



**Harper Adams  
University**

# **Annual Report & Financial Statements**

## **2015/16**

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## 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 provide 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.

In 2015 we published a new Strategic Plan to cover the period from 2015 to 2020. Our strategy has five key aims:

**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.

**Engagement:** We will enhance our engagement with industry and local enterprise partnerships to help grow our capacity for education, research and knowledge exchange.

**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.

**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.

**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 2016/17 was approved by the Board of Governors in July 2016. At the same time, a final progress report on the Statement for 2015/16 was assessed. All of the objectives for the year were found to have been delivered or were close to 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 recent Higher Education White Paper heralds a new set of requirements for the sector, not least around the introduction of the Teaching Excellence Framework (TEF), the proposals to increase tuition fees and the changing regulatory landscape. The financial implications of the latter changes are yet to be revealed, but the university has already begun its planning for the TEF, backed up by successful judgements of its performance in teaching and learning during 2015/16. At the same time, the recent announcement of the outcome of the Institution Specific Funding round conducted by HEFCE during 2015/16 was positive, placing the university in a stronger position to address the challenges ahead. Our work to ensure that we provide value for money for our students, as well as control costs more generally also continued during the year. The next year will see the introduction of a new curriculum, which will continue our drive towards more efficient delivery of high quality education for our students whilst enhancing the ability of our staff to engage in research and scholarship activities.

### External Policy Environment

In addition to the wide range of changes expected as a result of the HE White Paper there were other policy areas on which the university had to focus over the last year. These included the proposed changes to the sector's quality assurance systems, aspects of data collection such as proposed changes to the Destination of Leavers from Higher Education (DLHE) survey and the latest call for evidence on accelerated degrees and credit transfer arrangements. Related areas included the drive to increase the number of higher/degree level apprenticeships, in which the university has engaged with industry partners, the continuing development of the Tier 4 visa regime and

the implementation of the Prevent system. The university has addressed each of these areas, and many more, during the course of the year to ensure that it keeps pace with the evolving policy environment.

The university has also continued to engage with its Local Enterprise Partnership, and the Local Authority, to drive forward its plans to develop greater impact for the agricultural technology sector in the local economy. This was considerably boosted during 2015/16, with the announcement that an element of the Centre for Innovation in Engineering and Precision Farming, funded by the Government's Strategy for Agricultural Technologies, is to be located at the university. Work to deliver this new hub has already begun and will be complete in the new financial year.

Whilst we expected that DEFRA would publish its 25 Year Strategy for Food and Farming during 2015/16, this was not to be. During the consultation process we made representations to DEFRA to ensure that its reporting of higher education student numbers in relevant subjects was accurate.

The debate about the UK's membership of the EU has loomed large during the year. The outcome was expected to impact not only on higher education but also, in our case, on the farming sector with which we are closely engaged. Our Students' Union, and the student society, the Harper Forum, held a debate in May 2016 that attracted over 300 students, all keen to hear, and contribute to, the respective arguments for and against the UK leaving EU membership. Now that we know the result of the EU referendum we will be monitoring closely the impact on public policy over the coming year.

Beyond Europe, as explained later in this report, we continued to engage with universities, industries and governments in other nations, to ensure that we maintain a global awareness around the challenges of food and energy security, the management of natural resources, the protection of the environment and related areas of animal welfare. All of these are key issues for society in which the university is playing a critical role through its education and research.

### **Student Recruitment and Experience**

Undergraduate recruitment in 2015 was extremely positive. We admitted 695 new home/EU students, an increase of 10% over the previous year. This was our largest intake ever reflecting a strong academic performance and reputation in the industries with which we work. Taught postgraduate student recruitment was also improved on 2014, and the number of PhD students increased during 2015/16 to

75. We remain hopeful that a more structured approach to supporting PhD studentships in applied agri-food subjects might emerge from our efforts to raise concerns about the falling number of doctoral students in these disciplines that has occurred since 2001.

We continued to invest in student facilities. At the start of the 2015/16 academic year we opened the new Leverhulme and Jerman Halls of Residence, providing another 110 ensuite self-catering bed spaces on the university's campus. We were pleased to celebrate, later in the year, the formal opening of the new residences by Lord Plumb.

Our graduate employment rate in the 2016 Destination of Leavers from Higher Education (DLHE) survey was 99.4%, the highest ever recorded by the university. This made our average graduate employment rate over the last 3 years 97.2%. Our close connections with industry and the practice-based education we provide for our students, supported by sandwich placements, contribute to these successful outcomes. In the autumn term of 2015/16 we hosted three placement and graduate career events which were attended by a total of 159 companies and organisations, again, the highest total we have achieved to date.

In September 2015 the Sunday Times University Guide ranked us as the second highest 'modern university'. The Editor of the Guide noted that 'This is not a typical university experience...but in its field – no pun intended – it is pretty hard to beat'. This proved to be the case later in the year when we won our first Guardian University Award for our work in connecting with the wider public in our marketing activities. Shortly afterwards, we came second in the Times Higher Education Student Experience Survey, which sought the views of students from 117 universities across the UK. We were then shortlisted in 8 of the 10 categories in the WhatUni? Student Choice Awards, in which we came top for Student Support and Job Prospects and were awarded the title of University of the Year. These awards were based on 25,000 student reviews collected from 125 universities. The Complete University Guide, published in May 2016, saw us rise another 14 places to be ranked 46<sup>th</sup> in the main league table and the top 'modern university'. In the sector's HEIST awards for marketing we won the Gold Award for Student Voice for the second year in a row. This award category is voted for by students. Finally, in the Times Higher Education Awards for Leadership and Management we won the award for Marketing & Communications.

Our success continued with our performance in the 2016 National Student Survey, when, in July, the

Times Higher Education magazine ranked us joint second amongst UK higher education institutions in terms of overall student satisfaction.

It proved to be a remarkable year for the university, in these and other achievements that recognised the hard work of our staff, students and Governors.

### **Research and Knowledge Transfer**

Research income over the last year, at just over £3m, has continued to demonstrate the strong performance of our applied research strategy. This has led to a range of collaborations with researchers from other universities (such as Warwick, Leeds and Nottingham to name just a few) where our applied science expertise adds value to their basic science contribution. Of special note, at the start of 2015/16, were two major awards to Professor Dave Pink and Dr Paul Hand that formed part of grants totalling nearly £2m from the Horticulture and Potato Initiative (HAPI) funded by the BBSRC, NERC and Scottish Government. Other projects, in engineering, crop science and livestock science, have been funded by Research Councils, Innovate UK and industry.

Our research contributions cover a wide range of topics and levels, from leading journal papers to industry-based student projects. We had good examples of each this year. Professor Mike Theodorou contributed to a paper published in the journal 'Science' on the potential benefits of using anaerobic fungi, a little known group of microorganisms that live in the gut of herbivores, in the production of chemicals and renewable energy from sustainable sources of plant biomass. This research was conducted in collaboration with the University of California, Santa Barbara. In April 2016 a research poster produced by He Yaquin, who spent a year at Harper Adams whilst studying at Huazhong Agricultural University in China, was selected as the best at the 90th annual conference of the Agricultural Economics Society. The research on the 'Effects of weather on oilseed rape production in China: Future implications of climate change' was conducted in collaboration with Professor Emeritus Brian Revell.

As noted earlier, our postgraduate research student numbers continue to grow. Many of these students are from overseas, underlining concerns we have expressed to the 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.

Further details of our research activities can be found on the university's website.

### **Promoting Collaboration**

The decision to locate a hub of the Centre for Innovation in Engineering and Precision Farming on the university campus is the culmination of a collaborative endeavour with Scotland's Rural College (SRUC), Cranfield University and around 70 companies and organisations that, together, form the Centre consortium. This will see a new engineering building and a Precision Dairy Unit completed within the next year, which we plan to be a focus for associated research and knowledge transfer activities. The investment, totalling some £5.7m is a major landmark for the university, placing us at the heart of the national agri-technology strategy.

The development also builds on the success of the Dairy Crest Innovation Centre, also based on the university campus, which was occupied by the company's staff towards the end of 2015 and formally opened by our Chancellor, HRH The Princess Royal, in April 2016. The university and Dairy Crest have already established joint research projects, further student placements and a joint lectureship in Animal Science and Bioinformatics.

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: Jane King, Chief Executive, AHDB; Lord Iveagh, Elveden Estate, and Clarke Willis, Anglia Farmers; Richard Quinn, Chief Executive, Farmcare Trading Ltd; Cintia Toth Goncalves, British Embassy, Brazil; Professor Jackie Hunter, (then) Chief Executive of the BBSRC; Professor Bob Webb, Agri-Tech Leadership Council; Ross Murray, President of the CLA; Tom Kirwan, Managing Director of ABP; and David Sharif, Director of the Midlands Engine.

Our work with industry to secure student scholarships was again successful, with our Development Trust raising over £360,000 that was awarded to 106 students in an event held in February 2016. Many companies and individuals generously support our students in this way, as well as with industrial placements, and we remain indebted to them all. We were delighted that our Chancellor was able to join us in London in October 2015 for a celebration of donors and supporters of our Development Trust. We were also thrilled with the news that the Chair of the Development Trust, Anthony Burgess, had been awarded the MBE in the New Year Honours List for services to higher education, governance and fundraising.

Some of these activities have led to new partnerships with leading companies. Notable during 2015/16 was the collaboration created with Kubota UK, who donated a range of agricultural machinery to the university through a generous sponsorship package. The new machinery will be used in our education and research activities and will be of considerable benefit in both areas of our work. Others collaborations have extended current relationships. One example is our work with McDonalds UK where we have previously taken part in the company's Farm Forward initiative and have, this year, helped develop its new nationwide 'Follow our Foodsteps' campaign to champion British and Irish farming through the use of virtual reality technology.

We constantly strive to ensure that our educational provision is developed in collaboration with professional bodies, and two new relationships were forged in 2015/16. The first was with the Institute of Chartered Foresters which is now accrediting our forestry related courses. The second was via the accreditation of our provision in veterinary pharmacy by the Royal Pharmaceutical Society. Both will add value to our educational provision and we look forward to working with our new partner professional bodies in the coming years.

### **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***

Our graduates are in demand from the agri-food and related sectors, and we work closely with industry to ensure that our students have appropriate work placements for their sandwich degree courses. We have published a series of case studies about our placement students and graduates embarking on their careers in a book called '3.7m' (the number of people employed in the UK agri-food supply chain). The publication can be viewed on our website (simply search for '3.7m' on the home page).

During the course of 2015/16 our students and recent graduates demonstrated how they are already contributing to society, and their subject areas, through a series of awards. In November 2015, Andrew Parry was named the Agricultural Student of

the Year at the British Farming Awards. This was the third year in a row that a Harper Adams student has won this award. Later in the year, Andrew Harrison won the RABDF/MSD Animal Health Dairy Student of the Year Award, the second year in a row that this has been won by a Harper Adams student. Katie Woolliscroft won the prestigious Farmers Club Pinnacle Award for Farm Business Management, while in the 2015 Farmers Guardian 'Marts the Heart' New Entrant Award, every finalist had studied at the university. The eventual winner was Harper Adams alumnus, Ian Atkinson.

Entomology Masters student, Laura Healy, took the third prize in the Royal Entomological Society's Student Awards, which attracts many international entries. Our team in the annual industry-sponsored Cereals Challenge also took third place, while Food student, Charlotte Reynolds, in 2016, won the Global Pulse Confederation's #LovePulses Worldwide competition with a new lupin crisp product. Charlotte picked up her prize at the Global Pulse Convention in Turkey.

Pulses also featured in the Cereals Challenge this year, where each of the 6 university/college teams were expected to grow a crop of peas. The Harper Adams team came a very respectable third in this prestigious competition. Our student team from Engineering came second overall in the European Field Robot Event held at the University of Hohenheim in Germany in mid-June. The competition involved 17 entries from universities across Europe.

Our award winning students included those on industry-based short courses run by Harper Adams staff. Jack Hill, a Norfolk-based Commercial Technical Manager for Bayer CropScience, and a new entrant to farming, won the 2015 Barrie Orme Shield. The prize is awarded annually to the best BASIS Certificate in Crop Protection candidate.

We continued to develop new ways in which we could offer training in valuable areas of professional practice. In March 2016 the university was approved as an Institution of Occupational Safety and Health (IOSH) training provider and we ran our first course, Managing Safely, in April.

We also continued to encourage our staff to develop their teaching expertise so that they might, in turn, inspire future generations of our students to contribute to society through their university education. Our teacher development PgC, accredited by the Higher Education Academy in 2015 continued to operate so that staff have an in-house route to achieve the status of Fellow of the Higher Education

Academy (HEA). At present, 81.5% of our academic staff are Fellows or Senior Fellows of the HEA.

The EU Referendum was a major event during 2015/16, and we took steps to ensure that our students were briefed about the respective arguments for remaining or leaving the EU in a debate held in May 2016. The debate prompted considerable discussion amongst our student community and was welcomed as an opportunity to ask questions, not least about the impact of the Referendum decision on the UK agri-food sector.

Our students took part in many volunteering activities and raised funds for worthwhile causes. Two of our students took part in the London Marathon, raising money for charity, while a group of students collected unwanted items to donate to the refugees sheltering in Calais over the winter, enlisting the support of Avis, the university's hire car supplier, to provide a vehicle to transport the donated items.

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

During the summer of 2015 we ran a major campaign to inform and educate the public about under-utilised sources of protein. Our 'Edible Bugs' campaign was a considerable success, attracting over 5,300 participants, in 2015, at various agricultural shows and other events. The campaign led to significant media coverage, our first Guardian University Award, shortlistings in the Chartered Institute of Marketing Awards and a third place in the HE sector's prestigious HEIST Awards for marketing. The campaign attracted so much attention that we decided to repeat it during 2016 and we hope that it will prove to be equally as appealing to the public, eager to try a new taste experience.

In 2016 we also repeated our 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 continues to be very positive.

We ran our Young Innovators Competition for a third year, to encourage young people to engage in the design of a robot. Once again, the competition attracted huge interest from schools and young people from across the UK. In a new venture we ran, in conjunction with the Royal Entomological Society, the world's first Entomology Conference for Schools. The EntoSci 16 Conference attracted 250 delegates aged 14 to 18 from across the UK. The conference

featured in several reports, including live coverage, on the BBC's Breakfast programme that morning.

In addition, national and international conferences held at the university over the last year have covered a broad range of topics. The 4<sup>th</sup> Symposium of Potato Cyst Nematode Management, which attracted an international audience and speakers, considered how potato varieties will help growers in the fight against this economically damaging pest. Our work on the use of drones in agriculture featured in a conference held in November 2015 which attracted a large number of delegates. In early 2016 new course was launched, in partnership with BASIS, to help train drone operators in important aspects of agricultural practice. We hosted the International Farming Systems Association European Symposium in July 2016. The event, on the theme of 'Social and technological transformation of farming systems: Diverging and converging pathways', attracted 275 delegates from all over the world with a focus on the wider social and economic aspects of global agriculture.

We have shared the expertise available to the university in a number of ways, ranging from a special lecture by Honorary Degree holder, and food safety expert, Professor Hugh Pennington to the Fresh Produce Research Placements we ran for eight weeks in 2015 for science undergraduates from other UK universities. This year, students from the universities of Leeds, Newcastle, Edinburgh and Bristol took part. Our staff also held leading positions outside the university where their expertise will be of assistance. These included Professor Simon Davies, who was the only academic from an English university to be asked to join the BBSRC's Aquaculture Research Collaboration Hub; Professor Liam Sinclair who was appointed President of the British Society of Animal Science; and Professor Emeritus Brian Revell, who completed his term as President of the Agricultural Economics Society.

Our expertise and resources also offered to schools in the local area. During the summer of 2015 a number of A-Level science students took part in the British Science Association's CREST Award scheme by working in our laboratories with the support of our technical staff. Their projects included analysing DNA, the use of our scanning electron microscope and testing the resistance of fungal spores to different laboratory disinfectants.

Our students engaged in a particularly wide range of final year projects this year, each contributing to the knowledge base, and many addressing significant challenges faced by society. One highlight was a novel study on the impact of fracking on agriculture, conducted by interviewing ranchers in Texas and

Oklahoma, so as to learn about the implications of this technology for the UK.

Our work has been featured in national media, with recent examples including the BBC's Countryfile, BBC Breakfast and Radio 4's Farming Today and our graduates have also been profiled in national newspapers. One example was a Daily Telegraph article about 'How hipster milk helped save the family farm', featuring the work of Joe Towers and his efforts to produce the ideal barista milk for speciality coffee bars in London.

### ***Engaging communities and working in partnership***

We continued to 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 award-winning work, described earlier, on engaging with schools, the wider public and the industries with which we collaborate is aimed at maintaining an outward focus for the university and in helping with our mission to raise awareness of issues connected with agriculture, food, the natural environment and animal welfare. We conduct these activities in partnership with many organisations, ranging from our collaboration with Dairy Crest which is supporting our education and research programmes, to meetings routinely held with our Parish Council to discuss local matters of mutual interest.

Our students and alumnae joined the DEFRA Secretary of State, Liz Truss, in March to mark International Women's Day. The event included discussions on a range of issues relating to women in farming, including the barriers women continue to face when starting and building a career in the industry. As well as exploring ways to reduce these obstacles, the roundtable looked at how to encourage more female students and women to consider farming as a career choice.

A number of students also produced promotional videos, as part of their course, for local organisations, including the Shropshire Wildlife Trust and the Shropshire branch of the Campaign for the Protection of Rural England. The winning entry, about water management, was later used by the client in schools and community groups at Sutton Hill, a key location in the video. Water management, this time in the poultry industry, was also the topic of the 24<sup>th</sup> Temperton Report, launched in London in June 2016

at an event attended by leading figures in the poultry sector.

In December 2015 we held the inaugural meeting of our Rural Security Research Group, which covered a variety of topics, with speakers from other universities and the police, including rural crime myths and truths, property marking, fake pesticides, human trafficking and domestic violence. This partnership approach to tackling major social issues has also led to our first successful PhD completion, with a study of organised rural crime in the supply of counterfeit pesticides, a topic that was also highlighted in a national television programme.

During the year we continued our work with local schools, in collaboration with other local universities that form the Higher Horizons network, to encourage wider participation in higher education. We led a number of successful schools engagement events and hope to continue these activities under the new National Collaborative Outreach Programme (NCOP) for which HEFCE has recently sought applications.

### ***Building international connections***

We have extensive connections internationally and have built upon them in the last year to progress our Internationalisation Strategy.

Several exchange visits were undertaken with universities in Indonesia, including Dr Tom Pope's lecture tour on Entomology, and reducing the use of pesticides, which was supported by the British Council. Our links with a number of Indonesian universities are also developing well.

Our staff visited universities in Brazil at the start of the year, and two PhD students from Brazil studied at Harper Adams under the 'Science without Borders' programme. Two academics visited from the agriculturally-focused Federal Technological University of Paraná (UTFPR) to share knowledge on the biological control of insect pests. Our work in South America was extended to Uruguay, with a visit focussing on beef production, the food supply chain and workforce development, at the Universidad de la Empresa.

We hosted a group of Canadian academics, including the President-elect of the International Society for Precision Agriculture (ISPA), on a Foreign and Commonwealth Office supported programme to look at research developments at the university's National Centre for Precision Farming.

Professor Simon Blackmore also gave a keynote speech at the Sixth Asian Conference on Precision Agriculture, held at South China Agricultural

University, in Guangzhou, on the latest developments in robotic agriculture. He later took part in panel carrying out a precision agriculture research consultation programme at MARDI – the Malaysian Agriculture Research and Development Institute, and spoke about precision farming at a number of US institutions, including Texas A&M University.

We hosted visits by a number of leading scholars. Dr Tony Grift, Associate Professor at the University of Illinois, gave a popular lecture about the challenge of global food security, while a delegation from the University of Southern Queensland discussed collaboration in precision agriculture. A number of groups of students and staff visited us from the Hogeschool of Applied Sciences (HAS) in Den Bosch, Netherlands.

We recruited another 7 students from the Dominican Republic, as part of its Government-funded scholarship programme, and the first 15 Masters students completed the joint programme we have established with China Agricultural University, supported by the China Scholarship Council. Our efforts to encourage UK students to look at global agri-food issues continued, with the latest team of Harper Adams students visiting Beijing on our 5<sup>th</sup> cultural exchange programme, supported by the Zhejiang Hengyi Group. Three students are set to attend the Royal Agricultural Society of the Commonwealth's Conference in Singapore, later in 2016.

### **Planning for the Future**

We continued to invest in staff and our learning resources to ensure that we can provide the best possible environment for our education and research activities. In addition to the new residences and the agri-technology developments mentioned earlier in this report, we were supported with a generous donation from the Jean Jackson Charitable Trust to construct state of the art glasshouse facilities. This project is nearing completion.

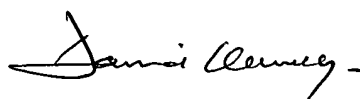
With the assistance of HEFCE capital funding and a donations from a range of organisations and charities we were able to embark on the much needed extension of our laboratory building. This will provide new laboratories in support of our work and will showcase the science-based education in which we are engaged. This scheme is expected to be in place for the 2016/17 academic year.

Over the last year we have also been deeply involved in the bidding round for HEFCE Institution Specific Funding. The outcome was positive, not only in terms of additional funding which will underpin our

activities for the future, but also in the judgement of our educational activities made by the expert assessment panel. The conclusion drawn by the panel was that our:

'..Learning environment was seen as rich, with national and international opportunities that enhance the curriculum. The positioning of the university to contribute to future global needs was seen to be of great benefit to students, and clearly indicative of a world leading institution.'

This judgement is a significant statement of confidence in the university and our work, especially as we prepare for the challenges ahead with the introduction of the Teaching Excellence Framework. The last year has been enormously successful for the university, but we also know that we will need to continue to work hard to deliver great results for our students, staff and wider society.



**Dr David Llewellyn**  
Vice-Chancellor  
29 November 2016

## Strategic Review

The 2015/16 results show a strong financial performance as we conclude the second year of our 2015/20 Strategic Plan. We have increased student numbers, invested in further improving the student experience and invested in academic staff and increased research and contract activity.

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 generate operating cash in excess of 14% of income and for external debt not to exceed 30% of unrestricted reserves.

### Scope of Financial Statements

The financial statements for the year ended 31 July 2016 comprise the results of the university, its wholly owned subsidiary, Cedar Energy Limited, and the separately registered charity, the Harper Adams University Development Trust, which operates independently of the university but is consolidated within the Group financial statements following a review of the beneficial arrangements derived by the university.

### Restatement of Financial Statements

These are the first financial statements that are prepared in accordance with FRS102 under the HE and FE SORP 2015, which has required the restatement of 2014/15 as a comparative year. The financial statements now demonstrate the financial position and performance of the institution in three key ways, together with the referenced notes to the accounts. These comprise of:

- Balance Sheet that summarises the assets, liabilities and reserves at the end of the financial period;
- Statement of Comprehensive Income and retained earnings that summarises the financial performance for the period of report and consequential reserves movement;

- Statement of Changes in Reserves; and
- Statement of cash flows for the reporting period

Material changes in the treatment of income, the adoption of a valuation of land and buildings as 'deemed cost' and changes in the presentation of actuarial pension valuations annual deficits, are the key adjustments in comparison with 2014/15 published financial statements prepared under previous UK GAAP.

The university has taken the opportunity to revalue its teaching and research facilities and the 237 hectares of university land. As a result of the adoption of this value, as deemed cost. The asset values were uplifted by £32m at the transition date of 1 August 2014, increasing total net assets reported.

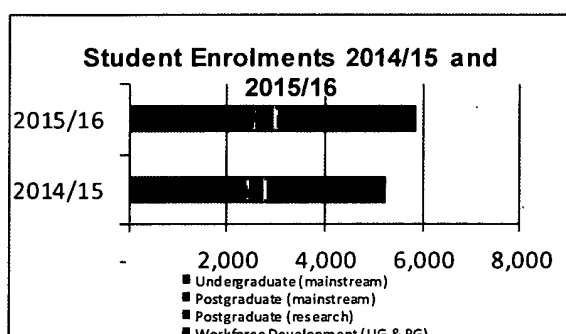
The university has chosen to continue to account for government funded capital grants over the life of the assets that these grants have funded, matching the annual depreciation charge with a recognition of grant income. The balance of capital grants deferred of £12m is now required to be reported as a long term creditor rather than as a source of funds as under previous accounting practice, thus reducing total net assets.

### Results for the Year

The university has had an excellent year with an underlying surplus before exceptional items and taxation, increasing to £1,999k (2014/15: £1,712k) with operating cash generated of £7,222k (2014/15: £5,563k), or 18% of income (2014/15: 15%).

### Applications offers and enrolments

The university had the largest cohort of first year undergraduate students in its history with 849 students commencing undergraduate studies and 363 postgraduate students with total student enrolments increasing to 5862, an 11.6% increase on the previous year. In 2015/16, for the first time at Harper Adams, all full time undergraduates were subject to new regime fees as determined by the home nations' local funding policies.

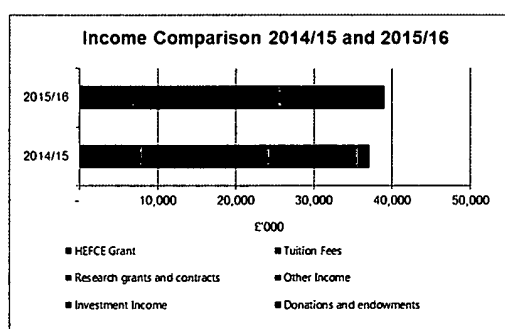


The university charged a headline undergraduate tuition fee of £9,000 to UK and European undergraduates. The increase in fees, following the changes to student funding in 2012, were offset against an associated reduction in grant funding, to leave the overall funding of teaching at a similar level per student across all courses. The university has continued to offer tuition fee waivers for students who come from lower income families.

### Research Grants and Contracts

Further successes in winning research and consultancy contracts were achieved, with 47 contracts won and the projects in the year generating income of £3,055k (2014/15: £2,722). Research at the institution is often in partnership with industry. This ensures that the impact of work undertaken at the university is translated to industry practice and incorporated in the curriculum. The university has recognised research and contract income under the performance method where income is recognised when specific delivery milestones are met as defined under the contracts.

Research and Development Expenditure and Credit (RDEC) income recognised in research over the past two years of £62k (2014/15: £131k) will not be available to be claimed by institutions in future years.



The university has continued to generate additional income from its facilities and infrastructure with conferences held during academic vacations and the campus established as the venue for a number of annual conferences. The conferencing team has

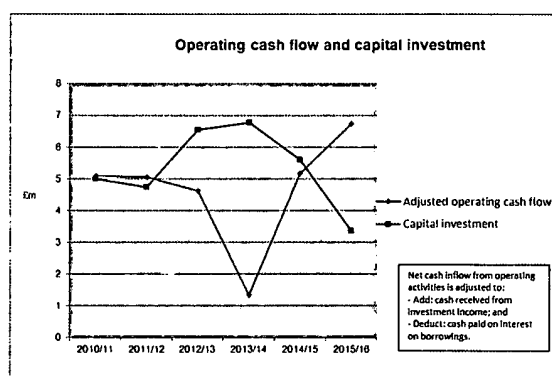
continued to utilise university facilities outside of term time and have identified new clients to replace a significant client who had changed their training strategy with a loss of accommodation bookings from April 2015.

New self-catered halls were opened at the beginning of the academic year providing 110 additional rooms, together with the provision of a self-service laundry. Consequently, residential receipts have increased by £0.5m. Economic pressure has been experienced across farming activities, and whilst productivity has increased there was significant pressure on milk and pig prices but by year-end they had started to recover, and have since seen some further improvement.

Cedar Energy Limited has not traded during the course of the year. However, business interruption insurance revenue has continued to be recognised to 31 July 2016, with insurance negotiations completed in December 2015. Reinvestment in new energy infrastructure has been approved and procured and completion is expected in early 2017 when heat and electricity will be produced on site for the campus.

Reductions in Disability Support Allowance and the relocation of Dairy Crest from university premises to their own innovation centre on campus has reduced other income for the university.

Under the new accounting presentation, operating cash generation is one of the key indicators of financial sustainability and the ability to continue to invest and deliver a high quality experience for our students and staff.



### Major developments during the financial year

The university has further strengthened research activity with income increasing 16% (2014/15: 11%) year on year. During the year, the university was a member of two consortia that were successful in bids for Agri-Tech industrial strategy funding, managed by two new companies that comprise both industry and HE partners. The Agri-Tech funding will provide two

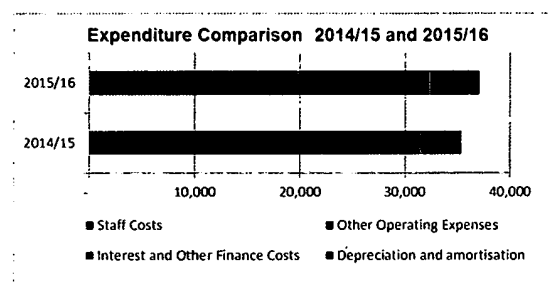
new facilities on site, which are in the course of construction, with work on site having commenced in the spring. They will provide further capacity to support industrial research and innovation, and build the capacity of the university to increase the involvement of science and technology in farming practice, also developing, through innovation, new products and markets to support economic development.

University capital investments amounted to £3,129k funded through grant, loans and philanthropic donations. New student residences providing a further 110 rooms were opened to students in September 2015. An additional livestock building supported dairy youngstock production and work carried across the year-end on the extension to the university laboratories. This continued our planned approach to enhance the student experience and our facilities for research.

Cedar Energy Limited worked with specialist consultants on defining and planning a new energy system that should ultimately provide 80% of campus heating needs and 75% of its electricity which should significantly reduce the carbon footprint of the university and provide energy security for the future. The project integrates a range of different technologies, to address the electrical and heating demands of the university and will also demonstrate how rural communities can become self-sufficient and provide local solutions to energy needs. The project will include 650KW of photovoltaic panels, which will be installed on the large roof areas of dairy buildings on the university farm. A 1MW biomass boiler will use locally sourced woodchip as a fuel to create hot water. The hot water will be used across the campus and will be distributed via an underground super insulated pipe network, which will be nearly 3.5km long, to heat connected buildings. A Combined Heat and Power unit will use natural gas to generate electricity and heat and to supplement the other technologies. The new plant is expected to be operational early in 2017.

### **Expenditure**

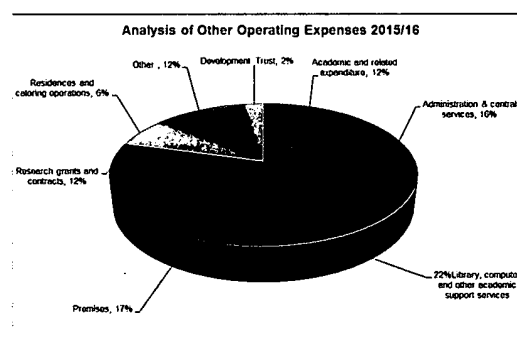
Operational expenditure has increased from £35,404k in 2014/15, to £37,120k in 2015/16 before exceptional items.



Pay costs represent the largest single element of the university's expenditure. An increase of 6.6% 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 1 August 2015. An increase in TPS pension scheme employer contributions of 2.4% was implemented in September 2015, consequently increasing contributions by £156K. From April 2016 there was a circa 2.5% increase in national insurance costs as a result of the removal of 'contracted out status' for public sector pension schemes. Overall average staff FTE numbers increased from 477 to 497 with additional posts recruited in academic areas and student facing departments.

LGPS pension costs for support staff recognised the annual costs of pension deficits as estimated by actuarial valuations, increasing staff costs by £386k (2015: £161k) and £382k (2015: £355k) interest charges.

Finance costs increased as the university drew down the remainder of the loan on residences construction of £1.5m in the first half of the year.



Other operating expenses fell to £12,462k from 2014/15: £12,823k. 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, which comprised 90% of the overall cost increase.

## **Depreciation and amortisation**

University depreciation charges are higher than in previously published financial statements as a result of the adoption of 'fair value' following the revaluation exercise as at 1 August 2014. In undertaking a detailed review of assets, with reference to a review of the estates strategy, depreciation was accelerated on fittings and equipment in a number of residential buildings and in respect of equipment more generally across the site.

A further impairment charge in relation to recovered assets from the AD plant was undertaken by Cedar Energy, recognising a further charge of £375k (2015: £171k).

### ***Cedar Energy***

The company is in the process of investing in new electric and heat generating equipment infrastructure across the university campus with total investment expected in the region on £4.2m with the plant expected to be commissioned and in production in Spring 2017. The investment has been financed from the insurance recovery received in the year. Environmental consultants were engaged to ensure that the clean-up of the site previously occupied by the company's anaerobic digester was completed.

The slurry tanks owned by the company were unaffected by the failure of the secondary digester, and continue to be used for slurry storage. An insurance settlement was received in full in December 2015 clearing the insurance debt carried at 31 July 2015.

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, it 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 2016 is not considered to be impaired.

### ***Balance Sheet***

Total reserves have fallen year on year despite the operating surplus after tax of £1.9m, which is wholly a result of the significant increase in recorded pension liabilities, increasing from £9.7m at 31 July 2015 to £17.1m at the 2016 year-end. The 76% increase is as a consequence of the significant fall in high yielding corporate bond rates after the EU referendum result was announced. The bond rates are used to estimate the long term pension liabilities with this single factor increasing liabilities by £12m; other assumptions

within the pension valuation had either remained consistent year on year or improved slightly, whilst the asset values had increased by £0.7m, reducing the overall increase in pension liabilities to £7.4m.

The university has managed its liquid resources through a combination of treasury and cash deposits against a debt of £14.6m to give a net cash of £3.9m (2015: net debt of £4,209k). The intention is that the cash currently held will fund the capital developments ongoing across the year end and consequently will return to a net debt position.

## **The Financial Future**

Key performance indicators are set out below with our latest assessment of progress. These measures reflect the strong governance and management of the university's resources and commitment to providing value for money for our students and stakeholders.

Harper Adams University is committed to the delivery of excellence in academic activities, and resources are strategically invested to this end. New laboratories are currently under construction, an investment of £2.2m increasing the capacity of the existing facilities for teaching and research. This will not only increase capacity on site but will enable more efficient delivery of laboratory teaching, furthering the opportunities for both students and staff.

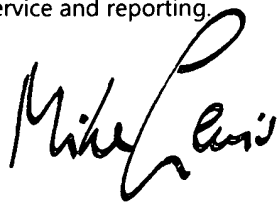
The university was successful in its bid for institution specific funding that will be made available as HEFCE grant in 2016/17, with a significant proportion of this funding targeted to increase the capacity of the university to respond to the emerging issues faced by land based industries through the appointment of additional academic staff and by increasing the university's engagement with industry and policy makers.

A wide ranging review of the curriculum has been undertaken in 2015/16 and the new curriculum will be launched for new entrants in 2017. This review has been undertaken to ensure that our graduates continue to be well placed to become successful and adaptable leaders.

Reinvestment 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 is expected to be completed by 2017.

The efficiency of systems continues to be developed across the university with processes reviewed, refined and automated to improve student and staff experience. Specific developments include systems for student placement management, improved

student self-service payment options and the procurement of a new human resources and payroll system which will provide for enhanced staff self-service and reporting.

A handwritten signature in black ink, appearing to read 'Mike Lewis', with a large, stylized 'L'.

Mike Lewis  
Chair of Governors  
29 November 2016

A handwritten signature in black ink, appearing to read 'Liz Furey', with a long horizontal stroke.

Liz Furey  
Director of Finance  
29 November 2016

## 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 2016 and confirm they comply with the requirements of the Charities Act 2011, the Memorandum and Articles of Association of the University and the Statement of Recommended Practice: Accounting for Further and Higher Education (FEHE 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 during 2015/16, as set out in the university's strategic plan for the period to 2020 were to extend the university's impact in education, research and influencing national policy whilst enhancing engagement with industry and local partnerships.

We also undertook to manage resources and maintaining our expenditure on administrative activities in the lower half of the small and specialist higher education institutions in the UK higher education sector in order to allow us to focus resources, including new technologies, on efficient teaching and the support of our students.

The university continues to play a distinctive and key role within the UK Higher Education sector, and in particular, as the leading specialist provider of land based high education, its work is focused on providing world leading 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. The university and its 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 FEHE SORP, 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 HEFCE and the Board of Governors of the university, the Board, through its designated office holder, the Vice-Chancellor/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 Group and the university and the university's income and expenditure, gains and losses, changes in reserves 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 HEFCE 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 s/he ought to have taken as a member in order to make themselves 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 HEFCE and by tuition fee income. The Funding Council's main function is to administer grant provided by the Secretary of State for Education, 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.

##### ***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 knowledge-exchange 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 academic quality and standards, 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 for approval. The Risk Analysis and Action Plan includes 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 are assigned to the Board or one of its committees for monitoring and action are reported upon 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. 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 2015 and an action plan highlighting opportunities for enhancing a small number of areas of practice was agreed.

The areas for further action included: some changes to the annual planning day arrangements to allow further time for discussion by members; the introduction of a 'buddy' system for new governors to supplement existing arrangements and proposals related to reporting/agenda papers presented to the Board. Actions were monitored by the Board and approved as fully completed 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 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.

### ***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 HEFCE, 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 four 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. At least 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 Purpose 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 FEHE SORP and the Funding Council's Memorandum of Assurance and Accountability. 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 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. The Committee's role, responsibilities and delegated decision making powers were reviewed by the Board in November 2015 and updated terms of reference and procedural documentation were agreed. The decisions made by the Committee, in accordance with its delegated authority are reported to all members of the Board of Governors. Where the Committee wishes to make a

recommendation that falls outside its delegated authority, it is referred to the Board for its consideration, and if appropriate, approval. All decisions made by the Committee during 2015/16 were made in accordance with its terms of reference, and with the procedures approved by the Board.

#### **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 2016. This included the publication on the university's website of a statement of institutional monitoring for the 2015/16 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 2016 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 2016 meeting, the Board of Governors carried out the annual assessment of the Audit & Risk Management Committee's activities for the year ended 31 July 2016 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

2016. Following the year-end, an external fraud was identified. The existing system of controls would have identified and prevented the fraud, though it did not function as designed due to operator error. Following this incident a detailed review of controls and their implementation has been undertaken by the university.

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 February and March 2016 focusing on Data Quality and Student Records (Risk Management) and the work of the Nominations Committee (Governance). The internal auditor's reports were positive with no recommendations arising from either audit.

#### **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 2015/16 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 and ensuring the Scheme is updated as necessary. 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.

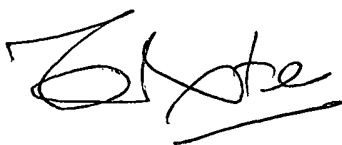
#### **Going Concern**

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 2015/16 (and up to the date of  
this report)**

M Lewis *Chairman* (appointed November 2015)  
S Vickers *Vice Chairman* (appointed November 2015)  
T Burnhope (appointed September 2016)  
P Cowdy  
M Roach  
C Tacon (retired April 2016)  
E Folkes (appointed September 2016)  
S Graham (SU President to 01 July 2015)  
F Hammond (SU President from 01 July 2015)  
J Garnham (retired July 2016)  
M Harris  
H Jenkins  
D Llewellyn  
L Moroz-Hale (appointed November 2015)  
P Nixon  
J Pointon  
R Hambleton  
C Bailey  
M Thomas  
C Snell  
C Tweed  
J Donaldson  
M Ormerod  
D Wong (appointed August 2015)

The Strategic Review and the Report of the Governors  
and Corporate Governance Statement (which  
together constitute the Strategic Review and the  
Director's Report) was approved by the Board of  
Governors on 29 November 2016.



**Clerk to the Governors**

C E Baxter  
For and on behalf of the Board of Governors  
29 November 2016

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

We have audited the group and University financial statements of Harper Adams University for the year ended 31 July 2016 which comprise the Consolidated Statement of Income and Expenditure, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of the 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), including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the Board of Governors, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and paragraph 13(2) of the University's Articles of Government 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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 Report of the Governors and Corporate Governance Statement set out on page 14, the Board of Governors (who are the Directors of the charitable 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 (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involved obtaining evidence about the amounts and disclosures in the financial statement 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 any 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 Group's and University's affairs as at 31 July 2016 and of the Group's and the University's income and expenditure, gains and losses and changes in reserves and of the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education;
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2015/16 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  
2015-16 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:

- the University had not kept adequate accounting records 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  
For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham, B4 6GH  
30 November 2016

## 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 Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the FEHE SORP) and in accordance with Financial Reporting Standards (FRS102). The university is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets)

### Consolidation

The consolidated financial statements include the financial statements of the university, its wholly owned subsidiary undertaking Cedar Energy Limited and the Harper Adams University Development Trust. The Harper Adams University Development Trust is treated as a subsidiary of the university on the grounds that the university has the power to exercise, or actually exercise, dominant influence or control over the undertaking.

Intra-group transactions are eliminated on consolidation. 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" and "Harper Adams (Rural Enterprises) Limited" (incorporated 27 July 2009). "Harper Adams Rural Enterprises Limited" has not traded since incorporation.

### Material items

Material 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.

### Recognition of Income

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services

are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of income and expenditure on a receivable basis.

Insurance proceeds are recognised when the company has a contractual right to receive the proceeds in accordance with FRS102.

### 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.

### Capital Grants

Government capital grants are recognised as income over the expected useful life of the asset. Other capital grants are recognised as income when the university is entitled to the funds subject to any performance related conditions being met.

### Grant Funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the university recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised as income when the university is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

## **Accounting for Charitable Donations**

Donations and endowments transactions that do not have performance related conditions are classed as non-exchange transactions. Donations and endowments with donor imposed restrictions are recognised as income when the university is entitled to the funds. Income is retained within the restricted reserve until such time that the funds are utilised in accordance with the restrictive conditions, at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised as income when the university is entitled to the funds.

Investment income and increase in the valuation of endowments is recorded as income in the year in which it arises as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

## **Accounting for Retirement Benefits**

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.).

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. 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.

For LGPS, as a defined benefit scheme, the university's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The university should recognise a liability for its obligations under defined benefit scheme net of scheme assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid

price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the university is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

## **Employment Benefits**

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the university. Any unused benefits including leave are identified and accrued as the additional amount the university expects to pay as a result of the unused entitlement at the end of the financial period.

## **Finance Leases**

Leases in which the university assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## **Operating Leases**

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

## **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.

## **Tangible Fixed Assets**

Tangible fixed assets are recorded at cost/deemed cost less depreciation. Certain items of fixed assets that had been revalued to fair value on the date of

transition to the 2015 FEHE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where components of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

### **Land and Buildings**

All land and university buildings (with the exception of university residences) that had been revalued to fair value on the date of transition to the 2015 FEHE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the university.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives. The following rates are normally applied:

|                    |               |
|--------------------|---------------|
| Freehold buildings | 10 - 60 years |
|--------------------|---------------|

No depreciation is charged on assets in the course of construction.

### **Equipment**

Equipment, including computers and software, costing less than £5,000 per individual item is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

|                       |              |
|-----------------------|--------------|
| Plant and equipment   | 3 - 35 years |
| Fixtures and fittings | 5 - 10 years |
| Motor vehicles        | 5 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 material items.

### **Maintenance of Premises**

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

### **Investments**

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

### **Agriculture**

Biological assets are living animals or plants held as non-current assets from which economic benefits flow to the University. Agricultural produce is the harvested product of a biological asset. The University's farming operations include dairy cattle which are classified as biological assets. Dairy cattle are stated at fair value less costs to sell. Changes in fair value less costs to sell are recognised in the statement of comprehensive income. The associated agricultural produce, milk, is stored only for a short time before onward sale and hence the value held is not considered material and is not included on the balance sheet.

The university's operations also include arable farming from which economic benefits are derived. The plants and their harvested crops are treated as current assets within stock.

### **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 held for resale.

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.

### **Cash and Cash Equivalents**

Cash includes cash in hand and deposits repayable on demand. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

### **Public Benefit Concessionary Loans**

Where loans are made at below the prevailing market rate of interest, not repayable on demand and made for the purpose of furthering the objectives of the University they are classified as concessionary loans.

Concessionary loans are initially measured at the amount paid and adjusted at the period end to reflect any accrued income receivable. Should a loan be judged as irrecoverable it is written-off to the Statement of Comprehensive Income in the period in which it becomes irrecoverable.

### **Provisions and Contingent Liabilities**

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.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the university a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the university. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

### **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.

### **Reserves**

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the university, are held as a permanently restricted fund which the university must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the university is restricted in the use of these funds.

### **Transition to 2015 FEHE SORP**

The university is preparing its financial statements in accordance with FRS102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to the 2015 FEHE SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the university is provided in note 26.

Application of first time adoption grants certain exemption from the full requirements of the 2015 SORP in the transition period. The following exemptions have been taken into these financial statements:

Fair value has been assessed on transition to FRS102 with respect to university property and land whilst farm buildings and residences are retained at historical cost.

Business combinations that took place prior to 1 August 2014 have not been restated.

### **Accounting estimates and judgements**

The preparation of financial statements requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying accounting policies. Estimates, assumptions and judgements are

continually evaluated based on available information and experience. Estimates based on assumptions and judgements could differ significantly from actual results. The areas most affected by the use of estimates and judgements are described below:

### **Tangible fixed assets**

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

### **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

# Consolidated Statement of Comprehensive Income and Expenditure

Year ended 31 July 2016

|                                                                |       | Year ended 31 July 2016 |                     | Year ended 31 July 2015 |                     |
|----------------------------------------------------------------|-------|-------------------------|---------------------|-------------------------|---------------------|
|                                                                | Notes | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| <b>Income</b>                                                  |       |                         |                     |                         |                     |
| Tuition fees                                                   | 1     | 18,428                  | 18,428              | 15,905                  | 15,905              |
| Funding council grants                                         | 2     | 7,076                   | 7,076               | 8,069                   | 8,069               |
| Research grants and contracts                                  | 3     | 3,055                   | 3,055               | 2,722                   | 2,722               |
| Other operating income                                         | 4     | 9,579                   | 8,960               | 8,869                   | 8,487               |
| Other operating income – relating to energy plant              | 9     | -                       | -                   | 62                      | -                   |
| Investment income                                              | 5     | 81                      | 61                  | 87                      | 36                  |
| <b>Total income before endowments and donations</b>            |       | <b>38,219</b>           | <b>37,580</b>       | 35,714                  | 35,219              |
| Donations and endowments                                       | 6     | 864                     | 1,511               | 1,418                   | 255                 |
| <b>Total income</b>                                            |       | <b>39,083</b>           | <b>39,091</b>       | 37,132                  | 35,474              |
| <b>Expenditure</b>                                             |       |                         |                     |                         |                     |
| Staff costs                                                    | 7     | 19,896                  | 19,896              | 18,654                  | 18,654              |
| Depreciation                                                   |       | 3,805                   | 3,370               | 3,094                   | 3,054               |
| Other operating expenses                                       | 8     | 12,462                  | 12,589              | 12,823                  | 12,740              |
| Other operating expenses – relating to energy plant            | 9     |                         |                     | 381                     |                     |
| Interest and other finance costs                               | 10    | 957                     | 956                 | 833                     | 833                 |
| <b>Total expenditure</b>                                       |       | <b>37,120</b>           | <b>36,811</b>       | 35,785                  | 35,281              |
| <b>Surplus before other gains and losses</b>                   |       | 1,963                   | 2,280               | 1,347                   | 193                 |
| Gain on disposal of fixed assets                               | 9     | -                       | -                   | 2,112                   | -                   |
| Gain on investments                                            |       | 36                      | 36                  | 46                      | 46                  |
| <b>Surplus before taxation</b>                                 |       | <b>1,999</b>            | <b>2,316</b>        | 3,505                   | 239                 |
| Taxation                                                       | 11    | (80)                    | (16)                | (104)                   | (26)                |
| <b>Surplus for the year</b>                                    |       | <b>1,919</b>            | <b>2,300</b>        | 3,401                   | 213                 |
| Actuarial (loss)/gain in respect of pension schemes            |       | (6,614)                 | (6,614)             | (1,184)                 | (1,184)             |
| <b>Total comprehensive income and expenditure for the year</b> |       | <b>(4,695)</b>          | <b>(4,314)</b>      | 2,217                   | (971)               |
| Represented by:                                                |       |                         |                     |                         |                     |
| Restricted comprehensive income for the year                   |       | 310                     | 711                 | 737                     | (5)                 |
| Unrestricted comprehensive income for the year                 |       | (5,005)                 | (5,025)             | 1,480                   | (966)               |
|                                                                |       | <b>(4,695)</b>          | <b>(4,314)</b>      | 2,217                   | (971)               |

All items of income and expenditure relate to continuing activities

The income and expenditure account is in respect of continuing activities

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

# Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2016

| Consolidated                                                   | Income and expenditure account |                     | Total          |
|----------------------------------------------------------------|--------------------------------|---------------------|----------------|
|                                                                | <i>Restricted</i>              | <i>Unrestricted</i> |                |
|                                                                | £'000                          | £'000               | £'000          |
| <b>Balance at 1 August 2014</b>                                | <b>158</b>                     | <b>55,033</b>       | <b>55,191</b>  |
| Surplus from the income and expenditure statement              | 931                            | 2,470               | <b>3,401</b>   |
| Other comprehensive income                                     | -                              | (1,184)             | <b>(1,184)</b> |
| Release of restricted funds spent in year                      | (194)                          | 194                 | -              |
| <b>Total comprehensive income and expenditure for the year</b> | <b>737</b>                     | <b>1,480</b>        | <b>2,217</b>   |
| <b>Balance at 1 August 2015</b>                                | <b>895</b>                     | <b>56,513</b>       | <b>57,408</b>  |
| Surplus from the income and expenditure statement              | 794                            | 1,125               | 1,919          |
| Other comprehensive income                                     | -                              | (6,614)             | (6,614)        |
| Release of restricted funds spent in year                      | (484)                          | 484                 | -              |
| <b>Total comprehensive income and expenditure for the year</b> | <b>310</b>                     | <b>(5,005)</b>      | <b>(4,695)</b> |
| <b>Balance at 31 July 2016</b>                                 | <b>1,205</b>                   | <b>51,508</b>       | <b>52,713</b>  |
| University                                                     | Income and expenditure account |                     | Total          |
|                                                                | <i>Restricted</i>              | <i>Unrestricted</i> |                |
|                                                                | £'000                          | £'000               | £'000          |
| <b>Balance at 1 August 2014</b>                                | <b>158</b>                     | <b>56,330</b>       | <b>56,488</b>  |
| Surplus from the income and expenditure statement              | 189                            | 24                  | <b>213</b>     |
| Other comprehensive income                                     | -                              | (1,184)             | <b>(1,184)</b> |
| Release of restricted funds spent in year                      | (194)                          | 194                 | -              |
| <b>Total comprehensive income and expenditure for the year</b> | <b>(5)</b>                     | <b>(966)</b>        | <b>(971)</b>   |
| <b>Balance at 1 August 2015</b>                                | <b>153</b>                     | <b>55,364</b>       | <b>55,517</b>  |
| Surplus from the income and expenditure statement              | 1,195                          | 1,105               | <b>2,300</b>   |
| Other comprehensive income                                     | -                              | (6,614)             | <b>(6,614)</b> |
| Release of restricted funds spent in year                      | (484)                          | 484                 | -              |
| <b>Total comprehensive income and expenditure for the year</b> | <b>711</b>                     | <b>(5,025)</b>      | <b>(4,313)</b> |
| <b>Balance at 31 July 2016</b>                                 | <b>864</b>                     | <b>50,339</b>       | <b>51,203</b>  |

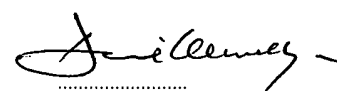
# Consolidated and University Balance Sheet

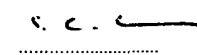
Year ended 31 July 2016

|                                                          | Notes | Year ended 31 July 2016 |                     | Year ended 31 July 2015 |                     |
|----------------------------------------------------------|-------|-------------------------|---------------------|-------------------------|---------------------|
|                                                          |       | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| <b>Non-current assets</b>                                |       |                         |                     |                         |                     |
| Tangible assets                                          | 12    | 81,794                  | 81,373              | 82,240                  | 81,632              |
| Investments                                              | 13    | 872                     | 1,717               | 946                     | 1,791               |
| Biological Assets                                        | 14    | 546                     | 546                 | 534                     | 534                 |
| Debtors                                                  | 16    | -                       | 1,500               | -                       | 2,133               |
|                                                          |       | <b>83,212</b>           | <b>85,136</b>       | <b>83,720</b>           | <b>86,090</b>       |
| <b>Current assets</b>                                    |       |                         |                     |                         |                     |
| Stock                                                    | 15    | 912                     | 912                 | 803                     | 803                 |
| Trade and other receivables                              | 16    | 3,052                   | 3,163               | 6,683                   | 2,872               |
| Investments                                              | 13    | 2,500                   | 2,500               | 250                     | 250                 |
| Cash and cash equivalents                                |       | 15,996                  | 11,817              | 9,544                   | 8,239               |
|                                                          |       | <b>22,460</b>           | <b>18,392</b>       | <b>17,280</b>           | <b>12,164</b>       |
| Creditors - amounts falling due within one year          | 17    | (10,218)                | (9,962)             | (8,472)                 | (8,356)             |
| <b>Net current assets</b>                                |       | <b>12,242</b>           | <b>8,430</b>        | <b>8,808</b>            | <b>3,808</b>        |
| Total assets less current liabilities                    |       | <b>95,454</b>           | <b>93,566</b>       | <b>92,528</b>           | <b>89,898</b>       |
| Creditors – amounts falling due after more than one year | 18    | (25,559)                | (25,259)            | (25,009)                | (24,659)            |
| <b>Provisions</b>                                        |       |                         |                     |                         |                     |
| Pensions provisions                                      | 26    | (17,104)                | (17,104)            | (9,722)                 | (9,722)             |
| Other provisions                                         | 19    | (78)                    | -                   | (389)                   | -                   |
| <b>Total net assets</b>                                  |       | <b>52,713</b>           | <b>51,203</b>       | <b>57,408</b>           | <b>55,517</b>       |
| <b>Restricted reserves</b>                               |       |                         |                     |                         |                     |
| Income and expenditure reserve – restricted reserve      | 20    | 1,205                   | 864                 | 895                     | 153                 |
| <b>Unrestricted reserves</b>                             |       |                         |                     |                         |                     |
| Income and expenditure reserve - unrestricted            |       | 51,508                  | 50,339              | 56,513                  | 55,364              |
| <b>Total reserves</b>                                    |       | <b>52,713</b>           | <b>51,203</b>       | <b>57,408</b>           | <b>55,517</b>       |

The financial statements on pages 27 to 49 were approved by the Board of Governors on 29 November 2016 and signed on its behalf by

  
Chairman

  
Vice-Chancellor

  
Director of Finance

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

**Consolidated and University Cash Flow**  
Year ended 31 July 2016

|                                                                     | Notes | Year ended<br>31 July 2016<br>£'000 | Year ended<br>31 July 2015<br>£'000 |
|---------------------------------------------------------------------|-------|-------------------------------------|-------------------------------------|
| <b>Cash flow from operating activities</b>                          |       |                                     |                                     |
| Surplus for the year                                                |       | 1,919                               | 3,401                               |
| <b>Adjustment for non-cash items</b>                                |       |                                     |                                     |
| Depreciation                                                        |       | 3,805                               | 3,094                               |
| Gain on investments                                                 |       | (36)                                | (46)                                |
| Increase in stock and biological assets                             |       | (120)                               | 97                                  |
| Increase in debtors                                                 |       | (326)                               | 757                                 |
| Increase in creditors                                               |       | 1,468                               | (216)                               |
| Increase in pension provision                                       | 26    | 768                                 | 516                                 |
| Decrease in other provisions                                        | 19    | (311)                               | 162                                 |
| Investment income                                                   | 5     | (81)                                | (87)                                |
| Interest payable                                                    | 10    | 575                                 | 478                                 |
| Profit on the sale of fixed assets                                  |       | (29)                                | (2,119)                             |
| Capital grant income                                                |       | (410)                               | (474)                               |
| <b>Net cash inflow from operating activities</b>                    |       | <b>7,222</b>                        | <b>5,563</b>                        |
| <b>Cash flows from investing activities</b>                         |       |                                     |                                     |
| Proceeds from sales of fixed assets                                 |       | 3,966                               | 7                                   |
| Capital grant receipts                                              |       | 587                                 | 693                                 |
| Disposal of non-current asset investments                           |       | -                                   | 4,750                               |
| Disposal of investment                                              |       | 110                                 | -                                   |
| Investment income                                                   | 5     | 81                                  | 87                                  |
| Payments made to acquire fixed assets                               |       | (3,219)                             | (5,037)                             |
| New non-current asset investments                                   | 13    | (2,250)                             | -                                   |
| Purchase of investment securities                                   |       | -                                   | (155)                               |
|                                                                     |       | <b>(725)</b>                        | <b>345</b>                          |
| <b>Cash flows from financing activities</b>                         |       |                                     |                                     |
| Interest paid                                                       |       | (563)                               | (478)                               |
| New secured loans                                                   |       | 1,500                               | 1,500                               |
| Repayments of amounts borrowed                                      |       | (982)                               | (906)                               |
| Capital element of finance lease and service concession payments    |       | (45)                                | 116                                 |
| <b>(Decrease)/increase in cash and cash equivalents in the year</b> |       | <b>6,452</b>                        | <b>6,024</b>                        |
| Cash and cash equivalents at beginning of the year                  |       | 9,544                               | 3,520                               |
| Cash and cash equivalents at end of the year                        |       | 15,996                              | 9,544                               |

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

## Notes to the Financial Statements

|                                                                                                |                                |                   |                                |                   |
|------------------------------------------------------------------------------------------------|--------------------------------|-------------------|--------------------------------|-------------------|
| <b>1. Tuition fees</b>                                                                         | <b>Year ended 31 July 2016</b> |                   | <b>Year ended 31 July 2015</b> |                   |
|                                                                                                | <b>Consolidated</b>            | <b>University</b> | <b>Consolidated</b>            | <b>University</b> |
|                                                                                                | <b>£'000</b>                   | <b>£'000</b>      | <b>£'000</b>                   | <b>£'000</b>      |
| Full time students – home/EU                                                                   | 15,139                         | 15,139            | 12,711                         | 12,711            |
| Full time students charged overseas fees                                                       | 1,415                          | 1,415             | 1,274                          | 1,274             |
| Part time fees                                                                                 | 607                            | 607               | 627                            | 627               |
| Short course fees                                                                              | 965                            | 965               | 908                            | 908               |
| Other fees                                                                                     | 302                            | 302               | 385                            | 385               |
|                                                                                                | <b>18,428</b>                  | <b>18,428</b>     | <b>15,905</b>                  | <b>15,905</b>     |
| <b>2. Funding body grants</b>                                                                  | <b>Year ended 31 July 2016</b> |                   | <b>Year ended 31 July 2015</b> |                   |
|                                                                                                | <b>Consolidated</b>            | <b>University</b> | <b>Consolidated</b>            | <b>University</b> |
|                                                                                                | <b>£'000</b>                   | <b>£'000</b>      | <b>£'000</b>                   | <b>£'000</b>      |
| Recurrent grant (HEFCE)                                                                        | 6,294                          | 6,294             | 7,258                          | 7,258             |
| Release of deferred capital grant (HEFCE)                                                      | 250                            | 250               | 314                            | 314               |
| Research grant (HEFCE)                                                                         | 532                            | 532               | 371                            | 371               |
| National scholarship programme (HEFCE)                                                         | -                              | -                 | 126                            | 126               |
|                                                                                                | <b>7,076</b>                   | <b>7,076</b>      | <b>8,069</b>                   | <b>8,069</b>      |
| <b>3. Research grants and contracts</b>                                                        | <b>Year ended 31 July 2016</b> |                   | <b>Year ended 31 July 2015</b> |                   |
|                                                                                                | <b>Consolidated</b>            | <b>University</b> | <b>Consolidated</b>            | <b>University</b> |
|                                                                                                | <b>£'000</b>                   | <b>£'000</b>      | <b>£'000</b>                   | <b>£'000</b>      |
| Research grants and contracts                                                                  | <b>3,055</b>                   | <b>3,055</b>      | <b>2,722</b>                   | <b>2,722</b>      |
| Includes Research and Development credit of £62k in the year ended 31 July 2016 (2015: £131k). |                                |                   |                                |                   |
| <b>4. Other operating income</b>                                                               | <b>Year ended 31 July 2016</b> |                   | <b>Year ended 31 July 2015</b> |                   |
|                                                                                                | <b>Consolidated</b>            | <b>University</b> | <b>Consolidated</b>            | <b>University</b> |
|                                                                                                | <b>£'000</b>                   | <b>£'000</b>      | <b>£'000</b>                   | <b>£'000</b>      |
| Catering and residence                                                                         | 4,050                          | 4,050             | 3,548                          | 3,548             |
| Conferences and short course accommodation                                                     | 757                            | 757               | 785                            | 785               |
| Consultancy                                                                                    | 112                            | 112               | 76                             | 76                |
| Farm                                                                                           | 2,131                          | 2,131             | 1,892                          | 1,892             |
| Other income                                                                                   | 1,707                          | 1,088             | 1,820                          | 1,438             |
| Trial income                                                                                   | 235                            | 235               | 303                            | 303               |
| Validation fees                                                                                | 587                            | 587               | 445                            | 445               |
|                                                                                                | <b>9,579</b>                   | <b>8,960</b>      | <b>8,869</b>                   | <b>8,487</b>      |
| <b>5. Investment income</b>                                                                    | <b>Year ended 31 July 2016</b> |                   | <b>Year ended 31 July 2015</b> |                   |
|                                                                                                | <b>Consolidated</b>            | <b>University</b> | <b>Consolidated</b>            | <b>University</b> |
|                                                                                                | <b>£'000</b>                   | <b>£'000</b>      | <b>£'000</b>                   | <b>£'000</b>      |
| Bank interest                                                                                  | 63                             | 47                | 33                             | 33                |
| Other investment income                                                                        | 14                             | 14                | 3                              | 3                 |
| Development Trust Interest                                                                     | 4                              | -                 | 51                             | -                 |
|                                                                                                | <b>81</b>                      | <b>61</b>         | <b>87</b>                      | <b>36</b>         |

**6. Donations and endowments**

|                                        | Year ended 31 July 2016 |              | Year ended 31 July 2015 |            |
|----------------------------------------|-------------------------|--------------|-------------------------|------------|
|                                        | Consolidated            | University   | Consolidated            | University |
|                                        | £'000                   | £'000        | £'000                   | £'000      |
| Capital donations with restrictions    | 475                     | 875          | 258                     | 66         |
| Other donations with restrictions      | 274                     | 288          | 739                     | 188        |
| Capital donations without restrictions | 45                      | 345          | 300                     | -          |
| Other donations without restrictions   | 70                      | 3            | 121                     | 1          |
|                                        | <b>864</b>              | <b>1,511</b> | <b>1,418</b>            | <b>255</b> |

**7. Staff costs**

|                       | Year ended 31 July 2016 |               | Year ended 31 July 2015 |               |
|-----------------------|-------------------------|---------------|-------------------------|---------------|
|                       | Consolidated            | University    | Consolidated            | University    |
|                       | £'000                   | £'000         | £'000                   | £'000         |
| Staff Costs :         |                         |               |                         |               |
| Salaries              | 15,805                  | 15,805        | 15,235                  | 15,235        |
| Social security costs | 1,337                   | 1,337         | 1,169                   | 1,169         |
| Other pension costs   | 2,754                   | 2,754         | 2,250                   | 2,250         |
| Total                 | <b>19,896</b>           | <b>19,896</b> | <b>18,654</b>           | <b>18,654</b> |

Emoluments of the Vice-Chancellor:

|                                  |            |            |            |            |
|----------------------------------|------------|------------|------------|------------|
| Salary                           | <b>155</b> | <b>155</b> | 149        | 149        |
| Benefits                         | <b>5</b>   | <b>5</b>   | 3          | 3          |
| Employer's pension contributions | <b>22</b>  | <b>22</b>  | 22         | 22         |
|                                  | <b>182</b> | <b>182</b> | <b>174</b> | <b>174</b> |

Remuneration of other higher paid staff, excluding employer's pension:

|                      | No.      | No.      | No. | No. |
|----------------------|----------|----------|-----|-----|
| £100,000 to £109,999 | <b>2</b> | <b>2</b> | 1   | 1   |

Average staff numbers by major category:

|                            | No.        | No.        | No.        | No.        |
|----------------------------|------------|------------|------------|------------|
| Academic                   | <b>161</b> | <b>161</b> | 155        | 155        |
| Administration and Support | <b>124</b> | <b>124</b> | 126        | 126        |
| Management & Specialist    | <b>33</b>  | <b>33</b>  | 31         | 31         |
| Other                      | <b>130</b> | <b>130</b> | 117        | 117        |
| Research                   | <b>14</b>  | <b>14</b>  | 15         | 15         |
| Technical                  | <b>35</b>  | <b>35</b>  | 33         | 33         |
|                            | <b>497</b> | <b>497</b> | <b>477</b> | <b>477</b> |

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the university. Total staff costs including pension and social security paid to senior management team (including the Vice-Chancellor, comprising of 7 members (2015: 7 members)).

|                                            | Year ended<br>31 July 2016 | Year ended<br>31 July 2015 |
|--------------------------------------------|----------------------------|----------------------------|
|                                            | £                          | £                          |
| <b>Key management personnel emoluments</b> | <b>898</b>                 | <b>869</b>                 |

**Council Members**

The university council members are the trustees for charitable law purposes. Due to the nature of the university's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arm's length and in accordance with the university's Financial Regulations and usual procurement procedures:

Harper Adams in Ireland is an alumni association for former Harper Adams students in Ireland and Mr Joe Lawson is a trustee of both Harper Adams in Ireland and Harper Adams University Development Trust. Harper Adams Club is the alumni association for former Harper Adams students and Mr Simon Jones is a trustee of both Harper Adams Club and Harper Adams University Development Trust. During the year payments totalling £5,181 (2015: £6,919) were made to Harper Adams in Ireland and payments totalling £8,360 (2015: £8,100) to Harper Adams Club.

No council member has received any remuneration/waived payments from the group during the year (2015: none)

The total expenses paid to or on behalf of 12 council members was £5,600 (2015: £4,143). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity.

**8. Other operating expenses**

|                                                         | Year ended 31 July 2016 |                     | Year ended 31 July 2015 |                     |
|---------------------------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
|                                                         | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| Academic and related expenditure                        | 1,446                   | 1,737               | 1,569                   | 1,759               |
| Administration and central services                     | 2,041                   | 2,042               | 2,162                   | 2,162               |
| Library, computer and other academic support services   | 2,760                   | 2,760               | 2,707                   | 2,707               |
| Premises - Other premises costs                         | 576                     | 576                 | 438                     | 438                 |
| Premises - Refurbishment and maintenance                | 807                     | 807                 | 897                     | 897                 |
| Premises - Utility Costs                                | 788                     | 788                 | 836                     | 836                 |
| Research grants and contracts                           | 1,479                   | 1,479               | 1,215                   | 1,215               |
| Residences and catering operations                      | 796                     | 796                 | 795                     | 795                 |
| Other including income generating operations            | 1,474                   | 1,604               | 2,012                   | 1,931               |
| Development Trust scholarship expenditure and audit fee | 295                     | -                   | 192                     | -                   |
|                                                         | <b>12,462</b>           | <b>12,589</b>       | <b>12,823</b>           | <b>12,740</b>       |

**Other operating expenses include:**

|                                                                |    |    |    |    |
|----------------------------------------------------------------|----|----|----|----|
| Audit of these financial statements                            | 25 | 25 | 24 | 24 |
| Amounts receivable by the company's auditor in respect of:     |    |    |    |    |
| - Audit of financial statements of subsidiaries of the company | 6  | -  | 6  | -  |
| - Audit related assurance services                             | 3  | 3  | 5  | 5  |
| - Taxation compliance services                                 | 14 | 11 | 9  | 7  |
| - Other tax advisory services                                  | 9  | 9  | 21 | 21 |
| Internal auditors remuneration                                 | 20 | 20 | 16 | 16 |

**Operating lease rentals:**

|                     |    |    |    |    |
|---------------------|----|----|----|----|
| Plant and machinery | 40 | 40 | 40 | 40 |
|---------------------|----|----|----|----|

**9. Material items relating to energy plant**

The material items arising from the failure of the secondary digester on 30 May 2014 are detailed below. It is the intention of the directors to reinstate energy production reinvesting insurance proceeds that were received in December 2015. For this reason, operations have been classified as continuing on the face of the profit and loss account.

Insurance proceeds are recognised where the claim can be measured with sufficient reliability. The calculation of the material items recognised in the financial statements required some estimates to be made by the directors in 2015. The basis of these estimates is set out below.

|                                           | Year ended 31 July 2016 |                     | Year ended 31 July 2015 |                     |
|-------------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
|                                           | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| <b>Material costs</b>                     |                         |                     |                         |                     |
| Incident response expenditure             | -                       | -                   | 210                     | -                   |
| Impairment of fixed assets                | -                       | -                   | 171                     | -                   |
| <b>Material expenditure</b>               | -                       | -                   | <b>381</b>              | -                   |
| <b>Insurance recovery</b>                 |                         |                     |                         |                     |
| Reimbursement of incident costs           | -                       | -                   | 62                      | -                   |
| <b>Material income</b>                    | -                       | -                   | <b>62</b>               | -                   |
| <b>Profit on disposal of fixed assets</b> | -                       | -                   | <b>2,112</b>            | -                   |
| <b>Material profit/(charge)</b>           | -                       | -                   | <b>1,793</b>            | -                   |

Following settlement of insurance claims in December 2015 the proceeds have been recognised in the current year. Estimates and judgements were continually evaluated and were based on historical experience and other factors, including expectations of future events that were reasonable under the circumstances.

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 FRS102 - Financial instruments: Presentation for the recognition of an asset.

The basis of these are 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 impairment reviews of fixed assets. The resulting impairment charges are 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 has recovered from its insurers

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

#### **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 year ended 31 July 2015. The company recognised insurance proceeds in year ended 2015 of £2,112,000 greater than those recognised in 31 July 2014, with the insurance settlement received in full in December 2015.

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

#### **10. Interest and other finance costs**

|                                                 | <b>Year ended 31 July 2016</b> |                   | <b>Year ended 31 July 2015</b> |                   |
|-------------------------------------------------|--------------------------------|-------------------|--------------------------------|-------------------|
|                                                 | <b>Consolidated</b>            | <b>University</b> | <b>Consolidated</b>            | <b>University</b> |
|                                                 | <b>£'000</b>                   | <b>£'000</b>      | <b>£'000</b>                   | <b>£'000</b>      |
| On bank loans:                                  |                                |                   |                                |                   |
| Repayable wholly or partly in more than 5 years | 575                            | 574               | 478                            | 478               |
| Pension finance charge                          | 382                            | 382               | 355                            | 355               |
| <b>Total payable</b>                            | <b>957</b>                     | <b>956</b>        | <b>833</b>                     | <b>833</b>        |

# 11. Taxation

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

|                                                                         | Year ended 31 July 2016 |                     | Year ended 31 July 2015 |                     |
|-------------------------------------------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
|                                                                         | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| UK corporation tax charge of 20% (2015: 20.67% on surplus for the year) | 80                      | 16                  | 26                      | 26                  |
| Deferred tax provision                                                  | -                       | -                   | 78                      | -                   |
| <b>Tax on Profit/(Loss) on ordinary activities</b>                      | <b>80</b>               | <b>16</b>           | <b>104</b>              | <b>26</b>           |

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

|                                                                                                      | Year ended 31 July 2016 |                     | Year ended 31 July 2015 |                     |
|------------------------------------------------------------------------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
|                                                                                                      | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| Profit on ordinary activities before taxation                                                        | 1,999                   | 2,317               | 3,505                   | 239                 |
| Profit on ordinary activities multiplied by the standard rate of tax in the UK of 20% (2015: 20.67%) | 400                     | 463                 | 724                     | 49                  |
| Fixed asset differences                                                                              | (60)                    | -                   | (32)                    | -                   |
| Expenses not deductible for tax purposes                                                             | 92                      | -                   | 39                      | -                   |
| Income not chargeable for tax purposes                                                               | -                       | -                   | (437)                   | -                   |
| Deferred tax not recognised                                                                          | (26)                    | -                   | -                       | -                   |
| Capital allowances in excess of depreciation                                                         | -                       | -                   | 38                      | -                   |
| Other short term timing differences                                                                  | -                       | -                   | 19                      | -                   |
| Unrelieved tax losses & other deductions arising in the period                                       | -                       | -                   | (52)                    | -                   |
| Impact of rate change                                                                                | (9)                     | -                   | -                       | -                   |
| Adjustments for charitable activities not subject to corporation tax                                 | (317)                   | (447)               | (273)                   | (23)                |
| <b>UK corporation tax charge</b>                                                                     | <b>80</b>               | <b>16</b>           | <b>26</b>               | <b>26</b>           |

## 12. Consolidated Fixed assets

|                                       | Freehold<br>Property<br>£'000 | Plant and<br>Equipment<br>£'000 | Assets in the<br>Course of<br>Construction<br>£'000 | Non<br>Operational<br>Assets<br>£'000 | Total<br>£'000 |
|---------------------------------------|-------------------------------|---------------------------------|-----------------------------------------------------|---------------------------------------|----------------|
| <b>Cost or valuation</b>              |                               |                                 |                                                     |                                       |                |
| At 1 August 2015                      | 66,454                        | 34,648                          | 4,210                                               | 499                                   | 105,811        |
| Transfers                             | 3,280                         | 886                             | (4,166)                                             | -                                     | -              |
| Re-categorisation of asset classes    | (4,052)                       | 4052                            | -                                                   | -                                     | -              |
| Additions                             | 727                           | 1,060                           | 1,572                                               | -                                     | 3,359          |
| <b>At 31 July 2016</b>                | <b>66,409</b>                 | <b>40,646</b>                   | <b>1,616</b>                                        | <b>499</b>                            | <b>109,170</b> |
| <b>Accumulated depreciation</b>       |                               |                                 |                                                     |                                       |                |
| At 1 August 2015                      | 4,436                         | 18,850                          | -                                                   | 285                                   | 23,571         |
| Re-categorisation of asset classes    | (884)                         | 884                             | -                                                   | -                                     | -              |
| Charge for the year                   | 1,094                         | 2,249                           | -                                                   | -                                     | 3,343          |
| Impairment                            | -                             | 368                             | -                                                   | 94                                    | 462            |
| <b>At 31 July 2016</b>                | <b>4,646</b>                  | <b>22,351</b>                   | <b>-</b>                                            | <b>379</b>                            | <b>27,376</b>  |
| <b>Net book value</b>                 |                               |                                 |                                                     |                                       |                |
| At 31 July 2015                       | 62,018                        | 15,798                          | 4,210                                               | 214                                   | 82,240         |
| At 31 July 2016                       | 61,763                        | 18,295                          | 1,616                                               | 120                                   | 81,794         |
| Financed by capital grant             | 13,222                        | 119                             | -                                                   | -                                     | 13,341         |
| Other                                 | 48,541                        | 18,176                          | 1,616                                               | 120                                   | 68,453         |
| <b>Net book value at 31 July 2016</b> | <b>61,763</b>                 | <b>18,295</b>                   | <b>1,616</b>                                        | <b>120</b>                            | <b>81,794</b>  |

Asset impairment has been calculated consistently with the principles of section 20 of FRS102.

Land and certain buildings in the university were re-valued on a fair value basis by an independent Chartered Surveyor as at 31 July 2014. As a first time adopter of FRS102 the university has used that fair value as its deemed cost at 1 August 2014 in accordance with FRS102 paragraph 35.10(c).

Included within freehold property is land costing £20,080,845 (2015: £20,080,845) which is not depreciated.

## 12. University fixed assets

|                                       | Freehold<br>Property | Plant and<br>Equipment | Assets in the<br>Course of<br>Construction | Total          |
|---------------------------------------|----------------------|------------------------|--------------------------------------------|----------------|
|                                       | £'000                | £'000                  | £'000                                      | £'000          |
| Cost or valuation                     |                      |                        |                                            |                |
| At 1 August 2015                      | 66,364               | 34,075                 | 4,210                                      | 104,649        |
| Transfers                             | 3,280                | 886                    | (4,166)                                    | -              |
| Re-categorisation of asset classes    | (4,052)              | 4,052                  | -                                          | -              |
| Additions                             | 727                  | 1,060                  | 1,325                                      | 3,129          |
| Disposals                             | -                    | -                      | -                                          | -              |
| <b>At 31 July 2016</b>                | <b>66,319</b>        | <b>40,073</b>          | <b>1,369</b>                               | <b>107,761</b> |
| <b>Accumulated depreciation</b>       |                      |                        |                                            |                |
| At 1 August 2015                      | 4,405                | 18,612                 | -                                          | 23,017         |
| Re-categorisation of asset classes    | (884)                | 884                    | -                                          | -              |
| Charge for the year                   | 1,089                | 2,195                  | -                                          | 3,284          |
| Impairment                            | -                    | 87                     | -                                          | 87             |
| <b>At 31 July 2016</b>                | <b>4,610</b>         | <b>21,778</b>          | <b>-</b>                                   | <b>26,388</b>  |
| <b>Net book value</b>                 |                      |                        |                                            |                |
| At 31 July 2015                       | 61,959               | 15,463                 | 4,210                                      | 81,632         |
| At 31 July 2016                       | 61,709               | 18,295                 | 1,369                                      | 81,373         |
| Financed by capital grant             | 13,222               | 119                    | -                                          | 13,341         |
| Other                                 | 48,487               | 18,176                 | 1,369                                      | 68,032         |
| <b>Net book value at 31 July 2016</b> | <b>61,709</b>        | <b>18,295</b>          | <b>1,369</b>                               | <b>81,373</b>  |

## 13. Investments

|                                    | Year ended 31 July 2016 |              | Year ended 31 July 2015 |              |
|------------------------------------|-------------------------|--------------|-------------------------|--------------|
|                                    | Consolidated            | University   | Consolidated            | University   |
|                                    | £'000                   | £'000        | £'000                   | £'000        |
| <b>Long term asset investments</b> |                         |              |                         |              |
| Investment in subsidiary company   | -                       | 1,000        | -                       | 1,000        |
| Quoted securities at market value  | 872                     | 717          | 946                     | 791          |
| Unquoted securities at cost        |                         |              |                         |              |
|                                    | <b>872</b>              | <b>1,717</b> | <b>946</b>              | <b>1,791</b> |
| <b>Current asset investments</b>   |                         |              |                         |              |
| Short term cash deposits           | 2,500                   | 2,500        | 250                     | 250          |
| <b>Total investments</b>           | <b>3,372</b>            | <b>4,217</b> | <b>1,196</b>            | <b>2,041</b> |

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.

## 14. Biological Assets

The university's farming operations include dairy cattle which are classified as biological assets under Long Term Assets in the statement of financial position and are stated at fair value less costs to sell. Changes in fair value less costs to sell are recognised in the statement of comprehensive income. The value of the Dairy cattle classified as biological assets at the reporting date was £546k (2015: £534k).

| 15. Stock        | Year ended 31 July 2016 |                     | Year ended 31 July 2015 |                     |
|------------------|-------------------------|---------------------|-------------------------|---------------------|
|                  | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| Farm stocks      | 861                     | 861                 | 757                     | 757                 |
| Consumables      | 31                      | 31                  | 26                      | 26                  |
| Goods for resale | 20                      | 20                  | 20                      | 20                  |
|                  | <b>912</b>              | <b>912</b>          | <b>803</b>              | <b>803</b>          |

| 16. Trade and other receivables             | Year ended 31 July 2016 |                     | Year ended 31 July 2015 |                     |
|---------------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
|                                             | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| <b>Amounts falling due within one year:</b> |                         |                     |                         |                     |
| Research grants receivables                 | 91                      | 91                  | 497                     | 497                 |
| Subsidiary company                          | -                       | 268                 | -                       | 214                 |
| Other trade receivables                     | 1,724                   | 1,724               | 5,430                   | 1,401               |
| Prepayments and accrued income              | 886                     | 886                 | 638                     | 638                 |
| Other receivables                           | 351                     | 194                 | 118                     | 122                 |
|                                             | <b>3,052</b>            | <b>3,163</b>        | <b>6,683</b>            | <b>2,872</b>        |
| <b>Amounts falling due after one year:</b>  |                         |                     |                         |                     |
| Subsidiary company                          | -                       | 1,500               | -                       | 2,133               |
|                                             | <b>3,052</b>            | <b>4,663</b>        | <b>6,683</b>            | <b>5,005</b>        |

Harper Adams University has extended a public benefit entity concessionary loan to Cedar Energy Limited of £1.74m payable by June 2022. As at July 2016 £1.5m (July 2015 £1.67m) falls due after one year.

| 17. Creditors: amounts falling due within one year | Year ended 31 July 2016 |                     | Year ended 31 July 2015 |                     |
|----------------------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
|                                                    | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| Bank loans                                         | 598                     | 598                 | 573                     | 573                 |
| HEFCE loans                                        | 432                     | 432                 | 252                     | 252                 |
| Other loans                                        | 157                     | 107                 | 157                     | 107                 |
| Deferred income                                    | 3,630                   | 3,629               | 2,324                   | 2,324               |
| Taxation and social security                       | 439                     | 375                 | 378                     | 378                 |
| Sundry creditors and accrued expenses              | 4,962                   | 4,821               | 4,788                   | 4,722               |
|                                                    | <b>10,218</b>           | <b>9,962</b>        | <b>8,472</b>            | <b>8,356</b>        |
| <b>Deferred income</b>                             |                         |                     |                         |                     |
| Donations                                          | -                       | -                   | -                       | -                   |
| Research grants received on account                | 1,577                   | 1,577               | 1,267                   | 1,267               |
| Grant income                                       | 411                     | 411                 | 409                     | 409                 |
| Other income                                       | 1,642                   | 1,641               | 648                     | 648                 |
|                                                    | <b>3,630</b>            | <b>3,629</b>        | <b>2,324</b>            | <b>2,324</b>        |

| 18. Creditors: amounts falling due after one year | Year ended 31 July 2016 |                     | Year ended 31 July 2015 |                     |
|---------------------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
|                                                   | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| Deferred income                                   | <b>12,166</b>           | <b>12,166</b>       | 11,988                  | 11,988              |
| <b>Loans:</b>                                     |                         |                     |                         |                     |
| Bank loans                                        | 11,272                  | 11,272              | 10,370                  | 10,370              |
| HEFCE loans                                       | 1,500                   | 1,500               | 1,872                   | 1,872               |
| Other loans                                       | 621                     | 321                 | 779                     | 429                 |
| <b>Total creditors due after one year</b>         | <b>25,559</b>           | <b>25,259</b>       | <b>25,009</b>           | <b>24,659</b>       |

#### Borrowings:

Bank loans repayable as follows:

|                            |               |               |               |               |
|----------------------------|---------------|---------------|---------------|---------------|
| In one year or less        | 598           | 598           | 573           | 573           |
| Between one and five years | 2,973         | 2,973         | 3,002         | 3,002         |
| In five years or more      | 8,299         | 8,299         | 7,368         | 7,368         |
|                            | <b>11,870</b> | <b>11,870</b> | <b>10,943</b> | <b>10,943</b> |

Bank borrowings have been secured at various fixed rates ranging from 4.3% to 5.8% with the exception of one bank loan which is at a variable rate (2.537% was the rate applicable in July 2016). Borrowings are repayable by quarterly instalments with the final payment scheduled for 3 September 2035.

#### HEFCE loans repayable as follows:

|                            |              |              |              |              |
|----------------------------|--------------|--------------|--------------|--------------|
| In one year or less        | 432          | 432          | 252          | 252          |
| Between one and five years | 1,200        | 1,200        | 1,392        | 1,392        |
| In five years or more      | 300          | 300          | 480          | 480          |
|                            | <b>1,932</b> | <b>1,932</b> | <b>2,124</b> | <b>2,124</b> |

#### Other loans repayable as follows:

|                            |            |            |            |            |
|----------------------------|------------|------------|------------|------------|
| In one year or less        | 157        | 107        | 157        | 107        |
| Between one and five years | 571        | 321        | 679        | 429        |
| In five years or more      | 50         | -          | 100        | -          |
|                            | <b>778</b> | <b>428</b> | <b>936</b> | <b>536</b> |

The borrowings from HEFCE include two repayable public benefit entity concessionary 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 2016/17 financial year extending the loan repayment to the 2022/23 financial year.

#### 19. Provision for liabilities

|                                                      | Year ended 31 July 2016 |            | Year ended 31 July 2015 |            |
|------------------------------------------------------|-------------------------|------------|-------------------------|------------|
|                                                      | Consolidated            | University | Consolidated            | University |
|                                                      | £'000                   | £'000      | £'000                   | £'000      |
| Provision for liabilities and charges is as follows: |                         |            |                         |            |
| As at 1 August 2015                                  | 389                     | -          | 228                     | 8          |
| Charge for the year - deferred tax                   | 1                       | -          | 78                      | -          |
| (Credit)/charge for the year-pension provision       | -                       | -          | (8)                     | (8)        |
| Charge for the year-other provisions                 | (312)                   | -          | 91                      | -          |
| <b>Total provisions for liabilities and charges</b>  | <b>78</b>               | <b>-</b>   | <b>389</b>              | <b>-</b>   |

#### Deferred Tax

The deferred tax provision is in relation to the following:

|                                 | Year ended<br>31 July 2016<br>£'000 | Year ended 31<br>July 2015<br>£'000 |
|---------------------------------|-------------------------------------|-------------------------------------|
| <b>Capital gain on disposal</b> | <b>78</b>                           | <b>77</b>                           |

No deferred tax asset has been recognised on the remaining losses due to uncertainty regarding their crystallisation in the foreseeable future.

Other provisions of £nil (2015: £312k) related 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. These costs were settled in the 2015/16 financial year.

## 20. Restricted reserves

Reserves with restrictions are as follows:

| <b>Consolidated</b>                                                     | <b>Donations<br/>£'000</b>      | <b>Total<br/>£'000</b>          |
|-------------------------------------------------------------------------|---------------------------------|---------------------------------|
| <b>Balances at 1 August 2015</b>                                        | <b>895</b>                      | <b>895</b>                      |
| New donations                                                           | 794                             | <b>794</b>                      |
| Expenditure                                                             | (484)                           | <b>(484)</b>                    |
| <b>As at July 2016</b>                                                  | <b>1,205</b>                    | <b>1,205</b>                    |
| <b>Analysis of other restricted funds/donations by type or purpose:</b> | <b>2016<br/>Total<br/>£'000</b> | <b>2015<br/>Total<br/>£'000</b> |
| Scholarships and bursaries                                              | <b>310</b>                      | 345                             |
| Capital projects                                                        | <b>895</b>                      | 550                             |
|                                                                         | <b>1,205</b>                    | <b>895</b>                      |

| <b>University</b>                                                       | <b>Donations<br/>£'000</b>      | <b>Total<br/>£'000</b>          |
|-------------------------------------------------------------------------|---------------------------------|---------------------------------|
| <b>Balances at 1 August 2015</b>                                        | <b>153</b>                      | <b>153</b>                      |
| New donations                                                           | 1,196                           | <b>1,196</b>                    |
| Expenditure                                                             | (484)                           | <b>(484)</b>                    |
| <b>As at July 2016</b>                                                  | <b>865</b>                      | <b>865</b>                      |
| <b>Analysis of other restricted funds/donations by type or purpose:</b> | <b>2016<br/>Total<br/>£'000</b> | <b>2015<br/>Total<br/>£'000</b> |
| Scholarships and bursaries                                              | <b>120</b>                      | 153                             |
| Capital projects                                                        | <b>745</b>                      | -                               |
|                                                                         | <b>865</b>                      | <b>153</b>                      |

## 21. Capital and other commitments

|                                                                                                                                           | <b>Year ended 31 July 2016</b> |                             | <b>Year ended 31 July 2015</b> |                             |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------|
|                                                                                                                                           | <b>Consolidated<br/>£'000</b>  | <b>University<br/>£'000</b> | <b>Consolidated<br/>£'000</b>  | <b>University<br/>£'000</b> |
| <b>Capital commitments</b>                                                                                                                |                                |                             |                                |                             |
| At 31 July 2016, the following amounts had been authorised:                                                                               |                                |                             |                                |                             |
| Authorised and contracted for                                                                                                             | 8,498                          | 8,498                       | 439                            | 439                         |
| <b>Loan commitments</b>                                                                                                                   |                                |                             |                                |                             |
| At 31 July 2016, the following amounts had been committed to be drawn:                                                                    | -                              | -                           | 1,500                          | 1,500                       |
| <b>Operating leases</b>                                                                                                                   |                                |                             |                                |                             |
| As at 31 July 2016, Harper Adams University had minimum future lease payments under operating leases expiring between one and five years: |                                |                             |                                |                             |
| Plant and machinery                                                                                                                       | 5                              | 5                           | 11                             | 11                          |

## 22. Post balance sheet event

There are no post balance sheet events.

## 23. 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.

## 24. Related party transactions

Harper Adams University is a member of the Agri-EPI Centre Limited, a company limited by guarantee. Liz Furey, Harper Adams University, Director of Finance, is also the Interim Chief Operating Officer for Agri-Epi Centre Limited. During the year, the university incurred costs of £2.018m (2015 £nil) on behalf of Agri-EPI Centre Limited for whom the University is acting as agent. The university received £2.605m from Agri-EPI Centre Limited by way of reimbursement of costs incurred on its behalf and providing services through service level agreements. At the balance sheet date, Harper Adams University was owed £862k (2015 £nil).

The university has taken advantage of the exemption in FRS102, Section 33 of FRS 102 that transactions with wholly-owned subsidiary companies are not disclosed.

## 25. Subsidiary undertakings

The subsidiary companies (all of which are registered in England and Wales), wholly owned or effectively controlled by the university, are as follows:

| Company                                   | Principal Activity                                      | Status                 |
|-------------------------------------------|---------------------------------------------------------|------------------------|
| Cedar Energy Limited                      | Production of electricity and heat                      | 100% owned             |
| Harper Adams (Rural Enterprises)          | Dormant                                                 | 100% owned             |
| Harper Adams University Development Trust | Provide support for students in the agricultural sector | Controlled undertaking |

Cedar Energy Limited suspended activities following the failure of the anaerobic digestion plant on 30 May 2014. The insurance recovery has enabled the company to commit to reinvestment in plant equipment and infrastructure with construction work commencing in June 2016 and continuing across the year end. 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.

Harper Adams University Development Trust is treated as a subsidiary of the university on the grounds that the university has the power to exercise, or actually exercise, dominant influence or control over the. 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.

## 26. Pension schemes

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.

|                                         | Year ended 31<br>July 2016<br>£'000 | Year ended 31<br>July 2015<br>£'000 |
|-----------------------------------------|-------------------------------------|-------------------------------------|
| <b>Total pension costs for the year</b> |                                     |                                     |
| Local Government Pension Scheme         | 1,586                               | 1,292                               |
| Teachers' Pension Scheme                | 1,168                               | 958                                 |
|                                         | <b>2,754</b>                        | <b>2,250</b>                        |

### (i) 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 2016 was £1,676,257 of which employer's contributions totalled £1,198,393 and employees' contributions totalled £477,863.

As from April 2014, the agreed contribution rates are 13.4% for employers plus a monthly sum (£19,267 as from April 2015, £20,058 as from April 2016) and a variable percentage between 5.5% and 12.5% for employees.

### Assumptions

In accordance with the requirements of FRS102 and the HEFE SORP, the Fund Actuary was instructed to complete a full valuation of the university's element of the fund as at 31 July 2016, with comparative figures at 31 July 2015.

The financial assumptions used to calculate scheme liabilities under FRS102 are:

### Principal Actuarial Assumptions

|                                         | As at 31 July<br>2016 | As at 31 July<br>2015 |
|-----------------------------------------|-----------------------|-----------------------|
| Price inflation (CPI)                   | 1.7%                  | 2.2%                  |
| Rate of increase in Salaries            | 3.2%                  | 3.7%                  |
| Rate of increase of Pensions in Payment | 1.8%                  | 2.2%                  |
| Discount Rate for Liabilities           | 2.5%                  | 3.8%                  |

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

|                             | As at 31 July<br>2016<br>£'000 | As at 31 July<br>2015<br>£'000 |
|-----------------------------|--------------------------------|--------------------------------|
| <b>Retiring today</b>       |                                |                                |
| Males                       | 23.9                           | 23.9                           |
| Females                     | 26.4                           | 26.3                           |
| <b>Retiring in 20 years</b> |                                |                                |
| Males                       | 26.2                           | 26.1                           |
| Females                     | 29.2                           | 29.1                           |

The assets in the scheme were:

|                  | As at 31 July<br>2016<br>£'000 | As at 31 July<br>2015<br>£'000 | As at 31 July<br>2014<br>£'000 |
|------------------|--------------------------------|--------------------------------|--------------------------------|
| Equities         | 14,437                         | 13,173                         | 11,927                         |
| Government bonds | -                              | 2,575                          | -                              |
| Corporate bonds  | 5,565                          | 3,575                          | 5,255                          |
| Property         | 1,460                          | 1,050                          | 837                            |
| Cash             | 468                            | 725                            | 279                            |
| Other            | 5,620                          | 3,900                          | 3,153                          |
| <b>Total</b>     | <b>27,550</b>                  | <b>24,998</b>                  | <b>21,451</b>                  |

|                                                                                                                               | As at 31 July<br>2016<br>£'000 | As at 31 July<br>2015<br>£'000 |
|-------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Scheme assets                                                                                                                 | 772                            | 1,596                          |
| Scheme liabilities                                                                                                            | (7,386)                        | (2,780)                        |
| <b>Deficit in the scheme – net pension liability recorded within pension provisions</b>                                       | <b>(6,614)</b>                 | <b>(1,184)</b>                 |
| Current service cost                                                                                                          | 1,585                          | 1,293                          |
| Past service costs                                                                                                            | -                              | -                              |
| Total operating charge                                                                                                        | 1,585                          | 1,293                          |
|                                                                                                                               | As at 31 July<br>2016<br>£'000 | As at 31 July<br>2015<br>£'000 |
| <b>Analysis of the amount charged to interest payable/credited to other finance income</b>                                    |                                |                                |
| Net interest cost                                                                                                             | 346                            | 321                            |
| Administration expenses                                                                                                       | 36                             | 34                             |
| <b>Net charge to other finance income</b>                                                                                     | <b>382</b>                     | <b>355</b>                     |
| <b>Total profit and loss charge before deduction for tax</b>                                                                  | <b>1,477</b>                   | <b>3,400</b>                   |
| <b>Analysis of other comprehensive income:</b>                                                                                |                                |                                |
| Gain on assets                                                                                                                | 772                            | 1,596                          |
| Experience loss on liabilities                                                                                                | -                              | -                              |
| Loss on liabilities                                                                                                           | (7,386)                        | (2,780)                        |
| <b>Total other comprehensive income before deduction for tax</b>                                                              | <b>(5,137)</b>                 | <b>(2,216)</b>                 |
| <b>Cumulative actuarial loss recognised as other comprehensive income</b>                                                     |                                |                                |
| Cumulative actuarial losses recognised at the start of the year                                                               | (9,722)                        | (8,022)                        |
| Cumulative actuarial losses recognised at the end of the year                                                                 | (17,104)                       | (9,722)                        |
| <b>Analysis of movement in surplus/(deficit)</b>                                                                              |                                |                                |
| <b>Deficit at beginning of year</b>                                                                                           | <b>(9,722)</b>                 | <b>(8,022)</b>                 |
| Contributions or benefits paid by the university                                                                              | 1,199                          | 1,132                          |
| Current service cost                                                                                                          | (1,585)                        | (1,293)                        |
| Past service cost                                                                                                             | -                              | -                              |
| Other finance charge                                                                                                          | (382)                          | (355)                          |
| Gain recognised in other comprehensive income                                                                                 | (6,614)                        | (1,184)                        |
| <b>Deficit at end of year</b>                                                                                                 | <b>(17,104)</b>                | <b>(9,722)</b>                 |
| <b>Analysis of movement in the present value</b>                                                                              |                                |                                |
| <b>Present value of liabilities at the start of the year</b>                                                                  | <b>34,720</b>                  | <b>29,473</b>                  |
| Current service cost (net of member contributions)                                                                            | 1,585                          | 1,293                          |
| Past service cost                                                                                                             | -                              | -                              |
| Interest on pension liabilities                                                                                               | 1,312                          | 1,266                          |
| Actual member contributions (including notional contributions)                                                                | 478                            | 461                            |
| Actuarial loss/(gain)                                                                                                         | 7,386                          | 2,780                          |
| Actual benefit payments                                                                                                       | (827)                          | (553)                          |
| <b>Present value of liabilities at the end of the year</b>                                                                    | <b>44,654</b>                  | <b>34,720</b>                  |
| <b>Fair value of assets at the start of the year</b>                                                                          | <b>24,998</b>                  | <b>21,451</b>                  |
| Expected return on assets                                                                                                     | 966                            | 911                            |
| Actuarial gain on assets                                                                                                      | 736                            | 1,596                          |
| Actual contributions paid by University                                                                                       | 1,199                          | 1,132                          |
| Actual member contributions (including notional contributions)                                                                | 478                            | 461                            |
| Actual benefit payments                                                                                                       | (827)                          | (553)                          |
| <b>Fair value of scheme assets at the end of the year</b>                                                                     | <b>27,550</b>                  | <b>24,998</b>                  |
| The LGPS assets do not include any of the university's own financial instruments, or any property occupied by the university. |                                |                                |
| <b>Actual return on scheme assets</b>                                                                                         |                                |                                |
| Expected return on scheme assets                                                                                              | 966                            | 945                            |
| Asset gain / (loss)                                                                                                           | 772                            | 1,596                          |
|                                                                                                                               | <b>1,738</b>                   | <b>2,541</b>                   |

## **(ii) 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 £1,168,000 (2015: £958,000).

### **FRS102 (28)**

Under the definitions set out in FRS102 (28.11), the TPS is a multi-employer pension plan. The university is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the university has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The university has set out above the information available on the plan and the implications for the university in terms of the anticipated contribution rates.

## **27. Transition to FRS102 and the 2015 FEHE SORP**

As explained in the accounting policies, these are the university's first financial statements prepared in accordance with FRS102 and the FEHE SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS102 Statement of Financial Position at 1 August 2014. In preparing its FRS102, FEHE SORP based Statement of Financial Position, the university has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). The impact of the transition to FRS102 and the FEHE SORP on the university's financial position, financial performance and cash flows is summarised as follows:

### **Fixed Assets:**

Fair value has been assessed on transition to FRS102 with respect to university property and land whilst farm buildings and residences are retained at historical cost.

### **Research Grants and contracts:**

In accordance with Section 16 of the FEHE SORP, government funded revenue research contracts continue to be accounted for under the accruals method. Adjustments have been identified for non-government funded research contacts that are now accounted for under the performance method.

### **Capital Grants and Capital Donations:**

In accordance with Section 17 of the FEHE SORP, government capital grants continue to be accounted for under the accruals method, and balances at the year end are now disclosed under Creditors – amounts falling due with one year and Creditors – amounts falling due after one year.

In accordance with Section 18 of FEHE SORP, non-government capital grants or capital donations are accounted for as grant income or donations with or without restrictions and are recognised in the SOCI when performance conditions are met, resulting in an increase to Reserves on transition to FRS 102. Restricted income received is held in as restricted reserve until such time that expenditure is incurred in accordance with the restrictions.

### **Employee benefits:**

An adjustment has been made on transition to FRS102 to accrue for unpaid annual leave at the year end, in accordance with Section 21 of the HEFE SORP in relation to short-term employee benefits.

### **Change in recognition of defined benefit plan finance costs:**

The net pension finance cost recognised in the Income and Expenditure account for the year ended 31st July 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income.

### **Agriculture:**

The university's farming operations include dairy cattle which, under FRS102, are classified as biological assets within non-current assets. They are stated at fair value less costs to sell. Under its previous accounting policies, dairy cattle were classified as stock within current assets and were stated at fair value less costs to sell. There is therefore no impact on overall net assets.

The adjustments are shown in the following tables.

**Consolidated:**

|                                                         | 1 August 2015         |                                                     |                       | 31 July 2016          |                                                     |                       |
|---------------------------------------------------------|-----------------------|-----------------------------------------------------|-----------------------|-----------------------|-----------------------------------------------------|-----------------------|
|                                                         | 2007<br>SORP<br>£'000 | Effect of<br>transition<br>to 2015<br>SORP<br>£'000 | 2015<br>SORP<br>£'000 | 2007<br>SORP<br>£'000 | Effect of<br>transition<br>to 2015<br>SORP<br>£'000 | 2015<br>SORP<br>£'000 |
| <b>Non-current assets</b>                               |                       |                                                     |                       |                       |                                                     |                       |
| Fixed Assets                                            | 50,425                | 31,815                                              | 82,240                | 50,344                | 31,450                                              | 81,794                |
| Investments                                             | 946                   | -                                                   | 946                   | 872                   | -                                                   | 872                   |
| Biological Assets                                       | 534                   | -                                                   | 534                   | 546                   | -                                                   | 546                   |
|                                                         | <u>51,905</u>         | <u>31,815</u>                                       | <u>83,720</u>         | <u>51,762</u>         | <u>31,450</u>                                       | <u>83,212</u>         |
| <b>Current assets</b>                                   |                       |                                                     |                       |                       |                                                     |                       |
| Stock                                                   | 803                   | -                                                   | 803                   | 912                   | -                                                   | 912                   |
| Trade and other receivables                             | 6,683                 | -                                                   | 6,683                 | 3,052                 | -                                                   | 3,052                 |
| Investments                                             | 250                   | -                                                   | 250                   | 2,500                 | -                                                   | 2,500                 |
| Cash and cash equivalents                               | 9,544                 | -                                                   | 9,544                 | 15,996                | -                                                   | 15,996                |
|                                                         | <u>17,280</u>         | <u>-</u>                                            | <u>17,280</u>         | <u>22,460</u>         | <u>-</u>                                            | <u>22,460</u>         |
| Less: Creditors: amounts falling due within one year    | (9,048)               | 576                                                 | (8,472)               | (10,134)              | (84)                                                | (10,218)              |
|                                                         | <u>8,232</u>          | <u>576</u>                                          | <u>8,808</u>          | <u>12,326</u>         | <u>(84)</u>                                         | <u>12,242</u>         |
| <b>Net current (liabilities)/assets</b>                 |                       |                                                     |                       |                       |                                                     |                       |
|                                                         | <u>8,232</u>          | <u>576</u>                                          | <u>8,808</u>          | <u>12,326</u>         | <u>(84)</u>                                         | <u>12,242</u>         |
| <b>Total assets less current liabilities</b>            | 60,137                | 32,391                                              | 92,528                | 64,088                | 31,366                                              | 95,454                |
| Creditors: amounts falling due after more than one year | (13,020)              | (11,989)                                            | (25,009)              | (13,393)              | (12,166)                                            | (25,559)              |
| <b>Provisions</b>                                       |                       |                                                     |                       |                       |                                                     |                       |
| Provisions for liabilities                              | (389)                 | -                                                   | (389)                 | (78)                  | -                                                   | (78)                  |
| Other pension liability                                 | (9,722)               | -                                                   | (9,722)               | (17,104)              | -                                                   | (17,104)              |
|                                                         | <u>37,006</u>         | <u>20,402</u>                                       | <u>57,408</u>         | <u>33,513</u>         | <u>19,200</u>                                       | <u>52,713</u>         |
| <b>Total net assets</b>                                 |                       |                                                     |                       |                       |                                                     |                       |
|                                                         | <u>37,006</u>         | <u>20,402</u>                                       | <u>57,408</u>         | <u>33,513</u>         | <u>19,200</u>                                       | <u>52,713</u>         |
| <b>Deferred capital grants</b>                          | 14,273                | (14,273)                                            | -                     | 15,620                | (15,620)                                            | -                     |
| <b>Restricted Reserves</b>                              |                       |                                                     |                       |                       |                                                     |                       |
| Income and expenditure reserve - restricted reserve     | -                     | 895                                                 | 895                   | -                     | 1,205                                               | 1,205                 |
| <b>Unrestricted Reserves</b>                            |                       |                                                     |                       |                       |                                                     |                       |
| Income and expenditure reserve - unrestricted           | 22,733                | 33,780                                              | 56,513                | 17,893                | 33,615                                              | 51,508                |
|                                                         | <u>37,006</u>         | <u>20,402</u>                                       | <u>57,408</u>         | <u>33,513</u>         | <u>19,200</u>                                       | <u>52,713</u>         |
| <b>Total Reserves</b>                                   |                       |                                                     |                       |                       |                                                     |                       |
|                                                         | <u>37,006</u>         | <u>20,402</u>                                       | <u>57,408</u>         | <u>33,513</u>         | <u>19,200</u>                                       | <u>52,713</u>         |

**University:**

|                                                         | 1 August 2015         |                                                     |                       | 31 July 2016          |                                                     |                       |
|---------------------------------------------------------|-----------------------|-----------------------------------------------------|-----------------------|-----------------------|-----------------------------------------------------|-----------------------|
|                                                         | 2007<br>SORP<br>£'000 | Effect of<br>transition<br>to 2015<br>SORP<br>£'000 | 2015<br>SORP<br>£'000 | 2007<br>SORP<br>£'000 | Effect of<br>transition<br>to 2015<br>SORP<br>£'000 | 2015<br>SORP<br>£'000 |
| <b>Non-current assets</b>                               |                       |                                                     |                       |                       |                                                     |                       |
| Fixed Assets                                            | 49,817                | 31,815                                              | 81,632                | 49,923                | 31,450                                              | 81,373                |
| Investments                                             | 1,791                 | -                                                   | 1,791                 | 1,717                 | -                                                   | 1,717                 |
| Biological assets                                       | 534                   | -                                                   | 534                   | 546                   | -                                                   | 546                   |
| Debtors                                                 | 2,133                 | -                                                   | 2,133                 | 1,500                 | -                                                   | 1,500                 |
|                                                         | <u>54,275</u>         | <u>31,815</u>                                       | <u>86,090</u>         | <u>53,686</u>         | <u>31,450</u>                                       | <u>85,136</u>         |
| <b>Current assets</b>                                   |                       |                                                     |                       |                       |                                                     |                       |
| Stock                                                   | 803                   | -                                                   | 803                   | 912                   | -                                                   | 912                   |
| Trade and other receivables                             | 2,872                 | -                                                   | 2,872                 | 3,163                 | -                                                   | 3,163                 |
| Investments                                             | 250                   | -                                                   | 250                   | 2,500                 | -                                                   | 2,500                 |
| Cash and cash equivalents                               | 8,239                 | -                                                   | 8,239                 | 11,817                | -                                                   | 11,817                |
|                                                         | <u>12,164</u>         | <u>-</u>                                            | <u>12,164</u>         | <u>18,938</u>         | <u>-</u>                                            | <u>18,392</u>         |
| Less: Creditors: amounts falling due within one year    | (8,070)               | (286)                                               | (8,356)               | (9,514)               | (448)                                               | (9,962)               |
| <b>Net current (liabilities)/assets</b>                 | <u>4,094</u>          | <u>(286)</u>                                        | <u>3,808</u>          | <u>9,424</u>          | <u>(448)</u>                                        | <u>8,430</u>          |
| <b>Total assets less current liabilities</b>            | <u>58,369</u>         | <u>31,529</u>                                       | <u>89,898</u>         | <u>61,064</u>         | <u>31,002</u>                                       | <u>93,566</u>         |
| Creditors: amounts falling due after more than one year | (12,670)              | (11,989)                                            | (24,659)              | (13,093)              | (12,166)                                            | (25,259)              |
| <b>Provisions</b>                                       |                       |                                                     |                       |                       |                                                     |                       |
| Provisions for liabilities                              | -                     | -                                                   | -                     | -                     | -                                                   | -                     |
| Other pension liability                                 | (9,722)               | -                                                   | (9,722)               | (17,104)              | -                                                   | (17,104)              |
| <b>Total net assets</b>                                 | <u>35,977</u>         | <u>19,540</u>                                       | <u>55,517</u>         | <u>30,867</u>         | <u>18,836</u>                                       | <u>51,203</u>         |
| <b>Deferred capital grants</b>                          | 14,273                | (14,273)                                            | -                     | 15,619                | (15,619)                                            | -                     |
| <b>Restricted Reserves</b>                              |                       |                                                     |                       |                       |                                                     |                       |
| Income and expenditure reserve - restricted reserve     | -                     | 153                                                 | 153                   | -                     | 864                                                 | 864                   |
| <b>Unrestricted Reserves</b>                            |                       |                                                     |                       |                       |                                                     |                       |
| Income and expenditure reserve - unrestricted           | 21,704                | 33,660                                              | 55,364                | 17,248                | 33,091                                              | 50,339                |
| <b>Total Reserves</b>                                   | <u>35,977</u>         | <u>19,540</u>                                       | <u>55,517</u>         | <u>32,867</u>         | <u>18,336</u>                                       | <u>51,203</u>         |

**Consolidated**

|                                                     | Year ended 31 July 2016 |                                         |                |
|-----------------------------------------------------|-------------------------|-----------------------------------------|----------------|
|                                                     | 2007 SORP               | Effect of<br>transition to<br>2015 SORP | 2015 SORP      |
|                                                     | £'000                   | £'000                                   | £'000          |
| <b>Income</b>                                       |                         |                                         |                |
| Tuition fees                                        | 18,428                  | -                                       | 18,428         |
| Funding council grants                              | 7,076                   | -                                       | 7,076          |
| Research grants and contracts                       | 3,175                   | (120)                                   | 3,055          |
| Other operating income                              | 10,104                  | (525)                                   | 9,579          |
| Investment income                                   | 81                      | -                                       | 81             |
| <b>Total income before endowments and donations</b> | <b>38,864</b>           | <b>(645)</b>                            | <b>38,219</b>  |
| Donations and endowments                            | -                       | 864                                     | 864            |
| <b>Total income</b>                                 | <b>38,864</b>           | <b>219</b>                              | <b>39,083</b>  |
| <b>Expenditure</b>                                  |                         |                                         |                |
| Staff costs                                         | 19,888                  | 8                                       | 19,896         |
| Depreciation                                        | 3,440                   | 365                                     | 3,805          |
| Other operating expenses                            | 12,462                  | -                                       | 12,462         |
| Interest and other finance costs                    | 957                     | -                                       | 957            |
| <b>Total expenditure</b>                            | <b>36,747</b>           | <b>373</b>                              | <b>37,120</b>  |
| <b>Surplus before other gains and losses</b>        | <b>2,117</b>            | <b>(154)</b>                            | <b>1,963</b>   |
| Gain on investments                                 | 36                      | -                                       | 36             |
| <b>Surplus before taxation</b>                      | <b>2,153</b>            | <b>(154)</b>                            | <b>1,999</b>   |
| Taxation                                            | (80)                    | -                                       | (80)           |
| <b>Surplus for the year</b>                         | <b>2,073</b>            | <b>(154)</b>                            | <b>1,919</b>   |
| Actuarial (loss)/gain in respect of pension schemes | (6,614)                 | -                                       | (6,614)        |
| <b>Total comprehensive income for the year</b>      | <b>(4,541)</b>          | <b>(154)</b>                            | <b>(4,695)</b> |

# University

|                                                     | Year ended 31 July 2016 |                                   |                |
|-----------------------------------------------------|-------------------------|-----------------------------------|----------------|
|                                                     | 2007 SORP               | Effect of transition to 2015 SORP | 2015 SORP      |
|                                                     | £'000                   | £'000                             | £'000          |
| <b>Income</b>                                       |                         |                                   |                |
| Tuition fees                                        | 18,428                  | -                                 | 18,428         |
| Funding council grants                              | 7,076                   | -                                 | 7,076          |
| Research grants and contracts                       | 3,175                   | (120)                             | 3,055          |
| Other operating income                              | 9,335                   | (375)                             | 8,960          |
| Investment income                                   | 61                      | -                                 | 61             |
| Total income before endowments and donations        | 38,075                  | (495)                             | 37,580         |
| Donations and endowments                            | -                       | 1,511                             | 1,511          |
| <b>Total income</b>                                 | <b>38,075</b>           | <b>1,016</b>                      | <b>39,091</b>  |
| <b>Expenditure</b>                                  |                         |                                   |                |
| Staff costs                                         | 19,888                  | 8                                 | 19,896         |
| Depreciation                                        | 3,005                   | 365                               | 3,370          |
| Other operating expenses                            | 12,589                  | -                                 | 12,589         |
| Interest and other finance costs                    | 956                     | -                                 | 956            |
| <b>Total expenditure</b>                            | <b>36,438</b>           | <b>373</b>                        | <b>36,811</b>  |
| <b>Surplus before other gains and losses</b>        | <b>1,637</b>            | <b>643</b>                        | <b>2,280</b>   |
| Gain on investments                                 | 36                      | -                                 | 36             |
| <b>Surplus before taxation</b>                      | <b>1,673</b>            | <b>643</b>                        | <b>2,316</b>   |
| Taxation                                            | (16)                    | -                                 | (16)           |
| <b>Surplus for the year</b>                         | <b>1,657</b>            | <b>643</b>                        | <b>2,300</b>   |
| Actuarial (loss)/gain in respect of pension schemes | (6,614)                 | -                                 | (6,614)        |
| <b>Total comprehensive income for the year</b>      | <b>(4,957)</b>          | <b>643</b>                        | <b>(4,314)</b> |

## **Glossary of Terms**

|        |                                                        |
|--------|--------------------------------------------------------|
| APB    | Auditing Practice's Board                              |
| BBSRC  | Biotechnology and Biological Sciences Research Council |
| CUC    | Committee of University Chairs                         |
| EU     | European Union                                         |
| FRS    | Financial Reporting Standard                           |
| HEFCE  | Higher Education Funding Council for England           |
| LGPS   | Local Government Pension Scheme                        |
| RDEC   | Research and Development Expenditure Credit            |
| REESEP | Rural Employer Engagement Student Experience Project   |
| SORP   | Statement of Recommended Practice                      |
| TPS    | Teachers Pension Scheme                                |



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