

Annual Report and Financial Statements

2017/18



**Harper Adams
University**

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Chief Executive's Report

Harper Adams University 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 four UK HE institutions specialising in these subject areas. The university offers multi-disciplinary courses that provide a firm grounding in science and technology to meet the needs of industry, and to help create professionals able to deal with the application of science in the production of food, the management of natural resources and the delivery of renewable energy. The university is also an important source of independent knowledge, advice and education to those already working in these vital sectors and it undertakes applied research of benefit to industry and society. 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, to the challenge of achieving global food security and to the future of the UK in the post-EU era.

Our current Strategic Plan covers the period from 2015 to 2020. Our strategy has five objectives:

- 1. Education:** We will grow the population of the University to 3,000 FTE students, whilst attracting those already in the professions who need to extend their understanding and expertise, thereby providing a community of learning that will appeal to rural and urban students from the UK and overseas.
- 2. Engagement:** We will enhance our engagement with industry and local enterprise partnerships to help grow our capacity for education, research and knowledge exchange.
- 3. Research:** We will move from a position where over 50% of our research in the 2014 Research Excellence Framework was assessed as internationally excellent or world leading to a rating of over 60% for these categories in the next Research Excellence Framework.
- 4. Influence:** We will enhance the role and reputation of Harper Adams as a contributor to national policy formulation and delivery to improve rural economic development and the UK's contribution to global food security.
- 5. Efficiency:** We will maintain our expenditure on administrative activities below the median, when benchmarked against other small and specialist UK higher education institutions, in order to allow us to focus resources, including new technologies, on efficient teaching and the support of our students.

The Strategic Plan acts as a framework to guide our academic activities and to focus on areas where further efficiencies can be delivered. Each year we produce a Corporate Planning Statement that helps put our strategy into operation and which provides a means to monitor progress via the Board of Governors, the Academic Board and their committees. The Corporate Planning Statement for 2018/19 was approved by the Board of Governors in July 2018. At the same time, a final progress report on the Statement for 2017/18 was assessed. Almost all of the objectives for the year were found to have been delivered or were close to being delivered. Our scrutiny

of progress against our academic and institutional objectives, and the link between this work and our regular reviews of corporate risks, enable us to ensure that we achieve our targets and effectively deliver our strategy.

During the year we made a successful application to register with the Office for Students.

External Policy Environment

The policy environment for higher education underwent a major change during the year, with the closure of the Higher Education Funding Council for England and the launch of the Office for Students (OfS). We were pleased to welcome the Chief Executive of the OfS, Nicola Dandridge, on a visit to the University in May, which provided the opportunity for her to hear about our unique contribution to the higher education sector and to meet some of our students.

The renewed emphasis of the OfS on access and participation in higher education is one where the University has a critical role to play in support of rural students. We operate in a different context than many other universities so we are keen to ensure that the OfS understands our objectives for access and participation and we will be continuing to address this issue with the new regulator during the 2018/19 academic year.

The shift towards further measures of student outcomes has continued, with further releases of Longitudinal Employment Outcomes (LEO) data and the publication of some of this data on the student information portal, Unistats. We were involved in discussions about the way in which the data is presented on the Unistats site, but remain concerned that the aggregation of subjects in the reporting of the data means that it does not always reflect the real experience of graduates, or their employers, in some subject areas. Nevertheless, while graduate income levels are determined by employers, not universities, the data demonstrate that our graduates are doing well in their chosen areas of employment when compared to others.

The 2018 Destination of Leavers from Higher Education (DLHE) survey supported this conclusion. With a graduate employment rate of 97.2%, 6 months after graduation, we significantly outperformed other specialist land-based higher education institutions and remained in the top twenty institutions for graduate employment in the UK. The DLHE is to be replaced by the Graduate Outcomes Survey, with the first report being published in Spring 2020.

One of our senior staff was involved in the pilot round of the subject-level teaching excellence framework (TEF) that is expected to be introduced in 2020. At the same time, we decided to enter the institution-based third round of the TEF, to test ourselves against the new set of metrics in this exercise, including those on degree standards. We achieved a Gold award which demonstrated that we have maintained high academic standards whilst also providing an outstanding student experience and some of the best employment outcomes for graduates in the university system. We were one of only two higher education institutions to have been awarded Gold in both the 2017 and 2018 TEF, and the only one in our specialist subject area.

Early in the academic year, we hosted a visit by the Secretary of State for the Environment, Michael Gove who was accompanied by a team from DEFRA, including the Deputy Director for Future Farming and the Secretary of State's Special Advisor. The visit resulted in Harper Adams University being referred to in a number of key speeches by the Secretary of State including the Oxford Farming Conference, and when giving evidence to the Parliament's European Scrutiny Committee on improving agricultural productivity.

The UK's proposed departure from the EU and its implications for the farming and food sectors continued to be another major theme of the year. We again sought to ensure that the views of the next generation of those working in those sectors could be shared with opinion formers and others involved in the decision making process around our future agricultural and environmental policies.

As the issue of Brexit continues to cause uncertainty and debate, the subject of international trade has also become increasingly relevant. Stan Phillips, Agricultural Counselor for the US Embassy in London gave an interesting talk to students and staff on 'Linking US Agriculture to the World', providing an opportunity for us to hear about the importance of future UK/US trade relationships. Justin McCarthy, Editor and Chief Executive of the Irish Farmers Journal also gave a presentation on the impact of Brexit on Irish Agriculture. This provided a unique opportunity to hear an Irish perspective on some of the major issues being addressed in the Brexit negotiations, including the future of the border and trade between the Republic of Ireland and Northern Ireland.

In December we hosted a Brexit debate organised by the British Guild of Agricultural Journalists in which issues of international trade and the border between the UK and the Republic of Ireland were key topics. The speakers included the President of the National Farmers Union, Minette Batters, the Irish Farmers Journal's, Justin McCarthy and member of the EU Agriculture Commissioner's Cabinet, Tom Tynan, together with Siemen Van Berkum from Wageningen University. The debate provided a number of fascinating insights that are now playing out in the most recent Brexit negotiations. Other visitors able to share their perspective on Brexit included the President of the Country Land & Business Association (CLA), Tim Breitmeyer, and the Welsh Assembly Government's Cabinet Secretary for Environment and Rural Affairs, Lesley Griffiths. Our engagement with this topic will continue in the coming year.

The Government's consultation on the shape of the new Agriculture Bill was another significant development during the early part of 2018. The University was fortunate in having the opportunity to co-host a consultation event by DEFRA with representatives from a wide range of stakeholder groups joining staff and students in debating the future for farming and our countryside. Some of our final year students were able to directly engage in the consultation process, taking an active role in shaping the future of farming.

Our submission to the consultation emphasised the need for graduate level skills to be fully taken into account in the new operating environment for agriculture and for appropriate methods to be developed for the adoption of new technologies in UK farming practice. The Bill will set the

framework for UK agriculture and land management following the UK's departure from the EU, so we expect to consider its implications for our education, research and knowledge exchange activities during 2018/19.

To enable the University to deliver on this agenda, during the last year we purchased an additional 97ha of farmland immediately adjacent to the Harper Adams home farm. This strategic long-term investment will enable us to extend our research and knowledge exchange activities and support our educational objectives.

Student Recruitment and Experience

Undergraduate recruitment in 2017 continued to be affected by an increasingly competitive recruitment environment, the demographic downturn in the 18-year old population and other external factors. We recruited 617 home undergraduates, plus international students. We are mindful of the impact of a variety of factors on student demand for higher education and have been addressing this issue with increased marketing and recruitment activity prior to the 2018 student intake. Postgraduate student recruitment was positive, with numbers maintained at 338, whilst research student numbers peaked at 69 during the year. We also increased our focus on student retention and success during the year, with a Task Force that has achieved good outcomes for our students and for the University.

Harper Adams was awarded Best Modern University in the Times and Sunday Times Good University Guide 2018 and scooped three gold, two silver and three bronze awards in the WhatUni Student Choice Awards, narrowly missing out on the University of the Year title. The WhatUni Student Support award has been won by the University four years running, making Harper Adams the only university to ever have won this category.

In the annual Postgraduate Research Experience Survey (PRES) the outcome was extremely positive, with performance in 7 of the 9 survey themes in the top quartile when compared to all sector results. The survey responses reflect well on the quality of the supervision and academic experience we provide for our research students.

We again performed extremely well in the Times Higher Education Student Experience Survey 2018. We came second overall by a very narrow margin from the 116 universities included in the 2018 survey. We also came top in the categories for academic experience, industry connections and student welfare, third for accommodation and fifth for facilities. We were first included in the survey only in 2016, so to have been placed in the top two universities every year since is a significant achievement.

Our students also performed exceptionally throughout the year. In this year's Royal Entomological Society Student Awards, James Fage took first place while Maggie Gill came second, and the runners up, Susan Hammond and Sam Finnie, were both from Harper Adams. The winning essays were published in the Society's 'Antenna' magazine. Josh Dowbiggin won the 2017 Farmers Weekly Agricultural Student of the Year Award. Georgina Gater-Moore gained a

silver award in the Agricultural Student category in the 2017 British Farming Awards, with another Harper Adams student, Hannah Dyke also among the finalists. Paddy Denny won the RABDF Dairy Student of the Year competition, the fourth year in a row for the University. Our team of students, Daniel Liddell, Harry Dunford, Charlie Cheyney, Paul Brown and Michael Wood, won the 2018 FarmPlanner Competition, the third year in a row that the award has been won by a Harper Adams team.

The University had continued success in the Farmers Club Pinnacle Award, with Reuben Wilson taking first place (the second time in three years that a Harper Adams Student has won) and Sarah Dean coming third. Our team in the Cereals Challenge, Ollie French, Alice Clews, Tom Green and Hannah Catling came third this year. Ollie French picked up the Guild of Agricultural Journalists Award, the second year in a row that this award has gone to a Harper Adams student. It was also encouraging to see research carried out by students as part of their dissertation studies being recognised within the wider scientific community with Charlotte Bolton being awarded the British Society of Animal Science Academia Association Prize which recognised the best undergraduate presentation at the 2018 annual meeting. The high standards achieved by our students on the national stage are a testament to their commitment and hard work and we are grateful for the way in which they have acted as such good ambassadors for the University throughout the year.

In August, eighteen staff members achieved various levels of fellowship of the Higher Education Academy in recognition of their practice, impact and leadership of teaching and learning. In February, a further fifteen members of staff gained this recognition, demonstrating their commitment to supporting students in a way which is informed by a strong underpinning knowledge of effective practice.

Our investment in the student experience also continued with the University's DELTA project assisting developments in teaching and learning through a strategy of support for our teaching staff, technology and learning facilities. The early stages of this work have helped us with our performance in the Teaching Excellence Framework and in the results of the 2018 National Student Survey, where the University had the highest survey response rate in the sector, at 94%. Our overall survey outcome was a rating of 89.4%, making Harper Adams joint eighth in the UK of all higher education providers. The University also had the sixth highest score in the learning community section of the survey, eighth overall in the academic support section and sixth for students receiving sufficient advice and guidance in relation to their courses.

Research and Knowledge Transfer

Our research has continued to focus on applied science and the implementation of new knowledge into industry practice.

A significant example of this was the Hands Free Hectare project completed at the start of the 2017/18 academic year. The project sought to grow an arable crop without humans setting foot in the field, by using only robots and drones. The crop was successfully harvested, completing a world-first trial of autonomous farming systems. The Hands Free Hectare, undertaken in association with Precision Decisions Ltd with

the support of Innovate UK and other industry sponsors, has since been covered in over 80 countries worldwide in the farming, technology and general press, as well as on BBC, CNN and other television and radio news programmes.

The Hands Free Hectare team have continued their work, this time with AHDB support for a winter wheat trial, and have been successful in generating research income from the Connected Autonomous Vehicle theme of the Industrial Strategy and via a 5G consortium that is investigating the latest communications technologies in rural settings. The team conducted live demonstrations of their autonomous vehicles at the Cereals Event in June 2018 and, during the same month, won the Future Food category of the 2018 BBC Food and Farming Awards.

Many of our other research projects have had major impacts on practice in farming, the veterinary professions or in land management. Some have been undertaken by our students, with examples ranging from veterinary nursing care for wildlife patients to the best foraging flowers for bumblebees, and from urban farming to the question of how social media might influence food choice. These projects, conducted during the final year of our honours degree programmes, provide a vital research component to our undergraduate courses that sometimes build upon the students' placement year and therefore have direct relevance to industry.

That relevance is continued in the research conducted by our staff, with examples including our collaboration with the University of Leeds and Barworth Agriculture to improve the accuracy of the AHDB potato cyst nematode (PCN) pallida calculator. PCN is a considerable problem within the potato industry so improvements to the calculator are expected to have a major impact on productivity and business performance in this sector. A DEFRA funded project being conducted with the University of Warwick aims to breed vegetable crops that can cope with climate extremes and related pests and diseases. The £1.2m project involving the University's Fresh Produce Research Centre will help tackle weather variability and the prospect of climate change. We have also been active in promoting greater awareness of our research, with examples including the Innovations in Urban Agriculture event in Brussels which Harper Adams co-hosted with the University of Birmingham.

Our applied research portfolio has been extended during the year with the appointment of Professor James Lowenberg DeBoer and Professor Karl Behrendt to Chairs generously funded by the Elizabeth Creak Charitable Trust. Both appointments, in the field of agri-technology economics, add significant strength to our work in agri-technologies and precision farming in this new aspect of social science research whilst providing additional international dimensions to our work in this area. In June, Professor Lowenberg-DeBoer was elected the President of the International Society of Precision Agriculture and was awarded the prestigious Pierre C Robert Precision Agriculture Senior Scientist Award.

Our work on international research collaborations has also developed during the last year. A new partnership with the major India-based machinery manufacturer, Tractors and Farm Equipment (TAFE), was launched, with a team of their engineers taking a residency in the Agri-EPI Centre to develop autonomous farm systems. The team aim to replicate the Hands Free Hectare approach at a company

demonstration farm in India, and to engage in further collaborative research, training and knowledge transfer. International dimensions in agri-technologies were explored in the Agricultural Innovation Conference held in July, hosted by the University's National Centre for Precision Farming, sponsored by the AHDB and supported by the Agri-Tech West network. The conference included the launch of a strategic partnership between the University and Chinese drone manufacturer XAG.Co Ltd., as well as presentations from TAFE and the Candian DOT Technology Corporation.

During the year we have demonstrated our research to a wide variety of key visitors to the University, including the DEFRA Secretary of State and the Chief Executive of UKRI. Professor Sir Mark Walport was able to see the new Precision Dairy that the University has jointly developed with the Agri-EPI Centre to further our work in dairy cow behaviour and welfare, as well as aspects of our research in entomology and biowaste recovery and our collaboration with Dairy Crest.

The University's close connections with industry, and the greater visibility it has achieved in recent years for its research and knowledge transfer, were reflected in the results of the 2018 QS World University Rankings for Agriculture and Forestry. In the category for academic reputation, Harper Adams was placed second in the UK, while in the category for employer reputation, Harper Adams was placed first in the UK and second in the world.

Our research activities were also recognised with the award of the Queen's Anniversary Prize for Higher and Further Education in recognition of the University's pioneering work in developing agricultural technologies and associated alternative farming methods, to deliver global food security.

Further details of our research activities can be found on the University's website.

Promoting Collaboration

Our collaborative activities have involved a range of activities and events over the last year. Our collaborations with industry continue apace, and have grown in terms of education, research, knowledge exchange and support for our student community over the last year. One example is the course we operate in Livestock Market Operations and Management, where we work closely with the Livestock Auctioneers Association (LAA) and the Institute of Auctioneers and Appraisers in Scotland (IAAS). We are also actively engaging in the development of degree level apprenticeships in which there has been significant collaboration with industry representatives throughout the year.

Our National Centre for Precision farming held the fifth annual Drones for Agriculture Conference in November with a wide variety of presentations on new technology and drone farming systems, the regulatory landscape for agricultural drone use and real-life experiences of using drones to assist with crop health monitoring. Events of this nature enable technology users, creators and regulators to collaborate with the University to address common problems and find appropriate solutions.

Finding solutions is also the key to a new project launched during the year, in partnership with Aston University. The Agri-Tech Growth and Resources for Innovation (AGRI) project, funded by the European Regional Development Fund is connecting businesses in the Marches area with experts in the two universities with a focus on agricultural engineering, precision agriculture, sensing and data analytics, robotics and automation, new food product development (NPD) and waste technologies at Harper Adams and photonics and lasers, logistics and supply chain management, sensing, wireless networks, systems analytics and geographical information systems at Aston. In addition to supporting companies already operating in the agri-tech sector, the project can assist those who may wish to move into that sector, thereby developing the agri-tech ecosystem in the Marches.

The AGRI project is collaborating closely with the Agri-EPI Centre for Innovation in Engineering and Precision farming based partly at Harper Adams. Amongst other activities in the Centre, the Agri-EPI team and Harper Adams welcomed a group of engineers from the Indian machinery manufacturer, TAFE who were based at the University while conducting company research projects. TAFE, the world's third largest agricultural machinery manufacturer by volume, is working with the University and Agri-EPI to pursue technology development programmes on autonomous farming and energy efficient implements, Unmanned Aerial Systems (UAS) and sensor technologies along with the Hands Free Hectare (HFH) project that will be implemented at JFarm India, TAFE's adaptive agriculture research centre.

TAFE and other Commonwealth country representatives were present at a Symposium held in early May in collaboration with the Royal Agricultural Society of the Commonwealth. The event, on the topic of 'Technology's Role in Feeding the Commonwealth', involved speakers from several Commonwealth nations, including Kenya, Australia, Canada and the UK who provided different perspectives on a range of relevant topics. The Symposium was also attended by the University's Chancellor, HRH The Princess Royal, who welcomed the links that the University has been creating with a variety of Commonwealth countries.

Our initiatives in agricultural technologies, within the UK and internationally, have prompted collaborations with the Local Authority and a closer working relationship with the Department for International Trade (DIT). The Newport Innovation Park (Ni-Park) project, led by our Local Authority with the support of the Marches LEP, will focus on agricultural technologies, creating a cluster of technology businesses in the local economy. Planning permission for the project is now being sought and it is hoped that construction will commence later in 2018. The Department for International Trade, recognising the outstanding performance of the Local Authority on inward investment and the specialist nature of the University's activities, has created the Telford Proposition, using University projects such as the Hands Free Hectare and other precision farming research as attractive tools to bring international students and industry to Shropshire. A presentation on the proposition was communicated live worldwide to all DIT departments in UK Embassies to show the agri-tech expertise and facilities in the region and the potential for foreign direct investment. Again, based on our work and that of the Local Authority, Telford has been selected by the DIT as one of the first three pilot High

Potential Opportunities for inward investment, supported by the Department around the world. We have hosted several events for DIT officials to bring them up to date with the latest agri-tech developments and continue to work closely with the Department via the Midlands Engine and other direct engagements.

Collaboration is a critical component of our work as we seek to add specialist expertise to the activities of other organisations, but it is also the vehicle through which we are able to launch new initiatives. A major example of this approach is the Joint Vet School project we are developing with Keele University, which will see its first intake of undergraduate students in 2020. Planning for the new vet school is going well and is a demonstration of what might be achieved through working in partnership on common objectives.

Demonstrating Public Benefit

As a registered charity, Harper Adams University has a long tradition of conducting activities that benefit the public. Our work to deliver these benefits has continued apace over the last year. We have followed the higher education sector framework to report on our 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 agri-food sector is addressing a changing landscape for new talent, not least with the UK's imminent departure from the EU, and the University will continue to address the need for graduate entrants who are able to make a contribution to the task of feeding the nation and managing our natural resources and environment. Some of those new entrants may come from different backgrounds. One such example is Jonathan Huxtable, who was not from a farming background and whose first degree was in sport, but who completed a Masters Degree in Ruminant Nutrition in 2017 and is now working as the ruminant country manager for the UK and Ireland for an international company.

Others are contributing to society in the field of animal welfare. Harper Adams graduate Matthew Scott has become the first ever dedicated veterinary physiotherapist at the Animal Health Trust. Matthew, who graduated in 2017 as part of the first cohort to complete the BSc (Hons) Veterinary Physiotherapy programme at Harper Adams, has joined the team at the AHT's Centre for Small Animal Studies (CSAS).

There are also examples of graduates who are trying to make their mark in other fields, including some who are displaying their entrepreneurial talents overseas. Building on her first year experience of participating in the University's cultural exchange programme with China, Rowena Minney went back to China after graduating for a consulting project and as a participant on the British Council's Generation UK programme learning Mandarin at Hangzhou Normal University. Staying in Hangzhou she has since set up a recruitment company that places English teachers in schools and educational institutions across China.

Our current students have also made their mark on the agri-food sector in the last year. Josh Dowbiggin won the Farmers Weekly Awards Agricultural Student of the Year, and has since been writing for the Farmers Weekly in a regular column. The RABDF Young Board, set up in late 2017, was made up exclusively of Harper Adams alumni. The Young Board has been created to offer the opportunity for further progression and board-level training for the industry. The newly-appointed members were identified through previous involvement with the RABDF – either through the Dairy Student or Farm Health Management Awards, or the Entrepreneurs in Dairying programme.

In all of our work with students the Harper Adams Development Trust has played an enormously important role. The scholarships awarded via the Trust this year amounted to £418,000 shared between 133 students. The generosity of the companies, organisations, charities and individuals who have assisted our students in this way is gratefully acknowledged.

The University is addressing new areas in the field of agricultural science by developing skills to address future societal challenges. In early 2018, Harper Adams was amongst 34 UK institutions that won funding from the HEFCE Catalyst Fund to commence projects that support the UK Industrial Strategy. Harper Adams, will work with DEFRA, APHA, FERA as well as large plant growers and SMEs on the plant health skills that the UK will need when it has left the EU. The project is designed to close a skills gap and develop a curriculum of continuing professional development for plant health professionals. These skills will be required to help the UK achieve enhanced productivity and growth in the crops, forestry and environmental sectors and to reduce the risk and threat of disease and crop pest attacks. The new course, starting in 2018, will also address plant biosecurity, safe production and movement of plants, and ultimately after the UK leaves the EU, compliance with new domestic legislation.

In support of this and other University initiatives, Harper Adams, alongside other universities and research institutions from across the UK, backed a pledge in November to support their technicians. The Technician Commitment is a sector-wide initiative led by the Science Council, supported by the Gatsby Foundation to address key challenges facing technical staff working in research.

During the year two of our senior academic staff, Professor Liam Sinclair and Charles Cowap, were awarded the Associateship of the Royal Agricultural Societies, recognising their significant contributions to their respective fields in education and research in support of the agricultural sector. Amongst other contributions made by our staff to the wider agri-food community, Louise Manning, a Trustee of the Nuffield Farming Scholarships Trust, organised a successful annual lecture for the organisation, given by Professor Michael Winter of the University of Exeter, on the topic of 'Changing Food Cultures: challenges and opportunities for UK Agriculture'. Mechatronics Researcher and member of the Hands Free Hectare team, Jonathan Gill, was awarded a prestigious Nuffield Farming Scholarship to investigate how automated systems can reduce costs, lower energy consumption and provide environmental benefits in agricultural production. Other Nuffield Scholars in the latest

round included Harper Adams alumni Joe Towers, Mark Dewes and Emily Norton.

The contribution of the University's staff and former students to wider society was recognised in a Farmers Weekly article in January that named 20 farming influencers for the coming year. Number 19 in the top 20 was Jonathan Gill, highlighted for his work as a mechatronics researcher, his role as a Nuffield Scholar and his contribution to the Hands Free Hectare project. At number 9 in the list was podcaster, Will Evans, a former student of the University, while another alumnus, Tom Tynan, special adviser to the EU Agricultural Commissioner, Phil Hogan, was placed at number 3 on the list.

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

Our work on autonomous farm vehicles and technology-based farming systems was demonstrated to the DEFRA Secretary of State, Michael Gove, during a visit to the University in October. The visit provided an opportunity to discuss the role that agricultural technologies, and technology used in animal welfare applications could play in post-EU policies and how the University might assist these developments.

During the Secretary of State's visit he was able to see another initiative aimed at improving teaching in animal science. The University has worked with the Microsoft HoloLens team to develop the means to assist bovine anatomy teaching through the use of holographic imaging. This technique could be used before a dissection practical to show the students what to expect, instead of a dissection practical, as revision or even to get students to walk each other through a practical session. With plenty of scope for this technique to enhance learning experiences the HoloLens approach is likely to inspire new ways of teaching and learning in the years to come.

Our work to inspire new approaches to education addressed an international audience when Lecturer in Sub-Saharan and Tropical Agriculture, Ed Mashatise, created and delivered a Train the Trainer course to enable participants to teach female smallholder farmers in Uganda to become more resilient and profitable. The project was funded by the UK-based Daughter of the Soil Foundation (DOTS) and was run in association with the Mityana Uganda Charity, which organised the training venue, and helped to identify the 15 women farmers for the pilot. A range of crop and soil science topics were covered, as well as business management and marketing, an introduction to agricultural mechanisation and aspects of health and safety in agricultural practice.

A Soil and Water Conference was organised by the University on World Soils Day in December. Amongst the presentations was a review of the University's long-term trials investigating the effects of Random Traffic Farming (RTF), Controlled Traffic Farming (CTF) and Low Ground Pressure (LGP) systems with conventional, minimum and zero tillage. The aim of the trial, now being replicated in Zambia and at the University of Illinois in the USA, is to develop an integrated mechanisation system to optimise soil and water resources, crop growth and yields and to investigate system performance and economics in commercial agricultural practice. In results so far it has

been shown that the CTF system, with a 30 per cent trafficked area, had a significantly higher yield over RTF for winter wheat and spring oats but the results were not significantly different in winter barley crops. Reducing the trafficked area from 30 per cent to 15 per cent increased the mean overall yield by three per cent, and after five years of establishment there were significant increases in soil organic matter and earthworm populations in the zero/no-till plots.

As well as informing those currently in the industry and those researching and educating in our field, the University undertakes a range of activities to inspire the next generation to study the subjects that we offer. One example is our collaborative engagement with the Royal Entomological Society in the running of the only insect science conference for schools and colleges. The EntoSci18 event attracted 150 delegates with speakers including the curator of Entomology at the National Museums of Scotland and TV presenters Stefan Gates and Theo Blossom who enthused the young audience with their session on the role of insects as natural food additives.

In May the University hosted the Annual Congress of the Engineering Professors' Council (EPC). This was a major event for the University, attracting not only senior academic staff from across the higher education sector, but also representatives of the Royal Academy of Engineering, the Engineering Council and other bodies with an interest in engineering education and research. The 'Fit for Future' theme explored how the engineering subject base may need to adapt teaching, research and its relationship with industry to meet the challenges of a fast-changing world.

Later in the year our first Agricultural Innovation Conference and Exhibition attracted delegates and speakers from around the world, a team of international representatives from the Department for International Trade and a good field of industry exhibitors. The discussion sessions were extremely informative, as was the opening address by Caroline Drummond, the Chief Executive of LEAF. Of particular note was the session by Justin Gong, co-founder of the Chinese agricultural drone manufacturer, XAG.Co Ltd. (formerly XAircraft), who gave a fact-filled presentation on the state of play in technology adoption in Chinese agriculture. The opportunity was taken to launch a strategic partnership between XAG and the University, with the generous gift of a new agricultural drone system to Harper Adams. We look forward to developing collaborative activities with the company in the coming months.

Engaging communities and working in partnership

Our partnership working takes many forms, and covers a range of activities from local to international connections.

In addition to our local work on economic development with Telford and Wrekin Council, outlined earlier in the report, we were the primary sponsor of the Shropshire Federation of Young Farmers Club Rally in July, enabling us to connect with young farmers, and other members of the YFC, in the immediate vicinity of the University. The collaboration will also help make connections between our students studying away from home with the YFC movement in the local area.

The YFC in Wales has also been a long-standing partner, via our collaboration to support the Young People's Village (YPV)

at the annual Royal Welsh Show. With a vibrant social programme and facilities for staying near the showground, the YPV has been a major part of our work with the Royal Welsh Agricultural Society, with which we have developed a range of other partnership-based activities. The Society provides a placement for one of our students further supporting its connections with the University, and we operate outreach and training activities in our building on the showground to engage with local and farming communities in Wales.

Our outreach work has seen a significant boost through the National Collaborative Outreach Programme (NCOP) launched by HEFCE, which involves networks of universities working with schools and colleges across specific territories to encourage participation in higher education. Our High Horizons + consortium, led by Keele University, has been extremely active in building partnerships with schools and colleges over the year, and the NCOP team, based at Harper Adams, has met stretching targets for its outreach work. With events that bring schoolchildren of all ages on to the campus we hope to encourage a new generation of people to consider studying for careers in the agriculture, food and animal welfare sectors.

A major outreach event of the last year was a new venture aimed at bringing more people from the local community on to the Harper Adams campus. The Field to Fork Festival was a tremendous success, attracting around 9,000 people to the University, many from the local area but also with visitors from across the UK and internationally. As well as the food elements of the event, which included businesses run by our alumni, there was a full programme of music, family activities and, importantly, educational activities that covered the food chain and our work within it. The Festival was run in collaboration with alumna, Beth Heath, whose company organises, amongst other events, the Shropshire Food Festival. The strong connection between local businesses, the local community and the University's current and former students was evident throughout the event.

Those connections have also been demonstrated in work of the Students' Union to raise funds for charity over the last year. With a total of £15,390 generated through a series of activities, and benefitting a number of local and national charities, the Students' Union has continued its long tradition of giving something back to the wider community.

Our partnerships extend to the industries that engage with our work in many different ways, some of which are outlined elsewhere in this report. We have recognised a number of these connections during the year with the award of Honorary Degrees. In September, the recipients were the long-standing supporter of the University, the Duke of Buccleuch, and the popular and well-known advocate for UK farming, Adam Henson. In May we held an event to celebrate the 200th anniversary of the birth of our Founder, Thomas Harper Adams in a ceremony held in our local town and involving members of the local community. The event was made even more special in that it was attended by our Chancellor, HRH The Princess Royal. During the proceedings we awarded a University Fellowship to former Chair of Governors, Alison Blackburn, while recognising the support provided to the University by the county of Shropshire with the award of an Honorary Degree to the Lord Lieutenant, Sir Algernon Heber-Percy. Finally, to acknowledge our long-

standing partnership with the German agricultural machinery manufacturer, Claas, we awarded an Honorary Degree to the Chair of the Claas Group's Supervisory Board, Cathrina Claas-Mühlhäuser. We were delighted that Dr Helmut Claas was also able to be present at the ceremony.

Our international collaborations extend all over the world, and some are outlined later in this report. Two are significant in terms of new areas of partnership working. The first is the development of our collaboration with the Marshal Papworth Fund and its Scholarship Programme, which will see two students from Sub-Saharan Africa join us in the 2018/19 academic year to undertake a Masters degree. We are enormously grateful to the Fund for its generous support which will build on other areas of our work in Africa.

The second development was the launch of a strategic partnership with HAS University of Applied Science at Den Bosch in the Netherlands. Following a number of years where both universities have been working on joint activities, it is intended that the agreement will cement the multi-faceted relationship between the two institutions and will enable links in teaching, research, staff and student exchanges and business development to flourish. We were also delighted to welcome in March the Dutch Embassy's Agricultural Counsellor, Tim Heddema, who visited the University to see some of our research activities.

Building International Connections

Our international profile has developed significantly over the last year, again, in a variety of ways. PhD student Olutobi Adeyemi was awarded a Newton-Bhabha placement for his research on reducing the amount of water in potato farming by developing automated sensor systems. Through the placement he was able to work with specialists in the area of advanced process control at the Indian Institute of Technology in Madras.

Our work in Sub-Saharan Africa, outlined earlier in this report, was strengthened with the launch of a partnership with Strathmore University Business School in Kenya and AGCO to deliver a two-year AGCO Agribusiness Qualification. The programme, to which the University contributed at the development stage, began in March and University staff have since contributed to teaching delivery.

The University has a long-standing agreement with the Ministry for Higher Education (MESCYT) in the Dominican Republic which funds places for postgraduate students to study at Harper Adams. In October, the Ministry agreed an extension to the partnership agreement in a signing ceremony with the Minister for Higher Education that attracted the national press and TV coverage. Recruitment for the new student places is in hand for the 2018/19 academic year. A meeting with the Autonomous University of Santo Domingo (UASD), a leading higher education institution in the DR, provided the chance for the Harper Adams delegation to meet former MESCYT scholar, Lina Dileyni Diaz, in the presence of the senior staff of the Faculty of Agricultural and Veterinary Science. Lina, who now works for the DR Ministry of Agriculture, spoke warmly of her time at Harper Adams and her experience of being in the UK.

The University has also had a very productive student exchange agreement with the College of Agriculture and Life Sciences at Cornell University that was renewed during a visit to the university in the autumn of 2017. The student exchange programme has enabled UK scholars to study at Cornell and for Cornell students to experience university life and culture in the UK. The visit also provided an opportunity for meetings with a number of CALS staff, from those in the Department of Entomology to members of the Department of Biological & Environmental Engineering, to discuss the exchange programme and other areas for collaboration in education and research.

Our international work has brought in other visitors to the University to explore emerging topics and various collaborative initiatives. In late 2017 we hosted a World Health Organisation consultation meeting, to review and update guidance for equipment for vector control. The purpose of the guidance is to further standardise the specifications for major equipment used for the application of pesticides for vector control and the meeting was attended by WHO technical experts and stakeholders in the use and manufacturing of vector control equipment.

In February Harper Adams University was a key sponsor at India's 2018 Tech Rocketship Awards. The awards were organised by the UK Department of International Trade in a bid to connect India's fast-rising technology stars with the UK's world-leading growth ecosystem of venture capitalists, advisors, customers and support networks. At the India-UK Createch Summit in Mumbai HRH Prince Edward, The Earl of Wessex, presented seven awards, including the Harper Adams University-sponsored AgriTech award for the most innovative start-up company in India, which was won by CropIn Technology Solution Pvt Ltd.

In April, Harper Adams Lecturer Laura Vickers participated in a workshop in Myanmar, focused on producing fruit more sustainably in the Southeast Asian nation. Fruits that came under the spotlight included mangos, pineapples, watermelons and dragon fruits. One of the overall aims was to increase productivity and quality whilst keeping the amount of chemicals being used in the production of these fruits to a minimum. The workshop was part of Myanmar's Green Economy Green Growth strategy and aimed to promote capacity building, networking, collaboration and policies to promote the overall greening of Myanmar.

Our work in China continues to develop and we were pleased to be able to undertake a number of visits to the country this year to review our partnership working arrangements. In March a successful tour of partner institutions took place involving China Agricultural University, Huazhong Agricultural University, Beijing University of Agriculture and Shandong University of Technology. In Shandong, we were present for the launch of the new China-UK Intelligent Agriculture Research Centre led by Professor Yubin Lan, in which Harper Adams is the UK partner.

Planning for the Future

We will continue to closely monitor developments in higher education as the OfS establishes the new policy environment for HE providers. In addition to the greater use of performance metrics and the move to subject level TEF, we

expect there to be closer attention to access and participation on which the University, working with other specialists, will be able to add a different, rural, perspective. At the same time, the ongoing Tertiary Education and Funding Review, led by Philip Augar, may impact on resources for higher education and there could be broader changes to the student loans system arising from the ongoing ONS Review of their treatment in the national accounts. The University will be engaging with the Tertiary Education Review to explain its successful approach to working with industry. The publication of the new Agriculture Bill will be another policy development of considerable interest to the University. While Harper Adams produces graduates that are in great demand from industry and the professions we are not complacent about our position and will be working to adapt our provision to meet the needs of land-based industries that face considerable change over the next few years. The Government's policy towards Brexit will be a key feature of the new environment and we are already engaging with the work of the Food and Drink Sector Council on workforce issues to ensure that the Council, and DEFRA, are able to respond to the challenges faced by the UK after it leaves the EU.

One of these challenges will be the future supply of veterinary surgeons, where the University is already working, with Keele University, on plans to contribute to boost the provision of domestically trained vets. The new Harper-Keele Vet School will receive its first intake of students in 2020. This is a major project that will support our current veterinary and animal science provision but will also provide a means to engage our agricultural students with trainee veterinarians, ultimately to the benefit of the farming sector.

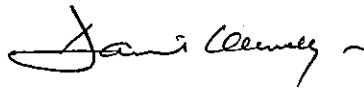
We will also be pursuing new avenues of research and knowledge transfer in agricultural technologies, with the growth of the Hands Free Hectare concept and our work with leading UK and international companies keen to see wider implementation of new agricultural systems to help improve UK farm productivity.

The recent acquisition of another 97ha of farmland immediately adjacent to the University's current estate will help develop its educational, research and knowledge exchange capacity in the years to come. The purchase underlines the University's long-term strategic view about its role in supporting the UK agri-food system, and supplying the high quality graduate workforce we will need in the period following our departure from the EU.

A second positive result from our submission to the Teaching Excellence Framework this year was a significant success for the University and backs up that view. Feedback from the TEF panel noted that:

'The provider metrics supplemented by the submission indicate that students from all backgrounds achieve consistently outstanding outcomes. In particular, the Panel noted levels of student satisfaction with teaching and academic support that are exceptionally high and above benchmark, while that for assessment and feedback is consistent with the provider's benchmark. Additionally, rates of progression to highly skilled employment or further study are exceptionally high and above the provider's benchmark. Rates of continuation are consistent with the provider's benchmark.'

We will continue to build on this outcome with the type of activities described earlier in this report. There will continue to be changes and challenges ahead, but the University has made significant progress in developing its academic activities and raising its national and international profile over the last year and we will be continuing to work hard to deliver outstanding results for our students as well as for our local community and wider society.



Dr David Llewellyn

Vice-Chancellor

28 November 2018

Strategic Review

The 2017/18 results show a lower surplus than seen in recent years, as a result of reduced student recruitment as a result of increasing competition for students; along with a lower number of 18 year olds in the UK from which the main body of students at Harper Adams are recruited. Investment in strategic initiatives of £462k has been charged in the year which has further improved the student facilities and experience.

The financial strategy is an integral part of the university's overall Corporate Plan and essential to achieving the key strategic objectives, which provides for the development of infrastructure and delivery of high quality programmes of study, whilst ensuring financial sustainability. Performance indicators are monitored to assess the progress of the institution against key objectives, which include teaching excellence, student engagement, internationalisation and research. The University identified specific strategic priorities within the budget with funds of £2m set aside for investment in key appointments and innovative projects to further the research and teaching objectives of the university.

The medium term financial strategy for the University is to generate operating cash in excess of 14% of income and for external debt not to exceed 30% of unrestricted reserves.

Scope of Financial Statements

The financial statements for the year ended 31 July 2018 comprise the results of the University, its wholly owned subsidiary, Cedar Energy Limited, and the separately registered charity, Harper Adams University Development Trust, which operates independently of the University but is consolidated within the Group financial statements to recognise the beneficial arrangements derived by the University.

Financial Statements

The financial statements are prepared in accordance with FRS102 under the HE and FE SORP 2015. The financial statements summarise the financial position and performance of the institution, together with the referenced notes to the accounts. These comprise of:

- Balance Sheet that summarises the assets, liabilities and reserves at the end of the financial period;
- Statement of Comprehensive Income and expenditure that summarises the financial performance for the period of report and consequential reserves movement;
- Statement of Changes in Reserves; and
- Statement of cash flows for the reporting period

The University revalued its teaching and research facilities and the 237 hectares of University land on transition to FRS102 as at 1 August 2014. As a result the asset values were

uplifted by £32m on transition, increasing total net assets reported.

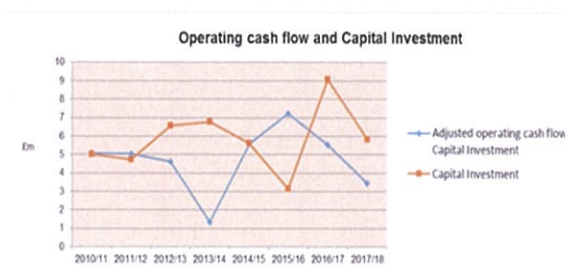
The University has chosen to continue to account for government funded capital grants over the life of the assets that these grants have funded, matching the annual depreciation charge with a recognition of grant income. The balance of capital grants deferred of £12.2m is now required to be reported as a long-term creditor whilst the likelihood of the liability crystallising is remote.

Results for the Year

The University generated an underlying surplus before taxation, of £505k (2016/17: £1.5m). The University group has a number of key performance indicators that it monitors as part of its financial strategy. Performance over the last two years shows:

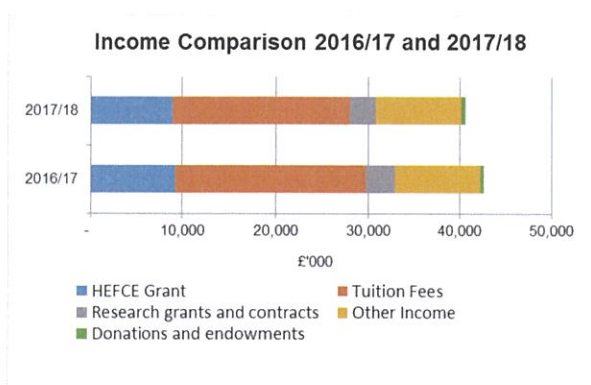
Key Financial Ratios as a % of		
income	2017/18	2016/17
Operating Surplus	1.2%	3.6%
Surplus / (Deficit)	0.6%	3.8%
Staff Costs	56.1%	52.0%
Operating Cash	11.1%	12.9%
	£'000	£'000
EBITDA	5,158	6,052
Operating Cash Generated	4,507	5,527

Under FRS102 presentation, operating cash generation is one of the key indicators of financial sustainability and the ability to continue to invest and deliver a high quality experience for our students and staff. In the current year underlying capital investment was restricted to cash generated levels aside of strategic purchase of 97ha of agricultural land for £2.6m close to the campus. Such opportunities are rare and was an investment to support the long-term strategic aims of the University.



Income

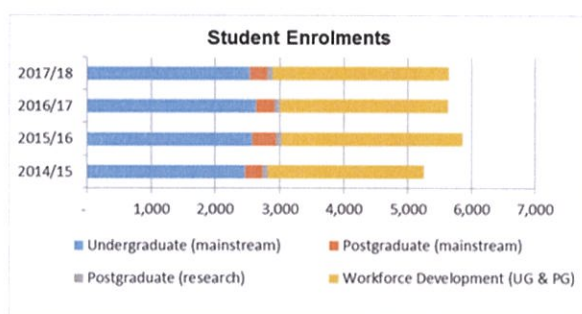
Total income fell by £2m, 4.8% in comparison with the previous year, a reduction in full time undergraduates and a reduction in research contracts, both as a result of the competitive environment in which the university is operating. The University remains eligible for institution specific funding to support the specialist teaching at the University.



Applications offers and enrolments

The University recruited 749 first year undergraduate students and 264 postgraduate students with student enrolments totalling 5,639, a slight overall increase on 2016/17. However the key undergraduate full time enrolments were down by 88 students with a large final year cohort graduating and fewer students entering the first year studies in the increasingly competitive undergraduate market. The wider range of choices that are available to school leavers together with economic uncertainty in some of the key industries which the University serves, has resulted in it becoming increasingly challenging to attract students.

Undergraduate and Post Graduate short course programmes remains a challenging recruitment market, with many part time students opting to undertake professional CPD routes.



The University charged a headline undergraduate tuition fee of £9,000 to £9,250 to UK and European undergraduates. The increase in fees, following the changes to student funding in 2012, were offset against an associated reduction in grant funding, to leave the overall funding of teaching at the University at a similar level per student across all courses. The University has continued to offer tuition fee waivers for students who come from lower income families.

Research Grants and Knowledge Transfer

Further successes in winning research and consultancy contracts were achieved, with 54 contracts won at a value of £2.7m in the year, with the projects in the year generating income of £2.7m (2016/17: £3.1m). Research is often undertaken in partnership with industry which enables research work undertaken to be translated directly to industry practice. The University has recognised research and contract income under the performance method where income is recognised when specific delivery milestones are met as defined under the contracts.

The University is a member of two Agritech consortia funded through Agri-Tech industrial strategy funding, managed by two SME companies that comprise both industry and HE partners. The University has facilitated the development of Agri-Tech funded facilities which were completed in the year. They will provide further capacity to support industrial research and innovation, and build the capacity of the University to increase the involvement of science and technology in farming practice, also developing, through innovation, new products and markets to support economic development.

The Dairy Crest collaboration is now in its fourth year of operation with activity extended increasing student placement opportunities, ongoing sponsorship of research, in addition to the underlying undergraduate academic collaboration.

Other Income

The University has continued to generate additional income from its facilities and infrastructure with conferences held during academic vacations and the campus established as the venue for a number of annual conferences. The conferencing team has continued to utilise University facilities outside term time.

The University has over 800 student rooms on campus providing a full range of accommodation which is managed and operated by the university. A small number of rooms are used for short stay students and guests throughout the year, whilst out of term time the residences are used as conference guest accommodation enabling fully serviced conference packages to be available to delegates.

There was investment in the pig unit during the course of the year with new 'weaner' facilities which required the unit to destock to allow for the works to be undertaken and then restocked. The 3 month disruption to the unit resulted in reduced income of £170k in comparison with 2016/17. The performance of the unit since the restocking has shown an improvement with a lower piglet mortality and consequently improved weaning rates per litter.

Cedar Energy Limited has undertaken slurry storage services in the year, whilst the commissioning of the new energy production plant completed in March with power and heat supplied to much of the University campus. Photovoltaic panels operated throughout the year exceeding forecast production due to the excellent conditions across the summer, whilst the demand for heat across the campus was minimal over this period.

Major developments and investment during the financial year

University capital investments amounted to £5.8m. This includes the purchase of land (£2.6m) adjacent to the existing university farmland. Other significant investments included substantial refurbishment of student accommodation as well as social and recreational spaces to further enhance the student experience on campus.

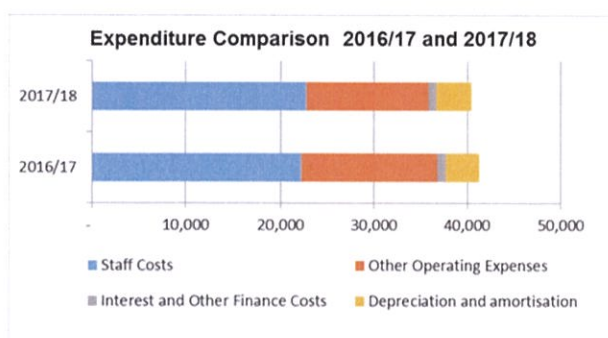
Investments in educational technologies were also a priority, with the refurbishing of teaching and research facilities to enhance the overall learning experience at the University.

Cedar Energy Limited completed the new energy system that should ultimately provide 80% of campus heating needs and 75% of its electricity which should significantly reduce the carbon footprint of the university and provide energy security for the future. This project integrates a range of different technologies, to address the electrical and heating demands of the University and will also demonstrate how rural communities can become self-sufficient and provide local solutions to energy needs. The project includes 650KW of photovoltaic panels, which are installed on the large roof areas of dairy buildings on the University farm. A 1MW biomass boiler will use locally sourced woodchip as a fuel to create hot water. The hot water is used across the campus and is distributed via a 3.5km underground super insulated pipe network, to heat connected buildings. A Combined Heat and Power unit uses natural gas to generate electricity and heat.

The University acquired 97Ha of additional land contiguous with existing holdings close to the University campus. Opportunities to secure significant holdings in the local area are rare and the acquisition was consistent with the University's long-term academic strategy role in supporting the UK agri-food system, and supplying a high quality graduate workforce.

Expenditure

Operational expenditure has reduced from £41.3m in 2016/17 to £40.5m, whilst staff costs have increased by £0.6m whilst other operating expenses have fallen by £1.5m.



Pay costs represent the largest single element of the University's expenditure. An increase of 2.8% or £0.6m is shown year on year. Overall average staff FTE numbers have increased from 504 to 509. The University participates in national pay awards as agreed by UCEA on behalf of the Higher Education sector, which resulted in a tapered cost of living pay increase of between 2% and 3% from 1 August 2017 accounting for an increase of £350k year on year.

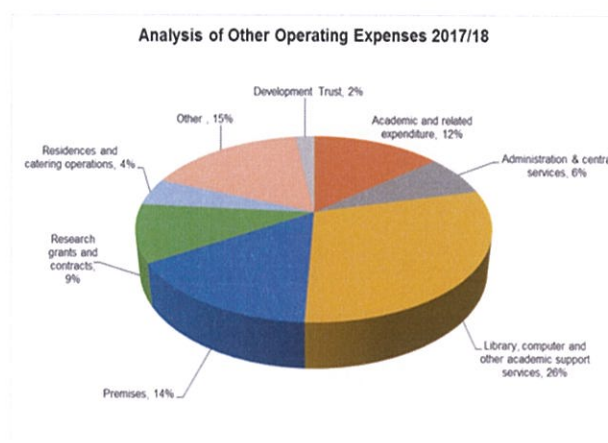
The Apprenticeship levy was introduced in April 2017. In this first full year of levy, the charge of further 0.5% on salaries increased staff costs by £72k in the period to 31 July 2018 compared with the previous year where the levy was in place for 4 months. The University has used 7.3% of its levy to provide apprenticeship training for 3 staff in the first fiscal year, however there are now 6 staff with apprentice contracts which should see 31% of the levy invested in training.

Apprenticeship posts continue to be promoted across the University.

Legislative changes were introduced in April 2017 for publicly funded organisations, where the status of some contractors was changed with payments required to be made with the deduction of tax and national insurance. A full review of suppliers was undertaken and in respect of a handful of contracts clarification was sought from HMRC with a provision of £326k included within tax and national insurance charges at 31 July 2017. A settlement of £134k was made with HMRC and the remaining £292k provision released reducing payroll charges in current year.

Teacher's pension employer contributions remained at 16.48% for the year, including administration charge of 0.08%, a total contribution of £1.2m is made by the university.

LGPS pension costs for support staff recognises the annual costs of pension deficits as estimated by actuarial valuations, increasing staff costs by £1,050k (2017: £943k) and £408k (2017: £457k) of interest charges taking overall LGPS pension charges to £2.8m including interest.



Other operating expenses fell in the period to £12.8m from £14.5m in 2016/17. Significant efforts have been made to manage costs across the University with efficiencies delivered in many departments together with a reduction in specific project and research costs. In 2016/17 there were specific one off costs for strategic projects and associated software licencing of £690k together with the costs of curriculum review and of embedding technology further into teaching and supporting students and University rebranding costs.

The University has continued to use specific outreach funding that enabled the establishment of a team to work with schools to raise aspiration and widen participation in higher education, totalling £478k (2016/17: £112k).

Following the re-establishment of energy production by the university's subsidiary, costs of power and heat has fallen across the group by £288k despite the more extreme weather experienced in the year.

Taxation

The University has partnered with two Chinese universities for a number of years where their students undertake two years study in China and then either one or two years on campus in the UK. As agreed under the collaboration arrangements

Harper Adams University staff deliver lectures in China, the Chinese authorities have reinterpreted their taxation legislation and are now classifying in country delivery as creating a permanent establishment in China which would result in a Chinese tax liability. The University has worked with tax advisors to assess the potential liability which has resulted in a university tax charge of £249k included within provisions at the year end.

Cedar Energy

The University has assessed the company's business plans following the commissioning of the new plant and resultant cash position which demonstrates that the company is in a position to meet its immediate liabilities. Consequently the investment in the subsidiary at 31 July 2018 is considered to be appropriately carried at cost..

Cashflow and Financing

The University has managed its liquid resources through a combination of treasury and cash deposits against a debt of £12.3m to give net debt of £1.6m (2017: net funds of £1m). The loans are subject to financial covenants, all of which have been complied with during the year.

The purchase of 97Ha of agricultural land for £2.6m was funded from University cash deposits which has resulted in the University returning to a net debt position by the year end.

Pensions

An improvement in the LGPS pension liabilities with the updated actuarial valuation reducing scheme liabilities to £12.2m from £14.5m at the beginning of the year. The key changes within the valuation that were applied were that life expectancy assumptions were increased very slightly and the discount rate applied to liabilities increased by 0.3% resulting in an overall increase in scheme liabilities £0.3m. Whilst an increase in share of scheme assets of £2.7m, resulted in the overall reduction in share of liabilities

Pensions costs and associated liabilities continue to be a key risk across the higher education sector. It has been indicated that there is a risk that the employer's contribution rate for the teachers' pension scheme operating in England and Wales may increase by 44% from September 2019. The LGPS scheme revaluation is due to be undertaken next year with a valuation date of 31 March 2019, the results of the revaluation will not be known until late in 2019.

The Financial Future

Harper Adams University is committed to the delivery of excellence in academic activities, and resources are strategically invested to this end. We have extended the University farm having purchased 97Ha of agricultural land adjoining the University farm, increasing our farming resources for education and research.

The university keeps under review the likely impact of the UK's exit from the European Union on the University's financial forecasts. The University is operating in a highly

competitive market we highlight to potential students the opportunities that exist in the industries that we specialise. The University's largest cohort of European students come from the Irish Republic where we have close links. We recognise that it is overall UK EU student recruitment that will impact every institution as in the event that there is further reduction of European students at the same time as reduction in the number of UK 18year old school leavers the competition for students across the sector will further increase. The continued focus on student experience, outcomes and industry and building the institutions reputation is key to ongoing financial sustainability.

Research funding opportunities continue to be highly competitive and consequences of leaving the European Union may well increase this. However by working collaboratively with industry and key partners we would plan to increase research income across the university.

Following the University continued focus on working with industry and employers the University has qualified for the first time since 2011 for Higher Education Innovation Funding, HEIF, in 2018-19. This funding will enable the University to further strengthen its support to the industries operating in the agri food chain and land based industries. An extension of the outreach project to July 2019 has been secured which will enabled the team to continue to work with schools to raise aspiration and widen participation in higher education

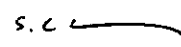
The University will continue to work closely with national Agritech initiatives supporting collaboration and research. The development of the Agri-EPI Centre innovation hub at the University has provided the opportunity to host research and knowledge exchange in agricultural engineering and precision farming. Another element of the investment has seen the creation of a 'smart' dairy with a robotic parlour and sensor technologies that will support further research on dairy cow behaviour and welfare.

The efficiency of systems continues to be developed across the University with processes reviewed, refined and automated to improve student and staff experience and to maximise resources that are invested in academic activities.

We are working in partnership with Keele University on the development of a joint vet school. The school is intended to operate 50:50 with half the students based at Harper Adams University and the other half at Keele University. New facilities are currently in the design phase and likely require investment of £9m which will be in part funded by loans, sponsors and philanthropic donations The Universities are actively engaging with Royal College of Veterinary Surgeons to ensure that the programme will meet their requirements. The first cohort of undergraduates are planned to enrol in September 2020.



Mike Lewis
Chair of Governors
28 November 2018



Liz Furey
Director of Finance
28 November 2018

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 2018 and confirm they comply with the requirements of the Charities Act 2011, the Memorandum and Articles of Association of the University and the Statement of Recommended Practice: Accounting for Further and Higher Education (FEHE SORP).

The principal activity of the university is the provision of higher education in agriculture and land-based subjects conducted on an estate of 635 hectares (including the University Farm). The University's mission is to provide world leading '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 2015/20. 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 during 2017/18, as set out in the University's strategic plan for the period to 2020, were to extend the University's impact in education, research and influencing national policy whilst enhancing engagement with industry and local partnerships.

We also continued our work to manage our expenditure on administrative activities in the lower half of the small and specialist higher education institutions in the UK higher education sector in order to allow us to focus resources, including new technologies, on efficient teaching and the support of our students.

The University continues to play a distinctive and key role within the UK Higher Education sector, and in particular, as the leading specialist provider of land based higher education, its work is focused on providing world leading teaching and research that meets the needs of the agri-food chain. We believe that the support we provide for rural industries, our students and our work on sustainable agriculture underlines the specialist nature of the institution and distinguishes 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. The University and its students have also continued to be recognised for their achievements, winning awards at national and international levels.

Overall undergraduate student applications to the University have been maintained in most areas at similar levels to recent years. However, the demographic down turn that has particularly affected rural areas has impacted on undergraduate applications to certain course areas. The University has taken steps to address this by reviewing existing provision, enhancing its outreach arrangements into new markets and adding in complementary provision where

appropriate. Development of taught postgraduate courses has continued with maintenance or improvement of numbers. The overall number of PhD students has declined slightly due to challenges in securing funding for doctoral training schemes for applied research. However the University is taking active steps to secure charitable and industry funding to address this.

Statement of Financial Responsibilities

In accordance with the University's Memorandum and 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 FEHE SORP, the OfS accounts direction and other relevant accounting standards and comply with the Companies Act 2006. In addition, within the terms and conditions of a Memorandum of Assurance and Accountability agreed between the OfS and the Board of Governors of the University, the Board, through its designated office holder, the Vice-Chancellor/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 Group and University along with the Group and University's income and expenditure, gains and losses, changes in reserves and of the Group's cash flows for that year.

In preparing the financial statements, 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 OfS and other funding bodies are used only for the purposes for which they have been given and in accordance with the Terms and Conditions of Funding for Higher Education Institutions published by the Office for Students (OfS) and any other conditions which the OfS 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 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 s/he ought to have taken as a member in order to make themselves aware of any relevant information needed by the University's auditors in connection with preparing their report and to establish that the University's auditors are aware of that information.

Higher Education Grant Funding

Funding for the University's higher education students was provided by HEFCE to 31 March 2018 and thereafter by its successor the OfS in the form of teaching related grant. Quality related research grant was provided by HEFCE to 31 March and thereafter by the successor grant awarding body UKRI.

Auditors

KPMG LLP were appointed as auditors in the year and offer 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) Higher Education Code of Governance. The Code 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.

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 knowledge-exchange 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, human resources management, academic and student related developments, the management of academic quality and standards, 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 by the

Audit and Risk Management Committee and recommended to the Board for approval. The Risk Analysis and Action Plan includes the University's Risk Policy and a statement of its Risk Appetite and provides an evaluation of each risk based on likelihood and the impact of risks becoming a reality. 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 (RAAP) supports the strategic objectives of the University. The internal auditors provide annually a mapping of how their planned programme of work provides assurance to the Committee and to the Board on key risks identified in the RAAP. Where appropriate, the University also engages specific expertise to advise and enhance its arrangements for managing key risks and incorporates outcomes into the RAAP. It also ensures that it engages with sector wide briefings and workshops on key areas of risk for UK HEIs such as the Prevent Duty, UKVI compliance and Competition and Markets Authority requirements. All risks areas are assigned to the Board or one of its committees for monitoring and actions are reported upon 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. During 2014/15 the Governance Review Group, taking into account independent external advice, focused on the quinquennial major review of the effectiveness of the governing body. The review was completed in July 2015 and an action plan highlighting opportunities for enhancing a small number of areas of practice was agreed. The areas for further action included: some changes to the annual planning day arrangements to allow further time for discussion by members; the introduction of a 'buddy' system for new governors to supplement existing arrangements and proposals related to reporting/agenda papers presented to the Board. Actions were monitored by the Board and approved as fully completed during 2015/16.

The next major review will take place during 2019 in accordance with the 4 year cycle for Effectiveness Reviews set out in the CUC Higher Education Code of Governance.

HEFCE conducted an Assurance Review of the University in June 2017. 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 Academic Registrar and 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.

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 OfS, 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 the 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 four 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. At least once a year, the lay members of the Committee meet with the Internal Auditors and the External Auditors for independent discussions.

The Finance and General Purpose 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 FEHE SORP and the OfS Terms and Conditions of Funding for Higher Education Institutions. 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. Information about the role of Governors and background information on the University is provided to those interested in serving on the Board to ensure that new Governors are aware of the range of responsibilities attached to University Governorship. Newly appointed Governors attend an induction session normally held each autumn. Governors also attend development sessions on a range of topics during the course of their appointment, including those offered by Advance HE. 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 Committee has benchmarked its work against the CUC illustrative Practice Note on Nominations Committees published in November 2017 and has agreed to recommend to the Board a number of minor changes for implementation during 2018/19.

The Remuneration Committee determines the remuneration of the most senior staff, including the University's Vice-Chancellor. The Committee's role, responsibilities and delegated decision making powers were reviewed by the Board in April 2018 in light of the draft Remuneration Code published by the CUC. Updated terms of reference and procedural documentation were agreed. The Committee and the Board further reviewed the terms of reference, reporting arrangements and procedural documentation following publication of the final HE Senior Staff Remuneration Code (Remuneration Code) by the CUC in June 2018. The decisions made by the Committee, in accordance with its delegated authority are reported to all members of the Board of Governors using the recommended form of report set out in the Remuneration Code. Where the Committee wishes to make a recommendation that falls outside its delegated authority, it is referred to the Board for its consideration, and if appropriate, approval. Decisions made by the Committee during 2017/18 were made in accordance with its terms of

reference, and with the procedures approved by the Board. The Board has approved publication of the Remuneration Committee's report and its revised procedures and terms of reference as part of the University's Publication Scheme on the University's web site. The Board has also approved publication of an updated Remuneration Policy Statement which meets the guidance set out in the Remuneration Code.

CUC Higher Education Code of Governance and CUC Higher Education Senior Staff Remuneration Code

The University has complied in full with the CUC Higher Education Code of Governance and The CUC Higher Education Senior Staff Remuneration Code in the year ended 31 July 2017/8. This included the publication on the University's website of a statement of institutional monitoring for the 2016/17 financial year., and publication of the Report of the Remuneration Committee's Report.

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 2018 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 and any other internal process reviews of key systems for managing risk, which include recommendations for improvement and which are risk-based. All reports set out the action plans that will be completed by management to enhance controls where further action is needed.

During 2017/18 management took action to address the findings and associated risks following an internal audit review of governance and pre-award for research processes which resulted in a partial assurance rating. All actions are due to be completed by December 2018. Four other internal audit reports confirmed substantial assurance, while one report confirmed reasonable assurance. The Committee has also noted the actions taken to review and enhance processes and procedures relating to the University's arrangements for the management of UKVI requirements. The Committee receives progress reports at each meeting to provide assurance that actions have been completed and internal auditors provide independent assurance on completion of actions arising from their reports. 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. Members of the Committee are also encouraged to attend HE sector wide briefings for members of University Audit and Risk Management Committees. At its November 2018 meeting, the Board of Governors carried out the annual assessment of the Audit & Risk Management Committee's activities for the year ended 31 July 2018 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 2017.

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 reviews of Governance and Risk Management arrangements during 2017/18 included Research Governance processes, the UUK/GuildHE Code of Practice for the Management of Student Housing, PGT Student Experience, Student's Union Strategy, Governance and Procurement; Student Data Quality. The internal auditor's reports were positive. Where recommendations for further strengthening existing controls have been made, these have been agreed by management, with progress monitoring at each meeting of the Audit and Risk Management Committee. Formal follow-up by internal auditors of all actions will take place during 2018/19.

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 2017/18 the University's Equality and Diversity Working Group, which is made up of staff and student volunteers, has continued to work on progressing actions arising from the University's Single Equality Scheme and ensuring the Scheme is updated as necessary. A review of the current Scheme is underway in advance of a refreshed Scheme being approved by the Board for publication in 2019. Drawing on best practice at other HEIs, work has also been on-going to address actions arising from the University's Gender Pay Gap analysis. 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 during 2017/18 (and up to the date of this report)

M Lewis *Chairman* (appointed November 2015)
S Vickers *Vice Chairman* (appointed November 2015)
T Burnhope
P Cowdy
M Roach
E Folkes
C Garbutt (SU President to July 2017)
G Marland (SU President from 01 July 2018)
M Harris
H Jenkins (resigned 5 July 2018)
D Llewellyn
L Moroz-Hale
P Nixon
J Pointon
R Hambleton
C Bailey
M Thomas
C Snell
C Tweed
J Donaldson
M Ormerod
D Wong

The Strategic Review and the Report of the Governors and Corporate Governance Statement (which together constitute the Strategic Review and the Director's Report) was approved by the Board of Governors on 28 November 2018.



Clerk to the Governors

C E Baxter
For and behalf of the Board of Governors
28 November 2018

Independent Auditor's Report to the Board of Governors of Harper Adams University

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements for Harper Adams University ("the University") for the year ended 31 July 2018 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of the Accounting Policies and the related notes.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and University's affairs as at 31 July 2018 and of the Group's and the University's income and expenditure, gains and losses and changes in reserves and of the Group's cash flows for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*;
- meet the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other Information

The Board of Governors are responsible for the other information, which comprises the Strategic Review and the Report of the Governors and Corporate Governance

Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic Review and the Report of the Governors and Corporate Governance Statement, which together constitute the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Board of Governors responsibilities

As explained more fully in their statement set out on page 15, the Board of Governors (who are the Directors of the University company for the purposes of company law) is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditors report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at:

www.frc.org.uk/auditorsresponsibilities.

Report on Other Legal and Regulatory Requirements

We are required to report on the following matters under the Office for Students Research England Audit Codes of Practice issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's articles of government and
- funds provided by the Office for Students and Research England have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Board of Governors, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988

Our audit work has been undertaken so that we might state to the Board of Governors 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 the Board of Governors for our audit work, for this report, or for the opinions we have formed



Mark Dawson (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham, B4 6GH

 1 November 2018

Statement of Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the FEHE SORP) and in accordance with Financial Reporting Standards (FRS102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets)

Consolidation

The consolidated financial statements include the financial statements of the University, its wholly owned subsidiary undertaking Cedar Energy Limited and the Harper Adams University Development Trust. The Harper Adams University Development Trust is treated as a subsidiary of the University on the grounds that the University has the power to exercise, or actually exercise, dominant influence or control over the undertaking.

Intra-group transactions are eliminated on 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.

The University owns the entire shares of two subsidiary companies "Cedar Energy Limited" and "Harper Adams (Rural Enterprises) Limited" (incorporated 27 July 2009). "Harper Adams Rural Enterprises Limited" has not traded since incorporation.

Material items

Material items are non-recurring material items which are outside the normal scope of the company's ordinary activities. Such items are disclosed separately within the financial statements.

Recognition of Income

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of income and expenditure on a receivable basis.

Insurance proceeds are recognised when the company has a contractual right to receive the proceeds in accordance with FRS102.

Agency Arrangements

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

Capital Grants

Government capital grants are recognised as income over the expected useful life of the asset. Other capital grants are recognised as income when the University is entitled to the funds subject to any performance related conditions being met.

Grant Funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Accounting for Charitable Donations

Donations and endowments transactions that do not have performance related conditions are classed as non-exchange transactions. Donations and endowments with donor imposed restrictions are recognised as income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that the funds are utilised in accordance with the restrictive conditions, at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised as income when the University is entitled to the funds.

Investment income and increase in the valuation of endowments is recorded as income in the year in which it arises as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

Accounting for Retirement Benefits

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.).

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. 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.

For LGPS, as a defined benefit scheme, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University should recognise a liability for its obligations under defined benefit scheme net of scheme assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Employment Benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits including leave are identified and accrued as the additional amount the University expects to pay as a result of the unused entitlement at the end of the financial period.

Finance Leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

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.

Tangible Fixed Assets

Tangible fixed assets are recorded at cost/deemed cost less depreciation. Certain items of fixed assets that had been revalued to fair value on the date of transition to the 2015 FEHE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where components of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and Buildings

All land and University buildings (with the exception of University residences) that had been revalued to fair value on the date of transition to the 2015 FEHE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives. The following rates are normally applied:

Freehold buildings 10 - 60 years

No depreciation is charged on assets in the course of construction.

Equipment

Equipment, including computers and software, costing less than £5,000 per individual item is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Plant and equipment	3 - 35 years
Fixtures and fittings	5 - 10 years
Motor vehicles	5 years

Individual assets are reviewed for impairment in the event that there is some indication that impairment has occurred. Impairment values are calculated as the difference between the carrying value of the asset and its recoverable amount if lower. Recoverable amount is defined as the higher of fair value less costs to sell and the estimated value in use at the date the impairment review is undertaken. Material impairments are recognised in the profit and loss account as material items.

Maintenance of Premises

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

Investments

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

Agriculture

Biological assets are living animals or plants held as non-current assets from which economic benefits flow to the University. Agricultural produce is the harvested product of a biological asset. The University's farming operations include dairy cattle which are classified as biological assets. Dairy cattle are stated at fair value less costs to sell. Changes in fair value less costs to sell are recognised in the statement of comprehensive income. The associated agricultural produce, milk, is stored only for a short time before onward sale and hence the value held is not considered material and is not included on the balance sheet.

The University's operations also include arable farming from which economic benefits are derived. The plants and their harvested crops are treated as current assets within stock.

Stocks

Commercial farming stocks 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 held for resale.

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.

Cash and Cash Equivalents

Cash includes cash in hand and deposits repayable on demand. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial Instruments

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the University has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Public Benefit Concessionary Loans

Where loans are made at below the prevailing market rate of interest, not repayable on demand and made for the purpose of furthering the objectives of the University they are classified as concessionary loans.

Concessionary loans are initially measured at the amount paid and adjusted at the period end to reflect any accrued income receivable. Should a loan be judged as irrecoverable it is written-off to the Statement of Comprehensive Income in the period in which it becomes irrecoverable.

Provisions and Contingent Liabilities

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.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

Taxation Status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988) 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 receives no similar exemption in respect of Value Added Tax. 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 company is subject to corporation tax.

Deferred Taxation

Deferred taxation is recognised on all timing differences at the balance sheet date where transactions or events that give 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.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying accounting policies. Estimates, assumptions and judgements are continually evaluated based on available information and experience. Estimates based on assumptions and judgements could differ significantly from actual results. The areas most affected by the use of estimates and judgements are described below:

Tangible fixed assets

Tangible fixed assets, other than investment properties and land, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Consolidated Statement of Comprehensive Income and Expenditure
Year ended 31 July 2018

		Year ended 31 July 2018		Year ended 31 July 2017	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees	1	19,049	19,049	20,576	20,576
Funding council grants	2	8,985	8,985	9,190	9,190
Research grants and contracts	3	2,746	2,746	3,134	3,134
Other operating income	4	9,338	9,427	9,315	9,327
Investment income	5	32	31	28	24
Total income before endowments and donations		40,150	40,238	42,243	42,251
Donations and endowments	6	505	426	442	485
Total income		40,655	40,664	42,685	42,736
Expenditure					
Staff costs	7	22,792	22,792	22,209	22,209
Depreciation		3,795	3,725	3,499	3,480
Other operating expenses	8	12,789	13,058	14,555	14,548
Interest and other finance costs	9	858	858	1,014	1,014
Total expenditure		40,234	40,433	41,277	41,251
Surplus before other gains and losses		421	231	1,407	1,485
Gain on disposal of fixed assets	11	14	14	35	53
Gain on investments	12	70	70	97	97
Surplus before taxation		505	315	1,539	1,635
Taxation (charge) / credit	10	(263)	(249)	100	-
Surplus / (Deficit) for the year		242	66	1,639	1,635
Actuarial gain/(loss) in respect of pension schemes	25	3,813	3,813	3,952	3,952
Total comprehensive income and expenditure for the year		4,055	3,879	5,591	5,587
Represented by:					
Restricted comprehensive income for the year		(714)	(793)	19	150
Unrestricted comprehensive income for the year		4,769	4,672	5,572	5,437
		4,055	3,879	5,591	5,587

All items of income and expenditure relate to continuing activities
The accompanying accounting policies and notes form part of these financial statements

Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2018




Consolidated	Income and expenditure account		Total
	<i>Restricted</i>	<i>Unrestricted</i>	
	£'000	£'000	£'000
Balance at 1 August 2016	1,205	51,508	52,713
Surplus from the income and expenditure statement	353	1,286	1,639
Other comprehensive income	-	3,952	3,952
Release of restricted funds spent in year	(334)	334	-
Total comprehensive income and expenditure for the year	19	5,572	5,591
Balance at 1 August 2017	1,224	57,080	58,304
(Deficit) / Surplus from the income and expenditure statement	(214)	456	242
Other comprehensive income	-	3,813	3,813
Release of restricted funds spent in year	(500)	500	-
Total comprehensive income and expenditure for the year	(714)	4,769	4,055
Balance at 31 July 2018	510	61,849	62,359
University	Income and expenditure account		Total
	<i>Restricted</i>	<i>Unrestricted</i>	
	£'000	£'000	£'000
Balance at 1 August 2016	864	50,339	51,203
Surplus from the income and expenditure statement	150	1,485	1,635
Other comprehensive income	-	3,952	3,952
Release of restricted funds spent in year	-	-	-
Total comprehensive income and expenditure for the year	150	5,437	5,587
Balance at 1 August 2017	1,014	55,776	56,790
(Deficit) / Surplus from the income and expenditure statement	(793)	859	66
Other comprehensive income	-	3,813	3,813
Release of restricted funds spent in year	-	-	-
Total comprehensive income and expenditure for the year	(793)	4,672	3,879
Balance at 31 July 2018	221	60,448	60,669

Consolidated and University Balance Sheet

Year ended 31 July 2018

		Year ended 31 July 2018		Year ended 31 July 2017	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Tangible assets	11	89,231	84,604	87,242	83,296
Investments	12	995	1,840	964	1,809
Biological Assets	13	536	536	591	591
Debtors	15	-	2,060	-	1,260
		90,762	89,040	88,797	86,956
Current assets					
Stock	14	1,060	1,060	984	984
Trade and other receivables	15	3,268	3,587	4,265	4,799
Investments	12	1,760	1,760	2,757	2,757
Cash and cash equivalents		10,073	9,497	11,727	11,143
		16,161	15,904	19,733	19,683
Creditors - amounts falling due within one year	16	(8,089)	(8,042)	(10,432)	(10,347)
Net current assets		8,072	7,862	9,301	9,336
Total assets less current liabilities		98,834	96,902	98,098	96,292
Creditors – amounts falling due after more than one year	17	(23,787)	(23,587)	(24,636)	(24,386)
Provisions					
Pensions provisions	25	(12,197)	(12,197)	(14,552)	(14,552)
Other provisions	18	(491)	(449)	(606)	(564)
Total net assets		62,359	60,669	58,304	56,790
Restricted reserves					
Income and expenditure reserve – restricted reserve	19	510	221	1,224	1,014
Unrestricted reserves					
Income and expenditure reserve - unrestricted		61,849	60,448	57,080	55,776
Total reserves		62,359	60,669	58,304	56,790

The financial statements on pages 26 to 28 were approved by the Board of Governors on 28 November 2018 and signed on its behalf by:

		
Chairman	Vice-Chancellor	Director of Finance

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

Consolidated Cash Flow Statement

Year ended 31 July 2018

	Notes	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Cash flow from operating activities			
Surplus for the year		242	1,639
Adjustment for non-cash items			
Depreciation		3,795	3,499
Gain on investments		(70)	(97)
Increase in stock and biological assets		(21)	(117)
(Increase) / Decrease in debtors		997	(1,213)
Increase / (Decrease) in creditors		(1,656)	218
Increase in pension provision	25	1,458	943
Increase / (Decrease) in other provisions	18	(115)	528
Investment income	5	-	-
Interest payable	9	450	557
Profit on the sale of fixed assets		(14)	(35)
Capital grant income		(559)	(395)
Net cash inflow from operating activities		4,507	5,527
Cash flows from investing activities			
Proceeds from sales of fixed assets		-	120
Capital grant receipts		545	448
Disposal of non-current asset investments		-	-
Disposal of investment		-	-
Investment income	5 / 12	1,053	28
Payments made to acquire fixed assets		(6,091)	(8,789)
New non-current asset investments		-	-
Purchase of investment securities		-	-
		(4,493)	(8,193)
Cash flows from financing activities			
Interest paid		(484)	(473)
New secured loans		-	-
Repayments of amounts borrowed		(1,167)	(1,113)
Capital element of finance lease and service concession payments		(17)	(17)
		(1,668)	(1,603)
(Decrease) in cash and cash equivalents in the year		(1,654)	(4,269)
Cash and cash equivalents at beginning of the year		11,727	15,996
Cash and cash equivalents at end of the year		10,073	11,727

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

Notes to the Financial Statements

1. Tuition fees

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Full time students – home/EU	16,338	16,338	17,201	17,201
Full time students charged overseas fees	1,090	1,090	1,469	1,469
Part time fees	464	464	704	704
Short course fees	873	873	857	857
Other fees	284	284	345	345
	19,049	19,049	20,576	20,576

2. Funding body grants

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Recurrent grant (OFS/HEFCE)	8,176	8,176	8,377	8,377
Release of deferred capital grant (OFS/HEFCE)	283	283	267	267
Research grant (Research England/HEFCE)	526	526	546	546
National scholarship programme (OFS/HEFCE)	-	-	-	-
	8,985	8,985	9,190	9,190

3. Research grants and contracts

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Research grants and contracts	2,746	2,746	3,134	3,134

Includes Research and Development credit of £5k in the year ended 31 July 2018 (2017: £80k).

4. Other operating income

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Catering and residence	3,780	3,780	4,098	4,098
Conferences and short course accommodation	839	839	805	805
Consultancy	35	35	69	69
Farm	2,364	2,364	2,460	2,480
Other income	1,485	1,574	1,159	1,151
Trial income	219	219	192	192
Validation fees	616	616	532	532
	9,338	9,427	9,315	9,327

5. Investment income

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Bank interest	31	31	24	24
Other investment income	-	-	-	-
Development Trust Interest	1	-	4	-
	32	31	28	24

6. Donations and endowments

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Other donations with restrictions	502	425	353	484
Other donations without restrictions	3	1	89	1
	505	426	442	485

7. Staff costs

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Staff Costs :				
Salaries	17,495	17,495	17,017	17,017
Social security costs	1,664	1,664	1,768	1,768
Other pension costs	3,633	3,633	3,424	3,424
Total	22,792	22,792	22,209	22,209

Emoluments of the Vice-Chancellor:

Salary	188	188	180	180
Benefits	5	5	5	5
Accommodation	5	5	5	5
Employer's pension contributions	9	9	25	25
Payments in lieu of pension contributions	11	11	-	-
	218	218	215	215

The Vice-Chancellors basic salary is 5.96 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by Harper Adams University to its staff.

The Vice-Chancellors total remuneration is 6.76 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by Harper Adams University to its staff.

Benefits

Benefits relate to private health insurance paid for by the University on behalf of the Vice-Chancellor.

Non-taxable Accommodation

The non-taxable benefit is the market rental of the agreed share, 46%, of a campus property. The total market rental rate from a professional third party valuation is £12,000 per annum, therefore the deemed non-taxable benefit to the Vice-Chancellor equates to £5,520.

The agreed share of 46% of the property was agreed with the Vice-Chancellor when appointed to the position. This has been verified by a separate external review of the arrangement.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Total staff costs including pension paid to the senior management team (including the Vice-Chancellor, comprising of 7 members (2017: 7 members)).

	Year ended 31 July 2018	Year ended 31 July 2017
	£	£
Key management personnel emoluments	880	852

Remuneration of higher paid staff (excluding the Vice-Chancellor), excluding employer's pension:

	No.	No.	No.	No.
£100,000 to £104,999	-	-	1	1
£105,000 to £109,999	1	1	1	1
£110,000 to £114,999	1	1	-	-

Average staff numbers by major category:	No.	No.	No.	No.
Academic	166	166	163	163
Administration and Support	135	135	134	134
Management & Specialist	31	31	31	31
Other	115	115	114	114
Research	25	25	25	25
Technical	37	37	37	37
	509	509	504	504

Justification for Head of Institution Salary

The Board of Governors has established a Remuneration Committee which operates in accordance with the CUC HE Senior Staff Remuneration Code published in June 2018. The Board has approved a Remuneration Policy Statement (published at <https://www.harper-adams.ac.uk/general/governance/publication-scheme.cfm> -Section 4 How we make decisions) which describes the principles by which the remuneration of all senior staff, including the Vice-Chancellor as the head of the provider, will be set. The Policy also describes the Senior Staff Review process by which the annual review of performance of the Vice-Chancellor is evaluated by the Chair and Vice-Chair of the Board and reported on to Remuneration Committee and thereafter to the Board. Feedback from independent members on the performance of all senior staff is also sought by the Chair and fed into the Remuneration Committee's deliberations.

The University's charitable objects are: the provision, conduct and development of the University to provide higher education for the industries, professions and communities associated with rural land. Details of the public benefits delivered by the University can be found elsewhere in the Annual Report and Financial Statements.

The University is a small specialist HEI which has a national and international reputation for the high quality of its teaching, knowledge transfer and applied research. The Board has recognised that principles of equality, diversity and inclusion and the importance of recruiting and retaining senior staff with the necessary skills and expertise to deliver the University's strategic plan sustainably and within budgetary limits are critical to ensure the University meets its charitable objects.

When reviewing remuneration annually, an assessment of individual performance against agreed objectives is the key consideration. Any consideration of making a performance award where evaluation by the Committee identifies exceptional performance is subject to benchmarking against a range of market factors and independently collated data for comparative institutions provided in the UCEA Survey of Senior Staff Pay. The Committee may determine and report to the Board its decisions on performance awards of up to a maximum limit of 3% of current salary in addition to any national pay award negotiated by UCEA. The Board has determined that any recommendation for a performance award above 3% is subject to approval by the full Board including staff and student members. Further details can be found in the Policy Statement.

The principles that underpin the Policy also include taking account of the value of the role assessed by level of responsibility, size and complexity of the role, specific expertise and experience required and any other key components relevant to a specific senior role.

When setting senior staff pay for 2017/18, the Board agreed with the Remuneration Committee's view that the Vice-Chancellor's performance in making progress towards meeting his agreed objectives continued to be excellent. The Vice-Chancellor's expertise in higher education policy matters, together with his effective knowledge of, and engagement with, land based industries are key strengths as are his strategic vision and ability to successfully deliver major strategic projects; while providing high quality day to day leadership and management of operational matters which ensure that the University operates sustainably and efficiently and in accordance with the principles of public life. The Board supported the decision of the Remuneration Committee that his performance should be recognised with a salary increase within the scope of the agreed scheme under which the Committee determines senior staff pay.

The Board agreed a policy during the year to enable any staff member who has decided to cease membership of the employer's pension scheme offered by the University due to exceeding annual allowance or life time allowance thresholds to request that consideration be given to the University making a payment to the individual in such circumstances in lieu of employer pension contributions. The Vice-Chancellor made an application on these grounds and the Remuneration Committee agreed that a proportion of the employer's pension contributions should be paid to the Vice-Chancellor as a payment in lieu of employer contributions.

The details of changes to the Vice-Chancellor's salary over the period 2016/17 and 2017/18 and the payment made to the Vice-Chancellor in 2018 in lieu of employer's pension contributions not paid during year ended 31 July 2018 are set out in the tables above. The payment made in lieu of employer pension contributions resulted in a saving on employer pension costs that would have otherwise been incurred had the Vice-Chancellor continued to be a member of the pension scheme throughout the year.

The Board is satisfied that the remuneration package for the Vice-Chancellor remains appropriate in light of the above context, value and performance demonstrated during the year ended 31 July 2018.

Severance costs

During the year total costs of £7,373 (2017: £100,197) were incurred in relation to 2 individuals (2017: 8 individuals) leaving the organisation.

Members of the Board of Governors

The University Board of Governors members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Board, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in which a member of Board may have an interest, including those identified below, are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures:

Harper Adams in Ireland is an alumni association for former Harper Adams students in Ireland and Mr Joe Lawson is a trustee of both Harper Adams in Ireland and Harper Adams University Development Trust. Harper Adams Club is the alumni association for former Harper Adams students and Mr Simon Jones is a trustee of both Harper Adams Club and Harper Adams University Development Trust. During the year payments totalling £7,067 (2017: £5,718) were made to Harper Adams in Ireland and payments totalling £nil (2017: £nil) to Harper Adams Club.

No Board member has received any remuneration/waived payments from the group during the year (2017: none)

The total expenses paid to or on behalf of 12 Board members was £5,896 (2017: £5,217). This represents travel and subsistence expenses incurred in attending Board, Committee meetings and Charity events in their official capacity.

8. Other operating expenses

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Academic and related expenditure	1,789	1,789	1,839	1,839
Administration and central services	913	913	2,209	2,212
Library, computer and other academic support services	3,780	4,056	3,583	3,755
Premises - Other premises costs	754	754	853	853
Premises - Refurbishment and maintenance	619	619	918	918
Premises - Utility Costs	622	909	910	910
Research grants and contracts	1,287	1,287	1,361	1,361
Residences and catering operations	602	602	899	899
Other including income generating operations	2,163	2,129	1,806	1,801
Development Trust scholarship expenditure and audit fee	260	-	177	-
	12,789	13,058	14,555	14,548

Other operating expenses include:

Audit of these financial statements	31	25	30	25
Amounts receivable by the company's auditor in respect of:				
- Audit of financial statements of subsidiaries of the company	5	-	5	-
- Audit related assurance services	1	1	-	1
- Taxation compliance services	6	5	6	5
- Other tax advisory services	20	20	17	5
- Other advisory services	27	27	29	29
Internal auditors remuneration	24	24	26	26

Operating lease rentals:

Plant and machinery	17	17	17	17
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9. Interest and other finance costs

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
On bank loans:				
Repayable wholly or partly in more than 5 years	450	450	557	557
Pension finance charge	408	408	457	457
Total payable	858	858	1,014	1,014

10. Taxation

The UK corporation tax charge (credit) is in respect of the University's subsidiary company Cedar Energy. The tax provision charged in the University recognises the tax risk arising from overseas activities which are under negotiation with the relevant authorities.

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
UK corporation tax (credit) / charge of 19.67% (2016: 20% on surplus for the year)	14	-	(100)	-
Tax Provision	249	249	-	-
Deferred tax provision	-	-	-	-
Tax on Profit/(Loss) on ordinary activities	263	249	(100)	-

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

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Profit on ordinary activities before taxation	505	315	1,539	1,635
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 19% (2017: 19.67%)	96	60	302	321
Fixed asset differences	1	-	4	-
Expenses not deductible for tax purposes	-	-	-	-
Income not chargeable for tax purposes	-	-	-	-
Losses carried back	-	-	43	-
Chargeable gains / (losses)	-	-	(77)	-
Deferred tax not recognised	-	-	-	-
Adjustments to tax charge in respect of previous periods	-	-	(64)	-
Capital allowances in excess of depreciation	-	-	-	-
Other short term timing differences	-	-	3	-
Unrelieved tax losses & other deductions arising in the period	-	-	-	-
Impact of rate change	-	-	-	-
Adjustments for charitable activities not subject to corporation tax	(83)	(60)	(311)	(321)
UK corporation tax (credit) / charge	14	-	(100)	-

11. Consolidated Fixed assets

	Freehold Property £'000	Plant and Equipment £'000	Assets in the Course of Construction £'000	Non Operational Assets £'000	Total £'000
Cost or valuation					
At 1 August 2017	71,972	42,119	3,594	139	117,824
Transfer	(777)	4,136	(3,359)	-	-
Additions	3,566	1,631	631	-	5,828
Disposals	-	(90)	-	-	(90)
At 31 July 2018	74,761	47,796	866	139	123,562
Accumulated depreciation					
At 1 August 2017	5,776	24,667	-	139	30,582
Transfer	707	(707)	-	-	-
Charge for the year	1,474	2,298	23	-	3,795
Disposals	-	(46)	-	-	(46)
At 31 July 2018	7,957	26,212	23	139	34,331
Net book value					
At 31 July 2017	66,196	17,452	3,594	-	87,242
At 31 July 2018	66,804	21,584	843	-	89,231
Financed by capital grant	13,514	16	-	-	13,530
Other	53,290	21,568	843	-	75,701
Net book value at 31 July 2018	66,804	21,584	843	-	89,231

Asset impairment has been calculated consistently with the principles of section 20 of FRS102.

Land and certain buildings in the University were re-valued on a fair value basis by an independent Chartered Surveyor as at 31 July 2014. As a first time adopter of FRS102 the University has used that fair value as its deemed cost at 1 August 2014 in accordance with FRS102 paragraph 35.10(c).

Included within freehold property is land costing £22,652,480 (2016: £20,080,845) which is not depreciated.

11. University fixed assets

	Freehold Property	Plant and Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2017	71,565	41,546	-	113,111
Transfer	(777)	542	235	-
Additions	3,566	880	631	5,077
Disposals	-	(90)	-	(90)
At 31 July 2018	74,354	42,878	866	118,098
Accumulated depreciation				
At 1 August 2017	5,721	24,094	-	29,815
Transfer	707	(707)	-	-
Charge for the year	1,470	2,232	23	3,725
Disposals	-	(46)	-	(46)
At 31 July 2018	7,898	25,573	23	33,494
Net book value				
At 31 July 2017	65,844	17,452	-	83,296
At 31 July 2018	66,456	17,305	843	84,604
Financed by capital grant	13,514	16	-	13,530
Other	52,942	17,289	843	71,074
Net book value at 31 July 2018	66,456	17,305	843	84,604

12. Investments

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Long term asset investments				
Investment in subsidiary company	-	1,000	-	1,000
Quoted securities at market value	995	840	964	809
Unquoted securities at cost				
	995	1,840	964	1,809
Current asset investments				
Short term cash deposits	1,760	1,760	2,757	2,757
Total investments	2,755	3,600	3,721	4,566

The University investment in the subsidiary company, Cedar Energy Limited (incorporated in England and Wales) of £1,000,000 comprises 500,000 ordinary £1 shares at par and 500,000 £1 preference shares at par.

13. Biological Assets

The University's farming operations include dairy cattle, which are classified as biological assets under Long Term Assets in the statement of financial position and are stated at fair value less costs to sell. Changes in fair value less costs to sell are recognised in the statement of comprehensive income. The value of the Dairy cattle classified as biological assets at the reporting date was £536k (2017: £591k).

14. Stock	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Farm stocks	1,017	1,017	935	935
Consumables	17	17	28	28
Goods for resale	26	26	21	21
	1,060	1,060	984	984

15. Trade and other receivables	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Research grants receivables	314	314	353	353
Subsidiary company	-	394	-	602
Other trade receivables	1,579	1,579	2,797	2,797
Prepayments and accrued income	1,261	1,240	779	772
Other receivables	114	60	336	275
	3,268	3,587	4,265	4,799
Amounts falling due after one year:				
Subsidiary company	-	2,060	-	1,260
	3,268	5,647	4,265	6,059

Harper Adams University has extended a public benefit entity concessionary loan to Cedar Energy Limited of £1.74m payable by June 2022. As at July 2018 £1.2m (July 2017 £1.26m) falls due after one year.

16. Creditors: amounts falling due within one year	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Bank loans	605	605	735	735
OFS loans	240	240	240	240
Other loans	157	107	157	107
Deferred income	3,171	3,171	2,876	2,876
Taxation and social security	115	94	413	413
Sundry creditors and accrued expenses	3,801	3,825	6,011	5,976
	8,089	8,042	10,432	10,347
Deferred income				
Research grants received on account	1,423	1,423	1,302	1,302
Grant income	390	390	84	84
Other income	1,358	1,358	1,490	1,490
	3,171	3,171	2,876	2,876

17. Creditors: amounts falling due after one year

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred income	12,369	12,369	12,218	12,218
Other Creditors	53	53	17	17
Loans:				
Bank loans	10,038	10,038	10,677	10,677
OFS loans	1,020	1,020	1,260	1,260
Other loans	307	107	464	214
Total creditors due after one year	23,787	23,587	24,636	24,386

Borrowings:

Bank loans repayable as follows:

In one year or less	605	605	735	735
Between one and five years	2,311	2,311	2,317	2,317
In five years or more	7,727	7,727	8,360	8,360
	10,643	10,643	11,412	11,412

Bank borrowings have been secured at various fixed rates ranging from 4.3% to 5.8% with the exception of one bank loan, which is at a variable rate (2.537% was the rate applicable in July 2017). Borrowings are repayable by quarterly instalments with the final payment scheduled for 3 September 2035.

OFS loans repayable as follows:

In one year or less	240	240	240	240
Between one and five years	840	840	840	840
In five years or more	180	180	420	420
	1,260	1,260	1,500	1,500

Other loans repayable as follows:

In one year or less	107	107	157	107
Between one and five years	307	107	414	214
In five years or more	-	-	50	-
	414	214	621	321

The borrowings from the OFS (formerly HEFCE) included two repayable public benefit entity concessionary loans, which were fully paid in the prior year.

Quarterly repayments of £60k with respect to a loan of £2,400k for green energy schemes commenced in 2011/12 over a 10 year repayment period. A 2 year repayment break was agreed with the funding council in 2014 and quarterly re-payments recommenced in the 2016/17 financial year extending the loan repayment to 2022/23 financial year.

18. Provision for liabilities

	Year ended 31 July 2018				Year ended 31 July 2017			
	Deferred Tax £000	Workforce Provision £000	Other Provision £000	Total £000	Deferred Tax £000	Workforce Provision £000	Other Provision £000	Total £000
Consolidated								
As at 1 August 2017	42	564	-	606	78	-	-	78
Charge in the year	-	-	249	249	(36)	564	-	528
Released to the SOCI	-	(364)	-	(364)	-	-	-	-
As at 31 July 2018	42	200	249	491	42	564	-	606
University								
As at 1 August 2017	-	564	-	564	-	-	-	-
Charge in the year	-	-	249	249	-	564	-	564
Released to the SOCI	-	(364)	-	(364)	-	-	-	-
As at 31 July 2018	-	200	249	449	-	564	-	564

Deferred Tax

The deferred tax provision is in relation to the following:

	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Capital gain on disposal	42	42

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

19. Restricted reserves

Reserves with restrictions are as follows:

Consolidated	Donations £'000	Total £'000
Balances at 1 August 2017	1,224	1,224
New donations	505	505
Expenditure	(1,219)	(1,219)
As at 31 July 2018	510	510
Analysis of other restricted funds/donations by type or purpose:	2018 Total £'000	2017 Total £'000
Scholarships and bursaries	510	179
Capital projects	-	1,045
	510	1,224

University	Donations £'000	Total £'000
Balances at 1 August 2017	1,014	1,014
New donations	426	426
Expenditure	(1,219)	(1,219)
As at 31 July 2018	221	221
Analysis of other restricted funds/donations by type or purpose:	2018 Total £'000	2017 Total £'000
Scholarships and bursaries	221	120
Capital projects	-	894
	221	1,014

20. Capital and other commitments

Year ended 31 July 2018	Year ended 31 July 2017
Consolidated £'000	Consolidated £'000
University £'000	University £'000

Capital commitments

At 31 July 2018, the following amounts had been authorised:

Authorised and contracted for	-	-	454	454
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Operating leases

As at 31 July 2018, Harper Adams University had minimum future lease payments under operating leases expiring between one and five years:

Plant and machinery	17	17	57	57
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21. Post balance sheet event

The university received a £1million endowment from The John Oldacre Foundation in September 2018 to utilise for future scholarships on a match funding basis.

22. Contingent liabilities

On 3 October 2014, the University entered into a Development Agreement with Dairy Crest Limited where the company agreed to develop a Research and Innovation centre on the University's campus. The partnership is contracted for 25 years, however Dairy Crest have the right to break at 15 years.

In the event of the break clause being exercised, the University will be committed to purchase the building at the written down value of c.£1.25m.

23. Related party transactions

The University has a number of related parties where governors and senior staff members sit on boards and panels to assist as necessary based on the respective objectives of the organisation.

Harper Adams University is a member of the Agri-EPI Centre Limited, a company limited by guarantee. Liz Furey, Harper Adams University Director of Finance, is the university's nominated board director. During the year the University incurred no costs (2017 £3.142m) on behalf of Agri-EPI Centre Limited for whom the university is acting as agent. The University received no income (2017 £3.142m) from Agri-EPI Centre Limited by way of reimbursement of costs incurred on its behalf and providing services through service level agreements. At the balance sheet date, Harper Adams University was owed £14k (2017 £1.571m).

The Harper Adams University Students' Union is an independent constituted body and, therefore, is not included in the Consolidated Financial Statements of the University. During the financial year the University made payments to the Students' Union of £61.3k (2017 £151.7k) and received £63.2k (2017 £77.6k). At the balance sheet date, Harper Adams University was owed £3.4k.

Harper Adams University is a member of the CIEL Livestock Limited, a company limited by guarantee. The University received £Nil (2017 £148k) of capital grant funding from CIEL Livestock Limited. At the balance sheet date, Harper Adams University was owed £177k (2017 £177k).

Harper Adams University is a member of Guild HE. The Vice-Chancellor is currently a member of the Executive Board. During the year the university incurred costs of £24.1k (2017 £25.3k).

Other related parties where transactions do not exceed £5,000 in total are as follows:

- Land Based Colleges Aspiring to Excellence (LANDEX)
- North West University Purchasing Consortium (NWUPC)

The University has taken advantage of the exemption in FRS102, Section 33 of FRS 102 that transactions with wholly-owned subsidiary companies are not disclosed.

24. Subsidiary undertakings

The subsidiary companies (all of which are registered in England and Wales), wholly owned or effectively controlled by the University, are as follows:

Company	Principal Activity	Status
Cedar Energy Limited	Production of electricity and heat	100% owned
Harper Adams (Rural Enterprises)	Dormant	100% owned
Harper Adams University Development Trust	Provide support for students in the agricultural sector	Controlled undertaking

Cedar Energy Limited suspended activities following the failure of the anaerobic digestion plant on 30 May 2014. The insurance recovery has enabled the company to commit to reinvestment in plant equipment and infrastructure with construction work commencing in June 2016 and continuing across the year end. The trading results are consolidated with the Harper Adams University accounts on the income and expenditure and balance sheet respectively. The principal activity of Cedar Energy Limited is to produce electricity and heat.

Harper Adams University Development Trust is treated as a subsidiary of the University on the grounds that the University has the power to exercise, or actually exercise, dominant influence or control over the funds. This Trust is a separately registered charity in the UK. The primary purpose of the charity is to raise funds to benefit the University and its students.

25. Pension schemes

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.

	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Total pension costs for the year		
Local Government Pension Scheme	2,424	2,213
Teachers' Pension Scheme	1,209	1,211
	3,633	3,424

(i) 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 2018 was £1,588,386 of which employer's contributions totalled £1,092,107 and employees' contributions totalled £496,279.

As from April 2014, the agreed contribution rates are 14.3% for employers plus a monthly sum (£18,400 as from April 2017, £19,083 as from April 2018) and a variable percentage between 5.5% and 12.5% for employees.

On 26 October, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.

Assumptions

In accordance with the requirements of FRS102 and the HEFE SORP, the Fund Actuary was instructed to complete a full valuation of the University's element of the fund as at 31 July 2018, with comparative figures at 31 July 2017.

The financial assumptions used to calculate scheme liabilities under FRS102 are:

Principal Actuarial Assumptions

	As at 31 July 2018	As at 31 July 2017
Price inflation (CPI)	2.1%	2.2%
Rate of increase in Salaries	3.6%	3.7%
Rate of increase of Pensions in Payment	2.2%	2.2%
Discount Rate for Liabilities	2.9%	2.6%

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

	As at 31 July 2018 £'000	As at 31 July 2017 £'000
Retiring today		
Males	23.1	23.0
Females	26.3	26.2
Retiring in 20 years		
Males	25.3	25.2
Females	28.6	28.5

The assets in the scheme were:

	As at 31 July 2018 £'000	As at 31 July 2017 £'000	As at 31 July 2016 £'000
Equities	17,041	15,802	14,437
Government bonds	-	-	-
Corporate bonds	7,481	7,253	5,565
Property	1,677	1,482	1,460
Cash	805	1,451	468
Other	6,541	4,877	5,620
Total	33,545	30,865	27,550

	As at 31 July 2018 £'000	As at 31 July 2017 £'000
Scheme assets	705	1,446
Scheme liabilities	3,108	2,506
Surplus / (Deficit) in the scheme – net pension liability recorded within pension provisions	3,813	3,952
Current service cost	2,367	2,135
Past service costs	-	-
Total operating charge	2,367	2,135

	As at 31 July 2018 £'000	As at 31 July 2017 £'000
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Analysis of the amount charged to interest payable/credited to other finance income

Net interest cost	362	412
Administration expenses	46	45
Net charge to other finance income	408	457

Total profit and loss charge before deduction for tax	290	1,635
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Analysis of other comprehensive income:

Gain on assets	705	1,446
Experience gain / (loss) on liabilities	3,108	3,010
Gain / (loss) on liabilities	-	(504)
Total other comprehensive income before deduction for tax	4,103	5,587

Analysis of movement in surplus/(deficit)

Deficit at beginning of year	(14,552)	(17,104)
Contributions or benefits paid by the University	1,317	1,192
Current service cost	(2,367)	(2,135)
Past service cost	-	-
Other finance charge	(408)	(457)
Gain recognised in other comprehensive income	3,813	3,952
Deficit at end of year	(12,197)	(14,552)

Analysis of movement in the present value

Present value of liabilities at the start of the year	45,417	44,654
Current service cost (net of member contributions)	2,367	2,135
Past service cost	-	-
Interest on pension liabilities	1,180	1,116
Actual member contributions (including notional contributions)	496	497
Actuarial loss/(gain)	(3,108)	(2,506)
Actual benefit payments	(610)	(479)
Present value of liabilities at the end of the year	45,742	45,417

Fair value of assets at the start of the year	30,865	27,550
Expected return on assets	818	704
Actuarial gain on assets	659	1,401
Actual contributions paid by University	1,317	1,192
Actual member contributions (including notional contributions)	496	497
Actual benefit payments	(610)	(479)
Fair value of scheme assets at the end of the year	33,545	30,865

The LGPS assets do not include any of the university's own financial instruments, or any property occupied by the university.

Actual return on scheme assets

Expected return on scheme assets	818	704
Asset gain / (loss)	705	1,446
	1,523	2,150

(ii) Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates were set at 16.4% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

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

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

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

Scheme Changes

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

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

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

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

The pension costs paid to TPS in the year amounted to £1,209,000 (2017: £1,211,000).

FRS102 (28)

Under the definitions set out in FRS102 (28.11), the TPS is a multi-employer pension plan. The University is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the university has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The University has set out above the information available on the plan and the implications for the university in terms of the anticipated contribution rates.

Glossary of Terms

APB	Auditing Practice's Board
BBSRC	Biotechnology and Biological Sciences Research Council
CUC	Committee of University Chairs
EU	European Union
FRS	Financial Reporting Standard
HEFCE	Higher Education Funding Council for England
LGPS	Local Government Pension Scheme
RDEC	Research and Development Expenditure Credit
REESEP	Rural Employer Engagement Student Experience Project
SORP	Statement of Recommended Practice
TPS	Teachers Pension Scheme



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