



**Harper Adams**  
University

# Annual Report & Financial Statements

2012/13

(previously Harper Adams University College)

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# Chief Executive's Report

## Introduction

Harper Adams delivers higher education in support of the agricultural, agricultural engineering, food science and technology, environmental science, veterinary science and land-based sectors. It is one of only three English HE institutions specialising in these subject areas. It offers multi-disciplinary courses that contain a firm grounding in science and technology to meet the needs of the agri-food and related sectors to help create professional staff able to deal with the application of science in the production of food, the creation of renewable energy and the management of natural resources and the environment. The University is also continuing to act as an important source of independent knowledge, advice and education to those who choose to work in these vital sectors. Furthermore, it has a key role to play in a rapidly developing policy environment where its subject base is of increasing importance to the UK economy and to the challenge of achieving global food security.

The 2012/13 academic year was a milestone in the history of Harper Adams (previously Harper Adams University College) because it was the year in which we gained full University Title. With over 111 years of providing education and research for the land-based industries, Harper Adams remains a leading institution in its field, with a reputation for excellence nationally and, increasingly, internationally. The last year has seen a number of successes achieved by our staff and students that will be covered in this report. Our Governors have continued to play a critical role in ensuring that our academic and business operations are robust and can withstand the challenges of the emerging 'market' in higher education recruitment. Our links with industry remain as strong as ever, and we are grateful to all who work with us in support of our staff and students to ensure that our connections with industry remain at the core of our work.

On 27 April 2012, Harper Adams University College, a company limited by guarantee was registered and remained dormant until the trade and assets of Harper Adams University College were transferred in on 1 August 2012. In accordance with FRS 6 Acquisitions and Mergers, the transfer of trade and assets has been accounted for using merger accounting under the group reconstructions provisions. In December 2012 the University Title was awarded and on 9 January 2013 the company changed its name to Harper Adams University.

The assets and liabilities of Harper Adams University College were transferred to the limited company on 1 August 2012 at the carrying value at that date. The results and cash flows of the original unincorporated charity are included from the beginning of the financial year in which the reconstruction occurred, that is the financial year to 31 July 2013, and for all prior periods. The consolidated income and expenditure accounts, consolidated balance sheet, company balance sheet, statement of total recognised gains and losses and cash flow comparative figures have all been stated as prior to incorporation.

We reported last year that the higher education funding system had been going through a period of considerable change. The pace of change has not relented during 2012/13, in that changes to the funding system have seen a broadening of the 'market' for highly qualified university entrants, challenges in dealing with proposals for the future of funding for sandwich degrees and a changing regulatory environment for the higher education system. Despite these changes we have adapted quickly to the new funding approach and we recruited our highest ever intake of undergraduate students in 2012, the first year of the new tuition fees regime. Our staff have worked extremely hard in this process, not least to guide new entrants through the changes and to ensure that they have the best possible start to their university career.

It has also been a year of considerable change in terms of the Government's approach to the agri-food sector, with a number of reviews that have produced an added impetus to the work we undertake, and the role we play in producing future leaders in this vital sector of our economy.

The Operating and Financial Review provides further details about the financial performance demonstrated in our financial accounts. It demonstrates that we have continued to secure efficiencies in our operational costs whilst making appropriate investments in new resources and, critically in staffing that can add to our course portfolio and strengthen our teaching in major disciplines.

In early 2012 we developed a new Strategic Plan for the period to 2016/17, in which we established five key objectives:

- Secure a successful transition to the new funding and operating environment for higher education;

- Enhance the role of Harper Adams as a critical contributor to applied research and as a leading source of the next generation of those working in the agri-food chain and the rural economy as the UK addresses the challenge of global food security;
- Internationalise our academic activities so that our global reach is extended and strengthened;
- Maintain and enhance our performance in the provision of high quality teaching and learning;
- Achieve full University Title.

This framework is guiding our business efficiency and investment plans and is backed up by operational planning that seeks to ensure that the objectives are considered and acted upon throughout the university.

## The External Policy Environment

Over the last year we have seen a shift in Government policy towards establishing the agri-food industries as one of 11 key sectors in the national Industrial Strategy. The aim of the Industrial Strategy is to identify and support, through strategic investment, areas that will provide the means for economic growth. The agri-food sector identified its research and development priorities in a report that was published in May 2013<sup>1</sup>. The report identified 8 areas intended to, 'drive innovation and sustainable economic growth, whilst helping to secure a sustainable food supply for the future'. The university has research, development and knowledge exchange capacity in each of these priority areas, not least through its National Centre for Precision Farming, the Soil and Water Management Centre and the Integrated Pest Management team it recruited at the beginning of the 2012/13 academic year. The Government's UK Strategy for Agricultural Technologies<sup>2</sup> followed soon afterwards, and set the scene for a further drive towards increasing the contribution of science and technology to farming practice, and also developing, through innovation, new products and markets to support economic development. The university was featured in the Strategy document, in relation to its recent acquisition of University Title and also in a case study featuring the National Centre for Precision Farming. Both reports stress the need for applied research to be given greater prominence, and it is in this part of the research pipeline that Harper Adams excels. Importantly, however, both reports also identify the need for greater attention to be paid to skills development and knowledge transfer, further areas in which Harper Adams has a clear role to play.

The role of universities in local economic development has, in the last year, been the subject of a review led by Sir Andrew Witty. The review has investigated the role of Local Enterprise Partnerships and how they collaborate with universities. In addition, it has been trying to establish, using the Industrial Strategy as a framework, where 'hotspots' of economic activity already exist, and where they are supported by universities, so as to encourage further economic development in these areas of the UK. Harper Adams was actively involved in the consultations for this exercise, especially in terms of the technologies covered in the agricultural element of the preliminary findings of the Review<sup>3</sup>. In particular, the role of agricultural engineering has been highlighted by the university in addressing some of the challenges, and opportunities facing the UK farming sector as new technologies are developed that could be applied to innovative farming practices. Engineering is an aspect of the 'agri-tech' debate that was brought to the attention of Government by the university in a number of ways, not least through its contribution to a report on the subject produced by the Institution of Agricultural Engineers<sup>4</sup> to supplement the Government's Foresight report on global food security published in 2011<sup>5</sup>.

The skills agenda was taken a step further during the course of the year with a DEFRA review<sup>6</sup> that considered ways to improve the number of young entrants entering the farming sector. The university provided evidence in support of the review, including an analysis of higher education student numbers studying agriculture and forestry subjects, and was mentioned in relation to the scholarship activities it has developed to support students through their university courses and into employment in the food and farming sectors. The university is continuing to work with the Higher Education Funding Council for

<sup>1</sup> *Feeding the Future: Innovation requirements for primary food production in the UK to 2030*. Pollock, C. (ed). Aberystwyth: Joint Commissioning Group. May 2013. 64p

<sup>2</sup> *A UK Strategy for Agricultural Technologies*. London: HM Government. July 2013. 50p

<sup>3</sup> *Encouraging a British Invention Revolution*: London: BIS. October 2013. 146p

<sup>4</sup> *Agricultural Engineering: A key discipline enabling agriculture to deliver global food security*. Cranfield: IAGrE. June 2012. 56p

<sup>5</sup> *The Future of Food and Farming: Challenges and choices for global sustainability*. London: Government Office for Science. January 2011. 208p

<sup>6</sup> *Future of Farming Review Report*. London: DEFRA. July 2013. 43p

England to look at issues of the supply of agri-food students, and demand for graduates from industry, and will be pursuing this work during 2013/14.

In the meantime, international education has also featured in the Government's Industrial Strategy, with the recent publication of an element of the Strategy<sup>7</sup> based on developing the capacity of the HE sector to grow and generate export earnings. The University's Strategic Plan, with its focus on internationalisation as a key theme, fits well with elements of the Government's plans, and we will be working, over the next few years, on enhancing our international presence to ensure that we contribute to this aspect of the growth agenda.

## **Student Recruitment and the Student Experience**

With the transition to the new fees and funding system starting in 2012/13 we were delighted to see that demand for our courses remained extremely positive and that we were able to admit the highest ever intake of undergraduate students in October 2012. Recruitment to taught postgraduate courses resulted in an intake of 184 students (with an additional 250 part-time Workforce Development students) whilst, during the year, our research student population reached 52 students. Overseas student numbers also remained healthy, with a cohort of 78 final year and 86 first year students joining us from Beijing Agricultural University.

In our last year as a University College the Sunday Times University Guide for 2013 named us University College of the Year, for the sixth year in a row. This meant that we held the title for each year it was in existence whilst we were a University College. We were ranked joint fifth for student satisfaction, first for graduate employment, and third for teaching excellence, after only the Open University and the University of Cambridge. This result was backed up by continuing high performance in the 2013 National Student Survey, where our overall student satisfaction of 90% placed us in the top 20 higher education institutions in the UK. Our employment rate in the Destination of Leavers for Higher Education (DLHE) survey for 2012 was 96% six months after graduation. Once again, these results were based on sector leading survey participation rates by our students.

Our Students' Union organised an active social programme during 2012/13 with major events that attracted high profile entertainers as well as a wide variety of clubs and societies run by student volunteers; they included the Harper Cymru and Harper Ireland clubs, both of which support students recruited, respectively, from Wales and the island of Ireland, and the Harper Forum, which invites speakers to present the latest industry perspectives to our students. The Students' Union was also engaged in many fundraising activities over the course of the year, donating a total of £22,000 to local and rural charities.

## **Research and Knowledge Exchange**

Our research activities have continued to gather pace, assisted by the recruitment of key staff from other leading universities and a focus on applied research that is beginning to gain greater attention from Government, as well as from industry. As a result, our research income grew from £1.253m in 2011/12 to £2.045m in 2012/13. We anticipate that the Government's Agricultural Technology Strategy will further assist our objective to make an effective contribution to the UK's applied research base.

We have addressed this need in engineering by creating the National Centre for Precision Farming (NCPF), which was launched in the House of Commons in early 2012 and has since been involved in a wide range of research, teaching and knowledge exchange activities. We were successful in a bid to the HEFCE Catalyst Fund to secure grant funding towards a new Agricultural Engineering Innovation Centre that will house the NCPF and will strengthen our ability to provide academic activities in this important subject area. The Marches Local Enterprise Partnership, the Douglas Bomford Trust and other sponsors also generously supported this development, and the initiative was commented upon positively by the Prime Minister in September 2012.

With support from eleven companies we have also launched a Soil and Water Management Centre and have appointed a new Chair in Soil and Water Management to lead its work. The Centre has already provided support to over 500 farmers in 8 national events aimed at advising on soil management strategies after the poor weather conditions suffered by the agricultural sector during 2012.

Importantly, we continue to recruit high quality postgraduate research students to meet the demand for new researchers in this field. During the year we awarded our 100<sup>th</sup> PhD to Dr Abigail Graceson, for her study

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<sup>7</sup> *International Education: Global Growth and Prosperity*. London: HM Government. July 2013. 60p

on, 'The use of inorganic substrates and composted green waste in growing media for green roofs.' Dr Graceson joined eight other postgraduate research students receiving their degrees during our 2012 graduation ceremony.

After several years as a leading institution in the field of workforce development activities for the land-based industries, HEFCE funding for these activities ended in July 2013. We have nonetheless sought to transfer part of this activity to a commercial footing so that we can continue to engage with industry through continuing professional development programmes as well as in our research and the sandwich degree placements we offer our undergraduate students. The BBSRC funded Advanced Training Partnership established in 2011/12 with Nottingham University, Cranfield University and Rothamsted Research has gone from strength to strength, and the postgraduate courses we offer have been both popular and of considerable benefit to industry. The first successful cohort from our Meat Industry Management programmes took part in a graduation ceremony held at Butchers' Hall in London, and the Worshipful Company of Butchers has continued to provide funding support for which we are extremely grateful. Courses for other industry sectors are in progress or planned to start in 2013/14, demonstrating that there is demand for workforce development activities that can only grow as we begin to address the new national Agricultural Technology Strategy.

### **Promoting Collaboration**

We were delighted to have been asked, during the last year, to join the Centre for Excellence in UK Farming organised by Aberystwyth University with support from Waitrose. With other members including NIAB-TAG, the Scottish Rural College and the Agri-Food and Biosciences Institute in Northern Ireland, the Centre represents a cross-UK approach to addressing issues of concern to sustainable agriculture. We look forward to working with our partners in this important initiative over the coming years.

We have hosted a large number of visits by leading figures in the agri-food sector and the higher education sector over the last year. These have included Michael Seals, Chairman of the DEFRA Animal Health & Welfare Board for England; Jim Godfrey, Chairman of the TSB Sustainable Agriculture & Food Innovation Platform; Harry Cotterell, President of the Country, Land & Business Association; Bronwyn Hill, DEFRA Permanent Secretary; Rt Hon Owen Paterson MP, DEFRA Secretary of State; Mary Creagh MP, Shadow Environment Secretary; Professor Les Ebdon, Director of OFFA; and Helen Minnice-Smith from the Welsh Assembly Government. We were fortunate to be able to take a group of our Welsh students to visit the Senedd in Cardiff where they had the opportunity to meet Alun Davies AM, the Minister for Natural Resources and Food in the Welsh Assembly Government. Many other industry representatives have also visited us in the last year to discuss collaborative activities.

Our international collaborations have been successfully developed over the last year. Our new partnership arrangements with China Agricultural University and Huazhong Agricultural University in Wuhan are taking shape, and both institutions are recruiting students to the Chinese component of our new joint programmes. A review of transnational education conducted by the QAA in November 2012 resulted in a very positive outcome for our partnership with Beijing Agricultural University, and a number of UK students were able to take part in a cultural exchange programme in Beijing during the summer of 2012. We are grateful to our partners at BUA for their continuing support for the successful delivery of this long-standing collaboration. Exploratory discussions were also held during the year with North-West Agriculture and Forestry University near Xi'an, and we look forward to the possibility of working with this leading agricultural university in the future.

Beyond China we were pleased to have been included in the Brazilian Government's Science without Borders programme and to have secured a collaborative agreement with Sao Paulo University. Our student exchange link with Cornell University continues to perform to a very high standard, and we have extended this approach to the University of Missouri and Kansas State University with the intention of enhancing the internationalisation element of our Strategic Plan.

Our collaborative activities with industry extend well beyond placements for our students, workforce development programmes and research projects. We have strong connections in advisory roles, including high profile work featured regularly in the farming press, and industry is enormously supportive of our students by way of sponsoring scholarships, supporting our sports teams and visiting to speak to our students and staff. These connections add enormously to the academic life of the institution and are part of the culture of Harper Adams that we work hard to maintain.

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

As a registered charity, Harper Adams University has a long tradition of delivering activities that benefit the public. Our work to deliver these benefits has continued apace over the last year. Universities UK and HEFCE have developed a framework by which higher education institutions can report on their contribution to public benefits. The following themes provide some examples of these activities within the established framework.

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

The university 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 continues to be highly ranked in the university sector and provides ample evidence of this contribution. Our students make a vital contribution to the UK's efforts to address the challenge of food security. They undergo work placements as part of their course, we encourage student volunteering, organise school visits to introduce schoolchildren to farming and food production and provide educational programmes in schools, including those organised and run by our own students.

Over the last year alone, our students have shown that they can be amongst the best in the UK and within Europe. Examples include winning the top two prizes in the European 'Farming by Satellite' competition organised by the European Global Navigation Satellite System Agency; winning the Farmers Guardian Agricultural Student of the Year competition; winning the UK heat of the Ecotrophelia Food Innovation Student Awards, which saw our team progress to the European finals against 15 other nations in October 2013; winning the Innovation in the Teaching of Sustainable Development in Life Sciences in Europe (ISLES) competition and winning the UK Alltech Young Scientist Award. Many of these award schemes are sponsored or otherwise supported by industry, enabling our students to demonstrate to future employers the breadth of skills that they have developed during their university career.

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

Over the last year the university has continued to open its doors to the agri-food sector. In addition to the examples outlined earlier in this report we held the latest Women in Rural Enterprise Conference in April 2013, which aimed to encourage and support women rural entrepreneurs, and this was supplemented by the visit of a delegation of Spanish women rural business leaders in June. In July 2013, we were the UK venue for one of a series of conferences run by Claas to celebrate the centenary of the foundation of the company. Over 100 delegates heard about the latest advances in agricultural engineering and precision farming, including current research at Harper Adams. In May 2013, 24 members of the German Fertilizer Association visited the university as part of a tour to learn about UK agricultural practice. Our European visitors also included a delegation of members of the European Parliament Committee on Agriculture and Rural Development who were able to see a range of innovative research and how this might impact upon policy development at a European level.

Other initiatives in this field include a new strand of website articles entitled 'Our World View' in which our academic staff have shared their perspective on topical issues of relevance to our subject areas. Examples over the last year have included subjects as wide ranging as the Government's response to the outbreak of Ash Dieback disease to the impact of austerity measures on the rural economy and from food labelling to public safety on farms.

Our work to inspire others and our expert contributions to our subject area, have been recognised in shortlisted entries in a number of award schemes over the last year. Examples include our entry for the Farm Manager of the Year in the 2012 Farmers Weekly Awards; a highly commended entry in the 2012 Green Gown Awards in the category for Continuous Improvement in Sustainability; our entry for Student Support Team of the Year in the 2012 Times Higher Education Awards; and our entry in the education category of the Chartered Institute of Marketing Awards. We were also shortlisted, for the third year in a row, in the Outstanding Leadership & Management Team of the Year category in the 2013 Times Higher Education Leadership & Management Awards. James Chapman, second chef in our catering department, won a prestigious Acorn Award, presented annually to the top 30 up-and-coming chefs aged under 30 across the catering and hospitality sectors. This award was particularly pleasing because of our focus on local food sourcing and the importance of this aspect of our work in our educational activities.

Many other examples of our work to innovate, inspire and inform can be found in the news section on the university's website at [www.harper-adams.ac.uk/news](http://www.harper-adams.ac.uk/news).

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

During the year we continued a regional TV advertising campaign, begun towards the end of the 2011/12 academic year, to promote our work and, in particular, the career opportunities available in the land-based industries and professions. To date, the campaign has covered the South-West, Yorkshire and Central TV regions, and it has also been shown, in Welsh and in English, on the S4C and ITV Wales channels in Wales. The campaign has been a tremendous success, with positive comments from viewers and from industry and sector representatives.

This work, in addition to our other widespread marketing and promotional activities, contributes directly to our engagement with the wider community. Some of these activities have resulted in national media coverage over the course of the last year, including on BBC Radio 4's 'Farming Today' and 'Costing the Earth' programmes and on BBC 1's 'Countryfile' programme, where our research on precision farming and on crop production was featured in separate editions. The BBC regional news programme, 'Midlands Today' has also covered stories on new entrants into agriculture and on aspects of our research. On 26 May 2013, the research undertaken by one of our students on the use of unmanned aerial vehicles in sheep farming appeared on the front page of The Sunday Times. On 21 March Harper Adams was mentioned in The Independent in an article about the Red Tractor Bacon Connoisseur Week Awards held at the university and on 13 March, one of our alumni, Max Woollard, who is now a senior engineering designer for Vauxhall, was featured as a case study in an article on engineering careers.

Examples of partnership working are outlined earlier in this report, but we also continue to be actively engaged in other community activities in support of local organisations. Two of our staff are members of the Telford Business Board. Many of our staff hold voluntary positions as school governors, charity volunteers or fundraisers. They hold posts that include rescue kennel dog walkers; a trustee of Shropshire Rural Support; volunteers in local village halls; community first responders; a Young Enterprise support worker; concert society volunteers; a Riding for the Disabled instructor; a Macmillan Cancer Support Information Volunteer; STEMNET ambassadors; a British Legion caseworker; equestrian events organisers; a Raleigh International expedition volunteer; Scout and Girl Guide Association assistants and leaders; and hospice fundraising volunteers. Our students are also engaged in community support initiatives and fundraising for charities, in an equally wide variety of areas.

Our work with local communities is matched by our efforts to engage with industry societies and organisations. We contributed to the 2013 Royal Welsh Show, for example, by sponsoring its Young People's Village and two of its dairy competitions. We also took part in Open Farm Sunday for the first time in 2013, helping support this major national initiative, arranged by the LEAF organisation, to encourage the general public to visit a farm. The event was a great success and, coupled with a Farmers Market held on the university campus, attracted over 1,000 visitors.

## ***Informing public policy and the professions***

Nearly half of our undergraduate programmes are accredited by professional bodies and we remain actively engaged in the exchange of knowledge with these and other professional organisations, including those mentioned earlier in this report.

Our workforce development programme continued to provide accredited continuing professional development courses 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 academic staff regularly contribute to the farming press and, as noted earlier, our work has featured on BBC radio and television over the last year.

Our work with the Temperton Fellowship led to the production of the 21st report on the poultry industry, in June 2013, and this influential series of reports continues to inform policy development in the poultry sector. We have been actively engaged in a number of important policy debates over the course of the last year. We contributed directly to the DEFRA Future of Farming Review, which looked at the issue of young entrants to agriculture and engaged in various consultation stages for the Agricultural Technology Strategy, to the extent of being invited to make a presentation on the topic of precision farming.

Our engagement with industry is a fundamental feature of our academic work, and our staff work closely with industry to help inform future farming practice and to ensure that they are able to contribute to public policy debates with the latest information from a rapidly moving industry perspective. Our work in the next



year will be extended with an initiative being run by the universities in the West Midlands, and led from Harper Adams, to look at public policy and innovation in the creation of 'Food Smart Cities'.

Our Governors have also been recognised for their work in important areas of public policy and in industry. Examples include Heather Jenkins, who received the David Black Award, sponsored by BPEX, which is given for a significant and sustained contribution to the British pig industry and Christine Tacon who was appointed as the UK's first Groceries Code Adjudicator.

### ***Building international connections***

Our international connections have been significantly extended over the last year, as outlined earlier in this report. We have a growing number of international relationships with leading universities and 28 of our 52 research students are from overseas. Our students and staff regularly travel abroad to take part in research and education, and an increasing number of educational connections are being established in universities and other organisations through these activities.

Examples include the hosting of a Royal Engineering Society Fellow, Professor Noboro Noguchi, from Hokkaido University in Japan, who was investigating precision farming techniques. In October 2012 we acted as the venue for the Association of Applied Biologists (AAB) Precision Farming for Crop Protection conference, and our staff, alongside others from the UK and Europe, took part in this meeting. Other visitors included a group of students from North Carolina State University studying International Agribusiness Management and researchers from a range of other countries.

Our activities extend to helping our international students in their future career choices. In October 2012, The British Council, operating in China as the Cultural and Education Section of the British Embassy, ran a series of career development workshops in the UK, and undergraduate and postgraduate Harper Adams students from China attended a careers fair at Birmingham University. A workshop gave the students an insight into the current job market in China and also offered practical guidance on job hunting and career development.

### **Planning for the Future**

We have continued to work hard over the last year to ensure that we make a successful transition to the new higher education funding system, which we continue to provide the best possible experience for our students that we deliver an active applied research programme that will serve the needs of industry. There are many positive signs to indicate that we are making good progress in each of these areas.

We invested in additional student facilities and residences during 2011/12, and were honoured to be able to name a new hall of residence after our Honorary Fellow, The Princess Royal, during her visit in November 2012. We were also honoured to learn that The Princess Royal had accepted our invitation to become the university's first Chancellor, and we look forward to welcoming her back to the University in this capacity in the not too distant future.

Other investments made during 2012/13 include the new Agricultural Engineering Innovation Centre and a new teaching facility, named the Weston Building in recognition of a significant philanthropic donation received from the Weston Foundation during 2012/13. Both buildings will be brought into use, and formally opened, in the 2013/14 academic year. Further investments to support poultry research, our educational activities in veterinary science, our farm and in student support services will also be brought into action during 2013/14. Importantly, we are backing up investments in physical infrastructure with a number of new academic staff appointments, to help maintain our focus on high quality education and applied research, and to meet the teaching requirements of an increased student population.

Our strong approach to institutional governance, and a hard-working and dedicated staff, underline our continuing commitment to delivering the very best for our students and for the industries with which we work. We have continued to raise the profile of our academic activities over the last year and our new initiatives and performance are expected to further enhance our reputation in the higher education sector, within the UK and internationally.



**Dr David Llewellyn**  
Vice-Chancellor

# Operating and Financial Review

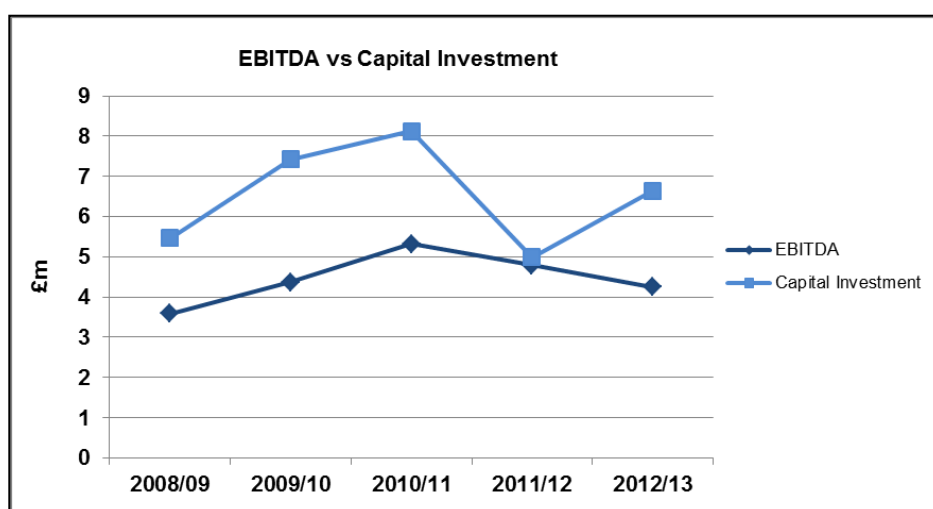
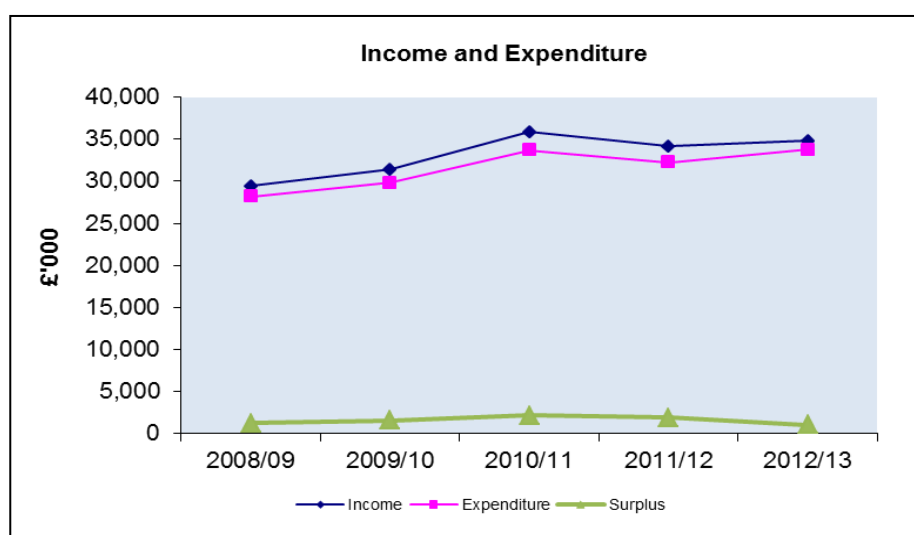
## Introduction

Harper Adams University continues to report another strong financial performance for the year to 31 July 2013.

The financial strategy remains an integral part of the university's overall Corporate Plan and an essential component in achieving the key objectives outlined in the university's new Strategic Plan. It demonstrates that we have continued to secure efficiencies in our operational costs whilst making appropriate investments in new resources and, critically, in staffing that can add to our course portfolio and strengthen our teaching in major disciplines.

In 2012/13 the university enrolled the first cohort of students subject to the new fee regime, charging a headline tuition fee of £9,000 with the associated reduction in grant funding to leave the overall funding of teaching at a similar level per student to that for previous years for the duration of their studies. The university has committed to the provision of tuition fee waivers for students who come from lower income families which in the year reduced both the accommodation and tuition costs for these students. Grant funding supporting business partnership activity was withdrawn. We have maintained tight cost controls and continued investment in our academic facilities and provision and student facing services.

The university generated a surplus before tax of £916k (2011/12: £1,941k). Income was up 0.7% on previous years, whilst expenditure rose by 3.9% as a result of the investment made in the academic provision and student facilities. Depreciation charges increased £539k over the previous year as a result of the continued investment in the Estate.



## Major developments during the financial year

One of the major factors in achieving the overall financial results was stretching our targets for student recruitment and a strong level of student retention. Through the efforts of all our staff we achieved the first year undergraduate student intake in line with target and we have increased the numbers for studying post graduate taught programmes in the year.

Capital investment amounted to £6,636k funded through grant, loans and philanthropic donations. New student accommodation opened in Sept 2012 and a new teaching building and Agricultural Engineering Innovation Centre, under construction at the year-end, were completed for the new academic year; this continued our planned approach to enhance the student experience.

From the 01 August 2012 our constitutional arrangements changed to being a company limited by guarantee whilst retaining our status as a registered charity.

## Summary Year End Position:

### Trading Position

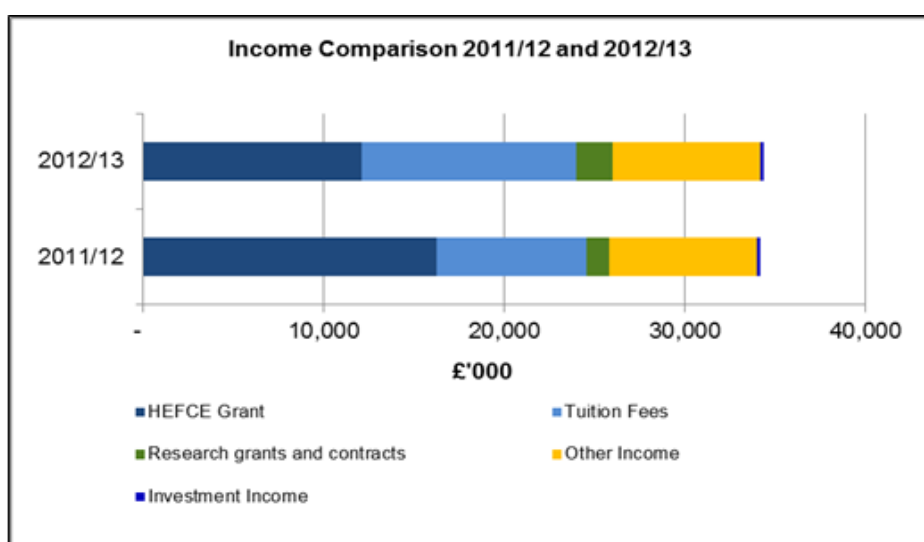
Overall the income and expenditure account for the year ending 31 July 2013 shows an operating surplus before tax of £916k which represents 2.7% of turnover (2011/12: £1,941k and 5.7%).

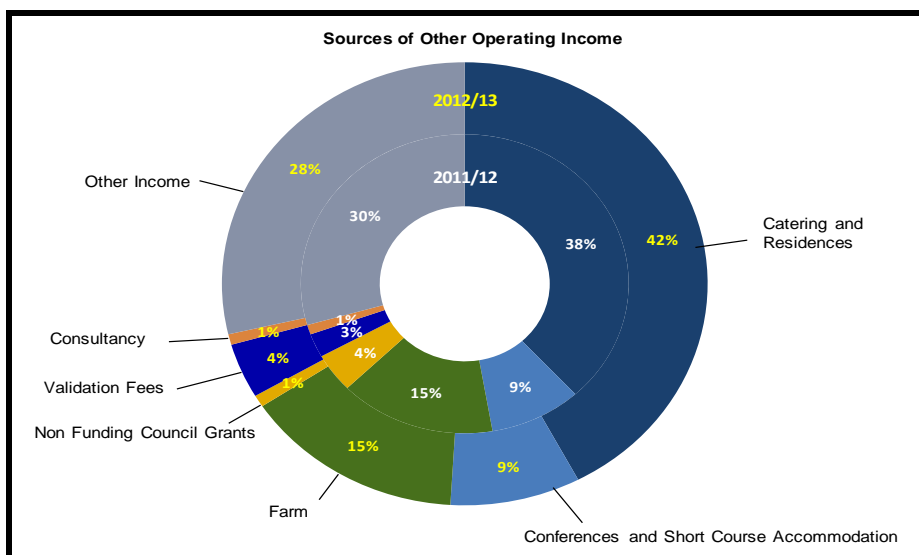
### Income

Total income for the year was £34,397k (2011/12: £34,172k), an increase of 0.7% on the previous year. Following one of the university's F.E College partners contracting for their H.E. provision directly with HEFCE for the 2012-13 cohort, the university results have shown a consequent reduction on grant and tuition fees whilst underlying an increase in student recruitment at the university.

Research activity undertaken has increased significantly. Contracts have been won with commercial clients; the research councils, DEFRA, industry levy boards and with the Technology Strategy Board in partnership with industry partners. The research activity enables the institution to contribute to the improvement of the industry operation and practice.

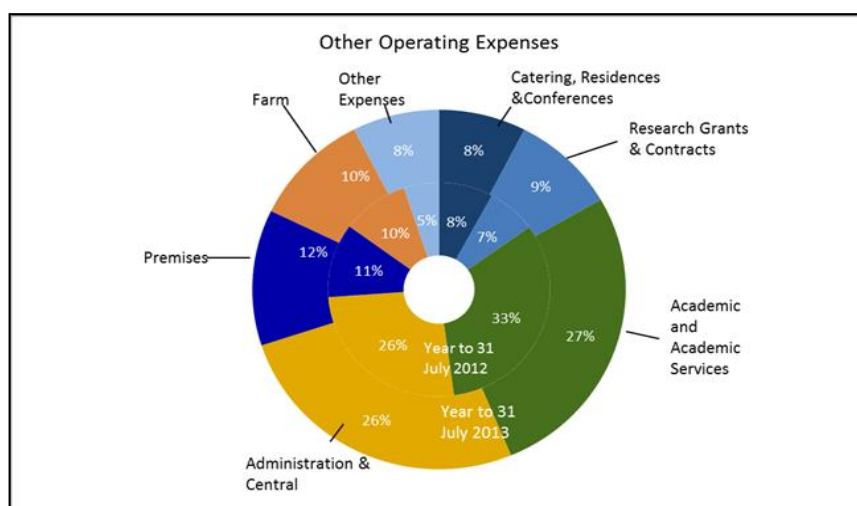
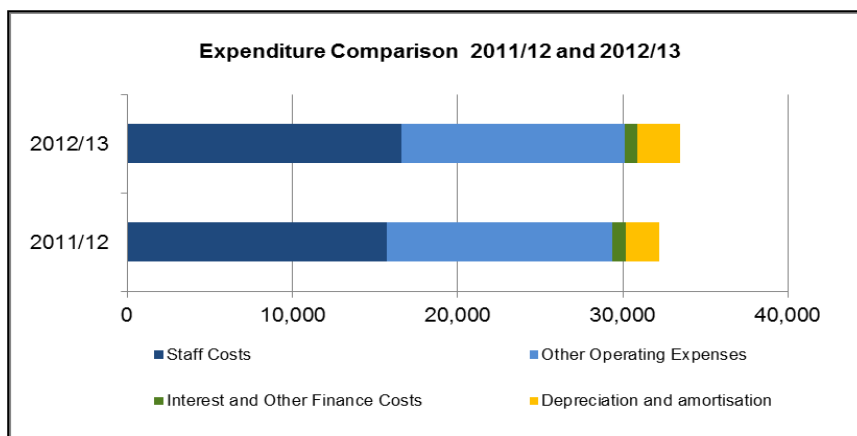
Other income has remained at a similar level overall which has included increases in residential income following the opening of the new hall of residences in September 2012 making a further 55 rooms available, whilst there has been reductions in grants and the interruption of the operation of the anaerobic digester in its second year of operation.





## Expenditure

Total income increased by 0.7%, expenditure in 2012/13 increased by 3.9% from £32,231k to £33,481k.



Pay costs represent the largest single element of the university's expenditure, an increase of 5.7% was seen which included a below inflationary pay increase of 1% and a number of new appointments. Overall average staff FTE numbers increased from 412 to 424 with additional posts recruited in academic areas and student facing departments.

Other operating expenses remained at a similar level as last year £13,559k (2011/12: £13,690k) however within this there have been increases seen in research, contract costs and other costs, which include costs relating to the interruption of operation of the anaerobic digester plant due to the failure of one of the plant's tanks in February 2013. As a consequence additional one off costs was suffered in the year in mitigating the failure; investigating the cause of the leakage and remediation works. The consequences of this and other life cycle maintenance costs, is that operating expenses, in relation to the plant have significantly increased. The benefits of the plant are recognised and a full review of the plant operation has been undertaken with enhancements to improve the performance and output from the plant in the future.

Interest and other finance costs decreased by £46k (5.8%) year on year.

After a period of significant investment in the Estate, depreciation charges increased by 26% in the year, to £2,595k.

## **Balance Sheet**

During 2012/13 the university continued to invest in its premises and equipment. Following the £4,984k invested in 2011/12, the university continued with its programme of developing facilities with a further investment of £6,636k.

Over the last three years fixed assets have consequently increased from £34m to £46m, which has been funded from the university's own reserves, long term debt and from grants and philanthropic donations awarded to the university.

The university has managed its liquid resources through a combination of treasury and cash deposits against a debt of £11,371k to give a net debt of £221k.

At 31 July 2013 the university's general reserve had increased to £20,764k from £17,952k.

## **Exceptional Items and FRS17**

There were no exceptional items in year.

The impact of FRS17 on the Income and Expenditure Account has been significant again this year, with a total charge made to the accounts in respect of the Local Government Pension Scheme of £506k.

## **The Financial Future**

The university is competing well in the increasingly competitive higher education market with our courses attracting increasing numbers of both UK and international students, whilst the impact of the transition to the new funding and student number control continues to be a challenge for the home market. .

Harper Adams University remains committed to the delivery of excellence in academic activities. Further investments to support poultry research, our educational activities in veterinary science, our farm and in student support services are planned, together with a number of new academic staff appointments to further strengthen the delivery of high quality education, and applied research, to meet the expectations of an increasing student population.

The investments that we have made and continue to make together with our strong industry links and collaborative partnerships with other institutions will enable the university to respond to the Government's recently published industrial strategy. The university is in a strong position to contribute to the delivery of the Government's Agri-tech strategy, which sets the scene to increase the involvement of science and technology to farming practice, and also developing, through innovation, new products and markets to support economic development.



Roger Mercer  
Chair of Governors  
19 November 2013



Liz Furey  
Director of Finance  
19 November 2013

## 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 2013 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 principal activity of the university is the provision of higher education in agriculture and land-based subjects conducted on an estate of 794 hectares (including the university Farm).

The university's mission is to provide 'Higher education and research 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's strategic plan. The financial statements should be read in the context of a continuous endeavour to secure these aims.

The objectives of the university 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's strategic plan and include:

- Securing a successful transition to the new funding and operating environment for higher education;
- Enhancing the role of Harper Adams as a critical contributor to applied research and as a leading source of the next generation of those working in the agri-food chain and the rural economy as the UK addresses the challenge of global food security;
- Internationalising our academic activities so that our global reach is extended and strengthened;
- Maintaining and enhancing our performance in the provision of high quality teaching and learning;
- Achieving full University Title.

The university continues to play a distinctive and key role within the UK higher education sector. The Board of Governors are pleased to report that in December 2012, the institution achieved its aim of securing full university title. The Board believes that the award of university title recognises the quality and importance of the university's work and its role as a leading specialist provider of land-based Higher Education.

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 continues to be recognised for the quality of its provision and the contribution it is making to important higher education policy objectives. In 2012, we were ranked for the sixth year running as the top university college in the Sunday Times University Guide. In May 2013, the Quality Assurance Agency for Higher Education reported positively on the quality of the university's collaborative provision with its Chinese partner, Beijing University of Agriculture, as part of the QAA's review of UK transnational education in China.

Student applications to the university have continued to rise. A review of postgraduate courses, and the development of Entomology and related courses at postgraduate level, has also enabled growth and diversification of the university's taught postgraduate programmes.

### Statement of Financial Responsibilities

In accordance with the university's Articles of Association 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 and enable it to ensure that the financial statements are prepared in accordance with the Articles of Association, the Statement of Recommended Practice on Accounting in Higher Education Institutions, the HEFCE accounts direction and other relevant accounting standards and comply with the Companies Act 2006. 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, 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 and the Group 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:

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

The Board of Governors has taken reasonable steps to:

- Ensure that funds from the Higher Education Funding Council for England and other funding bodies 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;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the university and to prevent and detect fraud;
- Secure the economical, efficient and effective management of the university's resources and expenditure.

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

At the date of making this report each of the university's Board members, as set out on page 19, confirm the following:

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

### **Higher Education Grant Funding**

Funding for the university'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.

### **Valuation of Freehold Property**

A valuation of the university's freehold property was carried out on 31 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 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') offers themselves for re-appointment as auditors in accordance with Section 489 of the Companies Act 2006.

## **Corporate Governance Statement**

### **General Principles**

The university is committed to exhibiting best practice in all aspects of corporate governance. This section describes the manner in which the university has applied the principles set out in the Committee of University Chairs (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 changed its legal status from that of an unincorporated organisation established by Trust deed to that of a Company Limited by Guarantee with effect from 1 August 2012. The university has retained its status as a Registered Charity in its new legal form. It is 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 Articles of Association approved by the Privy Council in 2012 and as amended from time to time by agreement with the Privy Council. The Privy Council conferred its approval for the award of university title to Harper Adams University on 7 December 2012.

The university 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 CUC. 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 to have a governing body and an academic board, each with clearly defined functions and responsibilities, to oversee and manage its activities.

- 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. 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.
- 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.

In respect of its strategic responsibilities, the Board of Governors receives recommendations and advice from the Academic Board and its committees, the University Executive and joint meetings, where required, of the University 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'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's Vice-Chancellor and other senior managers.

The Board has assumed direct responsibility for oversight of a number of key risks identified in the university'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 include the university'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 support the strategic objectives of the university. All risks areas signed to the Board or one of its committees for monitoring and action is reported 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 focused on the quinquennial major review of the effectiveness of the governing body. The university 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 practice was agreed.

The areas for further action included 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 newsletter circulated to all staff; a review of the membership arrangements for the Board and its Committees with a view to streamlining membership where desirable; and 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. During 2011/12 the Board monitored progress made to achieve each of these action points in detail. In February 2012 a final report completing all actions arising from the Effectiveness Review was considered and approved by the Board.

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

In accordance with the articles of government, the University 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 Director of Academic Services acts as secretary to the Academic Board.

The university 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 Vice-Chancellor/Chief Executive**

The Vice-Chancellor/Chief Executive is the head of the university 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 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 Vice-Chancellor 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, Finance & General Purposes, Nominations and Remuneration committees.

The Audit & Risk Management Committee meets a minimum of three times a year, with the university's external and internal auditors in attendance. The committee considers detailed reports together with recommendations for the improvement of the university'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's audited risk management activities, and monitors adherence to regulatory requirements. The Committee consists of lay members. Whilst senior university 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'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 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'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's Articles of Association. The Committee has a majority of lay members, consisting of the Chairman, Vice Chairman, a further lay governor and the Vice-Chancellor. 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 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's 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's Vice-Chancellor.

## **CUC Code of Governance Practice**

The university has complied in full with the CUC Code of Governance Practice in the year ended 31 July 2013. This included the publication on the university's website of a statement of institutional monitoring for the 2012/13 financial year.

## **Statement on Internal Controls**

The university's Board of Governors is responsible for the university's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control has been in place for the year ended 31 July 2013 and up to the date of approval of the Annual Report and Financial Statements.

The Governing Body monitors the effectiveness of the process and its relationship to the university'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'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 2012 meeting, the Board of Governors carried out the annual assessment of the Audit & Risk Management Committee's activities for the year ended 31 July 2012 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 2012.

The Board of Governors is of the view that there is an on-going process for identifying, evaluating and managing the university'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'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's systems and procedures continue to be satisfactory. The last review of Governance and Risk Management arrangements took place in May 2013 focusing on how the Board can be assured that the arrangements that are in place at the university for developing, implementing and monitoring its strategic planning process is fit for purpose. The internal auditors report was positive and made one suggestion for enhancing current arrangements.

## **Employees**

The university is committed to providing equality of opportunity in all areas of its operation. The university has continued to review its activities against the requirements of the relevant legislation. In 2012/13 the university's Equality and Diversity Working Group, which is made up of staff and student volunteers, has worked to progress the actions arising from the university's Single Equality Scheme. It is also university policy to achieve and maintain high standards of health and safety by all practicable means. The Health & Safety Committee, comprising staff representatives, oversees a full programme of work in this area, including legislative developments and an audit programme.

## **Going Concern**

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

## Changes in Membership of the Board of Governors

(Note: B Udale and F Beatty retired July 2013)

### Board of Governors during 2012/13

R M Mercer      *Chairman*  
M Lewis        *Vice Chairman*

P Cowdy  
M Roach  
C Tacon  
P Bailey  
F Beatty  
K Broe            (SU President)  
R Early  
J Garnham  
M Hill  
N Hunter  
H Jenkins  
D G Llewellyn  
D Nuttall  
B J Revell  
B Udale  
S Vickers

### Clerk to the Governors

C E Baxter

For and on behalf of the Board of Governors



C E Baxter  
CLERK TO THE GOVERNORS

# Independent Auditor's Report to the Governing Body of Harper Adams University

We have audited the financial statements of Harper Adams University (previously Harper Adams University College) (the 'University') for the year ended 31 July 2013 which comprise of the statement of accounting policies, the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the note of consolidated historical cost surpluses and deficits, the consolidated and university balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governing Body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 124B (4) of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992. Our audit work has been undertaken so that we might state to the university's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the university and its Governing Body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of Governing Body and auditor**

As explained more fully in the Governing Body's Responsibilities Statement set out on page 12 and 13 the Governing Body (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group and university's affairs as at 31 July 2013 and of its incoming resources and application of resources, including its income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Chief Executive's Report, the Operating Financial Review and the Report of the Governors and Corporate Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Opinion on other matters prescribed by HEFCE's Financial Memorandum dated July 2010**

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

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



**Kyla Bellingall**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham  
19 November 2013

## 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 Accounting

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

### 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), the Accounts Directions Handbook 2011/2012 published by the Skills Funding Agency and in accordance with applicable Accounting Standards.

### Merger Accounting Policy

On 27 April 2012, Harper Adams University College, a company limited by guarantee was registered and remained dormant until the trade and assets of Harper Adams University College were transferred in on 1 August 2012. In accordance with FRS 6 Acquisitions and Mergers, the transfer of trade and assets has been accounted for using merger accounting under the group reconstructions provisions. In December 2012 the University Title was awarded and on 9 January 2013 the company changed its name to Harper Adams University.

The assets and liabilities of Harper Adams University College were transferred to the limited company on 1 August 2012 at the carrying value at that date. The results and cash flows of the original unincorporated charity are included from the beginning of the financial year in which the reconstruction occurred, that is the financial year to 31 July 2013, and for all prior periods. The consolidated income and expenditure accounts, consolidated balance sheet, company balance sheet, statement of total recognised gains and losses and cash flow comparative figures have all been stated as prior to incorporation.

This is a true and fair override of the Companies Act 2006 in accordance with SI 2008/410 Sch 6 para 10, which would require acquisition accounting to be applied because there has not been an exchange of shares. If this method was applied, it would result in the assets and liabilities being recognised at fair value on acquisition, which would not give a true and fair view as it would not reflect the on-going activities of the University.

### Consolidation

The financial statements of Harper Adams Students' Union are not consolidated into the financial statements of the university, as the university has no control or significant influence over policy decisions of the Students' Union. In addition the university 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 accounts on the income and expenditure and balance sheet respectively.

### Deferred Taxation

Deferred taxation is recognised on all timing differences at the balance sheet date where transactions or events that gives the company an obligation to pay more tax in the future, or right to pay less tax in the future, have occurred. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have enacted or substantively enacted by the balance sheet date.

### Foreign Currency Translation

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

of exchange ruling at 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.

### **Going Concern**

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

The university currently has £8,975,000 of bank loans outstanding. With the exemption of the latest bank loan which is at a variable rate (2.45% was the rate applicable in July 2013), all the other loans are at various fixed rates ranging from 4.285% to 5.769% and are repayable by instalments with the final payment scheduled for 03 September 2035.

Accordingly the university 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.

### **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.

### **Leases**

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

### **Liquid Resources**

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

### **Maintenance of Premises**

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

### **Pension Schemes**

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

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the university 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 28, the TPS is a multi-employer scheme and the university 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.



## Provisions

Provisions are recognised when the university 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.

### Provision for Doubtful Debts

The university'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.

### 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 are included as expenditure in note 6.

HEFCE grants for teaching are recognised in the period in which the teaching is delivered and student recruitment confirmed.

Income from research and knowledge transfer contracts is included to the extent of the equivalent expenditure and contribution towards associated overheads costs incurred during the financial year, up to the maximum funding levels of individual contracts. Income received in advance over and above current expenditure is recognised on the balance sheet as short term liabilities.

Contract income where progress has been made in line with the terms and conditions of the funder but no income has been received, is recognised on the balance sheet as short term debtors using expenditure as a measure to accrue income.

### Related Party Transactions

Under the terms of Financial Reporting Standard 8 'Related Party Disclosures', the university is exempt from the requirement to disclose transactions with entities that are wholly owned subsidiaries of the university.

### 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 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.

### 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 re-valued 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 has approved that equipment costing less than £5,000 per individual item (unless it is a component of an approved capital project) 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 architect's certificates and other direct costs, incurred at 31 July. They are not depreciated until they are brought into use.

### **Taxation Status**

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

Accordingly, the university is potentially exempt from taxation in respect of income or capital gains received 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 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's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

## Consolidated Income and Expenditure Account for the Year to 31 July 2013

		Consolidated		University	
	Notes	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
<b>Income</b>					
Funding Council Grants	1	12,087	16,239	12,087	16,239
Tuition Fees	2	11,880	8,313	11,880	8,313
Research Grants and Contracts	3	2,045	1,253	2,045	1,253
Other Operating Income	4	8,192	8,174	7,699	7,687
Investment Income	4a	193	193	193	193
<b>Total Income</b>		<b>34,397</b>	<b>34,172</b>	<b>33,904</b>	<b>33,685</b>
<b>Expenditure</b>					
Staff Costs	5	16,585	15,697	16,585	15,697
Depreciation and Amortisation	10	2,595	2,056	2,332	1,811
Other Operating Expenses	6	13,559	13,690	12,771	13,542
Interest and Other Finance Costs	7	742	788	742	788
<b>Total Expenditure</b>		<b>33,481</b>	<b>32,231</b>	<b>32,430</b>	<b>31,838</b>
<b>Surplus on Continuing Operations after Depreciation of Fixed Assets but Before Taxation</b>					
		<b>916</b>	<b>1,941</b>	<b>1,474</b>	<b>1,847</b>
Taxation	8	(54)	54	-	-
<b>Surplus on Continuing Operations after Depreciation of Fixed Assets and Taxation</b>					
		<b>970</b>	<b>1,887</b>	<b>1,474</b>	<b>1,847</b>

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

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

## Statement of Consolidated Total Recognised Gains and Losses

	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
Surplus after Depreciation of Assets at Valuation, Disposal of Assets and Taxation	970	1,887
Actual Return less Expected Return on Pension Scheme Assets	2,337	(309)
Changes on Assumptions Underlying the Present Value of Scheme Liabilities	(495)	(1,167)
<b>Total Recognised Gains/(Losses) Since Last Report</b>	<b>2,812</b>	<b>411</b>

### RECONCILIATION

	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
Opening Reserves	17,952	17,541
Total Recognised Gains/(Losses) for the Year	2,812	411
<b>Closing Reserves</b>	<b>20,764</b>	<b>17,952</b>

## Consolidated Statement of Historical Cost Surpluses and Deficits

	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
Surplus on Continuing Operations After Taxation	970	1,887
Difference Between Historical Cost Depreciation and the Actual Charge for the Period	-	-
<b>Historical Cost Surplus for the Year Before and After Taxation</b>	<b>970</b>	<b>1,887</b>

## Balance Sheet as at 31 July 2013

		Consolidated		University	
	Notes	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
<b>Long Term Assets</b>					
Intangible Assets	9	-	-	-	-
Tangible Assets	10	46,189	42,194	42,970	38,763
Investments	11	683	552	683	552
Debtors	13	-	-	2,575	2,816
		<b>46,872</b>	<b>42,746</b>	<b>46,228</b>	<b>42,131</b>
<b>Current Assets</b>					
Stocks	12	1,468	1,263	1,454	1,248
Debtors	13	1,760	1,252	2,055	1,477
Investments	11	7,375	8,498	7,375	8,498
Cash at Bank and in Hand		4,885	3,682	4,691	3,304
		<b>15,488</b>	<b>14,695</b>	<b>15,575</b>	<b>14,527</b>
Creditors - Amounts Falling Due Within One Year	14	(8,759)	(7,213)	(8,132)	(6,925)
<b>Net Current Assets</b>		<b>6,729</b>	<b>7,482</b>	<b>7,443</b>	<b>7,602</b>
Total Assets less Current Liabilities		53,601	50,228	53,671	49,733
Creditors – Amounts Falling Due After More Than One Year	14	(11,549)	(11,386)	(11,146)	(10,936)
Provisions for Liabilities and Charges	15	(66)	(85)	(26)	(31)
		<b>41,986</b>	<b>38,757</b>	<b>42,499</b>	<b>38,766</b>
Net Pension Liability	28	(7,166)	(8,502)	(7,166)	(8,502)
<b>TOTAL NET ASSETS</b>		<b>34,820</b>	<b>30,255</b>	<b>35,333</b>	<b>30,264</b>
<b>Deferred Capital Grants</b>	16	<b>14,056</b>	<b>12,303</b>	<b>14,056</b>	<b>12,303</b>
<b>Reserves</b>					
Total Reserves	17	20,764	17,952	21,277	17,961
<b>Total Reserves</b>		<b>20,764</b>	<b>17,952</b>	<b>21,277</b>	<b>17,961</b>
<b>TOTAL FUNDS</b>		<b>34,820</b>	<b>30,255</b>	<b>35,333</b>	<b>30,264</b>

The financial statements on pages 26 to 46 were approved by the Board of Governors on 19 November 2013 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

	Notes	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
Net Cash Inflow from Operating Activities	20	4,869	5,279
Returns on Investments and Servicing of Finance	21	(260)	(256)
Capital Expenditure and Financial Investment	22	(4,896)	(4,176)
Management of Liquid Resources	23a	1,123	(3,492)
Financing	23	367	917
<b>Increase/(Decrease) in Cash in the Period</b>		<b>1,203</b>	<b>(1,728)</b>

### Reconciliation of Net Cashflow to Movement in Net Debt

	Notes	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
Increase/(Decrease) in Cash in the Period		1,203	(1,728)
(Decrease)/Increase in short term investments		(1,123)	3,492
Increase in financing	23	(367)	(917)
Movement in Net Debt in the Year		(287)	847
Net Funds at 1 August 2012		65	(782)
<b>Net funds at 31 July 2013</b>	24	<b>(222)</b>	<b>65</b>

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

# Notes to the Financial Statements

	Consolidated			University
	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
<b>1. Funding Council Grants</b>				
Recurrent Grant (HEFCE)	10,270	12,481	10,270	12,481
HEFCE Grant (employer engagement <sup>1</sup> )	1,068	2,921	1,068	2,921
CETL Grant (HEFCE)	-	-	-	-
HEIF Funding (HEFCE)	-	59	-	59
Summer Schools (HEFCE)	-	-	-	-
Release of Deferred Capital Grant (HEFCE)	393	449	393	449
Research Grant (HEFCE)	284	334	284	334
Match Funding (HEFCE)	-	(5)	-	(5)
Miscellaneous (HEFCE)	-	-	-	-
National Scholarship Programme (HEFCE)	72	-	72	-
	<b>12,087</b>	<b>16,239</b>	<b>12,087</b>	<b>16,239</b>
<sup>1</sup> This is funding for tuition delivered in conjunction with employers				
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>2. Tuition Fees</b>				
Full Time Students – Home	9,140	5,878	9,140	5,878
Full Time Students – EU	102	132	102	132
Full Time Students charged Overseas Fees	1,057	1,114	1,057	1,114
Part Time Fees	488	217	488	217
Short Course Fees	826	830	826	830
Other Fees	267	142	267	142
	<b>11,880</b>	<b>8,313</b>	<b>11,880</b>	<b>8,313</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>3. Research Grants and Contracts</b>				
Research Grants and Contracts	<b>2,045</b>	<b>1,253</b>	<b>2,045</b>	<b>1,253</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>4. Other Operating Income</b>				
Catering and Residence	3,296	3,123	3,296	3,123
Conferences and Short Course Accommodation	707	742	707	742
Farm	1,200	1,262	1,254	1,459
Non Funding Council Grant Income	71	345	71	345
Validation Fees	326	210	326	210
Consultancy	63	85	63	85
Other Income	2,529	2,407	1,982	1,723
	<b>8,192</b>	<b>8,174</b>	<b>7,699</b>	<b>7,687</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>4a. Investment Income</b>				
Bank Interest	191	191	191	191
Other Investment Income	2	2	2	2
	<b>193</b>	<b>193</b>	<b>193</b>	<b>193</b>

	Consolidated		University	
	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
<b>5. Staff Costs for Employees</b>				
Wages and Salaries	13,708	13,043	13,708	13,043
Social Security Costs	1,080	1,028	1,080	1,028
Pension Costs	1,797	1,626	1,797	1,626
	<b>16,585</b>	<b>15,697</b>	<b>16,585</b>	<b>15,697</b>
Teaching Departments	7,676	7,044	7,676	7,044
Teaching Support Services	1,192	1,063	1,192	1,063
Other Support Services	884	912	884	912
Administration and Central Services	3,237	3,015	3,237	3,015
Premises	591	526	591	526
Domestic Services	1,011	974	1,011	974
Catering	679	674	679	674
Other	1,315	1,489	1,315	1,489
	<b>16,585</b>	<b>15,697</b>	<b>16,585</b>	<b>15,697</b>
<b>Average Number of Employees</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Teaching Departments	124	117	124	117
Teaching Support Services	41	35	41	35
Other Support Services	25	26	25	26
Administration and Central Services	90	90	90	90
Premises	21	20	21	20
Domestic Services	56	51	56	51
Catering	31	28	31	28
Other	36	45	36	45
	<b>424</b>	<b>412</b>	<b>424</b>	<b>412</b>
Emoluments of the Vice Chancellor:	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Salary	144,427	136,187	144,427	136,187
Benefits in Kind - University House	9,600	9,600	9,600	9,600
- Health Insurance	3,346	2,977	3,346	2,977
	<b>157,373</b>	<b>148,764</b>	<b>157,373</b>	<b>148,764</b>
Employer's Pension Contributions	<b>16,506</b>	<b>16,342</b>	<b>16,506</b>	<b>16,342</b>



	Consolidated		University	
	Year to 31 July 2013	Year to 31 July 2012	Year to 31 July 2013	Year to 31 July 2012

The number of staff, including the Vice Chancellor, who received emoluments in the following ranges was:

£100,000 to £109,999	1	1	1	1
£110,000 to £119,999	1	1	1	1
£140,000 to £149,999	-	-	-	-
£160,000 to £169,999	-	1	-	1
£170,000 to £179,999	1	-	1	-

	Consolidated		University	
	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000

## 6. Other Operating Expenses

Employer Engagement	254	819	254	819
Joint Courses: Payments to Other Institutions	937	1,523	937	1,523
Academic Departments	983	953	983	953
Academic Services	974	986	974	986
Administration & Central				
- Establishment Expenses	3,430	3,395	3,430	3,395
- Staff & Student Facilities	191	166	191	166
Premises:				
- Rates	42	70	42	70
- Energy Costs	430	174	545	351
- Routine Maintenance	387	335	387	335
- Long Term Maintenance	268	265	268	265
- Other	559	690	559	690
Residences & Catering	852	878	922	878
Research Grants and Contracts	1,094	890	1,094	890
Farm	920	924	920	958
Pig Unit	499	420	499	420
WiRE	32	45	32	45
NRKE and Business Clubs	9	48	9	48
Conferences	191	206	191	206
Other Expenses	1,507	903	534	544
	<b>13,559</b>	<b>13,690</b>	<b>12,771</b>	<b>13,542</b>

### Other Operating Expenses Include:

External Auditors Remuneration in Respect of Audit Services	22	24	19	21
External Auditors Remuneration in Respect of Non Audit Services	5	4	3	2
Internal Auditors Remuneration	20	18	20	18

### Operating Lease Rentals:

Plant and Machinery	43	43	43	43
Other	1	21	1	21

## Governors

No Governor has received any remuneration / waived payments from the university during the year 2012/13. The total expenses paid to, or on behalf of, the governors was £6,210 (2011/12: £6,872), 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.

	Consolidated		University	
	Year to 31 July 2013	Year to 31 July 2012	Year to 31 July 2013	Year to 31 July 2012
	£'000	£'000	£'000	£'000
<b>7. Interest and Other Finance Costs</b>				
On Bank Loans:				
Repayable Wholly or Partly in More Than 5 Years	435	422	435	422
FRS17 Finance Charge	307	366	307	366
<b>Total Payable</b>	<b>742</b>	<b>788</b>	<b>742</b>	<b>788</b>

	Consolidated		University	
	Year to 31 July 2013	Year to 31 July 2012	Year to 31 July 2013	Year to 31 July 2012
	£'000	£'000	£'000	£'000
<b>8. Taxation</b>				
UK Corporation Tax Charge	-	-	-	-
Deferred Tax Charge	(54)	54	-	-
<b>Tax on Profit/(Loss) on ordinary activities</b>	<b>(54)</b>	<b>54</b>	<b>-</b>	<b>-</b>

The tax assessed for the year differs from the standard rate of corporation tax in the UK as follows:

Profit/(Loss) on ordinary activities	916	1,941	1,474	1,847
Profit/(Loss) on ordinary activities multiplied by the standard rate of tax in the UK of 23.67% (2012: 25.33%)	217	492	349	468
Expenses not deductible for tax purposes	-	13	-	-
Fixed asset differences	18	28	-	-
Capital allowances in excess of depreciation	54	109	14	14
Income not taxable/charitable income	370	450	370	450
Utilisation of tax losses and other deductions	-	4	-	4
Unrelieved tax losses and other deductions	154	30	-	-
<b>UK Corporation Tax Charge</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

The current year deferred tax charge relates to the university's subsidiary Harper Adams (Energy) Limited only.

		Consolidated
		Milk Quota £'000
<b>9. Intangible Fixed Assets</b>		
<b>Cost</b>		
At 1 August 2012		393
Additions During Year		-
At 31 July 2013		<u>393</u>
<b>Accumulated Amortisation</b>		
At 1 August 2012		393
Charge for Year		-
At 31 July 2013		<u>393</u>
<b>Net Book Value</b>		
At 31 July 2012		-
At 31 July 2013		<u>-</u>

		Consolidated			
	Freehold Property  £'000	University Plant and Equipment  £'000	Farm Plant and Equipment  £'000	Assets in the Course of Construction  £'000	Total  £'000
<b>10. Tangible Fixed Assets</b>					
<b>Cost or Valuation</b>					
At 1 August 2012	43,657	18,672	2,615	1,364	66,308
Transfers	1,319	15	-	(1,334)	-
Additions	1,579	1,518	235	3,304	6,636
Disposals	(40)	(6)	-	-	(46)
At 31 July 2013	<b>46,515</b>	<b>20,199</b>	<b>2,850</b>	<b>3,334</b>	<b>72,898</b>
<b>Accumulated Depreciation</b>					
At 1 August 2012	9,459	12,776	1,879	-	24,114
Charge for the year	1,402	1,071	122	-	2,595
Impairments	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 July 2013	<b>10,861</b>	<b>13,847</b>	<b>2,001</b>	<b>-</b>	<b>26,709</b>
<b>Net Book Value</b>					
At 31 July 2012	34,198	5,896	736	1,364	42,194
At 31 July 2013	35,654	6,352	849	3,334	46,189
<b>Financed by Capital Grant</b>	11,399	200	9	2,134	13,742
<b>Other</b>	24,255	6,152	840	1,200	32,477
Net Book Value at 31 July 2013	<b>35,654</b>	<b>6,352</b>	<b>849</b>	<b>3,334</b>	<b>46,189</b>

				University	
	Freehold Property £'000	University Plant and Equipment £'000	Farm Plant and Equipment £'000	Assets in the Course of Construction £'000	Total £'000
<b>10. Tangible Fixed Assets</b>					
<b>Cost or Valuation</b>					
At 1 August 2012	41,300	17,600	2,615	1,117	62,632
Transfers	1,087		-	(1,087)	-
Additions	1,579	1,426	235	3,304	6,544
Disposals		(6)	-	-	(6)
At 31 July 2013	<b>43,966</b>	<b>19,020</b>	<b>2,850</b>	<b>3,334</b>	<b>69,170</b>
<b>Accumulated Depreciation</b>					
At 1 August 2012	9,300	12,690	1,879	-	23,869
Charge for the year	1,271	938	122	-	2,331
At 31 July 2013	<b>10,571</b>	<b>13,628</b>	<b>2,001</b>	<b>-</b>	<b>26,200</b>
<b>Net Book Value</b>					
At 31 July 2012	32,000	4,910	736	1,117	38,763
At 31 July 2013	<b>33,395</b>	<b>5,392</b>	<b>849</b>	<b>3,334</b>	<b>42,970</b>
<b>Financed by Capital Grant</b>	11,399	200	9	2,134	13,742
<b>Other</b>	21,966	5,192	840	1,200	29,228
Net Book Value at 31 July 2013	<b>33,395</b>	<b>5,392</b>	<b>849</b>	<b>3,334</b>	<b>42,970</b>

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

	Consolidated	
	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
Cost	43,581	41,877
Less Depreciation	(10,024)	(8,755)
Net Book Value	<b>33,557</b>	<b>33,122</b>

The transitional rules set out in FRS15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly the book values at implementation have been retained.

Certain land and buildings were re-valued 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.

		Consolidated	
		Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
<b>11. Investments</b>			
<b>Long Term Asset Investments</b>			
Quoted Securities at Market Value		676	545
Unquoted Securities at Cost		7	7
		<b>683</b>	<b>552</b>
<b>Current Asset Investments</b>			
Short Term Cash Deposits		7,375	8,498
		<b>8,058</b>	<b>8,498</b>

		Consolidated		University	
		Year to 31 July 2013 £'000	Year to 31 July 2012 £'000	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
<b>12. Stock</b>					
Farm Stocks		1,331	1,141	1,331	1,141
Consumables		34	23	20	8
Goods for Resale		103	99	103	99
		<b>1,468</b>	<b>1,263</b>	<b>1,454</b>	<b>1,248</b>

		Consolidated		University	
		Year to 31 July 2013 £'000	Year to 31 July 2012 £'000	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
<b>13. Debtors</b>					
<b>Amounts Falling Due Within One Year:</b>					
Trade Debtors		807	896	774	816
Subsidiary Company		-	-	443	412
Prepayments & Accrued Income		953	356	838	249
		<b>1,760</b>	<b>1,252</b>	<b>2,055</b>	<b>1,477</b>
<b>Amounts Falling Due After One Year:</b>					
Subsidiary Company		-	-	2,575	2,816
		<b>1,760</b>	<b>1,252</b>	<b>4,630</b>	<b>4,293</b>

	Consolidated		University	
	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
<b>14. Creditors</b>				
<b>Amounts Falling Due Within One Year:</b>				
Bank Loans	471	410	471	410
HEFCE Loans	432	432	432	432
Other Loans	207	50	107	-
Projects in Progress	872	724	872	724
Taxation and Social Security	317	322	317	322
Sundry Creditors and Accrued Expenses	6,437	5,275	5,912	5,037
Obligations under finance leases	23		21	
	<b>8,759</b>	<b>7,213</b>	<b>8,132</b>	<b>6,925</b>
<b>Amounts Falling Due After More Than One Year:</b>				
Other Creditors	153	163	153	163
Obligations under finance leases	25		21	
<b>Loans:</b>				
Bank Loans	8,504	8,025	8,504	8,025
HEFCE Loans	2,316	2,748	2,316	2,748
Other Loan	551	450	151	-
<b>Total Loans</b>	<b>11,371</b>	<b>11,223</b>	<b>10,972</b>	<b>10,773</b>
	<b>11,549</b>	<b>11,386</b>	<b>11,146</b>	<b>10,936</b>
<b>Borrowings</b>				
<b>Bank Loans are Repayable as follows:</b>				
In One Year or Less	471	410	471	410
Between One and Five Years	3,300	3,112	3,300	3,112
In Five Years or More	5,204	4,913	5,204	4,913
	<b>8,975</b>	<b>8,435</b>	<b>8,975</b>	<b>8,435</b>

Bank loans totalling £8,975,000 include the first drawdown of £1,000,000 with respect to the loan facility (up to £2,500,000) for the new Teaching Building, the balance is anticipated to be drawn down early in 2013-14. With the exemption of this latest bank loan which is at a variable rate (2.45% was the rate applicable in July 2013), all the other loans are at various fixed rates ranging from 4.285% to 5.769% and are repayable by instalments with the final payment scheduled for 03 September 2035.

	Consolidated		University	
	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
<b>HEFCE Loans are Repayable as follows:</b>				
In One Year or Less	432	432	432	432
Between One and Five Years	1,728	1,728	1,728	1,728
In Five Years or More	588	1,020	588	1,020
	<b>2,748</b>	<b>3,180</b>	<b>2,748</b>	<b>3,180</b>
<b>Other loans are repayable as follows:</b>				
In One Year or Less	207	50	107	-
Between One and Five Years	351	200	151	-
In Five Years or More	200	250	-	-
	<b>758</b>	<b>500</b>	<b>258</b>	<b>-</b>
<b>Obligations under finance leases are repayable as follows:</b>				
In One Year or Less	23	-	21	-
Between One and Five Years	25	-	21	-
	<b>48</b>	<b>-</b>	<b>42</b>	<b>-</b>

The borrowings from HEFCE include two repayable interest free loans. Annual repayments of £159,972 with respect to the loan of £1,439,750 for the REESEP capital project commenced July 2010, however following an agreed revision to the repayment schedule, the loan repayment period will be reduced from 9 years to 7 years with an uplifted annual payment of £191,967 commencing as from July 2013 up until July 2017.

Quarterly repayments of £60,000 with respect to the loan of £2,400,000 for the Anaerobic Digester commenced in 2011/12 over a 10 year repayment period.

The other loans include partial drawdown of £258k with respect to the LEP loan facility (up to £750k) which is being used to partially fund the new Engineering building. There is also an interest free loan of £500k provided to Harper Adams Energy Ltd which is assumed will be repaid over a 10 year period.

	Consolidated		University	
	As at 31 July 2013 £'000	As at 31 July 2012 £'000	As at 31 July 2013 £'000	As at 31 July 2012 £'000
<b>15. Provision for Liabilities and Charges</b>				
The Provision for Liabilities and Charges is Made Up As Follows:				
As at 1 August 2012	85		31	
(Credit)/Charge for the year-deferred tax	(54)	54	-	
(Credit)/Charge for the year-pp	(5)	31	(5)	31
Charge for the year-other provisions	40	-	-	-
<b>Total Provisions for Liabilities and Charges</b>	<b>66</b>	<b>85</b>	<b>26</b>	<b>31</b>

The Pension Provision represents the estimated future pension commitments relating to a retired former employee of the university. The university paid £4,768 relating to the commitment during the year. This sum is expected to increase annually in line with the increase in the Retail Price Index.

Deferred Tax Provision				
Capital allowances in excess of depreciation	110	91	-	-
Trading losses	(110)	(37)	-	-
<b>Total Deferred Tax Provision</b>	<b>-</b>	<b>54</b>	<b>-</b>	<b>-</b>

The company has trading losses of £881,028 (2012: £232,349). A deferred tax asset of £16,207 has been recognised on £81,035 of these losses, which represents the best estimate of tax losses expected to be recoverable through short term future profits. In addition, a deferred tax asset has been recognised of £94,219 in relation to tax losses expected to be recoverable through the future reversal of the deferred tax liability. for which a deferred tax asset has been recognised on £81,035, which represents the best estimate of losses expected to be recoverable through short term future profits.

No deferred tax asset has been recognised on the remaining losses due to uncertainty regarding their crystallisation in the foreseeable future.

	Consolidated	
	As at 31 July 2013 £'000	As at 31 July 2012 £'000
<b>16. Deferred Capital Grants</b>		
At 1 August 2012	12,303	12,647
Capital Grants Received	2,242	150
Capital Grants Payable	(24)	22
	14,521	12,818
Less Release of Grant	465	516
Balance at 31 July 2013	<b>14,056</b>	<b>12,303</b>



17. Total Reserves	Consolidated		University	
	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
At 1 August 2012	17,952	17,541	17,961	17,590
Total Recognised Gains for the Year	2,812	411	3,316	371
Balance at 31 July 2013	<b>20,764</b>	<b>17,952</b>	<b>21,277</b>	<b>17,961</b>

18. Financial Commitments	Consolidated		University	
	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000	Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
<b>Capital Commitments</b>				
At 31 July 2013, the following amounts had been authorised:				
Authorised and Contracted for	2,363	950	2,363	950
Authorised but not Contracted for	-	-	-	-

	Consolidated	
	As at 31 July 2013 £'000	As at 31 July 2012 £'000
<b>Operating Leases</b>		
As at 31 July 2013, Harper Adams University had annual commitments under operating leases expiring between one and five years:		
Plant and Machinery	11	25
Other	-	12
<b>Total</b>	<b>11</b>	<b>37</b>

## 19. Contingent Liabilities

There were no contingent liabilities as at 31 July 2013 or 31 July 2012.

		Consolidated	
		Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
<b>20.</b>	<b>Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities</b>		
	Surplus on Continuing Operations before Taxation	916	1,941
	FRS17 Pension Costs Less Contributions Payable	506	479
	Depreciation and Amortisation (note 10)	2,595	2,056
	Profit on Disposal of Fixed Assets	-	(8)
	Deferred Capital Grants Released to Income	(465)	(516)
	Investment Income	(2)	(2)
	Interest Receivable	(191)	(191)
	Interest Payable	435	422
	Increase in Stocks	(205)	(100)
	Decrease/(Increase) in Debtors and Prepayments	(494)	868
	Increase in Creditors	1,870	345
	(Decrease) in Provisions	35	(4)
	Unrealised Gain on Investments	(131)	(11)
	<b>Net Cash Inflow from Operating Activities</b>	<b>4,869</b>	<b>5,279</b>

		Consolidated	
		Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
<b>21.</b>	<b>Returns on Investments and Servicing of Finance</b>		
	Dividends Received	2	2
	Interest Received	177	154
	Interest Payable	(439)	(412)
	<b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b>	<b>(260)</b>	<b>(256)</b>

		Consolidated	
		Year to 31 July 2013 £'000	Year to 31 July 2012 £'000
<b>22.</b>	<b>Capital Expenditure and Financial Investment</b>		
	Capital Grants Received – HEFCE	2,242	150
	Proceeds from Sale of Fixed Assets	-	36
	Payments to Acquire Tangible Assets	(7,138)	(4,362)
	<b>Net Cash (Outflow) from Capital Expenditure and Financial Investment</b>	<b>(4,896)</b>	<b>(4,176)</b>

		<b>Consolidated</b>	
		<b>Year to 31 July 2013 £'000</b>	<b>Year to 31 July 2012 £'000</b>
<b>23. Financing</b>			
Medium Term Loan		1,209	1,600
Repayment of Loan		(842)	(683)
Net Cash Inflow from Financing		<b>367</b>	<b>917</b>
		<b>£'000</b>	<b>£'000</b>
<b>23a Management of Liquid Resources</b>			
Acquisition of Current Assets		<b>(1,123)</b>	<b>3,492</b>
	<b>At 31 July 2012 £'000</b>	<b>Cash Flow £'000</b>	<b>Other Changes £'000</b>
<b>24. Analysis of Changes in Net Debt</b>			<b>At 31 July 2013 £'000</b>
Cash at Bank and in Hand	3,682	1,203	4,885
Debt Due Within One Year	(892)	842	(1,111)
Debt Due After One Year	(11,223)	(1,209)	(11,371)
Current asset investments	8,498	(1,123)	7,375
	<b>65</b>	<b>(287)</b>	<b>(222)</b>

## 25. Related Party Transactions

Due to the nature of the university'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's financial regulations and normal procurement procedures.

The university has taken advantage of the exemption in FRS8 "Related Party Transactions" that transactions with wholly-owned subsidiary companies are not disclosed.

## 26. Subsidiary Companies

The university 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 completed its third year of trading and is consolidated with the Harper Adams University accounts on the income and expenditure and balance sheet respectively. The principal activities of Harper Adams (Energy) Limited is to produce electricity and heat from an Anaerobic Digester.

		<b>Consolidated</b>	
		<b>Year to 31 July 2013 £'000</b>	<b>Year to 31 July 2012 £'000</b>
<b>27. Access Funds</b>			
Funding Council Grant		46	54
Disbursed to Students		(36)	(39)
Administrative Costs		(1)	
		<b>9</b>	<b>15</b>

Funding Council grants are available solely for students; the university 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'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

		<b>2012/2013 £'000</b>	<b>2011/2012 £'000</b>
<b>Total Pension Cost for the Year</b>			
Teachers' Pension Scheme: contributions paid		839	779
Local Government Pension Scheme: contributions paid	759		734
FRS17 charge	199		113
Charge to the Income and Expenditure Account (staff costs)		958	847
Total Pension Cost for Year		<b>1,797</b>	<b>1,626</b>

### Local Government Pension Scheme

Membership of the Local Government Pension Scheme (LGPS) 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 2013 was £1,091,905 of which employer's contributions totalled £759,444 and employees' contributions totalled £332,461. As from April 2011, the agreed contribution rates are 10.7% for employers plus a monthly sum (£16,550 as from April 2011, £17,300 as from April 2012 and £18,075 as from April 2013) and a variable percentage between 5.5% and 7.5% for employees.

### FRS17

In accordance with the requirements of Financial Reporting Standard (FRS17) 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's element of the fund as at 31 July 2013, with comparative figures as at 31 July 2012.

<b>Principal Actuarial Assumptions</b>	<b>2012/13</b>	<b>2011/12</b>	<b>2010/11</b>
Rate of Increase in Salaries	3.90%	3.60%	4.40%
Rate of Increase of Pensions in Payment	2.40%	2.10%	2.90%
Discount Rate for Liabilities	4.50%	4.30%	5.30%
Inflation Assumption	2.40%	2.10%	2.90%

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 2013	At 31 July 2012
<b>Retiring today</b>		
Males	22.4	22.3
Females	25.1	25.0
<b>Retiring in 20 years</b>		
Males	24.2	24.1
Females	27.1	27

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

	Long term rate of return expected at 31 July 2013 %	Value at 31 July 2013 £'000	Long term rate of return expected at 31 July 2012 %	Value at 31 July 2012 £'000	Long term rate of return expected at 31 July 2011 %	Value at 31 July 2011 £'000
Equities	7.00	11,100	7.00%	8,915	7.00%	8,887
Bonds:						
Government	3.30	2,367	2.50%	2,126	3.90%	1,869
Other Bonds	4.30	1,863	3.40%	2,506	4.90%	2,340
Property	5.70	563	6.00%	555	6.00%	593
Cash / Liquidity	0.50	1,552	0.50%	777	0.50%	714
Other	7.00	1,960	7.00%	984	7.50%	790
		<b>19,405</b>		<b>15,863</b>		<b>15,193</b>

The following amounts at 31 July 2013 were measured in accordance with the requirements of Financial Reporting Standard (FRS17):

	31 July 2013 £'000	31 July 2012 £'000	31 July 2011 £'000
Total Market Value of Assets	19,405	15,863	15,193
Present Value of Scheme Liabilities	(26,571)	(24,365)	(21,740)
<b>(Deficit) in the Scheme – Net Pension (Liability)</b>	<b>(7,166)</b>	<b>(8,502)</b>	<b>(6,547)</b>
Current Service Cost	952	820	884
Past Service Cost	6	-	-
Effect of Curtailments or Settlements	-	27	27
<b>Total Operating Charge</b>	<b>958</b>	<b>847</b>	<b>911</b>
<b>Analysis of Net Return on Pension Scheme</b>			
Expected Return on Pension Scheme Assets	754	793	786
Interest on Expected Scheme Liabilities	(1,061)	(1,159)	(1,124)
<b>Net Return</b>	<b>(307)</b>	<b>(366)</b>	<b>(338)</b>

	Year to 31 July 2013	Year to 31 July 2012	Year to 31 July 2011
	£'000	£'000	£'000
<b>Analysis of Amounts Recognised in Statement of Recognised Gains and Losses</b>			
Actual Return Less Expected Return on Pension Scheme Assets	2,337	(309)	403
Experience Gains and Losses Arising on Scheme Liabilities	-	-	-
Changes in Assumptions Underlying the Present Value of Scheme Liabilities	(495)	(1,167)	401
<b>Total Actuarial Gain/(Loss) Recognised</b>	<b>1,842</b>	<b>(1,476)</b>	<b>804</b>

#### **Movement in Deficit During the Year:**

Deficit in Scheme at 01 August 2012	(8,502)	(6,547)	(6,891)
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#### **Movement in Year:**

Current Service Charge	(952)	(820)	(884)
Past Service gain/(loss)	(6)	-	-
Effect of Curtailments or Settlements	-	(27)	(27)
Contributions	759	734	789
Net Return on Assets	(307)	(366)	(338)
Actuarial Gain/ (Loss)	1,842	(1,476)	804

<b>Deficit in Scheme</b>	<b>(7,166)</b>	<b>(8,502)</b>	<b>(6,547)</b>
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#### **Asset and Liability Reconciliation:**

##### **Reconciliation of Liabilities**

Liabilities at Start of Period	24,365	21,740	19,891
Service Cost	952	820	884
Interest Cost	1,061	1,159	1,124
Employee Contributions	332	325	330
Actuarial (Gain)/Loss	495	1,167	(401)
Benefits Paid	(640)	(873)	(115)
Past Service loss/(gain)	6	-	-
Effect of Curtailments or Settlements	-	27	27

<b>Liabilities at End of Period</b>	<b>26,571</b>	<b>24,365</b>	<b>21,740</b>
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##### **Reconciliation of Assets**

Assets at Start of Period	15,863	15,193	13,000
Expected Return on Assets	754	793	786
Actuarial (Loss)	2,337	(309)	403
Employer Contributions	759	734	789
Employee Contributions	332	325	330
Benefits Paid	(640)	(873)	(115)

<b>Assets at End of Period</b>	<b>19,405</b>	<b>15,863</b>	<b>15,193</b>
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	Year to 31 July 2013	Year to 31 July 2012	Year to 31 July 2011	Year to 31 July 2010	Year to 31 July 2009
	£'000	£'000	£'000	£'000	£'000
<b>History of Experience Gains and Losses</b>					
Defined benefit obligations	(26,571)	(24,365)	(21,740)	(19,891)	(17,845)
Plan Assets	19,405	15,863	15,193	13,000	10,669
Deficit	(7,166)	(8,502)	(6,547)	(6,891)	(7,176)
Experience adjustments on plan liabilities	-	-	(421)	-	-
Experience adjustments on plan assets	2,337	(309)	403	743	(1,947)

### 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 assessed in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	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 01 August 2012 to 31 July 2013 the employer contribution was 14.1%. The employee rate was 6.4% up to 31 March 2013 and from 1 April 2013 the rate is dependent on salary bandings and ranges from 6.4% to 8.8%.

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

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The university is unable to identify its share of the underlying assets and liabilities of the scheme.

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

## Five Year Summary Accounts

	2008/09	2009/10	2010/11	2011/12	2012/13
	£'000	£'000	£'000	£'000	£'000
<b>CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT</b>					
<b>Income</b>					
Funding Council Grants	16,710	17,224	19,823	16,239	12,087
Tuition Fees	5,221	6,245	7,412	8,313	11,880
Research Grants and Contracts	655	412	785	1,253	2,045
Other Operating Income	6,613	7,448	7,705	8,174	8,192
Investment Income	212	94	130	193	193
<b>Total Income</b>	<b>29,411</b>	<b>31,423</b>	<b>35,855</b>	<b>34,172</b>	<b>34,397</b>
<b>Expenditure</b>					
Staff Costs	13,319	14,243	15,736	15,697	16,585
Depreciation and Amortisation	1,638	1,922	2,388	2,056	2,595
Other Operating Expenses	12,509	12,812	14,796	13,690	13,559
Interest and Other Finance Costs	692	826	753	788	742
<b>Total Expenditure</b>	<b>28,158</b>	<b>29,803</b>	<b>33,673</b>	<b>32,231</b>	<b>33,481</b>
<b>Operating Surplus Before Tax and Exceptional Items</b>	<b>1,253</b>	<b>1,620</b>	<b>2,182</b>	<b>1,941</b>	<b>916</b>
<b>CONSOLIDATED BALANCE SHEET</b>					
Long Term Assets	28,191	33,704	39,852	42,746	46,872
Net Current Assets	7,792	6,930	7,634	7,482	6,729
Creditors: Amounts Falling Due After One Year	(7,322)	(7,019)	(10,716)	(11,386)	(11,549)
Provisions for Liabilities and Charges	(45)	(40)	(35)	(85)	(66)
	<b>28,616</b>	<b>33,575</b>	<b>36,735</b>	<b>38,757</b>	<b>41,986</b>
Pension Liability	(7,176)	(6,891)	(6,547)	(8,502)	(7,166)
<b>Total Net Assets</b>	<b>21,440</b>	<b>26,684</b>	<b>30,188</b>	<b>30,255</b>	<b>34,820</b>
Represented by					
Deferred Capital Grants	9,821	12,538	12,647	12,303	14,056
Revaluation Reserve	-	-	-	-	-
General Reserve	11,619	14,146	17,541	17,952	20,764
<b>TOTAL FUNDS</b>	<b>21,440</b>	<b>26,684</b>	<b>30,188</b>	<b>30,255</b>	<b>34,820</b>



## Glossary of Terms

APB	Auditing Practice's Board
BBSRC	Biotechnology and Biological Sciences Research Council
CETL	Centre for Excellence in Teaching and Learning
CUC	Committee of University Chairs
EU	European Union
F.E	Further Education
FRS	Financial Reporting Standard
H.E	Higher Education
HEFCE	Higher Education Funding Council for England
HEIF	Higher Education Innovation Funding
LGPS	Local Government Pension Scheme
NRKE	National Rural Knowledge Exchange
REESEP	Rural Employer Engagement Student Experience Project
SERPS	State Earnings Related Pension Scheme
SORP	Statement of Recommended Practice
TPS	Teachers Pension Scheme
WiRE	Women in Rural Enterprise



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