



The University of Northampton Enterprises Limited

Company Number 03092244

Annual Report and Financial Statements for the year ended 31 July 2020



The University of Northampton Enterprises Limited

Annual Report and Financial Statements for the Year Ended 31 July 2020

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The University of Northampton Enterprises Limited

Directors and advisors for the Year Ended 31 July 2020

Directors

Dr Andrew Gough
Mr Paul Minton
Mr Terry Neville

Independent auditors

Ernst & Young LLP
Atria One,
144 Morrison Street,
Edinburgh,
EH3 8EX,
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
Vice Chancellors Office,
University Drive,
Northampton,
NN1 5PH

The University of Northampton Enterprises Limited

Strategic Report for the Year Ended 31 July 2020

The directors present the strategic report and audited financial statements for the year ended 31 July 2020 and report thereon. The Directors and Advisers information on page 3 forms part of this report

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.

The Covid-19 pandemic has had a negative financial and operational impact on the University of Northampton Enterprises Limited since March 2020, resulting in a loss of commercial income. The nationwide lockdown resulted in a large proportion of 1st Degree staff being furloughed and measures to prevent infection and ensure social distancing became a priority for those 1st Degree staff that remained on campus. Despite the uncertainties surrounding the Covid-19 pandemic, the university is confident that the safety measures implemented will protect both students and staff and provide students with the reassurance that the University of Northampton is a safe environment to extend their studies.

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 both 1st Degree Facilities and the Radio Station. Despite a significant adverse expenditure variance for 1st Degree Facilities of £856k, mainly due to additional security costs incurred through Unitemps, a proportionate favourable variance was recorded on staff costs due to the use of Unitemps and higher income was recorded of £501k due the recharge of University costs plus 5%, resulting in a profitable year end position for 1st Degree Facilities. CH&Co continued to make significant losses against budget £244k. The University took the strategic decision to terminate the contract with CH&Co in July 2020 and bring catering in house. Unitemps recorded a £529k adverse variance against budget, this can wholly be attributed to the loss of external income between March and July 2020 due to the Covid-19 pandemic. These combined to deliver an overall operating loss of £(150)k although this includes a £175k LGPS pension charge to pay.

Details of the results for the year are given on page 16 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 University of Northampton Enterprises Limited

Strategic Report - continued for the Year Ended 31 July 2020

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 continually monitored to ensure a return on the investment can be realised in the future.

Approved by the Board on 21st July 2021 and signed on its behalf by:



Terry Neville
Director

Date: 21 July 2021

The University of Northampton Enterprises Limited

Directors' Report for the Year Ended 31 July 2020

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
Mr Terry Neville

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.

With the cessation of the outsourced catering contract, 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 Risks and Uncertainties

The Covid-19 pandemic has had a negative financial and operational impact on many areas of the Universities business since March 2020, particularly in respect of remittance of student accommodation fees, loss of other commercial income and the need to implement measures to prevent infection and ensure social distancing. The University has a well-developed approach to incident management, which was implemented for the crisis, and whilst the pandemic has presented many challenges, the senior executive team have executed a clear strategy to enable the University and its subsidiaries to carry on providing services while protecting our students, customers and staff. It is anticipated that the impacts will continue for the forthcoming year but not present a material ongoing challenge to either operational capability or going concern.

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.

The University of Northampton Enterprises Limited

Directors' Report – continued for the Year Ended 31 July 2020

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 to the parent entity.

Research and Development

The Company does not undertake any research and development activities.

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

The University of Northampton Enterprises Limited

Directors' Report – continued for the Year Ended 31 July 2020

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.

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 appointment of BDO as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



Mr Terry Neville
Director

Date: 21st July 2021

Vice Chancellor's Office,
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 2020 which comprise the Statement of Principal Accounting Policies, the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, and the related notes 1 to 14. 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 2020 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.

Material uncertainty related to going concern

We draw attention to the going concern section of the basis of preparation set out in the Statement of Principal Accounting Policies (note 3), which indicates that the University and Group, upon which the Company is reliant for financial support, is forecasting a net liability position during the going concern period which would represent a major event of default. The University and Group has received a waiver until September 2021, but a waiver has not been granted for the remainder of the going concern review period through to 31 July 2022. The absence of this covenant waiver represents a material uncertainty in relation to the University's ability to provide financial support to the Company. As the Company is dependent on financial support from the University, as stated in note 3, these events or conditions, along with the other matters as set forth in note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, 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 directors' responsibilities statement set out on pages 7 and 8, 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.

The University of Northampton Enterprises Limited

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

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.

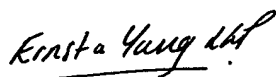
Auditor's responsibilities for the audit of the financial statements

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.



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

Date: 21 July 2021

The University of Northampton Enterprises Limited

Statement of Principal Accounting Policies for the Year Ended 31 July 2020

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, a hotel and a radio station.

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 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, under the Companies Act 2006 and under the historical cost convention on an accruals basis.

Going concern

The financial statements are prepared on a going concern basis. The Company considers the most appropriate going concern period to be until at least 31 July 2022, which is at least 12 months from the approval of these financial statements. In adopting the going concern basis for preparing the financial statements, the Directors have considered the Company's principal risks and uncertainties in the context of the current operating environment.

The Company is dependent on financial support from the University to meet its liabilities as they fall due in the form of a parental letter of support.

The Directors of The University of Northampton Enterprises Limited have made enquiries of the University to understand their going concern assessment which has included scenario planning through to at least 31 July 2022, considering both liquidity and compliance with covenants. The University has forecast its compliance against all existing covenants through its going concern assessment period to at least 31 July 2022 and based on its forecast scenarios are forecasting a net liabilities position in the balance sheet within each scenario which would constitute a major event of default. A waiver has been granted by HMT in relation to this major event of default for the period through to 30 September 2021 when the position will be re-evaluated by HMT. Given its expected liquidity, the University believes there is no reason that this additional waiver would not be granted; however, as at the approval date of these financial statements a waiver has not been granted for the remainder of the going concern period through to 31 July 2022.

The Collateral Deed with HMT also includes financial covenants measured twice a year in May and November. These financial covenants include the calculation of historical and prospective Debt Service Cover Ratios (DSCR's). A prospective ratio falling below 1.15x trigger sanctions restricting the University's future operations.

The University of Northampton Enterprises Limited

Statement of Principal Accounting Policies for the Year Ended 31 July 2020 - continued

During the financial year the University fell below this level. However, HM Treasury provided waivers to the University.

Based on the forecast scenarios the University is forecast to trigger a discretionary spend lock up event in May 2021, November 2021 and May 2022. If triggered, these require the University to cease capital discretionary spend until a waiver is received from HMT. The University has received legal advice that the trigger of the discretionary spend lock up event does not constitute an event of default and the University would take all reasonable actions to ensure that they comply with the requirements of the covenant.

Conclusion – Material uncertainty in relation to going concern

The Company is dependent on financial support from the University to meet its liabilities as they fall due in the form of a parental letter of support. The University and Group is forecasting a net liability position during the going concern period which represents a major event of default. The University and Group has received a waiver until September 2021, but a waiver has not been granted for the remainder of the going concern period through to 31 July 2022. The absence of this covenant waiver represents a material uncertainty in relation to the University's ability to provide financial support to the Company. As the Company is dependent on financial support from the University to meet its liabilities as they fall due, this consequently represents a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The University has carefully considered its financial forecasting, available financing, the assessment of the scenarios and forecast covenant compliance. The University and Group considers that the liquidity headroom and financial covenants are manageable due to available mitigating actions which include a staff recruitment freeze, non-pay restrictions and the removal of performance payments for senior staff. Accordingly, but recognising the uncertainty around the developing and volatile situation surrounding the impact of Covid-19, the Board of Governors has concluded that there is reasonable expectation that the University and Group has adequate resources to continue in operational existence for the going concern period.

The Directors of the Company have considered the University and Group assessment of going concern and concluded whilst a material uncertainty exists as detailed above it is appropriate for the financial statements to be prepared on a going concern basis.

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

The University of Northampton Enterprises Limited

Statement of Principal Accounting Policies for the Year Ended 31 July 2020 - continued

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.

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 follow:

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

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.

The University of Northampton Enterprises Limited

Statement of Principal Accounting Policies for the Year Ended 31 July 2020 – continued

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.

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 12.

The University of Northampton Enterprises Limited
Statement of Comprehensive Income
for the Year Ended 31 July 2020

	Note	2020 £	2019 £
Turnover	2	9,989,804	12,521,493
Cost of sales		<u>(10,139,896)</u>	<u>(12,571,898)</u>
Operating (loss)	1	(150,092)	(50,405)
Interest Payable		(5,479)	
Interest receivable and similar income		538	10,955
		<u></u>	<u></u>
(Loss)		(155,033)	(39,450)
Qualifying charitable donation	4	(63,986)	(457,739)
		<u></u>	<u></u>
(Loss) before taxation		(219,019)	(497,189)
Tax on (loss)	3	-	-
		<u></u>	<u></u>
(Loss) for the financial year		(219,019)	(497,189)
Actuarial (loss) in respect of pension schemes		(115,000)	(323,000)
Total comprehensive (expenditure) for the year		(334,019)	(820,189)

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 2020

	Note	Called-up share capital £	Profit and loss account £	Total Shareholders' Funds £
At 1 August 2018		100	1,570,800	1,570,900
Total comprehensive expenditure for the year		-	(820,189)	(820,189)
At 31 July 2019		100	750,611	750,711
Total comprehensive expenditure for the year			(334,019)	(334,019)
At 31 July 2020		100	416,592	416,692

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 2020

	Note	2020 £	2019 £
Non-Current Assets			
Tangible Assets	6	24,198	40,749
Investment	7	<u>75,001</u>	<u>75,001</u>
		99,199	115,750
Current Assets			
Debtors	8	896,306	942,457
Cash and cash equivalents		<u>100,442</u>	<u>113,383</u>
		996,748	1,055,840
Creditors: amounts falling due within one year	9	<u>(340,255)</u>	<u>(374,879)</u>
Net current assets		<u>656,493</u>	<u>680,961</u>
Total assets less net current assets		755,692	796,711
Provisions for liabilities			
Pension provision	12	(339,000)	(46,000)
Net Assets		<u>416,692</u>	<u>750,711</u>
Capital and Reserves			
Called up share capital	11	100,000	100,000
Profit and loss account		416,592	750,611
Total Shareholders' Funds		<u>416,692</u>	<u>750,711</u>

The financial statements on pages 12 to 25 were approved by the Board of Directors on 21st July 2021 and signed on their behalf by:



Mr Terry Neville (Director)

Date: 21st July 2021

The University of Northampton Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

1. Operating (Loss)

	2020 £	2019 £
Operating (loss) is stated after charging:		
Auditors' remuneration in respect of the audit of the company's financial statements (inclusive of VAT)	3600	2,100

The limitation on auditor liability for external audit work is £2 million and was agreed on 6th June 2018 and reconfirmed on 12th March 2021 (2018/19: £2 million).

2. Turnover

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

	2020 £	2019 £
1 st Degree Facilities	6,670,190	7,953,142
Unitemps Employment agency	1,140,245	1,777,051
Sunley Conference Centre	0	21,169
UON Business Support Office	231,727	421,992
The University of Northampton Uno Buses service	1,600,000	1,920,000
The University of Northampton Radio Station service	29,365	2,500
CH&Co	318,277	425,639
	9,989,804	12,521,493

The Sunley Conference Centre was managed by CH&Co during 2019/20 so income was not shown separately in University of Northampton Enterprises Ltd as in the previous financial year.

Included in the above is £177k of Job Retention Scheme income (£72k for 1st Degree and £105k for Unitemps).

3. Taxation

Recognised in the Statement of Comprehensive Income

	2020 £	2019 £
Current tax expense	-	-
Adjustment in respect of previous year	-	-

Deferred Tax

There is £0 deferred tax to be recognised.

The University of Northampton Enterprises Limited

Notes to the Financial Statements – continued for the Year Ended 31 July 2020

3. Taxation - continued

Current tax reconciliation

	2020	2019
	£	£
Loss for the year	(219,019)	(497,189)
Theoretical tax at UK Corporation tax rate of 19% (2019:19%)	(41,614)	(94,466)
Effects of:		
Non-deductible expenses for tax purposes	12,157	87,920
Group relief	(949)	-
Deferred tax movements	36,063	26,016
Qualifying charitable donation	(5,657)	(19,470)
	-	-

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 £63,986 (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:

	2020	2019
Administration	146	164

The aggregate payroll costs of these persons plus all staff employed through the Unitemps agency were as follows:

	2020	2019
	£	£
Wages and salaries	5,233,806	5,219,879
Social security costs	366,924	383,531
Other Pension costs	304,364	178,685
	5,905,094	5,782,095

The cost of unitemps employees was £1,796,601 (£1,476,278 in 18/19)

Pension costs are in relation to the 3 pension schemes offered within the company as described in note 12.

The University of Northampton Enterprises Limited

Notes to the Financial Statements – continued for the Year Ended 31 July 2020

Key management personnel

The Directors received no emoluments from the Company during the year (2019: nil).

6. Fixed Assets

	Furniture, Fixtures, Fittings & Equipment £	Total £
<u>Cost</u>		
As at 1 August 2019	85,841	85,841
Disposals		
Additions		
As at 31 July 2020	85,841	85,841
<u>Accumulated Depreciation</u>		
At 1 August 2019	45,092	45,092
Depreciation	16,551	16,551
At 31 July 2020	61,643	61,643
<u>Net book value</u>		
At 31 July 2019	40,749	40,749
At 31 July 2020	24,198	24,198

7. Investment

	£000
<u>Cost</u>	
At 1 August 2019 & 31 July 2020	75,001
<u>Impairment</u>	
At 1 August 2019 & 31 July 2020	-
<u>Net book value</u>	
At 31 July 2020	75,001
At 31 July 2019	75,001

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 2020

7. Investment (continued)

Year Ended 31 July 2019	2020	2019
Profit and Loss Account	£	£
Turnover (at 50%)	1,480,128	1,485,145
Operating Profit (at 50%)	42,368	79,570
Balance Sheet		
Fixed Assets	137,950	173,335
Current Assets	907,101	437,176
	<u>1,045,051</u>	<u>610,511</u>
Creditors	<u>(849,707)</u>	<u>(444,788)</u>
Share of net assets at 50%	97,672	82,862

8. Debtors

	2020	2019
	£	£
Trade debtors	150,912	17,324
Amounts owed by group undertakings	653,207	869,189
Other debtors	92,187	55,944
	896,306	942,457

9. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	73,585	97,182
Other creditors	175,601	147,256
Taxation and social security	91,069	130,441
	340,255	374,879

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. In 19/20 the unrecognised deferred tax was £62,977 (£99,040 in 18/19)

The University of Northampton Enterprises Limited

Notes to the Financial Statements – continued for the Year Ended 31 July 2020

11. Called up Share Capital

	2020 £	2019 £
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 £304,364 (Note 5) (2019: £178,685). LGPS pension cost £223,858 (2019: £83,953), Scottish Life pension cost £6,361 (2019: £12,089), NEST pension cost £74,145 (2019: £70,270).

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 2020 was £83k of which employer's contributions totalled £51k and employees' contributions totalled £32k. As per the 2019 Valuation Results, the employer contribution from 01/04/20 to 31/03/21 has been assessed at £0k(zero).

The employer contribution rate for 2019/20 was 13.6% (2018/19: 13.6%). For 2020/21 the contribution rate is 0%

The following information is based upon a full actuarial valuation of the fund as at 31 March 2019, updated to 31 July 2020 by a qualified, independent Actuary.

	2020 %	2019 %
CPI Inflation	2.1%	2.4%
Rate of increase in salaries	2.7%	2.7%
Rate of increase in pensions	2.2%	2.4%
Discount rate for liabilities	1.4%	2.1%

The assumed life expectations on retirement at age 65 are:

	2020	2019
Retiring today		
Males	21.5	21.2
Females	23.7	23.3
Retiring in 20 years		
Males	22.3	22.3
Females	25.1	24.7

The University of Northampton Enterprises Limited

Notes to the Financial Statements – continued for the Year Ended 31 July 2020

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 2020	Value at 31 July 2020	Long term rate of return expected at 31 July 2019	Value at 31 July 2019
		£000		£000
Short	1.5%		2.1%	
Medium	1.6%		2.1%	
Long term	1.6%		2.1%	
Total market value of Assets		6,559		6,650
			2020 £000	2019 £000
University's estimated asset share			6,559	6,650
Present value of scheme liabilities			(6,898)	(6,696)
Closing position			(339)	(46)
Analysis of net return on pension scheme			2020 £000	2019 £000
Expected return on pension scheme assets			139	177
Interest on pension scheme liabilities			(142)	(167)
Net (interest)/return			(3)	10
Amounts recognised in the statement of other comprehensive income			2020 £000	2019 £000
Actual return less expected return on pension scheme assets			(161)	165
Change in financial and demographic assumptions underlying the scheme liabilities			(46)	(488)
Actuarial (loss)			(207)	(323)
Movement in deficit during year			2020 £000	2019 £000
Surplus/(deficit) in scheme at beginning of year			(46)	439
Movement in year:				
Current service charge			(226)	(271)
Contributions			51	99
Net (interest) on assets			(3)	10
Actuarial (loss)/gain			(115)	(323)
(Deficit) in scheme at end of year			(339)	(46)

The University of Northampton Enterprises Limited

Notes to the Financial Statements – continued for the Year Ended 31 July 2020

12. Pension Schemes - continued

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

	2020 £000	2019 £000
At the beginning of the year	(6,696)	(5,869)
Current service charge	(226)	(271)
Interest cost	(142)	(167)
Contributions by scheme participants	(32)	(39)
Estimated benefits paid	152	138
Actuarial gains/(losses)	46	(488)
At the end of the year	(6,898)	6,696

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

	2020 £000	2019 £000
At the beginning of the year	6,650	6,308
Expected rate of return on scheme assets	139	177
Actuarial (gains)/losses	(161)	165
Contribution by the employer	51	99
Contributions by scheme participants	32	39
Benefits paid	(152)	(138)
At the end of the year	6,559	6,650

History of experience gains or losses

	2020 £'000	2019 £000	2018 £000
Experience (losses)/gains on scheme Assets:			
Amount	(161)	165	359
% of scheme assets	2.45%	2.48%	5.69%
Experience (gains) and losses on scheme liabilities:			
Amount	46	(488)	224
% of scheme liabilities	0.70%	7.29%	3.82%
Total amounts recognised in statement of total comprehensive income:			
Amount	(115)	(323)	583

The cumulative amount of actuarial gains recognised in the Statement of comprehensive income is £1,788K (2019: £1,903k).

The University of Northampton Enterprises Limited

Notes to the Financial Statements – continued for the Year Ended 31 July 2020

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.

£1,618,682 was invoiced from Uno Buses (Northampton) Ltd to The University Northampton Enterprises Ltd, for the provision of bus services and £49,453 invoiced from The University of Northampton to Uno Buses (Northampton) Ltd. At 31 July 2020 there was an outstanding credit note of £150,000 issued by Uno Buses (Northampton) Ltd that had not yet been used as payment by The University of Northampton Enterprise Ltd.

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