9.

The gross equity method is used when consolidating joint venture entities and associate entities are consolidated using the equity method entities in accordance with FRS 9.

16. Accounting for Goodwill and intangible fixed assets

Goodwill arises on consolidation and is based on the difference between the fair value of the consideration given for the undertaking acquired and the fair value of its separable net assets at the date of acquisition. Goodwill is amortised over its estimated economic life. Where goodwill and intangible assets are regarded as having limited useful economic lives, they are amortised over those lives up to a maximum of 20 years. Impairment tests are carried out at the end of the first year and thereafter subject to normal periodic reviews for indications of impairment. Where there is impairment in the carrying value of goodwill, the loss is incurred in the results for the period.

Positive purchased goodwill is capitalised and classified as an asset on the balance sheet.

Negative goodwill is separately disclosed on the face of the balance sheet in fixed assets and is released to the income and expenditure account. The accounting treatment is set out in policy note on accounting for business combinations.

17. Endowment Funds

Where charitable donations are to be retained for the benefit of the University as specified by the donors, these are accounted for as endowments. The University currently has two types: Unrestricted permanent endowment – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.

Statement of Principal Accounting Policies for the year ending 31 July 2015 (continued)

17. Endowment Funds - continued

Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income.

Consolidated Income and Expenditure Account for the Year ending 31 July 2015

	Note	2015 £000	2014 £000
Income			
Funding Body grants	1	16,866	16,238
Tuition fees and education contracts	2	88,865	76,552
Research grants and contracts	3	1,783	1,322
Other Operating income	4	17,695	15,538
Endowment and investment income		1,775	446
Total income		126,984	110,096
Less Share of income from joint venture		(988)	(1,100)
Net Income		125,996	108,996
Expenditure			
Staff costs	5	56,728	52,967
Other operating expenses	6	41,935	40,061
Depreciation & Impairment	9	9,147	7,724
Interest and other finance costs	7	15,625	2,730
Total expenditure		123,435	103,482
Surplus after depreciation of tangible fixed assets at valuation and before tax		2,561	5,514
Share of operating profit/(loss) in joint venture		15	(26)
Share of operating profit in associate		26	25
Taxation		8	-
Minority Interest		(8)	-
Surplus for the year retained within general reserves		2,602	5,513

Consolidated Note of Historical Cost Surpluses and Deficits for the Year ending 31 July 2015

	Note	2015 £000	2014 £000
Surplus after depreciation of assets at valuation and tax and exceptional items		2,602	5,513
Difference between depreciation charge based on an historical cost and revalued basis (as included above)	17	1,309	1,309
Historical cost surplus after tax		3,911	6,822

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

Consolidated Statement of Total Recognised Gains and Losses for the Year ending 31 July 2015

	Note	2015 £000	2014 £000
Surplus on continuing operations after depreciation of assets at valuation and tax		2,602	5,513
Endowments		52	222
Actuarial gain/(loss) in respect of pension scheme	23	(4,676)	(9,231)
Total recognised (losses)/gains relating to the year		(2,022)	(3,496)
Reconciliation			
Opening reserves and endowments as previous stated		29,003	32,499
Total recognised (losses)/gains for the year		(2,022)	(3,496)
Closing reserves and endowments		26,981	29,003

Balance sheets as at 31 July 2015

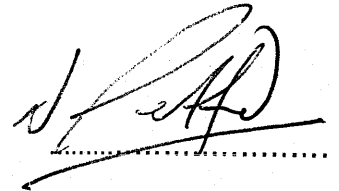
	Note	2015 £000	Consolidated 2014 £000	The University 2015 £000	2014 £000
Fixed Assets					
Tangible assets	9	125,778	109,203	126,402	109,838
Investment Property	9	1,610	1,610	-	-
Investments	10	201	201	351	301
Investments in joint venture:					
Share of gross assets		398	493	-	-
Share of gross liabilities		(354)	(404)	-	-
Investment in associate		51	25	-	-
		<u>127,684</u>	<u>111,128</u>	<u>126,753</u>	<u>110,139</u>
Endowment Assets	25	<u>953</u>	<u>980</u>	<u>953</u>	<u>980</u>
Current Assets					
Stock		3	4	-	-
Debtors	11	8,427	7,121	7,923	6,399
Investments		202,587	36,186	202,587	36,186
Cash at bank and in hand		1,584	364	859	170
		<u>212,601</u>	<u>43,675</u>	<u>211,369</u>	<u>42,755</u>
Less: Creditors amounts falling due within one year	12	<u>(25,921)</u>	<u>(20,764)</u>	<u>(31,667)</u>	<u>(20,221)</u>
Net current assets		<u>186,680</u>	<u>22,911</u>	<u>179,702</u>	<u>22,534</u>
Total assets less current liabilities		315,317	135,019	307,408	133,653
Less: Creditors amounts falling due after more than one year	13	(230,456)	(46,377)	(224,086)	(46,377)
Less: Provisions for liabilities	14	<u>(1,248)</u>	<u>(1,567)</u>	<u>(1,248)</u>	<u>(1,567)</u>
Total Net Assets excluding Pension Liability		<u>83,613</u>	<u>87,075</u>	<u>82,074</u>	<u>85,709</u>
Net pension liability	23	<u>(38,010)</u>	<u>(32,728)</u>	<u>(37,621)</u>	<u>(32,530)</u>
Total Net Assets including Pension Liability		<u>45,603</u>	<u>54,347</u>	<u>44,453</u>	<u>53,179</u>
Deferred capital grants	15	<u>18,622</u>	<u>25,344</u>	<u>17,123</u>	<u>23,845</u>
Endowment funds	25				
Expendable		24	58	24	58
Permanent		<u>929</u>	<u>922</u>	<u>929</u>	<u>922</u>
		<u>953</u>	<u>980</u>	<u>953</u>	<u>980</u>
Reserves					
Income and expenditure account excluding pension reserve	16	49,453	44,923	49,479	45,056
Pension reserve	23	<u>(38,010)</u>	<u>(32,728)</u>	<u>(37,621)</u>	<u>(32,530)</u>
Income and expenditure account including pension reserve		11,443	12,195	11,858	12,526
Minority Interest		66	-	-	-
Revaluation reserve	17	<u>14,519</u>	<u>15,828</u>	<u>14,519</u>	<u>15,828</u>
Total reserves		<u>26,028</u>	<u>28,023</u>	<u>26,377</u>	<u>28,354</u>
Total Funds		<u>45,603</u>	<u>54,347</u>	<u>44,453</u>	<u>53,179</u>

Balance sheets as at 31 July 2015 - continued

The financial statements on pages 32 to 63 were approved by the Board of Governors and signed on its behalf by:

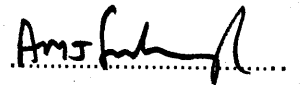
Vice Chancellor

- Prof. Nick Petford



Chairman of Board of Governors

- Mr Andrew Scarborough



Dated: 25th November 2015

Consolidated Cash Flow Statement for the Year ending 31 July 2015

	Note	2015 £000	2014 £000
Net Cash Inflow from Operating Activities	20	19,443	13,992
Returns on Investments and Servicing of Finance			
Income from short term investments		1,799	446
Interest paid		<u>(15,084)</u>	<u>(1,516)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(13,285)</u>	<u>(1,070)</u>
Taxation		<u>8</u>	<u>-</u>
Capital Expenditure and Financial Investment			
Payments to acquire tangible assets (other than leased equipment)		(25,346)	(20,956)
Endowment cash received		95	43
Endowments Funds Disbursed		(146)	(12)
Deferred capital grants received		<u>1,121</u>	<u>2,766</u>
Net cash outflow from investing activities		<u>(24,276)</u>	<u>(18,159)</u>
Management of Liquid Resources	21	<u>(166,401)</u>	<u>(2,339)</u>
Financing			
Loan repayments		(47,784)	(1,642)
New loan		<u>230,806</u>	<u>7,190</u>
		183,022	5,548
Increase/(Decrease) in Cash	22	<u>(1,489)</u>	<u>(2,028)</u>
Reconciliation of Net Cash Flow to Movement in Net Funds			
Increase/(Decrease) in cash		(1,489)	(2,028)
Increase in short-term cash deposits	21	166,401	2,339
Change in debt		<u>(182,672)</u>	<u>(5,548)</u>
Change in Net Funds		<u>(17,760)</u>	<u>(5,237)</u>
Net funds at 1 August		(11,344)	(6,107)
Net Funds at 31 July	22	<u>(29,104)</u>	<u>(11,344)</u>

Notes to the Financial Statements

1. Funding Body Grants

	2015 £000	2014 £000
HEFCE:		
Recurrent grant for teaching and research	6,968	10,724
Specific grants and non-formula funding		
HEIF	1,192	1,192
Deferred capital grants released in year (note 15)		
Land and buildings	6,766	2,111
Equipment	1,077	697
	16,003	14,724
NCTL recurrent grant	863	1,513
NCTL deferred capital grants released in year (note 15)	-	1
	16,866	16,238

2. Tuition Fees and Education Contracts

	2015 £000	2014 £000
Full-time HE fees – UK and EU students	61,506	50,004
Full-time HE fees – overseas and other students	13,542	12,023
Part-time HE fees	2,918	2,675
FE franchise	250	310
Short course fees	1,322	2,602
Contracts with the University in lieu of academic fees	9,327	8,938
	88,865	76,552

3. Research Grants and Contracts

	2015 £000	2014 £000
OST Research Councils	73	164
UK Based Charities	217	7
UK Central Government and Local Authorities	462	386
UK Industry and Commerce	50	310
EU Government	36	-
EU Other	278	157
Others	667	298
	1,783	1,322

Notes to the Financial Statements - continued

4. Other Income

	2015 £000	2014 £000
Residences, catering and conferences	11,563	8,266
Other income	6,132	7,272
	17,695	15,538

5. Staff Costs

	2015	2014
The average monthly number of persons employed by the University during the year expressed as full-time equivalents was:	1,203	955
	2015 £000	2014 £000
Staff Costs:		
Wages and salaries	46,417	43,064
Social Security costs	3,713	3,453
Other pension costs (note 23)	6,598	6,450
	56,728	52,967

During the year ending 31 July 2015, total redundancy / severance costs were £272,594 (2014: £415,329).

	2015 £000	2014 £000
Emoluments of the Vice-Chancellor		
Salary and healthcare	188	184
Bonus relating to prior year	20	19
Value of residential emolument	9	9
	217	212
Pension contributions	28	27
Total emoluments	245	239

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 at 16%.

Emoluments of higher paid staff:

	2015 £000	2014 £000
£180,000 - £189,999	1	1
£150,000 - £159,999	1	2
£140,000 - £149,999	1	-
£100,000 - £109,999	5	8

No member of the Board of Governors received an emolument during the year in their capacity as a Governor. Governors were reimbursed a total of £2,105 (2014: £2,986) for expenses in connection with their duties as a Governor.

Notes to the Financial Statements - continued

6. Other Operating expenses

	2015 £000	2014 £000
External Auditors' remuneration - University	44	31
External Auditors' remuneration - Other group	11	15
Agency staff	628	1,842
Bank charges	118	100
Books and periodicals	1,331	1,550
Consultancy	3,396	3,652
Consumable and laboratory expenditure	684	568
Equipment rental	13	497
Infrastructure and IT project expenditure	3,239	2,459
Franchise fees	990	789
Grant to The University of Northampton Students' Union	1,366	1,270
Heat, light, water and power	2,215	1,865
Insurance	393	224
Internal audit	53	62
IT costs	2,785	1,891
Legal and professional fees	526	1,046
Marketing	3,012	2,499
Partner schools funding	208	448
Printing, postage and stationery	871	1,170
Rates	256	266
Rents	470	452
Repairs and general maintenance	1,637	1,891
Catering consumables	892	689
Staff recruitment	81	92
Staff development	806	635
Student bursaries and scholarships	8,150	6,145
Student visits, field courses and placements	578	552
Subscriptions	645	704
Telephones and communications	259	307
Transport	1,132	1,400
Travel and subsistence	1,682	1,228
Other expenses	3,411	3,722
	41,882	40,061

7. Interest and Other Finance Costs

	2015 £000	2014 £000
Bond interest	6,034	-
Loan interest	773	2,186
Loan Breakage costs	8,588	-
Pension finance costs (note 25)	230	544
	15,625	2,730

Notes to the Financial Statements - continued

8. Analysis of 2014/15 Expenditure by Activity

	Staff costs	Other operating expenses	Depreciation & Impairment	Interest and other finance
	£000	£000	£000	£000
Academic departments	32,326	13,217	-	-
Academic services	6,256	5,307	-	-
Administration and central services	10,852	8,043	-	-
Premises	3,508	8,138	9,147	-
Residences, catering and conferences	1,298	2,391	-	-
Research	417	591	-	-
Other	1,695	4,248	-	15,395
FRS 17 adjustments	376	-	-	230
	<u>56,728</u>	<u>41,935</u>	<u>9,147</u>	<u>15,625</u>

9. Tangible Assets - Consolidated

	Assets Under Construction	Land and Buildings		Equip- ment	Total
	£000	Leasehold £000	Freehold £000	£000	£000
Valuation / cost					
At 1 August 2014					
Cost	12,554	1,372	113,143	13,513	158,582
Additions at cost	24,240	-	1,078	408	25,726
At 31 July 2015					
Cost	<u>36,794</u>	<u>1,372</u>	<u>132,221</u>	<u>13,921</u>	<u>184,308</u>
Accumulated Depreciation					
At 1 August 2014	-	55	40,430	8,898	49,383
Charge for year	-	27	7,408	1,712	9,147
At 31 July 2015	<u>-</u>	<u>82</u>	<u>47,838</u>	<u>10,610</u>	<u>58,530</u>
Net book value					
At 31 July 2015	<u>36,794</u>	<u>1,290</u>	<u>84,383</u>	<u>3,311</u>	<u>125,778</u>
At 31 July 2014	<u>12,554</u>	<u>1,317</u>	<u>90,713</u>	<u>4,619</u>	<u>109,203</u>
Inherited	-	-	17,142	-	17,142
Financed by capital grant	-	-	14,247	180	14,427
Other	36,794	1,290	52,994	3,131	94,209
Net book value at 31 July 2015	<u>36,794</u>	<u>1,290</u>	<u>84,383</u>	<u>3,311</u>	<u>125,778</u>

Notes to the Financial Statements – continued

9. Tangible Assets consolidated – continued

	Consolidated £000
The depreciation charge for the year has been funded by:	
Deferred capital grants released	7,838
Revaluation reserve released	1,309
	9,147

Tangible Assets – The University

	Assets Under Construction £000	Land and Buildings Leasehold £000	Freehold £000	Equip- ment £000	Total £000
Valuation / cost					
At 1 August 2014					
Cost	12,554	1,372	129,804	12,982	156,712
Additions at cost	24,240	-	1,078	396	25,714
At 31 July 2015					
Cost	36,794	1,372	130,882	13,378	182,426
Accumulated Depreciation					
At 1 August 2014	-	55	38,374	8,445	46,874
Charge for year	-	27	7,415	1,708	9,150
At 31 July 2015	-	82	45,789	10,153	56,024
Net book value					
At 31 July 2015	36,794	1,290	85,093	3,225	126,402
At 31 July 2014	12,554	1,317	91,430	4,537	109,838
Inherited	-	-	17,142	-	17,142
Financed by capital grant	-	-	14,247	180	14,427
Other	36,794	1,290	53,704	3,045	94,833
Net book value at 31 July 2014	36,794	1,290	85,093	3,225	126,402

Exchequer interests (representing the contributions made by HEFCE towards the constructions and refurbishment of University buildings) amounted to £10,746,062 as at 31 July 2015 (2014: £16,155,679). 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.

	University £000
The depreciation charge for the year has been funded by:	
Deferred capital grants released	7,842
Revaluation reserve released	1,309
	9,150

Notes to the Financial Statements - continued

9. Tangible Assets – continued

Investment Property

	Group £000
Balance at 1 August 2014	1,610,000
Appreciation/diminution in value	-
Balance as at 31 July 2015	1,610,000

An external valuation of the company's Land and Buildings as at 31 March 2014 was carried out by Savills plc, Chartered Surveyors. The valuation has been prepared in accordance with Royal Institution of Chartered Surveyors Valuation Standards, valuing on the basis of an investment property. The resulting valuation was £1,610,000.

10. Investments

	Consolidated Group £000	The University £000
Cost		
At 1 August 2014	201	301
Additions	-	50
At 31 July 2015	201	351
Impairment		
At 1 August 2014 & 31 July 2015	-	-
Net book value		
At 31 July 2015	201	351
At 31 July 2014	201	301

The University believe the carrying value of the investments is supported by their underlying net assets.

Notes to the Financial Statements - continued

10. Investments - continued

The Group has the following investments in joint ventures.

All Joint Ventures are accounted for using the gross equity method, such that 50% of the company's gross assets and liabilities are incorporated into the consolidated balance sheet of the Company and 50% of its net income is reported in The University's consolidated income and expenditure account.

Year Ended 31 July 2015	Uno Buses (Northampton) Ltd	Land Based Learning Ltd
Profit and Loss Account	£	£
Turnover	980,604	7,500
Operating Profit/(Loss)	72,332	(57,330)
Balance Sheet		
Fixed Assets	-	-
Current Assets	354,956	42,670
Creditors: amounts due within one year	(353,947)	-
Share of net assets	1,009	42,670

Uno Buses (Northampton) Limited

The company holds a 50% share of Uno Buses (Northampton) Limited. This is a joint venture company owned equally by The University of Northampton Enterprises Limited and University Bus Limited. The company provides bus services for Northamptonshire.

Land Based Learning Limited

The company holds a 50% share of Land Based Learning Limited. This is a joint venture company owned equally by The University of Northampton and Landex Commercial and Educational Services. The company develops and markets online learning materials for Education.

The University holds the additional fixed asset investments:

Name of Company	Ordinary Share Capital	% of Issued Share Capital	Date of Incorporation	Place of Incorporation
Goodwill Solutions Community Interest Company	£200,000	20%	1 February 2008	England & Wales

Notes to the Financial Statements - continued

10. Investments - continued

Goodwill Solutions Community Interest Company

The Company is a logistics and warehousing social enterprise providing services to both commercial retailers and manufacturers. It also aims to help the local community by running Back to Work programmes, training ex-offenders, the homeless and disadvantaged youths for employment in the logistics sector. They also supply low cost, high quality furniture to local people and charities.

The University holds the following Investment in Subsidiaries:

Healthwatch Northamptonshire CIC

Healthwatch Northamptonshire Community Interest Company (CIC) is an independent consumer champion for everyone who uses local health and social care services in the county. It speaks on behalf of patients to ensure everyone gets the best they can from their local health provision. Healthwatch Northamptonshire provides information on local health and social care services and signposts people to where they can get the right help and support. Commissioned by Northamptonshire County Council, Healthwatch Northamptonshire is run as a social enterprise with the support of the University of Northampton and Northampton Volunteering Centre. The University owns 51% of the share capital. The company is registered in England and Wales and operating in the UK.

Pera Business Services Limited

Pera Business Services Ltd is a company owned between Pera Consulting Limited and The University; The University owns 51% of the share capital. The company is registered in England and Wales and operating in the UK. The principle activity of the company is to seek to obtain government / EU contracts.

The company was dormant for the year ended 31 July 2015.

The University of Northampton Enterprises Limited

The company is registered in England and Wales and operating in the UK and is a 100% subsidiary of The University, whose principal activities are the provision of facilities maintenance services and conferencing facility hire.

iCon East Midlands and Icon Operations Limited

iCon East Midlands, a company limited by guarantee, is an organisation set up to manage the project and day to day running of the iCon building in Daventry, a centre for business units utilising green technologies. The day to day trading operates in Icon Operations Limited. Both companies are registered in England and Wales and are 100% subsidiaries of The University.

Northampton Enterprise Social Enterprise Community Interest Company

The company is an organisation that specialises in delivering enterprise support. The company is a support service for the social enterprise sector providing information, specialist advice, training, consulting, coaching and mentoring to new and existing social enterprises and social entrepreneurs throughout the UK and Ireland. The company is registered in England and Wales and operating in the UK and is a 100% subsidiary of The University.

Waterside Campus Development Company plc

The company is registered in England and Wales and operating in the UK and is a 100% subsidiary of The University. The company was setup to issue a bond on behalf of The University and its main activity is to service the bond repayments.

Notes to the Financial Statements - continued

11. Debtors

	Consolidated		The University	
	2015 £000	2014 £000	2015 £000	2014 £000
Trade Debtors	4,558	2,330	4,377	2,310
Amounts owed by subsidiary undertakings	-	-	183	-
Prepayments and accrued income	3,869	4,791	3,363	4,089
	8,427	7,121	7,923	6,399

12. Creditors: Amounts falling due within one year

	Consolidated		The University	
	2015 £000	2014 £000	2015 £000	2014 £000
Bank Overdraft	2,709	-	2,383	-
Bank Loan	-	1,380	-	1,380
Salix Loan	110	137	110	137
Trade Creditors	2,141	951	1,980	887
Amounts due to subsidiary undertakings	-	-	8,527	559
Social security and other taxation	2,383	1,960	2,143	1,785
Accruals and deferred income	18,578	16,336	16,524	15,473
	25,921	20,764	31,667	20,221

13. Creditors: Amounts falling due after more than one year

	Consolidated		The University	
	2015 £000	2014 £000	2015 £000	2014 £000
Bond	230,456	-	-	-
Bank Loan	-	46,298	-	46,298
Salix loan	-	79	-	79
Amounts due to subsidiary undertakings	-	-	224,086	-
	230,456	46,377	224,086	46,377

On the 26th November 2014 a secured fixed rate public bond was issued for the sum of £231.5m over a 40 year term with a coupon rate of 3.302%, this is a fixed rate for the term. The Bond is secured against the assets on the University. The bond was issued via a 100% owned subsidiary of The University, Waterside Campus Development Company plc. Capital repayments commence in 2024/25. The bond transaction costs of £1.070m will be amortised over the life of the bond and charged to interest costs. The market value of the bond at 31 July 2015 was £246.7m, and is listed on the Irish Stock Exchange.

Notes to the Financial Statements - continued

13. Creditors: Amounts falling due after more than one year - continued

The University has an undrawn, but committed, borrowing facility of £60m via the Public Works Loan Board (PWLB). The loan is to be fully drawn down by the 31 March 2016, within one year of the year end at 31 July 2015.

The bond and PWLB loans have been guaranteed by Her Majesty's Treasury.

Risk management

The treasury function is controlled centrally via the group which is responsible for managing the credit, liquidity, interest and foreign currency risk associated with the group's activities. These financial risks are managed within parameters specified by the Treasury Management Policy. The Treasury Management Policy of the group governs all treasury management activities and sets out relevant policy objectives and control measures, it is reviewed by the Board of Governors.

The group's principal financial instrument is the bond. Cash, short term deposits and investments are managed by the group. The core objective of these financial instruments is to meet financing needs of the group's operations. Additionally, the group has other financial assets and liabilities arising directly from its operations i.e. trade debtors and creditors.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The group's Treasury Management Policy and Bad Debt Policy lay out the framework for credit risk management. Credit risk is monitored on an ongoing basis.

The group's credit risk arises from bank balances, investments, student debtors and government and commercial organisations as customers. Management of credit risk is covered by the Treasury Management Policy. As at 31 July 2015, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

Student, government and commercial debtors are reviewed on an on-going basis and bad debt provisions are made if recovery of the debtors becomes uncertain. A debtor deemed irrecoverable is written off in accordance with the financial regulations. The concentration of risk is limited due to the student base being large and diverse. The treasury management policy states maximum level of investments for each counterparty to mitigate risk concentration. Similarly, the group's investment decisions are based on strict minimum credit worthiness criteria to ensure the safety of cash and investments. Credit worthiness of the group's banks and money market funds is regularly monitored. Generally, the group does not require collateral against financial assets.

Liquidity risk

Liquidity risk refers to the risk that the group will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities.

Cash flow forecasting is performed by the group at a consolidated level. The rolling forecasts are monitored to ensure the liquidity requirements are sufficient to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach covenants on the borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance, and compliance with internal balance sheet ratio targets.

Surplus cash held by the operating entities, over and above the balance required for working capital management are transferred to the group. The group treasury invests surplus cash in interest-bearing accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

Notes to the Financial Statements - continued

13. Creditors: Amounts falling due after more than one year - continued

Interest rate risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of balance sheet items or changes in interest income or expenses.

The group's financing relates to a 40 year £231.5m bond, this is on a fixed rate of 3.302% and not subject to interest rate risk. The group's interest and investment income is exposed to changes in interest rates. The group is prepared to accept re-investment risk to exploit opportunities where yield can be maximised without compromising capital base of the investment. There are no outstanding derivative instruments as at 31 July 2015.

Maturity profile of Bond and loan repayments:	Consolidated		The University	
	2015	2014	2015	2014
	£000	£000	£000	£000
Due within one year	110	1,517	110	1,517
Between One and two years	-	1,517	-	1,517
Between two and five years	-	5,296	-	5,296
In five years or more	230,456	39,564	230,823	39,564
	230,566	47,894	230,933	47,894

Maturity profile of committed undrawn PWLB loan:	Consolidated		The University	
	2015	2014	2015	2014
	£000	£000	£000	£000
Due within one year	-	-	-	-
Between One and two years	967	-	967	-
Between two and five years	29,706	-	29,706	-
In five years or more	29,327	-	29,327	-
	60,000	-	60,000	-

4. Provisions for Liabilities and Charges

	Consolidated and The University
	£000
At 1 August 2014	1,567
Change in provision	(319)
As at 31 July 2015	1,248

The University has provided for future pension costs associated with the granting of additional years of service to certain members of staff taking early retirement.

Notes to the Financial Statements - continued

15. Deferred Capital Grants

Consolidated

	TDA £000	HEFCE £000	Other £000	Total £000
At 1 August 2014				
Land and buildings	48	14,910	9,255	24,213
Equipment	-	1,131	-	1,131
Total	48	16,041	9,255	25,344
Cash received				
Land and buildings	-	-	-	-
Equipment	-	1,121	-	1,121
Total	-	1,121	-	1,121
Released to income and expenditure				
Land and buildings (note 1)	19	5,937	810	6,766
Equipment (note 1)	-	1,077	-	1,077
Total	19	7,014	810	7,843
At 31 July 2015				
Land and buildings	29	8,973	8,445	17,447
Equipment	-	1,175	-	1,175
Total	29	10,148	8,445	18,622

The University

	TDA £000	HEFCE £000	Other £000	Total £000
At 1 August 2014				
Land and buildings	48	14,910	7,756	22,714
Equipment	-	1,131	-	1,131
Total	48	16,041	7,756	23,845
Cash received				
Land and buildings	-	-	-	-
Equipment	-	1,121	-	1,121
Total	-	1,121	-	1,121
Released to income and expenditure				
Land and buildings (note 1)	19	5,937	810	6,766
Equipment (note 1)	-	1,077	-	1,077
Total	19	7,014	810	7,843
At 31 July 2015				
Land and buildings	29	8,973	6,946	15,948
Equipment	-	1,175	-	1,175
Total	29	10,148	6,946	17,123

Notes to the Financial Statements - continued

16. Income and Expenditure Reserve

	Consolidated	University
	£000	£000
As at 1 August 2014	44,923	45,056
Surplus retained for the year	2,602	2,521
Transfer from revaluation reserve	1,309	1,309
Add back pension deficit	619	593
At 31 July 2015	49,453	49,479

17. Revaluation Reserve

Consolidated and The University

	Inherited assets £000	Inherited loans £000	Total £000
Revaluations			
At 1 August 2014 and 31 July 2015	34,040	(3,675)	30,365
Contribution to depreciation / repayment of principal			
At 1 August 2014	18,201	(3,664)	14,537
Released in year	1,309	-	1,309
At 31 July 2015	19,510	(3,664)	15,846
Net revaluation amount			
At 31 July 2015	14,530	(11)	14,519
At 31 July 2014	15,839	(11)	15,828

18. Lease Obligations

	Consolidated		The University	
	2015 £000	2014 £000	2015 £000	2014 £000
Operating lease commitments in respect of equipment for the 2014/15 and 2013/14 financial year, on leases expiring:				
Within one year	-	-	-	-
Between two and five years	-	-	-	-
Over 5 Years	40	40	40	40
	40	40	40	40

19. Capital Commitments

	Consolidated		The University	
	2015 £000	2014 £000	2015 £000	2014 £000
Commitments contracted at 31 July	26,891	9,966	26,891	9,966
	26,891	9,966	26,891	9,966

Notes to the Financial Statements - continued

20. Reconciliation of Consolidated Operating Surplus to Net Cash From Operating Activities

	2015 £000	2014 £000
Surplus before tax	2,561	5,514
Depreciation & Impairment (note 9)	9,147	7,724
Deferred capital grants released to income (note 15)	(7,843)	(2,810)
Investment income	(1,775)	(446)
Interest payable (note 7)	15,625	2,730
Pension cost less contributions payable (note 23)	476	446
Decrease in stocks	1	-
(Increase) in debtors	(1,306)	(414)
(Decrease) in provisions	(319)	-
Increase in creditors	2,876	1,248
Net cash inflow from operating activities	19,443	13,992

21. Management of Liquid Resources

	2015 £000	2014 £000
Increase in short-term cash deposits	(166,401)	(2,339)
	(166,401)	(2,339)

22. Analysis of Changes in Net Debt

	At 1 August 2014 £000	Cash Flows £000	Non- cash changes £000	At 31 July 2015 £000
Cash at bank and in hand	364	1,220	-	1,584
Bank overdraft	-	(2,709)	-	(2,709)
	364	(1,489)	-	(1,125)
Short-term cash investments	36,186	166,401	-	202,587
Debt due within 1 year	(1,517)	1,407	-	(110)
Debt due after 1 year	(46,377)	(184,079)	-	(230,456)
	(11,344)	(17,760)	-	(29,104)

23. Pension Schemes

The University's employees belong to three principal pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS) administered by Northamptonshire County Council, and Universities superannuation scheme (USS). All are defined benefit schemes. The total pension cost for the year was £6,909k (Note 5) (2014: £6,450k).

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.

Notes to the Financial Statements - continued

23. Pension Schemes – Continued

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>	31 March 2012
<i>Actuarial method</i>	Projected Unit Method
<i>Gross rate of return</i>	6.5%
<i>Real rate of return in excess of Prices</i>	3.0%
<i>Real rate of return in excess of Earnings</i>	2.0%
<i>Rate of real earnings growth</i>	1.5%
<i>Notional value of assets at date of last valuation</i>	£176 million
<i>Proportion of members' accrued benefits covered by the actuarial value of the assets</i>	98%

During the year the employer's contribution rate was 14%. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions. The employees' contribution rate to the scheme was 6.4%.

The value of pension payments made in year to the Teachers' Pension Scheme was £2,996k (2014: £2,958k)

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.

Universities superannuation scheme (USS)

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the Universities employees. In 2015, the percentage was 16% (2014: 16%). The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17, account for the scheme as if it were a defined contribution scheme.

The total cost charged to the income and expenditure account is £220k (2014: £195k). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

Notes to the Financial Statements - continued

23. Pension Schemes – Continued

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced for the using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5%	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	S1NA ["light"] YoB tables – No age rating
Female members' mortality	S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

Existing benefits	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	75%	27.6

23. Pension Schemes – Continued

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate administered funds. The total contribution made for the year ended 31 July 2015 was £2,571k of which employer's contributions totalled £1,640k and employees' contributions totalled £931k. As per the Actuarial report, the estimated Employer's contributions for the year ended 31 July 2016 will be approximately £3,082k. As at the 31 July 2015 amounts due were £nil (2014: £nil).

The contribution rate for 2014/15 was 12% along with a monetary amount of £1,380k. For 2015/16 the contribution rate is 12% along with a monetary amount of £1,570k.

The following information is based upon a full actuarial valuation of the fund as at 31 March 2013, updated to 31 July 2015 by a qualified, independent Actuary.

	31 July 2015 £000	31 July 2014 £000	31 July 2013 £000
Inflation	2.6%	2.7%	2.8%
Rate of increase in salaries	4.5%	4.5%	5.1%
Rate of increase in pensions	2.6%	2.7%	5.7%
Discount rate for liabilities	3.6%	4.0%	4.6%

The assumed life expectations on retirement at age 65 are:

	2015	2014
Retiring today		
Males	22.3	22.3
Females	24.3	24.3
Retiring in 20 years		
Males	24.0	24.0
Females	26.6	26.6

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

	2015		2014		2013	
	Long term rate of return expected at 31 July 2015	Value at 31 July 2015 £000	Long term rate of return expected at 31 July 2014	Value at 31 July 2014 £000	Long term rate of return expected at 31 July 2013	Value at 31 July 2013 £000
Equities	3.6%	43,226	6.7%	39,077	6.5%	37,018
Bonds	3.6%	10,806	3.3%	9,505	3.4%	9,128
Property	3.6%	4,803	4.7%	3,696	4.6%	2,535
Cash	3.6%	1,201	3.6%	528	3.4%	2,028
Total market value of assets		60,036		52,806		50,709

23. Pension Schemes – Continued

	2015 £000	2014 £000	2013 £000
University's estimated asset share	60,036	52,806	50,709
Present value of scheme liabilities	(97,657)	(85,336)	(73,285)
Deficit in the scheme - University	(37,621)	(32,530)	(22,576)

	2015 £000
Consolidated	
Estimated asset share	64,227
Present value of scheme liabilities	(102,237)
Deficit in the scheme - Consolidated	(38,010)

Analysis of net return on pension scheme University

	2015 £000	2014 £000
Expected return on pension scheme assets	3,153	2,920
Interest on pension scheme liabilities	(3,456)	(3,400)
Net return	(303)	(480)

Analysis of net return on pension scheme - Consolidated

	2015 £000
Expected return on pension scheme assets	3,371
Interest on pension scheme liabilities	(3,614)
Net return	(243)

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

	2015 £000	2014 £000
Actual return less expected return on pension scheme assets	2,082	(2,139)
Change in financial and demographic assumptions underlying the scheme liabilities	(6,580)	(6,967)
Actuarial loss recognised in STRGL	(4,498)	(9,106)

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

	2015 £000
Actual return less expected return on pension scheme assets	2,226
Change in financial and demographic assumptions underlying the scheme liabilities	(6,902)
Actuarial loss recognised in STRGL	(4,676)

Notes to the Financial Statements - continued

23. Pension Schemes – Continued

Movement in deficit during year - University

	2015 £000	2014 £000
Deficit in scheme at beginning of year	(32,530)	(22,483)
Movement in year:		
Current service charge	(3,309)	(3,068)
Contributions	3,019	2,607
Net interest / return on assets	(303)	(480)
Actuarial gain or loss	(4,498)	(9,106)
Deficit in scheme at end of year	(37,621)	(32,530)

Movement in deficit during year - Consolidated

	2015 £000
Deficit in scheme at beginning of year	(32,728)
Movement in year:	
Current service charge	(3,593)
Contributions	3,230
Net interest / return on assets	(243)
Actuarial gain or loss	(4,676)
Deficit in scheme at end of year	(38,010)

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

	2015 £000	2014 £000
At the beginning of the year	(85,336)	(72,996)
Current service charge	(3,309)	(3,057)
Interest cost	(3,456)	(3,400)
Contributions by scheme participants	(942)	(846)
Actuarial (gains) and losses	(6,580)	(6,967)
Benefits paid	1,966	1,941
Curtailements	-	(11)
At the end of the year	(97,657)	(85,336)

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

	2015 £000
At the beginning of the year	(89,144)
Current service charge	(3,593)
Interest cost	(3,614)
Contributions by scheme participants	(999)
Actuarial (gains) and losses	(6,902)
Benefits paid	2,015
At the end of the year	(102,237)

Notes to the Financial Statements - continued

23. Pension Schemes – Continued

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

	2015 £000	2014 £000
At the beginning of the year	52,806	50,513
Expected rate of return on scheme assets	3,153	2,920
Actuarial gains and losses	2,082	(2,139)
Contribution by the employer	3,019	2,607
Contributions by scheme participants	942	846
Benefits paid	(1,966)	(1,941)
At the end of the year	60,036	52,806

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

	2015 £000
At the beginning of the year	56,416
Expected rate of return on scheme assets	3,371
Actuarial gains and losses	2,226
Contribution by the employer	3,230
Contributions by scheme participants	999
Benefits paid	(2,015)
At the end of the year	64,227

History of experience gains or losses

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Difference between the expected and actual return on assets:					
Amount	3	289	5,343	(1,267)	1,367
% of scheme assets	0%	0.1%	10.6%	3.0%	8.5%
Experience gains and (losses) on scheme liabilities:					
Amount	583	2,039	(2)	(566)	2,128
% of scheme liabilities	0.6%	2.4%	0%	0.8%	3.2%
Total amounts recognised in statement of total recognised gains and (losses):					
Amount	(4,498)	(9,106)	3,644	(8,076)	4,961

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and (Losses) is £(22,849)k (2014: £(18,351)k).

Notes to the Financial Statements - continued

24. 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 Board of Governors, being drawn from local public and private organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of Board of Governors may have an interest, are conducted at arm's length and in accordance with the Institution's Financial Regulations and usual procurement procedures.

Board of Governors Member	Party Associated	Relationship to Party	Transactions in year	Amounts due / receivable with University at 31 July 2014
Professor Nick Petford	Northamptonshire Enterprise Partnership (NEP)	Board Member	£7,243 invoiced from The University to NEP	nil
Mr Terry Neville	Uno Buses (Northampton) Limited	Director	£940,000 invoiced from Uno Buses (Northampton) Limited to The University of Northampton Enterprises Limited	nil

25. Endowment assets/funds - Consolidated & University

	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	Total £000
Balances at 1 August 2014				
Capital	922	922	58	980
Reclassification	(8)	(8)	8	-
New endowments	-	-	95	95
Investment income	24	24	-	24
Expenditure	(9)	(9)	(137)	(146)
	<u>7</u>	<u>7</u>	<u>(34)</u>	<u>(27)</u>
At 31 July 2015	929	929	24	953
Represented by:				
Investments	790	790	-	790
Cash	139	139	24	163
	<u>929</u>	<u>929</u>	<u>24</u>	<u>953</u>

The major permanent endowment assets are held in an investment portfolio and are managed by a third party fund manager, in line with the University treasury policy, to earn suitable returns for future disbursements. The remainder of assets are held in a cash deposit account.

