

Nottingham Trent University

Consolidated and University

Financial Statements

as at

31 July 2017

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Operating and Financial Review

STRATEGY

We have a Strategic Plan which organises the **University's ambitions under five key themes: Creating Opportunity, Valuing Ideas, Enriching Society, Connecting Globally and Empowering People.**

Creating opportunity

NTU's sustained sector leadership in Creating Opportunities was recognised this year in the Gold award in the Teaching Excellence Framework and the fact that we maintained 89% student satisfaction in the National Student Survey (NSS) within a sector that dropped by 2%. We are now in the top 10 mainstream universities for student satisfaction in the NSS, with 93% of our students recommending studying at NTU. This is underpinned by the continued development of the Trent Institute for Teaching and Learning (TILT), a vibrant forum that has engaged colleagues and experts from around the sector in addressing priorities such as Apprenticeships and BTEC entrants.

Our Employability work goes from strength to strength, with 12,000 student engagements with our Employability Team and more than 3,000 assessed work placements this year. This is reflected in the 2.7% year on year improvement in the number of students in graduate level jobs or further education within six months of leaving NTU which now stands at 79%.

Valuing ideas

Our key ambition is to continue to develop multi-disciplinary research to meet the need of business, industry, professions and society more generally in the challenges that they face. In 2016/17 we have achieved a great deal – launching the Doctoral School, investing significantly in 75 PhD scholarships associated with it and its new mission statement. We have, as an institution, recognised for the first time sustained world leading excellence in three new Distinguished Professors – Professor Carole Perry, Professor Mark Griffith and Professor Paul Evans. Research income from grants and contracts has grown by 13% in the year to £6.7 million.

Enriching society

There are three key ambitions for this strategic theme. Firstly, we are aiming to develop a range of strategic partnerships with organisations both at civic and commercial level to further our Teaching & Learning and Research & Innovation ambitions. Secondly, we are looking to focus our resources such that we support the growth of our economy, particularly as an anchor institution in the City and County. Thirdly, we aim to use our resources to shape policy and practice locally, regionally and at national level. We have many things to be proud of this year including gaining a Gold award in the LfE index audit linked to sustainability that took place this year, achieving our strategic plan target. As at 31st July 2017, Compacts had been signed with Aecom, BioCity Group, Nottingham University Hospitals NHS Trust, Nottinghamshire NHS Trust, Nottingham Playhouse, New Art Exchange, Nottingham City Council, Nottinghamshire County Council, Nottingham Contemporary and Carillion. Significant advances in activity have been made with each with a good pipeline of future potential compact agreements now in place. The University also invested in the Creative Quarter Company, which will support its further integration with the creative sector within Nottingham, and in three graduate businesses for the first time.

Connecting globally

Our key ambitions within this theme are to increase our international profile, increase the number of international students that we recruit and to increase the number of opportunities for our own students to have an international experience whether that is here in the UK or abroad. Income from international tuition fees has increased by 6% to £29 million this year. Our focus this year has been on raising our international profile and on our international partnerships in India (Chandigarh and Punjab) and in China (Beijing), and we have met our target for this.

Looking forward, we are exploring opportunities in Zhejiang Province as a strategic location for NTU and are launching our first in-country foundation programme in Shanghai.

Empowering people

The key ambitions for this theme are to support an enhanced career development and progression, to recognise and reward contribution and performance both at an individual and team level and to promote engagement and wellbeing. We are ahead of target for appraisal completions, a key indicator of the first two of these ambitions and had a good level of staff advocacy in the recent Staff Survey.

CORPORATE AND SOCIAL RESPONSIBILITY

Nottingham Trent University is a leader in corporate social responsibility (CSR), 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 CSR 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 are the university ranked 1st in the People and Planet Green League.

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 refined during the year. 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 an operating surplus of £7.3 million which created a net cash inflow from operations of £34 million.

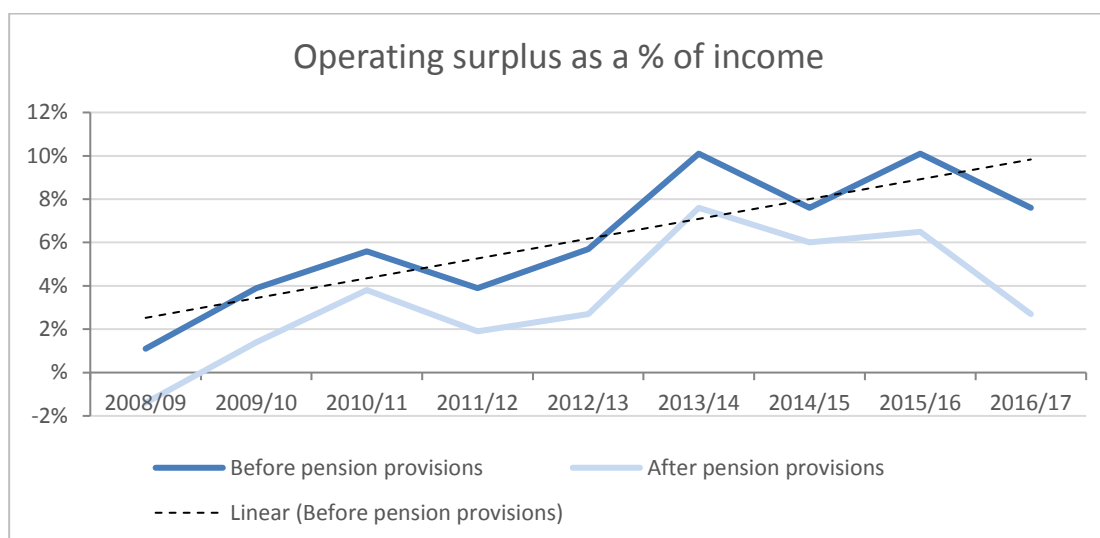
This enables significant investment in the delivery of our Strategic Plan and in facilities and equipment to support teaching and research.

Income and Expenditure Account

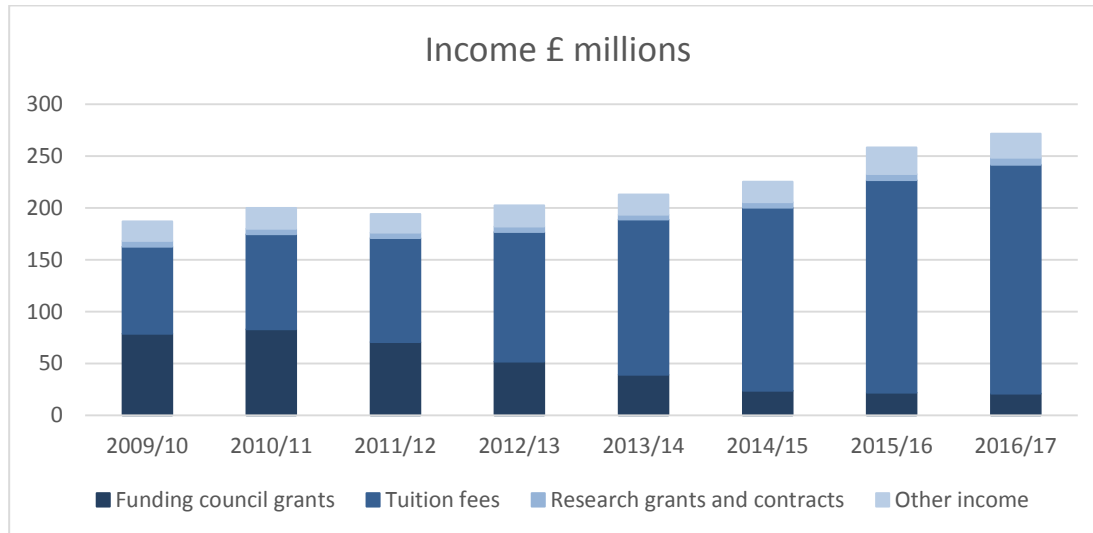
The table below is a summary of the Income and Expenditure Account:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Income	271.8	258.5	225.4	213.2	202.7
Expenditure	(250.5)	(233.1)	(205.7)	(194.5)	(191.2)
Surplus before pension adjustments and other gains/losses	21.3	25.4	19.7	18.7	11.5
FRS102 pension operating and finance costs	(13.6)	(9.4)	(9.7)	(5.4)	(6.1)
Other gains/losses	(0.4)	0.7	-	-	-
Surplus for the year	7.3	16.7	10.0	13.3	5.4

The operating surplus of £7.3 million represents 2.7% of income. Before pension provisions, the surplus is £21.3m, 7.8% of income. The trend is shown in the chart below.

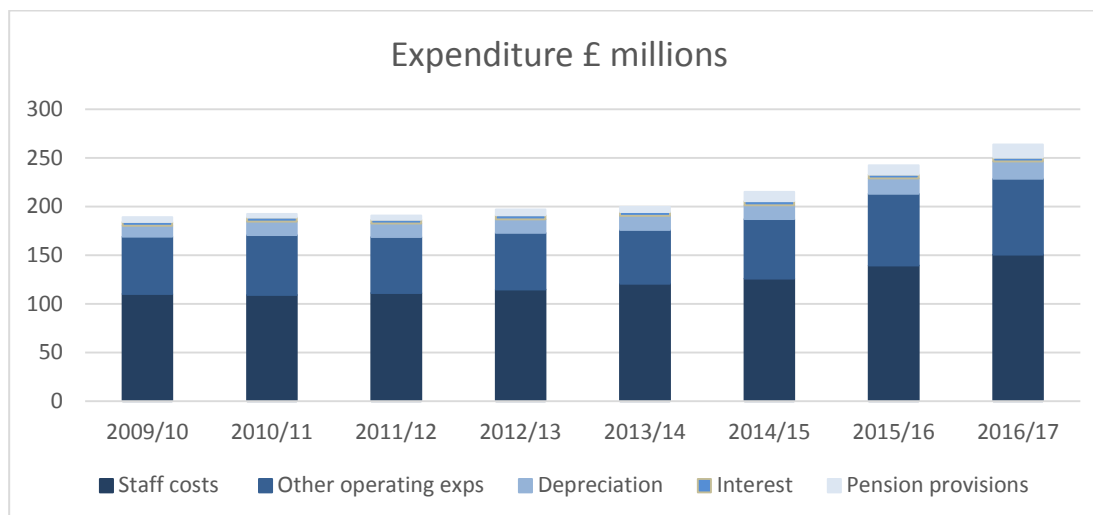


Income has grown by 5% year on year and by 35% over the last four years. Income from tuition fees now represents 81% of total income. Since 2009/10 funding council grant income has decreased by £58 million and now accounts for less than 8% of total income.

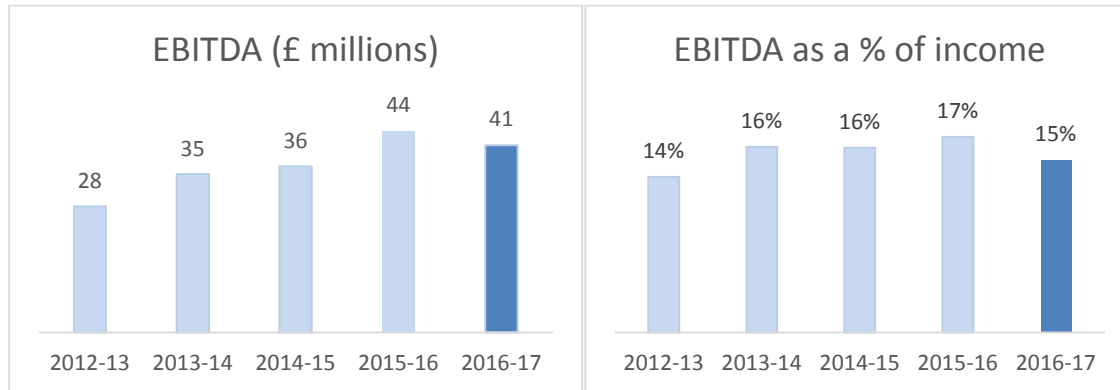


Expenditure in 2016/17 has increased by 8.9%. This increase in expenditure is due to higher pension accounting adjustments for operating and finance costs, as well as planned investment to support the implementation of the Strategic Plan.

Staff costs excluding pension operating cost adjustments represent 55% of total income (54% 2015/16).

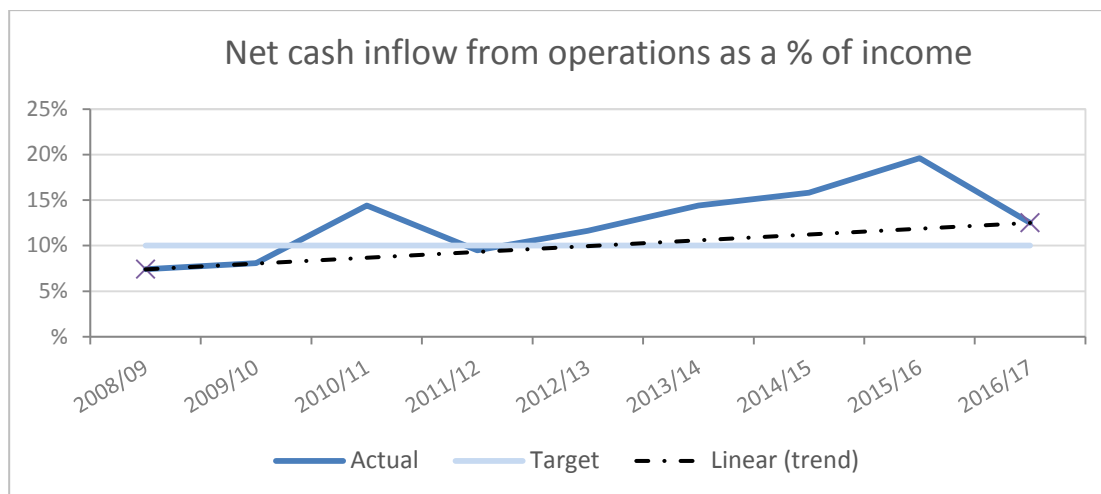


Earnings before interest, tax, depreciation and amortisation (EBITDA) in 2016/17 was £41million, 15% of income. Nottingham Trent University typically appears in the upper quartile of the higher education sector in this measure. The charts show the five year trend.



Cash Flow

The University sets a minimum 10% Net Cash Inflow from Operations target as the key financial performance indicator. This target has been established to ensure investment capacity is created and to provide a sustainable financial model. In 2016/17 a net cash inflow from operations of £34 million, 12.5% of income, was achieved, exceeding the long term financial plan target. Net cash inflow from operations was exceptionally high in 2015/16 as a result of working capital movements.



The treasury management policy prioritises security over returns and is formally reviewed annually.

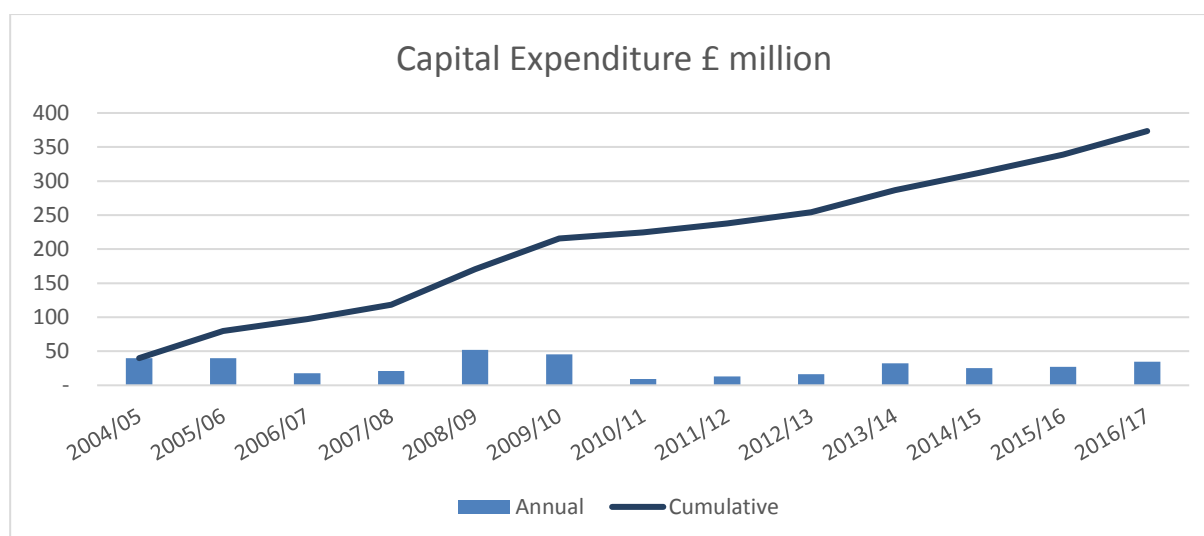
The University maintains a firm policy with regard to debtors. In respect of creditors, the University ensures prompt payment of suppliers and, subject to any other agreed contractual conditions, will normally make payment within 30 days following the date of invoice.

Balance Sheet

Net Current Assets have increased by £4 million and Net Assets excluding Pension Provisions by £20 million. The improvement in net assets is indicative of the overall improvement in financial performance over time. Net current assets are over £50 million at 31 July 2017, continuing the upward trend since 2009/10, when the first major estates regeneration project was underway. Net Assets excluding Pension Provisions are almost £300 million, having increased by £120 million since 2009/10.

	<u>2017</u> <u>£m</u>	<u>2016</u> <u>£m</u>	<u>2015</u> <u>£m</u>	<u>2014</u> <u>£m</u>	<u>2013</u> <u>£m</u>
Non-current Assets	380.9	366.4	347.7	300.4	291.3
Current Assets (non-cash)	17.5	13.4	16.2	14.0	10.9
Cash and short-term deposits	74.5	78.1	57.0	41.8	33.6
Current Liabilities	(38.6)	(42.1)	(33.9)	(28.7)	(27.9)
Net Current Assets	53.4	49.4	39.3	27.1	16.6
Total Assets less Current Liabilities	434.3	415.8	387.0	327.5	307.9
Long-term creditors	(133.0)	(134.6)	(131.9)	(84.1)	(85.7)
Provisions (exc Pensions)	(2.8)	(2.8)	(2.0)	(11.6)	(11.6)
Net Assets excluding Pension Provision	298.5	278.4	253.1	231.8	210.6
Pension Provisions	(206.4)	(195.7)	(135.2)	(100.3)	(71.3)
Net Assets	92.1	82.8	117.9	131.5	139.3

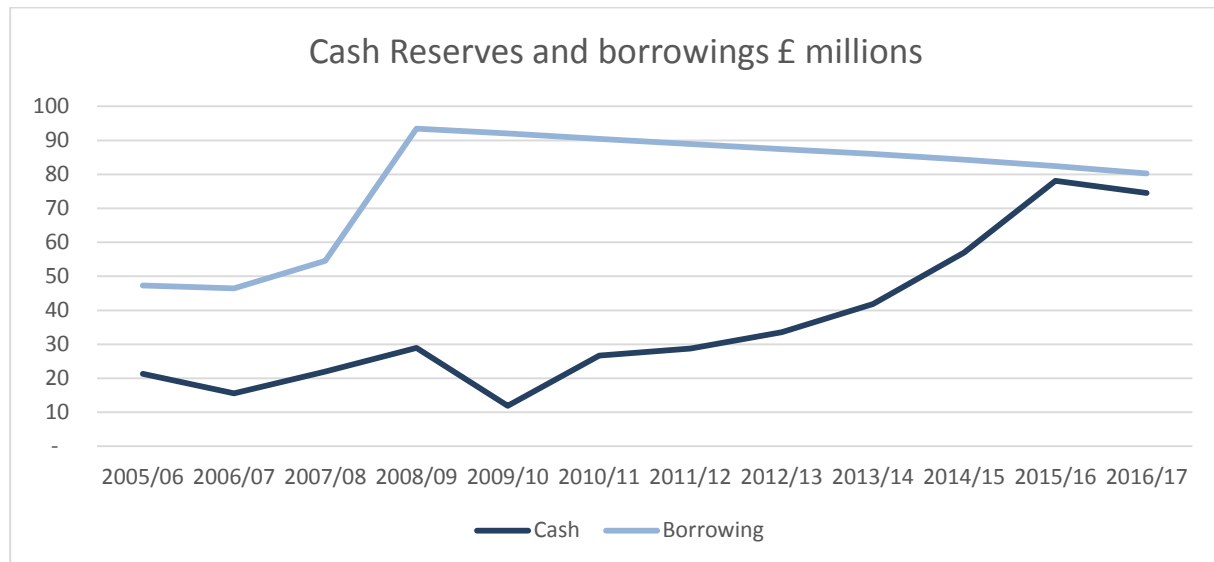
The University has an ongoing estates investment and regeneration programme to support the delivery of teaching, research and student facilities. A further £34.5 million has been invested in 2016/17, and financial plans include continued investment.



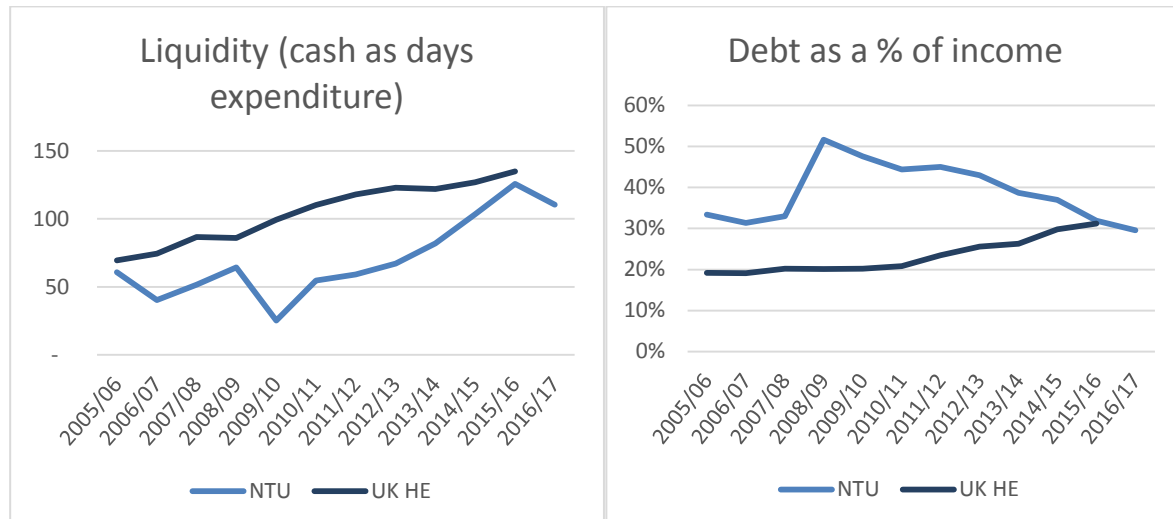
The initial phases of the regeneration programme were supported through borrowing. During 2005 £55 million was borrowed over a 25 year term and a second £40 million tranche was borrowed in 2008 over a 30 year term.

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 31 July 2017 cash reserves have decreased by £3.6 million to £74.5 million which represents 110 days liquidity. Bank borrowing has reduced to £78 million, 29% of income.



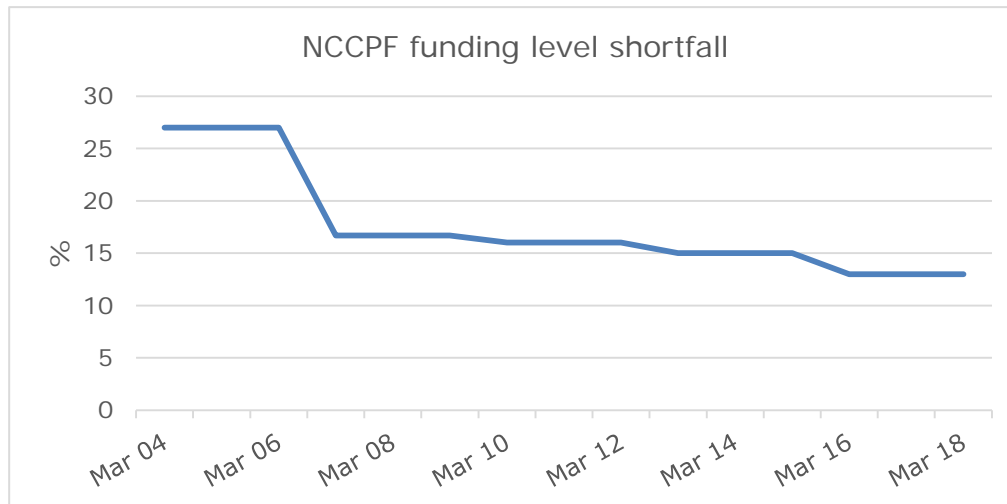
For accounting purposes, in accordance with accounting standard FRS 102, the actuary to the Nottinghamshire LGPS, the Nottinghamshire County Council Pension Fund (NCCPF) is required to calculate the present value of future pension obligations and compare this to the value of the assets owned by the pension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

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

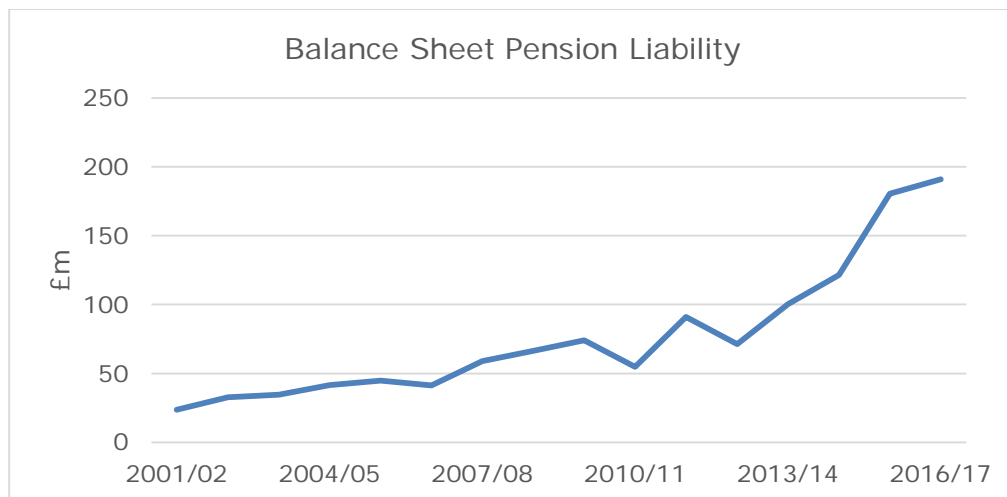
Accounting standards require actuaries to calculate the present value of future obligations using a discount rate linked to the investment performance of the Merrill Lynch AA-rated corporate bond yield. Low returns for a number of years for this asset class have resulted in low discount rates and therefore a higher present value of future

obligations, leading to large pension deficit liabilities appearing on the Balance Sheets of organisations with defined benefit pension schemes.

The majority of the Pension Provision (93%) relates to the Nottinghamshire County Council Pension Fund (NCCPF). At the triennial valuation date of 31 March 2016 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.



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 2016/17 due to changes in actuarial assumptions relating to discount rates.



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. The Board of Governors and the University's Executive Team has also had due regard to the general and supplementary guidance on public benefit published by the Charity Commission in exercising their powers and duties.

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.

This approach has led to NTU being awarded a gold rating in the Teaching Excellence Framework as well as being shortlisted for the prestigious 'University of the Year' title in the Times Higher Education Awards.

Both provide recognition of NTU's innovative and systematic approach to enabling students to fulfil their academic potential and in particular the University's commitment to supporting students from less privileged backgrounds in transforming their life chances.

NTU was awarded the Global Equality and Diversity Research Award for its Success for All strategy, which aims to address the disparity in student success rates. The work is based on research that shows that male students, black and minority ethnic (BME) students, students from low socio-economic backgrounds and students entering higher education via a vocational qualification route were more likely to withdraw from their course, less likely to achieve a 'good degree' and less likely to progress to further study or professional occupations.

NTU has recently launched a new place-based think tank – Nottingham Civic Exchange (NCE) – to tackle issues of relevance to Nottingham and to explore the implications of national government policy from a regional perspective. The think tank, which is a partnership with the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA), will draw on the expertise of University colleagues, the RSA and our own students to undertake its programme of work. NCE will first focus on Ordinary Working Families – a key policy area for government – and the extent to which households in Nottingham are feeling financial pressures.

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.

Recently the University won a prestigious Times Higher Education Award for Outstanding Contribution to Innovation and Technology. The award is in recognition of research led by Professor Paul Evans in the School of Science and Technology, who has pioneered the development of world leading 3D X-ray scanning techniques.

The research, which also previously contributed to the University winning the highest accolade of a Queen's Anniversary Prize, has improved the way airports scan for explosives, weapons and other contraband items. The judges commended the University for its continued refinement of the original research, which recently resulted in a multimillion-pound grant from the US Department of Homeland Security.

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

The University recently signed a strategic partnership agreement with Nottinghamshire Healthcare NHS Foundation Trust to develop innovative solutions to major challenges currently facing the NHS.

Work will be undertaken to share knowledge and experience in a wide range of areas such as skills and talent development, student support, empowering people approaches, research and innovation, and the mutual use of facilities and equipment.

A specific area of focus will be workforce recruitment, retention and skills development. The University will work with the Trust to develop new pathways to enable individuals to convert or upgrade their skills. In turn, this will enable students to carry out specific project work as well as undertake work placements and experience within the Trust, leading to enhanced employment opportunities.

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

Nottinghamshire with tailored sessions focused on disciplines such as marketing and writing business proposals to help them expand.

The University was shortlisted for Outstanding Employer Engagement Initiative for its Grads4Nottm scheme, which brings employers together with student talent and supports keeping local talent in Nottingham. Last year Grads4Nottm placed 120 students across 40 local businesses.

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.

In terms of direct employment, the University is one of the largest employers in the city. The annual economic impact of the University has been valued at approximately £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.

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. The University is a key partner in Nottingham's bid to become European Capital of Culture 2023.

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 2017 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, the Audit and Risk Management Committee 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 2017 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
Mr J Carter (*retired 31 August 2017*)
Mr N Collard
Mr N Ebbs
Mr I Ellis
Mrs S Fish (*appointed 1 September 2017*)
Mr W Harris (*retired 7 November 2016*)
Mrs C Hearn
Mr K Hogarth (*retired 10 December 2016*)
Ms L Holder
Ms J Ridley-Smith (*retired 31 July 2017*)
Ms A Somal
Mrs S Walker-Smith (*appointed 1 September 2017*)
Mr T M Walmsley
Baroness D Warwick
Mr O Woodley

Academic Board member

Ms K Moore

Student nominee

Ms M Longdon (*appointed 1 July 2017*)
Mr T Oluwasanmi (*retired 30 June 2017*)

Professional Services staff member

Dr A Pears (*retired 31 July 2017*)
Mr T Woodman-Clarke (*appointed 1 September 2017*)

Vice-Chancellor

Professor E W Peck

Chief Operating Officer and Registrar

Mr S Denton

Mr N Goulden
Chair

Professor E W Peck
Vice-Chancellor

28 November 2017

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Nottingham Trent University ("the University") for the year ended 31 July 2017 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure; Consolidated and University Statement of Changes in Reserves; Consolidated and University Balance Sheet; Consolidated Cash Flow Statement and related notes, including the accounting policies on pages 20 to 23.

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 2017, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, 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 2016-17 financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The Board of Governors is responsible for the other information, which comprises the Operating and Financial Review. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Board of Governors responsibilities

As explained more fully in their statement set out on page 12, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters under the HEFCE Audit Code of Practice (effective 1 August 2016) issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or 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; and
- 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.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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



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

30th November 2017

Statement of Accounting Policies

for the year ended 31 July 2017

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 financial statements have been prepared on a going concern basis.

2. Basis of consolidation

The consolidated financial statements incorporate those of the University and all its subsidiaries for the financial year to 31 July 2017 and include the results of subsidiaries acquired or disposed of during the period in the Consolidated Statement of Comprehensive Income and Expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

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

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

3. Recognition of income

Tuition fee income

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 2017

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 of the liability

7. Operating leases

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

8. Foreign currency

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

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

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

9. Intangible assets

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

Statement of Accounting Policies (continued)
for the year ended 31 July 2017

10. Tangible fixed assets

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

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

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

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

Land and buildings

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

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

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

Assets under construction

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

11. Investments

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

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

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

12. Stock

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

13. Cash and cash equivalents

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

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

14. Provisions

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 2017

15. Taxation

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

Nottingham Consultants Limited, Education Support Centre (UK) Limited, Confetti Constellations 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.

Consolidated and University Statement of Comprehensive Income and Expenditure

Year Ended 31 July 2017

		Year ended 31 July 2017		Year ended 31 July 2016	
	Note	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	220,734	215,795	204,950	197,658
Funding body grants	2	21,169	21,169	21,955	21,955
Research grants and contracts	3	6,687	6,687	5,913	5,884
Other income	4	22,252	14,847	24,349	16,660
Investment income	5	688	777	862	877
Donations and endowments	6	238	238	509	406
Total income		271,768	259,513	258,537	243,440
Expenditure					
Staff costs	7	159,447	150,407	144,272	136,156
Other operating expenses	8	77,930	74,499	73,664	67,037
Interest and other finance costs	9	8,861	8,831	8,831	8,787
Intangible amortisation	11	384	-	385	-
Depreciation	12	17,441	16,634	15,321	14,595
Total expenditure		264,063	250,371	242,473	226,575
Surplus before other gains losses and share of operating surplus of associates		7,705	9,142	16,064	16,865
(Loss)/ gain on disposal of fixed assets		(316)	(316)	14	14
(Loss)/ gain on investments		(140)	10	90	90
Share of operating surplus in associates	14	57	-	380	-
Surplus before tax		7,306	8,836	16,548	16,969
Taxation	10	(22)	-	153	-
Surplus for the year		7,284	8,836	16,701	16,969
Unrealised Surplus on revaluation of land and buildings		1,890	1,751	1,981	1,842
Actuarial gain/(loss) in respect of pension schemes	21	2,055	2,055	(51,843)	(51,843)
Total comprehensive income for the year		11,229	12,642	(33,161)	(33,032)
Represented by:					
Endowment comprehensive income for the year	23	(606)	(606)	(554)	(554)
Restricted comprehensive income for the year	24	(77)	(77)	1	1
Unrestricted comprehensive income for the year		10,022	11,574	(34,589)	(34,321)
Revaluation reserve comprehensive income for the year		1,890	1,751	1,981	1,842
Attributable to the University		11,229	12,642	(33,161)	(33,032)
Surplus for the year attributable to:					
University		7,284	8,836	16,701	16,969

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 2017

Consolidated	Income and expenditure account			Revaluation reserve	Total
	<i>Endowment</i> £'000	<i>Restricted</i> £'000	<i>Unrestricted</i> £'000	£'000	£'000
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 1 August 2016	6,864	142	(6,232)	81,977	82,751
Surplus/(deficit) from the income & expenditure statement	(606)	(77)	7,967	-	7,284
Other comprehensive income	-	-	2,055	-	2,055
Transfers between revaluation and income and expenditure reserve	-	-	1,890	(1,890)	-
Release of restricted capital funds spent in year	-	-	-	-	-
Total comprehensive income for the year	(606)	(77)	11,912	(1,890)	9,339
Balance at 31 July 2017	6,258	65	5,680	80,087	92,090

University	Income and expenditure account			Revaluation reserve	Total
	<i>Endowment</i> £'000	<i>Restricted</i> £'000	<i>Unrestricted</i> £'000	£'000	£'000
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 reserve	-	-	1,842	(1,842)	-
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive income for the year	(554)	1	(32,479)	(1,842)	(34,874)
Balance at 1 August 2016	6,864	142	(4,582)	76,519	78,943
Surplus/(deficit) from the income and expenditure statement	(606)	(77)	9,519	-	8,836
Other comprehensive income	-	-	2,055	-	2,055
Transfers between revaluation and income and expenditure reserve	-	-	1,751	(1,751)	-
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive income for the year	(606)	(77)	13,325	(1,751)	10,891
Balance at 31 July 2017	6,258	65	8,743	74,768	89,834

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


Consolidated and University Balance Sheet
As at 31 July 2017

	Note	As at 31 July 2017		As at 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Intangible assets	11	3,071	-	3,455	-
Fixed assets	12	375,475	360,410	360,505	347,959
Investments	13	486	486	476	476
Investment in subsidiaries	13	-	3,976	-	3,976
Investments in associates	14	1,858	441	1,951	441
		380,890	365,313	366,387	352,852
Current assets					
Stock	15	468	243	487	287
Debtors: amounts falling due within one year	16	13,862	25,481	9,784	18,682
Debtors: amounts falling due after more than one year	17	3,174	3,174	3,174	3,174
Investments	18	25,000	25,000	40,000	40,000
Cash and cash equivalents	25	49,521	48,347	38,133	36,115
		92,025	102,245	91,578	98,258
Less: Creditors: amounts falling due within one year	19	(38,605)	(36,411)	(42,147)	(39,991)
Net current assets		53,420	65,834	49,431	58,267
Total assets less current liabilities		434,310	431,147	415,818	411,119
Creditors: amounts falling due after more than one year	20	(133,029)	(133,029)	(134,597)	(134,597)
Provisions					
Pension provisions	21	(206,384)	(206,384)	(195,679)	(195,679)
Other provisions	21	(1,900)	(1,900)	(1,900)	(1,900)
Provision for deferred tax	22	(907)	-	(891)	-
Total net assets		92,090	89,834	82,751	78,943
Restricted Reserves					
Income and expenditure reserve - endowment reserve	23	6,258	6,258	6,864	6,864
Income and expenditure reserve - restricted reserve	24	65	65	142	142
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		5,680	8,743	(6,232)	(4,582)
Revaluation reserve		80,087	74,768	81,977	76,519
Total Reserves		92,090	89,834	82,751	78,943

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

The financial statements on pages 20 to 44 were approved by the Board of Governors on 28 November 2017 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 2017

		Year ended 31 July 2017	Year ended 31 July 2016
		Consolidated	Consolidated
	Notes	£'000	£'000
Cash flow from operating activities			
Surplus for the year		7,284	16,701
Adjustment for non-cash items			
Depreciation	12	17,441	15,321
Amortisation of intangibles	11	384	385
Loss /(gain) on investments	13	140	(90)
Decrease in stock	15	19	3
(Increase)/decrease in debtors	16	(4,084)	3,016
(Decrease)/increase in creditors	19	(1,790)	4,920
Increase in pension provision	21	12,760	8,634
Increase in other provisions	21	-	900
Change in deferred tax asset/provision	22	22	(110)
Share of operating (surplus)/deficit in associate	13	(57)	(380)
Adjustment for investing or financing activities			
Investment income	5	(688)	(862)
Interest payable	9	3,930	4,040
Endowment income	6	(166)	(219)
Loss/(profit) on the sale of fixed assets		316	(14)
Capital grant income	29	(1,537)	(1,533)
Net cash inflow from operating activities		33,974	50,713
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	37
Capital grants receipts	29	2,101	5,549
Disposal of non-current asset investments		-	-
Withdrawal of deposits		-	-
Investment income	5	688	862
Payments made to acquire fixed assets	12	(34,489)	(27,034)
Payments made to acquire subsidiary undertakings		-	(3,976)
New non-current asset investments		-	-
New deposits	18	15,000	(25,000)
		(16,700)	(49,562)
Cash flows from financing activities			
Interest paid	9	(3,930)	(4,040)
Endowment cash received	23	166	219
New secured loans		-	-
New unsecured loans	20	100	900
Repayments of amounts borrowed		(2,222)	(2,075)
		(5,886)	(4,996)
Increase/(decrease) in cash and cash equivalents in the year		11,388	(3,845)
Cash and cash equivalents at beginning of the year	25	38,133	41,978
Cash and cash equivalents at end of the year	25	49,521	38,133

Net cashflow from operating activities in the year to 31 July 2016 is adjusted for the acquired net assets of Confetti Constellations Limited and Nova Centric Limited as at 3 August 2015

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

Notes to the Accounts
for the year ended 31 July 2017

	Note	Year Ended 31 July 2017		Year Ended 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Tuition fees and education contracts					
Further education		3,610	155	3,688	64
Undergraduate tuition - Home/EU		173,475	172,471	162,656	160,363
Undergraduate tuition - Overseas		17,424	17,424	17,018	17,018
Postgraduate tuition - Home/EU		13,062	13,062	8,799	8,799
Postgraduate tuition - Overseas		11,612	11,612	10,468	10,468
Other fees and support grants		1,551	1,071	2,321	946
		220,734	215,795	204,950	197,658
2 Funding body grants					
Recurrent grant					
Higher Education Funding Council for England		16,960	16,960	17,499	17,499
Skills Funding Agency		1,171	1,171	1,161	1,161
National College for Teaching and Leadership		-	-	-	-
Specific grants					
Higher Education Funding Council for England		1,417	1,417	1,737	1,737
National College for Teaching and Leadership		172	172	158	158
Non-recurrent grants released in year					
Buildings		1,449	1,449	1,400	1,400
		21,169	21,169	21,955	21,955
3 Research grants and contracts					
Research councils and charities		2,063	2,063	1,284	1,284
Government (UK and overseas)		1,719	1,719	2,216	2,216
Industry and commerce		2,905	2,905	2,413	2,384
		6,687	6,687	5,913	5,884
4 Other income					
Residences, catering and conferences		7,979	5,619	7,854	5,377
Other revenue grants		2,369	2,431	1,741	1,671
Other capital grants		88	88	133	133
Other income generating activities		11,816	6,709	14,621	9,479
		22,252	14,847	24,349	16,660
5 Investment income					
Investment income on expendable endowments	23	55	55	88	88
Other investment income		332	332	463	445
Other interest receivable		301	390	311	344
		688	777	862	877
6 Donations and endowments					
New endowments	23	166	166	219	219
Donations with restrictions	24	9	9	8	8
Unrestricted donations		63	63	282	179
		238	238	509	406

Notes to the Accounts

for the year ended 31 July 2017

		Year Ended 31 July 2017		Year Ended 31 July 2016	
	Note	Consolidated £'000	University £'000	Consolidated £'000	University £'000
7 Staff costs					
<i>Employee costs:</i>					
Wages and salaries		121,390	112,838	113,934	106,232
Social security costs		12,175	11,760	9,855	9,505
Other pension costs		17,256	17,183	15,838	15,774
Pension operating costs	21	8,626	8,626	4,645	4,645
Total		159,447	150,407	144,272	136,156
<i>Emoluments of the Vice-Chancellor:</i>				2017	2016
Salary				£'000	£'000
Payment in lieu of pension contributions				250	242
Bonus				33	-
				24	16
				307	258
Pension contributions including contributions to USS				12	40
				319	298
<i>Remuneration of other higher paid staff, excluding employer's pension contributions:</i>				No.	No.
£100,001 to £110,000				6	3
£110,001 to £120,000				2	3
£120,001 to £130,000				1	-
£130,001 to £140,000				2	2
£140,001 to £150,000				3	1
£150,001 to £160,000				1	2
£160,001 to £170,000				-	1
£170,001 to £180,000				1	-
£200,001 to £210,000				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>				2017	2016
				Fte	Fte
Academic departments				1,353	1,291
Academic support services				669	638
Other support services				99	89
Administration and central services				830	734
Estates				296	305
Other				62	54
				3,309	3,111
<i>Compensation for loss of office paid/payable to a senior post-holder:</i>				2017	2016
				£'000	£'000
Compensation paid/payable recorded within staff costs				138	183
Compensation was paid in cash from general University funds.					
<i>Key management personnel</i>					
Key management personnel are those members of the University Executive Team, having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation (salaries and benefits, including any employer's pension contributions) paid to key management personnel as follows:				2017	2016
				£'000	£'000
Key management personnel compensation				1,768	1,691

Trustees

No trustee has received any remuneration/waived payments from the group during the year (2016: None).

The total expenses paid to or on behalf of the 20 trustees was £11,954 (2016: £8,193 to 14 trustees). This represents travel and subsistence expenses incurred in attending Board of Governors and Committee meetings and Charity events in their official capacity.

Notes to the Accounts

for the year ended 31 July 2017

		Year Ended 31 July 2017		Year Ended 31 July 2016	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
8 Analysis of other operating expenses by activity					
Academic departments		22,142	21,276	20,564	19,201
Academic services		13,230	13,165	11,988	11,905
Administration and central services		23,417	25,215	21,846	20,787
Premises		10,029	9,565	11,675	11,095
Residences, catering and conferences		1,899	855	1,853	696
Research grants and contracts		4,425	4,423	3,359	3,353
Other expenses		2,788	-	2,379	-
		77,930	74,499	73,664	67,037
<i>Other operating expenses include:</i>					
External auditors remuneration in respect of audit services		55	37	66	66
External auditors remuneration in respect of non-audit services		31	6	12	6
Operating lease rentals - land and buildings		260	220	-	-
- other		206	206	244	244
9 Interest and other finance costs	Note				
Bank interest on loans		3,930	3,900	4,040	3,996
Net charge on pension scheme	21	4,931	4,931	4,791	4,791
		8,861	8,831	8,831	8,787
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		62	-	(37)	-
Reduction in tax rate		(40)	-	(100)	-
Recognition of previously unrecognised tax losses		-	-	(17)	-
Deferred tax (charge)/ credit		22	-	(154)	-
Total tax credit		22	-	(153)	-
The tax charge is represented in the consolidated balance sheet through the net financial impact of the creation of corporation tax payable (Note 19) and a deferred tax asset (Note 16) and the decrease in the provision for deferred tax (Note 22).					
11 Intangible assets					
Brand					
Opening Balance		3,455	-	-	-
Additions		-	-	3,840	-
Amortisation charge for the year		(384)	-	(385)	-
At 31 July 2017		3,071	-	3,455	-

This 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 2017

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 2016	6,290	301,528	59,326	57,966	6,344	431,454
Additions	-	3,591	4,596	7,717	16,823	32,727
Transfers	-	858	1,830	188	(2,876)	-
Disposals	-	-	(325)	-	(16)	(341)
At 31 July 2017	6,290	305,977	65,427	65,871	20,275	463,840
Consisting of valuation as at:						
1 August 2014	6,290	273,909	-	-	-	280,199
Cost	-	32,068	65,427	65,871	20,275	183,641
	6,290	305,977	65,427	65,871	20,275	463,840
Depreciation						
At 1 August 2016	232	10,937	25,516	34,264	-	70,949
Charge for the year	116	5,939	4,009	7,377	-	17,441
Disposals	-	-	(25)	-	-	(25)
At 31 July 2017	348	16,876	29,500	41,641	-	88,365
Net book value						
At 31 July 2017	5,942	289,101	35,927	24,230	20,275	375,475
At 31 July 2016	6,058	290,591	33,810	23,702	6,344	360,505
University						
Cost or valuation						
At 1 August 2016	6,290	289,984	56,536	53,127	5,998	411,935
Additions	-	1,634	4,596	7,698	15,473	29,401
Transfers	-	858	1,830	188	(2,876)	-
Disposals	-	-	(325)	-	(16)	(341)
At 31 July 2017	6,290	292,476	62,637	61,013	18,579	440,995
Consisting of valuation as at:						
1 August 2014	6,290	273,909	-	-	-	280,199
Cost	-	18,567	62,637	61,013	18,579	160,796
	6,290	292,476	62,637	61,013	18,579	440,995
Depreciation						
At 1 August 2016	232	10,387	22,789	30,568	-	63,976
Charge for the year	116	5,453	3,994	7,071	-	16,634
Disposals	-	-	(25)	-	-	(25)
At 31 July 2017	348	15,840	26,758	37,639	-	80,585
Net book value						
At 31 July 2017	5,942	276,636	35,879	23,374	18,579	360,410
At 31 July 2016	6,058	279,597	33,747	22,559	5,998	347,959

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

At 31 July 2017, investment land and buildings included £490,000 (2016 - £490,000) in respect of freehold land which is not depreciated.

Notes to the Accounts

for the year ended 31 July 2017

12. Fixed Assets (continued)

At 31 July 2017, freehold land and buildings included £39,063,180 (2016 - £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 2017 £'000	at 31 July 2016 £'000
Furniture and Equipment	<u>145</u>	<u>448</u>

On 2 August 1999 the University signed a deed preserving the 'further education asset base' inherited following its merger with Brackenhurst College on 1 April 1999. In the event of a total failure to preserve the asset base, the 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 £'000	Investment in Associates £'000	Other Investments £'000	Total £'000
Consolidated				
At 1 August 2016	-	1,951	476	2,427
Additions	-	-	-	-
Fair Value Adjustments	-	57	10	67
Disposals	-	-	-	-
Impairments	-	(150)	-	(150)
At 31 July 2017	<u>-</u>	<u>1,858</u>	<u>486</u>	<u>2,344</u>
University				
At 1 August 2016	3,976	441	476	4,893
Additions	-	-	-	-
Fair Value Adjustments	-	-	10	10
Disposals	-	-	-	-
Impairments	-	-	-	-
At 31 July 2017	<u>3,976</u>	<u>441</u>	<u>486</u>	<u>4,903</u>

Other Investments

The Group holds 32,258 ordinary shares in Experian Plc (2016: 32,258) which were valued at 1,507p per share (2016: 1,477p) as per the closing Sell position on the London Stock Exchange as at 31 July 2017.

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 £
CompanDx 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 2017

13 Non-current Investments (continued)

Other Investments (cont'd)

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

Subsidiary Companies

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

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

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
NTU Temporary Staff Limited

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

14 Investment in joint ventures and associates

Company Name	Shareholding percentage %	2017 Value of Investment £'000	2016 Value of Investment £'000
UPP Clifton Limited	20	78	78
UPP Byron Limited	20	113	113
NET	n/a	50	50
Loreus Limited	10	-	-
BioCity Nottingham Limited (Limited by Guarantee)	n/a	1,607	1,550
Notts TV Limited	43	-	150
Voicekey	36	10	10
		1,858	1,951

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 Limited treat the "unrealisable" gain as a Special Reserve not distributable to BioCity Scotland Limited shareholders or joint venture partners of BioCity Nottingham Limited. For the purposes of the calculation of Net Asset Value, this Special Reserve has been treated as an additional liability.

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 2017

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
15 Stock and stores in hand				
Finished goods	295	198	298	232
Goods for resale	173	45	189	55
	<u>468</u>	<u>243</u>	<u>487</u>	<u>287</u>

16 Debtors: amounts falling due within one year

Trade Debtors	7,371	6,111	6,025	5,026
Amounts due by group undertaking companies	-	12,472	-	9,796
Deferred tax asset	38	-	44	-
Accrued Income	2,890	3,589	1,588	2,080
Prepayments	3,465	3,309	1,293	1,155
Other debtors	98	-	834	625
	<u>13,862</u>	<u>25,481</u>	<u>9,784</u>	<u>18,682</u>

The 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
	<u>3,174</u>	<u>3,174</u>	<u>3,174</u>	<u>3,174</u>

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

18 Current Investments

Short term deposits	25,000	25,000	40,000	40,000
	<u>25,000</u>	<u>25,000</u>	<u>40,000</u>	<u>40,000</u>

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

At 31 July 2017 the weighted average interest rate of these fixed rate deposits was 0.54% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 208 days.

19 Creditors : amounts falling due within one year

	Note	Year Ended 31 July 2017		Year Ended 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Bank Loans	20	2,152	2,152	2,048	2,048
Salix Finance Loan	20	250	250	178	178
Net Obligations under finance leases		173	-	173	-
Trade creditors		5,653	4,952	4,570	3,919
Social security and other taxation payable		4,428	4,331	5,162	5,052
Corporation tax payable		-	-	1	-
Other creditors		1,257	1,256	979	961
General Accruals		13,906	13,057	19,779	18,844
Deferred Income		10,786	10,413	9,257	8,989
		<u>38,605</u>	<u>36,411</u>	<u>42,147</u>	<u>39,991</u>

Deferred income

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

Tuition fee income		5,118	4,920	4,199	4,199
Government non-recurrent grant income	29	1,321	1,321	1,487	1,487
Research grant income		1,608	1,587	1,488	1,488
Other grant income		1,173	1,173	508	508
Other income		1,566	1,412	1,575	1,307
		<u>10,786</u>	<u>10,413</u>	<u>9,257</u>	<u>8,989</u>

Notes to the Accounts

for the year ended 31 July 2017

	Note	Year Ended 31 July 2017		Year Ended 31 July 2016	
		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	55,123	55,123	54,393	54,393
Salix Finance Loans		1,566	1,566	1,715	1,715
Bank Loans		76,340	76,340	78,489	78,489
Total bank and other loans		77,906	77,906	80,204	80,204
		133,029	133,029	134,597	134,597

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	2,402	2,402	2,226	2,226
Due between one and two years	2,513	2,513	2,408	2,408
Due between two and five years	7,845	7,845	7,646	7,646
Due in five years or more	67,548	67,548	70,150	70,150
Due after more than one year	77,906	77,906	80,204	80,204
Total debt	80,308	80,308	82,430	82,430

Analysis of debt by repayable date:

Loan repayable by 2016	-	-	52	52
Loan repayable by 2020	875	875	900	900
Loan repayable by 2022	941	941	941	941
Loans repayable by 2030	38,492	38,492	40,537	40,537
Loan repayable by 2038	40,000	40,000	40,000	40,000
	80,308	80,308	82,430	82,430

Lender	Amount £'000	Rate of Interest
Salix Finance Limited (in Partnership with HEFCE)	2,490	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	97,490	

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 2017

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 2016	2,009	13,102	180,568	195,679	1,900
Utilised in year	-	(797)	-	(797)	-
Additions in year - Operating cost	504	-	8,122	8,626	-
Additions in year - Interest	35	302	4,594	4,931	-
Actuarial (gain)/loss	-	(142)	(1,913)	(2,055)	-
At 31 July 2017	2,548	12,465	191,371	206,384	1,900

USS pension fund

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

Enhanced pensions on termination

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

Discount Rate	2.3%
Inflation Rate	<u>1.3%</u>

Other provisions

Provision relates to potential future tax liability other than deferred taxation

22 Provision for deferred tax

Consolidated only	2017 £'000	2016 £'000
Accelerated capital allowances	944	948
Short term timing differences	(9)	(11)
Tax losses carried forward and other deductions	(28)	(46)
	907	891

Movement in provision

At 1 August 2016	891
Deferred tax credited in the statement of comprehensive income and expenditure	16
At 31 July 2017	907

Notes to the Accounts

for the year ended 31 July 2017

23 Endowment Reserves

	Consolidated and University		
	Restricted Expendable £'000	2017 Total £'000	2016 Total £'000
Balances at 1 August 2016			
Capital	6,864	6,864	7,418
Accumulated income	-	-	-
	6,864	6,864	7,418
New endowments	166	166	219
Investment income	55	55	88
Expenditure	(827)	(827)	(871)
(Decrease) / increase in market value of investments	-	-	10
Total endowment comprehensive income for the year	(606)	(606)	(554)
At 31 July 2017	6,258	6,258	6,864
Represented by:			
Capital	6,258	6,258	6,864
Accumulated income	-	-	-
	6,258	6,258	6,864
<i>Analysis by type of purpose:</i>			
Research support	6,258	6,258	6,864
	6,258	6,258	6,864
<i>Analysis by asset</i>			
Current and non-current asset investments		-	52
Cash & cash equivalents		6,258	6,812
		6,258	6,864

Restricted expendable endowments include £6.3m relating to connected institutions under paragraph 28 Schedule 2 of the Charities Act 2011, for funds received from the van Geest Foundation Cancer Research Fund, a charitable trust established to administer funds donated by John and Lucille van Geest Foundation. The objects of the fund are to advance education at the University into all aspects of cancer biology and contribute towards and meet the costs of cancer research undertaken at the University and the publication of useful results of such research.

24 Restricted Reserves

Reserves with restrictions are as follows:

	Consolidated and University		
	Donations £'000	2017 Total £'000	2016 Total £'000
Balances at 1 August 2016	142	142	141
New grants	-	-	-
New donations	9	9	8
Capital grants utilised	-	-	-
Expenditure	(86)	(86)	(7)
Total restricted comprehensive income for the year	(77)	(77)	1
At 31 July 2017	65	65	142
<i>Analysis of other restricted funds /donations by type of purpose:</i>			
Lectureships		-	-
Scholarships and bursaries		37	85
Research support		-	-
Prize funds		7	7
General		21	50
		65	142

Notes to the Accounts

for the year ended 31 July 2017

25 Cash and cash equivalents

Consolidated	At 1st August 2016 £'000	Cash Flows £'000	At 31st July 2017 £'000
Cash and cash equivalents	38,133	11,388	49,521
	<u>38,133</u>	<u>11,388</u>	<u>49,521</u>

University	At 1st August 2016 £'000	Cash Flows £'000	At 31st July 2017 £'000
Cash and cash equivalents	36,115	12,232	48,347
	<u>36,115</u>	<u>12,232</u>	<u>48,347</u>

26 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2017:

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	5,087	5,087	5,542	5,542
	<u>5,087</u>	<u>5,087</u>	<u>5,542</u>	<u>5,542</u>

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	Land and buildings £'000	2017 £'000	2016 £'000
Payable during the year	206	260	466	244
Future minimum lease payments due:				
Not later than 1 year	269	246	515	205
Later than 1 year and not later than 5 years	345	819	1,164	237
Later than 5 years	-	483	483	-
Total lease payments due	<u>614</u>	<u>1,548</u>	<u>2,162</u>	<u>442</u>

29 Government non-recurrent grant deferred income

	Consolidated and University			
	Funding Councils £'000	Other Grants £'000	2017 Total £'000	2016 Total £'000
Balances at 1 August 2016 - Buildings only	51,964	3,916	55,880	51,864
New grants	2,101	-	2,101	5,549
Release to income statement	(1,449)	(88)	(1,537)	(1,533)
At 31 July 2017 - Buildings only	<u>52,616</u>	<u>3,828</u>	<u>56,444</u>	<u>55,880</u>
<i>Analysed by:</i>				
Creditors : amounts falling due within one year			1,321	1,487
Creditors : amounts falling due after more than one year			55,123	54,393
			<u>56,444</u>	<u>55,880</u>

Notes to the Accounts

for the year ended 31 July 2017

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 Constellations Limited	Provision of education facilities and services for music, multi-media and communications courses, including the design, consultancy, supply and installation services for the provision of music, moving image, IT equipment and furniture	100% owned
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	6,798	221	(761)	6,258
Nottingham Trent University Trust Fund	198	15	(28)	185

Notes to the Accounts

for the year ended 31 July 2017

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 2017		Year Ended 31 July 2016	
		£'000	£'000	£'000	£'000
TPS:	Contributions Paid		8,092		7,669
USS:	Contributions Paid	1,062		941	
	Pension operating costs	504		416	
			1,566		1,357
LGPS	Contributions Paid	6,052		5,041	
	Pension operating costs - administration charge	86		60	
	Pension operating costs	8,036		4,169	
			14,174		9,270
	Enhanced pension contributions		203		273
	Past Service liability contributions		1,774		1,850
Pension Cost for year - University			25,809		20,419
Other pension contributions			74		64
Pension Cost for year - Consolidated			25,883		20,483

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:

	2017	2016
Discount Rate	1.77%	1.71%
Pensionable Salary		
Growth	3.7%	3.5%
Pension increases (CPI)	2.4%	2.1%

Notes to the Accounts

for the year ended 31 July 2017

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:

		2017	2016
Retiring today	Males	24.4	24.3
	Females	26.6	26.5
Retiring in 20 years	Males	26.5	26.4
	Females	29.0	28.8
Scheme Assets		£60.0bn	£49.8bn
Total scheme liabilities		£77.5bn	£58.3bn
FRS102 total scheme deficit		£17.5bn	£8.5bn
FRS102 total funding level		77%	85%

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 2016 and set contributions for the period April 2017 to March 2020. During this accounting period the University's minimum employer contributions were equal to 12.4%, whilst a separate lump sum payment of £4.78m is payable over the three year valuation period to fund past service liabilities. The fund position as at 31 March 2016 is detailed below:

Value of Assets	£4,067m
Funding level for accrued benefit	87%
Investment return per annum to meet future service liabilities	
- equities	7.4%
- gilts	2.4%
- property	5.9%
Long term pay scale increases per annum	3.9%
Consumer price inflation	2.4%
Pension increase per annum	2.4%

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

To assess the value of the University's liabilities at 31 July 2017, 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 2016 allowing for investment returns, contributions paid into, and estimated benefits paid from, the Fund by and in respect of the University and its employees.

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 2017

Pension Schemes (cont'd)

Local Government Pension Scheme (cont'd)

It is not possible to accurately assess the estimated liabilities as at 31 July 2017 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 2017 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 2016). 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 2017 were:

	2017	2016
<i>Financial assumptions (referenced to market conditions at 31 July 2017)</i>	<i>% p.a</i>	<i>% p.a</i>
Discount Rate	2.7%	2.6%
Pension increases	2.6%	2.2%
Salary increases	4.0%	4.0%

The discount rate is the annualised yield at the 22 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 Consumer Prices Index assumption, on which future pension increases are expected to be based, will be 2.6% p.a.

Salaries are assumed to increase at 4% p.a. However, the actuary have allowed for a short-term overlay to 31 March 2020 for salaries to rise in line with CPI.

<i>Mortality assumptions (life expectation from age 65)</i>		2017	2016
Retiring today	Males	22.6	22.1
	Females	25.5	25.3
Retiring in 20 years	Males	24.7	24.4
	Females	27.8	27.7

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 2017 attributable to the University is as follows:

	31 July 2017		31 July 2016	
	£'000	%	£'000	%
Equities	167,424	66%	148,646	68%
Gilts	8,060	3%	7,259	3%
Other bonds	30,485	12%	15,420	7%
Property	29,543	12%	27,607	13%
Cash	5,289	3%	10,415	5%
Inflation-linked pool funds	6,247	2%	5,989	3%
Infrastructure	6,114	2%	2,042	1%
	253,162		217,378	

The University's financial position in the LGPS Scheme as at 31 July 2017 is:

	2017	2016
	£'000	£'000
Fair value of Fund assets	253,162	217,378
Present value of defined benefit obligation	(440,683)	(394,130)
Surplus / (Deficit)	(187,521)	(176,752)
Present value of unfunded obligation	(3,850)	(3,816)
Net defined benefit asset / (liability)	(191,371)	(180,568)

Notes to the Accounts

for the year ended 31 July 2017

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

	2017	2016
	£'000	£'000
Opening defined benefit and unfunded obligation	397,946	320,208
Current service cost	15,900	11,215
Interest cost	10,306	12,110
Past service costs, including curtailment	241	147
Contributions	3,614	3,210
Benefits paid net of transfers in	(7,096)	(6,450)
Actuarial losses	23,622	57,506
Closing defined benefit and unfunded obligation	444,533	397,946

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

	2017	2016
	£'000	£'000
Opening fair value of Fund Assets	217,378	198,667
Interest on assets	5,712	7,624
Return on assets less interest	26,924	7,194
Administration expenses	(86)	(60)
Other actuarial gains/(losses)	(1,389)	-
Contributions by University including unfunded	8,105	7,193
Contributions by Scheme participants	3,614	3,210
Benefits paid net of transfers in	(7,096)	(6,450)
Closing fair value of Fund Assets	253,162	217,378

Actuarial gain/(loss) in other comprehensive income

	2017	2016
	£'000	£'000
Return on Fund assets in excess of interest	26,924	7,194
Other actuarial losses on assets	(1,389)	-
Change in financial assumptions	(17,898)	(57,500)
Change in demographic assumptions	(4,452)	-
Experience gain/(loss) on defined benefit obligation	(1,272)	(6)
Actuarial gain/(loss) of the net assets/defined liability	1,913	(50,312)

Sensitivity analysis

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	+0.0%	-0.1%
Present value of total obligation	435,002	444,533	454,282
Projected service cost	19,207	19,717	20,241
Adjustment to long term salary increase	+0.1%	+0.0%	-0.1%
Present value of total obligation	446,097	444,533	442,982
Projected service cost	19,717	19,717	19,717
Adjustment to pension increases and deferred revaluation	+0.1%	+0.0%	-0.1%
Present value of total obligation	452,718	444,533	436,534
Projected service cost	20,241	19,717	19,206
Adjustment to life expectancy assumptions	+ 1 Year	None	- 1 Year
Present value of total obligation	460,352	444,633	429,273
Projected service cost	20,346	19,717	19,108

Projected pension expense for the year to 31 July 2018

	2018
	£'000
Service Cost	19,717
Net interest on defined liability / (asset)	5,056
Administration expenses	101
Total loss / (profit)	24,874
Employer contributions	8,105

Notes to the Accounts

for the year ended 31 July 2017

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 (2016: £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.

Ms M Longdon (1month), Mr T Oluwasanmi (11 months) and Mr TM Walmsley, in addition to being University Governors/Trustees, were also members of the Board of Trustees of the Nottingham Trent Students' Union. Transactions with a total value of £1.65m relating to block grant and other activities took place between the University and the Nottingham Trent 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.

	2017 £'000	2016 £'000
<i>Learner support funds</i>		
Skill Funding Agency grants	69	109
Interest earned	-	-
	<u>69</u>	<u>109</u>
Disbursement to students	(43)	(53)
Balance unspent as at 31 July	<u>26</u>	<u>56</u>
<i>National College for Teaching and Leadership bursaries</i>		
National College for Teaching and Leadership bursaries	1,621	1,583
Interest earned	-	-
	<u>1,621</u>	<u>1,583</u>
Disbursement to students	(1,482)	(1,482)
Balance unspent as at 31 July	<u>139</u>	<u>101</u>