



**NEWMAN UNIVERSITY**  
**(previously Newman University College)**

**Reports and Financial Statements**  
**For the Year Ended**  
**31 July 2013**

**Registered Charity Number: 1110346**  
**Registered Company Number: 05493384**

CONTENTS

<b>Newman University .....</b>	<b>3</b>
<b>Report of the Council .....</b>	<b>5</b>
<b>Corporate Governance .....</b>	<b>13</b>
<b>Responsibilities of Council Members .....</b>	<b>16</b>
<b>Report of the Independent Auditors to Council .....</b>	<b>18</b>
<b>Statement of Principal Accounting Policies .....</b>	<b>20</b>
<b>Income and Expenditure Account.....</b>	<b>23</b>
<b>Statement of Historical Cost Surpluses and Deficits.....</b>	<b>23</b>
<b>Statement of Total Recognised Gains and Losses .....</b>	<b>24</b>
<b>Balance Sheet .....</b>	<b>25</b>
<b>Cash Flow Statement .....</b>	<b>26</b>
<b>Reconciliation of Net Cash Flow to Movement in Net Funds .....</b>	<b>26</b>
<b>Notes to the Accounts.....</b>	<b>27</b>

## **NEWMAN UNIVERSITY**

### **CONSTITUTION**

The conduct of the University's affairs during the year is governed by an Instrument and Articles of Government, approved by the Privy Council in 2013. The University is a charitable company limited by guarantee (Charity No. 1110346).

On 11 February 2013 the company name was changed to Newman University.

### **Council Members and their interests**

The Council Members serving during the year to 31 July 2013 and up to the date of approval of these financial statements were:

Chair of the Council	Miss S Pain (appointed 20 June 2013) Archbishop B Longley (until 20 June 2013)
Independent Council Members – Catholic Members	Mr G Alexander (appointed 28 November 2012, Vice Chair from September 2013) Mr C Beesley (Chair of Finance & General Purposes Committee until December 2012) Rev Canon D Evans Dr C MacKenzie Ms D Mattison (Chair of Audit Committee from June 2013) Mrs M McConnell (resigned 20 June 2013) Rev P Rogerson (Vice Chair of the Council until September 2013 & Chair of the Nominations Committee) Dr J Shera (resigned 14 March 2013) Mrs R Thorp
Independent Council Members – non-Catholic Members	Mrs S Barratt Professor A Cashmore (Chair of the Audit Committee until May 2013) Mr S Costa Mr M Davies (Chair of the Finance & General Purposes Committee from January 2013) Dr M Goodwin (appointed 28 November 2012)
Council Members – Ex-Officio	Professor P R Lutzeier Archbishop B Longley (from 20 June 2013)
Staff Council Members	Ms S Parkes (appointed 10 October 2012) Mrs C Millington
Student Council Member	Mr D Ivory (appointed 28 November 2012)

The Council Members received no remuneration during the year.

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

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

**PRINCIPAL ADDRESS**

Newman University  
Genners Lane  
Bartley Green  
Birmingham  
B32 3NT

**VICE-CHANCELLOR & PRINCIPAL**

Professor P R Lutzeier

**BANKERS**

National Westminster Bank Plc  
Commercial Banking  
4th Floor, 2 St Philip's Place  
Birmingham  
B3 2BB

**SOLICITORS**

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

SGH Martineau  
No 1 Colmore Square  
Birmingham  
B4 6AA

**AUDITORS**

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

(External) Grant Thornton UK LLP  
Colmore Plaza  
20 Colmore Circus  
Birmingham  
B4 6AT

## **REPORT OF THE COUNCIL**

The Council is pleased to present its report and the accounts of the University for the year ended 31 July 2013.

### **PRINCIPAL ACTIVITY**

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

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

### **OPERATING AND FINANCIAL REVIEW**

#### **Introduction**

Newman University (previously Newman University College) is named after The Blessed John Henry Newman (1801-90). His own journey of mind and heart, across the 19th century, engaged him with all the great issues, political, social, and religious, of his day and provoked him to give a fresh reading of the meaning and development of religious faith and understanding.

He was a competent musician, a poet and novelist, a pastor in a parish, a historian, a philosopher of religion and he made one of the greatest contributions to the debate on higher education in his book 'The Idea of the University defined and illustrated', published in 1852. He argued that the role of the university is to train the mind rather than to merely fill it with information. We celebrate his belief that heart speaks to heart, as well as mind to mind, and that our real understanding of the world and of ourselves is not purely conceptual but depends on a sensibility that is only developed through generously shared times and insights. He saw the need for wisdom as much as knowledge and we feel this is as important today as it was when he first proposed it. His creative and lively mind attempted, in pamphlets, sermons, talks and books, to map the process by which men and women come to knowledge and truth. His explorations of the human intellectual and spiritual journey anticipated much of the contemporary work on multiple modes of intelligence and understanding. While involved in some of the most demanding debates of his time he remained open and available to the people of Birmingham who came to him for advice and instruction. At his funeral the streets of Birmingham were lined with thousands, the rich and poor, the famous and the unknown, whose lives he had touched and inspired. He died a Cardinal of the Catholic Church, a great intellectual, honoured internationally; but it was his ability to touch, enlighten and enrich the hearts of so many, from so many different walks of life, that make him such a fitting patron for us and for our mission to provide inclusive higher education of academic excellence in contemporary British society.

At Newman University, we have a long and proud tradition of providing high quality, formative education in a values-driven environment. This quality is reflected in the recent award of university title, which is a significant moment in the history of Newman. Although Newman has held its own degree-awarding powers for a number of years, the requirement for universities to have at least 4,000 full-time students had previously prevented it using the universally-understood term of university. Newman welcomed the move to allow it to become a full university following the government's decision to abolish arbitrary size limits restricting the use of the term. Newman applied to the Privy Council for full University title which was granted in February 2013.

Founded in 1968 by the Catholic Education Service to train teachers, Newman University has significantly expanded its work into a range of other areas including single and joint honours degrees, both full and part-time, and work-based foundation degrees. Research and postgraduate study remain important areas of work at Newman University. 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.

## **Quality education**

As a student-centred university, Newman's challenging yet supportive learning environment enables students to engage with theories and concepts, discuss ideas and become independent learners and creative thinkers able to make a difference in the world. According to the National Student Survey (NSS) 2013 Newman University students rated it as the top university in England for quality of teaching, alongside Oxford University, and one of the top 10 universities in England and No 1 in the Cathedrals Group for overall student satisfaction. In addition, three subject areas - Initial Teacher Education, Sports Science and Theology - were rated in the top 10 in the UK for overall satisfaction, with History being rated as equal first with 100%.

The work placements available to all students are a very important part of Newman's degree programmes, allowing students to develop their skills and use the abilities they have developed in real world settings. This experience makes Newman graduates highly sought after by graduate employers. Newman has one of the highest graduate employment rates of UK universities; 93% of Newman graduates were employed or in further study 6 months after graduation, 2.9% ahead of the benchmark, according to the Destinations of Leavers from Higher Education (DLHE 2011/12) survey. Furthermore, the latest Which? Magazine University Guide placed Newman University as the top higher education institution in the West Midlands.

Newman University 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 has developed an outstanding reputation of achievement in this area. For example, the University exceeds nationally derived benchmarks for the recruitment of students from state schools and lower socio-economic groups and low participation neighbourhoods. According to the 2013 Sunday Times analysis Newman has the second highest proportion of students from state schools compared to all HEIs. The University offers a range of scholarships to support undergraduate study and these are targeted at students from lower income households and those with outstanding academic achievements.

## **Developments and highlights**

Newman continues to develop and improve its campus and facilities for students. As a result of our long-term programme of investment, students have access to our state-of-the-art library. This provides a modern and inspirational learning environment which lends itself to achieving the highest academic standards. In February, London 2012 Olympic medallist Kristian Thomas officially opened the St Chad building and library before demonstrating his gymnastic skills using Newman's digital motion capture technology in the new sport performance suite and refurbished community sports facilities.

The Children, Young People and Families Research Centre was launched in September 2012 and will contribute toward the generation of a wider strategic plan aimed at promoting innovatory research activities locally, nationally and internationally, and which will have a demonstrable impact on society (Mission of Service).

In March Newman University had the great honour of hosting the Cathedrals Group of Universities and University Colleges 25th Annual Choir Festival, which included eleven choirs from across the country performing at Symphony Hall, Birmingham. Soloists Caroline Lester (soprano) and Mark Saberton (baritone) joined the assembled choirs, with the performance conducted by Newman music tutor and choir director, Derek Wroughton.

Newman University continues to work hard in order to create a sustainable environment and is utilising the latest technology to control energy consumption. Newman received the silver award from EcoCampus, the environmental award scheme for the Higher Education sector, and aims to achieve the gold award by 2013. With the installation of a solar panel system across the campus, Newman now generates 2.5% of its own electricity from renewable sources with the potential to significantly increase this over the next 2-4 years.

Newman University is committed to building international connections as we are part of the long and proud history of Catholic education. We have established good links with our sister/brother institution in the US: Newman University Wichita in Kansas and we have a strategic partnership with Caritas Hong Kong and particularly Hong Kong Institute of Higher Education.

In addition, when Citizens UK was invited by a range of Birmingham's leaders to establish an alliance of civil society groups within the City, Newman made a pledge to be a founding member. The vision is to build a diverse and independent alliance of civil society institutions that will act together for the common good of Birmingham.

### Financial review of the year

The University's Income, Expenditure and Results for the year to 31 July 2013 are summarised as follows:

	<u>2012/13</u> £'000	<u>2011/12</u> £'000
Income	20,310	20,795
Expenditure	<u>18,687</u>	<u>19,646</u>
Surplus	1,623	1,149
Transfer from Revaluation Reserve in respect of depreciation of revalued assets	<u>147</u>	<u>147</u>
Surplus for the year on an Historical Cost Basis	<u><u>1,770</u></u>	<u><u>1,296</u></u>

The University's total income in 2012/13 of £20.3 million has decreased by 2.33% 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 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 Council's 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'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 has broadly achieved its key performance indicators, the data for which is within the audited financial statements.

Key performance indicator	2012/13 Target	2012/13 Achievement	2011/12 Achievement
Student Numbers – TDA	705	679	750
Student Numbers – HEFCE SNC and AAB+	455	444	514
Historical Cost Surplus	3% (min)	8.7%	6.4%
Pay costs / income	65% (max)	58%	58%
Debt servicing costs	4% (max)	0.29%	0%
Minimum cash levels	£1.0m	£5.9m	£4.4m



## **The context for higher education**

Newman University makes a regular assessment of the risk factors in the external environment which may impact on the University. 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 Council Members and Executive are in close contact to ensure that the University's finances are appropriately monitored and managed.

In June 2013, Newman University announced its tuition fees for 2014 following consultation with a range of stakeholders including the Students' Union. As a student centred University, with strong Catholic values, Newman is committed to providing a values driven, formative university education, available to people from all backgrounds. With this in mind, Newman decided not to charge maximum fees possible for single or joint honours courses 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 an additional one and a half years to complete their course.

A fundamental part of Newman University'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. Newman Scholarship Schemes have been introduced to provide financial support for up to 20% of full-time students, and a contextualised admissions process has already 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 will work to attract students from minority groups not currently engaged in higher education. Student numbers show a decline in 2012/13 reflecting the impact of funding and other government policy changes. The demand for programmes remains healthy reflecting Newman's belief that its portfolio, which combines academic rigour with professional orientation, will be attractive in the current climate

Developing a much clearer 'university' identity and providing up-to-date resources is seen as essential to maintaining recruitment and improving retention and standards in the longer term. This was a key driver in the decision to invest £20m in the campus over 3 years. 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, 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 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, as well as with Northern Guild and Holy Cross Sixth Form College and University Centre, all of which serve as important partnerships for the University. 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). Youth Work students can gain professional recognition from the Joint Negotiating Committee (JNC)

Newman University 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 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. Submissions to REF 2014 will be made in more Units of Assessment than previously and the total of staff to be submitted has increased significantly. Currently, there are six research active groups across the institution representing a range of specialisations.

Newman University provides many of the new teachers for Birmingham and the West Midlands particularly, although not exclusively, for Catholic schools. In addition, the University offers continuing professional development programmes for serving teachers. The University was part of the regional consortium providing the Masters in Teaching and Learning for the Teaching Agency (TA), 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 started in January 2012 and provides 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's operations expose it to a variety of financial risks including the effects of changes in credit risk and liquidity risk. The University 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'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's financial instruments can be analysed as follows:

### **Credit risk**

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

The University'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'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'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 has no significant concentration of credit risk, with exposure spread over a large number of counter parties and customers.

### **Liquidity risk**

The University's policy has been to ensure continuity of funding through acquiring the University's fixed assets via generation of cash from its operating activities. The University has loan facilities in place, which it intends to utilise in the future as part of the University asset strategy, and to ensure the University 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 currently has less than £1m of debt which is serviced at a floating rate. The Council monitors the overall level of borrowings, interest costs and hedging strategy 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 continues and that appropriate training is arranged. It is the policy of the University 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.

In 2011 the Governing body adopted a Single Equality Scheme, which was developed in recognition of the interrelated nature of equalities legislation and in response to the Equality Act 2010 and the Public Sector Equality Duty, which require institutions to work to promote equality and eliminate discrimination in all its activities; this is reviewed by the Equality & Diversity Committee and reported on as appropriate. It is the policy of the University that all staff are required to undertake relevant equality and diversity training. The Council 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 places considerable value on the involvement of its employees and on good communication with them. The Human Resources Department and Academic Practice Unit are responsible for establishing training programmes at all levels of the institution.

Staff are encouraged to be involved in the University's committees, with a view to assuring full participation by staff members in all levels of organisational decision-making. The University 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'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 endeavours to include and abide by specific payment terms.

## **FUTURE DEVELOPMENTS**

The mission of the University has always been to provide high quality accessible academic and professional education based on respect for others, social justice and equality. Newman University 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 Council is charged with the responsibility of setting the strategic direction of the University 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. 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. A new strategic plan covering the period 2014-2020 will be approved during 2013/14. As a student-centred institution, Newman is committed to 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.

Newman University is moving towards a new curriculum structure from 2014/15 based on modules of 20 credits, rather than the current 15 credit structure, and we have reviewed our course portfolio to ensure we continue to offer courses that are in demand by students. As a result, Newman has reviewed the current arrangements in the combined honours programme which has been showing a significant decline in popularity in line with similar trends for combined programmes in arts, social

sciences and humanities subjects in other universities. This has led to a significant decrease in subject combinations and a step towards the creation of more coherent honours programmes.

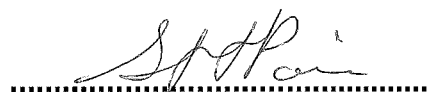
As expected, the commitment to teacher education, for both Catholic and non-Catholic schools, remains at the heart of the mission and future planning of the University.

Newman University remains deeply committed to the goals of widening access to, and participation in, higher education, offered in flexible programmes of different kinds. The University 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 Council is confident of the security of the University's position. With a healthy outturn on the year, reasonable cash reserves and a limited 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 Council Members thank the staff for their commitment to this shared endeavour, and for their many successes in the year.

#### **Auditors**

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



**Ms Sophia Pain**  
**(Chair of the Council)**



**Professor Peter Rolf Lutzeier**  
**(Vice-Chancellor and Principal/Council Member)**

Date of Approval: 28 November 2013

## **CORPORATE GOVERNANCE**

Throughout the year ended 31 July 2013, the University 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 universities.

Newman University is an independent Roman Catholic institution which was granted taught degree awarding powers by the Privy Council in 2007 and full university status in 2013. The Privy Council subsequently twice approved amendments to the Memorandum and Articles of Association in 2007 and 2013.

Over the past few years, the University has complied with the Guide for Members of Higher Education Governing Bodies in England and Wales that was re-issued by the Committee of University Chairmen in 2004 apart from some issues reflecting its church foundation where the Board sought to comply with the spirit of the Guide. In 2013 version of the Articles of Association, however, the University has moved to closer compliance with the Guide. The Archbishop of Birmingham is no longer the ex-officio Chair of the Board and a lay chair will now take up a role comparative with that outlined in the Guide. The new Articles of Association require the University to have a Council and a Senate, each with clearly defined functions and responsibilities, to oversee and manage its activities.

The Council, as constituted by the University's Articles of Association, comprises fourteen external independent Council Members. The Archbishop of Birmingham and the Vice-Chancellor and Principal are ex officio members and there are two Members elected by the staff of the University and one student Member elected by the student body. The roles of Chair and Vice-Chair of the Council are separated from the role of the University's Chief Executive, the Vice-Chancellor and Principal. The matters especially reserved to the Council for decision are set out in the Articles of Association. The Council, which holds to itself the responsibilities for the ongoing strategic direction of the University, the approval of major developments and the receipt of regular reports from the University Senior Management Team on the day-to-day operations of its business, meets at least four times a year.

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

The Finance and General Purposes Committee recommends to the Council the University'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 Senior Management Team (who are appointed by the Council) 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's systems of internal control, together with management's responses and implementation plans. It also receives and considers reports from the National College for Teaching and Leadership and the Higher Education Funding Council for England (HEFCE) as they affect the University's business and monitors adherence to the regulatory requirements. It reviews the University's annual financial statements, together with the accounting policies. The Vice-Chancellor and Principal, Director of Finance and Corporate Services and the Clerk to the Council 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 at every meeting.

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

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

The Vice-Chancellor and Principal is the chief executive officer of the University and has a general responsibility to the Council for the organisation, direction and management of the institution. Under the terms of the formal Funding Agreement with the National College for Teaching and Leadership and the Financial Memorandum between the University and the HEFCE, the Chief Executive is the Lead Accounting Officer for the University, the Vice-Chancellor and 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 maintains a Register of Interests of members of the Council and senior officers of the University, which may be consulted by prior arrangement with the Clerk to the Council. In accordance with the Articles of Association, the University Secretary and Registrar has been appointed as Clerk to the Council; her job description contains separate responsibilities for each of these posts. As Clerk to the Council, she provides independent advice on matters of governance to all Council Members.

#### **STATEMENT ON INTERNAL CONTROL**

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University 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's Council is responsible for the University'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 Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, that it has been in place for the year ended 31 July 2013 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Council 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 Council the University'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 Vice-Chancellor and 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 Council and its committees.

In June 2010 the University 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 was 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 Council'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 Council 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 has:

- considered risk at meetings of the Senior Management Team, Newman Management Team, and Senate;
- 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.

The key elements of the University'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 Council;
- comprehensive financial regulations, detailing financial controls and procedures, approved by the Audit Committee and the Council; and
- a professional Internal Audit Service whose annual programme is approved by the Audit Committee, and endorsed by the Council, and whose head provides the Council with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control, which operates to standards defined in the HEFCE Audit Code of Practice (2004).



**Sophia Pain**  
**(Chair of the Council)**



**Professor Peter Rolf Lutzeier**  
**(Vice-Chancellor and Principal/ Council Member)**

Date of Approval: 28 November 2013

## **RESPONSIBILITIES OF THE COUNCIL MEMBERS**

In accordance with the University's Articles of Association, the Council is responsible for the administration and management of the affairs of the University and are required to present audited financial statements for each financial year.

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

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University, to enable them to ensure that the financial statements are prepared in accordance with the University's Articles of Association, 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 Agreement agreed between the NCTL and the Council of the University, and the Funding Memorandum agreed between the HEFCE and the Council of the University, and in accordance with the Companies Act 2006, the Council, through its 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 and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Council:

- ensures suitable accounting policies are selected and applied consistently;
- makes judgements and estimates are made that are reasonable and prudent;
- states 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 will continue in operation.

The Council is satisfied that the University 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 Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University 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 and to prevent and detect fraud and other irregularities.

The Council has taken reasonable steps to:

- ensure that funds from the NCTL, HEFCE and other funding bodies 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 NCTL and any other conditions which the NCTL 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 and prevent and detect fraud; and
- secure the economic, efficient and effective management of the University's resources and expenditure.



### **Disclosure of information to auditors**

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

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

Approved on behalf of the Council by:

.....  


**Sophia Pain**  
**(Chair of the Council)**

.....  


**Professor Peter Rolf Lutzeier**  
**(Vice-Chancellor and Principal/Council Member)**

Date of Approval: 28 November 2013

## **INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF NEWMAN UNIVERSITY (PREVIOUSLY NEWMAN UNIVERSITY COLLEGE)**

We have audited the financial statements of Newman University (previously Newman University College) (the 'University') for the year ended 31 July 2013 which comprise the statement of principal accounting policies, the income and expenditure account, the statement of historical cost surpluses and deficits, the statement of total recognised gains and losses, the balance sheet, 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).

This report is made solely to the Governing Body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 124B (4) of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992. Our audit work has been undertaken so that we might state to the University'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 University and its Governing Body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF GOVERNING BODY AND AUDITOR**

As explained more fully in the Governing Body's Responsibilities Statement on pages 16 and 17, 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 as auditor under the Companies Act 2006 and the Education Reform Act 1988 and report in accordance with regulations made under 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.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/apb/scope/private.cfm](http://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 University's affairs as at 31 July 2013 and of its incoming resources and application of resources, including its income and expenditure, recognised gains and losses and cash flows 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Report of the Council for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **OPINION ON OTHER MATTERS PRESCRIBED BY HEFCE'S FINANCIAL MEMORANDUM DATED JULY 2010**

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation; and

- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required 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.

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion, the Statement of Internal Control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the University.



**Kyla Bellingall**

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

**Birmingham**

**Date:** 29 November 2013

## **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, 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 and its cashflow are described in the Financial Statements and accompanying notes.

The University'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 Council has a reasonable expectation that the University has 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 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'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 Council 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 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 31<sup>st</sup> 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 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 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 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 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 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 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 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 has a possible obligation as a result of past events, or where the University 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>2013</u> £	<u>2012</u> £
<b>INCOME</b>			
Funding Council Grants	1	6,556,459	10,989,673
Tuition Fees and Education Contracts	2	11,551,984	7,705,337
Research Grants and Contracts	3	98,460	206,055
Other Operating Income	4	2,056,661	1,817,855
Interest Receivable		46,674	76,616
Total Income		<u>20,310,238</u>	<u>20,795,536</u>
<b>EXPENDITURE</b>			
Staff Costs	5	11,683,026	11,984,890
Other Operating Expenses	6	6,052,816	6,818,318
Depreciation	7	933,059	843,038
Interest and other finance costs	8	18,108	-
Total Expenditure		<u>18,687,009</u>	<u>19,646,246</u>
<b>SURPLUS FOR THE YEAR ON CONTINUING OPERATIONS</b>			
		<u>1,623,229</u>	<u>1,149,290</u>

### STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

	<u>Notes</u>	<u>2013</u> £	<u>2012</u> £
Surplus after Depreciation of Assets at Valuation		1,623,229	1,149,290
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>1,770,626</u>	<u>1,296,687</u>

### CONTINUING OPERATIONS

None of the University's activities were acquired or permanently discontinued during the above two financial years. All operations are continuing

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<u>Notes</u>	<u>2013</u> £	<u>2012</u> £
Surplus on continuing operations		1,623,229	1,149,290
Total recognised gains relating to the period		<u>1,623,229</u>	<u>1,149,290</u>
<b>Reconciliation</b>			
Opening reserves		22,797,518	21,648,228
Total recognised gains for the year		1,623,229	1,149,290
Closing reserves		<u>24,420,747</u>	<u>22,797,518</u>



# BALANCE SHEET

	Notes	2013	2012
		£	£
<b>FIXED ASSETS</b>			
Tangible Fixed Assets	7	24,984,377	25,097,304
Investments	9	2	2
		<u>24,984,379</u>	<u>25,097,306</u>
<b>CURRENT ASSETS</b>			
Stocks		22,832	23,233
Debtors	10	530,370	361,397
Short Term Deposits		5,007,112	3,900,000
Cash at Bank and in Hand		880,210	518,078
		<u>6,440,524</u>	<u>4,802,708</u>
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>(2,785,792)</u>	<u>(3,538,875)</u>
<b>NET CURRENT ASSETS</b>		<u>3,654,732</u>	<u>1,263,833</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>28,639,111</u>	<u>26,361,139</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	11	<u>(1,025,001)</u>	<u>(150,000)</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	<u>(99,240)</u>	<u>(151,474)</u>
<b>NET PENSION LIABILITY</b>	20	<u>-</u>	<u>-</u>
<b>TOTAL NET ASSETS</b>		<u>27,514,870</u>	<u>26,059,665</u>
<b>DEFERRED CAPITAL GRANTS</b>	13	<u>3,094,123</u>	<u>3,262,147</u>
<b>RESERVES</b>			
General reserve	15	<u>16,752,159</u>	<u>14,981,533</u>
Revaluation Reserve	14	<u>7,668,588</u>	<u>7,815,985</u>
<b>TOTAL RESERVES</b>		<u>24,420,747</u>	<u>22,797,518</u>
		<u>27,514,870</u>	<u>26,059,665</u>

The financial statements on pages 20 to 33 were approved by Council on 28 November 2013 and signed on their behalf by:



**Sophia Pain**  
(Chair of Council)



**Professor Peter Rolf Lutzeier**  
(Vice-Chancellor and Principal/ Council Member)

The accompanying accounting policies and notes form part of these financial statements.

Registered Company Number: 05493384

## CASH FLOW STATEMENT

	<u>Notes</u>	<u>2013</u> £	<u>2012</u> £
Net Cash Inflow from Operating Activities	17a	1,433,012	172,424
Returns on Investments and Servicing of Finance	17b	28,566	76,616
Capital Expenditure and Financial Investment	17c	(820,132)	(6,482,507)
Cash Outflow before Use of Liquid Resources and Financing			
Resources and Financing	17e	641,446	(6,233,467)
Management of Liquid Resources		(1,107,112)	5,600,000
Financing	17d	958,334	
(Decrease)/Increase in Cash	17e	<u>492,668</u>	<u>(633,467)</u>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	<u>Notes</u>	<u>2013</u> £	<u>2012</u> £
(Decrease)/Increase in Cash in the Period	17e	492,668	(633,467)
(Decrease)/Increase in Short Term Deposits	17e	1,107,112	(5,600,000)
Increase in financing	17e	(958,334)	-
Change in Net Funds		641,446	(6,233,467)
Net Funds at 1 August	17e	<u>4,249,901</u>	<u>10,483,368</u>
Net Funds at 31 July	17e	<u>4,891,347</u>	<u>4,249,901</u>

## NOTES TO THE ACCOUNTS

### 1. TDA & HEFCE GRANTS

	<u>2013</u>	<u>2012</u>
	£	£
HEFCE Recurrent Grant	4,001,313	5,498,291
HEFCE Recurrent Research Grant	24,531	42,303
HEFCE Other Grants	88,934	62,611
TDA Recurrent Grant	1,493,925	4,031,850
TDA Other Grants	713,286	1,120,671
Deferred Capital Grants Released	234,470	233,947
	<u>6,556,459</u>	<u>10,989,673</u>

### 2. TUITION FEES AND EDUCATION CONTRACTS

UK Full-time Students	10,375,432	6,630,141
Non UK Full-time Students	26,700	37,975
UK Part-time Students	1,100,893	997,462
Examination Fees	5,191	7,050
Other Fees & Charges	43,768	32,709
	<u>11,551,984</u>	<u>7,705,337</u>

### 3. RESEARCH GRANTS & CONTRACTS

Research Grants	<u>98,460</u>	<u>206,055</u>
-----------------	---------------	----------------

### 4. OTHER OPERATING INCOME

Residences and Catering	1,093,092	1,077,480
Other Income	963,569	740,375
	<u>2,056,661</u>	<u>1,817,855</u>

### 5. STAFF COSTS

The average number of persons (including senior post-holders) employed during the year, expressed as full-time equivalents, was 291 (2012: 299). Staff numbers for 2012 have been restated from 317 to 299. Payroll costs during the year were as follows:

	<u>2013</u>	<u>2012</u>
	£	£
Wages and Salaries		
Teaching Staff	5,592,744	5,688,740
Non Teaching Staff	4,075,607	4,195,355
Social Security Costs	852,558	857,836
Other Pension Costs	1,162,117	1,242,959
	<u>11,683,026</u>	<u>11,984,890</u>
	£	£
Emoluments of the Principal		
Remuneration	134,451	133,150
Pension contributions	18,958	18,774
Total Emoluments	<u>153,409</u>	<u>151,924</u>

## Council Members' Expenses

No Council member has received any remuneration / waived payments from the University during the year (2012: NIL). The total expenses paid to or on behalf of the Council Members was £1,379 (2012: £810). This represents travel and subsistence expenses incurred with respect to attendance at Council meetings and also expenses incurred with respect to the provision of relevant continuing professional development for members.

## 6. OTHER OPERATING EXPENSES

	<u>2013</u>	<u>2012</u>
	£	£
Other Operating Expenses include:		
Auditors' Remuneration: External Audit	20,520	19,680
Internal Audit	<u>17,152</u>	<u>18,617</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 2012				
Valuation	11,250,000	-	-	11,250,000
Cost	17,995,956	775,598	1,232,137	20,003,691
Additions	709,943	110,189		820,132
Transfer	<u>1,232,137</u>		<u>(1,232,137)</u>	-
At 31 July 2013	<u>31,188,036</u>	<u>885,787</u>	<u>-</u>	<u>32,073,823</u>
Valuation (1993)	11,250,000	-	-	11,250,000
Cost	<u>19,938,036</u>	<u>885,787</u>	<u>-</u>	<u>20,823,823</u>
	<u>31,188,036</u>	<u>885,787</u>	<u>-</u>	<u>32,073,823</u>
Depreciation				
At 1 August 2012	5,722,680	433,707	-	6,156,387
Charge for the year	<u>873,033</u>	<u>60,026</u>	<u>-</u>	<u>933,059</u>
At 31 July 2013	<u>6,595,713</u>	<u>493,733</u>	<u>-</u>	<u>7,089,446</u>
Written down values:				
At 31 July 2013	<u>24,592,323</u>	<u>392,054</u>	<u>-</u>	<u>24,984,377</u>
At 31 July 2012	<u>23,523,276</u>	<u>341,891</u>	<u>1,232,137</u>	<u>25,097,304</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

Interest and other finance costs relate to interest payable on the term loan.

## 9. INVESTMENTS

The University holds 100% of the share capital of Newman Firmtrust Limited at a cost of £2 (2012: £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. The company was dormant during the year ended 31 July 2013.

The following is a summary of financial information in respect of the subsidiary at 31 July 2013:

	<u>2013</u> £	<u>2012</u> £
Capital and reserves	<u>(1,984)</u>	<u>(1,984)</u>

## 10. DEBTORS

	<u>2013</u> £	<u>2012</u> £
Fees and services	449,849	251,678
Prepayments and accrued income	64,756	93,955
Amount due from subsidiary undertaking	<u>15,765</u>	<u>15,764</u>
	<u>530,370</u>	<u>361,397</u>

## 11. CREDITORS

	<u>2013</u> £	<u>2012</u> £
AMOUNTS FALLING DUE WITHIN ONE YEAR:		
Bank overdraft	37,640	168,177
Term Loan	83,333	-
Trade and other creditors	1,205,829	1,258,917
Payments received in advance		
NCTL grants	236,908	201,398
HEFCE grants	-	-
Other	148,666	196,142
Social security and other taxation payable	261,231	255,960
Accruals	<u>812,185</u>	<u>1,458,281</u>
	<u>2,785,792</u>	<u>3,538,875</u>

	<u>2013</u> £	<u>2012</u> £
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:		
HEFCE Revolving Green Fund	150,000	150,000
Term Loan	<u>875,001</u>	<u>-</u>
	<u>1,025,001</u>	<u>150,000</u>

A term loan of £1,000,000 was drawn down during the year, which is repayable in regular instalments totalling £83,333 per annum. The rate of interest on the loan is variable and based on 1.75% over LIBOR base rate.

INCLUDED WITHIN THE ABOVE ARE AMOUNTS FALLING DUE AS FOLLOWS:-

	2013 £	2012 £
Between one and two years: Term Loan	<u>166,666</u>	<u>-</u>
Between two and five years: Term Loan	<u>249,999</u>	<u>-</u>
More than five years: HEFCE Revolving Green Fund Term Loan	<u>150,000</u> <u>458,336</u> <u>608,336</u>	<u>150,000</u> <u>-</u> <u>150,000</u>

## 12. PROVISION FOR LIABILITIES AND CHARGES

	Enhanced Pensions £	Other Provisions £	Total £
At 1 August	109,634	41,840	151,474
Transfer from Income and Expenditure Account	<u>(10,394)</u>	<u>(41,840)</u>	<u>(52,234)</u>
At 31 July	<u>99,240</u>	<u>-</u>	<u>99,240</u>

Other Provisions include costs associated institutional restructuring.

## 13. DEFERRED CAPITAL GRANTS

	Buildings £	Furniture & Equipment £	2013 Total £	2012 Total £
Funding Council				
Balance at 1 August	3,252,798	9,349	3,262,147	3,455,368
Received during year	66,446	-	66,446	40,726
Released to income and expenditure account in year	<u>(232,600)</u>	<u>(1,870)</u>	<u>(234,470)</u>	<u>(233,947)</u>
Balance at 31 July	<u>3,086,644</u>	<u>7,479</u>	<u>3,094,123</u>	<u>3,262,147</u>

## 14. REVALUATION RESERVE

	2013 £	2012 £
Revaluations		
At 1 August and 31 July	<u>10,768,969</u>	<u>10,768,969</u>
Contributions to Depreciation		
At 1 August	2,952,984	2,805,587
Released in year	147,397	147,397
At 31 July	<u>3,100,381</u>	<u>2,952,984</u>
Net Revaluation Amount		
At 31 July	<u>7,668,588</u>	<u>7,815,985</u>

15. GENERAL RESERVES

	<u>2013</u>	<u>2012</u>
	£	£
Income and Expenditure Account		
Balance at 1 August	14,981,533	13,684,846
Surplus for the year	1,623,229	1,149,290
Depreciation released in the year	<u>147,397</u>	<u>147,397</u>
Balance	<u>16,752,159</u>	<u>14,981,533</u>

16. CONTINGENT LIABILITY

Exchequer interests (representing the contributions made by HEFCE towards the construction and refurbishment of University buildings) amounted to £2,750,032 as at 31 July 2013. 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 to the effect that the University is no longer concerned with the provision of education as a Catholic institution, the University 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>2013</u>	<u>2012</u>
	£	£
Surplus on continuing operations	1,623,229	1,149,290
Depreciation charges	933,059	843,038
Interest receivable	(46,674)	(76,616)
Interest payable	18,108	-
Deferred capital grant received in year	66,446	40,726
Release of capital grant	(234,470)	(233,947)
(Increase)/decrease in stocks	400	(6,347)
(Increase)/decrease in debtors	(168,973)	(16,397)
(Decrease)/increase in creditors	(705,879)	(1,379,394)
(Decrease)/increase in provisions	<u>(52,234)</u>	<u>(147,929)</u>
Net cash inflow from operating activities	<u>1,433,012</u>	<u>172,424</u>
(b) Returns on investments and servicing of finance	<u>2013</u>	<u>2012</u>
	£	£
Interest Received	46,674	76,616
Interest Paid	<u>(18,108)</u>	<u>-</u>
Net cash inflow from returns on investments and servicing of finance	<u>28,566</u>	<u>76,616</u>
(c) Capital expenditure and financial investments	<u>2013</u>	<u>2012</u>
	£	£
Tangible fixed assets acquired (Note 7)	<u>820,132</u>	<u>6,482,507</u>

(d) Financing	<u>2013</u>	<u>2012</u>
New term loan	1,000,000	-
Repayment of term loan	(41,666)	-
Net cash inflow from financing	<u>958,334</u>	<u>-</u>

(e) Analysis of changes in net funds

	At 31 July 2012 £	Cash Flows £	At 31 July 2013 £
Cash at Bank and in Hand	349,901	492,668	842,569
Short Term Deposits	3,900,000	1,107,112	5,007,112
Debt due within one year	-	(83,333)	(83,333)
Debt due after one year	-	(875,001)	(875,001)
	<u>4,249,901</u>	<u>641,446</u>	<u>4,891,347</u>

18. STUDENT NUMBERS

The number of students attending courses  
(excluding short courses) at the University were:

	<u>2013</u>	<u>2012</u>
Full-time	1,991	2,090
Part-time	835	1,062
	<u>2,826</u>	<u>3,152</u>

19. ACCESS TO LEARNING FUND

	<u>2013</u> £	<u>2012</u> £
Balance at 1 August	-	-
Net Funding Council Grants	102,292	109,033
Disbursed to Students	(109,731)	(111,503)
Administrative costs	7,439	2,470
Balance at 31 July	<u>-</u>	<u>-</u>

20. PENSION SCHEMES

The three pension schemes for the University'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>2013</u> £	<u>2012</u> £
Total pension cost for the year		
Teachers Pension Scheme: contributions paid	773,539	876,588
Norwich Union Pension Scheme: contributions paid	393,298	361,421
Scottish Equitable Pension Scheme: contributions paid	-	-
Total Pension Cost for Year	<u>1,166,837</u>	<u>1,238,009</u>
Made up of:		
Employee costs	1,166,837	1,238,009
Finance costs	-	-
Total Pension Cost for Year	<u>1,166,837</u>	<u>1,238,009</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 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%. The employee rate was 6.4% for the period to 31 March 2012 with rates between 6.4% and 8.8% depending on the member's salary from 1 April 2012. 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 is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The University has set out above the information available on the deficit in the scheme and the implications for the University in terms of the anticipated contribution rates.

(b) SEPS & NUPS

The SEPS and NUPS operated by the University 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's finances. The pension costs charged to the income and expenditure account (Note 5), represent contributions payable by the University to the scheme.

21. CAPITAL COMMITMENTS

	<u>2013</u>	<u>2012</u>
	£	£
Contracted but not provided for at 31 <sup>st</sup> July	-	737,860

22. RELATED PARTY TRANSACTIONS

The University has a wholly owned subsidiary, Newman Firmtrust Limited. Total indebtedness by the company to the University at 31 July 2013 was £15,764 (2012: £15,764). There were no other related party transactions.