



**The University of Northampton  
Higher Education Corporation**

**Consolidated Financial Statements  
for the year ended 31 July 2011**

# Consolidated Financial Statements for the Year Ended 31 July 2011

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## General Information

### Principal address

University of Northampton  
Boughton Green Road  
Northampton  
NN2 7AL

### Auditor

Grant Thornton UK LLP  
3140 Rowan Place  
John Smith Drive  
Oxford  
OX4 2WB

### Bankers

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

## Format of the Financial Statements

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

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

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

## Membership of the Governing Council

During 2010/11, the Members of the Governing Council were as follows:

### Abbreviations:

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

Name	Category	Committee Membership
Mrs Deirdre Newham Chairman	Independent	F&E, GA&E, D&R, Nominations, Remuneration and SRG
Reverend Will Adams Deputy Chairman	Co-opted	F&E, GA&E, D&R, Nominations, Remuneration and SRG
Mrs Celia Conquest	Independent	GA&E
Mr Richard Davies	Independent	Audit, D&R and SRG
Mr John Davis <sup>1</sup>	Co-opted	F&E
Miss Emily Dean <sup>2</sup>	Co-opted as Student Governor	D&R, Nominations and SRG
Professor Heather Eggins	Independent	F&E
Mrs Penny Escombe	Independent	D&R
Ms Helen Flach	Independent	Audit
Mrs Vivien Gibney	Independent	D&R, Nominations, Remuneration and SRG
Mrs Ann Gilbert	Independent	D&R and SRG
Mrs Sylvia Hughes	Co-opted	F&E
Mr Tim Joaquim <sup>3</sup>	Co-opted as Student Governor	D&R, Nominations and SRG
Mrs Lucy McGibbon	Co-opted	GA&E
Dr Ahmed Mukhtar	Independent	F&E
Ms Caroline Neville	Co-opted	GA&E

<sup>1</sup> To 4 July 2011

<sup>2</sup> To 13 July 2011

<sup>3</sup> From 13 July 2011

Mr Michael Orton-Jones	Independent	GA&E
Professor Nick Petford <sup>4</sup>	Vice Chancellor of the University	F&E, GA&E, D&R, Nominations, Remuneration and SRG
Mrs Margaret Pratt	Independent	Audit and SRG
Brigadier David Santa-Olalla	Holder of Leathersellers' Company Co-opted position on Governing Council	
Mr Andrew Scarborough	Co-opted	F&E and SRG
Mr Milan Shah	Independent	F&E and SRG
Mr Ron Simms	Independent	GA&E and SRG
Mr Simon Sneddon	Co-opted as Senate Member	GA&E and Nominations
Mrs Ann Tate <sup>5</sup>	Vice Chancellor of the University	F&E, GA&E, D&R, Nominations and Remuneration
Mr David Watson	Co-opted as Support Staff Member	D&R, F&E and SRG

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

Mr Stephen Kimbell  
Mr Aidan O'Rourke

Appointed to the Nominations Committee as Court Representatives:

Lady Jenny Harper  
Sir Patrick Walker

As at 28 November 2011, the Governing Council of The University of Northampton consisted of:

Reverend W Adams  
Lord Boswell of Aynho  
Mrs C Colacicchi  
Mrs C Conquest  
Mr R Davies  
Mrs P Escombe  
Ms H Flach  
Mrs A Gilbert  
Mrs S Hughes  
Mr T Joaquim  
Mrs L McGibbon  
Dr A Mukhtar

Ms C Neville  
Mr M Orton-Jones  
Professor N Petford (Vice Chancellor)  
Mrs M Pratt  
Mr N Robertson  
Brigadier David Santa-Olalla  
Mr A Scarborough  
Mr M Shah (Chairman)  
Mr R Simms  
Mr S Sneddon  
Mr D Watson



..... Milan Shah (Chairman)

28-11-11

..... Date

<sup>4</sup> From 1 September 2010

<sup>5</sup> Until 31 August 2010

## Statement of Primary Responsibilities for the year ended 31 July 2011

### Introduction

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

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

### Powers and Duties of the Governing Body

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

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

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

- To appoint such other post holders as so 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, such provision as is necessary for the general welfare of students and further to take such steps as are reasonably practicable to support the Students' Union and to ensure that it operates in a fair and democratic manner and is accountable for its finances.
- To ensure that the processes are in place to provide for and monitor the welfare and health and safety at work of its employees, visiting staff and others, including the approval of all necessary policies, training and consultation to achieve this.

## **General**

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

## Report of the Governing Council for the year ended 31 July 2011

### Operating and Financial Review

#### The Educational Character and Mission of the University of Northampton

The University of Northampton is a modern, innovative and responsive institution with a national and international reach. Its mission is to transform lives and inspire change. It is dedicated to delivering a student experience of the highest quality, whilst enhancing the economic, social, cultural and creative life of the region. It seeks to create a culture of empowerment, responsibility, tolerance and excellence and has a commitment to innovation, value for money and financial sustainability.

#### Financial Review

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

	2010/11 £000	2009/10 £000
Income	96,027	90,686
Expenditure	(90,764)	82,814
Historical Cost Surplus before FRS 17 adjustments	5,263	7,872
FRS 17 Adjustments	(1,028)	(1,539)
Historical Cost Surplus/(Deficit)	4,235	6,333
Reserves (excluding pension liability)	51,816	47,220
Pension reserve	(16,406)	(20,339)
Total Reserves	35,409	26,881

The financial results for the year (operational excluding FRS 17) exceed the budget and are in line with the final forecast.

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

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

ring-fences 85,000 places as contestable within the sector in 2012/13. All these changes represent significant opportunities and threats to the University of Northampton.

The University's financial strength continues to improve, with another strong year. This puts it in an excellent position to invest further in the student experience, in order to make Northampton increasingly 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 the slow UK economic growth, and the cap on UK full time undergraduate student numbers imposed by the UK government, the operating environment for the University and the Higher Education sector in 2010/11 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 2010 was modest at 0.4%, 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.

The University gained the iCon building in Daventry, which led to two new subsidiaries being formed.

The University is pleased to report another significant operating surplus, further enhancing its reserves and increasing its 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. The 20 KPIs are divided into four balanced scorecard perspectives : Student Experience, Financial Sustainability, Intellectual Capital and Strategic Partnerships. The results are reported to the Governors' Strategy Review Group and the Governing Council.

## **Performance against KPIs 2010/11**

In 2010-11, the University has performed particularly strongly against the five Financial Sustainability targets it had set for itself and also in the specific KPIs relating to Investment in Facilities, Corporate Social Responsibility and Philanthropic Donations.

The University performed less well against its targets in the areas of: Student Experience and Staffing (under Intellectual Capital). Detailed analysis is being undertaken in these areas to identify how the stretching targets can be achieved.

## **Major Risks**

Risk assessment is embedded in the University and risk registers are held at each level of management. At the strategic level, 20 key risks have been identified which are aligned with the corporate objectives of the Strategic Plan and the KPIs.

The register and the mitigation plan are monitored regularly by the University's Risk Management Group, the Audit Committee as well as Governing Council.



## Cash Flow

Information regarding the University's cash position for 2010/11 is included in the accounts, complying with the requirements of Financial Reporting Standard 1.

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

## Subsidiary Companies

The University's 100% owned subsidiary company, University of Northampton Enterprises Limited, continued to trade in 2010/11. Two further 100% owned subsidiaries were taken on in year involved in owning and managing the iCon building at Daventry.

Further details are included within Note 10 to these accounts.

## Payment of Creditors

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

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

## Capital Projects

The University and its funding partners invested over £8.1 million in buildings, equipment and technology during the year. This expenditure related to the long term strategy to upgrade and improve the condition and facilities of the existing campuses and information technology systems together with the extension and refurbishment of the Sulgrave and Cottesbrooke buildings, on Park Campus.

Work to remodel and extend the Sulgrave building, which houses the School of Education, was approved in November 2009. Construction started on site in December 2010 and completed at the end of September 2011. The building has been in use for key learning and teaching activity since September 2011. This £3.8m project includes a complete remodelling of the existing building to improve and upgrade all of its facilities, together with a two storey extension providing additional space and new reception and social learning space.

Work to extend the Cottesbrooke building, which is home to the Northampton Business School, was approved in May 2010. Construction commenced in September 2010 and was completed at the end of August 2011. The building has been reoccupied and is ready for the start of the new academic year. This £1.6m project provides excellent new social learning spaces, board room and breakout spaces, learning and teaching facilities and a remodelled reception area.

The University has acquired two new offsite properties during this year. Two residential facilities in Northampton, one purchased from the YMCA at St. Johns in the town and one leased from the Council on the Mounts above the fire station. The two together provide 68 extra beds whilst demand is high. The refurbishment of both areas is underway. Demand for places in University halls of residence remains high and outstrips supply.

The £2m project "Quick Wins" means 23 of the 25 projects approved will be complete in time for the start of the new academic year. This project included expenditure on the existing Students Union facilities at both campuses.

Sporting facilities were again enhanced this year with the addition of floodlighting to one of the rugby pitches and the reseeding of a number of other pitches.

E-Strategy expenditure in support of learning and teaching together with the updating of ICT facilities reached around £800,000 this year. This spend has focused upon supporting the major build programme by upgrading ICT networks and learning/teaching facilities.

The University has been running a pilot project around the potential for the use of Thin Clients at the University. This is alongside refreshing all students computing, with a combination of Thin Clients in Open Access Areas and then specialised PCs and Macs and digital signage for other student areas.

Lecture Capture facilities have been installed in most teaching spaces, so that lectures can be captured and reviewed online via NILE. Also ongoing is the development of a Mobile Application (an "app" for use on the iPhone and other smart phones), which has several integrated services.

The creation of a technology exploration area for lecturers at Avenue, the "Avenue Tpod" with full access to a range of leading edge ICT, provides lecturers with a facility to investigate and test new ways of delivering learning and teaching.

For internal reporting, Qlikview, a corporate dashboard reporting tool has been purchased and is being developed. This layers on top of other corporate systems for clear communication of management results.

## **Sustainability and Environmental Management**

As a result of the publication of HEFCE's carbon reduction strategy for HEIs in England, the University's Carbon Management Plan was re-written in 2010/11. The University has set its 2020 carbon emissions reduction target as a 43% reduction compared to the 2005 baseline of 7,947 tonnes of carbon dioxide. This means that the University has targeted to reduce its annual carbon dioxide emissions to 4,530 tonnes by the end of 2019/20 academic year. This target aligns with the HE sector target set by HEFCE in support of the national targets set by the UK Government in the 2008 Climate Change Act, and focuses on Scope 1 emissions (from direct on-campus combustion of fossil fuels) and Scope 2 emissions (from indirect combustion of fuel due to on-campus usage of grid-supplied electricity).

Achieving this carbon dioxide emissions target will present a significant challenge for the University and will require radical and significant changes to the way that the institution operates and manages its infrastructure in the coming years. The transition to a lower carbon University will impact every member of the University community, but will also provide opportunities for the institution to show leadership and to benefit from the growing low-carbon economy and reduce its risk to volatile energy markets. The University's Chief Operating Officer has been given responsibility for overseeing carbon performance in respect of emissions reduction targets and performance against them.

Since the baseline year of 2005/6, the institution's carbon emissions have risen due to substantially increased student numbers and additional campus buildings. In 2010/11 academic year, the University's annual emissions were 8,169 tonnes of carbon dioxide. In order to reduce emissions in line with its Carbon Management Plan, the University has continued to undertake a significant programme of initiatives in 2010/11 in order to improve the energy efficiency of its existing buildings by upgrading lighting, heating and building management systems.

In 2010/11, the University continued its participation in the EcoCampus programme, which is an Environmental Management System (EMS) and award scheme for HE institutions. In September

2010, the University achieved the Bronze award and followed this up with the Silver award in May 2011, and is currently working towards achieving the third level of the four-stage scheme, with the ultimate aim of achieving ISO14001 EMS accreditation in the future.

As part of the development of its EMS, during the year the University has revised its environmental policy, compiled an environmental legislation register, identified its significant environmental aspects and impacts, and developed environmental objectives and targets.

In summer 2010, the University was successful in gaining £188k in funding from HEFCE's Leadership, Governance and Management (LGM) Fund for a project entitled 'Keeping it Local – Shared Solutions for Sustainability'. As the lead institution for the project, the University has partnered with many public sector organisations within Northamptonshire, as well as a number of other universities, to create a project worth half a million pounds over two years. Overall, the project aims to help universities develop partnership working with local public and private sector organisations in order to develop shared solutions to meet local, regional and national sustainability targets. The project has been building momentum in Northamptonshire during the year with a number of events having been undertaken, including a biodiversity summit and a business engagement summit.

2010/11 has seen increased use of the University-supported bus services, with increased service frequency and bus capacity between the campuses and Northampton rail station, bus station and town centre. During the year, over 400,000 passenger journeys have been taken by students and staff on the University-supported buses.

Increased facilities for cyclists have been installed during the year including new bike stands, shelters and improved showering facilities. Northamptonshire County Council has launched the Norbital cycle route which includes Park Campus as part of its orbital link around Northampton.

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**

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

## **Employment of Disabled People**

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

## **Academic Performance and Development**

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

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**

82% of students (1,731 out of 2,121) (full and part-time) achieved an undergraduate degree after the summer exams in 2010/11. Of these 1,104 achieved a "good degree" (1<sup>st</sup> or 2:1).

90% of students (2,076 out of 2,295) (full and part time) achieved an undergraduate degree after the autumn exams in 2010/11. Of these, 1,255 achieved a "good degree" (1st or 2:1)

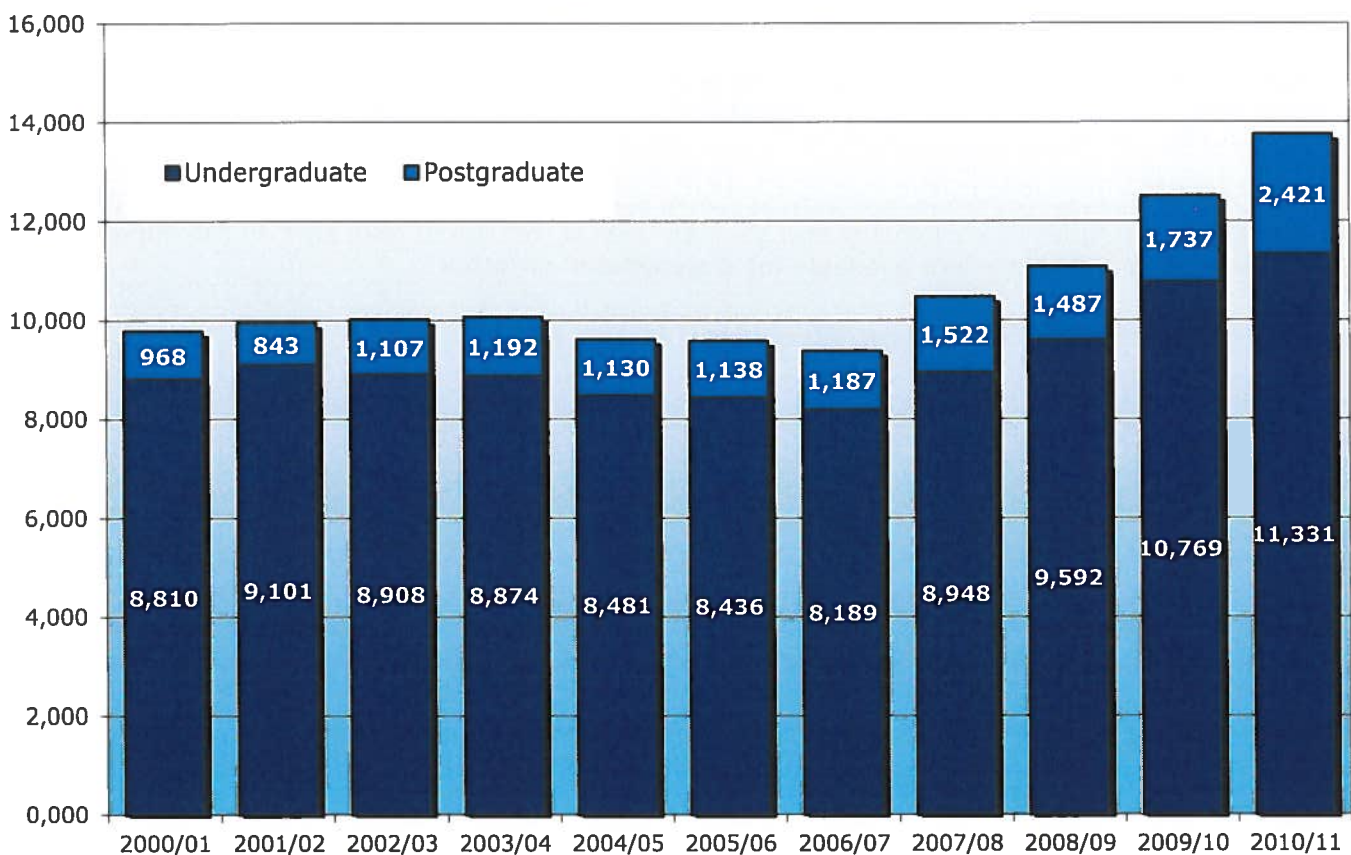
In the 2011 National Student Survey (NSS), the University ranks joint 26th out of the 49 comparator institutions that took part in the NSS 2011 for the 'Overall satisfaction' question, with 80% of students agreeing that they were satisfied. The University achieved higher levels of satisfaction than the average for the comparator institutions in the areas of 'The Teaching on my Course', 'Assessment & Feedback' and 'Personal Development'. In the latter two areas, the University's score was also higher than the average for the UK sector.

After the University's investment in learning resources, the results for this area are now showing an increase in 2011. The University is continuing in this work to further improve satisfaction levels.

## Trend Data

Total enrolled Higher Education students 2010/11

	<b>Undergraduate</b>	<b>Postgraduate</b>	<b>Total</b>
Full-Time (Home)	8,176	258	8,434
Full-Time (Overseas)	741	538	1,279
Part-Time (Home)	2,313	1,570	3,883
Part-Time (Overseas)	101	55	156
<b>Total</b>	<b>11,331</b>	<b>2,421</b>	<b>13,752</b>

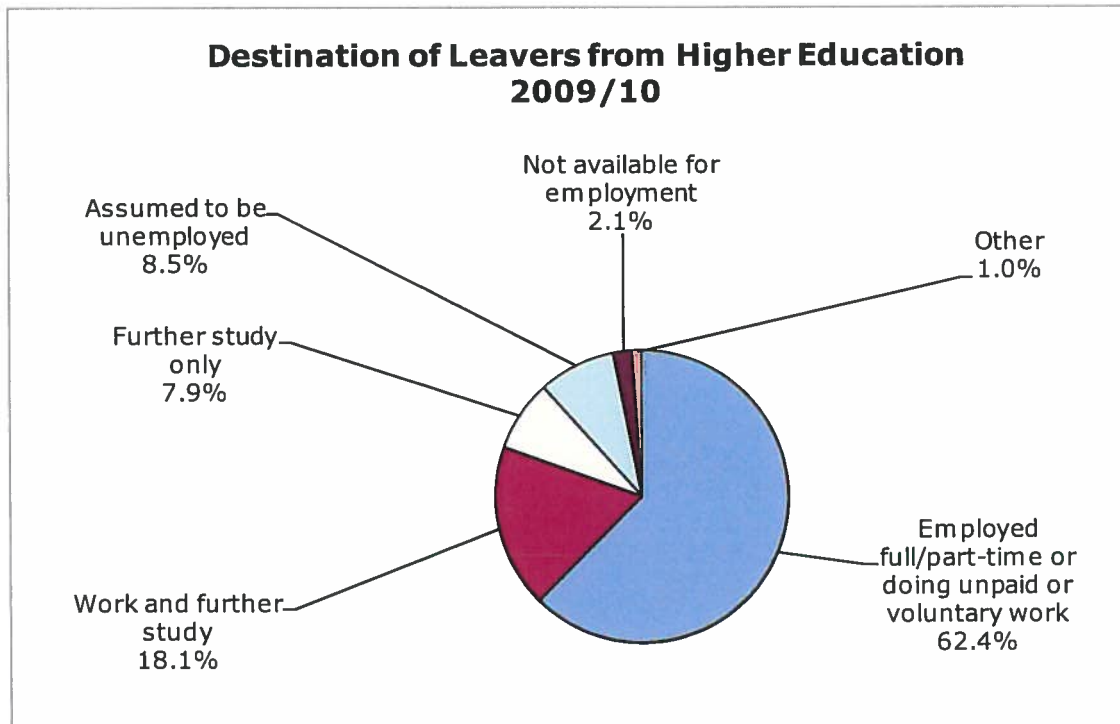


## Destination of Leavers from Higher Education

The Destination of Leavers from Higher Education Survey (DLHE) is undertaken each year. The 2009/10 survey covered students successfully completing courses between 01/08/2009 and 31/07/2010 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 88% of leavers who supplied data were in work or study (or both).

There were 2,952 eligible leavers in 2009/10 of whom 2,390 (81%) leavers supplied the following information\*:



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

### **Distribution of Higher Education Students (2010/2011)**

7.2% of full-time students and 5.6% of part-time students state that they have some form of disability (2010/11).

34.7% of full-time students and 17.2% of part-time students come from Black and Minority Ethnic communities (2010/11).

In 2009-10 (latest HESA Performance Indicators for entrants 2009/10) 97.7% of young full time undergraduate entrants came from state schools. 36.9% of young full time undergraduate entrants are from Social Class NS-SEC 4, 5, 6 & 7 and 14.0% are from Low Participation Neighbourhoods.

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

### **Distribution by School 2010/11**

<b>School</b>	<b>Full-time</b>	<b>Part-time</b>	<b>Total</b>
The Arts	1,445	61	1,506
Education	1,304	920	2,224
Health	1,768	812	2,580
Northampton Business School	2,387	880	3,267
Science and Technology	546	640	1,186
Social Sciences	1,456	98	1,554
Partner Colleges	761	565	1,326
Research Students	47	63	110
<b>Total</b>	<b>9,714</b>	<b>4,039</b>	<b>13,753</b>

## Distribution by Gender

<b>Full-time</b>	<b>Total</b>	<b>Male</b>	<b>%</b>	<b>Female</b>	<b>%</b>
<b>Postgraduate</b>	796	414	52	382	48
<b>Undergraduate</b>	8,919	3,173	36	5,746	64
<b>TOTAL</b>	<b>9,715</b>	<b>3,587</b>	<b>37</b>	<b>6,128</b>	<b>63</b>

<b>Part-time</b>	<b>Total</b>	<b>Male</b>	<b>%</b>	<b>Female</b>	<b>%</b>
<b>Postgraduate</b>	1,625	423	26	1,202	74
<b>Undergraduate</b>	2,414	1,134	47	1,280	53
<b>TOTAL</b>	<b>4,039</b>	<b>1,557</b>	<b>39</b>	<b>2,482</b>	<b>61</b>

## Distribution by Age\*

<b>Full-time</b>	<b>Total</b>	<b>Under 21</b>	<b>%</b>	<b>21 &amp; Over</b>	<b>%</b>
<b>Postgraduate</b>	796	2	0.3	794	99.7
<b>Undergraduate</b>	8,919	4,422	50	4,497	50
<b>TOTAL</b>	<b>9,715</b>	<b>4,424</b>	<b>46</b>	<b>5,291</b>	<b>54</b>

<b>Part-time</b>	<b>Total</b>	<b>Under 21</b>	<b>%</b>	<b>21 &amp; Over</b>	<b>%</b>
<b>Postgraduate</b>	1,625	14	1	1,611	99
<b>Undergraduate</b>	2,414	167	7	2,247	93
<b>TOTAL</b>	<b>4,039</b>	<b>181</b>	<b>4</b>	<b>3,858</b>	<b>96</b>

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

## Research and Knowledge Transfer

The value of research bids won over 2010/11 was £1.8m with innovation and enterprise contracts won reaching £1.4 m. Over the past year there has been an increasing number of staff engaging in bidding activity, with over 50 academics bidding for the first time. The capacity building and engagement role undertaken by the Research and Strategic Bidding Office was recognised when the University was awarded 'Outstanding Research and Management Team' in the national Times Higher Education Leadership and Management Awards 2011.

The Graduate School continues to act as the fulcrum for research degrees for the University. The School saw its largest ever investment in the funding of 24 research studentships this year, worth more than £1m in total. Such investments will help secure the University's ambitions in the 2013 Research Excellence Framework. The Graduate School in 2010/11 saw 77 new applications, managed 177 current research students and successfully saw over 3 years, 50 PhD completions.

Successful results achieved with HEIF monies for innovation and enterprise over the past 3 years led to the further award this year of some £4.8m over 4 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.

The University continues to exploit its IP (Intellectual Property). Currently being patented in Europe, USA and Japan is Citri-V®: an undiscovered blend of essential oils which have antimicrobial effects, reducing bacteria by 99.9%. Citri-V® has secured some £70,000 of development funding and is on the verge of fruition in 3 key commercial markets.

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 2010/11 with clients including Silverstone Circuits Ltd., work with 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 CO2 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.

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

Sunley Conference Centre is the University's longest established commercial operation, having opened in 1982. Following a review in 2009/10 SCC has been repositioned with a number of improvements including rebranding and the introduction of a more strategic and focused business plan directed by a new commercially-driven management team. University investment of £ 1/4 million, including a donation of £28,000 from the Bernard Sunley Foundation helped to refurbish the Centre to cutting edge standards. In order to better position the centre operationally and align it with its competitors, staff were transferred to the employ of The University of Northampton Enterprises Ltd ("UNEL"), a company with ambitions to grow a diverse range of new commercial operations under that umbrella.



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

### The advancement of health or saving of lives

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

### The advancement of citizenship or community development.

In 2010/11, The University of Northampton (recently awarded 'Outstanding HEI Supporting Social Entrepreneurship' from UnLtd/Hefce) launched its 2010-2015 institutional strategy - 'Raising the Bar' - stating its intention to be the UK's leading university for social enterprise by 2015. During the first year of its social enterprise vision, the University has committed to supporting social enterprise through a new student offer - from October 2011, all students will be given the opportunity to

complete accredited work placement modules with social enterprises – as well as the integration of social enterprise into teaching and learning, and a long-term strategic project with local authorities, businesses, the third sector, and individual citizens in Northamptonshire.

The University appointed the UK's first HE Social Entrepreneur in Residence from The Young Foundation to identify new social enterprises to deliver key services in the local community, and has supported 580 individuals in business and social enterprise activity, leading to 83 business start-ups; via Enterprise Coaching (141 individuals supported/2 business start-ups), via Enterprise Inc (53 individuals supported/20 business start-ups), via South Northants Grants Programme (25 individuals supported/20 business start-ups), via other Higher Education Innovation Fund (HEIF) activity (110 individuals supported/41 business start-ups), via Social Enterprise Development Fund (24 individuals supported), via Schools Enterprise Days (189 individuals supported), via Schools Enterprise Days (189 individuals supported), and via Her Majesty's Prison Wellingborough (38 individuals supported).

It has also supported University staff and students in setting up 10 social enterprises - including: '3e', a social enterprise recruitment company which has helped over 300 people find work in its first year of operation; 'We Re Pc', which has delivered over 300 reused PCs to a variety of customers in the community; and the 'Northamptonshire Voluntary Youth Action', which has helped over 650 young people aged 13-25 get involved with volunteering.

Social enterprise bursaries of £2,000-£15,000 have been awarded to 30 University staff and students via its ongoing UnLtd award scheme and 23 students have been supported via its new Social Enterprise Development Fund. Students receive a cash grant up to £2,500, training, expert mentoring, and support in finding business premises.

£800,000+ worth of volunteering to local social enterprises and charities has been completed, and a strategic partnership with Corby Borough Council has been set up leading to Corby being the first town in the UK to have its own social entrepreneur. Based in Danesholme Library, the Social Entrepreneur works with community groups to set up new social enterprises to address specific local needs.

The University has also created inSpirE Northamptonshire with Northamptonshire County Council and multiple partners from all sectors. inSpirE is the UK's first integrated county-wide scheme to develop new and existing social enterprises to take advantage of the decentralisation agenda. The inSpirE research initiative will evaluate the impact of its social enterprise strategy. This four-year project will enable national and local policy-makers, social enterprise practitioners, businesses, and HEIs to identify ways they can work together to enhance the social enterprise sector.

## **The advancement of the arts, culture, heritage or science**

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

## **The advancement of amateur sport**

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

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

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

The 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.

## **The advancement of environmental protection or improvement**

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

## **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.

## Statements of Corporate Governance and Internal Controls for the year ended 31 July 2011

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 2010/11 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 2010/11, Governing Council met on four occasions. However, much of the detailed work is initially handled by standing committees (Audit; Development and Review; Finance and Estates; Governance, Administration and Employment; Nominations, Remuneration and the Strategy Review Group). In November 2010, Governing Council approved the dissolution of the Development and Review Committee and the establishment of a Strategy Review Group which met for the first time on 15 March 2011. 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. During 2010/11, Mrs Jane Bunce, the University's Registrar, was the Clerk to the Governing Council.

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

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

- The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2011 and up to the date of approval of the financial statements, and accords with HEFCE guidance.
- We have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:
  - We meet a minimum of four times a year to consider the plans and strategic direction of the institution.
  - We receive periodic reports from the Chairman of the Audit Committee concerning internal control and we require regular reports from senior management on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
  - We have designated the Governance, Administration and Employment Committee to oversee the risk management process.
  - The Audit Committee receives regular reports from the partner of the contracted internal audit service, which include the partner's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement.
  - An annual cycle of Committee meetings involving the Governing Council and Directorate is undertaken to identify and keep up to date the register of risks facing the organisation.
  - Risk is a standard heading within reports presented to Governors and University Committees and within proposals for bids and developments (for example new courses and bids for research funding).
  - A system for the identification and monitoring of key performance and risk indicators is operational.
  - A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis is in place.
  - An organisation-wide risk register is maintained and a Risk Management Group meets regularly to review the risk register.
  - Deans and Directors of departments report on risk and internal control activities through their development plans.

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

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

The Governing Council is of the opinion that the actions it has taken and the arrangements that it has put in place have made the institution fully compliant with the requirements and expectations placed on it regarding corporate governance during the financial year 2010/11.



..... Milan Shah (Chairman)

28-11-11

..... Date

## **Responsibilities of the Governing Council (in relation to the Financial Statements) for the year ended 31 July 2011**

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 financial statements of The University of Northampton Higher Education Corporation ('the University') for the year ended 31 July 2011 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the consolidated statement of historical cost surpluses and deficits, the consolidated and university balance sheets, the consolidated cash flow statement, the consolidated statement of total recognized gains and losses, 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) and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the governing council, in accordance with the University's articles of government, section 124B (3) of the Education and Reform Act 1988. Our audit work has been undertaken so that we might state to the University's governing council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the university and the governing council as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of the University's Governing Council and Auditors**

As explained more fully in the Governing Council's Responsibilities Statement, the governing council are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Education and Reform Act 1988 and report in accordance with that Act. 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 (APB's) Ethical Standards for Auditors.

We also report to you whether income from funding councils, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received. In addition, we report to you whether, in all material respect, income has been applied in accordance with the statutes and, where appropriate, the financial memorandum with the Higher Education Funding Council for England ('the Funding Council'), and agreements with the Training and Development Agency for Schools.

We read the operating and financial review and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements. We are not required to consider whether the statement of internal control (included as part of the Corporate Governance Statement) covers all risks and controls, or to form an opinion on the effectiveness of the institution's corporate governance procedures or its risk and control procedures.



## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

## Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the consolidated and University's affairs as at 31 July 2011 and of the consolidated incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

## Opinion on other matters

In our opinion the financial statements:

- give a true and fair view of the state of the consolidated and University's affairs as at 31 July 2011 and of the consolidated incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

*Grant Thornton UK LLP.*

Grant Thornton UK LLP  
Registered Auditor, Chartered Accountants  
Oxford

**28 November 2011**

## Statement of Principal Accounting Policies for the year ended 31 July 2011

### 1. Accounting convention

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

### 2. Basis of consolidation

The consolidated financial statements consolidate the financial statements of the University and all its trading subsidiaries (together "the Group") for the financial year to 31 July 2011.

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

### 3. Recognition of income

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

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

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

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

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

### 4. Pension schemes

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

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

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

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

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

## **5. Foreign currencies**

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

## **6. Land and buildings**

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

## **7. Equipment**

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

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

## **8. Maintenance of premises**

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

## **9. Leases**

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

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

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

## **10. Investments**

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

## **11. Stocks**

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

## **12. Cash flows and liquid resources**

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

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

## **13. Taxation status**

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and, as such, is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of value added tax. All non-recoverable value added tax on purchases is included within the appropriate expenditure headings. The University has an agreement with the local HMRC Office which allows recovery of input VAT on certain business activities.

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

## Consolidated Income and Expenditure Account for the Year Ended 31 July 2011

	Note	2011 £000	2010 £000
<b>Income</b>			
Funding Council grants	<b>1</b>	34,992	33,924
Exceptional funding income		-	581
Academic fees and support grants	<b>2</b>	46,856	41,613
Research grants and contracts	<b>3</b>	2,085	1,929
Other income	<b>4</b>	11,756	12,449
Endowment and investment income		338	190
Total income		96,027	90,686
<b>Expenditure</b>			
Staff costs	<b>5</b>	49,097	46,678
Depreciation	<b>9</b>	4,380	3,750
Amortisation	<b>11</b>	91	-
Other operating expenses	<b>6</b>	37,290	32,447
Interest payable	<b>7</b>	1,602	2,146
Total expenditure		92,460	85,021
Surplus on continuing operations after depreciation of assets at valuation and before taxation		3,567	5,665
Taxation		-	-
Surplus on continuing operations after depreciation of assets at valuation and tax		3,567	5,665

## Note of Historical Cost Surpluses and Deficits for the Year Ended 31 July 2011

	Note	2011 £000	2010 £000
Surplus after depreciation of assets at valuation and tax and exceptional items		3,567	5,665
Difference between depreciation charge based on an historical cost and revalued basis (as included above)	<b>18</b>	668	668
Historical cost surplus after tax		4,235	6,333

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

## Balance sheets as at 31 July 2011

	Note	Consolidated		The University	
		2011 £000	2010 £000	2011 £000	2010 £000
<b>Fixed Assets</b>					
Tangible assets	<b>9</b>	83,595	82,082	82,118	82,732
Investments	<b>10</b>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
		<u>83,596</u>	<u>82,083</u>	<u>82,119</u>	<u>82,733</u>
<b>Endowment Assets</b>	<b>29</b>	<u>1,323</u>	<u>1,156</u>	<u>1,323</u>	<u>1,156</u>
<b>Current Assets</b>					
Stocks and stores in hand		2	4	-	-
Debtors	<b>12</b>	5,883	6,023	5,951	5,981
Investments		40,451	23,526	40,451	23,526
Cash at bank and in hand		<u>2,678</u>	<u>1,452</u>	<u>2,535</u>	<u>1,447</u>
		<u>49,014</u>	<u>31,005</u>	<u>48,937</u>	<u>30,954</u>
Creditors: amounts falling due within one year	<b>13</b>	<u>(20,617)</u>	<u>(17,907)</u>	<u>(20,049)</u>	<u>(18,008)</u>
Net current assets		<u>28,397</u>	<u>13,098</u>	<u>28,888</u>	<u>12,946</u>
Total assets less current liabilities		113,316	96,337	112,330	96,835
Creditors: amounts falling due after more than one year	<b>14</b>	(29,601)	(18,242)	(29,601)	(18,242)
Provisions for liabilities and charges	<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>82,148</u>	<u>76,528</u>	<u>81,162</u>	<u>77,026</u>
Net pension liability	<b>27</b>	<u>(16,406)</u>	<u>(20,339)</u>	<u>(16,406)</u>	<u>(20,339)</u>
<b>Total Net Assets including Pension Liability</b>		<u>65,742</u>	<u>56,189</u>	<u>64,756</u>	<u>56,687</u>
Represented by:					
Deferred capital grants	<b>16</b>	<u>29,010</u>	<u>28,152</u>	<u>27,013</u>	<u>28,152</u>
<b>Endowments</b>	<b>29</b>				
Expendable		400	343	400	343
Permanent		<u>923</u>	<u>813</u>	<u>923</u>	<u>813</u>
		<u>1,323</u>	<u>1,156</u>	<u>1,323</u>	<u>1,156</u>
<b>Reserves</b>					
Revaluation reserve	<b>18</b>	18,473	19,141	18,473	19,141
Income and expenditure account excluding pension reserve	<b>17</b>	33,342	28,079	34,353	28,577
Pension reserve	<b>27</b>	<u>(16,406)</u>	<u>(20,339)</u>	<u>(16,406)</u>	<u>(20,339)</u>
Income and expenditure account including pension reserve		<u>16,936</u>	<u>7,740</u>	<u>17,947</u>	<u>8,238</u>
<b>Total reserves</b>		<u>35,409</u>	<u>26,881</u>	<u>36,420</u>	<u>27,379</u>
<b>Total Funds</b>		<u>65,742</u>	<u>56,189</u>	<u>64,756</u>	<u>56,687</u>

The financial statements on pages 1 to 47 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

  
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## Consolidated Cash Flow Statement for the Year Ended 31 July 2011

	<b>Note</b>	<b>2011 £000</b>	<b>2010 £000</b>
<b>Net Cash Inflow from Operating Activities</b>	<b>22</b>	9,559	11,633
<b>Returns on Investments and Servicing of Finance</b>			
Income from short term investments		338	190
Interest paid		<u>(907)</u>	<u>(927)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		<u>(569)</u>	<u>(737)</u>
<b>Taxation</b>		<u>-</u>	<u>-</u>
<b>Capital Expenditure and Financial Investment</b>			
Payments to acquire tangible assets (other than leased equipment)		(5,893)	(8,549)
Deferred capital grants received		<u>2,970</u>	<u>4,955</u>
<b>Net cash outflow from investing activities</b>		<u>(2,923)</u>	<u>(3,594)</u>
<b>Management of Liquid Resources</b>	<b>23</b>	<u>(16,925)</u>	<u>(6,752)</u>
<b>Financing</b>			
Loan repayments		(104)	-
New loan		<u>12,188</u>	<u>18</u>
		12,084	18
<b>Increase in Cash</b>	<b>24</b>	1,226	568
<b>Reconciliation of Net Cash Flow to Movement in Net Funds</b>			
Increase in cash		1,226	568
Increase in short-term cash deposits	<b>23</b>	16,925	6,752
Change in debt		<u>(12,084)</u>	<u>(18)</u>
<b>Change in Net Funds</b>		6,067	7,302
Net funds at 1 August		6,666	(636)
<b>Net Funds at 31 July</b>	<b>24</b>	12,733	6,666



## Statement of Total Recognised Gains and Losses for the Year Ended 31 July 2011

	Note	2011 £000	2010 £000
Surplus on continuing operations after depreciation of assets at valuation and tax		3,567	5,665
Actuarial gain in respect of pension scheme	27	4,961	249
Past service gain in respect of pension scheme	27	-	3,527
<b>Total recognised gains relating to the period and since last report</b>		8,528	9,441

### Reconciliation

Opening reserves	26,881	17,440
Total recognised gains for the year	8,528	9,441
<b>Closing reserves</b>	35,409	26,881

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

## Notes to the Accounts

### 1. Funding Council Grants

	<b>2011</b> <b>£000</b>	<b>2010</b> <b>£000</b>
HEFCE:		
Recurrent grant for teaching and research	26,457	26,151
Specific grants and non-formula funding		
Management Development Fund	11	1
Learning & Teaching Strategy	604	665
Teaching Fellowships	5	4
HEIF	564	446
Summer School	59	32
Aim Higher	1,068	842
Life Long Learning Network	-	30
E Learning	4	1
LGM Fund	26	-
Deferred capital grants released in year (note 16)		
Land and buildings	2,111	2,337
Equipment	-	-
	30,909	30,509
TDA recurrent grant	4,082	3,414
TDA deferred capital grants released in year (note 16)	1	1
	34,992	33,924

### 2. Academic Fees and Support Grants

	<b>2011</b> <b>£000</b>	<b>2010</b> <b>£000</b>
Full-time HE fees – UK and EU students	21,671	18,991
Full-time HE fees – overseas and other students	8,098	7,517
Part-time HE fees	2,322	2,414
FE franchise	440	388
FE fees	30	20
Short course fees	5,097	3,544
Contracts with the University in lieu of academic fees	9,198	8,739
	46,856	41,613

### 3. Research Income

	<b>2010</b> <b>£000</b>	<b>2010</b> <b>£000</b>
OST Research Councils	375	276
UK Based Charities	181	35
UK Central Government and Local Authorities	806	1,089
UK Industry and Commerce	160	90
EU Government	20	13
EU Other	87	47
Others	456	379
	2,085	1,929

#### 4. Other Operating Income

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Residences, catering and conferences	6,688	6,772
Sunley Management Centre	334	322
European Funding	28	94
Other income	4,706	5,261
	<b>11,756</b>	<b>12,449</b>

#### 5. Staff and Governors

	<b>2011</b>	<b>2010</b>
The average monthly number of persons employed by the University during the year expressed as full-time equivalents was:	1,140	1,048
	<b>£000</b>	<b>£000</b>
Staff Costs:		
Wages and salaries	40,408	38,526
Social Security costs	3,126	2,943
Other pension costs (note 27)	5,563	5,209
	<b>49,097</b>	<b>46,678</b>

During the year ending 31 July 2011, total redundancy / severance costs were £652k.

Emoluments of the Vice-Chancellor		
Salary and healthcare	127	175
Non-Consolidated bonus	31	-
Value of residential emolument	6	20
Membership of HEFCE Board	-	5
Emoluments of the Vice-Chancellor	<b>164</b>	<b>200</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 £20,639 (2010: £22,651).

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

There were no other members of staff earning a basic salary in excess of £100,000 for the year ended 31 July 2011.

No member of the Governing Council received an emolument during the year in their capacity as a Governor. Governors were reimbursed a total of £5,331 (2010: £5,114) for expenses in connection with their duties as a Governor.

## 6. Other Operating expenses

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Franchise fees	2,414	3,619
Residences, catering and conferences operating expenses	2,248	2,909
Consumable and laboratory expenditure	877	869
Books and periodicals	1,024	943
Heat, light, water and power	1,266	1,338
Repairs and general maintenance	7,155	4,748
Grants to The University of Northampton Students' Union	1,028	393
External auditors' professional fees		
External Auditor's remuneration – University	42	34
External Auditor's remuneration – Other group	4	2
External Auditor's remuneration – Non-audit services	-	-
Internal audit	46	65
Marketing	1,790	1,814
Subscriptions	693	665
Travel and subsistence	795	757
Staff development	723	688
Invoiced staff	1,091	678
Rents	376	268
Printing, postage and stationery	589	579
Telephones and communications	285	286
Hire of plant & machinery	-	10
Rental of land & building	135	143
Equipment rental	383	404
Partner schools funding	1,966	1,519
Speakers / Misc. fees	321	326
Staff advertising	282	203
Transport	585	650
Insurance	202	206
Student visits, field courses and placements	418	463
Legal & professional fees	408	171
Rates	192	363
Student bursaries and Scholarships	3,971	3,606
Other expenses	5,981	3,728
	<b>37,290</b>	<b>32,447</b>

## 7. Interest Payable

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Loans not wholly repayable within five years	904	973
Pension finance costs	698	1,173
	<b>1,602</b>	<b>2,146</b>

## 8. Analysis of 2010/11 Expenditure by Activity

	Staff costs £000	Other operating expenses £000
Academic departments	27,237	13,537
Academic services	5,389	3,423
Administration and central services	10,041	6,685
Premises	1,368	8,415
Residences and catering	1,551	2,248
Research – externally funded	1,315	961
Research – internally funded, including HEFCE funding	495	457
Other expenses	1,370	1,564
FRS 17 adjustments	331	-
	49,097	37,290

## 9. Tangible Assets - Consolidated

	Land and Buildings Freehold £000	Equipment £000	Total £000
Valuation / cost			
At 1 August 2010			
Valuation	40,879	629	41,508
Cost	63,022	10,979	74,001
Additions at cost	5,688	205	5,893
Disposals at cost	-	(819)	(819)
At 31 July 2011			
Valuation	40,879	629	41,508
Cost	68,710	10,365	79,075
Depreciation			
At 1 August 2010	28,690	4,737	33,427
Charge for year	2,043	2,337	4,380
Disposals	-	(819)	(819)
At 31 July 2011	30,733	6,255	36,988
Net book value			
At 31 July 2011	78,856	4,739	83,595
At 1 August 2010	75,211	6,871	82,082
Inherited	19,426	-	19,426
Financed by capital grant	15,933	19	15,952
Other	43,497	4,720	48,217
Net book value at 31 July 2011	78,856	4,739	83,595

	Consolidated £000
The depreciation charge for the year has been met by:	
Deferred capital grants released	2,112
Revaluation reserve released	668
General income	1,600
	4,380

Exchequer interests (representing the contributions made by HEFCE towards the constructions and refurbishment of University buildings) amounted to £21,877,408 as at 31 July 2011. 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.

The above Land and Buildings includes an investment property. This property was valued via an external valuation as at 31 July 2011. Savills plc, chartered surveyors, carried out the valuation on the basis of an investment property. The valuation has been prepared in accordance with Royal Institution of Chartered Surveyors Valuation Standards. The original cost of the building was £7,909,579, the valuation of the building as at 31 July 2011 was £2,120,000.

### Tangible Assets – The University

	<b>Land and Buildings</b>		
	<b>Freehold</b>	<b>Equipment</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Valuation / cost			
At 1 August 2010			
Valuation	33,393	629	34,022
Cost	69,164	10,448	79,612
Additions at cost	3,566	206	3,772
Disposals at cost	-	(819)	(819)
At 31 July 2011			
Valuation	33,393	629	34,022
Cost	72,730	9,835	82,865
Depreciation			
At 1 August 2010	26,616	4,286	30,902
Charge for year	2,050	2,336	4,386
Disposals	-	(819)	(819)
At 31 July 2011	28,666	5,803	34,469
Net book value			
At 31 July 2011	77,457	4,661	82,118
At 1 August 2010	75,941	6,791	82,732
Inherited	18,477	-	18,477
Financed by capital grant	14,762	19	14,781
Other	44,218	4,642	48,860
	77,457	4,661	82,118

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

Included in the total net book value of freehold land and buildings is £nil (2010: £nil) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £nil (2010: £nil).

	<b>University</b>
	<b>£000</b>
The depreciation charge for the year has been met by:	
Deferred capital grants released	2,112
Revaluation reserve released	668
General income	1,606
	4,386

## 10. Fixed Asset Investments

	Consolidated		The University	
	2011 £000	2010 £000	2011 £000	2010 £000
Investment in subsidiaries	1	1	1	1
	1	1	1	1

The Group has the following investment in a joint venture.

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

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

The year end of this company is 30 September and the latest results for 30 September 2010 were as follows:

	<b>30 September 2010</b>
Net loss	£99
Net assets	£772

### 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. Control of iCon East Midlands transferred fully to The University of Northampton on 31 March 2011. The day to day trading operates in iCon Operations Ltd, which is a 100% subsidiary of The University. Both companies are registered in England and Wales.

## 11. Intangible Fixed Assets

	Consolidated		The University	
	2011 £000	2010 £000	2011 £000	2010 £000
Additions	91	-	-	-
Amortisation	(91)	-	-	-
Balance as at 31 July 2011	-	-	-	-

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

## 12. Debtors

	Consolidated		The University	
	2011 £000	2010 £000	2011 £000	2010 £000
Debtors	3,457	3,659	3,213	3,632
Amounts owing by subsidiary undertakings	-	-	357	-
Prepayments and accrued income	2,426	2,364	2,381	2,349
	<b>5,883</b>	<b>6,023</b>	<b>5,951</b>	<b>5,981</b>

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

	Consolidated		The University	
	2011 £000	2010 £000	2011 £000	2010 £000
Creditors	1,010	1,122	644	1,120
Amounts owed to subsidiary undertakings	-	-	-	144
Social security and other taxation	1,114	1,619	1,107	1,604
Accruals and deferred income	17,698	15,096	17,503	15,070
Loans	795	70	795	70
	<b>20,617</b>	<b>17,907</b>	<b>20,049</b>	<b>18,008</b>

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

	Consolidated		The University	
	2011 £000	2010 £000	2011 £000	2010 £000
Secured Loan	29,251	18,142	29,251	18,142
Repayable by 2034				
Other loan	350	100	350	100
	<b>29,601</b>	<b>18,242</b>	<b>29,601</b>	<b>18,242</b>

The loans are repayable as follows:

	Consolidated		The University	
	As at 31 July 2011 £000	As at 31 July 2010 £000	As at 31 July 2011 £000	As at 31 July 2010 £000
Due within one year	795	70	795	70
Between two and five years	2,351	1,480	2,351	1,480
In five years or more	27,250	16,762	27,250	16,762
	<b>30,396</b>	<b>18,312</b>	<b>30,396</b>	<b>18,312</b>



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

Included within secured loans are the following:

Lender	Amount £000	Term	Interest rate	Borrower
Lloyds TSB	8,000	2015	6.45%	University
Lloyds TSB	4,000	2016	4.74%	University
Lloyds TSB	3,000	2010	3.99%	University
Lloyds TSB	2,500	2014	4.00%	University
Lloyds TSB	712	2012	0.22%	University
			above base	
Lloyds TSB	5,800	2012	0.22% above base	University
Lloyds TSB	5,988	2012	0.22% above base	University
	<b>30,000</b>			

The University has a loan facility of £30m which has now been fully utilised. The current loans have been fixed at carrying interest rates and terms. When these terms expire, the interest rates will revert to a fixed rate of 5.15%. All loans are repayable by 2034 with capital repayments commencing June and September 2011.

#### 15. Provisions for Liabilities and Charges

	Consolidated and The University
	Pensions (note 26) £000
At 1 August 2010	1,567
Decrease in provision	-
	<b>1,567</b>

#### 16. Deferred Capital Grants

	Consolidated and The University			
	TDA £000	HEFCE £000	Other £000	Total £000
At 1 August 2010				
Land and buildings	52	17,123	6,764	23,939
Equipment	-	2,165	2,048	4,213
Total	<b>52</b>	<b>19,288</b>	<b>8,812</b>	<b>28,152</b>
Cash received				
Land and buildings	-	491	1,997	2,488
Equipment	-	225	257	482
Total	<b>-</b>	<b>716</b>	<b>2,254</b>	<b>2,970</b>
Released to income and expenditure				
Land and buildings (note 1)	1	646	127	774
Equipment (note 1)	-	449	889	1,338
Total	<b>1</b>	<b>1,095</b>	<b>1,016</b>	<b>2,112</b>
At 31 July 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>

## 17. Income and Expenditure Account

	<b>Consolidated</b>	<b>University</b>
	<b>£000</b>	<b>£000</b>
Surplus after depreciation of assets at valuation and tax	3,567	4,080
Release from valuation reserve	668	668
Actuarial gain in respect of pension scheme	4,961	4,961
Past service cost in respect of pension scheme	-	-
	<u>9,196</u>	<u>9,709</u>
Historical cost surplus after tax	<u>7,740</u>	<u>8,238</u>
Balance at 1 August 2010	<u>16,936</u>	<u>17,947</u>
At 31 July 2011	<u>16,936</u>	<u>17,947</u>
Balance represented by:		
Pension reserve	(16,406)	(16,406)
Income and expenditure reserve excluding pension reserve	33,342	34,353
At 31 July 2011	<u>16,936</u>	<u>17,947</u>

## 18. Revaluation Reserve

### Consolidated and The University

	<b>Inherited assets £000</b>	<b>Inherited loans £000</b>	<b>Total £000</b>
Revaluations			
At 1 August 2010 and 31 July 2011	34,040	(3,675)	30,365
Contribution to depreciation / repayment of principal			
At 1 August 2010	14,888	(3,664)	11,224
Released in year (note 10)	668	-	668
At 31 July 2011	<u>15,556</u>	<u>(3,664)</u>	<u>11,892</u>
Net revaluation amount			
At 31 July 2011	<u>18,484</u>	<u>(11)</u>	<u>18,473</u>
At 1 August 2010	<u>19,152</u>	<u>(11)</u>	<u>19,141</u>

## 19. Lease Obligations

	<b>Consolidated</b>		<b>The University</b>	
	<b>2011 £000</b>	<b>2010 £000</b>	<b>2011 £000</b>	<b>2010 £000</b>
Operating lease commitments in respect of equipment for the 2010/11 financial year, on leases expiring:				
Within one year	-	1	-	1
Between two and five years	-	1	-	1
Over 5 Years	40	-	40	-
	<u>40</u>	<u>2</u>	<u>40</u>	<u>2</u>

## 20. Capital Commitments

	Consolidated		The University	
	2011 £000	2010 £000	2011 £000	2010 £000
Commitments contracted at 31 July	4,247	2,961	4,247	2,961
	4,247	2,961	4,247	2,961

## 21. Contingent Liabilities

The University had no contingent liabilities at 31 July 2011 or at 31 July 2010.

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

	2011 £000	2010 £000
Surplus before tax	3,567	5,665
Depreciation (note 9)	4,380	3,750
Deferred capital grants released to income (note 16)	(2,112)	(2,337)
Investment income	(338)	(190)
Interest payable (note 7)	1,602	2,146
Pension cost less contributions payable (note 27)	331	366
Decrease in stocks	2	2
Decrease in debtors	140	364
Increase in creditors	1,987	1,867
Net cash inflow from operating activities	9,559	11,633

## 23. Management of Liquid Resources

	2011 £000	2010 £000
Increase in short-term cash deposits	16,925	6,752
	16,925	6,752

## 24. Analysis of Changes in Net Debt

	At 1 August 2010 £000	Cash Flows £000	Non- cash changes £000	At 31 July 2011 £000
Cash at bank and in hand	1,452	1,226	-	2,678
	1,452	1,226	-	2,678
Short-term cash investments	23,526	16,925	-	40,451
Debt due within 1 year	(70)	(725)	-	(795)
Debt due after 1 year	(18,242)	(11,359)	-	(29,601)
	6,666	6,067	-	12,733

## 25. Access Funds

	<b>2011 £000</b>	<b>2010 £000</b>
Balance at 1 August	10	15
Funding Council grants	317	310
Interest earned	-	-
	327	325
Disbursed to students	(321)	(315)
Balance unspent at 31 July	6	10

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>2011 £000</b>	<b>2010 £000</b>
Balance at 1 August	(1)	(1)
Funding Council grants	400	384
	(400)	(384)
Disbursed to students	(400)	(384)
Balance unspent at 31 July	(1)	(1)

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

## 27. Pension Schemes

The University's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS) administered by Northamptonshire County Council. Both are defined benefit schemes. The total pension cost for the period was £5,563k (Note 5) (2010: £5,209k).

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

## 27. Pension Schemes - Continued

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

### FRS 17

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

### Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2011 was £2,936,514 of which employer's contributions totalled £2,027,693 and employees' contributions totalled £908,821. The agreed contribution rate for employers was 16.5% for the year ended 31 July 2011. In subsequent years the rate will be 16.5%. As per the Actuarial report, the estimated Employer's contributions for the year ended 31 July 2011 will be approximately £2,369,000.

### FRS 17

The following information is based upon a full actuarial valuation of the fund as at 31 March 2004, updated to 31 July 2011 by a qualified, independent Actuary.

	<b>31 July 2011 £000</b>	<b>31 July 2010 £000</b>	<b>31 July 2009 £000</b>
Inflation	2.7%	2.9%	3.7%
Rate of increase in salaries	5.0%	4.9%	5.2%
Rate of increase in pensions	2.7%	2.9%	3.7%
Discount rate for liabilities	5.3%	5.4%	6.0%

The assumed life expectations on retirement at age 65 are:

	<b>2011</b>	<b>2010</b>
Retiring today		
Males	21.4	21.6
Females	23.3	24.8
Retiring in 20 years		
Males	23.4	23.5
Females	25.5	26.7

## 27. Pension Schemes – Continued

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

	2011		2010		2009	
	Long term rate of return expected at 31 July 2011	Value at 31 July 2011	Long term rate of return expected at 31 July 2010	Value at 31 July 2010	Long term rate of return expected at 31 July 2009	Value at 31 July 2009
		£000		£000		£000
Equities	7.0%	27,156	7.3%	23,232	7.3%	19,708
Bonds	4.6%	8,147	4.8%	7,302	5.3%	4,794
Property	5.1%	2,716	5.3%	1,991	4.3%	1,598
Cash	4.0%	776	4.4%	664	4.3%	533
Total market value of assets		38,795		33,189		26,633

	2011 £000	2010 £000	2009 £000
University's estimated asset share	38,795	33,189	26,633
Present value of scheme liabilities	(55,201)	(53,528)	(49,209)
Deficit in the scheme	(16,406)	(20,339)	(22,576)

Analysis of net return on pension scheme	2011 £000	2010 £000
Expected return on pension scheme assets	2,253	1,851
Interest on pension scheme liabilities	(2,950)	(3,024)
Net return	(697)	(1,173)

Amounts recognised in the statement of total recognised gains and losses (STRGL)	2011 £000	2010 £000
Actual return less expected return on pension scheme assets	1,367	2,666
Change in financial and demographic assumptions underlying the scheme liabilities	3,594	(2,417)
Actuarial loss recognised in STRGL	4,961	249

**2011**

**2010**

## 27. Pension Schemes – Continued

### Movement in deficit during year

	£000	£000
Deficit in scheme at beginning of year	(20,339)	(22,576)
Movement in year:		
Current service charge	(2,588)	(2,436)
Contributions	2,257	2,085
Past service costs / curtailments	-	3,512
Net interest / return on assets	(697)	(1,173)
Actuarial gain or loss	4,961	249
Deficit in scheme at end of year	(16,406)	(20,339)

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

	2011 £000	2010 £000
At the beginning of the year	(53,528)	(49,209)
Current service charge	(2,588)	(2,436)
Interest cost	(2,950)	(3,024)
Contributions by scheme participants	(909)	(862)
Actuarial (gains) and losses	3,594	(2,417)
Benefits paid	1,180	908
Past service cost	-	3,527
Curtailments	-	(15)
At the end of the year	(55,201)	(53,528)

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

	2011 £000	2010 £000
At the beginning of the year	33,189	26,633
Expected rate of return on scheme assets	2,253	1,851
Actuarial gains and losses	1,367	2,666
Contribution by the employer	2,257	2,085
Contributions by scheme participants	909	862
Benefits paid	(1,180)	(908)
At the end of the year	38,795	33,189

### History of experience gains or losses

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Difference between the expected and actual return on assets:					
Amount	1,367	2,666	(4,338)	(4,702)	330
% of scheme assets	8.5%	8.0%	16.3%	17.3%	1.2%
Experience gains and (losses) on scheme liabilities:					
Amount	3,594	(2,417)	1,982	(3,095)	520
% of scheme liabilities	6.5%	4.5%	4.0%	6.8%	1.4%
Total amounts recognised in statement of total recognised gains and (losses):					
Amount	4,961	249	(2,356)	(7,797)	850

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and (Losses) is £(4,808)k (2010: £(9,769)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, including those identified below, are conducted at arm's length and in accordance with the Institution's Financial Regulations and usual procurement procedures.

Governing Council member	Company Associated	Relationship to Company	Transactions in year	Amounts due / receivable with University at 31 July 2011
Mr Milan Shah	Northamptonshire Enterprise Partnership (NEP)	Board Member	£3,590 from University to NEP	nil
			£3,000 from NEP to University	nil
	Northamptonshire Chamber	Board Member	£10,517 from Northamptonshire Chamber to University	nil
			£1,250 from University to Northamptonshire Chamber	nil
Prof Nick Petford	Northamptonshire Enterprise Partnership (NEP)	Board Member	£3,590 from University to NEP	nil
			£3,000 from NEP to University	nil

## 29. Endowments - Consolidated & University

	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	Total £000
Balances at 1 August 2010				
Capital	813	813	343	1,156
New endowments	101	101	306	407
Investment income	23	23	-	23
Expenditure	(14)	(14)	(249)	(263)
	110	110	57	167
At 31 July 2011	923	923	400	1,323
Represented by:				
Investments	631	631	-	631
Cash	292	292	400	692
	923	923	400	1,323