



## **NEWMAN UNIVERSITY**

# **Reports and Financial Statements For the Year Ended 31 July 2016**

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

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## 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 UK charitable company limited by guarantee (Charity No. 1110346).

### Council Members and their interests

The Council Members serving during the year to 31 July 2016 and up to the date of approval of these financial statements were:

Chair of the Council	Mr J Day
Independent Council Members – Catholic Members	Mr G Alexander Dr J Carlisle Mr J Day Rev Canon D Evans Ms D Finucane Mr P Lennon (from April 2016) Ms D Mattison (Chair of Audit Committee until November 2015) Mrs R Thorp (Chair of Audit Committee from November 2015) Mr John Westwood (from November 2015)
Independent Council Members – non-Catholic Members	Mr S Costa (resigned September 2015) Mr M Davies (Chair of Finance & General Purposes Committee) Dr M Goodwin (Vice-Chair from June 2015) Mr S Kenny
Council Members – Ex-Officio	Professor P R Lutzeier Archbishop B Longley
Staff Council Members	Ms S Parkes Mr D Harris
Student Council Member	Mr James Westwood (until June 2016)

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) BDO LLP (from August 2015)  
Bridgewater House  
Finzels Reach  
Counterslip  
Bristol  
BS1 6BX

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

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## **REPORT OF THE COUNCIL (INCORPORATING THE STRATEGIC REPORT)**

The Council is pleased to present its report and the accounts of the University for the year ended 31 July 2016.

### **PRINCIPAL ACTIVITY**

The principal activity of the University in the year under review, in line with the University's objects, 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 is named after Blessed John Henry Cardinal 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 award of university title in February 2013, a significant moment in the history of Newman. This process of change to full university culminated in March 2014 with the appointment of our first Chancellor, Cardinal Murphy-O'Connor, the emeritus Archbishop of Westminster and former spiritual leader of the Catholic Church in England and Wales. As formal head of the University, he takes on a largely ceremonial role, carrying out ambassadorial and representative duties.

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) 2015, Newman University students rated Newman above the national average for the fourth consecutive year for Overall Satisfaction, putting us in the top 25 of all universities. With regard to the other categories, we are in the top quartile for 'Academic Support' and 'Personal Development', which supports our claims about formation. In relation to 'Learning and Teaching', for question 1 'Staff are good at explaining things' we are equal 7th in the country, i.e. top 10 and top quartile. In addition, Drama, English Studies and History all scored 100% for 'Overall Satisfaction' and are number 1 in the country.

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, with 95% of graduates employed or in further study 6 months after graduation.

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 latest Sunday Times analysis Newman has the 3rd highest working class intake, the 2<sup>nd</sup> highest state school intake, and 1 in 3 of Newman's students is a mature student. The University offers scholarships to support undergraduate study and these are targeted at students from lower income households and those with outstanding academic achievements. Newman also has three Article 26 students; students who have fled persecution and sought asylum in the UK. The University has also committed to support a Syrian refugee student. Newman University was named the safest university in Birmingham, according to official police data compiled by the independent Complete University Guide 2016.

## STRATEGIC REPORT

### Achievements and Performance

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 which significantly contributes to providing a modern and inspirational learning environment for achieving the highest academic standards. In addition Newman is currently investing in a further £22 million campus redevelopment, including a 108 room hall of residence. There are also plans in place to create new and improved teaching spaces, a rejuvenation of the Chapel and a new atrium area within the campus.

In June 2014, Newman University signed an agreement with Liverpool Hope University for them to validate Newman PhDs from September 2014. Following the award of taught degree awarding powers in 2007, and full university title in 2013, the next important phase of the academic development of the scholarly community of Newman University is gaining research degree awarding powers, and this partnership will contribute significantly to this objective.

In October 2015 researchers from Newman University, were awarded £1,873,000 by the Templeton Religion Trust to set up a research group team to examine the relationship between science and religion in society. Running until November 2017, the project aims to open up conversations around a number of key topics: the public reception of evolutionary science both historically and today; debates around science education in faith schools; the relationship between (new) atheist and creationist debates; and how diverse communities and faith groups in the UK and internationally engage with evolutionary science and STEM.

In July 2016 Newman University hosted the Children's University graduation ceremony for the first time. Children's University is a charitable trust that provides local 5-14 year olds with innovative learning activities and experiences outside of normal school hours, helping them broaden their horizons and develop new interests.

Newman University held an on-site Community Day in September 2015 for local residents and students alike. It involved a collaborative effort from the whole University and was to further strengthen Newman's connections with the local community, whilst showcasing the facilities, academic strengths and resources and letting people know about future campus development plans. The day was filled with activities such as health and wellbeing workshops, exhibitions from Bartley Green History Group, yoga relaxation for children and interactive lectures and debates. The event attracted very healthy numbers and helped to build awareness in the local community of Newman and its capabilities and talents.

Newman University continues to work hard in order to create a sustainable environment and is utilising the latest technology to control energy consumption. Following an audit by an independent assessor, Newman received the Gold award from Eco Campus, the environmental award scheme for the Higher Education sector. The University seeks to achieve the Platinum award in 2017. With the installation of further solar panel capacity across the campus, Newman now generates 5% of its own electricity from renewable sources with the potential to significantly increase this over the forthcoming 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 strategic partnerships with Caritas Hong Kong and Guangdong University in China. We are also an active member in the International Federation of Catholic Universities.

The University was a founding member of Citizens UK Birmingham, an alliance of civil society groups within the City, and continues to actively support and engage with the objective of the group. The vision is to build a diverse and independent alliance of civil society institutions that will act together for the common good of Birmingham.

### Key performance indicators

The University's main key performance indicators can be summarised as detailed below. Academic performance is more difficult to summarise in 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	2015/16 Target	2015/16 Achievement	2014/15 Achievement
Student Numbers (Home, full time)	1978	2097	1963
Surplus as % turnover	3% (min)	7.8%	7.0%
Pay costs / income	65% (max)	58%	60%
Debt servicing costs	4% (max)	0.42%	0.48%
Minimum cash levels	£2.5m	£12.8m	£11.6m

## Academic performance

The University has continued to be successful in relation to academic quality. Within the latest OFSTED inspection for Newman's School of Education all provision was rated as Grade 2, good (December 2015), 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 Halesowen College and South & City College, 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 Sport and Exercise Science programme is BASES accredited and its Youth and Community 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. Submissions to the Research Excellence Framework (REF) 2014 were made in more Units of Assessment than previously and the total number of staff submitted has increased significantly. Currently, there are six research active groups across the institution representing a range of specialisations. For the REF 2014, we entered 25 staff in six Units of Assessment; Psychology, Education, Sport & Exercise, Sciences, English Language and Literature, History and Theology and Religious Studies. All six Units were identified as having a percentage of internationally excellent (3\*) research in their overall quality profiles. This itself is a major accomplishment. Additionally, it is significant that three Units, Education, History and English, were also identified as having in their overall profiles a percentage of 4\* work, which is the highest category and denotes world-leading research.

Newman University has provided over 13,000 qualified teachers since 1968 for Birmingham, the West Midlands and further afield, particularly, although not exclusively, for Catholic schools. In addition, the University offers continuing professional development programmes for serving teachers. The very popular MA in Education recognises the importance of Postgraduate Professional Development (PPD), and of teaching becoming a master's level profession. The 2016 academic year saw the start of the first cohort of the Doctor of Education part-time course (validated by Liverpool Hope University), which will contribute to the University achieving Research Degree Awarding Powers (RDAP). Newman is also a founder member and regional centre of the new Teaching and Learning Academy and provides high quality accredited continuing professional development at all levels for schools and individual members of the schools' workforce, starting with its first cohort in September 2016.

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 review of the year

The University's Income, Expenditure and Results for the year to 31 July 2016 are summarised as follows:

	<u>2015/16</u> £'000	<u>2014/15</u> £'000
Income	23,961	21,678
Expenditure	<u>22,090</u>	<u>20,151</u>
Surplus on continuing operations	1,871	1,527
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>2,018</u></u>	<u><u>1,674</u></u>

The University's total income in 2015/16 of £23.9 million has increased by 10.5% on the previous year and effective cost control has enabled it 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.

### **Plans for Future Periods**

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 Chancellor in March 2014, Council approved a new Strategic Plan in June 2014 covering the period 2014-2020. 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: formation for students; formation for staff; research, enterprise and scholarship; collaborative partnerships and sustainable development. Newman, in line with its motto 'ex umbris in veritatem' (out of the shadows into truth), is committed to continued enhancement of its approach to formation for students and staff.

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 is one of the largest accredited providers of School Direct training in the West Midlands, working with Teaching School Alliances and individual schools at both primary and secondary levels. In 2012-2014 For Early Years Professional Status, Newman has progressed from being a member of a consortium for Early Years Professional Status, to becoming a stand-alone provider of Early Years Initial Teacher Training (EYITT), leading to Early Years Teacher Status (EYTS) which superseded EYPS. Following the first successful cohort in 2015, Newman applied for and was allocated 20 places for two postgraduate routes in 2016.

Looking ahead to the future Newman University will be gaining a new Vice-Chancellor, Professor Scott Davidson, in January 2017, following the retirement of Professor Peter Lutzeier, who has led the University since 2010. Professor Davidson is currently the Deputy Vice-Chancellor at the University of Lincoln.

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.

### **Principal risks and Uncertainties**

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**

The new Strategic Plan gives a commitment to Staff Formation by encouraging staff to develop and flourish in alignment with the strategic aims.

Enhancement of staff formation goes hand-in-hand with enhancement of student formation. 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.

### **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 October 2016, Newman University announced its tuition fees for 2017 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 has ensured that a wide range of lower cost part time courses are available, to enable students to combine working increased 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 assistance to a range of students, and a contextualised admissions process has already been established. This matches Newman's commitment 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 an increase in 2015/16 reflecting the impact of the removal of the student number cap for high-achieving students. 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 £22m in the campus over 3 years. In addition, this investment supports curriculum strengths as well as the widening participation agenda. 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.

## **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.

## **Auditors**

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 485 of the Companies Act 2006.

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The Report of the Council (incorporating the Strategic Report) was approved on behalf of the Council by:

A handwritten signature in dark ink, appearing to read 'Jonathan Day', written over a horizontal dotted line.

**Mr Jonathan Day**  
**(Chair of the Council)**

A handwritten signature in dark ink, appearing to read 'Peter Lutzeier', written over a horizontal dotted line.

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

Date of Approval: 24 November 2016

## CORPORATE GOVERNANCE

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.

The University complies with the Higher Education Code of Governance that was re-issued by the Committee of University Chairmen in 2014. 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 annually.

The role of the Nominations Committee is to review the tenure of current members and 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 Memorandum of Assurance and Accountability 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. 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 2016 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 best practice internal control guidance for directors 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 Higher Education Code of Governance and its role is to seek out and consider applications for the membership of the Council and its committees.

In June 2014 the University and Council prepared and adopted a new Strategic Plan with a revised Risk Register and key performance indicators linked to the strategic goals. The system of risk management, which has been in operation since 2010, places emphasis on the active management of risk rather than a monitoring of risk and will continue. Risk reports setting out key performance and risk indicators are reviewed quarterly by the University's 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.

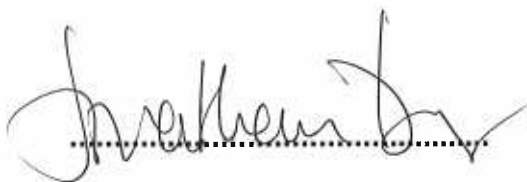
This has satisfied the Council that management, together with the internal audit service, have an appropriate process for identifying, evaluating and managing risk; together with appropriate staff training.

During the year, the University has:

- considered risk at meetings of the Senior Management Team, Newman Management Group, 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).



**Mr Jonathan Day**  
**(Chair of the Council)**



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

Date of Approval: 24 November 2016

## **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 is required to present audited financial statements for each financial year.

The Council is 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 it 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, is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the University and 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
- prepares 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 it to ensure that the financial statements comply with the Companies Act 2006. It have a general responsibility for taking such steps as are reasonably open to it 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 they ought to have taken as a Member in order to make themselves 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:



**Mr Jonathan Day**  
**(Chair of the Council)**



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

Date of Approval: 24 November 2016

## **Independent auditor's report to the Council of Newman University**

We have audited the financial statements of Newman University (the 'University') for the year ended 31 July 2016 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows 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) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the University's Council, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the University's Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University's Council as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Council and auditor**

As explained more fully in the Statement of responsibilities of the Council, the Council (who are also the directors of the charitable company for the purposes of company law) is 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

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 2016 and of its income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014; 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 Councils' Report, incorporating the Strategic Report 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 Memorandum of assurance and accountability dated July 2016 and the funding agreement with the National College for Teaching and Leadership**

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by HEFCE and the National College for Teaching and Leadership have been applied in accordance with the Memorandum of assurance and accountability, the funding agreement with the National College for Teaching and Leadership and any other terms and conditions attached to them; and
- the requirements of HEFCE's accounts direction have been met.

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**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 Council's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



John Golding  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham

Date: 28 NOVEMBER 2016

## 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 Statement of Recommended Practice : Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP) and in accordance with Financial Reporting Standard 102 (FRS 102). The University is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the University's accounting policies.

#### Transition to the 2015 FE HE SORP

The University is preparing its financial statements in accordance with FRS 102 for the first time and, consequently has applied the first time adoption requirements. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the University has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP.

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the results of the University is provided in note 21.

The 2015 FE HE SORP requires us to prepare a single statement of comprehensive income, and not the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change in accounting policy from the previous period where separate statements for the Income and Expenditure accounts and for the Statement of Total Recognised Gains and Losses were presented.

The application of first time adoption allows certain exemptions from the full requirements of the FRS 102 and the 2015 FE HE SORP in the transition period. The following exemption has been taken in these financial statements:

- Revaluation as deemed costs – 1<sup>st</sup> August 2014, the University has retained the carrying values of the freehold properties as being deemed cost and measured at fair value

### 3. BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

### 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 cash flow 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 from the provision of services is credited to the Statement of Income and Expenditure when the services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Income and Expenditure over the period in which the students are studying.

Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Funds the Institution receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the Institution where the Institution is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Government Grants, including funding council block grant and research grants from government sources, and other grants and donations from non government sources, including research grants from non government sources, are recognised within the Statement of Income and Expenditure when the institution is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions is deferred on the Balance Sheet and released to the Statement of Income and Expenditure in line with such conditions being met.

Other grants and donations from non government sources, including research grants from non government sources, are recognised within the Statement of Income and Expenditure when the Institution is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions is deferred on the Balance Sheet and released to the Statement of Income and Expenditure in line with such conditions being met.

Capital Grants are recorded in income when the Institution is entitled to the income subject to any performance related condition being met.

Investment income is credited to the Statement of Income and Expenditure on a receivable basis.

## **7. EMPLOYMENT BENEFITS**

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

## **8. 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.

**9. 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.

On adoption of FRS 102, the University followed the transitional provision to retain the book value of land and buildings which were valued as above as deemed cost.

**(b) Furniture, equipment and motor vehicles**

Furniture, equipment and motor vehicles costing less than £10,000 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 to 10 Years	(10% to 20% p.a.)
Telephone Equipment	–	5 Years	(20% p.a.)
Motor Vehicles	–	4 Years	(25% p.a.)
Computer Equipment	–	3 Years	(33 <sup>1</sup> / <sub>3</sub> % p.a.)

**10. STOCKS**

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

**11. PENSION COSTS**

Retirement benefits to employees of the University are provided by the Teachers' Pension Scheme (TPS), Aviva Pension (APS) and National Employment Savings Trust (NEST).

**(a) APS and NEST**

APS and NEST 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 an 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.

## **12. 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.

## **13. 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.

## **14. 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.

## **15. 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.

## **16. DEBT ACCOUNTING POLICY**

All loans and short term deposits held by the University are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs. Basic financial instruments are subsequently measured at amortised cost as required under FRS 102.



### INCOME AND EXPENDITURE ACCOUNT

	Notes	2016 £	2015 £
<b>INCOME</b>			
Funding Council Grants	1	1,540,544	1,552,135
Tuition Fees and Education Contracts	2	19,690,242	17,771,542
Research Grants and Contracts	3	622,629	234,298
Other Operating Income	4	2,049,657	2,077,418
Interest Receivable		57,584	42,481
Total Income		<u>23,960,656</u>	<u>21,677,874</u>
<b>EXPENDITURE</b>			
Staff Costs	5	13,882,619	13,004,985
Other Operating Expenses	6	7,395,762	6,272,274
Depreciation	7	793,819	853,992
Interest and other finance costs	8	17,502	19,429
Total Expenditure		<u>22,089,702</u>	<u>20,150,680</u>
<b>SURPLUS FOR THE YEAR ON CONTINUING OPERATIONS</b>		<u><u>1,870,954</u></u>	<u><u>1,527,194</u></u>

### STATEMENT OF COMPREHENSIVE INCOME

	2016 £	2015 £
Surplus on continuing operations	1,870,954	1,527,194
Total comprehensive income for the year	<u><u>1,870,954</u></u>	<u><u>1,527,194</u></u>

#### Total Comprehensive Income for the year comprises:

Unrestricted Comprehensive Income	<u><u>1,870,954</u></u>	<u><u>1,527,194</u></u>
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### STATEMENT OF CHANGES IN RESERVES

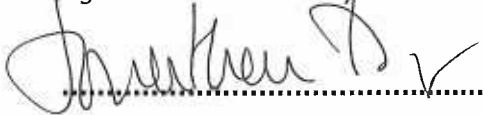
	Notes	General Reserve	Revaluation Reserve
Balance at 1 August 2015		23,395,669	7,373,794
Unrestricted comprehensive income for the year		1,870,954	
Release for Newman College Close Demolition		-	(131,531)
Transfer between revaluation and general reserve	15	147,397	(147,397)
Closing Balance at 31 July 2016		<u><u>25,414,020</u></u>	<u><u>7,094,866</u></u>



# BALANCE SHEET

	Notes	2016	2015
		£	£
FIXED ASSETS			
Tangible Fixed Assets	7	24,059,541	23,224,262
Investments	9	2	2
		<u>24,059,543</u>	<u>23,224,264</u>
CURRENT ASSETS			
Stocks		23,794	25,904
Debtors	10	830,384	586,098
Short Term Deposits		8,011,675	8,000,000
Cash at Bank and in Hand	13	4,795,253	3,605,783
		<u>13,661,106</u>	<u>12,217,785</u>
CREDITORS: Amounts falling due within one year	11	<u>(4,371,438)</u>	<u>(3,450,312)</u>
NET CURRENT ASSETS		<u>9,289,668</u>	<u>8,767,473</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		33,349,211	31,991,737
CREDITORS: Amounts falling due after more than one year	11	(775,001)	(858,334)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(65,324)	(363,940)
NET PENSION LIABILITY	18	-	-
TOTAL NET ASSETS		<u>32,508,886</u>	<u>30,769,463</u>
RESERVES			
General reserve	15	25,414,020	23,395,669
Revaluation Reserve	14	<u>7,094,866</u>	<u>7,373,794</u>
TOTAL RESERVES		<u>32,508,886</u>	<u>30,769,463</u>

The financial statements on pages 24 to 35 were approved by Council on 24 November 2016 and signed on their behalf by:



**Mr Jonathan Day**  
(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 FROM CONTINUING OPERATIONS**

	<u>2016</u> £	<u>2015</u> £
Surplus on continuing operations	1,870,954	1,527,194
<b>Adjustment for Non Cash Items</b>		
Depreciation charges	793,819	853,992
(Increase)/decrease in stocks	2,110	(5,623)
(Increase)/decrease in debtors	(244,287)	(26,064)
(Decrease)/increase in creditors	932,139	999,471
(Decrease)/increase in provisions	(298,616)	40,163
<b>Adjustment for Investing and Financing Activities</b>		
Investment Income	(57,584)	(42,481)
Interest Payable	17,502	19,429
<b>Net Cash Inflow from Operating Activities</b>	<u>3,016,037</u>	<u>3,366,081</u>
<b>Cash flows from Investing Activities</b>		
Investment Income	57,584	42,481
Payments made to acquire fixed assets	(1,760,629)	-
New Deposits	(11,675)	(2,500,000)
<b>Net Cash flows from Investing Activities</b>	<u>(1,714,720)</u>	<u>(2,457,519)</u>
<b>Cash flows from Financing Activities</b>		
Interest Paid	(17,502)	(19,429)
Repayments of Amounts borrowed	(83,333)	(83,333)
<b>Net Cash flows from Financing Activities</b>	<u>(100,835)</u>	<u>(102,763)</u>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>	<u><u>1,200,482</u></u>	<u><u>805,799</u></u>

Notes:

Cash and cash equivalents at the beginning of the year	13	3,594,771	2,788,972
Cash and cash equivalents at the end of the year	13	4,795,253	3,594,771

# NOTES TO THE ACCOUNTS

## 1. NCTL & HEFCE GRANTS

	<u>2016</u>	<u>2015</u>
	£	£
NCTL & HEFCE GRANTS		
HEFCE Recurrent Grant	1,044,390	901,924
HEFCE Recurrent Research Grant	133,935	15,363
HEFCE Other Grants	76,090	388,042
NCTL Recurrent Grant	-	72,570
NCTL Other Grants	286,129	174,236
	<u>1,540,544</u>	<u>1,552,135</u>

## 2. TUITION FEES AND EDUCATION CONTRACTS

UK Full-time Students	18,025,043	16,498,575
Non UK Full-time Students	120,265	54,368
UK Part-time Students	1,489,678	1,181,946
Examination Fees	11,325	5,350
Other Fees & Charges	43,931	31,303
	<u>19,690,242</u>	<u>17,771,542</u>

## 3. RESEARCH GRANTS & CONTRACTS

Research Grants	<u>622,629</u>	<u>234,298</u>
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## 4. OTHER OPERATING INCOME

Residences and Catering	1,083,332	1,124,817
Other Income	966,325	952,601
	<u>2,049,657</u>	<u>2,077,418</u>

## 5. STAFF COSTS

The average number of persons (including senior post-holders) employed during the year, expressed as full-time equivalents, was 316 (2015: 312). Payroll costs during the year were as follows:

	<u>2016</u>	<u>2015</u>
	£	£
Wages and Salaries		
Teaching Staff	6,857,574	6,363,933
Non-Teaching Staff	4,411,030	4,334,143
Social Security Costs	1,036,933	961,262
Other Pension Costs	1,577,082	1,345,647
	<u>13,882,619</u>	<u>13,004,985</u>
	£	£
Emoluments of the Vice-Chancellor and Principal		
Remuneration	156,520	147,000
Pension contributions	25,503	20,563
Total Emoluments	<u>182,023</u>	<u>167,563</u>

### Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and control the activities of the University and are represented by the Senior Management Team, which comprises the Vice Chancellor, two Pro Vice Chancellors, the University Registrar and the Director of Finance and Corporate Services.

	<u>2016</u> £'000	<u>2015</u> £'000
Salaries	510	518
Benefits in kind	-	5
	<u>510</u>	<u>523</u>
Pension contributions	82	73
Total emoluments	<u>592</u>	<u>596</u>

### Remuneration of higher paid staff, excluding pension contributions (excluding the Vice-Chancellor)

Salary Bands	No of employees 2016	No of employees 2015
£100,000 - £109,999	2	1

### Council Members' Expenses

No Council member has received any remuneration / waived payments from the University during the year (2015: NIL). The total expenses paid to or on behalf of the Council Members was £1,380 (2015: £1,413). 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>2016</u> £	<u>2015</u> £
Other Operating Expenses include:		
Auditors' Remuneration: External Audit	25,452	21,264
Internal Audit	<u>22,198</u>	<u>16,202</u>

## 7. TANGIBLE FIXED ASSETS

	Land and Buildings £	Equipment and Motor Vehicles £	Assets in the course of construction	Total £
Cost or valuation				
At 1 August 2015				
Valuation	11,250,000	-		11,250,000
Cost	19,938,036	885,787		20,823,823
Additions		22,080	1,738,549	1,760,629
Disposals	(226,778)			(226,778)
At 31 July 2016	<u>30,961,258</u>	<u>907,867</u>	<u>1,738,549</u>	<u>33,607,674</u>
Valuation (1993)	11,250,000	-	-	11,250,000
Cost	<u>19,711,258</u>	<u>907,867</u>	<u>1,738,549</u>	<u>22,357,674</u>
	<u>30,961,258</u>	<u>907,867</u>	<u>1,738,549</u>	<u>33,607,674</u>
Depreciation				
At 1 August 2015	8,235,776	613,785	-	8,849,561
Charge for the year	729,377	64,442		793,819
Disposals	(95,247)			(95,247)
At 31 July 2016	<u>8,869,906</u>	<u>678,227</u>	<u>-</u>	<u>9,548,133</u>
Written down values:				
At 31 July 2016	<u>22,091,352</u>	<u>229,640</u>	<u>1,738,549</u>	<u>24,059,541</u>
At 31 July 2015	<u>22,952,260</u>	<u>272,002</u>	<u>-</u>	<u>23,224,262</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. At 31 July land of £3,831,375 was held within land and buildings and is not depreciated.

## 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 (2015: £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 2016.

The following is a summary of financial information in respect of the subsidiary at 31 July 2016:

	2016 £	2015 £
Capital and reserves	<u>(1,984)</u>	<u>(1,984)</u>

10. DEBTORS

	2016 £	2015 £
Fees and services	595,001	428,679
Prepayments and accrued income	219,637	141,654
Amount due from subsidiary undertaking	15,746	15,765
	<u>830,384</u>	<u>586,098</u>

11. CREDITORS

	2016 £	2016 £
AMOUNTS FALLING DUE WITHIN ONE YEAR:		
Bank overdraft	-	11,012
Term Loan	83,333	83,333
Trade and other creditors	1,354,983	2,031,227
Payments received in advance		
NCTL grants	87,132	15,503
HEFCE grants	87,254	-
Other	690,713	428,255
Social security and other taxation payable	302,853	277,270
Accruals	1,765,170	603,712
	<u>4,371,438</u>	<u>3,450,312</u>

	2016 £	2015 £
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:		
HEFCE Revolving Green Fund	150,000	150,000
Term Loan	625,001	708,334
	<u>775,001</u>	<u>858,334</u>

A term loan of £1,000,000 was drawn down in 2012, 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:-

	2016 £	2015 £
Between one and two years:		
Term Loan	166,666	166,666
Between two and five years:		
Term Loan	<u>249,999</u>	<u>249,999</u>
More than five years:		
HEFCE Revolving Green Fund	150,000	150,000
Term Loan	208,336	291,669
	<u>358,336</u>	<u>441,669</u>

## 12. PROVISION FOR LIABILITIES AND CHARGES

	Enhanced Pensions £	Other Provisions £	Total £
At 1 August 2015	76,240	287,700	363,940
Transfer from Income and Expenditure Account	(10,916)	(287,700)	(298,616)
At 31 July 2016	<u>65,324</u>	<u>-</u>	<u>65,324</u>

## 13. CASH AND CASH EQUIVALENTS

	At 1 August 2015 £'000	Cash flows £'000	At 31 July 2016 £'000
Cash and cash equivalents	3,605,783	1,189,470	4,795,253
Overdrafts	(11,012)	11,012	-
Total	<u>3,594,771</u>	<u>1,200,482</u>	<u>4,795,253</u>

## 14. REVALUATION RESERVE

	2016 £	2015 £
Revaluations		
At 1 August and 31 July	<u>10,768,969</u>	<u>10,768,969</u>
Contributions to Depreciation		
At 1 August	3,395,175	3,247,778
Released in year	147,397	147,397
Release for Newman College Close Demolition	131,531	-
At 31 July	<u>3,674,103</u>	<u>3,395,175</u>
Net Revaluation Amount		
At 31 July	<u>7,094,866</u>	<u>7,373,794</u>

## 15. GENERAL RESERVES

	2016 £	2015 £
Income and Expenditure Account		
Balance at 1 August	23,395,669	18,694,703
Surplus for the year	1,870,954	1,527,194
Depreciation released in the year	147,397	147,397
Reclassification of Deferred Capital Grants	-	3,026,375
Balance as at 31 July	<u>25,414,020</u>	<u>23,395,669</u>

## 16. CONTINGENT LIABILITY

Exchequer interests (representing the contributions made by HEFCE towards the construction and refurbishment of University buildings) amounted to £2,165,943 as at 31 July 2016. 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. STUDENT NUMBERS

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

	<u>2016</u>	<u>2015</u>
Full-time	2,097	1,973
Part-time	713	752
	<u>2,810</u>	<u>2,725</u>

## 18. PENSION SCHEMES

The three pension schemes for the University's staff are the Teachers' Pension Scheme (TPS), Aviva Pension scheme (APS) and NEST. The assets of the schemes are held in separate administered funds.

Total pension cost for the year	<u>2016</u> £	<u>2015</u> £
Teachers' Pension Scheme: contributions paid	1,087,694	872,335
Aviva Pension Scheme: contributions paid	462,856	437,255
NEST	2,380	2,520
Total Pension Cost for Year	<u>1,552,930</u>	<u>1,312,110</u>
Made up of:		
Employee costs	1,552,930	1,312,110
Finance costs	-	-
Total Pension Cost for Year	<u>1,552,930</u>	<u>1,312,110</u>

(a) TPS

### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

### The Teachers' Pension Budgeting And Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.



## Valuation Of The Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation and the subsequent consultation are:

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

The new employer contribution rate for the TPS was implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

## Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS which was implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,761,815 (2015: £1,533,396).

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi employer pension plan. The University is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly the University has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The University has set out above the information available on the plan and the implications for the University in terms of the anticipated contribution rates.

### (b) APS

The APS is operated by the University being a defined contribution scheme designed to provide retirement benefits for any of its permanent employees who elect to join the scheme. 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.

## 19. CAPITAL COMMITMENTS

	<u>2016</u>	<u>2015</u>
	£	£
Contracted but not provided for at 31 <sup>st</sup> July	<u>2,045,000</u>	<u>-</u>

## 20. RELATED PARTY TRANSACTIONS

The University has a wholly owned subsidiary, Newman Firmtrust Limited. Total indebtedness by the company to the University at 31 July 2016 was £15,746 (2015: £15,765). There were no other related party transactions.

## 21. TRANSITION TO FRS 102 and the 2015 FE HE SORP

The year ended 31<sup>st</sup> July 2016 is the first year that the University has presented its financial statements under FRS 102 and the 2015 FE HE SORP. The following disclosures are required in the year of transition.

The last financial statements prepared under previous UK GAAP were for the year ended 31<sup>st</sup> July 2015 and the date of transition to FRS 102 and the 2015 FE HE SORP. As a consequence of adopting FRS 102 and the 2015 FE HE SORP, a number of accounting policies have changed to comply with those standards.

An explanation of how the transition to FRS 102 and the 2015 FE HE SORP has affected the University's financial position, financial performance and cash flows, is set out below.

<u>Financial Performance</u>	<u>Notes</u>	<u>2015</u> £
Surplus for the year under previous SORP 31 July 15		1,843,360
Release of Capital Grants received in year	(a)	258,338
Reversal of Capital Grant Amortisation	(a)	(177,337)
Payroll Accrual	(b)	(397,167)
Total effect of transition to FRS 102 and 2015 FE HE SORP		(316,166)
Total comprehensive income for the year under 2015 FE HE SORP		1,527,194

<u>Financial Position</u>	<u>2015</u> £
Total Reserves under previous SORP at 31 July 15	20,685,460
Adjustment to surplus due to transition to FRS 102	(316,166)
Reclassification of Deferred Capital Grants to General Reserves	
Total Reserves under 2015 FE HE SORP	3,026,375 23,395,669

### a) Grants accounted for under performance model

Under the previous UK GAAP and 2007 SORP, government grants were capitalised and amortised over the remaining useful economic life of the relevant fixed assets. Under FRS102 and the 2015 FE HE SORP, these are accounted for under the performance model and treated as if they had been credited to the Comprehensive Income immediately that the performance conditions had been met.

b) Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS102 the cost of these benefits are recognised as a liability and an expense. The annual leave year runs to 31<sup>st</sup> August each year for academic staff and to 31<sup>st</sup> December for support staff.

Based on holiday bookings on our HR/payroll software we calculate holidays owing at 31 July and accrue the cost accordingly.

