

Newman University College



Reports and Financial Statements For the Year Ended 31 July 2011

Registered Charity Number: 1110346
Registered Company Number: 05493384

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NEWMAN UNIVERSITY COLLEGE

CONSTITUTION

The conduct of the University College's affairs during the year is governed by an Instrument and Articles of Government, approved by the Privy Council in 2005. The University College is a charitable company limited by guarantee (Charity No. 1110346).

Governors and their interests

The Governors serving during the year to 31 July 2011 and up to the date of approval of these financial statements were:

Chair of Governors, Ex-Officio	The Right Reverend W Kenney CP, Titular Bishop of Midica (resigned 29 November 2010) Archbishop Bernard Longley (appointed 29 November 2010)
Governors nominated by the Archdiocese of Birmingham	Mr C Beesley (Chair of Finance & General Purposes Committee) Very Reverend Monsignor M Crisp (resigned 15 March 2011) Ms E Deady Rev Canon David Evans (appointed 23 June 2011) Ms D Mattison
Governors nominated by the Catholic Education Service	Dr C MacKenzie Mrs M McConnell Mrs Rosemary Thorp (appointed 13 October 2010) Mr J Shera (appointed 29 November 2011)
Independent Governors	Mrs S Barratt Professor A Cashmore (Chair of Audit Committee) Mr S Costa Mr M Davies Miss S Pain Mrs Rosie Paskins (appointed 15 March 2011) Mr P Rogerson (Vice Chair of Governors, Chair of Nominations Committee and Chair of Estates Committee)
Members, Ex-Officio	Professor P R Lutzeier
Elected Staff Governors	Ms H Dunphy (resigned 23 June 2011) Mr D Foster (appointed 12 October 2011) Mr T Jones (resigned 23 June 2011) Mrs C Millington (appointed 12 October 2011)
Student Governor	Mr D Ackerman (resigned 23 June 2011)

The Governors received no remuneration during the year.

All Governors are required to declare their interests at Board meetings and are not able to vote on matters in which they have a direct interest.

The Governors of the University College have agreed to contribute £1 each to the assets of the University College in the event of it being wound up.

PRINCIPAL ADDRESS

Newman University College
Genners Lane
Bartley Green
Birmingham
B32 3NT

PRINCIPAL & CHIEF EXECUTIVE

Professor P R Lutzeier

CLERK TO THE GOVERNORS

Ms H C Somerfield

BANKERS

National Westminster Bank Plc
Commercial Banking
4th Floor, 2 St Philip's Place
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SOLICITORS

Mills & Reeve
78-84 Colmore Row
Birmingham
B3 2AB

Martineau
No 1 Colmore Square
Birmingham
B4 6AA

AUDITORS

(Internal) RSM Tenon
Charterhouse
Legge Street
Birmingham
B4 7EU

(External) Grant Thornton UK LLP
115 Edmund Street
Birmingham
B3 2HJ

REPORT OF THE GOVERNORS

The Board of Governors are pleased to present their report and the accounts of the University College for the year ended 31 July 2011.

PRINCIPAL ACTIVITY

The principal activity of the University College in the year under review was the provision of high quality foundation, undergraduate and postgraduate degree level courses. These programmes were offered through the two schools of the University College.

In planning activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

OPERATING AND FINANCIAL REVIEW

Introduction

Newman University College is named after The Blessed John Henry Newman (1801-90), one of the intellectual giants of the 19th century. His life was marked by a constant struggle for integrity and truth at considerable cost to himself. Newman was an extraordinary thinker whose creative and lively mind engaged with the process by which men and women come to knowledge and truth. His explorations of the human intellectual and spiritual journey anticipate much of the contemporary work on multiple modes of intelligence and understanding that underpin the learning and teaching at Newman. In his famous lectures, 'The Idea of the University Defined and Illustrated', he emphasised the main role of the university to train the mind rather than to diffuse useful knowledge. A deeply spiritual man, he was always available to the people of Birmingham, rich and poor, who came to him for advice and instruction. When he died, the streets of Birmingham were lined with thousands whose lives he had touched and inspired. He died a Cardinal of the Catholic Church, honoured internationally, but it is his eminence as an educationalist, his continuing ability to touch and enlighten the hearts of so many, from so many different walks of life, that makes him such a fitting patron for the University College and its mission in contemporary British society.

Founded in 1968 to train teachers, Newman University College has expanded its work into a range of other areas including single and combined honours degrees, both full and part-time and work-based foundation degrees. Research and postgraduate study are also important areas of work at Newman University College. The founding principles of a supportive learning community, underpinned by a strong Catholic ethos, and providing opportunity for all continue to influence the work of the University College.

Newman University College is committed to providing excellent student support for its students, acknowledging that many of them are the first in their family to access higher education. Newman University College has an excellent record for the quality of its courses and continues to enjoy one of the best graduate employment rates of UK colleges and universities, with over 93% of graduates in employment or further study. Newman University College was also ranked in the top 20 for graduate employment rates in The Sunday Times University Guide 2012, demonstrating Newman's success in adding value for its students.

In September 2011, the first phase of the £20 million campus redevelopment was completed. The glass fronted entrance building provides a new library incorporating spaces for group work, quiet areas and teaching spaces, together with a new reception area and social spaces. The design aims to provide an interactive and inspiring public facade and will incorporate Newman University College further into the existing community.

This significant investment supports Newman University College's commitment to providing attractive and modern surroundings where students can realise their academic potential. Newman University College's founding mission greatly influenced the capital investment, with the development of a new Children, Young People and Family Research Centre. The appointment to the post of Professor of

Multifprofessional Education means that the University College can look forward to building on existing expertise in this area, providing research leadership in the development of the Centre.

Single and combined honours and work-based training students account for over 50% of the students at Newman University College although the University College also continues to be highly regarded as a provider of both high quality teacher education and programmes for Early Years practitioners. The range of single honours degrees continues to grow and includes Creative Arts, English Language, History, Theology, Business and Management, Psychology and Sports Studies. In order to fulfil its mission Newman offers a wide range of higher education opportunities, supports the development of alternative models of learning and works in partnership with other learning providers and employers to facilitate the transition into higher education. Newman, and its students, believe in the power of education to change lives and is keen to reach out to potential learners in new areas.

Newman University College has due regard to the Charity Commission's guidance on public benefit and is committed to widening participation and social mobility. As a result, Newman University College has developed an outstanding reputation of achievement in this area. For example, the University College exceeds nationally derived benchmarks for the recruitment of students from state schools and lower socio-economic groups and low participation neighbourhoods. The University College offers a range of bursaries to support undergraduate and postgraduate study and these are targeted at students from lower income households.

Newman University College is committed to building international connections. As we are part of the long and proud history of Catholic Education, we have entered into an exciting partnership with Caritas Hong Kong, and we have also established good links with our sister/brother institution in the US: Newman University Wichita in Kansas.

An innovative research partnership project has been entered into by Newman University College, involving youth and community organisations from UK, Austria, Belgium and Germany conducting comparative analysis of youth work interventions, relating to street violence across several member states, examining young people's experience of street-based youth work interventions and to disseminate good practice through the production of high quality film documentary and training materials for street-based youth work practitioners.

Financial review of the year

The University College's Income, Expenditure and Results for the year to 31 July 2011 are summarised as follows:

	<u>2010/11</u> £'000	<u>2009/10</u> £'000
Income	21,352	22,750
Expenditure	<u>20,016</u>	<u>20,128</u>
Surplus	1,336	2,622
Transfer from Revaluation Reserve in respect of depreciation of revalued assets	147	147
Surplus for the year on an Historical Cost Basis	<u><u>1,483</u></u>	<u><u>2,769</u></u>

The University College's total income in 2010/11 of £21.3 million has decreased by 6.1% on the previous year. The decrease in income reflects the economic changes that have occurred over recent years, with public spending cuts and continued restrictions on student recruitment.

The University College has continued to make significant investment into its estate, and effective cost control has enabled them to continue to generate positive operating surpluses.

The outturn for the year reflects the Governors' commitment to the generation of operating surpluses. This financial strategy supports both investment in the campus and ongoing sustainability of operations, whilst the necessity to make efficiency savings has been embraced.

Key performance indicators

The University College's main key performance indicators can be summarised as detailed below. Academic performance is more difficult to summarise to a simple indicator and therefore this is more fully reviewed in a later section of the operating and financial review. The University College has broadly achieved its key performance indicators, the data for which is within the audited financial statements.

Key performance indicator	2010/11 Target	2010/11 Achievement	2009/10 Achievement
Student Numbers – TDA	830	788	875
Student Numbers – HEFCE	1300	1392	1187
Historical Cost Surplus	3% (min)	6.95%	12.17%
Pay costs / income	65% (max)	59%	52%
Debt servicing costs	4% (max)	0%	0%
Minimum cash levels	£1.0m	£10.6m	£13.7m

The context for higher education

Newman University College makes a regular assessment of the risk factors in the external environment which may impact on the University College. At the present time these are significant.

The current financial climate continues to pose a material risk to even the most effectively run institutions. Newman has taken a prudent approach to the management of its finances, and the Governors and Executive are in close contact to ensure that the University College's finances are appropriately monitored and managed.

In June 2011, Newman University College announced its tuition fees for 2012 following consultation with a range of stakeholders including the Students' Union. As a student centred University College, with strong Catholic values, Newman is committed to providing a value driven university education, available to people from all backgrounds. With this in mind, Newman decided not to charge maximum fees possible and also to ensure that a wide range of lower cost part time courses are available, to enable students to combine working longer hours whilst only taking one additional year to complete their course.

A fundamental part of Newman University College's mission is to support social mobility through education. Newman has developed a range of student support and scholarship packages designed to provide financial assistance to a range of students, based not only on academic achievement but also on household income and background circumstances.

The demographic downturn predicted to hit the cohort of 18 year olds by 2011-2012 is forecast to affect lower socio economic groups more than others with an 18% drop envisaged by 2013. With this risk in mind, the Newman Scholarship Scheme has been introduced to provide financial support for up to 20% of full time students, and a contextualised admissions process has been established. This matches Newman's strategic aim to continue to be a centre of excellence for widening participation and social mobility. In addition, the University College will work to attract students from minority groups not currently engaged in higher education. Forecast student numbers show a cautious upturn. This reflects Newman's belief that its portfolio, which combines academic rigour with professional orientation, will be particularly attractive in the current climate.

Developing a much clearer 'university' identity for the University College and providing up-to-date resources is seen as essential to maintaining recruitment and improving retention and standards in the longer term. This is a key driver in the decision to invest £20m in the campus. In addition, this investment will support both curriculum strengths and specialisms in the public sector workforce as well as the widening participation agenda. In the context of the ongoing debate about the future size and shape of the sector, specialist institutions may fare better and Newman's investment pattern supports this. Investment also includes planned sustainability measures to cut future running costs. The development is also a central element in the revitalising of the Bartley Green area. As a Catholic University College, Newman believes that strong stewardship of its assets must be maintained to enable the fulfilment of its mission to realise human potential. This is reflected in its financial and other decisions.

Academic performance

The University College has continued to be successful in relation to academic quality. The OFSTED standing has been maintained, with all provision Grade 1, outstanding, and Grade 2, good (2010), whilst the QAA Institutional Audit of 2011 confirmed the robustness of standards and the quality of teaching and support provided to Newman students with its confidence judgments. Newman is involved in collaborative provision and has extended its accreditation agreements with the Southern Counties Psychotherapy Trust and Queen's Foundation for Ecumenical Theological Education, which serve as important partnerships for the University College. The British Psychological Society accredits our psychology degrees and this enables graduates to apply for postgraduate training schemes in professional areas of practice such as clinical and educational psychology. Newman's sports studies programmes are BASES accredited and its management and leadership programmes are recognised by the Chartered Management Institute (CMI).

In The Sunday Times University Guide 2012, Newman University College is placed in the Top 20 for 'Teaching Excellence'. All this underlines Newman's strength as a learning community.

Newman University College aspires to be recognised locally, nationally and internationally for the quality of its research and scholarship. Building upon the positive outcome of the Research Assessment Exercise in 2008, the University College has focused its investment in research on areas likely to be successful in the forthcoming Research Excellence Framework (REF), while enabling early-career researchers to develop their capacity. The University College intends to develop capacity and enable a larger number of staff and Units of Assessment to be involved in future submissions to REF. Currently, there are six research active groups across the institution representing a range of specialisations.

Newman University College provides many of the new teachers for Birmingham and the West Midlands particularly, although not exclusively, for Catholic schools. In addition, the University College offers continuing professional development programmes for serving teachers. The University College was part of the regional consortium providing the new Masters in Teaching and Learning for the Training and Development Agency (TDA), and in addition its very popular MA in Education recognises the importance of Postgraduate Professional Development (PPD), and of teaching becoming a Masters level profession. Newman is also a founder member and regional centre of the new Teaching and Learning Academy which is starting in January 2012 and will provide high quality accredited continuing professional development at all levels for schools and individual members of the schools' workforce. Graduates from single and combined honours programmes work in a wide range of organisations including local government, the health services, the sports industry and retail.

FINANCIAL RISK MANAGEMENT

The University College's operations expose it to a variety of financial risks including the effects of changes in credit risk and liquidity risk. The University College does not have material exposures in any of the areas identified above and consequently does not use derivative instruments to manage these exposures. The University College's principal financial instruments comprise sterling cash deposits together with debtors and creditors that arise directly from its operations.

The main risks arising from the University College's financial instruments can be analysed as follows:

Credit risk

The University College's principal financial assets are bank balances, cash and debtors, which represent the University College's maximum exposure to credit risk in relation to financial assets.

The University College's credit risk is primarily attributable to its debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one debtor depending upon their credit risk. The University College's operations are such that, with the exception of the Student Loans Company, significant amounts are very rarely owed by a single debtor. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the University College's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counter-parties are banks with high credit-ratings assigned by international credit-rating agencies. The University College has no significant concentration of credit risk, with exposure spread over a large number of counter parties and customers.

Liquidity risk

The University College's policy has been to ensure continuity of funding through acquiring the University College's fixed assets via generation of cash from its operating activities. The University College has the potential for loan facilities, which it intends to utilise in the future as part of the University College asset strategy, and to ensure the University College maintains adequate levels of liquid resources in future years.

Interest rate risk

Interest bearing assets comprise cash and bank deposits, all of which earn interest at fixed and floating rates. The University College currently has no debt, and as such bears no interest rate risk, although going forward Governors will monitor the overall level of borrowings and interest costs to limit any adverse effects.

EQUALITY OF OPPORTUNITY IN EMPLOYMENT

Applications for employment by people with a disability are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of existing employees becoming disabled, every effort is made to ensure that their employment with the University College continues and that appropriate training is arranged. It is the policy of the University College that the training, career development and promotion of people with a disability should, as far as possible, achieve identical outcomes with that of other employees.

The Governing Body adopted a Race Equality Policy in June 2002 and the Equality and Diversity Committee review this annually. Training has been offered to staff in best practice in relation to both the Race Relations Amendment Act and the Special Educational Needs and Disability Act. The Board of Governors has responsibility for monitoring compliance in the areas of employment equality.

EMPLOYEE INVOLVEMENT

Enhancement of staff experience goes hand-in-hand with enhancement of student experience. Therefore the University College places considerable value on the involvement of its employees and on good communication with them. The Human Resources and Learning Development Unit are responsible for establishing training programmes at all levels of the institution.

Staff are encouraged to be involved in the University College's committees, with a view to assuring full participation by staff members in all levels of organisational decision-making. The University College has a Joint Negotiating and Consultative Committee as the means for formal consultation and negotiation of terms of employment. This committee is based on the principles of partnership working and represents all staff.

PAYMENT OF CREDITORS

It is the University College's policy to obtain the best terms for all business; thus, there is no single policy as to the terms used. In agreements negotiated with suppliers, the University College endeavours to include and abide by specific payment terms.

FUTURE DEVELOPMENTS

The mission of the University College has always been to provide high quality accessible academic and professional education based on respect for others, social justice and equality. Newman University College seeks to make a positive difference to individuals and communities through the contribution of staff, students and graduates and will continue to do so.

The Governing Body is charged with the responsibility of setting the strategic direction of the University College in the longer term. Following the appointment of the new Principal in January 2010, the Board approved a new Strategic Plan in June 2010 covering the period to 2013. The Strategic Plan derives from the clear framework of a new vision, a reasserted Catholic ethos and the confirmed mission and values of Newman University College. A particular focus of the new developments is the concerted effort of internationalisation with all its different facets. Over time, it will transform the culture of the institution and widen the horizon of its students and staff. As a student-centred institution, Newman is keen on continued enhancements of the student experience

and, in line with its motto 'ex umbris in veritatem' (out of the shadows into truth), approaches this in the spirit of a formative education.

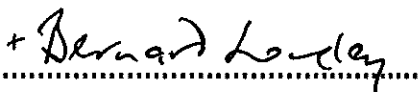
The key strands of the strategic plan are: institutional sustainability, internationalisation, the formative student experience, research, scholarship and enterprise, and engagement with the community and region.

Newman secured planning permission for a £20 million transformational development of the campus. Work began in June 2010 and will be completed in phases, the first of which has seen the construction of a new, high-profile library and entrance building that will provide an inspirational public face for the University College and, as well as addressing the educational needs of the student body, will be used for local community projects. A new Young People, Children and Families Research Centre will be developed to support this important activity and a significant increase in teaching space is planned to ensure the campus remains a modern and attractive learning environment.

As expected, the commitment to teacher education, for both Catholic and non-Catholic schools, remains at the heart of the mission and future planning of the University College. In addition, Newman will also continue to offer traditional BA and BSc degrees in a range of subject areas, as well as work-based foundation degrees, postgraduate courses and research to provide opportunities to people, predominantly from the Birmingham/Black Country areas, to improve their skills and knowledge and subsequently contribute to the local economy. A new ethically founded Business Studies degree (BA (Hons) in Business, Sustainability, Ethics) is to be introduced, which explores the long-term, sustainable business strategies that will equip graduates for business in the 21st century,

Newman University College remains deeply committed to the goals of widening access to, and participation in, higher education, offered in flexible programmes of different kinds. The University College believes it is well placed to make a significant contribution to the Government's targets for Widening Participation and Social Mobility, and consistently outperforms its location-adjusted benchmarks in this area.

The Board is confident of the security of the University College's position. With a healthy outturn on the year, reasonable cash reserves and no burden of debt, Newman is well placed to exploit the opportunities offered in the contemporary context of higher education in the UK and will continue to support and extend its founding vision for Catholic higher education. The Governors thank the staff for their commitment to this shared endeavour, and for their many successes in the year.


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Archbishop Bernard Longley
(Chair of Governors)


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Professor Peter Rolf Lutzeler
(Principal and Governor)

Date of Approval: 29 November 2011

CORPORATE GOVERNANCE

Throughout the year ended 31 July 2011, the University College has been in compliance with all the code provisions set out in Section 1 of the Combined Code on Corporate Governance insofar as they relate to university colleges.

Newman University College is an independent Roman Catholic college which was granted taught degree awarding powers by the Privy Council in 2007. The Privy Council subsequently approved amendments to the Memorandum and Articles of Association including the change of name to Newman University College in December 2007.

The University College complies with the Guide for Members of Governing Bodies of Universities and University Colleges in England and Wales that was re-issued by the Committee of University Chairmen in 2004, and as revised in 2009, apart from some issues reflecting its church foundation where the Board has sought to comply with the spirit of the Guide. The Archbishop of Birmingham is the ex-officio Chair of the Board but successive postholders have been unable to fulfil the full role as envisaged in the CUC Guide. The Board has therefore strengthened the role of the Vice Chair who undertakes many of the operational duties to ensure that the governance of the University College is effective. The Articles of Association require the University College to have a Board of Governors and an Academic Board, each with clearly defined functions and responsibilities, to oversee and manage its activities.

The Board of Governors, as constituted by the University College's Instrument and Articles, comprises fifteen external members, four nominated by the Catholic Education Service, four by the Archdiocese of Birmingham and seven independent governors. The Principal is an ex officio member and there are two governors elected by the staff of the University College and one student elected by the student body. The roles of Chair and Vice-Chair of the Board are separated from the role of the University College's Chief Executive, the Principal. The matters especially reserved to the Governing Body for decision are set out in the Instrument and Articles of Government. The Board of Governors, which holds to itself the responsibilities for the ongoing strategic direction of the University College, the approval of major developments and the receipt of regular reports from the University College Directorate on the day-to-day operations of its business, meets at least four times a year.

The Board of Governors has four main Sub-Committees – a Finance and General Purposes Committee, an Audit Committee, an Estates Committee and a Nominations Committee. The Committees meet at least three times a year and their decisions are formally reported to the Board of Governors. The Committees are formally constituted through the Standing Orders of the Board with terms of reference and comprise mainly external members of the Board, one of whom is the Chair. The Board, in addition, has established a Working Group on Governor Effectiveness which meets to review the work and effectiveness of the Board. University College Governors attend meetings regularly and iniquity is rarely a problem.

The Finance and General Purposes Committee recommends to the Board the University College's annual budgets and also monitors performance in relation to the budgets approved. It embraces a Remuneration Sub-Committee, which determines the remuneration of the University College Directorate (who are appointed by the Board of Governors) and other senior staff.

The Audit Committee meets with the external and internal auditors to discuss audit findings and to consider detailed internal audit reports and recommendations for the improvement of the University College's systems of internal control, together with management's responses and implementation plans. It also receives and considers reports from the TDA and the Higher Education Funding Council for England (HEFCE) as they affect the University College's business and monitors adherence to the regulatory requirements. It reviews the University College's annual financial statements, together with the accounting policies. The Principal, Director of Finance and the Clerk to the Governors attend all meetings of the Audit Committee, but they are not members of the Committee; the Committee meets with the internal and external auditors on their own for independent discussions.

The role of the Nominations Committee is to seek out nominees for new membership of the Board of Governors and its committees taking into account the balance of skills, experience and diversity of the Board.

The Estates Committee has been established to monitor the University College's Estates strategy and the progress of the projects contributing to that strategy. It also looks at value for money on estates investment and agrees a long term maintenance programme.

The Academic Board has oversight of the academic affairs of the institution, subject to the overall responsibility of the Board of Governors, and draws its membership entirely from the staff and the students of the University College. The formal relationship between the Academic Board and the Board of Governors is managed through reports presented to the Board at every meeting by the Principal as Chair of Academic Board and the Vice Principal (Academic) featuring matters relating to reviews of the quality process and plans for academic development. The Board is thus able to monitor the extent to which the Academic Board is conducting the academic affairs of the University College in line with the direction of the Strategic Plan.

The Principal is the chief executive officer of the University College and has a general responsibility to the Board of Governors for the organisation, direction and management of the institution. Under the terms of the formal Funding Agreement with the TDA and the Financial Memorandum between the University College and the HEFCE, the Chief Executive is the Lead Accounting Officer for the University College, the Principal is the designated officer of the institution and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

The University College maintains a Register of Interests of members of the Board and senior officers of the University College, which may be consulted by prior arrangement with the Clerk to the Governors. In accordance with the Articles of Government, the Registrar and University College Secretary has been appointed as Clerk to the Board of Governors; her job description contains separate responsibilities for each of these posts. As Clerk to the Board of Governors, she provides independent advice on matters of governance to all Board members.

INTERNAL CONTROL

The University College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University College has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose is to help the reader of the accounts understand how the principles have been applied.

The University College's Governing Body is responsible for the University College's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the University College's significant risks, that it has been in place for the year ended 31 July 2011 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Governing Body and its Audit Committee and that it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education.

The Finance & General Purposes Committee, as discussed above, recommends to the Governing Body the University College's annual revenue and capital budgets and monitors performance in relation to the approved budgets. The Remuneration Committee determines the remuneration of the most senior staff, including the Principal.

The role of the Nominations Committee has been established following good practice outlined in the CUC Guide for Members of HE Governing Bodies and its role is to seek out and consider applications for the membership of the Board of Governors and its committees. Some external positions on the Board are nominees of the Catholic Education Service or the Archdiocese of Birmingham and the

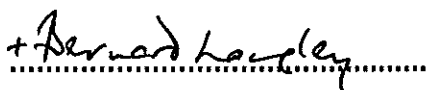
Nominations Committee recommends individuals to these bodies for nomination to ensure that the Board maintains a good mix of experience and skills and a diverse membership.

In June 2010 the University College prepared and adopted a new Strategic Plan in which risks and key performance indicators have been linked directly to the strategic goals. A revised system of risk management has been designed and introduced, including a new Risk Register with greater emphasis on the active management of risk rather than a monitoring of risk. Risk reports setting out key performance and risk indicators are reviewed quarterly by the senior management team and at each scheduled Audit Committee meeting. The latter also receives regular reports from the internal audit service which include recommendations for improvement. The Audit Committee's role in internal financial control is confined to a high level review of the arrangements. The Governing Body's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

This has satisfied the Board of Governors that management, together with the internal audit service, have an appropriate process for identifying, evaluating and managing risk; together with appropriate staff training.

During the year, the University College has:

- considered risk at meetings of the Directorate, Newman management team, the Academic Development Committee and Academic Board;
- revised the fundamental risk register to provide further information on risks, controls and early warnings of changes in risk level;
- reported to the Audit Committee at each meeting on risk issues; and
- used the risk register to determine the direction of the internal audit plan.


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Archbishop Bernard Longley
(Chair of Governors)


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Professor Peter Rolf Lutzeier
(Principal and Governor)

Date of Approval: 29 November 2011

RESPONSIBILITIES OF THE GOVERNORS

In accordance with the University College's Instrument and Articles of Government, the Governors are responsible for the administration and management of the affairs of the University College and are required to present audited financial statements for each financial year.

The Governors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University College, to enable them to ensure that the financial statements are prepared in accordance with the University College's Instrument and Articles of Government, the Statement of Recommended Practice - Accounting for Further and Higher Education, the Companies Act 2006, and other relevant Accounting Standards. In addition, within the terms and conditions of the Financial Memorandum agreed between the TDA and the Governors of the University College, and the Funding Agreement agreed between the HEFCE, and in accordance with the Companies Act 2006, the Governors, through their designated office holder, are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the University College and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Governors:

- ensure suitable accounting policies are selected and applied consistently;
- make judgements and estimates are made that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the University College will continue in operation. The Board of Governors is satisfied that the University College has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University College and to enable them to ensure that the financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the University College and to prevent and detect fraud and other irregularities.

The Governors have taken reasonable steps to:

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

The key elements of the University College's system of internal financial control, which is designated to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic subject areas and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks, and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Governing Body;
- comprehensive financial regulations, detailing financial controls and procedures, approved by the Audit Committee and the Board of Governors; and
- a professional Internal Audit Service whose annual programme is approved by the Audit Committee, and endorsed by the Governing Body, and whose head provides the Governing Body with a report on internal audit activity within the University College and an opinion on the adequacy and effectiveness of the University College's system of internal control, including internal financial control, which operates to standards defined in the HEFCE Audit Code of Practice (2004).

Disclosure of information to auditors

At the date of making this report each of the University College's Governors, as set out on page 3, confirm the following:

- so far as each Governor is aware, there is no relevant information needed by the University College's auditors in connection with preparing their report of which the University College's auditors are unaware; and
- each Governor has taken all the steps that he ought to have taken as Governor in order to make himself aware of any relevant information needed by the University College's auditors in connection with preparing their report and to establish that the University College's auditors are aware of that information.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 489 of the Companies Act 2006.

Approved on behalf of the Governors by:

.....

Archbishop Bernard Longley
(Chair of Governors)

.....

Professor Peter Rolf Lutzeier
(Principal and Governor)

Date of Approval: 29 November 2011

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF NEWMAN UNIVERSITY COLLEGE

We have audited the financial statements of Newman University College ('the University College') for the year ended 31 July 2011 which comprise the statement of principle accounting policies, the income and expenditure account, the statement of total recognized gains and losses, the statement of historical cost surpluses and deficits, the balance sheets, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the governing body, in accordance with paragraph 23.3 of the University College's articles of government, section 124B(3) of the Education and Reform Act 1988 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the University College's members and trustees 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 charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Governing Body's Responsibilities Statement set out on page 15, the governing body (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Education and Reform Act 1988 and the Companies Act 2006 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

We also report to you whether income from funding councils, grants and income for specific purposes and from other restricted funds administered by the University College have been properly applied only for the purposes for which they were received. In addition, we report to you whether, in all material respect, income has been applied in accordance with the statutes and, where appropriate, the financial memorandum with the Higher Education Funding Council for England ('the Funding Council'), the Training and Development Agency for Schools and the Learning and Skills Council.

We read the report of the governors and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements. We are not required to consider whether the statement of internal control (included as part of the Corporate Governance Statement) covers all risks and controls, or to form an opinion on the effectiveness of the institution's corporate governance procedures or its risk and control procedures.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2011 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS

In all material respects:

- income from the funding council, the Training and Development Agency for Schools and the Chief Executive of Skills Funding, grants and income for specific purposes and from other restricted funds administered by the University College during the year ended 31 July 2011 have been applied for the purposes for which they were received; and
- in all material aspects, income during the year ended 31 July 2011 has been applied in accordance with the University College's statutes and, where appropriate, with the financial memorandum with the funding council, the funding agreement with the Training and Development Agency for Schools and the funding agreement with the Chief Executive of Skills Funding.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from Branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the governing body's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

David Barnes

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Birmingham

Date: 30th November 2011

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1. STATEMENT OF ACCOUNTING POLICIES

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

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the 2007 Statement of Recommended Practice (SORP): Accounting for Further and Higher Education and in accordance with applicable Accounting Standards. They conform to guidance published by HEFCE ("the funding council").

3. BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets, and in accordance with applicable United Kingdom Accounting Standards.

4. GOING CONCERN

The activities of the University College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review.

The financial position of the University College and its cashflow are described in the Financial Statements and accompanying notes.

The University College's forecast and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Accordingly the University College has a reasonable expectation that it will have adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

5. BASIS OF CONSOLIDATION

The University College does not exercise a sufficiently dominant influence in practice over the Students' Union by giving direction to the operating and financial policies of the Union to require its consolidation in the University College's financial statements.

6. RECOGNITION OF INCOME

Income is included in the Income and Expenditure account on an accruals basis. Recurrent grants from the Funding Councils are recognised in the period in which they are receivable. Non-recurrent grants from the Funding Councils or other bodies, received in respect of the acquisition or construction of fixed assets, are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

The University College acts as agent in respect of grant payments it receives under the Secondary Subject Shortage Scheme, Access to Learning Fund, PGCE Training Bursaries and GRTP Salaries. The subsequent disbursement of these funds is, therefore, set directly against their receipt.

7. LEASES

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excesses

of lease payments over recorded lease obligations are treated as finance charges, which are amortised over the lease term to give a constant rate of charge on the remaining balance of the obligations.

8. TANGIBLE FIXED ASSETS

(a) Land and buildings

Land and buildings at 1 August 1993 are stated at a valuation at that date. Additions since that date are stated at cost. The basis of the valuation is depreciated replacement cost and the valuation was carried out by Bond Wolfe Commercial, valuers and surveyors. Buildings (excluding improvements) are depreciated over their expected useful life of 50 years. No depreciation is provided in respect of freehold land.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings.

(b) Furniture, equipment and motor vehicles

Furniture, equipment and motor vehicles costing less than £2,500 per individual item are written off in the year of acquisition. All other furniture, equipment and motor vehicles are capitalised.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grant is treated as a grant received in advance and released to income over the expected useful life of the equipment.

(c) Assets Under Construction

Assets under construction are accounted for at cost, based on the value of architect's certificates and other direct costs incurred as at 31st July. They are not depreciated until brought into use.

(d) Depreciation

Depreciation is provided, on a straight-line basis, at the following annual rates in order to write off each asset over its estimated useful life, as shown

New Buildings	–	50 Years	(2% p.a.)
Internal Building Improvements	–	10 or 25 Years	(10% or 4% p.a.)
Furniture and Equipment	–	5 Years	(20% p.a.)
Telephone Equipment	–	5 Years	(20% p.a.)
Motor Vehicles	–	4 Years	(25% p.a.)
Computer Equipment	–	3 Years	(33 $\frac{1}{3}$ % p.a.)

9. STOCKS

Stocks, comprising stationery, cleaning materials and consumables, are valued at the lower of cost and net realisable value.

10. PENSION COSTS

Retirement benefits to employees of the University College are provided by the Teachers' Pension Scheme (TPS), Scottish Equitable Pension Scheme (SEPS), and Norwich Union Pension Scheme (NUPS).

(a) SEPS and NUPS

SEPS and NUPS are defined contribution schemes. The assets of the scheme are held independently. Contributions are charged to the Income and Expenditure accounts at they become payable in accordance with the rules of the scheme.

(b) TPS

TPS is a externally funded defined benefit scheme. Contributions to the TPS are charged to the income and expenditure so as to spread the cost of pensions over employees' working lives with the University College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

11. MAINTENANCE OF PREMISES

The University College has a five-year rolling maintenance plan, which is reviewed on an annual basis. The cost of long-term and routine maintenance is charged to the income and expenditure account as incurred.

12. TAXATION STATUS

The University College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the University College is potentially exempt from taxation in respect of income or capital gains received with 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.

The University College 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.

13. CASH FLOW STATEMENT

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

14. PROVISIONS FOR LIABILITIES

Provisions (other than provisions for post retirement benefits) are recognised when the University College has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

A contingent liability arises where the University College has a possible obligation as a result of past events, or where the University College has a present obligation as a result of past events, but where the transfer of economic benefit to settle the obligation is not probable, or the amount of the liability cannot be measured with sufficient reliability. Contingent liabilities are disclosed in the notes to the financial statements.

INCOME AND EXPENDITURE ACCOUNT

	<u>Notes</u>	<u>2011</u> £	<u>2010</u> £
INCOME			
Funding Council Grants	1	11,169,379	12,710,129
Tuition Fees and Education Contracts	2	7,600,518	7,557,799
Research Grants and Contracts	3	275,091	212,209
Other Operating Income	4	2,171,769	2,146,597
Interest Receivable		135,428	123,157
Total Income		<u>21,352,185</u>	<u>22,749,891</u>
EXPENDITURE			
Staff Costs	5	12,646,116	11,810,939
Other Operating Expenses	6	6,857,241	7,752,846
Depreciation	7	512,180	564,047
Interest Payable	8		-
Total Expenditure		<u>20,015,537</u>	<u>20,127,832</u>
SURPLUS FOR THE YEAR ON CONTINUING OPERATIONS		<u>1,336,648</u>	<u>2,622,059</u>

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS

	<u>Notes</u>	<u>2011</u> £	<u>2010</u> £
Surplus after Depreciation of Assets at Valuation		1,336,648	2,622,059
Difference Between Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	15	<u>147,397</u>	<u>147,397</u>
Historical Cost Surplus		<u>1,484,045</u>	<u>2,769,456</u>

CONTINUING OPERATIONS

None of the University College's activities were acquired or permanently discontinued during the above two financial years.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>Notes</u>	<u>2011</u> £	<u>2010</u> £
Surplus on continuing operations		1,336,648	2,622,059
Actuarial loss in respect of pension scheme	20		
Change to revaluation reserve for demolished asset	14		(152,639)
Total recognised gains relating to the period		<u>1,336,648</u>	<u>2,469,420</u>
Reconciliation			
Opening reserves		20,311,580	17,842,160
Total recognised gains for the year		1,336,648	2,469,420
Closing reserves		<u>21,648,228</u>	<u>20,311,580</u>

BALANCE SHEET

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
		£	£
FIXED ASSETS			
Tangible Fixed Assets	7	19,457,836	13,546,005
Investments	9	<u>2</u>	<u>2</u>
		19,457,838	13,546,007
CURRENT ASSETS			
Stocks		16,886	27,976
Debtors	10	345,000	642,321
Short Term Deposits		9,500,000	13,250,000
Cash at Bank and in Hand		1,111,872	419,954
		<u>10,973,758</u>	<u>14,340,251</u>
CREDITORS: Amounts falling due within one year	11	<u>(4,878,597)</u>	<u>(4,356,152)</u>
NET CURRENT ASSETS		<u>6,095,161</u>	<u>9,984,099</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		25,552,999	23,530,106
CREDITORS: Amounts falling due after more than one year	11	(150,000)	(150,000)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(299,403)	(190,332)
NET PENSION LIABILITY	20	<u>-</u>	<u>-</u>
TOTAL NET ASSETS		<u>25,103,596</u>	<u>23,189,774</u>
DEFERRED CAPITAL GRANTS	13	3,455,368	2,878,194
RESERVES			
General reserve (excluding pension liability)		13,684,846	12,200,801
Pension liability	20	<u>-</u>	<u>-</u>
General reserve (including pension liability)	15	13,684,846	12,200,801
Revaluation Reserve	14	<u>7,963,382</u>	<u>8,110,779</u>
TOTAL RESERVES		<u>21,648,228</u>	<u>20,311,580</u>
		<u>25,103,596</u>	<u>23,189,774</u>

The financial statements on pages 22 to 33 were approved by the Board of Governors on 29 November 2011 and signed on their behalf by:

+ Bernard Longley

**Archbishop Bernard Longley
(Chair of Governors)**

Peter Rolf Lutzeier

**Professor Peter Rolf Lutzeier
(Principal and Governor)**

CASH FLOW STATEMENT

	<u>Notes</u>	<u>2011</u> £	<u>2010</u> £
Net Cash Inflow from Operating Activities	17a	3,173,540	2,263,195
Returns on Investments and Servicing of Finance	17b	135,428	123,157
Capital Expenditure and Financial Investment	17c	(6,424,010)	(485,222)
Cash Inflow before Use of Liquid Resources and Financing	17d	(3,115,042)	1,901,130
Management of Liquid Resources		3,750,000	(1,650,000)
Increase in Cash	17d	<u>634,958</u>	<u>251,130</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	<u>Notes</u>	<u>2011</u> £	<u>2010</u> £
Increase in Cash in the Period	17d	634,958	251,130
(Decrease)/Increase In Short Term Deposits	17d	(3,750,000)	1,650,000
Change in Net Funds		(3,115,042)	1,901,130
Net Funds at 1 August	17d	<u>13,598,410</u>	<u>11,697,280</u>
Net Funds at 31 July	17d	<u>10,483,368</u>	<u>13,598,410</u>

NOTES TO THE ACCOUNTS

1. TDA & HEFCE GRANTS

	<u>2011</u>	<u>2010</u>
	£	£
HEFCE Recurrent Grant	5,714,392	6,057,995
HEFCE Recurrent Research Grant	51,511	51,200
HEFCE Other Grants	204,727	320,983
TDA Recurrent Grant	4,047,110	4,537,521
TDA Other Grants	953,135	1,542,839
Deferred Capital Grants Released	198,504	199,591
	<u>11,169,379</u>	<u>12,710,129</u>

2. TUITION FEES AND EDUCATION CONTRACTS

UK Full-time Students	6,651,341	6,772,966
Non UK Full-time Students	32,900	27,275
UK Part-time Students	890,167	740,055
Examination Fees	10,625	15,523
Other Fees & Charges	15,485	1,980
	<u>7,600,518</u>	<u>7,557,799</u>

3. RESEARCH GRANTS & CONTRACTS

Research Grants	<u>275,091</u>	<u>212,209</u>
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4. OTHER OPERATING INCOME

Residences and Catering	1,000,170	1,027,528
Other Income	1,171,599	1,119,069
	<u>2,171,769</u>	<u>2,146,597</u>

5. STAFF COSTS

The average number of persons (including senior post-holders) employed during the year, expressed as full-time equivalents, was 318 (2010: 330). Payroll costs during the year were as follows:

	<u>2011</u>	<u>2010</u>
	£	£
Wages and Salaries		
Teaching Staff	6,419,191	6,015,452
Non Teaching Staff	4,143,917	3,716,190
Social Security Costs	867,274	870,323
Other Pension Costs	1,215,734	1,208,974
	<u>12,646,116</u>	<u>11,810,939</u>
	£	£
Emoluments of the Principal		
Remuneration	130,508	131,654
Pension contributions	18,402	18,563
Total Emoluments	<u>148,910</u>	<u>150,217</u>

Governors' Expenses

No governor has received any remuneration / waived payments from the University College during the year (2010: NIL). The total expenses paid to or on behalf of the governors was £727 (2010: £1,583). This represents travel and subsistence expenses incurred with respect to attendance at governor meetings and also expenses incurred with respect to the provision of relevant continuing professional development for governors.

6. OTHER OPERATING EXPENSES

	<u>2011</u> £	<u>2010</u> £
Other Operating Expenses include:		
Auditors' Remuneration: External Audit	19,200	15,450
Internal Audit	<u>15,339</u>	<u>15,925</u>

7. TANGIBLE FIXED ASSETS

	<u>Land and Buildings</u> £	<u>Equipment and Motor Vehicles</u> £	<u>Assets in the Course of Construction</u> £	<u>Total</u> £
Cost or valuation				
At 1 August 2010	11,250,000	-	-	11,250,000
Valuation	5,699,099	395,719	1,002,356	7,097,174
Cost			6,424,010	6,424,010
Additions				
Disposals				
At 31 July 2011	<u>16,949,099</u>	<u>395,719</u>	<u>7,426,366</u>	<u>24,771,184</u>
Valuation (1993)	11,250,000	-	-	11,250,000
Cost	5,699,099	395,719	7,426,366	13,521,184
	<u>16,949,099</u>	<u>395,719</u>	<u>7,426,366</u>	<u>24,771,184</u>
Depreciation				
At 1 August 2010	4,418,653	382,515	-	4,801,169
Charge for the year	498,976	13,204	-	512,180
Disposals				
At 31 July 2011	<u>4,917,629</u>	<u>395,719</u>	<u>-</u>	<u>5,313,349</u>
Written down values:				
At 31 July 2011	<u>12,031,470</u>	<u>-</u>	<u>7,426,366</u>	<u>19,457,836</u>
At 31 July 2010	<u>12,530,445</u>	<u>13,204</u>	<u>1,002,356</u>	<u>13,546,005</u>

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly, the book values at implementation have been retained.

Land and buildings were valued in 1993 at depreciated replacement cost by a firm of independent chartered surveyors.

8. INTEREST PAYABLE

	<u>2011</u>	<u>2010</u>
	£	£
Pension finance costs	-	-

9. INVESTMENTS

The University College holds 100% of the share capital of Newman Firmtrust Limited at a cost of £2 (2010: £2), which is a trading company that is incorporated and registered in England and Wales. The principal trading activities of the company are the provision of conference and other facilities at Newman University College. The company was dormant during the year ended 31 July 2011.

The following is a summary of financial information in respect of the subsidiary at 31 July 2011:-

	<u>2011</u>	<u>2010</u>
	£	£
Capital and reserves	(1,984)	(1,984)

10. DEBTORS

	<u>2011</u>	<u>2010</u>
	£	£
Fees and Services	253,463	381,663
Prepayments and Accrued Income	75,775	244,899
Amount due from subsidiary undertaking	15,762	15,759
	<u>345,000</u>	<u>642,321</u>

11. CREDITORS

	<u>2011</u>	<u>2010</u>
	£	£
AMOUNTS FALLING DUE WITHIN ONE YEAR:		
Bank overdraft	128,504	71,544
Trade and Other Creditors	1,111,173	991,682
Payments received in advance		
TDA grants	529,928	351,897
HEFCE grants	50,000	819,863
Other	330,630	183,172
Social Security and Other Taxation Payable	266,605	278,213
Accruals	2,461,757	1,659,781
	<u>4,878,597</u>	<u>4,356,152</u>

	<u>2011</u>	<u>2010</u>
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:		
HEFCE Revolving Green Fund	<u>150,000</u>	<u>150,000</u>

12. PROVISION FOR LIABILITIES AND CHARGES

	Enhanced <u>Pensions</u>	Other <u>Provisions</u>	<u>Total</u>
	£	£	£
At 1 August	128,976	61,356	190,332
Transfer from Income and Expenditure Account	(9,573)	118,644	109,071
At 31 July	<u>119,403</u>	<u>180,000</u>	<u>299,403</u>

Other Provisions include costs associated with claims from contractors for estates works, negotiations around which are ongoing.

13. DEFERRED CAPITAL GRANTS

	<u>Buildings</u>	Furniture & <u>Equipment</u>	2011 <u>Total</u>	2010 <u>Total</u>
	£	£	£	£
Funding Council				
Balance at 1 August	2,863,587	14,607	2,878,194	2,075,429
Received during year	775,678	-	775,678	1,002,356
Released to income and expenditure account in year	(195,583)	(2,921)	(198,504)	(199,591)
Balance at 31 July	<u>3,443,682</u>	<u>11,686</u>	<u>3,455,368</u>	<u>2,878,194</u>

14. REVALUATION RESERVE

	2011 £	2010 £
Revaluations		
At 1 August and 31 July	<u>10,768,969</u>	<u>10,768,969</u>
Contributions to Depreciation		
At 1 August	2,658,190	2,358,154
Released in year	147,397	147,397
Release for library demolition		152,639
At 31 July	<u>2,805,587</u>	<u>2,658,190</u>
Net Revaluation Amount		
At 31 July	<u>7,963,382</u>	<u>8,110,779</u>

15. GENERAL RESERVES

	<u>2011</u>	<u>2010</u>
	£	£
Income and Expenditure Account		
Balance at 1 August	12,200,801	9,431,345
Surplus for the year	1,336,648	2,622,059
Actuarial (loss)/gain on pension scheme	-	-
Release from Revaluation Reserve (Note 14)	<u>147,397</u>	<u>147,397</u>
Balance at 31 July	<u>13,684,846</u>	<u>12,200,801</u>
Balance represented by:		
Pension reserve		-
Reserve excluding pension reserve	<u>13,684,846</u>	<u>12,200,801</u>
	<u>13,684,846</u>	<u>12,200,801</u>

16. CONTINGENT LIABILITY

Exchequer interests (representing the contributions made by HEFCE towards the construction and refurbishment of University College buildings) amounted to £3,456,861 as at 31 July 2011. Exchequer interests are amortised over 10-15 years and are repayable only in the event of insolvency or a significant reduction on the level of HEFCE-funded activity.

In the event of a substantial change in the mission of the University College to the effect that the University College is no longer concerned with the provision of education as a Catholic institution, the University College may be liable to pay an amount to the Catholic Education Service of up to 25% of the value of the premises. It is not possible to quantify the amount of the contingent liability.

17. NOTES TO CASH FLOW STATEMENT

(a) Reconciliation of surplus on continuing operations to net cash inflow from operating activities	<u>2011</u>	<u>2010</u>
	£	£
Surplus on continuing operations	1,336,648	2,622,059
Depreciation charges	512,180	564,046
Interest receivable	(135,428)	(123,157)
Pension costs less contributions payable	-	(309,000)
Deferred capital grant received in year	775,678	1,002,356
Release of capital grant	(198,504)	(199,591)
Decrease in stocks	11,090	3,307
Decrease/(increase) in debtors	297,321	(311,146)
Increase/(decrease) in creditors	465,484	(305,291)
Increase/(decrease) in provisions	<u>109,071</u>	<u>(680,388)</u>
Net cash inflow from operating activities	<u>3,173,540</u>	<u>2,263,195</u>
(b) Returns on investments and servicing of finance	<u>2011</u>	<u>2010</u>
	£	£
Interest received	<u>135,428</u>	<u>123,157</u>
(c) Capital expenditure and financial investments	<u>2011</u>	<u>2010</u>
	£	£
Tangible fixed assets acquired (Note 7)	<u>6,424,010</u>	<u>485,222</u>

(d) Analysis of changes in net funds

	At 31 July 2010 £	Cash Flows £	At 31 July 2011 £
Cash at Bank and in Hand	348,410	634,958	983,368
Short Term Deposits	13,250,000	(3,750,000)	9,500,000
	<u>13,598,410</u>	<u>(3,115,042)</u>	<u>10,483,368</u>

18. STUDENT NUMBERS

The number of students attending courses

(excluding short courses) at the University College were:

	<u>2011</u>	<u>2010</u>
Full-time	2105	2157
Part-time	1007	895
	<u>3112</u>	<u>3052</u>

19. ACCESS TO LEARNING FUND

	<u>2011</u> £	<u>2010</u> £
Balance at 1 August	3,092	12,214
Net Funding Council Grants	113,795	120,173
Disbursed to Students	(130,930)	(125,529)
Administrative costs	14,043	(3,766)
Balance at 31 July	<u>0</u>	<u>3,092</u>

20. PENSION SCHEMES

The three pension schemes for the University College's staff are the Teachers' Pension Scheme (TPS) the Scottish Equitable Pension Scheme (SEPS) and the Norwich Union Pension scheme (NUPS). The assets of the schemes are held in separate administered funds.

	<u>2011</u> £	<u>2010</u> £
Total pension cost for the year		
Teachers Pension Scheme: contributions paid	841,159	849,265
Norwich Union Pension Scheme: contributions paid	369,418	348,017
Scottish Equitable Pension Scheme: contributions paid	4,228	4,179
Enhanced pension (release) / charge to Income and Expenditure Account (staff costs)	-	7,513
Total Pension Cost for Year	<u>1,214,805</u>	<u>1,208,974</u>
Made up of:		
Employee costs	1,214,805	1,208,974
Finance costs	-	-
Total Pension Cost for Year	<u>1,214,805</u>	<u>1,208,974</u>

(a) TPS

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The regulations under which TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local education authorities and also to teachers in many independent and voluntary-aided schools and establishments of further and higher education. Teachers are able to opt out of the TPS.

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

Latest actuarial valuation 31 March 2004

Actuarial method: project benefits

Investment returns per annum 6.5% per annum

Salary scale increases per annum 5.0% per annum

Notional value of assets at date of last valuation £162,650 million

Proportion of members' accrued benefits covered by the notional value of the assets 98.88%.

Following the implementation of Teacher's Pension (Employers' supplementary contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 August 2006 to 31 July 2007 the employer contribution was 14.1%. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The University College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The University College has set out above the information available on the deficit in the scheme and the implications for the University College in terms of the anticipated contribution rates.

(b) SEPS & NUPS

The SEPS and NUPS operated by the University College are defined contribution schemes designed to provide retirement benefits for any of its permanent employees who elect to join the schemes. The assets of the scheme are independent of the University College's finances. The pension costs charged to the income and expenditure account (Note 5), represent contributions payable by the University College to the scheme.

In addition, until 2010 the University College was a member of the West Midlands Metropolitan Authorities Superannuation Fund (WMMASF).

21. CAPITAL COMMITMENTS

	<u>2011</u> £	<u>2010</u> £
Contracted but not provided for at 31 st July	<u>5,181,866</u>	<u>124,871</u>

22. RELATED PARTY TRANSACTIONS

During the year the University College recharged its wholly owned subsidiary, Newman Firmtrust Limited, NIL (2010: NIL). During the year the University College incurred a management charge of NIL (2010: NIL) from Newman Firmtrust Limited. Total indebtedness by the company to the University College at 31 July 2011 was £15,762 (2010: £15,759). There were no other related party transactions.