



## **NEWMAN UNIVERSITY**

# **Reports and Financial Statements For the Year Ended 31 July 2017**

**Registered Charity Number: 1110346**  
**Registered Company Number: 05493384**

**CONTENTS**

**Newman University..... 3**

**Report of the Council (incorporating the Strategic Report) ..... 5**

**Corporate Governance ..... 13**

**Responsibilities of Council Members ..... 16**

**Report of the Independent Auditor’s to Council ..... 18**

**Statement of Principal Accounting Policies ..... 21**

**Consolidated Statement of Comprehensive Income and Expenditure..... 25**

**Consolidated Statement of Changes in Reserves ..... 26**

**Balance Sheet ..... 27**

**Consolidated Cash Flow ..... 28**

**Notes to the Financial Statements ..... 29**

## NEWMAN UNIVERSITY

### CONSTITUTION

The conduct of the University's affairs during the year is governed by an Instrument and Articles of Government, approved by the Privy Council in 2013. The University is a UK charitable company limited by guarantee (Charity No. 1110346).

### Council Members and their interests

The Council Members serving during the year to 31 July 2017 and up to the date of approval of these financial statements were:

Chair of the Council	Mr J Day
Independent Council Members – Catholic Members	Mr G Alexander Dr J Carlisle Mr J Day ( <i>Chair of Council and Interim Chair of Nominations Committee</i> ) Rev Canon D Evans Ms D Finucane Mr P Lennon ( <i>Chair of Audit Committee from November 2017</i> ) Miss E McGrath ( <i>from 22 June 2017</i> ) Mr J Westwood Mrs R Thorp ( <i>Chair of Audit Committee until June 2017</i> )
Independent Council Members – non-Catholic Members	Mrs G Ditchburn ( <i>from 22 June 2017</i> ) Dr M Goodwin ( <i>Vice-Chair of Council</i> ) Mr S Kenny ( <i>Chair of Finance and General Purposes Committee from February 2017</i> ) Professor F Oyeboode ( <i>from 24 November 2016</i> ) Mr R Wallace ( <i>from 27 April 2017</i> )
Council Members – Ex-Officio	Professor P R Lutzeier ( <i>until 31 December 2016</i> ) Professor J S Davidson ( <i>from 1 January 2017</i> ) Archbishop B Longley
Staff Council Members	Ms S Parkes ( <i>until 31 August 2017</i> ) Mr D Harris ( <i>until 31 August 2017</i> ) Mr C Harris ( <i>from 23 November 2017</i> ) Dr K Graham ( <i>from 23 November 2017</i> )
Student Council Member	Ms C Reeve ( <i>until 22 June 2017</i> )

The Council Members received no remuneration during the year in their capacity as members of Council.

All Council Members are required to declare their interests at Council meetings and are not able to vote on matters in which they have a direct interest.

The Council Members of the University have agreed to contribute £1 each to the assets of the University in the event of it being wound up.

**PRINCIPAL ADDRESS**

Newman University  
Genners Lane  
Bartley Green  
Birmingham  
B32 3NT

**VICE CHANCELLOR**

Professor Peter R Lutzeier (until 31 December 2016)  
Professor J Scott Davidson (from 1 January 2017)

**BANKERS**

National Westminster Bank Plc  
Commercial Banking  
4th Floor, 2 St Philip's Place  
Birmingham  
B3 2BB

**SOLICITORS**

Mills & Reeve  
78-84 Colmore Row  
Birmingham  
B3 2AB

Shakespeare Martineau  
No 1 Colmore Square  
Birmingham  
B4 6AA

**AUDITORS**

(Internal) BDO LLP  
Bridgewater House  
Finzels Reach  
Counterslip  
Bristol  
BS1 6BX

(External) Grant Thornton UK LLP  
The Colmore Building  
20 Colmore Circus  
Birmingham  
B4 6AT

---

## **REPORT OF THE COUNCIL (INCORPORATING THE STRATEGIC REPORT)**

The Council is pleased to present its report and the accounts of the University for the year ended 31 July 2017.

### **PRINCIPAL ACTIVITY**

The principal activity of the University in the year under review, in line with the University's objects, was the provision of high quality foundation, undergraduate and postgraduate degree level courses. These programmes were offered through the three Schools of the University.

In planning activities, the Council Members have given careful consideration to the Charity Commission's general guidance on public benefit.

### **OPERATING AND FINANCIAL REVIEW**

#### **Introduction**

Newman University is named after Blessed John Henry Cardinal Newman (1801-90). His own journey of mind and heart, across the 19th century, engaged him with all the great issues, political, social, and religious, of his day and provoked him to give a fresh reading of the meaning and development of religious faith and understanding. Newman was Beatified by Pope Benedict XVI in September 2010.

Newman was an extraordinary thinker whose creative and lively mind engaged with the process by which men and women come to knowledge and truth. His explorations of the human intellectual and spiritual journey anticipate much of the contemporary work on multiple modes of intelligence and understanding that underpin the way we learn and teach at Newman University. In his famous lectures *The Idea of the University Defined and Illustrated*, he emphasised the main role of the university to train the mind, and he developed the idea of a learning community and the tutorial system, which again we use to good effect here at Newman.

Newman was always available to the people of Birmingham, rich and poor, who came to him for advice and instruction. When Blessed John Henry Newman died, he was a Cardinal of the Catholic Church, honoured internationally, but it was his ability to touch and enlighten the hearts of so many, that make him such a fitting patron for our university and its mission in contemporary British society.

At Newman University, we have a long and proud tradition of providing high quality, formative education in a values-driven environment. This quality is reflected in the award of university title in February 2013, a significant moment in the history of Newman. This process of change to full university culminated in March 2014 with the appointment of our first Chancellor, Cardinal Murphy-O'Connor, the emeritus Archbishop of Westminster and former spiritual leader of the Catholic Church in England and Wales. As formal head of the University, he took on a largely ceremonial role, carrying out ambassadorial and representative duties, until his death in September 2017.

Founded in 1968 by the Catholic Education Service to train teachers, Newman University has significantly expanded its work into a range of other areas including single and joint honours degrees, both full and part-time, and work-based foundation degrees. Research and postgraduate study remain important areas of work at Newman University. The founding principles of a supportive learning community, underpinned by a strong Catholic ethos, and providing opportunity for all, continue to underpin the work of the University.

#### **Quality education**

As a student-centred university, Newman's challenging yet supportive learning environment enables students to engage with theories and concepts, discuss ideas and become independent learners and creative thinkers able to make a difference in the world.

In the National Student Survey (NSS) 2017, Newman University exceeded the National benchmarks in a number of subject areas, including Theology and Religious Studies, History, Criminology, English Studies and Drama.

Newman also scored highly in the 'learning opportunities for students' scoring 88%, (+4%) above the National benchmark. In this area, taught modules as well as work placements provide a huge variety of opportunities for students to develop and learn, providing a formative education for all.

Newman students feel 'valued as part of the learning community' with a 78% positive response to this question, which reflects on the unique, inclusive teaching style that the University offers to students. In addition, 70% of students felt that they 'had a voice' within the University's learning community, which again exceeds the National benchmark. The interactive teaching styles, coupled with small class sizes, enable lively discussion and innovative teaching, where all students have the chance to participate and to be heard.

The work placements available to all students are a very important part of Newman's degree programmes, allowing students to develop their skills and use the abilities they have developed in real world settings. This experience makes Newman graduates highly sought after by graduate employers, with 94.5% of graduates employed or in further study 6 months after graduation (15/16 DHLE). The success of Newman's graduates is due to the commitment of the university to not only give students good academic qualifications but also to encourage a flexibility to change, developing enquiring minds capable of innovating and adapting to the challenges of the future. This is demonstrated by the University careers team's initiative to integrate preparation for careers into general teaching, putting students in an advantageous position when it comes to securing employment. According to the Department for Education LEO data, Newman is the top university for graduate employment one year and three years after graduation and in the top 10 five years after graduation.

Newman University has due regard to the Charity Commission's guidance on public benefit and is committed to widening participation and social mobility. As a result, Newman University has developed an outstanding reputation of achievement in this area. For example, the University exceeds nationally derived benchmarks for the recruitment of students from state schools and lower socio-economic groups and low participation neighbourhoods. According to the latest Sunday Times analysis, Newman has the 3rd highest working class intake, the 2nd highest state school intake, and 1 in 3 of Newman's students is a mature student. The University offers scholarships to support undergraduate study to those with outstanding academic achievements. Newman also has three Article 26 students; students who have fled persecution and sought asylum in the UK. The University has also committed to support a Syrian refugee student.

Newman recently topped the table in The Telegraph's report which detailed the best university scholarships and incentives in 2017. Newman's scholarship of £10,000 for high achieving students was considered an attractive prospect for undergraduates.

The Economist also released a report in 2017 which placed Newman towards the top of the rankings, this time focusing on graduate earning data. The Economist's research compared expected earnings of graduates with actual earnings, evaluating which institutions added the most value to students. Newman University was placed 3rd in the table of all UK universities as it was shown that graduates earned on average an additional £2,801 per annum more than anticipated.

## **STRATEGIC REPORT**

### **Achievements and Performance**

Newman continues to develop and improve its campus and facilities for students. As a result of our long-term programme of investment, students have access to our state-of-the-art library which significantly contributes to providing a modern and inspirational learning environment for achieving the highest academic standards. In addition, Newman is currently investing in a further £22 million campus redevelopment, including two new Halls of Residence. Work has been progressing to create new and improved teaching spaces, the Chapel and the Julian of Norwich teaching spaces have been modernised to create better teaching and learning environments. In addition, work on the new atrium and lecture theatre and teaching space is progressing.

The gaining of research degree awarding powers is recognised as being of strategic importance to the institution's development. Newman University has made the commitment to be in the position to

apply for research degree awarding powers (RDAP) as soon as possible after 2020. All postgraduate research students enrolled for doctoral degrees with Newman during the year are also registered with Liverpool Hope University and will receive their award from them. It is intended that the partnership with Liverpool Hope University continues until Newman University gains its own research degree awarding powers.

Planning has intensified this year and in the positive RDAP audit report produced by BDO, 'Good Practice' was identified as the verdict in six of the eight categories under scrutiny, with all areas considered satisfactory for this point in the project to achieve research degree awarding powers (RDAP). In addition the Doctorate in Education (EdD) has commenced, recruiting a number of new doctoral students. This brings the total research student population eligible for our RDAP numbers, upon successful completion, to over 40; this includes the decreasing number of students still registered with the University of Leicester.

In July 2016 and July 2017 Newman University hosted the Children's University graduation ceremonies. Children's University is a charitable trust that provides local 5-14 year olds with innovative learning activities and experiences outside of normal school hours, helping them broaden their horizons and develop new interests. Newman is a learning destination for the Children's University and gives local school children the opportunity to experience a university setting whilst on the programme. Both children and families from all faiths and backgrounds joined the Vice Chancellor and academic staff in St Mary's Chapel for an awards ceremony recognising their success and thoroughly enjoyed the experience of being part of the Newman community.

Newman University continues to work hard in order to create a sustainable environment and is utilising the latest technology to control energy consumption. Following an audit by an independent assessor, Newman received the Gold award in 2015 from Eco Campus, the environmental award scheme for the Higher Education sector, and the University will be going for re-accreditation in late 2017. With the installation of further solar panel capacity across the campus, Newman now generates 9% of its own electricity from renewable sources with the potential to significantly increase this over the forthcoming years. The ongoing building work of the new Halls of Residence, built to an A/B EPC rating, means that the new Cofton Hall will be energy efficient and will generate some of its own electricity.

Newman University is committed to maintaining our international connections as we are part of the long and proud history of Catholic education. We have established good links with our sister/brother institution in the US: Newman University Wichita in Kansas and we have strategic partnerships with Caritas Hong Kong and Guangdong University in China. We are also an active member in the International Federation of Catholic Universities.

The University was a founding member of Citizens UK Birmingham, an alliance of civil society groups within the City, and continues to actively support and engage with the objective of the group. The vision is to build a diverse and independent alliance of civil society institutions that will act together for the common good of Birmingham.

### Key performance indicators

The University's main key performance indicators are summarised as detailed below. Academic performance is more difficult to summarise in a simple indicator and therefore this is more fully reviewed in a later section of the operating and financial review. The University has broadly achieved its key performance indicators, the data for which is within the audited financial statements.

Key performance indicator	2016/17 Target	2016/17 Achievement	2015/16 Achievement
Student Numbers (Home, full time)	1981	2090	2097
Surplus as % turnover	3% (min)	6.25%	7.8%

Pay costs / income	65% (max)	59%	58%
Debt servicing costs	4% (max)	0.4%	0.42%
Minimum cash levels	£2.5m	£5.2m	£12.8m

### Academic performance

The University has continued to be successful in relation to academic quality. Within the latest OFSTED inspection for Newman's School of Education all Initial Teacher Education provision was rated as Grade 2, good (December 2015). Under the revised operating model of quality assurance, the annual provider review 2016-17, Newman was graded by HEFCE as "Meets requirements – No action required" (the highest grading under the new QA system) whilst in the Teaching Excellence Framework (TEF) the University received a silver award in June 2017 which lasts for 3 years. The TEF award acknowledged the key role that Newman's high-quality teaching plays in encouraging students to become original thinkers and resilient problem solvers who are ready for the challenges of the professional world.

The TEF Panel's judgement singled out for particular praise the institutional culture of recognising and rewarding excellent teaching and the fact that Newman's courses provide high levels of stretch for all students, alongside effective support for their development, progression and attainment

Newman is involved in collaborative provision and has extended its accreditation agreements with Halesowen College, Solihull College, Bournville College, Markfield Institute of Higher Education, Queens Ecumenical Foundation and South & City College, as well as with Northern Guild and Holy Cross Sixth Form College and University Centre. Newman is also working in joint delivery of programmes with Evolve, a social enterprise company, Ludwigsburg Protestant University and Birmingham Pupil and School Support, all of which serve as important partnerships for the University.

The British Psychological Society accredits our psychology degrees and this enables graduates to apply for postgraduate training schemes in professional areas of practice such as clinical and educational psychology and the British Association of Counselling Practitioners formally accredits our Foundation Degree in Integrative Counselling for students to gain professional status. Our Masters in Psychotherapy also provides the opportunity for professional recognition through the UK Counselling Practitioners professional body. Newman's Sport and Exercise Science programme is BASES accredited and its Youth and Community Work students can gain professional recognition from the Joint Negotiating Committee (JNC).

Newman University aspires to be recognised locally, nationally and internationally for the quality of its research and scholarship. Submissions to the Research Excellence Framework (REF) 2014 were made in more Units of Assessment than previously and the total number of staff submitted has increased significantly. Currently, there are six research active groups across the institution representing a range of specialisations. For the REF 2014, we entered 25 staff in six Units of Assessment; Psychology, Education, Sport & Exercise, Sciences, English Language and Literature, History and Theology and Religious Studies. All six Units were identified as having a percentage of internationally excellent (3\*) research in their overall quality profiles. This itself is a major accomplishment. Additionally, it is significant that three Units, Education, History and English, were also identified as having in their overall profiles a percentage of 4\* work, which is the highest category and denotes world-leading research.

Newman University has provided over 13,000 qualified teachers since 1968 for Birmingham, the West Midlands and further afield. In addition, the University offers continuing professional development programmes for serving teachers. The very popular MA in Education recognises the importance of Postgraduate Professional Development (PPD) and of teaching becoming a master's level profession. The 2016 academic year saw the start of the first cohort of the Doctor of Education part-time course (validated by Liverpool Hope University), which will contribute to the University achieving Research Degree Awarding Powers (RDAP). Newman is also a founder member and regional centre of the new Teaching and Learning Academy and provides high quality accredited continuing professional



development at all levels for schools and individual members of the schools' workforce, starting with its first cohort in September 2016.

Graduates from Newman University are employed in a wide variety of sectors completing a wide range of roles. The 2015/2016 DLHE demonstrated how students worked within sectors such as business, accountancy, banking and finance, charity and voluntary sector, digital media, health and social care, sport and tourism, marketing, IT, media and internet, recruitment and HR, public services and education. Some of the roles carried out included 'Teacher', 'Assistant Psychologist', 'Management Trainee', 'Marketing Executive', 'Digital Expert', 'Assistant Physiotherapist' and 'HR Assistant'. Additionally some students indicated they were self-employed. A high proportion of students also went on to complete further study in vocational courses such as Teaching, Social Work, HR Management, Law and Clinical Psychology, whilst others completed Masters in a range of subjects including Education, Victorian Studies and Literature.

### Financial review of the year

The University's Income, Expenditure and Results for the year to 31 July 2017 are summarised as follows:

	<u>2016/17</u> £,000	<u>2015/16</u> £'000
Income	24,451	23,961
Expenditure	<u>22,808</u>	<u>22,090</u>
Surplus on continuing operations	1,643	1,871
Loss on Disposal of Fixed Asset	(114)	-
Transfer from Revaluation Reserve in respect of depreciation of revalued assets	<u>147</u>	<u>147</u>
Comprehensive Income for the year	<u><u>1,676</u></u>	<u><u>2,018</u></u>

The University's total income in 2016/17 of £24.5 million has increased by 2% on the previous year and effective cost control has enabled it to continue to generate positive operating surpluses.

The outturn for the year reflects the Council's commitment to the generation of operating surpluses. This financial strategy supports both investment in the campus and ongoing sustainability of operations, whilst the necessity to make efficiency savings has been embraced.

### Plans for Future Periods

The mission of the University has always been to provide high quality accessible academic and professional education based on respect for others, social justice and equality. Newman University seeks to make a positive difference to individuals and communities through the contribution of staff, students and graduates and will continue to do so.

The Council is charged with the responsibility of setting the strategic direction of the University in the longer term. Following the appointment of the new Chancellor in March 2014, Council approved a new Strategic Plan in June 2014 covering the period 2014-2020. The Strategic Plan derives from the clear framework of a new vision, a reasserted Catholic ethos and the confirmed mission and values of Newman University. The key strands of the Strategic Plan are: formation for students; formation for staff; research, enterprise and scholarship; collaborative partnerships and sustainable development. Newman, in line with its motto 'ex umbris in veritatem' (out of the shadows into truth), is committed to continued enhancement of its approach to formation for students and staff. Following the appointment of the new Vice-Chancellor in January 2017 the Strategic Plan has been reviewed and refreshed.

As expected, the commitment to teacher education, for both Catholic and non-Catholic schools, remains at the heart of the mission and future planning of the University. Newman is one of the largest accredited providers of School Direct training in the West Midlands, working with Teaching School Alliances and individual schools at both primary and secondary levels. Newman has progressed from being a member of a consortium for Early Years Professional Status, to becoming a

stand-alone provider of Early Years Initial Teacher Training (EYITT), leading to Early Years Teacher Status (EYTS) which superseded EYPS. Following the first successful cohort in 2015, Newman applied for and was allocated 20 places for two postgraduate routes in 2016.

In January 2017, following the retirement of Professor Peter Lutzeier, Newman University appointed Professor Scott Davidson as Vice Chancellor. Professor Davidson was previously the Deputy Vice-Chancellor at the University of Lincoln.

Newman University remains deeply committed to the goals of widening access to, and participation in, higher education, offered in flexible programmes of different kinds. The University believes it is well placed to make a significant contribution to the Government's targets for Widening Participation and Social Mobility and consistently outperforms its location-adjusted benchmarks in this area.

The Council is confident of the security of the University's position. With a healthy outturn on the year, reasonable cash reserves and a limited burden of debt, Newman is well placed to exploit the opportunities offered in the contemporary context of higher education in the UK and will continue to support and extend its founding vision for Catholic higher education. The Council Members thank the staff for their commitment to this shared endeavour and for their many successes in the year.

### **Principal risks and Uncertainties**

The University's operations expose it to a variety of financial risks including the effects of changes in credit risk and liquidity risk. The University does not have material exposures in any of the areas identified above and consequently does not use derivative instruments to manage these exposures. The University's principal financial instruments comprise sterling cash deposits together with debtors and creditors that arise directly from its operations.

The main risks arising from the University's financial instruments can be analysed as follows:

#### **Credit risk**

The University's principal financial assets are bank balances, cash and debtors, which represent the University's maximum exposure to credit risk in relation to financial assets.

The University's credit risk is primarily attributable to its debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one debtor depending upon their credit risk. The University's operations are such that, with the exception of the Student Loans Company, significant amounts are very rarely owed by a single debtor. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the University's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counter-parties are banks with high credit-ratings assigned by international credit-rating agencies. The University has no significant concentration of credit risk, with exposure spread over a large number of counter parties and customers.

#### **Liquidity risk**

The University's policy has been to ensure continuity of funding through acquiring the University's fixed assets using the generation of cash from its operating activities. The University has loan facilities in place, which it intends to utilise in the future as part of the University asset strategy, and to ensure the University maintains adequate levels of liquid resources in future years.

#### **Interest rate risk**

Interest bearing assets comprise of cash and bank deposits, all of which earn interest at fixed and floating rates. The University currently has less than £1m of debt which is serviced at a floating rate. The Council monitors the overall level of borrowings, interest costs and hedging strategy to limit any adverse effects.

#### **Equality of Opportunity in Employment**

Applications for employment by people with a disability are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of existing employees becoming disabled,

every effort is made to ensure that their employment with the University continues and that appropriate training is arranged. It is the policy of the University that the training, career development and promotion of people with a disability should, as far as possible, achieve identical outcomes with that of other employees.

In 2011 the Governing body adopted a Single Equality Scheme, which was developed in recognition of the interrelated nature of equalities legislation and in response to the Equality Act 2010 and the Public Sector Equality Duty, which require institutions to work to promote equality and eliminate discrimination in all its activities; this is reviewed by the Equality & Diversity Committee and reported on as appropriate. It is the policy of the University that all staff are required to undertake relevant equality and diversity training. The Council has responsibility for monitoring compliance in the areas of employment equality.

### **Employee Involvement**

The 2014-2020 Strategic Plan gives a commitment to Staff Formation by encouraging staff to develop and flourish in alignment with the strategic aims.

Enhancement of staff formation goes hand-in-hand with enhancement of student formation. Therefore the University places considerable value on the involvement of its employees and on good communication with them. The Human Resources Department and Academic Practice Unit are responsible for establishing training programmes at all levels of the institution.

Staff are encouraged to be involved in the University's committees, with a view to assuring full participation by staff members in all levels of organisational decision-making. The University has a Joint Negotiating and Consultative Committee as the means for formal consultation and negotiation of terms of employment. This Committee is based on the principles of partnership working and represents all staff.

### **THE CONTEXT FOR HIGHER EDUCATION**

Newman University makes a regular assessment of the risk factors in the external environment which may impact on the University; at the present time these are significant. The current financial climate continues to pose a material risk to even the most effectively run institutions. Newman has taken a prudent approach to the management of its finances and the Council Members and Executive are in close contact to ensure that the University's finances are appropriately monitored and managed.

Newman University announces its tuition fees annually following consultation with a range of stakeholders including the Students' Union. As a student centred University, with strong Catholic values, Newman is committed to providing a values-driven, formative university education, available to people from all backgrounds. With this in mind, Newman has ensured that a wide range of lower cost part time courses are available to enable students to combine working increased hours whilst only taking an additional one and a half years to complete their course.

A fundamental part of Newman University's mission is to support social mobility through education. Newman has developed a range of student support and scholarship packages designed to provide assistance to a range of students, and a contextualised admissions process has already been established. This matches Newman's commitment to continue to be a centre of excellence for widening participation and social mobility. In addition, the University will work to attract students from minority groups not currently engaged in higher education. Student numbers show an increase in 2015/16 reflecting the impact of the removal of the student number cap for high-achieving students. The demand for programmes remains healthy reflecting Newman's belief that its portfolio, which combines academic rigour with professional orientation, will be attractive in the current climate.

Developing a much clearer 'university' identity and providing up-to-date resources is seen as essential to maintaining standards and improving recruitment and retention in the longer term. This was a key driver in the decision to invest £22m in the campus over 3 years. In addition, this investment supports curriculum strengths as well as the widening participation agenda. Investment also includes planned sustainability measures to cut future running costs. The development is also a central element in the revitalising of the Bartley Green area. As a Catholic University, Newman believes that

strong stewardship of its assets must be maintained to enable the fulfilment of its mission to realise human potential. This is reflected in its financial and other decisions.

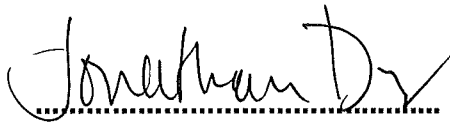
**PAYMENT OF CREDITORS**

It is the University's policy to obtain the best terms for all business; thus, there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavours to include and abide by specific payment terms.

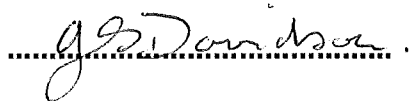
**Auditors**

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 485 of the Companies Act 2006.

The Report of the Council (incorporating the Strategic Report) was approved on behalf of the Council by:



**Mr Jonathan Day  
(Chair of the Council)**



**Professor J Scott Davidson  
(Vice Chancellor/Council Member)**

Date of Approval: 23 November 2017

---

## CORPORATE GOVERNANCE

Newman University is an independent Roman Catholic institution which was granted taught degree awarding powers by the Privy Council in 2007 and full university status in 2013. The Privy Council subsequently twice approved amendments to the Memorandum and Articles of Association in 2007 and 2013.

The University complies with the Higher Education Code of Governance that was re-issued by the Committee of University Chairmen in 2014. The Council, as constituted by the University's Articles of Association, comprises fourteen external independent Council Members. The Archbishop of Birmingham and the Vice-Chancellor are ex officio members and there are two Members elected by the staff of the University and one student Member elected by the student body. The roles of Chair and Vice-Chair of the Council are separated from the role of the University's Chief Executive, the Vice-Chancellor. The matters especially reserved to the Council for decision are set out in the Articles of Association. The Council, which holds to itself the responsibilities for the ongoing strategic direction of the University, the approval of major developments and the receipt of regular reports from the University Senior Management Team on the day-to-day operations of its business, meets at least four times a year.

The Council has three main Sub-Committees – a Finance and General Purposes Committee, an Audit Committee, and a Nominations Committee. The Committees meet at least three times a year and their decisions are formally reported to the Council. The Committees are formally constituted through the Standing Orders of the Council with terms of reference and comprise mainly of external members of the Council, one of whom is the Chair. University Council Members attend meetings regularly and inquisitiveness is rarely a problem.

The Finance and General Purposes Committee recommends to the Council the University's annual budgets and also monitors performance in relation to the budgets approved. It embraces a Remuneration Sub-Committee, which determines the remuneration of the University Leadership Team (who are appointed by the Council) and other senior staff.

The Audit Committee meets with the external and internal auditors to discuss audit findings and to consider detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's responses and implementation plans. It also receives and considers reports from the National College for Teaching and Leadership and the Higher Education Funding Council for England (HEFCE) as they affect the University's business and monitors adherence to the regulatory requirements. It reviews the University's annual financial statements, together with the accounting policies. The Vice-Chancellor is not a member of the Committee; the Committee meets with the internal and external auditors on their own for independent discussions annually.

The role of the Nominations Committee is to review the tenure of current members and seek out nominees for new membership of the Council and its committees taking into account the balance of skills, experience and diversity of the Council.

The Senate has oversight of the academic affairs of the institution and draws its membership entirely from the staff and the students of the University. The formal relationship between the Senate and the Council is managed through reports presented to the Council at every meeting by the Vice-Chancellor as Chair of Senate, featuring matters relating to reviews of the quality process and plans for academic development. The Council is thus able to monitor the extent to which the Senate is conducting the academic affairs of the University in line with the direction of the Strategic Plan.

The Vice Chancellor is the Chief Executive Officer of the University and has a general responsibility to the Council for the organisation, direction and management of the institution. Under the terms of the formal Funding Agreement with the National College for Teaching and Leadership and the Memorandum of Assurance and Accountability between the University and the HEFCE, the Chief Executive is the Lead Accounting Officer for the University, the Vice Chancellor is the designated officer of the institution and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

The University maintains a Register of Interests of members of the Council and senior officers of the University, which may be consulted by prior arrangement with the Clerk to the Council. In

---

accordance with the Articles of Association, the University Secretary and Registrar has been appointed as Clerk to the Council; their job description contains separate responsibilities for each of these posts. As Clerk to the Council, they provide independent advice on matters of governance to all Council Members.

## **STATEMENT ON INTERNAL CONTROL**

The University is committed to exhibiting best practice in all aspects of corporate governance. The University's Council 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 Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks. It has been in place for the year ended 31 July 2017 and up to the date of approval of the annual report and accounts, and is regularly reviewed by the Council and its Audit Committee and that it accords with best practice internal control guidance for directors as deemed appropriate for higher education.

The Finance & General Purposes Committee, as discussed above, recommends to the Council the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets. The Remuneration Committee determines the remuneration of the most senior staff, including the Vice-Chancellor.

The role of the Nominations Committee has been established following good practice outlined in the CUC Higher Education Code of Governance and its role is to seek out and consider applications for the membership of the Council and its committees.

In June 2014, the University and Council prepared and adopted a Strategic Plan with a revised Risk Register and key performance indicators linked to the strategic goals. The system of risk management, which has been in operation since 2010, places emphasis on the active management of risk rather than a monitoring of risk and will continue as such. Risk reports setting out key performance and risk indicators are reviewed quarterly by the University's management team and at each scheduled Audit Committee meeting. The latter also receives regular reports from the internal audit service which include recommendations for improvement. The Audit Committee's role in internal financial control is confined to a high level review of the arrangements. The Council's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

This has satisfied the Council that management, together with the internal audit service, have an appropriate process for identifying, evaluating and managing risk, together with appropriate staff training.

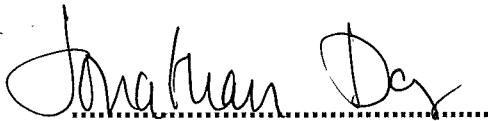
During the year, the University has:

- considered risk at meetings of the University Leadership Team, the University Operations Team, and Senate;
- revised the fundamental risk register to provide further information on risks, controls and early warnings of changes in risk level;
- reported to the Audit Committee at each meeting on risk issues; and
- used the risk register to determine the direction of the internal audit plan.

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic subject areas and administrative departments;

- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council;
- comprehensive financial regulations, detailing financial controls and procedures, approved by the Audit Committee and the Council; and
- a professional Internal Audit Service whose annual programme is approved by the Audit Committee and endorsed by the Council, and whose head provides the Council with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control, which operates to standards defined in the HEFCE Audit Code of Practice (2016).



---

**Mr Jonathan Day  
(Chair of the Council)**



---

**Professor J Scott Davidson  
(Vice Chancellor/Council Member)**

Date of Approval: 23 November 2017

## **RESPONSIBILITIES OF THE COUNCIL MEMBERS**

In accordance with the University's Articles of Association, the Council is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Council is also responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University to enable it to ensure that the financial statements are prepared in accordance with the University's Articles of Association, the Statement of Recommended Practice - Accounting for Further and Higher Education, the Companies Act 2006, and other relevant Accounting Standards. In addition, within the terms and conditions of the Financial Agreement agreed between the NCTL and the Council of the University, and the Funding Memorandum agreed between the HEFCE and the Council of the University, and in accordance with the Companies Act 2006, the Council, through its designated office holder, is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Council:

- ensures suitable accounting policies are selected and applied consistently;
- makes judgements and estimates are made that are reasonable and prudent;
- states whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepares the financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements comply with the Companies Act 2006. It has a general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the University and to prevent and detect fraud and other irregularities.

The Council has taken reasonable steps to:

- ensure that funds from the NCTL, HEFCE and other funding bodies are used only for the purposes for which they have been given and in accordance with the HEFCE Financial Memorandum and the Funding Agreement with the NCTL and any other conditions which the NCTL or HEFCE may from time to time prescribe;
- ensure that there are appropriate financial management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud; and
- secure the economic, 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 Council Members, as set out on page 3, confirm the following:

- so far as each Council 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 Council Member has taken all the steps that they 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.

Approved on behalf of the Council by:

  
.....

**Mr Jonathan Day  
(Chair of the Council)**

  
.....

**Professor J Scott Davidson  
(Vice Chancellor/Council Member)**

Date of Approval: 23 November 2017

## **Independent auditor's report to the Council of Newman University**

### **Opinion**

We have audited the financial statements of Newman University (the 'parent university') and its subsidiary (the 'group') for the year ended 31 July 2017 which comprise the consolidated and parent university statement of comprehensive income and expenditure, the consolidated and parent university statement of changes in reserves, the consolidated and parent university balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent university's affairs as at 31 July 2017 and of the group's and the parent university's surplus, and its income and expenditure, gains and losses, changes in reserves and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We have been appointed as auditor under the Companies Act 2006 and the Education Reform Act 1988 and report in accordance with regulations made under those Acts. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Who we are reporting to**

This report is made solely to the university's Council, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the university's Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the university and the university's Council as a body, for our audit work, for this report, or for the opinions we have formed.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent university's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The Council is responsible for the other information. The other information comprises the information included in the reports and financial statements set out on pages 5 to 15, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the

other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the report of the Council incorporated in the operating and financial review for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the Council incorporated in the operating and financial review has been prepared in accordance with applicable legal requirements.

#### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the group and the parent university and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the report of the Council incorporated in the operating and financial review.

#### **Opinion on other matters prescribed by HEFCE's Memorandum of assurance and accountability dated July 2017 and the funding agreement with the National College for Teaching and Leadership**

In our opinion, in all material respects:

- funds from whatever source administered by the parent university for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by HEFCE and the National College for Teaching and Leadership have been applied in accordance with the Memorandum of assurance and accountability, the funding agreement with the National College for Teaching and Leadership and any other terms and conditions attached to them; and
- the requirements of HEFCE's accounts direction have been met.

#### **Matters on which we are required to report by exception**

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

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

#### **Responsibilities of Council for the financial statements**

As explained more fully in the Statement of responsibilities of the Council set out pages 16 and 17, the Council (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the group's and the parent university's ability to continue as a going concern, disclosing, as applicable, matters related to

going concern and using the going concern basis of accounting unless the Council either intend to liquidate the group or parent university or to cease operations, or have no realistic alternative but to do so.

**Auditor’s responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor’s report.

*Grant Thornton UK LLP*

William Devitt  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham

*1 December* .....2017

---

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

### 1. 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.

### 2. 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 2015 FE HE SORP) and in accordance with Financial Reporting Standard 102 (FRS 102). The University is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the University's accounting policies.

### 3. BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

### 4. GOING CONCERN

The activities of the University, together with the factors likely to affect its future development and performance, are set out in the Operating and Financial Review.

The financial position of the University and its cash flow are described in the Financial Statements and accompanying notes.

The University's forecast and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

### 5. BASIS OF CONSOLIDATION

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2017. Intra-group transactions are eliminated on consolidation. The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

### 6. RECOGNITION OF INCOME

Income from the provision of services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the 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 Comprehensive Income and Expenditure over the period in which the students are studying.

Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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

Government Grants, including funding council block grant and research grants from government sources, and other grants and donations from non-government sources, including research grants from non-government sources, are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the institution is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions is deferred on the Balance Sheet and released to the Consolidated Statement of Comprehensive Income and Expenditure in line with such conditions being met.

Capital Grants are recorded in income when the Institution is entitled to the income subject to any performance related condition being met.

Investment income is credited to the Consolidated Statement of Comprehensive Income and Expenditure on a receivable basis.

## **7. 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 services to the institution. Any unused benefits are accrued and measured as the additional amount the institution expects to pay as a result of unused entitlement.

## **8. LEASES**

### **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.

## **9. TANGIBLE FIXED ASSETS**

### **(a) Land and buildings**

Land and buildings at 1 August 1993 are stated at a valuation at that date. Additions since that date are stated at cost. The basis of the valuation is depreciated replacement cost and the valuation was carried out by Bond Wolfe Commercial, valuers and surveyors. Buildings (excluding improvements) are depreciated over their expected useful life of 50 years. No depreciation is provided in respect of freehold land.

On adoption of FRS 102, the University followed the transitional provision to retain the book value of land and buildings which were valued as above as deemed cost.

### **(b) Furniture, equipment and motor vehicles**

Furniture, equipment and motor vehicles costing less than £10,000 per individual item are written off in the year of acquisition. All other furniture, equipment and motor vehicles are capitalised.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grant is treated as a grant received in advance and released to income over the expected useful life of the equipment.

### **(c) Assets Under Construction**

Assets under construction are accounted for at cost, based on the value of architect's certificates and other direct costs incurred as at 31<sup>st</sup> July. They are not depreciated until brought into use.

**(d) Depreciation**

Depreciation is provided, on a straight-line basis, at the following annual rates in order to write off each asset over its estimated useful life, as shown

New Buildings	–	50 Years	(2% p.a.)
Internal Building Improvements	–	10 or 25 Years	(10% or 4% p.a.)
Furniture and Equipment	–	5 to 10 Years	(10% to 20% p.a.)
Telephone Equipment	–	5 Years	(20% p.a.)
Motor Vehicles	–	4 Years	(25% p.a.)
Computer Equipment	–	3 Years	(33 <sup>1</sup> / <sub>3</sub> % p.a.)

**10. STOCKS**

Stocks, comprising stationery, cleaning materials and consumables, are valued at the lower of cost and net realisable value.

**11. PENSION COSTS**

Retirement benefits to employees of the University are provided by the Teachers’ Pension Scheme (TPS), Aviva Pension (APS) and National Employment Savings Trust (NEST).

**(a) APS and NEST**

APS and NEST are defined contribution schemes. The assets of the scheme are held independently. Contributions are charged to the Consolidated Income and Expenditure accounts as they become payable in accordance with the rules of the scheme.

**(b) TPS**

The TPS is a defined benefit plan, which is externally funded and contracted out of the State Second Pension. It is an unfunded scheme. 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 valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

**12. MAINTENANCE OF PREMISES**

The University has a five-year rolling maintenance plan, which is reviewed on an annual basis. The cost of long-term and routine maintenance is charged to the income and expenditure account as incurred.

**13. TAXATION STATUS**

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received with categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 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 is partially exempt in respect of Value Added Tax (VAT), so that it can recover only a minor element of VAT charged on its inputs. 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.

#### **14. CASH FLOW STATEMENT**

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included as cash.

#### **15. PROVISIONS FOR LIABILITIES**

Provisions (other than provisions for post-retirement benefits) are recognised when the University has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

A contingent liability arises where the University has a possible obligation as a result of past events, or where the University has a present obligation as a result of past events, but where the transfer of economic benefit to settle the obligation is not probable, or the amount of the liability cannot be measured with sufficient reliability. Contingent liabilities are disclosed in the notes to the financial statements.

#### **16. DEBT ACCOUNTING POLICY**

All loans and short term deposits held by the University are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs. Basic financial instruments are subsequently measured at amortised cost as required under FRS 102.



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE**

	Notes	<b>Year ended 31 July 2017</b>		Year ended 31 July 2016	
		<b>Consolidated</b>	<b>University</b>	Consolidated	University
<u>INCOME</u>		£	£	£	£
Funding Council Grants	1	1,583,118	1,583,118	1,540,544	1,540,544
Tuition Fees and Education Contracts	2	19,514,428	19,514,428	19,690,242	19,690,242
Research Grants and Contracts	3	1,004,192	1,004,192	622,629	622,629
Other Operating Income	4	2,321,629	2,321,605	2,049,657	2,049,657
Interest Receivable		28,110	28,108	57,584	57,584
<b>Total Income</b>		<b>24,451,477</b>	<b>24,451,451</b>	<b>23,960,656</b>	<b>23,960,656</b>
<u>EXPENDITURE</u>					
Staff Costs	5	14,475,246	14,475,246	13,882,619	13,882,619
Other Operating Expenses	6	7,389,963	7,408,632	7,395,762	7,395,762
Depreciation	7	910,147	910,147	793,819	793,819
Interest and other finance costs	8	14,374	14,374	17,502	17,502
<b>Total Expenditure</b>		<b>22,789,730</b>	<b>22,808,399</b>	<b>22,089,702</b>	<b>22,089,702</b>
<b>Surplus before other gains/losses</b>		<b>1,661,747</b>	<b>1,643,052</b>	<b>1,870,954</b>	<b>1,870,954</b>
Gain/(Loss) on disposal of fixed assets		(114,722)	(114,722)	-	-
<b>Surplus before tax</b>		<b>1,547,025</b>	<b>1,528,330</b>	<b>1,870,954</b>	<b>1,870,954</b>
Taxation		-	-	-	-
<b>Surplus for the year</b>		<b>1,547,025</b>	<b>1,528,330</b>	<b>1,870,954</b>	<b>1,870,954</b>
Transfers between revaluation and income and expenditure reserve		147,397	147,397	147,397	147,397
<b>Total Comprehensive Income for the year</b>		<b>1,694,422</b>	<b>1,675,727</b>	<b>2,018,351</b>	<b>2,018,351</b>
Represented by:					
Unrestricted Comprehensive Income		1,547,025	1,528,330	1,870,954	1,870,954
Revaluation reserve comprehensive income		147,397	147,397	147,397	147,397
		<b>1,694,422</b>	<b>1,675,727</b>	<b>2,018,351</b>	<b>2,018,351</b>
Surplus for the year attributable to:					
University		1,547,025	1,528,330	1,870,954	1,870,954
<b>All items of income and expenditure relate to continuing activities</b>					

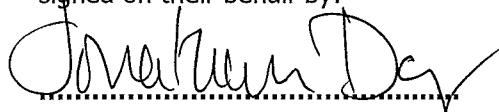
**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**
**Year Ended 31 July 2017**

<b>Consolidated</b>	<b>Income &amp; Expenditure Account</b>	<b>Revaluation Reserve</b>	<b>Total</b>
	£'000	£'000	£'000
<b>Balance at 1 August 2015</b>	23,398	7,374	30,772
Surplus from income and expenditure statement	1,871	-	1,871
Release for Newman College Close Demolition	-	(132)	(132)
Transfer between revaluation and income and expenditure reserve	147	(147)	-
<b>Total Comprehensive Income for the Year</b>	<b>2,018</b>	<b>(279)</b>	<b>1,739</b>
<b>Balance at 1 August 2016</b>	25,416	7,095	32,511
Unrestricted comprehensive income for the year	1,547	-	1,547
Transfer between revaluation and income and expenditure reserve	147	(147)	-
<b>Balance at 31 July 2017</b>	<b>27,110</b>	<b>6,948</b>	<b>34,058</b>

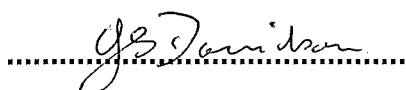
<b>University</b>	<b>Income &amp; Expenditure Account</b>	<b>Revaluation Reserve</b>	<b>Total</b>
	£'000	£'000	£'000
<b>Balance at 1 August 2015</b>	23,396	7,374	30,770
Unrestricted comprehensive income for the year	1,871	-	1,871
Release for Newman College Close Demolition	-	(132)	(132)
Transfer between revaluation and income and expenditure reserve	147	(147)	-
<b>Total Comprehensive Income for the Year</b>	<b>2,018</b>	<b>(279)</b>	<b>1,739</b>
<b>Balance at 1 August 2016</b>	25,414	7,095	32,509
Unrestricted comprehensive income for the year	1,528	-	1,528
Transfer between revaluation and income and expenditure reserve	147	(147)	-
<b>Balance at 31 July 2017</b>	<b>27,089</b>	<b>6,948</b>	<b>34,037</b>

<b>BALANCE SHEET</b>					
Notes	Year ended 31 July 2017		Year ended 31 July 2016		
	Consolidated	University	Consolidated	University	
	£	£	£	£	
<b>FIXED ASSETS</b>					
Tangible Fixed Assets	7	33,402,778	33,402,778	24,059,541	24,059,541
Investments	9	-	2	-	2
		33,402,778	33,402,780	24,059,541	24,059,543
<b>CURRENT ASSETS</b>					
Stocks		22,424	22,424	23,794	23,794
Debtors	10	1,268,021	1,245,602	815,217	830,384
Short Term Deposits		2,521,495	2,521,495	8,011,675	8,011,675
Cash at Bank and in Hand	13	2,715,124	2,702,854	4,815,499	4,795,253
		6,527,064	6,492,375	13,666,185	13,661,106
CREDITORS: Amounts falling due within one year	11	(4,975,908)	(4,961,898)	(4,374,533)	(4,371,438)
<b>NET CURRENT ASSETS</b>		1,551,156	1,530,477	9,291,652	9,289,668
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		34,953,934	34,933,257	33,351,193	33,349,211
CREDITORS: Amounts falling due after more than one year	11	(691,667)	(691,667)	(775,001)	(775,001)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(204,374)	(204,374)	(65,324)	(65,324)
NET PENSION LIABILITY	18	-	-	-	-
<b>TOTAL NET ASSETS</b>		<b>34,057,893</b>	<b>34,037,216</b>	32,510,868	32,508,886
<b>RESERVES</b>					
General reserve	15	27,110,424	27,089,747	25,416,002	25,414,020
Revaluation Reserve	14	6,947,469	6,947,469	7,094,866	7,094,866
<b>TOTAL RESERVES</b>		<b>34,057,893</b>	<b>34,037,216</b>	32,510,868	32,508,886

The financial statements on pages **21 to 36** were approved by Council on 23 November 2017 and signed on their behalf by:



**Mr Jonathan Day**  
(Chair of Council)



**Professor J Scott Davidson**  
(Vice Chancellor/Council Member)

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

Registered Company Number: 05493384

<b>Consolidated Cash Flow</b>			
	<u>Notes</u>	<u>Year ended</u> <u>31 July 2017</u>	<u>Year ended</u> <u>31 July 2016</u>
		£	£
Surplus on continuing operations		1,547,025	1,870,954
<b>Adjustment for Non-Cash Items</b>			
Depreciation charges		910,147	793,819
(Increase)/decrease in stocks		1,370	2,110
(Increase)/decrease in debtors		(452,803)	(244,287)
(Decrease)/increase in creditors		596,268	932,139
(Decrease)/increase in provisions		139,050	(298,616)
<b>Adjustment for Investing and Financing Activities</b>			
Investment Income		(28,110)	(57,584)
Interest Payable		14,374	17,502
<b>Net Cash Inflow from Operating Activities</b>		<u>2,727,321</u>	<u>3,016,037</u>
<b>Cash flows from Investing Activities</b>			
Investment Income		28,110	57,584
Payments made to acquire fixed assets		(10,253,384)	(1,760,629)
New Deposits		-	(11,675)
<b>Net Cash flows from Investing Activities</b>		<u>(10,225,274)</u>	<u>(1,714,720)</u>
<b>Cash flows from Financing Activities</b>			
Interest Paid		(14,374)	(17,502)
Repayments of Amounts borrowed		(83,333)	(83,333)
Withdrawal of Deposits		5,490,180	-
<b>Net Cash flows from Financing Activities</b>		<u>5,392,473</u>	<u>(100,835)</u>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<u>(2,105,480)</u>	<u>1,200,482</u>
Cash and cash equivalents at the beginning of the year	13	4,815,499	3,615,017
Cash and cash equivalents at the end of the year	13	2,710,019	4,815,499

**NOTES TO THE FINANCIAL STATEMENTS**
**1. FUNDING COUNCIL GRANTS**

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£	£	£	£
NCTL & HEFCE GRANTS				
HEFCE Recurrent Grant	1,016,027	1,016,027	1,044,390	1,044,390
HEFCE Recurrent Research Grant	153,599	153,599	133,935	133,935
HEFCE Other Grants	196,759	196,759	76,090	76,090
NCTL Other Grants	216,733	216,733	286,129	286,129
	<u>1,583,118</u>	<u>1,583,118</u>	<u>1,540,544</u>	<u>1,540,544</u>

**2. TUITION FEES AND EDUCATION CONTRACTS**

UK Full-time Students	17,593,726	17,593,726	18,025,043	18,025,043
Non UK Full-time Students	320,204	320,204	120,265	120,265
UK Part-time Students	1,546,085	1,546,085	1,489,678	1,489,678
Examination Fees	13,500	13,500	11,325	11,325
Other Fees & Charges	40,913	40,913	43,931	43,931
	<u>19,514,428</u>	<u>19,514,428</u>	<u>19,690,242</u>	<u>19,690,242</u>

**3. RESEARCH GRANTS & CONTRACTS**

Research Grants	<u>1,004,192</u>	<u>1,004,192</u>	<u>622,629</u>	<u>622,629</u>
-----------------	------------------	------------------	----------------	----------------

**4. OTHER OPERATING INCOME**

Residences and Catering	1,151,568	1,151,568	1,083,332	1,083,332
Other Income	1,170,061	1,170,037	966,325	966,325
	<u>2,321,629</u>	<u>2,321,605</u>	<u>2,049,657</u>	<u>2,049,657</u>

**5. STAFF COSTS**

The average number of persons (including senior post-holders) employed during the year, expressed as full-time equivalents, was 319 (2016: 316). Payroll costs during the year were as follows:

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£	£	£	£
Wages and Salaries				
Teaching Staff	6,807,339	6,807,339	6,857,574	6,857,574
Non-Teaching Staff	4,817,109	4,817,109	4,411,030	4,411,030
Social Security Costs	1,209,196	1,209,196	1,036,933	1,036,933
Other Pension Costs	1,641,602	1,641,602	1,577,082	1,577,082
	<u>14,475,246</u>	<u>14,475,246</u>	<u>13,882,619</u>	<u>13,882,619</u>

**Emoluments of the Vice-Chancellor**

Employment end date 31 December 2016

Remuneration:	68,004	68,004	156,520	156,520
Pension Contributions:	11,207	11,207	25,503	25,503

Employment start date 1 January 2017

Remuneration:	94,500	94,500	-	-
Pension contributions:	15,574	15,574	-	-
Total Emoluments	<u>189,285</u>	<u>189,285</u>	<u>182,023</u>	<u>182,023</u>

**Key Management Personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and control the activities of the University and are represented by the University Leadership Team, which comprises the Vice Chancellor, two Pro Vice Chancellors, the University Registrar and the Director of Finance and Corporate Services.

	<u>2017</u> £'000	<u>2016</u> £'000
Salaries	556	510
Benefits in kind	-	-
	<u>556</u>	<u>510</u>
Pension contributions	92	82
Employers NI	72	62
Total emoluments	<u>720</u>	<u>654</u>

**Remuneration of higher paid staff, excluding pension contributions (excluding the Vice Chancellor)**

Salary Bands	No of employees 2017	No of employees 2016
£100,000 - £109,999	2	2

Council Members' Expenses

No Council member has received any remuneration / waived payments from the University during the year (2016: NIL). The total expenses paid to or on behalf of the Council Members was £3,573 (2016: £1,380). This represents travel and subsistence expenses incurred with respect to attendance at Council meetings and also expenses incurred with respect to the provision of relevant continuing professional development for members.

**6. OTHER OPERATING EXPENSES**

	<u>Year ended 31 July 2017</u>		<u>Year ended 31 July 2016</u>	
	<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
	£	£	£	£
Other Operating Expenses include:				
Auditors' Remuneration: External Audit	24,974	22,224	25,452	25,452
Internal Audit	23,342	23,342	22,198	22,198

**7. TANGIBLE FIXED ASSETS**

<b>Consolidated</b>	Land and Buildings £	Fixtures, Fittings & Equipment £	Assets in the course of construction £	Total £
<b>Cost or Valuation</b>				
At 1 August 2016	30,961,258	939,354	1,738,549	33,639,161
Additions	1,326,225	33,091	9,008,790	10,368,106
Disposals	(179,253)	-	-	(179,253)
Transfers	1,738,549	-	(1,738,549)	-
At 31 July 2017	<u>33,846,779</u>	<u>972,445</u>	<u>9,008,790</u>	<u>43,828,014</u>
<b>Depreciation</b>				
At 1 August 2016	8,869,906	709,714	-	9,579,620
Charge for the year	839,087	71,060	-	910,147
<b>Disposals</b>	<u>(64,531)</u>	<u>-</u>	<u>-</u>	<u>(64,531)</u>
At 31 July 2017	<u>9,644,462</u>	<u>780,774</u>	<u>-</u>	<u>10,425,236</u>
<b>Written down values:</b>				
At 31 July 2017	<u>24,202,317</u>	<u>191,671</u>	<u>9,008,790</u>	<u>33,402,778</u>
At 31 July 2016	<u>22,091,352</u>	<u>229,640</u>	<u>1,738,549</u>	<u>24,059,541</u>

<b>University</b>	Land and Buildings £	Fixtures, Fittings & Equipment £	Assets in the course of construction £	Total £
<b>Cost or Valuation</b>				
At 1 August 2016	30,961,258	907,867	1,738,549	33,607,674
Additions	1,326,225	33,091	9,008,790	10,368,106
Disposals	(179,253)	-	-	(179,253)
Transfers	1,738,549	-	(1,738,549)	-
At 31 July 2017	<u>33,846,779</u>	<u>940,958</u>	<u>9,008,790</u>	<u>43,796,527</u>
<b>Depreciation</b>				
At 1 August 2016	8,869,906	678,227	-	9,548,133
Charge for the year	839,087	71,060	-	910,147
<b>Disposals</b>	<u>(64,531)</u>	<u>-</u>	<u>-</u>	<u>(64,531)</u>
At 31 July 2017	<u>9,644,462</u>	<u>749,287</u>	<u>-</u>	<u>10,393,749</u>
<b>Written down values:</b>				
At 31 July 2017	<u>24,202,317</u>	<u>191,671</u>	<u>9,008,790</u>	<u>33,402,778</u>
At 31 July 2016	<u>22,091,352</u>	<u>229,640</u>	<u>1,738,549</u>	<u>24,059,541</u>

The transitional rules set out in FRS 102 have been applied on implementing FRS 102. Accordingly, the book values at implementation have been retained.

Land and buildings were valued in 1993 at depreciated replacement cost by a firm of independent chartered surveyors. At 31 July 2017 land of £3,831,375 was held within land and buildings and is not depreciated.

## 8. INTEREST

Interest and other finance costs relate to interest payable on the term loan.

## 9. INVESTMENTS

The University holds 100% of the share capital of Newman Firmtrust Limited at a cost of £2 (2016: £2), which is a trading company that is incorporated and registered in England and Wales. The principal trading activity of the company is the construction of a halls of residence and building extension on behalf of Newman University.

The following is a summary of financial information in respect of the subsidiary at 31 July 2017:

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£	£	£	£
Investment in Subsidiary	-	2	-	2

## 10. TRADE AND OTHER RECEIVABLES

AMOUNTS FALLING DUE WITHIN ONE YEAR:	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£	£	£	£
Fees and services	1,011,760	407,164	595,580	595,001
Prepayments and accrued income	256,261	256,261	219,637	219,637
Amount due from subsidiary undertaking	-	582,177	-	15,746
	<u>1,268,021</u>	<u>1,245,602</u>	<u>815,217</u>	<u>830,384</u>

## 11. CREDITORS

AMOUNTS FALLING DUE WITHIN ONE YEAR:	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£	£	£	£
Bank overdraft	5,105	5,105	-	-
Term Loan	83,333	83,333	83,333	83,333
Trade and other creditors	2,886,619	1,323,450	1,358,078	1,354,983
Amount payable to subsidiary undertaking	-	1,560,074	-	-
Payments received in advance				
NCTL grants	51,849	51,849	87,132	87,132
HEFCE grants	94,083	94,083	87,254	87,254
Other	384,779	384,779	690,713	690,713
Social security and other taxation payable	309,503	309,503	302,853	302,853
Accruals	1,160,637	1,149,722	1,765,170	1,765,170
	<u>4,975,908</u>	<u>4,961,898</u>	<u>4,374,533</u>	<u>4,371,438</u>

### AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:

HEFCE Revolving Green Fund	150,000	150,000	150,000	150,000
Term Loan	541,667	541,667	625,001	625,001
	<u>691,667</u>	<u>691,667</u>	<u>775,001</u>	<u>775,001</u>



A term loan of £1,000,000 was drawn down in 2012, which is repayable in regular instalments totalling £83,333 per annum. The rate of interest on the loan is variable and based on 1.75% over LIBOR base rate.

INCLUDED WITHIN THE ABOVE ARE AMOUNTS FALLING DUE AS FOLLOWS:-

	<u>Year ended 31 July 2017</u>		<u>Year ended 31 July 2016</u>	
	<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
	£	£	£	£
Between one and two years: Term Loan	166,666	166,666	166,666	166,666
Between two and five years: Term Loan	249,999	249,999	249,999	249,999
More than five years: HEFCE Revolving Green Fund Term Loan	150,000 125,002 275,002	150,000 125,002 275,002	150,000 208,336 358,336	150,000 208,336 358,336

## 12. PROVISION FOR LIABILITIES AND CHARGES

<b>Consolidated</b>	<u>Enhanced Pensions</u>	<u>Other Provisions</u>	<u>Total</u>
	£	£	£
At 1 August 2016	65,324	-	65,324
Transfer from Income and Expenditure Account	(10,950)	150,000	139,050
At 31 July 2017	<u>54,374</u>	<u>150,000</u>	<u>204,374</u>

<b>University</b>	<u>Enhanced Pensions</u>	<u>Other Provisions</u>	<u>Total</u>
	£	£	£
At 1 August 2016	65,324	-	65,324
Transfer from Income and Expenditure Account	(10,950)	150,000	139,050
At 31 July 2017	<u>54,374</u>	<u>150,000</u>	<u>204,374</u>

## 13. CASH AND CASH EQUIVALENTS

	At 1 August 2016	Cash flows	At 31 July 2017
	£	£	£
<b>Consolidated</b>			
Cash and cash equivalents	4,815,499	(2,100,375)	2,715,124
Bank Overdraft	-	(5,105)	(5,105)
Total	<u>4,815,499</u>	<u>(2,105,480)</u>	<u>2,710,019</u>
<b>University</b>			
Cash and cash equivalents	4,795,253	(2,092,399)	2,702,854
Bank Overdraft	-	(5,105)	(5,105)
Total	<u>4,795,253</u>	<u>(2,097,504)</u>	<u>2,697,749</u>

**14. REVALUATION RESERVE**

	Year Ended 31 July 17		Year Ended 31 July 16	
	Consolidated	University	Consolidated	University
	£	£	£	£
Revaluations				
At 1 August and 31 July	10,768,969	10,768,969	10,768,969	10,768,969
Contributions to Depreciation				
At 1 August	3,674,103	3,674,103	3,395,175	3,395,175
Released in year	147,397	147,397	147,397	147,397
Release for Newman College Close Demolition	-	-	131,531	131,531
At 31 July	3,821,500	3,821,500	3,674,103	3,674,103
Net Revaluation Amount				
At 31 July	6,947,469	6,947,469	7,094,866	7,094,866

**15. GENERAL RESERVES**

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£	£	£	£
Income and Expenditure Account				
Balance at 1 August	25,416,002	25,414,020	23,397,651	23,395,669
Surplus for the year	1,547,025	1,528,330	1,870,954	1,870,954
Depreciation released in the year	147,397	147,397	147,397	147,397
Balance as at 31 July	27,110,424	27,089,747	25,416,002	25,414,020

**16. CONTINGENT LIABILITY**

Exchequer interests (representing the contributions made by HEFCE towards the construction and refurbishment of University buildings) amounted to £2,096,247 as at 31 July 2017. Exchequer interests are amortised over 10-15 years and are repayable only in the event of insolvency or a significant reduction on the level of HEFCE-funded activity.

In the event of a substantial change in the mission of the University to the effect that the University is no longer concerned with the provision of education as a Catholic institution, the University may be liable to pay an amount to the Catholic Education Service of up to 25% of the value of the premises. It is not possible to quantify the amount of the contingent liability.

**17. STUDENT NUMBERS**

The number of students attending courses (excluding short courses) at the University were:

	2017	2016
Full-time	2,090	2,097
Part-time	739	713
	<u>2,829</u>	<u>2,810</u>

**18. PENSION SCHEMES**

The three pension schemes for the University's staff are the Teachers' Pension Scheme (TPS), Aviva Pension scheme (APS) and NEST. The assets of the schemes are held in separate administered funds.

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£	£	£	£
Total pension cost for the year				
Teachers' Pension Scheme: employer contributions paid	1,155,560	1,155,560	1,087,694	1,087,694
Aviva Pension Scheme: contributions paid	483,995	483,995	462,856	462,856
NEST: employer contributions paid	2,047	2,047	2,380	2,380
Total Pension Cost for Year	1,641,602	1,641,602	1,552,930	1,552,930

Made up of:				
Employee costs	1,641,602	1,641,602	1,552,930	1,552,930
Finance costs	-	-	-	-
Total Pension Cost for Year	<u>1,641,602</u>	<u>1,641,602</u>	<u>1,552,930</u>	<u>1,552,930</u>

(a) TPS

### Introduction

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 and the subsequent consultation are:

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);
- 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 will be applied to future valuations

The new employer contribution rate for the TPS was 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 which was 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 commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,861,386 (2016: £1,761,815).

FRS 102 (28)

Under the definitions set out in FRS 102 (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 FRS 102 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.

(b) APS

The APS is operated by the University and is a defined contribution scheme designed to provide retirement benefits for any of its permanent employees who elect to join the scheme. The assets of the scheme are independent of the University's finances. The pension costs charged to the consolidated income and expenditure account (Note 5) include contributions payable by the University to the scheme.

**19. CAPITAL COMMITMENTS**

	<u>Year ended 31 July 2017</u>		<u>Year ended 31 July 2016</u>	
	<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
	£	£	£	£
Contracted but not provided for at 31st July	2,898,805	2,898,470	2,045,000	2,045,000

This relates to the ongoing improvements to, and development of the Newman University Campus.

**20. RELATED PARTY TRANSACTIONS**

The University has a wholly owned subsidiary, Newman Firmtrust Limited. The principal activity of Newman Firmtrust Limited in the period 1<sup>st</sup> August 2016 – 31<sup>st</sup> July 2017 is the construction of a halls of residence and building extension on behalf of Newman University. AS Newman Firmtrust Limited is a wholly owned subsidiary, the University have taken the exemption under FRS102 section 33.1A not to disclose transactions between the two entities.