



The University of Northampton Enterprises Limited

Company Number 03092244

Annual Report and Financial Statements for the year ended 31 July 2017

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The University of Northampton Enterprises Limited

Annual Report and Financial Statements for the Year Ended 31 July 2017

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The University of Northampton Enterprises Limited

Directors and advisors for the Year Ended 31 July 2017

Directors

Mr M Hall

Mr S Denny

Dr Andrew Gough

Professor Simon Denny

Mrs Dawn Simpson – Appointed 26 April 2017

Mr Paul Smith – Appointed 26 April 2017

Independent auditors

Ernst & Young

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

The University of Northampton Enterprises Limited

Strategic Report for the Year Ended 31 July 2017

The directors present the strategic report and audited financial statements for the year ended 31 July 2017 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 Conference Centre – provision of hotel, conferencing and catering 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.

Each of the different trading brands has dedicated staff and each are subject to performance management via appropriate business budgets, financial and operational targets and KPI's. All operating internal KPI's were achieved and financial budgetary expectation was achieved.

Details of the results for the year are given on page 14 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.

Approved by the Board on 6/11/17 and signed on its behalf by:



Mark Hall
Director

The University of Northampton Enterprises Limited

Directors' Report for the Year Ended 31 July 2017

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:

Mr Mark Hall
Dr Andrew Gough
Professor Simon Denny
Mrs Dawn Simpson – Appointed 26 April 2017
Mr Paul Smith – Appointed 26 April 2017

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 conferencing services. The company also runs an employment agency.

The directors expect the business 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 (2015/16: £nil).

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year (2015/16: £nil).

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 2017

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 2017

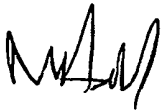
Directors' third party indemnities

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

Ernst & Young were newly appointed auditors during the year ended 31 July 2017. 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



Mr M Hall
Director

Date: 6/11/17.....

Finance Department
University of Northampton
Boughton Green Road
Northampton
Northants
NN2 7AL

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 2017 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 16. 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 2017 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 and Financial Statements set out on pages 11 to 26, 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 6, 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.

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.

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.

Ernst and Young LLP

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

Date: *27 November 2017*

The University of Northampton Enterprises Limited

Statement of Principal Accounting Policies for the Year Ended 31 July 2017

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 Finance Department, The University of Northampton, Park Campus, Boughton Green Road, Northampton, NN2 7AL.

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, including notification of, and no objection to, the use of exemptions by the company's shareholders.

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 2017 - continued

6. Stocks

Stocks are valued at the lower of cost or net realisable value.

7. 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 follow:

Furniture, Fixtures & Fittings and Equipment	5 – 8 years
--	-------------

8. Debtors

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

9. 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.

10. Accounting for Jointly controlled operations

The company accounts for jointly controlled operations using the cost model.

11. 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 2017 – continued

11. 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.

12. Critical judgements and significant estimates

There were no critical judgements or significant estimates made in preparation of 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 2017

	Note	2017 £	2016 (restated) £
Turnover	2	10,731,870	9,664,016
Cost of sales		<u>(10,510,252)</u>	<u>(9,322,500)</u>
Gross profit		221,618	341,516
Administrative expenses		<u>(15,498)</u>	<u>(3,086)</u>
Operating profit	1	206,120	338,430
Interest Payable		(21,000)	(16,000)
Interest receivable and similar income		<u>8</u>	<u>-</u>
Profit		185,128	322,430
Qualifying charitable donation	4	<u>(91,987)</u>	<u>(80,169)</u>
Profit before taxation		93,141	242,261
Tax on profit	3	-	-
Profit for the financial year		93,141	242,261
Actuarial gain/(loss) in respect of pension schemes		1,028,000	(291,000)
Total comprehensive income/(expense) for the year		1,121,141	(48,739)

All of the Company's activities consist wholly of continuing activities.

The University of Northampton Enterprises Limited

Statement of Changes in Reserves for the Year Ended 31 July 2017

	Note	Called-up share capital £	Profit and loss account £	Total Shareholders' Funds £
At 1 August 2015 (restated)		100	121,747	121,847
Total comprehensive expense for the year		-	(48,739)	(48,739)
At 31 July 2016 (restated)		100	73,008	73,108
Total comprehensive income for the year		-	1,121,141	1,121,141
At 31 July 2017		100	1,194,149	1,194,249

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 2017

	Note	2017 £	2016 (restated) £
Non-Current Assets			
Tangible Assets	6	33,741	49,015
Investment	7	75,001	75,001
		<u>108,742</u>	<u>124,016</u>
Current Assets			
Stocks	8	1,601	2,595
Debtors	9	1,613,061	1,120,635
Cash and cash equivalents		44,091	98,790
		<u>1,658,753</u>	<u>1,222,020</u>
Creditors: amounts falling due within one year	10	<u>(645,246)</u>	<u>(488,928)</u>
Net current assets		<u>1,013,507</u>	<u>733,092</u>
Total assets less net current assets		1,122,249	857,108
Provisions for liabilities			
Pension provision	13	72,000	(784,000)
Net Assets		<u>1,194,249</u>	<u>73,108</u>
Capital and Reserves			
Called up share capital	12	100	100
Profit and loss account		1,194,149	73,008
Total Shareholders' Funds		<u>1,194,249</u>	<u>73,108</u>

The financial statements on pages 11 to 26 were approved by the Board of Directors on 6/11/17

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and signed on their behalf by:



Mr Mark Hall (Director)

The University of Northampton Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 July 2017

1. Operating (Loss)/Profit

	2017	2016
	£	£
Operating profit is stated after charging:		
Auditors' remuneration in respect of the audit of the company's financial statements (inclusive of VAT)	2,100	4,000

2. Turnover

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

	2017	2016
	£	£
1 st Degree Facilities	6,480,033	6,149,185
Unitemps Employment agency	1,956,671	1,610,033
Sunley Conference Centre	666,667	864,798
Northampton Enterprise Social Enterprise	352,405	-
The University of Northampton Uno Buses service	1,190,000	1,040,000
The University of Northampton Radio Station service	86,094	-
	10,731,870	9,664,016

3. Taxation

Recognised in the Statement of Comprehensive Income

	2017	2016
	£	£
Current tax expense	-	-
Adjustment in respect of previous year	-	-

Deferred Tax

There is no deferred tax to be recognised.

Current tax reconciliation

	2017	2016 (restated)
	£	£
Profit for the year	185,128	322,430
Theoretical tax at UK Corporation tax rate of 19.42% (2016: 19.42%)	35,952	62,616
Effects of:		
Non-deductible expenses for tax purposes	68,600	41,895
Non-taxable income	2,332	(18,048)
Capital allowances	(13,462)	(13,946)
Group relief	-	(54,652)
Qualifying charitable donation	(93,422)	(17,865)
	-	-

The University of Northampton Enterprises Limited
Notes to the Financial Statements – continued
for the Year Ended 31 July 2017

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 £91,987 (2016: £80,169) 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:

	2017	2016
Administration	<u>241</u>	<u>220</u>

The aggregate payroll costs of these persons were as follows:

	2017	2016 (restated)
	£	£
Wages and salaries	5,723,130	5,250,010
Social security costs	417,188	345,134
Other Pension costs	409,109	329,968
	6,549,428	5,925,112

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 (2016: nil).

The University of Northampton Enterprises Limited
Notes to the Financial Statements – continued
for the Year Ended 31 July 2017

6. Fixed Assets

	Furniture, Fixtures, Fittings & Equipment £	Total £
<u>Cost</u>		
As at 1 August 2016	52,101	52,101
Disposals	(3,000)	(3,000)
As at 31 July 2017	<u>49,101</u>	<u>49,101</u>
<u>Accumulated Depreciation</u>		
At 1 August 2016	3,086	3,086
Depreciation	12,274	12,274
At 31 July 2017	<u>15,360</u>	<u>15,360</u>
<u>Net book value</u>		
At 31 July 2017	<u>33,741</u>	<u>33,741</u>
At 31 July 2016	<u>49,015</u>	<u>49,015</u>

7. Investment

	£000
<u>Cost</u>	
At 1 August 2016 & 31 July 2017	<u>75,001</u>
<u>Impairment</u>	
At 1 August 2016 & 31 July 2017	<u>-</u>
<u>Net book value</u>	
At 31 July 2017	<u>75,001</u>
At 31 July 2016	<u>75,001</u>

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. 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 2017

7. Investment (continued)

Year Ended 31 July 2017

Profit and Loss Account

£

Turnover (at 50%) 1,318,538

Operating Profit (at 50%) 24,462

Balance Sheet

Fixed Assets 311,380

Current Assets 582,553

893,933

Creditors (848,382)

45,551

Share of net assets at 50%

22,776

8. Stocks

2017

2016

£

£

Stock

1,601

2,595

9. Debtors

2017

2016

£

£

Trade debtors

29,035

68,793

Amounts owed by group undertakings

1,495,783

601,170

Other debtors

88,243

450,672

1,613,061

1,120,635

10. Creditors: amounts falling due within one year

2017

2016

£

£

Trade creditors

76,292

37,722

Other creditors

398,638

320,703

Taxation and social security

170,316

130,503

645,246

488,928

11. 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.

The University of Northampton Enterprises Limited
Notes to the Financial Statements – continued
for the Year Ended 31 July 2017

12. Called up Share Capital

	2017	2016
	£	£
Authorised		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted and fully paid		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

13. 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 £409,109 (Note 5) (2016: £329,926). LGPS pension cost £317,467 (2016: £281,186), Scottish Life pension cost £22,819 (2016: 9,398), NEST pension cost £67,823 (2016: £39,384).

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 2017 was £224,854 of which employer's contributions totalled £171,181 and employees' contributions totalled £53,673. As per the Actuarial report, the estimated Employer's contributions for the year ended 31 July 2018 will be approximately £120,000.

The contribution rate for 2016/17 was 24%. In future years the percentage contribution is 22.3%.

The following information is based upon a full actuarial valuation of the fund as at 31 March 2016, updated to 31 July 2017 by a qualified, independent Actuary.

	2017	2016
	%	%
Inflation	2.5%	2.4%
Rate of increase in salaries	2.8%	3.9%
Rate of increase in pensions	2.5%	2.4%
Discount rate for liabilities	2.7%	2.4%

The assumed life expectations on retirement at age 65 are:

	2017	2016
Retiring today		
Males	22.1	22.3
Females	24.2	24.3
Retiring in 20 years		
Males	23.9	24.0
Females	26.1	26.6

The University of Northampton Enterprises Limited
Notes to the Financial Statements – continued
for the Year Ended 31 July 2017

13. 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 2017	Value at 31 July 2017	Long term rate of return expected at 31 July 2016	Value at 31 July 2016
		£000		£000
Equities	2.5%	4,144	2.4%	3,501
Bonds	2.5%	921	2.4%	875
Property	2.5%	460	2.4%	389
Cash	2.5%	230	2.4%	97
Total market value of assets		5,755		4,862
		2017	2016	
		£000	£000	
University's estimated asset share		5,755	4,862	
Present value of scheme liabilities		(5,683)	(5,646)	
Closing position		72	(784)	
Analysis of net return on pension scheme		2017	2016	
		£000	£000	
Expected return on pension scheme assets		118	154	
Interest on pension scheme liabilities		(139)	(170)	
Net (interest)/return		(21)	(16)	
Amounts recognised in the statement of other comprehensive income		2017	2016	
		£000	£000	
Actual return less expected return on pension scheme assets		657	326	
Change in financial and demographic assumptions underlying the scheme liabilities		371	(617)	
Actuarial loss		1,028	(291)	
Movement in deficit during year		2017	2016	
		£000	£000	
Deficit in scheme at beginning of year		(784)	(389)	
Movement in year:				
Current service charge		(322)	(283)	
Contributions		171	195	
Net (interest) on assets		(21)	(16)	
Actuarial gain		1,028	(291)	
Deficit in scheme at end of year		72	(784)	

The University of Northampton Enterprises Limited

Notes to the Financial Statements – continued for the Year Ended 31 July 2017

13. Pension Schemes - continued

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

	2017 £000	2016 £000
At the beginning of the year	(5,646)	(4,580)
Current service charge	(322)	(283)
Interest cost	(139)	(170)
Contributions by scheme participants	(54)	(54)
Estimated benefits paid	107	58
Actuarial gains	371	(617)
At the end of the year	(5,683)	(5,646)

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

	2017 £000	2016 £000
At the beginning of the year	4,862	4,191
Expected rate of return on scheme assets	118	154
Actuarial gains	657	326
Contribution by the employer	171	195
Contributions by scheme participants	54	54
Estimated benefits paid	(107)	(58)
At the end of the year	5,755	4,862

History of experience gains or losses

	2017 £'000	2016 £000	2015 £000
Experience gains on scheme Assets:			
Amount	657	326	144
% of scheme assets	11.4%	0.7%	3.4%
Experience (gains) and losses on scheme liabilities:			
Amount	371	(617)	(322)
% of scheme liabilities	6.5%	10.9%	0%
Total amounts recognised in statement of total comprehensive income:			
Amount	1,028	(291)	(178)

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income is £1,643k (2016: £615k).

14. 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.

£1,190,000 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 2017.

The University of Northampton Enterprises Limited
Notes to the Financial Statements – continued
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15. 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
Park Campus
Boughton Green Road
Northampton
NN2 7AL

16. Change of accounting policy & Prior year restatement

Note i - Change of accounting policy

The accounting treatment for the Uno Buses (Northampton) Ltd investment has been changed to be accounted for using the cost mode due to an error in previous years where this had been accounted for using the equity method. As these are not consolidated financial statements the use of the equity method is not permitted under FRS 102. The following note shows the effect of this change to the Statement of Comprehensive Income and Balance Sheet previously reported.

Note ii - Correction to accounting treatment

An error in the calculation of the prior year actuarial loss, as shown in the statement of comprehensive income, has resulted in an adjustment to the prior year accounts. The current service cost was correctly included in staff costs; however the employer contributions were not reversed in accordance with FRS 102, with them being taken into account in the actuarial loss for the year. The impact of this on the effected primary statements has been set out below in the Statement of Comprehensive Income and Expenditure Account. There was no effect to the Balance Sheet or Statement of Changes in Reserves.

The University of Northampton Enterprises Limited

Notes to the Financial Statements – continued for the Year Ended 31 July 2017

16. Change of accounting policy – Investments & jointly controlled operations (continued)

Statement of Comprehensive Income for the Year Ended 31 July 2016

	Note	As previously stated £	Effect of change £	As restated £
Turnover		9,664,016	-	9,664,016
Cost of sales	ii	(9,517,500)	195,000	(9,322,500)
Gross profit		146,516	195,000	341,516
Administrative expenses		(3,086)	-	(3,086)
Operating profit		143,430	195,000	338,430
Share of operating Profit in joint venture	i	5,937	(5,937)	-
Gain on investment	i	(5,938)	5,938	-
Interest Payable		(16,000)	-	(16,000)
Interest receivable and similar income		-	-	-
Profit		127,429	195,001	322,430
Deed of covenant		(80,169)	-	(80,169)
Profit before taxation		47,260	195,001	242,261
Tax on profit		-	-	-
Profit for the financial year		47,260	195,001	242,261
Actuarial (loss) in respect of pension schemes	ii	(96,000)	(195,000)	(291,000)
Total comprehensive income for the year		(48,740)	1	(48,739)

The University of Northampton Enterprises Limited

Notes to the Financial Statements – continued for the Year Ended 31 July 2017

16. Change of accounting policy – Investments & jointly controlled operations (continued)

Balance Sheet as at 31 July 2016

	Note	As previously stated £	Effect of change £	As restated £
Non-Current Assets				
Tangible Assets		49,015	-	49,015
Investment in joint venture:	i	-	75,001	75,001
		49,015	75,001	124,016
Current Assets				
Stocks		2,595	-	2,595
Debtors		1,120,635	-	1,120,635
Cash and cash equivalents		98,790	-	98,790
		1,222,020	-	1,222,020
Creditors: amounts falling due within one year		(488,928)	-	(488,928)
Net current assets		733,092	-	733,092
Total assets and net current assets		782,107	75,001	857,108
Provisions				
Pension provision		(784,000)	-	(784,000)
Net Assets		(1,893)	75,001	73,108
Capital and Reserves				
Called up share capital		100	-	100
Profit and loss reserve	i	(1,993)	75,001	73,008
Total Shareholders' Funds		(1,893)	75,001	73,108