

Harper  
Adams



UNIVERSITY COLLEGE

# Harper Adams University College

**Annual Report and Financial Statements 2009/2010**

2009/2010





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# Chief Executive's Report

## Introduction

It has been another successful year for Harper Adams University College, in which the contributions of our staff, students and Governors have played a critical role. Of equal note is the support we have been given by a large range of agricultural and rural businesses, not only in terms of direct help with scholarships and research, but also in terms of the employment they provide for our graduates.

The Operating and Financial Review provides further detail on the strong financial performance shown in our annual accounts. We have sought to build our reserves and shape our operations to meet more challenging times ahead, and to enable us to continue to invest in modern facilities and the best possible staff for our academic activities. Some of these developments are already in progress, with investments in new pig unit finishing facilities, a new Student Centre and our anaerobic digestion system that will make us more self-reliant in energy production. We are working with an external partner to provide modern poultry facilities to help support teaching and research in this important part of the agricultural sector. We have appointed new staff to assist the implementation of our new Research and Knowledge Transfer Strategy, and our recent success in winning grant income from the Technology Strategy Board has demonstrated our ability to contribute to the UK's need to improve applied research in our subject area whilst raising the profile of the University College.

This will be important because of the challenging times that we face as a consequence of uncertainty in the higher education sector on the outcome of the Browne review of funding and fees and the forthcoming Comprehensive Spending Review. This has been a year in which academic and financial planning have never been more important. In support of our strategic plans and associated financial targets we have adopted a balanced approach towards new income generation and cost control, to ensure that we have the resilience to deal with a different Government funding climate, but also the capacity to respond to new opportunities presented by radical reform of other publicly funded organisations operating in our field.

There remains a commitment within Government to address the global problems of food security, energy security, climate change and the management of natural resources, all of which feature strongly in the mission, objectives and academic portfolio of the University College. The UK must be in a position to contribute to advances in science, the application of technology and the development of higher-level skills that will be needed to tackle these global problems. Harper Adams University College will play a leading role, within the university sector, in assisting Government by working closely with industry and providing future industry leaders who have the capability to adapt to new methods and practices in their chosen field.

## Student Recruitment and Satisfaction

We had our highest ever recruitment of undergraduate students in October 2009. The intake was based on high demand for courses at Harper Adams and our capacity for growth obtained by securing additional student numbers, and associated funding, from HEFCE. Recruitment to taught postgraduate courses was strengthened during 2009/10, to 80 FTE students, based on the implementation of our strategy for taught postgraduate courses and the hard work of our staff. Overseas student numbers were maintained, with around 66 FTE students joining us from Beijing Agricultural College. Postgraduate research student numbers reached 30, providing a vibrant and active research community working alongside our academic staff.

We are rigorous in the testing of student opinion and find that our close-knit academic community and commitment to high quality teaching feed through to high levels of student satisfaction. In 2009/10, our performance in the National Student Survey was strong, with the result that we were in the top 10 higher education institutions in the UK. This performance was reflected in the Sunday Times University Guide for 2010, which placed us second in the UK for student satisfaction. The Sunday Times also ranked us ninth in the UK for graduate level jobs and we were named University College of the Year for the third year in a row.

The Sunday Times also ranked us the top institution in the UK for widening participation from lower socio-economic groups, demonstrating our commitment to ensuring that we provide benefit to the public in the provision of our teaching.

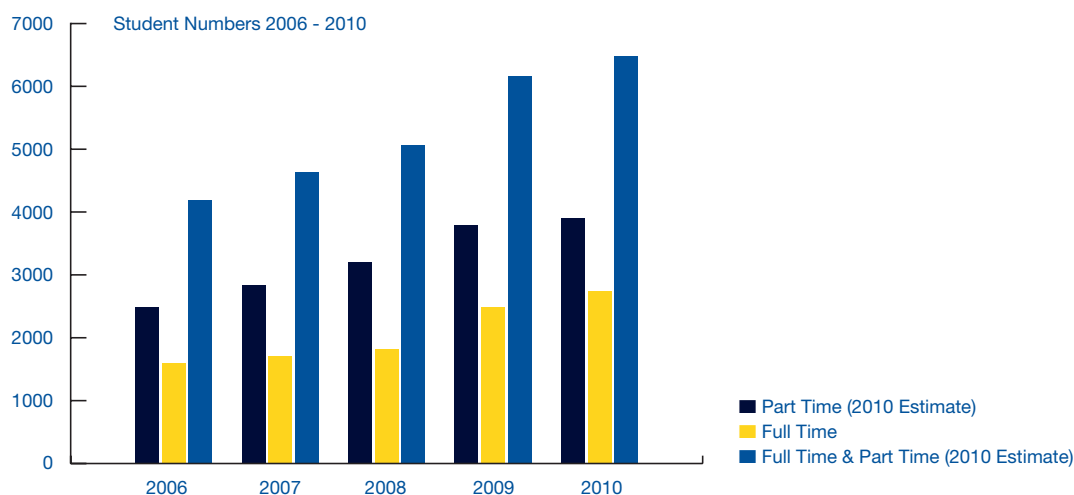
### Research and Knowledge Transfer

During the early part of 2009/10 we developed a new Research and Knowledge Transfer Strategy that is now being implemented. In setting ambitious targets to develop the research profile of the University College we have been mindful of the need to maintain our strengths in teaching and knowledge transfer, by ensuring that our contributions to knowledge will feed into our teaching and our work with industry. The strategy is multi-faceted, involving increased recognition for researchers already on our staff, encouragement for those wishing to engage further in the development of research and planned investment in key personnel able to develop new strands of multidisciplinary research activity and improve our record of research outputs. Many of the early initiatives contained within the strategy have been implemented under the direction of a new Research Co-ordinator over the course of the last year, and the results are beginning to be seen in terms of improvements in research grant income.

Our knowledge transfer activities have continued apace, closely linked to our employer engagement work with industry which is supported by funding from HEFCE. The Rural Employer Engagement Development Network programme, operated in partnership with the Royal Agricultural College and partner land-based FE institutions, has delivered short courses to 2,184 participants in the last year. We have also been actively involved in showing the latest developments in practice to the farming community in events such as our Dairy Technology Day which attracted over 1,000 participants and over 90 exhibitors. In conjunction with Natural England we have launched a demonstration trials site for plant varieties used in environmental stewardship schemes, which is being used to good effect by the University College and Natural England. Our work with schools has been boosted by the availability of the Regional Food Academy, which has provided the physical resources not only to explain the link between farming and food production, but to extend these opportunities to the secondary stage of food product development. Events such as these enable us to explain the teaching and research being undertaken at the University College to a wide audience in a practical way, whilst also making effective use of our extensive facilities.

### Extending Collaboration

In addition to our partnership arrangement in employer engagement programmes mentioned above our long term partnerships with Reaseheath College, Askham Bryan College and Beijing Agricultural College have continued to prosper over the last year. We have rationalised other relationships during the year to ensure that our focus is maintained on core academic activities and the development of strong new relationships with mutual benefits to the parties concerned. We have, for example, pursued a collaborative engagement with the University of Nottingham and Cranfield University in support of a bid to a BBSRC-funded initiative in Continuing Professional Development and postgraduate training. We have also developed a new internationalisation strategy that is providing the framework for us to pursue links with academic institutions in target countries that will provide the means to develop teaching, staff engagement and research collaborations. A detailed implementation plan for the strategy is now being developed alongside exploratory discussions with potential overseas partner universities.



### **Demonstrating the Public Benefit of our Work**

As a registered charity, Harper Adams University College has a long tradition of contributing public benefits and has been subject to peer review, via HEFCE, on the contribution it makes to wider society. A full statement on this subject can be found on the University College's website at: [http://www.harper-adams.ac.uk/about/governance/files/HarperAdams\\_REFI\\_Statement.pdf](http://www.harper-adams.ac.uk/about/governance/files/HarperAdams_REFI_Statement.pdf)

Universities UK and HEFCE have recently produced a joint paper looking at six areas in which higher education institutions contribute public benefits and, in this report, these themes have been used to summarise the major ways in which we contribute to the public interest.

#### *Innovating, informing and inspiring - opening up the university's knowledge, expertise and resources*

Our approach to innovation through research is outlined earlier in this report, alongside examples of the ways in which we actively engage with rural communities to ensure that we transfer this knowledge to the wider world. Other current initiatives include the Openfields project, where we have created an open access online repository for research and technical notes on topics of interest to those working in the rural sector. Openfields is available at <http://www.openfields.org.uk/>



#### *Developing people to make a contribution to society*

The University College has an outstanding track record in educating young people, and those in employment, to improve their ability to contribute to economic development and to society. Our record of graduate employability, currently ranked at the top of the university sector in the 2011 Sunday Times University Guide (12 September 2010) is evidence of this contribution. The majority of our students undergo work placements as part of their course, we encourage student volunteering, organise school visits to introduce schoolchildren to farming and food production and provide educational programmes in schools, including those organised and run by our own students.



#### *Engaging communities and working in partnership*

Our efforts to engage the local community include innovative practice such as tours of our farm and campus, and the recent launch of a farmers market on our site. Our award winning Women in Rural Enterprise programme has over 1,500 women owned rural business members across the UK, demonstrating our reach and ability to work in partnership within the rural economy. Other community-based activities run by the University College include the National Care Farm Initiative, which exists to promote the use of farming to provide social and educational resources for a wide variety of client groups. We have instigated the launch of the first Women's Food and Farming Union branch in Shropshire and are due to host the national conference of this organisation in the spring of 2011.





### *Informing public policy and the professions*

Forty-six per cent of our undergraduate programmes are accredited by professional bodies and we are actively engaged in the exchange of knowledge with these and other professional organisations. Our employer engagement programme provides accredited continuing professional development programmes for those wishing to improve their knowledge or, in some cases, be 'licensed' to work in certain rural professions. We have sought, over many years, to inform public policy through our research, direct engagement with Government and in conjunction with other agencies operating in a rural context. Our work on sustainable technologies, with its focus on renewable biomass energy production, has generated significant interest that will be further developed in the next year with the launch of a new anaerobic digestion system that will contribute significantly to the knowledge base in this field.



*Lord Taylor of Holbeach 2010*

### *Stimulating local economic and social development*

We are a major local employer in our own right, with 460 staff, most of whom live in the local area. Our contribution to the local economy is highly regarded by our Local Authority and a member of our staff is a member of the local Economic Development Board. We have sought to extend our work in this area by participating in discussions on the formation of Local Enterprise Partnerships. Our programme of student volunteering makes a direct contribution to local social development. Other activities include the promotion of alternative means of transport such as cycling schemes, and participation in local school governorship and parish council membership, all of which are undertaken voluntarily by our staff.



### *Building international connections*

Eighteen of our 30 research students are from overseas, many of them working on projects that will make a significant difference to agri-food production methods in developing countries. We have a large contingent of students from China, based on a strong academic partnership with Beijing Agricultural College. Our staff routinely travel overseas to participate in research, with recent examples including new techniques for managing rice harvesting equipment in SE Asia, and a number of our students undertake overseas work placements. Our international partnerships are being strengthened as a result of our recent work to develop a new Internationalisation Strategy.

### *Planning for the Future*

Although the higher education sector faces an uncertain financial position in the immediate future, we are confident that Government will continue to recognise the important contribution it makes to economic development and the provision of higher level skills. The CBI, and other major employer organisations, are also making the case for continued investment in higher education as a means to generate innovation and economic recovery.

So, whilst the next few years will be turbulent in terms of public sector funding, those institutions that can demonstrate high quality in their academic provision, a strong student demand for their subject base, an ability to work collaboratively to generate alternative income streams, a direct contribution to the UK's strategic policy environment and strong management are likely to find that the immediate future presents significant opportunities. To be in this position, institutions must be prepared to adapt and prove that they are agile and innovative in their approach to their core academic activities.

Both nationally and internationally, we continue to produce the people needed by the agri-food and rural sectors and conduct applied research that translates directly into commercial practice. Harper Adams University College has concluded 2009/10 in a strong academic and financial position and looks forward to another year in which its contribution to the wider policy environment in food security, climate change and natural resource management is increasingly recognised as a vital component of the UK's efforts to address these major global challenges.

**Dr David Llewellyn**  
26 November 2010

# Operating and Financial Review

## Introduction

The Higher Education sector faces a challenging time. Harper Adams University College is pleased to report another strong financial performance for the year to 31st July 2010.

A major part of this success has been the strength of the planning process and the financial strategy as an integral part of the University College's overall Corporate Plan. Following the planning review process, the four major themes continue to be:

- Long term financial viability
- Investment in productive resources
- Efficiency and value for money
- Integration of the University College strategies with financial issues

In 2009/10 the University College has grown income and continued to invest in students, staff and capital projects.

The decision to use CPI rather than RPI in the actuarial valuation for pensions impacted on our LGPS. After consideration by the Accounting Statement Board Urgent Issues Task Force (ASB UITF) at a national level, the University College decided to treat the adjustment as a change in assumption and is reflected within the Statement of Consolidated Total Recognised Gains and Losses (STRGL). The amount included was calculated by the actuarial valuation at £1,334,000.

## Major developments during the financial year

Underpinning the financial performance in 2009-10 has been the strong continued student growth. First year student intake was in line with target recruitment numbers and we continued to grow our Employer Engagement student numbers.

Major investment continued with the new Post Graduate and Professional Development Centre, new Halls of Residence and the Student Learning Centre which will become a major feature at the heart of the campus serving the student population.

The investment made last year into the Dairy Unit and West Midlands Regional Food Academy has been a huge success.

## Summary Year End Position:

### Trading Position

The income and expenditure account for the year ending 31 July 2010 shows an operating surplus before tax of £1,620,000 (2008-09, £1,253,000), increasing our underlying surplus as a percentage of turnover from 4.3% to 5.2% year on year.

## Income

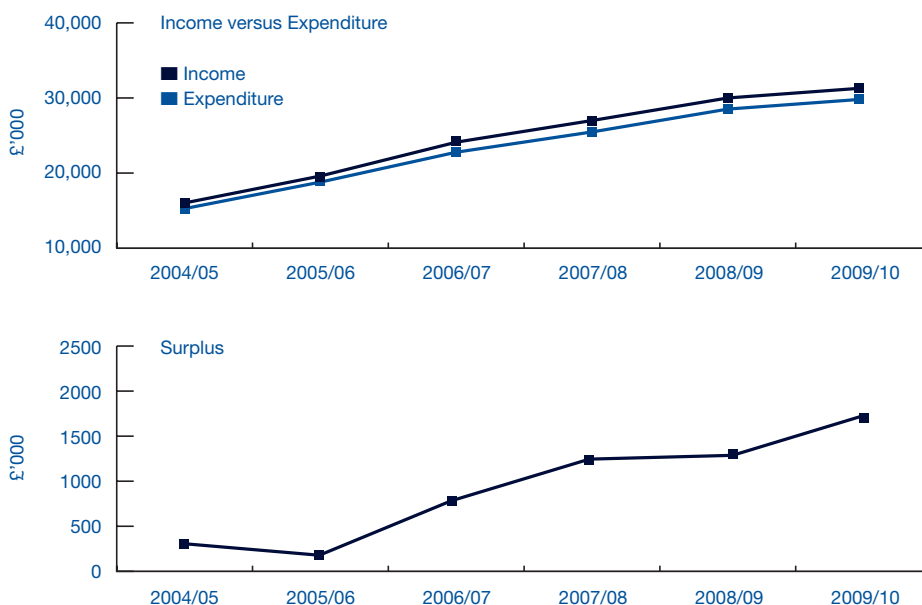
Total income continued to grow from £29,411,000 to £31,423,000, an increase of 7%.

HEFCE grants of £17,224,000 represented 54.8% of our total income (2008-09 56.8%). The University College benefited from a continued growth in numbers involved with the Employer Engagement initiative, however there was a shortfall in target number of 120 FTEs in the main due to the tightening economic climate.

Fee income rose from £5,221,000 to £6,245,000 reflecting the increased numbers.

Research and consultancy was marginally down year on year and the University College has invested in new research posts in year, supported the expansion of post graduate provision.

Bank Interest was down reflecting the current market conditions.





## Expenditure

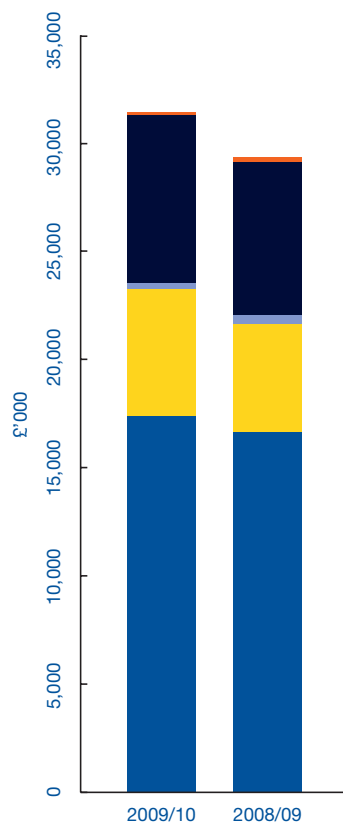
Whilst total income grew by 7%, expenditure in 2009-10 also increased by 6% from £28,158,000 to £29,803,000.

Pay costs represent the largest single element of the University College's expenditure. The year saw a growth in pay costs of 6.9% with investment focused on frontline delivery against the growth in students and development of a stronger research base on the back of the successful outcome of the 2008-09 research funding review. Overall staff numbers increased from 368 to 389 (+6%).

Other Operating Expenses increased by £303,000 (2.4%) year on year and included the increase in farm activity as the new dairy unit came on stream. All other costs were held.

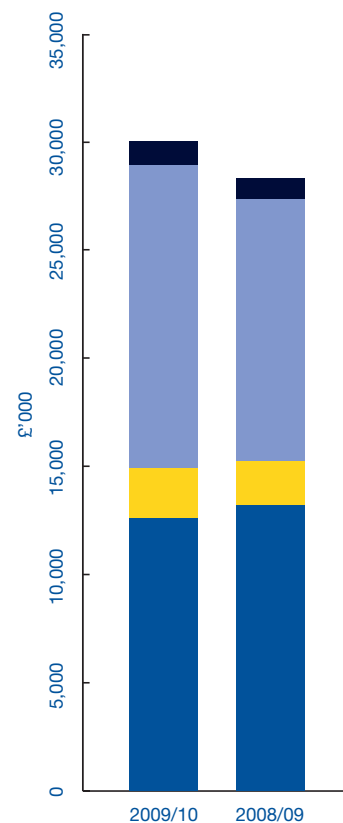
Interest and other finance costs remained on target during the year and marginally up on the prior year. The main increase was to take account of FRS 17 for pensions where a finance charge of £495,000 (2008-09 £342,000) was made based on the Actuarial Valuation.

Income Comparison 2009/10 &amp; 2008/09



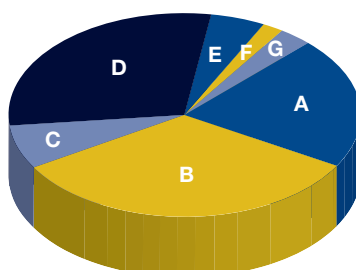
■ Funding Council Grants  
■ Tuition Fees  
■ Research Grants and Contracts  
■ Other Operating Income  
■ Investment Income

Expenditure Comparison 2009/10 &amp; 2008/09



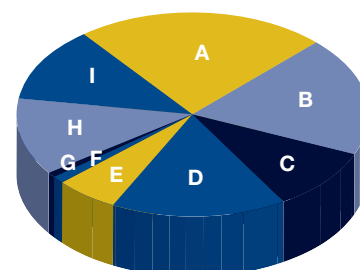
■ Staff Costs  
■ Depreciation and Amortisation  
■ Other Operating Expenses  
■ Interest Payable

Sources of Other Operating Income 2009/10



A. Other ..... 21%  
B. Catering & Residence ..... 33%  
C. Conference / Short Course Accommodation ..... 7%  
D. Farm ..... 29%  
E. Non Funding Council Grants ..... 5%  
F. Validation Fees ..... 2%  
G. Consultancy ..... 3%

Analysis of Other Operating Expenses 2009/10



A. Academic..... 23%  
B. Administration & Central..... 19%  
C. Premises ..... 10%  
D. Farm & Pig Unit ..... 16%  
E. Catering & Residences ..... 6%  
F. WiRE ..... 1%  
G. NRKE & Business Clubs ..... 1%  
H. Research & Other ..... 12%  
I. Employer Engagement ..... 12%

## Balance Sheet

During 2009-10 the University College continued to invest in capital assets. In addition to the £5,462,000 invested in 2008-09, the University College continued with an active programme investing a further £7,422,000, of which £217,000 was through Harper Adams (Energy) Limited.

The new student support facilities will be completed in the first term of 2010-11 and the Post Graduate and Professional Development Centre, as well as the new Halls of Residence, were completed in year.

The University College has continued to monitor the cash position extremely closely and, in addition to the strong operating performance, it is pleasing to report a strengthening cash position.

As at 31 July 2010 the University College General Reserve has increased to £14,146,000 from £11,619,000 after taking account of FRS17.

## Exceptional Items and FRS17

There were no exceptional items in year.

The impact of FRS17 to the Income and Expenditure Account has been significant again this year, with an additional charge against the surplus of £622,000.

The FRS17 Actuarial Report (Mercers) for the Local Government Pension Scheme is detailed in the attached notes to the Accounts.

## The Financial Future

The University College continues to review its Financial Strategy as part of the corporate planning and risk management process.

The major concern across the sector must relate to the potential impact of the Government spending cuts on future funding. This is a challenge for the entire sector and comes on top of cuts already implemented during the last year. At the same time the review on future fee levels also remains uncertain. The University College has been successful in attracting funds under the University Modernisation Fund together with some self investment to implement a number of initiatives that will improve further the quality of the student experience and reduce costs.

A major risk to all institutions remains pensions. The Government Spending Review is likely to have far reaching ramifications that remain difficult to predict.

The University College is well placed within the sector in both financial performance and in the quality of our provision. The University College has a well balanced cost portfolio and recognises the enormous contribution made by our staff, Governors and students.

At the heart of our success is the focus on teaching quality, student satisfaction and research. The farming operations remain an integral part of this delivery and the new dairy unit will play a major role along with our crops, animals and other farm operations.

Harper Adams University College remains committed to the delivery of excellence in land based higher education.



**Paul R Rigg**  
**Director of Finance**  
26 November 2010



**Alison Blackburn**  
**Chair of Governors**  
26 November 2010

## Report of the Governors and Corporate Governance Statement

**The Governors have pleasure in presenting their report and financial statements for the year ended 31 July 2010 and confirm they comply with the requirements of the Charities Act 1993, as amended by the Charities Act 2006, the trust deed and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.**

**The University College** is a registered charity number 528384.

**The Principal Activity** of the University College is the provision of higher education in agriculture and land-based subjects and includes a farming operation of 640 hectares with 11 hectares of managed woodland.

**The University College's Mission** is to provide 'Higher education for the delivery of a sustainable food chain and rural economy'. The essential strategic aims necessary to fulfil this mission are identified in the University College's Corporate Plan. The financial statements should be read in the context of a continuous endeavour to secure these aims.

**The Objectives** of the University College are set to reflect our educational aims and ethos. In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance.

Our key objectives are included within the University College's Corporate Planning statement and included:

- Learning and teaching
- Third stream work and research
- Human and physical resources
- Regional activities
- International activities
- Governance, Management and Finance

The University College continues to play a distinctive and key role within the UK higher education sector. Our focus remains with the land based sector particularly in the support we provide for agricultural industry, our students and in the development of sustainable agriculture, underlining the specialist nature of the institution and distinguishing it from other higher education providers of land-based subjects. Within the higher education sector the University College is increasingly recognised for the quality of its provision and the contribution it is making to important higher education policy objectives. In 2010, we were ranked for the fourth year running as the top University College in the Sunday Times University Guide. In June 2010, the Quality Assurance Agency for Higher Education reported very positively on the quality of the University College's academic provision and noted a number of strengths including in particular, arrangements for quality enhancement and engaging with employers. Student applications to the University College continue to rise.

Following the award of the Times Educational award for Sustainable Development in 2008, the University College has received or been shortlisted for a number of other important awards:

- The Times Higher Education magazine (THE ) Award 2009 – shortlisted for “outstanding student support”
- The Times Higher Education magazine (THE) Award 2010 – shortlisted for “outstanding student admissions team”
- Green Gown Awards 2010 Highly Commended for “Sustainable Construction and Refurbishment”
- In the Sunday Times Guide, the University College was also ranked:
  - 1st for lowest number of graduates unemployed after six months of graduation
  - 14th for most graduate level jobs
  - 14th for student satisfaction

These are all public recognition of the quality of the services delivered to a wide spectrum of students who can look forward to employment in good quality graduate jobs.



### Statement of Financial Responsibilities

In accordance with the University College's Instrument and Articles of Government the Board of Governors is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University College and to enable it to ensure that the financial statements are prepared in accordance with the Articles of Government, the Statement of Recommended Practice on Accounting in Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Board of Governors of the University College, the Board, through its designated office holder, the Chief Executive, 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 College and of the surplus or deficit and cash flows for that year.

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

- a) Suitable accounting policies are selected and applied consistently
- b) Judgements and estimates are made that are reasonable and prudent
- c) Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- d) Financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University College will continue in operation.

The Board of Governors has taken reasonable steps to:

- a) Ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe
- b) Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- c) Safeguard the assets of the University College and to prevent and detect fraud
- d) Secure the economical, efficient and effective management of the University College's resources and expenditure.

### Higher and Further Education Grant Funding

Funding for the University College's higher education students is provided by the Higher Education Funding Council for England (HEFCE) and by tuition fee income. The Funding Council's main function is to administer grant provided by the Minister of State for Universities and Science, to fund education, research and associated activities throughout the higher education sector. The Council also funds prescribed courses of higher education at further education colleges.

### Valuation of Freehold Property

A valuation of the freehold property was carried out on 31st July 1994 by James & Lister Lea, Chartered Surveyors, who have given permission to quote from the valuation certificate, which was provided with their valuation report, as follows:

*'We assess the aggregate of the Open Market Capital values for Existing Use and (where appropriate) Depreciated Replacement Cost Values of the freehold properties described in the attached report with vacant possession at 31st July 1994 in the total sum of £13,380,400'*

Open market capital values were applied to the University College Farm, the Woodland and all dwelling houses. Depreciated replacement cost values have been used for all other properties. The permission to quote from the certificate and to refer to the valuation has not been withdrawn at the date of these Financial Statements.

### Auditors

Grant Thornton UK LLP ('Grant Thornton') were the appointed auditors for the financial year 2009/10.

## Corporate Governance Statement

### General Principles

The University College is committed to exhibiting best practice in all aspects of corporate governance. This section describes the manner in which the University College has applied the principles set out in the Committee of University Chairmen (CUC) Guide for Members of HE Governing Bodies in the UK. The CUC Guide takes account of the relevant sections of the Combined Code on Corporate Governance as they relate to the work of Higher Education Institutions.

The University College is a charitable unincorporated body regulated by a Scheme of the Charity Commissioners in 1988 and established as a higher education institution under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its latest objects, powers and framework of governance are set out in the instrument and articles of government approved by the Privy Council in 2001 and as amended from time to time by agreement with the Privy Council.

The University College endeavours to conduct its business in accordance with accepted standards of behaviour in public life which embrace selflessness, integrity, objectivity, accountability, openness, honesty and leadership, in accordance with the framework provided by the Committee of University Chairmen (CUC) in its Guide for Members of HE Governing Bodies in the UK. In particular, the Governing Body has regard to the Governance Code of Practice contained in the CUC Guide.

### The Governing Body and Academic Board

The articles require the University College to have a governing body and an academic board, each with clearly defined functions and responsibilities, to oversee and manage its activities.

- a) The Board of Governors is the executive governing body, responsible for matters including the finance, property and staffing of the institution. It is specifically required to determine the educational character and mission of the institution and to set its general strategic direction. The governing body has a majority of independent members, chosen in accordance with strict criteria contained in the legislation. The chair is elected from among the independent members. There is also provision for the appointment of co-opted members, and representatives of the academic staff and students. No members of the governing body receive any reimbursement for the work they do for that body. The Governors are the Trustees of the University College.
- b) Subject to the overall responsibility of the governing body, the Academic Board has oversight of the academic affairs of the institution and draws its membership largely from the staff and the students of the institution. It is particularly concerned with general issues relating to the learning and teaching, research and third-stream work of the institution. The Academic Board reports to the Board of Governors.

The Board of Governors has adopted a statement of primary responsibilities in which the major activities it covers are described in further detail. The Board of Governors has also established key performance indicators with which it monitors the performance of the University College.

In respect of its strategic responsibilities, the Board of Governors receives recommendations and advice from the Academic Board and its committees, the University College Executive and joint meetings, where required, of the University College Executive and members of the Board. The Board of Governors considers the development of strategic and annual plans and monitors, amongst other items, compliance with the University College's Instrument and Articles of Government, the conduct of financial management, personnel management, academic and student related developments, the management of major estate developments and risk management. The Board has assumed direct responsibility for oversight of a number of key risks identified in the University College's Risk Analysis and Action Plan. Regular reports on developments of note, including liaison with external agencies, are presented to the Board by the University College Principal and other senior managers.

The Board of Governors has established a Governance Review Group that has conducted a number of assessments of the Board's performance and related governance issues in the period 1999-2008. During 2009/10 the Governance Review Group has been working on the quinquennial major review of the effectiveness of the governing body. The University College was pleased to be invited to participate in a Leadership Foundation for Higher Education project to pilot a new model for evaluating the effectiveness of HE governing bodies. The review will be completed during 2010/11 and an action plan to address any areas for further improvement will be drawn up, agreed and monitored by the Board. In accordance with the articles of government, the University College's University College Secretary has been appointed as clerk to the governing body. In that capacity, she provides independent advice on matters of governance to all members of the governing body. The Academic Registrar acts as secretary to the Academic Board.

The University College maintains a register of interests of members of the governing body and senior officers which may be consulted by arrangement with the Clerk to the Governors. No conflicts of interest have been identified in a review of returns for the current year.

### **The Principal/Chief Executive Officer**

The Principal and Chief Executive Officer is the head of the University College and has a general responsibility to the governing body for the organisation, direction and management of the institution. Under the terms of the formal financial memorandum between the University College and the Higher Education Funding Council for England, the head of the institution is the accountable officer and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

As Chief Executive, the Principal and Chief Executive Officer exercises considerable influence upon the development of institutional strategy and the identification and planning of new developments. Other senior academic and administrative officers contribute in various ways to these activities, but the ultimate responsibility for what is done rests with the governing body.

### **Governing Body Committees**

The Board of Governors and its committees are formally constituted with terms of reference and delegated powers. Although the governing body meets at least four times each academic year, much of its detailed work is initially handled by committees, in particular the audit and risk management committee, finance and general purposes committee, staffing committee, nominations committee and remuneration committee. The decisions of these committees are formally reported to the governing body.

A significant proportion of the membership of these committees consists of independent and co-opted members of the governing body. Co-opted student and staff members may also be eligible to serve on some of these committees, subject to the provisions of the articles. The chairs are normally selected from the co-opted and independent members. No one Governor is a member of the Audit & Risk Management, Nominations and Remuneration committees.

The Audit & Risk Management Committee meets three times a year, with the University College's external and internal auditors in attendance. The committee considers detailed reports together with recommendations for the improvement of the University College's systems of internal control, including the safeguarding of assets and prevention and detection of fraud, and management responses and implementation plans. It also receives and considers reports from the Funding Council as they affect the University College's audited risk management activities and monitors adherence to regulatory requirements. The Committee consists of lay members. Whilst senior University College officers attend meetings of the Audit & Risk Management Committee, as required, they are not members of the Committee. Once a year the lay members of the Committee meet with the Internal Auditors and then the External Auditors for independent discussions.



The Finance and General Purposes Committee meets four times a year. Amongst other items it recommends to the Board of Governors the University College's annual revenue and capital budgets and monitors performance in relation to the approved budgets. The committee is responsible on behalf of the Board of Governors, for ensuring that proper accounting records are maintained and that the University College complies with the higher education accounting Statement of Recommended Practice (SORP) and the Funding Council's Financial Memorandum. The committee oversees the preparation of financial statements.

The Staffing Committee meets three times a year and oversees the development and implementation of the University College's HR Strategy, staffing policies, equality and diversity arrangements and staff training and development.

The Nominations Committee considers nominations for vacancies in the Board of Governors' membership in accordance with the University College's Instrument and Articles of Government. The Committee has a majority of lay members, consisting of the Chairman, Vice Chairman, a further lay governor and the University College Principal. The Nominations Committee considers skills, professional background and experience, geographical distribution and the promotion of diversity in its succession planning and governor recruitment and appointment processes. A Governor role statement and background

information on the University College is sent to those interested in serving on the Board to ensure that new Governors are aware of the range of responsibilities attached to University College governorship. Newly appointed Governors attend an induction session normally held each October. Governors also attend development sessions on a range of topics during the course of their appointment, including those offered by the Leadership Foundation for Higher Education. Before re-appointment, Governors who are at the end of their first term of office are evaluated by the Nominations Committee on the contribution they have made to the Board's work. In normal circumstances Governors retire at the end of a second term of office, although the Nominations Committee will consider individual cases for an extension of appointment.

The Remuneration Committee determines the remuneration of the most senior staff, including the University College's Principal.

#### **CUC Code of Governance Practice**

The University College has complied in full with the CUC Code of Governance Practice in the year ended 31 July 2010. This included the publication on the University College's website of a statement of institutional monitoring for the 2008/09 financial year.

#### **Statement on Internal Controls**

The University College's Board of Governors is responsible for the University College's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control has been in place for the year ended 31 July 2010 and up to the date of approval of the Annual Report and Accounts.

The Governing Body monitors the effectiveness of the process and its relationship to the University College's objectives. It does this in a number of ways. The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to its attention by early warning mechanisms that are embedded within operational units. The senior management team and the Audit & Risk Management Committee also receive regular reports from internal audit exercises, which include recommendations for improvement and which are risk-based. The Audit & Risk Management Committee's role in this area is confined to a high level review of the arrangements for internal financial and operational systems control, value for money and overall effectiveness. Each of these areas is also covered in terms of the University College's Risk Analysis and Action Plan. The Board of Governors'

agenda includes regular items for consideration of risk and control and it receives reports thereon from senior managers and sub-committees of the Board of Governors and the Academic Board. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2009 meeting, the Board of Governors carried out the annual assessment of the Audit & Risk Management Committee's activities for the year ended 31 July 2009 by considering documentation from the Committee, internal and external audit annual reports, and by taking account of events related to the Risk Analysis and Action Plan since 1 August 2009.

The Board of Governors is of the view that there is an ongoing process for identifying, evaluating and managing the University College's significant risks that has been in place for the period from the beginning of January 2000 up to the date of approval of the annual report and accounts. This process accords with the internal control guidance for directors in the Combined Code as deemed appropriate for higher education. Various aspects of the University College's compliance with the internal control guidance have been assessed annually by its internal auditors since December 2002 so as to ensure that the University College's systems and procedures continue to be satisfactory. The last review took place in May 2010 when internal audit confirmed through a formal follow-up audit process that the small number of recommended actions arising from the review in May 2009 had been satisfactorily completed.

### **Employees**

The University College is committed to providing equality of opportunity in all areas of its operation. The University College has continued to review its activities against the requirements of the relevant race relations, disabilities and gender legislation. In the last year the University College has completed the review of its existing disability equality scheme and has published a revised scheme following consultation and discussion with staff and students. Work to update the Race and Gender Equality Schemes has also been completed following appropriate discussion and consultation. The revised schemes will be drawn on to develop a new Single Equality Scheme during 2010/11. It is also University College policy to achieve and maintain high standards of health and safety by all practicable means. The Health & Safety Committee, comprising staff representatives, oversees a full programme of work in this area, including legislative developments and an audit programme.

### **Going Concern**

After making appropriate enquiries the Board of Governors considers that the University College has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

### **Changes in Membership of the Board of Governors**

Mr Peter Dodd became the new Students' Union President and replaced Mr Christopher Manley as the student member of the Board on 1 August 2010. Mr Clive Gurney and Professor Anthony Dugdale retired from the Board on 9 July 2010.

### **Board of Governors during 2009/10**

A M Blackburn *Chairman*  
 R M Mercer *Vice Chairman*  
 F Beatty  
 A M Dugdale  
 R Early  
 J Garnham  
 C Gurney  
 R Hartley  
 C Hickey  
 M Hill  
 N Hunter  
 M Lewis  
 D Llewellyn  
 B J Revell  
 B Udale  
 S Vickers (*from 22 January 2010*)  
 M Ward  
 C Manley (*SU President*)  
 P Dodd (*SU President*)  
*from 1 August 2010*  
 H Jenkins (*from 1 August 2010*)  
 P Bailey (*from 1 August 2010*)

### **Clerk to the Governors**

C E Baxter

For and on behalf of the  
Board of Governors



**C E Baxter**  
**Clerk to the Governors**

# Report of the Independent Auditors to the Governing Body of Harper Adams University College

We have audited the Group and University College financial statements (the 'financial statements') of Harper Adams University College for the year ended 31 July 2010 which comprise the consolidated income and expenditure account, the balance sheets, the consolidated cash flow statement, the statement of consolidated total recognised gains and losses and the related notes on pages 18 to 35. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the governing body, in accordance with paragraph 3.1.3 of the University's articles of government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the governing body those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the board of governors for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the University College's board of governors and auditors

The governing body's responsibilities for preparing the Group financial statements in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 10.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and the International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

We also report to you whether income from funding councils, grants and income for specific purposes and from other restricted funds administered by the University College have been properly applied only for the purposes for which they were received. In addition, we report to you whether, in all material respects, income has been applied in accordance with the statutes and, where appropriate, the financial memorandum with the Higher Education Funding Council for England and the Skills Funding Agency. We also report to you whether in our opinion the Chief Executive's Report, the Operating and Financial Review and the Report of the Governors is not consistent with the financial statements, if the University College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

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

## Basis of opinion

We have conducted our audit in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the governing body in preparing the financial statements and whether the accounting policies are appropriate to the Group and University

College's circumstances, consistently applied and adequately disclosed. We planned and have performed our audit so as to obtain all the information and explanations we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the University College and the Group as at 31 July 2010 and of the Group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education;
- in all material respects, income from the Funding Council and the Skills Funding Agency, grants and income for specific purposes and from other restricted funds administered by the University College during the year ended 31 July 2010 have been applied for the purposes for which they were received;
- in all material respects, income during the year ended 31 July 2010 has been applied in accordance with the University College's statutes and, where appropriate, with the financial memorandum with the funding council and the funding agreement with the Skills Funding Agency.



**Grant Thornton UK LLP, Registered Auditor, Chartered Accountants**  
Birmingham 26 November 2010



## 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.*

### Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP) and in accordance with applicable Accounting Standards.

### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

### Basis of consolidation

The consolidated financial statements include the University College and its subsidiary, Harper Adams (Energy) Limited.

In accordance with Financial Reporting Standard (FRS) 2, the activities of the student union have not been consolidated because the University College does not control those activities. All financial statements are made up to 31 July 2010.

### Recognition of income

Income from tuition fees is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors. The costs of any fees waived by the University College are included as expenditure in note 6.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. Losses on projects are taken into account as soon as they are foreseen.

### Leases

Rental costs under operating leases are charged to expenditure in equal amounts over the periods of the leases.

### Pension schemes

Retirement benefits to employees of the University College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the University College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 29, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

**Tangible fixed assets**

Tangible fixed assets are recorded at cost or valuation less depreciation. Depreciation is charged on all tangible fixed assets except freehold land at rates calculated to write off the cost or revalued amount of the asset on a straight line basis over its effective life. The following rates are normally applied:

Freehold buildings	2%
Farm buildings	5%
Plant and equipment	10%
Computers and some items of scientific equipment	25%
Motor vehicles	25%

The University College has approved that equipment costing less than £5,000 per individual item is written off in the year of acquisition. All other equipment is capitalised.

Capital grants received are recorded as deferred capital grants and released to the income and expenditure account over the expected useful life of the assets to which they relate.

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

**Intangible fixed assets**

Milk Quota is recorded at cost and amortised over a three year period.

**Investments**

Fixed and current asset investments are included in the balance sheet at their market value.

**Stocks**

Commercial farming stocks (excluding poultry, pigs and sheep) are independently valued by Halls Auctioneers Limited of Shrewsbury, Shropshire at cost for growing crops, feedstuffs, sprays and fertilizers, and at a discounted market value at the year end for the livestock. Other livestock is valued by the University College on a sliding scale dependent on age for poultry and discounted market value for pigs and sheep.

Other stocks are valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

**Foreign Currency Translation**

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at

**Provision for Doubtful Debts**

The University College's provision for doubtful debts is maintained at a level of 100% of debts which have been outstanding for more than three months.

**Provisions**

Provisions are recognised when the University College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**Maintenance of premises**

The cost of routine corrective maintenance is charged to the income and expenditure account in the period that it is incurred.

**Taxation status**

The main activity of the University College is the provision of educational services and these are exempt by statute from any liability to pay corporation tax under the provision of the Income and Corporation Taxes Act 1988 (ICTA). Those other activities which satisfy the conditions of clause 505(e)(i) of the ICTA are also exempt.

**Liquid Resources**

Liquid resources comprise government securities and short term deposits with recognised banks and building societies.

## Consolidated Income and Expenditure Account for the Year to 31 July 2010

	Notes	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
<b>Income</b>			
Funding Council Grants	1	17,224	16,710
Tuition Fees	2	6,245	5,221
Research Grants and Contracts	3	412	655
Other Operating Income	4	7,448	6,613
Investment Income	4a	94	212
<b>Total Income</b>		<b>31,423</b>	<b>29,411</b>
<b>Expenditure</b>			
Staff Costs	5	14,243	13,319
Depreciation and Amortisation	10	1,922	1,638
Other Operating Expenses	6	12,812	12,509
Interest and Other Finance Costs	7	826	692
<b>Total Expenditure</b>		<b>29,803</b>	<b>28,158</b>
<b>Surplus on Continuing Operations after Depreciation of Fixed Assets but Before Taxation</b>		<b>1,620</b>	<b>1,253</b>
Taxation	8	-	-
<b>Surplus on Continuing Operations after Depreciation of Fixed Assets and Taxation</b>	18	<b>1,620</b>	<b>1,253</b>

The Income and Expenditure Account is in respect of continuing activities.

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

## Statement of Consolidated Total Recognised Gains and Losses

	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
Surplus on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Taxation	1,620	1,253
Actual Return less Expected Return on Pension Scheme Assets	743	(1,947)
Changes on Assumptions Underlying the Present Value of Scheme Liabilities	164	1,759
<b>Total Recognised Gains Since Last Report</b>	<b>2,527</b>	<b>1,065</b>

## Reconciliation

	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
Opening Reserves	11,619	10,554
Total Recognised Gains for the Year	2,527	1,065
<b>Closing Reserves</b>	<b>14,146</b>	<b>11,619</b>

## Consolidated Statement of Historical Cost Surpluses and Deficits

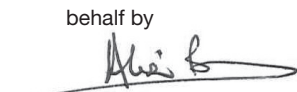
	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
Surplus on Continuing Operations Before and After Taxation	1,620	1,253
Difference Between Historical Cost Depreciation and the Actual Charge for the Period	-	9
<b>Historical Cost Surplus for the Year Before and After Taxation</b>	<b>1,620</b>	<b>1,262</b>



## Balance Sheets as at 31 July 2010

		Consolidated		University College	
	Notes	31 July 2010 £'000	31 July 2009 £'000	31 July 2010 £'000	31 July 2009 £'000
<b>Fixed Assets</b>					
Intangible Assets	9	-	-	-	-
Tangible Assets	10	33,582	28,082	33,365	28,082
Investments	11	122	109	122	109
		<b>33,704</b>	<b>28,191</b>	<b>33,487</b>	<b>28,191</b>
<b>Current Assets</b>					
Stocks	12	1,116	886	1,116	886
Debtors	13	1,104	922	1,298	922
Investments	11	250	5,001	250	5,001
Cash at Bank and in Hand		9,502	5,738	9,342	5,738
		<b>11,972</b>	<b>12,547</b>	<b>12,006</b>	<b>12,547</b>
Creditors - Amounts Falling Due Within One Year	14	(5,042)	(4,755)	(4,859)	(4,755)
<b>Net Current Assets</b>		<b>6,930</b>	<b>7,792</b>	<b>7,147</b>	<b>7,792</b>
Total Assets less Current Liabilities		40,634	35,983	40,634	35,983
Creditors – Amounts Falling Due After More Than One Year	14	(7,019)	(7,322)	(7,019)	(7,322)
Provisions for Liabilities and Charges	15	(40)	(45)	(40)	(45)
		<b>33,575</b>	<b>28,616</b>	<b>33,575</b>	<b>28,616</b>
Net Pension Liability	29	(6,891)	(7,176)	(6,891)	(7,176)
<b>TOTAL NET ASSETS</b>		<b>26,684</b>	<b>21,440</b>	<b>26,684</b>	<b>21,440</b>
<b>Deferred Capital Grants</b>	16	<b>12,538</b>	<b>9,821</b>	<b>12,538</b>	<b>9,821</b>
<b>Reserves</b>					
Revaluation Reserve	17	-	-	-	-
General Reserve	18	14,146	11,619	14,146	11,619
<b>Total Reserves</b>		<b>14,146</b>	<b>11,619</b>	<b>14,146</b>	<b>11,619</b>
<b>TOTAL FUNDS</b>		<b>26,684</b>	<b>21,440</b>	<b>26,684</b>	<b>21,440</b>

The financial statements on pages 18 to 35 were approved by the Board of Governors on 26 November 2010 and signed on its behalf by

  
Chairman

  
Chief Executive

  
Director of Finance

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

## Consolidated Cash Flow Statement for the Year to 31 July 2010

	Notes	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
Net Cash Inflow from Operating Activities	21	3,939	3,805
Returns on Investments and Servicing of Finance	22	(237)	(138)
Capital Expenditure and Financial Investment	23	(4,401)	(1,217)
Management of Liquid Resources	24a	4,751	(5,001)
Financing	24	(288)	1,250
<b>Increase/(Decrease) in Cash in the Period</b>		<b>3,764</b>	<b>(1,301)</b>

## Reconciliation of Net Cashflow to Movement in Net Funds

	Notes	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
Increase/(Decrease) in Cash in the Period		3,764	(1,301)
Net Cash Inflow	24	288	(1,250)
Movement in Net Funds in the Year		4,052	(2,551)
Net Funds at 1 August		(2,010)	541
<b>Net Funds at 31 July</b>	25	<b>2,042</b>	<b>(2,010)</b>

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

## Notes to the Financial Statements for the Year to 31 July 2010

	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
<b>1. Funding Council Grants</b>		
Recurrent Grant (HEFCE)	13,576	12,362
HEFCE Grant (co-funded employer engagement <sup>1</sup> )	1,882	1,703
CETL Grant (HEFCE)	113	300
HEIF Funding (HEFCE)	654	1,144
Teaching Quality Enhancement Fund (HEFCE)	-	180
Summer Schools (HEFCE)	7	9
Release of Deferred Capital Grant (HEFCE) (note 16)	304	417
Research Grant (HEFCE)	462	241
Match Funding (HEFCE)	226	129
Miscellaneous (HEFCE)	-	105
Rewarding and Developing Staff (HEFCE)	-	100
Recurrent Grant (Learning & Skills Council)	-	20
	<b>17,224</b>	<b>16,710</b>
<sup>1</sup> This is funding for tuition delivered in conjunction with employers		
<b>2. Tuition Fees</b>	<b>£'000</b>	<b>£'000</b>
Full Time Students – Home	4,475	3,299
Full Time Students – EU	187	44
Full Time Students charged Overseas Fees	821	896
Part Time Fees	243	314
Short Course Fees	374	453
Other Fees	145	215
	<b>6,245</b>	<b>5,221</b>
<b>3. Research Grants and Contracts</b>	<b>£'000</b>	<b>£'000</b>
Research Grants and Contracts	<b>412</b>	<b>655</b>
<b>4. Other Operating Income</b>	<b>£'000</b>	<b>£'000</b>
Catering and Residence	2,447	2,151
Conferences and Short Course Accommodation	504	578
Farm	2,157	1,822
Non Funding Council Grant Income	368	205
Validation Fees	181	187
Consultancy	223	117
Other Income	1,568	1,553
	<b>7,448</b>	<b>6,613</b>
<b>4a. Investment Income</b>	<b>£'000</b>	<b>£'000</b>
Bank Interest	92	210
Other Investment Income	2	2
	<b>94</b>	<b>212</b>

	Year to 31 July 2010	Year to 31 July 2009
<b>5. Staff Costs and average number of Employees</b>	<b>No.</b>	<b>No.</b>
Teaching Departments	103	99
Teaching Support Services	32	28
Other Support Services	25	24
Administration and Central Services	80	72
Premises	18	19
Domestic Services	48	46
Catering	29	29
Other	54	51
	<b>389</b>	<b>368</b>
<b>Staff Costs for the Above Persons:</b>	<b>£'000</b>	<b>£'000</b>
Wages and Salaries	11,846	10,922
Social Security Costs	918	856
Pension Costs	1,479	1,541
	<b>14,243</b>	<b>13,319</b>
Teaching Departments	6,005	5,614
Teaching Support Services	914	833
Other Support Services	898	798
Administration and Central Services	2,577	2,393
Premises	487	553
Domestic Services	894	850
Catering	628	613
Other	1,840	1,665
	<b>14,243</b>	<b>13,319</b>
<b>Emoluments of the Principal:</b>	<b>£</b>	<b>£</b>
Salary	113,486	137,972
Benefits in Kind - University College House	9,600	9,600
- Health Insurance	2,874	2,874
	<b>125,960</b>	<b>150,446</b>
Employer's Pension Contributions	<b>16,910</b>	<b>20,819</b>
The number of staff, including the Principal, who received emoluments in the following ranges was:	<b>2009/2010</b>	<b>2008/2009</b>
£120,000 to £130,000	1	-
£150,000 to £160,000	-	1



	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
<b>6. Other Operating Expenses</b>		
Employer Engagement	1,491	831
Joint Courses – Payments to Other Institutions	1,299	1,079
Academic Departments	545	603
Academic Services	1,116	916
Administration & Central - Establishment Expenses	2,114	2,438
- Staff & Student Facilities	260	213
Premises - Rates	55	43
- Energy Costs	310	347
- Routine Maintenance	248	263
- Long Term Maintenance	282	315
- Other	431	561
Residences & Catering	816	952
Research	676	609
Farm	1,489	1,552
Pig Unit	571	535
WiRE	127	114
NRKE and Business Clubs	161	459
Conferences	124	181
Other Expenses	697	498
	<b>12,812</b>	<b>12,509</b>

	£'000	£'000
Other Operating Expenses Include:		
External Auditors Remuneration in Respect of Audit Services	18	16
External Auditors Remuneration in Respect of Non Audit Services	2	11
Internal Auditors Remuneration	18	16
Operating Lease Rentals		
Plant and Machinery	13	-
Other	20	19

#### Governors

No governor has received any remuneration/waived payments from the University College during the year (2008-09 – none). The total expenses paid to or on behalf of the governors was £5,181 (2008-09- £6,661). This represents travel and subsistence expenses incurred with respect to the attendance of governor meetings and also expenses incurred with respect to the provision of relevant continuing professional development for governors.

<b>7. Interest and Other Finance Costs</b>	<b>£'000</b>	<b>£'000</b>
On Bank Loans:		
Repayable Wholly or Partly in More Than 5 Years	331	350
FRS 17 Finance Charge	495	342
<b>Total Payable</b>	<b>826</b>	<b>692</b>

#### 8. Taxation

No provision has been made for corporation tax as the Governors believe that there is no current tax liability.

		Consolidated and University College Milk Quota £'000
<b>9. Intangible Fixed Assets</b>		
<b>Cost</b>		
At 1 August 2009		393
Additions During Year		-
		<hr/>
At 31 July 2010		393
<b>Accumulated Amortisation</b>		
At 1 August 2009		393
Charge for Year		-
		<hr/>
At 31 July 2010		393
<b>Net Book Value</b>		
At 31 July 2010		-
		<hr/>
At 31 July 2009		-
		<hr/>

10. Tangible Fixed Assets	Consolidated				
	Freehold Property £'000	University College Plant and Equipment £'000	Farm Plant and Equipment £'000	Assets in the Course of Construction £'000	Total £'000
<b>Cost or Valuation</b>					
At 1 August 2009	27,203	13,245	1,948	3,506	45,902
Transfers	3,506	-	-	(3,506)	-
Additions	2,380	1,680	219	3,143	7,422
At 31 July 2010	33,089	14,925	2,167	3,143	53,324
<b>Accumulated Depreciation</b>					
At 1 August 2009	5,887	10,382	1,551	-	17,820
Charge for the Year	1,074	675	173	-	1,922
At 31 July 2010	6,961	11,057	1,724	-	19,742
<b>Net Book Value</b>					
At 31 July 2010	26,128	3,868	443	3,143	33,582
At 31 July 2009	21,316	2,863	397	3,506	28,082
<b>Financed by Capital Grant</b>					
Other	9,739	671	58	2,070	12,538
Other	16,389	3,197	385	1,073	21,044
<b>Net Book Value at 31 July 2010</b>	<b>26,128</b>	<b>3,868</b>	<b>443</b>	<b>3,143</b>	<b>33,582</b>

**10. Tangible Fixed Assets****University College**

	<b>Freehold Property £'000</b>	<b>University College Plant and Equipment £'000</b>	<b>Farm Plant and Equipment £'000</b>	<b>Assets in the Course of Construction £'000</b>	<b>Total £'000</b>
<b>Cost or Valuation</b>					
At 1 August 2009	27,203	13,245	1,948	3,506	45,902
Transfers	3,506	-	-	(3,506)	-
Additions	2,380	1,680	219	2,926	7,205
At 31 July 2010	<b>33,089</b>	<b>14,925</b>	<b>2,167</b>	<b>2,926</b>	<b>56,107</b>
<b>Accumulated Depreciation</b>					
At 1 August 2009	5,887	10,382	1,551	-	17,820
Charge for the Year	1,074	675	173	-	1,922
At 31 July 2010	<b>6,961</b>	<b>11,057</b>	<b>1,724</b>	<b>-</b>	<b>19,742</b>
<b>Net Book Value</b>					
At 31 July 2010	26,128	3,868	443	2,926	33,365
At 31 July 2009	21,316	2,863	397	3,506	28,082
<b>Financed by Capital Grant</b>	9,739	671	58	2,070	12,538
<b>Other</b>	16,389	3,197	385	856	20,827
<b>Net Book Value at 31 July 2010</b>	<b>26,128</b>	<b>3,868</b>	<b>443</b>	<b>2,926</b>	<b>33,365</b>

Historic Cost and aggregate depreciation, based on cost, of land and buildings included at valuation:

**Consolidated and University College**

	<b>As at 31 July 2010 £'000</b>	<b>As at 31 July 2009 £'000</b>
Cost	32,719	26,833
Less Depreciation	6,414	5,340
Net Book Value	<b>26,305</b>	<b>21,493</b>

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.

Certain land and buildings were revalued on an open market basis by an independent Chartered Surveyor in 1991.

Included within freehold property is land costing £1,341,860 which is not depreciated.

	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000		
<b>11. Investments</b>	<b>Consolidated and University College</b>			
<b>Fixed Asset Investments</b>				
Quoted Securities at Market Value	115	102		
Unquoted Securities at Cost	7	7		
	<b>122</b>	<b>109</b>		
<b>Current Asset Investments</b>				
Short Term Investments at Cost	250	5,001		
	<b>250</b>	<b>5,001</b>		
Surplus funds have been invested on a short term basis on the University College's behalf by a third party, Royal London Cash Management.				
<b>12. Stocks</b>	<b>Consolidated and University College</b>			
	<b>£'000</b>	<b>£'000</b>		
Farm Stocks	863	632		
University College Consumables	18	10		
Goods for Resale	235	244		
	<b>1,116</b>	<b>886</b>		
<b>13. Debtors</b>	<b>Consolidated</b>		<b>University College</b>	
	<b>Year to 31 July 2010 £'000</b>	<b>Year to 31 July 2009 £'000</b>	<b>Year to 31 July 2010 £'000</b>	<b>Year to 31 July 2009 £'000</b>
Amounts Falling Due Within One Year:				
Trade Debtors	489	582	483	582
Prepayments & Accrued Income	615	340	615	340
	<b>1,104</b>	<b>922</b>	<b>1,098</b>	<b>922</b>
Amounts Falling Due After One Year:				
Subsidiary Company	-	-	200	-



**14. Creditors**

	<b>Consolidated</b>		<b>University College</b>	
	<b>Year to 31 July 2010 £'000</b>	<b>Year to 31 July 2009 £'000</b>	<b>Year to 31 July 2010 £'000</b>	<b>Year to 31 July 2009 £'000</b>
Amounts Falling Due Within One Year:				
Bank Loans	281	267	281	267
HEFCE Loans	160	160	160	160
Grants Received in Advance	-	322	-	322
Other Creditor - Aim Higher Partnerships for Progression	-	114	-	114
Projects in Progress	644	539	644	539
Taxation and Social Security	304	277	304	277
Sundry Creditors and Accrued Expenses	3,653	3,076	3,470	3,076
	<b>5,042</b>	<b>4,755</b>	<b>4,859</b>	<b>4,755</b>

**Creditors: Amounts Falling Due After More Than One Year:****Consolidated and University College**

	<b>Year to 31 July 2010 £'000</b>	<b>Year to 31 July 2009 £'000</b>
Bank Loans	5,699	5,976
HEFCE Loans	1,320	1,346
<b>Total Loans</b>	<b>7,019</b>	<b>7,322</b>

**Borrowings****£'000                      £'000**

Bank Loans are Repayable as Follows:

In One Year or Less	281	267
Between One and Five Years	1,296	1,224
In Five Years or More	4,403	4,752
	<b>5,980</b>	<b>6,243</b>

Bank loans totalling £5,980,000 at various fixed rates ranging from 5.365% to 5.769% are repayable by instalments with the final payment scheduled for 25 September 2031.

**Borrowings****£'000                      £'000**

HEFCE Loans are Repayable as Follows:

In One Year or Less	160	160
Between One and Five Years	840	1,120
In Five Years or More	480	225
	<b>1,480</b>	<b>1,505</b>

The borrowings from HEFCE include two repayable interest free loans. The first of 9 annual repayments of £159,972 with respect to the loan of £1,439,750 for the REESEP capital project, commenced July 2010.

The planned draw down on the loan for the Anaerobic Digester was revised in 2009/10, resulting in £280,000 of the £480,000 received in 2008/09, being paid back to HEFCE. The remaining draw down of £2,200,000 is scheduled for 2010/11. Quarterly repayments of £60,000 commence August 2011 to April 2021.

**15. Provision for Liabilities and Charges****Consolidated and University College**

	As at 31 July 2010 £'000	As at 31 July 2009 £'000
The Provision for Liabilities and Charges is Made Up as follows:		
Pension Provision	<u>40</u>	<u>45</u>

The Pension Provision represents the estimated future pension commitments relating to a retired former employee of the University College. The University College paid £4,546 relating to the commitment during the year. This sum is expected to increase annually in line with the increase in the Retail Price Index.

**16. Deferred Capital Grants****Consolidated and University College**

	£'000	£'000
At 1 August	9,821	6,001
Capital Grants Received	<u>3,021</u>	<u>4,237</u>
	12,842	10,238
Less Release of Grant	<u>304</u>	<u>417</u>
Balance at 31 July	<u><b>12,538</b></u>	<u><b>9,821</b></u>

Capital grants received are recorded as deferred capital grants and released to the income and expenditure account over the expected useful life of the assets to which they relate.

**17. Revaluation Reserve****Consolidated and University College**

	£'000	£'000
At 1 August	-	9
Transfer from Revaluation Reserve to General Reserve in Respect of Depreciation on Revalued Assets	<u>-</u>	<u>(9)</u>
Balance at 31 July	<u>-</u>	<u>-</u>

**18. General Reserve****Consolidated and University College**

	£'000	£'000
At 1 August	11,619	10,545
Total Recognised Gains for the Year	2,527	1,065
Transfer from Revaluation Reserve	<u>-</u>	<u>9</u>
Balance at 31 July	<u><b>14,146</b></u>	<u><b>11,619</b></u>

**19. Financial Commitments****Consolidated****University College**

	<b>Year to 31 July 2010 £'000</b>	<b>Year to 31 July 2009 £'000</b>	<b>Year to 31 July 2010 £'000</b>	<b>Year to 31 July 2009 £'000</b>
--	---	---	---	---

**Capital Commitments**

At 31 July 2010 the Following Amounts had been Authorised:

Authorised and Contracted For	4,490	452	2,057	452
Authorised but Not Contracted For	-	-	-	-

**Operating Leases****Consolidated and University College  
£'000 £'000**

As at 31 July 2010, Harper Adams University College had annual commitments under operating leases expiring between one and five years:

Plant and Machinery	10	10
Other	22	21

**20. Contingent Liabilities**

To the best of the Governors' knowledge and belief there were no contingent liabilities as at 31 July 2010 or 31 July 2009.

**21. Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities****£'000****£'000**

Surplus on Continuing Operations After Depreciation	1,620	1,253
FRS17 Pension Costs less Contributions Payable	622	616
Depreciation and Amortisation (Note 10)	1,922	1,638
Profit on Disposal of Fixed Assets	-	(4)
Deferred Capital Grants Released to Income	(304)	(417)
Investment Income	(2)	(2)
Interest Receivable	(92)	(210)
Interest Payable	331	350
(Increase) In Stocks	(230)	(37)
Decrease/(Increase) In Debtors and Prepayments	(182)	296
Increase in Creditors	272	311
(Decrease) in Provisions	(5)	(4)
Unrealised Loss/(Gain) on Investments	(13)	15

**Net Cash Inflow from Operating Activities****3,939****3,805****22. Returns on Investments and Servicing of Finance****£'000****£'000**

Dividends Received	2	2
Interest Received	92	210
Interest Payable	(331)	(350)

**Net Cash (Outflow) from Returns on Investments and Servicing of Finance****(237)****(138)**

	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000		
<b>23. Capital Expenditure and Financial Investment</b>				
Capital Grants Received - HEFCE	3,021	4,237		
Proceeds From Sale of Fixed Assets	-	8		
Payments to Acquire Tangible Assets	(7,422)	(5,462)		
<b>Net Cash (Outflow) from Capital Expenditure and Financial Investment</b>	<b>(4,401)</b>	<b>(1,217)</b>		
<b>24. Financing</b>	<b>£'000</b>	<b>£'000</b>		
Medium Term Loan	135	1,505		
Repayment of Loan	(423)	(255)		
<b>Net Cash (Outflow)/Inflow from Financing</b>	<b>(288)</b>	<b>1,250</b>		
<b>24a. Management of Liquid Resources</b>	<b>£'000</b>	<b>£'000</b>		
(Disposal)/Acquisition Of Current Assets	(4,751)	5,001		
<b>25. Analysis of Changes in Net Debt</b>				
	<b>At 31 July 2009 £'000</b>	<b>Cash Flow £'000</b>	<b>Other Changes £'000</b>	<b>At 31 July 2010 £'000</b>
Cash at bank and in hand	5,738	3,764	-	9,502
Debt due within one year	(427)	423	(437)	(441)
Debt due after one year	(7,321)	(135)	437	(7,019)
	<b>(2,010)</b>	<b>4,052</b>	<b>-</b>	<b>2,042</b>

**26. Related Party Transactions**

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

**27. Subsidiary Company**

The University College owns the entire shares of two subsidiary companies: "Harper Adams (Energy) Limited" (incorporated 27 July 2009) and "Harper Adams (Rural Enterprises) Limited" (incorporated 27 July 2009). These companies have not traded since incorporation, however "Harper Adams (Energy) Limited" has incurred costs on fixed assets with the intention of trading from May 2011.



	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
<b>28. Access Funds</b>		
Funding Council Grant	45	42
Disbursed to Students	(42)	(37)
	<b>3</b>	<b>5</b>

Funding Council grants are available solely for students; the University College acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

## 29. Pension Costs

The two principal pension schemes for the University College's staff are the Teachers' Pension Scheme (TPS), available to all teaching staff, and the Local Government Pension Scheme, operated as Shropshire County Council Pension Fund (SCCPF), available to all non teaching staff. Both are defined benefit schemes.

	2009/2010 £'000	2008/2009 £'000
<b>Total Pension Cost for the Year</b>		
Teachers' Pension Scheme: contributions paid	681	626
Local Government Pension Scheme: contributions paid	704	620
FRS17 charge	127	274
Charge to the Income and Expenditure Account (staff costs)	831	894
<b>Total Pension Cost for Year</b>	<b>1,512</b>	<b>1,520</b>

### Local Government Pension Scheme

Membership of the Local Government Pension Scheme operated as the Shropshire County Council Pension Fund is available to all non teaching staff. The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 July 2010 was £971,689 of which employer's contributions totalled £665,202 and employees' contributions totalled £306,487. The agreed contribution rates for future years are 14.8% for employers and a variable percentage between 5.25% and 7.5% for employees.

### FRS17

In accordance with the requirements of Financial Reporting Standard (FRS) 17 and the Statement of Recommended Practice for Accounting for Further and Higher Education, the Fund Actuary was instructed to complete a full valuation of the University College's element of the fund as at 31 July 2010, with comparative figures as at 31 July 2009.

Principal Actuarial Assumptions	2009/2010	2008/2009	2007/2008
Rate of Increase in Salaries	4.95%	5.45%	5.55%
Rate of Increase of Pensions in Payment	2.70%	3.70%	3.80%
Discount Rate for Liabilities	5.50%	6.30%	5.90%
Inflation Assumption	2.70%	3.70%	3.80%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2010	At 31 July 2009
<b>Retiring today</b>		
Males	21.2	21.2
Females	24.1	24
<b>Retiring in 20 years</b>		
Males	22.2	22.2
Females	25	25

The assets in the scheme and the expected rates of return were:

	Long term rate of return expected at 31.07.2010	Value at 31.07.2010 £'000	Long term rate of return expected at 31.07.2009	Value at 31.07.2009 £'000	Long term rate of return expected at 31.07.2008	Value at 31.07.2008 £'000
Equities	7.50%	7,969	7.50%	6,529	7.50%	7,096
Bonds: Government	4.20%	1,716	4.50%	1,451	4.80%	1,549
Other Bonds	5.10%	1,417	5.80%	1,163	5.90%	1,447
Property	6.50%	533	6.50%	512	6.50%	615
Cash / Liquidity	0.50%	728	0.50%	555	5.00%	330
Other	7.50%	637	7.50%	459	7.50%	353
		<b>13,000</b>		<b>10,669</b>		<b>11,390</b>

The following amounts at 31 July 2010 were measured in accordance with the requirements of Financial Reporting Standard (FRS17):

	31 July 2010 £'000	31 July 2009 £'000	31 July 2008 £'000
Total Market Value of Assets	13,000	10,669	11,390
Present Value of Scheme Liabilities	(19,891)	(17,845)	(17,762)
<b>(Deficit) in the Scheme – Net Pension (Liability)</b>	<b>(6,891)</b>	<b>(7,176)</b>	<b>(6,372)</b>
	<b>31 July 2010 £'000</b>	<b>31 July 2009 £'000</b>	<b>31 July 2008 £'000</b>
Current Service Cost	814	876	684
Past Service Cost	-	-	191
Effect of Curtailments or Settlements	17	18	-
<b>Total Operating Charge</b>	<b>831</b>	<b>894</b>	<b>875</b>
<b>Analysis of Net Return on Pension Scheme</b>			
Expected Return on Pension Scheme Assets	662	728	743
Interest on Expected Scheme Liabilities	(1,157)	(1,070)	(875)
<b>Net Return</b>	<b>(495)</b>	<b>(342)</b>	<b>(132)</b>

	31 July 2010 £'000	31 July 2009 £'000	31 July 2008 £'000
<b>Analysis of Amounts Recognised in Statement of Recognised Gains and Losses</b>			
Actual Return Less Expected Return on Pension Scheme Assets	743	(1,947)	(1,239)
Experience Gains and Losses Arising on Scheme Liabilities	-	-	-
Changes in Assumptions Underlying the Present Value of Scheme Liabilities	164	1,759	(1,331)
<b>Total Actuarial Gain/(Loss) Recognised</b>	<b>907</b>	<b>(188)</b>	<b>(2,570)</b>
<b>Movement in Deficit During the Year:</b>			
Deficit in Scheme at 1 August	(7,176)	(6,372)	(3,306)
Movement in Year:			
Current Service Charge	(814)	(876)	(684)
Past Service gain/(loss)	-	-	(191)
Effect of Curtailments or Settlements	(17)	(18)	
Contributions	704	620	522
Net Return on Assets	(495)	(342)	(132)
Actuarial gain/(loss)	907	(188)	(2,581)
<b>Deficit in Scheme At 31 July</b>	<b>(6,891)</b>	<b>(7,176)</b>	<b>(6,372)</b>
<b>Asset and Liability Reconciliation</b>			
<b>Reconciliation of Liabilities</b>			
Liabilities at Start of Period	17,845	17,762	14,809
Service Cost	814	876	684
Interest Cost	1,157	1,070	875
Employee Contributions	316	285	241
Actuarial (gain)/loss	(164)	(1,759)	1,331
Benefits Paid	(94)	(407)	(369)
Past Service loss/(gain)	-	-	191
Effect of Curtailments or Settlements	17	18	-
<b>Liabilities at End of Period</b>	<b>19,891</b>	<b>17,845</b>	<b>17,762</b>
<b>Reconciliation of Assets</b>			
Assets at Start of Period	10,669	11,390	11,503
Expected Return on Assets	662	728	743
Actuarial gain/(loss)	743	(1,947)	(1,250)
Employer Contributions	704	620	522
Employee Contributions	316	285	241
Benefits Paid	(94)	(407)	(369)
<b>Assets at End of Period</b>	<b>13,000</b>	<b>10,669</b>	<b>11,390</b>

**History of Experience Gains and Losses**

	<b>Year to 31 July 2010 £'000</b>	<b>Year to 31 July 2009 £'000</b>	<b>Year to 31 July 2008 £'000</b>	<b>Year to 31 July 2007 £'000</b>	<b>Year to 31 July 2006 £'000</b>
Defined benefit obligations	(134.4)	(121.0)	(122.4)	(117.7)	(99.5)
Plan Assets	82.4	90.7	95.9	84.6	72.9
Deficit	(52.0)	(30.3)	(26.5)	(33.1)	(26.6)
Experience adjustments on plan liabilities	(8.5)	8.2	1.8	(10.6)	(6.1)
Experience adjustments on plan assets	(14.8)	(14.1)	3.4	4.4	8.4

**Teachers' Pension Scheme**

The Teachers' Pension Scheme 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 purposes of determining contribution rates.

The pensions cost is normally assessed no less than every four years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective Benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	98.88%

Following the implementation of Teachers' Pensions (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 2009 to 31 July 2010 the employer contribution was 14.1% The employee rate was 6.4% for the same period.

An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The University College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the University College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The University College has set out above the information available on the scheme and the implications for the University College in terms of the anticipated contribution rates.

## Five Year Summary Accounts

	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000
<b>INCOME AND EXPENDITURE ACCOUNT</b>					
<b>Income</b>					
Funding Council Grants	10,264	11,544	13,237	16,710	17,224
Tuition Fees	2,070	3,213	4,999	5,221	6,245
Research Grants and Contracts	440	436	1,797	655	412
Other Operating Income	5,817	6,586	6,602	6,613	7,448
Investment Income	168	213	334	212	94
<b>Total Income</b>	<b>18,759</b>	<b>21,992</b>	<b>26,969</b>	<b>29,411</b>	<b>31,423</b>
<b>Expenditure</b>					
Staff Costs	9,919	11,027	12,529	13,319	14,243
Depreciation and Amortisation	1,546	1,674	1,590	1,638	1,922
Other Operating Expenses	6,860	8,133	11,165	12,509	12,812
Interest and Other Finance Costs	199	411	465	692	826
<b>Total Expenditure</b>	<b>18,524</b>	<b>21,245</b>	<b>25,749</b>	<b>28,158</b>	<b>29,803</b>
<b>Operating Surplus before Tax and Exceptional Items</b>	<b>235</b>	<b>747</b>	<b>1,220</b>	<b>1,253</b>	<b>1,620</b>
<b>BALANCE SHEET</b>					
Fixed Assets	22,105	23,107	24,385	28,191	33,704
Net Current Assets	2,276	2,274	4,837	7,792	6,930
Creditors: Amounts Falling Due after One Year	(5,296)	(5,098)	(6,246)	(7,322)	(7,019)
Provisions for Liabilities and Charges	(51)	(49)	(49)	(45)	(40)
	<b>19,034</b>	<b>20,234</b>	<b>22,927</b>	<b>28,616</b>	<b>33,575</b>
Pension Liability	(3,331)	(3,306)	(6,372)	(7,176)	(6,891)
<b>Total Net Assets</b>	<b>15,703</b>	<b>16,928</b>	<b>16,555</b>	<b>21,440</b>	<b>26,684</b>
Represented by					
Deferred Capital Grants	4,925	5,013	6,001	9,821	12,538
Revaluation Reserve	29	19	9	-	-
General Reserve	10,749	11,896	10,545	11,619	14,146
<b>TOTAL FUNDS</b>	<b>15,703</b>	<b>16,928</b>	<b>16,555</b>	<b>21,440</b>	<b>26,684</b>

## Glossary of Terms

<b>BBRSC</b>	Biotechnology and Biological Sciences Research Council
<b>CBI</b>	Confederation of British Industry
<b>CETL</b>	Centre for Excellence in Teaching and Learning
<b>CUC</b>	Committee of University Chairmen
<b>EU</b>	European Union
<b>FRS</b>	Financial Reporting Standard
<b>HEFCE</b>	Higher Education Funding Council for England
<b>ICTA</b>	Income and Corporation Taxes Act
<b>LGPS</b>	Local Government Pension Scheme
<b>NRKE</b>	National Rural Knowledge Exchange
<b>REEDNET</b>	Rural Employer Engagement Development Network
<b>REESEP</b>	Rural Employer Engagement Student Experience Project
<b>RPI</b>	Retail Price Index
<b>SCCPF</b>	Shropshire County Council Pension Fund
<b>SERPS</b>	State Earnings Related Pension Scheme
<b>SORP</b>	Statement of Recommended Practice
<b>TPS</b>	Teachers' Pension Scheme
<b>WiRE</b>	Women in Rural Enterprise
<b>WMRFA</b>	West Midlands Regional Food Academy



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