

**Nottingham Trent University**

**Financial Statements**

**31 July 2015**

## **Contents**

Operating and Financial Review	3
Independent auditor's report to the Board of Governors of Nottingham Trent University	15
Statement of principal accounting policies	17
Consolidated income and expenditure account	21
Consolidated statement of historical cost surpluses and deficits	22
Consolidated statement of total recognised gains and losses	22
Balance sheets	23
Consolidated cash flow statement	25
Reconciliation of net cash flow to movement in net funds	25
Notes to the financial statements	26

## Operating and Financial Review

### **STRATEGY**

#### **Our greatest strengths**

These lie in the energy, expertise, and experience that our colleagues bring to their academic disciplines. These attributes have enabled us to enhance our reputation for outstanding campuses, teaching innovation, research excellence and exceptional scholarship.

They have also enabled us to develop our commitment to corporate social responsibility and sector leading information systems. We have managed our resources effectively over recent years.

#### **The challenges we face**

However, over the next five years, changes to the domestic undergraduate student fee and number regimes will create further challenges. These will include:

- more competition to attract a broader range of students
- more expectation for universities to input into economic growth and social cohesion
- financial challenges as the value of UK fees reduces and other budgets come under pressure
- more intensive imperatives around widening access and improving student retention.

Students' expectations will also rise. This will be particularly true in relation to the use of technology in relation to their studies. Employers will become more engaged in the design and delivery of a portfolio of more flexible courses to connect employer requirements and students' career aspirations.

We have created a new strategic plan which recognises the risks and opportunities we face and organises the **University's ambitions under five key themes: Creating Opportunity, Valuing Ideas, Enriching Society, Connecting Globally and Empowering People.**

#### **Creating opportunity**

All our students excel in developing the knowledge, skills, and resilience to play the positive role in society they envisage for themselves. They personalise their learning, combining theoretical rigour, practical relevance, and personal development. As the destination of choice for an increasingly diverse group of students and professionals, we collaborate with employers to challenge, surprise, and inspire all those who study with us.

#### **Valuing ideas**

We possess strong relationships and robust processes that enable discovery, drive innovation, and change the world, our students, and ourselves. They promote our disciplinary breadth, our intellectual depth, and our commitment to working across boundaries.

#### **Enriching society**

We play a leading role in the social, cultural, economic and environmental development of the City, East Midlands and United Kingdom. We deploy our resources and expertise in close alignment with strategic partners and engage with a wide range of organisations in order to enhance their prospects and those of our students.

#### **Connecting globally**

As an international University, we nurture global citizenship, engage with the international research community, and attract talented students and staff from around the world.

## **Empowering people**

We champion an environment of collective pride in the University in which the contribution of our colleagues is recognised and respected. We encourage their creativity and voice and have a reputation for attracting, rewarding and retaining colleagues who share our ambitions and display the expertise, experience and enterprise to deliver them.

## **CORPORATE AND SOCIAL RESPONSIBILITY**

Nottingham Trent University is a leader in corporate responsibility (CR), global citizenship and sustainable business practices. Commitment to our students, customers, staff, partners, communities and the environment is an integral part of the way we work. Operating with integrity and transparency, our aim is to embed CR throughout the organisation, integrating it with corporate strategy, decision making and risk assessment.

Every year, hundreds of our students volunteer to work in schools, colleges and community organisations, primarily in deprived areas where progression rates into university are lower than average. The students help to raise pupil aspiration and attainment and support local community groups, whilst developing their own skills and enhancing their experience at university.

Commitment to environmental sustainability is a key part of our strategy. NTU holds the externally-accredited Eco Campus Platinum and ISO 14001 status for its environmental performance and practices. We continue to maintain a leading position in the People & Planet Green League, in which we are ranked as a “First Class” University.

NTU helps to stimulate economic growth and development in the region through a number of initiatives including The Hive and Future Factory, through participation in a wide range of public events and provision of business services.

## **PRINCIPAL CORPORATE RISKS**

Principal corporate risks are monitored on a weekly basis by the University Executive Team (UET), as part of an institution-wide Risk Management framework which has been developed and refined over a number of years. The Audit and Risk Management Committee has responsibility for ensuring that risk management systems are embedded and effective.

## **REGULATORY ENVIRONMENT**

### **Legal status**

Nottingham Trent University is a Higher Education Corporation (HEC) established under the provisions of the Education Reform Act 1988. The powers of the University are specified in section 124 of that Act and further articulated in the Further and Higher Education Act 1992.

### **Charitable status**

As a HEC, the University has exempt charitable status (which derives from the Charities Act 1993 and its successor legislation) and is subject to regulation by the Higher Education Funding Council for England (HEFCE) which is the Principal Regulator of exempt-charity Higher Education Institutions (HEIs) in England.

The members of the Board of Governors are also the Trustees of the University for the purposes of charity law.

### **Scope of the financial statements**

These Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP) for the Further and Higher Education Sector 2007, and in accordance with the publication requirements set out by HEFCE in its role as Principal Regulator for exempt-charity higher education institutions in England.

The Financial Statements comprise the consolidated results of the University and its wholly owned subsidiary companies. The subsidiary companies are:

- Nottingham Consultants Limited undertakes those activities which, for legal or commercial reasons, are more appropriately channelled through a limited company;
- Nottingham Conference Centre Limited provides conference and catering facilities for external clients;

- The Education Support Centre (UK) Limited provides the higher and further education sectors with expert technical assistance on Microsoft products.

All subsidiaries covenant the whole of any taxable profits to the University.

The consolidation includes the University's share of the net assets of BioCity Nottingham Limited of which the University owns 50%.

## **FINANCIAL REPORT**

The University has delivered a strong financial performance in the year, producing an operating surplus of £13.4 million which created a net cash inflow from operations of £35.4 million, an increase of £4.7 million (15%) on 2013/14.

This has enabled significant investment in the delivery of our strategic plan and in facilities and equipment to support teaching and research.

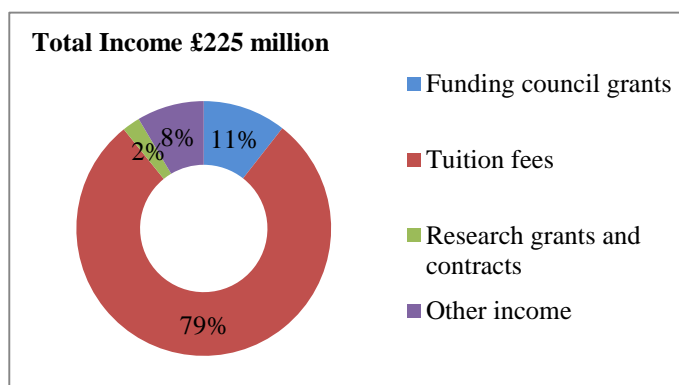
### **Income and Expenditure Account**

The table below is a summary of the Income and Expenditure Account:

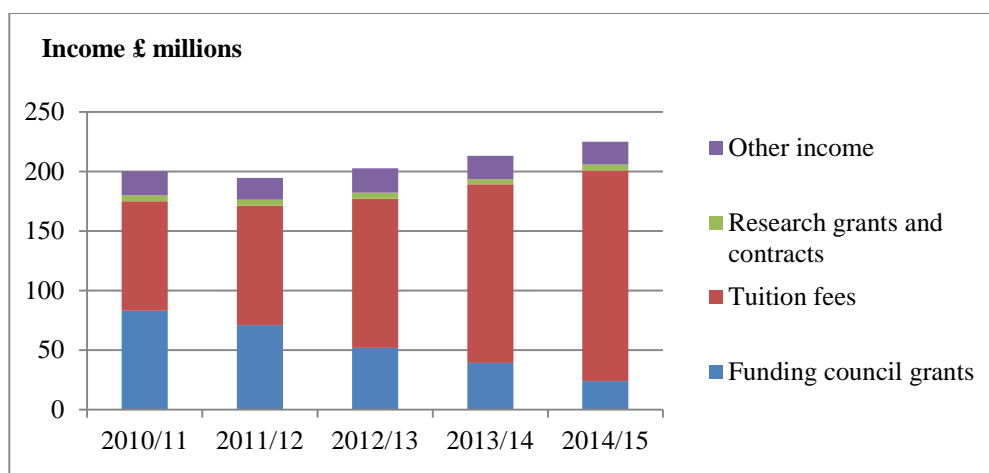
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Income	224.9	213.2	202.7	194.4	200.0
Expenditure	211.5	199.9	197.3	190.8	192.5
Operating surplus	13.4	13.3	5.4	3.6	7.5
Exceptional items		11.8		1.1	
Impairment of assets		-9.0		-3.1	
Release from revaluation reserve	1.6	10.2	1.8	4.8	1.8
Historic cost surplus	15.0	26.3	7.2	6.4	9.3

The operating surplus of £13.4 million represents 6% of income.

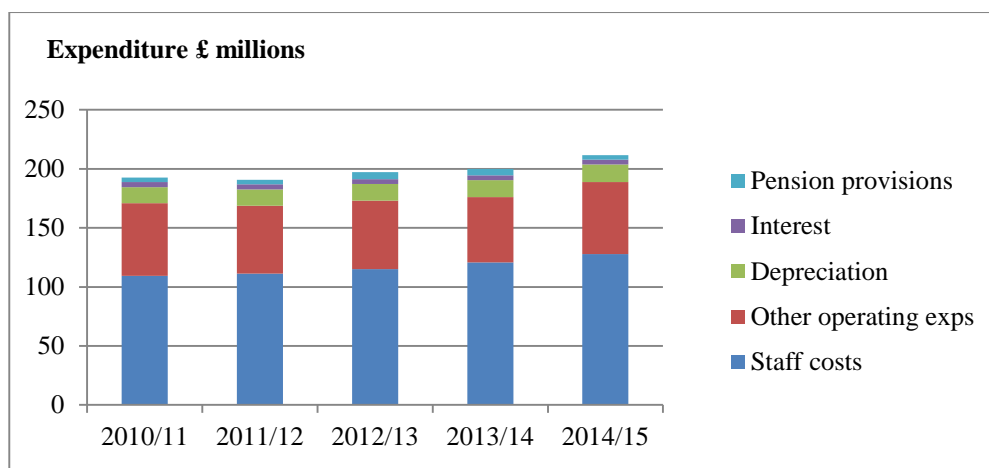
During 2014/15 the profile of income to the University continued to change as most undergraduates are now on the new fee regime and funding council grants have reduced correspondingly.



Income from tuition fees now represents 79% of total income. Since 2009/10 funding council grant income has decreased by £55 million and now accounts for only 11% of total income.

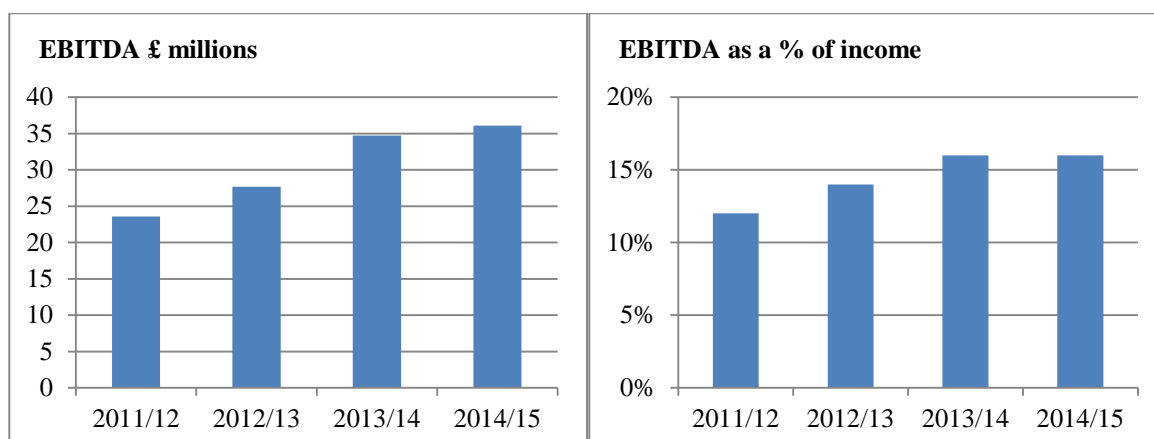


Expenditure in 2014/15 has increased in line with income. Staff costs, excluding provisions in respect of FRS 17, continue to represent 57% of total income.



**Earnings before interest, tax, depreciation and amortisation (EBITDA)** is a commonly used indicator of financial performance and has recently been integrated into regulatory returns required by the Higher Education Funding Council.

Our EBITDA in 2014/15 was £36 million, 16% of income. Nottingham Trent University typically appears in the upper quartile of the higher education sector in this measure. The charts show the four year trend.

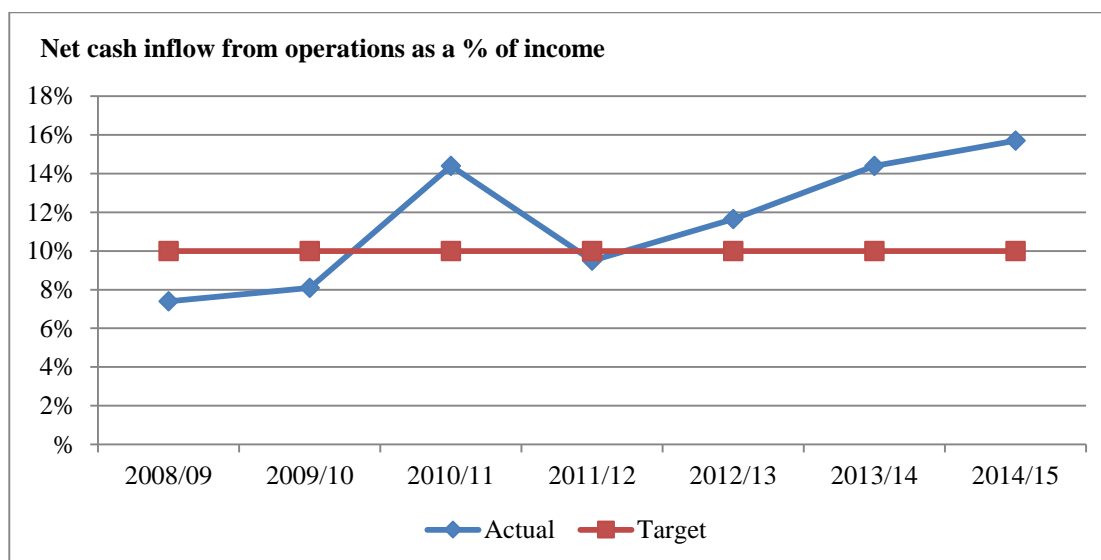


## Cash Flow

We set a 10% Net Cash Inflow from Operations target as the University's key financial performance indicator. This target has been established to ensure investment capacity is created and to provide a sustainable financial model.

In 2014/15 we achieved a net cash inflow from operations of £35.4 million, 16% of income

The chart below highlights operational cash flow trends.

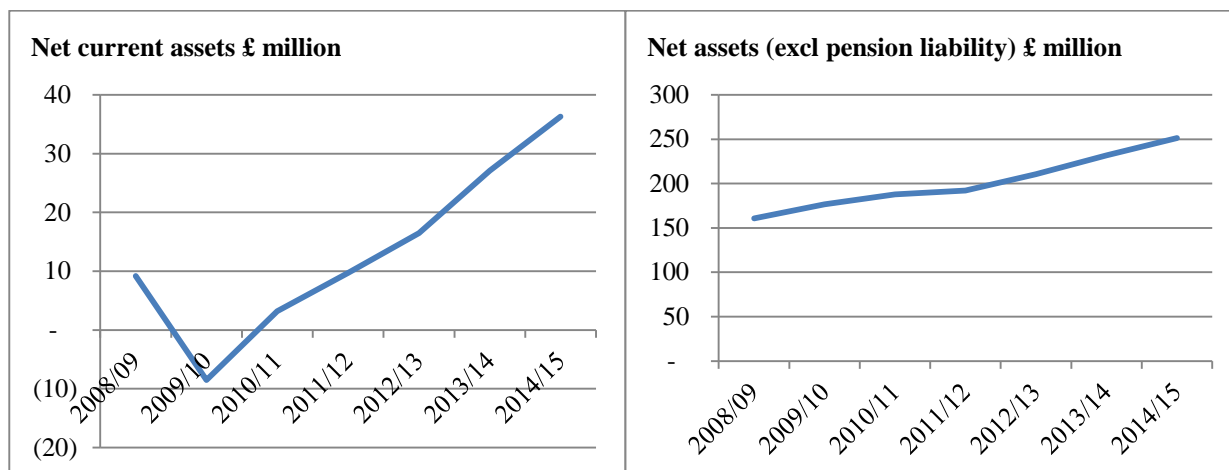


The treasury management policy prioritises security over returns and is formally reviewed annually by the Board of Governors.

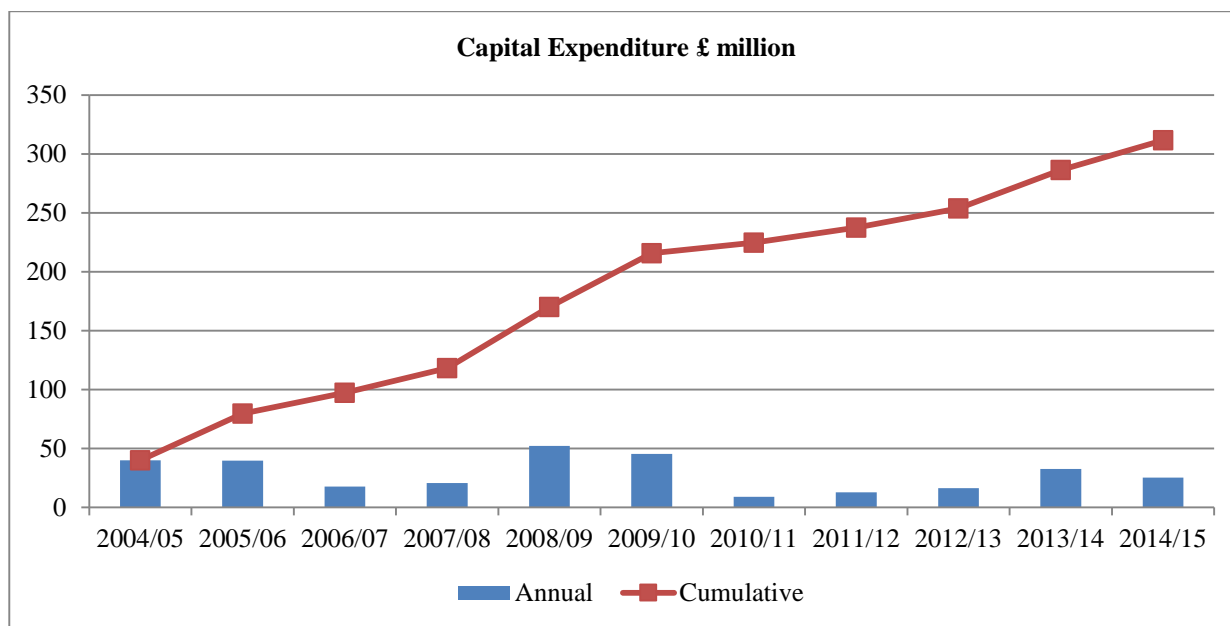
The University maintains a firm policy with regard to debtors. In respect of creditors, the University ensures prompt payment of suppliers and, subject to any other agreed contractual conditions, will normally make payment within 30 days following the date of invoice.

## Balance Sheet

Net Current Assets have increased by £9 million and Net Assets Excluding Pension Liability by £19 million. The improvement in net assets is indicative of the overall improvement in financial performance.



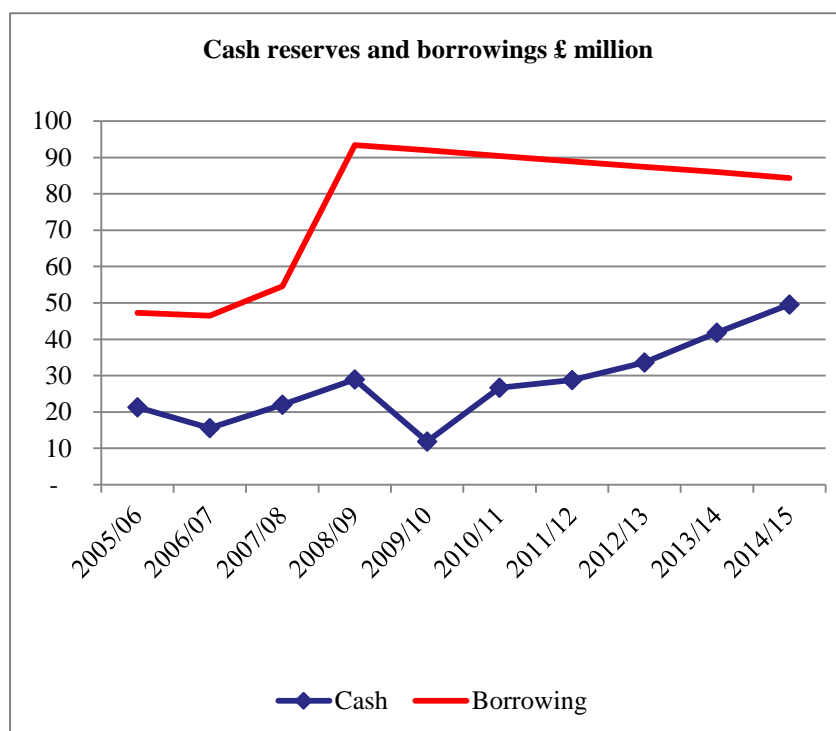
During the last 10 years a significant estate regeneration programme has been completed. A further £25 million has been invested in 2014/15.



The initial phases of the regeneration programme were supported through borrowing. During 2005 £55 million was borrowed over a 25 year term and a second £40 million tranche was borrowed in 2008 over a 30 year term. Both tranches have fixed rates of interest below 5%.

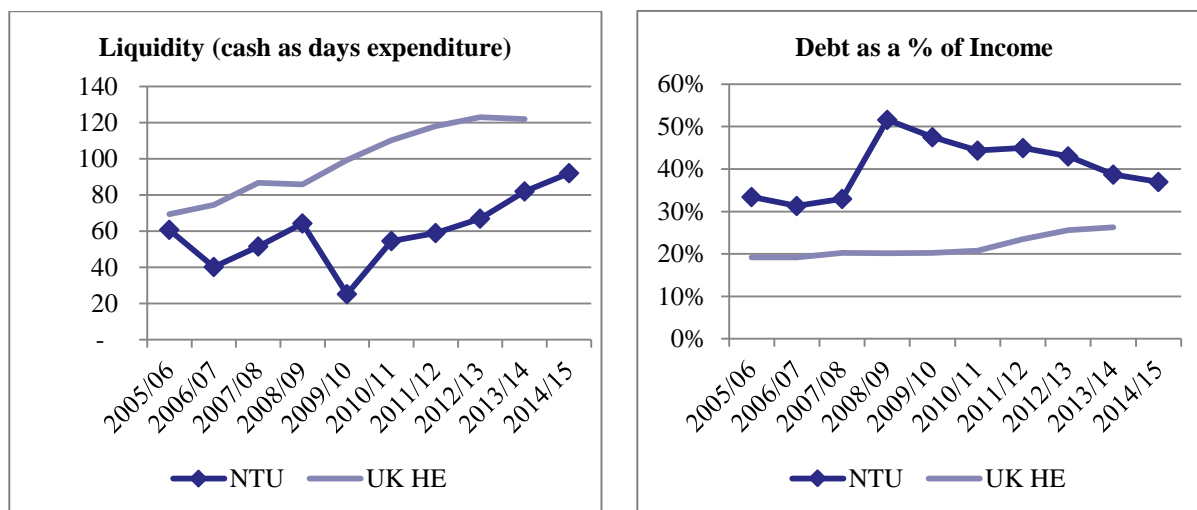
In addition, disposal proceeds, working capital and cash reserves were utilised.

Over recent years, cash reserves have been successfully rebuilt and borrowings are being repaid.





At 31<sup>st</sup> July 2015 cash reserves have increased by £8 million to £49.6 million which represents 92 days liquidity. Borrowing has reduced to £84 million, 37% of income.



A summary of the Balance Sheet as at 31 July:

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Fixed Assets	302.8	292.4	282.9	281.0	284.7
Endowment Assets	7.4	8.0	8.4	0.6	0.8
	310.2	300.4	291.3	281.6	285.5
Current Assets (non-cash)	16.2	14.0	10.9	13.3	11.2
Cash and short-term deposits	49.6	41.8	33.6	28.8	26.7
Current Liabilities	-29.5	-28.7	-27.9	-32.4	-34.7
Net Current Assets	36.3	27.1	16.6	9.7	3.2
Total Assets less Current Liabilities	346.5	327.5	307.9	291.3	288.7
Long-term creditors	-82.3	-84.1	-85.7	-87.3	-88.8
Provisions	-13.1	-11.6	-11.6	-11.8	-12.0
Net Assets excluding Pension Liability	251.1	231.8	210.6	192.2	187.9
Pension Liability	-121.5	-100.3	-71.3	-91.1	-54.8
Net Assets	129.6	131.5	139.3	101.1	133.1

The Pension Liability relates to the Nottinghamshire County Council Pension Fund. At the triennial valuation date of 31 March 2013 the actuaries reported that the proportion of the scheme relating to the University was broadly on target to achieve its 20 year deficit recovery plan. As a consequence there was minimal change to employer contribution rates. The accounting standard that dictates a methodology for inclusion of pension liabilities on balance sheets is more prudent and continues to show a material deficit which has increased further in 2014/15 due to changes in actuarial assumptions.

## **CORPORATE GOVERNANCE**

### **Structure and operation**

The University's Board of Governors comprises lay/independent, co-opted and staff members appointed in accordance with the Instrument and Articles of Government of the University. All of the lay/independent members are non-executive. The roles of Chairman and Deputy Chairman of the Board are separated from the role of the University's Chief Executive, the Vice-Chancellor.

Matters specifically reserved to the Board of Governors for decision are set out in the Articles of Government of the University and the Memorandum of Assurance and Accountability with the Higher Education Funding Council for England (HEFCE).

The Board of Governors meets at least four times a year and has established several Committees, including a Membership and Nominations Committee, a Remuneration and Employment Policy Committee, an Audit and Risk Management Committee, a Strategy, Policy, Finance and Resources Committee, and a Development Board. All of these Committees are formally constituted with terms of reference and comprise members of the Board of Governors and (where appropriate) co-opted non-Governor members with relevant skills and expertise. Minutes of the meetings of the Committees, along with reports from the Committees on specific issues, are submitted to the Board of Governors.

The Board of Governors has adopted the Governance Code of Practice published by the Committee of University Chairs (CUC), which was updated in December 2014. The board of Governors seeks to organise and conduct its affairs in accordance with the principles of good practice articulated in that Code, and believes that, in all material respects, its conduct does accord with those principles.

### **Primary responsibilities of the Board of Governors**

In accordance with its various legislative and regulatory obligations, the Board of Governors of the University is responsible for:

- Approving the mission and strategic vision of the institution, its long-term academic and business plans and key performance indicators, and ensuring that these meet the interests of stakeholders;
- Delegating authority to the Vice Chancellor (as chief executive and head of the institution) for the academic, corporate, financial, estate and personnel management of the institution;
- Ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment;
- Ensuring that processes are in place to monitor and evaluate the performance and effectiveness of the institution against its plans and approved key performance indicators;
- Establishing processes to monitor and evaluate the performance and effectiveness of the governing body itself;
- Appointing the Vice-Chancellor, as chief executive, and putting in place suitable arrangements for monitoring his/her performance.

- Appointing a Clerk to the governing body and ensuring that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
- Acting as the employing authority for all staff in the institution and ensuring the establishment of an appropriate human resources strategy.
- Ensuring that appropriate provisions are in place for the general welfare and discipline of students.
- Safeguarding the institution's assets, property and estate, and its reputation and values;
- Approving the annual budget and financial statements, and publishing audited financial statements for each financial year.

In respect of its obligations for financial management issues, the Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and the group and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act, the Statement of Recommended Practice Accounting for Further and Higher Education and relevant accounting standards.

In addition, as part of the terms and conditions of the Memorandum of Assurance and Accountability with HEFCE and in accordance with other relevant regulatory obligations, the Board of Governors is required to ensure (through its designated office holder) that financial statements are prepared for each financial year which give a true and fair view of the state of affairs of the University and the group and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Board of Governors has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on a going concern basis unless it is inappropriate to presume that the University and the group will continue in operation.

The Board of Governors has taken reasonable steps to:

- ensure that funds from HEFCE and other funding bodies are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with HEFCE or other relevant regulatory agreements between the University and the respective funding bodies;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and the group and prevent and detect fraud;
- secure the economical, efficient and effective management of the University and the group's resources and expenditure.

### **Delivery of public benefit**

In determining the educational character of the University and approving its strategic and operational plans, the Board of Governors has taken into consideration guidance on public benefit issued by the Charity Commission.

### Teaching, learning and community activity

The University's major activity, in volume terms, is the delivery of undergraduate programmes, accessible to all irrespective of background or financial means. We seek to develop rounded graduates who have the skills, integrity and commitment to make a positive impact on the societies in which they live and work. Over 22,000 students were enrolled on undergraduate programmes during the year, with more than 4,600 on postgraduate programmes.

Our programmes are designed to ensure that our graduates can and do make a substantial contribution to social and economic well-being in the UK and beyond.

The University strives to ensure that potential students are not barred or discouraged by financial constraints. In 2014/15 35% of our Home/EU undergraduates received a bursary or scholarship from the University, and we provided students with over £13 million in bursaries, scholarships and other financial support.

The University has extensive links with schools and colleges throughout the region to raise aspirations and attainment in schools, and to encourage participation in higher education by those from socially disadvantaged backgrounds. Partnerships with Further Education Colleges are a key element in the University's outreach work, building pathways from foundation degrees through degree courses and postgraduate training into the professions.

During 2014/15 we delivered over 500 outreach activities and engaged directly with over 22,000 participants across all age ranges. Our students contributed approximately 40,000 volunteering hours to local and global communities through University led schemes. Over 300 NTU students were recruited to deliver activities in local schools and colleges, acting as mentors and classroom assistants, and some 500 NTU staff delivered over 6,000 volunteering hours through a range of community-based schemes.

We provide a range of facilities and events that are open to the general public. This includes access to the university's libraries, and an on-going programme of free-to-attend distinguished lectures, which feature leading academics, business entrepreneurs and key decision-makers from the political arena, and well-known individuals working in fields such as fashion, science, the environment and sport.

### Research

We possess strong relationships and robust processes that enable discovery, drive innovation, and change the world, our students, and ourselves. They promote our disciplinary breadth, our intellectual depth, and our commitment to working across boundaries.

Our portfolio ranges from scientific research that saves lives to research in the social sciences that shapes government policy. World-leading research in cancer therapies, airport security technology and gambling addiction are just a few examples of activity that delivers direct public benefit.

Further information on the University's wide range of activities, and the resulting public benefits, can be found on the University's website and in other published material.

### **Statement of Internal Control**

1. As the governing body of Nottingham Trent University, the Board of Governors has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the governing body in the Instrument and Articles of Government and the Memorandum of Assurance and Accountability with HEFCE.
2. The system of internal control is designed to manage rather than to eliminate the risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness.
3. The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. It is the Board's opinion that this process has been in place

for the year ended 31 July 2015 and up to the date of approval of the financial statements and accords with HEFCE guidance.

4. The Board of Governors has responsibility for reviewing the effectiveness of the system of internal control and has established the following processes:
  - a) Consideration of the operational plans and strategic direction of the University is included on the agenda of meetings of the Board of Governors.
  - b) The Board receives periodic reports from the Chairman of the Audit and Risk Management Committee concerning internal control.
  - c) Senior managers are responsible for operational risk management within the University. In addition the risk management function is supported by a Project Sponsor, Risk Manager and Risk Management Co-ordinator. Risk Management has been incorporated into the management and decision making structures of the University.
  - d) The University has an Internal Audit Service that operates in accordance with the requirements set out in the HEFCE Audit Code of Practice (as part of the Memorandum of Assurance and Accountability). It submits regular reports to the University's Audit and Risk Management Committee on the adequacy and effectiveness of the systems of risk management, governance, internal control and value for money, together with recommendations for improvement.
  - e) A system of key performance and risk indicators has been developed.
  - f) A robust risk prioritisation methodology has been established.
  - g) Organisation-wide risk registers are maintained, containing improvement actions and timescales. Risk owners are required to regularly update the relevant register on the steps they are taking to manage risk in their area of responsibility, including progress reports on key projects.
5. The Board's review of the effectiveness of the system of internal control is informed by the work of the executive managers within the University, who have responsibility for the development and maintenance of the internal control framework, the work of the Internal Audit Service and by comments made by the external auditors in their management letter and other reports.

## Membership of the Board of Governors

Members of the Board of Governors are also the Trustees of the University for the purposes of charity law.

The members of the Board (the Trustees) who served at any time during the financial year to July 2015 and until the date the financial statements were formally approved were:

### *Independent and External Co-opted Governors*

Mr N Goulden, Chairman (from 8 June 2015)	
Mr R Bullock, Chairman (to 8 June 2015)	
Mr A K Edwards, Deputy Chairman	
Mr A W W Brierley	- retired 28 September 2015
Mr J Carter	- appointed 1 September 2014
Mr N Collard	- appointed 1 October 2014
Mr I Ellis	- appointed 1 October 2014
Mr R J Freeston	- retired 16 October 2015
Mr W Harris	- appointed 1 October 2014
Mrs C Hearn	
Ms N Hill	
Mr K Hogarth	
Ms C Hogg	- retired 8 June 2015
Mr M Mason	- retired 29 September 2014
Ms J Ridley-Smith	- appointed 1 October 2014
Ms A Somal	- appointed 1 September 2015
Mr T M Walmsley	
Baroness D Warwick	- appointed 1 October 2014
Mr O Woodley	- appointed 1 October 2014

### *Academic board member*

Professor M Pratt

### *Student nominee*

Mr J Anson	- appointed 1 July 2015
Mr M D Boswell	- retired 30 June 2015

### *General staff member*

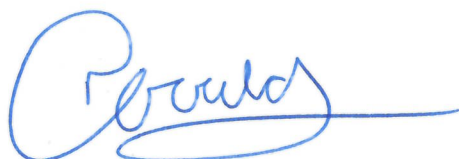
Mr J M Corbett	- retired 30 November 2014
----------------	----------------------------

### *Vice-Chancellor*

Professor E W Peck

### *Chief Financial and Operations Officer*

Mr J S Jackson



Mr N Goulden  
Chairman



Professor E W Peck  
Vice-Chancellor

23 November 2015



## **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF NOTTINGHAM TRENT UNIVERSITY**

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

This report is made solely to the Board of Governors, in accordance with paragraph 8 of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Board of Governors and auditor**

As explained more fully in the Primary Statement of Responsibilities of the Board of Governors Statement set out on pages 10 and 11 the Board of Governors is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2014-15 financial statements*.



**Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992**

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 relevant legislation;
- income has been applied in accordance with the University's articles of government;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2014-15 financial statements* have been met.



Anthony Hambleton (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
St Nicholas House  
31 Park Row  
Nottingham NG1 6FQ

23 November 2015



## Statement of principal accounting policies

### *Basis of preparation and accounting convention*

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of Endowment Asset Investments, and in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education (SORP) and other applicable Accounting Standards. They conform to the guidance published by the Higher Education Funding Council for England.

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

### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the University and its subsidiaries Nottingham Consultants Limited, the Education Support Centre (UK) Limited and Nottingham Conference Centre Limited. A separate income and expenditure account dealing with the results of the University has not been presented.

The consolidated financial statements do not include those of Nottingham Trent University Union of Students as it is a separate unincorporated body in which the University has no financial interest and no control over their commercial and financial policy decisions.

The financial statements include a share of the results of BioCity Nottingham Limited group, a joint venture undertaking set up and operated with the University of Nottingham and the East Midlands Development Agency (EMDA). Following the abolition of EMDA the University has continued to operate the joint venture in conjunction with the University of Nottingham. The results of any other undertakings in which the University has a participating interest have been excluded from the consolidation on the grounds that they are not material to a true and fair view.

### *Recognition of income*

Recurrent grants from the Higher Education Funding Council for England, the Skills Funding Agency, the Education Funding Agency and the National College of Teaching & Learning represent the funding allocation which is attributable to the current accounting period and are credited direct to the income and expenditure account.

Income from academic fees is recognised in the period for which it is receivable and includes all fees payable by students or their sponsors.

Income from specific donations, research grants, contracts and other services rendered is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account on a receivable basis.

Non-recurrent grants from Funding Councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Where the University receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the University does not have direct control over the future economic benefits derived from these funds. The University has applied this policy to certain funds received during the year from the Higher Education Funding Council for England, the Skills Funding Agency, the Education Funding Agency and the National College of Teaching & Learning (see notes 35 to 39).

## Statement of principal accounting policies (*continued*)

### ***Post-retirement benefits***

Retirement benefits for employees of the University are provided by defined benefit schemes which are funded by contributions from the University and employees. Payments are made to the Teachers' Pension Scheme ('TPS') for academic staff and Nottinghamshire County Council Pension Fund ('NCCPF') for non-academic staff. These are both independently administered schemes and contracted out of the State Earnings Related Pension Scheme (SERPS).

Contributions to the TPS scheme are charged as incurred to the income and expenditure account 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 quin-quennial valuations using a prospective benefit method.

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

Further details of the pension schemes are given in note 30.

### ***Foreign currency***

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated in sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure account for the financial year.

### ***Leases***

Fixed assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

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

## Statement of principal accounting policies (*continued*)

### ***Tangible fixed assets***

#### *Land and buildings*

Land and Buildings are stated at cost, or at valuation if acquired before 31 July 1997.

As a consequence of the Education Reform Act 1988, the freehold and leasehold interests in properties occupied by the University previously held by the respective Local Education Authorities ('LEAs'), were formally transferred to the University with effect from 1 April 1989. The land and buildings have been valued by Savills Land & Property Limited at 31 July 1997, in accordance with Practice Statement 4.8 of the RICS Appraisal and Valuation Manual issued as at 1 January 1996 as amended (Depreciated Replacement Cost basis). Certain properties, where appropriate, have been valued in accordance with Practice Statement 4.2 of the Manual (Open Market Value basis). On adoption of FRS 15, the University followed the transitional provision to retain the book value of land and buildings but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

#### *Capitalisation level*

Fixed asset additions are capitalised where the cost of such assets exceeds £10,000. Items costing less than this amount are written off in the year of purchase.

#### *Assets under construction*

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred up to 31 July. The assets are not depreciated until they are brought into use.

#### *Depreciation*

Depreciation is calculated to write off the cost or valuation of assets over their expected useful lives on a straight- line basis. The principal expected useful lives are:

Buildings	10 to 80 years
Equipment	3 to 20 years
Fixtures and fittings	10 years
Vehicles	4 years

No depreciation has been provided for on freehold land.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

### ***Investments***

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Listed investments held as fixed assets are stated at market value.

Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

### ***Maintenance of premises***

Costs will be charged to the income and expenditure account as incurred in accordance with FRS12.

### ***Stock***

Stock has been valued at the lower of cost and net realisable value.

## Statement of principal accounting policies (*continued*)

### ***Cash flows and liquid resources***

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.

Liquid resources comprise assets held as a readily disposable store of value. They include term deposits held as part of the University's treasury management activities.

### ***Taxation***

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable organisation for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Nottingham Consultants Limited, the Education Support Centre (UK) Limited and Nottingham Conference Centre Limited are not subject to these exemptions and are liable for corporation tax on profits or gains arising. However, under a Gift Aid arrangement with the University the subsidiary companies transfer all their taxable profits to the University to minimise the payment of corporation tax.

The University is partially exempt in respect of Value Added Tax, so that it can only recover 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.

### ***Deferred taxation***

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

### ***Accounting for charitable donations***

#### Unrestricted donations

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

#### Endowment funds

Where charitable donations are restricted to a particular objective specified by the donor, these are accounted for as an endowment. There are three main types:

1. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution.
2. Restricted expendable endowments - the donor has specified that a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income.
3. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

#### Donations for fixed assets

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

**Consolidated income and expenditure account**  
for the year ended 31 July 2015

	<i>Note</i>	<b>2015 £m</b>	2014 £m
<b>Income</b>			
Funding body grants	1	23.8	39.2
Tuition fees and education contracts	2	176.8	149.9
Research grants and contracts	3	5.1	4.4
Other income	4	18.6	19.1
Endowment and investment income	5	0.6	0.6
<b>Total income</b>		<b>224.9</b>	213.2
<b>Expenditure</b>			
Staff costs	6	127.9	120.9
FRS17 operating costs	6	2.5	3.4
Other operating expenses	7	60.9	55.3
Depreciation	11	14.8	14.2
Interest and other finance costs	8	4.1	4.1
Pension finance costs	8	1.3	2.0
<b>Total expenditure</b>		<b>211.5</b>	199.9
Surplus before exceptional items		13.4	13.3
<b>Exceptional items: continuing operations</b>			
Donation of fixed assets	10	-	11.8
Impairment of fixed assets	10	-	(9.0)
Surplus on continuing operations after depreciation of assets at valuation and tax		13.4	16.1
Deficit for the year transferred to accumulated income in endowment funds		0.7	0.5
<b>Surplus for the year retained within general reserves</b>		<b>14.1</b>	16.6

**Consolidated statement of historical cost surpluses and deficits**  
*for the year ended 31 July 2015*

	2015 £m	2014 £m
Surplus on continuing operations before tax	13.4	16.1
Difference between an historical cost depreciation charge and the actual charge for the year calculated on the re-valued amount	1.6	10.2
Historical cost surplus for the year after tax	<u>15.0</u>	<u>26.3</u>

**Consolidated statement of total recognised gains and losses**  
*for the year ended 31 July 2015*

	2015 £m	2014 £m
Surplus on continuing operations after depreciation and tax	13.4	16.1
Unrealised gains/(losses) on investments	0.1	(0.1)
New endowments	0.1	0.2
Endowment income retained in year	-	-
Actuarial loss in respect of pension scheme	(17.4)	(23.6)
Total recognised losses relating to the year	<u>(3.8)</u>	<u>(7.4)</u>

**Reconciliation**

Opening reserves and endowments	77.7	85.1
Total recognised losses relating to the year	(3.8)	(7.4)
Closing reserves and endowments	<u>73.9</u>	<u>77.7</u>

## Balance sheets


as at 31 July 2015

	<i>Note</i>	<b>Group 2015 £m</b>	<b>University 2015 £m</b>	<b>Group 2014 £m</b>	<b>University 2014 £m</b>
<b>Fixed assets</b>					
Tangible assets	11	300.9	298.2	290.2	287.3
Investments	12	1.9	0.8	2.2	1.1
		<u>302.8</u>	<u>299.0</u>	<u>292.4</u>	<u>288.4</u>
<b>Endowment assets</b>	13	<u>7.4</u>	<u>7.4</u>	<u>8.0</u>	<u>8.0</u>
<b>Current assets</b>					
Stock	14	0.4	0.3	0.4	0.3
Debtors: due within one year	15	12.6	16.6	10.4	15.0
Debtors: due after more than one year	16	3.2	3.2	3.2	3.2
Short term deposits		37.6	37.6	35.0	35.0
Cash at bank and in hand		12.0	11.3	6.8	6.1
		<u>65.8</u>	<u>69.0</u>	<u>55.8</u>	<u>59.6</u>
<b>Less: Creditors - amounts falling due within one year</b>	17	<u>(29.5)</u>	<u>(28.3)</u>	<u>(28.7)</u>	<u>(27.8)</u>
<b>Net current assets</b>		<u>36.3</u>	<u>40.7</u>	<u>27.1</u>	<u>31.8</u>
<b>Total assets less current liabilities</b>		<u>346.5</u>	<u>347.1</u>	<u>327.5</u>	<u>328.2</u>
<b>Less: Creditors - amounts falling due after more than one year</b>	18	<u>(82.3)</u>	<u>(81.6)</u>	<u>(84.1)</u>	<u>(83.7)</u>
<b>Less: Provisions for liabilities and charges</b>	19	<u>(13.1)</u>	<u>(13.1)</u>	<u>(11.6)</u>	<u>(11.6)</u>
<b>Net assets excluding pension liability</b>		<u>251.1</u>	<u>252.4</u>	<u>231.8</u>	<u>232.9</u>
Net pension liability	30	<u>(121.5)</u>	<u>(121.5)</u>	<u>(100.3)</u>	<u>(100.3)</u>
<b>Net assets including pension liability</b>		<u>129.6</u>	<u>130.9</u>	<u>131.5</u>	<u>132.6</u>

**Balance sheets** *(continued)*  
as at 31 July 2015

	<i>Note</i>	<b>Group 2015 £m</b>	<b>University 2015 £m</b>	<b>Group 2014 £m</b>	<b>University 2014 £m</b>
<b>Deferred capital grants</b>	20	55.7	55.7	53.8	53.8
<b>Endowments</b>					
Expendable	21	7.4	7.4	8.0	8.0
<b>Reserves</b>					
Income and expenditure account excluding pension liability		154.7	156.0	135.1	136.2
Pension reserve	23	(121.5)	(121.5)	(100.3)	(100.3)
Income and expenditure account including pension liability	23	33.2	34.5	34.8	35.9
Revaluation reserve	22	33.3	33.3	34.9	34.9
		66.5	67.8	69.7	70.8
<b>Total funds</b>		129.6	130.9	131.5	132.6

The financial statements on pages 21 to 54 were approved by the Board of Governors on 23 November 2015 and signed on its behalf by:



**Mr N Goulden**  
Chairman



**Professor EW Peck**  
Vice Chancellor



**Consolidated cash flow statement**  
*for the year ended 31 July 2015*

	<i>Note</i>	<b>2015 £m</b>	2014 £m
Net cash inflow from operating activities	24	<b>35.4</b>	30.7
Returns on investments and servicing of finance	25	<b>(3.2)</b>	(3.8)
Capital expenditure and financial investment	26	<b>(23.2)</b>	(17.3)
Cash inflow before management of liquid resources and financing		<b>9.0</b>	9.6
Management of liquid resources	27	<b>(2.6)</b>	(5.6)
Financing	28	<b>(1.8)</b>	(1.5)
<b>Increase in cash</b>	29	<b>4.6</b>	2.5

**Reconciliation of net cash flow to movement in net debt**  
*for the year ended 31 July 2015*

	<b>2015 £m</b>	2014 £m
Increase in cash in the period	<b>4.6</b>	2.5
Increase in short term deposits	<b>2.6</b>	5.6
New loans acquired	<b>(0.1)</b>	(0.3)
Repayment of debt	<b>1.9</b>	1.8
<b>Change in net debt</b>	<b>9.0</b>	9.6
Net debt at 1 August	<b>(36.2)</b>	(45.8)
<b>Net debt at 31 July</b>	<b>(27.2)</b>	(36.2)

## Notes

(forming part of the financial statements)

### 1 Funding body grants

	<i>Note</i>	<b>2015 £m</b>	2014 £m
<b>Recurrent grant</b>			
Higher Education Funding Council for England		<b>18.6</b>	34.6
National College of Teaching & Learning		<b>0.4</b>	1.0
Skills Funding Agency and Education Funding Agency		<b>1.1</b>	1.1
<b>Specific grants</b>			
Higher Education Funding Council for England		<b>2.2</b>	0.9
National College of Teaching & Learning		<b>0.1</b>	0.2
<b>Deferred capital grants released in year</b>	<i>20</i>		
Buildings		<b>1.4</b>	1.3
Equipment		<b>-</b>	0.1
		<b>23.8</b>	39.2

### 2 Tuition Fees and Education Contracts

	<b>2015 £m</b>	2014 £m
Full-time home and EU students	<b>136.9</b>	110.2
Full-time international students	<b>26.0</b>	26.0
Part-time students	<b>1.4</b>	1.4
Other fees and support grants	<b>12.5</b>	12.3
	<b>176.8</b>	149.9

## Notes (continued)

### 3 Research grants and contracts

	2015 £m	2014 £m
Research councils and charities	1.3	1.0
Industry and commerce	1.7	1.8
Governmental	2.1	1.6
	<u>5.1</u>	<u>4.4</u>

### 4 Other income

	Note	2015 £m	2014 £m
Residences, catering and conferences		6.7	6.8
Other income generating activities		11.6	11.9
Released from deferred capital grants	20	0.3	0.4
		<u>18.6</u>	<u>19.1</u>

### 5 Endowment and Investment Income

	2015 £m	2014 £m
Income from expendable endowments	0.1	0.2
Income from short term investments	0.5	0.4
	<u>0.6</u>	<u>0.6</u>

## Notes (continued)

### 6 Staff costs

	2015 £m	2014 £m
<i>Employee costs:</i>		
Wages and salaries	103.4	98.8
Social security costs	8.4	8.0
Other pension costs	16.1	14.1
	<hr/>	<hr/>
	127.9	120.9
FRS17 operating costs	2.5	3.4
	<hr/>	<hr/>
	130.4	124.3
	<hr/>	<hr/>

The average monthly number of persons (including senior post-holders) employed by the University during the period, expressed as full time equivalents, was:

	2015 Number	2014 Number
Teaching departments	1,159	1,120
Teaching support services	596	589
Other support services	91	84
Administration and central services	665	640
Premises	299	298
Other	20	20
	<hr/>	<hr/>
	2,830	2,751
	<hr/>	<hr/>

## Notes (continued)

### 6 Staff costs (continued)

#### *Emoluments of the Vice Chancellor and higher paid employees:*

The figures shown below include salaries and performance related pay paid under a system based on independent advice. They also include other benefits assessed as income for taxation purposes.

	2015 £000	2014 £000
Emoluments of the previous Vice Chancellor excluding pension contributions to 31 August 2014	52	577
The University's pension contributions including contributions to the USS to 31 August 2014	4	46
Emoluments of the new Vice Chancellor excluding pension contributions from 1 August 2014	240	-
The University's pension contributions including contributions to the USS from 1 August 2014	38	-

The previous Vice-Chancellor retired on 31 August 2014. The new Vice-Chancellor was appointed with effect from 1 August 2014.

#### Remuneration of higher paid staff, other than the Vice-Chancellor and excluding employers pension contributions:

	2015 Number	2014 Number
£100,001 - £110,000	3	2
£110,001 - £120,000	3	2
£120,001 - £130,000	-	1
£130,001 - £140,000	2	1
£140,001 - £150,000	1	2
£150,001 - £160,000	1	2
£160,001 - £170,000	2	-
£180,001 - £190,000	-	1
£190,001 - £200,000	1	-

No remuneration was paid to the Chairman of the Board of Governors nor to other non-executive members of the Board and its subsidiary undertakings.

The estimated value of other benefits has been calculated in accordance with Financial Reporting Standard 17.

## Notes (continued)

### 7 Other operating expenses

	2015 £m	2014 £m
Academic departments	17.7	16.6
Academic services	9.9	9.7
Administration and central services	18.3	15.9
Premises	11.0	9.2
Residences, catering and conferences	1.7	1.6
Research grants and contracts	2.3	2.3
	<u>60.9</u>	<u>55.3</u>
Other operating expenses include:		
	£000	£000
External auditors remuneration in respect of audit services	54	52
External auditors remuneration in respect of non-audit services	24	19
Operating lease rentals	362	852
	<u>440</u>	<u>923</u>

### Trustees

No trustee has received any remuneration/waived payments from the group during the year (2014: none).

The total expenses paid to or on behalf of 19 trustees was £11,360 (2014 £8,239 to 14 trustees). This represents travel and subsistence expenses incurred in attending Board of Governors and Committee meetings and Charity events in their official capacity

### 8 Interest payable

	2015 £m	2014 £m
Bank and other loans not wholly repayable within five years	4.1	4.1
Pension finance costs	1.3	2.0
	<u>5.4</u>	<u>6.1</u>

## Notes (continued)

### 9 Surplus on continuing operations for the year

The surplus on continuing operations for the year is made up as follows:

	2015 £m	2014 £m
University surplus for the year	13.5	13.0
Surpluses generated by subsidiary undertakings after £0.1m transferred to the University under a gift aid payment	(0.1)	-
Share of profit in joint venture undertaking	-	0.3
	<u>13.4</u>	<u>13.3</u>
	=====	=====

### 10 Exceptional items

The exceptional items are made up as follows:

	2015 £m	2014 £m
Fixed asset receipt	-	11.8
Impairment of fixed assets	-	(9.0)
	<u>-</u>	<u>2.8</u>
	=====	=====

See note 11 for an explanation of the exceptional items.

## Notes (continued)

### 11 Tangible assets

	Group Freehold land and buildings £m	Group Fixtures and fittings £m	Group Furniture and equipment £m	Group Assets under course of construction £m	Group Total £m
<i>Cost or valuation:</i>					
At 1 August 2014	317.6	50.2	49.3	11.3	428.4
Additions	1.2	3.0	6.9	14.4	25.5
Disposals	-	-	(14.6)	-	(14.6)
Transfers	2.4	1.8	1.7	(5.9)	-
<b>At 31 July 2015</b>	<b>321.2</b>	<b>55.0</b>	<b>43.3</b>	<b>19.8</b>	<b>439.3</b>
<i>Accumulated depreciation:</i>					
At 1 August 2014	82.3	18.4	37.5	-	138.1
Charge for the year	5.7	3.3	5.8	-	14.8
Disposals	-	-	(14.6)	-	(14.6)
<b>At 31 July 2015</b>	<b>88.0</b>	<b>21.7</b>	<b>28.7</b>	<b>-</b>	<b>138.4</b>
<i>Net book value:</i>					
<b>At 31 July 2015</b>	<b>233.2</b>	<b>33.3</b>	<b>14.6</b>	<b>19.8</b>	<b>300.9</b>
At 31 July 2014	235.3	31.8	11.8	11.3	290.2



**Notes** (continued)**11 Tangible assets** (continued)

	University Freehold land and buildings £m	University Fixtures and fittings £m	University Furniture and equipment £m	University Assets under course of construction £m	University Total £m
<i>Cost or valuation:</i>					
At 1 August 2014	315.6	46.4	46.0	11.2	419.2
Additions at cost	1.2	3.0	6.9	14.2	25.3
Disposals at cost	-	-	(14.6)	-	(14.6)
Transfers	2.4	1.8	1.7	(5.9)	-
<b>At 31 July 2015</b>	<b>319.2</b>	<b>51.2</b>	<b>40.0</b>	<b>19.5</b>	<b>429.9</b>
<b>Depreciation:</b>					
At 1 August 2014	81.7	16.1	34.1	-	131.9
Charge for the year	5.7	3.2	5.5	-	14.4
Eliminated on disposals	-	-	(14.6)	-	(14.6)
<b>At 31 July 2015</b>	<b>87.4</b>	<b>19.3</b>	<b>25.0</b>	<b>-</b>	<b>131.7</b>
<b>Net book value:</b>					
<b>At 31 July 2015</b>	<b>231.8</b>	<b>31.9</b>	<b>15.0</b>	<b>19.5</b>	<b>298.2</b>
At 31 July 2014	233.9	30.3	11.9	11.2	287.3

Freehold land with a book value of £9,692,000 (2014: £9,692,000) (Group and University) is not depreciated. In accordance with the current RICS practice notes, the land element of the University's estate has been valued net of the costs of demolishing any buildings on that land.

On 2 August 1999 the University signed a deed preserving the 'further education asset base' inherited following its merger with Brackenhurst College on 1 April 1999. In the event of a total failure to preserve the asset base, the Skills Funding Agency shall have the right to call for the repayment of the 'further education asset base', being the greater of the value of indexed-based 'chattels' less 'liabilities' or the total cost of replacing the land asset with accommodation and facilities of comparable quality, size and location.

In 1999/2000 the University has entered into a lease with a developer for the provision of a hotel/gym complex on its Goldsmith Square car park. The lease is for 50 years with breaks at 15 and 25 years. At the conclusion of the lease, the whole of the property will revert to the University.

During 2007/08 the University entered into an amended lease agreement with UPP Group Limited and UPP Nottingham Limited for the majority of its student residences. The University received consideration totalling £11,032,000 in 2007/08 in respect of this transaction, including a 20% shareholding in UPP Nottingham Limited and an entitlement to loan notes to be issued by UPP Nottingham Limited. In 2009/10 the University received consideration totalling £652,000 in respect of an additional entitlement to loan notes. The leases are for 40 years maturing in 2048 and at the conclusion of the leases the properties will revert to the University. This reversionary interest is included within fixed assets at valuation.

**Notes** (continued)**11 Tangible assets** (continued)

In 2009/10 the University entered into a new lease agreement with UPP (Clifton) Limited for the provision of a new student residence on the Clifton campus. The University received a gross consideration totalling £7,333,000, which net of costs totalled £6,880,000. The transaction included a 20% shareholding in UPP (Clifton) Limited and an entitlement to loan notes to be issued by UPP (Clifton) Limited. The lease is co-terminus with the existing UPP agreements and at the conclusion of the lease the properties will revert to the University. In 2011/12 the University entered into a new lease agreement with UPP (Byron) Limited for the provision of a new student residence and new Students Union building on the City campus. The University received a premium of £1,833,000 in respect of the agreement. The transaction includes a 20% shareholding in UPP (Byron) Limited and an entitlement to loan notes to be issued by UPP (Byron) Limited. On completion of the building in 2013/14 the University received a further lease premium of £11,813,000 as a fixed asset rather than cash. The receipt has been included within exceptional items in the income and expenditure account.

As a result of the Heart of Campus redevelopment on the Clifton site the University partly demolished the George Eliot building which resulted in an impairment charge of £9,057,000 in exceptional items in 2013/14.

During 2013/14 the University has eliminated a number of historic furniture and equipment assets which have been fully depreciated to a value of £49.8m. Further items totalling £14.6m were eliminated in 2014/15.

**12 Investments**

	<b>Group 2015 £m</b>	<b>University 2015 £m</b>	<b>Group 2014 £m</b>	<b>University 2014 £m</b>
Other investments	<b>1.9</b>	<b>0.8</b>	2.2	1.1
	<b>1.9</b>	<b>0.8</b>	2.2	1.1

The University owns 100% of the issued share capital of the following companies which are registered in England and operating in the UK:

<b>Company Name</b>	<b>No of Ord Shares</b>	<b>Cost of Investment £000</b>	<b>Value of Investment £000</b>
Nottingham Law School Limited	1,667,000	1,667	-
Nottingham Consultants Limited	555,000	555	-
Nottingham Trent Residences 1 plc	5,000,004	2,500	-
Nottingham International College Limited	1	-	-

In addition, the University is also the sole subscriber to the Education Support Centre (UK) Limited, a company limited by guarantee, registered in England and operating in the UK.

Investments in Nottingham Law School Limited and Nottingham Consultants Limited were impaired in full in 2012/13.

## Notes (continued)

### 12 Investments (continued)

#### Other Investments

Company name	Percentage shareholding %	2015 Value of investment £000	2014 Value of investment £000
UPP Clifton Limited	20	78	78
UPP Byron Limited	20	113	113
NET	n/a	50	50
Lachesis Fund	n/a	-	250
Experian plc	>1	345	293
BioCity Nottingham Ltd (Co Limited by Guarantee)	n/a	1,170	1,270
Notts TV Limited	43	150	150
Voicekey	36	10	-
		<b>1,916</b>	<b>2,204</b>

The Group's holdings in UPP Nottingham Limited, UPP Clifton Limited and UPP Byron Limited were a result of property lease financing arrangement considerations (see Note 10). On 6 March 2013, the University sold its holding in UPP Nottingham Limited at "par" consideration of £565,000.

The Group holds 28,710 ordinary shares in Experian PLC (2014: 28,710) which were valued at 1198p per share (2014: 1017p) as per the closing Sell position on the London Stock Exchange as at 31 July 2015.

The Group's participating interest in BioCity Nottingham Limited relates to the net assets in the joint venture arrangement entered into by the University to form BioCity Nottingham Limited with the University of Nottingham and EMDA. Following the abolition of EMDA the University has continued the joint venture arrangement with the University of Nottingham. BioCity Nottingham Limited owns 75% of BioCity Scotland Limited formed with a minority interest partner, BioCity Scotland Limited was gifted land, plant, equipment and stock by Merck to the value of £11.3m in 2012. Owing to restrictions under the joint venture deed the resulting increase in net asset value of BioCity Nottingham Limited, as a result of this gift, is an unrealisable gain. The accounts of BioCity Nottingham treat the "unrealisable" gain as a Special Reserve not distributable to BioCity Scotland shareholders or joint venture partners of BioCity Nottingham Limited. For the purposes of the calculation of Net Asset Value, this Special Reserve has been treated as an additional liability.

The Group treats BioCity Nottingham Limited as a joint venture rather than fully consolidating their results into the financial statements on the grounds of materiality. The value of BioCity Nottingham is shown as an investment in the Group balance sheet. The value of the investment has reduced due to a loan repayment by BioCity. The joint venture has a year-end of 31 December.

## Notes (continued)

### 12 Investments (continued)

#### Other Investments (continued)

The Group holds shares in a number of spin out companies incorporated in the United Kingdom and registered in England and Wales . The details of the percentage shareholdings and cost of these investments is shown in the table below. The Group has chosen not to attribute any value to these investments within the financial statements on the basis of prudence as these companies have only recently started to trade.

Company name	Percentage shareholding	Cost of investment	Value of investment
	%	£	£
Loreus Limited	10	10	-
CompanDx Limited	50	550	-
SiActive Limited	27	25	-
Gyrometric Systems Limited	42	85	-
Voicekey Limited	36	10,500	-
Halo X-Ray Technologies Limited	26	260	-

The Group also holds shares in a number of companies which have been set up through the HIVE. Details of these investments have not been disclosed due to their insignificant nature.

### 13 Endowment assets

	Group and University	
	2015	2014
	£m	£m
Balance at 1 August	8.0	8.4
New endowments invested	0.1	0.1
(Decrease)/increase in cash balances held for endowment funds	(0.7)	(0.5)
<b>Balance at 31 July</b>	<b>7.4</b>	<b>8.0</b>
<b>Represented by</b>		
Securities	-	-
Cash at bank held for endowment funds	7.4	8.0
<b>Total endowment assets</b>	<b>7.4</b>	<b>8.0</b>

**Notes** (continued)

**14 Stock**

	<b>Group 2015 £m</b>	<b>University 2015 £m</b>	<b>Group 2014 £m</b>	<b>University 2014 £m</b>
Consumables	0.2	0.2	0.2	0.2
Goods for resale	0.2	0.1	0.2	0.1
	<u>0.4</u>	<u>0.3</u>	<u>0.4</u>	<u>0.3</u>
	<u><u>0.4</u></u>	<u><u>0.3</u></u>	<u><u>0.4</u></u>	<u><u>0.3</u></u>

**15 Debtors:** amounts falling due within one year

	<b>Group 2015 £m</b>	<b>University 2015 £m</b>	<b>Group 2014 £m</b>	<b>University 2014 £m</b>
Trade debtors	8.6	7.7	5.8	5.3
Amounts owed by subsidiary undertakings	-	5.8	-	5.6
Prepayments	1.0	0.9	1.1	1.0
Accrued income	2.5	2.2	3.1	3.1
Other Debtors	0.5	-	0.4	-
	<u>12.6</u>	<u>16.6</u>	<u>10.4</u>	<u>15.0</u>
	<u><u>12.6</u></u>	<u><u>16.6</u></u>	<u><u>10.4</u></u>	<u><u>15.0</u></u>

Interest is receivable on the unsecured loans to subsidiary undertakings at prevailing rates of interest and the loans are repayable on demand.

**16 Debtors:** amounts falling due after more than one year

	<b>Group 2015 £m</b>	<b>University 2015 £m</b>	<b>Group 2014 £m</b>	<b>University 2014 £m</b>
Loan notes (see note 11)	3.2	3.2	3.2	3.2
	<u>3.2</u>	<u>3.2</u>	<u>3.2</u>	<u>3.2</u>
	<u><u>3.2</u></u>	<u><u>3.2</u></u>	<u><u>3.2</u></u>	<u><u>3.2</u></u>

The loan notes were received as part of the consideration for the lease agreements for UPP (Clifton) Limited and UPP (Byron Limited). They are operative over the life of the concession.

## Notes (continued)

### 17 Creditors: amounts falling due within one year

	Group 2015 £m	University 2015 £m	Group 2014 £m	University 2014 £m
Bank loan	2.0	2.0	1.9	1.9
General creditors	3.1	3.1	4.9	4.7
Social security and other taxation payments	3.7	3.6	3.1	3.1
Other creditors	0.1	0.1	0.1	0.1
Accruals	10.7	10.3	9.9	9.6
Deferred income	9.9	9.2	8.8	8.4
	<b>29.5</b>	<b>28.3</b>	28.7	27.8

### 18 Creditors: amounts falling due after more than one year

	Group 2015 £m	University 2015 £m	Group 2014 £m	University 2014 £m
Unsecured loans	80.5	80.5	82.5	82.5
Salix Revolving Green Fund	1.1	1.1	1.2	1.2
Deferred income	0.7	-	0.4	-
	<b>82.3</b>	<b>81.6</b>	84.1	83.7

### Analysis of debt:

	Group and University	
	2015 £m	2014 £m
<i>Amounts falling due:</i>		
Between one and two years	2.1	2.0
Between two and five years	9.5	9.0
In more than five years	70.7	73.1
	<b>82.3</b>	84.1

Of the loans outstanding, £25m is fixed at a rate of 4.88% until October 2030, £10m is fixed at 4.94% until October 2023, £15m is fixed at 4.90% until October 2026, £5m is fixed at 4.93% until October 2022 and £40m is fixed at 4.93% until December 2038. The loans are repayable in instalments in the period to December 2038 with the exception of the £40m loan which is repayable in a single amount at the end of the loan period.

The Salix fund is a loan received from HEFCE through its partnership with Salix Finance Limited, specifically for the purpose of funding energy efficiency and low carbon technologies. The loan is at a 0% rate of interest and is repayable in greater than five years.

**Notes** *(continued)*

**19 Provisions for liabilities and charges**

	<b>Group and University</b>			
	<b>Pensions £m</b>	<b>Dilapidations £m</b>	<b>Other £m</b>	<b>Total £m</b>
At 1 August 2014	10.6	1.0	-	11.6
Transfer from income and expenditure account	2.3	-	1.0	3.3
	<u>12.9</u>	<u>1.0</u>	<u>1.0</u>	<u>14.9</u>
Utilised in year	(0.8)	(1.0)	-	(1.8)
<b>At 31 July 2015</b>	<b><u>12.1</u></b>	<b><u>-</u></b>	<b><u>1.0</u></b>	<b><u>13.1</u></b>

Please see note 30 for an explanation of the nature of the pensions provision. The dilapidations provision relates to the estimated cost of exiting leased properties. Other provisions relate to potential future tax liabilities.

**Notes** (continued)

**20 Deferred capital grants**

	<b>Group and University</b>		
	<b>Funding councils £m</b>	<b>Other grants £m</b>	<b>Total £m</b>
<b>At 1 August 2014</b>			
Buildings	45.5	8.0	53.5
Equipment	-	0.3	0.3
<b>Total</b>	<b>45.5</b>	<b>8.3</b>	<b>53.8</b>
<b>Cash received</b>			
Buildings	3.6	-	3.6
Equipment	-	-	-
<b>Total</b>	<b>3.6</b>	<b>-</b>	<b>3.6</b>
<b>Released to income and expenditure</b>			
Buildings	1.4	0.2	1.6
Equipment	-	0.1	0.1
<b>Total</b>	<b>1.4</b>	<b>0.3</b>	<b>1.7</b>
<b>At 31 July 2015</b>			
Buildings	47.7	7.8	55.5
Equipment	-	0.2	0.2
<b>Total</b>	<b>47.7</b>	<b>8.0</b>	<b>55.7</b>



## Notes (continued)

### 21 Endowment funds and connected charities

	Restricted Expendable £m	2015 Total £m	2014 Total £m
<b>At 1 August 2014</b>			
Capital	8.0	8.0	8.4
Accumulated income	-	-	-
	<b>8.0</b>	<b>8.0</b>	8.4
New endowments	0.1	0.1	0.1
Investment Income	0.1	0.1	0.2
Expenditure	(0.8)	(0.8)	(0.7)
<b>At 31 July 2015</b>	<b>7.4</b>	<b>7.4</b>	8.0
<b>Represented by:</b>			
Capital	7.4	7.4	8.0
Accumulated income	-	-	-
	<b>7.4</b>	<b>7.4</b>	8.0

Restricted expendable endowments includes £7.4m relating to connected institutions under paragraph 28 in Schedule 3 to the Charities Act 2011. This relates to funds received from The van Geest Foundation Cancer Research Fund, a charitable trust established to administer funds donated by the John and Lucille van Geest Foundation. The objects of the fund are to advance education at the University into all aspects of cancer biology and contribute towards or meet the costs of cancer research undertaken at the University and the publication of the useful results of such research.

### 22 Revaluation reserve

	<b>Group and University</b>	
	<b>2015</b>	2014
	<b>£m</b>	£m
Balance brought forward at 1 August	<b>34.9</b>	45.2
Released to income and expenditure reserve in year	<b>(1.6)</b>	(1.6)
Disposal of properties	-	(8.6)
Revaluation of fixed asset investments	-	(0.1)
<b>At 31 July</b>	<b>33.3</b>	34.9

## Notes (continued)

### 23 Movement on general reserves

#### Income and expenditure account

	2015 £m	2014 £m
At 1 August 2014	34.8	30.8
Surplus for the year retained within general reserves	13.5	16.9
Deficit transferred to income from endowment funds	0.7	0.5
Transfer from revaluation reserve to income and expenditure account	1.6	10.2
Actuarial loss in respect of pension scheme	(17.4)	(23.6)
<b>At 31 July 2015</b>	<b>33.2</b>	<b>34.8</b>

#### Represented by:

	2015 £m	2014 £m
Income and expenditure reserve excluding pension reserve	154.7	135.1
Pension reserve	(121.5)	(100.3)
<b>At 31 July 2015</b>	<b>33.2</b>	<b>34.8</b>

### 24 Reconciliation of consolidated operating surplus to net cash from operating activities

	2015 £m	2014 £m
Surplus after depreciation of assets at valuation and after tax	13.4	13.3
Release of capital grant (note 20)	(1.7)	(1.9)
Depreciation (note 11)	14.8	14.2
(Increase)/decrease in stock	-	-
Increase in debtors	(2.5)	(2.5)
Increase/(decrease) in creditors	2.7	(1.0)
Increase in provisions	1.4	-
Interest payable	4.1	4.1
Interest receivable	(0.6)	(0.6)
Pension cost less contributions payable	3.8	5.4
Share of profit in joint venture	-	(0.3)
<b>Net cash inflow from operating activities</b>	<b>35.4</b>	<b>30.7</b>

## Notes (continued)

### 25 Returns on investments and servicing of finance

	2015 £m	2014 £m
Income from short term investments	0.9	0.3
Interest paid	(4.1)	(4.1)
	<u>(3.2)</u>	<u>(3.8)</u>
	<u><u></u></u>	<u><u></u></u>

### 26 Capital expenditure and financial investment

	2015 £m	2014 £m
Tangible assets acquired	(27.1)	(30.6)
Donation of fixed assets	-	11.8
Endowment funds received from third parties	0.1	0.2
Endowment funds invested	(0.1)	(0.5)
Sale of investments	0.3	0.3
Deferred capital grants received (note 20)	3.6	1.5
	<u>(23.2)</u>	<u>(17.3)</u>
	<u><u></u></u>	<u><u></u></u>

### 27 Management of Liquid Resources

	2015 £m	2014 £m
Placing of deposits	(2.6)	(5.6)
	<u><u></u></u>	<u><u></u></u>

### 28 Financing

	2015 £m	2014 £m
New loans	0.1	0.3
Repayment of amounts borrowed	(1.9)	(1.8)
	<u>(1.8)</u>	<u>(1.5)</u>
	<u><u></u></u>	<u><u></u></u>

## Notes (continued)

### 29 Analysis of changes in net debt

	At 1 August 2014 £m	Cash flows £m	Other changes £m	At 31 July 2015 £m
Cash at bank and in hand	6.8	5.2		12.0
Endowment assets	8.0	(0.6)		7.4
Short term deposits	35.0	2.6		37.6
Debt due within one year	(1.7)	1.9	(2.0)	(1.8)
Debt due after one year	(84.3)	(0.1)	2.0	(82.4)
	<u>(36.2)</u>	<u>9.0</u>	<u>-</u>	<u>(27.2)</u>

### 30 Pension and similar obligations

The University participates, principally, in two pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). It also participates in the Universities Superannuation Scheme (USS), which is a multi-employer defined benefit pension scheme where the University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, as required by FRS 17 "Retirement Benefits", the University has accounted for its contributions as if it were a defined contribution scheme. As a result the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Due to the small number of participants and low value of contributions to USS no disclosures have been made under FRS 17 on the grounds of materiality.

#### Total pension cost for the year

	2015 £m	2015 £m	2014 £m	2014 £m
TPS contributions paid		6.3		6.0
LGPS:				
Contributions paid	6.7		5.8	
FRS 17 charge	2.5		4.0	
	<u></u>	<u>9.2</u>	<u></u>	<u>9.8</u>
Charge to the income and expenditure account		9.2		9.8
Contributions paid to other pension schemes		0.8		0.7
Enhanced pension charge		2.3		1.0
		<u>18.6</u>		<u>17.5</u>
<b>Total pension cost for year</b>		<b>18.6</b>		<b>17.5</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS was 31 March 2013.

## Notes (continued)

### 30 Pension and similar obligations (continued)

#### Teachers Pension Scheme

The TPS is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972.

The pension cost is normally assessed every five years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

##### TPS Fund position at last valuation

Latest actuarial valuation	31 March 2012
Valuation method	Prospective benefits
Market value of assets at date of last valuation	£176,600m
Proportion of members' accrued benefits covered by the actuarial value of the assets	92%
Salary scale increases per annum	4.75%

Following the publication of the latest actuarial valuation in June 2014 the employer contribution rate was set at 16.48% with effect from September 2015. For this accounting period the employer contribution rate was 14.1%. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

Under the definitions set out in Financial Reporting Standard 17 "Retirement Benefits" (FRS 17), the TPS is a multi-employer defined benefit pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS 17 and has accounted for its contributions as if it were a defined contribution scheme.

#### Local Government Pension Scheme

The LGPS is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. During this accounting period employer contributions were equal to 10.9%. A separate lump sum payment of £5.502m is payable over the three year valuation period to fund past service liabilities. A valuation by the Fund's actuary was carried at 31 March 2013 and the fund position is detailed below:

##### NCCPF Fund position at last valuation

Latest actuarial valuation	31 March 2013
Valuation method	Projected unit
Value of assets	£3,496m
Funding level for accrued benefits	85.0%
	<i>Future service liabilities</i>
Investment return per annum	
- equities	6.7%
- gilts	3.3%
- corporate bonds	3.9%
- property	5.8%
Long term pay scale increases per annum	4.5%
Consumer price inflation	2.7%
Pension increase per annum	3.5%

## Notes (continued)

### 30 Pension and similar obligations (continued)

The material assumptions used by the Actuary at 31 July 2015 were:

	31 July 2015	31 July 2014
Rate of inflation	2.6%	2.7%
Rate of increase in salaries	4.4%	4.5%
Rate of increase in pensions	2.6%	2.7%
Discount rate for liabilities	3.8%	4.3%

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

	2015 Years	2014 Years
<i>Retiring today</i>		
Males	22.1	22.0
Females	25.2	25.1
<i>Retiring in 20 years</i>		
Males	24.2	24.1
Females	27.6	27.4

**Notes** (continued)

**30 Pension and similar obligations** (continued)

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

	2015		2014	
	Percentage at	Value at	Percentage at	Value at
	31 July 2015	31 July 2015	31 July 2014	31 July 2014
	%	£m	%	£m
Equities	73	144.1	72	128.5
Government bonds	3	6.0	6	9.9
Other bonds	7	14.2	7	11.9
Property	11	22.2	11	20.0
Cash	3	6.5	4	7.6
Inflation linked pool fund	3	5.7	-	-
<b>Total</b>	<b>100</b>	<b>198.7</b>	<b>100</b>	<b>177.9</b>

The following amounts at 31 July 2015 were measured in accordance with the requirements of FRS 17:

Analysis of the amount shown in the balance sheet	2015 £m	2014 £m
The institution's estimated asset share	198.7	177.9
Present value of the institution's scheme liabilities	(320.2)	(278.2)
<b>Deficit in the scheme - Net pension liability</b>	<b>(121.5)</b>	<b>(100.3)</b>

## Notes (continued)

### 30 Pension and similar obligations (continued)

#### Analysis of the amount charged to operating surplus

	2015 £m	2014 £m
Current service cost	9.2	9.9
Curtailment cost	0.1	0.1
Total operating charge	9.3	10.0

#### Analysis of the amount charged to interest payable

	2015 £m	2014 £m
Expected return on pension scheme assets	10.8	9.7
Interest on pension scheme liabilities	(12.1)	(12.0)
Net charge	(1.3)	(2.3)

#### Amounts recognised in the statement of total recognised gains and losses

	2015 £m	2014 £m
Expected return less actual return on pension scheme assets	6.2	(1.9)
Experience gains and losses	(0.1)	10.8
Changes in assumptions underlying the present value of scheme liabilities	(23.5)	(32.5)
Actuarial loss recognised	(17.4)	(23.6)



## Notes (continued)

### 30 Pension and similar obligations (continued)

#### Analysis of the movements in the present value of scheme liabilities

	2015 £m	2014 £m
At beginning of year	278.2	240.7
Current service cost	9.3	9.9
Contributions	3.0	2.7
Benefits paid	(6.1)	(5.8)
Interest cost	12.1	11.7
Curtailments and settlements	0.1	0.1
Actuarial losses	23.6	18.9
	<hr/>	<hr/>
At end of year	320.2	278.2
	<hr/>	<hr/>

#### Analysis of the movements in the market value of the scheme assets

	2015 £m	2014 £m
At beginning of year	177.9	169.4
Expected return on assets	10.8	9.7
Actuarial gains/(losses)	6.3	(4.7)
Employer contributions	6.8	6.6
Employee contributions	3.0	2.7
Benefits paid	(6.1)	(5.8)
	<hr/>	<hr/>
At end of year	198.7	177.9
	<hr/>	<hr/>

## Notes (continued)

### 30 Pension and similar obligations (continued)

#### History of experience gains and losses

	2015	2014	2013	2012	2011
Difference between expected and actual return on scheme assets:					
Amount (£m)	<b>6.2</b>	(4.7)	20.3	(8.9)	11.4
Percentage of scheme assets	<b>3.1%</b>	2.6%	12.0%	6.4%	8.4%
Experience gains and losses on scheme liabilities:					
Amount (£m)	<b>(0.1)</b>	13.6	(0.1)	-	4.0
Percentage of scheme liabilities	<b>0.0%</b>	4.9%	0.1%	-	2.1%
Total amount recognised in the statement of total recognised gains and losses:					
Amount (£m)	<b>(17.4)</b>	(23.6)	25.9	(32.3)	22.8
Percentage of scheme liabilities	<b>5.4%</b>	8.5%	10.8%	14.1%	12.0%

The pension charge for the year was £16,084,000 (2014: £14,052,000); this included an amount in respect of enhanced pension entitlements of staff taking early retirement. The calculation of the cost of early retirement provisions charged to the income and expenditure account in the year of retirement is based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 1.75% (2014: 3.3%) in excess of price inflation.

The expected value of Employer contributions for the year ended 31 July 2016 is £6,620,000.

A provision of £2,218,000 (2014: £1,029,000) has been made in the 2015 financial statements for liabilities and charges representing the extent to which the capital cost charged exceeds actual payments made. The provision will be released against the cost to the University of enhanced pension entitlements over the estimated life expectancy of each relevant employee.

Where an institution closes and there is no successor establishment, the Secretary of State becomes the compensating authority

## Notes (continued)

### 31 Contingent liability

The University is a member of U.M. Association (Special Risks) Limited, a company limited by guarantee, formed to provide a mutual association for terrorism risks. The University is a guarantor, on a joint and several basis with other members, of the association's £15m bank loan facility. If the association as a whole suffers a shortfall in any indemnity year, the members are liable for their pro rata share, subject to the articles of the association and the memorandum. No liability has yet arisen under this guarantee.

### 32 Operating lease commitments

The group has annual commitments relating to operating leases as follows:

	2015 £m	2014 £m
<i>Leases of buildings expiring:</i>		
In two to five years	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
	2015 £m	2014 £m
<i>Leases of plant and equipment expiring:</i>		
Within one year	-	-
In two to five years	0.2	0.4
	<hr/>	<hr/>
	0.2	0.4
	<hr/>	<hr/>

### 33 Capital commitments

As at 31 July the University had capital commitments to a value of £6.2m for construction, fixtures, fittings, furniture and equipment for non-residential premises.

## Notes (continued)

### 34 Related party transactions

The University controls 100% of the voting rights of all subsidiary undertakings. Therefore the university has taken advantage of the exemption contained in FRS 8 and has not disclosed transactions or balances with entities that form part of the group and are included within these financial statements.

As at the year end, the University had an outstanding loan of £0.2m (2014: £0.3m) from BioCity Nottingham Limited. The loan is accruing interest at 1% above the Barclays Bank Plc base rate. Repayment of the loan is being made in four equal annual instalments commencing November 2013.

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arms' length and in accordance with the University's financial regulations and normal procurement procedures.

Mr MD Boswell (11 months), Mr J Anson (1 month) and Mr TM Walmsley, in addition to being University Governors/Trustees, were also members of the Board of Trustees of the Nottingham Trent University Students Union. Transactions with a total value of £1.6m relating to block grant and other activities took place between the University and the Union of Students.

No other transactions were identified which should be disclosed under Financial Reporting Standard 8 'Related Party Disclosures'

### 35 Post balance sheet events

On 3 August 2015 the University acquired the Confetti Media Group. At that date all the assets, liabilities and activities of Confetti were transferred to the University.

### 36 Access funds

	2015 £000	2014 £000
HEFCE grants	7	476
Interest earned	-	2
	<hr/>	<hr/>
	7	478
Disbursements to students	(7)	(471)
	<hr/>	<hr/>
<b>Balance unspent at 31 July</b>	<b>-</b>	<b>7</b>
	<hr/>	<hr/>

Funding body grants are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

## Notes (continued)

### 37 Learner support funds

	2015 £000	2014 £000
Skills Funding Agency grants	83	79
	<u>83</u>	<u>79</u>
Disbursements to students	(44)	(72)
	<u>(44)</u>	<u>(72)</u>
<b>Balance unspent at 31 July</b>	<b>39</b>	<b>7</b>
	<u><u>39</u></u>	<u><u>7</u></u>

Funding body grants are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

### 38 National College of Teaching & Learning bursaries

	2015 £000	2014 £000
National College of Teaching & Learning bursaries	1,820	1,651
	<u>1,820</u>	<u>1,651</u>
Disbursements to students	(1,560)	(1,452)
	<u>(1,560)</u>	<u>(1,452)</u>
<b>Balance unspent at 31 July</b>	<b>260</b>	<b>199</b>
	<u><u>260</u></u>	<u><u>199</u></u>

Funding body grants are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

### 39 PGCE bursaries

	2015 £000	2014 £000
HEFCE grants	31	31
	<u>31</u>	<u>31</u>
Disbursements to students	(31)	-
	<u>(31)</u>	<u>-</u>
<b>Balance unspent at 31 July</b>	<b>-</b>	<b>31</b>
	<u><u>-</u></u>	<u><u>31</u></u>

Funding body grants are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

**Notes** *(continued)*

**40 National College of Teaching & Learning grants**

	<b>2015</b>	2014
	<b>£000</b>	£000
National College of Teaching & Learning grants	<b>1</b>	111
	<hr/>	<hr/>
	<b>1</b>	111
Disbursements to students	<b>(1)</b>	(110)
	<hr/>	<hr/>
<b>Balance unspent at 31 July</b>	<b>-</b>	1
	<hr/> <hr/>	<hr/> <hr/>

Funding body grants are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.