



Harper Adams
University College

Harper Adams University College

Annual Report and Financial Statements 2010/2011

2011



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Chief Executive's Report

Introduction

Harper Adams has witnessed another successful year during which significant progress has been made on a number of fronts. The commitment and hard work of staff, students and Governors has been critical in ensuring that the University College remains the leading higher education institution in its field in the UK. Of equal significance is the immense amount of support we receive from industry in the pursuit of our goals, and the way in which rural and food chain industries have demonstrated their willingness to engage in education and research for the benefit of their future business success. We are grateful for their contribution to our activities and for the provision of employment for our graduates, which marks the transition to the world of work for the young people who have studied with us over the last few years.

The Operating and Financial Review provides further detail on the strong financial performance shown in our annual accounts. Over the last year we have sought to address the rapidly changing financial climate for higher education both in terms of our current financial performance and our financial planning. We have adopted a balanced approach, ensuring that we are financially efficient whilst investing in key areas to generate further long term growth. In some cases this has involved further investment in our research capabilities, which have generated significant returns by way of grant income over the last year, whilst in others we have strengthened our ability to respond to the emerging student market by investment in infrastructure in support of our teaching. We have also adapted to changes in funding arrangements beyond our immediate control, such as the impending loss of income from the Higher Education Innovation Fund, by sourcing alternative arrangements for our important work in care farming, promoting business development by women rural entrepreneurs and promoting knowledge exchange in production agriculture.

We operate in a specialist field covering three major global challenges – the need to address global food security, the need to meet future demand for renewable energy production and the requirement that we achieve these objectives whilst minimising their impact on the environment. These challenges will require highly educated leaders and managers capable of using developments in science and technology to maximise the efficiency of their businesses, and willing to update their knowledge over their career to benefit from new techniques. Our recent work in developing a strong portfolio of employer engagement activity, through our Rural Employer Engagement Development Network (REEDNet) is evidence of industry demand for professional training of relevance to our industry sectors. In 2010/11 we supported the delivery of such training to over 3,500 individuals, meeting stretching targets for these activities and working with many new clients along the way. Recent reports have also highlighted a shortage of UK capacity in applied research and methods to translate new knowledge into practice within the food supply chain. We are one of the few places in the UK where such work is taking place, and we aim to build on our existing reputation with industry to ensure that we play a leading role in helping shape the UK's response to the issues of food and energy security by remaining at the forefront of science and technology in these fields.

Over the last year the scene has been set for our role and influence to grow. The Government's Foresight Panel reports on future land use, global food and farming and, most recently, on climate change, have placed production agriculture and the food supply chain at the heart of the policy debate, and the inclusion of food security in the National Security Strategy in late 2010 marked a significant milestone in recognising the importance of this issue to society at large. It will be critical for policy makers and industry to continue to recognise the important contribution that higher education makes to leading

and stimulating change within the food supply chain. To that end, Harper Adams will continue to be an important source of independent knowledge, advice and education for those who choose to work in this vital sector.

Student Recruitment and Satisfaction

We had our highest ever recruitment of undergraduate students in October 2010. 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, including via a successful bid to the Universities Modernisation Fund. Recruitment to taught postgraduate courses was strengthened during 2010/11, to 69 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 83 students joining us from Beijing Agricultural College. Postgraduate research student numbers reached 31, and continued to provide a vibrant and active research community working alongside our academic staff.



*Graduation
September
2011*

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. Our performance was reflected in the Sunday Times University Guide for 2011, which placed us fourteenth in the UK for student satisfaction. The Sunday Times also ranked us fourteenth in the UK for graduate level jobs, top for employment and we were named University College of the Year for the fourth 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

I reported last year on the development of a new Research and Knowledge Transfer Strategy which, during 2010/11, we have implemented. In addition to the important part played by our Research Co-ordinator, Professor Peter Kettlewell, the appointment of Professor Peter Mills as Vice Principal and other research appointments brought further expertise to strengthen our exiting research base.

Interdisciplinary research has also been promoted within Harper Adams, to make best use of our expertise in, for example, agricultural engineering, to complement that of our crop and livestock scientists. The appointment, in early 2011, of Professor Simon Blackmore, a leading international expert in precision farming and robotics, has given further impetus to our efforts in this area, leading to a number of innovative research proposals and broader connections with the European research base.

The results have been extremely promising; with a significant increase in research grant income over the course of the year, including major grant successes via the Technology Strategy Board and constituent parts of the Agriculture and Horticulture Development Board as well as from industry sponsors. Of particular note is the way in which some major grants have been secured in partnership with other universities, with Harper Adams contributing unique expertise in technical or scientific fields. The implementation of innovative projects, such as our new anaerobic digestion system, has also stimulated approaches from other universities keen to engage in new lines of research. We anticipate significant interest in this field that we will be pursuing as part of our research programme.

Given our applied research focus we are keen to ensure that our research has impact on the industries with which we work. One example of this is a recent Home Grown Cereals Authority study which demonstrated that its investment in fusarium research at Harper Adams had generated a five-fold economic benefit for the cereals sector over the last 10 years. Other examples of the impact of our work stem from our many activities in knowledge transfer, from the production of technical notes that summarise research for the practitioner,

to regular features in the farming press to enable benchmarking of practice in agricultural production to events held at Harper Adams, such as our Dairy Technology Day which, once again, attracted around 1,000 delegates and over 90 exhibitors to hear about recent developments in dairy practice. Related industry events, hosted by Harper Adams, are growing, and most recently include the first national Dairy Herdmans' Conference. When coupled with our employer engagement programme these activities represent a significant working relationship with the food supply chain that is mutually beneficial and feeds back into our educational programmes to ensure that our students are exposed to the latest technical developments in their field.

Promoting Collaboration

In addition to working closely with industry we have sought to extend our collaborative networks with higher education partners within the UK and overseas. In 2010 we hosted a visit from the Agricultural Sciences Faculty of Aarhus University and we are developing ways in which we can share experiences in research and in education. Our staffs have visited a number of other European institutions under the Erasmus programme over the course of the last year. We also taught the first cohort of the collaborative Regional Food Identity Masters course, which involves a network of European universities and in which we are the UK partner institution. This cohort will graduate in France later in 2011.

Our collaboration in China has continued apace, with 83 students from Beijing Agricultural College joining us for the 2010/11 academic year, many of whom have performed extremely well in their final examinations. In April 2011, we signed agreements



with four other Chinese universities to promote international collaboration and further discussions have identified opportunities for other joint courses that will be implemented over the next few years. Of particular note is a Masters level engineering programme where we hope to provide postgraduate training for the overseas employees of a major engineering company. Our work in China was recently given an added boost by a major donation from an industry sponsor to put in place a cultural exchange programme between students at Harper Adams and Beijing Agricultural College.



*Signing
of the
Chinese
Agreement
May 2011*

Our students will also have the opportunity to benefit from exchange programmes that we have been developing over the last year in the USA, with the aim of exposing them to further aspects of the global food supply chain. Of particular note is an arrangement with the University of Missouri and a planned exchange with Cornell University scheduled for the spring of 2012.

In addition to the above arrangements we are engaged in international research in Africa and with partner universities in Brazil and New Zealand, amongst many others. Given the global challenges on which we are working we have also taken steps to internationalise our educational programmes and ensure that visiting students from overseas get the best possible experience from their time in the UK.

Closer to home, collaborative work has been developed beyond research with the announcement during the year that the Biotechnology and Biological Sciences Research Council (BBSRC)

had awarded an Advanced Training Partnership programme, with funding of c£4m, to a consortium consisting of the University of Nottingham, Cranfield University, Harper Adams and Rothamsted Research. The Advanced Training Partnership (ATP) will provide higher level (postgraduate) skills development for those working in the agri-food sector, and will be launched later in 2011.

We were also delighted to launch a new scholarship programme with the support of the poultry industry and the British Poultry Council, further underlining our activities in supplying new talent to the food production sector. A special placement and careers fair was held at Harper Adams, and 9 industry scholarships were offered to our students from the companies that attended.

Demonstrating the Public Benefit of our Work

As a registered charity, Harper Adams University College has a long tradition of delivering activities that benefit the public, and this has previously been subject to peer review by our Funding Council to determine the contribution we make 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

Universities UK and HEFCE have developed a framework by which higher education institutions contribute public benefits. The following themes summarise our activities within the framework.

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

employment, currently ranked at the top of the university sector (HESA data, weighted by survey response, July 2011) 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 school children to farming and food production and provide educational programmes in schools, including those organised and run by our own students.

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. We actively engage with rural communities to ensure that we transfer knowledge to the wider world, one example of which was our Dairy Technology event, held in May 2011, which attracted c1,000 delegates. 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/>. Our academic staffs are regular contributors to the farming press and our work has featured on BBC radio and television over the last year.

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 operation 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. We hosted the Women's Food and Farming Union national conference in the spring of 2011. Two of our staff are members of the Telford Business Board and we support their

membership of many other local, regional and national representative bodies. A number of our staff also hold positions in organisations such as parish councils and school governing bodies.



Farmers
Market
September
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 over the last year with the launch of our new anaerobic digestion system.

Stimulating local economic and social development

We are a major local employer in our own right, with 460 staff, most of who live in the local area. Our contribution to the local economy is highly regarded by our Local Authority. We have engaged with the creation

of our Local Enterprise Partnership and proposed an innovative scheme for economic development that has received the support of our LEP. Our programme of student volunteering makes a direct contribution to local social development. We have recently completed an economic impact assessment which demonstrates the contribution we are making to job creation and economic development across the UK and within the Shropshire and Telford & Wrekin Council areas.

Building international connections

Eighteen of our 31 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, and have recently secured agreements with four other Chinese universities to explore collaborative work. Our staff routinely travel overseas to participate in research and education, with recent examples including Aarhus University and Missouri University, 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

The UK higher education system is going through an unprecedented period of change with the introduction of a new fee and funding environment from academic year 2012/13. At the same time, there is considerable demand for graduates from the agri-food sector, and a need to provide higher level skills development for those already working in the sector, to address the challenges of food and energy security and the management of our natural resources. The distinctive nature of the University College, and the leading position it holds within the agri-food sector,

means that whilst we have to adapt to the new fees and funding system, we are confident that we will be able to make the transition successfully.

An important element of that success will be the recognition by Government that we operate in high-cost subject areas in which there is significant public interest and, as a consequence, a continued need for public investment in our subject base. It was helpful to note that the Government's priorities for investment in high cost subjects, notified to HEFCE on 29 June 2011, included agriculture as one of the key subject areas. Whilst there is much to be done to secure student recruitment and resource from Government funding in 2012/13 we have planned our approach to these new market conditions carefully whilst taking account of the need to provide high quality education and applied research at the same time as securing value for money.

We were pleased to have been shortlisted in the Times Higher Education Leadership and Management Awards in 2011 in the category for Outstanding Leadership and Management Team. This, together with our strong approach to institutional governance, and a hard-working and dedicated staff, underline our commitment to delivering the very best for our students and for the industries with which we work. We have raised the profile of our academic activities over the last few years and will continue to do so with new initiatives and a strong performance that will further enhance our reputation within the higher education sector, within the UK and internationally. The agri-food sector must meet considerable challenges over the next few years and we will continue to work hard to support the sector in this effort.

Dr David Llewellyn
Principal

Operating and Financial Review

Introduction

The Higher Education sector continues to face a challenging time. Harper Adams University College is pleased to report another strong financial performance for the year to 31st July 2011.

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 2010/11 the University College has grown income and continued to invest in students, staff and capital projects.

Headlines:

- Income increased by £4,432,000 to £35,855,000, a growth of 14.1% on the prior year.
- Expenditure was up by £3,870,000, an increase of 13.0% on the prior year.
- Matched funding increased by £453,000 to £679,000.
- Surplus after matched funding rose from £1,620,000 to £2,182,000
- Capital spend in year continued at the recent high level with spend incurred of £8,117,000.

Major developments during the financial year

Underpinning the financial performance in 2010-11 has been the achievement of our target student numbers. First year student intake was in line with target recruitment numbers and particular note should be made of the success of our Employer Engagement programme where we achieved the increased numbers allocated for the year.

The year saw the completion of the new student learning centre, The Faccenda Building, which was generously supported by the Faccenda family. In addition the University College established its trading subsidiary, Harper Adams Energy Ltd, in July 2009 to undertake the construction and operation of the new Anaerobic Digester which was in commissioning from June 2011 and has subsequently come in to full production in August 2011.



Faccenda Centre Opening March 2011

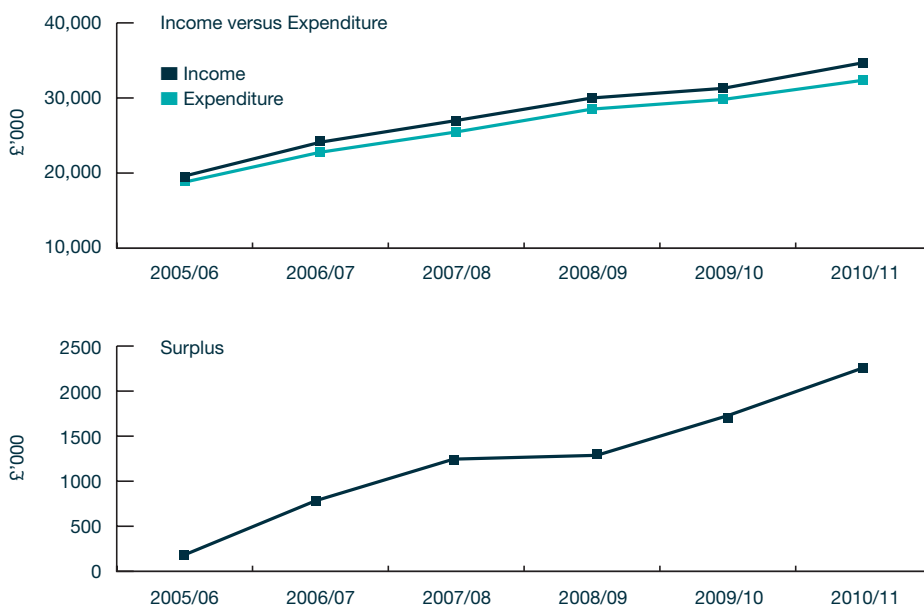
Summary Year End Position:

Trading Position

The income and expenditure account for the year ending 31 July 2011 shows an operating surplus before tax of £2,182,000 (2009-10, £1,620,000), increasing our surplus as a percentage of turnover from 5.2% to 6.1% year on year. This reflects the combination of income growth, the matched funding which is treated as income in year of £679,000 and continued expenditure controls.



Anaerobic Digester Plant August 2011



Income

HEFCE grants of £19,823,000 represented 55.3% of our total income (2009-10 54.8%). The University College benefited from a continued growth in numbers involved with the Employer Engagement initiative.

Fee income rose from £6,245,000 to £7,412,000 reflecting the increased numbers.

Research and consultancy combined increased year on year by £339,000.

The University College would like to note it's thanks to the generous donors and to the Development Trust for a clearly successful year and have recorded match funding income from HEFCE of £679,000 against the funds raised of £1,358,000.

Investment income rose from £94,000 to £130,000.

Expenditure

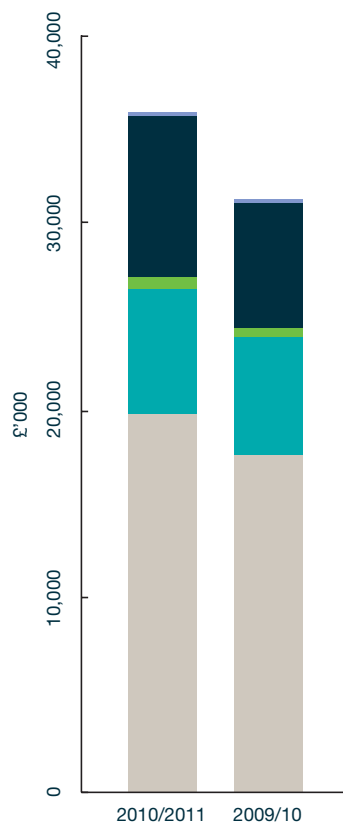
Whilst total income grew by 14%, expenditure in 2010-11 also increased by 13% from £29,803,000 to £33,673,000.

Pay costs represent the largest single element of the University College's expenditure. The year saw a growth in pay costs of 10% 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 389 to 415 (+7%).

Other Operating Expenses increased by £1,984,000 (15%) year on year primarily due to costs incurred with respect to Employer Engagement and the HEFCE funded University Modernisation Project.

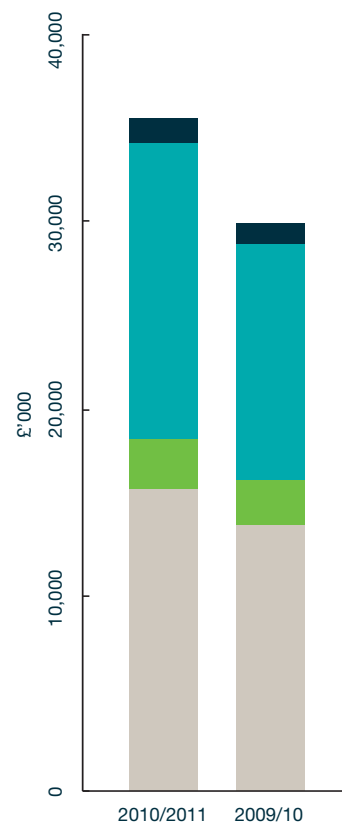
Interest and other finance costs decreased by £73,000 (8.8%) year on year.

Income Comparison 2010/11 & 2009/10



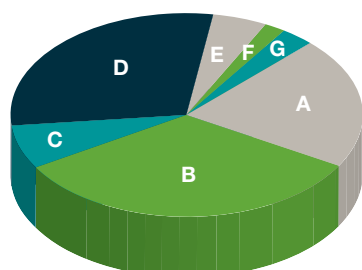
■ Funding Council Grants
■ Tuition Fees
■ Research Grants and Contracts
■ Other Operating Income
■ Investment Income

Expenditure Comparison 2010/11 & 2009/10



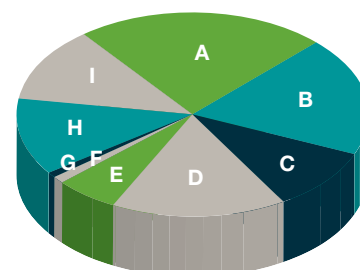
■ Staff Costs
■ Depreciation and Amortisation
■ Other Operating Expenses
■ Interest Payable

Sources of Other Operating Income 2010/11



A. Other 21%
B. Catering & Residence 38%
C. Conference / Short Course Accommodation 8%
D. Farm 22%
E. Non Funding Council Grants 6%
F. Validation Fees 2%
G. Consultancy 2%

Analysis of Other Operating Expenses 2010/11



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 2010-11 the University College continued to invest in capital assets. In addition to the £7,422,000 invested in 2009-10, the University continued with an active programme investing a further £8,117,000.

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 2011 the University College General Reserve has increased to £17,541,000 from £14,146,000.

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 a decrease to the surplus of £460,000.

The Financial Future

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

The impact of Government spending cuts and the new graduate fee arrangements continue to be a challenge for the whole sector and our priority remains in the student facing services and research growth. The farm and energy operations offer a small element of stability in the overall performance of the University College.

The University College is well placed within the sector in both financial performance and in the quality of our provision. The University College 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.

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



Paul R Rigg
Director of Finance
24 November 2011



Roger Mercer
Chair of Governors
24 November 2011

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 2011 and confirm they comply with the requirements of the Charities Act 1993, as amended by the Charities Act 2006, the trust deed and the Charities SORP 2005.

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 an estate of 647 hectares.

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 set out in the University College's Corporate Planning statement and include:

- 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. The University College has also achieved:

- The Times Higher Education magazine (THE) Sustainable Development Award 2008
- 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”
- The Times Higher Education magazine (THE) Award 2011 – shortlisted for Outstanding Leadership and Management
- Green Gown Awards 2010 - Highly Commended for “Sustainable Construction and Refurbishment”
- The University College won the Royal Institute of Chartered Surveyors Project of the Year for the West Midlands region
- 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 2010/11.

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 Board of Governors had agreed that the University College should explore avenues to incorporation while remaining a registered charity. This work is underway with a view to incorporation at a suitable date during 2011/12.

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. 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 has assumed direct responsibility for oversight of a number of key risks identified in the University College's Risk Analysis and Action Plan which is reviewed annually in detail by the Audit and Risk Management Committee and recommended to the Board as appropriate for approval. The Risk Analysis and Action Plan includes the University College's Risk Policy and a statement of its Risk Appetite. It covers risks related to business, operational, compliance and financial matters. The latter sets out how a balanced portfolio of risk exposure will be maintained and managed and the Risk Analysis and Action Plan identifies the responsible individuals who take a lead role in managing risks, and how action planning is incorporated into normal business processes. The Plan also includes a mapping document that illustrates how the Risk Analysis and Action Plan supports the strategic objectives of the University College. All risks are signed to the Board or one of its committees for monitoring and action reporting at each meeting of the relevant committee.

The Board acknowledges that it is responsible for a sound system of control and requires that the Audit and Risk Management Committee commission the internal auditors to review an aspect of risk management annually. A report on the outcome of the annual audit of risk management is presented to the Board in the Annual Report of the Audit and Risk Management Committee.

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 1999-2011. During 2010/11 the Governance Review Group has focused 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 was completed during 2010/11 and an action plan highlighting opportunities for enhancing a small number of areas of current practice has been agreed and monitored by the Board. The areas for further action include arranging further opportunities for members of the Board to meet with staff and students informally; ensuring that staff are regularly briefed on the work of the Board through communication in the weekly dairy circulated to all staff; a review of the membership arrangements for the Board and its Committees with a view of streamlining membership where desirable; ensuring that all members are fully briefed about the work of Academic Board by circulation of a Leadership Foundation publication on this matter underpinned by a specific briefing session for members.

HEFCE conducted an Assurance Review of the University College in November 2010. The report was positive about the Governance arrangements at Harper Adams University College and made no formal recommendations for action.

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 a minimum of 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 2011. This included the publication on the University College's website of a statement of institutional monitoring for the 2009/10 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 2011 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 2010 meeting, the Board of Governors carried out the annual assessment of the Audit & Risk Management Committee's activities for the year ended 31 July 2010 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 2010.

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 2011 focusing on how the Board can be assured that the risk management system is fully embedded within the University College. The internal auditors report was positive and made no recommendations for action.

Changes in Membership of the Board of Governors

C Hickey retired from the Board in October 2010.

A M Blackburn *Chairman (retired November 2011)*
R M Mercer *Vice Chairman (until November 2011)*
Chairman (from November 2011)
P Bailey *(from November 2010)*
F Beatty
R Early
J Garnham
R Hartley
C Hickey
M Hill
N Hunter
H Jenkins *(from November 2010)*
M Lewis *Vice Chairman (from November 2011)*
D G Llewellyn
B J Revell
B Udale
S Vickers
M Ward
P Dodd *(SU President)*
D Nuttall *(from April 2011)*

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.

C F Baxter

For and on behalf of the Board of Governors

Talbot

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 financial statements (the 'financial statements') of Harper Adams University College for the year ended 31 July 2011 which comprise the consolidated income and expenditure account, the consolidated balance sheet, 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 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 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 2011 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 2011 have been applied for the purposes for which they were received.
- in all material respects, income during the year ended 31 July 2011 has been applied in accordance with the University College's statutes and, where appropriate, with the financial memorandum with the Funding Council and the funding agreement with the Skills Funding Agency.

Grant Thornton UK LLP

Grant Thornton UK LLP, Registered Auditor, Chartered Accountants Birmingham 24 November 2011

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.

Going concern

The activities of the University College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The University College currently has £7,178,000 of loans outstanding with bankers at various fixed rates of interest ranging from 5.365% to 5.769% that are repayable by instalments with the final payment scheduled for 03 September 2035. The University College's forecasts and financial projections indicate that it will be able to operate within the bank covenants for the foreseeable future.

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

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 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

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

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 365 days and at 33% for those with an aged debt of between 91 and 364 days.

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.

Consolidation

The financial statements of Harper Adams Students' Union are not consolidated into the financial statements of the University College, as the University College has no control or significant influence over policy decisions of the Students' Union. In addition 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). "Harper Adams Rural Enterprises Limited" has not traded since incorporation. In 2010/11 "Harper Adams (Energy) Limited" commenced trading in addition to incurring costs of assets under construction and therefore these have been consolidated with the Harper Adams University College accounts on the income and expenditure and balance sheet respectively.

Taxation status

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

The University College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The University College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

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 2011

		Consolidated		University College	
	Notes	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Income					
Funding Council Grants	1	19,823	17,224	19,823	17,224
Tuition Fees	2	7,412	6,245	7,412	6,245
Research Grants and Contracts	3	785	412	785	412
Other Operating Income	4	7,705	7,448	7,680	7,448
Investment Income	4a	130	94	130	94
Total Income		35,855	31,423	35,830	31,423
Expenditure					
Staff Costs	5	15,736	14,243	15,736	14,243
Depreciation and Amortisation	10	2,388	1,922	2,388	1,922
Other Operating Expenses	6	14,796	12,812	14,722	12,812
Interest and Other Finance Costs	7	753	826	753	826
Total Expenditure		33,673	29,803	33,599	29,803
Surplus on Continuing Operations after Depreciation of Fixed Assets but Before Taxation					
		2,182	1,620	2,231	1,620
Taxation	8	-	-	-	-
Surplus on Continuing Operations after Depreciation of Fixed Assets and Taxation					
		2,182	1,620	2,231	1,620

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 2011 £'000	Year to 31 July 2010 £'000
Surplus on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Taxation	2,182	1,620
Acquisition of Long Term Asset Investment	409	-
Actual Return less Expected Return on Pension Scheme Assets	403	743
Changes on Assumptions Underlying the Present Value of Scheme Liabilities	401	164
Total Recognised Gains/(Losses) Since Last Report	3,395	2,527

Reconciliation

	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Opening Reserves	14,146	11,619
Total Recognised Gains/(Losses) for the Year	3,395	2,527
Closing Reserves	17,541	14,146

Consolidated Statement of Historical Cost Surpluses and Deficits

	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Surplus on Continuing Operations Before and After Taxation	2,182	1,620
Difference Between Historical Cost Depreciation and the Actual Charge for the Period	-	-
Historical Cost Surplus for the Year Before and After Taxation	2,182	1,620

Balance Sheets as at 31 July 2011

		Consolidated		University College	
	Notes	31 July 2011 £'000	31 July 2010 £'000	31 July 2011 £'000	31 July 2010 £'000
Long Term Assets					
Intangible Assets	9	-	-	-	-
Tangible assets	10	39,311	33,582	35,888	33,365
Investments	11	541	122	541	122
Debtors	13	-	-	3,110	-
		39,852	33,704	39,539	33,487
Current Assets					
Stocks	12	1,163	1,116	1,163	1,116
Debtors	13	2,083	1,104	2,175	1,298
Investments	11	5,006	250	5,006	250
Cash at Bank and in Hand		5,410	9,502	5,007	9,342
		13,662	11,972	13,351	12,006
Creditors - Amounts Falling Due Within One Year	14	(6,028)	(5,042)	(5,855)	(4,859)
Net Current Assets		7,634	6,930	7,496	7,147
Total Assets less Current Liabilities		47,486	40,634	47,035	40,634
Creditors – Amounts Falling Due After More Than One Year	14	(10,716)	(7,019)	(10,216)	(7,019)
Provisions for Liabilities and Charges	15	(35)	(40)	(35)	(40)
		36,735	33,575	36,784	33,575
Net Pension Liability	28	(6,547)	(6,891)	(6,547)	(6,891)
TOTAL NET ASSETS		30,188	26,684	30,237	26,684
Deferred Capital Grants	16	12,647	12,538	12,647	12,538
Reserves					
Total Reserves	17	17,541	14,146	17,590	14,146
Total Reserves		17,541	14,146	17,590	14,146
TOTAL FUNDS		30,188	26,684	30,237	26,684

The financial statements on pages 18 to 35 were approved by the Board of Governors on 24 November 2011 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 2011

	Notes	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Net Cash Inflow from Operating Activities	20	5,368	3,939
Returns on Investments and Servicing of Finance	21	(329)	(237)
Capital Expenditure and Financial Investment	22	(8,113)	(4,401)
Management of Liquid Resources	23a	(4,756)	4,751
Financing	23	3,738	(288)
Increase/(Decrease) in Cash in the Period		(4,092)	3,764

Reconciliation of Net Cashflow to Movement in Net Funds

	Notes	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Increase/(Decrease) in Cash in the Period		(4,092)	3,764
Net Cash Outflow/(Inflow)	23	(3,738)	288
Movement in Net Funds in the Year		(7,830)	4,052
Net Funds at 1 August		2,042	(2,010)
Net Funds at 31 July	24	(5,788)	2,042

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

Notes to the Financial Statements for the Year to 31 July 2011

	Consolidated		University College	
	Year to 31 July 2011	Year to 31 July 2010	Year to 31 July 2011	Year to 31 July 2010
	£'000	£'000	£'000	£'000
1. Funding Council Grants				
Recurrent Grant (HEFCE)	13,900	13,576	13,900	13,576
HEFCE Grant (co-funded employer engagement ¹)	3,174	1,882	3,174	1,882
CETL Grant (HEFCE)	-	113	-	113
HEIF Funding (HEFCE)	437	654	437	654
Summer Schools (HEFCE)	1	7	1	7
Release of Deferred Capital Grant (HEFCE) (note 16)	372	304	372	304
Research Grant (HEFCE)	455	462	455	462
Match Funding (HEFCE)	679	226	679	226
Miscellaneous (HEFCE)	75	-	75	-
University Modernisation Fund (HEFCE)	730	-	730	-
	19,823	17,224	19,823	17,224
¹ This is funding for tuition delivered in conjunction with employers				
2. Tuition Fees	£'000	£'000	£'000	£'000
Full Time Students – Home	5,286	4,475	5,286	4,475
Full Time Students – EU	79	187	79	187
Full Time Students charged Overseas Fees	1,060	821	1,060	821
Part Time Fees	172	243	172	243
Short Course Fees	661	374	661	374
Other Fees	154	145	154	145
	7,412	6,245	7,412	6,245
3. Research Grants and Contracts	£'000	£'000	£'000	£'000
Research Grants and Contracts	785	412	785	412
4. Other Operating Income	£'000	£'000	£'000	£'000
Catering and Residence	2,960	2,447	2,960	2,447
Conferences and Short Course Accommodation	638	504	638	504
Farm	1,702	2,157	1,702	2,157
Non Funding Council Grant Income	446	368	446	368
Validation Fees	188	181	188	181
Consultancy	189	223	189	223
Other Income	1,582	1,568	1,557	1,568
	7,705	7,448	7,680	7,448
4a. Investment Income	£'000	£'000	£'000	£'000
Bank Interest	128	92	128	92
Other Investment Income	2	2	2	2
	130	94	130	94

	Consolidated		University College	
5. Staff Costs and average number of Employees	Year to 31 July 2011 No.	Year to 31 July 2010 No.	Year to 31 July 2011 No.	Year to 31 July 2010 No.
Teaching Departments	113	103	113	103
Teaching Support Services	32	32	32	32
Other Support Services	26	25	26	25
Administration and Central Services	87	80	87	80
Premises	19	18	19	18
Domestic Services	50	48	50	48
Catering	27	29	27	29
Other	61	54	61	54
	415	389	415	389
Staff Costs for the above persons:	£'000	£'000	£'000	£'000
Wages and Salaries	13,056	11,846	13,056	11,846
Social Security Costs	1,018	918	1,018	918
Pension Costs	1,662	1,479	1,662	1,479
	15,736	14,243	15,736	14,243
Teaching Departments	6,783	6,005	6,783	6,005
Teaching Support Services	991	914	991	914
Other Support Services	918	898	918	898
Administration and Central Services	2,858	2,577	2,858	2,577
Premises	481	487	481	487
Domestic Services	942	894	942	894
Catering	640	628	640	628
Other	2,123	1,840	2,123	1,840
	15,736	14,243	15,736	14,243
Emoluments of the Principal:	£	£	£	£
Salary	116,737	113,486	116,737	113,486
Benefits in Kind - University College House	9,600	9,600	9,600	9,600
- Health Insurance	1,680	2,874	1,680	2,874
	128,017	125,960	128,017	125,960
Employer's Pension Contributions	15,713	16,910	15,713	16,910
The number of staff, including the Principal, who received emoluments in the following ranges was:	2010/11	2009/10	2010/11	2009/10
£100,000 to £110,000	-	-	-	-
£110,000 to £120,000	-	-	-	-
£120,000 to £130,000	1	1	1	1

	Consolidated		University College	
6. Other Operating Expenses	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Employer Engagement	2,069	1,491	2,069	1,491
Joint Courses – Payments to Other Institutions	1,547	1,299	1,547	1,299
Academic Departments	772	545	772	545
Academic Services	1,006	1,116	1,006	1,116
Administration & Central - Establishment Expenses	3,511	2,114	3,511	2,114
- Staff & Student Facilities	144	260	144	260
Premises - Rates	75	55	75	55
- Energy Costs	391	310	405	310
- Routine Maintenance	267	248	267	248
- Long Term Maintenance	312	282	312	282
- Other	550	431	550	431
Residences & Catering	948	816	948	816
Research	476	676	476	676
Farm	1,218	1,489	1,218	1,489
Pig Unit	447	571	447	571
WiRE	107	127	107	127
NRKE and Business Clubs	72	161	72	161
Conferences	181	124	181	124
Other Expenses	703	697	615	697
	14,796	12,812	14,722	12,812

Other Operating Expenses Include:	£'000	£'000	£'000	£'000
External Auditors Remuneration in Respect of Audit Services	20	18	20	18
External Auditors Remuneration in Respect of Non Audit Services	3	2	3	2
Internal Auditors Remuneration	18	18	18	18
Operating Lease Rentals				
Plant and Machinery	41	13	41	13
Other	21	20	21	20

Governors

No Governor has received any remuneration / waived payments from the University College during the year (2009-10- none). The total expenses paid to or on behalf of the governors was £5,464 (2009-10 - £5,181), 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.

7. Interest and other finance costs	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
On Bank Loans:		
Repayable Wholly or Partly in More Than 5 Years	415	331
FRS 17 Finance Charge	338	495
Total Payable	753	826

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
9. Intangible Fixed Assets		
Cost		
At 1 August 2010		393
Additions During Year		-
		<hr/>
At 31 July 2011		393
Accumulated Amortisation		
At 1 August 2010		393
Charge for Year		-
		<hr/>
At 31 July 2011		393
Net Book Value		
At 31 July 2011		-
		<hr/>
At 31 July 2010		-
		<hr/>

		Consolidated			
	Freehold Property £'000	University College Plant and Equipment £'000	Farm Plant and Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or Valuation					
At 1 August 2010	33,089	14,925	2,167	3,143	53,324
Transfers	2,926	-	-	(2,926)	-
Additions	3,504	928	479	3,206	8,117
Disposals	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2011	39,519	15,853	2,646	3,423	61,441
Accumulated Depreciation					
At 1 August 2010	6,961	11,057	1,724	-	19,742
Charge for the year	1,410	894	84	-	2,388
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2011	8,371	11,951	1,808	-	22,130
Net Book Value					
At 31 July 2011	31,148	3,902	838	3,423	39,311
At 31 July 2010	26,128	3,868	443	3,143	33,582
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Financed by Capital Grant					
Other	11,755	524	41	-	12,320
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	19,393	3,378	797	3,423	26,991
Net Book Value at 31 July 2011					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	31,148	3,902	838	3,423	39,311

10. Tangible Fixed Assets

University College

	Freehold Property £'000	University College Plant and Equipment £'000	Farm Plant and Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or Valuation					
At 1 August 2010	33,089	14,925	2,167	2,926	53,107
Transfers	2,926	-	-	(2,926)	-
Additions	3,504	928	479	-	4,911
Disposals	-	-	-	-	-
At 31 July 2011	39,519	15,853	2,646	-	58,018
Accumulated Depreciation					
At 1 August 2010	6,961	11,057	1,724	-	19,742
Charge for the year	1,410	894	84	-	2,388
At 31 July 2011	8,371	11,951	1,808	-	22,130
Net Book Value					
At 31 July 2011	31,148	3,902	838	-	35,888
At 31 July 2010	26,128	3,868	443	2,926	33,365
Financed by Capital Grant	11,755	524	41	-	12,320
Other	19,393	3,378	797	-	23,568
Net Book Value at 31 July 2011	31,148	3,902	838		35,888

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

Consolidated and University College

	As at 31 July 2011 £'000	As at 31 July 2010 £'000
Cost	39,149	32,719
Less Depreciation	(7,824)	(6,414)
Net Book Value	31,325	26,305

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 2011 £'000	Year to 31 July 2010 £'000		
11. Investments	Consolidated and University College			
Long Term Asset Investments				
Quoted Securities at Market Value	125	115		
Unquoted Securities at Cost	7	7		
Acquisition of Long Term Asset Investment	409	-		
	<u>541</u>	<u>122</u>		
Current Asset Investments				
Short Term Investments at Cost	5,006	250		
	<u>5,006</u>	<u>250</u>		
12. Stock	Consolidated and University College			
	£'000	£'000		
Farm stocks	872	863		
University College Consumables	11	18		
Goods for Resale	280	235		
	<u>1,163</u>	<u>1,116</u>		
13. Debtors	Consolidated		University College	
	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Amounts Falling Due Within One Year:				
Trade Debtors	868	489	831	483
Subsidiary Company	-	-	205	-
Prepayments & Accrued Income	1,215	615	1,139	615
	<u>2,083</u>	<u>1,104</u>	<u>2,175</u>	<u>1,098</u>
Amounts Falling Due After One Year:				
Subsidiary Company	-	-	3,110	200
	<u>2,083</u>	<u>1,104</u>	<u>5,285</u>	<u>1,298</u>

14. Creditors

	Consolidated		University College	
	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Amounts Falling Due Within One Year:				
Bank Loans	327	281	327	281
HEFCE Loans	340	160	340	160
Projects in Progress	690	644	690	644
Taxation and Social Security	-	304	-	304
Sundry Creditors and Accrued Expenses	4,671	3,653	4,498	3,470
	6,028	5,042	5,855	4,859

Creditors: Amounts Falling Due After More Than One Year	£'000	Consolidated £'000	University College £'000	£'000
Creditors: Amounts Falling Due After More Than One Year	185	-	185	-
Loans				
Bank Loans	6,851	5,699	6,851	5,699
HEFCE Loans	3,180	1,320	3,180	1,320
Other Loan	500			
Total Loans	10,531	7,019	10,031	7,019
	10,716	7,019	10,216	7,019

Borrowings	£'000	£'000	£'000	£'000
Bank Loans are Repayable as Follows:				
In One Year or Less	327	281	327	281
Between One and Five Years	1,503	1,296	1,503	1,296
In Five Years or More	5,348	4,403	5,348	4,403
	7,178	5,980	7,178	5,980

Bank loans (including a new loan of £1,500,000 drawn down in September 2010 for student residences) totalling £7,178,000 at various fixed rates ranging from 5.365% to 5.769% are repayable by instalments with the final payment scheduled for 03 September 2035.

Borrowings	£'000	£'000	£'000	£'000
HEFCE Loans are Repayable as Follows:				
In One Year or Less	340	160	340	160
Between One and Five Years	1,600	840	1,600	840
In Five Years or More	1,580	480	1,580	480
	3,520	1,480	3,520	1,480
Other loan is repayable as follows:				
In One Year or Less	-	-	-	-
Between One and Five Years	200	-	-	-
In Five Years or More	300	-	-	-
	500	-	-	-

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 HEFCE 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 was received in 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 2011 £'000	As at 31 July 2010 £'000
The Provision for Liabilities and Charges is Made Up As Follows:		
Pension Provision	<u>35</u>	<u>40</u>

The Pension Provision represents the estimated future pension commitments relating to a retired former employee of the University College. The University College paid £4,589 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	12,538	9,821
Capital Grants Received	550	3,021
Capital Grants Payable	(22)	-
	<u>13,066</u>	<u>12,842</u>
Less Release of Grant	<u>419</u>	<u>304</u>
Balance at 31 July	<u>12,647</u>	<u>12,538</u>

17. Total Reserves

	£'000	Consolidated £'000	University College £'000	£'000
At 1 August	14,146	11,619	14,146	11,619
Total Recognised Gains for the Year	<u>3,395</u>	<u>2,527</u>	<u>3,444</u>	<u>2,527</u>
Balance at 31 July	<u>17,541</u>	<u>14,146</u>	<u>17,590</u>	<u>14,146</u>

18. Financial Commitments**Consolidated****University College**

	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
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Capital Commitments

At 31 July 2011, the Following Amounts had been Authorised:

Authorised and Contracted for	128	4,490	128	2,057
Authorised but not Contracted for	-	-	-	-

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

as at 31 July 2011, Harper Adams University College had annual commitments under operating leases expiring between one and five years:

Plant and Machinery	37	10
Other	1	22

19. Contingent Liabilities

There were no contingent liabilities as at 31 July 2011 or 31 July 2010.

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

Surplus on Continuing Operations after Depreciation	2,182	1,620
FRS17 Pension Costs Less Contributions Payable	460	622
Depreciation and Amortisation (note 10)	2,388	1,922
Profit on Disposal of Fixed Assets	-	-
Deferred Capital Grants Released to Income	(419)	(304)
Investment Income	(2)	(2)
Interest Receivable	(128)	(92)
Interest Payable	415	331
(Increase) in Stocks	(47)	(230)
Decrease/(Increase) in Debtors and Prepayments	(1,074)	(182)
Increase in Creditors	1,608	272
(Decrease) in Provisions	(5)	(5)
Unrealised Loss on Investments	(10)	(13)

Net Cash Inflow from Operating Activities**5,368****3,939****21. Returns on Investments and Servicing of Finance****£'000****£'000**

Dividends Received	2	2
Interest Received	72	92
Interest Payable	(403)	(331)

Net Cash (Outflow)/Inflow from Returns on Investments and Servicing of Finance**(329)****(237)**

22. Capital Expenditure and Financial Investment

	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Capital Grants Received – HEFCE	550	3,021
Proceeds from Sale of Fixed Assets		-
Payments to Acquire Tangible Assets	(8,663)	(7,422)
Net Cash (Outflow) from Capital Expenditure and Financial Investment	(8,113)	(4,401)

23. Financing

	£'000	£'000
Medium Term Loan	4,200	135
Repayment of Loan	(462)	(423)
Net Cash Inflow/(Outflow) from Financing	3,738	(288)

23a Management of Liquid Resources

	£'000	£'000
Acquisition/(Disposal) of Current Assets	4,756	(4,751)

24. Analysis of Changes in Net Debt

	At 31 July 2010 £'000	Cash Flow £'000	Other Changes £'000	At 31 July 2011 £'000
Cash at Bank and in Hand	9,502	914	(5,006)	5,410
Debt Due Within One Year	(441)	441	(667)	(667)
Debt Due After One Year	(7,019)	(4,179)	667	(10,531)
	2,042	(2,824)	(5,006)	(5,788)

25. 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.

26. Subsidiary Companies

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). "Harper Adams Rural Enterprises Limited" has not traded since incorporation. "Harper Adams (Energy) Limited" has commenced trading this year in addition to incurring costs of assets under construction and therefore these have been consolidated with the Harper Adams University College accounts on the income and expenditure and balance sheet respectively.

27. Access Funds

	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Funding Council Grant	43	45
Disbursed to Students	(41)	(42)
	<u>2</u>	<u>3</u>

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.

28. 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.

	2010/2011 £'000	2009/2010 £'000
Total Pension Cost for the Year		
Teachers' Pension Scheme: contributions paid	751	681
Local Government Pension Scheme: contributions paid	789	704
FRS17 charge	<u>122</u>	<u>127</u>
Charge to the Income and Expenditure Account (staff costs)	<u>911</u>	<u>831</u>
Total Pension Cost for Year	<u>1,662</u>	<u>1,512</u>

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 2011 was £1,119,542 of which employer's contributions totalled £789,486 and employees' contributions totalled £330,056. As from April 2011, the agreed contribution rates are 10.7% for employers plus a monthly sum of £16,550 and a variable percentage between 5.5% 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 2011, with comparative figures as at 31 July 2010.

Principal Actuarial Assumptions	2010/11	2009/10	2008/09
Rate of Increase in Salaries	4.40%	4.95%	5.45%
Rate of Increase of Pensions in Payment	2.90%	2.70%	3.70%
Discount Rate for Liabilities	5.3%	5.5%	6.30%
Inflation Assumption	2.9%	2.70%	3.70%

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 2011	At 31 July 2010
Retiring today		
Males	21.9	21.2
Females	24.6	24.1
Retiring in 20 years		
Males	23.3	22.2
Females	26.1	25

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

	Long term rate of return expected at 31.07.2011	Value at 31.07.2011 £'000	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
Equities	7.00%	8,887	7.50%	7,969	7.50%	6,529
Bonds:						
Government	3.90%	1,869	4.20%	1,716	4.50%	1,451
Other Bonds	4.90%	2,340	5.10%	1,417	5.80%	1,163
Property	6.00%	593	6.50%	533	6.50%	512
Cash / Liquidity	0.50%	714	0.50%	728	0.50%	555
Other	7.50%	790	7.50%	637	7.50%	459
		15,193		13,000		10,669

The following amounts at 31 July 2011 were measured in accordance with the requirements of Financial Reporting Standard (FRS17):

	31 July 2011 £'000	31 July 2010 £'000	31 July 2009 £'000
Total Market Value of Assets	15,193	13,000	10,669
Present Value of Scheme Liabilities	(21,740)	(19,891)	(17,845)
(Deficit) in the Scheme – Net Pension (Liability)	(6,547)	(6,891)	(7,176)
	31 July 2011 £'000	31 July 2010 £'000	31 July 2009 £'000
Current Service Cost	884	814	876
Past Service Cost	-	-	-
Effect of Curtailments or Settlements	27	17	18
Total Operating Charge	911	831	894
Analysis of Net Return on Pension Scheme			
Expected Return on Pension Scheme Assets	786	662	728
Interest on Expected Scheme Liabilities	(1,124)	(1,157)	(1,070)
Net Return	(338)	(495)	(342)

	31 July 2011 £'000	31 July 2010 £'000	31 July 2009 £'000
Analysis of Amounts Recognised in Statement of Recognised Gains and Losses			
Actual Return Less Expected Return on Pension Scheme Assets	403	743	(1,947)
Experience Gains and Losses Arising on Scheme Liabilities	-	-	-
Changes in Assumptions Underlying the Present Value of Scheme Liabilities	401	164	1,759
Total Actuarial Gain/(Loss) Recognised	804	907	(188)
Movement in Deficit During the Year:			
Deficit in Scheme at 1 August	(6,891)	(7,176)	(6,372)
Movement in Year:			
Current Service Charge	(884)	(814)	(876)
Past Service gain/(loss)	-	-	-
Effect of Curtailments or Settlements	(27)	(17)	(18)
Contributions	789	704	620
Net Return on Assets	(338)	(495)	(342)
Actuarial Gain/ (Loss)	804	907	(188)
Deficit in Scheme at 31 July	(6,547)	(6,891)	(7,176)
Asset and Liability Reconciliation			
Reconciliation of Liabilities			
Liabilities at Start of Period	19,891	17,845	17,762
Service Cost	884	814	876
Interest Cost	1,124	1,157	1,070
Employee Contributions	330	316	285
Actuarial (Gain)/Loss	(401)	(164)	(1,759)
Benefits Paid	(115)	(94)	(407)
Past Service loss/(gain)	-	-	-
Effect of Curtailments or Settlements	27	17	18
Liabilities at End of Period	21,740	19,891	17,845
Reconciliation of Assets			
Assets at Start of Period	13,000	10,669	11,390
Expected Return on Assets	786	662	728
Actuarial (Loss)	403	743	(1,947)
Employer Contributions	789	704	620
Employee Contributions	330	316	285
Benefits Paid	(115)	(94)	(407)
Assets at End of Period	15,193	13,000	10,669

History of Experience Gains and Losses

	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000	Year to 31 July 2008 £'000	Year to 31 July 2007 £'000
Defined benefit obligations	(21,740)	(19,891)	(17,845)	(17,762)	(14,809)
Plan Assets	15,193	13,000	10,669	11,390	11,503
Deficit	(6,547)	(6,891)	(7,176)	(6,372)	(3,306)
Experience adjustments on plan liabilities	(421)	-	-	112	-
Experience adjustments on plan assets	403	743	(1,947)	(1,239)	349

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 2010 to 31 July 2011 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

	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT					
Income					
Funding Council Grants	11,544	13,237	16,710	17,224	19,823
Tuition Fees	3,213	4,999	5,221	6,245	7,412
Research Grants and Contracts	436	1,797	655	412	785
Other Operating Income	6,586	6,602	6,613	7,448	7,705
Investment Income	213	334	212	94	130
Total Income	21,992	26,969	29,411	31,423	35,855
Expenditure					
Staff Costs	11,027	12,529	13,319	14,243	15,736
Depreciation and Amortisation	1,674	1,590	1,638	1,922	2,388
Other Operating Expenses	8,133	11,165	12,509	12,812	14,796
Interest and Other Finance Costs	411	465	692	826	753
Total Expenditure	21,245	25,749	28,158	29,803	33,673
Operating Surplus Before Tax and Exceptional Items	747	1,220	1,253	1,620	2,182
CONSOLIDATED BALANCE SHEET					
Long Term Assets	23,107	24,385	28,191	33,704	39,852
Net Current Assets	2,274	4,837	7,792	6,930	7,634
Creditors: Amounts Falling Due After One Year	(5,098)	(6,246)	(7,322)	(7,019)	(10,716)
Provisions for Liabilities and Charges	(49)	(49)	(45)	(40)	(35)
	20,234	22,927	28,616	33,575	36,735
Pension Liability	(3,306)	(6,372)	(7,176)	(6,891)	(6,547)
Total Net Assets	16,928	16,555	21,440	26,684	30,188
Represented by					
Deferred Capital Grants	5,013	6,001	9,821	12,538	12,647
Revaluation Reserve	19	9	-	-	-
General Reserve	11,896	10,545	11,619	14,146	17,541
TOTAL FUNDS	16,928	16,555	21,440	26,684	30,188

Glossary of Terms

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



Harper Adams

University College

Harper Adams University College
Newport, Shropshire TF10 8NB
T: +44 (0)1952 820280
F: +44 (0)1952 814783
www.harper-adams.ac.uk