



Harper Adams
University

Annual Report & Financial Statements

2014/15

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CONTENTS

Chief Executive's Report.....	2
Operating and Financial Review.....	10
Report of the Governors and Corporate Governance Statement.....	14
Independent Auditor's Report to the Board of Governors of Harper Adams University.....	21
Statement of Accounting Policies	23
Consolidated Income and Expenditure Account For the Year to 31 July 2015.....	28
Statement of Consolidated Total Recognised Gains and Losses.....	29
Balance Sheet as at 31 July 2015.....	30
Consolidated Cash Flow Statement.....	31
Notes to the Financial Statements	32
Five Year Summary Accounts.....	52
Glossary of Terms	53

Chief Executive's Report

Harper Adams University delivers higher education in support of the agricultural, agricultural engineering, food science and technology, environmental science, veterinary science and land-based sectors. It is one of only three English HE institutions specialising in these subject areas. The University offers multi-disciplinary courses that contain a firm grounding in science and technology to meet the needs of industry, and to help create professionals able to deal with the application of science in the production of food, the management of natural resources and the creation of renewable energy. The University is also an important source of independent knowledge, advice and education to those already working in these vital sectors and is playing an increasing role in applied research of benefit to industry and society. Furthermore, it has a key role to play in a rapidly developing policy environment where its subject base is of increasing importance to the UK economy and to the challenge of achieving global food security.

During 2014/15 we developed a new Strategic Plan to cover the period from 2015 to 2020. Our strategy has five key aims:

- 1. Education:** We will grow the population of the University to 3,000 FTE students, whilst attracting those already in the professions who need to extend their understanding and expertise, thereby providing a community of learning that will appeal to rural and urban students from the UK and overseas.
- 2. Engagement:** We will enhance our engagement with industry and local enterprise partnerships to help grow our capacity for education, research and knowledge exchange.
- 3. Research:** We will move from a position where over 50% of our research in the 2014 Research Excellence Framework was assessed as internationally excellent or world

leading to a rating of over 60% for these categories in the next Research Excellence Framework.

- 4. Influence:** We will enhance the role and reputation of Harper Adams as a contributor to national policy formulation and delivery to improve rural economic development and the UK's contribution to global food security.
- 5. Efficiency:** We will maintain our expenditure on administrative activities below the median, when benchmarked against other small and specialist UK higher education institutions, in order to allow us to focus resources, including new technologies, on efficient teaching and the support of our students.

The Strategic Plan acts as a framework to guide our investment plans and to focus on areas where further efficiencies can be delivered. Each year we produce a Corporate Planning Statement which helps put our Strategy into operation and which provides a means to monitor progress via the Board of Governors, the Academic Board and their committees. The Corporate Planning Statement for 2015/16 was approved by the Board of Governors in July 2015. At the same time, a final progress report on the Statement for 2014/15 was assessed. All of the objectives for the year were found to have been delivered or were in the process of being delivered. Our close scrutiny of progress against our academic and institutional objectives, and the link between this work and our regular reviews of corporate risks, enables us to ensure that we achieve our targets and effectively deliver our Strategy.

The higher education funding environment remains in a state of flux, with continuing pressure on Government funding and debate about the way in which the proposed Teaching Excellence Framework could impact on tuition fee levels. The University has successfully managed to accommodate in-year funding

cuts in 2014/15, but if this trend is to continue, the provision of high-quality education in high-cost subjects will require an increased focus on reducing expenditure and raising alternative sources of revenue. Since 2010 the University has cut its other operating costs by over 14%, and increased other income by an equivalent amount, but our ability to continue to do this in future will depend upon creating an agile and more flexible academic portfolio. We are addressing these concerns in a Curriculum Review and plan to assess the way in which staff time is best used, to deliver high quality teaching and research, during the course of 2015/16.

External Policy Environment

In addition to the financial issues being addressed by the higher education sector there are other policy developments that have occurred in the last year to which we have had to devote time and resources. These include the proposed revision of the sector's quality assurance system; changes to the Tier 4 visa system and continuing concerns about the Government's position on immigration and its impact on international student recruitment; the implementation of the new Prevent mechanism; and the role of universities in the economic growth and productivity agendas being promoted by Government. We have actively addressed all of these issues, and many more, to ensure that we remain at the forefront of policy developments in the sector.

At the same time we have been engaged in the national Strategy for Agricultural Technologies, progressing our bid for a Centre for Innovation in Agricultural Engineering and Precision Farming and connecting with the consortium bidding for a Livestock Centre for Innovation. We expect the results of this work to be announced during 2015/16. We have also participated in the early stages of the development of DEFRA's 25 year plan for food and farming in which we are expecting to see elements covering education and skills and research and innovation. This work will continue over the course of the next year.

We have also engaged with HEFCE, and with the BBSRC, during 2014/15, to ensure that demand for agri-food courses is better understood and that concerns about the supply of postgraduate research students, in particular, can be addressed.

We have continued to play a strong role in the local economy by closer collaboration with the Marches LEP, where we have members on the LEP Board and the local ESIF Committee. The University has taken the lead role for agri-technology and agri-food elements of the LEP's Strategic Economic Plan, and will work with local businesses to encourage inward investment through its initiatives in the national Strategy for Agricultural Technologies.

Our international work has also progressed, with new collaborations in China yielding positive results for student recruitment and research; partnerships with leading universities in the USA where we can promote exchanges of students; and training programmes in countries such as Zambia and Saudi Arabia.

Student Recruitment and Experience

Undergraduate recruitment in 2014 was not as positive as in 2013. We admitted 631 new students and saw particularly strong recruitment in agriculture where we have the largest cohort of students in the UK. The position for 2015/16 is, however, much improved and we have seen high application and acceptance levels across the full range of our courses. Taught postgraduate student recruitment was also positive in 2014 when, with 348 total enrolments, we admitted our highest ever intake. Again, the prospects for the 2015 entry are even better, though there is a trend towards more full-time and fewer part-time home students and more international students. Postgraduate research student numbers have similarly been good, and we currently have a total of 69 students across a wide range of subjects. We believe that there is a need to create a doctoral training programme (DTP) for applied agricultural science, something we have discussed with the BBSRC and with senior members of the Government. Although there is little progress

to report at the moment we will continue to push for a DTP, or DTP places, to be funded to protect the future applied science research base in agri-food subjects.

We achieved another high graduate employment rate of 96% in the 2015 Destination of Leavers in Higher Education survey. Our consistent performance in this survey is the result of our close connections with industry, our sandwich degree provision and the abilities of our students, supported by the hard work of our staff in engaging our students with industry representatives. In the autumn term of 2014/15 we hosted three placement and graduate career events which were attended by a total of 152 companies and organisations.

It was a year in which our teaching performance, and the experience we provide for our students, attracted considerable attention and success. At the start of the academic year we were ranked fourth in a Youthsight survey of the most welcoming universities, after Cambridge, Oxford and St Andrews universities. In April 2015 the University was placed in the top three institutions in seven of the 10 awards categories in the 2015 WhatUni Student Choice Awards. This awards scheme involved a survey of 20,000 students, and, as well as winning the award for student support, we came second for the title of University of the Year. In July 2015 we won the Student Voice Award in the 2015 HEIST Education and Marketing Awards scheme. Student feedback informing this award included the comment that, 'The place is a buzzing hive of activity, far from the expectations of a small, quiet rural university. It's brilliant.' Our performance in the 2015 National Student Survey also placed us fifth in the UK HE sector.

All of this could not have been achieved without the support and hard work of our Students' Union, which continues to provide an outstanding social programme to match the high quality of our educational activities at the University.

Research & Knowledge Transfer

It has been a successful year for our research programme, in which income from research has grown to over £2.6m. This is the result of a focussed approach to generating income from sources including Innovate UK, BBSRC, NERC, EPSRC and the Agri-Technology Strategy Catalyst Fund, where our collaborations with industry have been recognised for the important contribution they are making to the applied research base. Of particular note, at the start of the academic year, was our success in agricultural engineering, where over £1m was awarded to four of the five research projects that were submitted to an Innovate UK call.

As noted earlier, our postgraduate research student numbers continue to grow. Many of these students are from overseas, underlining concerns we have expressed within Government about the need to provide funding to attract more domestic research students to develop the UK's capacity in applied agricultural research. Our students do well, our completion rates are comparable to the best in the HE sector and the community of researchers at Harper Adams is greatly strengthened by the quality of our students and the contribution they make to our research profile.

We took steps, during the year, to expand the concept of technical notes that explain our research projects in an easily digestible form explaining the projects being undertaken by our research students. These have proved to be popular and we hope to continue the practice in the future as part of our approach to doctoral training. At the same time, we have used our web resources to highlight the research work of our undergraduates, with examples ranging from projects on the soy assurance scheme to improving the marketing of Welsh lamb.

We have also covered our staff research activities extensively on our website over the course of the year, and further details of particular projects can be found there. Some notable examples include our work on

minimum/no tillage systems and controlled traffic farming, which has involved leading companies and organisations such as Vaderstad, Michelin and CTF Europe, and which also led to a Worshipful Company of Farmers report published in October 2014.

Our researchers are involved in two projects, worth a total of almost £2m, aiming to improve the quality of fresh produce as part of the BBSRC and NERC Horticulture and Potato Initiative (HAPI). This work is being conducted in collaboration with the universities of Warwick and Reading, together with industry partners across the agri-food supply chain.

New industry relationships, such as those with the leading unmanned aerial systems company, PrecisionHawk, have been developed to expand our research base whilst also providing opportunities for new areas of education and training in precision farming systems.

These are the types of activities that contributed to the University's success in the national Research Assessment Framework, the results of which were announced in December 2014. All of the University's submitted research was judged to be of international quality whilst 56% was rated in the top categories of internationally excellent or world leading. This was a very positive outcome for the University, and one which has established Harper Adams as a key contributor to the UK's applied agricultural research base.

Promoting Collaboration

We worked collaboratively across a wide range of activities during the course of the year, involving our internal operations as well as external parties. In October 2014 we were delighted to achieve the prestigious Hospitality Assured Award, and we are now one of only nine UK universities to have been accredited under this programme. This required several years of hard work by our catering and conference teams, both of which excel in the support they provide for our students and our guests.

At the national level we have contributed to the development of the Government's Strategy for Agricultural Technologies and are engaged with two consortia discussing with Government the establishment of Centres for Innovation. In 2015/16 we hope to deliver some of the early stages of this new strategy, working, in particular, with SRUC and Cranfield University, as well as a number of agricultural engineering and precision farming companies, to promote the development of new advanced engineering solutions for farming practice.

To extend our collaborative activities with industry, and within higher education, we have hosted a large number of visits by leading figures in the agri-food and the higher education sectors over the last year. These included: Eugene Philhower, American Agricultural Attaché, US Embassy in London; Nigel Stein, Chief Executive, GKN plc; The Rt Hon Greg Clark, MP, Minister of State for Universities, Science & Cities; Huw Irranca-Davies, MP, then Shadow Minister for the Rural Economy, Food and Farming; Minette Batters, Deputy President, National Farmers' Union; Dave Roberts, Managing Director, Kubota (U.K.) Limited; The Rt Hon Edward Guinness, 4th Earl of Iveagh; Clarke Willis, Chief Executive, Anglia Farmers Limited; Andrew Slade, Director, Agriculture, Food & Marine, Welsh Assembly Government; and Professor Jackie Hunter, Chief Executive of the Biotechnology & Biological Sciences Research Council. We also hosted our first visit by an RICS President in February 2015, when Louise Brooke-Smith met some of our students and staff and learned about our Rural Enterprise and Land Management courses.

We were particularly pleased to be able to welcome HRH The Princess Royal, in January 2015, when the Chancellor opened our new Veterinary Services Centre and the Jean Jackson Entomology Laboratory, both splendid additions to our facilities for teaching and research.

Our international collaborations were extended to include students from the Dominican Republic and Brazil, while other visitors from as far afield as China, Thailand, the USA and New

Zealand discussed new areas of collaboration that we hope to develop further in the future.

Our work with industry to secure student scholarships was again successful, with the Harper Adams University Development Trust (Development Trust) raising over £290,000 that was awarded to 102 students in an event held in February 2015. Many companies and individuals generously support our students in this way, as well as with industrial placements, and we remain indebted to them all. During 2014/15 we secured new scholarship arrangements with Rabobank, working in conjunction with Marks and Spencer, The Elizabeth Creak Foundation and the Duchy of Lancaster, as well as continuing longstanding relationships with organisations such as the Claas Foundation in Germany which supports our engineering students.

Demonstrating Public Benefit

As a registered charity, Harper Adams University has a long tradition of conducting activities that benefit the public. Our work to deliver these benefits has continued apace over the last year. Universities UK and HEFCE have developed a framework by which higher education institutions can report on their contribution to public benefits. The following themes provide some examples of these activities within the established framework.

Developing people to make a contribution to society

As noted earlier, we continued to demonstrate high levels of graduate employment, with the 2015 Destination of Leavers from Higher Education Survey showing a 96% graduate employment rate. This means that we have averaged 96% over the last seven years, a record that shows that our graduates are in demand from industry and also that they are of high quality.

That quality was reflected in a number of major awards achieved by our students over the last year. For the second year in a row, a Harper Adams student won the Farmers Guardian Agricultural Student of the Year

award. The winner, Ross Edwards, was one of five finalists, four of whom came from the University. Research student, Fittonia Elgina, was presented with the award for best oral presentation at the Society of Applied Microbiology Postgraduate and Early Career Scientists Research Conference which took place at the Royal Society of Medicine in London. Our undergraduate research also fared well when Gemma Hunt won the Best Student Undergraduate Research Project Award at the 2014 British Veterinary Nursing Association (BVNA) Annual Congress. The 2015 RABDF/De Lacy Dairy Student of the Year Award was won by Ed Towers, while Harriet Sims did extremely well to reach the UK finals of the Microsoft Office Specialist (MOS) World Championships, coming in the top ten performers in the first qualifying round. Our engineering students took third prize in the European Field Robot Competition, in spite of stiff competition from, amongst other nations, Germany, Netherlands, Turkey and Romania. This year, the event was held at the University of Maribor, Slovenia's second largest university.

Our students have also been actively engaged in fundraising to help a number of charities and organisations. Examples include Amy Sharpe's contribution to raising £40,000 for Farm Africa by participating in her summer job company's team that climbed Mount Kilimanjaro. The Students' Union has raised funds for other charities during the course of the year, and, in addition to running events to celebrate World Food Day in October 2014, we took part in the Shrewsbury Food Festival, alongside the Medic Malawi charity and the Battlefield Farm Shop, to provide an African kitchen garden that helped raise funds for a hospital in Malawi.

We have encouraged our staff to develop their teaching expertise which will, in turn, inspire future generations of our students to contribute to society through their university education. Our teacher development PgC was accredited by the Higher Education Academy during the course of the year meaning that our staff now have an in-house route to achieve the status of Fellow of the Higher Education

Academy (HEA). At present, 79% of our academic staff are Fellows or Senior Fellows of the HEA.

Innovating, informing and inspiring – opening up the University's knowledge, expertise and resources

We are actively involved in promoting the University's knowledge and expertise to the wider world. One example is the regional television advertisement that we ran in the summers of 2014 and 2015, to highlight the changing nature of agricultural technologies and the career opportunities available to young people in the industries with which we work. The response to the advertisement was very positive.

Our presence at agricultural shows and events across the UK is another way in which we can connect with key audiences to inform and inspire. This year we offered an 'Edible Bugs Challenge' to visitors to our stands to highlight how different protein sources might be required in future to deal with the growing demand for food. Nearly 5,000 people took part in this challenge and the serious message behind our campaign was well received.

We ran our Young Innovators Competition for a second year, to encourage young people to engage in the design of a robot and, this year, to build a working model of their robotic solution. Once again, the competition attracted interest from schools and young people across the UK. Our work to inform the public about agricultural technologies resulted in a lecture on this theme at the Science Museum in December 2014. In addition, national and international conferences held at the University over the last year have covered a broad range of topics, from biofumigation to the use of drones in farming and from mathematics in agriculture to entomology.

Our pedagogic expertise had international impact. Examples include a paper on learning approaches for dyslexic students at the 2015 International Conference on Frontiers of Educational Technologies in Shanghai, and another on the use of classroom technologies

in teaching agricultural economics at the 2015 International Conference on Social Sciences in Athens.

Our work has been featured in national and international media, with recent examples including the BBC's Countryfile, BBC Breakfast, Radio 4's Farming Today and BBC World Horizons, and articles in the *New Statesman*, *ABC News* (Australia) and the *Wall Street Journal*.

Engaging communities and working in partnership

We work closely with our Local Authority and the Marches Local Enterprise Partnership (LEP) to contribute to our community and to the economic development of our region. We are engaged with the LEP at a number of levels and lead the agri-food and agri-tech aspects of its strategic economic plan.

Our educational work has involved a programme with the Local Authority for individuals not currently in education, employment or training, whilst our Countryside students worked with the Severn Gorge Trust to make a number of videos promoting the Gorge as a destination for tourists. Some of our students from China visited a local primary school to explain the Chinese New Year, while we hosted a Food Experience Day for AS level students from Shrewsbury Sixth Form College. Several other school students conducted research projects using our laboratory facilities during the course of the year and we also offered schools the chance to run A-level classes in our facilities and to use our IT resources to investigate topics such as genome sequencing. Our staff have also contributed to similar activities outside the University, including educating students about the role of pollinators in food production in schools in Shropshire.

During the year we launched a network with partners including The University of Wolverhampton, Keele and Staffordshire universities, and Telford College of Arts and Technology, to deliver Explore University, an

initiative that will offer a range of activities and outreach work to support young people's aspirations and attainment and encourage them to consider higher education.

Our partnership working with industry continues apace. The training we have provided for the Fire Service in recent years continued with animal rescue teams from Shropshire and Telford and Wrekin using our resources to improve their large animal rescue techniques. Farmers and researchers were invited to an event held at the University by our Centre for Evidence Based Agriculture, which had the aim of identifying whether research can address the everyday problems and barriers that farmers face. The conference provided an opportunity to have a say on research priorities to ensure that future work is applied, to improve day-to-day farming management and enable sustainable farming practices. Our collaboration with Dairy Crest also took a further step forward with the construction of the Food Innovation Centre completed in September 2015, this is a significant investment by the company on our campus. We look forward to working with Dairy Crest in further collaborative activities that will support our teaching and research.

Building international connections

We have extensive connections internationally and have built upon them in the last year to progress our Internationalisation Strategy. Examples of our work include engagement with companies such as Michelin in research projects based at the University on Controlled Traffic Farming and low pressure tyre systems. We attended a related Michelin conference in France and the results of this research has since received extensive coverage in the technical press.

We were also involved in the formal launch of AGCO's Future Farm project in Zambia in May 2015, where we contributed work on economic models to inform agricultural machinery investment decisions for emergent farmers. Our work on soil management and farm traffic systems on the Future Farm also continued during the course of the year.

We were pleased to welcome Mr Ni Jian, Minister and Deputy Head, and Mr Jiang Zhengwang, Education Counsel of the Chinese Embassy in London on a visit to the University in November 2014. Our work in China included a new summer school with students from North-West Agriculture and Forestry University in Yangling, and the start of our joint MSc in Applied Mechatronics with 15 students from China Agricultural University, supported by the China Scholarship Council. A group of our students visited Beijing Agricultural University on our annual summer exchange programme which has proved to be an invaluable way of introducing UK students to Chinese education and culture.

Our academic staff have been active overseas, with conference locations including Brazil, Australia and the USA, where one of our lecturers chaired a conference session on agricultural economics at Harvard University. Similarly, our training activities have developed further, not least in Saudi Arabia where we have collaborated with the SALIC organisation, at home and in Riyadh, to provide agricultural training for its investment specialists.

Our work with UKTI has also gathered ground in the last year, particularly because the core theme of the Milan World Expo, 'Feeding the Planet, Energy for Life', was such a close match to our academic mission. We have provided speakers for UK-sponsored events in Milan and we hosted an event at the University to engage UKTI international staff with UK agri-tech companies as part of the 2015 UKTI Export Week.

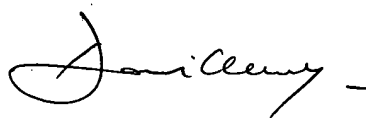
Planning for the Future

We began the year with the news that we had been shortlisted for the Times Higher Education Award for University of the Year, reaching the final six in this prestigious HE sector awards scheme. Very few smaller specialist universities have reached this stage so we were pleased that the quality of our work was recognised in this way. Equally as pleasing was the news, later in the year, which we had won a Times Higher Education

Leadership & Management Award for Outstanding International Strategy, another result which demonstrates that smaller universities can deliver results far beyond expectations.

This was acknowledged by the then Universities, Science and Cities Minister, Greg Clark, when he visited us in January 2015 and said, 'It is a source of great pride that this university, which has done such wonderful work over the years, is now increasingly recognised as one of the world's leading research and teaching universities.' In March 2015, our educational strengths were also highlighted in the National Centre for Universities and Business Food Economy Task Force report. Stressing the need for higher-level skills to secure the future of the agri-food sector it said, 'There are strong case studies of individual success in Sheffield Hallam, Harper Adams and Lancaster universities. These must be built on to develop the highly-skilled talent needed to make the UK's food firms globally successful.'

Recent investment of £3.7m in residential facilities for our students, supported by generous donations from the estate of the late Mrs Joy Jerman and the Leverhulme Family Trust, mean that we are equipped to meet growing demand to study at Harper Adams. During the next year, with funding raised from a variety of sources, we will deliver an exciting new extension to our laboratory facilities. Our work on the national Strategy for Agricultural Technologies will also take shape and we expect to play a leading role as this initiative moves to the delivery phase. Our research programme will also be progressed, with new developments in aquaculture and in our contributions to precision farming and many other fields. We have had significant successes over the last year, as demonstrated in this report, and we hope to continue that success in the years ahead as we develop the University to meet our strategic objectives and contribute to the wellbeing of the industries and communities with which we work.



Dr David Llewellyn
Vice-Chancellor

Operating and Financial Review

The financial strategy is an integral part of the university's overall Corporate Plan and an essential component in achieving the key objectives outlined in the university's Strategic Plan which provides for the development of infrastructure and delivery of high quality programmes of study whilst ensuring financial sustainability. Performance indicators are monitored to assess the progress of the institution against key objectives which include teaching excellence, student engagement, internationalisation and research.

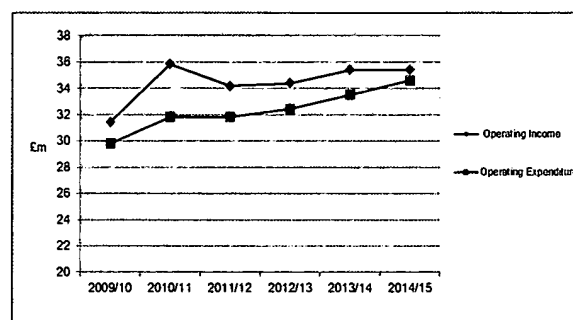
The medium term financial strategy for the university is to achieve an historical surplus equal to or greater than 5%.

Scope of Financial Statements

The financial statements for the year ended 31 July 2015 comprise the results of the University, its wholly owned subsidiary Cedar Energy Limited and the separately registered charity Development Trust which operates independently of the University but is consolidated for the first time in 2015 within the Group financial statements following a review of the beneficial arrangements derived by the University.

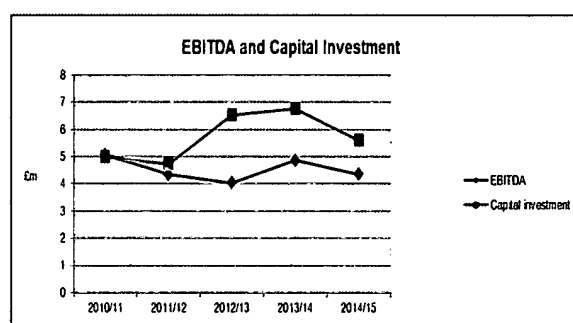
Results for the Year

The university reports a surplus of £3,086k (2013/14 £669k) after FRS17 and after net exceptional charges of £319k (2013/14 £804k) and profit on disposal of £2,112k following the failure of the anaerobic digestion plant at the end of May 2014. The plant operated within Cedar Energy limited. The underlying activity of the university excluding exceptional items has increased year on year reporting a surplus of 2.2% on income.



We have continued to secure efficiencies in our operational costs whilst making investment in new resources and in staffing that can add to our course portfolio and strengthen our teaching and research in major disciplines.

Earnings before interest, tax, depreciation and amortisation (EBITDA) is a commonly used indicator of financial performance.



In 2014/15 the university is educating a total of 2,174 full time equivalent students 3% increase on previous year. The university charged a headline undergraduate tuition fee of £9,000 to UK and European undergraduates. The increase in fees following the changes to student funding in 2012 were offset against an associated reduction in grant funding, to leave the overall funding of teaching at a similar level per student across all courses. The university has continued to offer tuition fee waivers for students who come from lower income families. We have maintained tight cost controls and continued investment in our academic facilities and student facing services.

Major developments during the financial year

The university continues to attract both undergraduate and post graduate students, and strong links continue to be built with employers. The university has also continued to build on its portfolio of continuing education to enable animal and crop specialists to further develop their careers and meet the requirement of their professional regulatory bodies.

The university has further strengthened research activity with income increasing 14% (2013/14 15%) year on year. During the year the results of the Research Excellence Framework (REF) submission were announced which will provide an increase of 43% of HEFCE funding support for research in 2015/16. Capital investment amounted to £5,603k funded through grant, loans and philanthropic donations. New student residences providing a further 108 rooms were under construction during the course of the year, opened to students in September 2015. An additional livestock building was built to support dairy youngstock production and preliminary works commenced on an extension to the university laboratories. This continued our planned approach to enhance the student experience and our facilities for research.

Summary Year End Position:

Trading Position

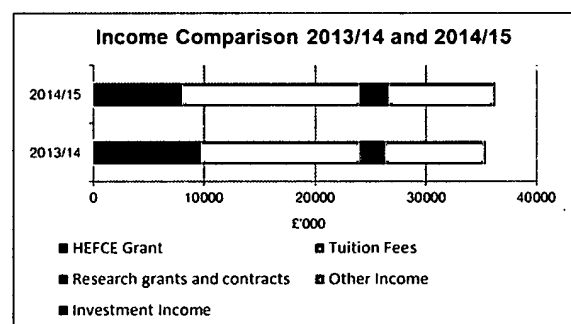
The income and expenditure account for the year ending 31 July 2015 shows an operating surplus before tax of £3,087k which represents 8.5% of turnover (2013/14: £669k and 1.7%).

Income

Total income for the year, excluding exceptional items, of £36,239k (2013/14: £35,394k), includes donations and investment income of £539k recognised in the Development Trust not previously consolidated within the group. HEFCE grants continue to fall as 3 out of the 4 cohorts of undergraduates are funded at the lower rate

following the introduction of £9,000 tuition fees in 2012/13, together with reductions in grants of 2.4% in the year following the government spending review immediately following the general election in the Spring.

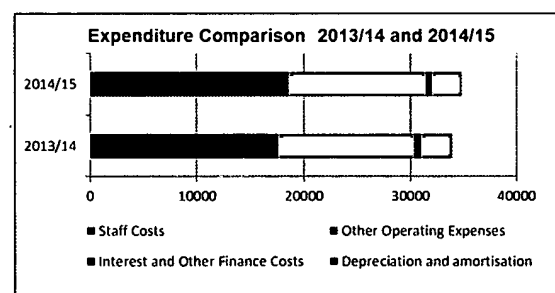
Research activity has increased by 8% (excluding the research and development tax credit "RDEC" receipt) which has enabled the institution to further build on its contribution to the improvement of industry operation and practice.



Other income increased by 6% year on year, with the inclusion of Development Trust donations for the first year and also as a result of provision of facilities to Dairy Crest staff within the university whilst their Research and Innovation centre was under construction.

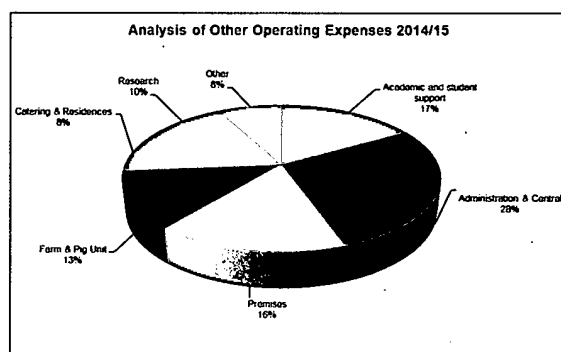
Expenditure

Operational expenditure has increased from £33,921k, in 2013/14, to £34,648k before exceptional items and Development Trust expenditure in the current year.



Pay costs represent the largest single element of the university's expenditure. An increase of 5.4% is shown year on year. The university participates in national pay awards as agreed by UCEA on behalf of the Higher education sector which resulted in a cost of living pay

increase of 2% from the 1 August. An increase in LGPS pension scheme employer contributions of 2.7% was implemented in April 2014 consequently the full year effect of this increase is recognised for the first time. Overall, average staff FTE numbers increased from 461 to 477 with additional posts recruited in academic areas and student facing departments.



Other operating expenses have increased by 1.5% to £12,824k (2013/14: £12,631k). Significant efforts have been made to constrain costs across the University with efficiencies delivered in many departments, however additional costs were incurred in relation to increased research activity in line with expectations this comprising 90% of the overall cost increase.

Exceptional Charges

The anaerobic digestion plant, which was operated by the wholly owned subsidiary of the university, used slurry from the University farm and domestic food waste to produce electricity for the university suffered a failure of its secondary digester which resulted in damage to the plant and adjacent building. As a consequence the plant has remained closed since 30 May 2014, and much of the plant has been demolished in agreement with insurers in the current year.

A review of the future plant operation has been undertaken with specialist consultant advice with regards to the future of the company. It is intended that insurance proceeds received in relation to the failure will be reinvested by the company in a new energy producing plant. The slurry tanks owned by the

company were unaffected by the failure of the secondary digester, and continue to be used for slurry storage. In the year the insurance recovery is recognised as proceeds on disposal following the demolition of the plant.

The university has assessed the company's business plans and resultant cash position which demonstrate the company is in a position to meet its immediate liabilities and that through the reinvestment of insurance proceeds, the company is in a position to rebuild and generate power for the university and hence also support educational objectives. Consequently the investment in the subsidiary at 31 July 2015 is not considered to be impaired.

Balance Sheet

During 2014/15 the university continued to invest in its premises and equipment. Following the £6,778k invested in 2013/14, the university continued with its programme of developing facilities with a further investment of £5,603k.

Over the last five years fixed assets have consequently increased from £34m to £50.4m after an exceptional impairment of £2.6m in respect of the anaerobic digester plant. Investment, has been funded from the university's own reserves, long term debt and from grants and philanthropic donations awarded to the university.

The university has managed its liquid resources through a combination of treasury and cash deposits against a debt of £14,003k to give a net debt of £4,209k.

At 31 July 2015 the university's reserves had increased to £22,732k.

FRS17

The pension liabilities following FRS17 valuation adjustments have significantly increased the pension liabilities in the year by £1.415k as liabilities have been adversely affected by gilt yields and other assumptions. A charge of £285k is made to Income and

Expenditure account with the remainder of the liability recognised as a reserve movement.

The Financial Future

The university is performing well in the increasingly competitive Higher Education market, with our courses attracting increasing numbers of both UK and international students. The removal of student number controls in the Higher Education system will further increase competition. Public funding is expected to be further reduced not only in respect of teaching grants but also disability funding where the institution has recruited 16.6% of students eligible for such support in the past. The university is responding to these challenges by ensuring resources are effectively invested and by exploring alternative sources of funding.

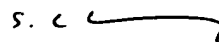
Harper Adams University is committed to the delivery of excellence in academic activities and resources are strategically invested to this end. New residences are currently under construction which will provide on-site capacity to accommodate more than 100 additional students to enable the institution to respond to demand from both UK and international students.

The university has actively engaged in preparing proposals to the delivery of the Governments Agri-tech strategy, which sets the scene to increase the involvement of science and technology in farming practice, and also develop through innovation, new products and markets to support economic development.

Reinvestment is also planned in new green energy infrastructure to enable the university group to achieve a level of self-sufficiency in generating power and heat and achieve carbon savings.



Mike Lewis
Chair of Governors
26 November 2015



Liz Furey
Director of Finance
26 November 2015

Report of the Governors and Corporate Governance Statement

The Governors have pleasure in presenting their report and financial statements for the year ended 31 July 2015 and confirm they comply with the requirements of the Charities Act 2011, the Memorandum and Articles of Association of the University and the Charities SORP.

The principal activity of the university is the provision of higher education in agriculture and land-based subjects conducted on an estate of 580 hectares (including the university Farm).

The university's mission is to provide World leading 'Higher education and research for the delivery of a sustainable food chain and rural economy'. The essential strategic aims necessary to fulfil this mission are identified in the university's strategic plan 2015/20. The financial statements should be read in the context of a continuous endeavour to secure these aims.

The objectives of the university are set to reflect our educational aims and ethos. In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance.

Our key objectives for 2014/15, set out in the university's former strategic plan, included:

- Securing a successful transition to the new funding and operating environment for higher education;
- Enhancing the role of Harper Adams as a critical contributor to applied research and as a leading source of the next generation of those working in the agri-food chain and the rural economy as the UK addresses the challenge of global food security;

- Internationalising our academic activities so that our global reach is extended and strengthened;
- Maintaining and enhancing our performance in the provision of high quality teaching and learning;
- Achieving full university title.

The university continues to play a distinctive and key role within the UK Higher Education sector. The institution achieved its aim of securing full university title in December 2012.

The university continues, as the leading specialist provider of land based high education to focus on providing, teaching and research that meets the needs of the agri-food chain. We believe that the support we provide for rural industries, our students and our work on sustainable agriculture underlines the specialist nature of the institution and distinguishes it from other higher education providers of land-based subjects. Within the higher education sector the university continues to be recognised for the quality of its provision and the contribution it is making to important higher education policy objectives. In 2014/15 the university was shortlisted for three Time Higher Leadership and Management Awards and won the award for Outstanding International Strategy. The university also won the WhatUni Student Choice Award for student support and was a runner up in six other categories. The university's Catering and Conferencing team were awarded 'best newcomers' at the Hospitality Assured Awards and were also winners of an award for Best Initiative to Improve Customer Service. The Marketing team also won Gold and Silver HEIST awards and the university's Sports and Societies were recognised at the Telford and Wrekin Active Lifestyles Awards. The university's students have also continued to be recognised for their achievement, winning awards at national and international levels.

Student applications to the university have been maintained. Development of taught postgraduate courses has continued and the number of PhD students has also grown steadily.

Statement of Financial Responsibilities

In accordance with the university's Memorandum and Articles of Association, the Board of Governors is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the university and enable it to ensure that the financial statements are prepared in accordance with the Articles of Association, the Statement of Recommended Practice on Accounting in Higher Education Institutions, the HEFCE accounts direction and other relevant accounting standards and comply with the Companies Act 2006. In addition, within the terms and conditions of a Memorandum of Assurance and Accountability agreed between the Higher Education Funding Council for England and the Board of Governors of the university, the Board, through its designated office holder, the Chief Executive, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the university and the Group and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Board of Governors has to ensure that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- Financial statements are prepared on the going concern basis, unless it is inappropriate to presume that the university will continue in operation.

The Board of Governors has taken reasonable steps to:

- Ensure that funds from the Higher Education Funding Council for England and other funding bodies are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the university and to prevent and detect fraud;
- Secure the economical, efficient and effective management of the university's resources and expenditure.

Disclosure of information to auditors

At the date of making this report each of the university's Board members confirm the following:

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

Higher Education Grant Funding

Funding for the university's higher education students is provided by the Higher Education Funding Council for England (HEFCE) and by tuition fee income. The Funding Council's main function is to administer grant provided by the Minister of State for Universities and Science, to fund education, research and associated activities throughout the higher education sector.

Auditors

KPMG LLP were appointed as auditors in the year and offer themselves for re-appointment as auditors in accordance with Section 489 of the Companies Act 2006.

Corporate Governance Statement

General Principles

The university is committed to exhibiting best practice in all aspects of corporate governance. This section describes the manner in which the university has applied the principles set out in the Committee of University Chairs (CUC) Higher Education Code of Governance. The Code takes account of the relevant sections of the Combined Code on Corporate Governance as they relate to the work of Higher Education Institutions.

The university changed its legal status from that of an unincorporated organisation established by Trust deed to that of a Company Limited by Guarantee with effect from 1 August 2012. The university has retained its status as a Registered Charity in its new legal form. It is established as a higher education institution under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its latest objects, powers and framework of governance are set out in the Articles of Association approved by the Privy Council in 2012 and as amended from time to time by agreement with the Privy Council. The Privy Council conferred its approval for the award of university title to Harper Adams University on 7 December 2012.

The university endeavours to conduct its business in accordance with accepted standards of behaviour in public life which embrace selflessness, integrity, objectivity, accountability, openness, honesty and leadership, in accordance with the framework provided by the CUC. In particular, the Governing Body has regard to the Code of Governance published by the CUC.

The Governing Body and Academic Board

The articles require the university to have a governing body and an academic board, each with clearly defined functions and responsibilities, to oversee and manage its activities.

- The Board of Governors is the executive governing body, responsible for matters including the finance, property and staffing of the institution. It is specifically required to determine the educational character and mission of the institution and to set its general strategic direction. The governing body has a majority of independent members, chosen in accordance with strict criteria. The chair is elected from among the independent members. There is also provision for the appointment of co-opted members, and representatives of the academic staff and students. No members of the governing body receive any reimbursement for the work they do for that body. The Governors are the Trustees of the university.
- Subject to the overall responsibility of the governing body, the Academic Board has oversight of the academic affairs of the institution and draws its membership largely from the staff and the students of the institution. It is particularly concerned with general issues relating to the learning and teaching, research and third-stream work of the institution. The Academic Board reports to the Board of Governors.

The Board of Governors has adopted a statement of primary responsibilities in which the major activities it covers are

described in further detail. The Board of Governors has also established key performance indicators with which it monitors the performance of the university.

In respect of its strategic responsibilities, the Board of Governors receives recommendations and advice from the Academic Board and its committees, the University Executive and joint meetings, where required, of the University Executive and members of the Board. The Board of Governors considers the development of strategic and annual plans and monitors, amongst other items, compliance with the university's Instrument and Articles of Government, the conduct of financial management, personnel management, academic and student related developments, the management of major estate developments and risk management. Regular reports on developments of note, including liaison with external agencies, are presented to the Board by the university's Vice-Chancellor and other senior managers.

The Board has assumed direct responsibility for oversight of a number of key risks identified in the university's Risk Analysis and Action Plan which is reviewed annually in detail by the Audit and Risk Management Committee and recommended to the Board as appropriate for approval. The Risk Analysis and Action Plan include the university's Risk Policy and a statement of its Risk Appetite. It covers risks related to business, operational, compliance and financial matters. The latter sets out how a balanced portfolio of risk exposure will be maintained and managed and the Risk Analysis and Action Plan identifies the responsible individuals who take a lead role in managing risks, and how action planning is incorporated into normal business processes. The Plan also includes a mapping document that illustrates how the Risk Analysis and Action Plan support the strategic objectives of the university. All risks areas signed to the Board or one of its committees for monitoring and action is reported at each meeting of the relevant committee.

The Board acknowledges that it is responsible for a sound system of control and requires that the Audit and Risk Management Committee commission the internal auditors to review an aspect of risk management annually. A report on the outcome of the annual audit of risk management is presented to the Board in the Annual Report of the Audit and Risk Management Committee.

The Board of Governors has established a Governance Review Group that has conducted a number of assessments of the Board's performance and related governance issues in the period 1999-2011. During 2014/15 the Governance Review Group, taking into account independent external advice, focused on the quinquennial major review of the effectiveness of the governing body. The review was completed in July 2014 and an action plan highlighting opportunities for enhancing a small number of areas of practice was agreed. Actions will be progressed during 2015/16.

The areas for further action included: some changes to the annual planning day arrangements to allow further time for discussion by member; the introduction of a 'buddy' system for new governors to supplement existing arrangements and some proposals related to further requirement of reporting/agenda papers presented to the Board. A detailed action plan will be monitored by the Board during 2015/16.

HEFCE conducted an Assurance Review of the university in November 2010. The report was positive about the Governance arrangements and made no formal recommendations for action.

In accordance with the Articles of Government, the University Secretary has been appointed as clerk to the governing body. In that capacity, she provides independent advice on matters of governance to all members of the governing body. The Academic Registrar and the Director of Academic Services acts as secretary to the Academic Board.

The university maintains a register of interests of members of the governing body and senior

officers which may be consulted by arrangement with the Clerk to the Governors. No conflicts of interest have been identified in a review of returns for the current year.

The Vice-Chancellor/Chief Executive

The Vice-Chancellor/Chief Executive is the head of the university and has a general responsibility to the governing body for the organisation, direction and management of the institution. Under the terms of the formal financial memorandum between the university and the Higher Education Funding Council for England, the head of the institution is the accountable officer and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

As Chief Executive, the Vice-Chancellor exercises considerable influence upon the development of institutional strategy and the identification and planning of new developments. Other senior academic and administrative officers contribute in various ways to these activities, but the ultimate responsibility for what is done rests with the governing body.

Governing Body Committees

The Board of Governors and its committees are formally constituted with terms of reference and delegated powers. Although the governing body meets at least four times each academic year, much of its detailed work is initially handled by committees, in particular the audit and risk management committee, finance and general purposes committee, staffing committee, nominations committee and remuneration committee. The decisions of these committees are formally reported to the governing body.

A significant proportion of the membership of these committees consists of independent and co-opted members of the governing body. Co-opted student and staff members may also be eligible to serve on some of these committees, subject to the provisions of the articles. The chairs are normally selected from the co-opted

and independent members. No one Governor is a member of the Audit & Risk Management, Finance & General Purposes, Nominations and Remuneration committees.

The Audit & Risk Management Committee meets a minimum of three times a year, with the university's external and internal auditors in attendance. The committee considers detailed reports together with recommendations for the improvement of the university's systems of internal control, including the safeguarding of assets and prevention and detection of fraud, and management responses and implementation plans. It also receives and considers reports from the Funding Council as they affect the university's audited risk management activities, and monitors adherence to regulatory requirements. The Committee consists of lay members. Whilst senior university officers attend meetings of the Audit & Risk Management Committee, as required, they are not members of the Committee. Once a year the lay members of the Committee meet with the Internal Auditors and then the External Auditors for independent discussions.

The Finance and General Purposes Committee meets four times a year. Amongst other items it recommends to the Board of Governors the university's annual revenue and capital budgets and monitors performance in relation to the approved budgets. The committee is responsible, on behalf of the Board of Governors, for ensuring that proper accounting records are maintained and that the university complies with the higher education accounting Statement of Recommended Practice (SORP) and the Funding Council's Financial Memorandum. The committee oversees the preparation of financial statements.

The Staffing Committee meets three times a year and oversees the development and implementation of the university's HR Strategy, staffing policies, equality and diversity arrangements and staff training and development.

The Nominations Committee considers nominations for vacancies in the Board of Governors' membership in accordance with the university's Articles of Association. The Committee has a majority of lay members, consisting of the Chairman, Vice Chairman, a further lay governor and the Vice-Chancellor. The Nominations Committee considers skills, professional background and experience, geographical distribution and the promotion of diversity in its succession planning and governor recruitment and appointment processes. A Governor role statement and background information on the university is sent to those interested in serving on the Board to ensure that new Governors are aware of the range of responsibilities attached to university's Governorship. Newly appointed Governors attend an induction session normally held each October. Governors also attend development sessions on a range of topics during the course of their appointment, including those offered by the Leadership Foundation for Higher Education. Before re-appointment, Governors who are at the end of their first term of office are evaluated by the Nominations Committee on the contribution they have made to the Board's work. In normal circumstances Governors retire at the end of a second term of office, although the Nominations Committee will consider individual cases for an extension of appointment.

The Remuneration Committee determines the remuneration of the most senior staff, including the university's Vice-Chancellor.

CUC Higher Education Code of Governance

The university has complied in full with the CUC Higher Education Code of Governance in the year ended 31 July 2015. This included the publication on the university's website of a statement of institutional monitoring for the 2013/14 financial year.

Statement on Internal Controls

The university's Board of Governors is responsible for the university's system of internal control and for reviewing its

effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control has been in place for the year ended 31 July 2015 and up to the date of approval of the Annual Report and Financial Statements.

The Governing Body monitors the effectiveness of the process and its relationship to the university's objectives. It does this in a number of ways. The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to its attention by early warning mechanisms that are embedded within operational units. The senior management team and the Audit & Risk Management Committee also receive regular reports from internal audit exercises, which include recommendations for improvement and which are risk-based. The Audit & Risk Management Committee's role in this area is confined to a high level review of the arrangements for internal financial and operational systems control, value for money and overall effectiveness. Each of these areas is also covered in terms of the university's Risk Analysis and Action Plan. The Board of Governors' agenda includes regular items for consideration of risk and control and it receives reports thereon from senior managers and sub-committees of the Board of Governors and the Academic Board. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2015 meeting, the Board of Governors carried out the annual assessment of the Audit & Risk Management Committee's activities for the year ended 31 July 2015 by considering documentation from the Committee, internal and external audit annual reports, and by taking account of events related to the Risk Analysis and Action Plan since 1 August 2014.

The Board of Governors is of the view that there is an on-going process for identifying, evaluating and managing the university's significant risks that has been in place for the

period from the beginning of January 2000 up to the date of approval of the annual report and accounts. This process accords with the internal control guidance for directors in the Combined Code as deemed appropriate for higher education. Various aspects of the university's compliance with the internal control guidance have been assessed annually by its internal auditors since December 2002 so as to ensure that the university's systems and procedures continue to be satisfactory. The last review of Governance and Risk Management arrangements took place in January and June 2015 focusing on Business Continuity (Risk Management) and the operations of the Remuneration Committee (Governance). The internal auditors reports were positive with only one low level recommendation relating to Business Continuity proposed.

Employees

The university is committed to providing equality of opportunity in all areas of its operation. The university has continued to review its activities against the requirements of the relevant legislation. In 2014/15 the university's Equality and Diversity Working Group, which is made up of staff and student volunteers, has continued to work on progressing actions arising from the university's Single Equality Scheme. It is also university policy to achieve and maintain high standards of health and safety by all practicable means. The Health & Safety Committee, comprising staff representatives, oversees a full programme of work in this area, including legislative developments and an audit programme.

Going Concern

After making appropriate enquiries the Board of Governors considers that the university has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Changes in Membership of the Board of Governors during 2014/15 (and up to the date of this report)

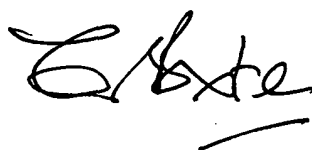
R M Mercer	<i>Chairman</i>
M Lewis	<i>Vice Chairman</i>
P Cowdy	
M Roach	
C Tacon	
P Bailey	
T Mountain	(SU President to 01 July 2015)
S Graham	(SU President from 01 July 2015)
J Garnham	
M Hill	(retired July 2015)
M Harris	(appointed November 2014)
H Jenkins	
D Llewellyn	
P Nixon	(appointed November 2014)
D Nuttall	(retired July 2015)
S Vickers	
J Pointon	
R Hambleton	
C Bailey	
M Thomas	
C Snell	
C Tweed	
J Donaldson	
M Ormerod	(appointed February 2015)
D Wong	(appointed August 2015)
L Moroz-Hale	(appointed November 2015)

The Operating and Financial Review and the Report of the Governors and Corporate Governance Statement (which together constitute the Strategic Report and the Director's Report) was approved by the Board of Governors on 26 November 2015.

Clerk to the Governors

C E Baxter

For and on behalf of the Board of Governors



C E Baxter

CLERK TO THE GOVERNORS
26 November 2015

Independent Auditor's Report to the Board of Governors of Harper Adams University

We have audited the group and University financial statements (the "financial statements") of Harper Adams University for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Total Recognised Gains and Losses, the Statement of Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Board of Governors, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it 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 Board of Governors for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Governors and auditor

As explained more fully in the Statement of Financial Responsibilities set out on page xx the Board of Governors (who are the Directors of the company for the purposes of company law) is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

give a true and fair view of the state of the affairs of the Group and University as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education;
- meet the requirements of HEFCE's Accounts direction to higher education

institutions for 2014-15 financial statements; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice (effective 1 August 2014) issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's Accounts direction to higher education institutions for 2014-15 financial statements have been met.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Chief Executive's Report, the Operating and Financial Review and the Report of the Governors and Corporate Governance Statement (which together constitute the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Michael Rowley (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor, Chartered Accountants
One Snowhill
Snow Hill Queensway
B4 6G

26th November 2015

Statement of Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP), and in accordance with applicable Accounting Standards.

Merger Accounting Policy

On 27 April 2012, Harper Adams University College, a company limited by guarantee was registered and remained dormant until the trade and assets of Harper Adams University College were transferred in on 1 August 2012. In accordance with FRS 6 Acquisitions and Mergers, the transfer of trade and assets has been accounted for using merger accounting under the group reconstructions provisions. In December 2012 the University Title was awarded and on 9 January 2013 the company changed its name to Harper Adams University.

The assets and liabilities of Harper Adams University College were transferred to the limited company on 1 August 2012 at the carrying value at that date. The results and cash flows of the original unincorporated charity are included from the beginning of the financial year in which the reconstruction occurred, that is the financial year to 31 July 2013, and for all prior periods. The consolidated income and expenditure accounts, consolidated balance sheet, company balance sheet, statement of total recognised gains and losses and cash flow

comparative figures have all been stated as prior to incorporation.

This is a true and fair override of the Companies Act 2006 in accordance with SI 2008/410 Sch 6 para 10, which would require acquisition accounting to be applied because there has not been an exchange of shares. If this method was applied, it would result in the assets and liabilities being recognised at fair value on acquisition, which would not give a true and fair view as it would not reflect the on-going activities of the university.

Consolidation

The consolidated financial statements include the financial statements of the university, its wholly owned subsidiary undertaking Cedar Energy Limited (formerly 'Harper Adams (Energy) Limited' the subsidiary changed its name on 22 July 2014) and the Harper Adams University Development Trust. The financial statements of Harper Adams Students' Union are not consolidated into the financial statements of the university, as the university has no control or significant influence over policy decisions of the Students' Union.

The university owns the entire shares of two subsidiary companies "Cedar Energy Limited" (formerly "Harper Adams (Energy) Limited" the subsidiary changed its name on 22 July 2014) and "Harper Adams (Rural Enterprises) Limited" (incorporated 27 July 2009). "Harper Adams Rural Enterprises Limited" has not traded since incorporation.

Taxation status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 (formerly

enacted in Section 505 of the Income and Corporation Taxes Act 1988) or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature. The University's subsidiary company is subject to corporation tax.

Deferred Taxation

Deferred taxation is recognised on all timing differences at the balance sheet date where transactions or events that gives the company an obligation to pay more tax in the future, or right to pay less tax in the future, have occurred. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have enacted or substantively enacted by the balance sheet date.

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

Going Concern

The activities of the university, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the university, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The university currently has £10,000,000, of bank loans outstanding. With the exception of

the latest bank loan which is at a variable rate (2.45% was the rate applicable in July 2014), all the other loans are at various fixed rates ranging from 4.285% to 5.769% and are repayable by instalments with the final payment scheduled for 03 September 2035.

Accordingly the university has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Investments

Fixed and current asset investments are included in the balance sheet at their market value.

Leases

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

Liquid Resources

Liquid resources comprise government securities and short term deposits with recognised banks and building societies.

Maintenance of Premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period that it is incurred.

Pension Schemes

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

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the university in such a way that the pension cost is a

substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 29, the TPS is a multi-employer scheme and the university is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Provisions

Provisions are recognised when the university has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Recognition of Income

Income from tuition fees is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors. The costs of any fees waived by the university are included as expenditure in note 6.

HEFCE grants for teaching are recognised in the period in which the teaching is delivered and student recruitment confirmed.

Income from research and knowledge transfer contracts is included to the extent of the equivalent expenditure and contribution towards associated overheads costs incurred during the financial year, up to the maximum funding levels of individual contracts. Income received in advance over and above current expenditure is recognised on the balance sheet as short term liabilities.

Contract income where progress has been made in line with the terms and conditions of the funder but no income has been received, is recognised on the balance sheet as short term debtors using expenditure as a measure to accrue income.

Insurance proceeds are recognised when the company has a contractual right to receive the proceeds in accordance with FRS 25 – Financial instruments: Presentation.

Accounting for charitable donations

Unrestricted donations:

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Donations for fixed assets:

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

Stocks

Commercial farming stocks are independently valued by Halls Auctioneers Limited of Shrewsbury, Shropshire at cost for growing crops, feedstuffs, sprays and fertilizers, and at a discounted market value at the year-end for the livestock.

Other stocks are valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Tangible Fixed Assets

Tangible fixed assets are recorded at cost or valuation less depreciation. Depreciation is charged on all tangible fixed assets except freehold land and assets classed as non-operational. Depreciation is charged at rates calculated to write off the cost or re-valued amount of the asset on a straight line basis over its effective life. The following rates are normally applied:

Freehold buildings	10 - 60 years
Plant and equipment	03 - 20 years
Fixtures and fittings	05 - 10 years
Motor vehicles	4 years

Individual assets are reviewed for impairment in the event that there is some indication that impairment has occurred. Impairment values are calculated as the difference between the carrying value of the asset and its recoverable amount if lower. Recoverable amount is defined as the higher of fair value less costs to sell and the estimated value in use at the date the impairment review is undertaken. Material impairments are recognised in the profit and loss account as exceptional items.

Agency Arrangements

Funds that the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the institution where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Consolidated Income and Expenditure Account For the Year to 31 July 2015

		Consolidated		University	
	Notes	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000 Re- presented	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000 Re- presented
Income					
Funding council grants	1	8,069	9,756	8,069	9,756
Tuition fees	2	15,905	14,219	15,905	14,219
Research grants and contracts	3	2,670	2,343	2,670	2,343
Other operating income	4	9,462	8,932	8,781	8,510
Other operating income - exceptional items	7	62	2,876	-	-
Investment income	4a	133	144	82	144
Total income		36,301	38,270	35,507	34,972
Expenditure					
Staff costs	5	18,620	17,654	18,620	17,654
Depreciation		2,768	2,916	2,729	2,707
Other operating expenses	6	12,824	12,631	12,740	12,440
Other operating expenses - exceptional items	7	381	3,680	-	-
Total operating expenditure		34,593	36,881	34,089	32,801
Interest and other finance costs	8	(629)	(720)	(629)	(720)
Profit on disposal of assets	7	2,112	-	-	-
Surplus on continuing operations after depreciation & amortisation of fixed assets but before taxation		3,191	669	789	1,451
Taxation	9	(104)	-	(26)	-
Surplus for the year retained for general reserves		3,087	669	763	1,451

The income and expenditure account is in respect of continuing activities.

The accompanying accounting policies and notes form part of these financial statements.

Statement of Consolidated Total Recognised Gains and Losses

	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
Surplus after depreciation of assets at valuation, disposal of assets and taxation	3,087	669
Actuarial loss in respect of pension schemes	(1,415)	(372)
Total recognised gains since last report	1,672	297

RECONCILIATION

	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
Opening reserves	21,061	20,764
Total recognised gains/ for the year	1,672	297
Closing reserves	22,733	21,061

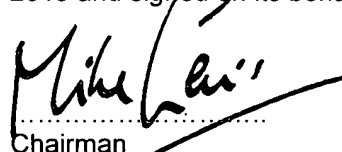
Consolidated Statement of Historical Cost Surpluses and Deficits

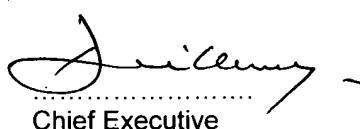
	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
Surplus on continuing operations after taxation	3,087	669
Historical cost surplus for the year after taxation	3,087	669

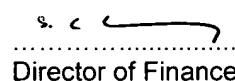
Balance Sheet as at 31 July 2015

		Consolidated		University	
		Year to 31 July 2015 £'000	Year to 31 July 2014 £'000 Re- presented	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000 Re- presented
Notes					
Long term assets					
Tangible assets	10	50,426	47,762	49,817	46,943
Investments	11	946	751	1,791	1,751
Debtors	13	-	-	2,133	2,272
		51,372	48,513	53,741	50,966
Current assets					
Stocks	12	1,337	1,434	1,338	1,434
Debtors	13	6,684	5,328	2,871	2,305
Investments	11	250	5,000	250	5,000
Cash at bank and in hand		9,544	3,520	8,239	3,492
		17,815	15,282	12,698	12,231
Creditors - amounts falling due within one year	14	(9,049)	(7,924)	(8,069)	(6,652)
Net current assets		8,766	7,358	4,629	5,579
Total assets less current liabilities		60,138	55,871	58,370	56,545
Creditors – amounts falling due after more than one year	14	(13,021)	(12,506)	(12,671)	(12,104)
Provisions for liabilities and charges	15	(389)	(228)	-	(8)
		46,728	43,137	45,699	44,433
Net pension liability	29	(9,722)	(8,022)	(9,722)	(8,022)
Total net assets		37,006	35,115	35,977	36,411
Deferred capital grants	16	14,273	14,054	14,273	14,054
Reserves:					
Income and expenditure accounts excluding pension reserve		32,455	29,083	31,426	30,379
Pension reserve		(9,722)	(8,022)	(9,722)	(8,022)
Income and expenditure accounts including pension reserve	17	22,733	21,061	21,704	22,357
Total funds		37,006	35,115	35,977	36,411

The financial statements on pages 28 to 51 were approved by the Board of Governors on 26 November 2015 and signed on its behalf by


Chairman


Chief Executive


Director of Finance

The accompanying accounting policies and notes form part of these financial statements.

Consolidated Cash Flow Statement

	Notes	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
Net cash inflow from operating activities	21	5,567	1,742
Returns on investments and servicing of finance	22	(394)	(409)
Capital expenditure and financial investment	23	(4,493)	(6,000)
Management of liquid resources	24a	4,750	2,375
Financing	24	594	926
Increase / (decrease) in cash in the period		6,024	(1,365)
Reconciliation of net cashflow to movement in net debt			
Increase in cash in the period		6,024	(1,365)
Increase in short term investments		(4,750)	(2,375)
Decrease in financing	24	(594)	(926)
Movement in net debt in the year		680	(4,666)
Net debt at 1 August 2014		(4,889)	(222)
Net debt at 31 July 2015	25	(4,209)	(4,888)

The accompanying accounting policies and notes form part of these financial statements.

Notes to the Financial Statements

1. Funding council grants	Consolidated		University	
	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000 Re- presented ¹	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000 Re- presented ¹
Recurrent grant (HEFCE)	7,258	8,797	7,258	8,797
Release of deferred capital grant (HEFCE)	314	309	314	309
Research grant (HEFCE)	371	299	371	299
National scholarship programme (HEFCE)	126	351	126	351
	8,069	9,756	8,069	9,756

¹ During the year certain items of income and expenditure in the prior year have been re-classified in the prior year. There is no impact on the income and expenditure. Also see notes 4 and 4a.

2. Tuition fees	Consolidated		University	
	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
Full time students – home/EU	12,711	11,557	12,711	11,557
Full time students charged overseas fees	1,274	991	1,274	991
Part time fees	627	450	627	450
Short course fees	908	910	908	910
Other fees	385	311	385	311
	15,905	14,219	15,905	14,219

3. Research grants and contracts	Consolidated		University	
	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
Research grants and contracts	2,670	2,343	2,670	2,343

Includes Research and Development credit of £131k in the year ended 31 July 2015.

4. Other operating income

	Consolidated		University	
	Year to	Year to	Year to	Year to
	31 July	31 July	31 July	31 July
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
		Re-presented		Re-presented
Catering and residence	3,327	3,552	3,327	3,552
Conferences and short course accommodation	787	813	787	813
Farm	1,648	1,671	1,648	1,671
Non Funding Council grant income	115	138	115	138
Validation fees	463	372	463	372
Consultancy	37	27	37	27
Other income	2,595	2,359	2,214	1,937
Development Trust Donations	490	-	190	-
	9,462	8,932	8,781	8,510

4a. Investment income

	Consolidated		University	
	Year to	Year to	Year to	Year to
	31 July	31 July	31 July	31 July
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
		Re-presented		Re-presented
Bank interest	33	71	33	71
Other investment income	49	73	49	73
Development Trust Interest	51	-	-	-
	133	144	82	144

5. Staff costs for employees

	Consolidated		University	
	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
Wages and salaries	15,228	14,468	15,228	14,468
Social security costs	1,169	1,130	1,169	1,130
Pension costs	2,223	2,056	2,223	2,056
	18,620	17,654	18,620	17,654
Teaching departments	8,366	7,725	8,366	7,725
Teaching support services	1,927	1,374	1,927	1,374
Other support services	811	1,098	811	1,098
Administration and central services	3,576	3,525	3,576	3,525
Premises	771	726	771	726
Domestic services and porters	1,119	1,170	1,119	1,170
Catering	813	728	813	728
Other	1,237	1,308	1,237	1,308
	18,620	17,654	18,620	17,654
Average number of employees	No.	No.	No.	No.
Teaching departments	143	132	143	132
Teaching support services	62	47	62	47
Other support services	23	30	23	30
Administration and central services	95	95	95	95
Premises	23	24	23	25
Domestic services and porters	58	63	58	47
Catering	36	32	36	32
Other	37	38	37	38
	477	461	477	446
Emoluments of the Vice-Chancellor:	£'000	£'000	£'000	£'000
		Re-presented		Re-presented
Salary	149	146	149	146
Benefits in kind - health insurance	3	3	3	3
	152	149	152	149
Employer's pension contributions	22	18	22	18
Total, including Employer's pension contributions	174	167	174	167
The number of staff, excluding the Vice-Chancellor, who received emoluments (salary and taxable benefits in kind) in the following ranges was:				
£100,000 to £109,999	1	1	1	1

6. Other operating expenses

	Consolidated		University	
	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
Employer engagement	33	42	33	42
Joint courses: payments to other institutions	61	90	61	90
Academic departments	988	1,007	1,022	981
Academic services	613	717	579	717
Research grants and contracts	1,268	1,096	1,268	1,096
Administration and central				
- establishment expenses	3,579	3,652	3,659	3,727
- Staff and student facilities	441	240	441	240
Premises	2,095	1,843	2,019	1,975
Residences and catering	1,102	1,248	1,102	1,248
Farm	1,170	1,252	1,170	1,248
Pig unit	471	466	471	466
Other expenses	810	978	725	610
Development Trust scholarship expenditure and audit fee	193	-	190	-
	12,824	12,631	12,740	12,440

Other operating expenses include:

Audit of these financial statements	24	19	24	19
Amounts receivable by the company's auditor in respect of:				
- Audit of financial statements of subsidiaries of the company	6	9	-	-
- Audit related assurance services	5	-	5	-
- Taxation compliance services	9	6	7	6
- Other tax advisory services	21	-	21	-
Internal auditors remuneration	16	15	16	15

Operating lease rentals:

Plant and machinery	40	31	40	31
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Governors

No Governor has received any remuneration / waived payments from the university during the year 2014/15 in their role as a trustee. The total expenses paid to, or on behalf of, the governors was £4,143 (2013/14: £1,910), this represents travel and subsistence expenses incurred with respect to the attendance of governor meetings and also expenses incurred with respect to the provision of relevant continuing professional development for governors.

7. Exceptional items

Exceptional items are non-recurring material items which are outside the normal scope of the company's ordinary activities. Such items are disclosed separately within the financial statements, in accordance with FRS 3 – Reporting financial performance.

The exceptional items arising from the failure of the secondary digester on 30 May 2014 are detailed below. These items relate to the university's subsidiary company, Cedar Energy Limited. It is the current intention of the governors to reinstate energy production upon receipt of the insurance proceeds receivable in relation to the failure of the secondary digester. For this reason, operations have been classified as continuing on the face of the profit and loss account, in accordance with FRS 3.

All costs that have been incurred and estimated charges anticipated arising as a direct consequence of the failure are reported as exceptional. Insurance recovery is estimated based on claims made for costs incurred and that anticipated in respect of fixed asset impairment charges arising where assets are damaged beyond economic repair or require repair to bring them back into use.

	Consolidated		University	
	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
Exceptional costs				
Incident response expenditure	210	1,409	-	-
Impairment of fixed assets	171	2,271	-	-
Exceptional expenditure	381	3,680	-	-
Insurance recovery				
Reimbursement of incident costs	62	1,051	-	-
Recovery of asset impairment	-	1,825	-	-
Exceptional income	62	2,876	-	-
Profit on disposal of fixed assets	2,112	-	-	-
Exceptional profit / (charge)	1,793	(804)	-	-

Insurance proceeds have been recognised where the claim can be measured with sufficient reliability, in accordance with FRS 5 – Reporting the substance of transactions. Where the governors have been unable to measure a claim with sufficient reliability (for example in relation to future claims for the reinstatement of an energy-producing plant), the claim has not been recognised in the financial statements.

The calculation of the exceptional items recognised in the financial statements has required estimates to be made by the governors. 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 basis of these estimates is set out below.

Incident response expenditure

Incident response expenditure relates to costs incurred in relation to the failure of the secondary digester in May 2014. Expenditure which is recoverable from insurers is disclosed above.

Impairment of fixed assets

Following the failure of the secondary digester, management performed an impairment review of fixed assets in accordance with FRS 11 – Impairment. The resulting impairment charge is disclosed above. Amounts recoverable from insurers in relation to fixed assets impairment are disclosed above.

Reimbursement of incident costs

Amounts recognised in respect of reimbursement of incident costs relate to costs incurred as a result of the failure of the secondary digester, which the company is virtually certain to recover from its insurers in the view of the governors.

In arriving at this view, the governors have satisfied themselves that the company had a contractual right to recover the costs at the time the incident occurred. The governors have also consulted with the company's insurers regarding the claims and assessed the progress of the claims submitted, including amounts agreed after date.

Insurance recovery in respect of impairment of fixed assets

Amounts recognised in respect of replacement of assets relate to insurance recovery in relation to assets impaired following the failure of the secondary digester in the year ended 31 July 2014.

The governors have assessed the recoverability of the property insurance contract, and have concluded that the company is virtually certain to receive the insurance proceeds as there was a contractual right in place at the time of the incident.

In arriving at this view, the governors have consulted with the company's insurers and satisfied themselves that the company had a contractual right to reimbursement for the assets at the time at which the incident took place. The claim has accordingly been recognised in the financial statements in accordance with FRS 25 – Financial instruments presentation.

Disposal of fixed assets

Following the plant failure on 30 May 2014 a detailed assessment of the structural condition of each component of plant, following this much of the plant and buildings were demolished in the current year. The governors have assessed recoverability of the property insurance contract, and concluded that the company was virtually certain to receive insurance proceeds £2,112,000 greater than those recognised in 31 July 2014, as negotiations with insurers are expected to be concluded shortly.

The assets demolished were fully impaired at 31 July 2014 with insurance proceeds of £1,825,000 recognised in relation to this charge.

In arriving at this view, the governors have consulted with the company's insurers and satisfied themselves that the company had a contractual right to reimbursement for the assets at the time at which the incident took place. The claim has accordingly been recognised in the financial statements in accordance with FRS 25 – Financial instruments presentation.

8. Interest and other finance costs

	Consolidated		University	
	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
On bank loans:				
Repayable wholly or partly in more than 5 years	478	480	478	480
FRS17 finance charge	151	240	151	240
Total payable	629	720	629	720

9. Taxation

The tax charge for the year in the university arises from the claim for Research and Development Expenditure Credits (RDEC)

	Consolidated		University	
	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
UK corporation tax charge of 20.67% (2014: 22.33% on surplus for the year)	26	-	26	-
Deferred tax provision	78	-	-	-
Tax on Profit/(Loss) on ordinary activities	104	-	26	-

The tax assessed for the year differs from the standard rate of corporation tax in the UK as follows:

	Consolidated		University	
	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
Profit on ordinary activities	3,086	669	763	1,451
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 20.67% (2014: 22.33%)	638	149	158	324
Fixed asset differences	(32)	-	-	-
Expenses not deductible for tax purposes	39	611	-	-
Income not chargeable for tax purposes	(437)	(642)	-	-
Capital allowances in excess of depreciation	38	46	-	-
Other short term timing differences	19	40	-	-
Unrelieved tax losses and other deductions arising in the period	(52)	118	-	-
Adjustments for charitable activities not subject to corporation tax	(187)	(322)	(132)	(324)
UK corporation tax charge	26	-	26	-

10. Tangible fixed assets

	Freehold Property	Plant and Equipment	Assets in the Course of Construction	Consolidated Non Operational Assets	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2014	53,331	22,519	122	3,145	79,117
Re-categorisation of asset classes	205	(205)	-	-	-
Additions	498	1,017	4,088	-	5,603
Disposals	-	(18)	-	(2,646)	(2,664)
At 31 July 2015	54,034	23,313	4,210	499	82,056
Accumulated depreciation					
At 1 August 2014	13,725	14,817	-	2,813	31,355
Charge for the year	1,529	1,239	-	-	2,768
Exceptional impairment	13	40	-	118	171
Disposals	-	(18)	-	(2,646)	(2,664)
At 31 July 2015	15,267	16,078	-	285	31,630
Net book value					
At 31 July 2014	39,606	7,702	122	332	47,762
At 31 July 2015	38,767	7,235	4,210	214	50,426
Financed by capital grant	13,525	226	-	-	13,751
Other	25,242	7,009	4,210	214	36,675
Net book value at 31 July 2015	38,767	7,235	4,210	214	50,426

Asset impairment has been calculated consistently with the principles of FRS 11.

10. Tangible fixed assets

	Freehold Property	University Plant and Equipment	Assets in the Course of Construction	University Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2014	53,241	21,946	122	75,309
Re-categorisation of asset classes	205	(205)	-	-
Additions	498	1,017	4,088	5,603
Disposals	-	(18)	-	(18)
At 31 July 2015	53,944	22,740	4,210	80,894
Accumulated depreciation				
At 1 August 2014	13,711	14,655	-	28,366
Charge for the year	1,525	1,204	-	2,729
Disposals	-	(18)	-	(18)
At 31 July 2015	15,236	15,841	-	31,077
Net book value				
At 31 July 2014	39,530	7,291	122	46,943
At 31 July 2015	38,708	6,899	4,210	49,817
Financed by capital grant	13,525	226	-	13,751
Other	25,183	6,673	4,210	36,066
Net book value at 31 July 2015	38,708	6,899	4,210	49,817

Certain land and buildings were re-valued on an open market basis by an independent Chartered Surveyor in 1991.

Included within freehold property is land costing £1,699,834 (2014 re-presented: £1,699,834) which is not depreciated.

11. Investments

	Consolidated		University	
	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
Long term asset investments				
Investment in subsidiary company	-	-	1,000	1,000
Quoted securities at market value	946	744	791	744
Unquoted securities at cost	-	7	-	7
	946	751	1,791	1,751
Current asset investments				
Short term cash deposits	250	5,000	250	5,000
	250	5,000	250	5,000
Total investments	1,196	5,751	2,041	6,751

The university investment in the subsidiary company, Cedar Energy Limited (incorporated in England and Wales) of £1,000,000 comprises 500,000 ordinary £1 shares at par and 500,000 £1 preference shares at par. The value of the investment is supported by insurance proceeds that will enable reinvestment in the subsidiary company to enable it to operate profitably in the future.

12. Stock

	Consolidated		University	
	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
Farm stocks	1,291	1,267	1,291	1,267
Consumables	26	37	26	37
Goods for resale	20	130	21	130
	1,337	1,434	1,338	1,434

13. Debtors

	Consolidated		University	
	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
		Re-presented		Re-presented
Amounts falling due within one year:				
Trade debtors	1,400	1,179	1,400	1,178
Subsidiary company	-	-	214	-
Prepayments and accrued income	5,144	4,065	1,134	1,115
Other debtors	35	84	18	12
Corporation tax refund	105	-	105	-
	6,684	5,328	2,871	2,305
Amounts falling due after one year:				
Subsidiary company	-	-	2,133	2,272
	6,684	5,328	5,004	4,577

14. Creditors

	Consolidated		University	
	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000 Re- presented	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000 Re- presented
Amounts falling due within one year:				
Bank loans	573	552	573	552
HEFCE loans	252	192	252	192
Other loans	157	160	107	110
Deferred income	2,913	1,767	2,050	1,767
Taxation and social security	378	35	378	35
Sundry creditors and accrued expenses	4,775	5,197	4,709	3,975
Obligations under finance leases	1	23	-	21
Total creditors due within one year	9,049	7,924	8,069	6,652
Amounts falling due after one year:				
Obligations under finance leases	-	2	-	-
	-	2	-	-
Loans:				
Bank loans	10,370	9,448	10,370	9,448
HEFCE loans	1,872	2,124	1,872	2,124
Other loans	779	932	429	532
Total loans	13,021	12,504	12,671	12,104
Total creditors due after one year	13,021	12,506	12,671	12,104
Borrowings:				
Bank loans repayable as follows:				
In one year or less	573	552	573	552
Between one and five years	3,002	2,252	3,002	2,252
In five years or more	7,368	7,196	7,368	7,196
	10,943	10,000	10,943	10,000
Bank borrowings have been secured at various fixed rates ranging from 4.27% to 5.735% with the exception of one bank loan which is at a variable rate (2.531% was the rate applicable in July 2015). Borrowings are repayable by quarterly instalments with the final payment scheduled for 3rd September 2035.				
HEFCE loans repayable as follows:				
In one year or less	252	432	252	432
Between one and five years	1,392	1,728	1,392	1,728
In five years or more	480	588	480	588
	2,124	2,748	2,124	2,748
Other loans repayable as follows:				
In one year or less	157	207	107	107
Between one and five years	679	351	429	151
In five years or more	100	200	-	-
	936	758	536	258

Obligations under finance leases are repayable as follows:

In one year or less	-	23	-	21
Between one and five years	-	1	-	-
	-	24	-	21

The borrowings from HEFCE include two repayable interest free loans. Annual repayments of £159,972 with respect to the loan of £1,439,750 for the REESEP capital project commenced July 2010, however following an agreed revision to the repayment schedule, the loan repayment period was reduced from 9 years to 7 years with an uplifted annual payment of £191,967 commencing as from July 2013 up until July 2017.

Quarterly repayments of £60k with respect to the loan of £2,400k for the anaerobic digester commenced in 2011/12 over a 10 year repayment period. A repayment break was agreed with the funding council and quarterly re-payments will re-commence in the 2015/16 financial year extending the loan repayment to the 2022/23 financial year.

15. Provision for liabilities and charges	Consolidated		University	
	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
Provision for liabilities and charges is as follows:				
As at 1 August 2014	228	66	8	26
Charge for the year - deferred tax	78	-	-	-
(Credit)/charge for the year-pension provision	(8)	(18)	(8)	(18)
Charge for the year-other provisions	91	180	-	-
Total provisions for liabilities and charges	389	228	-	8

The remaining pension provision of £8k brought forward at 1 August 2014 represented the estimated future pension commitments relating to two retired former employees of the university. The university paid £9k relating to the commitment during the year and therefore the remaining provision has been released.

Other provisions of £312k relate to investigation, legal and other costs incurred as a result of the failure of the secondary digester during 2014, and the failure of one of the plant's digestate tanks in 2013. It is expected by management that these costs will be settled in the 2015/16 financial year.

Deferred Tax

No deferred tax asset has been recognised in relation to the group's unutilised trading losses due to uncertainty regarding its crystallisation in the foreseeable future.

16.	Deferred capital grants		Consolidated Year to 31 July 2015 £'000	Year to 31 July 2014 £'000	Year to 31 July 2015 £'000	University Year to 31 July 2014 £'000
	At 1 August 2014		14,054	14,056	14,054	14,056
	Capital grants received		693	490	693	490
			14,747	14,546	14,747	14,546
	Less release of grant		474	492	474	492
	Balance at 31 July 2015		14,273	14,054	14,273	14,054
17.	Total reserves	Note		Consolidated Year to 31 July 2015 £'000		University Year to 31 July 2015 £'000
	Income and expenditure reserve					
	At 1 August 2014			29,083		30,379
	Surplus retained for the year			3,087		762
	Add back pension deficit			285		285
	Balance at 31 July 2015			32,455		31,426
	Pension reserve					
	At 1 August 2014			(8,022)		(8,022)
	Actuarial (loss)/gain	29		(1,415)		(1,415)
	Deficit retained within reserves			(285)		(285)
	Balance at 31 July 2015			(9,722)		(9,722)
18.	Financial commitments		Consolidated Year to 31 July 2015 £'000	Year to 31 July 2014 £'000 Re- presented	Year to 31 July 2015 £'000	University Year to 31 July 2014 £'000 Re- presented
	Capital commitments					
	At 31 July 2015, the following amounts had been authorised:					
	Authorised and contracted for		439	4,467	439	4,467
	Authorised but not contracted for		4,871	2,312	4,871	2,312
	Loan commitments					
	At 31 July 2015, the following amounts had been committed to be drawn:		1,500	3,000	1,500	3,000
	Operating leases					
			Consolidated Year to 31 July 2015 £'000	Year to 31 July 2014 £'000		
	As at 31 July 2015, Harper Adams University had annual commitments under operating leases expiring between one and five years:					
	Plant and machinery		11	31		

19. Post balance sheet event

There are no post balance sheet events.

20. Contingent liabilities

On 3 October 2014, the university entered into a Development Agreement with Dairy Crest Limited where the company agreed to develop a Research and Innovation centre on the university's campus. The partnership is contracted for 25 years, however Dairy Crest have the right to break at 15 years.

In the event of the break clause be exercised, the university will be committed to purchase the building at the written down value of c.£1.25m.

21. Reconciliation of operating surplus to net cash inflow from operating activities

Consolidated

	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
Surplus on continuing operations before taxation	3,191	669
FRS17 pension costs less contributions payable	285	484
Depreciation and amortisation (note 10)	2,940	5,187
Profit on disposal of fixed assets	(2,119)	13
Deferred capital grants released to income	(474)	(492)
Investment income	(133)	(144)
Interest payable	478	480
Decrease / (increase) in stocks	97	34
(Increase) in debtors and pre-payments	730	(3,678)
(Decrease)/increase in creditors	488	(973)
Increase in provisions	84	162
Net cash inflow from operating activities	5,567	1,742

22. Returns on investments and servicing of finance

Consolidated

	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
Dividends received	-	2
Interest received	84	69
Interest payable	(478)	(480)
Net cash outflow from returns on investments and servicing of finance	(394)	(409)

23. Capital expenditure and financial investment

Consolidated

	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
Purchase of investment securities (Development Trust)	(155)	-
Capital grants received	693	490
Proceeds from sale of fixed assets	7	32
Payments to acquire tangible assets	(5,038)	(6,522)
Net cash outflow from capital expenditure and financial investment	(4,493)	(6,000)

24. Financing

	Consolidated	
	Year to	Year to
	31 July	31 July
	2015	2014
	£'000	£'000
Medium term loan	1,500	2,032
Repayment of loan	(906)	(1,106)
Net cash inflow from financing	594	926

24a Management of liquid resources

	Consolidated	
	Year to	Year to
	31 July	31 July
	2015	2014
	£'000	£'000
Disposal of short term investments	4,750	2,375
	4,750	2,375

25. Analysis of changes in net debt

	At		At
	31 July	Cash	31 July
	2014	Flow	2015
	£'000	£'000	£'000
Cash at bank and in hand	3,520	6,024	9,544
Debt due within one year	(904)	(78)	(982)
Debt due after one year	(12,504)	(517)	(13,021)
Current asset investments	5,000	(4,750)	250
	(4,888)	679	(4,209)

26. Related party transactions

Due to the nature of the university's operations and the composition of the Board of Governors (being drawn from public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the university's financial regulations and normal procurement procedures. The university has taken advantage of the exemption in FRS8 "Related Party Transactions" that transactions with wholly-owned subsidiary companies are not disclosed.

27. Subsidiary companies

The university owns the entire shares of two subsidiary companies: Cedar Energy Limited (incorporated 27 July 2009) and Harper Adams (Rural Enterprises) Limited (incorporated 27 July 2009). Harper Adams Rural Enterprises Limited has not traded since incorporation.

Cedar Energy Limited suspended activities following the failure of the anaerobic digestion plant on 30 May 2014, and is working with insurers to agree to develop a plan to reinstate energy production for the campus. The trading results are consolidated with the Harper Adams University accounts on the income and expenditure and balance sheet respectively. The principal activity of Cedar Energy Limited is to produce electricity and heat.

During the year the university has reconsidered the accounting treatment of the Harper Adams University Development Trust and determined that the Trust should be consolidated within the University's consolidated financial statements in the current accounting period. The Trust is a "quasi subsidiary" as defined by FRS5: Reporting the Substance Transactions as entities which are subject to significant influence by the university but are not subsidiary undertakings as

defined under the Companies Act 2006. This Trust is a separately registered charity in the UK. The primary purpose of the charity is to raise funds to benefit the university and its students. Details of the impact of incorporating the Trust in the Group accounts are included in Notes 4, 4a and 6.

28. Access funds	Consolidated	
	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000
Funding council grant	-	36
Disbursed to students	-	(43)
Administrative costs	-	-
	-	(7)

29. Pension costs

The two principal pension schemes for the university's staff are the Teachers' Pension Scheme (TPS), available to all teaching staff, and the Local Government Pension Scheme, operated as Shropshire County Council Pension Fund (SCCPF), available to all non-teaching staff. Both are defined benefit schemes

	2014/15 £'000	2013/14 £'000
Total pension cost for the year		
Teachers' Pension Scheme: contributions paid	958	894
Local Government Pension Scheme: Contributions paid	1,132	899
FRS17 charge	134	244
Charge to the income and expenditure account (staff costs)	1,266	1,143
Total pension cost for year	2,224	2,037

Local Government Pension Scheme

Membership of the Local Government Pension Scheme (LGPS) operated as the Shropshire County Council Pension Fund is available to all non-teaching staff. The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 July 2015 was £1,591,364 of which employer's contributions totalled £1,130,534 and employees' contributions totalled £460,829.

As from April 2014, the agreed contribution rates are 13.4% for employers (an increase from 10.7% from April 2011) plus a monthly sum (£17,300 as from April 2012, £18,075 as from April 2013, £18,508 as from April 2014 and £19,267 as from April 2015 – which is included in the total contributions above) and a variable percentage between 5.5% and 12.5% for employees.

FRS17

In accordance with the requirements of Financial Reporting Standard (FRS17) and the Statement of Recommended Practice for Accounting for Further and Higher Education, the Fund Actuary was instructed to complete a full valuation of the university's element of the fund as at 31 July 2015, with comparative figures as at 31 July 2014.

	2014/15	2013/14
Principal actuarial assumptions		
Rate of increase in salaries	3.7%	3.8%
Rate of increase of pensions in payment	2.2%	2.3%
Discount rate for liabilities	3.8%	4.3%
Inflation assumption	2.2%	2.3%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2015	At 31 July 2014
Retiring today		
Males	23.9	23.8
Females	26.3	26.1
Retiring in 20 years		
Males	26.1	26.0
Females	29.1	29.0

The assets in the scheme and the expected rates of return were:

	Long Term rate of return expected at 31 July 2015	Value at 31 July 2015	Long Term rate of return expected at 31 July 2014	Value at 31 July 2014
	%	£'000	%	£'000
Equities	6.5%	13,173	7.00%	11,927
Government bonds	2.5%	-	3.20%	-
Other bonds	3.6%	3,575	4.10%	5,255
Property	6.1%	1,050	6.20%	837
Cash/liquidity	0.5%	725	0.5%	279
Other	6.5%	3,900	7.00%	3,153
		22,423		21,451

The following amounts at 31 July 2015 were measured in accordance with the requirements of Financial Reporting Standard (FRS17):

	At 31 July 2015 £'000	At 31 July 2014 £'000	At 31 July 2013 £'000
Total market value of assets	24,998	21,451	19,405
Present value of scheme liabilities	(34,720)	(29,473)	(26,571)
(Deficit) in the scheme – net pension (liability)	(9,722)	(8,022)	(7,166)
Current service cost	1,266	1,143	952
Past service cost	-	-	6
Effect of curtailments or settlements	-	-	-
Total operating charge	1,266	1,143	958
Analysis of net return on pension scheme			
Expected return on pension scheme assets	1,142	982	754
Interest on expected scheme liabilities	(1,293)	(1,222)	(1,061)
Net return	(151)	(240)	(307)

	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000	Year to 31 July 2013 £'000
Analysis of amounts recognised in statement of recognised gains and losses			
Actual return less expected return on pension scheme assets	1,365	134	2,337
Experience gains and losses arising on scheme liabilities	-	-	-
Changes in assumptions underlying the present value of Scheme liabilities	(2,780)	(506)	(495)
Total actuarial gain/(loss) recognised	(1,415)	(372)	1,842
	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000	Year to 31 July 2013 £'000
Movement in deficit during the year:			
Deficit in scheme at 01 August 2014	(8,022)	(7,166)	(8,502)
Movement in year:			
Current service charge	(1,266)	(1,143)	(952)
Past service gain/(loss)	-	-	(6)
Effect of curtailments or settlements	-	-	-
Contributions	1,132	899	759
Net return on assets	(151)	(240)	(307)
Actuarial (loss)/gain	(1,415)	(372)	1,842
Deficit in scheme	(9,722)	(8,022)	(7,166)
Asset and liability reconciliation:			
Reconciliation of liabilities			
Liabilities at start of period	29,473	26,571	24,365
Service cost	1,266	1,143	952
Interest cost	1,293	1,222	1,061
Employee contributions	461	401	332
Actuarial loss	2,780	506	495
Benefits paid	(553)	(370)	(640)
Past service loss/(gain)	-	-	6
Effect of curtailments or settlements	-	-	-
Liabilities at end of period	34,720	29,473	26,571
Reconciliation of assets			
Assets at start of period	21,451	19,405	15,863
Expected return on assets	1,142	982	754
Actuarial (loss)	1,365	134	2,337
Employer contributions	1,132	899	759
Employee contributions	461	401	332
Benefits paid	(553)	(370)	(640)
Assets at end of period	24,998	21,451	19,405

	Year to 31 July 2015 £'000	Year to 31 July 2014 £'000	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000	Year to 31 July 2011 £'000
History of experience gains and losses					
Defined benefit obligations	34,720	29,473	(26,571)	(24,365)	(21,740)
Plan assets	24,998	21,451	19,405	15,863	15,193
Deficit	(9,722)	(8,022)	(7,166)	(8,502)	(6,547)
Experience adjustments on plan liabilities	-	(38)	-	-	(421)
Experience adjustments on plan assets	1,365	134	2,337	(309)	403

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis, these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS will be implemented in September 2015. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final

Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015. The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015. The pension costs paid to TPS in the year amounted to £989,000 (2014: £1,490,000).

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The university is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the university has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The university has set out above the information available on the scheme and the implications for the university in terms of the anticipated contribution rates.

Five Year Summary Accounts

	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000 Re- presented	2014/15 £'000
Consolidated income and expenditure account					
Income					
Funding council grants	19,823	16,239	12,087	9,756	8,069
Tuition fees	7,412	8,313	11,880	14,219	15,905
Research grants and contracts	785	1,253	2,045	2,343	2,670
Other operating income	7,705	8,174	8,192	8,932	9,462
Investment income	130	193	193	144	133
Total income	35,855	34,172	34,397	35,394	36,239
Expenditure					
Staff costs	15,736	15,697	16,585	17,654	18,620
Depreciation and amortisation	2,388	2,056	2,595	2,916	2,768
Other operating expenses	14,796	13,690	13,559	12,631	12,824
Total operating expenditure	32,920	31,443	32,739	33,201	34,212
Operating surplus before tax, interest and exceptional items	2,935	2,729	1,658	2,193	2,027
Exceptional items	-	-	-	(804)	(319)
Profit / (loss) on disposal of assets	-	-	-	-	2,112
Interest and other finance costs	(753)	(788)	(742)	(720)	(629)
Tax	-	-	54	-	(104)
Operating surplus after tax and exceptional items	2,182	1,941	970	669	3,087
Consolidated balance sheet					
Long term assets	39,852	42,746	46,872	48,513	51,371
Net current assets	7,634	7,482	6,729	7,358	8,766
Creditors: amounts falling due after one year	(10,716)	(11,386)	(11,549)	(12,506)	(13,021)
Provisions for liabilities and charges	(35)	(85)	(66)	(228)	(390)
	36,735	38,757	41,986	43,137	46,727
Pension liability	(6,547)	(8,502)	(7,166)	(8,022)	(9,722)
Total net assets	30,188	30,255	34,820	35,115	37,005
Represented by					
Deferred capital grants	12,647	12,303	14,056	14,054	14,273
General reserve	17,541	17,952	20,764	21,061	22,732
Total funds	30,188	30,255	34,820	35,115	37,005

Glossary of Terms

APB	Auditing Practice's Board
BBSRC	Biotechnology and Biological Sciences Research Council
CETL	Centre for Excellence in Teaching and Learning
CUC	Committee of University Chairs
EU	European Union
F.E	Further Education
FRS	Financial Reporting Standard
H.E	Higher Education
HEFCE	Higher Education Funding Council for England
HEIF	Higher Education Innovation Funding
LGPS	Local Government Pension Scheme
NRKE	National Rural Knowledge Exchange
REESEP	Rural Employer Engagement Student Experience Project
SERPS	State Earnings Related Pension Scheme
SORP	Statement of Recommended Practice
TPS	Teachers Pension Scheme
WIRE	Women in Rural Enterprise



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