Financial Report 2009

NOTTINGHAM TRENT UNIVERSITY

Contents

Operating and Financial Review

Section 1 – Regulatory

Regulatory environment

The University is a Higher Education Corporation incorporated under the Education Reform Act 1988. The powers of Higher Education Corporations are defined in Section 124 of the Act and include the power to provide higher and further education and to carry out research and publish the results of research as the University thinks fit. The University also enjoys exempt charitable status under the Act and is regulated by the Higher Education Funding Council for England. In 1992, the Privy Council confirmed its formal approval of a change of name from Nottingham Polytechnic to Nottingham Trent University under the terms of the Further and Higher Education Act 1992.

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 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. From 2009/10, Nottingham Law School Limited will cease to trade and Nottingham Law School will thereafter trade through Nottingham Trent University and Nottingham Consultants Limited;
- The Nottingham Trent University Charitable Trust, which ceased to trade as at 31 July 2009, 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, and consolidation of BioCity Limited of which the University owns one-third.

Section 2 – Strategy

The University's Strategic Plan addresses a framework for 2004-2010. Our Mission is to deliver education and research that shape lives and society. Our aims are:

1. To develop confident and ambitious graduates equipped to shape society;
2. To provide education that promotes both intellectual initiative and the highest academic standards to prepare students for life and career;
3. To be the university of choice for business, industry and the professions in our areas of expertise;
4. To be recognised both nationally and internationally for the effectiveness of our teaching and the relevance of our research;
5. To transform the learning and working environment to create an inspiring and innovative culture;
6. To have the courage and the will to implement change.

Our key stakeholders are our customers and the society in which we live and work - regionally, nationally and globally. We will meet society's changing needs by ensuring that the courses we offer and the research that we undertake is relevant to modern world issues. As a community, we will do all we can to nurture the kind of graduates who will not only make a contribution to society through their work, but will also make a positive impact on society as active global citizens.

Through the implementation of this strategy, and within our areas of expertise, Nottingham Trent University (NTU) will position itself to be:

- the university of choice for students who want to engage in all aspects of university life, to gain the skills, knowledge and self-confidence to succeed in their chosen profession, making a positive impact on the people they meet and the societies in which they live;
- the university of choice for professionals who want to achieve higher, earlier in their career;
- the university of choice for corporate clients who want a professional approach and concrete results from research, training and consultancy services and from the graduates they employ.

The 'strategic platforms' are six university-wide initiatives that are instigating change in the University, putting us in a position to deliver our mission:

1. A Course Portfolio that Meets our Mission;
2. The Application of Market Intelligence;
3. Freedom to Invest and Innovate;
4. A Resource Structure to Drive the Business;
5. Gold Standard Customer Service;
6. Strengthening Organic Growth by Collaboration, Partnerships and Acquisitions.

What matters to our students and other customers is the experience they have with the University. Through the effective implementation of these six platforms, we will achieve our aims and deliver education and research that make a difference: a strong course portfolio, delivered through gold standard customer service, informed by market intelligence, made possible through our freedom to invest and innovate, a resource structure that drives the business, and working in partnership.

The University measures success against its strategic plan through monitoring a range of key performance indicators, both financial and non-financial, including, student recruitment, student experience, financial sustainability, staffing, estate utilisation and research.

An Executive Information System provides access to these key performance indicators for senior managers and delivers a daily business position.

During 2009/10, the Strategic Plan 2004-2010 will be updated and extended to 2015. The overall strategic direction will remain unchanged.

Section 3 – Corporate and Social Responsibility

Nottingham Trent University is an institution which takes its Corporate and Social Responsibilities (CSR) very seriously. Strong leadership on CSR has combined with a ground swell from our staff and students to produce a staggering amount of activity on this ranging from over 600 staff and student volunteering for projects in the local community in the last year, to the planting of 330 trees on our campuses.

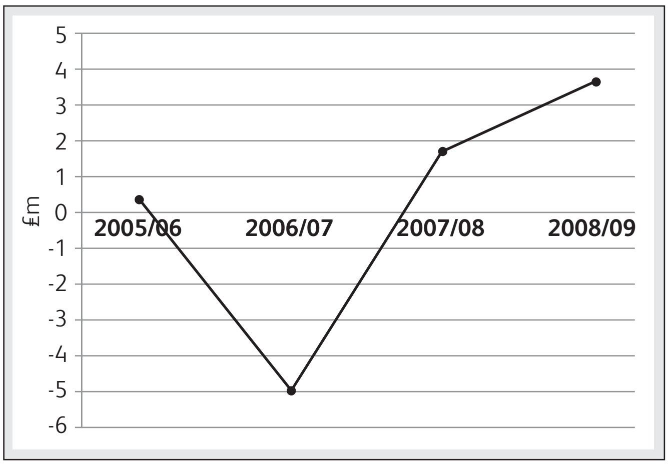
In the past year NTU has particularly excelled in reducing our impact on the environment. This was recognised recently by the University being named the most environmentally friendly in the UK. The 2009 People and Planet Green League placed NTU first out of over 120 institutions. This recognises the good work done to date including transporting our 1 millionth passenger on the Unilink bus service, increasing recycling rates to 45% and building one of the largest green roofs in the country as part of our city campus regeneration.

Section 4 – Financial

Income and Expenditure Account

	2008/09 £m	2007/08 £m
Income		
Funding Council Grants	77.5	73.5
Tuition Fees	73.2	63.0
Research Grants & Contracts	4.5	5.5
Other Income	22.2	18.7
Investment Income	0.8	0.9
Total Income	178.2	161.6
Expenditure		
Staff Costs	107.6	98.9
Other Operating Expenses	55.6	51.0
Depreciation	9.9	9.6
Interest and Finance Costs	3.2	2.2
Total Expenditure	176.3	161.7
Release from Revaluation Reserve	1.8	1.8
Exceptional Items		11.0
Surplus before FRS 17 adjustments	**3.7**	**12.7**
FRS 17	-4.4	-2.9
Historic Cost Surplus/Deficit	-0.7	9.8

The underlying position is a surplus of £3.7m. After incorporating adjustments for pension scheme accounting under Financial Reporting Standard (FRS) 17 'Retirement Benefits', the Historic Cost deficit for the year was £0.7m. The chart below highlights surplus trends, excluding exceptional items and FRS 17.

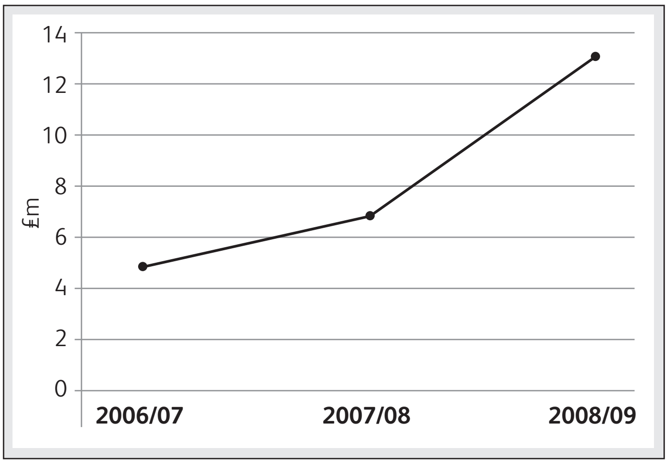


Following a difficult year in 2006/07 when negative media coverage of the city materially impacted applications from prospective students, undergraduate and postgraduate student numbers have increased significantly in subsequent years, this being the primary reason for the overall improvement in financial performance.

Cash Flow

The Consolidated Cash Flow Statement highlights strong cash management with **a net inflow from operating activities of £13.2m** (£6.7m 2007/08).

The chart below highlights operational cashflow trends.



At 31 July 2009, cash and investments totalled £29m equating to 62 days liquidity (50 days 2007/08).

The treasury management policy approved by the Board of Governors during 2007/08 seeks to maximise earnings from investments, commensurate with the avoidance of risk and the maintenance of security.

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

	2008/09 £m	2007/08 £m
Fixed Assets		
Tangible Assets	254.3	212.3
Investments	1.3	1.2
	255.6	213.5
Current Assets		
Stock	0.4	0.4
Debtors	8.6	7.8
Cash & Deposits	29.0	21.4
	38.0	29.6
Creditors falling due within one year	-28.8	-25.7
Net Current Assets	9.2	3.9
Total Assets less Current Liabilities	264.8	217.4
Creditors falling due after more than one year	-92.0	-53.3
Provisions for liabilities and charges	-12.0	-12.9
Net Assets before FRS 17	**160.8**	**151.2**
Deferred Capital Grants	49.4	41.7
Reserves		
Income and Expenditure Account	57.5	53.8
Revaluation Reserve	53.9	55.7
	111.4	109.5
Total Funds before FRS 17	**160.8**	**151.2**

After applying the NTU share of the Nottinghamshire County Council Pension Scheme deficit as required under FRS 17, Net Assets and Total Funds reduce by £66m to £94m.

The University has invested £170m during the period 2004 to 2009 on the estate regeneration programme and other facilities improvements, some of which are on going. Key projects include; the purchase of the Belgrave building, construction of the Computing and Informatics building, construction of the Natural Sciences Research Centre, extension of the Sports Hall, construction of the van Geest Research Centre, renovation and extension of the Bonington building, renovation of the Chaucer building and the renovation of the Newton and Arkwright buildings.

This capital investment is financed through a combination of bank debt, grants, asset disposal proceeds and working capital. The University has term loans totalling £92m.

Forward planning

We expect the financial plan for 2009/10 to be achieved as student applications and enrolments have exceeded target, the University will operate at a surplus.

Planning beyond 2009/10 is more challenging. At this time there is no firm indication as to future levels of funding for higher education or whether there will be funded growth in student numbers.

The University's Senior Management Team and Board of Governors are considering a range of scenarios and the actions required to ensure financial sustainability throughout the period to 2015.

Section 5 - Principal Corporate Risks

Principal corporate risks are monitored on a weekly basis by the Senior Management Team with the Audit and Risk Committee responsible for ensuring that risk management systems are embedded and effective.

Each principal corporate risk is assigned to a member of the Senior Management Team and mitigating actions are identified and acted upon.

In addition to the risks identified, public sector funding provides the greatest uncertainty going forward.

Section 6– Corporate Governance

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 four 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.

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 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.

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 2009 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.

Membership of the Board of Governors

The members of the Board during the year to 31 July 2009, unless otherwise indicated, were:

Independent members

Mr J Peace, Chairman - retired as Chairman 28 September 2009

Mr R Bullock, Deputy Chairman - appointed as Chairman 29 September 2009

Mr P Bowden

Mr A Brierley - appointed 3 March 2009

Mr AK Edwards

Mr J Farrell

Ms S Ford-Hutchinson

Mr R Freeston

Mr M Freyd

Mr K Hogarth

Mr G Mitchell - retired 17 October 2008

Mr RW Ruse

Mr JJH Watson

Academic board member

Professor G Kennedy - retired 15 June 2009

Professor C Pole - appointed 16 June 2009

Student nominee

Mr O Kasper

General staff member

Mr S Goodman - appointed 1 December 2008

Vice-Chancellor

Professor NT Gorman

Chief Financial and Operations Officer

Mr JS Jackson

Mr R Bullock
Chairman

Professor NT Gorman
Vice-Chancellor

23 November 2009

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

We have audited the Group and University financial statements (the ''financial statements'') of Nottingham Trent University for the year ended 31 July 2009 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 historic cost convention (as modified by the revaluation of certain fixed assets) and in accordance with 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 auditors 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 Operating and Financial Review and the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 7.

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. 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 Financial Memorandum with the Training and Development Agency for Schools and the funding agreement with the Learning and Skills Council. We also report to you whether in our opinion the Operating and Financial Review is not consistent with the financial statements.

In addition we report to you if, in our opinion, 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 Governors' Report, other information contained in the Annual 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 Group and 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 the Group and University's affairs as at 31 July 2009 and of the Group's surplus of income over expenditure 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;
- 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 2009 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2009 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 financial memorandum with the Training and Development Agency for Schools and the funding agreement with the Learning and Skills Council.

S R Clark

S. R. Clark

for and on behalf of KPMG LLP. Statutory Auditor

Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

23 November 2009

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 ('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, The Nottingham Trent University Charitable Trust and the Education Support Centre (UK) Limited. The consolidated financial statements also include the results of The 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 33 to 37).

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 28.

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 2009

	Note	2009	2008
		£000	£000
Income			
Funding council grants	1	77,530	73,484
Tuition fees and education contracts	2	73,223	62,956
Research grants and contracts	3	4,464	5,496
Other income	4	22,193	18,740
Endowment and investment income	5	758	947
Total income		**178,168**	161,623
Expenditure			
Staff costs	6	108,990	100,414
Other operating expenses	7	55,599	50,956
Depreciation	10	9,906	9,589
Interest and other finance costs	8	6,205	3,647
Total expenditure		**180,700**	164,606
Deficit on continuing operations after depreciation of assets at valuation		(2,532)	(2,983)
Exceptional items: continuing operations			
Disposal of fixed assets	10	-	11,032
(Deficit)/surplus for the year retained within general reserves		**(2,532)**	8,049

Consolidated statement of historical cost surpluses and deficits

for the year ended 31 July 2009

	2009	2008
	£000	£000
(Deficit)/surplus retained within general reserves	(2,532)	8,049
Difference between an historical cost depreciation charge and the actual charge for the year calculated on the revalued amount	1,805	1,805
Historical cost (deficit)/surplus for the year after tax	(727)	9,854

Accounts

Consolidated statement of total recognised gains and losses

for the year ended 31 July 2009

	2009 £000	2008 £000
(Deficit)/surplus retained within general reserves	(2,532)	8,049
Actuarial loss in respect of pension scheme	(3,212)	(14,545)
Total recognised losses relating to the year	(5,744)	(6,496)

Balance sheets

as at 31 July 2009

	Note	Group 2009 £000	University 2009 £000	Group 2008 £000	University 2008 £000
Fixed assets					
Tangible assets	10	254,320	251,075	212,316	208,590
Investments	11	1,305	3,471	1,240	3,471
		255,625	254,546	213,556	212,061
Current assets					
Stock	12	414	235	366	235
Debtors: due within one year	13	7,266	12,535	7,202	11,788
Debtors: due after more than one year	14	1,303	1,303	652	652
Short term deposits		10,000	10,000	-	-
Cash at bank and in hand		18,964	18,683	21,388	20,682
		37,947	42,756	29,608	33,357
Less: Creditors - amounts falling due within one year	15	(28,722)	(27,404)	(25,735)	(24,398)
Net current assets		9,225	15,352	3,873	8,959
Total assets less current liabilities		264,850	269,898	217,429	221,020
Less: Creditors - amounts falling due after more than one year	16	(92,031)	(92,031)	(53,331)	(53,331)
Less: Provisions for liabilities and charges	17	(12,042)	(12,042)	(12,883)	(12,883)
Net assets excluding pension liability		160,777	165,825	151,215	154,806
Pension liability	28	(66,526)	(66,526)	(58,924)	(58,924)
Net assets including pension liability		94,251	99,299	92,291	95,882

Accounts

Balance sheets (continued)

as at 31 July 2009

	Note	Group 2009 £000	University 2009 £000	Group 2008 £000	University 2008 £000
Deferred capital grants	18	49,390	49,390	41,689	41,689
Reserves					
Income and expenditure account excluding pension liability		57,484	61,212	53,818	56,089
Pension reserve	21	(66,526)	(66,526)	(58,924)	(58,924)
Income and expenditure account including pension liability	21	(9,042)	(5,314)	(5,106)	(2,835)
Revaluation reserve	19	53,843	55,223	55,648	57,028
Capital reserve	20	60	-	60	-
		44,861	49,909	50,602	54,193
Total funds		94,251	99,299	92,291	95,882

The financial statements on pages 18 to 48 were approved by the Board of Governors on 23 November 2009 and signed on its behalf by:

Mr R Bullock
Chairman

Professor NT Gorman
Vice-Chancellor

Accounts

Consolidated cash flow statement

for the year ended 31 July 2009

	Note	2009 £000	2008 £000
Net cash inflow from operating activities	22	13,242	6,741
Returns on investments and servicing of finance	23	(2,406)	(1,385)
Capital expenditure and financial investment	24	(42,495)	(7,615)
Cash outflow before management of liquid resources and financing		(31,659)	(2,259)
Management of liquid resources	25	(10,000)	-
Financing	26	39,253	8,151
(Decrease)/increase in cash	27	(2,406)	5,892

Reconciliation of net cash flow to movement in net debt

for the year ended 31 July 2009

		2009 £000	2008 £000
(Decrease)/increase in cash in the period		(2,406)	5,892
Increase in short term deposits		10,000	-
New loans acquired		(40,540)	(9,158)
Repayment of debt		1,287	1,007
Change in net debt		(31,659)	(2,259)
Net debt at 1 August		(33,262)	(31,003)
Net debt at 31 July	27	(64,921)	(33,262)

Notes
(forming part of the financial statements)

1. Funding council grants

	Note	2009	2008
		£000	£000
Recurrent grant			
Higher Education Funding Council for England		61,018	59,072
Training and Development Agency		3,899	4,600
Learning & Skills Council		1,287	1,368
Specific grants			
Higher Education Funding Council for England		9,666	6,788
Training and Development Agency		684	680
Deferred capital grants released in year	18		
Buildings		736	736
Equipment		240	240
		77,530	73,484

2. Tuition Fees and Education Contracts

	2009	2008
	£000	£000
Full-time home and EU students	44,749	34,377
Full-time international students	13,527	11,518
Part-time students	1,647	1,027
Other fees and support grants	13,300	16,034
	73,223	62,956

3. Research grants and contracts

	2009	2008
	£000	£000
Research councils and charities	2,906	2,618
Industry and commerce	660	1,330
Governmental	898	1,548
	4,464	5,496

Notes

4. Other income

	Note	2009	2008
		£000	£000
Residences, catering and conferences		4,867	4,865
Other income generating activities		15,813	13,012
Released from deferred capital grants	18	260	263
Other income		1,253	600
		22,193	18,740

5. Endowment and Investment Income

	2009	2008
	£000	£000
Income from short term investments	758	928
Other interest receivable	-	19
	758	947

6. Staff costs

	2009	2008
	£000	£000
Employee costs:		
Wages and salaries	88,826	81,570
Social security costs	7,006	6,496
Other pension costs	11,792	10,828
FRS17 operating costs	1,366	1,520
	108,990	100,414

Notes

6. Staff costs (continued)

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

	2009 Number	2008 Number
Teaching departments	1,078	1,061
Teaching support services	627	665
Other support services	70	58
Administration and central services	458	382
Premises	241	229
Other	20	20
	2,494	2,415

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.

	2009 £000	2008 £000
Emoluments of the Vice-Chancellor excluding pension contributions	283	262
The University's pension contributions including contributions to the USS	35	32

During the year the University has agreed a long-term incentive scheme with the Vice-Chancellor under which the Vice-Chancellor will accrue a proportion of his salary in bonus which would not become payable until 2012/13.

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

	2009 Number	2008 Number
£100,001 - £110,000	5	-
£110,001 - £120,000	2	2
£120,001 - £130,000	1	2
£130,001 - £140,000	1	-
£140,001 - £150,000	1	1

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

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

Notes

7. Other operating expenses

	2009	2008
	£000	£000
Academic departments	14,064	12,890
Academic services	6,283	6,088
Administration and central services	18,521	15,542
Premises	10,483	10,323
Residences, catering and conferences	2,487	1,677
Research grants and contracts	2,732	3,282
Other expenses	1,029	1,154
	55,599	50,956
Other operating expenses include:		
External auditor's remuneration in respect of audit services	52	54
External auditor's remuneration in respect of non-audit services	49	45
Operating lease rentals	1,246	1,643

8. Interest payable

	2009	2008
	£000	£000
Bank and other loans not wholly repayable within five years	3,181	2,232
Pension finance costs	3,024	1,415
	6,205	3,647

9. (Deficit)/surplus on continuing operations for the period

The (deficit)/surplus on continuing operations for the period is made up as follows:

	2009	2008
	£000	£000
University (deficit)/surplus for the period	(1,072)	8,107
Deficit generated by subsidiary undertakings and transferred to the University under a gift aid payment plus surplus generated by the Students' Union	(1,525)	(140)
Share of profit in joint venture	65	82
	(2,532)	8,049

Notes

10. Tangible assets

	Group Freehold land and buildings	Group Fixtures and fittings	Group Furniture and equipment	Group Assets under course of construction	Group Total
	£000	£000	£000	£000	£000
Cost or valuation:					
At 1 August 2008	214,286	24,907	69,550	24,499	333,242
Additions	1,128	1,602	3,621	45,747	52,098
Disposals	(305)	(111)	-	-	(416)
Transfers	97	1,810	773	(2,680)	-
At 31 July 2009	**215,206**	**28,208**	**73,944**	**67,566**	**384,924**
Accumulated depreciation:					
At 1 August 2008	57,309	6,829	56,788	-	120,926
Charge for the year	3,973	1,706	4,227	-	9,906
Disposals	(198)	(30)	-	-	(228)
At 31 July 2009	**61,084**	**8,505**	**61,015**	**-**	**130,604**
Net book value:					
At 31 July 2009	**154,122**	**19,703**	**12,929**	**67,566**	**254,320**
At 31 July 2008	156,977	18,078	12,762	24,499	212,316

	University Freehold land and buildings	University Fixtures and fittings	University Furniture and equipment	University Assets under course of construction	University Total
	£000	£000	£000	£000	£000
Cost or valuation:					
At 1 August 2008	211,298	20,112	65,787	24,788	321,985
Additions	1,068	1,602	3,572	45,747	51,989
Disposals	(305)	(111)	-	-	(416)
Transfers	97	1,810	773	(2,680)	-
At 31 July 2009	**212,158**	**23,413**	**70,132**	**67,855**	**373,558**
Accumulated depreciation:					
At 1 August 2008	**55,532**	**4,560**	**53,303**	**-**	**113,395**
Charge for the year	3,826	1,482	4,008	-	9,316
Disposals	(198)	(30)	-	-	(228)
At 31 July 2009	**59,160**	**6,012**	**57,311**	**-**	**122,483**
Net book value:					
At 31 July 2009	**152,998**	**17,401**	**12,821**	**67,855**	**251,075**
At 31 July 2008	155,766	15,552	12,484	24,788	208,590

Notes

10. Tangible assets (continued)

Freehold land with a book value of £9,692,000 (2008: £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.

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. During the year the University received consideration totalling £652,000 in respect of an additional entitlement to loan notes. The leases are for 40 years maturing in 2048 and at the conclusion of the leases the properties will revert to the University. This reversionary interest is included within fixed assets at valuation.

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. During the year management have reviewed the carrying value of this property for impairment and confirmed that there is no permanent diminution in value as at 31 July 2009.

11. Investments

	Group 2009 £000	University 2009 £000	Group 2008 £000	University 2008 £000
Subsidiary companies	-	2,222	-	2,222
Other investments	1,305	1,249	1,240	1,249
	1,305	3,471	1,240	3,471

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, 1 ordinary share of £1 in Nottingham Conference Centre 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 has acquired 20% of the equity in UPP Nottingham Limited as a result of the lease agreements for the majority of its student residences.

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 10 above. The joint venture has a year-end of 31 December.

Notes

11. Investments (continued)

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

	2009 £000	2008 £000
Gross assets	448	383
Gross liabilities	-	-
Net assets	448	383

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	-
Prime Principle Limited	10	10	-
Pseudo Hero Limited	9	9	-
Smudge Film Productions UK Limited	7	7	-
Click2Touch Limited	10	10	-
Eskimo Graphic Design Limited	7	7	-
GermBlock Limited	9	9	-
Stewart & Baker Limited	6	6	-
About DT Limited	8	8	-
Annie Greenabelle Limited	7	7	-
Orb & Crash Limited	7	7	-
Debbie Bryan 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

12. Stock

	Group 2009 £000	University 2009 £000	Group 2008 £000	University 2008 £000
Consumables	189	189	177	177
Goods for resale	225	46	189	58
	414	235	366	235

13. Debtors: amounts falling due within one year

	Group 2009 £000	University 2009 £000	Group 2008 £000	University 2008 £000
Trade debtors	4,598	3,636	4,458	3,054
Amounts owed by subsidiary undertakings	-	6,501	-	6,342
Loan to Nottingham Trent Student Union	-	-	-	211
Prepayments	865	737	587	334
Accrued income	1,215	1,206	1,924	1,779
Other debtors	588	455	233	68
	7,266	12,535	7,202	11,788

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

14. Debtors: amounts falling due after more than one year

	Group 2009 £000	University 2009 £000	Group 2008 £000	University 2008 £000
Loan notes (see note 10)	1,303	652	652	652
	1,303	652	652	652

Notes

15. Creditors: amounts falling due within one year

	Group 2009 £000	University 2009 £000	Group 2008 £000	University 2008 £000
Bank loan	1,423	1,423	1,287	1,287
Bank overdraft	14	-	32	-
Finance leases	417	417	417	417
General creditors	6,385	6,144	3,017	2,755
Social security and other taxation payments	3,033	2,977	2,979	2,896
Other creditors	154	78	140	66
Accruals	7,208	6,888	7,903	7,640
Deferred income	10,088	9,477	9,960	9,337
	28,722	27,404	25,735	24,398

16. Creditors: amounts falling due after more than one year

	Group 2009 £000	University 2009 £000	Group 2008 £000	University 2008 £000
Unsecured loans	91,074	91,074	52,496	52,496
Finance leases	417	417	835	835
Salix revolving green fund	540	540	-	-
	92,031	92,031	53,331	53,331

Analysis of debt:

	Group and University	
	2009 £000	2008 £000
Amounts falling due:		
Between one and two years	1,911	2,258
Between two and five years	4,900	4,674
In more than five years	85,220	46,399
	92,031	53,331

Of the loans outstanding, £25m is fixed at a rate of 4.88% until October 2030, £10m is fixed at 4.94% until October 2023, £15m is fixed at 4.90% until October 2026, £5m is fixed at 4.93% until October 2022 and £40m is fixed at 4.58% until December 2038. All loans are repayable in instalments in the period to December 2038.

Notes

17. Provisions for liabilities and charges

	Group and University				
	Restructuring £000	Pensions £000	Framework £000	Dilapidations £000	Total £000
At 1 August 2008	910	10,782	191	1,000	12,883
Transfers from restructuring provision	-	-	-	-	-
Transfer from income and expenditure account	-	669	-	-	669
	910	11,451	191	1,000	13,552
Utilised in year	(619)	(700)	(191)	-	(1,510)
At 31 July 2009	**291**	**10,751**	**-**	**1,000**	**12,042**

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 28 for an explanation of the nature of the pensions provision.

18. Deferred capital grants

	Group and University		
	Funding councils £000	Other grants £000	Total £000
At 1 August 2008			
Buildings	34,315	5,764	40,079
Equipment	1,255	355	1,610
Total	**35,570**	**6,119**	**41,689**
Cash received			
Buildings	8,937	-	8,937
Equipment	-	-	-
Total	**8,937**	**-**	**8,937**
Released to income and expenditure			
Buildings	(736)	(205)	(941)
Equipment	(240)	(55)	(295)
Total	**(976)**	**(260)**	**(1,236)**
At 31 July 2009			
Buildings	42,516	5,559	48,075
Equipment	1,015	300	1,315
Total	**43,531**	**5,859**	**49,390**

Notes

19. Revaluation reserve

	Group 2009 £000	University 2009 £000	Group 2008 £000	University 2008 £000
Balance brought forward at 1 August	55,648	57,028	57,453	58,833
Released to income and expenditure reserve in year	(1,805)	(1,805)	(1,805)	(1,805)
At 31 July	**53,843**	**55,223**	**55,648**	**57,028**

20. Capital reserve

	Group 2009 £000	University 2009 £000	Group 2008 £000	University 2008 £000
At 1 August 2008 and 31 July 2009	60	-	60	-

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

21. Movement on general reserves

Income and expenditure account

	Goup £000	**University £000**
At 1 August 2008	(5,103)	(2,835)
Deficit for the year retained within general reserves	(2,532)	(1,072)
Transfer from revaluation reserve to income and expenditure account	1,805	1,805
Actuarial gain in respect of pension scheme	-	-
At 31 July 2009	**(9,042)**	**(5,314)**
Represented by:	**Group £000**	**University £000**
Income and expenditure reserve excluding pension reserve	57,484	61,212
Pension reserve	(66,526)	(66,526)
At 31 July 2009	**(9,042)**	**(5,314)**

Notes

22. Reconciliation of consolidated operating deficit to net cash from operating activities

	2009	2008
	£000	£000
Deficit after depreciation of assets at valuation and after tax	(2,532)	(2,983)
Release of capital grant (note 18)	(1,236)	(1,239)
Sale of fixed assets	(1,475)	-
Depreciation (note 10)	9,906	9,589
Increase in stock	(48)	(7)
Increase in debtors	(732)	(667)
Increase/(decrease) in creditors	3,452	(704)
Decrease in provisions	(841)	(1,386)
Interest payable	3,181	2,232
Interest receivable	(758)	(947)
Pension cost less contributions payable	4,390	2,935
Share of profit in joint venture	(65)	(82)
Net cash inflow from operating activities	13,242	6,741

23. Returns on investments and servicing of finance

	2009	2008
	£000	£000
Income from short term investments	775	847
Interest paid	(3,181)	(2,232)
	(2,406)	(1,385)

24. Capital expenditure and financial investment

	2009	2008
	£000	£000
Tangible assets acquired	(52,907)	(20,167)
Sale of fixed assets	1,475	11,032
Purchase of investments	-	(565)
Deferred capital grants received (note 18)	8,937	2,085
	(42,495)	(7,615)

Notes

25. Management of Liquid Resources

	2009	2008
	£000	£000
Placing of deposits	(10,000)	-

26. Financing

	2009	2008
	£000	£000
New loans	40,540	9,158
Repayment of amounts borrowed	(1,287)	(1,007)
Net cash inflow	39,253	8,151

27. Analysis of changes in net debt

	At 1 August 2008	Cash flows	Other Changes	At 31 July 2009
	£000	£000	£000	£000
Cash at bank and in hand	21,388	(2,424)	-	18,964
Bank overdraft	(32)	18	-	(14)
Short term deposits	-	10,000	-	10,000
Debt due within one year	(1,287)	1,287	(1,840)	(1,840)
Debt due after one year	(53,331)	(40,540)	1,840	(92,031)
	(33,262)	(31,659)	-	(64,921)

Notes

28. Pension and similar obligations

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

Total pension cost for the year

	2009 £000	2009 £000	2008 £000	2008 £000
TPS contributions paid		5,766		5,375
LGPS:				
Contributions paid	5,292		4,874	
FRS 17 charge	1,366		1,520	
Charge to the income and expenditure account		6,658		6,394
Contributions paid to other pension schemes		323		257
Enhanced pension charge		591		322
Total pension cost for year		13,338		12,348

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS was 31 March 2007.

Teachers Pension Scheme

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

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

TPS Fund position at last valuation	
Latest actuarial valuation	31 March 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%

Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For this accounting period the employer contribution rate was 14.1%. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

Notes

28. Pension and similar obligations (continued)

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

Local Government Pension Scheme

The LGPS is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary and during this accounting period were equal to 14.5%. A valuation by the Fund's actuary was carried at 31 March 2007 and the fund position is detailed below:

NCCPF Fund position at last valuation

Latest actuarial valuation		31 March 2007
Valuation method		Projected unit
Value of assets		£2,418m
Funding level for accrued benefits		83.3%
	Past service liabilities	**Future service liabilities**
Investment return per annum		
pre retirement	7.15%	6.5%
- post retirement	5.4%	6.5%
Salary scale increases per annum	4.3%	4.3%
Pension increase per annum	2.8%	2.8%

The material assumptions used by the Actuary at 31 July 2009 were:

	31 July 2009	31 July 2008
Rate of inflation	3.6%	3.8%
Rate of increase in salaries	5.1%	5.3%
Rate of increase in pensions	3.6%	3.8%
Discount rate for liabilities	6.3%	6.2%

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

	2009 Years	2008 Years
Retiring today		
Males	20.3	20.3
Females	24.0	24.0
Retiring in 20 years		
Males	21.3	22.2
Females	25.0	25.0

Notes

28. Pension and similar obligations (continued)

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

	2009		2008	
	Long term rate of return expected at 31 July 2009	Value at 31July 2009 £000	Long term rate of return expected at 31 July 2008	Value at 31July 2008 £000
Equities	7.2 %	61,320	7.5 %	61,316
Government bonds	4.5 %	12,967	4.8 %	9,333
Other bonds	6.3 %	7,573	5.9 %	5,519
Property	6.2 %	10,699	6.5 %	16,859
Cash	3.0 %	5,827	5.0 %	5,820
Other	-	-	7.5 %	1,505
Total market value of assets		98,386		100,352

The following amounts at 31 July 2009 were measured in accordance with the requirements of FRS 17:

Analysis of the amount shown in the balance sheet	2009 £000	2008 £000
The University's estimated asset share	98,386	100,352
Present value of the University's scheme liabilities	(164,912)	(159,276)
Deficit in the scheme - Net pension liability	(66,526)	(58,924)

Notes

28. Pension and similar obligations (continued)

Analysis of the amount charged to operating deficit	2009	2008
	£000	£000
Current service cost	6,384	5,147
Past service cost	-	1,247
Curtailment cost	274	-
Total operating charge	6,658	6,394

Analysis of the amount charged to interest payable	2009	2008
	£000	£000
Expected return on pension scheme assets	7,001	7,251
Interest on pension scheme liabilities	(10,025)	(8,666)
Net charge	(3,024)	(1,415)

Amounts recognised in the statement of total recognised gains and losses	2009	2008
	£000	£000
Expected return less actual return on pension scheme assets	(12,785)	(16,250)
Experience gains and losses arising on the scheme liabilities	-	3,272
Changes in assumptions underlying the present value of scheme liabilities	9,573	(1,567)
Actuarial loss recognised	(3,212)	(14,545)

Analysis of the movements in the present value of scheme liabilities

Analysis of the amount shown in the balance sheet	2009	2008
	£000	£000
At beginning of year	159,276	147,792
Current service cost	6,384	5,147
Contributions	2,236	1,865
Past service costs	-	1,247
Benefits paid	(3,710)	(3,781)
Interest cost	10,025	8,666
Curtailments and settlements	274	-
Actuarial gain	(9,573)	(1,660)
At end of year	164,912	159,276

Notes

28. Pension and similar obligations (continued)

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

Analysis of the amount shown in the balance sheet	2009 £000	2008 £000
At beginning of year	100,352	106,348
Expected return on assets	7,001	7,251
Actuarial loss	(12,785)	(15,999)
Change in asset valuation	-	(206)
Employer contributions	5,292	4,874
Employee contributions	2,236	1,865
Benefits paid	(3,710)	(3,781)
At end of year	98,386	100,352

History of experience gains and losses

	2009	2008	2007	2006	2005
Difference between expected and actual return on scheme assets:					
Amount (£000)	(12,785)	(15,999)	5,108	4,284	9,931
Percentage of scheme assets	13.0%	15.9%	4.8%	4.6%	12.4%
Experience gains and losses on scheme liabilities:					
Amount (£000)	-	3,227	722	(3,248)	7
Percentage of scheme liabilities	-	2.0%	0.5%	2.4%	-
Total amount recognised in the statement of total recognised gains and losses:					
Amount (£000)	(3,212)	(14,339)	5,830	(3,907)	(5,472)
Percentage of scheme liabilities	2.0%	9.2%	3.9%	2.8%	4.5%

The pension charge for the year was £11,792,000 (2008: £10,828,000); 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% (2008: 3.5%) in excess of price inflation.

A provision of £669,000 (2008: £691,000) has been made in the 2009 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

29. Contingent liability

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

30. Operating lease commitments

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

Analysis of the amount shown in the balance sheet	2009	2008
	£000	£000
Leases of buildings expiring:		
In two to five years	848	823
In over five years	-	-
	848	823
	2009	2008
	£000	£000
Leases of plant and equipment expiring:		
Within one year	1,033	413
In two to five years	1,888	407
After more than five years	-	-
	2,921	820

31. Capital commitments

The group has entered into capital commitments totalling £99.5 million. These contracts were in progress at the end of this accounting period and payments to the end of the accounting period total £70.7 million.

32. 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.

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

Notes

33. Access funds

	2009 £000	2008 £000
HEFCE grants	639	689
Interest earned	5	16
	644	705
Disbursements to students	(593)	(686)
Balance unspent at 31 July	**51**	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.

34. Learner support funds

	2009 £000	2008 £000
LSC grants	117	168
Interest earned	2	3
	119	171
Disbursements to students	(59)	(101)
Balance unspent at 31 July	**60**	70

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.

35. Training and Development Agency for Schools bursaries

	2009 £000	2008 £000
Training and Development Agency for Schools grants	2,202	1,962
	2,202	1,962
Disbursements to students	(2,197)	(1,699)
Balance unspent at 31 July	**5**	263

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

36. PGCE bursaries

	2009 £000	2008 £000
HEFCE grants	300	280
	300	280
Disbursements to students	(276)	(271)
Balance unspent at 31 July	**24**	9

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.

37. Training and Development Agency for Schools grants

	2009 £000	2008 £000
Training and Development Agency for Schools grants	1,538	1,636
	1,538	1,636
Disbursements to students	(1,503)	(1,575)
Balance unspent at 31 July	**35**	61

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.

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