



The University of Northampton Enterprises Limited

Company Number 03092244



Annual Report and Financial Statements for the year ended 31 July 2021

The University of Northampton Enterprises Limited

Annual Report and Financial Statements for the Year Ended 31 July 2021

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The University of Northampton Enterprises Limited
Directors and Professional Advisors for the Year Ended 31 July 2021

Directors

Dr Andrew Gough
Mr Paul Minton
Mr Terry Neville

Independent auditor

BDO LLP
Two Snowhill,
Birmingham,
B4 6GA,

Bankers

Lloyds Banking Group
Black Horse House,
Progression Centre,
42 Mark Road,
Hemel Hempstead,
Hertfordshire,
HP2 7DE

Company Address

University of Northampton Enterprises Limited
Vice Chancellors Office,
University Drive,
Northampton,
NN1 5PH

The University of Northampton Enterprises Limited

Strategic Report for the Year Ended 31 July 2021

The directors present the strategic report and audited financial statements for the year ended 31 July 2021 and report thereon. The Directors and Professional Advisors 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.
- 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, 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 £617K, due to additional health and safety costs implementing social distancing higher income was recorded of £641K due to University recharge of costs plus 5%, resulting in a profitable year end position for 1st Degree Facilities.

Sunley Hotel and Waterside Bar & Restaurant transferred to UNEL operation following the termination of the CH&Co contract in July 2020. Due to covid restrictions both performed adversely to budget. Sunley recorded a £62K loss and Waterside Bar & Restaurant a £51K loss. Significantly, this was an improvement on the last years combined loss of £181K whilst operated by CH&CO.

Unitemps recorded a £23K adverse variance to budget due to the collapse of the external recruitment market during lockdown. This resulted in reduced income of £520K to budget which is offset by associated reduced expenditure of £497K. Despite difficulty in the external market Unitemps recorded a £92K profit. This combined to deliver an overall operating profit of £145K which included a £154K LGPS charge.

Details of the results for the year are given on page 13 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 for the Year Ended 31 July 2021 - continued

Review of the Results for the Year and Future Outlook (continued)

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 23 February..... 2022 and signed on its behalf by:



Terry Neville
Director

Date: 23 February 2022

The University of Northampton Enterprises Limited

Directors' Report for the Year Ended 31 July 2021

Incorporation

The Company is registered in England and Wales 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 Paul 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.

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 (2019/20: £nil).

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year (2019/20: £nil) other than the qualifying charitable donation 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 for the Year Ended 31 July 2021 (continued)

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; and
- 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.

Directors' third-party indemnities

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

Independent Auditors

On 20 August 2021, Ernst & Young LLP resigned as the company's auditors. BDO LLP were appointed to fill the resulting vacancy. BDO LLP have expressed their willingness to continue in office as auditors and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The University of Northampton Enterprises Limited

Directors' Report for the Year Ended 31 July 2021 (continued)

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.

By order of the Board.



Mr Terry Neville
Director

Date: 23 February 2022

University of Northampton Enterprises Limited
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 on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2021 and of its profit 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.

We have audited the financial statements of The University of Northampton Enterprises Limited ("the Company") for the year ended 31 July 2021 which comprise the Statement of Comprehensive income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

Independence

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.

Material uncertainty related to going concern

We draw attention to note 1.2 to the notes to the financial statements, which indicates that the Company is reliant on the ongoing financial support of its parent to enable it to continue as a going concern. The parent and the group are both forecasting a net liability position during the going concern period which would represent a major event of default on its borrowing covenants. It has received a covenant waiver until December 2022 but not for the remainder of the going concern period to 31 July 2023. The support from the parent is not legally binding.

As disclosed in note 1.2, these events or conditions 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.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

The University of Northampton Enterprises Limited

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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 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; or

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We made enquiries of management, the Audit Committee and the Directors. This included the following:

- how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
- their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. These include, but are not limited to, Companies Act 2006, UK GAAP, employment law and data protection.

We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Audit response to risks identified

We designed and executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures, together with the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- Discussions with management, the Audit Committee and the Directors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;

The University of Northampton Enterprises Limited

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

- Reviewing items included in the fraud register as well as the results of internal audit's investigation into these matters;
- Challenging assumptions made by management in their significant accounting estimates; and
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:
Kyla Bellingall
A11A16013DD84AC...

Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham

Date: 25 February 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The University of Northampton Enterprises Limited

Statement of Comprehensive Income for the Year Ended 31 July 2021

	Note	2021 £	2020 £
Turnover	3	10,218,485	9,989,804
Cost of sales		<u>(10,073,138)</u>	<u>(10,139,896)</u>
Operating profit/(loss)	2	145,347	(150,092)
Interest Payable		(6,000)	(5,479)
Interest receivable and similar income		<u>-</u>	<u>538</u>
Profit/(loss)		139,347	(155,033)
Qualifying charitable donation	5	<u>(38,153)</u>	<u>(63,986)</u>
Profit/(loss) before taxation		101,194	(219,019)
Tax on Profit/(loss)	4	<u>-</u>	<u>-</u>
Profit/(loss) for the financial year		101,194	(219,019)
Actuarial gain/(loss) in respect of pension schemes		709,000	(115,000)
Total comprehensive Income/(expenditure) for the year		810,194	(334,019)

The University of Northampton Enterprises Limited

Statement of Changes in Equity for the Year Ended 31 July 2021

	Statement of changes in equity	Profit and loss account	Total Shareholders' funds
	£	£	£
At 1 August 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
Total comprehensive income for the year	-	810,194	810,194
At 31 July 2021	100	1,226,786	1,226,886

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 2021

	Note	2021 £	2020 £
Fixed Assets			
Tangible Assets	7	16,848	24,198
Investment	8	<u>75,001</u>	<u>75,001</u>
		91,849	99,199
Current Assets			
Debtors: amounts due within one year	9	1,405,342	896,306
Cash in bank and in hand		<u>173,197</u>	<u>100,442</u>
		1,578,539	996,748
Creditors: amounts falling due within one year	10	<u>(659,502)</u>	<u>(340,255)</u>
Net current assets		<u>919,037</u>	<u>656,493</u>
Total assets less net current assets		1,010,886	755,692
Provisions for liabilities			
Defined benefit pension scheme asset/(liability)	13	216,000	(339,000)
Net Assets		<u>1,226,886</u>	<u>416,692</u>
Capital and Reserves			
Called up share capital	12	100	100
Profit and loss account		1,226,786	416,592
Total Shareholders' Funds		<u>1,226,886</u>	<u>416,692</u>

The financial statements on pages 13 to 15 were approved by the Board of Directors on
 23 February 2022 and signed on their behalf by:


 Mr Terry Neville (Director)

Date: 23 February 2022

The University of Northampton Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 July 2021

1. Statement of principal accounting policies for Year Ended 31 July 2021

1.1 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 and Wales under the Companies Act 2006. The address of the registered office is Vice Chancellor's Office, University Drive, Northampton, NN1 5PH.

1.2 Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Going Concern

The financial statements are prepared on a going concern basis. The Company considers the most appropriate going concern period to be until 31 July 2023, which is more than 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. This parental letter of support is not legally binding.

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 31 July 2023, considering both liquidity and compliance with covenants. The University has forecast its compliance against all existing covenants through its going concern assessment period and based on its forecast scenarios are expecting 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 31 December 2022 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.

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.

Based on the forecast scenarios the University is expected to trigger a discretionary spend lock up event in May 2023. 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.

The University of Northampton Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

Basis of preparation (continued)

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 which is not legally binding. 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 December 2022, but a waiver has not been granted for the remainder of the going concern period. 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.

1.3 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:

- 1.4 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;
- 1.5 from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7; and
- 1.6 from disclosure of basic and non-basic financial instruments.

The University of Northampton Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

1.4 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. The services delivered include catering, facilities and estates management, Unitemps employment services and a community radio service. 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.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a straight-line basis.

Depreciation is provided on the following basis:

Furniture, fixtures & fittings and equipment	5 -8 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the statement of comprehensive income.

1.6 Debtors

Short term debtors are measured at transaction price, less any impairment.

1.7 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.

The University of Northampton Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

1.8 Investments

Investments in jointly controlled operations are measured at cost less accumulated impairment.

1.9 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.

1.10 Critical judgements and significant estimates

Management are required to exercise judgement in the process of applying the company accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing material misstatement to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Defined benefit pension scheme

The present value of the Local Government Pension Scheme defined benefit depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes to these assumptions, which are disclosed in note 12, will impact the carrying amount of the pension.

The University of Northampton Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

Critical judgements and significant estimates (continued)

Recoverability of debtors

Debtors are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Where the expectation is different from the original estimate, such differences will impact the carrying value of debtors and the charge in the statement of comprehensive income.

Depreciation and residual values

Management have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

2. Operating Profit/(loss)

	2021	2020
	£	£
Operating Profit /(loss) is stated after charging:		
Auditors' remuneration in respect of the audit of the company's financial statements (exclusive of VAT)	14,000	3,000

3. Turnover

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

	2021	2020
	£	£
1 st Degree Facilities	7,202,999	6,670,190
Unitemps Employment agency	1,382,125	1,140,245
UON Business Support Office	-	231,727
The University of Northampton Uno Buses service	1,326,000	1,600,000
The University of Northampton Radio Station service	53,272	29,365
Sunley Hotel	209,804	-
Waterside Bar & restaurant	44,285	-
CH&Co	-	318,277
	10,218,485	9,989,804

The Sunley Hotel and Waterside Bar and Restaurant were managed by CH&Co during 2019/20 so income was not shown separately in University of Northampton Enterprises accounts.

The University of Northampton Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

Catering operations transferred from CH&CO to 1st degree operation on 1 August 2020.
UON Business Support Office transferred to the University of Northampton in 2020/21.

Included in the above is £173,198 (2019/20: £176,944) of Job Retention Scheme income (£116,755 (2019/20: £105,053) for 1st Degree and £56,443 (2019/20: £71,891) for Unitemps).

4. Taxation

Recognised in the Statement of Comprehensive Income

	2021	2020
	£	£
Current tax expense	-	-
Adjustment in respect of previous year	-	-
	-	-

Deferred Tax

There is nil deferred tax to be recognised.

Current tax reconciliation

	2021	2020
	£	£
Profit/(Loss) for the year	101,194	(219,019)
Theoretical tax at UK Corporation tax rate of 19% (2019/20:19%)	19,227	(41,614)
Effects of:		
Non-deductible expenses for tax purposes	36,264	12,157
Group relief	(6,209)	(949)
Deferred tax movements	-	36,063
Qualifying charitable donation	(49,282)	(5,657)
	-	-

5. 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 £38,153 (2019/20: £63,986) were made during the year.

The University of Northampton Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

6. Staff numbers and costs

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

	2021	2020
Administration	186	146

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

	2021	2020
	£	£
Wages and salaries	5,412,838	5,233,806
Social security costs	413,990	366,924
Other Pension costs	296,143	304,364
	6,122,971	5,905,094

The cost of Unitemps employees was £1,387,828 (2019/20: £1,796,601).

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 (2019/20: nil).

7. Fixed Assets

	Furniture, Fixtures, Fittings & Equipment £	Total £
<u>Cost</u>		
As at 1 August 2020	85,841	85,841
As at 31 July 2021	85,841	85,841
<u>Accumulated Depreciation</u>		
At 1 August 2020	61,643	61,643
Depreciation	7,350	7,350
At 31 July 2021	68,993	68,993
<u>Net book value</u>		
At 31 July 2020	24,198	24,198
At 31 July 2021	16,848	16,848

The University of Northampton Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

8. Investment

	£000
Cost	
At 1 August 2020	75,001
31 July 2021	75,001
Impairment	
At 1 August 2020	-
31 July 2021	-
Net book value	
At 31 July 2020	75,001
At 31 July 2021	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.

	2021	2020
	£	£
Profit and Loss Account		
Turnover (at 50%)	1,359,546	1,480,128
Operating (loss / profit (at 50%))	(18,672)	42,368
Balance Sheet		
Fixed Assets	105,249	137,950
Current Assets	521,052	907,101
Total	626,301	1,045,051
Creditors	(476,291)	(849,707)
Share of net assets at 50%	75,005	97,672

9. Debtors: amounts falling due within one year

	2021	2020
	£	£
Trade debtors	8,837	150,912
Amounts owed by group undertakings	1,305,067	653,207
Other debtors	91,438	92,187
	1,405,342	896,306

The University of Northampton Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

10. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	98,115	73,585
Other creditors	424,283	175,601
Taxation and social security	137,104	91,069
	659,502	340,255

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 current unrecognised deferred tax is £99,040 (2019/20: £99,040).

12. Called up Share Capital

	2021	2020
	£	£
Authorised		
Ordinary shares of £1 each	10,000	10,000
Allotted and fully paid		
Ordinary shares of £1 each	100	100

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 £296,143 (Note 6) (2019/20: £304,364). LGPS pension cost £212,883 (2019/20: £223,858). Scottish Life pension cost £0 (2019/20: £6,361), NEST pension cost £83,260 (2019/20: £74,145).

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 2021 was £64k which was entirely employer's contributions relating to pension strain (2019/20: £83k of which £51k was employer's contributions and £31k was employee's contributions).

The employer contribution rate for 2020/21 was 0% (2019/20: 13.6%). For 2021/22 the contribution rate is 0%.

The University of Northampton Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

Pension Schemes (continued)

The following information is based upon a full actuarial valuation of the fund as at 31 March 2020, updated to 31 July 2021 by a qualified, independent Actuary.

	2021	2020
	%	%
CPI Inflation	2.85	2.10
Rate of increase in salaries	3.35	2.70
Rate of increase in pensions	2.85	2.20
Discount rate for liabilities	1.60	1.40

The assumed life expectations on retirement at age 65 are:

	2021	2020
Retiring today		
Males	21.7	21.5
Females	24.1	23.7
Retiring in 20 years		
Males	22.8	22.3
Females	25.8	25.1

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

	Share of total fund assets 31 July 2021	Value at 31 July 2021	Share of total fund assets at 31 July 2020	Value at 31 July 2020
		£000		£000
Equities	67%	5,257	68%	4,394
Bonds	20%	1,569	17%	1,312
Property	12%	941	12%	787
Cash	1%	78	3%	66
Total market value of Assets		7,845		6,559

	2021	2020
	£000	£000
University's estimated asset share	7,845	6,559
Present value of scheme liabilities	(7,629)	(6,898)
Closing position	216	(339)

Analysis of net interest on pension scheme

	2021	2020
	£000	£000
Expected return on pension scheme assets	91	139
Interest on pension scheme liabilities	(97)	(142)
Net (interest)/return	(6)	(3)

The University of Northampton Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

Pension Schemes (continued)

Amounts recognised in the statement of other comprehensive income

	2021 £000	2020 £000
Actual return less expected return on pension scheme assets	1,287	(161)
Change in financial and demographic assumptions underlying the scheme liabilities	(578)	(46)
Actuarial (loss)	709	(207)

Movement in deficit during year

	2021 £000	2020 £000
Deficit in scheme at beginning of year	(339)	(46)
Movement in year:		
Current service charge	(213)	(226)
Contributions	65	51
Net (interest) on assets	(6)	(3)
Actuarial gain / (loss)	709	(115)
Surplus / (deficit) in scheme at end of year	216	(339)

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

	2021 £000	2020 £000
At the beginning of the year	(6,898)	(6,696)
Current service charge	(213)	(226)
Interest cost	(97)	(142)
Contributions by scheme participants	(27)	(32)
Estimated benefits paid	184	152
Actuarial (losses) / gains	(578)	46
At the end of the year	(7,629)	(6,898)

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

	2021 £000	2020 £000
At the beginning of the year	6,559	6,650
Expected rate of return on scheme assets	91	139
Actuarial (losses) / gains	1,287	(161)
Contribution by the employer	65	51
Contributions by scheme participants	27	32
Benefits paid	(184)	(152)
At the end of the year	7,845	6,559

The University of Northampton Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

Pension Schemes (continued)

History of experience gains or losses

	2021 £'000	2020 £000
Experience (losses)/gains on scheme Assets:		
Amount	1,287	(161)
% of scheme assets	16.41%	2.45%
Experience (gains) and losses on scheme liabilities:		
Amount	(578)	46
% of scheme liabilities	7.58%	0.67%
Total amounts recognised in statement of total comprehensive income:		
Amount	709	(115)

The cumulative amount of actuarial gains recognised in the Statement of comprehensive income is £2,497k (2019/20: £1,788k).

14. Related Party Transactions

In line with the exemption in FRS 102, no disclosure has been made of the transactions between the Company and other wholly owned group companies.

£1,326,000 (2019/20: £1,618,682) was invoiced from Uno Buses (Northampton) Ltd to The University Northampton Enterprises Ltd, for the provision of bus services.

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