

Nottingham Trent University

Consolidated and University

Financial Statements

as at

31 July 2016

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Operating and Financial Review

STRATEGY

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

Creating opportunity

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

Valuing ideas

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

Enriching society

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

Connecting globally

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

Empowering people

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

Progress on delivering the Strategic Plan aims and ambitions is carefully monitored by the Executive Team and Board of Governors through Key Performance Indicators and in-depth reviews of each of the five themes.

CORPORATE AND SOCIAL RESPONSIBILITY

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

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

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

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

PRINCIPAL CORPORATE RISKS

Principal corporate risks are included as a standing agenda item each week at the meetings of the University Executive Team (UET) and are formally reviewed quarterly. This is part of an institution-wide Risk Management framework which has been developed and refined over a number of years. The Audit and Risk Management Committee has responsibility for ensuring that risk management systems are embedded and effective.

REGULATORY ENVIRONMENT

Legal status

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

Charitable status

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

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

Scope of the financial statements

These Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP) for the Further and Higher Education Sector 2015 and FRS102, and in accordance with the publication requirements set out by HEFCE in its role as Principal Regulator for exempt-charity higher education institutions in England.

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

- Nottingham Consultants Limited undertakes those activities which, for legal or commercial reasons, are more appropriately channelled through a limited company;
- Nottingham Conference Centre Limited provides conference and catering facilities for external clients;
- Education Support Centre (UK) Limited provides the higher and further education sectors with expert technical assistance on Microsoft products.
- Nottingham Law School Legal Advice Centre Limited provides legal advice and information services to the local community and individuals in need, whilst providing practical experience to law students.
- Nova Centric Limited provides further and higher education courses in music, multi-media and communication.
- Confetti Constellations Limited provides education facilities and services for music, multi-media and communications courses, including the design, consultancy, supply and installation services for the provision of music, moving image, IT equipment and furniture.

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

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

FINANCIAL REPORT

The University has delivered a strong financial performance in the year, producing a surplus for the year of £16.7 million which created a net cash inflow from operations of £50.7 million, an increase of £15 million (42%) on 2014/15.

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

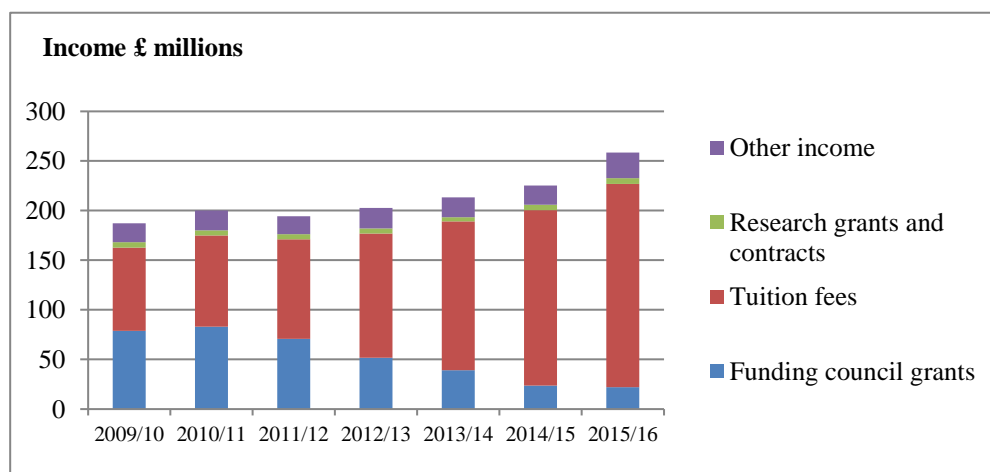
Income and Expenditure Account

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

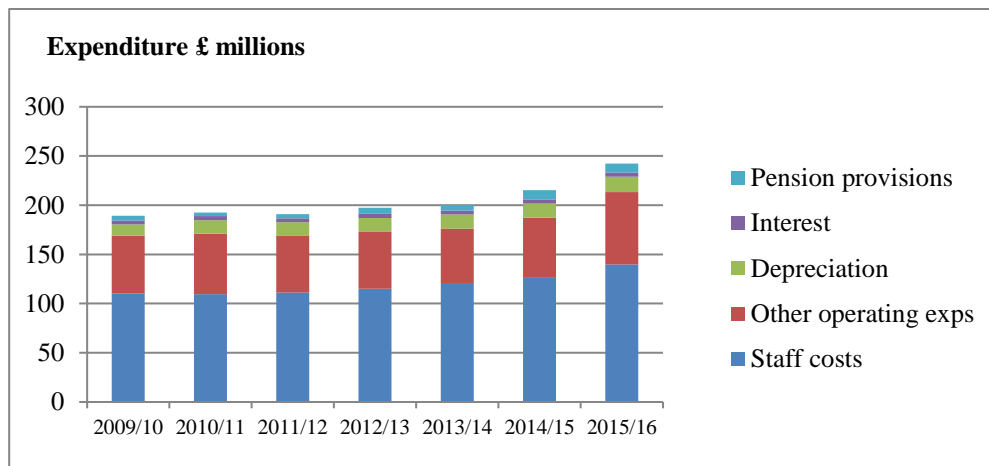
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Income	258.5	225.4	213.2	202.7	194.4
Expenditure	242.5	215.4	199.9	197.3	190.8
Other gains	0.7	-	-	-	-
Surplus	16.7	10.0	13.3	5.4	3.6

The surplus of £16.7 million represents 6.5% of income.

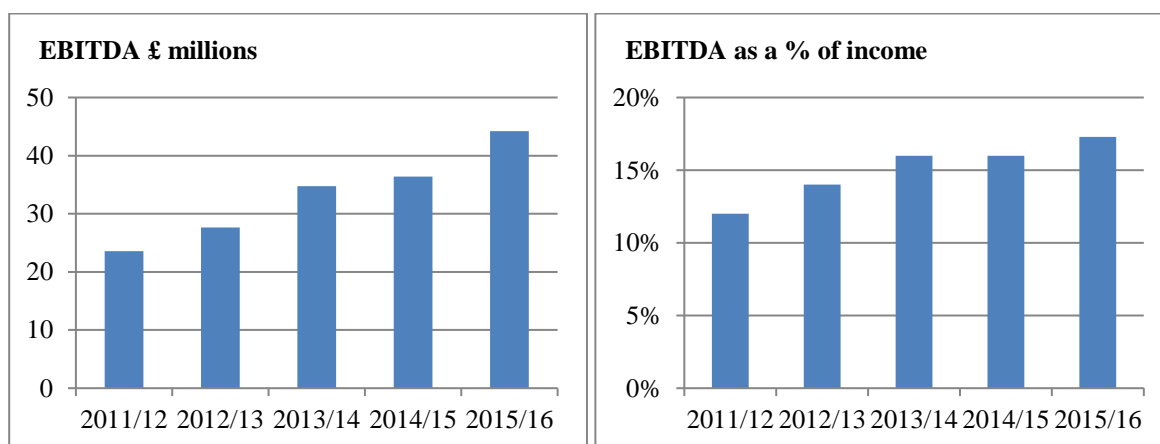
Income from tuition fees now represents 79% of total income. Since 2009/10 funding council grant income has decreased by £57 million and now accounts for less than 9% of total income.



Expenditure in 2015/16 has increased in line with income. Staff costs represent 56% of total income (58% 2014/15).

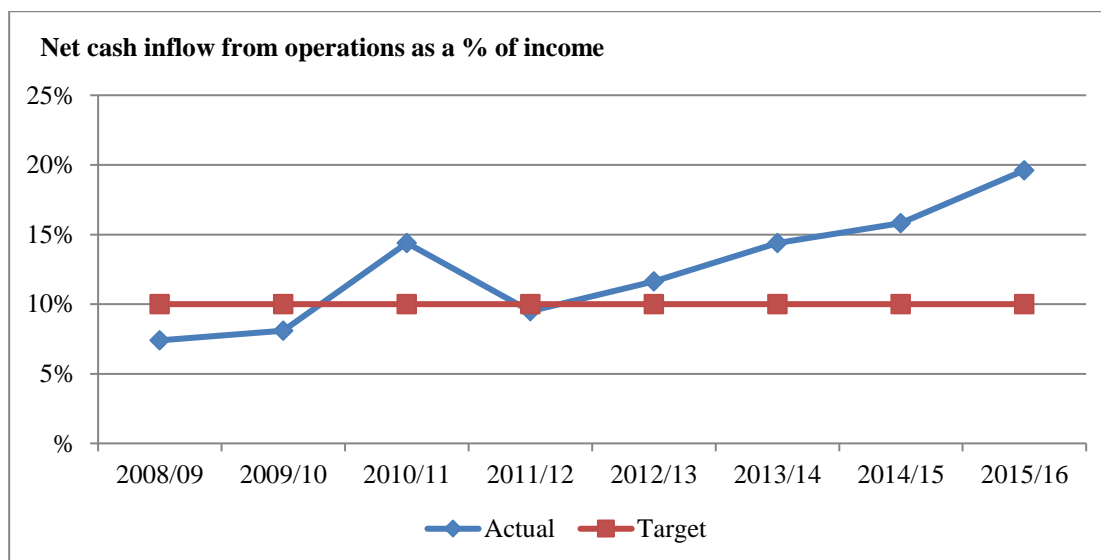


Earnings before interest, tax, depreciation and amortisation (EBITDA) in 2015/16 was £44 million, 17% of income. Nottingham Trent University typically appears in the upper quartile of the higher education sector in this measure. The charts show the five year trend.



Cash Flow

We set a minimum 10% Net Cash Inflow from Operations target as the University's key financial performance indicator. This target has been established to ensure investment capacity is created and to provide a sustainable financial model. In 2015/16 we achieved a net cash inflow from operations of £50.7 million, 20% of income.

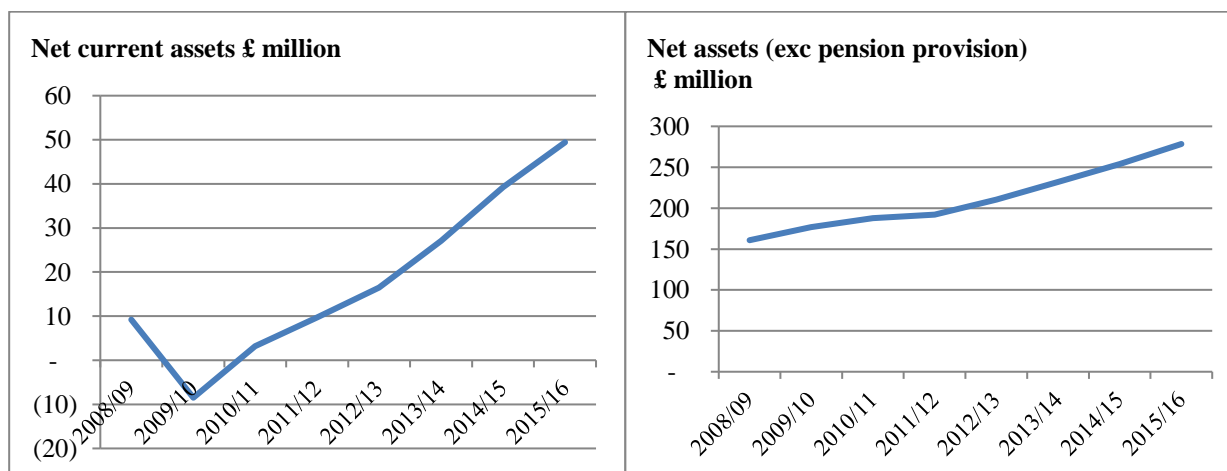


The treasury management policy prioritises security over returns and is formally reviewed annually by the Board of Governors.

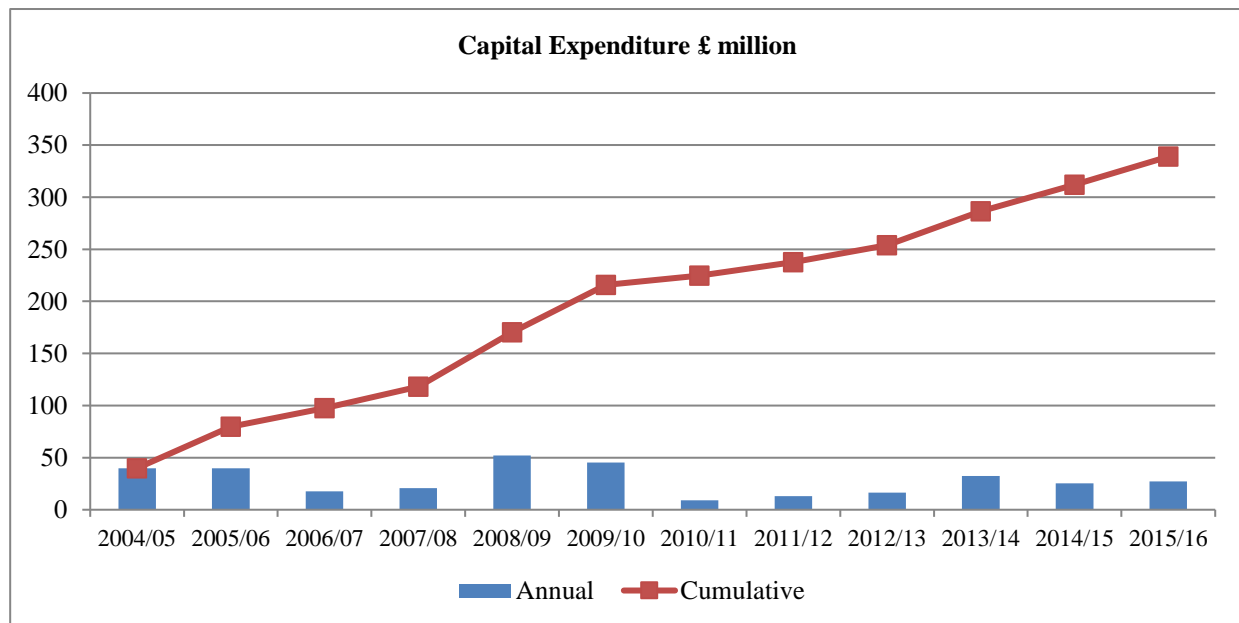
The University maintains a firm policy with regard to debtors. In respect of creditors, the University ensures prompt payment of suppliers and, subject to any other agreed contractual conditions, will normally make payment within 30 days following the date of invoice.

Balance Sheet

Net Current Assets have increased by £10 million and Net Assets Excluding Pension Provisions by £25 million. The improvement in net assets is indicative of the overall improvement in financial performance.



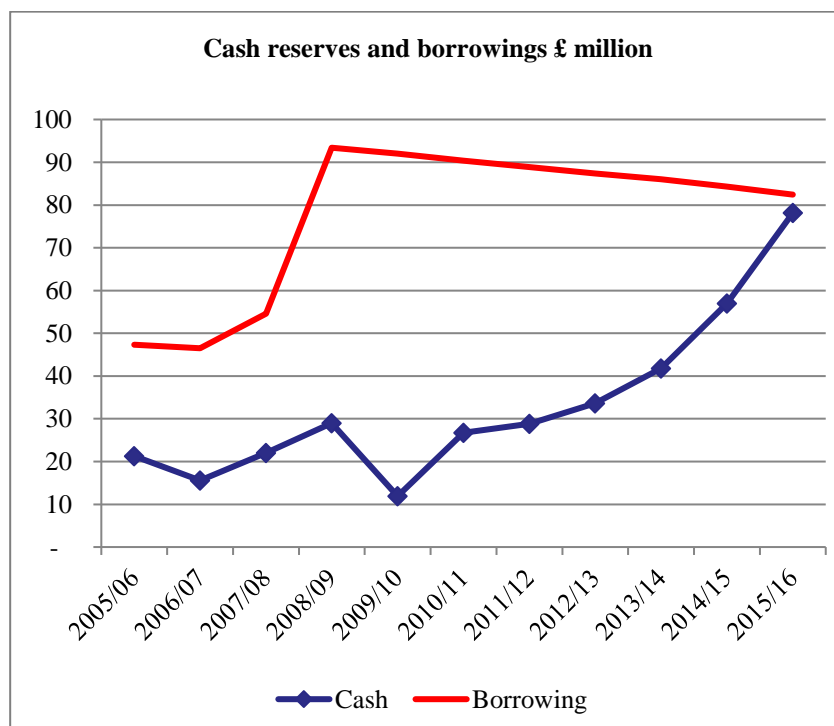
During the last 12 years a significant estate regeneration programme has been completed. A further £27 million has been invested in 2015/16.



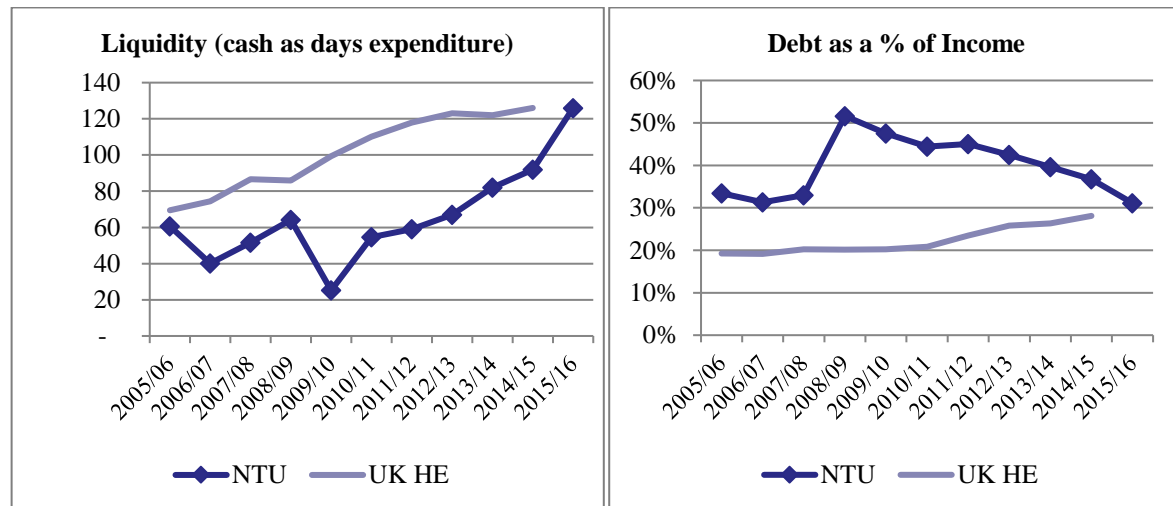
The initial phases of the regeneration programme were supported through borrowing. During 2005 £55 million was borrowed over a 25 year term and a second £40 million tranche was borrowed in 2008 over a 30 year term.

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

After a period where borrowing materially exceeded cash reserves, the University is now close to a net cash position.



At 31st July 2016 cash reserves have increased by £21 million to £78.1 million which represents 126 days liquidity. Borrowing has reduced to £80 million, 31% of income.



A summary of the Balance Sheet as at 31 July:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Non-current Assets	366.4	347.7	300.4	291.3	281.6
Current Assets (non-cash)	13.4	16.2	14	10.9	13.3
Cash and short-term deposits	78.1	57.0	41.8	33.6	28.8
Current Liabilities	(42.1)	(33.9)	(28.7)	(27.9)	(32.4)
Net Current Assets	49.4	39.3	27.1	16.6	9.7
Total Assets less Current Liabilities	415.8	387.0	327.5	307.9	291.3
Long-term creditors	(134.6)	(131.9)	(84.1)	(85.7)	(87.3)
Provisions (exc Pensions)	(2.8)	(2.0)	(11.6)	(11.6)	(11.8)
Net Assets excluding Pension Provision	278.4	253.1	231.8	210.6	192.2
Pension Provisions	(195.7)	(135.2)	(100.3)	(71.3)	(91.1)
Net Assets	82.8	117.9	131.5	139.3	101.1

The majority of the Pension Provision (92%) relates to the Nottinghamshire County Council Pension Fund. At the triennial valuation date of 31 March 2013 the actuaries reported that the proportion of the scheme relating to the University was broadly on target to achieve its 20 year deficit recovery plan. As a consequence there was minimal change to employer contribution rates. The accounting standard that dictates a methodology for inclusion of pension liabilities on balance sheets is more prudent and continues to show a material deficit which has increased further in 2015/16 due to changes in actuarial assumptions relating to discount rates. A valuation is currently underway which will determine contribution rates from April 2017.

CORPORATE GOVERNANCE

Structure and operation

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

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

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

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

Primary responsibilities of the Board of Governors

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

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

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

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

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

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

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

The Board of Governors has taken reasonable steps to:

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

Delivery of public benefit

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

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

NTU is always seeking to enhance and develop our student experience and, as the destination of choice for an increasingly diverse group of students and professionals, we collaborate with employers to challenge, surprise, and inspire all those who study with us.

The University's increasing focus on appropriate internships and placements for all is yielding significant and positive results. Sandwich placements are known to help students progress to further study or give them a greater chance of landing graduate-level employment and NTU's Success for All initiative is ensuring that all students, including those from widening participation (WP) / disadvantaged backgrounds, can enjoy these success levels.

Through increased awareness, better understanding and further support, NTU aims to build on these successes and continue to offer widening participation students maximum opportunities for a successful graduate career.

Nottingham Business School was instrumental in the development of the Chartered Manager Degree Apprenticeship, which has been established by the Chartered Management Institute (CMI) and the Chartered Association of Business Schools (CABS), along with employers and other higher education providers.

The flexible, tailored learning is offered to organisations seeking to upskill current employees, underpinning their current practical experience with a strong theoretical understanding. This offers organisations the opportunity to develop and promote existing employees into management positions. It is also open to school leavers applying for an apprenticeship programme with a company.

This is the first of many new apprenticeships, and going forward Nottingham Trent University will be developing and delivering a number of new apprenticeship routes.

NTU has implemented a robust strategy to expand the University's research excellence and further our capability and capacity to be a valued partner in projects of high commercial and public importance.

Pioneering research at NTU in the area of safety and security of citizens has led to the University being awarded a highly prestigious Queen's Anniversary Prize for Higher and Further Education. Part of the national honours' system, the Queen's Anniversary Prize recognises world-class excellence and achievements in universities and colleges in the UK.

The research included:

- A new method of X-ray imaging which provides intricate details of an object's shape and depth, enabling concealed weapons and explosives to be more easily identified in airport luggage.
- A research project to enable safer production of powdered infant formula, reducing the risk of infection in new-born babies. The results have now helped to shape changes in formula production methods and contributed to changes in international legislation.
- Working to assist the government in reducing incidences of food fraud by pioneering new testing methods to identify adulterated meat products.

NTU is continuing to invest in the development of other key areas of world-leading impactful research across a range of discipline areas.

Innovation in research and pedagogy and developing outstanding scholarships are at the heart of activities implemented by the Trent Institute for Teaching and Learning (TILT). By placing a strong focus on the scholarship of teaching and learning, TILT is both nurturing and growing existing strengths within NTU, simultaneously developing and facilitating further engagement in these activities.

A recently launched sabbatical scheme is intended to provide colleagues with dedicated time to pursue developments which will impact positively on learning and teaching at NTU. The funded scheme drives the University's vision to expand our research excellence, at the same time supporting NTU's ambition of integrating and embedding innovative teaching and learning practices.

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

Building on a long-standing close collaborative relationship, Nottingham Trent University has acquired Nova Centric Limited and Confetti Constellation Limited, trading under the collective recognised brand Confetti Media Group (CMG). Bringing together the two companies, with their aligned ambitions and skills sets, is also enhancing the student experience and creating a new talent stream in the region.

Confetti offers further and higher education to students in the fields of music, production, TV, gaming and live events. Now, as part of Nottingham Trent University, it is substantially extending its higher education provision by offering both foundation level and top-up degree courses backed by NTU. Students can now make the easy transition from a foundation course to a full degree without leaving the area, helping to retain top talent in the region.

Nottingham Trent University has agreed a compact with Nottingham University Hospitals NHS Trust (NUHT), focusing on areas of current and future strategic importance for the mutual benefit of both organisations, and that of their stakeholders.

NUHT is a very large teaching and research intensive hospital and a major employer which promotes active professional development. As part of the compact, NTU is examining ways in which the University can respond to the professional development needs of the Trust. With both parties committed to an innovative approach across pertinent areas, the compact will deliver a robust and positive impact to both organisations.

NTU will provide a strong pipeline of pre- and post-graduate talent to NUHT through a broad range of relevant areas of employment. This will extend beyond the traditional healthcare professions, taking in disciplines such as accountancy, human resources, IT, biomedical sciences and many others.

In turn, NUHT will provide relevant and tailored practical and vocational experience, offering internships and live project briefs. As a result, students will graduate their course equipped with the talents and employability skills sought by NUHT.

Promoting internationalisation and attracting talented students from around the world is a key part of NTU's global ambitions. As an international University, we nurture global citizenship, engage with the international research community, and attract talented students and staff from around the world, providing a vibrant multinational learning community.

NTU offers international students a rich, varied learning experience and in turn encourages our home students to learn from them and enjoy the cultural experience they can bring.

Reflecting our success in this area, NTU has won the best UK University for International Students category in the 2016 Whatuni Student Choice Awards. The University was commended for delivering an outstanding student

experience and providing excellent support, with our superb facilities and students' union also cited as a great draw to international students.

This award demonstrates NTU's dedication to offering an excellent learning experience in inspiring surroundings and also represents a platform from which the University can build on our ambitions to encourage all NTU students to become global citizens.

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

The University's Respect and Consent Framework demonstrates NTU's commitment to dignity, respect and consent and has been developed in response to the wider national and sector challenges around 'lad culture', respect, consent and sexual violence.

'Respect at NTU: Give it. Get it. Expect it' places a spotlight on the University's expectations of the way staff and students treat, and are treated by, each other. The campaign empowers individuals to take responsibility for creating and maintaining a positive workplace and learning culture, in line with the standards articulated by the University's Dignity and Respect Policy. Through high levels of publicity across our campuses, the overarching aim is helping ensure NTU is a safe and inclusive university for all of its students and staff.

The University's 'New Year, New You' initiative was launched to promote accountability and responsibility for health and wellbeing at work and is aimed at supplying participants with the information and options to make informed decisions about their health, exercise regime and nutrition. The initiative also covers a number of other related areas of wellbeing, with advice on healthy eating, alcohol awareness, substance misuse, workstation safety, weight loss, and equality and diversity.

In terms of direct employment, the University provides over 3,000 jobs for individuals who live within our local communities. This is equivalent to 1.4% of all employee jobs within Nottingham, over 50% of which are in highly skilled, professional occupations. It has been independently assessed that our spend and that of our students creates another 6,300 jobs. The combined effect of this expenditure on the output from other UK business has been estimated at £515m.

NTU is a strong recruiter of students from outside the region, bringing the brightest and the best of their generation into the city and county. At the same time, we nurture the talent of local young people; we have nearly 3,000 students from an NG postcode studying at the University and another 5,000 from within the East Midlands. Taken together, we are making a significant contribution to developing the future talent and skills that the region needs.

Furthermore, 4,000 students attend NTU each year from over 120 countries around the world. Our staff group also make a significant contribution to cultural diversity.

Recently, NTU hosted the second summit of the Midlands Engine. This event exemplified our commitment to engaging actively with the economic development agenda across the broader region as well as working in close partnership with D2N2, the University's Local Enterprise Partnership. NTU has also been instrumental in putting together the Midlands Enterprise Universities Group to co-ordinate the input of initially six universities into the initiatives of the Midlands Engine.

As well as an economic impact, NTU also plays an active role in the cultural life of the city, with strategic partnerships with a range of local organisations such as the Creative Quarter, Nottingham Playhouse, and the New Art Exchange. Many of our students play for or are involved in the development activities of local sports clubs.

Finally, NTU plays an active role in the continuing discussions about Higher Education Policy through both the University Alliance and our own public affairs strategy.

Statement of Internal Control

1. As the governing body of Nottingham Trent University, the Board of Governors has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the governing body in the Instrument and Articles of Government and the Memorandum of Assurance and Accountability with HEFCE.
2. The system of internal control is designed to manage rather than to eliminate the risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness.
3. The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. It is the Board's opinion that this process has been in place for the year ended 31 July 2016 and up to the date of approval of the financial statements and accords with HEFCE guidance.
4. The Board of Governors has responsibility for reviewing the effectiveness of the system of internal control and has established the following processes:
 - a) Consideration of the operational plans and strategic direction of the University is included on the agenda of meetings of the Board of Governors.
 - b) The Board receives periodic reports from the Chair of the Audit and Risk Management Committee concerning internal control.
 - c) Senior managers are responsible for operational risk management within the University. In addition the risk management function is supported by a Project Sponsor, Risk Manager and Risk Management Co-ordinator. Risk Management has been incorporated into the management and decision making structures of the University.
 - d) The University has an Internal Audit Service that operates in accordance with the requirements set out in the HEFCE Audit Code of Practice (as part of the Memorandum of Assurance and Accountability). It submits regular reports to the University's Audit and Risk Management Committee on the adequacy and effectiveness of the systems of risk management, governance, internal control and value for money, together with recommendations for improvement.
 - e) A system of key performance and risk indicators has been developed.
 - f) A robust risk prioritisation methodology has been established.
 - g) Organisation-wide risk registers are maintained, containing improvement actions and timescales. Risk owners are required to regularly update the relevant register on the steps they are taking to manage risk in their area of responsibility, including progress reports on key projects.
5. The Board's review of the effectiveness of the system of internal control is informed by the work of the executive managers within the University, who have responsibility for the development and maintenance of the internal control framework, the work of the Internal Audit Service and by comments made by the external auditors in their management letter and other reports.

Membership of the Board of Governors

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

The members of the Board (the Trustees) who served at any time during the financial year to July 2016 and until the date the financial statements were formally approved were:

Independent and External Co-opted Governors

Mr N Goulden, Chair	
Ms N Hill, Deputy Chair (from 13 June 2016)	
Mr A K Edwards, Deputy Chair (to 13 June 2016)	- retired 31 July 2016
Mr R Bullock	- retired 28 September 2015
Mr J Carter	
Mr N Collard	
Mr N Ebbs	- appointed 1 August 2016
Mr I Ellis	
Mr R J Freeston	- retired 16 October 2015
Mr W Harris	
Mrs C Hearn	
Mr K Hogarth	
Ms L Holder	- appointed 1 August 2016
Ms J Ridley-Smith	
Ms A Somal	- appointed 1 September 2015
Mr T M Walmsley	
Baroness D Warwick	
Mr O Woodley	

Academic board member

Ms K Moore	- appointed 7 March 2016
Professor M Pratt	- retired 15 January 2016

Student nominee

Mr T Oluwasanmi	- appointed 1 July 2016
Mr J Anson	- retired 30 June 2016

General staff member

Dr A Pears	- appointed 23 November 2015
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Vice-Chancellor

Professor E W Peck	
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Chief Operations Officer and Registrar

Mr S Denton	- appointed 1 February 2016
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Chief Financial and Operations Officer

Mr J S Jackson	- retired 31 January 2016
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Mr N Goulden
Chair

Professor E W Peck
Vice-Chancellor

21 November 2016

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

We have audited the financial statements of Nottingham Trent University for the year ended 31st July 2016. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Respective responsibilities of the Board of Governors and auditor

As explained more fully in the Primary Responsibilities of the Board of Governors Statement, the Board of Governors is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Governors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2016 and of the Group's and University's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2015-16 financial statements*.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice (effective 1 August 2014) issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Group and the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's articles of government;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's Accounts direction to higher education institutions for 2015-16 financial statements have been met.



Anthony Hambleton
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

St Nicholas House
31 Park Row, Nottingham, NG1 6FQ

25 November 2016

Statement of Accounting Policies

for the year ended 31 July 2016

1. Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention, modified to include certain fixed assets at fair value, and in accordance with Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. Additionally, the financial statements conform to the guidance published by the Higher Education Funding Council for England.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 35.

2. Basis of consolidation

The consolidated financial statements incorporate those of the University and all its subsidiaries for the financial year to 31 July 2016 and includes the results of subsidiaries acquired or disposed of during the period in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include those of Nottingham Trent University Union of Students as it is a separate unincorporated body in which the University does not exert control or dominant influence over their commercial and financial policy decisions.

Associated companies and joint ventures are accounted for using the fair value model method. Where it is impractical to measure fair value reliably without undue cost and effort then the cost model is applied.

3. Recognition of income

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

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

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

Funds the University receives and disburses as a paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk and has no economic benefit related to the transaction. Where the University has applied this policy to certain funds received during the year they are disclosed in note 34.

Grant Funding

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

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

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

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

Donations and endowments

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

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

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

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

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

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

Statement of Accounting Policies (continued)
for the year ended 31 July 2016

4. Accounting for retirement benefits

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

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

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

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

The University also participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Similar to the TPS above, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme 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. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

Further details of the above pension schemes are given in note 32.

5. Short term employment benefits

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

6. Finance Leases

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

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

7. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

8. Foreign currency

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

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

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

9. Intangible assets

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

Statement of Accounting Policies (continued)
for the year ended 31 July 2016

10. Tangible fixed assets

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

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

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

Land and buildings

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

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

The accounting treatment of these valuations are disclosed in note 35 - *Transition to FRS102 and SORP 2015*.

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

Assets under construction

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

11. Investments

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

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

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

12. Stock

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

13. Cash and cash equivalents

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

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

14. Provisions

Provisions are recognised in the financial statements when:

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

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

Statement of Accounting Policies (continued)
for the year ended 31 July 2016

15. Taxation

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

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

The University is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

16. Reserves

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

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

17. Transition to 2015 SORP

The University has prepared its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to FRS 102 [SORP 2015] has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 35.

Application of first time adoption grants certain exemption from the full requirements of FRS 102 [SORP 2015] in the transition period. The following exemptions have been taken into these financial statements:

Fair value or revaluation as deemed cost as at 1st August 2014 - fair value is defined within Accounting Policies as the amount for which an asset could be exchanged, a liability settled or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.

Consolidated and University Statement of Comprehensive Income and Expenditure

Year Ended 31 July 2016

		Year ended 31 July 2016		Year ended 31 July 2015	
	Note	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	204,950	197,658	176,820	175,248
Funding body grants	2	21,955	21,955	23,758	23,758
Research grants and contracts	3	5,913	5,884	5,198	5,177
Other income	4	24,349	16,660	18,553	13,131
Investment income	5	862	877	567	572
Total income before endowments and donations		258,029	243,034	224,896	217,886
Donations and endowments	6	509	406	497	497
Total income		258,537	243,440	225,393	218,383
Expenditure					
Staff costs	7	144,272	136,156	131,387	128,427
Other operating expenses	8	73,664	67,037	61,013	57,683
Interest and other finance costs	9	8,831	8,787	8,697	8,697
Intangible Amortisation	11	385	-	-	-
Depreciation	12	15,321	14,595	14,352	13,737
Total expenditure		242,473	226,575	215,449	208,544
Surplus before other gains losses and share of operating surplus of associates.		16,064	16,865	9,944	9,839
Gain on disposal of fixed assets		14	14	-	-
Gain on investments		90	90	58	58
Share of operating surplus in associates	14	380	-	-	-
Surplus before tax		16,548	16,969	10,002	9,897
Taxation	10	153	-	-	-
Surplus for the year		16,701	16,969	10,002	9,897
Unrealised Surplus/(Impairment) on revaluation of land and buildings		1,981	1,842	(450)	(589)
Actuarial (loss) in respect of pension schemes	21	(51,843)	(51,843)	(14,084)	(14,084)
Total comprehensive income for the year		(33,161)	(33,032)	(4,532)	(4,776)
Represented by:					
Endowment comprehensive income for the year	23	(554)	(554)	(614)	(614)
Restricted comprehensive income for the year	24	1	1	104	104
Unrestricted comprehensive income for the year		(34,589)	(34,321)	(6,003)	(6,108)
Revaluation reserve comprehensive income for the year		1,981	1,842	1,981	1,842
Attributable to the University		(33,161)	(33,032)	(4,532)	(4,776)
Surplus for the year attributable to:					
University		16,701	16,969	10,002	9,897

All items of income and expenditure relate to continuing activities.

The accompanying notes form an integral part of the financial statements.

Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2016

Consolidated	Income and expenditure account			Revaluation	Total
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>	reserve	
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2014	8,032	37	30,398	85,939	124,406
Surplus/(deficit) from the income & expenditure statement	(614)	104	10,512	-	10,002
Other comprehensive income	0	-	(16,515)	-	(16,515)
Transfers between revaluation and income & expenditure reserve	-	-	1,981	(1,981)	-
Release of restricted capital funds spent in year	-	-	-	-	-
Total comprehensive income for the year	(614)	104	(4,022)	(1,981)	(6,513)
Balance at 1 August 2015	7,418	141	26,376	83,958	117,893
Surplus/(deficit) from the income & expenditure statement	(554)	1	17,254	-	16,701
Other comprehensive income	-	-	(51,843)	-	(51,843)
Transfers between revaluation and income & expenditure reserve	-	-	1,981	(1,981)	-
Release of restricted capital funds spent in year	-	-	-	-	-
Total comprehensive income for the year	(554)	1	(32,608)	(1,981)	(35,142)
Balance at 31 July 2016	6,864	142	(6,232)	81,977	82,751

University	Income and expenditure account			Revaluation	Total
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>	reserve	
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2014	8,032	37	32,163	80,203	120,435
Surplus/(deficit) from the income and expenditure statement	(614)	104	10,407	-	9,897
Other comprehensive income	0	-	(16,515)	-	(16,515)
Transfers between revaluation and income and expenditure reserv	-	-	1,842	(1,842)	-
Release of restricted funds spent in year	-	-	0	-	0
Total comprehensive income for the year	(614)	104	(4,266)	(1,842)	(6,618)
Balance at 1 August 2015	7,418	141	27,897	78,361	113,817
Surplus/(deficit) from the income and expenditure statement	(554)	1	17,522	-	16,969
Other comprehensive income	-	-	(51,843)	-	(51,843)
Transfers between revaluation and income and expenditure reserv	-	-	1,842	(1,842)	-
Release of restricted funds spent in year	0	0	-	-	-
Total comprehensive income for the year	(554)	1	(32,479)	(1,842)	(34,874)
Balance at 31 July 2016	6,864	142	(4,582)	76,519	78,943

The accompanying notes form an integral part of the financial statements.

Consolidated and University Balance Sheet

	Note	As at 31 July 2016		As at 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Intangible assets	11	3,455	-	-	-
Fixed assets	12	360,505	347,959	345,758	337,477
Investments	13	476	476	386	386
Investment in subsidiaries	13	0	3,976	0	-
Investments in associates	14	1,951	441	1,571	441
		366,387	352,852	347,715	338,304
Current assets					
Stock	15	487	287	420	276
Debtors: amounts falling due within one year	16	9,784	18,682	12,559	16,614
Debtors: amounts falling due after more than one year	17	3,174	3,174	3,174	3,174
Investments	18	40,000	40,000	15,000	15,000
Cash and cash equivalents	25	38,133	36,115	41,978	41,286
		91,578	98,258	73,131	76,350
Less: Creditors: amounts falling due within one year	19	(42,147)	(39,991)	(33,878)	(32,763)
Net current assets		49,431	58,267	39,253	43,587
Total assets less current liabilities		415,818	411,119	386,968	381,891
Creditors: amounts falling due after more than one year	20	(134,597)	(134,597)	(131,872)	(131,872)
Provisions					
Pension provisions	21	(195,679)	(195,679)	(135,202)	(135,202)
Other provisions	21	(1,900)	(1,900)	(1,000)	(1,000)
Provision for deferred tax	22	(891)	-	(1,001)	-
Total net assets		82,751	78,943	117,893	113,817
Restricted Reserves					
Income and expenditure reserve - endowment reserve	23	6,864	6,864	7,418	7,418
Income and expenditure reserve - restricted reserve	24	142	142	141	141
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		(6,232)	(4,582)	26,376	27,897
Revaluation reserve		81,977	76,519	83,958	78,361
Total Reserves		82,751	78,943	117,893	113,817

The accompanying notes form an integral part of the financial statements.

The financial statements on pages 19 to 44 were approved by the Board of Governors on 21 November 2016 and signed on its behalf on that date by:


Mr N Goulden
Chair


Professor E W Peck
Vice Chancellor

Consolidated Cash Flow Statement

Year ended 31 July 2016

		Year ended 31 July 2016	Year ended 31 July 2015
		Consolidated	Consolidated
	Notes	£'000	£'000
Cash flow from operating activities			
Surplus for the year		16,701	10,002
Adjustment for non-cash items			
Depreciation	12	15,321	14,352
Amortisation of intangibles	11	385	-
(Gain) / Loss on investments	13	(90)	(58)
Decrease/(increase) in stock	15	3	(9)
Decrease/(increase) in debtors	16	3,016	(2,175)
Increase/(decrease) in creditors	19	4,920	2,498
Increase/(decrease) in pension provision	21	8,634	7,956
Increase/(decrease) in other provisions	21	900	1,431
Increase/(decrease) in deferred tax provision	22	(110)	-
Share of operating (surplus)/deficit in associate	13	(380)	-
Adjustment for investing or financing activities			
Investment income	5	(862)	(567)
Interest payable	9	4,040	4,081
Endowment income	6	(219)	(96)
Profit on the sale of fixed assets		(14)	0
Capital grant income	29	(1,533)	(1,781)
Net cash inflow from operating activities		50,713	35,634
Cash flows from investing activities			
Proceeds from sales of fixed assets		37	287
Capital grants receipts	29	5,549	3,642
Disposal of non-current asset investments		-	-
Withdrawal of deposits		-	-
Investment income	5	862	567
Payments made to acquire fixed assets	12	(27,034)	(27,274)
Payments made to acquire subsidiary undertakings		(3,976)	-
New non-current asset investments		0	-
New deposits	18	(25,000)	(3,000)
		(49,562)	(25,778)
Cash flows from financing activities			
Interest paid	9	(4,040)	(4,081)
Endowment cash received	23	219	96
New secured loans		-	-
New unsecured loans	20	900	143
Repayments of amounts borrowed		(2,075)	(1,870)
		(4,996)	(5,712)
(Decrease)/increase in cash and cash equivalents in the year		(3,845)	4,144
Cash and cash equivalents at beginning of the year	25	41,978	37,834
Cash and cash equivalents at end of the year	25	38,133	41,978

Net cashflow from operating activities is adjusted for the acquired net assets of Confetti Constellations Limited and Nova Centric Limited as at 3rd August 2015

The accompanying notes form an integral part of the financial statements.

Notes to the Accounts

for the year ended 31 July 2016

	Note	Year Ended 31 July 2016		Year Ended 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Tuition fees and education contracts					
Further education		3,688	64	104	104
Undergraduate tuition - Home/EU		162,656	160,363	137,878	137,878
Undergraduate tuition - Overseas		17,018	17,018	16,429	16,429
Postgraduate tuition - Home/EU		8,799	8,799	10,040	10,040
Post graduate tuition - Overseas		10,468	10,468	9,547	9,547
Other fees and support grants		2,321	946	2,822	1,250
		204,950	197,658	176,820	175,248
2 Funding body grants					
Recurrent grant					
Higher Education Funding Council for England		17,499	17,499	18,565	18,565
Skills Funding Agency		1,161	1,161	1,101	1,101
National College for Teaching and Leadership		-	-	404	404
Specific grants					
Higher Education Funding Council for England		1,737	1,737	2,178	2,178
National College for Teaching and Leadership		158	158	150	150
Non-recurrent grants released in year					
Buildings		1,400	1,400	1,360	1,360
		21,955	21,955	23,758	23,758
3 Research grants and contracts					
Research councils and charities		1,284	1,284	1,327	1,327
Government (UK and overseas)		2,216	2,216	2,191	2,191
Industry and commerce		2,413	2,384	1,680	1,659
		5,913	5,884	5,198	5,177
4 Other income					
Residences, catering and conferences		7,854	5,377	6,695	4,597
Other revenue grants		1,741	1,671	2,365	2,306
Other capital grants		133	133	421	150
Other income generating activities		14,621	9,479	9,072	6,078
		24,349	16,660	18,553	13,131
Other income generating activities include £2.1m as a result of refinancing arrangements with UPP Byron Ltd and the income of Confetti Constellations, acquired on 3rd August 2015, of £4.1m					
5 Investment income					
Investment income on expendable endowments	23	88	88	96	96
Other investment income		463	445	461	461
Other interest receivable		311	344	10	15
		862	877	567	572
6 Donations and endowments					
New endowments	23	219	219	96	96
Donations with restrictions	24	8	8	159	159
Unrestricted donations		282	179	242	242
		509	406	497	497

Notes to the Accounts

for the year ended 31 July 2016

	Note	Year Ended 31 July 2016		Year Ended 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
7 Staff costs					
<i>Employee costs:</i>					
Wages and salaries		113,934	106,232	103,593	100,633
Social security costs		9,855	9,505	8,370	8,370
Other pension costs		15,838	15,774	14,283	14,283
Pension operating costs	21	4,645	4,645	5,141	5,141
Total		144,272	136,156	131,387	128,427

	2016	2015
	£'000	£'000
<i>Emoluments of the Vice-Chancellor:</i>		
Emoluments excluding pension contributions	258	240
Pension contributions including contributions to USS	40	38
	298	278

<i>Remuneration of other higher paid staff, excluding employer's pension contributions:</i>	No.	No.
£100,001 to £110,000	3	3
£110,001 to £120,000	3	3
£130,001 to £140,000	2	2
£140,001 to £150,000	1	1
£150,001 to £160,000	2	1
£160,001 to £170,000	1	2
£190,001 to £200,000	-	1

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

<i>Average weekly staff numbers (including senior post-holders) employed during the period:</i>	2016	2015
	Fte	Fte
Academic departments	1,291	1,159
Academic support services	638	596
Other support services	89	91
Administration and central services	734	665
Estates	305	299
Other	54	20
	3,111	2,830

Average Weekly staff numbers include 153 fte as a result of the acquisition of Confetti Constellations Limited and Nova Centric Limited.

<i>Compensation for loss of office paid/payable to a senior post-holder:</i>	2016	2015
	£'000	£'000
Compensation paid/payable recorded within staff costs	183	-

Compensation was paid in cash from general University funds.

Key management personnel

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

	2016	2015
	£'000	£'000
Key management personnel compensation	1,691	1,526

Trustees

No trustee has received any remuneration/waived payments from the group during the year (2015: None).

The total expenses paid to or on behalf of the 14 trustees was £8,193 (2015: £11,360 to 19 trustees). This represents travel and subsistence expenses incurred in attending Board of Governors and Committee meetings and Charity events in their official capacity.

Notes to the Accounts

for the year ended 31 July 2016

		Year Ended 31 July 2016		Year Ended 31 July 2015	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
8 Analysis of other operating expenses by activity					
Academic departments		20,564	19,201	17,728	16,595
Academic services		11,988	11,905	9,899	9,832
Administration and central services		21,846	20,787	18,357	17,882
Premises		11,675	11,095	11,011	10,567
Residences, catering and conferences		1,853	696	1,678	482
Research grants and contracts		3,359	3,353	2,340	2,325
Other expenses		2,379	-	-	-
		73,664	67,037	61,013	57,683
<i>Other operating expenses include:</i>					
External auditors remuneration in respect of audit services		66	66	54	48
External auditors remuneration in respect of non-audit services		12	6	24	19
Operating lease rentals		244	244	362	362
9 Interest and other finance costs	Note				
Bank interest on loans		4,040	3,996	4,081	4,081
Net charge on pension scheme	21	4,791	4,791	4,616	4,616
		8,831	8,787	8,697	8,697
10 Taxation					
Recognised in the statement of comprehensive income					
Current tax					
Current tax expense		1	-	-	-
Adjustment in respect of previous years		-	-	-	-
Current tax expense		1	-	-	-
Deferred tax					
Origination and reversal of timing differences		(37)	-	-	-
Reduction in tax rate		(100)	-	-	-
Recognition of previously unrecognised tax losses		(17)	-	-	-
Deferred tax credit		(154)	-	-	-
Total tax credit		(153)	-	-	-
The tax credit is represented in the consolidated balance sheet through the net financial impact of the creation of corporation tax payable (Note 19) and a deferred tax asset (Note 16) and the decrease in the provision for deferred tax (Note 22).					
11 Intangible assets					
Brand					
Opening Balance		-	-	-	-
Additions		3,840	-	-	-
Amortisation charge for the year		(385)	-	-	-
At 31 July 2016		3,455	-	-	-

The addition in the year relates to the purchase of the Confetti Media Group brand on 3rd August 2015.

The amortisation period is 10 years.

Notes to the Accounts

for the year ended 31 July 2016

12 Fixed Assets

	Investment Land & Buildings £'000	Freehold Land and Buildings £'000	Fixtures and fittings £'000	Furniture and equipment £'000	Assets under course of construction £'000	Total fixed assets £'000
Consolidated						
Cost or valuation						
At 1 August 2015	6,290	278,153	53,933	43,408	19,656	401,440
Acquisition of subsidiary undertaking		1,846		1,211		3,057
Additions		6,517	4,298	11,863	4,356	27,034
Surplus on revaluation	-	-	-	-	-	-
Transfers	-	15,012	1,118	1,538	(17,668)	-
Disposals			(23)	(54)		(77)
At 31 July 2016	6,290	301,528	59,326	57,966	6,344	431,454
Consisting of valuation as at:						
1 August 2014	6,290	280,694				286,984
Cost		20,834	59,326	57,966	6,344	144,470
	6,290	301,528	59,326	57,966	6,344	431,454
Depreciation						
At 1 August 2015	116	5,264	22,047	28,255	-	55,682
Charge for the year	116	5,673	3,469	6,063	-	15,321
Written back on revaluation	-	-	-	-	-	-
Disposals	-	-	-	(54)	-	(54)
At 31 July 2016	232	10,937	25,516	34,264	0	70,949
Net book value						
At 31 July 2016	6,058	290,591	33,810	23,702	6,344	360,505
At 31 July 2015	6,174	272,889	31,886	15,153	19,656	345,758
University						
Cost or valuation						
At 1 August 2015	6,290	269,927	51,165	40,030	19,500	386,912
Additions	-	5,177	4,277	11,613	4,033	25,100
Transfers	-	14,880	1,117	1,538	(17,535)	-
Surplus on revaluation	-	-	-	-	-	-
Disposals	-	-	(23)	(54)	-	(77)
At 31 July 2016	6,290	289,984	56,536	53,127	5,998	411,935
Consisting of valuation as at:						
1 August 2014	6,290	273,909				280,199
Cost		16,075	56,536	53,127	5,998	131,736
	6,290	289,984	56,536	53,127	5,998	411,935
Depreciation						
At 1 August 2015	116	5,031	19,344	24,944	-	49,435
Charge for the year	116	5,356	3,445	5,678	-	14,595
Written back on revaluation	-	-	-	-	-	0
Disposals	-	-	-	(54)	-	(54)
At 31 July 2016	232	10,387	22,789	30,568	0	63,976
Net book value						
At 31 July 2016	6,058	279,597	33,747	22,559	5,998	347,959
At 31 July 2015	6,174	264,896	31,821	15,086	19,500	337,477

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

At 31 July 2016, investment land and buildings included £490,000 (2015 - £490,000) in respect of freehold land which is not depreciated.

Notes to the Accounts

for the year ended 31 July 2016

12. Fixed Assets (continued)

At 31 July 2016, freehold land and buildings included £38,478,180 (2015 - £38,478,180) in respect of freehold land which is not depreciated.

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

	at 31 July 2016	at 31 July 2015
	£'000	£'000
Furniture and Equipment	448	-

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

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

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

In 2009/10 the University entered into a lease agreement with UPP (Clifton) Limited for the provision of a new student residence on the Clifton campus. The University received a gross consideration totalling £7,333,000, which net of costs totalled £6,880,000. The transaction included a 20% shareholding in UPP (Clifton) Limited and an entitlement to loan notes to be issued by UPP (Clifton) Limited. The lease is co-terminus with the existing UPP agreements and at the conclusion of the lease the properties will revert to the University.

In 2011/12 the University entered into a new lease agreement with UPP (Byron) Limited for the provision of a new student residence and new Students Union building on the City campus. The University received a premium of £1,833,000 in respect of the agreement. The transaction includes a 20% shareholding in UPP (Byron) Limited and an entitlement to loan notes to be issued by UPP (Byron) Limited. On completion of the building in 2013/14 the University received a further lease premium of £11,813,000 as a fixed asset rather than cash.

13 Non-current Investments

	Subsidiary Companies	Investment in Associates	Other Investments	Total
	£'000	£'000	£'000	£'000
Consolidated				
At 1 August 2015	-	1,571	386	1,957
Additions	0	-	-	0
Fair Value Adjustments	-	380	90	470
Disposals	-	-	-	-
Impairments	-	-	-	-
At 31 July 2016	0	1,951	476	2,427
University				
At 1 August 2015	0	441	386	827
Additions	3,976	-	-	3,976
Fair Value Adjustments	-	-	90	90
Disposals	-	-	-	-
Impairments	-	-	-	-
At 31 July 2016	3,976	441	476	4,893

Other Investments

The Group holds 32,258 ordinary shares in Experian Plc (2015: 32,258) which were valued at 1477p per share (2015: 1198p) as per the closing Sell position on the London Stock Exchange as at 31st July 2016.

The Group holds shares in a number of spin-out companies, as detailed below, registered in England and Wales and operating in the UK. The Group has chosen not to attribute value to these investments as these companies have only just started to trade.

	Shareholding %	Cost £	Value £
Compandex Limited	50	550	-
SiActive Limited	27	25	-
Gyrometric Systems Limited	42	85	-
Halo X-Ray Technologies Limited	26	260	-

Notes to the Accounts

for the year ended 31 July 2016

13 Non-current Investments (continued)

Other Investments (cont'd)

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

Subsidiary Companies

The University owns 100% of the issued share capital of the following companies which are registered in England and Wales and operating in the UK. Confetti Constellation Limited, along with its wholly-owned subsidiary Nova Centric Limited, was acquired on 3 August 2015 for a fair-value consideration of £3,975,715.

On acquisition, Nottingham Trent University became the sole subscriber to membership of Nova Centric Limited.

Company Name	No. of Ord Shares	Cost of Investment £'000	Value of Investment £'000
Nottingham Law School Limited	1,667,000	1,667	-
Nottingham Consultants Limited	555,000	555	-
Nottingham Trent Residences 1 plc	5,000,004	2,500	-
Nottingham International College Limited	1	-	-
Confetti Constellation Limited	100	3,976	3,976

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

Company Name

Education Support Centre (UK) Limited
Nottingham Law School Legal Advice Centre Limited
Nova Centric Limited

14 Investment in associates

Company Name	Shareholding percentage %	2016 Value of Investment £'000	2015 Value of Investment £'000
UPP Clifton Limited	20	78	78
UPP Byron Limited	20	113	113
NET	n/a	50	50
Loreus Limited	10	0	0
BioCity Nottingham Limited (Limited by Guarantee)	n/a	1,550	1,170
Notts TV Limited	43	150	150
Voicekey	36	10	10
		1,951	1,571

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

The Group's participating interest in BioCity Nottingham Limited relates to the net assets in the joint venture arrangement entered into by the University to form BioCity Nottingham Limited with the University of Nottingham and the East Midlands Development Agency (EMDA). Following the abolition of EMDA in March 2012 the University has continued the joint venture arrangement with the University of Nottingham.

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

Associated companies are accounted for using the fair value model method. Where it is impractical to measure fair value reliably without undue cost and effort then the cost model is applied. The value of investment in Loreus Limited is £10 (Ten pounds).

Notes to the Accounts

for the year ended 31 July 2016

	Year Ended 31 July 2016		Year Ended 31 July 2015	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
15 Stock and stores in hand				
Finished goods	298	232	242	242
Goods for Resale	189	55	178	34
	487	287	420	276

16 Debtors: amounts falling due within one year

Trade Debtors	6,025	5,026	8,624	7,647
Amounts due by group undertaking companies	-	9,796	-	5,848
Deferred tax asset	44	-	-	-
Accrued Income	1,588	2,080	2,491	2,171
Prepayments	1,293	1,155	957	948
Other debtors	834	625	487	-
	9,784	18,682	12,559	16,614

Movement in deferred tax asset is credited in the statement of comprehensive income and expenditure

17 Debtors: amounts falling due after more than one year

Loan Notes	3,174	3,174	3,174	3,174
	3,174	3,174	3,174	3,174

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

18 Current Investments

Short term deposits	40,000	40,000	15,000	15,000
	40,000	40,000	15,000	15,000

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

At 31 July 2016 the weighted average interest rate of these fixed rate deposits was 0.92% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 265 days.

19 Creditors : amounts falling due within one year

		Year Ended 31 July 2016		Year Ended 31 July 2015	
	Note	Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
Bank Loans	20	2,048	2,048	1,970	1,970
Salix Finance Loan	20	178	178	105	105
Net Obligations under finance leases		173	-	-	-
Trade creditors		4,570	3,919	3,108	3,135
Social security and other taxation payable		5,162	5,052	3,659	3,614
Corporation tax payable		1	-	-	-
Other creditors		979	961	75	75
General Accruals		15,997	15,211	10,756	10,355
Holiday Pay Accrual		3,782	3,633	3,286	3,286
Deferred Income		9,257	8,989	10,919	10,223
		42,147	39,991	33,878	32,763

Deferred income

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

Tuition fee income		4,199	4,199	4,171	4,171
Government non-recurrent grant income	29	1,487	1,487	1,519	1,519
Research grant income		1,488	1,488	2,039	2,039
Other grant income		508	508	873	873
Other income		1,575	1,307	2,317	1,621
		9,257	8,989	10,919	10,223

Notes to the Accounts

for the year ended 31 July 2016

	Note	Year Ended 31 July 2016		Year Ended 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
20 Creditors : amounts falling due after more than one year					
Government non-recurrent grant deferred income	29	54,393	54,393	50,345	50,345
Salix Finance Loans		1,715	1,715	993	993
Bank Loans		78,489	78,489	80,534	80,534
Total bank and other loans		80,204	80,204	81,527	81,527
		134,597	134,597	131,872	131,872

Salix Finance loans are received from HEFCE, through its partnership with Salix Finance Limited, specifically for the purpose of funding energy efficiency and low carbon emission technologies.

Analysis of bank and other loans

Due within one year	2,226	2,226	2,075	2,075
Due between one and two years	2,408	2,408	2,023	2,023
Due between two and five years	7,646	7,646	6,788	6,788
Due in five years or more	70,150	70,150	72,716	72,716
Due after more than one year	80,204	80,204	81,527	81,527
Total debt	82,430	82,430	83,602	83,602

Analysis of debt by repayable date:

Loan repayable by 2016		52	52	158	158
Loan repayable by 2020	New loan in year	900	900	-	-
Loan repayable by 2022		941	941	941	941
Loans repayable by 2030		40,537	40,537	42,502	42,502
Loan repayable by 2038		40,000	40,000	40,000	40,000
		82,430	82,430	83,602	83,602

Lender	Amount £'000	Rate of Interest
Salix Finance Limited (in Partnership with HEFCE)	2,810	0.00
Barclays/Lloyds	25,000	4.88%
Barclays/Lloyds	15,000	4.90%
Barclays/Lloyds	5,000	4.93%
Barclays/Lloyds	10,000	4.94%
Royal Bank of Scotland	40,000	4.93%
Total	97,810	

All loans are repayable in instalments in the periods to December 2038 with the exception of the £40m which is repayable in a single amount at the end of the loan period.

Notes to the Accounts

for the year ended 31 July 2016

21 Provisions for liabilities and charges

Consolidated & University	USS pension fund deficit obligation £'000	Enhanced pensions on termination £'000	DB pension obligations (Note 32) £'000	Total Pension Provisions £'000	Other Provisions £'000
At 1 August 2015	1,566	12,095	121,541	135,202	1,000
Utilised in year	-	(802)	-	(802)	-
Additions in year - Operating cost	416	-	4,229	4,645	900
Additions in year - Interest	27	278	4,486	4,791	-
Actuarial (Loss)	-	1,531	50,312	51,843	-
At 31 July 2016	2,009	13,102	180,568	195,679	1,900

USS pension fund

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

Enhanced pensions on termination

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

Discount Rate	3.5%
Inflation Rate	<u>1.7%</u>

Other provisions

Provision relates to potential future tax liability other than deferred taxation

22 Provision for deferred tax

Consolidated only	2016 £'000	2015 £'000
Accelerated capital allowances	948	1,010
Short term timing differences	(11)	(9)
Tax losses carried forward and other deductions	(46)	-
	891	1,001

Movement in provision

At 1 August 2015	1,001
Deferred tax credited in the statement of comprehensive income and expenditure	(110)
At 31 July 2016	891

Notes to the Accounts

for the year ended 31 July 2016

23 Endowment Reserves

	Consolidated and University		
	Restricted	2016	2015
	Expendable	Total	Total
	£'000	£'000	£'000
Balances at 1 August 2015			
Capital	7,418	7,418	8,032
Accumulated income	-	-	-
	7,418	7,418	8,032
New endowments	219	219	96
Investment income	88	88	96
Expenditure	(871)	(871)	(812)
(Decrease) / increase in market value of investments	10	10	6
Total endowment comprehensive income for the year	(554)	(554)	(614)
At 31 July 2016	6,864	6,864	7,418
Represented by:			
Capital	6,864	6,864	7,418
Accumulated income	-	-	-
	6,864	6,864	7,418
<i>Analysis by type of purpose:</i>			
Research support	6,864	6,864	7,418
	6,864	6,864	7,418
<i>Analysis by asset</i>			
Current and non-current asset investments		52	42
Cash & cash equivalents		6,812	7,376
		6,864	7,418

Restricted expendable endowments include £6.8m relating to connected institutions under paragraph 28 Schedule 2 of the Charities Act 2011, for funds received from the van Geest Foundation Cancer Research Fund, a charitable trust established to administer funds donated by John and Lucille van Geest Foundation. The objects of the fund are to advance education at the University into all aspects of cancer biology and contribute towards and meet the costs of cancer research undertaken at the University and the publication of useful results of such research.

24 Restricted Reserves

Reserves with restrictions are as follows:

	Consolidated and University		
		2016	2015
	Donations	Total	Total
	£'000	£'000	£'000
Balances at 1 August 2015	141	141	37
New grants	-	-	-
New donations	8	8	159
Capital grants utilised	-	-	-
Expenditure	(7)	(7)	(55)
Total restricted comprehensive income for the year	1	1	104
At 31 July 2016	142	142	141
<i>Analysis of other restricted funds /donations by type of purpose:</i>			
Lectureships		-	-
Scholarships and bursaries		85	82
Research support		-	-
Prize funds		7	-
General		50	59
		142	141

Notes to the Accounts

for the year ended 31 July 2016

25 Cash and cash equivalents

Consolidated

At 1st August 2015 £'000	Cash Flows £'000	At 31st July 2016 £'000
41,978	(3,845)	38,133
41,978	(3,845)	38,133

University

At 1st August 2015 £'000	Cash Flows £'000	At 31st July 2016 £'000
41,286	(5,171)	36,115
41,286	(5,171)	36,115

26 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2016:

	Year Ended 31 July 2016		Year Ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	5,542	5,542	12,891	12,891
	5,542	5,542	12,891	12,891

27 Contingent liabilities

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.

28 Operating Lease obligations

Total rentals payable under operating leases:

	Plant and Machinery £'000	Other leases £'000	2016 £'000	2015 £'000
Payable during the year	244	-	244	362
Future minimum lease payments due:				
Not later than 1 year	205	-	205	154
Later than 1 year and not later than 5 years	237	-	237	30
Later than 5 years	-	-	-	-
Total lease payments due	442	-	442	184

29 Government non-recurrent grant deferred income

	Consolidated and University			
	Funding Councils £'000	Other Grants £'000	2016 Total £'000	2015 Total £'000
Balances at 1 August 2015 - Buildings only	47,815	4,049	51,864	49,732
New grants	5,549	-	5,549	3,642
Release to	(1,400)	(133)	(1,533)	(1,510)
At 31 July 2016 - Buildings only	51,964	3,916	55,880	51,864

Analysed by:

Creditors : amounts falling due within one year

Creditors : amounts falling due after more than one year

1,487	1,519
54,393	50,345
55,880	51,864

Notes to the Accounts

for the year ended 31 July 2016

30 Subsidiary undertakings

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

Company	Principal Activity	Status
Nottingham Law School Limited	Dormant.	100% owned
Nottingham Consultants Limited	Provision of courses, consultancy services and commercial research and the commercial letting of accommodation.	100% owned
Nottingham Trent Residences 1 plc	Dormant.	100% owned
Nottingham International College Limited	Dormant.	100% owned
Nottingham Conference Centre Limited	Provision of conference and catering facilities.	100% owned
Confetti Constellation Limited	Provision of education facilities and services for music, multi-media and communications courses, including the design, consultancy, supply and installation services for the provision of music, moving image, IT equipment and furniture.	100% owned
Education Support Centre (UK) Limited	Provision of Microsoft support advice to the higher and further education sectors in the UK.	Limited by Guarantee
Nottingham Law School Legal Advice Centre Limited	Provision of legal advice and information services to the local community and individuals in need, whilst providing practical experience to law students undertaking their professional law training under the supervision and guidance of qualified solicitors.	Limited by Guarantee
Nova Centric Limited	Provision of further and higher education courses in music, multi-media and communication courses.	Limited by Guarantee
Nottingham Business School Limited	Dormant.	100% owned
Nottingham Language Centre Limited	Dormant.	100% owned
Confetti Media Limited	Dormant.	100% owned

31 Connected charitable Institutions

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

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

	Opening balance £'000	Income £'000	Expenditure £'000	Closing Balance £'000
within Consolidated Financial Statements				
Van Geest Cancer Research Fund	7294	306	(802)	6798
Nottingham Trent University Trust Fund	210	-	(12)	198

Notes to the Accounts

for the year ended 31 July 2016

32 Pension Schemes

The University participates, principally, in two pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). It also participates in the Universities Superannuation Scheme (USS), although there is only a small number of participants and a low level of contributions.

Total Pension Cost for the year:

		Year Ended 31 July 2016		Year Ended 31 July 2015	
		£'000	£'000	£'000	£'000
TPS:	Contributions Paid		7,669		6,328
USS:	Contributions Paid	941		798	
	Pension operating costs	416		805	
			1,357		1,603
LGPS	Contributions Paid	5,041		4,844	
	Pension operating costs - administration charge	60		83	
	Pension operating costs	4,169		4,253	
			9,270		9,180
	Enhanced pension contributions		273		276
	Past Service liability contributions		1,850		2,037
Pension Cost for year - University			20,419		19,424
Other pension contributions			64		-
Pension Cost for year - Consolidated			20,483		19,424

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

Teachers' Pension Scheme

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

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

The pension cost is normally assessed every five years in accordance with the advice of the Government Actuary. The latest actuarial valuation of the TPS was 31 March 2012 and contain assumptions and other relevant data that have the most significant effect on the determination of the contribution levels as follows:

TPS Fund position at last valuation

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

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

Universities' Superannuation Scheme

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2016	2015
Discount Rate	1.71%	1.71%
Pensionable Salary		
Growth	3.5%	3.5%
Pension increases (CPI)	2.1%	2.1%

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for the year ended 31 July 2016

Pension Schemes (cont'd)

Universities' Superannuation Scheme (cont'd)

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality	99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

		2016	2015
Retiring today	Males	24.3	24.2
	Females	26.5	26.4
Retiring in 20 years	Males	26.4	26.3
	Females	28.8	28.7
		2016	2015
Scheme Assets		£49.8bn	£49.1bn
Total scheme liabilities		£58.3bn	£60.2bn
FRS102 total scheme deficit		£8.5bn	£11.1bn
FRS102 total funding level		85%	82%

Local Government Pension Scheme

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

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

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

The Fund is valued every three years by a professionally qualified independent actuary, as required by regulations, using the projected unit method. Contributions are set as a result of the actuarial valuation. The last valuation was carried out as at 31 March 2013 and set contributions for the period April 2014 to March 2017. During this accounting period the University's minimum employer contributions were equal to 10.9%, whilst a separate lump sum payment of £5.502m is payable over the three year valuation period to fund past service liabilities. The fund position as at 31st March 2013 is detailed below:

Value of Assets	£3,496m
Funding level for accrued benefit	85%
Investment return per annum to meet future service liabilities	
- equities	6.7%
- gilts	3.3%
- corporate bonds	3.9%
- property	5.8%
Long term pay scale increases per annum	4.5%
Consumer price inflation	2.7%
Pension increase per annum	3.5%

The next actuarial valuation of the Fund will be carried out as at 31st March 2016 and will set contributions for the period April 2017 to March 2020. There are no minimum funding requirements in the LGPS but contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

To assess the value of the University's liabilities at 31 July 2016, the Actuary rolled forward the value of the University's liabilities calculated for the funding valuation as at 31 March 2016, using the financial assumptions that comply with FRS102.

To calculate the asset share the actuary has rolled forward the assets allocated to the University at 31 March 2013 allowing for investment returns, contributions paid into, and estimated benefits paid from, the Fund by and in respect of the University and its

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

Notes to the Accounts

for the year ended 31 July 2016

Pension Schemes (cont'd)

Local Government Pension Scheme (cont'd)

It is not possible to accurately assess the estimated liabilities as at 31 July 2016 without completing a full valuation. However, the Actuary and the University are satisfied that the approach of rolling forward previous valuation data to 31 July 2016 should not introduce any material distortions to the results provided that the actual experience of the University and the Fund has been broadly in line with underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation.

In addition, the actuary adopted a set of demographic assumptions consistent with those used for the most recent Fund valuation (31 March 2013). The post retirement mortality tables adopted are S1PA tables with a multiplier of 110% for males and 100% for females. These base tables are then projected using the CMI 2012 Model, allowing for a long-term rate of improvement of 1.5%.

The material assumptions used by the Actuary as at 31 July 2016 were:

	2016	2015
<i>Financial assumptions (referenced to market conditions at 31 July 2016)</i>	<i>% p.a</i>	<i>% p.a</i>
Discount Rate	2.6%	3.8%
Pension increases	2.2%	2.6%
Salary increases	4.0%	4.4%

The discount rate is the annualised yield at the 20 year point on the Merrill Lynch AA-rated corporate bond yield curve which was chosen in consideration of the estimated duration of the University's liabilities.

The Retail Prices Index (RPI) increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at 31 July 2016 using data published by the Bank of England (BoE), specifically the 20 year point on the BoE market implied inflation curve. The RPI assumption is therefore 3.1% p.a.

As future pension increases are expected to be based on Consumer Prices Index (CPI) rather than RPI, the Actuary has made a further assumption about CPI in that it will be 0.9% p.a. below RPI, i.e. 2.2% p.a.

Salary increases are assumed to be 1.8% p.a. above CPI in addition to a promotional scale.

		2016	2015
<i>Mortality assumptions (life expectation from age 65)</i>			
Retiring today	Males	22.1	22.1
	Females	25.3	25.2
Retiring in 20 years	Males	24.4	24.2
	Females	27.7	27.6

Fund members' behaviour

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

The University's share of net assets of the Fund is approximately 5% and the estimated asset allocation as at 31 July 2016 attributable to the University is as follows:

	31 July 2016		31 July 2015	
	£'000	%	£'000	%
Equities	148,646	68%	144,087	73%
Gilts	7,259	3%	6,018	3%
Other bonds	15,420	7%	14,177	7%
Property	27,607	13%	22,240	11%
Cash	10,415	5%	6,461	3%
Inflation-linked pool funds	5,989	3%	5,684	3%
Infrastructure	2,042	1%	n/a	n/a
	217,378		198,667	

The University's financial position in the LGPS Scheme as at 31 July 2016 is:

	2016	2015
	£'000	£'000
Fair value of Fund assets	217,378	198,667
Present value of defined benefit obligation	(394,130)	(316,617)
Surplus / (Deficit)	(176,752)	(117,950)
Present value of unfunded obligation	(3,816)	(3,591)
Net defined benefit asset / (liability)	(180,568)	(121,541)

Notes to the Accounts

for the year ended 31 July 2016

Pension Schemes (cont'd)

Local Government Pension Scheme (cont'd)

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

	2016	2015
	£'000	£'000
Opening defined benefit and unfunded obligation	320,208	278,194
Current service cost	11,215	9,275
Interest cost	12,110	12,095
Past service costs, including curtailment	147	53
Contributions	3,210	3,055
Benefits paid net of transfers in	(6,450)	(6,111)
Actuarial losses	57,506	23,647
Closing defined benefit and unfunded obligation	397,946	320,208

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

	2016	2015
	£'000	£'000
Opening fair value of Fund Assets	198,667	177,888
Interest on assets	7,624	7,729
Return on assets less interest	7,194	9,396
Administration expenses	(60)	(83)
Contributions by University including unfunded	7,193	6,793
Contributions by Scheme participants	3,210	3,055
Benefits paid net of transfers in	(6,450)	(6,111)
Closing fair value of Fund Assets	217,378	198,667

Actuarial gain/(loss) in other comprehensive income

	2016	2015
	£'000	£'000
Return on Fund assets in excess of interest	7,194	9,396
Change in financial assumptions	(57,500)	(23,585)
Experience gain/(loss) on defined benefit obligation	(6)	(62)
Actuarial gain/(loss) of the net assets/defined liability	(50,312)	(14,251)

Sensitivity analysis

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	+0.1%	-0.1%
Present value of total obligation	390,309	397,946	405,740
Projected service cost	13,698	14,019	14,348
Adjustment to long term salary increase	+0.1%	+0.1%	-0.1%
Present value of total obligation	399,075	397,946	396,824
Projected service cost	14,026	14,019	14,012
Adjustment to pension increases and deferred revaluation	+0.1%	+0.1%	-0.1%
Present value of total obligation	404,633	397,946	391,393
Projected service cost	14,324	14,019	13,703
Adjustment to life expectancy assumptions	+0.1%	+0.1%	-0.1%
Present value of total obligation	409,302	397,946	386,913
Projected service cost	14,377	14,019	13,670

Projected pension expense for the year to 31 July 2017

	2017
	£'000
Service Cost	14,019
Net interest on defined liability / (asset)	4,603
Administration expenses	65
Total loss / (profit)	18,687
Employer contributions	6,908

Notes to the Accounts

for the year ended 31 July 2016

33 Related Party Transactions

The University controls 100% of the voting rights of all subsidiary undertakings. Therefore the University has taken advantage of the exemption contained in FRS 102 (33.1A) and has not disclosed transactions or balances with entities that form part of the group and are included within these financial statements.

As at the year end, the University had an outstanding loan of £0.2m (2015: £0.2m) from BioCity Nottingham Limited. The loan is accruing interest at 1% above the Barclays Bank Plc base rate.

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

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

No transactions were identified which should be disclosed under Section 33 of FRS102.

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

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

	2016 £'000	2015 £'000
Access funds		
HEFCE grants	-	7
Interest earned	-	-
	<u>-</u>	<u>7</u>
Disbursement to students	-	(7)
Balance unspent as at 31 July	<u>-</u>	<u>-</u>
Learner support funds		
Skill Funding Agency grants	109	83
Interest earned	-	-
	<u>109</u>	<u>83</u>
Disbursement to students	(53)	(44)
Balance unspent as at 31 July	<u>56</u>	<u>39</u>
National College for Teaching and Leadership bursaries		
National College for Teaching and Leadership bursaries	1,583	1,820
Interest earned	-	-
	<u>1,583</u>	<u>1,820</u>
Disbursement to students	(1,482)	(1,560)
Balance unspent as at 31 July	<u>101</u>	<u>260</u>
PGCE bursaries		
HEFCE grant	-	31
Interest earned	-	-
	<u>-</u>	<u>31</u>
Disbursement to students	-	(31)
Balance unspent as at 31 July	<u>-</u>	<u>0</u>

Notes to the Accounts

for the year ended 31 July 2016

35 Transition to FRS102 and the 2015 SORP

As already disclosed in the Statement of Accounting Policies, these are the University's first financial statements prepared in accordance with FRS 102 and the new SORP (2015). The accounting policies as set out in the Statement of Accounting Policies have been applied in preparing the financial statements for the year ended 31 July 2016, the comparative information presented in these financial statements for the year ended 31 July 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP).

An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables:

	1 August 2014		31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Financial position				
Total reserves under 2007 SORP	69,647	70,830	66,416	67,653
Land & Building Revaluation	46,882	41,144	44,858	39,232
Restricted Expendable Endowments	8,032	8,032	7,418	7,418
Non-Government Capital Grants - performance conditions met	4,469	4,052	4,573	3,885
Holiday Pay Accrual	(3,109)	(3,109)	(3,286)	(3,286)
USS Pension Provision	(761)	(761)	(1,566)	(1,566)
Deferred tax provision	(1,001)	-	(1,001)	-
Non-Government Revenue Grants - performance conditions met	24	24	67	67
Donations - Unrestricted	186	186	273	273
Donations - Restricted	37	37	141	141
Total effect of transition to FRS 102	54,759	49,605	51,477	46,164
Total reserves under 2015 SORP	124,406	120,435	117,893	113,817
			Year ended 31 July 2015	
			Consolidated	University
			£'000	£'000
Financial performance				
Surplus for the year under 2007 SORP			13,424	13,479
Net deficit on land & building revaluation			(450)	(589)
Land & building revaluation - depreciation impact			505	616
Non-Government Capital Grants - performance conditions met			104	(167)
Holiday Pay Accrual			(177)	(177)
USS Pension Provision			(805)	(805)
Non-Government Revenue Grants - performance conditions met			43	43
Donations - Unrestricted			87	87
Donations - Restricted			104	104
Gain on investments			58	58
LGPS net interest			(3,341)	(3,341)
Actuarial/Gain Loss on defined benefit liability			(14,084)	(14,084)
Total effect of transition to FRS 102			(17,956)	(18,255)
Total comprehensive income for the year under 2015 SORP			(4,532)	(4,776)

Cash Flows

The only impact of the transition to FRS 102 on the cash flows of the University or the Group is the reclassification of some short term investments to cash and cash equivalents.