



FINANCIAL REPORT 07

NOTTINGHAM
TRENT UNIVERSITY 

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Governors' report

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.

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

- Nottingham Consultants Limited undertakes those activities which, for legal or commercial reasons, are more appropriately channelled through a limited company;

- Nottingham Law School Limited provides a wide range of courses for the legal profession;
- The Nottingham Trent University Charitable Trust is an unincorporated body and provides library buildings for academic use;
- The Education Support Centre (UK) Limited provides the higher and further education sectors with expert technical assistance on Microsoft products.

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

In addition, these Financial Statements contain the Financial Statements of Nottingham Trent University Union of

Students, following implementation of the Education Act 1994.

Results for the Year

The University's Consolidated Income and Expenditure Account can be summarised as follows:

	2006/07 £000	2005/06 £000
Income	145,062	139,199
Expenditure (excluding adjustments for FRS 17)	(151,854)	(140,662)
Release from Revaluation Reserve	<u>1,805</u>	<u>1,805</u>
Surplus/(Deficit) before inclusion of FRS 17	(4,987)	342
FRS 17 adjustments	<u>(2,447)</u>	<u>608</u>
Historic Cost Surplus/(Deficit)	(7,434)	950

Provisions in respect of pay modernisation, restructuring and the estate regeneration programme, in addition to accounting entries for pension liabilities under FRS 17, are the primary reasons for the historic cost deficit recorded in the year.

Cash Flow

The Consolidated Cash Flow Statement highlights strong cash management with a net inflow from operating activities of £4.8m.

At 31 July 2007, cash and investments totalled £15.6m equating to 39 days liquidity.

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 have increased year-on-year as the summarised Balance Sheet below highlights:

	2006/07 £000	2005/06 £000
Fixed Assets	201,746	192,837
Net Current Assets	(2632)	3,167
Long-term creditors	(45,460)	(46,467)
Provisions	(14,269)	(12,105)
Net Assets	139,385	137,432
Excluding FRS 17 adjustments		

The University has invested £97m during the period 2004 to 2007 on the estate regeneration programme and other facilities improvements. This capital investment is financed through a combination of bank debt, grants and working capital. The University has a £75m credit facility.

The Year Ahead

The significant investments made in support of the Strategic Plan 2004-2010 in staff, student services, systems and facilities are positively impacting the student experience and attracting new students in ever greater numbers. Undergraduate enrolments are up 18% on 2006.

The University's Balance Sheet will support further investment in 2007/08 with the Newton/Arkwright regeneration scheme on the city campus continuing throughout the year.

Governors' report continued

Membership

The members of the Board during the year to 31 July 2007, unless otherwise indicated, were:

Independent members

Mr J Peace, Chairman
Professor AP Forster, Deputy Chairman
Mr P Bowden
Mr R Bullock
Mr MJ Cooper
Mr AK Edwards
Mr J Farrell - appointed 5 March 2007
Ms S Ford-Hutchinson
Mr R Freeston
Mr M Freyd
Mr G Mitchell
Mr RW Ruse
Mr JJH Watson

Academic board member

Professor G Kennedy

Student nominee

Mr B Shah

General staff member

Ms ME Brown

Vice-Chancellor

Professor NT Gorman

Chief Financial and Operations Officer

Mr JS Jackson



Two handwritten signatures are shown side-by-side. The signature on the left is "J Peace" and the signature on the right is "NT Gorman".

Mr J Peace
Chairman

Prof NT Gorman
Vice-Chancellor

10 December 2007

The University's structure of Corporate Governance

The University's Board of Governors comprises lay/independent and academic members appointed under the Instrument and Articles of Government of the University, all of the lay/independent members being non-executive. The roles of Chairman and Deputy Chairman of the Board are separated from the role of the University's Chief Executive, the Vice-Chancellor. The matters specially reserved to the Board of Governors for decision are set out in the Articles of Government of the University and in the Financial Memoranda with the Higher Education Funding Council for England, the Training and Development Agency for Schools and the Learning & Skills Council. The Board holds to itself the responsibilities for the ongoing strategic direction of the University, approval of major developments and the receipt of regular reports from the Chief Executive and senior managers on the day-to-day operations of the University's business and the affairs of its subsidiary companies. The Board meets five times a year and has established several committees, including a Membership Nominations Committee, a Remuneration and Employment Committee, an Audit and Risk Management Committee, an Estates Advisory Committee and a Finance Committee. All of these Committees are formally constituted with terms of reference and comprise lay/independent members of the Board of Governors, one of whom is the Chairman and, where appropriate, non-Board co-opted members with specific expertise. Some of these Committees also include members of the University's Senior Management Team. Reports on specific issues and formal minutes from such meetings are submitted to the Board of Governors.

The Membership Nominations Committee invites and considers nominations for appointment and reappointment within the Board's membership and appointments within the Board's support structure.

The Remuneration and Employment Committee considers employment policy and the remuneration and conditions of service of senior postholders on behalf of the Board.

The Audit and Risk Management Committee meets at least three times a year, with both External and Internal Auditors present. The

University's Internal Audit Service operates in accordance with Accountability and Audit: HEFCE Code of Practice. The Internal Audit Service prepares an annual operating plan based on its strategy and risk assessment for consideration by the Audit and Risk Management Committee and approval by the Board of Governors. The Audit and Risk Management Committee, against the framework of the agreed plans, considers Internal Audit reports and recommendations for the improvement of the University's systems of risk management, governance, internal control and value for money, together with management's response and implementation plans. It also receives and considers reports from the Higher Education Funding Council for England, as they affect the University's business, and monitors adherence with the regulatory requirements. The Committee meets with both the Internal and External Auditors on their own for independent discussions.

The Finance Committee acts on behalf of the Board of Governors in reviewing the draft consolidated financial statements and associated External Auditors' reports, the financial position of subsidiary companies and makes recommendations to the Board on:

- the Annual Budget and budgetary control;
- Treasury Management policies and procedures;
- Financial Regulations;
- Strategic planning
- The Estates Advisory Committee examines the Estates Strategy and recommends its approval to the Board of Governors. The duties of the committee are to:
 - Ensure that individual projects undertaken are consistent with agreed longer term plans and that value for money is achieved.
 - Consider all individual Estate projects where expenditure is in excess of £1,000,000 and recommend their approval to the Chairman or Board of Governors as appropriate.
 - Undertake post project reviews of all Estates projects where expenditure is in excess of £1,000,000.

The University's statement of Internal Control

1. As the governing body of Nottingham Trent University, the Board of Governors has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the governing body in the Instrument and Articles of Government and the Financial Memorandum with the HEFCE.
2. The system of internal control is designed to manage rather than to eliminate the risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness.
3. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. It is the Board's opinion that this process has been in place for the year ended 31 July 2007 and up to the date of approval of the financial statements and accords with HEFCE guidance.
4. The Board of Governors has responsibility for reviewing the effectiveness of the system of internal control and has established the following processes:
 - a) Consideration of the plans and strategic direction of the University is included on the agenda of all meetings of the Board of Governors.
 - b) The Board receives periodic reports from the Chairman of the Audit and Risk Management Committee concerning internal control.
 - c) The Senior Management Team is responsible for risk management within the University. In addition the risk management function has been resourced by the appointment of a Project Sponsor, Risk Manager and Risk Management Co-ordinator. Risk Management has been incorporated into the management and decision making structures of the University.
- d) The University has an Internal Audit Service that operates to standards defined in the HEFCE Accountability and Audit Code of Practice. It submits regular reports to the University's Audit and Risk Committee on the adequacy and effectiveness of the systems of risk management, governance, internal control and value for money, together with recommendations for improvement.
- e) A system of key performance and risk indicators has been developed.
- f) A robust risk prioritisation methodology has been established.
- g) An organisation-wide risk register is maintained, containing improvement actions and timescales. Risk owners are required to regularly update the Register on the steps they are taking to manage risk in their area of responsibility, including progress reports on key projects.

5. The Board's review of the effectiveness of the system of internal control is informed by the work of the executive managers within the University, who have responsibility for the development and maintenance of the internal control framework, the work of the Internal Audit Service and by comments made by the external auditors in their management letter and other reports.

Responsibilities of the Board of Governors

In accordance with the Education Reform Act, the Board of Governors of the University is responsible for the administration and management of the affairs of the University and the group and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and 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 on Accounting in Higher Education Institutions (2003) and relevant accounting standards. In addition, within the terms and conditions of Financial Memoranda agreed between the Higher Education Funding Council for England ('HEFCE'), the Learning & Skills Council ('LSC') the Training and Development Agency for Schools ('TDA') and the Board of Governors, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and the group and of the surplus or deficit and cash flows for that year.

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

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

The Board of Governors has taken reasonable steps to:

- ensure that funds from the HEFCE, the LSC and the TDA are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Councils or the TDA Terms and Conditions of Funding and any other conditions which the Funding Councils and Training and Development Agency for Schools may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and the group and prevent and detect fraud;
- secure the economical, efficient and effective management of the University and the group's resources and expenditure.

Independent auditors' report to the Board of Governors of Nottingham Trent University

We have audited the University financial statements (the "financial statements") of Nottingham Trent University for the year ended 31 July 2007 which comprise the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Group statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Board of Governors, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the University's Board of Governors and the auditors

The University's Board of Governors responsibilities for preparing the Governor's Report and the group financial statements in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2003), applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2003). 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, in all

material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England, the Training and Development Agency for Schools and the Learning and Skills Council. We also report to you whether in our opinion the Governor's Report is not consistent with the financial statements, if the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Governor's Report and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the University's Board of Governors in the preparation of the financial statements and of whether the accounting policies are appropriate to the University's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the University and the group as at 31 July 2007 and of the University's result for the year then ended;

Accepted Accounting Practice, of the state of affairs of the University and the group as at 31 July 2007 and of the University's result for the year then ended;

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2003);
- in all material respects, income from the Higher Education Funding Council for England, the Training and Development Agency for Schools and the Learning and Skills Council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2007 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2007 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the Higher Education Funding Council for England, the funding agreement with the Training and Development Agency for Schools and the funding agreement with the Learning and Skills Council.

10 December 2007

KPMG LLP
Chartered Accountants
Registered Auditor

KPMG LLP
St Nicholas House
Park Row
NOTTINGHAM
NG1 6FQ

Statement of principal accounting policies

Basis of preparation and accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions (2003) ('SORP') and other applicable Accounting Standards. They conform to the guidance published by the Higher Education Funding Council for England.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the University and its subsidiaries Nottingham Consultants Limited, Nottingham Law School Limited, Nottingham Trent University Charitable Trust and the Education Support Centre (UK) Limited. The consolidated financial statements also include the results of Nottingham Trent University Union of Students on the basis that the University has the associated risks and rewards. A separate income and expenditure account dealing with the results of the University has not been presented. The financial statements include a one third share of the results of BioCity Nottingham Limited, a joint venture company set up and operated with the University of Nottingham and the East Midlands Development Agency (EMDA). The results of any other undertakings in which the University has a participating interest have been excluded from the consolidation on the grounds that they are not material to a true and fair view.

Recognition of income

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

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

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

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

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

Post retirement benefits

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

Contributions to the TPS scheme are charged as incurred to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The

contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

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

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

Foreign currency

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income and expenditure account in the period in which they arise.

Leases

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

Statement of principal accounting policies (continued)

Tangible fixed assets

Land and buildings

Land and Buildings are stated at cost, or at valuation if acquired before 31 July 1997. As a consequence of the Education Reform Act 1988, the freehold and leasehold interests in properties occupied by the University previously held by the respective Local Education Authorities ('LEAs') were formally transferred to the University with effect from 1 April 1989. The land and buildings have been valued by Savills Land & Property Limited at 31 July 1997, in accordance with Practice Statement 4.8 of the RICS Appraisal and Valuation Manual issued as at 1 January 1996 as amended (Depreciated Replacement Cost basis). Certain properties, where appropriate, have been valued in accordance with Practice Statement 4.2 of the Manual (Open Market Value basis). These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Capitalisation level

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

Assets under construction

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

Depreciation

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

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

No depreciation has been provided for on freehold land.

Where land and buildings are acquired with

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

Investments

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

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

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

Maintenance of premises

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

Stock

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

Cash flows and liquid resources

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

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

Taxation

The University is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Taxes Act 1988. Accordingly, it is potentially exempt from taxation in respect of income or capital gains received within categories covered by

section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. Nottingham Consultants Limited, Nottingham Law School Limited, NTU Charitable Trust and the Education Support Centre (UK) Limited are not subject to these exemptions and are liable for corporation tax on profits or gains arising. However, under a Deed of Covenant arrangement with the University, Nottingham Consultants Limited and Nottingham Law School Limited, transfer all their taxable profits to the University to minimise the payment of corporation tax.

The University receives no similar exemption in respect of value added tax.

Deferred taxation

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

Accounts

Consolidated income and expenditure account

for the year ended 31 July 2007

Income	Note	2007 £'000	2006 £'000
Funding council grants	1	70,563	73,835
Tuition fees and education contracts	2	51,928	42,900
Research grants and contracts	3	5,055	5,516
Other income	4	16,656	16,054
Endowment and investment income	5	860	894
Total income		145,062	139,199
Expenditure			
Staff costs	6	93,994	85,709
Other operating expenses	7	47,673	41,797
Depreciation	11	8,840	7,641
Interest payable	8	3,794	4,907
Total expenditure	9	154,301	140,054
Deficit on continuing operations after depreciation of assets at valuation		(9,239)	(855)
Deficit on continuing operations after depreciation of assets at valuation, disposal of assets and tax	10	(9,239)	(855)
Income and expenditure account			
		2007 £'000	2006 £'000
Deficit on continuing operations after depreciation of assets at valuation, disposal of assets and tax		(9,239)	(855)
Release from revaluation reserve		1,805	1,805
Historical cost (deficit) / surplus after tax		(7,434)	950
Balance at 1 August		1,179	4,136
Actuarial gain/(loss) in respect of pension scheme		5,840	(3,907)
Balance at 31 July		(415)	1,179

The income and expenditure account is in respect of continuing operations.

Accounts

Consolidated statement of total recognised gains and losses

for the year ended 31 July 2007

Income	2007 £000	2006 £000
Deficit after depreciation of assets at valuation and tax	(9,239)	(855)
HEFCE reimbursement of principal element of debt charges	-	8,707
Actuarial gain/(loss) in respect of pension scheme	<u>5,840</u>	<u>(3,907)</u>
Total recognised (losses)/gains relating to the year	<u>(3,399)</u>	<u>3,945</u>
Prior year adjustment	-	(41,536)
Total recognised losses since the last period	<u><u>(3,399)</u></u>	<u><u>(37,591)</u></u>

Consolidated statement of historical cost surpluses and deficits

for the year ended 31 July 2007

	2007 £000	2006 £000
Deficit after depreciation of assets at valuation and tax	(9,239)	(855)
Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	1,805	1,805
Historical cost (deficit)/surplus after tax	<u><u>(7,434)</u></u>	<u><u>950</u></u>

Balance sheets

as at 31 July 2007

	Note	Group 2007 £000	University 2007 £000	Group 2006 £000	University 2006 £000
Fixed assets					
Tangible assets	11	201,153	196,882	192,316	187,659
Investments	12	593	2,906	521	2,906
		201,746	199,788	192,837	190,565
Current assets					
Stock and stores in hand	13	359	214	344	235
Debtors: due within one year	14	7,087	11,686	6,271	10,861
Debtors: due after more than one year	15	-	211	-	444
Short term deposits		-	-	20,232	20,035
Cash at bank and in hand		15,591	14,868	1,048	566
		23,037	26,979	27,895	32,141
Creditors: amounts falling due within one year	16	(25,669)	(24,120)	(24,728)	(23,724)
Net current (liabilities)/assets		(2,632)	2,859	3,167	8,417
Total assets less current liabilities		199,114	202,647	196,004	198,982
Creditors: amounts falling due after more than one year	17	(45,460)	(45,460)	(46,467)	(46,485)
Provisions for liabilities and charges	18	(14,269)	(14,269)	(12,105)	(12,105)
Net assets excluding pension liability		139,385	142,918	137,432	140,392
Pension liability	30	(41,444)	(41,444)	(44,837)	(44,837)
Net Assets including pension liability		97,941	101,474	92,595	95,555

Balance sheets (continued)

as at 31 July 2007

	Note	Group 2007 £000	University 2007 £000	Group 2006 £000	University 2006 £000
<i>Represented by:</i>					
Deferred capital grants	19	<u>40,843</u>	<u>40,843</u>	<u>32,098</u>	<u>32,098</u>
Reserves					
Revaluation reserve	20	57,453	58,833	59,258	60,638
Capital reserve	21	60	-	60	-
Income and expenditure account excluding pension liability		41,029	43,242	46,016	47,656
Pension reserve	30	<u>(41,444)</u>	<u>(41,444)</u>	<u>(44,837)</u>	<u>(44,837)</u>
Income and expenditure account including pension liability	22	<u>(415)</u>	<u>1,798</u>	<u>1,179</u>	<u>2,819</u>
Total funds		<u>97,941</u>	<u>101,474</u>	<u>92,595</u>	<u>95,555</u>

The financial statements on pages 9 to 42 were approved by the Board of Governors on 10 December 2007 and signed on its behalf by:

Mr J Peace
Chairman

Prof NT Gorman
Vice Chairman

Consolidated cash flow statement

for the year ended 31 July 2007

	Note	2007 £000	2006 £000
Net cash inflow from operating activities	23	4,796	7,881
Returns on investments and servicing of finance	24	(1,596)	(833)
Capital expenditure and financial investment	25	<u>(8,217)</u>	<u>(29,615)</u>
Cash outflow before management of liquid resources and financing		(5,017)	(22,567)
Management of liquid resources	26	20,232	(254)
Financing	27	<u>(799)</u>	<u>23,125</u>
Increase in cash	28	<u>14,416</u>	<u>304</u>

Reconciliation of net cash flow to movement in net debt

for the year ended 31 July 2007

	2007 £000	2006 £000
Increase in cash in the period	14,416	304
(Decrease)/increase in short term deposits	(20,232)	254
New loans acquired	-	(23,505)
Repayment of debt	<u>799</u>	<u>9,115</u>
Change in net debt	(5,017)	(13,832)
Net debt at 1 August	(25,986)	(12,154)
Net debt at 31 July	28 <u>(31,003)</u>	<u>(25,986)</u>

Notes

(forming part of the financial statements)

1 Funding council grants	HEFCE £000	LSC £000	TDA £000	2007 Total £000	2006 Total £000
Recurrent grant	57,098	1,446	4,345	62,889	61,029
Specific grants					
Management development fund	-	-	-	-	11
TTA Initiatives	-	-	12	12	36
Reimbursement of debt charges	-	-	-	-	567
Settlement of debt charges	-	-	-	-	1,754
Research	2,575	-	-	2,575	2,915
Rewarding and developing staff	10	-	-	10	1,214
Golden hellos	-	-	-	-	60
Fund for the development of teaching and learning	626	-	-	626	618
Teaching quality enhancement fund	430	-	-	430	-
Special learning difficulties and disabilities	-	-	-	-	40
Active community fund	-	-	-	-	125
Foundation degrees	-	-	-	-	10
Aim higher	1,698	-	-	1,698	1,451
Reachout	-	-	-	-	43
Centres of excellence in teaching	460	-	-	460	178
Higher education innovation fund	633	-	-	633	498
National teaching fellowship	11	-	-	11	4
IT infrastructure	-	-	-	-	39
E learning strategy	203	-	-	203	282
Developing good management practice	40	-	-	40	10
Newton / Arkwright relocation	-	-	-	-	2,078
Deferred capital grants released in year					
Buildings (note 19)	736	-	-	736	656
Equipment (note 19)	240	-	-	240	217
	<u>64,760</u>	<u>1,446</u>	<u>4,357</u>	<u>70,563</u>	<u>73,835</u>

2 Tuition Fees and Education Contracts

	2007 £000	2006 £000
Full-time students	25,545	17,320
Full-time students charged overseas fees	10,590	6,818
Part-time fees	1,061	1,073
Short course fees	<u>14,732</u>	<u>17,689</u>
	<u>51,928</u>	<u>42,900</u>

Notes

3 Research grants and contracts	2007 £000	2006 £000
Research councils	1,280	1,025
UK based charities	1,755	1,408
European Commission	1,066	563
Other grants and contracts	<u>954</u>	2,520
	<u><u>5,055</u></u>	<u><u>5,516</u></u>
4 Other income	2007 £000	2006 £000
Residences, catering and conferences	4,130	3,603
Other income generating activities	11,561	11,325
Released from deferred capital grants (note 19)	174	122
Other income	<u>791</u>	1,004
	<u><u>16,656</u></u>	<u><u>16,054</u></u>
5 Endowment and Investment Income	2007 £000	2006 £000
Income from short term investments	860	893
Other interest receivable	<u>-</u>	1
	<u><u>860</u></u>	<u><u>894</u></u>

Notes

6 Staff costs	2007 £000	2006 £000
Employee costs:		
Wages and salaries	77,210	72,027
Social security costs	6,045	5,896
Other pension costs (including FRS 17 adjustments)	10,739	7,786
	<u>93,994</u>	<u>85,709</u>

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

	2007 Number	2006 Number
Teaching departments	1,041	1,055
Teaching support services	667	659
Other support services	38	54
Administration and central services	367	352
Premises	234	231
Other	<u>20</u>	<u>20</u>
	<u>2,367</u>	<u>2,371</u>

Emoluments of the Vice-Chancellor and higher paid employees:

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

	2007 £000	2006 £000
Emoluments of the current Vice Chancellor excluding pension contributions	236	225
The University's pension contributions including contributions to the USS	<u>29</u>	<u>19</u>

Notes

6 Staff costs (continued)

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

	2007 Number	2006 Number
£70,001 - £80,000	16	10
£80,001 - £90,000	5	6
£90,001 - £100,000	6	2
£100,001 - £110,000	1	1
£120,001 - £130,000	1	1
£140,001 - £150,000	<u>1</u>	<u>-</u>

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

Compensation for loss of office paid to a former senior post-holder/higher paid employee

	2007 £000	2006 £000
Compensation paid and payable to the former post-holder	302	270
Estimated value of other benefits, including provisions for pension benefits	<u>-</u>	<u>87</u>

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

Notes

7 Other operating expenses	2007 £000	2006 £000
Consumables and laboratory expenses	9,088	8,057
Books and periodicals	1,995	1,630
Heat, light, water and power	3,260	3,441
Repairs and general maintenance	5,018	2,859
Rents and accommodation hire	2,839	2,915
Food and catering costs	916	845
Auditors' remuneration*	51	50
Auditors' remuneration in respect of non-audit services	23	33
Equipment operating lease rentals	932	485
Course costs, professional and consultancy fees	5,682	6,373
Bursary payments	3,292	1,100
Transport, travel and subsistence	3,015	2,739
Advertising, marketing, telephone and postage	3,774	3,639
Franchising	1,849	1,925
Rates	399	361
Insurance	621	563
Staff development and agency costs	2,186	2,281
Other expenses	2,733	2,501
	<u>47,673</u>	<u>41,797</u>

* Includes £36,302 in relation to the University and £14,698 in relation to the subsidiary companies.

8 Interest payable	2007 £000	2006 £000
Bank and other loans wholly repayable within five years	2,456	1,678
Loans not wholly repayable within five years	-	2,293
Pension finance costs	1,338	936
	<u>3,794</u>	<u>4,907</u>

Notes

9 Analysis of expenditure by activity	Staff costs £000	Deprec- iation £000	Other operating expenses £000	Interest payable £000	Total £000
Academic departments	61,761	1,209	17,703	-	80,673
Academic services	11,578	1,650	7,552	-	20,780
Research grants and contracts	2,478	-	2,610	-	5,088
Residences, catering and conferences	1,501	55	2,079	-	3,635
Premises	5,475	5,082	11,112	2,456	24,125
Administration	8,290	672	5,529	-	14,491
Other expenses	1,802	172	1,088	-	3,062
Adjustments in respect of FRS 17	1,109	-	-	1,338	2,447
Total per income and expenditure account	<u>93,994</u>	<u>8,840</u>	<u>47,673</u>	<u>3,794</u>	<u>154,301</u>
	£000				
The depreciation has been funded by:					
Deferred capital grants released (note 19)	1,150				
Revaluation reserve released (note 20)	1,805				
General income	5,885				
	<u>8,840</u>				

Notes

10 Deficit on continuing operations for the period

	2007 £000	2006 £000
The deficit on continuing operations for the period is made up as follows:		
University deficit for the period	(8,666)	(1,549)
(Deficit)/surplus generated by subsidiary undertakings and transferred to the University under a gift aid payment plus surplus generated by the Student's Union	(645)	697
Share of profit/(loss) in joint venture	72	(3)
	<u>(9,239)</u>	<u>(855)</u>

11 Tangible assets

	Freehold land and buildings £000	Fixtures and fittings £000	Furniture and equipment £000	Assets under course of construction £000	Group Total £000
Cost or valuation:					
At 1 August 2006	193,261	18,732	61,099	21,796	294,888
Additions	4,749	1,530	3,794	7,604	17,677
Disposals	-	-	(61)	-	(61)
Transfers	14,352	548	8	(14,908)	-
At 31 July 2007	212,362	20,810	64,840	14,492	312,504
Accumulated depreciation:					
At 1 August 2006	49,422	4,031	49,119	-	102,572
Charge for the year	3,917	1,233	3,690	-	8,840
Disposals	-	-	(61)	-	(61)
At 31 July 2007	53,339	5,264	52,748	-	111,351
Net book value:					
At 31 July 2007	159,023	15,546	12,092	14,492	201,153
At 31 July 2006	143,839	14,701	11,980	21,796	192,316

Notes

11 Tangible assets (continued)	Freehold land and buildings £'000	Fixtures and fittings £'000	University Furniture and equipment £'000	Assets under course of construction £'000	Total £'000
Cost or valuation:					
At 1 August 2006	190,293	13,952	57,642	22,085	283,972
Additions	4,729	1,532	3,542	7,604	17,407
Disposals	-	-	-	-	-
Transfers	14,352	548	8	(14,908)	-
At 31 July 2007	<u>209,374</u>	<u>16,032</u>	<u>61,192</u>	<u>14,781</u>	<u>301,379</u>
Accumulated depreciation:					
At 1 August 2006	47,939	2,271	46,103	-	96,313
Charge for the year	3,770	1,018	3,396	-	8,184
Disposals	-	-	-	-	-
At 31 July 2007	<u>51,709</u>	<u>3,289</u>	<u>49,499</u>	<u>-</u>	<u>104,497</u>
Net book value:					
At 31 July 2007	<u>157,665</u>	<u>12,743</u>	<u>11,693</u>	<u>14,781</u>	<u>196,882</u>
At 31 July 2006	<u>142,354</u>	<u>11,681</u>	<u>11,539</u>	<u>22,085</u>	<u>187,659</u>

Freehold land with a book value of £9,692,000 (2006: £9,692,000) (Group and University) is not depreciated. In accordance with the current RICS practice notes, the land element of the University's estate has been valued net of the costs of demolishing any buildings on that land.

On 2 August 1999 the University signed a deed preserving the 'further education asset base' inherited following its merger with Brackenhurst College on 1 April 1999. In the event of a total failure to preserve the asset base, the Learning & Skills Council 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.

The University has entered into a lease with a developer for the provision of a hotel/gym complex on its Goldsmith Square car park. The lease is for 50 years with breaks at 15 and 25

years. At the conclusion of the lease, the whole of the property will revert to the University.

The University has entered into two lease agreements for the majority of its student residences, comprising some 2,775 bedrooms, to UPP Nottingham Limited. Over 100 members of staff were transferred to the company and under the agreement full TUPE rights were protected. The company is now responsible for managing and operating the halls in close co-operation with the University. The leases are for 33 and 32 years respectively and at the conclusion of the leases the properties will revert to the University. This reversionary interest is included within fixed assets at valuation.

Land and buildings with a net book value of £33,523,000 have been financed by exchequer funds. Should these assets be sold, the University may be liable, under the terms of the financial memorandum with the Council, to surrender the proceeds.

The University has entered a joint venture agreement and formed BioCity Nottingham Limited with the University of Nottingham and EMDA. The aims of the joint venture are the establishment and operation of a Healthcare and Bioscience Innovation Centre for the purposes of research, development, healthcare and related educational use. The building for the joint venture was donated to the University by BASF plc and was included in freehold land and buildings at an open market value of £2,500,000 as determined by an independent valuation carried out during March 2001.

Notes

12 Investments					
			Group		
	Other investments £000	Listed investments £000	Loans £000	Participating Interests £000	Total £000
Cost:					
At 1 August 2006	8	34	250	229	521
Additions	-	-	-	72	72
Disposals	-	-	-	-	-
At 31 July 2007	<u>8</u>	<u>34</u>	<u>250</u>	<u>301</u>	<u>593</u>
University					
	Shares in group undertakings £000	Other investments £000	Listed investments £000	Loans £000	Total £000
Cost:					
At 1 August 2006	2,222	-	34	650	2,906
Additions	-	-	-	-	-
At 31 July 2007	<u>2,222</u>	<u>-</u>	<u>34</u>	<u>650</u>	<u>2,906</u>

The University owns the total issued share capital of 555,000 ordinary shares of £1 in Nottingham Consultants Limited, 1,667,000 ordinary shares of £1 in Nottingham Law School Limited, 2 ordinary shares of £1 in Nottingham Trent Residences 1 PLC, 2 ordinary shares of £1 each in Nottingham Trent International College Limited and is the sole subscriber to the Education Support Centre

(UK) Limited, all companies being registered in Great Britain and incorporated in England and Wales. The University also owns 19% of the issued share capital of IC Routing Limited. Listed investments represent investments listed on the London Stock Exchange.

The University's participating interest relates to the University's share of the net assets in the joint venture arrangement entered into by the University to form Biocity Nottingham Limited with the University of Nottingham and EMDA as described within note 11 above. The joint venture has a year-end of 31 December.

Notes

12 Investments (continued)

The University's share of the value of the gross assets and liabilities in the joint venture are as follows:

	2007 £000	2006 £000
Gross assets	301	229
Gross liabilities	-	-
Net assets	<u>301</u>	<u>229</u>

The group holds shares in a number of spin out companies and companies which have been set up through the HIVE. The details of the percentage shareholdings and cost of these investments is shown in the table below. The group has chosen not to attribute any value to these investments within the financial statements on the basis of prudence as these companies have only recently started to trade.

Company name	Percentage shareholding %	Cost of investment £	Value of investment £
Loreus Limited	10	10	-
Gorilla UK Limited	8	8	-
Desivent Limited	9	9	-
Heath Reid & People Limited	10	10	-
Mufti Costumes Limited	10	10	-
Wiresoft Limited	10	10	-
Prime Principle Limited	10	10	-
Pseudo Hero Limited	7	7	-
Smudge Film Productions UK Limited	7	7	-
BinFix Limited	8	8	-
Click2Touch Limited	10	10	-
Eskimo Graphic Design Limited	7	7	-
GermBlock Limited	9	9	-
EveryCare Nottingham Limited	8	8	-
Stewart & Baker Limited	6	6	-
About DT Limited	8	8	-
Inside the Game Limited	7	7	-
Annie Greenabelle Limited	7	7	-
Orb & Crash Limited	7	7	-
Debbie Bryan Limited	7	7	-
Student Cleaners Limited	7	7	-
Udakka Limited	8	8	-
NG Magazine Limited	7	7	-
Bantum Clothing Limited	7	7	-
Uni-fied Limited	6	6	-
Eye Txt Limited	6	6	-
Red Shoes Memories Limited	6	6	-

The above subsidiaries are all incorporated in Great Britain.

Notes

13 Stock and stores in hand	Group 2007 £000	University 2007 £000	Group 2006 £000	University 2006 £000
Consumables	157	157	185	185
Goods for resale	202	57	159	50
	<u>359</u>	<u>214</u>	<u>344</u>	<u>235</u>

14 Debtors: amounts falling due within one year	Group 2007 £000	University 2007 £000	Group 2006 £000	University 2006 £000
Trade debtors	4,507	3,254	4,024	2,823
Amounts owed by subsidiary undertakings	-	6,226	-	5,551
Loan to Nottingham Trent Student Union	-	211	-	211
Prepayments	860	616	737	477
Accrued income	1,405	1,379	1,114	1,081
VAT recoverable	315	-	396	-
	<u>7,087</u>	<u>11,686</u>	<u>6,271</u>	<u>10,143</u>

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

15 Debtors: amounts falling due after more than one year	Group 2007 £000	University 2007 £000	Group 2006 £000	University 2006 £000
Loan to Nottingham Trent Student Union (note 14)	-	211	-	444
	<u>-</u>	<u>211</u>	<u>-</u>	<u>444</u>

Notes

16 Creditors: amounts falling due within one year	Group 2007 £000	University 2007 £000	Group 2006 £000	University 2006 £000
Bank loan	1,007	1,007	799	799
Bank overdraft	127	-	-	-
General creditors	3,407	3,041	4,593	4,110
Amounts owed to subsidiary undertakings	-	18	-	18
Other creditors including tax and social security	3,259	3,081	2,962	2,957
Accruals	7,153	6,789	7,084	6,840
Deferred income	10,716	10,185	9,290	9,000
	<u>25,669</u>	<u>24,121</u>	<u>24,728</u>	<u>23,724</u>

17 Creditors: amounts falling due after more than one year	Group 2007 £000	University 2007 £000	Group 2006 £000	University 2006 £000
Bank loans	45,460	45,460	46,467	46,467
Amounts owed to subsidiary undertakings	-	-	-	18
	<u>45,460</u>	<u>45,460</u>	<u>46,467</u>	<u>46,485</u>

An unsecured loan facility of £75m has been arranged to fund, in part, the estate regeneration programme. At the balance sheet date £47.65m had been drawn down against the facility.

Analysis of debt:	Group and University 2007 £000	2006 £000
Amounts falling due:		
In one year or less, or on demand	1,007	799
Between one and two years	1,287	1,007
Between two and five years	4,459	4,204
In more than five years	<u>39,714</u>	<u>41,256</u>
	<u>46,467</u>	<u>47,266</u>

Notes

18 Provisions for liabilities and charges	Group and University				Total £000
	Restructuring £000	Pensions £000	Framework £000	Dilapidations £000	
At 1 August 2006	1,704	10,401	-	-	12,105
Transfer from restructuring provision	-	348	-	-	348
Charge for the year	1,584	713	851	1,000	4,148
	3,288	11,462	851	1,000	16,601
Transfer to pension provision	(348)	-	-	-	(348)
Utilised in year	(1,229)	(755)	-	-	(1,984)
At 31 July 2007	<u>1,711</u>	<u>10,707</u>	<u>851</u>	<u>1,000</u>	<u>14,269</u>

The restructuring provision relates to a staff reprofiling exercise. The framework provision represents the anticipated costs of the introduction of the national framework agreement. Refer to note 30 for an explanation of the nature of the pensions provision.

Notes

19 Deferred capital grants	Group and University		
	Funding councils £000	Other grants £000	Total £000
At 1 August 2006			
Buildings	26,115	4,103	30,218
Equipment	1,563	317	1,880
Total	<u>27,678</u>	<u>4,420</u>	<u>32,098</u>
Cash received			
Buildings	8,144	1,488	9,632
Equipment	115	148	263
Total	<u>8,259</u>	<u>1,636</u>	<u>9,895</u>
Released to income and expenditure account			
Buildings (notes 1 and 4)	736	119	855
Equipment (notes 1 and 4)	240	55	295
Total	<u>976</u>	<u>174</u>	<u>1,150</u>
At 31 July 2007			
Buildings	33,523	5,472	38,995
Equipment	1,438	410	1,848
Total	<u>34,961</u>	<u>5,882</u>	<u>40,843</u>

Notes

20 Revaluation reserve	Group 2007 £000	University 2007 £000	Group 2006 £000	University 2006 £000
Revaluations				
At 1 August	86,700	88,080	78,515	79,895
Reimbursement of inherited debt principal	-	-	8,185	8,185
Eliminated on disposals	-	-	-	-
At 31 July	<u>86,700</u>	<u>88,080</u>	<u>86,700</u>	<u>88,080</u>
Contributions to depreciation				
At 1 August	27,442	27,442	26,159	26,159
Released in year	1,805	1,805	1,805	1,805
Less: reimbursed by HEFCE	-	-	(522)	(522)
At 31 July	<u>29,247</u>	<u>29,247</u>	<u>27,442</u>	<u>27,442</u>
Net revaluation amount				
At 31 July 2007	<u>57,453</u>	<u>58,833</u>	<u>59,258</u>	<u>60,638</u>
21 Capital reserve	Group 2006 £000	University 2006 £000	Group 2005 £000	University 2005 £000
At 1 August 2006 and 31 July 2007	<u>60</u>	<u>-</u>	<u>60</u>	<u>-</u>

The capital reserve arose on consolidation of the Union of Students.

Notes

22 Movement on general reserves Income and expenditure account	Group £000	University £000
At 1 August 2006	1,179	2,819
Deficit on continuing operations after depreciation of assets at valuation and tax	(9,239)	(8,666)
Transfer from revaluation reserve to income and expenditure account	1,805	1,805
Actuarial gain in respect of pension scheme	5,840	5,840
At 31 July 2007	<u>(415)</u>	<u>1,798</u>
Represented by:		
Income and expenditure reserve excluding pension reserve	41,029	43,242
Pension reserve	<u>(41,444)</u>	<u>(41,444)</u>
At 31 July 2007	<u>(415)</u>	<u>1,798</u>
23 Reconciliation of consolidated operating deficit to net cash from operating activities	2007 £000	2006 £000
Deficit after depreciation of assets at valuation and after tax	(9,239)	(855)
Release of capital grant (note 19)	(1,150)	(995)
Depreciation (note 11)	8,840	7,641
Loss on disposal of fixed assets	-	48
(Increase)/decrease in stock	(15)	87
(Increase)/decrease in debtors	(816)	921
Increase in creditors	1,041	2,246
Increase in provisions	2,164	(1,363)
Interest payable	2,456	3,971
Interest receivable	(860)	(894)
HEFCE debt reimbursement	-	(2,321)
Pension cost less contributions payable	2,447	(608)
Share of (profit)/loss in joint venture	(72)	3
Net cash inflow from operating activities	<u>4,796</u>	<u>7,881</u>
24 Returns on investments and servicing of finance	2007 £000	2006 £000
Income from short term investments	860	893
Other interest received	-	1
Interest paid	(2,456)	(4,048)
HEFCE debt reimbursement	<u>-</u>	<u>2,321</u>
	<u>(1,596)</u>	<u>(833)</u>

Notes

	2007 £000	2006 £000		
25 Capital expenditure and financial investment				
Tangible assets acquired (other than leased equipment)	(18,112)	(41,388)		
Deferred capital grants received (note 19)	9,895	11,773		
	<u>(8,217)</u>	<u>(29,615)</u>		
26 Management of Liquid Resources				
Withdrawals from/(placing of) deposits	<u>20,232</u>	<u>(254)</u>		
27 Financing				
New loans	-	23,505		
Repayment of amounts borrowed	(799)	(9,115)		
Amounts reimbursed by HEFCE	-	8,735		
Net cash (outflow)/inflow	<u>(799)</u>	<u>23,125</u>		
28 Analysis of changes in net debt				
	At 1 August 2006 £000	Cash flows £000	Other Changes £000	At 31 July 2007 £000
Cash at bank and in hand	1,048	14,543	-	15,591
Short term deposits	20,232	(20,232)	-	-
Debt due within one year	(799)	799	(1,007)	(1,007)
Debt due after one year	(46,467)	-	1,007	(45,460)
	<u>(25,986)</u>	<u>(5,017)</u>	<u>-</u>	<u>(31,003)</u>

Notes

29 Major non-cash transactions

During the year the University made a provision of £713,000 (2006: £676,000) for future pension costs and £nil (2006: £nil) for exceptional restructuring costs – see note 18.

30 Pension and similar obligations

The University participates, principally, in two pension schemes, the Teachers Pension Scheme (TPS) and the Nottinghamshire County Council Pension Fund (NCCPF).

Teachers Pension Scheme

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

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

FRS 17

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

Nottinghamshire County Council Pension Fund

The NCCPF is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the actuary and during this accounting period were equal to 14.5 %. A valuation by the Fund's actuary was carried at 31 March 2004 and the fund position is detailed below:

NCCPF Fund position at last valuation

Latest actuarial valuation	31 March 2004
Valuation method	Projected unit
Value of assets	£1,503m
Funding level for accrued benefits	73.0 %

	Past service liabilities	Future service liabilities
Investment return per annum		
- pre retirement	7.35 %	6.5 %
- post retirement	5.6 %	6.5 %
Salary scale increases per annum	4.25 %	4.25 %
Pension increase per annum	2.3 %	2.5 %

TPS Fund position at last valuation

Latest actuarial valuation	31 March 2004
Valuation method	Prospective benefits
Market value of assets at date of last valuation	£162,650m
Proportion of members' accrued benefits covered by the actuarial value of the assets	98.88 %
Investment return per annum	6.5 %
Salary scale increases per annum	5.0 %

For this accounting period the employer contribution rate was 13.5 % to 31 December 2006 and 14.1 % thereafter. An appropriate SSAP 24 provision in respect of unfunded pensioners' benefits is included in provisions.

Notes

30 Pension and similar obligations (continued)

FRS 17

The following information is based upon a full actuarial valuation of the fund at 31 March 2004 updated to 31 July 2007 by a qualified independent actuary. Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On advice from our actuaries we have assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme. Our actuaries have advised that this will reduce the value of the University's retirement benefit liability as at 31 July 2007.

	31 July 2007	31 July 2006	31 July 2005
Rate of inflation	3.2%	3.0%	2.7%
Rate of increase in salaries	4.95%	4.75%	4.45%
Rate of increase in pensions	3.2%	3.0%	2.7%
Discount rate for liabilities	<u>5.8%</u>	<u>5.1%</u>	<u>5.0%</u>

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

	2007		2006		2005	
	Long term rate of return	Value at 31 July 2007	Long term rate of return	Value at 31 July 2006	Long term rate of return	Value at 31 July 2005
	expected at 31 July 2007	£000	expected at 31 July 2006	£000	expected at 31 July 2005	£000
Equities	7.5%	73,274	7.0%	64,254	7.5%	51,579
Government bonds	4.9%	8,614	4.4%	8,148	4.4%	10,284
Other bonds	5.8%	2,765	5.1%	4,074	5.0%	3,696
Property	6.5%	16,909	6.0%	13,240	6.5%	11,167
Cash	5.75%	<u>4,786</u>	4.5%	<u>2,870</u>	4.75%	<u>3,615</u>
Total market value of assets		<u>106,348</u>		<u>92,586</u>		<u>80,341</u>

	2007	2006	2005
	£000	£000	£000
Total market value of assets	106,348	92,586	80,341
Present value of scheme liabilities	(147,792)	(137,423)	(121,877)
Deficit of the scheme - Net pension liability	<u>(41,444)</u>	<u>(44,837)</u>	<u>(41,536)</u>

Notes

30 Pension and similar obligations (continued)	2007 £000	2006 £000
Analysis of amounts charged to the income and expenditure account		
Current service cost	5,260	4,703
Past service gain	-	(2,290)
Curtailment cost	<u>38</u>	<u>413</u>
Total operating charge	<u><u>5,298</u></u>	<u><u>2,826</u></u>
Analysis of pension finance costs		
Expected return on pension scheme assets	5,771	5,234
Interest on expected scheme liabilities	<u>(7,109)</u>	<u>(6,170)</u>
Pension finance costs	<u><u>(1,338)</u></u>	<u><u>(936)</u></u>
Amounts recognised in the statement of total recognised gains and losses		
Expected return less actual return on pension scheme assets	5,117	4,284
Experience gains and losses arising on the scheme liabilities	-	(3,248)
Changes in assumptions underlying the present value of scheme liabilities	<u>723</u>	<u>(4,943)</u>
Total actuarial gain/(loss) recognised	<u><u>5,840</u></u>	<u><u>(3,907)</u></u>

Notes

30 Pension and similar obligations (continued)

Movement in surplus during year

	2007 £000	2006 £000
Deficit on scheme at beginning of year	(44,837)	(41,536)
Movement in year:		
- current service charge	(5,260)	(4,703)
- contributions	4,189	4,368
- past service/curtailment (costs)/gains	(38)	1,877
- net interest on assets	(1,338)	(936)
- actuarial gain/(loss)	5,840	(3,907)
Deficit on scheme at end of year	<u>(41,444)</u>	<u>(44,837)</u>

History of experience gains and loses

	2007	2006	2005	2004	2003
Difference between expected and actual return on scheme assets:					
Amount (£000)	5,117	4,284	9,931	1,306	(768)
Percentage of scheme assets	4.8 %	4.6 %	12.4 %	2.0 %	1.4 %
Experience gains and losses on scheme liabilities:					
Amount (£000)	-	(3,248)	7	-	-
Percentage of scheme liabilities	-	2.4 %	-	-	-
Total amount recognised in the statement of total recognised gains and losses:					
Amount (£000)	5,840	(3,907)	(5,472)	(403)	(8,210)
Percentage of the present value of the scheme liabilities	4.0 %	2.8 %	4.5 %	0.4 %	9.3 %

The pension charge for the year was £10,739,000 (2006: £7,788,000); this included an amount in respect of enhanced pension entitlements of staff taking early retirement. The calculation of the cost of early retirement provisions charged to the income and expenditure account in the year of retirement is based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 3.5% (2006: 3.5%) in excess of price inflation.

A provision of £713,000 (2006: £676,000) has been made in the 2007 financial statements for liabilities and charges representing the extent to which the capital cost charged exceeds actual payments made. The provision will be released against the cost to the University of enhanced pension entitlements over the estimated life expectancy of each relevant employee. Where an institution closes and there is no successor establishment, the Secretary of State becomes the compensating authority.

Notes

31 Prior year adjustment

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

32 Operating lease commitments

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

	2007 £000	2006 £000
Leases of buildings expiring:		
In two to five years	811	575
In over five years	-	358
	<u>811</u>	<u>933</u>
Leases of plant and equipment expiring:		
Within one year	-	-
In two to five years	824	1,396
After more than five years	-	-
	<u>824</u>	<u>1,396</u>

33 Capital commitments

The group has entered into capital commitments totalling £5.94 million. These contracts were in progress at the end of this accounting period and payments to the end of the accounting period total £0.7 million.

Notes

34 Related party transactions

The university controls 90% or more of the voting rights of all subsidiary undertakings. Therefore the university has taken advantage of the exemption contained in Financial Reporting Standard Number 8 and has not disclosed transactions or balances with entities that form part of the group and are included within these financial statements.

35 Access funds

	2007 £000	2006 £000
Funding council grants	944	1,174
Interest earned	16	15
	<hr/>	<hr/>
Disbursements to students	960	1,189
Balance unspent at 31 July	(860)	(1,170)
	<hr/>	<hr/>
	100	19

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

36 Learner support funds

	2007 £000	2006 £000
Funding council grants	171	99
	<hr/>	<hr/>
Disbursements to students	171	99
Balance unspent at 31 July	(171)	(99)
	<hr/>	<hr/>
	-	-

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

Notes

37 Training and Development Agency for Schools bursaries	2007 £000	2006 £000
Training and Development Agency for Schools grants	<u>2,028</u>	<u>1,717</u>
Disbursements to students	<u>2,028</u>	<u>1,717</u>
Balance unspent at 31 July	<u>(1,824)</u>	<u>(1,437)</u>
	<u><u>204</u></u>	<u><u>280</u></u>

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

38 PGCE bursaries	2007 £000	2006 £000
Funding council grants	<u>282</u>	<u>296</u>
Disbursements to students	<u>282</u>	<u>296</u>
Balance unspent at 31 July	<u>(265)</u>	<u>(296)</u>
	<u><u>17</u></u>	<u><u>-</u></u>

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

39 Training and Development Agency for Schools bursaries	2007 £000	2006 £000
Training and Development Agency for Schools grants	<u>1,495</u>	<u>1,552</u>
Disbursements to students	<u>1,495</u>	<u>1,552</u>
Balance unspent at 31 July	<u>(1,476)</u>	<u>(1,513)</u>
	<u><u>19</u></u>	<u><u>39</u></u>

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

Notes

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