

**Nottingham Trent University**

**Consolidated and University**

**Financial Statements**

as at

**31 July 2020**

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## Operating and Financial Review

### **STRATEGY: UNIVERSITY, REIMAGINED**

The University's Strategy builds on its recent success and is bold and distinctive. It seeks to reimagine NTU under six key Strategic Themes, five of which have been carried forward from the previous strategy. The Themes have the following ambitions for where we will be by 2025:

#### **Creating Opportunity**

Through pursuing personalisation of student experience above and beyond expectations, every student has the potential to develop the knowledge, skills and resilience they seek to create meaning and purpose in their lives. Our global community of lifelong learners has access to flexible courses of equal quality to our celebrated campus provision. Our delivery of social mobility through parity of outcomes has bestowed international recognition.

#### **Valuing Ideas**

We have defined, resourced, and promoted a compelling portfolio of world-class research and innovation. We have created new ways for collaborators to share in the spirit of creativity and curiosity that characterises our research, scholarship, and practice.

#### **Enriching Society**

We are a widely acknowledged force for good in economic, social and cultural development. We collaborate with those who like us want to address the key challenges of our times and our places.

#### **Embracing Sustainability**

We have curated an intergenerational conversation with our students, colleagues, and stakeholders and are recognised as the most environmentally responsible University in the UK.

#### **Connecting Globally**

We have gained renown for our truly global perspective. We are not restricted by borders or boundaries. We work together to deepen and share our insights and understanding of our world for the benefit of the planet and all its inhabitants.

#### **Empowering People**

Distinctive and disruptive, we have empowered people to do the right thing. We have been bold in exploring unfamiliar paths and pursuing novel solutions.

These themes are supported by five 'Foundations' – activities and capabilities that are critical to the future success of the University, its students, its academic endeavour and the delivery of the Strategy:

1. Growing our international reputation
2. Financial sustainability
3. Enhancing business development
4. Digital sophistication
5. Increasing capacity for innovation

*University, reimagined* was developed through an extensive series of conversations and consultation with colleagues and has been reviewed in the context of the pandemic by the University Executive Team. The rapid move to remote teaching, learning, assessment and working has accelerated aspects of the Strategy, including the University's use of digital technology and the building of digital skills. We have placed considerable emphasis on ensuring staff are well supported through a period of rapid change.

Delivering *University, reimagined* will involve work from across the University. Each department of the University has developed a small set of ambitious ‘commitments’ that it is making to the achievement of the Strategy for 2025 and is in the process of developing action plans for the first year.

Given the disruption caused by Covid-19 the focus of the initial departmental action plans for 2020/21 have been on the related areas of:

- Delivering more flexible and blended teaching, learning, assessment and wider student support and experience [Creating Opportunity Strategic Theme]; and
- Supporting our colleagues, including those working remotely now and into the future [Empowering People Strategic Theme].

Financial sustainability was already a key foundation for the Strategy but has become a more significant focus in the light of the Covid-19. The University has already taken a series of actions to ensure financial sustainability. The negative impact on income in 2019/20 was fully offset by reductions in expenditure, capital investment was deferred, and cash reserves increased to prepare for 2020/21.

A number of scenarios were modelled for 2020/21 and resilience testing performed. Some 85% of total income relates to student fees and therefore modelling focussed primarily on student enrolments. Following the start of the autumn term it is clear the more cautious models on student enrolments have not borne out. The University has exceeded targets for home student enrolments and grown materially on 2019/20, and, whilst international enrolments are below normal levels, they are considerably above forecast models.

However, risks remain. In this regard the University has included significant contingency sums in the revenue budget and retains a £60m credit facility which is not forecast to be required but provides additional access to liquidity if necessary.

In 2019 NTU embarked on a plan to bring Higher Education to school leavers in the Mansfield and Ashfield area, and invested in a partnership with West Nottinghamshire College to deliver higher education from the College’s main campus in Mansfield. Not only will we be offering education that will support and shape a prosperous future for the local economy, this development will enable us to play a role in creating initiatives that will transform the towns over the next ten years.

## **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 included as a standing agenda item each week at the meetings of the University Executive Team (UET) and are formally reviewed quarterly. This is 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). It is subject to regulation by the Office for Students (OfS) as the Principal Regulator of those Higher Education Institutions (HEIs) in England (17/18 and 19/20 paragraph 12d).

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 2019 and FRS102, and in accordance with the accounts direction set out by OfS 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 as follows:

- 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;
- Nottingham Law School Legal Advice Centre Limited provides legal advice and information services to the local community and individuals in need, whilst providing practical experience to law students;
- Nova Centric Limited provides further and higher education courses in music, multi-media and communication;
- Confetti Constellations Limited provides education facilities and services for music, multi-media and communications courses, including the design, consultancy, supply and installation services for the provision of music, moving image, IT equipment and furniture;
- NTU Temporary Staff Limited provides temporary staff to the University;
- MTIF (BEZ) Limited provides goods, services and equipment to and for the University's medical technologies innovation facility; and
- Notts TV Limited provides a local broadcast service to the Nottingham area.

All subsidiaries covenant the whole of any distributable taxable profits to the University, except for Nova Centric Limited which is a charitable company.

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

## **FINANCIAL REPORT**

The University has delivered a strong financial performance in the year, producing an operating cash inflow of £47.7 million. The surplus for the year of £6.3 million includes accounting adjustments for pensions of £19 million which are based on an actuarial valuation at year end.

Strong financial controls were put in place in response to Covid-19 and the reduction in income and additional costs were fully offset. Capital programmes were also deferred, resulting in an increase in cash in the year.

The high level of cash generation enables significant investment in the delivery of our Strategic Plan and in facilities and equipment to support teaching and research.

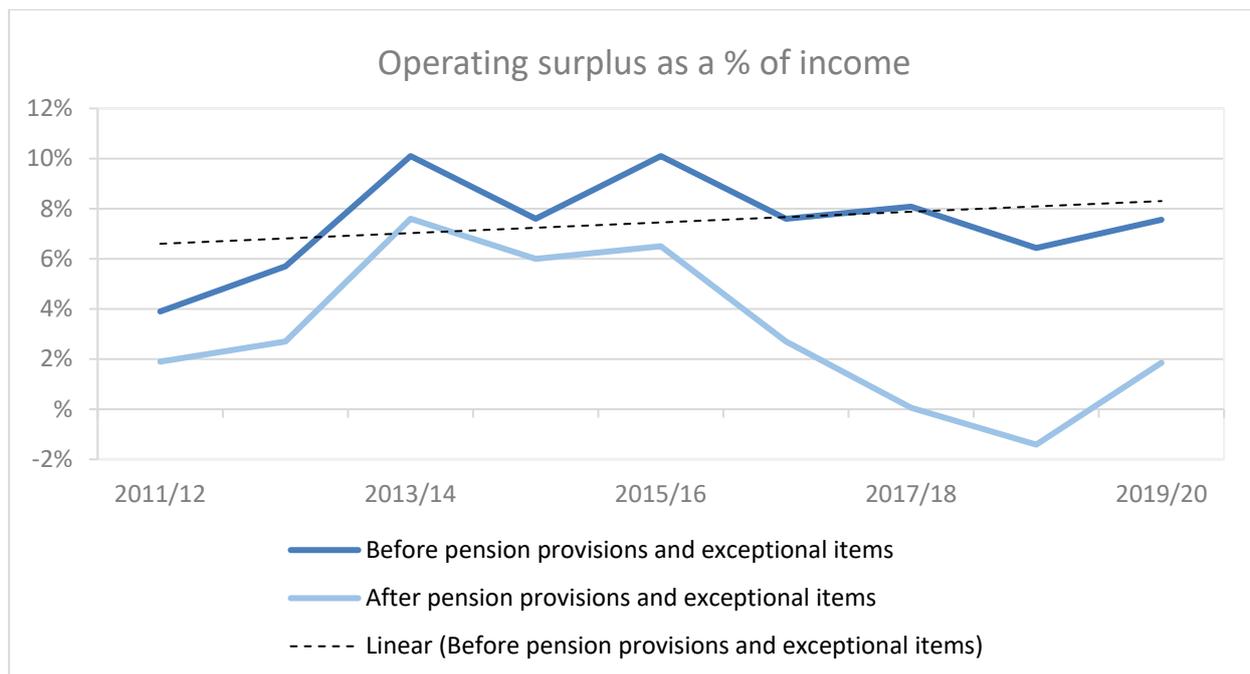
### **Income and Expenditure Account**

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

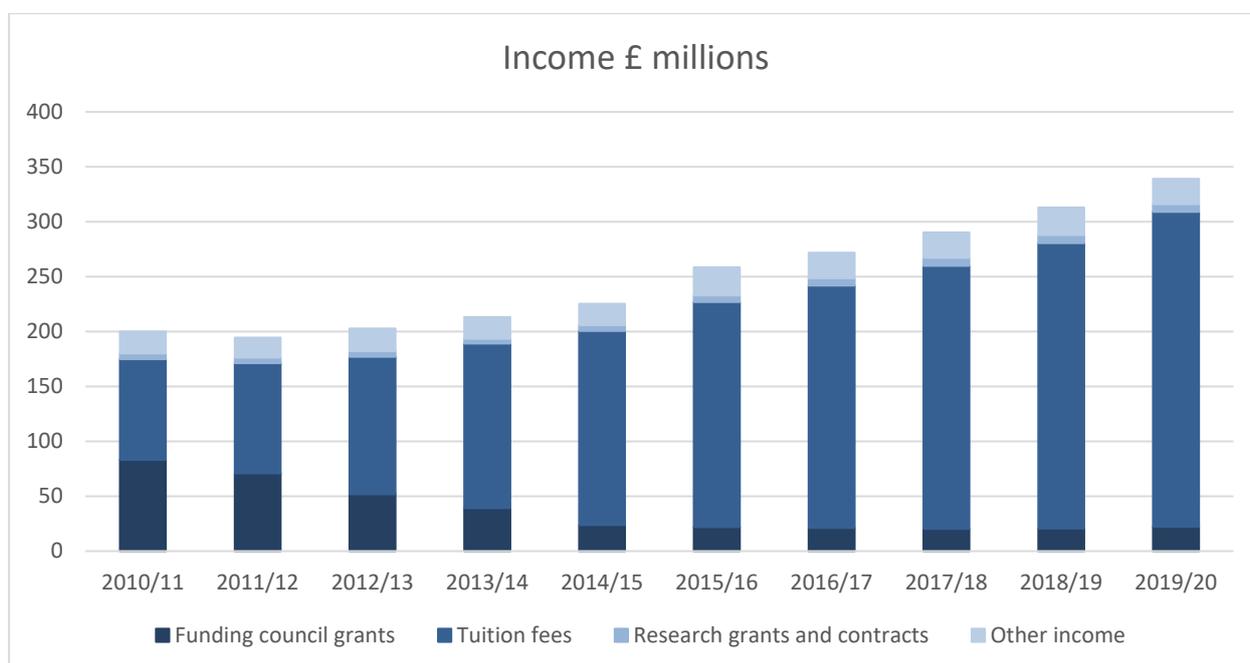
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Income	339.1	313.0	290.3	271.8	258.5
Expenditure	(313.4)	(292.9)	(266.8)	(250.5)	(233.1)
Surplus before pension adjustments and other gains/losses	25.7	20.1	23.5	21.3	25.4
FRS102 pension operating and finance costs	(19.0)	(24.3)	(17.1)	(13.6)	(9.4)
Exceptional items	-	-	(6.9)	-	-
Operating surplus/(deficit)	6.7	(4.2)	(0.5)	7.7	16.0
Other gains/(losses)	(0.4)	(0.2)	0.7	(0.4)	0.7
Surplus/(deficit) for the year	<u>6.3</u>	<u>(4.4)</u>	<u>0.2</u>	<u>7.3</u>	<u>16.7</u>

The surplus of £6.3 million represents 1.9% of income. Before pension provisions and other gains and losses the surplus is £25.7 million, 7.5% of income. Pension cost accounting adjustments relate primarily to the LGPS scheme. Actual contributions paid to the scheme, including deficit contributions, are £10.4 million. The accounting adjustments are in addition to contributions and are driven by factors such as the current year and prior year discount rate and pension increase assumptions, as well as return on net assets.

The trend in operating surplus is shown in the chart.

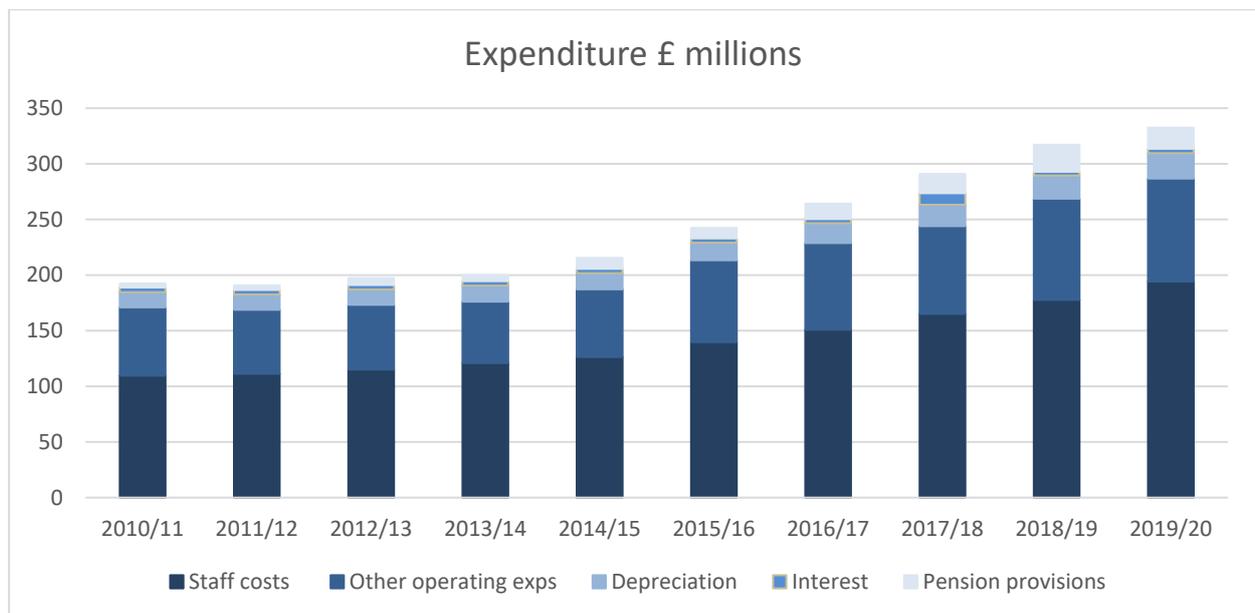


Income has grown by 8.3% year on year and by 31% over the last four years. Income from tuition fees represents 85% of total income. Since 2009/10 funding council grant income has decreased by almost £60 million and now accounts for 7% of total income.



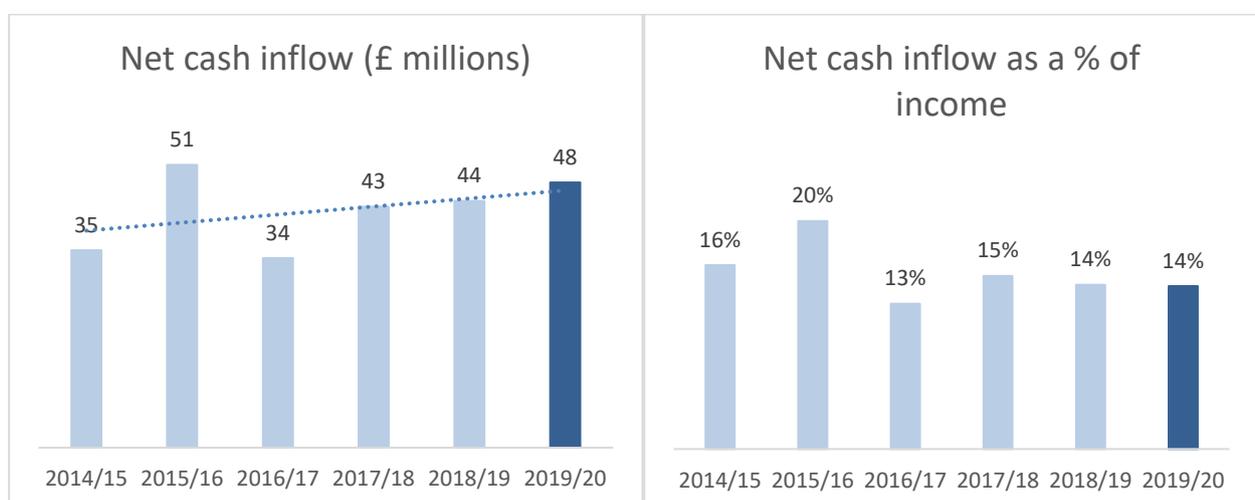
Expenditure in 2019/20 has increased by 5%. This increase in expenditure is due to growth in student numbers, higher pension contributions, as well as planned investment to support the implementation of the Strategic Plan.

Staff costs excluding pension operating cost adjustments represent 57% of total income (57% 2018/19).



### Cash Flow

The University sets a minimum 10% Net Cash Inflow from Operations target as the key financial performance indicator. This target has been established to ensure investment capacity is created and to provide a sustainable financial model. In 2019/20 a net cash inflow from operations of £47.7 million and 14% of income was achieved, exceeding the long-term financial plan target.



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

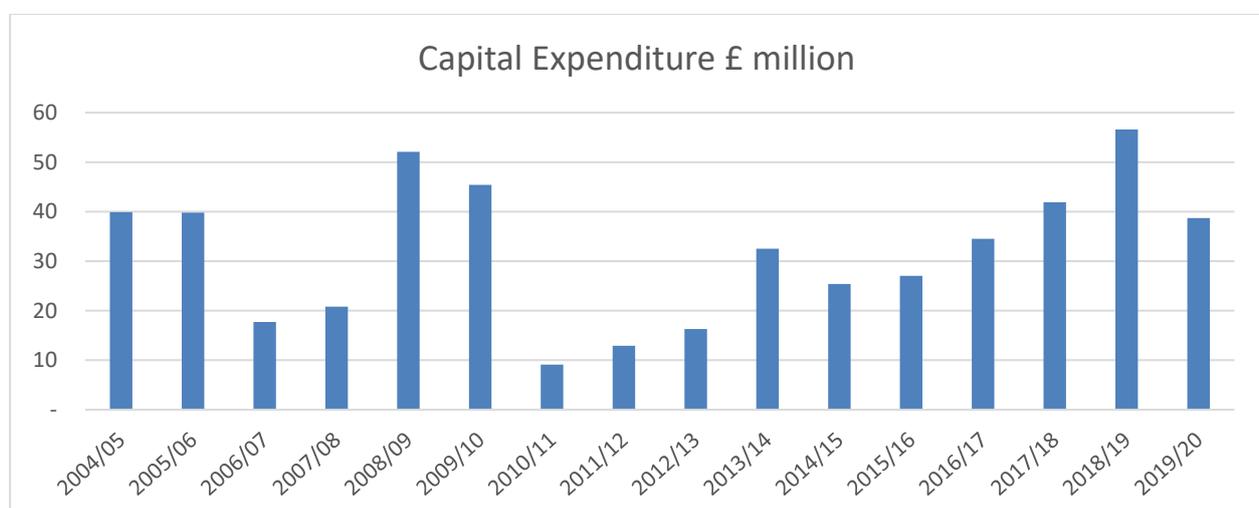
The University maintains a firm policy with regard to debtors. In respect of creditors, the University ensures prompt payment of suppliers and, subject to any other agreed contractual conditions, will normally make payment within 30 days following the date of invoice.

## Balance Sheet

Net Assets excluding Pension Provisions have increased by £24 million due to strong financial performance and cash generation.

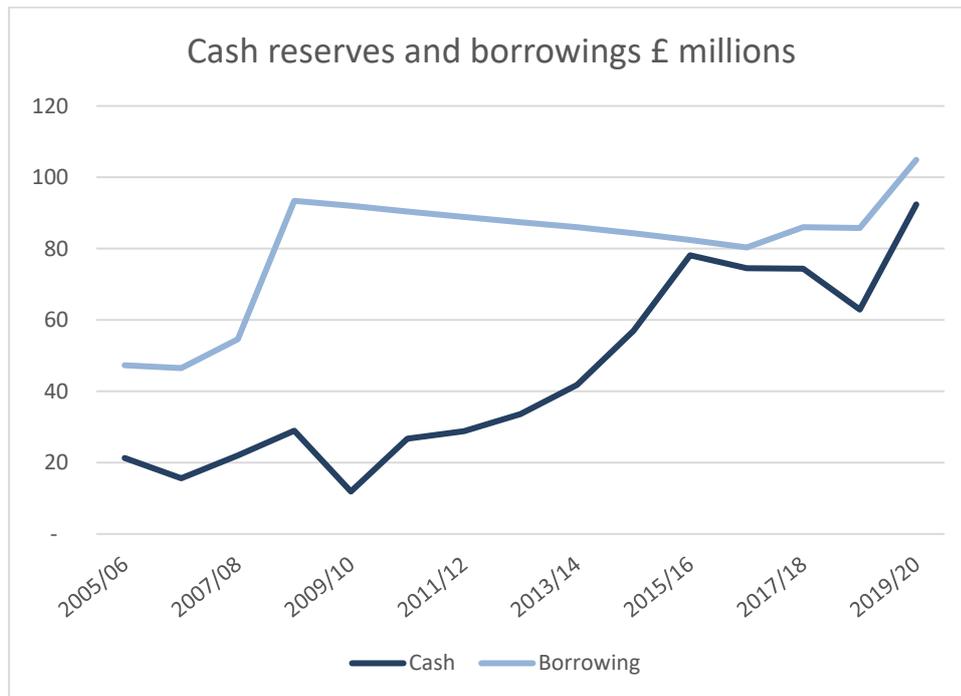
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Non-current Assets	457.9	443.3	405.4	380.9	366.4
Current Assets (non-cash)	22.7	23.7	21.8	17.5	13.4
Cash and short-term deposits	92.4	62.9	74.4	74.5	78.1
Current Liabilities	(66.5)	(50.7)	(43.5)	(38.6)	(42.1)
Net Current Assets	48.6	35.9	52.7	53.4	49.4
Total Assets less Current Liabilities	506.6	479.2	458.1	434.3	415.8
Loans	(84.5)	(85.4)	(85.8)	(77.9)	(80.2)
Deferred capital grants	(62.5)	(58.8)	(56.5)	(55.1)	(54.4)
Provisions (exc Pensions)	(1.0)	(0.9)	(0.9)	(2.8)	(2.8)
Net Assets excluding Pension Provision	358.5	334.1	314.9	298.5	278.4
Pension Provisions	(370.9)	(240.3)	(187.6)	(206.4)	(195.7)
Net (Liabilities)/Assets	(12.3)	93.8	127.3	92.1	82.7

The University has an ongoing estates investment and regeneration programme to support the delivery of teaching, research and student facilities. A further £39 million has been invested in 2019/20, and financial plans include continued investment.

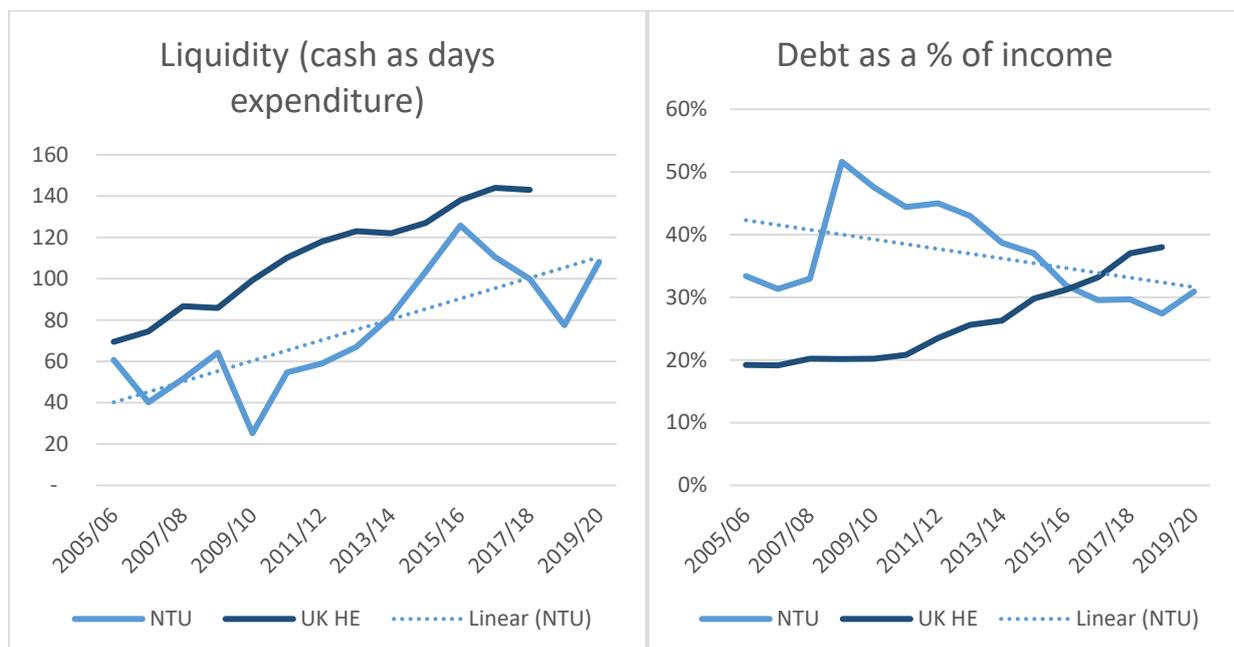


The initial phases of the regeneration programme were supported through borrowing in addition to disposal proceeds, working capital and cash reserves. Subsequent capital expenditure has been funded through cash generated. A £60m Revolving Credit Facility with a 4 year duration has been put in place to support the current capital plans.

Cash reserves increased by £30m during 2019/20, as £20m of the RCF was drawn and capital projects were subsequently deferred into the following year, resulting in a high cash balance at year end.



At 31 July 2020 cash reserves represent 108 days liquidity. Borrowing is £105 million, 31% of income. The current liquidity position is below sector average although borrowing levels remain positive compared to sector.



For accounting purposes, in accordance with accounting standard FRS 102, the actuary to the Nottinghamshire LGPS, the Nottinghamshire County Council Pension Fund (NCCPF), is required to calculate the present value of future pension obligations and compare this to the value of the assets owned by the pension scheme.

All organisations with defined benefit pension schemes have to use the same methodology, ensuring financial statements are produced on a consistent basis and pension liability calculations for accounting purposes are comparable.

Accounting standards require actuaries to calculate the present value of future obligations using a discount rate linked to the investment performance of the Merrill Lynch AA-rated corporate bond yield. Low returns for a number of years for this asset class have resulted in low discount rates and therefore a higher present value of future obligations, leading to large pension deficit liabilities appearing on the Balance Sheets of organisations with defined benefit pension schemes.

The majority of the Pension Provision (96%) relates to the Nottinghamshire County Council Pension Fund (NCCPF). At the triennial valuation date of 31 March 2019 the actuaries reported, for the NTU part of the fund, a funding level of 92.2% (88.5% in 2016), and a decrease in the funding deficit from £25.7m to £23.9m.

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. This has increased in 2019/20 due to actuarial assumptions, primarily a lower discount rate and the impact of triennial valuation which results in an adjustment for differences between actuarial assumptions and actual experience over the period between valuations.

## **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 Chair and Deputy Chair 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 Office for Students terms and conditions of funding for higher education institutions.

The Board of Governors meets at least four times a year and has established several Committees, including a Membership and Nominations Committee, a Remuneration Committee, an Employment Policy Committee, an Audit and Risk Management Committee, and a Strategy, Policy, Finance and Resources Committee. 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. The Board of Governors and the University's Executive Team has also had due regard to the general and supplementary guidance on public benefit published by the Charity Commission in exercising their powers and duties.

The Board of Governors has adopted the CUC Higher Education Remuneration Code and an annual report on remuneration is prepared for review by the Board.

### **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; and
- 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, Office for Students terms and conditions of funding for higher education institutions 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; and
- 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 OfS and other funding bodies are used only for the purposes for which they have been given and in accordance with the Office for Students Terms and conditions of funding for higher education institutions 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; and
- secure the economical, efficient and effective management of the University and the group's resources and expenditure.

### **Delivery of public benefit**

Through a diverse range of innovative, enterprising and pioneering activity across NTU, the University is positively enhancing the experience of both our students and staff, and further impacting on our position within the local community, nationally and globally.

The University's ambition is for all NTU students to excel in developing the knowledge, skills, and resilience to play the positive role in society they envisage for themselves. By integrating the development of intellectual capability, vocational skills, work experience and personal insight into the design of all NTU courses we will enable all students to personalise their learning, combining theoretical rigour, practical relevance, and personal development.

This approach has led to NTU being awarded a University of the Year title for the past three years: Times Higher Education University of the Year 2017, Times and Sunday Times Modern University of the Year 2018 and University of the Year 2019 in The Guardian University Awards 2019.

At NTU, we employ around 4,000 people in the local community. However, the activities that we lead through enterprise support programmes have generated over 6,000 additional jobs amongst local businesses, especially within small and medium enterprises (SMEs). We have also part-funded over 500 placements within SMEs.

NTU plays a leading role in the social, cultural, economic and environmental development of the City, East Midlands and UK. By developing strategic relationships with civic and commercial partners we are able to engage with a wide range of organisations in order to enhance their prospects and those of our students:

- Our campus is home to the Institute of Director's (IoD) regional office
- The Legal Advice Centre, part of Nottingham Law School, offers a specialist Business and Enterprise service to provide free legal advice and support to local businesses
- We help local businesses and authorities understand how to improve their impact on local growth and measure progress
- Over 900 small and medium sized enterprises (SMEs) have engaged in our support programmes, with £6.5m of public funds for SMEs also accessed through NTU
- We have worked with over 700 businesses and entrepreneurs to develop and launch new products and services
- We have supported our students and graduates to create over 500 new businesses since 2001, with over 85% of them surviving for more than three years
- Student and graduate-led businesses, supported by our business incubator - The Hive - currently employ over 800 people in the local community.

Recently, a collaboration between NTU and the University of Nottingham was launched, launching a Joint Civic Engagement Plan for the next five years. It is deliberately focused on a number of measures, which will be delivered by the universities and the other signatories to help drive economic revival and protect jobs. For example, over the next three years, both universities will continue to work in collaboration with the D2N2 Local Enterprise Partnership, both Councils and other partners to deliver SME and enterprise programmes, which will now be aligned to local COVID-19 recovery plans to support more than 2,000 businesses and create over 1,000 new jobs.

NTU is committed to supporting the economic development of the region and works closely with Local Enterprise Partnership, D2N2, on projects such as The Big House programme, which aims to support businesses within the creative and digital sector – seen as a key source of economic growth for both the region and the country. The University's series of Elevator workshops provided small to medium sized businesses in Derbyshire and Nottinghamshire with tailored sessions focused on disciplines such as marketing and writing business proposals to help them expand.

Promoting internationalisation and attracting talented students from around the world is a key part of NTU's global ambitions. As an international University, we nurture global citizenship, engage with the international research community, and attract talented students and staff from around the world, providing a vibrant multinational learning community. NTU offers international students a rich, varied learning experience and in turn encourages our home students to learn from them and enjoy the cultural experience they can bring.

As well as an economic impact, NTU also plays an active role in the cultural life of the city, with strategic partnerships with a range of local organisations such as the Creative Quarter Company, Nottingham Playhouse, and the New Art Exchange.

## **Statement of Internal Control**

This statement relates to the University's arrangements for the prevention and detection of corruption, fraud, bribery and other irregularities for the financial year to 31 July 2020 and the period up to the date of approval of these audited financial statements.

The Board of Governors is responsible for ensuring that a sound system of internal control is maintained. It has reviewed the effectiveness of these arrangements.

The principal results of risk identification, risk evaluation and the management review of the effectiveness of the arrangements are reported to, and reviewed by, the Board.

During the year the Audit and Risk Management Committee received regular reports on internal control and risk. Risk is identified and managed at both strategic and operational level. It is an ongoing process linked to the University's objectives.

University Executive Team risk theme leads are responsible for ensuring that controls are in place and high level risks are managed appropriately within the ten strategic risk themes.

These are reviewed and reported on a quarterly basis to the University Executive Team and biannually to the Audit and Risk Management Committee.

The Audit and Risk Management Committee also conducts an in-depth review of one strategic theme each meeting.

Heads of college and professional services are accountable for the management of operational risks, which are reviewed by local management teams on a quarterly basis. The University Executive Team is provided with an oversight of operational risks through biannual professional service and college reviews.

High scoring operational risks are escalated and reported to the Audit and Risk Management Committee via risk theme reports. The Chief Operating Officer and Registrar is accountable for the risk management function, supported by a Risk Manager. Local risk leads support the identification and reporting of operational risks.

The approach to internal control is risk-based. It includes an evaluation of the likelihood and impact of risks becoming a reality.

Review procedures cover business, operational, compliance and financial risk.

Risk assessment and internal control are embedded in ongoing operations.

The University's external and internal auditors operate in accordance with the requirements of the Audit Code of Practice (as part of the Office for Students terms and conditions of funding for higher education institutions). As such they report regularly to the University's Audit and Risk Management Committee on the improvement of the internal control environment and the University's performance in the delivery of value for money.

It is the Board's opinion that during the financial year and after the year end but before the signing of these financial statements, no significant internal control weaknesses or failures have arisen that should be disclosed.

## **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 2020 and until the date the financial statements were formally approved were:

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

Mr N Goulden, Chair  
Baroness D Warwick, Deputy Chair  
Mr N Collard (retired 31 March 2020)  
Mr N Ebbs  
Mr I Ellis  
Mrs S Fish  
Ms L Holder  
Mr G Love  
Mr J Maier  
Miss J Nelson  
Sir D Nicholson (appointed 1 January 2020)  
Mrs S Walker-Smith  
Ms C Wayman (appointed 1 September 2020)  
Mr D Williams  
Mr O Woodley

### ***Academic Board member***

Ms A Brown (appointed 1 December 2019)  
Ms K Moore (retired 30 November 2019)

### ***Student nominee***

Mr C Naughton (appointed 1 August 2020)  
Mr B Fox (retired 31 July 2020)

### ***Professional Services staff member***

Ms C Brown

### ***Vice-Chancellor***

Professor E W Peck

### ***Chief Operating Officer and Registrar***

Mr S Denton



**Mr N Goulden**  
*Chair*



**Professor E W Peck**  
*Vice-Chancellor*

24 November 2020

## Independent auditor's report to the Board of Governors of Nottingham Trent University

### Opinion

We have audited the financial statements of Nottingham Trent University ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2020 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement in Changes in Reserves, the Consolidated and University Statement of Financial Position, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2020 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and relevant legislation.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and 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.

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

### Other information

The board are responsible for the other information. Other information comprises the information included in the Operating and Financial Review, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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 including the Operating and Financial Review 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.

### Opinion on other matters required by the Office for Students (“OfS”) and Research England

In our opinion, in all material respects:

- Funds from whatever source administered by the higher education institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the Terms and Conditions of Funding and any other terms and conditions attached to them.
- The requirements of the OfS’s Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- The University’s grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The University’s expenditure on access and participation activities for the financial year has been materially misstated.

### Responsibilities of the board

As explained more fully in the board members responsibilities statement set out on page 12, the board is 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 board members 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 board are responsible for assessing the Group and 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 board either intend to liquidate the Group or 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor’s report.

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and Research England.

### Use of our report

This report is made solely to the University board, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. Our audit work has been undertaken so that we might state to the University’s board those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the board members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Kyla Bellingall (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Birmingham  
Date: 30 November 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Statement of Accounting Policies for the year ended 31 July 2020

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### 1. Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention, modified to include certain fixed assets at fair value, and in accordance with Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. Additionally, the financial statements conform to the guidance published by the Office for Students. The financial statements have been prepared on a going concern basis.

### 2. Basis of consolidation

The consolidated financial statements incorporate those of the University and all its subsidiaries for the financial year to 31 July 2020 and include the results of subsidiaries acquired or disposed of during the period in the Consolidated Statement of Comprehensive Income and Expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

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 does not exert control or dominant influence over their commercial and financial policy decisions.

Joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at transaction price and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the joint venture. Associated companies are accounted for using the fair value model method. Where it is impractical to measure fair value reliably without undue cost and effort then the cost model is applied.

### 3. Recognition of income

Tuition fee income is stated gross of any expenditure which is not a discount and recognised in the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying, including all fees payable by students or their sponsors. Where the amount of tuition fee is reduced by a discount for prompt payment, income is shown net of discount. Bursaries are accounted for gross as expenditure and not deducted from income.

Income from the sale of goods or services is recognised in the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customer or the terms of the contract has been satisfied.

Investment income including dividends, other than that associated with endowments, is recognised on a receivable basis.

Funds the University receives and disburses as a 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 and has no economic benefit related to the transaction. Where the University has applied this policy to certain funds received during the year they are disclosed in note 35.

#### **Grant Funding**

Government revenue grants including recurrent funding council block grant and research grants are recognised in income over the periods the University recognises the related costs for which the grant is intended to compensate.

Capital (non-recurrent) government grants, received in respect of the purchase or construction of fixed assets, are recognised in income on a systematic basis over the expected useful life of the asset to which the grant relates.

Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

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

#### **Donations and endowments**

Non-exchange transactions without performance related conditions are donations or endowments as appropriate.

Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general (unrestricted) reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to funds.

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

There are two main types of donations and endowments identified in reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Restricted expendable endowments - the donor has specified that a particular objective other than the purchase or construction of tangible fixed assets, and the University has the right to use the capital.

**Statement of Accounting Policies (continued)**  
for the year ended 31 July 2020

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**4. Accounting for retirement benefits**

The University participates, principally, in two pension schemes, the Teachers' Pension Scheme (TPS) for academic staff and the Local Government Pension Scheme (LGPS) for non-academic staff. The schemes are defined benefit schemes, independently administered and contracted out of the State Second Pension (S2P).

Because of the mutual nature of the TPS, the scheme cannot allocate assets to individual contributing institutions and a scheme-wide contribution rate is set. As such, the University is exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of underlying assets and liabilities of the scheme and, therefore, as required by FRS 102(28), accounts for the scheme as if it were a defined contribution scheme.

For the LGPS defined benefit scheme the amounts charged to comprehensive income and expenditure are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost of the net defined benefit liability is charged to comprehensive income and expenditure and included within interest and other finance costs. Remeasurement comprising of actuarial gains and losses and return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The institution participates in Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

Further details of the above pension schemes are given in note 33.

**5. Short term employment benefits**

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

**6. Finance Leases**

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

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

**7. 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.

**8. Foreign currency**

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange differences arising on translation are recognised in the income statement.

**9. Intangible assets**

Intangible assets are amortised over 10 years representing the remaining estimated economic life of the assets.

## Statement of Accounting Policies (continued)

for the year ended 31 July 2020

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### 10. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land and assets-under-construction, at rates calculated to write-off the cost or valuation of each asset less any residual value, on a straight-line basis over its expected useful life as follows:

Freehold buildings	10 to 50 years
Plant & equipment	3 to 20 years
Fixtures & fittings	10 years
Vehicles	4 years

Equipment purchased for specific research grants is depreciated over the shorter of its estimated useful life or the remaining life of the research grant, with the related grant income being credited over the same period.

Tangible fixed asset additions are capitalised where the cost of such assets exceeds £25,000. Items costing less than this amount are expensed in the year of purchase.

#### **Land and buildings**

Land and building assets in existence as at 31 July 2014 were revalued to fair value on transition to FRS 102 as at 1 August 2014. Subsequent additions to Land and building after this date but before 31 July 2015 have also been subject to revaluation. The fair value of land and buildings was determined from either market-based evidence or depreciated replacement cost by appraisal by independent qualified valuers in accordance with the Royal Institute of Chartered Surveyors Valuation – Professional Standards January 2014, in particular, UK Valuation Standards 1, 2 and 4.

Fair value is defined as the amount for which an asset could be exchanged, a liability settled or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.

Depreciation and impairment losses, if applicable, are subsequently charged on the revalued amounts.

#### **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.

### 11. Investments

Investments in subsidiaries and associates are measured at cost less impairment.

Investments in publicly traded ordinary shares are measured at fair value.

Current asset investments, which may include listed investments, are held at fair value with movements recognised in Surplus/Deficit before tax.

### 12. Stock

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

### 13. Cash and cash equivalents

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

Cash equivalents are held for the purpose of meeting short term cash commitments and defined as short term, highly liquid investments that are readily convertible to cash with insignificant risk in change of value.

### 14. Provisions and contingent liabilities

Provisions are recognised in the financial statements when:

- (a) the University has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

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

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

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

### 15. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a restricted expendable fund.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

## Statement of Accounting Policies (continued)

for the year ended 31 July 2020

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### 16. Taxation

The University and its subsidiary, Nova Centric Limited are considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meet 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, Confetti Constellations Limited, Nottingham Conference Centre Limited, NTU Temporary Staff Limited, MTIF BEZ Limited and Notts TV 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, where allowable under regulation, 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 tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

### 17. Accounting judgements and estimates

In preparing these financial statements, management has made the following judgements:

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost / (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 33 of the financial statements, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Considering whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

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

Investment properties are professionally valued periodically, using yield methodology. There is an inevitable degree of judgement involved in that the property is unique and the value can only ultimately be tested in the market itself. Key inputs in the valuation were annual rent per square metre and capitalisation rate.

Judgement is applied in determining the value and timing of certain income items to be recognised in the financial statements. This includes determining when performance conditions have been met in respect of commercial research income, and determining the revenues associated with partially delivered courses and training where the activities have not been fully completed at the reporting date.

When calculating bad debt provisions, estimates are made taking into account historical experience, current trends and other relevant factors.

### 18 Going concern

In preparing the financial statements, the Governors have considered going concern. Financial sustainability was already a key foundation for the Strategy but has become a more significant focus in the light of the Covid-19. The University has already taken a series of actions to ensure financial sustainability. The negative impact on income in 2019/20 was fully offset by reductions in expenditure, capital investment was deferred, and cash reserves increased to prepare for 2020/21.

A number of scenarios were modelled for 2020/21 and resilience testing performed. Some 85% of total income relates to student fees and therefore modelling focussed primarily on student enrolments. Following the start of the autumn term it is clear the more cautious models on student enrolments have not borne out. The University has exceeded targets for home student enrolments and grown materially on 2019/20, and, whilst international enrolments are below normal levels, they are considerably above forecast models. The scenario modelling included additional contingency available to the university in the case of further deterioration in excess of the forecast position.

The scenario modelling included a contingency for reduced income or one off costs and did not factor in mitigating actions that could be taken if needed, such as reducing operating expenses, pausing capital expenditure or seeking additional borrowing. This modelling has been extended to include detailed cashflows to December 2021 as well as the impact on the 5 year plan to 2025. In all scenarios modelled the University remains able to meet its financial obligations as they fall due and covenant compliance is maintained for at least 12 months.

Given the unprecedented nature of the COVID-19 events, it is difficult to predict future performance and cash flows with certainty. The actual scenarios which materialise in the period ahead will undoubtedly be different to the scenarios modelled. In the event that the actual position is worse than that modelled in the forecasts, the University has included significant contingency sums in the revenue budget and retains a £60m credit facility which is not forecast to be required but provides additional access to liquidity if necessary.

Taking into account the above, the cash reserves and the undrawn credit facility, the Board believe that whilst uncertainty exists, this does not pose a material uncertainty that would cast doubt on the University's ability to continue as a going concern for the foreseeable future, which is a period of at least 12 months from the signing of the accounts and audit report. The Board therefore considers it appropriate for the accounts to be prepared on a going concern basis.

## Consolidated and University Statement of Comprehensive Income and Expenditure

Year Ended 31 July 2020

	Note	Year ended 31 July 2020		Year ended 31 July 2019	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Income</b>					
Tuition fees and education contracts	1	286,901	282,441	259,951	255,527
Funding body grants	2	22,155	22,155	20,596	20,596
Research grants and contracts	3	6,995	6,977	7,404	7,309
Other income	4	21,976	15,190	24,113	16,835
Investment income	5	795	1,491	712	1,378
Donations and endowments	6	309	319	225	179
<b>Total income</b>		<b>339,131</b>	<b>328,573</b>	<b>313,001</b>	<b>301,824</b>
<b>Expenditure</b>					
Staff costs	7	208,207	197,565	197,243	186,572
Other operating expenses	8	92,634	99,984	90,972	89,997
Interest and other finance costs	9	8,938	8,938	8,195	8,191
Intangible amortisation	11	380	-	393	-
Depreciation	12	22,320	20,755	20,406	19,172
<b>Total expenditure</b>		<b>332,479</b>	<b>327,242</b>	<b>317,209</b>	<b>303,932</b>
<b>Surplus/(deficit) before other gains losses and share of operating surplus of associates</b>		<b>6,652</b>	<b>1,331</b>	<b>(4,208)</b>	<b>(2,108)</b>
Gain/(loss) on disposal of fixed assets		54	14	76	10
Gain on investments		41	47	212	212
Share of operating deficit in associates	13,14	(302)	-	(503)	-
<b>Surplus/(deficit) before tax</b>		<b>6,445</b>	<b>1,392</b>	<b>(4,423)</b>	<b>(1,886)</b>
Taxation	10	(147)	-	23	-
<b>Surplus/(deficit) for the year</b>		<b>6,298</b>	<b>1,392</b>	<b>(4,400)</b>	<b>(1,886)</b>
<b>Other comprehensive income</b>					
Actuarial (loss)/gain in respect of pension schemes	21	(112,421)	(112,421)	(29,136)	(29,136)
<b>Total comprehensive income for the year</b>		<b>(106,123)</b>	<b>(111,029)</b>	<b>(33,536)</b>	<b>(31,022)</b>
Represented by:					
Endowment comprehensive income for the year	23	(258)	(258)	(380)	(380)
Restricted comprehensive income for the year	24	88	88	(29)	(29)
Unrestricted comprehensive income for the year		(105,953)	(110,859)	(33,127)	(30,613)
<b>Attributable to the University</b>		<b>(106,123)</b>	<b>(111,029)</b>	<b>(33,536)</b>	<b>(31,022)</b>
<b>Result for the year attributable to the University</b>		<b>6,298</b>	<b>1,392</b>	<b>(4,400)</b>	<b>(1,886)</b>

All items of income and expenditure relate to continuing activities.

The accompanying notes on pages 27 to 45 form an integral part of the financial statements.

## Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2020

Consolidated	Income and expenditure account			Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000
<b>Balance at 1 August 2018</b>	<b>5,598</b>	<b>89</b>	<b>121,646</b>	<b>127,333</b>
Surplus/(deficit) from the income & expenditure statement	(380)	(29)	(3,991)	(4,400)
Other comprehensive income	-	-	(29,136)	(29,136)
Release of restricted capital funds spent in year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(380)</b>	<b>(29)</b>	<b>(33,127)</b>	<b>(33,536)</b>
<b>Balance at 1 August 2019</b>	<b>5,218</b>	<b>60</b>	<b>88,519</b>	<b>93,797</b>
Surplus/(deficit) from the income & expenditure statement	(258)	88	6,468	6,298
Other comprehensive income	-	-	(112,421)	(112,421)
Release of restricted capital funds spent in year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(258)</b>	<b>88</b>	<b>(105,953)</b>	<b>(106,123)</b>
<b>Balance at 31 July 2020</b>	<b>4,960</b>	<b>148</b>	<b>(17,434)</b>	<b>(12,326)</b>

University	Income and expenditure account			Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000
<b>Balance at 1 August 2018</b>	<b>5,598</b>	<b>89</b>	<b>118,418</b>	<b>124,105</b>
Surplus/(deficit) from the income and expenditure statement	(380)	(29)	(1,477)	(1,886)
Other comprehensive income	-	-	(29,136)	(29,136)
Release of restricted funds spent in year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(380)</b>	<b>(29)</b>	<b>(30,613)</b>	<b>(31,022)</b>
<b>Balance at 1 August 2019</b>	<b>5,218</b>	<b>60</b>	<b>87,805</b>	<b>93,083</b>
Surplus/(deficit) from the income and expenditure statement	(258)	88	1,562	1,392
Other comprehensive income	-	-	(112,421)	(112,421)
Release of restricted capital funds spent in year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(258)</b>	<b>88</b>	<b>(110,859)</b>	<b>(111,029)</b>
<b>Balance at 31 July 2020</b>	<b>4,960</b>	<b>148</b>	<b>(23,054)</b>	<b>(17,946)</b>

The accompanying notes on pages 27 to 45 form an integral part of the financial statements.

## Consolidated and University Statement of Financial Position

As at 31 July 2020

	Note	As at 31 July 2020		As at 31 July 2019	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Non-current assets</b>					
Intangible assets	11	2,797	-	2,333	-
Fixed assets	12	452,017	422,132	437,575	412,331
Investments	13	864	864	807	807
Investment in subsidiaries	13	-	4,948	-	3,976
Investments in associates	13,14	2,245	441	2,562	441
		<b>457,923</b>	<b>428,385</b>	<b>443,277</b>	<b>417,555</b>
<b>Current assets</b>					
Stock	15	581	267	489	282
Debtors: amounts falling due within one year	16	18,939	31,779	19,990	32,191
Debtors: amounts falling due after one year	17	3,174	14,039	3,174	15,149
Investments	18	-	-	10,000	10,000
Cash and cash equivalents	25	92,434	88,140	52,932	50,211
		<b>115,128</b>	<b>134,225</b>	<b>86,585</b>	<b>107,833</b>
Less: Creditors: amounts falling due within one year	19	(66,495)	(62,687)	(50,698)	(47,816)
<b>Net current assets</b>		<b>48,633</b>	<b>71,538</b>	<b>35,887</b>	<b>60,017</b>
<b>Total assets less current liabilities</b>		<b>506,556</b>	<b>499,923</b>	<b>479,164</b>	<b>477,572</b>
Creditors: amounts falling due after more than one year	20	(147,009)	(147,009)	(144,215)	(144,215)
<b>Provisions</b>					
Pension provisions	21	(370,860)	(370,860)	(240,274)	(240,274)
Provision for deferred tax	22	(1,013)	-	(878)	-
<b>Total net assets /(liabilities)</b>		<b>(12,326)</b>	<b>(17,946)</b>	<b>93,797</b>	<b>93,083</b>
<b>Restricted Reserves</b>					
Income and expenditure reserve - endowment reserve	23	4,960	4,960	5,218	5,218
Income and expenditure reserve - restricted reserve	24	148	148	60	60
<b>Unrestricted Reserves</b>					
Income and expenditure reserve - unrestricted		(17,434)	(23,054)	88,519	87,805
<b>Total Reserves</b>		<b>(12,326)</b>	<b>(17,946)</b>	<b>93,797</b>	<b>93,083</b>

The accompanying notes on pages 27 to 45 form an integral part of the financial statements.

The financial statements on pages 19 to 45 were approved by the Board of Governors on 24 November 2020 and signed on its behalf on that date by:



Mr N Goulden  
Chair



Professor E W Peck  
Vice Chancellor

## Consolidated Statement of Cash Flows

Year ended 31 July 2020

		Year ended 31 July 2020	Year ended 31 July 2019
	Notes	Consolidated £'000	Consolidated £'000
<b>Cash flow from operating activities</b>			
Surplus /(deficit) for the year		6,298	(4,400)
<b>Adjustment for non-cash items</b>			
Depreciation	12	22,320	20,406
Amortisation of intangibles	11	380	393
(Profit)/ loss on investments	13	(41)	(213)
(Increase)/decrease in stock	15	(92)	60
Decrease/(Increase) in debtors	16	1,385	(2,014)
Decrease /(increase) in creditors	19	(2,831)	4,993
Increase in pension provision	21	18,165	23,527
Decrease in other provisions	21	-	-
Change in deferred tax asset/provision	22	147	(23)
Share of operating deficit in associate	13	302	503
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(795)	(712)
Interest payable	9	4,000	3,401
Endowment income	6	(92)	(102)
(Profit)/loss on the sale of fixed assets		54	(76)
Capital grant income	30	(1,545)	(1,513)
<b>Net cash inflow from operating activities</b>		<u>47,655</u>	<u>44,230</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		(54)	11
Capital grants receipts	30	5,685	3,824
Disposal of non-current asset investments		-	66
Investment income	5	795	712
Payments made to acquire fixed assets	12	(38,709)	(56,605)
Payments made to acquire intangible fixed assets	11	(972)	-
Payments made to acquire subsidiary undertakings		(10)	-
Cash acquired with subsidiary undertaking		71	-
New non-current asset investments		-	-
Withdrawal of deposits	18	10,000	15,000
		<u>(23,194)</u>	<u>(36,992)</u>
<b>Cash flows from financing activities</b>			
Interest paid	9	(4,180)	(3,401)
Endowment cash received	23	92	102
New loan	19	20,000	-
Repayments of amounts borrowed		(858)	(360)
Repayment of finance leases		(13)	(22)
		<u>15,041</u>	<u>(3,681)</u>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<u>39,502</u>	<u>3,557</u>
Cash and cash equivalents at beginning of the year	25	52,932	49,375
Cash and cash equivalents at end of the year	25	92,434	52,932

The accompanying notes on pages 27 to 45 form an integral part of the financial statements.

**Notes to the Accounts**  
for the year ended 31 July 2020

	Note	Year Ended 31 July 2020		Year Ended 31 July 2019	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>1 Tuition fees and education contracts</b>					
Further education		4,525	312	4,306	475
Undergraduate tuition - Home/EU		221,734	221,734	199,981	199,970
Undergraduate tuition - Overseas		24,144	24,144	22,137	22,137
Postgraduate tuition - Home/EU		16,952	16,952	16,616	16,616
Postgraduate tuition - Overseas		18,836	18,836	15,624	15,624
Other fees and support grants		710	463	1,287	705
		<b>286,901</b>	<b>282,441</b>	<b>259,951</b>	<b>255,527</b>
<b>2 Funding body grants</b>					
<b>Recurrent grant</b>					
Office for Students		11,441	11,441	11,299	11,299
Research England		5,028	5,028	4,672	4,672
Education and Skills Funding Agency		2,088	2,088	1,552	1,552
Office for Students capital grant		1,424	1,424	1,406	1,406
UKRI capital grant		14	14	-	-
<b>Specific grants</b>					
UKRI		1,928	1,928	1,542	1,542
Office for Students		9	9	-	-
National College for Teaching and Leadership		116	116	125	125
Other bodies capital grant		107	107	-	-
		<b>22,155</b>	<b>22,155</b>	<b>20,596</b>	<b>20,596</b>
<b>3 Research grants and contracts</b>					
Research councils and charities		2,170	2,170	2,347	2,347
Government (UK and overseas)		3,119	3,101	2,241	2,146
Industry and commerce		1,706	1,706	2,816	2,816
		<b>6,995</b>	<b>6,977</b>	<b>7,404</b>	<b>7,309</b>
<b>4 Other income</b>					
Residences, catering and conferences		7,728	6,140	8,741	6,563
Other revenue grants		4,468	4,030	3,247	3,203
Other capital grants		-	-	107	107
Other income generating activities		9,780	5,020	12,018	6,962
		<b>21,976</b>	<b>15,190</b>	<b>24,113</b>	<b>16,835</b>
Other revenue grants includes £2,131,000 (2019: £nil) in relation to Coronavirus Job Retention Scheme( University only 2020: £1,365,000, 2019:£nil).					
<b>5 Investment income</b>					
Investment income on expendable endowments	23	39	39	47	47
Other investment income		312	312	374	374
Other interest receivable		444	1,140	291	957
		<b>795</b>	<b>1,491</b>	<b>712</b>	<b>1,378</b>
<b>6 Donations and endowments</b>					
New endowments	23	92	92	102	102
Donations with restrictions	24	131	131	66	66
Unrestricted donations		86	96	57	11
		<b>309</b>	<b>319</b>	<b>225</b>	<b>179</b>
<b>Note</b> The source of grant and fee income, included in notes 1 to 4 is as follows:					
Grant income from the OfS		12,874	12,874	14,247	14,247
Grant income from other bodies		13,749	13,311	9,703	9,659
Fee income for taught awards ( exclusive of VAT)		280,010	279,870	253,147	252,567
Fee income for research awards ( exclusive of VAT)		8,791	1,796	9,954	9,859
Fee income from non-qualifying courses (exclusive of VAT)		5,095	7,752	4,254	410
Total grant and fee income		<b>320,519</b>	<b>315,603</b>	<b>291,305</b>	<b>286,742</b>

**Notes to the Accounts**  
for the year ended 31 July 2020

	Note	Year Ended 31 July 2020		Year Ended 31 July 2019	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>7 Staff costs</b>					
<i>Employee costs:</i>					
Wages and salaries		154,534	144,558	143,113	133,115
Social security costs		15,034	14,521	14,259	13,739
Other pension costs		24,598	24,445	20,325	20,172
Pension operating costs	21	14,041	14,041	19,546	19,546
Total		<b>208,207</b>	<b>197,565</b>	<b>197,243</b>	<b>186,572</b>
<i>Emoluments of the Vice-Chancellor:</i>					
Salary				2020 £'000	2019 £'000
Payment in lieu of pension contributions				273	268
Bonus				44	43
				20	26
				<b>337</b>	<b>337</b>
Pension contributions including contributions to USS				5	6
				<b>342</b>	<b>343</b>

† Bonus is the bonus paid in year. The bonus paid in the year ended 31 July 2020 was earned and accrued in the previous financial year.

<i>Remuneration of other higher paid staff, excluding employer's pension contributions.</i>	No.	No.
£100,000 to £104,999	7	5
£105,000 to £109,999	3	6
£110,000 to £114,999	3	2
£115,000 to £119,999	5	4
£120,000 to £124,999	-	-
£125,000 to £129,999	1	2
£130,000 to £134,999	-	-
£135,000 to £139,999	1	-
£140,000 to £144,999	2	1
£145,000 to £149,999	4	4
£150,000 to £154,999	1	-
£155,000 to £159,999	-	1
£165,000 to £169,999	-	-
£170,000 to £174,999	-	-
£175,000 to £179,999	1	-
£180,000 to £185,999	-	1
£185,000 to £189,999	-	-
£190,000 to £194,999	-	1
£200,000 to £204,999	1	-

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

<i>Average weekly staff numbers (including senior post-holders) employed during the period.</i>	2020 Fte	2019 Fte
Academic departments	1,669	1,569
Academic support services	647	673
Other support services	131	123
Administration and central services	923	885
Estates	420	404
Other	59	59
	<b>3,849</b>	<b>3,713</b>

<i>Compensation for loss of office - all staff</i>	2020 £'000	2019 £'000
Compensation paid/payable recorded within staff costs	866	1,206

	2020 Number	2019 Number
Number of people to whom this was payable	44	57

Compensation was paid in cash from general University funds.

## Notes to the Accounts for the year ended 31 July 2020

### 7 Staff costs (continued)

#### Key management personnel

Key management personnel are those members of the University Executive Team, having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation (salaries and benefits, including any employer's pension contributions) paid to key management personnel as follows:

	2020	2019
	£'000	£'000
<b>Key management personnel compensation</b>	<b>2,009</b>	<b>1,894</b>

#### Trustees

No trustee has received any remuneration/waived payments from the group during the year (2019: None).

The total expenses paid to or on behalf of the 21 trustees was £2,637 (2019: £10,258 to 21 trustees). This represents travel and subsistence expenses incurred personally by the trustees in attending Board of Governors and Committee meetings and Charity events in their official capacity.

#### Head of provider pay

The Vice-Chancellor does not receive any taxable benefits. He receives a non taxable benefit in the form of an annual health care assessment with a value of £585.

The Vice-Chancellor's remuneration is reviewed annually by the Remuneration Committee, one of the sub-committees of the Board of Governors. The Remuneration Committee was established by the Board of Governors on 1 May 2018, taking over relevant duties from the former Remuneration and Employment Policy Committee.

The Vice-Chancellor is not a member of the Remuneration Committee. The Vice-Chancellor will normally attend the Committee's meetings but will withdraw from any discussions with regard to his own salary or other potential benefits. The Remuneration Committee is chaired by a senior independent member of the Board of Governors, and includes both a staff and student voice within its membership. In addition to five independent members of the Board of Governors, the Academic Board member on the Board of Governors (staff voice) and a recent NTU student (student voice) appointed by the Chair of the Board with the advice of the NTSU are both full members. The Remuneration Committee can draw on the expertise of an independent adviser.

When considering reward proposals for the Vice-Chancellor the Remuneration Committee considered the following indicators:

- performance in support of the University's strategic objectives and KPIs in the areas of teaching, research, management and administration, leadership of staff, partnerships and external relations internationally, nationally and locally and major initiatives and projects;
- the size and complexity of the University;
- the breadth, degree of complexity and level of challenge of the Vice-Chancellor's role;
- the nature of the HE markets and general issues of pay restraint, recruitment and retention challenges within the HE sector;
- the need to remain market competitive and reward exceptional, evidenced performance as well as retain and motivate for the future success of the University; and
- Benchmarking data in respect of comparator institutions, geographical location and specialism.

The data that supported these indicators were drawn from the following areas:

- University and Colleges Employer Associations Senior Staff Remuneration Survey;
- Committee of University Chairs' Vice-Chancellor Salary Survey;
- TEF Gold, NSS Results, student numbers, research rankings, national and international league table performance data; and
- In addition nationally determined job evaluation schemes, nationally negotiated pay awards and nationally recognised higher education pension schemes were all considered by the Committee.

The head of the provider's basic salary is 8.1 (2019: 8.1) times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff. The head of the provider's total remuneration is 9.5 (2019: 9.7) times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff. The provisions of paragraph 12d of OfS accounts direction 19/20 have been adopted.

Further details on the pay, expenses and payments in lieu of pension contributions for the Vice-Chancellor are available on the NTU website at <https://www.ntu.ac.uk/about-us/governance/vice-chancellor/vice-chancellors-salary>

**Notes to the Accounts**  
for the year ended 31 July 2020

	Year Ended 31 July 2020		Year Ended 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>8 Analysis of other operating expenses by activity</b>				
Academic departments	22,544	28,133	24,071	27,810
Academic services	15,928	15,863	16,771	16,753
Administration and central services	28,130	32,583	30,686	29,124
Premises	12,475	12,047	11,387	10,919
Residences, catering and conferences	9,287	8,439	2,244	1,037
Research grants and contracts	3,075	2,919	4,532	4,354
Other expenses	1,195	-	1,281	-
	<u>92,634</u>	<u>99,984</u>	<u>90,972</u>	<u>89,997</u>
<i>Other operating expenses include:</i>				
External auditors remuneration in respect of audit services	74	48	65	39
External auditors remuneration in respect of non-audit services:	-	-	78	90
Operating lease rentals - land and buildings	1,158	171	658	171
- other	476	476	580	580
<b>9 Interest and other finance costs</b>				
		Note		
Bank interest on loans	4,000	4,000	3,401	3,397
Net charge on pension scheme	4,938	4,938	4,794	4,794
	<u>8,938</u>	<u>8,938</u>	<u>8,195</u>	<u>8,191</u>
<b>10 Taxation</b>				
<b>Recognised in the statement of comprehensive income</b>				
<b>Current tax</b>				
Current tax expense	-	-	-	-
Adjustment in respect of previous years	-	-	-	-
<b>Current tax expense</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>				
Origination and reversal of timing differences	(147)	-	23	-
Reduction in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
<b>Deferred tax (charge)/ credit</b>	<u>(147)</u>	<u>-</u>	<u>23</u>	<u>-</u>
<b>Total tax (charge)/ credit</b>	<u>(147)</u>	<u>-</u>	<u>23</u>	<u>-</u>
The tax charge is represented in the consolidated balance sheet through the net financial impact of the creation of corporation tax payable (Note 19) and a deferred tax asset (Note 16) and the increase in the provision for deferred tax (Note 22).				
<b>11 Intangible assets</b>				
<b>Brand</b>				
<b>Opening Balance</b>	2,333	-	2,726	-
Additions	972	-	-	-
Amortisation charge for the year	(508)	-	(393)	-
<b>At 31 July 2020</b>	<u>2,797</u>	<u>-</u>	<u>2,333</u>	<u>-</u>
Included in the amount above is £2.8m (2019: £2.3m) which relates to the purchase of the Confetti Media Group brand on 3rd August				
The amortisation period is 10 years.				
<b>Negative goodwill</b>				
<b>Opening Balance</b>	-	-	-	-
Additions	(128)	-	-	-
Amortisation	128	-	-	-
<b>At 31 July 2020</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The negative goodwill relates to the acquisition of Notts TV Limited on 20 May 2020.				

**Notes to the Accounts**  
for the year ended 31 July 2020

**12 Fixed Assets**

	Investment Land & Buildings £'000	Freehold Land and Buildings £'000	Fixtures and fittings £'000	Furniture and equipment £'000	Assets under course of construction £'000	Total fixed assets £'000
<b>Consolidated</b>						
<b>Cost or valuation</b>						
At 1 August 2019	6,290	345,105	73,057	76,280	44,382	545,114
Opening reclassification	-	(603) ††	-	603 ††	-	-
Additions	-	6,285	3,843	7,335	19,299	36,762
Transfers	-	25,883	584	1,960	(28,427)	-
Disposals	-	-	(890)	(7,324)	-	(8,214)
Adjustment	(460) †	-	-	-	-	(460)
<b>At 31 July 2020</b>	<b>5,830</b>	<b>376,670</b>	<b>76,594</b>	<b>78,854</b>	<b>35,254</b>	<b>573,202</b>
<b>Consisting of valuation as at:</b>						
1 August 2014	-	273,909	-	-	-	273,909
31 July 2020	5,830	-	-	-	-	5,830
Cost	-	102,761	76,594	78,854	35,254	293,463
	<b>5,830</b>	<b>376,670</b>	<b>76,594</b>	<b>78,854</b>	<b>35,254</b>	<b>573,202</b>
<b>Depreciation</b>						
At 1 August 2019	580	29,395	35,867	41,697	-	107,539
Opening reclassification	-	170 ††	-	(170) ††	-	-
Charge for the year	(120)	7,449	4,951	10,040	-	22,320
Disposals	-	-	(890)	(7,324)	-	(8,214)
Adjustment	(460) †	-	-	-	-	(460)
<b>At 31 July 2020</b>	<b>-</b>	<b>37,014</b>	<b>39,928</b>	<b>44,243</b>	<b>-</b>	<b>121,185</b>
<b>Net book value</b>						
<b>At 31 July 2020</b>	<b>5,830</b>	<b>339,656</b>	<b>36,666</b>	<b>34,611</b>	<b>35,254</b>	<b>452,017</b>
At 31 July 2019	5,710	315,710	37,190	34,583	44,382	437,575
<b>University</b>						
<b>Cost or valuation</b>						
At 1 August 2019	6,290	320,404	70,982	69,962	43,960	511,598
Additions	-	5,896	3,631	6,728	14,300	30,555
Transfers	-	25,883	584	1,960	(28,427)	-
Disposals	-	-	(878)	(7,255)	-	(8,133)
Adjustment	(460) †	-	-	-	-	(460)
<b>At 31 July 2020</b>	<b>5,830</b>	<b>352,183</b>	<b>74,319</b>	<b>71,395</b>	<b>29,833</b>	<b>533,560</b>
<b>Consisting of valuation as at:</b>						
1 August 2014	-	273,909	-	-	-	273,909
31 July 2020	5,830	-	-	-	-	5,830
Cost	-	78,274	74,319	71,395	29,833	253,821
	<b>5,830</b>	<b>352,183</b>	<b>74,319</b>	<b>71,395</b>	<b>29,833</b>	<b>533,560</b>
<b>Depreciation</b>						
At 1 August 2019	580	27,374	33,234	38,079	-	99,267
Charge for the year	(120)	6,587	4,983	9,305	-	20,755
Disposals	-	-	(878)	(7,256)	-	(8,134)
Adjustment	(460) †	-	-	-	-	(460)
<b>At 31 July 2020</b>	<b>-</b>	<b>33,961</b>	<b>37,339</b>	<b>40,128</b>	<b>-</b>	<b>111,428</b>
<b>Net book value</b>						
<b>At 31 July 2020</b>	<b>5,830</b>	<b>318,222</b>	<b>36,980</b>	<b>31,267</b>	<b>29,833</b>	<b>422,132</b>
At 31 July 2019	5,710	293,030	37,748	31,883	43,960	412,331

A full valuation as at 1 August 2014 of the University's land and buildings (including those of its subsidiaries, where applicable) was carried out by an independent and professionally qualified Valuer. In addition, building assets transferred at cost from Assets under the course of Construction during the period 1st August 2014 to 31st July 2015 were also subject to full valuation.

The investment land and buildings were revalued as at 31 July 2020 following a professional revaluation. At 31 July 2020, investment land and buildings included £490,000 (2019 - £490,000) in respect of freehold land which is not depreciated.

† During the year it was identified that the investment property had been depreciated in error. An adjustment has been made to the opening position to reclassify this depreciation as cost.

†† During the year a review of the fixed asset register highlighted fixtures and fittings mis-classified as land and buildings. An adjustment has been made to the opening position to reclassify these assets as fixtures and fittings. This has no impact on the total cost and net book value of the fixed assets recognised and no impact on depreciation charged.

## Notes to the Accounts

### for the year ended 31 July 2020

#### 12. Fixed Assets (continued)

At 31 July 2020, freehold land and buildings included £39,241,180 (2019 - £39,241,180) in respect of freehold land which is not depreciated.

Consolidated furniture and equipment include assets held under finance leases as follows:

	At 31 July 2020	At 31 July 2019
	£'000	£'000
Furniture and Equipment	<u>-</u>	<u>70</u>

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 Education and 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 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.

In 2009/10 the University entered into a 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.

#### 13 Non-current Investments

	Subsidiary companies	Investment in joint ventures and associates	Other Investments	Total
	£'000	£'000	£'000	£'000
<b>Consolidated</b>				
<b>At 1 August 2019</b>	-	2,562	807	3,369
Additions	-	-	-	-
Fair value adjustments	-	(302)	57	(245)
Disposals	-	-	-	-
Impairments	-	(15)	-	(15)
<b>At 31 July 2020</b>	<u>-</u>	<u>2,245</u>	<u>864</u>	<u>3,109</u>
<b>University</b>				
<b>At 1 August 2019</b>	3,976	441	807	5,224
Additions	982	-	-	982
Fair value adjustments	-	-	57	57
Disposals	-	-	-	-
Impairments	(10)	-	-	(10)
<b>At 31 July 2020</b>	<u>4,948</u>	<u>441</u>	<u>864</u>	<u>6,253</u>

#### Other Investments

The Group holds 32,258 ordinary shares in Experian Plc (2019: 32,258) which were valued at £26.8 per share (2019: £25) as per the closing Sell position on the London Stock Exchange as at 31 July 2020.

	Shareholding %	Cost £	Value £
Intelligent OMICS Limited	50	550	-
SiActive Limited	27	25	-

## Notes to the Accounts

### for the year ended 31 July 2020

#### 13 Non-current Investments (continued)

##### *Other Investments (cont'd)*

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

##### *Subsidiary Companies*

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

Company Name	No. of Ord Shares	Cost of Investment £'000	Value of Investment £'000
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 Trent International College Limited	1	-	-
Nottingham Conference Centre Limited	1	-	-
Confetti Constellations Limited	100	3,976	3,976
Notts TV Limited *	700	160	-

In addition, the University is the sole subscriber to the following companies limited by guarantee, registered in England and Wales and operating in the UK

##### **Company Name**

Nottingham Law School Legal Advice Centre Limited \*

Nova Centric Limited

NTU Temporary Staff Limited \*

MTIF (BEZ) Limited \*

\* exempt from audit under the requirements of s479A of the Companies Act 2006

The registered office for all subsidiaries is 50 Shakespeare Street, Nottingham, NG1 4FQ.

#### 14 Investment in joint ventures and associates

Company Name	Shareholding percentage	Consolidated	University	Consolidated	University
		2020 Value of Investment £'000	2020 Value of Investment £'000	2019 Value of Investment £'000	2019 Value of Investment £'000
<b>Associate</b>	%	£'000	£'000	£'000	£'000
UPP Clifton Limited	20	78	78	78	78
UPP Byron Limited	20	113	113	113	113
NET	n/a	50	50	50	50
Loreus Limited	10	-	-	-	-
Halo X-Ray Technologies Limited	37	64	-	80	-
<b>Joint venture</b>					
BioCity Group Ltd	50	1,940	200	2,241	200
		<u>2,245</u>	<u>441</u>	<u>2,562</u>	<u>441</u>

The Group's holdings in UPP Clifton Limited and UPP Byron Limited were a result of property lease financing arrangement considerations (see Note 12).

The Group's participating interest in BioCity Group Limited related 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 the East Midlands Development Agency (EMDA). Following the abolition of EMDA in March 2012 the University has continued the joint venture arrangement with the University of Nottingham.

BioCity Group 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. BioCity Group Limited is treated as a joint venture as the University is party to a contractual agreement with a party outside the group to undertake an economic activity that is subject to joint control. The registered address of BioCity Group Limited is BioCity Nottingham, Pennyfoot Street, Nottingham, NG1 1GF. The year end of BioCity Group Limited is 31 December. The last year end of the joint venture before 31 July 2020 is 31 December 2019.

Associated companies are accounted for using the cost method. The value of investment in Loreus Limited is £10 (Ten pounds).

## Notes to the Accounts for the year ended 31 July 2020

	Year Ended 31 July 2020		Year Ended 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>15 Stock and stores in hand</b>				
Finished goods	316	215	350	232
Goods for resale	265	52	139	50
	<u>581</u>	<u>267</u>	<u>489</u>	<u>282</u>

### 16 Debtors: amounts falling due within one year

Trade Debtors	8,864	7,412	8,381	7,535
Amounts due by group undertaking companies	-	15,526	-	13,144
Deferred tax asset	25	-	37	-
Accrued Income	6,962	6,645	7,565	8,084
Prepayments	2,252	2,046	3,617	3,278
Other debtors	836	150	390	150
	<u>18,939</u>	<u>31,779</u>	<u>19,990</u>	<u>32,191</u>

### 17 Debtors: amounts falling due after more than one year

Loan notes	3,174	3,174	3,174	3,174
Amounts due by group undertaking companies	-	10,865	-	11,975
	<u>3,174</u>	<u>14,039</u>	<u>3,174</u>	<u>15,149</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.

### 18 Current Investments

Short term deposits	-	-	10,000	10,000
	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months but less than twelve months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

At 31 July 2020 the weighted average interest rate of these fixed rate deposits was 0.925% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 230 days.

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

	Note	Year Ended 31 July 2020		Year Ended 31 July 2019	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Unsecured loans		20,000	20,000	-	-
Salix Finance Loan	20	391	391	359	359
Net obligations under finance leases		-	-	13	-
Trade creditors		5,114	3,877	7,143	6,709
Social security and other taxation payable		5,750	5,509	6,501	6,401
Corporation tax payable		-	-	-	-
Other creditors		706	657	504	441
General accruals		18,923	17,126	21,490	19,730
Deferred income		15,611	15,127	14,688	14,176
		<u>66,495</u>	<u>62,687</u>	<u>50,698</u>	<u>47,816</u>

#### Deferred income

The following items of income which have been deferred until specific performance related conditions have been met.

Tuition fee income		7,224	7,201	6,941	7,137
Government non-recurrent grant income	30	1,621	1,621	1,513	1,513
Research grant income		3,837	3,837	2,864	2,863
Other grant income		526	523	818	794
Other income		2,403	1,945	2,552	1,869
		<u>15,611</u>	<u>15,127</u>	<u>14,688</u>	<u>14,176</u>

**Notes to the Accounts**  
for the year ended 31 July 2020

	Note	Year Ended 31 July 2020		Year Ended 31 July 2019	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>20 Creditors : amounts falling due after more than one year</b>					
Other creditors		129	129	511	511
Government non-recurrent grant deferred income	30	62,377	62,377	58,311	58,311
		<u>62,506</u>	<u>62,506</u>	<u>58,822</u>	<u>58,822</u>
Salix Finance Loans		503	503	1,393	1,393
Bank loans		40,000	40,000	40,000	40,000
Other loans		44,000	44,000	44,000	44,000
Total bank and other loans		<u>84,503</u>	<u>84,503</u>	<u>85,393</u>	<u>85,393</u>
		<u>147,009</u>	<u>147,009</u>	<u>144,215</u>	<u>144,215</u>

Salix have been working with Universities since 2006, currently offering finance on behalf of the Department of Business, Energy and Industrial Strategy (BEIS) and previously through the joint-funded Revolving Green Fund Scheme 1 and 4 and with the Office for Students (OfS).

*Analysis of bank and other loans*

<b>Due within one year</b>	<u>20,391</u>	<u>20,391</u>	<u>359</u>	<u>359</u>
Due between one and two years	223	223	234	234
Due between two and five years	280	280	1,159	1,159
Due in five years or more	84,000	84,000	84,000	84,000
<b>Due after more than one year</b>	<u>84,503</u>	<u>84,503</u>	<u>85,393</u>	<u>85,393</u>
<b>Total debt</b>	<u>104,894</u>	<u>104,894</u>	<u>85,752</u>	<u>85,752</u>

*Analysis of debt by repayable date:*

Loan repayable by 2021	20,125	20,125	375	375
Loan repayable by 2023	328	328	941	941
Loan repayable by 2025	441	441	436	436
Loan repayable by 2038	40,000	40,000	40,000	40,000
Loan repayable by 2043	44,000	44,000	44,000	44,000
	<u>104,894</u>	<u>104,894</u>	<u>85,752</u>	<u>85,752</u>

<b>Lender</b>	<b>Original loan</b>	<b>Rate of Interest</b>
	<b>£'000</b>	
Salix Finance Limited	3,036	0.00%
Lloyds Revolving Credit Facility	20,000	1.44%
Royal Bank of Scotland	40,000	5.53%
3.01% loan notes	44,000	3.01%
Total	<u>107,036</u>	

The £20m, £40m and the £44m are repayable in a single amount at the end of the loan period. The Salix loans are repayable in instalments over the loan period. All loans are unsecured.

The 3.01% loan notes were issued on 4 June 2018 to The Lincoln National Life Insurance Company. The loan notes are due for repayment on 4 June 2043.

## Notes to the Accounts

### for the year ended 31 July 2020

#### 21 Provisions for liabilities and charges

##### Consolidated & University

	USS pension fund deficit obligation	Enhanced pensions on termination	DB pension obligations (Note 33)	Total Pension Provisions
	£'000	£'000	£'000	£'000
At 1 August 2019	4,746	12,322	223,206	<b>240,274</b>
Utilised in year	-	(814)	-	<b>(814)</b>
Additions in year - Operating cost	(1,715)	-	15,756	<b>14,041</b>
Additions in year - Interest	75	283	4,580	<b>4,938</b>
Actuarial (gain)/loss	-	1,735	110,686	<b>112,421</b>
<b>At 31 July 2020</b>	<b>3,106</b>	<b>13,526</b>	<b>354,228</b>	<b>370,860</b>

##### USS pension fund

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

Following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 33. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As a consequence the deficit provision has decreased significantly from the prior year.

##### Enhanced pensions on termination

The enhanced pensions on termination scheme is accounted for as a defined benefit scheme.

This relates to unfunded pension payments to which the university is committed.

The assumptions for calculating the provision for enhanced pensions on termination under FRS 102, are as follows:

Discount Rate	1.3%
Inflation Rate	<u>2.2%</u>

#### 22 Provision for deferred tax

Consolidated only	2020 £'000	2019 £'000
Accelerated capital allowances	<b>1,052</b>	939
Short term timing differences	<b>(8)</b>	(17)
Tax losses carried forward and other deductions	(31)	(44)
	<b>1,013</b>	<b>878</b>

##### Movement in provision

At 1 August 2019	<b>878</b>
Deferred tax charged in the statement of comprehensive income and expenditure	135
<b>At 31 July 2020</b>	<b>1,013</b>

## Notes to the Accounts

### for the year ended 31 July 2020

#### 23 Endowment Reserves

	Consolidated and University		
	Restricted Expendable £'000	2020 Total £'000	2019 Total £'000
<b>Balances at 1 August</b>			
Capital	5,218	5,218	5,598
Accumulated income	-	-	-
	<u>5,218</u>	<u>5,218</u>	<u>5,598</u>
New endowments	92	92	102
Investment income	39	39	47
Expenditure	(389)	(389)	(529)
<b>Total endowment comprehensive income for the year</b>	<u>(258)</u>	<u>(258)</u>	<u>(380)</u>
<b>At 31 July</b>	<u><u>4,960</u></u>	<u><u>4,960</u></u>	<u><u>5,218</u></u>
<b>Represented by:</b>			
Capital	4,960	4,960	5,218
Accumulated income	-	-	-
	<u>4,960</u>	<u>4,960</u>	<u>5,218</u>
<i>Analysis by type of purpose:</i>			
Research support	4,960	4,960	5,218
	<u>4,960</u>	<u>4,960</u>	<u>5,218</u>
<i>Analysis by asset</i>			
Current and non-current asset investments		-	-
Cash & cash equivalents		4,960	5,218
		<u>4,960</u>	<u>5,218</u>

Restricted expendable endowments represents £4.96m relating to connected institutions under paragraph 28 Schedule 2 of the Charities Act 2011, for funds received from the van Geest Foundation Cancer Research Fund, a charitable trust established to administer funds donated by 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 and meet the costs of cancer research undertaken at the University and the publication of useful results of such research.

#### 24 Restricted Reserves

Reserves with restrictions are as follows:

	Consolidated and University		
	Donations £'000	2020 Total £'000	2019 Total £'000
Balances at 1 August	60	60	89
New grants	-	-	-
New donations	131	131	66
Capital grants utilised	-	-	-
Expenditure	(43)	(43)	(95)
<b>Total restricted comprehensive income for the year</b>	<u>88</u>	<u>88</u>	<u>(29)</u>
<b>At 31 July</b>	<u><u>148</u></u>	<u><u>148</u></u>	<u><u>60</u></u>
<i>Analysis of other restricted funds /donations by type of purpose:</i>			
Lectureships		-	-
Scholarships and bursaries		26	53
Research support		-	-
Prize funds		7	7
General		115	-
		<u>148</u>	<u>60</u>

**Notes to the Accounts**  
for the year ended 31 July 2020

**25 Cash and cash equivalents**

<b>Consolidated</b>	<b>At 1st August 2019</b>	<b>Cash Flows</b>	<b>Acquisition of subsidiary</b>	<b>At 31st July 2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	<b>52,932</b>	39,431	71	<b>92,434</b>
	<b>52,932</b>	39,431	71	<b>92,434</b>

**26 Reconciliation of net debt**

	<b>£'000</b>	
<b>Net debt 1 August 2019</b>	<b>32,833</b>	
Movement in cash and cash equivalents	(39,431)	
Acquisition of subsidiary	(71)	
New unsecured loan	20,000	
Repayment of unsecured loans and finance leases	(871)	
<b>Net debt 31 July 2020</b>	<b>12,460</b>	
<b>Change in net debt</b>	<b>20,373</b>	
<b>Analysis of net debt:</b>		<b>2020</b>
		2019
		<b>£'000</b>
		£'000
<b>Cash and cash equivalents</b>	<b>(92,434)</b>	(52,932)
<b>Borrowings: amounts falling due within one year</b>		
Unsecured loans	20,391	359
Obligations under finance leases	-	13
	<b>20,391</b>	<b>372</b>
<b>Borrowings: amounts falling due after more than one year</b>		
Unsecured loans	84,503	85,393
	<b>84,503</b>	<b>85,393</b>
<b>Net debt</b>	<b>12,460</b>	<b>32,833</b>

## Notes to the Accounts

### for the year ended 31 July 2020

#### 27 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2020:

	Year Ended 31 July 2020		Year Ended 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	<b>11,030</b>	<b>9,431</b>	23,977	23,782
	<b>11,030</b>	<b>9,431</b>	<b>23,977</b>	<b>23,782</b>

#### 28 Contingent liabilities

The final contract value in respect of a construction contract which completed in the year is currently under discussion and is awaiting an adjudication decision. Given the uncertainties that exist, the university is unable to make a reliable estimate of any contingent liability relating to this matter at the balance sheet date.

#### 29 Operating lease obligations

Total rentals payable under operating leases:

	Plant and Machinery	Land and buildings	2020	2019
	£'000	£'000	£'000	£'000
<b>Payable during the year</b>	<b>476</b>	<b>1,158</b>	<b>1,634</b>	1,238
<b>Future minimum lease payments due:</b>				
Not later than 1 year	<b>408</b>	<b>627</b>	<b>1,035</b>	1,589
Later than 1 year and not later than 5 years	<b>313</b>	<b>2,501</b>	<b>2,814</b>	3,126
Later than 5 years	-	<b>7,761</b>	<b>7,761</b>	8,382
<b>Total lease payments due</b>	<b>721</b>	<b>10,889</b>	<b>11,610</b>	<b>13,097</b>

#### 30 Government non-recurrent grant deferred income

	Consolidated and University		2020	2019
	Funding Councils £'000	Other Grants £'000	Total £'000	Total £'000
Balances at 1 August - Buildings only	<b>54,505</b>	<b>5,319</b>	<b>59,824</b>	57,513
New grants	<b>1,589</b>	<b>4,096</b>	<b>5,685</b>	3,824
Release to income statement	<b>(1,438)</b>	<b>(107)</b>	<b>(1,545)</b>	(1,513)
<b>At 31 July - Buildings only</b>	<b>54,656</b>	<b>9,308</b>	<b>63,964</b>	<b>59,824</b>
<i>Analysed by:</i>				
Creditors : amounts falling due within one year			<b>1,621</b>	1,513
Creditors : amounts falling due after more than one year			<b>62,377</b>	58,311
			<b>63,998</b>	<b>59,824</b>

## Notes to the Accounts

### for the year ended 31 July 2020

#### 31 Subsidiary undertakings

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

Company	Principal Activity	Status
Nottingham Law School Limited	Dormant	100% owned
Nottingham Consultants Limited	Provision of courses, consultancy services and commercial research and the commercial letting of accommodation	100% owned
Nottingham Trent Residences 1 plc	Dormant	100% owned
Nottingham International College Limited	Dormant	100% owned
Nottingham Conference Centre Limited	Provision of conference and catering facilities	100% owned
Confetti Constellations Limited	Provision of education facilities and services for music, multi-media and communications courses, including the design, consultancy, supply and installation services for the provision of music, moving image, IT equipment and furniture	100% owned
Nottingham Law School Legal Advice Centre Limited	Provision of legal advice and information services to the local community and individuals in need, whilst providing practical experience to law students undertaking their professional law training under the supervision and guidance of qualified solicitors	Limited by Guarantee
Nova Centric Limited	Provision of further and higher education courses in music, multi-media and communication courses	Limited by Guarantee
NTU Temporary Staff Limited	Provision of temporary staff	Limited by Guarantee
MTIF (BEZ) Limited	Provision of goods, services and equipment to and for the University's medical technologies innovation facility.	Limited by Guarantee
Notts TV Limited	Provision of a local broadcast service to the Nottingham area	100% owned
Nottingham Business School Limited	Dormant	100% owned
Nottingham Language Centre Limited	Dormant	100% owned
Confetti Media Limited	Dormant	100% owned

#### 32 Connected charitable Institutions

A number of charitable institutions are administered by or on behalf of the University and have been established for its general or special purposes. As a result, under paragraph 28 of Schedule 3 to the Charities Act 2011, these connected institutions are exempt from registration with the Charity Commission.

The movements in the year on the total funds of all connected institutions were as follows:

	Opening balance £'000	Income £'000	Expenditure £'000	Closing Balance £'000
<b>within Consolidated Financial Statements</b>				
Van Geest Cancer Research Fund	5,218	131	(389)	<b>4,960</b>
Nottingham Trent University Trust Fund	179	1	-	<b>180</b>

## Notes to the Accounts for the year ended 31 July 2020

### 33 Pension Schemes

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), although there is only a small number of participants and a low level of contributions.

#### Total Pension Cost for the year:

		Year Ended 31 July 2020		Year Ended 31 July 2019	
		£'000	£'000	£'000	£'000
TPS:	Contributions Paid		14,398		9,509
USS:	Contributions Paid	1,515		1,260	
	Pension operating costs	(1,715)		3,130	
			(200)		4,390
LGPS	Contributions Paid	8,587		7,598	
	Pension operating costs - administration charge	114		108	
	Pension operating costs	15,642		16,308	
			24,343		24,014
	Enhanced pension contributions		263		200
	Past Service liability contributions		1,548		1,605
	<b>Pension Cost for year - University</b>		<b>40,352</b>		<b>39,718</b>
	Other pension contributions		154		154
	<b>Pension Cost for year - Consolidated</b>		<b>40,506</b>		<b>39,872</b>

Other pension contributions relate to payments made by Confetti Constellations Limited and Nova Centric Limited to several pensions funds, including employees' personal pensions. No further disclosure is made on the grounds of materiality.

#### Teachers' Pension Scheme

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

Because of the mutual nature of the scheme, the scheme cannot allocate assets to individual contributing institutions and a scheme-wide contribution rate is set. As such, the University is exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of underlying assets and liabilities of the scheme and, therefore, as required by FRS 102(28), accounts for the scheme as if it were a defined contribution scheme.

The pension cost is normally assessed every five years in accordance with the advice of the Government Actuary. The latest actuarial valuation of the TPS was 31 March 2016 and contain assumptions and other relevant data that have the most significant effect on the determination of the contribution levels as follows:

#### TPS Fund position at last valuation

Valuation Method	Prospective benefits
Market value of assets at date of last valuation	£ 196,100 m
Proportion of members' accrued benefits covered by the actuarial value of assets	90%
Salary scale increases per annum	4.00%

Following the publication of the latest interim actuarial valuation in April 2019 the employer contribution was set at 23.68% with effect from September 2019.

#### Universities' Superannuation Scheme

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Since the institution cannot identify its share of Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI - 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

## Notes to the Accounts for the year ended 31 July 2020

### 33 Pension Schemes (cont'd)

#### Universities' Superannuation Scheme (cont'd)

Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females Post retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females
The current life expectancies on retirement at age 65 are:	<b>2020</b> 2019
Males currently aged 65 (years)	24.4                      24.6
Females currently aged 65 (years)	25.9                      26.1
Males currently aged 45 (years)	26.3                      26.6
Females currently aged 45 (years)	27.7                      27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%, until 31 March 2028. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	<b>2020</b>	2019
Discount rate	0.73%	2.24%
Pensionable salary growth	3.50%	3.50%

In the year ended 31 July 2019, the liability was based on the previous deficit recovery plan, which required payment of 5% of salaries over the period 1 April 2020 to 30 June 2034.

A further full valuation as at 31 March 2020 is currently underway. As the valuation has only recently commenced there is still work to be done agreeing the technical provisions assumptions, the extent of future investment risk, the duration of the deficit period and the level of deficit contributions. Rule changes in respect of strengthening the employer covenant are also in progress including restrictions on employer exits, debt monitoring and *pari passu* arrangements. The valuation must be completed by 30 June 2021. However it is generally anticipated that there will be a significant increase in the deficit provision as at 31 July 2021 (assuming the valuation is completed by then).

#### Local Government Pension Scheme

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefit on career average revalued earnings.

The administering authority for the fund is Nottinghamshire County Council. The Pension Fund Committee oversees the management of the Fund whilst day to day administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

As administering authority to the Fund, Nottingham County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Statement of Investing Principles. These should be amended when appropriate based on the Fund's performance and funding.

The Fund is valued every three years by a professionally qualified independent actuary, as required by regulations, using the projected unit method. Contributions are set as a result of the actuarial valuation. The last valuation was carried out as at 31 March 2019 and set contributions for the period April 2020 to March 2023. During this accounting period the University's minimum employer contributions were 12.4% to 31 March 2020 and 15.3% from 1 April 2020, whilst a separate lump sum payment of £4.78m is payable over the three year valuation period to fund past service liabilities. The fund position as at 31 March 2019 is detailed below:

Value of Assets	£5,433m
Funding level for accrued benefit	93%
Investment return per annum to meet future service liabilities	
- equities	6.7%
- gilts	1.7%
- property	6.1%
- cash	0.8%
- inflation linked fund	5.6%
Long term pay scale increases per annum	3.6%
Consumer price inflation	2.6%
Pension increase per annum	2.6%

An actuarial valuation of the Fund has been carried out as at 31 March 2019 and has set contributions for the period April 2020 to March 2023. There are no minimum funding requirements in the LGPS but contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

To assess the value of the University's liabilities at 31 July 2020, the Actuary rolled forward the value of the University's liabilities calculated for the funding valuation as at 31 March 2019, using the financial assumptions that comply with FRS102.

To calculate the asset share the actuary has rolled forward the assets allocated to the University at 31 March 2019 allowing for investment returns, contributions paid into, and estimated benefits paid from, the Fund by and in respect of the University and its employees.

## Notes to the Accounts

### for the year ended 31 July 2020

#### 33 Pension Schemes (cont'd)

##### Local Government Pension Scheme (cont'd)

The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing value on them. These cashflows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund and their dependents. These pensions are linked to inflation and will normally be payable on retirement of the life of the member or a dependent following a member's death.

It is not possible to accurately assess the estimated liabilities as at 31 July 2020 without completing a full valuation. However, the Actuary and the University are satisfied that the approach of rolling forward previous valuation data to 31 July 2020 should not introduce any material distortions to the results provided that the actual experience of the University and the Fund has been broadly in line with underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation.

In addition, the actuary adopted a set of demographic assumptions consistent with those used for the most recent Fund valuation (31 March 2019). The post retirement mortality tables adopted are S3PA tables with a multiplier of 110% for males and 105% for females. These base tables are then projected using the CMI 2018 Model, allowing for a long-term rate of improvement of 0.5% pa.

The material assumptions used by the Actuary as at 31 July 2020 were:

	2020	2019
	% p.a	% p.a
<i>Financial assumptions (referenced to market conditions at 31 July 2020)</i>		
Discount Rate	1.40%	2.10%
Pension increases	2.20%	2.35%
Salary increases	3.20%	3.85%

The discount rate is the annualised Merrill Lynch AA-rated corporate bond yield curve.

The Consumer Prices Index assumption, on which future pension increases are expected to be based, will be 2.2% p.a.

Salaries are assumed to increase at 1.0% p.a above CPI . This differs from the salary increase assumption at the previous accounting date and has been updated in line with the most recent funding valuation.

		2020	2019
<i>Mortality assumptions (life expectation from age 65)</i>			
Retiring today	Males	21.8	21.6
	Females	24.4	24.4
Retiring in 20 years	Males	23.2	23.3
	Females	25.9	26.2

##### Fund members' behaviour

- Members will exchange half their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit; and
- 10% of active members will take up option under the new LGPS to pay 50% of contributions for 50% of benefits.

The University's share of net assets of the Fund is approximately 5% and the estimated asset allocation as at 31 July 2020 attributable to the University is as follows:

	31 July 2020		31 July 2019	
	£'000	%	£'000	%
Equities	181,031	60%	184,054	62%
Gilts	11,761	4%	9,657	3%
Other bonds	25,944	9%	27,478	9%
Property	39,863	13%	40,128	14%
Cash	11,902	4%	7,165	2%
Inflation-linked pool funds	11,403	4%	10,776	4%
Infrastructure	17,755	6%	14,276	5%
Unit trust	3,246	1%	3,008	1%
	<b>302,905</b>		<b>296,542</b>	

The University's financial position in the LGPS Scheme as at 31 July 2020 is:

	2020	2019
	£'000	£'000
Fair value of Fund assets	302,905	296,542
Present value of defined benefit obligation	(653,604)	(516,164)
Surplus / (Deficit)	<b>(350,699)</b>	<b>(219,622)</b>
Present value of unfunded obligation	(3,529)	(3,584)
<b>Net defined benefit asset / (liability)</b>	<b>(354,228)</b>	<b>(223,206)</b>

**Notes to the Accounts**  
for the year ended 31 July 2020

**33 Pension Schemes (cont'd)**

*Local Government Pension Scheme (cont'd)*

*Reconciliation of opening & closing balances of the present value of defined benefit and unfunded obligations*

	2020	2019
	£'000	£'000
<b>Opening defined benefit and unfunded obligation</b>	<b>519,748</b>	456,337
Current service cost	25,953	21,472
Interest cost	10,876	12,030
Past service costs, including curtailment	78	4,229
Contributions	4,348	4,122
Benefits paid net of transfers in	(8,148)	(8,960)
Actuarial losses	104,278	30,518
<b>Closing defined benefit and unfunded obligation</b>	<b>657,133</b>	519,748

*Reconciliation of opening & closing balances of the fair value of Fund assets*

	2020	2020
	£'000	£'000
<b>Opening fair value of Fund Assets</b>	<b>296,542</b>	283,764
Interest on assets	6,296	7,580
Return on assets less interest	(8,672)	751
Administration expenses	(114)	(108)
Other actuarial gains/(losses)	2,264	-
Contributions by University including unfunded	10,389	9,393
Contributions by Scheme participants	4,348	4,122
Benefits paid net of transfers in	(8,148)	(8,960)
<b>Closing fair value of Fund Assets</b>	<b>302,905</b>	296,542

*Actuarial gain/(loss) in other comprehensive income*

	2020	2020
	£'000	£'000
Return on Fund assets in excess of interest	(8,672)	751
Other actuarial losses on assets	2,264	-
Change in financial assumptions	(50,446)	(58,829)
Change in demographic assumptions	(13,010)	28,311
Experience gain/(loss) on defined benefit obligation	(40,822)	-
<b>Actuarial gain/(loss) of the net assets/defined liability</b>	<b>(110,686)</b>	(29,767)

*Sensitivity analysis*

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	+0.0%	-0.1%
Present value of total obligation	641,196	657,133	673,481
Projected service cost	33,017	34,234	35,497
Adjustment to long term salary increase	+0.1%	+0.0%	-0.1%
Present value of total obligation	659,001	657,133	655,282
Projected service cost	34,251	34,234	34,217
Adjustment to pension increases and deferred revaluation	+0.1%	+0.0%	-0.1%
Present value of total obligation	671,468	657,133	643,155
Projected service cost	35,469	34,234	33,042
Adjustment to life expectancy assumptions	+ 1 Year	None	- 1 Year
Present value of total obligation	684,010	657,133	631,362
Projected service cost	35,465	34,234	33,046

*Projected pension expense for the year to 31 July 2021*

	2021
	£'000
Service Cost	34,234
Net interest on defined liability / (asset)	4,877
Administration expenses	117
<b>Total loss / (profit)</b>	<b>39,228</b>
<b>Employer contributions</b>	<b>11,533</b>

## Notes to the Accounts for the year ended 31 July 2020

### 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 102 (33.1A) 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 £0.35m (2019: £0.35m) from BioCity Nottingham Limited. The loan is accruing interest at 1% above the Barclays Bank Plc base rate.

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 B Fox and Ms S Walker-Smith, 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 £1.7m relating to block grant and other activities took place between the University and the Students Union.

#### Organisations and companies in which members of Council or senior management have an interest

	Income from related party £'000	Expenditure to related party £'000	Balance due from related party £'000	Balance due to related party £'000
Creative Quarter Nottingham Limited	-	149	-	-

Creative Quarter Nottingham Limited is a company of which a member of the Board of Governors is a director.

The Director of Finance is a director of U.M.Association Limited, a company which provides insurance brokerage services to the university.

### 35 Transactions whereby University acts only as paying agent on behalf of a funding body

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

	2020 £'000	2019 £'000
<b>Learner support funds</b>		
Education and Skills Funding Agency grants	72	82
Interest earned	-	-
	<u>72</u>	<u>82</u>
Disbursement to students	(66)	(69)
Balance unspent as at 31 July	<u>6</u>	<u>13</u>
<b>Department for Education bursaries</b>		
Department for Education bursaries	2,156	2,037
Interest earned	-	-
	<u>2,156</u>	<u>2,037</u>
Disbursement to students	(2,070)	(1,838)
Balance unspent as at 31 July	<u>86</u>	<u>199</u>

### 36 Access and participation

	Year Ended 31 July 2020	
	Consolidated £'000	University £'000
Access investment	1,066	1,015
Financial support	8,043	8,043
Disability support (excluding expenditure included in the two categories above)	840	807
Research and evaluation	187	187
	<u>10,136</u>	<u>10,052</u>

£1,676,00 of the costs above are included in the overall staff costs figures included in the financial statements, see note 7. The difference in spend in the Access category is for two reasons. Firstly, NTU is facing more challenges at the other stages of the lifecycle and there was some movement of funds away from Access to support where the challenges lay. Secondly, the coronavirus pandemic resulted in all outreach activity ceasing in March 2020. There has been minimal expenditure on outreach for Access since then. Furthermore, most outreach activity at this stage of the lifecycle is back-ended, coming in June or July, when the restrictions were in place.

The difference in spend on Financial support is a result of the University having more low-income/bursary eligible students than anticipated and because of increased hardship payments as a result of the pandemic.

Comparative information is not available. The university access and participation plan can be found at [https://apis.officeforstudents.org.uk/accessplansdownloads/1920/NottinghamTrentUniversity\\_APP\\_2019-2020\\_V1\\_10004797.pdf](https://apis.officeforstudents.org.uk/accessplansdownloads/1920/NottinghamTrentUniversity_APP_2019-2020_V1_10004797.pdf)