



**The University of Northampton  
Higher Education Corporation**

**Annual Report and Consolidated  
Financial Statements  
for the year ended 31 July 2012**

# Consolidated Financial Statements for the Year Ended 31 July 2012

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## General Information

### Principal address

University of Northampton  
Boughton Green Road  
Northampton  
NN2 7AL

### Auditor

PricewaterhouseCoopers LLP  
Cornwall Court  
Cornwall Street  
Birmingham  
B3 2DT

### Bankers

Lloyds TSB plc  
Public and Community  
125 Colmore Row  
Birmingham  
B3 2HJ

## Format of the Financial Statements

These consolidated financial statements are presented within this report in accordance with the Statement of Recommended Practice (SORP) 2007 on Accounting for Further and Higher Education Institutions, and the 2011/12 HEFCE Accounts Direction. This means that the accounts of Further and Higher Education Institutions should be, where possible, prepared on both a comparable and consistent basis. They should also be prepared on a similar basis to the accounts of other corporate organisations.

SORP takes account of what is currently thought of as best accounting practice, the accounting provisions of the Companies Acts, Statements of Standard Accounting Practice, Financial Reporting Standards, as applicable to Further and Higher Education Institutions, and the concept of the "true and fair view", which is regarded as of paramount importance.

The consolidated financial statements cover the activities of The University of Northampton, The University of Northampton Enterprises Limited, iCon East Midlands and iCon Operations Limited.

## Membership of the Governing Council

During 2011/2012, the Governing Council conducted a review of its governance structures which included a review of its Instrument and Articles of Government. This was led by the Governance, Administration and Employment Committee in conjunction with a consultant from the Leadership Foundation. The prime purpose of the review was to ensure that the size of Council, the skills of its members, the frequency of meetings and the structure and purpose of its committees were effective in supporting the University in achieving its strategic objectives. Governing Council agreed amendments to its Instrument and Articles which, following legal advice, were submitted to the Privy Council for amendment. The outcome of this work will be concluded during 2012/13 which also includes a review of the role and responsibility of the University Court.

During 2011/12, the Members of the Governing Council were as follows:

### Abbreviations:

Audit	Audit Committee
F&E	Finance and Estates Committee
GA&E	Governance, Administration and Employment Committee
Nominations	Nominations Committee
Remuneration	Remuneration Committee
SRG	Strategy Review Group

Name	Category	Committee Membership
Mr Milan Shah	Independent	F&E, GA&E, Nominations, Remuneration and SRG
Reverend Will Adams Deputy Chairman	Independent	F&E, GA&E, Nominations, Remuneration and SRG
Lord Boswell of Aynho	Co-opted	F&E
Mrs Clare Colacicchi	Co-opted	GA&E, Remuneration
Mrs Celia Conquest	Independent	GA&E
Mr Richard Davies	Independent	Audit and SRG
Mrs Penny Escombe	Independent	SRG
Ms Helen Flach	Independent	Audit
Mrs Ann Gilbert	Independent	SRG
Mrs Sylvia Hughes	Co-opted	F&E
Mr Tim Joaquim	Co-opted as Student Governor	Nominations and SRG
Mrs Lucy McGibbon	Co-opted	GA&E
Dr Ahmed Mukhtar	Independent	F&E

Ms Caroline Neville	Co-opted	GA&E
Mr Michael Orton-Jones	Independent	GA&E
Professor Nick Petford	Vice Chancellor of the University	F&E, GA&E, Nominations, Remuneration and SRG
Mrs Margaret Pratt	Independent	Audit and SRG
Mr Nicholas Robertson	Independent	Audit
Brigadier David Santa-Olalla	Holder of Leathersellers' Company Co-opted position on Governing Council	
Mr Andrew Scarborough	Co-opted	F&E and SRG
Mr Ron Simms	Independent	GA&E and SRG
Mr Simon Sneddon	Co-opted as Senate Member	GA&E and Nominations
Mr David Watson	Co-opted as Support Staff Member	F&E and SRG

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

Mr John Neilson  
 Mr Stephen Kimbell (until 31 December 2011)  
 Ms Sarah Canning (from 2 April 2012)

Appointed to the Nominations Committee as Court Representatives:

Lady Jenny Harper  
 Sir Patrick Walker

As at 28 November 2012, the Governing Council of The University of Northampton consisted of:

Reverend W Adams	Professor N Petford (Vice Chancellor)
Mrs C Colacicchi	Mr N Robertson
Mrs C Conquest	Mr A Scarborough
Mr R Davies	Mr M Shah (Chairman)
Ms H Flach	Mr R Simms
Mrs A Gilbert	Mr S Sneddon
Mrs S Hughes	Mr D Watson
Mr T Joaquim	



..... Milan Shah (Chairman)

28th November 2012 ..... Date

## Statement of Primary Responsibilities for the year ended 31 July 2012

### Introduction

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

These regulate our administration, procedures and how the University functions. This also makes up part of the legal and regulatory framework that ensures all decisions and operations are efficient, transparent and accountable to all of the University's users and community.

This Constitution means that the University is required to have in place a formal Statement of Primary Responsibilities that outlines the general principles from which the Council and the Governors can exercise their powers and duties.

### Powers and Duties of the Governing Body

- To meet the interests of all stakeholders by overseeing the management and administration of the University and for the planning of its future development. This includes the approval of both its mission and strategic vision, and its long-term academic and business plans plus related Key Performance Indicators.
- To ensure that processes are in place to monitor and evaluate the performance and effectiveness of both the University and its Governing Body against the relevant Plans, Policies and Key Performance Indicators, benchmarking them where appropriate against other comparable institutions.
- To safeguard the good name and values of the University by making sure business is conducted in accordance with Best Practice in Higher Education Corporate Governance and the Principles of Public Life drawn up by the Committee for Standards in Public Life.
- To be the legal authority of the University by ensuring that systems are in place for meeting all of its legal obligations, including compliance with the general law relevant to its operation, its Constitution and all its legal and contractual commitments. Furthermore, acting formally as Trustee of any property, legacy, endowment, bequest or gift in support of the work or welfare of the University.
- To be the principal financial and business authority for the University, approving annual budgets and financial statements, as well as being responsible for the assets, property and estates strategy of the University.

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

- To be the formal employing authority for all University staff.
- To appoint the head of the University as Vice Chancellor, and in accordance with the Articles of Government, to delegate authority to him/her, as Chief Executive, for the academic, corporate, financial, estate and personnel management of the University. Also, to establish and keep under regular review the policies, procedures and parameters within which such management functions shall be undertaken.

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

## **General**

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



## Report of the Governing Council for the year ended 31 July 2012

### 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 both a national and international reputation. Its mission is simple; to transform lives and inspire change.

With a dedication 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 wants to create 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, with and without the impact of the FRS 17 adjustments which account for the University's share of certain pension scheme liabilities.

	<b>2011/12</b> <b>£000</b>	<b>2010/11</b> <b>£000</b>
Income	97,995	96,027
Expenditure	(96,359)	(90,764)
Historical Cost Surplus before FRS 17 adjustments	1,636	5,263
FRS 17 Adjustments	(762)	(1,028)
Historical Cost Surplus/(Deficit)	874	4,235
Reserves (excluding pension liability)	52,783	51,816
Pension reserve	(25,244)	(16,406)
Total Reserves	27,539	35,409

#### The Position of the Institution at the End of the Year

At the end of the year, the University was in a strong financial position; cash positive, growing successfully, and generating operating surpluses that improve the balance sheet and increase our resilience to the forthcoming changes in the Higher Education Funding. Significant investment was also made during the year across the University to improve student experience.

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

The Government's Higher Education White Paper, published in June 2011, laid out plans that will radically change the delivery of Higher Education from 2012. Whilst promising to reduce levels of bureaucracy, it also puts students at the heart of the system, introduces greater competition by encouraging other providers to enter the system, and expects universities to be more accountable and ring-fences 85,000 places as contestable within the sector in 2012/13. All these changes represent both significant opportunities and threats to the University of Northampton.

The University's financial strength continues to improve, with another strong year. This puts the institution in an excellent position to invest further in the student experience, so Northampton can increasingly become an attractive destination for students.

The market for overseas students continues to hold potential for the University, although it is increasingly competitive. Additionally, changes brought in by the UK Border Agency are likely to affect the number of overseas students entering the UK.

Whilst the challenges that lie ahead are great, the University is confident of its ability to meet them.

## **The General Operating Environment**

Despite slow UK economic growth, and the cap on UK full-time undergraduate student numbers, the operating environment for the University and the Higher Education sector in 2011/12 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 pay settlement for 2011/12 was modest, so although pension and National Insurance costs continue to rise, total pay increases were not at the unsustainable rate experienced in the mid 2000s.

The University invested extensively on student experience through its physical and IT infrastructure and services. We are pleased to report another significant operating surplus, further enhancing our reserves and increasing our financial resilience to future funding reductions and sector turbulence.

## **Key Performance Indicators (KPIs)**

Under the 2010-15 Strategic Plan, 20 Key Performance Indicators (KPIs) have been established with targets that lead to the Raising the Bar aspirations by the 2014-15 academic year.

During 2011/12, the Governing Council agreed to reduce the number of KPIs to 16. 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 2011/12**

In 2011-12, 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 the National Student Survey, Destination of Leavers from Higher Education Survey and investments in social enterprises.

The University performed less well against its targets in other areas. A detailed analysis is being undertaken in these areas to identify how the targets can be achieved moving forward.

## **Major Risks**

During 2011/12, the University revised its approach to risk management. Risk assessment is embedded in the University and risk registers are held at institutional and School or Service level. The revised process introduced a mind-map approach for identifying the School or Service risks that underpin an institutional risk. The governance relating to risk management and the use of mind-mapping software were identified as good practice in the recent internal audit of this area.

The risk register is monitored regularly by the University's Risk Management Group (comprising the University Executive Team and Director of Professional Service), the Audit Committee as well as Governing Council.



## Cash Flow

Information regarding the University's cash position for 2011/12 is included in the accounts, and complies with the requirements of Financial Reporting Standard 1.

The continued investment in the campus and associated facilities for staff and students has resulted in a fall in cash for the year.

## Subsidiary Companies

The University's 100% owned subsidiaries, University of Northampton Enterprises Limited, Icon East Midlands, and Icon Operations Ltd, continued to trade in 2011/12. Further details of which are included within Note 10 to these accounts.

## Payment of Creditors

The University's standard payment terms are 28 days, although some agreements have been negotiated individually with suppliers to obtain the best value for money. We estimate that in excess of 90% of approved invoices are paid on or before the due date.

## Capital Projects

### 2011/12

The University has invested over £12.5 million in buildings, infrastructure, equipment and technology during the year. This is related to the long-term strategy to upgrade and improve the condition and facilities of the existing estate. This includes information technology systems and the acquisition of land in Northampton town centre for development as student residential accommodation.

In February 2012, the acquisition of the Podiatry Clinic building at Northampton General Hospital was completed for £610,000. Currently, plans are being developed to upgrade and enhance the facilities to support the School of Health in developing the Clinic as a social enterprise providing treatment to the wider community.

The University has worked closely with strategic partners in the Borough Council to acquire a town centre site that was formally the St Johns Car Park. The aim is to develop additional halls of residence comprising 462 bedrooms for undergraduates, postgraduates and international students. Work on the £25 million development began in June 2012, and will be ready for occupation by January 2014.

Work to further upgrade the library facilities at Park Campus, with the second phase of refurbishment concentrating on the first floor, began in July 2012. This will be complete for 2012/13 academic year. The cost of works is just below £1m, and has been funded over two financial years.

Construction of a £380,000 'welcome building' to provide a more effective reception for the University at the main entrance of Park Campus commenced in July 2012. It will be fully operational for the start of the 2012/13 academic year.

Additional new facilities at Park Campus include an additional bus stand for a new joint-venture bus company and a drop off and pick up area for taxis. These facilities were undertaken during July and August 2012 at a cost of £375,000.

Work to improve heating at John Clare halls of residence was carried out during the summer of 2012, costing £492,000.

The full refurbishing of the Fawsley and Naseby buildings for the School of Social Science, which include facilities for the delivering Police training and the U-engage initiative, started in July 2012. The buildings were ready to deliver key learning activities in September 2012, costing a total of £1.9m

There was also work to provide additional shared teaching space at Avenue Campus. This was made possible by freeing-up areas previously used for administrative functions as a result the professional services review. The rooms were ready to be incorporated into the general timetable for academic year 2012/13. The cost of this work was £101,000.

A feasibility study into the potential campus redevelopment plan (Waterside) is on going, with £569,000 spent to date on the initial phases of the project.

## **Sustainability and Environmental Management**

In 2011/12, the University continued to undertake a significant programme of initiatives to improve the energy efficiency of its existing buildings. This was in order to reduce greenhouse gas emissions in line with its 2011 Carbon Management Plan.

These initiatives included the installation of an evaporative cooling system on the main Grendon IT server room, cold-aisle containment in Newton server room, upgraded lighting and heating in multiple buildings, and the successful launch of 'Student Switch Off' – a halls of residence energy saving competition.

2011/12 has seen a significant milestone achieved. The University's annual scope 1 and 2 emissions of carbon dioxide were calculated at 7,688 tonnes. This represents a 3% reduction compared to the institution's 2005 baseline, despite a 17.5% increase in building area over the same time period.

This was also the first year since 2005/6 that the University's carbon emissions have been below the baseline. This shows the fruits of an investment in energy efficiency measures over the last six years. This achievement is critical to the on-going work towards meeting the University's 2020 carbon emissions reduction target of a 43%, compared to the 2005 baseline of 7,947 tonnes of carbon dioxide. The University's Chief Operating Officer has been given responsibility for overseeing carbon performance in respect of emissions reduction targets and performance against them.

The University has led a HEFCE LGM-funded 'Keeping it Local – Shared Solutions for Sustainability' project. This has succeeded in achieving its objectives, which included the delivery of resource efficiency training, the implementation of five sustainability summits, a ThinkTank event, and the development of countywide collaborative working initiative to improve environmental sustainability within Northamptonshire. The project has highlighted the impartiality of the University as a major strength in bringing organisations together for a common purpose - in this case the development of relationships between organisations with common sustainability goals. It has brought together a diverse range of public, private and third-sector organisations, to focus on biodiversity, energy, water, waste and transport. It has also helped all parties to understand how working collaboratively can improve individual and collective sustainability. The funders and partners have agreed that the project will continue for an additional eleven months to July 2013, in order to build on the success.

In partnership with Northamptonshire County Council and sustainable travel charity Sustrans, the University was successful in applying to the Department for Transport's Local Sustainable Transport Fund in May 2012 for £500,000 funding for an 'Access to Education' project in Northampton. The project, which commences at the start of 2012/13, will focus on the Kingsthorpe corridor and particularly travel to the educational establishments within the area. The main aim is to enable more people to choose to walk or cycle, which will reduce local congestion, encourage healthier travel and minimise the effect on the natural environment.

Two Sustrans officers have been recruited to work with the University and the 12 schools/colleges in order to encourage the take-up of sustainable travel. Further work with Northamptonshire County

Council to improve cycling routes, particularly between the University's campuses, will also be undertaken as part of the project.

The University has set itself a target to increase the amount of its waste that is re-used or recycled to 80% of the total waste arising by the end of 2012. Following the re-procurement of waste contracts in summer 2012, a new service provider will be in place from September 2012 to allow for the treatment of food waste from the halls of residence and restaurants, and segregation of materials for re-sale and processing, with an increased focus on re-using furniture and other unwanted items.

Further information about the University's environmental and sustainability initiatives can be found by visiting [www.northampton.ac.uk/green](http://www.northampton.ac.uk/green).

## **Employee / Student Involvement**

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

## **Employment of Disabled People**

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

## **Academic Performance and Development**

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

The University continued to experience successful accreditation, re-accreditation and external review visits from professional statutory and professional bodies, demonstrating both external benchmarking of its standards and the relevance of its awards to employability. In this regard, the University was particularly pleased to have awards recognised by bodies representing a diversity of professional bodies including: General Dental Council Nursing; Nursing and Midwifery Council; Chartered Institute of Waste Management; Tourism Management Institute; Chartered Institute of Housing; Skillsmark (endorsed FdA Police and Criminal Justice Studies); Children's Workforce and Development Council (Early Years Professional).

## **Academic achievement**

83% of students (2,133 out of 2,571 full and part-time) achieved an undergraduate degree after the summer exams in 2011/12. Of these, 1,405.5 achieved a "good degree" (1<sup>st</sup> or 2:1).

90% of students (2,555 out of 2,848 full and part time) achieved an undergraduate degree after the autumn exams in 2011/12. Of these, 1,627.5 achieved a "good degree" (1<sup>st</sup> or 2:1).

In the 2012 National Student Survey (NSS), the University ranked joint 6th out of the 45 comparator institutions. For 'Overall satisfaction', 86% of students agreed that they were satisfied. The University achieved higher levels of satisfaction than the average for the comparator institutions in all sections with the exception of 'Learning Resources'. The University's score was also higher than average for the HEI sector for 'teaching on my course', 'assessment and feedback', 'academic support', 'personal development' and 'overall satisfaction'.

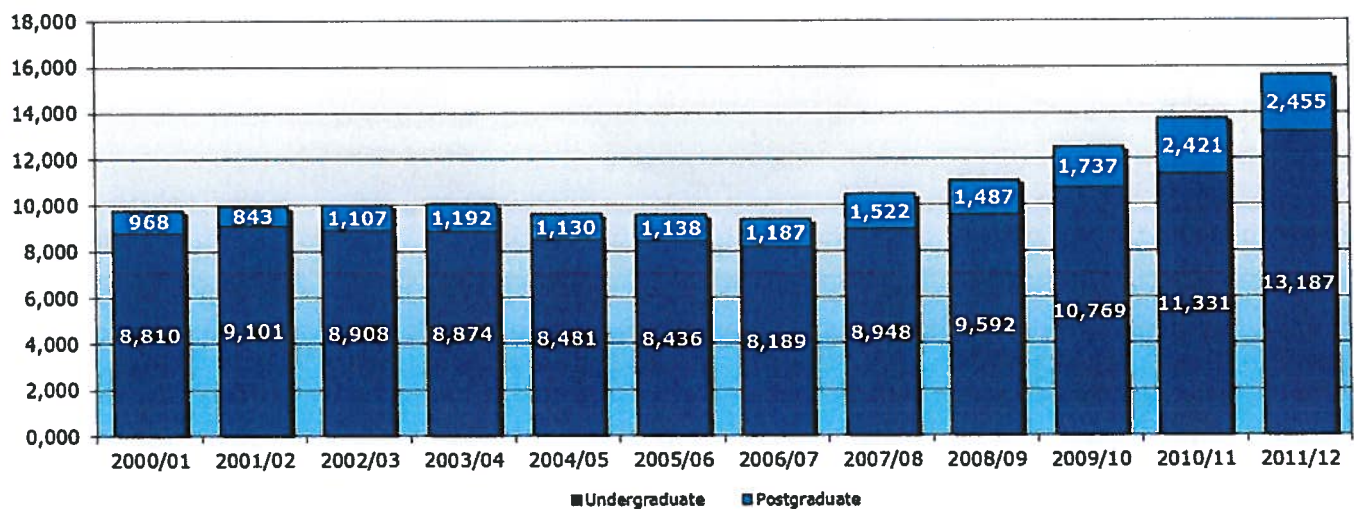
After the University's investment in learning resources, the results for this area are continuing to show improvements in 2012.

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

## Trend Data

Total enrolled Higher Education students 2011/12

	<b>Undergraduate</b>	<b>Postgraduate</b>	<b>Total</b>
Full-Time (Home)	10,101	237	10,338
Full-Time (Overseas)	820	513	1,333
Part-Time (Home)	2,118	1,630	3,748
Part-Time (Overseas)	148	75	223
<b>Total</b>	<b>13,187</b>	<b>2,455</b>	<b>15,642</b>



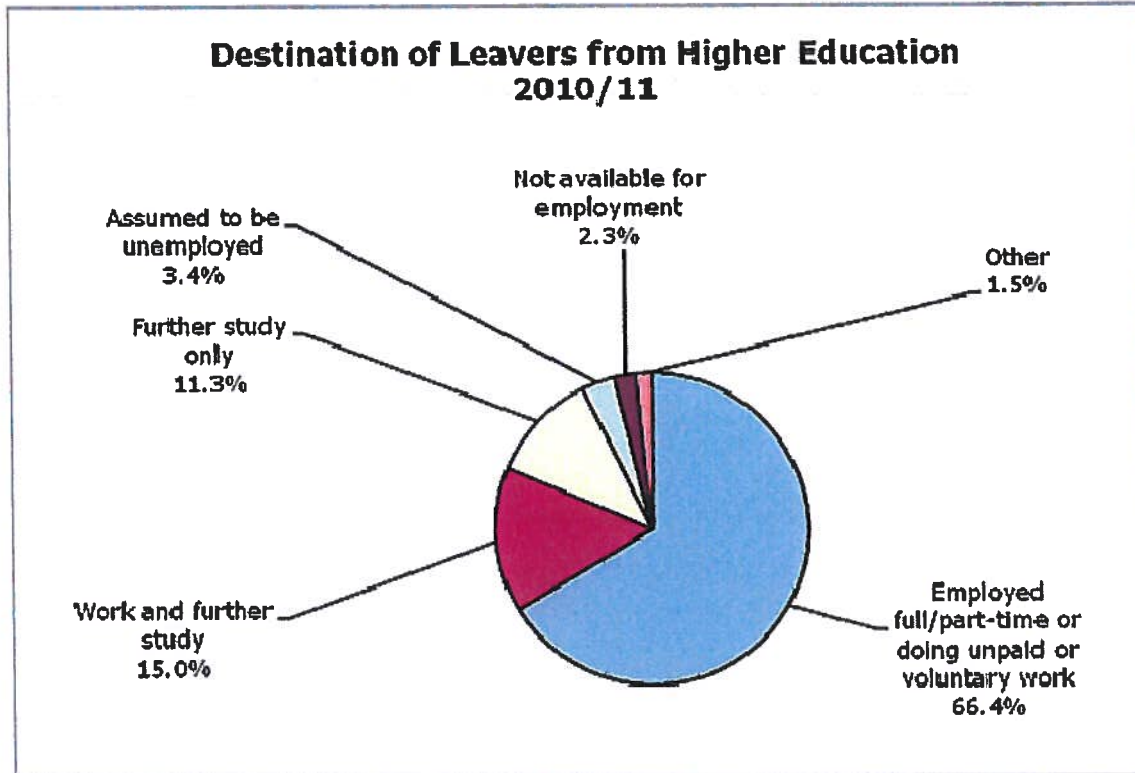
## Destination of Leavers from Higher Education

The Destination of Leavers from Higher Education Survey (DLHE) is undertaken each year. The 2010/11 survey covered students successfully completing courses between 01/08/2010 and 31/07/2011 asked for information about their employment and study status six months after their departure. The survey covered all UK and EU domiciled award holders completing undergraduate, postgraduate, foundation degrees, certificates in HE, diplomas in HE, HNDs and HNCs, whether full or part-time.

The results showed that 93% of leavers who supplied data were in work or study (or both). Of all leavers who are available for work<sup>+</sup>, this figure is 96%. This places The University of Northampton 1<sup>st</sup> in the ranking of all English universities for employability.

There were 3248 eligible leavers in 2010/11 of whom 2476 (76%) 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 (2011/12)

8.5% of full-time students and 6.5% of part-time students state that they have some form of disability (2011/12).

33.3% of full-time students and 17.6% of part-time students come from Black and Minority Ethnic communities (2011/12).

In 2010/11 (latest HESA Performance Indicators for entrants 2010/11) 98.0% of young full time undergraduate entrants came from state schools. 39.8% of young full time undergraduate entrants are from Social Class NS-SEC 4, 5, 6 & 7 and 14.9% are from Low Participation Neighbourhoods.

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

#### Distribution by School 2011/12

School	Full-time	Part-time	Total
The Arts	1,712	79	1,791
Education	1,467	1,078	2,545
Health	2,193	863	3,056
Northampton Business School	2,933	741	3,674
Science and Technology	614	583	1,197
Social Sciences	1,911	167	2,078
Partner Colleges	784	373	1,157
Research Students	57	87	144
<b>Total</b>	<b>11,671</b>	<b>3,971</b>	<b>15,642</b>



### Distribution by Gender

	<b>Total</b>	<b>Male</b>	<b>%</b>	<b>Female</b>	<b>%</b>
<b>Full-time</b>					
<b>Postgraduate</b>	750	351	53	399	47
<b>Undergraduate</b>	10,921	3,911	36	7,010	64
<b>TOTAL</b>	<b>11,671</b>	<b>4,262</b>	<b>37</b>	<b>7,409</b>	<b>63</b>
<b>Part-time</b>					
<b>Postgraduate</b>	1,705	442	26	1,263	74
<b>Undergraduate</b>	2,266	1,096	48	1,170	52
<b>TOTAL</b>	<b>3,971</b>	<b>1,538</b>	<b>39</b>	<b>2,433</b>	<b>61</b>

### Distribution by Age\*

	<b>Total</b>	<b>Under 21</b>	<b>%</b>	<b>21 &amp; Over</b>	<b>%</b>
<b>Full-time</b>					
<b>Postgraduate</b>	750	9	1	741	99
<b>Undergraduate</b>	10,921	5,584	51	5,337	49
<b>TOTAL</b>	<b>11,671</b>	<b>5,593</b>	<b>48</b>	<b>6,078</b>	<b>52</b>
<b>Part-time</b>					
<b>Postgraduate</b>	1,705	0	0	1,705	100
<b>Undergraduate</b>	2,266	157	7	2,109	93
<b>TOTAL</b>	<b>3,971</b>	<b>157</b>	<b>4</b>	<b>3,814</b>	<b>96</b>

\* Age = as at the beginning of year of study

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

### Research and Enterprise Income.

The value of research bids won over 2011/12 was £1.6m, with innovation and enterprise contracts won reaching £1.2 m. To ensure that the University achieves its income target for 2012/13, a new Research and Enterprise plan was put in place with a view to:

- Increasing and diversifying sources of research and enterprise income, prioritising substantial, multidisciplinary grants that support larger teams and have a higher chance of success. For this, a greater and more effective use of the support provided by the RSBO is required.
- Establishment of a small number of research institutes (starting with one for learning and teaching and another one for health & wellbeing), featuring multidisciplinary and interdisciplinary collaboration, together with external partners.
- Aiming for 3\* or more in the REF for a limited number of subject areas.

## **Postgraduate Research Student.**

In line with the vision of the University's strategy for 2010-15 presented in *Raising the Bar*, the remit of the Graduate School was reviewed to ensure a stimulating and supportive environment for postgraduate research (PGR) students. Whilst continuing to oversee the quality assurance of the research degrees and continuing the successful development programmes for our PGR and early career researchers, the role of the Graduate School was extended to:

- Working with schools to increase the recruitment of PGR students, particularly international students, and to be innovative in postgraduate research students' recruitment and funding.
- Although the main home of PGR students is their academic schools, the Graduate School can contribute to the overall student experience by coordinating University-wide activities such as PGR Research conference/exhibition, celebrating University success in awards like best PGR paper, PGR entrepreneur of the year and celebrating completions.
- Exploring the introduction of a PGR Teaching Assistant scheme, thus supporting both the student experience as well as the overall capacity within schools.

During 2011/12 there were 22 research degrees awarded. The University awarded 5 new studentships funded centrally by the University.

Successful results achieved with HEIF monies for innovation and enterprise over the past three years led to the further award of some £4.8m over four years. Projects include an initiative with BACA Safety and Work wear, a strategic alliance with the Council of British International Schools to train teaching staff in Kazakhstan and Spain, a collaborative project focussing on innovation in logistics with Knights of Old and a 3D visualisation tool helping Silverstone Circuits with planning applications.

## **Intellectual Property.**

For a greater exploitation of its intellectual property (IP) and in order to help drive enterprise activity, the University has engaged with the Leicester-based intellectual property and innovation specialists ProspectIP. With the company, The University is exploring all potential IP opportunities within schools and departments.

New guidelines for consultancy were issued to staff and a new IP policy is being drafted (with support from Mills and Reeve). The new IP policy covers all University intellectual property including student work and e-learning and distance-learning material.

The NovoCor AX technology continues to be managed through the joint-venture between the University (Institute of Creative Leather Technologies - ICLT) and BLC. Two other near-to-market products by the ICLT are being explored with support from ProspectIP. Another product, Citri-V®: an undiscovered blend of essential oils, which have antimicrobial effects, reducing bacteria by 99.9% is currently being patented in Europe, USA and Japan. Citri-V® has secured some £70,000 of development funding and has recently produced new results which will undoubtedly improve its chances of market exploitation.

The University continued to drive the innovation agenda in the county. The Portfolio Innovation Centre had another excellent year with the majority of the 49 tenant companies showing growth. This is particularly pleasing during the difficult economic climate and demonstrates that the synergy with the University and the business support provided are working well. Tenants are working on many projects with the University, including course development and international student support. The portfolio team continues to deliver 'Creative Northants', working with 48 creative businesses in the county and over 600 individuals in the wider network.

NVision's core 3D immersive visualisation technologies are now in place and working effectively with total spend on capital equipment to date of approximately £2m. NVision generated over £180,000

of revenue in 2011/12 with clients including Silverstone Circuits Ltd, all of the major supermarket and DIY stores, high street retailers such as W H Smith and a major cinema chain. Several global product manufacturers such as Nestle have also used the centre.

Work with major vehicle manufacturers has also been a success. NVision has welcomed the British Institute of Non Destructive Testing (BINDT), the Institute of Corrosion (ICORR), Three Five Design and Threshold Studios as tenants this year creating a critical mass of 3D users on campus. NVision has received over 1,500 business and academic visitors over the past 15 months.

The University's expertise in resource efficiency lies behind the £17m sustainable development initiative that reached a climax in May 2011 with the opening of the £10m ICON Environmental Innovation Centre.

ICON itself is an exemplar low-carbon building with the lowest regulated CO<sub>2</sub> level for its type in the UK. The project has attracted international acclaim with inward investors from France, Ireland and Belgium. ICON has 55 units for innovative businesses in the sustainable construction and environmental sectors, conference facilities for up to 300 people and a major exhibition space with cafe and meeting facilities. The first 11 tenants have moved in with a further 30 companies expressing interest. Since opening in May, 28 events have taken place including a launch of the Nissan "Leaf" electric car.

The iNet innovation service contracted to the University is now based at ICON and continues to help companies work with the region's Universities to research, develop and implement new environmental services, products and processes. The service has attracted 1,300 people to events, assisted 1,525 businesses and has led to the creation of 35 jobs.

## 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. The objects of a Higher Education Corporation can be inferred from the Education Reform Act 1988, section 124, which sets out the powers of a Higher Education Corporation. These include powers to 'provide higher and further education' and 'to carry out research and publish the results of the research.'

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

### The advancement of education

By advancing student learning the University makes a significant contribution to the social, economic and cultural development, regionally, nationally and internationally. The University offers courses to meet a wide range of needs and interest, from foundation and undergraduate level, to postgraduate, professional and doctoral qualifications. It has a student population of over 13,000 including over 1,300 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 has a unique offer, that all its students can work in 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 is advancing 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. Whilst the HE sector faces a period of unprecedented uncertainty 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 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. This year a pilot programme 'University Ambassadors' was trialled in 6 partner primary schools. Thirty-six undergraduates were trained to deliver high-quality literacy support to pupils and to deliver sessions designed to raise aspirations. The pilot project was hugely successful and in 2012-13 the programme will be expanded to cover a greater number of schools and involve over 70 undergraduates.

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.



The School of Social Sciences continues to work in close collaboration with police forces to develop pioneering and innovative education programmes for police personnel. The Skillsmark accredited Foundation Award in Policing in the School is now recognised nationally and is informing similar developments across the country. The School is also a pioneer in providing inter-professional education for those occupations within the broad field of criminal justice practice.

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

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

### **a) health or saving of lives**

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

### **b) citizenship or community development.**

The University of Northampton puts significant resources into developing its students to be responsible, entrepreneurial citizens. Our social enterprise strategy is driven by three values that both promote citizenship and, in consequence, help develop our local community, as well as the wider social enterprise sector.

Our social enterprise values: providing a unique student experience of the very highest quality, developing both theoretical and practical competence in social enterprise; encouraging, supporting and developing entrepreneurial skills and enterprising attitudes among our students, our staff, and the members of the communities we work with; and striving to deliver a fairer and more equitable society, mean that we have placed citizenship and community development at the heart of what the University of Northampton does – it is what makes us unique among higher education institutions in the UK.

Our success in devising and delivering initiatives that help us live our values have been recognised by our gaining the title of 'Most Enterprising University' in the most recent Midlands Business Awards, and by being publicly praised by Nick Hurd MP, Minister for the Civil Society, part of the Cabinet Office. We are also frequently cited in the national and specialist media for our work on social enterprise. However, perhaps more important than these accolades the numbers of students actively engaged in social enterprise learning and activity has grown significantly over the last 12 months (the second full year of the strategy).

Over 1,500 students have been actively engaged in social enterprise activities over the past year of which 860 students have been supported in business and social enterprise activity including those provided with in-depth support on the Enterprise Inc scheme (48 individuals supported/24 business start-ups), , those supported by the Higher Education Innovation Fund (HEIF) Social Enterprise Development scheme (24 individuals supported/10 start ups), via Schools Enterprise Days (189

individuals supported), and via Her Majesty's Prison Wellingborough (38 individuals supported). Our Big Ideas Bonanza scheme has led to staff and students working with members of the community to set up, and gain support and funding for, four new social enterprises operating in areas including mental illness and women refuges.

We have also supported University staff and students in setting up 18 social enterprises - including: Coco Careers (student and graduate employment), Inspire2Enterprise (support to the social enterprise sector), Homework Hub (support for parents to enable them to help their children with homework), and Adventure Ways (community activities for disaffected NEETs).

In 2012 over £150,000 has been invested by the University in grants and loans for new student and staff run social enterprises. Grants of £3,000 are made to small-scale pilot enterprises and investments of up to £20,000 made in high potential businesses.

The Inspire2Enterprise social enterprise service has supported over 2,000 social enterprises throughout the UK. It is the only national social enterprise support service and enables both our students to get placements and our staff to gain subjects for new research projects and the development of new teaching and learning material.

### **c) arts, culture, heritage or science**

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

### **d) amateur sport**

The University supports the Students Union financially to allow for the development of sports clubs. This has led to students participating in a wide range of sports and for some students, playing at regional and national levels. The University opens up its campus for the local communities to use its facilities. Students on sports related programmes of study also undertake qualifications in coaching skills. The University's support for student run social enterprises has also enabled students to set up Kiddie Coaching, a social enterprise using sport as a way of promoting active living to address issues of poor diet and obesity, and iDID Adventure, a business that helps build positive thinking in people with disabilities by engaging them in adventure sports.

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

The Multi-Faith Chaplaincy promotes religious harmony within the University and works within the wider community. The University has appointed a full time chaplain.

The University of Northampton is committed to ensuring that all students, staff, visitors, and others we have contact with, are treated fairly and with dignity and respect. We celebrate the diversity of our University (and wider society) and work to ensure that the human rights of all are enhanced and protected.



The How Fair is Britain? conference took place on Saturday 19 March 2011 bringing together academics and professionals/practitioners to engage with equality issues and to look at challenges, and outline solutions, to make Britain fairer, based on how far we have come over the past 12 years. Areas addressed during the day were included fairness and the Criminal Justice System, Education, Social Care/ Local Government, Health and Sport.

#### **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 often unwarranted reputation for pollution and environmental impacts, through interventions such as composting of leather by-products and use of reed beds to filter organic and 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, Brazil and Trinidad, which will provide education for future environmental managers in those emerging economies. The Nigerian example in particular relates to empowering individuals who earn their living by "scavenging" electronic wastes to do so in as safe and responsible a manner as possible.

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

#### **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 has become a partner of Northampton based social enterprise, Goodwill Solutions CIC. Goodwill successfully operates in the very competitive logistics sector, with blue chip clients such as Sainsbury's and Asda. It devotes very substantial trading surplus to providing training and back to work support for ex-offenders, drug users and the homeless. In 2011 over 80 of the most disadvantaged people in Northampton went through the Goodwill programme, over 50 of which are now in full time employment. Goodwill also employs many ex-offenders itself. The University's involvement in Goodwill has enabled the company to expand its commercial operation, and thus to help more disadvantaged people. Students have also devised and run specific projects in IT, sales and marketing.

## Statements of Corporate Governance and Internal Controls for the year ended 31 July 2012

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

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

The University's objects, powers and framework of governance were initially set out in the Articles of Government that were approved by the Privy Council on 16 February 1993. The version of the Articles relevant to 2011/12 was approved by the Privy Council on 5 September 2007. The Articles require the University to have a Governing Council, a Senate and a Vice Chancellor, each with clearly defined functions and responsibilities, to oversee and manage its activities.

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

During 2011/12, Governing Council met on seven occasions. However, much of the detailed work is initially handled by standing committees (Audit; Finance and Estates; Governance, Administration and Employment; Nominations, Remuneration and the Strategy Review Group). Council received formal reports of these committees through the presentation of minutes and verbal reports by the Chairman of each committee. The membership of these committees, with the exception of the Audit and Nominations Committees, consists entirely of members of the Council. The Audit and Nominations Committees have a majority of members who are independent and co-opted members of the Council. The Chairman of each committee is elected by its membership annually.

The Vice Chancellor, as Chief Executive Officer, is the head of the institution and has a general responsibility to the Governing Council for exercising considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos, the organisation and management of the institution and acting as the HEFCE Accountable Officer of the institution. The Vice Chancellor is supported by the University Executive Team comprising senior officers of the University. These senior officers all contribute in various ways to this aspect of the work, but the ultimate responsibility for what is done rests with the Vice Chancellor.

In accordance with the Articles of Government of the institution, the Clerk to the Governing Council provided advice on matters of governance to all Council members. From 1 August 2011 to 31 December 2011, Mrs Jane Bunce, Director of Student and Academic Services, was the Clerk to the Governing Council and from 1 January 2012 to 31 July 2012, the role was undertaken by Mrs Margaret Yates.

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

- The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

- The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2012 and up to the date of approval of the financial statements, and accords with HEFCE guidance.
- We have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:
  - We meet a minimum of four times a year to consider the plans and strategic direction of the institution.
  - We receive periodic reports from the Chairman of the Audit Committee concerning internal control and we require regular reports from senior management on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
  - We have designated the Audit Committee to oversee the risk management process.
  - The Audit Committee receives regular reports from the partner of the contracted internal audit service, which include the partner's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement.
  - An annual cycle of Committee meetings involving the Governing Council and Directorate is undertaken to identify and keep up to date the register of risks facing the organisation.
  - Risk is a standard heading within reports presented to Governors and University Committees and within proposals for bids and developments (for example new courses and bids for research funding).
  - A system for the identification and monitoring of key performance and risk indicators is operational.
  - A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis is in place.
  - An organisation-wide risk register is maintained and a Risk Management Group meets regularly to review the risk register.
  - Executive Deans and Directors of departments report on risk and internal control activities through their School/Department 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 and which was last reviewed for effectiveness by the HEFCE Audit Service in March 2008. The internal auditors submit regular reports which include the audit partner's independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement.

Our review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The Governing Council is of the opinion that the actions it has taken and the arrangements that it has put in place have made the institution fully compliant with the requirements and expectations placed on it regarding corporate governance during the financial year 2011/12.

  
..... Milan Shah (Chairman)

*28th November 2012*  
..... Date

## **Responsibilities of the Governing Council (in relation to the Financial Statements) for the year ended 31 July 2012**

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

The Governing Council is responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the 1992 Further and Higher Education Act, the Statement of Recommended Practice on Accounting in Further and Higher Education and other relevant standards. In addition, within the terms and conditions of the Model Financial Memorandum agreed between the Higher Education Funding Council for England and the Governing Council of The University of Northampton, the Council, through its Accountable Officer, is required to prepare financial statements for each financial year. Under those terms and conditions, the Board of Governors must not approve the financial statements unless they are satisfied give a true and fair view of the state of affairs of the University and of the surplus, or deficit, and cash flows for that year.

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

- Suitable accounting policies have been selected and applied consistently.
- Judgements and estimates have been made that are reasonable and prudent.
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Financial statements are prepared on the going concern basis, unless it is inappropriate to presume that the University will continue in operation. The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

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

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



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

We have audited the group and parent institution financial statements (the "financial statements") of University of Northampton for the year ended 31 July 2012 which comprise the Consolidated Income and Expenditure Account, the Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Total Recognised Gains and Losses, the Note of Historical Cost Surpluses and Deficits, the Statement of Principal Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of the Governing Council and auditors**

As explained more fully in the Responsibilities of the Governing Council, the Governing Council 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 International Standards on Auditing (UK and 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 Governing Council as a body in accordance with the institution's Articles of Government and section 124B of the Education Reform Act 1988 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.

### **Scope of the audit of the financial statements**

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's and parent institution's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Consolidated Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and institution's affairs as at 31 July 2012 and of the consolidated 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.



**Opinion 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.

**Matters on which we are required to report by exception**

We have nothing to report in respect of where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham

Date: 29 November 2012 .

Note:

- (a) The maintenance and integrity of the University of Northampton website is the responsibility of the governing body; 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 financial statements may differ from legislation in other jurisdictions.

## **Statement of Principal Accounting Policies for the year ended 31 July 2012**

### **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 2012. Uniform accounting policies have been adopted across the group, and profit/losses on intra group transactions have been eliminated.

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 ended 31 July 2012

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 contribution scheme, the assets of which are held separately from those of the company 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 net of the related deferred tax.

#### 5. Tangible fixed assets

Land and buildings are stated at cost, other than the properties transferred from Northamptonshire County Council on 1 April 1989, which are shown at their valuation at that date less depreciation plus the cost of improvements and additions since that date, and Simon Senlis and Spencer Perceval

## Statement of Principal Accounting Policies for the year ended 31 July 2012

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 valuation on the NCC properties was performed at 31 March 1990 by Messrs Gotch, Saunders & SurrIDGE, Chartered Architects and Quantity Surveyors, in order to calculate their value as at 1 April 1989. The amount paid by the University for these assets was zero and the corresponding credit in respect of the valuation was taken to the revaluation reserve. Freehold buildings are depreciated over their useful economic lives of 50 years, as determined by the University, commencing in the financial year after completion. Leasehold land and buildings are depreciated over the life of the lease or 50 years, whichever is the shorter. Freehold and Leasehold land, other than that transferred from Northamptonshire County Council, is not depreciated as it is considered to have an indefinite useful life. The option under FRS 16 to retain the book values of land and buildings has been adopted and the valuation not updated.

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 fair value.

The property (Icon Building) is for external use, the University has part occupation of the building but is immaterial for disclosure.

Fair value is based on valuation performed by 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 fair values are recorded in the income statement as impairment fair 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.

### 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.

## Statement of Principal Accounting Policies for the year ended 31 July 2012

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, and investments in associates are shown in the consolidated balance sheet at attributable share of net assets.

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.

### 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.



## Statement of Principal Accounting Policies for the year ended 31 July 2012

### 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 institution's share of income and expenditure in joint venture entities is recognised in the institution's income and expenditure account in accordance with FRS 9. Similarly the institution's share of assets and liabilities in associate entities is recognised in the institution'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.

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 Ended 31 July 2012

	Note	2012	2011 £000
<b>Income</b>			
Funding Body grants	<b>1</b>	34,155	34,992
Tuition fees and education contracts	<b>2</b>	49,888	46,856
Research grants and contracts	<b>3</b>	1,600	2,085
Other Operating income	<b>4</b>	11,755	11,756
Endowment and investment income		597	338
<b>Total income</b>		97,995	96,027
<b>Expenditure</b>			
Staff costs	<b>5</b>	49,692	49,097
Other operating expenses	<b>6</b>	42,225	37,290
Depreciation	<b>9</b>	4,484	4,380
Amortisation	<b>11</b>	-	91
Interest and other finance costs	<b>7</b>	1,388	1,602
<b>Total expenditure</b>		97,789	92,460
Surplus on continuing operations after depreciation of assets at valuation and before taxation		206	3,567
Taxation		-	-
Surplus on continuing operations after depreciation of assets at valuation and tax		206	3,567

## Note of Historical Cost Surpluses and Deficits for the Year Ended 31 July 2012

	Note	2012	2011 £000
Surplus after depreciation of assets at valuation and tax and exceptional items		206	3,567
Difference between depreciation charge based on an historical cost and revalued basis (as included above)	<b>18</b>	668	668
<b>Historical cost surplus after tax</b>		874	4,235

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

## Statement of Consolidated Total Recognised Gains and Losses for the Year Ended 31 July 2012

	<b>Note</b>	<b>2012 £000</b>	<b>2011 £000</b>
Surplus on continuing operations after depreciation of assets at valuation and tax		206	3,567
Movement in endowments in the year		(240)	167
Actuarial (loss)/gain in respect of pension scheme	<b>27</b>	(8,076)	4,961
<b>Total recognised (losses)/gains relating to the year</b>		(8,110)	8,695
 <b>Reconciliation</b>			
Opening reserves and endowments		36,732	28,037
Total recognised (losses)/gains for the year		(8,110)	4,961
<b>Closing reserves</b>		28,622	36,732

## Balance sheets as at 31 July 2012

	Note	Consolidated		The University	
		2012 £000	2011 £000	2012 £000	2011 £000
<b>Fixed Assets</b>					
Tangible assets	<b>9</b>	86,720	81,475	87,367	82,118
Investment Property	<b>9</b>	2,144	2,120	-	-
Investments	<b>10</b>	241	1	241	1
		<u>89,105</u>	<u>83,596</u>	<u>87,608</u>	<u>82,119</u>
<b>Endowment Assets</b>	<b>29</b>	<u>1,083</u>	<u>1,323</u>	<u>1,083</u>	<u>1,323</u>
<b>Current Assets</b>					
Stocks		3	2	-	-
Debtors	<b>12</b>	5,129	5,883	5,722	5,951
Investments		30,192	40,451	30,192	40,451
Cash at bank and in hand		4,439	2,678	4,413	2,535
		<u>39,763</u>	<u>49,014</u>	<u>40,327</u>	<u>48,937</u>
Creditors: amounts falling due within one year	<b>13</b>	<u>(18,276)</u>	<u>(20,617)</u>	<u>(18,034)</u>	<u>(20,049)</u>
Net current assets		<u>21,487</u>	<u>28,397</u>	<u>22,293</u>	<u>28,888</u>
Total assets less current liabilities		111,675	113,316	110,984	112,330
Creditors: amounts falling due after more than one year	<b>14</b>	(28,955)	(29,601)	(28,955)	(29,601)
Provisions for liabilities	<b>15</b>	<u>(1,567)</u>	<u>(1,567)</u>	<u>(1,567)</u>	<u>(1,567)</u>
<b>Total Net Assets excluding Pension Liability</b>		<u>81,153</u>	<u>82,148</u>	<u>80,462</u>	<u>81,162</u>
Net pension liability	<b>27</b>	<u>(25,244)</u>	<u>(16,406)</u>	<u>(25,244)</u>	<u>(16,406)</u>
<b>Total Net Assets including Pension Liability</b>		<u>55,909</u>	<u>65,742</u>	<u>55,218</u>	<u>64,756</u>
Represented by:					
Deferred capital grants	<b>16</b>	<u>27,287</u>	<u>29,010</u>	<u>25,290</u>	<u>27,013</u>
<b>Endowments</b>	<b>29</b>				
Expendable		151	400	151	400
Permanent		932	923	932	923
		<u>1,083</u>	<u>1,323</u>	<u>1,083</u>	<u>1,323</u>
<b>Reserves</b>					
Revaluation reserve	<b>18</b>	17,805	18,473	17,805	18,473
Income and expenditure account excluding pension reserve	<b>17</b>	34,978	33,342	36,284	34,353
Pension reserve	<b>27</b>	<u>(25,244)</u>	<u>(16,406)</u>	<u>(25,244)</u>	<u>(16,406)</u>
Income and expenditure account including pension reserve		9,734	16,936	11,040	17,947
		<u>27,539</u>	<u>35,409</u>	<u>28,845</u>	<u>36,420</u>
<b>Total reserves</b>		<u>27,539</u>	<u>35,409</u>	<u>28,845</u>	<u>36,420</u>
<b>Total Funds</b>		<u>55,909</u>	<u>65,742</u>	<u>55,218</u>	<u>64,756</u>

The financial statements on pages **28** to 55 were approved by the Governing Council and signed on its behalf by:

Vice Chancellor

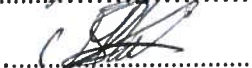
- Prof. Nick Petford



.....

Chairman of Governing Council

- Mr Milan Shah



.....

Chairman of Finance and Estates Committee - Mr Andrew Scarborough



.....

Dated:

## Consolidated Cash Flow Statement for the Year Ended 31 July 2012

	Note	2012 £000	2011 £000
<b>Net Cash Inflow from Operating Activities</b>	<b>22</b>	2,166	9,559
<b>Returns on Investments and Servicing of Finance</b>			
Income from short term investments		597	338
Interest paid		(881)	(907)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(284)	(569)
<b>Taxation</b>		-	-
<b>Capital Expenditure and Financial Investment</b>			
Payments to acquire tangible assets (other than leased equipment)		(10,131)	(5,893)
Endowment cash received		134	-
Deferred capital grants received		210	2,970
<b>Net cash outflow from investing activities</b>		(9,787)	(2,923)
<b>Management of Liquid Resources</b>	<b>23</b>	10,259	(16,925)
<b>Financing</b>			
Loan repayments		(740)	(104)
New loan		147	12,188
		(593)	12,084
<b>Increase in Cash</b>	<b>24</b>	1,761	1,226
<b>Reconciliation of Net Cash Flow to Movement in Net Funds</b>			
Increase in cash		1,761	1,226
Increase in short-term cash deposits	<b>23</b>	(10,259)	16,925
Change in debt		593	(12,084)
<b>Change in Net Funds</b>		(7,905)	6,067
Net funds at 1 August		12,733	6,666
<b>Net Funds at 31 July</b>	<b>24</b>	4,828	12,733



## Notes to the Financial Statements

### 1. Funding Body Grants

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
HEFCE:		
Recurrent grant for teaching and research	26,485	26,457
Specific grants and non-formula funding		
Management Development Fund	-	11
Learning & Teaching Strategy	-	604
Teaching Fellowships	-	5
HEIF	1,192	564
Summer School	-	59
Aim Higher	164	1,068
E Learning	-	4
LGM Fund	100	26
Deferred capital grants released in year (note 16)		
Land and buildings	1,932	2,111
Equipment	-	-
	29,873	30,909
TDA recurrent grant	4,281	4,082
TDA deferred capital grants released in year (note 16)	1	1
	34,155	34,992

### 2. Tuition Fees and Support Grants

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Full-time HE fees – UK and EU students	24,831	21,671
Full-time HE fees – overseas and other students	9,463	8,098
Part-time HE fees	2,394	2,322
FE franchise	310	440
FE fees	6	30
Short course fees	3,858	5,097
Contracts with the University in lieu of academic fees	9,026	9,198
	49,888	46,856

### 3. Research Grants and Contracts

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
OST Research Councils	419	375
UK Based Charities	261	181
UK Central Government and Local Authorities	412	806
UK Industry and Commerce	12	160
EU Government	22	20
EU Other	60	87
Others	414	456
	1,600	2,085

#### 4. Other Operating Income

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Residences, catering and conferences	7,202	7,022
European Funding	12	28
Other income	4,541	4,706
	<b>11,755</b>	<b>11,756</b>

#### 5. Staff Costs

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
The average monthly number of persons employed by the University during the year expressed as full-time equivalents was:	1,045	1,140
	<b>£000</b>	<b>£000</b>
Staff Costs:		
Wages and salaries	40,850	40,408
Social Security costs	3,212	3,126
Other pension costs (note 27)	5,630	5,563
	<b>49,692</b>	<b>49,097</b>

During the year ending 31 July 2012, total redundancy / severance costs were £1,192k (2011: £652k).

Emoluments of the Vice-Chancellor		
Salary and healthcare	143	127
Compensation payment in lieu of salary	33	-
Non-Consolidated bonus	13	31
Value of residential emolument	9	6
Emoluments of the Vice-Chancellor	<b>198</b>	<b>164</b>

The emoluments of the Vice Chancellor are shown on the same basis as for higher paid staff. The University's pension contributions to the Universities' Superannuation Scheme are paid at the same rates as for other academic staff and amounted to £21,150 (2011: £20,639).

A review of the Vice Chancellor's residential emolument was last undertaken during 2011/12. A revised residential emolument took effect from 1 August 2011.

#### Emoluments of higher paid staff:

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
£180,000 - £189,999	1	-

No member of the Governing Council received an emolument during the year in their capacity as a Governor. Governors were reimbursed a total of £5,571 (2011: £5,331) for expenses in connection with their duties as a Governor.

## 6. Other Operating expenses

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Franchise fees	2,011	2,414
Residences, catering and conferences operating expenses	2,553	2,600
Consumable and laboratory expenditure	1,031	877
Books and periodicals	1,318	1,024
Heat, light, water and power	1,098	1,266
Repairs and general maintenance	1,493	1,317
Estates projects revenue costs	5,598	5,279
Grants to The University of Northampton Students' Union	1,336	1,028
External auditors' professional fees		
External Auditor's remuneration – University	32	42
External Auditor's remuneration – Other group	6	4
Internal audit	70	46
Marketing	1,862	1,795
Subscriptions	749	693
Travel and subsistence	1,093	824
Staff development	792	723
Invoiced staff	1,636	1,091
Rents	331	376
Printing, postage and stationery	405	589
Telephones and communications	337	285
Rental of land & building	64	135
Equipment rental	362	383
Partner schools funding	1,565	1,966
Speakers / Misc. fees	466	321
Staff advertising	207	282
Transport	575	585
Insurance	192	202
Student visits, field courses and placements	616	418
Legal & professional fees	995	774
Consultancy	1,339	224
Rates	213	192
Student bursaries and Scholarships	4,523	4,276
IT Costs	2,429	1,927
Other expenses	4,928	3,332
	<b>42,225</b>	<b>37,290</b>

## 7. Interest and Other Finance Costs

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Loans not wholly repayable within five years	907	904
Pension finance costs (note 27)	481	698
	<b>1,388</b>	<b>1,602</b>

## 8. Analysis of 2011/12 Expenditure by Activity

	Staff costs	Other operating expenses
	£000	£000
Academic departments	29,094	14,559
Academic services	4,347	3,118
Administration and central services	11,015	14,028
Premises	1,747	4,849
Residences and catering	1,061	2,251
Research – externally funded	972	1,088
Research – internally funded, including HEFCE funding	410	572
Other expenses	765	1,760
FRS 17 adjustments	281	-
	49,692	42,225

## 9. Tangible Assets - Consolidated

	Assets Under Construction	Land and Buildings		Equipment	Total
	£000	Leasehold £000	Freehold £000	£000	£000
Valuation / cost					
At 1 August 2011					
Valuation	-	-	38,759	629	39,388
Cost	-	-	68,710	10,365	79,075
Additions at cost	2,935	1,372	2,662	2,874	9,843
Disposals	-	-	-	(3,077)	(3,077)
At 31 July 2012					
Valuation	-	-	38,759	629	39,388
Cost	2,935	1,372	71,372	10,162	85,841
Accumulated Depreciation					
At 1 August 2011					
Charge for year	-	-	2,149	2,335	4,484
Disposals	-	-	-	(2,963)	(2,963)
At 31 July 2012	-	-	32,882	5,627	38,509
Net book value					
At 31 July 2012	2,935	1,372	77,249	5,164	86,720
At 1 August 2011	-	-	76,736	4,739	81,475
Inherited	-	-	17,810	-	17,810
Financed by capital grant	-	-	12,505	202	12,707
Other	2,935	1,372	46,934	4,962	56,203
Net book value at 31 July 2012	2,935	1,372	77,249	5,164	86,720

	<b>Consolidated £000</b>
The depreciation charge for the year has been met by:	
Deferred capital grants released	1,933
Revaluation reserve released	668
General income	1,883
	<b>4,484</b>

Exchequer interests (representing the contributions made by HEFCE towards the constructions and refurbishment of University buildings) amounted to £19,132,076 as at 31 July 2012 (2011: £21,877,408). Exchequer interests are amortised over 10 and 15 years and are repayable only in the event of insolvency or a significant reduction in the level of HEFCE-funded activity.

### Tangible Assets – The University

	<b>Assets Under Constructi on £000</b>	<b>Land and Buildings</b>		<b>Equip- ment £000</b>	<b>Total £000</b>
		<b>Leasehold £000</b>	<b>Freehold £000</b>		
Valuation / cost					
At 1 August 2011					
Valuation	-	-	33,393	629	34,022
Cost	-	-	72,730	9,835	82,565
Additions at cost	2,935	1,372	2,662	2,878	9,847
Disposals	-	-	-	(3,077)	(3,077)
At 31 July 2012					
Valuation	-	-	33,393	629	34,022
Cost	2,935	1,372	75,392	9,636	89,335
Accumulated Depreciation					
At 1 August 2011	-	-	28,666	5,803	34,469
Charge for year	-	-	2,146	2,338	4,484
Disposals	-	-	-	(2,963)	(2,963)
At 31 July 2012	-	-	30,812	5,178	35,990
Net book value					
At 31 July 2012	2,935	1,372	77,973	5,087	87,367
At 1 August 2011	-	-	77,457	4,661	82,118
Inherited	-	-	17,810	-	17,810
Financed by capital grant	-	-	14,649	202	14,851
Other	2,935	1,372	45,514	4,885	54,706
Net book value at 31 July 2012	2,935	1,372	77,973	5,087	87,367

Exchequer interests (representing the contributions made by HEFCE towards the constructions and refurbishment of University buildings) amounted to £19,132,076 as at 31 July 2012. 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.



**£000**

The depreciation charge for the year has been met by:

Deferred capital grants released	1,933
Revaluation reserve released	668
General income	1,883
	4,484

## Investment Property

	Group £000 £,000
<b>Cost</b>	
At 1 August 2011	7,910
Additions	24
At 31 July 2012	7,934
<b>Impairment</b>	
At 1 August 2011 & 31 July 2012	5,790
<b>Net book value</b>	
At 31 July 2012	2,144
At 31 July 2011	2,120

An external valuation of the company's Land and Buildings as at 31 July 2011 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 valuation of £2,120,000 resulted in an impairment of £5,789,579 against the original cost of £7,909,579.

## 10. Fixed Asset Investments

	Consolidated	
	Group £000	The University £000
<b>Cost</b>		
At 1 August 2011	1	1
Additions	240	240
At 31 July 2012	241	241
<b>Impairment</b>		
At 1 August 2011 & 31 July 2012	-	-
<b>Net book value</b>		
At 31 July 2012	241	241
At 31 July 2011	1	1

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

The Group has the following investment in a joint venture.

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

The principal activity of the company was research for the leather industry.

The year end of this company is 30 September and the latest results for 30 September 2011 were as follows:

	<b>30 September 2011</b>
Net profit	£191
Net assets	£963

During the year the University made the following new investments:

<b>Name of Company</b>	<b>Ordinary Share Capital</b>	<b>% of Issued Share Capital</b>	<b>Date of Incorporation</b>	<b>Place of Incorporation</b>
Coco Careers Ltd	£500	50%	21 November 2011	England & Wales
Goodwill Solutions Community Interest Company	£200,000	20%	1 February 2008	England & Wales
Artists Recording Company Ltd	£40,000	20%	4 April 2011	England & Wales

These investments have not been consolidated on the basis of materiality.

#### **Coco Careers Ltd**

The company is a recruitment company to assist with the placements of students into temporary and permanent jobs during the course of their studies and also after graduation.

#### **Goodwill Solutions Community Interest Company**

The company provides household and office furniture to voluntary, community and charitable groups and individuals in need and private sector organisations.

#### **Artists Recording Company**

The company provides visual and audio recording services, performances of classical music through its orchestral cooperative, and Outreach work with young people that both introduces them to performing and listening to classical music, and raises their aspirations

#### **Investment in Subsidiaries**

##### **The University of Northampton Enterprises Limited**

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

### iCon East Midlands and iCon Operations Limited

iCon East Midlands, a company limited by guarantee, is a charitable 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 Ltd. Both companies are registered in England and Wales and are 100% subsidiaries of The University.

#### 11. Intangible Fixed Assets

	Consolidated		The University	
	2012 £000	2011 £000	2012 £000	2011 £000
Additions	-	91	-	91
Amortisation	-	(91)	-	(91)
Balance as at 31 July	-	-	-	-

Goodwill arose on the acquisition of iCon East Midlands during the year ended 31 July 2011, this was released to the Income and Expenditure account in full during that year.

#### 12. Debtors

	Consolidated		The University	
	2012 £000	2011 £000	2012 £000	2011 £000
Trade Debtors	3,110	3,457	2,976	3,213
Amounts owed by subsidiary undertakings	-	-	773	357
Taxation and social security	6	-	-	-
Prepayments and accrued income	2,013	2,426	1,973	2,381
	<b>5,129</b>	<b>5,883</b>	<b>5,722</b>	<b>5,951</b>

#### 13. Creditors: Amounts Falling Due Within One Year

	Consolidated		The University	
	2012 £000	2011 £000	2012 £000	2011 £000
Bank Loan	712	695	712	695
Salix Loan	136	100	136	100
Trade Creditors	612	1,010	482	644
Social security and other taxation	1,642	1,114	1,604	1,107
Accruals and deferred income	15,174	17,698	15,100	17,503
	<b>18,276</b>	<b>20,617</b>	<b>18,034</b>	<b>20,049</b>

#### 14. Creditors: Amounts Falling Due After More Than One Year

	Consolidated		The University	
	2012 £000	2011 £000	2012 £000	2011 £000
Bank Loan	28,599	29,251	28,599	29,251
Salix loan	356	350	356	350
	<b>28,955</b>	<b>29,601</b>	<b>28,955</b>	<b>29,601</b>

**Analysis of loan repayments:**

	<b>Consolidated</b>		<b>The University</b>	
	<b>2012 £000</b>	<b>2011 £000</b>	<b>2012 £000</b>	<b>2011 £000</b>
Due within one year	848	795	848	795
Between two and five years	2,305	2,351	2,305	2,351
In five years or more	26,650	27,250	26,650	27,250
	<b>29,803</b>	<b>30,396</b>	<b>29,803</b>	<b>30,396</b>

The interest repayable on the bank loans varies between 0.72% and 6.45%. The total loan facility was £30m which has been fully utilised and is repayable by instalments by 2036. The Salix loan is an interest free loan.

**15. Provisions for Liabilities and Charges**

	<b>Consolidated and The University</b>
	<b>£000</b>
At 1 August 2011	1,567
Change in provision	-
As at 31 July 2012	<b>1,567</b>

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.

**16. Deferred Capital Grants**

	<b>Consolidated</b>			
	<b>TDA £000</b>	<b>HEFCE £000</b>	<b>Other £000</b>	<b>Total £000</b>
At 1 August 2011				
Land and buildings	51	16,968	8,634	25,653
Equipment	-	1,941	1,416	3,357
Total	<b>51</b>	<b>18,909</b>	<b>10,050</b>	<b>29,010</b>
Cash received				
Land and buildings	-	185	-	185
Equipment	-	-	25	25
Total	<b>-</b>	<b>185</b>	<b>25</b>	<b>210</b>
Released to income and expenditure				
Land and buildings (note 1)	1	445	126	572
Equipment (note 1)	-	571	790	1,361
Total	<b>1</b>	<b>1,016</b>	<b>916</b>	<b>1,933</b>
At 31 July 2012				
Land and buildings	50	16,708	8,508	25,266
Equipment	-	1,370	651	2,021
Total	<b>50</b>	<b>18,078</b>	<b>9,159</b>	<b>27,287</b>

## 16. Deferred Capital Grants - continued

	The University			
	TDA £000	HEFCE £000	Other £000	Total £000
At 1 August 2011				
Land and buildings	51	16,968	6,637	23,656
Equipment	-	1,941	1,416	3,357
<b>Total</b>	<b>51</b>	<b>18,909</b>	<b>8,053</b>	<b>27,013</b>
Cash received				
Land and buildings	-	185	-	185
Equipment	-	-	25	25
<b>Total</b>	<b>-</b>	<b>185</b>	<b>25</b>	<b>210</b>
Released to income and expenditure				
Land and buildings (note 1)	1	445	126	572
Equipment (note 1)	-	571	790	1,361
<b>Total</b>	<b>1</b>	<b>1,016</b>	<b>916</b>	<b>1,933</b>
At 31 July 2012				
Land and buildings	50	16,708	6,511	23,269
Equipment	-	1,370	651	2,021
<b>Total</b>	<b>50</b>	<b>18,078</b>	<b>7,162</b>	<b>25,290</b>

## 17. Income and Expenditure Account

	Consolidated	University
	£000	£000
Surplus after depreciation of assets at valuation and tax	206	501
Release from valuation reserve	668	668
Actuarial gain in respect of pension scheme	(8,076)	(8,076)
	<hr/>	<hr/>
Historical cost surplus after tax	(7,202)	(6,907)
	<hr/>	<hr/>
Balance at 1 August 2011	16,936	17,947
	<hr/>	<hr/>
At 31 July 2012	<b>9,734</b>	<b>11,040</b>
Balance represented by:		
Pension reserve	(25,244)	(25,244)
Income and expenditure reserve excluding pension reserve	34,978	36,284
At 31 July 2012	<b>9,734</b>	<b>11,040</b>



## 18. Revaluation Reserve

### Consolidated and The University

	Inherited assets £000	Inherited loans £000	Total £000
Revaluations			
At 1 August 2011 and 31 July 2012	34,040	(3,675)	30,365
Contribution to depreciation / repayment of principal			
At 1 August 2011	15,556	(3,664)	11,892
Released in year (note 10)	668	-	668
At 31 July 2012	16,224	(3,664)	12,560
Net revaluation amount			
At 31 July 2012	17,816	(11)	17,805
At 1 August 2011	18,484	(11)	18,473

## 19. Lease Obligations

### Consolidated                      The University

	2012 £000	2011 £000	2012 £000	2011 £000
Operating lease commitments in respect of equipment for the 2011/12 financial year, on leases expiring:				
Within one year	-	-	-	-
Between two and five years	-	-	-	-
Over 5 Years	40	40	40	40
	40	40	40	40

## 20. Capital Commitments

### Consolidated                      The University

	2012 £000	2011 £000	2012 £000	2011 £000
Commitments contracted at 31 July	4,220	4,247	4,220	4,247
	4,220	4,247	4,220	4,247

## 21. Contingent Liabilities

The University had no contingent liabilities at 31 July 2012 or at 31 July 2011.

## 22. Reconciliation of Consolidated Operating Surplus to Net Cash From Operating Activities

	<b>2012 £000</b>	<b>2011 £000</b>
Surplus before tax	206	3,567
Depreciation (note 9)	4,484	4,380
Deferred capital grants released to income (note 16)	(1,933)	(2,112)
Investment income	(597)	(338)
Interest payable (note 7)	1,388	1,602
Pension cost less contributions payable (note 27)	281	331
Decrease in stocks	(1)	2
Decrease in debtors	754	140
(Decrease)/Increase in creditors	(2,416)	1,987
Net cash inflow from operating activities	2,166	9,559

## 23. Management of Liquid Resources

	<b>2012 £000</b>	<b>2011 £000</b>
Increase in short-term cash deposits	(10,259)	16,925
	(10,259)	16,925

## 24. Analysis of Changes in Net Debt

	<b>At 1 August 2011 £000</b>	<b>Cash Flows £000</b>	<b>Non- cash changes £000</b>	<b>At 31 July 2012 £000</b>
Cash at bank and in hand	2,678	1,761	-	4,439
	2,678	1,761	-	4,439
Short-term cash investments	40,451	(10,259)	-	30,192
Debt due within 1 year	(795)	(53)	-	(848)
Debt due after 1 year	(29,601)	646	-	(28,955)
	12,733	(7,905)	-	4,828

## 25. Access Funds

	<b>2012 £000</b>	<b>2011 £000</b>
Balance at 1 August	6	10
Funding Council grants	315	317
Interest earned	-	-
	321	327
Disbursed to students	(315)	(321)
Balance unspent at 31 July	6	6

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

## 26. TDA Bursaries

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Balance at 1 August	(1)	(1)
Funding Council grants	-	400
	<u>(1)</u>	<u>399</u>
Disbursed to students	1	(400)
Balance unspent at 31 July	<u>-</u>	<u>(1)</u>

TDA bursary funds are available solely for students: the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account. The TDA bursary scheme ended in 2010/11.

## 27. 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 £5,630k (Note 5) (2011: £5,563k).

### Teachers' Pension Scheme (TPS)

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

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

<b>Latest actuarial valuations</b>	<b>31 March 2008</b>
<b>Actuarial method</b>	<b>Projected Unit Method</b>
<b>Gross rate of return</b>	<b>6.5%</b>
<b>Real rate of return in excess of Prices</b>	<b>3.5%</b>
<b>Real rate of return in excess of Earnings</b>	<b>2.0%</b>
<b>Rate of real earnings growth</b>	<b>1.5%</b>
<b>Notional value of assets at date of last valuation</b>	<b>£163,240 million</b>
<b>Proportion of members' accrued benefits covered by the actuarial value of the assets</b>	<b>98%</b>

The valuation of the scheme due for 2008 was suspended pending scheme reform.

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employers' contributions. 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 £2,835,554 (2011: £2,730,289)

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.

## 27. Pension Schemes – Continued

### Universities superannuation scheme (USS)

USS is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the USS actuary reviews the progress of the USS Scheme.

The contribution rate of the University is currently 16% of pensionable salaries. The actuary to USS has confirmed that it is appropriate to take the pensions costs in the Universities accounts to be equal to the actual contributions paid during the year. In particular, the contribution rate recommended following the 2011 valuation has regard to the surplus disclosed, the benefit improvements introduced subsequent to the valuation and the need to spread surplus in a prudent manner over the future working lifetime of current scheme members.

Under the definitions set out in FRS 17, the USS is a multi-employer defined benefit 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 as if it were a defined contribution scheme.

At the valuation date, the value of the assets of the scheme was as follows:

Latest actuarial valuations 31 March 2011, actuarial project unit method.

	<b>Past service liabilities</b>	<b>Future service liabilities</b>
Rate of interest	6.1%	6.1%
Rate of increase in salaries	4.4%	4.4%
Rate of increase in pensions	3.4%	3.4%
Market value of assets at the date of last valuation		£32,433.5m
Value of past service liabilities		£35,343.7m
Past service deficit		£(2,910.2)m
Covered by the actuarial value of the assets		92%
During the year all employers have paid the same contribution rate of		16%
During the year all employees have paid the same contribution rate of		6.35%

The value of pension payments made in year to the USS was £115,915 (£142,110), there were no outstanding creditors as at 31 July 2012 & 2011.

### 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 2012 was £3,057,708 of which employer's contributions totalled £2,214,152 and employees' contributions totalled £843,556. As per the Actuarial report, the estimated Employer's contributions for the year ended 31 July 2013 will be approximately £2,339,000. As at the 31 July 2012 amounts due were £216,463 (2011: £194,516).

The contribution rate for 2011/12 is 12% along with a monetary amount. For 2011/12 the monetary amount was £646,000. In future years the percentage contribution remains constant to 2013/14, monetary amounts agreed are 2012/13 £783,000 and 2013/14 £1,031,000.

## 27. Pension Schemes – Continued

The following information is based upon a full actuarial valuation of the fund as at 31 March 2010, updated to 31 July 2012 by a qualified, independent Actuary.

	<b>31 July 2012 £000</b>	<b>31 July 2011 £000</b>	<b>31 July 2010 £000</b>
Inflation	2.2%	2.7%	2.9%
Rate of increase in salaries	4.5%	5.0%	4.9%
Rate of increase in pensions	2.2%	2.7%	2.9%
Discount rate for liabilities	4.1%	5.3%	5.4%

The assumed life expectations on retirement at age 65 are:

	<b>2012</b>	<b>2011</b>
Retiring today		
Males	21.4	21.4
Females	23.3	23.3
Retiring in 20 years		
Males	23.4	23.4
Females	25.5	25.5

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

	<b>2012</b>		2011		2010	
	<b>Long term rate of return expected at 31 July 2012</b>	<b>Value at 31 July 2012</b>	Long term rate of return expected at 31 July 2011	Value at 31 July 2011 £000	Long term rate of return expected at 31 July 2010	Value at 31 July 2010 £000
Equities	5.5%	28,856	7.0%	27,156	7.3%	23,232
Bonds	3.0%	9,618	4.6%	8,147	4.8%	7,302
Property	3.7%	2,509	5.1%	2,716	5.3%	1,991
Cash	2.8%	836	4.0%	776	4.4%	664
Total market value of assets		<b>41,819</b>		<b>38,795</b>		<b>33,189</b>

	<b>2012 £000</b>	<b>2011 £000</b>	<b>2010 £000</b>
University's estimated asset share	41,819	38,795	33,189
Present value of scheme liabilities	(67,063)	(55,201)	(53,528)
Deficit in the scheme	<b>(25,244)</b>	<b>(16,406)</b>	<b>(20,339)</b>



## 27. Pension Schemes – Continued

### Analysis of net return on pension scheme

	<b>2012 £000</b>	<b>2011 £000</b>
Expected return on pension scheme assets	2,499	2,253
Interest on pension scheme liabilities	(2,980)	(2,950)
Net return	(481)	(697)

The Actual return on pension scheme assets was £1,244,000.

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

	<b>2012 £000</b>	<b>2011 £000</b>
Actual return less expected return on pension scheme assets	(1,267)	1,367
Change in financial and demographic assumptions underlying the scheme liabilities	(6,809)	3,594
Actuarial loss recognised in STRGL	(8,076)	4,961

### Movement in deficit during year

	<b>2012 £000</b>	<b>2011 £000</b>
Deficit in scheme at beginning of year	(16,406)	(20,339)
Movement in year:		
Current service charge	(2,448)	(2,588)
Contributions	2,423	2,257
Past service costs / curtailments	(256)	-
Net interest / return on assets	(481)	(697)
Actuarial gain or loss	(8,076)	4,961
Deficit in scheme at end of year	(25,244)	(16,406)

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

	<b>2012 £000</b>	<b>2011 £000</b>
At the beginning of the year	(55,201)	(53,528)
Current service charge	(2,448)	(2,588)
Interest cost	(2,980)	(2,950)
Contributions by scheme participants	(843)	(909)
Actuarial (gains) and losses	(6,809)	3,594
Benefits paid	1,474	1,180
Past service cost	-	-
Curtailments	(256)	-
At the end of the year	(67,063)	(55,201)

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

	<b>2012 £000</b>	<b>2011 £000</b>
At the beginning of the year	38,795	33,189
Expected rate of return on scheme assets	2,499	2,253
Actuarial gains and losses	(1,267)	1,367
Contribution by the employer	2,423	2,257
Contributions by scheme participants	843	909
Benefits paid	(1,474)	(1,180)
At the end of the year	41,819	38,795

## 27. Pension Schemes – Continued

<b>History of experience gains or losses</b>	<b>2012 £000</b>	<b>2011 £000</b>	<b>2010 £000</b>	<b>2009 £000</b>	<b>2008 £000</b>
Difference between the expected and actual return on assets:					
Amount	(1,267)	1,367	2,666	(4,338)	(4,702)
% of scheme assets	3.0%	8.5%	8.0%	16.3%	17.3%
Experience gains and (losses) on scheme liabilities:					
Amount	(566)	2,128	9	(21)	1,178
% of scheme liabilities	0.8%	3.2%	0%	0%	1.8%
Total amounts recognised in statement of total recognised gains and (losses):					
Amount	(8,076)	4,961	249	(2,356)	(7,797)

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and (Losses) is £(12,884)k (2011: £(4,808)k).

## 28. Related Party Transactions

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

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

<b>Governing Council member</b>	<b>Party Associated</b>	<b>Relationship to Party</b>	<b>Transactions in year</b>	<b>Amounts due / receivable with University at 31 July 2012</b>
Mr Milan Shah & Professor Nick Petford	Northamptonshire Enterprise Partnership (NEP)	Board Member	£18,300 from NEP to The University	nil
			£33,646 from The University to NEP	nil

## 29. Endowments - Consolidated & University

	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	Total £000
Balances at 1 August 2011				
Capital	923	923	400	1,323
Reclassification	(10)	(10)	10	-
New endowments	-	-	98	98
Investment income	23	23	13	36
Expenditure	(4)	(4)	(370)	(374)
	9	9	(249)	(240)
At 31 July 2012	932	932	151	1,083
Represented by:				
Investments	622	622	-	622
Cash	310	310	151	461
	932	932	151	1,083

