



NEWMAN UNIVERSITY

Reports and Financial Statements For the Year Ended 31 July 2020

Registered Charity Number: 1110346
Registered Company Number: 05493384

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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 and revised in 2019. 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 2020 and up to the date of approval of these financial statements were:

Chair of the Council	Jonathan Day
Independent Council Members – Catholic Members	Glen Alexander John Carlisle Jonathan Day (<i>Chair of Council and Chair of Nominations & Governance Committee</i>) Bishop David Evans Deirdre Finucane Karan Gilmore Phillip Lennon (<i>Chair of Audit Committee</i>) Elizabeth McGrath QC
Independent Council Members – non-Catholic Members	Gayle Ditchburn (<i>Vice-Chair of Council</i>) Julie Jones Stephen Kenny (<i>Chair of Finance and General Purposes Committee, Chair of Remunerations Committee</i>) Professor Femi Oyeboode Richard Wallace
Council Members – Ex-Officio	Professor Peter Childs (<i>Acting Vice-Chancellor until 29 February 2020</i>) Professor Jacquelyn Dunne (<i>Vice-Chancellor from 1 March 2020</i>) Archbishop Bernard Longley
Staff Council Members	Colin Harris (<i>until 30 September 2020</i>) Bonnie Bullivant (<i>from 1 October 2020</i>) Leoarna Mathias
Student Council Member	Christian Black

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 and Committee meetings and are not able to vote on matters in which they have a direct interest. No members have declared interests during Council or Committee meetings in the period covered by this report.

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 J Dunne (from 1 March 2020)

ACTING VICE-CHANCELLOR

Professor P Childs (until 29 February 2020)

BANKERS

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

SOLICITORS

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

Shakespeare Martineau
No 1 Colmore Square
Birmingham
B4 6AA

AUDITORS

(Internal) BDO LLP
2 Snowhill
Birmingham
B4 6GA

(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 2020.

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 two Faculties 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 Saint John Henry 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. In February 2019, Pope Francis announced that Cardinal John Henry Newman was to be made a Saint and the canonisation took place in October 2019 in Rome.

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 a University Defined and Illustrated*, he emphasised that the main role of the university was 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.

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.

In March 2020, Professor Jackie Dunne joined Newman University as its Vice-Chancellor. Professor Dunne was the Deputy Vice-Chancellor at the University of Wolverhampton, where she had responsibility for a number of strategic areas including; Widening participation and outreach; Regional engagement and lifelong learning; Digital Strategy; Equality and Diversity; Degree Apprenticeships and the development of the Springfield Campus.

Continuing to build on our teaching foundations

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. Newman was named in the top 10 universities for 'University of the Year' and 'Course and Lecturers', as well as named in the top three for 'student support' in 2020 by WhatUni in the Student Choice Awards.

The unique style of teaching and learning at Newman is reflected in the 2020 National Student Survey (NSS) results. Newman scored 1st in Birmingham for Student Satisfaction for the second year running, 2nd in the West Midlands for Student Satisfaction, and 1st overall for Student Satisfaction in the Cathedral's Group of universities, again for the second year running. After being voted top of all universities in Birmingham, Newman's library was voted number 1 in the West Midlands in 2020. The University staff were scored above the benchmark for being able to explain things to students and also for timely feedback. According to the NSS results, staff at Newman were 6% more likely than the sector average to value students' views and opinions about their course, which reflects on the unique, inclusive teaching style that the University offers to students. 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.

Students are also encouraged to undertake research in collaboration with their lecturers which has often led to students securing research grants, presenting at national conferences and having their work published in well-known publications. The academic staff at Newman are research active enabling them to debate and discuss current topics within their field of expertise with their students, giving them a greater understanding of their subject area.

Each year a Learning and Teaching conference is delivered and is growing year on year in the number of students and staff that participate. The conference builds on projects between academics, students, and professional support staff. The initiative provides a chance to think ideas through and celebrate the evolving learning community. The project scheme allows students to propose projects and bid for funding on an annual basis. They put together teams of students, academics and professional support staff to take forward research or interventions that will enhance the student experience at Newman

STRATEGIC REPORT

Reaching out into the City, supporting local communities and pupils from widening participation backgrounds

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 one in three of Newman's students is a mature student. Newman supports The Sanctuary Scholarship (formerly the Article 26 scholarship) which supports students who have fled persecution and sought asylum in the UK.

The University continues to develop its links with the city of Birmingham and 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. Working with local communities, the University works collaboratively with the Birmingham Civic Society in developing school projects and is a supporter of the Birmingham Literature Festival. The development of outreach activities through the National Collaborative Outreach Programme (NCOP) has enabled the University to support potential students from disadvantaged backgrounds from across the city, hosting 16 events on campus for years 9 to 13 from local schools, and supporting 13 events at other venues/partner universities.

The work of the Student Recruitment and Outreach Team (SROT) extends across the West Midlands raising awareness of the University, as well as developing new offers for pupils to come to Newman and experience our teaching, and being part of a learning community. The number of events attended or facilitated by the Outreach Team, with the support of members of academic staff, increased by 40% despite all events throughout Spring and Summer being cancelled due to coronavirus. This important work raises the aspirations of potential local students, and their families to understand the benefits of entering into Higher Education.

Reports and Financial Statements for the Year Ended 31 July 2020

The University has increased the total number of institutions they worked with by over 30% on the previous year. With much of the Spring and Summer activity cancelled, the team switched to online webinars and delivered webinars on a variety of topics. From the start of April until the end of July, there were 1,960 sign-ups to the webinar series, with over 1,000 attending the live webinars on the day with many webinars becoming fully booked before the day.

Despite the challenges of COVID-19 the University remains committed to reaching out into and beyond the city to ensure prospective students understand the benefits of higher education, and the benefits of being a student at Newman University.

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	2019/20 Target	2019/20 Achievement	2018/19 Achievement
Student Numbers (home, full time)	2070	2145	2175
Surplus as % turnover	3% (min)	1.8%	7.1%
Pay costs / income	65% (max)	63.8%	59%
Debt servicing costs	4% (max)	0.9%	0.8%
Minimum cash levels	£2.5m	£8.3m	£7.2m

Academic performance

Newman University has trained and educated over 14,000 primary and secondary school teachers since 1968 for Birmingham, the West Midlands and further afield. In addition, the University offers continuing professional development (CPD) programmes for serving teachers and the school workforce, such as the MA Education and a range of postgraduate certificates, in addition to PhD study. Newman also offers national professional recognition via the Teaching and Learning Academy (TLA) CPD framework for the Midlands, South West and South Wales. The Teaching and Learning Academy may also facilitate accredited CPD at levels 4-7.

The University has continued to be successful in relation to academic quality. Within the latest OFSTED inspection for Newman's Faculty 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 and Student Outcomes 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.

Staff at the University continue to be recognised nationally for their contributions, including a colleague receiving the prestigious National Teaching Fellowship Award in August 2020. A team of staff and students received the Advance HE Collaborative Award for Teaching Excellence (CATE) award for work to develop data-informed pedagogic innovations that support student progression and success.

Working in partnership and collaboratively

The University continues to develop and maintain partnerships with a number of academic partners - these include the collaborative provision with Halesowen College, Solihull College, South and City College, Birmingham, Markfield Institute of Higher Education, Queen's Ecumenical Foundation, Christ the Redeemer College, and ForMission College. Newman is now working in partnership with two school-centred initial teacher training (SCITT) consortia in Cornwall and Northamptonshire as their PGCE provider, thereby contributing to teacher supply across the country. In addition, Newman has a formal partnership agreement with Aston University, supporting their undergraduates to progress to Primary and Secondary PGCE places at Newman, in addition to a similar informal agreement with Coventry University.

Supporting our students through to graduate level employment

The University aims to improve lives by equipping students with the skills and qualities that prepare them to go out into their communities and serve at every level. The world of work is changing rapidly, especially around the skill sets that employers want and value, so the University is developing more support and increasing our offer to students in order to meet their needs, as well as those of the employers and the wider labour market. In developing initiatives for the students, the University fully supports the Office for Students' ambition 'to make sure we deliver on the promise of HE as an engine for social mobility, and a gateway to a better life for those who undertake it'.

The University has developed a new Employability Strategy and is developing a set of actions to address that strategy in line with our core values and commitments. To support implementation, we have built an Employability Hub to support both students and local enterprises as well as create a welcoming space for employers within the wider West Midlands region.

Last year, we reported on the successful outcome of the 2016-17 Destination of Leavers of Higher Education (DLHE) survey and this was repeated in 2017-18 with 95% of all Newman University graduates in employment six months after graduation.

The DLHE has been replaced by the Graduate Outcomes Survey (GOS) which will report on our Graduates' levels of Employability at 15 months after graduation. The introduction of the GOS has provided the University with an opportunity to review and enhance its approach to employability. To this end, the University has put in place a series of actions, including the creation of an 'Employability Task Group' (ETG) which draws its membership from across the University, including students and members of staff of the University, to oversee progression into graduate employment and/or further higher-level study. The GOS outcomes for 2017/18 show that: 63% of the 2017/18 eligible Newman University graduates responded to the new Graduate Outcomes survey. This was over 10% higher than the total UK sector response rate and 3% over the expected target rate set by HESA. Overall, Newman graduates who said that they were in employment or unpaid work accounted for 82.7% of survey respondents. This is slightly higher than that overall UK sector figure of 81%.

Newman continues to provide a breadth of experiences to students enabling them to reach their full potential. Being able to enrich student learning through employer engagement is just one of the many ways in which students are supported. The success of Newman's graduates is due to the commitment of the University not only to 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 initiatives of the University's careers and employability teams to integrate preparation for careers into general teaching, putting students in an advantageous position when it comes to securing employment. Students are also encouraged to take on additional roles during their time at Newman – for instance, becoming a course representative, working as a student ambassador, working with the Students' Union, all help to develop valuable planning, communications and team-working skills valued by employers.

The Careers Service continues to provide a wide range of education, information, advice and guidance activities to help students - and graduates of up to three years - enhance their employability and develop effective career management skills to make informed decisions. The careers team have implemented *My Career*, an online system which gives all students and recent graduates access to book one-to-one personalised guidance sessions, workshops (such as the use of *LinkedIn*) and events such as the careers summer schools, fairs, and access to opportunities from employers and organisations. In 2019, the

University also opened the Careers and Employability Hub on campus, to provide a joined up space for students to access their careers and employment advice.

In 2020 the Careers Service also successfully achieved the Association of Graduate Careers Advisory Services (AGCAS) Membership Quality Standard.

In tandem, the University's Enterprise Unit encourages student interest in establishing their own businesses. The Unit ran a series of events throughout the year, inviting business ideas, promoting entry into enterprise competitions and bring social enterprises and entrepreneurs onto campus to share their experiences and ideas. The focus this year has been on particular support for the development of social and co-operative enterprises which is in line with our social justice mission.

In addition, our Higher Level Skills Match (HLSM) project works to identify a range of high-status beneficial placements, particularly with small and medium-sized enterprises across the West Midlands, for our final-year and graduate students. As the reputation of our Enterprise/HLSM work has grown, colleagues have been invited to work as consultants with a range of SMEs and larger corporations within the Birmingham and Solihull LEP. These include West Midlands Police, Accord Housing, Birmingham and Solihull CCG- NHS, DWP, Unity Bank Trust and many other organisations. The HLSM project was awarded the AGCAS Building Effective Partnerships Award 2020.

During 2018-19, the University, in partnership with the University of Birmingham (UoB) and University College Birmingham (UCB), was successful in winning a three-year OfS project: 'Transformation West Midlands'. The project is funding a number of progression coaches to support students who have chosen to study and work in the West Midlands. 'Local' students in their final year of a degree and recent graduates of the three universities will receive tailored support from the designated progression coaches. Our aim is to raise aspirations, improve work-readiness and strengthen recruitment pipelines and practices, working closely with employers.

During 2020-21 we will continue to develop our offer for our current and recent graduates as we seek to ensure that they are employable throughout their lives and are able to face the challenges of a constantly changing and evolving local, national and global labour market, within equally changing economic, social and cultural environments.

Supporting our students

Newman has a wide range of students from many faiths and backgrounds and over a third of students utilise the services provided by the Student Support Service. Students requiring a little extra support in navigating a new challenge, confronting a problem or learning new skills can get help. The wealth of support available to students includes the Academic Support Advice, Learning Development Support, support with dyslexia, physical or sensory disabilities, long term health issues, mental health or autism. Counselling support and welfare advice are also available. During 2019, a number of new systems have been introduced to support students to access these resources more effectively. A new signposting guide, a new intranet-based safeguarding reporting system and the introduction of a new intranet-based triage system helping students with wellbeing concerns to be able to request an appointment quickly with a practitioner. The levels of support that we are able to give to our students are shown in the latest NSS figures (July 2020) with impressive results. Newman scored highly for assessment and feedback and organisation and management. Newman is first in England (of 125 universities) for the helpful comments on work given to students. We rank 7th in England for organisation and management of the course, and 6th for the way in which changes to courses have been communicated effectively. At a local level and for the second year running Newman has scored highest amongst the Birmingham Universities for student satisfaction.

Work on the campus has continued to develop to support our large numbers of commuter students. Following student consultation, we have been able to develop 10% more leisure space for students across the campus. Improvements to the catering outlets, including offering students facilities to heat up their own food and the provision of chilled and hot water, enables students to bring their own food onto the campus and have comfortable social seating spaces in which to eat.

In supporting students with their learning and development, ensuring that students are attending lectures is known to help their understanding of the subject, ability to participate and development of an enquiring mind. A new initiative to monitor students' attendance had been developed during 2018

and has been rolled out as a pilot during 2019-20. The SEAtS App allows students to log their attendance in class and provides the University with the corresponding student engagement data. A correlation has been found between attendance and student performance and the app helps staff to offer support at an early stage to students with a poor attendance record.

Newman University for over 10 years has been helping new students to adapt to the world of Higher Education through a programme called HEADs. Data reports a clear positive correlation between HEADs participation and the likelihood of finishing studies with a first or upper class second. This work was developed and extended during 2018 to provide a HEADOnline, digital version of HEADstart with accessible materials and twilight learning opportunities.

Developing the academic portfolio to meet the needs of our prospective students

After a significant review of the academic portfolio in late 2018, a number of new courses were introduced, looking at the needs of our students, as well as the 'fit' with our existing suites of courses and teaching. As a result of the review, some courses, especially undergraduate degrees in Sport, were consolidated. New courses were introduced in both faculties; these include LLB Law and BSc in Computer Science.

Psychology and Counselling at Newman continue to offer a wide range of undergraduate and postgraduate programmes, a number of which are fully accredited by the relevant professional bodies: British Association for Counselling and Psychotherapy (BACP), British Psychological Society (BPS), and the UK Council for Counselling and Psychotherapy (UKCP).

Research

The gaining of research degree awarding powers (RDAP) 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 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. This year saw Newman's first doctoral completions under the partnership with Liverpool Hope, with all examined students passing their vivas successfully.

Sustainability

Newman University has an Environmental Committee which has responsibility for promoting and achieving ever improving environmental standards. The University's Environmental Policy is reviewed annually and within this policy a number of targets are set including, gas, electricity and carbon, and these are monitored on a regular basis.

In 2017, the University achieved the Eco Campus Gold reaccreditation award and in March 2019 Newman University achieved both the ISO 14001 Environmental award and ISO 50001 Energy award. An external audit of the ISO awards was undertaken and re-accreditation was achieved in May 2020. A total of £65,000 was invested in further LED lighting upgrades around the campus, together with the installation of additional solar panels. A CHP fitted to the halls of residence contributes to energy savings for both gas and electricity.

Overall energy consumption and CO₂ emissions reduced across the estate compared to last year. This change, particularly relating to electricity is impacted by the national lockdown which commenced in March 2020.

Consumption data and related energy costs have been quantified by the Estates department. CO₂ and intensity KPIs are prepared by an independent consultant.

The University is working towards being a net zero carbon campus by 2035.

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Tables indicating the University's carbon emissions and savings across a range of measures:

Area	Item	2018/19 (tCO _{2e})	2019/20 (tCO _{2e})	KPI 2018/19 (kgCO _{2e} /m ² NIA)	KPI 2019/20 (kgCO _{2e} /m ² NIA)
Greenhouse Gas Emissions (tCO _{2e})	Gas	621.9	553.0	34.2	30.44
	Electricity	369.3	267.4	20.3	14.72
	Vehicles	1.06	1.15		
Campus bought out energy	Natural gas consumption (kWh)	3,386,623	3,011,797		
	Natural gas cost (£)	175,100	174,523		
	Electricity consumption (kWh)	1,211,523	987,971		
	Electricity cost (£)	178,049	166,011		

COVID-19

The coronavirus has had significant impact on the operations of the University. In March 2020, the University switched to a remote delivery model for all members of the Newman community. This change was successfully facilitated by the commitment of the whole University, and the prior planning for adverse events, including provision of IT infrastructure and equipment.

The effects of COVID-19 are likely to be felt over a number of years. These include impacts on student recruitment and associated ancillary income, and the impact of delivery in a COVID-secure environment. The University is committed that the health, safety and wellbeing of our community remains our highest priority.

Stakeholder Engagement

Newman's Council has a clear framework for determining the matters within its remit and has approved terms of reference for the matters delegated to its Committees and Academic Board.

The Council considers the potential consequences of its decisions on key stakeholders in the long term, taking into account a wide range of factors. The Council fully appreciates that the University can only grow sustainably through having regard to the views and needs of these stakeholders, being its students, staff, suppliers, partners and the wider community. Decisions made by the Council are informed by the University's mission, vision and values as described in the 2020-2025 Strategic Framework.

The Council agenda includes reports and presentations with regular updates on operational performance and on people matters. The Executive team attends Council meetings, as do functional heads, when relevant to the agenda. This ensures that the Council is in touch with all parts of the organisation in order to inform its judgements on longer term strategy. Both staff and student members sit on the Council in order to ensure regular engagement with all members to representatives of these two key groups.

The Council approved and supports the 2020-2025 Strategic Framework. The six strategic objectives of the framework shape the decisions and actions of the Council and underline the aim of the University to achieve positive outcomes for all of its stakeholders. The Council considers that it has acted in a way it considers, in good faith, to promote the success of the University for the longer term.

Financial review of the year

The University's Income, Expenditure and Results for the year to 31 July 2020 are summarised as follows:

	<u>2019/20</u>	<u>2018/19</u>
	£	£
Income	23,785,164	24,316,436
Expenditure	23,368,256	22,589,678
Surplus on continuing operations	416,908	1,726,758
Transfer from Revaluation Reserve in respect of depreciation of revalued assets	147,397	147,397
Comprehensive Income for the year	564,305	1,874,155

The University's total income in 2019/20 of £23.8 million has decreased by 2.23% on the previous year, however effective cost control has enabled it to continue to generate positive operating surpluses despite a very challenging economic environment.

The outturn for the year reflects the Council's commitment to the generation of operating surpluses in order to further invest in the campus. This financial strategy supports both investment in the campus and the 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 the values of 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.

The Council is charged with the responsibility of setting the strategic direction of the University. Council approved a Strategic Framework in February 2020 covering the period 2020-2025. The Strategic Framework provides a clear vision for the future and reasserts the Catholic ethos, mission and values of Newman University. The key strands of the Strategic Framework are: to transform students' lives; to work in partnership with students; to grow our institution; to nurture our staff; to add to knowledge and cultivate wisdom; and to serve our diverse community and the wider world. 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.

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 University remains deeply committed to the goals of widening access to, and participation in, higher education, offering 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 out-turn 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 main risks arising from the University's financial instruments can be analysed as follows:

The current Coronavirus pandemic has created a measure of uncertainty and risk to the University impacting both income and costs associated with maintaining a COVID secure campus. The health and well-being of the Newman community remains the priority of the University. The University has adhered to government advice and guidance throughout the pandemic. The operational and financial impact of the pandemic has been significant and we continue to develop our response to contain that impact.

Brexit poses a small risk to the University because of the awarding of European Grants and the impact of responses by other providers to any reductions in EU students. The University will continue to monitor the situation.

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 and loan facilities together with debtors and creditors that arise directly from its operations.

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 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 £5.5m of debt which is serviced with a mix of fixed and floating rates. 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.

Employee involvement

The 2020-25 Strategic Framework gives a commitment to staff formation by encouraging staff to develop and flourish in alignment with the strategic objectives of the University.

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.

Trade Union Regulations 2017: Facility Time data for the period April 2019 to March 2020. 20 staff acted as Trades Union Representatives with 15 spending between 1%-50% of their working hours on facility time and 5 spending 0% of their working hours on facility time. 0.05% of the total pay bill was spent on facility time, and 0% of paid facility time was spent on trade union activities.

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 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.

A fundamental part of Newman University's mission is to support social mobility through education. Newman has developed a range of student support packages designed to provide assistance to a range of students, as well as a contextualised admissions process. 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. 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.

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 Jackie Dunne (Vice-Chancellor/Council Member)

Date of Approval: 25 November 2020

CORPORATE GOVERNANCE

This statement of Corporate Governance relates to the period covered by the financial statements and the period up to the date of approval. 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 University complies with the Higher Education Code of Governance that was re-issued by the Committee of University Chairs in 2018. 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 who are 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 Leadership Team on the day-to-day operations of its business, meets at least four times a year.

The Council has four main Sub-Committees – a Finance and General Purposes Committee, an Audit Committee, a Nominations and Governance Committee and a Remunerations Committee. The Committees meet at least three times a year, except for the Remunerations Committee which meets twice 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 this has ensured quoracy.

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. The Remuneration Committee, chaired by the Chair of the Finance and General Purposes Committee, determines the remuneration of those members of the University Leadership Team who are appointed by the Council.

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 as they affect the University's business and monitors adherence to the regulatory requirements (including ongoing OfS conditions of registration). 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 and Governance 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. It also undertakes and operates the governance effectiveness assessment and considers and advises Council on Safeguarding matters.

The Senate has oversight of the academic affairs of the institution, under powers delegated by Council. Senate 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 University has established additional opportunities for Senate and the Board to gain a deeper understanding of each other's roles. A Senate-Council connection meeting takes place annually. This meeting has a joint agenda with presentations that enable discussion and promote opportunities for a deeper understanding of the respective responsibilities of each body. Examples of agenda items have included: an 'on the ground' perspective of the practical things that external examiners contribute to maintaining academic standards and the continuous improvement of the student experience, reflections on academic freedom in the HE environment and beyond. 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 Framework. There has also been an informal arrangement for Council members to gain an insight into the Senate meetings by having the opportunity to sit in on Senate meetings.

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 Department of Education (previously NCTL) and the Conditions of Registration between the University and the Office for Students (previously a Memorandum of Assurance and Accountability with 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.

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

This statement on internal controls relates to the period covered by the financial statements and the period up to the date of approval. 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 relating to the University's arrangements for the prevention and detection of corruption, fraud, bribery and other irregularities, and for reviewing their effectiveness, covering business, operational and compliance risk as well as financial risk. 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 2020 and up to the date of approval of the annual report and accounts, and is regularly reviewed by the Council and its Audit Committee to ensure 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 Remunerations Committee determines the remuneration of the most senior staff, including the Vice-Chancellor.

The Nominations and Governance 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.

The University's Strategic Plan ran from 2014-2020. Consequently, throughout 2019 we embarked on a process to review this. We spent most of 2019 in conversation with students, staff and our wider communities. The University developed a 2020-25 Strategic Framework that arose from wide-ranging consultation with stakeholders. The University believe that the finalised Strategic Framework (approved by the Council in February 2020) represents the objects, vision, mission and values that then frame our six strategic objectives. The key ambition that stands out clearly is to work together in partnership to transform students' lives.

We will implement the Framework through our sub-strategies and associated action plans.

This underpinning work was paused in the initial stages of the Covid-19 Pandemic while the University was engaged in high-priority business continuity activities. However, this work has restarted again and Strategic Goals are being worked through and will be launched in the next accounting year and this will translate through to the University's Risk Management approach.

The system of risk management, last reviewed in 2017, places emphasis on the active management of risk rather than a monitoring of risk. 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 University Leadership Team and

the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

This approach has satisfied the Council that management, together with the internal and external audit services, 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 and the University Operations Team;
- 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, and annually at Council, on risk issues;
- used the risk register to determine the direction of the internal audit plan;
- experienced no significant internal control weaknesses or failures during the period covered by the financial statements and the period up to the date of approval.

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 (including operational, compliance and financial risk) 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 compliant with the Office for Students Regulatory Framework.



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



Professor Jackie Dunne (Vice-Chancellor/Council Member)

Date of Approval: 25 November 2020

RESPONSIBILITIES OF 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, FRS 102 and other relevant Accounting Standards. In addition, within the terms and conditions of the Financial Agreement agreed between the Department of Education (previously NCTL) and the Council of the University, and the Funding Memorandum agreed between the Office for Students (previously 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 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 Department of Education, the Office for Students and other funding bodies are used only for the purposes for which they have been given and in accordance with the Office for Students' Financial Memorandum and the Funding Agreement with the Department of Education and any other conditions which the Department of Education or the Office for Students 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

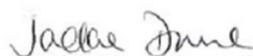
At the date of making this report each of the University's Council Members, as set out on page 3, confirm the following:

- 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 Jackie Dunne (Vice-
Chancellor/Council Member)**

Date of Approval: 25 November 2020

Independent auditor's report to the members of Newman University

Opinion

We have audited the financial statements of Newman University (the 'university') for the year ended 31 July 2020, which comprise the Statement of Income and Expenditure, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cashflows 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 university's affairs as at 31 July 2020 and of its income and expenditure, gains and losses, changes in reserves and 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 October 2018; 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 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 university 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19. All audits assess and challenge the reasonableness of estimates made by the Council and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 is amongst the most significant economic events currently faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and its impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the university's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a University associated with these particular events.

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 company'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.

In our evaluation of the council's conclusions, we considered the risks associated with the university's business, including effects arising from macro-economic uncertainties such as Covid-19, and analysed how those risks might affect the University's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of

Reports and Financial Statements for the Year Ended 31 July 2020

reference to a material uncertainty in this auditor's report is not a guarantee that the University will continue in operation.

Other information

The council are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements, set out on pages 5 to 39 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 directors' report, prepared for the purposes of company law, included in the Report of the Council for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the strategic report and the directors' report included in the Report of the Council have 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 university and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included in the Report of the Council.

Opinion on other matters prescribed by the Office for Student's ('OfS') accounts direction (issued October 2019)

In our opinion, in all material respects:

- funds from whatever source administered by the university for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them, and
- the requirements of the OfS's accounts direction (issued October 2019) 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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.

We have nothing to report in respect of the following matters where the OfS accounts direction (issued October 2019) requires us to report to you where:

- the university's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- the university's expenditure on access and participation activities for the financial year, as disclosed in the note to the accounts, has been materially misstated.

Responsibilities of Council for the financial statements

As explained more fully in the Responsibilities of Council Members set out on pages 18 and 19, 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 are responsible for assessing the 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 university or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

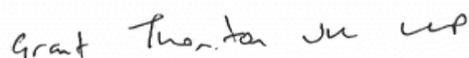
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the university's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the university's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 2 December 2020

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 2019 (the 2019 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.

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 current Coronavirus pandemic has created a measure of uncertainty and it is difficult to measure the economic impacts that will result. The University is actively managing activities in order to mitigate threats and to the extent possible create value from opportunities. 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. Surpluses will be maintained and cash generated.

Accordingly, the Council has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future, including for at least 12 months from the date of approval of the financial statements, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

5. BASIS OF CONSOLIDATION

The financial statements do not include the subsidiary for the financial year to 31 July 2020 as the subsidiary did not trade and its balance sheet is immaterial to the group. The 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 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 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 University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University 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 Statement of Comprehensive Income and Expenditure when the University 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 Statement of Comprehensive Income and Expenditure in line with such conditions being met.

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

Investment income is credited to the 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 University. Any unused benefits are accrued and measured as the additional amount the University 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 at 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 31st 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	(20% to 10% p.a.)
Telephone Equipment	–	5 Years	(20% p.a.)
Motor Vehicles	–	4 Years	(25% p.a.)
Computer Equipment	–	3 Years	(33 ¹ / ₃ % 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 each scheme are held independently. Contributions are charged to the Income and Expenditure account 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 and Expenditure account in the periods during which services are rendered by employees.

12. MAINTENANCE OF PREMISES

The University has a five-year 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 of the 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 of the 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.

17. CRITICAL ACCOUNTING ESTIMATES

RECOVERABILITY OF DEBTORS

Provision is made for debts that are not considered to be collectable – referred to as a bad debt provision. This provision is calculated based on experience of previous years' collectability of differing type of debt and applied to the amount of outstanding debt. The University currently provides for 75% of outstanding student debt relating to prior years and 30% current year outstanding student debt.

18. RESERVES

Reserves are classified as restricted or unrestricted. A restricted, revaluation reserve is held, released annually to the income and expenditure account, in accordance with the university depreciation policy. An unrestricted retained earnings reserve is also held.

19. CRITICAL JUDGEMENTS AND ASSUMPTIONS

i) INCOME RECOGNITION

The University applies judgement when determining the value and timing of income items recognised in the financial statements. This includes determining when performance related conditions have been met and the revenues associated with partially delivered courses where the activities have not been fully completed at the reporting date.

ii) IMPAIRMENT OF ASSETS

Inventory checks are carried out regularly to ensure fixed asset existence and to determine whether those fixed assets have suffered any impairment loss. If there is an indication of impairment, the

recoverable amount of any affected asset is estimated and compared to its carrying amount. If the estimated recoverable amount is lower the carrying amount is reduced and the impairment loss recognised immediately in the period it arises.

Reports and Financial Statements for the Year Ended 31 July 2020

STATEMENT OF INCOME AND EXPENDITURE

	Notes	<u>Year ended</u> <u>31 July 2020</u>	<u>Year ended</u> <u>31 July 2019</u>
		£	£
INCOME			
Funding Body Grants	1	1,029,557	1,184,774
Tuition Fees and Education Contracts	2	20,265,531	20,374,543
Research Grants and Contracts	3	3,958	17,394
Other Operating Income	4	2,459,423	2,696,480
Donations	5	-	11,393
Investment Income		26,695	31,852
Total Income		<u>23,785,164</u>	<u>24,316,436</u>
EXPENDITURE			
Staff Costs	6	15,168,771	14,271,598
Other Operating Expenses	7	6,775,451	6,931,171
Depreciation	8	1,280,105	1,247,507
Interest and other finance costs	9	143,929	139,402
Total Expenditure		<u>23,368,256</u>	<u>22,589,678</u>
Surplus before tax		416,908	1,726,758
Taxation		-	-
Surplus for the year		416,908	1,726,758
Transfers between revaluation and income and expenditure reserve		147,397	147,397
Total Income for the year		<u>564,305</u>	<u>1,874,155</u>
Represented by:			
Unrestricted Income		416,908	1,726,758
Revaluation reserve income		147,397	147,397
		<u>564,305</u>	<u>1,874,155</u>

All items of income and expenditure relate to continuing activities

Reports and Financial Statements for the Year Ended 31 July 2020

STATEMENT OF CHANGES IN RESERVES**Year Ended 31 July 2020**

	Income & Expenditure Account	Revaluation Reserve	Total
	£	£	£
Balance at 1 August 2018	27,781,683	6,800,072	34,581,755
Unrestricted comprehensive income for the year	1,726,758	-	1,726,758
Transfer between revaluation and income and expenditure reserve	147,397	(147,397)	--
Total Income for the Year	<u>1,874,155</u>	<u>(147,397)</u>	<u>1,726,758</u>
Balance at 1 August 2019	29,655,838	6,652,675	36,308,513
Unrestricted comprehensive income for the year	416,908		416,908
Transfer between revaluation and income and expenditure reserve	147,397	(147,397)	-
Balance at 31 July 2020	<u>30,220,143</u>	<u>6,505,278</u>	<u>36,725,421</u>

Reports and Financial Statements for the Year Ended 31 July 2020

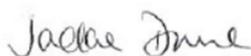
BALANCE SHEET

	<u>Notes</u>	Year ended 31 July 2020	Year ended 31 July 2019
		£	£
FIXED ASSETS			
Tangible Fixed Assets	8	35,583,309	36,524,494
Investments	10	<u>2</u>	<u>2</u>
		35,583,311	36,524,496
CURRENT ASSETS			
Stocks		31,515	24,881
Debtors	11	1,352,792	993,690
Short Term Deposits		4,012,711	2,554,287
Cash at Bank and in Hand	14	4,287,357	4,713,421
		<u>9,684,375</u>	<u>8,286,279</u>
CREDITORS: Amounts falling due within one year	12	(3,143,000)	(2,945,469)
NET CURRENT ASSETS		<u>6,541,375</u>	<u>5,340,810</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>42,124,686</u>	<u>41,865,306</u>
CREDITORS: Amounts falling due after more than one year	12	(5,379,167)	(5,525,001)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(20,098)	(31,792)
NET PENSION LIABILITY	20	<u>-</u>	<u>-</u>
TOTAL NET ASSETS		<u>36,725,421</u>	<u>36,308,513</u>
RESERVES			
General reserve	17	30,220,143	29,655,838
Revaluation Reserve	16	<u>6,505,278</u>	<u>6,652,675</u>
TOTAL RESERVES		<u>36,725,421</u>	<u>36,308,513</u>

The financial statements on pages **23 to 39** were approved by Council on 25 November 2020 and signed on their behalf by:



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



Professor Jackie Dunne (Vice-Chancellor/Council Member)

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

Registered Company Number: 05493384

Reports and Financial Statements for the Year Ended 31 July 2020

STATEMENT OF CASHFLOWS

	<u>Notes</u>	<u>Year ended</u> <u>31 July 2020</u>	<u>Year ended</u> <u>31 July 2019</u>
		£	£
Surplus on continuing operations		416,908	1,726,758
Adjustment for Non-Cash Items			
Depreciation charges		1,280,105	1,247,507
(Increase)/decrease in stocks		(6,634)	(1,270)
(Increase)/decrease in debtors		(359,102)	(213,410)
Increase/(decrease) in creditors		134,388	(31,503)
(Decrease)/increase in provisions		(11,694)	(388,005)
Adjustment for Investing and Financing Activities			
Investment Income		(26,695)	(31,853)
Interest Payable		143,929	139,402
Net Cash Inflow from Operating Activities		<u>1,571,205</u>	<u>2,447,626</u>
Cash flows from Investing Activities			
Investment Income		26,695	31,853
Payments made to acquire fixed assets		(338,920)	(336,255)
New Deposits		(1,458,424)	(20,609)
Net Cash flows from Investing Activities		<u>(1,770,649)</u>	<u>(325,011)</u>
Cash flows from Financing Activities			
Interest Paid		(143,929)	(139,402)
New unsecured loans		-	5,000,000
Repayments of Amounts borrowed		(83,334)	(5,733,333)
Net Cash flows from Financing Activities		<u>(227,263)</u>	<u>(872,735)</u>
(Decrease)/increase in cash and cash equivalents in the year		<u>(426,707)</u>	<u>1,249,880</u>
Cash and cash equivalents at the beginning of the year	14	4,712,170	3,462,290
Cash and cash equivalents at the end of the year	14	<u>4,285,463</u>	<u>4,712,170</u>

Reports and Financial Statements for the Year Ended 31 July 2020

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

	Year ended 31 July 2020	Year ended 31 July 2019
	£	£
Office for Students Recurrent Grant	548,599	686,574
Office for Students Other Grant	78,806	173,301
UK Research & Innovation Grant	275,203	189,584
HEFCE Other Grants	-	8,264
DfE Other Grants	126,949	127,051
	<u>1,029,557</u>	<u>1,184,774</u>

2. TUITION FEES AND EDUCATION CONTRACTS

UK Full-time Students	19,199,758	19,395,855
Non UK Full-time Students	15,300	28,442
UK Part-time Students	1,045,530	885,655
Examination Fees	225	10,480
Other Fees & Charges	4,718	54,111
	<u>20,265,531</u>	<u>20,374,543</u>

3. RESEARCH GRANTS & CONTRACTS

Research Grants	<u>3,958</u>	<u>17,394</u>
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4. OTHER OPERATING INCOME

Residences and Catering	1,072,577	1,471,896
Other Income	1,386,846	1,224,584
	<u>2,459,423</u>	<u>2,696,480</u>

5. DONATIONS

Unrestricted Donation from Subsidiary	<u>-</u>	<u>11,393</u>
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6. STAFF COSTS

The average number of persons (including senior post-holders) employed during the year, expressed as full-time equivalents, was 279 (2019: 294). During the year compensation for loss of office of £450k was payable (on an accruals basis) to 19 employees following a structured Voluntary Severance Scheme undertaken by the University. These costs are included within operating costs

Payroll costs during the year were as follows:

	<u>Year ended 31 July 2020</u>	<u>Year ended 31 July 2019</u>
	£	£
Wages and Salaries		
Teaching Staff	6,525,546	6,537,611
Non-Teaching Staff	5,296,013	4,890,172
Social Security Costs	1,214,155	1,208,287
Other Pension Costs	2,133,057	1,635,528
	<u>15,168,771</u>	<u>14,271,598</u>

Emoluments of the Vice-Chancellor

1 August - 30 September 2019

Remuneration:	28,008	168,049
Pension contributions:	5,624	27,694
Total Emoluments	<u>33,632</u>	<u>195,743</u>

Reports and Financial Statements for the Year Ended 31 July 2020

	<u>Year ended</u> <u>31 July 2020</u>	<u>Year ended</u> <u>31 July 2019</u>
	£	£
Emoluments of the Acting Vice-Chancellor		
Until 29 February 2020		
Remuneration:	99,793	55,726
Pension contributions:	<u>22,623</u>	<u>9,184</u>
Total Emoluments	<u>122,416</u>	<u>64,910</u>
Emoluments of the Vice-Chancellor		
1 March – 31 July 2020		
Remuneration:	72,083	-
Pension contributions:	<u>17,069</u>	<u>-</u>
Total Emoluments	<u>89,152</u>	<u>-</u>

The Vice-Chancellor's remuneration comprises basic salary and employer's pension contribution. In the financial year ending 31 July 2020 no bonus or severance, market supplements, salary sacrifice or allowances (paid or deferred) were made. The Vice-Chancellor's basic salary remains in the bottom quartile of the heads of institution within the higher education sector when measured against sector benchmarks; including that of the Cathedrals Group of which Newman is a member. In determining the remuneration of the Vice Chancellor, the Remuneration Committee also recognises the financial constraints and the challenging environment facing the institution and sector. It was important that the University send a message to all stakeholders that it was mindful of the situation and that it will continue to exercise restraint in remuneration.

In February 2019, the Vice Chancellor tendered his resignation effective 30th September 2019. On 3rd April 2019 the Deputy Vice Chancellor was appointed Acting Vice Chancellor, performing the full range of duties expected of the Vice Chancellor, at the same level of remuneration as the Vice Chancellor. On 1st March 2020 a Vice Chancellor was appointed.

The Vice-Chancellor's basic salary is 5.42 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by Newman University to its staff. The Vice-Chancellor's total remuneration salary is 5.66 times the median total remuneration of staff, where the median remuneration is calculated on a full-time equivalent basis for the salaries paid by Newman University to its staff.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University and are represented by the Council appointed Senior Post-Holders, which comprises the Vice-Chancellor, Deputy Vice-Chancellor, the University Registrar and the Chief Financial Officer.

	<u>Year ended</u> <u>31 July 2020</u>	<u>Year ended</u> <u>31 July 2019</u>
Salaries	446,870	509,087
Benefits in kind	<u>-</u>	<u>-</u>
	446,870	509,087
Pension contributions	102,644	83,898
Employers NI	<u>57,126</u>	<u>65,126</u>
Total emoluments	<u>606,640</u>	<u>658,111</u>

Remuneration of higher paid staff, excluding pension contributions (excluding the Vice-Chancellor and Acting Vice Chancellor)

Basic Salary per Annum	No of employees 2020	No of employees 2019
£100,000 - £104,999	1	1

Council Members' Expenses

No Council member has received any remuneration / waived payments from the University during the year (2019: NIL). The total expenses paid to or on behalf of Council Members was £2,581 (2019: £3,241). 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.

Reports and Financial Statements for the Year Ended 31 July 2020

7. OTHER OPERATING EXPENSES

	<u>Year ended</u> <u>31 July 2020</u>	<u>Year ended</u> <u>31 July 2019</u>
	£	£
Other Operating Expenses include:		
External Auditors' Remuneration:		
in respect of audit services	21,125	21,125
in respect of non-audit services	3,460	13,370
Internal Audit	19,039	17,148

Access and Participation

	<u>Year ended</u> <u>31 July 2020</u>
	£
Access Investment	319,000
Financial Support	45,000
Support for Disabled Students	239,000
Research and Evaluation	15,000
Total	<u>618,000</u>

A copy of the University Access and Participation Plan is available on the website at:

[Newman University Access & Participation Plan](#)

8. TANGIBLE FIXED ASSETS

	<u>Land and</u> <u>Buildings</u>	<u>Fixtures, Fittings &</u> <u>Equipment</u>	<u>Total</u>
	£	£	£
Cost or Valuation			
At 1 August 2019	47,739,718	1,563,180	49,302,898
Additions	241,567	97,353	338,920
At 31 July 2020	<u>47,981,285</u>	<u>1,660,533</u>	<u>49,641,818</u>
Depreciation			
At 1 August 2019	11,752,245	1,026,159	12,778,404
Charge for the year	1,110,955	169,150	1,280,105
At 31 July 2020	<u>12,863,200</u>	<u>1,195,309</u>	<u>14,058,509</u>
Written down values:			
At 31 July 2020	<u>35,118,085</u>	<u>465,224</u>	<u>35,583,309</u>
At 31 July 2019	<u>35,987,473</u>	<u>537,021</u>	<u>36,524,494</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 2020, land of £3,831,375 was held within land and buildings and is not depreciated.

9. INTEREST

Interest and other finance costs relate to interest payable on the term loan, non-utilisation fees and interest on the revolving credit facility.

Reports and Financial Statements for the Year Ended 31 July 2020

10. INVESTMENTS

The University holds 100% of the share capital of Newman Firmtrust Limited at a cost of £2 (2019: £2). Newman Firmtrust Limited 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 a building extension on behalf of Newman University, although it has essentially been dormant throughout the current and prior year

The following is a summary of financial information in respect of the subsidiary at 31 July 2020:

	<u>Year ended</u> <u>31 July 2020</u>	<u>Year ended</u> <u>31 July 2019</u>
	£	£
Investment in Subsidiary	<u>2</u>	<u>2</u>

11. TRADE AND OTHER RECEIVABLES

AMOUNTS FALLING DUE WITHIN ONE YEAR:	<u>Year ended</u> <u>31 July 2020</u>	<u>Year ended</u> <u>31 July 2019</u>
	£	£
Fees and services	642,899	446,902
Prepayments and accrued income	709,893	520,188
Amount due from subsidiary undertaking	-	26,600
	<u>1,352,792</u>	<u>993,690</u>

12. CREDITORS

AMOUNTS FALLING DUE WITHIN ONE YEAR:	<u>Year ended</u> <u>31 July 2020</u>	<u>Year ended</u> <u>31 July 2019</u>
	£	£
Bank overdraft	1,894	1,251
Term Loans (see footnote)	145,834	83,333
Trade and other creditors	891,331	1,615,684
Payments received in advance	105,536	67,930
Social security and other taxation payable	318,540	312,992
Accruals	<u>1,679,865</u>	<u>864,279</u>
	<u>3,143,000</u>	<u>2,945,469</u>
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR: (see footnote)		
Revolving Green Fund	150,000	150,000
Revolving Cash Facility	-	-
Term Loan	291,667	375,001
Term Loan	<u>4,937,500</u>	<u>5,000,000</u>
	<u>5,379,167</u>	<u>5,525,001</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.

A term loan of £5,000,000 was negotiated in February 2019, with a two year capital repayment holiday with first amortisation on 27th May 2021, repayable in regular instalments totalling £250,000 per annum. The rate of interest on the loan is fixed rate until February 2026 (7 years) at 1.2980% plus loan margin 1.1% (2.3980% total), payable quarterly.

A four year revolving credit facility of £2,000,000 was negotiated in February 2019. Due to uncertainty in the economic climate due to COVID-19, in April 2020 this facility was utilised in full for a period of three months to

Reports and Financial Statements for the Year Ended 31 July 2020

July 2020 when repaid in full. The terms of drawdown are 0.75% over LIBOR base rate, with a non-utilization fee of 0.3%.

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

	<u>Year ended</u> <u>31 July 2020</u>	<u>Year ended</u> <u>31 July 2019</u>
	£	£
Between one and two years:		
Term Loan	166,666	166,666
Term Loan	500,000	-
	<u>666,666</u>	<u>166,666</u>

	<u>Year ended</u> <u>31 July 2020</u>	<u>Year ended</u> <u>31 July 2019</u>
		£
Between two and five years:		
Term Loan	125,001	208,335
Term Loan	750,000	750,000
	<u>875,001</u>	<u>958,335</u>
More than five years:		
Revolving Green Fund	150,000	150,000
Term Loan	3,687,500	4,250,000
	<u>3,837,500</u>	<u>4,400,000</u>

13. PROVISION FOR LIABILITIES AND CHARGES

	<u>Enhanced</u> <u>Pensions</u>	<u>Other</u> <u>Provisions</u>	<u>Total</u>
	£	£	£
At 1 August 2019	31,792	-	31,792
Transfer from Income and Expenditure Account	<u>(11,694)</u>	-	<u>(11,694)</u>
At 31 July 2020	<u>20,098</u>	<u>-</u>	<u>20,298</u>

14. CASH AND CASH EQUIVALENTS

	At 1 August 2019	Cash flows	At 31 July 2020
	£	£	£
Cash and cash equivalents	4,713,421	(426,064)	4,287,357
Bank Overdraft	(1,251)	(643)	(1,894)
Total	<u>4,712,170</u>	<u>(426,707)</u>	<u>4,285,463</u>

Reports and Financial Statements for the Year Ended 31 July 2020

	<u>Year Ended</u> <u>31 July 20</u>	
15. RECONCILIATION OF NET DEBT		
	£	
Net Debt as at 1 August 2019	(896,164)	
Movement in Cash and Cash Equivalents	(426,064)	
Movement in Overdraft	(643)	
Repayment of Loans	83,333	
Other non-cash movements	-	
Net Debt as at 31 July 2020	(1,239,538)	
Change in Net Debt	<u>(343,374)</u>	
Analysis of Net Debt:	<u>Year Ended</u> <u>31 July 2020</u>	<u>Year Ended</u> <u>31 July 2019</u>
	£	£
Cash and Cash Equivalents	4,287,357	4,713,421
Borrowings: Amounts falling due within one year		
Unsecured Loans	145,834	83,333
Bank Overdraft	1,894	1,251
Balance as at 31 July	<u>147,728</u>	<u>84,584</u>
Borrowings: Amounts falling due after one year		
Unsecured Loans	5,229,167	5,375,001
Revolving Green Fund	150,000	150,000
Balance as at 31 July	<u>5,379,167</u>	<u>5,525,001</u>
Net Debt	<u>(1,239,538)</u>	<u>(896,164)</u>
16. REVALUATION RESERVE		
	<u>Year Ended</u> <u>31 July 20</u>	<u>Year Ended</u> <u>31 July 19</u>
	£	£
Revaluations		
At 1 August and 31 July	<u>10,768,969</u>	<u>10,768,969</u>
Contributions to Depreciation		
At 1 August	4,116,294	3,968,897
Released in year to general reserves	147,397	147,397
At 31 July	<u>4,263,691</u>	<u>4,116,294</u>
Net Revaluation Amount		
At 31 July	<u>6,505,278</u>	<u>6,652,675</u>
17. GENERAL RESERVES		
	<u>Year Ended</u> <u>31 July 2020</u>	<u>Year Ended</u> <u>31 July 2019</u>
	£	£
Income and Expenditure Account		
Balance at 1 August	29,655,838	27,781,683
Surplus for the year	416,908	1,726,758
Depreciation released in the year from revaluation reserve	147,397	147,397
Balance as at 31 July	<u>30,220,143</u>	<u>29,655,838</u>

18. CONTINGENT LIABILITY

Exchequer interests (representing the contributions made by OfS towards the construction and refurbishment of University buildings) amounted to £1,714,349 as at 31 July 2020. Exchequer interests are amortised over 10-15 years and are repayable only in the event of insolvency or a significant reduction in the level of publically 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.

19. STUDENT NUMBERS

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

	<u>2020</u>	<u>2019</u>
Full-time	2145	2175
Part-time	648	624
	<u>2793</u>	<u>2799</u>

20. PENSION SCHEMES

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

Total pension cost for the year	<u>Year ended</u> <u>31 July 2020</u>	<u>Year ended</u> <u>31 July 2019</u>
	£	£
Teachers' Pension Scheme: employer contributions paid	1,515,088	1,081,906
Aviva Pension Scheme: employer contributions paid	615,050	551,000
NEST: employer contributions paid	2,919	2,622
Total Pension Cost for Year	<u>2,133,057</u>	<u>1,635,528</u>
Made up of:		
Employer costs	<u>2,133,057</u>	<u>1,635,528</u>
Total Pension Cost for Year	<u>2,133,057</u>	<u>1,635,528</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.

Reports and Financial Statements for the Year Ended 31 July 2020

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 which 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 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Government Actuary's Department on 5 March 2019. The key results of the valuation and the subsequent consultation are:

- employer contribution rates were set at 23.68% of pensionable pay (including a 0.08% levy for administration);
- total scheme liabilities for service to the effective date of £218.1 billion, and notional assets of £196.1 billion, giving a notional past service deficit of £22 billion;
- an employer cost cap of 7.3% of pensionable pay will be applied to future valuations

The new employer contribution rate for the TPS was implemented in September 2019.

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/2019/04/teachers-pensions-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.

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) Aviva Pension Scheme (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 Income and Expenditure account (Note 6) include contributions payable by the University to the scheme.

(c) NEST

The University introduced the option of NEST for all employees who are ineligible to join TPS or APS. This is a workplace pension scheme set up by the government to meet the requirements of the new auto enrolment pension rules.