



The University of Northampton Enterprises Limited

Company Number 03092244

Annual Report and Financial Statements for the year ended 31 July 2019



The University of Northampton Enterprises Limited

Annual Report and Financial Statements for the Year Ended 31 July 2019

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The University of Northampton Enterprises Limited

Directors and advisors for the Year Ended 31 July 2019

Directors

Dr Andrew Gough

Mr Paul Minton – Appointed 22nd November 2018

Mr Terry Neville – Appointed 2nd April 2019

Mrs Rebecca Bradshaw – Resigned 11th June 2019

Mrs Dawn Simpson – Resigned 25th February 2019

Independent auditors

Ernst & Young LLP

No.1 Colmore Square

Birmingham

B4 6HQ

United Kingdom

Bankers

Lloyds Banking Group

Black Horse House

Progression Centre

42 Mark Road

Hemel Hempstead

Hertfordshire

HP2 7DE

Company Address

University of Northampton Enterprises Ltd

University Drive

Northampton

NN1 5PH

The University of Northampton Enterprises Limited

Strategic Report for the Year Ended 31 July 2019

The directors present the strategic report and audited financial statements for the year ended 31 July 2019 and report thereon:

Review of the Results for the Year and Future Outlook

The Company's business continued during the year operating under these main trading brands;

- 1st Degree Facilities – providing a facilities and estates management service to the University and its subsidiaries.
- Sunley Hotel – provision of hotel facilities in a dedicated building.
- Unitemps – a recruitment agency for students and external workers which provides temporary staff to the University and external employees. This is operated as a franchised brand from Warwick University, purchased in 2014.
- Northampton Enterprise Social Enterprise – Delivery of business support services via funded project grants.
- Radio Station – Provision of a community radio station service to Northampton.

With the completion of the new campus purpose built for delivering higher education in the 21st century, the University is well placed to attract students in an increasingly difficult market securing the future operations of the Company. Student numbers are expected to grow over the coming years.

Each of the different trading brands has dedicated staff and each are subject to performance management via appropriate business budgets, and financial targets. Budgetary targets were exceeded in 1st Degree Facilities, Radio Station, unitemps and NESE. Despite a significant expenditure variance for 1st Degree Facilities of £1,316k due to additional security costs and a number of unforeseen expenses related to the transition to Waterside, higher income was recorded of £1,468K due the recharge of University costs plus 5%, resulting in a profitable year end position for 1st Degree Facilities. CH&Co made a significant loss against budget £352K due to start up issues for the Sunley Hotel and an initial higher pricing strategy in the Waterside Restaurants.

Details of the results for the year are given on page 15 of the financial statements. The directors are satisfied with the Company's position and performance. By virtue of the financial support provided by the University the directors believe the Company will continue as a going concern.

The Company also holds a 50% investment in the share capital of Uno Buses (Northampton) Limited, they provide bus services for The University of Northampton students and staff between campuses and also commercial routes for the wider public in Northamptonshire.

Principal risks and uncertainties

The main risk is the continuing provision of services to the University and subsidiary companies via 1st Degree Facilities & Unitemps employment agency including its ability to become self-sustaining via external contracts. A new post has been recruited to specifically look at generating increased activity with external clients to help achieve this. Uno Buses (Northampton) Ltd investment is to be continued monitored to ensure a return on the investment can be realised in the future.

The University of Northampton Enterprises Limited

Strategic Report - continued for the Year Ended 31 July 2019

Approved by the Board on 05 November 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Terry Neville', written in a cursive style.

Terry Neville
Director

The University of Northampton Enterprises Limited

Directors' Report for the Year Ended 31 July 2019

Incorporation

The Company is registered in England under the Company number 03092244.
The Company is a wholly owned subsidiary of The University of Northampton Higher Education Corporation ('The University').

Directors and Officers

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Dr Andrew Gough
Mr Antony Minton – Appointed 22nd November 2018
Mr Terry Neville – Appointed 2nd April 2019
Mrs R Bradshaw – Resigned 11th June 2019
Mrs Dawn Simpson – Resigned 22nd February 2019

The above directors had no interest in the share capital of the Company.
No director has been granted a right to subscribe for additional shares or debentures.
In accordance with the Articles of Association of the Company, the directors are required to rotate.

Principal Activities

During the year, the principal activity of the Company was the provision of facilities management services and catering, hotel and conferencing services. The company also runs an employment agency and a radio station.

The directors expect the businesses to continue to develop and to trade profitably during the next year. Each brand is tasked with operating at a minimum breakeven position and to grow profitability year on year to enable the company to stand alone as a profit making entity.

Significant Events since the Balance Sheet Date

The directors do not consider that any event since the balance sheet date significantly affects the Company's financial position.

Proposed Dividends

The directors recommend that no dividend be paid for the year (2018/19: £nil).

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year (2018/19: £nil) other than the qualifying charitable donation outlined in note 4 to the parent entity.

Research and Development

The Company does not undertake any research and development activities.

The University of Northampton Enterprises Limited

Directors' Report – continued for the Year Ended 31 July 2019

Statement of disclosure of information to auditors

At the date of making this report each of the Company's directors, as set out on page 3, confirms the following:

- so far as each director is aware, there is no relevant information needed by the Company's auditors in connection with preparing their report of which the Company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The University of Northampton Enterprises Limited

Directors' Report – continued for the Year Ended 31 July 2019

Directors' third party indemnities

The company maintained a directors' and officer' liability insurance policy throughout the financial year and up to the date of signing the financial statements.

Independent Auditors

A resolution for the re-appointment of Ernst & Young LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'Terry Neville', is written over a horizontal line.

Mr Terry Neville
Director

Date: 20 February 2020

Vice Chancellor's Office,
University of Northampton,
University Drive,
Northampton,
NN1 5PH

The University of Northampton Enterprises Limited

Independent Auditor's Report To The Members Of The University of Northampton Enterprises Limited

Opinion

We have audited the financial statements of The University of Northampton Enterprises Limited for the year ended 31 July 2019 which comprise the Statement of Principal Accounting Policies, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 July 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report set out in pages 1 to 8, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

The University of Northampton Enterprises Limited

Independent Auditor's Report To The Members Of The University of Northampton Enterprises Limited - continued

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The University of Northampton Enterprises Limited

Independent Auditor's Report To The Members Of The University of Northampton Enterprises Limited - continued

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Ernst and Young LLP

Stephen Clark (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

Date: *20/02/2020*

Notes:

1. The maintenance and integrity of the University of Northampton web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The University of Northampton Enterprises Limited

Statement of Principal Accounting Policies for the Year Ended 31 July 2019

1. General Information

The University of Northampton Enterprises Ltd principal activity was the provision of facilities management services and conferencing services. The company also runs an employment agency.

The company is a private company limited by shares and is incorporated in England. The address of the registered office is Vice Chancellor's Office, University of Northampton, University Drive, Northampton, NN1 5PH.

2. Statement of compliance

The financial statements of The University of Northampton Enterprises Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Basis of preparation

These financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102, and under the Companies Act 2006 and under the historical cost convention on an accruals basis. The financial statements have been prepared under the going concern concept because the University has agreed to provide adequate funds for the Company to meet its liabilities as they fall due.

4. Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The company has taken advantage of the following exemption:

- (i) from preparing of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, The University of Northampton, includes the company's cash flows in its own consolidated financial statements.
- (ii) From disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7
- (iii) From disclosure of basic and non-basic financial instruments

5. Turnover and Expenditure

Turnover represents a mixture of charges to group companies and external customers for services delivered exclusive of Value Added Tax and trade discounts. Income from the sale of services is credited to the profit and loss account when the services are supplied to the customer or the terms contract have been satisfied. Expenditure is recorded in line with United Kingdom Accounting Standards on an accruals basis.

The University of Northampton Enterprises Limited

Statement of Principal Accounting Policies for the Year Ended 31 July 2019 - continued

6. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Furniture, Fixtures & Fittings and Equipment	5 – 8 years
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7. Debtors

Debtors are shown after providing for any amounts which the directors consider may not be collected in full.

8. Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

No provision has been made for deferred tax on the grounds that the Company transfers its distributable taxable profits by making a qualifying charitable donation to the University and, therefore, no deferred tax asset or liability will be realised in the Company.

9. Accounting for Jointly controlled operations

The company accounts for investments in jointly controlled operations at cost less impairment.

10. Accounting for retirement benefits

The company contributes to the Local Government Superannuation Scheme (LGPS) a defined benefit scheme which is contracted out of the Second State Pension (S2P).

The LGPS is a defined benefit scheme, the assets of which are held separately from those of the University in independently administered funds. Calculations for the obligation are calculated by a qualified actuary.

The University of Northampton Enterprises Limited

Statement of Principal Accounting Policies for the Year Ended 31 July 2019 – continued

10. Accounting for retirement benefits (continued)

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

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

The company also operates a NEST (National Employment Savings Trust), and Scottish Life defined contribution pension schemes. Obligations for contributions are recognised as an expense in the statement of comprehensive income in the period during which services are rendered by the employees.

11. Critical judgements and significant estimates

There were no critical judgements made in preparation of the financial statements.

There is one significant estimate included in the financial statements.

The company uses assumptions in the determination of the pension assets and liabilities; further information is included in note 13.

The University of Northampton Enterprises Limited
Statement of Comprehensive Income
for the Year Ended 31 July 2019

	Note	2019 £	2018 £
Turnover	2	12,521,493	11,700,604
Cost of sales		<u>(12,571,898)</u>	<u>(11,474,014)</u>
Gross (loss)/profit		(50,405)	226,590
Administrative expenses			
Operating (loss)/profit	1	(50,405)	226,590
Interest Payable			(1,000)
Interest receivable and similar income		<u>10,955</u>	<u>245</u>
(Loss)/Profit		(39,450)	225,835
Qualifying charitable donation	4	<u>(457,739)</u>	<u>(432,184)</u>
(Loss) before taxation		(497,189)	(206,349)
Tax on (loss)	3		
(Loss) for the financial year		(497,189)	(206,349)
Actuarial (loss)/gain in respect of pension schemes		(323,000)	583,000
Total comprehensive (expenses)/income for the year		(820,189)	376,651

The University of Northampton Enterprises Limited
Statement of Changes in Reserves
for the Year Ended 31 July 2019

	Note	Called-up share capital £	Profit and loss account £	Total Shareholders' Funds £
At 1 August 2017		100	1,194,149	1,194,249
Total comprehensive income for the year		-	376,651	376,651
At 31 July 2018		100	1,570,800	1,570,900
Total comprehensive expenses for the year		-	(820,189)	(820,189)
At 31 July 2019		100	750,611	750,711

Called up share capital represents the nominal value of shares that have been issued.

The Statement of Comprehensive Income includes all current and prior period retained profit and losses.

The University of Northampton Enterprises Limited
Balance Sheet as at 31 July 2019

	Note	2019 £	2018 £
Non-Current Assets			
Tangible Assets	6	40,749	21,471
Investment	7	<u>75,001</u>	<u>75,001</u>
		115,750	96,472
Current Assets			
Debtors	8	942,457	1,541,980
Cash and cash equivalents		<u>113,383</u>	<u>112,063</u>
		1,055,840	1,654,043
Creditors: amounts falling due within one year	9	<u>(374,879)</u>	<u>(618,615)</u>
Net current assets		<u>680,961</u>	<u>1,035,428</u>
Total assets less net current assets		796,711	1,131,900
Provisions for liabilities			
Pension provision	12	(46,000)	439,000
Net Assets		<u>750,711</u>	<u>1,570,900</u>
Capital and Reserves			
Called up share capital	11	100,000	100
Profit and loss account		750,611	1,570,800
Total Shareholders' Funds		<u>750,711</u>	<u>1,570,900</u>

The financial statements on pages 12 to 25 were approved by the Board of Directors on 05 November 2019 and signed on their behalf by:



Mr Terry Neville (Director)

The University of Northampton Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 July 2019

1. Operating (Loss)/Profit

	2019	2018
	£	£
Operating (loss)/profit is stated after charging:		
Auditors' remuneration in respect of the audit of the company's financial statements (inclusive of VAT)	2100	2,100

2. Turnover

Turnover is analysed by category, in relation to its different operations, as follows:

	2019	2018
	£	£
1 st Degree Facilities	7,953,142	6,753,289
Unitemps Employment agency	1,777,051	2,437,990
Sunley Conference Centre	21,169	573,269
UON Business Support Office	421,992	588,393
The University of Northampton Uno Buses service	1,920,000	1,250,000
The University of Northampton Radio Station service	2,500	97,663
CH&Co	425,639	
	12,521,493	11,700,604

3. Taxation

Recognised in the Statement of Comprehensive Income

	2019	2018
	£	£
Current tax expense	-	-
Adjustment in respect of previous year	-	-

Deferred Tax

There is no deferred tax to be recognised.

Current tax reconciliation

	2019	2018
	£	£
Loss for the year	(497,189)	(206,349)
Theoretical tax at UK Corporation tax rate of 19% (2018:19%)	(94,466)	(39,206)
Effects of:		
Non-deductible expenses for tax purposes	87,920	950
Non-taxable income		
Capital allowances		
Deferred tax movements	26,016	42,029
Qualifying charitable donation	(19,470)	(3,773)
	-	-

The University of Northampton Enterprises Limited
Notes to the Financial Statements – continued
for the Year Ended 31 July 2019

3. Taxation - continued

*At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 19% for the years starting the 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%.

4. Qualifying charitable donation

This represents the amounts paid as a qualifying charitable donation to the University, an exempt charity, which is the Company's ultimate parent company.

Payments of £ (2019: £457,739) were made during the year.

5. Staff numbers and costs

The monthly average numbers of persons employed by the company during the year, analysed by category, was as follows:

	2019	2018
Administration	<u>164</u>	<u>229</u>

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£	£
Wages and salaries	5,219,879	6,153,007
Social security costs	383,531	437,055
Other Pension costs	178,685	219,362
	5,782,095	6,809,424

Pension costs are in relation to the 3 pension schemes offered within the company as described in note 13.

Key management personnel

The Directors received no emoluments from the Company during the year (2018: nil).

The University of Northampton Enterprises Limited
Notes to the Financial Statements – continued
for the Year Ended 31 July 2019

6. Fixed Assets

	Furniture, Fixtures, Fittings & Equipment £	Total £
<u>Cost</u>		
As at 1 August 2018	49,101	49,101
Disposals		
Additions	36,740	36,740
As at 31 July 2019	<u>85,841</u>	<u>85,841</u>
<u>Accumulated Depreciation</u>		
At 1 August 2018	27,630	27,630
Depreciation	17,462	17,462
At 31 July 2019	<u>45,092</u>	<u>45,092</u>
<u>Net book value</u>		
At 31 July 2019	<u>40,749</u>	<u>40,749</u>
At 31 July 2018	<u>21,471</u>	<u>21,471</u>

7. Investment

	£000
Cost	
At 1 August 2018 & 31 July 2019	<u>75,001</u>
Impairment	
At 1 August 2018 & 31 July 2019	<u>-</u>
Net book value	
At 31 July 2019	<u>75,001</u>
At 31 July 2018	<u>75,001</u>

The Company holds a 50% investment in the share capital of Uno Buses (Northampton) Limited, they provide bus services for The University of Northampton students and staff between campuses and also commercial routes for the wider public in Northamptonshire. The investment is held at cost and the carrying value of the investments is supported by their underlying net assets and future cash flow projections.

The University of Northampton Enterprises Limited

Notes to the Financial Statements – continued for the Year Ended 31 July 2019

7. Investment (continued)

Year Ended 31 July 2019	2019	2018
Profit and Loss Account	£	£
Turnover (at 50%)	1,485,145	1,458,258
Operating Profit (at 50%)	79,570	5,137
Balance Sheet		
Fixed Assets	173,335	268,647
Current Assets	437,176	781,616
	<u>610,511</u>	<u>1,050,263</u>
Creditors	(444,788)	(998,030)
	<u>165,723</u>	<u>52,233</u>
Share of net assets at 50%	82,862	26,117

8. Debtors

	2019	2018
	£	£
Trade debtors	17,324	68,392
Amounts owed by group undertakings	869,189	922,155
Other debtors	55,944	551,433
	<u>942,457</u>	<u>1,541,980</u>

Other debtors have reduced. Last year included a prepayment to Uno Buses for quarter 1 2018/19 (£425K).

9. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	97,182	72,445
Other creditors	147,256	380,663
Taxation and social security	130,441	165,507
	<u>374,879</u>	<u>618,615</u>

The University of Northampton Enterprises Limited

Notes to the Financial Statements – continued for the Year Ended 31 July 2019

10. Provisions

As explained in the accounting policies, no provision has been made for deferred tax on the grounds that the Company transfers its distributable taxable profits by making a qualifying charitable donation to the University and, therefore, no deferred tax asset or liability will be realised in the Company.

11. Called up Share Capital

	2019 £	2018 £
Authorised		
Ordinary shares of £1 each	10,000	10,000
Allotted and fully paid		
Ordinary shares of £1 each	100	100

12. Pension Schemes

The employees belong to three principal pension schemes, the Local Government Pension Scheme (LGPS) administered by Northamptonshire County Council, NEST (National Employment Savings Trust), and Scottish Life stakeholder pension scheme, both of which are defined contribution schemes. The total pension cost for the year was £166,312 (Note 5) (2018: £219,362). LGPS pension cost £83,953 (2018: £109,541), Scottish Life pension cost £12,089 (2018: £21,496), NEST pension cost £70,270 (2018: £88,325).

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate administered funds. The total contribution made for the year ended 31 July 2018 was £125k of which employer's contributions totalled £84k and employees' contributions totalled £42k. As per the Actuarial report, the estimated Employer's contributions for the year ended 31 July 2019 will be approximately £99k.

The contribution rate for 2018/19 was 13.6%.

The following information is based upon a full actuarial valuation of the fund as at 31 March 2016, updated to 31 July 2018 by a qualified, independent Actuary.

	2019 %	2018 %
Inflation	2.4%	2.4%
Rate of increase in salaries	2.7%	2.7%
Rate of increase in pensions	2.4%	2.4%
Discount rate for liabilities	2.1%	2.8%

The assumed life expectations on retirement at age 65 are:

	2019	2018
Retiring today		
Males	21.2	22.1
Females	23.3	24.2
Retiring in 20 years		
Males	22.3	23.9
Females	24.7	26.1

The University of Northampton Enterprises Limited

Notes to the Financial Statements – continued for the Year Ended 31 July 2019

12. Pension Schemes - continued

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

	Long term rate of return expected at 31 July 2019	Value at 31 July 2019	Long term rate of return expected at 31 July 2018	Value at 31 July 2018
		£000		£000
Equities	2.1%		2.8%	
Bonds	2.1%		2.8%	
Property	2.1%		2.8%	
Cash	2.1%		2.8%	
Total market value of Assets		6,650		6,308
			2019 £000	2018 £000
University's estimated asset share			6,650	6,308
Present value of scheme liabilities			(6,696)	(5,869)
Closing position			46	439
Analysis of net return on pension scheme			2019 £000	2018 £000
Expected return on pension scheme assets			177	156
Interest on pension scheme liabilities			(167)	(157)
Net return/(interest)			10	(1)
Amounts recognised in the statement of other comprehensive income			2019 £000	2018 £000
Actual return less expected return on pension scheme assets			165	359
Change in financial and demographic assumptions underlying the scheme liabilities			(488)	224
Actuarial (loss)/profit			(323)	583
Movement in deficit during year			2019 £000	2018 £000
Deficit in scheme at beginning of year			439	72
Movement in year:				
Current service charge			(271)	(325)
Contributions			99	110
Net (interest) on assets			10	(1)
Actuarial (loss)/gain			(323)	583
Surplus in scheme at end of year			(46)	439

The University of Northampton Enterprises Limited
Notes to the Financial Statements – continued
for the Year Ended 31 July 2019

12. Pension Schemes - continued

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

	2019 £000	2018 £000
At the beginning of the year	(5,869)	(5,683)
Current service charge	(271)	(325)
Interest cost	(167)	(157)
Contributions by scheme participants	(39)	(49)
Estimated benefits paid	138	121
Actuarial gains	(488)	224
At the end of the year	6,696	(5,869)

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

	2019 £000	2018 £000
At the beginning of the year	6,308	5,755
Expected rate of return on scheme assets	177	156
Actuarial gains	165	359
Contribution by the employer	99	110
Contributions by scheme participants	39	49
Estimated benefits paid	(138)	(121)
At the end of the year	6,650	6,308

History of experience gains or losses

	2019 £'000	2018 £000	2017 £000
Experience gains on scheme Assets:			
Amount	165	359	657
% of scheme assets	2.48%	5.69%	11.4%
Experience (gains) and losses on scheme liabilities:			
Amount	(488)	224	371
% of scheme liabilities	7.29%	3.82%	6.5%
Total amounts recognised in statement of total comprehensive income:			
Amount	(323)	583	1,028

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income is £1,903K (2018: £2,226k).

13. Related Party Transactions

In line with the exemption in FRS 102, no disclosure has been made of transactions with the University, as The University of Northampton Enterprises Limited is a wholly owned subsidiary of the University.

The University of Northampton Enterprises Limited
Notes to the Financial Statements – continued
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13. Related Party Transactions - continued

£1,481,385 was invoiced from Uno Buses (Northampton) Ltd to The University Northampton Enterprises Ltd, for the provision of bus services. There were no outstanding amounts as at 31 July 2019.

14. Ultimate Parent Company

The immediate and ultimate parent undertaking is The University of Northampton Higher Education Corporation.

The consolidated financial statements of The University of Northampton Higher Education Corporation are publicly available from:

The University of Northampton Higher Education Corporation
Vice Chancellor's Office,
University of Northampton,
University Drive,
Northampton,
NN1 5PH