

Harper Adams University

Annual Report and Financial

Statements

2020/21



Harper Adams
University

CONTENTS

Chief Executive's Report	2
Strategic Review.....	13
Report of the Governors and Corporate Governance Statement.....	21
Independent Auditor's Report to the Board of Governors of Harper Adams University	27
Statement of Accounting Policies.....	30
Consolidated Statement of Comprehensive Income and Expenditure	34
Consolidated and University Statement of Changes in Reserves	35
Consolidated and University Balance Sheet.....	36
Consolidated and University Cash Flow	37
Notes to the Financial Statements.....	38
Glossary of Terms.....	56

Chief Executive's Report

Introduction

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 five 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, the welfare and care of animals and the delivery of sustainable environments. 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 and post-Covid-19 era.

Our Strategic Plan covers the period from 2020 to 2025. Our strategy has five objectives:

- 1. Education:** We will grow the population of the University to 3,500 FTE students by 2025, including those who study part-time from within our related professions, to enhance our connections with industry, and, with those from overseas, our global reach.
- 2. 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 Research Excellence Framework 2021 and the following Research Excellence Framework exercise.
- 3. Knowledge Exchange:** We will establish a position in the top 10 UK agri-food institutions in the forthcoming Knowledge Exchange Framework, so as to underpin our engagement with industry, and our capacity for informative and useful education and research.
- 4. Influence:** We will continue to enhance the role and reputation of Harper Adams as a contributor to national policy formulation and delivery on enhancing rural economic development and the UK's contribution to global food security. Our impact will be measured by the successful delivery of our new joint veterinary school and at least two other distinctive collaborative ventures aimed at addressing the strategic aims we have identified over this planning period.
- 5. The University Community:** We will maintain a strong community-based approach to our academic work, with a consistent top-ten UK university sector

performance in the National Student Survey, top-quartile performance in relevant postgraduate student surveys and an overall staff satisfaction rating of over 90% when measured by independent surveys.

The Strategic Plan acts as a framework to guide our academic activities and to focus on areas where further innovations can be pursued and 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 2020/21 was approved by the Board of Governors in July 2020. At the same time, a final progress report on the Statement for 2019/20 was assessed. Almost all of the objectives for the year had 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 deliver our strategy.

Our Response to the External Policy Environment

The last academic year has been dominated by the Covid-19 pandemic. We spent the summer of 2020 planning our approach to teaching and learning under Covid-secure conditions and ensuring that staff who were able to return to campus could do so in a safe operating environment. There was a considerable amount of activity at national and sector level to ensure that various guidelines and adjustments to normal processes, such as the conduct of student assessments and the outcome of public examinations and the resulting applications process for our 2020 intake, could be accommodated. We also had an early role to play in encouraging participation in national schemes to assist the farming sector and in informing parliamentary debates about the post-pandemic UK food system.

Our plans for the 2020/21 academic year were put into practice at the start of the autumn term when staff and students had to adjust to online lectures and smaller classes and practical sessions conducted with social distancing and other Covid-19 related measures. We were assisted by the Local Authority Health Protection Team who based a community test centre on our campus that could be used by staff and students with symptoms of the virus. This was the beginning of a productive collaboration with the Team that has continued throughout the period of the pandemic and which has been enormously helpful to the University.

The University also had a significant role to play in tackling the pandemic, by operating its own local contact tracing system so that contacts with positive Covid-19 cases could be quickly identified and social isolation measures put in place. These measures included welfare support, the provision of food for students' resident in university accommodation, and online teaching so that students could

stay in touch with their course and fellow students. It was a huge team effort in which a large number of staff were involved and in which they all played a critical role.

The autumn term saw the virus impact upon our teaching arrangements, and on student social activities, but, overall, we were able to work our way through the many changes that had to be implemented to adapt to the new conditions we faced. Our Student Services team put in place plans for the end of term and the return home of students for the Christmas break, and provided support for those who were not able to leave the local area over the holiday period. The Students' Union played their part by providing a 'goody box' for each student who remained. The spring term brought further disruption when Government plans initially allowed for the return of only a small proportion of our students on designated courses, with the rest taught online in their home settings. In March, the course-based restrictions were altered and more students on practical and practice-based courses were allowed back. This was close to the Easter vacation period, so the majority of our students were able to return only after the Easter break. The summer term saw the return of most of our students, to catch up on revision classes, practical sessions and to undertake their assessments. Again, the shifts in Government guidance, were not easy to navigate, but our staff continued their extraordinary efforts to make sure that we could deliver our taught programmes and research and knowledge exchange activities to the best of our ability.

Throughout the year, we worked closely with the Students' Union, our local trades union representatives and our Staff Consultative Group to keep in place a routine dialogue on the issues of the day and the University's response. I wish to pay tribute to these student and staff representatives who played a constructive, and sometimes challenging, role in working with us to keep the University's operations going, and provided a helpful means to broaden communications with other staff and students.

We have inevitably faced financial challenges along the way, not least in terms of the additional cost of running Covid-secure operations, the need to refund accommodation fees for a large proportion of our students at various points in the financial year (see page 15) and a downturn we saw in undergraduate recruitment in 2020/21, offset, in part, by the launch of the new joint veterinary school with Keele University. We have kept a close rein on finances during 2020/21, have made extensive changes to our working practices which have helped reduce expenditure and have reorganised and reshaped some of our activities to reflect not only the current financial climate, but also to better address our current Strategic Plan. With very little Government financial support for universities that we were able to access, our Finance Team has worked hard, though

our own measures and initiatives, to manage and forecast the impact of the pandemic on the University, and to ensure that governance oversight of the financial position was maintained.

Towards the end of the 2019/20 academic year the Students' Union ran a survey to gather views about the experience of students in the 2020 summer term. We learned a lot from the survey results which helped us prepare for the 2020/21 academic year. The Students' Union repeated the exercise to gather views about autumn term teaching and support. We were heartened to learn that 77% of our students responded that they were satisfied, or very satisfied, with their experience, which compared well to a Pearson study¹ across the higher education sector which revealed a satisfaction rating of between 40-56%. There remained lessons to learn, but many students commented positively on the support they had received from academic and professional services staff, and recognised the difficult circumstances under which we were all operating.

This finding was backed up by the outcome of the 2021 National Student Survey, in which Harper Adams was placed 9th of all UK universities, the top performing specialist land-based university and one of only two post-92 universities in the UK top ten.

During the academic year, the world of agriculture also had to adapt as the UK departed the EU and the early signs of the Government's approach to the agricultural transition began to emerge. We have been working with industry representatives on the development of a professional body for agriculture and horticulture, which has DEFRA backing and should launch later in 2021, we have engaged in wider industry debate about the new approach to support arrangements for the industry and we have, in our own farming practice, begun to address the changes brought about by new agricultural and environmental legislation. During the year we reshaped our academic activities to create the department of Agriculture and Environment, to better reflect our expertise in key policy areas the Government is pursuing. The appointment of our new Deputy Vice-Chancellor, Professor Michael Lee, who joined us from Rothamsted Research, has catalysed a number of University initiatives in sustainable farming practice. It has also led to a major new programme with Morrisons, the UK's fourth largest supermarket chain, to create a School of Sustainable Food and Farming that will help deliver the company's ambition to achieve net zero carbon production in its food supply chain. We look forward to working with the company, and other like-minded organisations, on this ambitious and important agenda.

¹ Jackson, A. (2021) The expectation gap II – students' hopes for learning and teaching in the next normal. WonkHE, 3 February 2021. Accessed: 15 July 2021.

Our own work on climate change has continued, despite the pandemic, with the creation of our new Carbon Management Plan for 2020/2025, engagement in the Climate Change Commission for FE and HE Leaders and the COP26 Universities Network and our commitment to move towards Scope 1 and 2 net zero emissions by 2030, and Scope 3 net zero emissions by 2040. We recognise that this will require a considerable programme of change, not least in our farming activities, but it will be an important element of our educational activities in support of the next generation entering the industries and the professions with which we work. With the UN Conference for Climate Change (COP26) taking place in late 2021 we can expect further emphasis to be placed on this vital topic in the years ahead.

Whilst some elements of the higher education regulatory environment were altered or delayed by the Covid-19 pandemic, we saw signs of changes that lie ahead in the spring and considerable debate about the future shape of the sector. There remains uncertainty about some aspects of the Government's plans, which may not emerge until the Comprehensive Spending Review expected in autumn 2021, but others, such as the emphasis being placed on technical education, are now clear. We will be making the case for higher education's contribution to technical education to be recognised in this aspect of the debate. There have been delays in performance assessment exercises, such as the Research Excellence Framework (REF), and the next iteration of the Teaching Excellence Framework (TEF), now expected in 2022, and discussion has been ongoing about the way in which outcome measures might be used in the assessment of institutional and course performance as a means to provide further information for students and applicants.

Towards the end of July 2021, the second release of data from the annual Graduates Outcomes survey revealed that 98% of our students were in employment, or further study, and we had one of the lowest unemployment rates in the university sector. The delayed results of the first round of the Knowledge Exchange Framework (KEF), released in March, backed up the strong relationship we have with the industries and professions in our specialist field, with top-ranking performance in our KEF cluster measures for working with business and research partnerships, and above average performance against other specialist STEM institutions in 6 of the 7 performance measures.

These results were also reflected in the 2021 QS World University Rankings for Agriculture & Forestry, where, for the fourth year in a row, we were placed first in the UK and second in the world for the measure on Employer Reputation.

Student Recruitment and Experience

Taught postgraduate and degree apprenticeship recruitment in 2020/21 remained positive, but the University saw a downturn in domestic undergraduate recruitment. Increased sector competition and the A-level situation in 2020, uncertainty in the farming sector about the UK's

departure from the EU and the pandemic are thought to have been contributing factors to this outcome. The picture for 2021 entry has improved and we are working hard to ensure that our intake targets are met for the new academic year. That said, disruption to schools arising from the pandemic, the recasting of key UCAS dates and the postponement of UCAS events, the current changes to public examinations and the uncertainty that this has introduced to the applicant market and the inability of applicants to visit their shortlisted institutions for much of the year will continue to impact on the student market. Like many other higher education providers, we adapted to the new environment early on, running Virtual Open Days, and, later, Virtual Offer Holder Days, to ensure that applicants had as much information as possible to inform their choice of institution. Attendance at these events improved on 2019/20 and we have been particularly pleased with the feedback we received about the offer holder events.

Out of necessity, we moved other student-focussed events online. These included our scholarship fair and careers and placement fair in the autumn term. At both events, sponsors and industrial placement providers were able to meet with students so that connections with supporters of the University and its Development Trust, and future employers, could continue to be made. In the early summer term, we ran an online Scholarship Presentation Event to celebrate the award of scholarships to our students and to enable their sponsors to share in their success. We were delighted to see that, despite the pandemic, external support for our students has continued at a high level, with scholarships totalling £509k this year.

Our students have amply demonstrated this year that they are exceptional ambassadors for the University, by representing us, with considerable success, at a range of events. Marco Corradi won the 2020 Royal Entomological Society MSc Entomology award, which recognises dedication and excellence in Entomology by students who are studying for their Masters degree. Rebecca Rainey, who studied Animal Science, was the 2020 winner of the Texel Sheep Society Educational Award, and Agriculture and Animal science student, Catriona Marshall, was named the 2021 winner of The Royal Association of Dairy Farmers (RABDF) Farm Health Management Award. Katie Ackland, who studied Agriculture with Farm Business Management, won the title of UK Dairy Student of the Year 2021, bringing home the award for Harper Adams for the sixth time in seven years. Rosa Linkens received the Silver Award in the 2021 Pinnacle Awards. These awards are run by the Farmers Club and are intended to stimulate and encourage an innovative approach to business management within a context of productive farming that minimises environmental impact. The Institution of Agricultural Engineers/CNH Industrial Undergraduate and Postgraduate Awards both went to Harper Adams students, with Andrew Hardy picking up the undergraduate award and William Hook the postgraduate award. In addition, the Institute's Student Safety Award was won by Huw Gilchrist.

Our students also won both of the major industry student awards in 2020/21. Megan Edwards was named the British Farming Awards Agricultural Student of the Year and Grace Wellings, the Farmers Weekly Agricultural Student of the Year. This is the first time that the University's students have won both awards in the same year and is a tremendous outcome.

Whilst we had a number of staff changes during the course of the year, we continued to welcome new academic staff to support our educational and research programmes. Amongst these appointments, Dr Philip Robinson, joined us from the University of Glasgow to take on the role of Head of our Veterinary Health and Animal Sciences Department. As well as engaging in its own academic activities, the Department is working with the joint Veterinary School to encourage a 'one health' approach to veterinary disciplines.

The launch of the new Veterinary School, in October 2020, was a landmark moment for the University. Recruitment in its first year was above expectations, and there are good signs for recruitment in 2021. Members of the Veterinary School team, like our other staff, have had to adjust to the extraordinary conditions we have all faced this year, but the feedback from their students has been positive and good progress has been made. The University's Veterinary Education Centre, a major project for the institution, was completed early in 2021 and was formally opened by the Chancellor, HRH The Princess Royal, in June.

We wish to acknowledge the generosity of the Kildare Charitable Trust, which had already agreed to support the development of the Veterinary Education Centre, and decided to provide a further major grant towards the building project. In addition, the Trust agreed to increase its funding for the student scholarships it generously awards. We were pleased to be able to recognise the major donations we had received towards the building with the naming of the Tinneveld Lecture Theatre, the Kildare Lecture Theatre and the Burgess Study Area at the official opening ceremony.

In November 2020, using a number of factors including employability and National Student Survey (NSS) results, the Go Compare company created a UK University 'Ivy League' of the best universities to attend for a well-rounded experience. The table ranked Harper Adams 8th in the UK, only just behind larger universities such as Durham, Southampton and the London School of Economics for its excellent industry links and overall student satisfaction.

The Student Crowd website hosts reviews of each university and compiled a table of the top 20 institutions for 2020. The analysis this year was based on 22,774 university reviews, each review consisting of 11 different categories that students rated out of 5 stars. This year, Harper Adams was placed second in the UK, after the University of Bangor, and just ahead of Loughborough, Bath and Exeter. This was an outstanding achievement for a University of our scale, demonstrating the high-quality experience we provide for our students.

The University also performed well in other external assessments. We once again held the position of top post-92 (Modern) university in the 2022 Complete University Guide, coming 33rd in the main league table, and were placed 29th, and top Post-92 university for the sixth year in a row, in the 2022 Sunday Times Good University Guide. The University remains the only Post-92 university to have broken into the top 30 institutions in the latter Guide, and our top ten performance in teaching quality and student experience marked us out as a leading specialist university, where strong industry ties and the opportunity to undertake an industrial placement as part of our courses stand graduates in good stead when embarking on their careers.

Research and Knowledge Transfer

Our research activities, whilst disrupted by the pandemic, have nevertheless continued to raise the profile of the University and to highlight key issues facing the industries and professions with which we work, including sustainable farming practice and the impact of the agricultural transition. This section of the report contains just a few examples.

We were delighted to welcome our Chancellor, HRH The Princess Royal, on a visit to the University in September 2020 to see the Hands Free Farm and watch some of its autonomous equipment in operation. This project has continued to capture the imagination of the farming community, with a larger scale of crop production and the introduction of additional technologies, such as the ability for the Hands Free machinery to avoid field obstacles. A report on Agriculture 4.0, and the role of Agricultural Robotics and Automated Equipment for Sustainable Crop Production, was produced for the FAO of the United Nations and published in November. The Hands Free Hectare was featured in the report, and it was good to see mention of the project and the University in this high-profile international publication. Kit Franklin was recognised with the IAGrE President's Award for his work on the Hands Free project, and for helping to promote agricultural engineering to the wider public.

To address public and Government interest in lowering the environmental cost and improving the sustainability of milk production, our researchers, led by Professor Liam Sinclair, have been focussing on areas such as nitrogen, carbon and phosphorus reduction from dairy farms. One area of particular interest is the reduction in nitrogen output by feeding low protein diets. The 2019 DEFRA Clean Air Strategy also identified that 88% of ammonia emissions in the UK were from agriculture, with 28% of these due to dairy cattle. Our staff investigated home-grown forage legumes such as red clover, lucerne and forage pea silages. These forages are of interest because they are higher in protein than traditional feeds such as grass silage, and therefore require less supplementary protein to be fed. They also have the added benefit of not requiring artificial fertiliser nitrogen as they naturally fix it from the atmosphere. As well as reducing supplementary protein and seeing an increase in protein in the milk from this diet, the amount of nitrogen in

urine fell, leading to lower ammonia levels being lost to the environment.

The University was again shown to be a leading institution for Animal Sciences in the British Society of Animal Science (BSAS) virtual conference in April. Our Deputy Vice-Chancellor, Professor Michael Lee was appointed as the new BSAS President, and the most prestigious award given annually by the Society for services to Animal Science, the Sir John Hammond Memorial Prize, was won by our recent Honorary Degree recipient and past student Dr Jude Capper. Dr Capper was later appointed to the University's ABP Chair in Sustainable Beef Production, adding to our strengths in this field.

The awards did not end there, with the BSAS best poster going to postgraduate research student Rashed Chowdhury for his research showing that reducing the dietary protein content in dairy cow diets based on lucerne and maize silage does not affect performance but improves nitrogen use efficiency. Furthermore, 4 out of the 6 finalists for the BSAS Industry Award were from Harper Adams.

There are increasing concerns that many arable soils in the UK are below the optimal soil pH for arable cropping due to inadequate liming. Our researchers helped demonstrate that by not looking at liming strategies, growers could be foregoing potential long-term profits for short-term savings.

The study, co-authored by our Elizabeth Creak Chair in Agri-Tech Economic Modelling, Professor, Karl Behrendt, and St Andrews-based Dr Jonathan Holland, used data from long-term trials run by Rothamsted Research between 1962 and 1996 to determine the economic benefits of long-term liming strategies. Using data from two sites, Rothamsted and Woburn, an additional economic gain of £436 per hectare per year at Rothamsted and £208 per hectare per year at Woburn was found when adopting the most profitable liming treatments, compared to a zero-liming approach.

Having graduated from the University in 2019 with a degree in Food and Consumer Studies, Millie Preece has continued to engage with the agri-food industry by undertaking a PhD, supported by the Midlands Integrated Biosciences Training Partnership (MIBTP), of which the University is a member. She is researching how milk from different dairy cattle breeds affects the cheese making process and maturation by investigating the differences in milk composition between breeds, their cheese making ability, and analyses of the cheese, including organoleptic properties (the senses experienced when eating). Commenting on the initial stages of her project, Millie said that: "In the UK, especially following Brexit, I think it's even more important that we promote British agriculture and produce our own food to become more self-sufficient as a country. I think that the global pandemic has helped many local producers and businesses as more individuals have turned to buying produce locally. This is reducing our carbon footprint and benefiting the agricultural economy; I think it will also

provide additional opportunities for new businesses to grow and others to develop."

In the run up to the UK's departure from the EU, there was also concern about the impact of future international trade agreements on UK agriculture. A team from our Land and Agri-business Management Department will be working with the Agriculture & Horticulture Development Board (AHDB) over the next 3 years to employ the University's International Agri-Food Trade Network (IAFTN) model, which better reflects the important dimensions of agricultural and food chains across and between countries. Senior Lecturer in Applied Farm and Rural Economics, and developer of the model, Dr Daniel May, said: "We know in the real world that markets, food chains and trade do not operate under perfect competition - which is the core assumption to previously used trade models. Given the market power of intermediaries such as large supermarket chains and different sized markets, as well as the multitude of trade agreements the UK and their trading partners can have with other countries, simple country to country perfect competition trade models fail to take these realities into account. Our novel trade network modelling approach considers trade agreements in a world with imperfect competition."

Other areas of our research are related to the social sciences, and, in particular, issues facing rural communities. In one example, Dr Kreseda Smith's work on rural crime was recognised with a shortlisting in the 2020 Times Higher Education Awards. The research sought to identify key factors affecting farmers' attitudes and beliefs towards farm crime, its prevention, the police and insurers. It also prompted a concerted outreach effort by the University's Rural Security Research Group to foster collaboration between the police, farmers and other agencies. The recommendations have since been implemented by a number of police forces and farmers around the UK.

Professor Mike Theodorou was amongst a group of authors to have a paper published in Nature Microbiology. The research, investigating the "Genomic and functional analyses of fungal and bacterial consortia that enable lignocellulose breakdown in goat gut microbiomes", was conducted with colleagues from the University of California, Santa Barbara (UCSB) and the Department of Energy Joint Genome Institute, Lawrence Berkeley National Laboratory, in Berkeley, California. The paper was featured on the front cover of the journal in April 2021. Commenting on the paper, Professor Theodorou said: "In a similar way to how humankind has adopted yeasts (also fungal microbes) to produce beer from cereal grains, we are investigating the possibility of harnessing digestive tract fungi to produce biofuels, ethanol, hydrogen, methane, from cereal straws. Our intention is to use these microbes in an industrial process, producing fuels from plants, moving us away from fossil fuels and towards a greener future."

Promoting Collaboration

Professor Theodorou's work was underpinned by collaboration with other academic partners. As he said about his co-authored Nature Microbiology paper: "In achieving our goal, we cannot underplay the importance of our long-term collaboration with the UCSB, linking undisputed expertise in agricultural sciences at Harper Adams with unrivalled prowess in Chemical Engineering at UCSB." In other parts of this report it will be seen that the University works with many external partners, in many different ways. This section provides some further examples of our activities over the last year.

We were pleased to learn that a fully-funded MSc in Plant Pathology had been offered to the University to mark the 40th anniversary of the British Society for Plant Pathology. The selected student, in 2021/22, will secure free membership of the society for the next two years, and will gain the chance to present their research at the British Society for Plant Pathology's Presidential conference, as well as having their course fees covered and a stipend to assist with living expenses. Sponsors of our students have been extremely generous over the years and we hope that by working closely with them we can continue to support the delivery of essential skills to industry whilst providing opportunities for students to progress in their chosen discipline.

In another example of this form of collaboration, the Duchy of Lancaster extended its annual scholarship programme to add a placement opportunity for a student on our Rural Estate and Land Management or Rural Property Management degree programmes. The successful student will work with the Duchy's in-house team of rural surveyors to deliver property management services on behalf of the Duchy of Lancaster. Carol Hawkey, the Duchy's Head of Rural Investment, said: "The Duchy of Lancaster values its ongoing relationship with Harper Adams University and is now offering an exciting opportunity to link the usual annual scholarship with a new placement position."

The University's work with industry requires staff able to relate to the issues faced by those in business and the professions. The Harper & Keele Veterinary School continued this approach with the appointment of Dr Jonathan Statham MRCVS, as Professor of Sustainable Livestock Health & Welfare. The appointment will complement the work of Dr Statham as Chief Executive of RAFT Solutions Ltd, a research, training, advanced breeding and consultancy company active in the fields of sustainable livestock production and food futures. Professor Statham will lead on sustainable livestock production as one of the key strategic areas for Veterinary School. This will include integrating sustainability into the teaching of production animal studies across the five-year programme. In addition, he will work with researchers at both Harper Adams and Keele universities with interests in sustainability, to bring clinical and industry expertise to current and future research.

A set of valuable journals, textbooks and reports about animal health, from a collection built up over 80 years, was generously gifted to the Harper & Keele Veterinary School in March. Thanks to the generosity of its former Deputy President, The Lord Kirkham CVO, The Animal Health Trust Library was relocated to the Harper Adams University campus, where it will be known as The Lord Kirkham Collection from The Animal Health Trust. A display featuring items from the collection will be housed in the University's new Veterinary Education Centre. The remainder of the collection will be managed by The Bamford Library at Harper Adams, to provide access for students studying veterinary medicine, nursing, physiotherapy and biosciences.

Collaborative work by our recently retired Head of Animal Welfare, Production and Veterinary Science, Carwyn Ellis, was recognised by the award of Outstanding Contribution to the Industry by the Animals Medicines Training Regulatory Authority in late 2020. Carwyn had contributed over many years as an observer on the AMTRA Council, and played a pivotal role in developing CPD programmes for the industry.

The University is partnering with Barclays Eagle Labs to deliver a 10-week pre-accelerator programme for AgriTech businesses in summer 2021. The fully funded programme will include a series of half-day workshops, with topics ranging from vision and sustainability to upscaling production and routes to market. In addition, for the duration of the programme, participants will gain access to the facilities and services of the UK-wide Eagle Labs network, which includes co-working and 'makerspaces' for rapid prototyping, with equipment including laser cutters, 3D printers and electronics stations, as well as exclusive access to community events.

The University's Urban Farming Group, which is coordinated by Dr Laura Vickers, launched a partnership with the Bristol-based indoor farming company, LettUs Grow, to investigate different technologies and irrigation systems within greenhouse and vertical farming settings. A long running trial, which will span across most of 2021, is exploring the environmental impact and comparing growth data from two irrigation systems, aeroponics and hydroponics, in different settings: an aeroponic vertical farm and greenhouse, and a hydroponic greenhouse. Ricardo Lopes, Research Scientist at LettUs Grow and the company's research lead on the project, said: "There is huge potential in the opportunity to combine the precision of high-tech greenhouses with optimised aeroponic irrigation - meaning we could offer the plant the exact amount of water it needs, when it needs it, alongside the unique environmental control of greenhouse technology. The prospect of using aeroponics to decrease water usage within greenhouses could be a very important step in making greenhouse production even more sustainable and less energy demanding."

Our undergraduate students have also been engaging with others outside the University to conduct their research programmes. In one example, Agriculture student Elsa

Amiss studied the views of professionals working in both education and agriculture to identify ways to deliver farm education for all – a vital topic in explaining food production to consumers and determining ways in which we can encourage more young people to consider career opportunities across the food chain.

And with a similar objective in mind, especially during a year when the experience of school students has been so disrupted, the University launched an online programme of support. School and college students were offered a series of online sessions to overcome the challenges of delivering Higher Education advice and guidance during the pandemic. *Harper Advance* was developed by the University's schools' outreach team who would normally visit students up and down the country to deliver in-person talks and workshops. Online sessions have included discussions on university fees and funding, finding the right course, and a spotlight on the careers and opportunities offered by courses at Harper Adams. Rachel Brookes, Widening Participation Officer, said: "The team began the project in recognition of the difficulty schools currently face in planning outreach and 'Information, Advice and Guidance' (IAG) sessions. We hope *Harper Advance* will connect with schools across the country, keeping students engaged and informed about their university options and how they can access degrees that will open doors to exciting and fulfilling future careers. But the sessions are not just open to students. They will be also be helpful to teachers, careers advisors, parents and carers: anyone supporting the career journey of young people."

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 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 University worked with the NFU to bring farming to children learning at home during the pandemic through the NFU's Farm Live lessons initiative. In British Science Week, the NFU brought together a range of scientific collaborators to showcase the use of technology in modern farming. Exploring a range of STEM projects as well as the work of vets and climate scientists alike, the event offered a chance for schoolchildren to engage in different projects while still working towards the National Curriculum.

In further association with the NFU during 2020/21, four Harper students - both past and present - were selected as NFU Student and Young Farmer Ambassadors. Undergraduates Katie Smith and Joe Bramall, and alumni Josie Troop and Matthew Rollason, were four of the eleven ambassadors chosen to represent the NFU to

promote British farming. The NFU programme offers a platform to young people with an interest in farming and rural affairs, seeking to share their knowledge with others about the future of farming. By creating a network across England and Wales, the ambassadors have been able to experience different aspects of the agricultural industry and employ social media to share their discoveries with likeminded individuals.

We opened up opportunities on our courses to broaden participation in key subjects. One example was the expansion of gateway routes for students wishing to progress to study veterinary medicine in the Harper & Keele Veterinary School. In addition to offering the Extended Degree in Veterinary Bioscience (with Access to Veterinary Medicine), which provides a preparatory "year zero" before students are assessed for entry to the School, there is now an option to progress following an outstanding performance in the first year of a range of other animal science degrees. Commenting on the development, the Head of the Veterinary School, Matt Jones, said: "The benefit of offering progression from other degrees is that students who might not have been accepted onto a veterinary medicine degree this year will not have to complete an entire undergraduate degree before trying again, as many currently have to do."

The University has also taken positive steps to address the future relationship of farming practice and environmental management. At the start of the academic year we launched a new undergraduate course in Environmental Land Management. The course is intended to enable students to make informed and evidenced based decisions on a range of current issues facing the UK. These include improving air, water and soil quality, increasing biodiversity, climate change mitigation and improving the protection of historic environments and the wider landscape. In late 2020 the course was accredited by the RICS, so that students completing the Harper Adams degree will be eligible to enrol on to the RICS Assessment of Professional Competence when they graduate and begin to work towards achieving chartered surveyor professional status.

The last year also saw the completion of the first cohort of students from our unique specialist postgraduate certificate in Plant Health and Biosecurity. This has growing importance with ever increasing global trade of plants and plant products and the general movement of goods and people across the globe. In response to demand identified in the 2014 government Biosecurity Strategy, the University created the programme to provide a formal qualification for Plant Health and Seed Inspectors. The first part-time students, all employed by Defra and other plant health organisations, commenced their studies in 2018 and graduated in 2020.

The expertise of our staff is being drawn upon to help boost excellence in research at Higher Education institutions around the UK. Claire Toogood, a Lecturer in the Land and Agribusiness Management Department, was appointed to the HR Excellence in Research peer review team by Vitae – a

global leader in supporting researchers' professional development. Claire is part of a UK-wide group of experts from which Vitae will draw when examining institutional submissions for the HR Excellence in Research award – which gives public recognition to research institutions that have made progress in aligning policies in accordance with a set of key principles that support best practice for researchers across the sector.

Innovating, informing and inspiring

As noted earlier, our work on agricultural technologies has continued this year, with the Hands Free Farm making good progress in the development of an autonomous crop farming system. However, the wider adoption of such technologies needs to be undertaken within an appropriate framework for their use. This was a topic taken up by the University's Global Institute for Agri-Tech Economics (GIATE) with the support of the Agri-EPI Centre in December 2020, in an online meeting involving agri-tech entrepreneurs, agricultural researchers, farm machine engineers and government health and safety officials. The discussion sought to explore ways in which a code of practice for autonomous crop equipment could be created for the UK, and whether the draft Australian Code of Practice for Autonomous Crop Equipment could be adapted for conditions in this country. Following this session, in February 2021, Professor James Lowenberg-DeBoer, Elizabeth Creak Chair in Agri-Tech Applied Economics, highlighted the current use and regulation of crop robots across Europe in a presentation to the Bavarian State Research Centre for Agriculture. The presentation drew upon work Harper Adams staff have completed in collaboration with colleagues in the UK, Europe and the United States. The British Standards Institute is starting the process of creating a code of practice for autonomous crop equipment in the UK, based on some of the findings presented during the session. This work will be supported by academic staff at Harper Adams, who will provide technical analysis as the code is developed and examine the economic consequences arising from various code of practice rules.

The International Network for Economic Research and GIATE held their third Symposium early in the academic year, with a focus on Agri-Tech Economics for Sustainable Futures. It was a sign of the global reach of the Symposium that over 150 participants from 30 countries had registered to attend this virtual event. With 30 papers and presentations from across 17 countries there was significant interest in creating a greater understanding of how technology and economics can be brought together to tackle themes such as sustainable landscapes, precision agriculture, improving productivity and encouraging the take up of technologies in farming practice. The introductory speakers included Phil Bicknell, Market Intelligence Director at AHDB, and Tom Bradshaw, Vice President of the NFU, providing a helpful link to the world of agricultural practice.

The University has an active soil health research programme. The research is evaluating claims surrounding new agri-technologies, including the efficacy of biostimulants and agro-chemicals, and investigating the impacts of novel soil management methods. This work includes research into the impacts of different approaches associated with conservation agriculture, investigating the effects of novel organic amendments, such as digestates and humates, when applied to soil and identifying best practice in terms of cover crops (species mixtures, timing of establishment, and legacy effects on subsequent crops). By linking this research into our undergraduate teaching programme, we ensure that our Agriculture students graduate with a robust knowledge of both traditional and contemporary approaches in farming. This ensures that our graduates can both appraise the health of soils where they farm, and know the steps required to maintain or improve soil health to ensure that they farm sustainably. In the last year, our research was shared more widely with the general public, providing information on soil health and sustainability in the agri-food chain, by Dr Simon Jeffery, Reader in Soil Ecology, presenting an online guest lecture at the Darwin Shrewsbury Festival.

Our work on soil health is supported by an internationally unique long-term replicated experiment looking at the effect of traffic and tillage on soils, crops and farming economics. The Traffic & Tillage Project is a long-term plot experiment (36 plots of 80m x 4m) established in 2011. It investigates soil properties and crop performance resulting from three traffic systems (Controlled Traffic Farming, Standard Tyre Pressure, Low Tyre Pressure) across three tillage depths (250mm, 100mm and no-till). The same pattern of very precisely applied vehicular traffic has been used every year since the beginning of the project – thanks to RTK (real-time kinematic) positioning – followed by tillage and drilling operations. Despite the pandemic, and difficult weather conditions, the latest drilling took place in October 2020. Commenting on the trials Dr Paula Misiewicz, Senior Lecturer in Soil and Water Management said: "Over the last nine years we have observed how these soils have improved as a result of reduced trafficking and tillage", underlining the importance of different agricultural techniques to managing this vital resource.

Aspects of staff research, with a link to the pandemic, hit the national media at various stages during the year. In one example, a project conducted by Dr Ellen Williams, prior to joining the University in early 2021, looked at the impact of the first national lockdown on meerkat behaviour in zoos. The results showed that positive social interactions with one another, such as play and social grooming, increased once the public could visit again. At some zoos there was also an increase in positive human-animal interactions, and the meerkats demonstrated an increase in alert behaviours, such as vigilance, when zoo visitors returned.

In January, the Moredun Research Institute and the University held a joint virtual event on Livestock Health & Welfare. The meeting, which was open to farmers, vets and members of the general public, enabled some of the latest

work to be presented on the development of diagnostic tests for disease control and animal disease surveillance schemes, and on a One Health approach to disease pandemics. Dr Philip Robinson chaired the meeting, and Hannah Shaw gave a presentation on livestock health.

We addressed the debate about dietary choice in early 2021, with our Deputy Vice-Chancellor setting out the evidence behind sustainable farming systems that support a balanced diet of meat and plant products. Professor Lee also explained the case for sustainable agriculture in an international television debate broadcasted around that time, and, later in the year, on BBC Radio 4's Farming Today.

Other staff took to the airwaves during the year, with Jonathan Gill appearing on BBC Radio Shropshire to highlight the role of drones in farming and rural applications and Russell Readman on the BBC Radio Ulster 'Farming Matters' programme, alongside colleagues from CAFRE and the Royal Agricultural University, to discuss the forthcoming year at university and how to apply for places at Harper Adams.

We brought a range of external speakers into the University to give presentations to our students and staff in our online New Horizons Lecture Series. Our guest lecturers, who spoke about their work and their views on the post-pandemic environment, included the Chair of the AHDB, the President of the NFU, the President of the British Veterinary Association and the President of the British Veterinary Nursing Association, as well as leading figures from industry.

Our activities in agricultural technologies have continued in a collaboration between our Engineering staff and the Westfield Technology Group. The joint project used advanced technology to develop and test an autonomous freight-carrying drone, known as the AirPOD. Funded by the Niche Vehicle Network Proof of Concept Technology Transfer Competition, the drone could help to improve the accuracy and timeliness of the delivery of medical and farm supplies to locations that might ordinarily be difficult to access. The project developed, and autonomously operated, a small-scale AirPOD, capable of attaching and moving goods to precise locations to improve 'last mile' delivery in remote settings.

Our Engineering students provided a different form of inspiration in one of their real-world projects this year – by attempting to design and build equipment that will be used in the latest bid to set a new cycling land speed record in 2021. Despite adverse weather conditions, British cyclist, Neil Campbell, reached a top speed of 174.3mph at Elvington Airfield in Yorkshire in August 2019, setting a new men's cycling land speed world record. University lecturer and aerodynamics engineer James Croxford, supported the 2019 record, and has enlisted the help of four MEng Automotive Engineering students to design an aerodynamic 'slipstreaming' shelter to protect Neil, for their group research project and the next record attempt.

Engaging communities and working in partnership

Early in the academic year the University, through the work of Paul Lewis and colleagues, was awarded a major training contract by the Environment Agency. The delivery consortium is being led by the University and involves the GWCT Allerton Project, ADAS and Heathside Consulting.

In December, the University was the lead educational partner in the first New Scientist Live virtual event, based on the theme of the Future of Food and Farming. The event was a great success, both in terms of our contributions to the main panel discussions, and in our 'room' that featured a wide range of presentations and activities about the University's work. Professor Michael Lee contributed to a panel debate on the impact of modern farming that attracted an audience of nearly 290 people, whilst Kit Franklin's session on robots in farming topped 920 viewers. Both these, and other sessions, received very positive feedback.

We continued our commitment to helping young people into higher education through the Care Leaver Covenant. The extensive support network on offer to students who have had experience of the care system includes mental health support, confidence building and a contextualised offer scheme, to reduce entry requirements for those who are aged between 16 and 25 who have been in care, recognising that care leavers' studies might have been disrupted. The pledge also includes a suite of careers advice and support to ensure applicants from all backgrounds are able to access higher education to enable them to pursue their academic and career ambitions. The University has supported an online conference and is working with charities to create stronger networks for those leaving care.

Our placement students work within a range of companies and professions, and contribute to our partnership agenda by supporting their business activities. In one example, Engineering student Adam Stephen made a significant contribution during his placement year by successfully improving the Overall Equipment Effectiveness (OEE) of Muller manufacturing, thereby creating sustained improvement to the Telford branch of the business. Beth Simpson, Continuous Improvement Manager at Muller Telford, commenting on Adam's work, said: "His improvement activities included a significant reduction in line downtime, contributing to the improved efficiency to manufacture on site...Through identifying, sharing and implementing improvements in the planning process at Telford, the site is now seeing a significant increase in Overall Equipment Effectiveness (OEE)."

Our partnership activities also extend to adopting new methods of teaching practice. We entered into a partnership with Altus Group, a leading provider of industry-standard software solutions for the real estate industry. Securing the partnership has given students access to an important software resource used in industry, enabling the university to introduce students to hands-on experience of valuation, creating financial models and performing feasibility studies.

Four Harper Adams University experts were among those serving on the judging panel for the 2021 Rural Business Awards national finals. Each helped select the winners of this year's awards, which often go to small businesses overcoming day to day challenges to grow and develop. Both founders of the Rural Business Awards, Jemma Clifford and Anna Price, have worked with Harper Adams students, with Jemma running workshops on digital marketing and Anna speaking in this year's New Horizons lecture series. The Land and Business Management team at the university have several years' association with the awards, hosting regional judging events on campus in previous years and working behind the scenes as judges.

In November, a number of alumni gathered for a brief celebration of the centenary of the creation of the Harper Adams Club. The Club was formed with an initial membership of around 40 students on 30 November 1920, at a meeting held at the Grand Hotel in Birmingham. The current Club Chair, Simon Jones, gave us a potted history of the Club and there were various stories about past events shared by those attending the virtual meeting. Further celebrations of this major landmark in the history of the Club took place later in 2021.

Building International Connections

In October, Reader, Matthew Back, was appointed as consultant on an Erasmus+ funded project seeking to develop the discipline of nematology in Sub-Saharan Africa. The main objective of the NEMEDUSSA project is to promote and develop the discipline of Nematology on the African continent. In particular, the project will be looking to build new Nematology orientated curricula in Higher Education institutions and to embed a greater amount of the discipline in existing programmes of study.

The University was also successful in another Erasmus+ mobility bid, securing funding to support students and staff travelling to learn and teach in Africa. Edmore Mashatise, Lecturer in Sub-Saharan and Tropical Agriculture, said: "The grant will provide resources for staff exchanges between Harper Adams and the University of Mpumalanga (UMP) in South Africa, our partner in this project. UMP is one of only two new universities established since the fall of apartheid in South Africa." The school of Agriculture and Natural Sciences is the biggest at UMP, contributing about 60% of the entire student population of just under 3,000 students.

Professor James Lowenberg-DeBoer secured a grant from the Arts and Humanities Research Council (AHRC) to partner with counterparts in Colombia to seek solutions to agricultural conflicts in the Ariari region of Colombia in the eastern foothills of the Andes Mountains. The AHRC funding was part of its Global Challenges Research Fund (GCRF) Conflict Intersections Development Awards.

Two new Harper Adams University graduates were selected to receive Helmut Claas Scholarships against global competition. The CLAAS foundation held an online presentation to announce the winners of the Helmut Class

Scholarships, which are usually presented during a ceremony at the CLAAS headquarters in Harsewinkel, Germany. Students who have studied engineering, agriculture or food-related subjects are invited to apply for the awards based on their bachelor thesis. We were delighted to learn that that Abigail Allen, who studied Agriculture, was awarded a scholarship for her thesis entitled "Investigating the Allelopathic Properties of *Fagopyrum esculentum* Moench (Buckwheat) as a Method of Weed Suppression of *Alopecurus myosuroides* (Black-grass)". In 2020/21 Abigail returned to Harper Adams to complete her MSc in Agricultural Sciences and Production Systems. Fellow graduate, Hannah Baldwin received a bonus award for her thesis entitled "To investigate the effect of hanging duration on microbial levels of eviscerated carcasses and organoleptic properties of cooked whole turkeys". Hannah studied Agriculture with Animal Science.

In February, we took part in a China-UK Education Online Gathering organised by the Chinese Embassy in the UK. The event was to celebrate collaborations between UK and Chinese educational institutions and also to mark the Chinese New Year with a series of performances by students from both countries. The event attracted over 250 participants and many of the speeches reflected on the cooperation of both educational systems in tackling the Covid-19 pandemic.

Although our short course for students from Africa, supported by the Marshal Papworth Fund did not run this year, it was good to see one of the students supported by the Fund's MSc scholarship programme featured in the Farmers Guardian in March. Sheila Zulu works as an agronomist and trainer at the AGCO Future Farm in Zambia and the article covered the work she is doing to employ biological controls to tackle the problem of fall armyworm in maize crops. The intention is to help small-scale farmers who produce around 80% of Zambia's food, but who are most at risk from crop failure.

In the same month, the Farmers Guardian carried an article about Pilar Pampin, our Bill Allen Memorial Scholar, who is from Uruguay and who has been studying a Masters degree in agroecology. Pilar intends, in due course, to implement sustainable farming approaches back home. The article provided a great overview of the farming practices being adopted by Pilar's family and the general situation with regard to farming in Uruguay.

In February, to help extend our international activities, the University partnered with NCUK, a consortium of leading universities dedicated to supporting international students in their progression to universities worldwide. Offering pathway qualifications, NCUK has a global network of over 80 Study Centres in over 30 countries, enabling international students to move on to higher education across the globe. Since 1987, the organisation has helped more than 35,000 international students join university courses.

Our international partnership working also led to the announcement, in May, that the second Africa Agribusiness

Qualification (AAQ) programme will launch later in 2021. The programme, supported by the AGCO Foundation, will see the University work with The Gordon Institute of Business Science which will facilitate the programme, whilst technical expertise and support will be provided by AGCO South Africa and the Cerealis Technology Institute in South Africa.

Planning for the Future

Throughout the last year, and despite the pandemic, we have again demonstrated the high quality of our academic activities, reflected in the many awards and achievements of our staff and students, some of which are highlighted in this report. However, we remain of the opinion that the impact of the Covid-19 pandemic will be long lasting and will change the way in which universities have to respond to longer-term strategic objectives.

We have already taken steps to reshape some of our academic activities to focus our efforts on the main objectives of our Strategic Plan. Our work on sustainability, and our continued connections with industry and the professions will enable us to provide relevant skills and knowledge to equip our graduates for the road ahead. Our research will also be directly relevant to a number of major global challenges, including those of food security, climate change and improving standards of animal health and welfare.

We continue to face a number of uncertainties in the Government's commitment to the higher education sector and ways in which institutional performance will be measured. We will endeavour to play our part in contributing to these changes and performing to the best of our ability as a leading institution in the UK higher education sector, and as we all emerge from the impact of the global pandemic. In the meantime, we are working on the next stage of development in our approach to learning and teaching, a review of our curriculum which will build on some of the lessons learned during the last year and on new ways of working for our staff and students. In the coming months we will learn about the outcome of REF2021, will hear more about the evolution of the Teaching Excellence Framework (TEF) and will see what lies ahead in terms of funding and other aspects of Government policy for the higher education sector.

The last year saw the retirement of our Deputy-Vice-Chancellor, Professor Peter Mills, our Director of Academic Services and Academic Registrar, Dr Abigail Hind and our Director of Learning, Teaching and International, Andy Jones. I should like to thank them for their service to the University over many years, and for their positive contributions to the University's leadership. We have created a new Senior Management Team who will lead the institution on the next stage of its journey and who have already demonstrated the ambition and skills required to ensure that the University remains at the top of its game.

As the current academic year draws to a close we have much to celebrate about our institutional performance over the last year, but also much more to do. In that process we will continue to develop Harper Adams as the leading specialist University in our subject area and a place where our students, and innovation, will continue to thrive.

This is my last annual report and it has been a pleasure to reflect on the many achievements of our students, and my colleagues, in summarising all we have done in the most difficult of circumstances over the last year. I wish them all well for the future and I hope that my successor, Professor Ken Sloan, will find his period in office as enjoyable and fulfilling as I have during my time at Harper Adams

Dr David Llewellyn
Vice-Chancellor retired
31 July 2021

Strategic Review

The financial result for the year has been affected by the Covid – 19 pandemic which the University has carefully navigated for the year. Resources have been carefully managed to ensure that students and staff have the equipment and infrastructure to continue adapt to different ways of working.

The University saw positive taught postgraduate and degree apprenticeship recruitment in 2020/21 whilst there was a downturn in domestic undergraduate recruitment. The reduced recruitment of undergraduates is believed to be due to a combination of factors including: late changes of A-level assessment in late August 2020, uncertainty in the farming sector about the UK's departure from the EU, and the anticipated impact of pandemic management measures and their impact on student experience. Our research activities and knowledge exchange work, whilst disrupted by the pandemic, have nevertheless continued. However, in a challenging operating environment the opportunities to utilise on site facilities and services to generate revenue were significantly curtailed as a result of the Covid-19 pandemic. The overall 2020/21 results show overall income at similar level to the previous year whilst there being an improvement in the operating deficit at near break-even with the University carefully controlling expenditure for the whole of the year. In navigating the national lockdowns that extended from late November to March the University carefully assessed course by course and cohort by cohort which students were on campus and which were not whilst ensuring learning objectives and outcomes were met again resulted in reduced student and staff related income. Furthermore, the LGPS actuarial valuation increased pension charges by £350k to £2.45m above that seen in 2019-20.

The financial strategy is an integral part of the University's overall Corporate Plan and is essential to achieving its 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 medium-term financial strategy for the university is to generate operating cash in excess of 14% of income

Scope of Financial Statements

The financial statements for the year ended 31 July 2021 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 2019. The financial

statements summarise the financial position and performance of the institution, together with the referenced notes to the accounts. These comprise:

- 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 government capital grants deferred of £12m is reported as a long-term creditor whilst the likelihood of the liability crystallising is extremely unlikely, only in the event of institutional failure.

Results for the Year

The University group report a deficit of £159k after taxation, (2019/20 deficit: £1,207k).

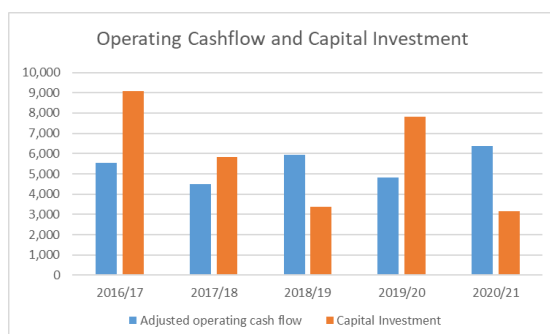
Income has remained at very similar levels to 2019-20 despite the opening of the joint vet school with Keele University in September 2020 with an intake of 118 students, 50% attributed to the University equivalent to £1,145k. Income remains £3m below that seen in 2018/19 which is due to Covid-19 impact on commercial revenue, together with their being £1m endowment received in 2018/19 that was accounted for as income in that year.

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	2020/21	2019/20
Operating Surplus / (Deficit)	0.4%	(2.8%)
Surplus / (Deficit)	(0.4%)	(2.9%)
Staff Costs	60.5%	61.3%
Operating Cash	15.2%	11.7%
	£'000	£'000
EBITDA	5,230	3,823
Operating Cash Generated	6,358	4,803

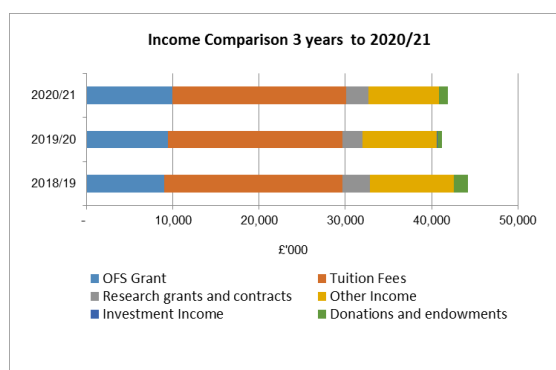
Under FRS102 presentation, operating cash generation is one of the key indicators of financial sustainability and the ability to continue to invest and deliver a high-quality

experience for our students and staff. In the current year underlying capital investment was restricted, to completion of the Veterinary Education Centre a total investment of £8.6m. The overall investment in veterinary science and animal health facilities including increase of animal handling facilities is currently totals £9.56m.



Income

Total income increased by £0.7m, in comparison with the 2019-20, whilst still below pre-pandemic levels seen in 2018-19 which included the recognition of a £1m endowment in which is retained to generate investment income to fund studentships and other scholarships.



Accommodation fees for on campus resident students were waived for students unable to return to campus for the second term at the beginning of the year as a result of the pandemic related National lockdown. Whilst in 2019-20 residential fee waivers were made for the third term. The Covid-19 pandemic has limited the opportunities for the University to generate other income through catering, accommodation and event management. Disruption was also seen in the operation of short courses with some teaching delivered online, however due to the practical nature of these courses some teaching has to be face to face and this has had to be delivered to smaller groups leading to delays. Some conference events were able to recommence for restricted numbers in July 2021.

Other contracts were also delayed, such as schools' engagement through UniConnect.

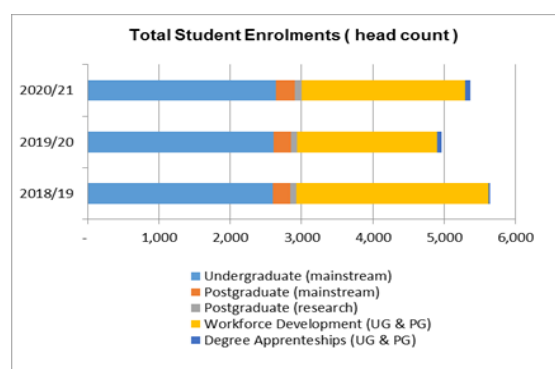
The University claimed Furlough grant under the job retention scheme in respect of the contracts disrupted due to Covid-19 from March 2020 to July 2021 totalling £200k in 2020-21 (2019-20 £317k).

The University was awarded an increase in its third year of HEIF grant of £489k (2019-20; £428k) from Research England to recognise knowledge exchange activities with corporate clients.

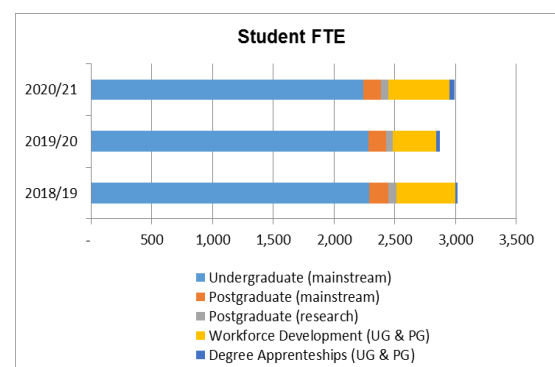
On site practical research activity did suffer some disruption and there were delays experience in contracting with grant awarding bodies disrupting the commencement of work. Consequently, research income remained at similar levels that seen in 2019-20 at £2.6 m.

Applications offers and enrolments

The University maintained overall student enrolments at similar levels to previous year with a small increase of undergraduates due to improved student retention, whilst first year recruitment was challenging whilst the vet school opened and exceeded recruitment targets with a total of 118 students commencing studies in the joint school, 50% attributed to Harper Adams University. The third cohort of apprentices were recruited with close liaison between the University and employers.



Work force development activity which is based on individual module delivery to provide industry training and CPD has been severely disrupted due to Covid-19, which can be seen in the student enrolments. Due to the part time nature of these courses the overall FTE reduction is limited.



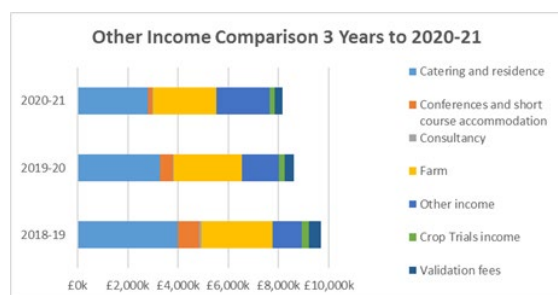
Research Grants and Knowledge Transfer

Further successes in winning research and consultancy contracts were achieved, with 61 contracts awarded at a value of £2.8m in the year (2020: £3.3m), and projects in the year generating income of £2.6m (2020: £2.3m). Disruption to activity as a result of the pandemic together with difficult ground conditions across the autumn and winter adversely

affected the activity in the year. Research is often undertaken in partnership with industry which enables this work 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 works closely with industry to support industrial research and innovation, and build the capacity of the University to increase the involvement of science and technology in farming practice, whilst also developing, through innovation, new products and markets to support economic development.

Other Income



The pandemic and the restriction measures required has restricted the opportunity for the University to generate additional income from its facilities and infrastructure with conferences normally held during academic vacations with the campus established as the venue for a number of annual conferences. Many groups have held their events for many years at the University and have started to return to the campus in July when groups have been able to be welcomed back to the University often with numbers restricted to ensure groups operate a Covid secure way.

The University has over 800 student rooms on campus providing a full range of accommodation which is managed and operated by the University. Residential income is offered primarily to first year students and international students. With reduced first year recruitment in September 2020 and restrictions for International student travel occupancy was below the target of 95%. Income was further reduced as a result of the National lockdowns and specific guidance issued to Universities in November 2020 resulting in many students returning home before the end of the autumn term and with only partial return during the course of the Spring term, with all students only returning after Easter. The University agreed to reduce accommodation and catering fees for students who were unable to use their accommodation during this period, having taken into careful consideration the financial consequences of this decision, by ensuring that financial sustainability could be maintained and balancing this consideration against the moral obligation to students who were unable to access the services due to government restrictions.

Major developments and investment during the financial year

University capital investments amounted to £3.14m, which included a series of estates and IT infrastructure projects

were delivered to improve the resilience and capacity of these systems.

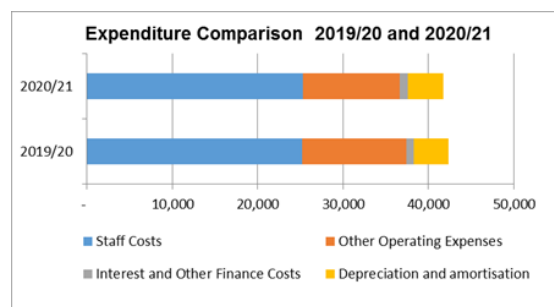
The Veterinary Education Centre was completed in December 2020. Total investment by the year end on veterinary and animal sciences teaching facilities amounted to £9.5m, of which £2.6m has been incurred in 2020/21. The first cohort of veterinary medicine students recruited by the Harper Keele Vet School commenced their studies in September 2020.

The University received £143k Research World Class Laboratories capital grant from Research England which enabled investment in laboratory equipment specifically to support research activity at the University.

Investments in educational technologies and communications were also a priority, to ensure that the overall learning experience and the administration and management at the University could continue despite the pandemic. The University transitioned to Microsoft Teams for telephony having previously operating on an analogue system.

Expenditure

Due to the pandemic and disruption to the normal operation of the University operational expenditure was constrained and has reduced to £41.7m from £42.3m in 2019/20.



Pay costs represent the largest single element of the University's expenditure, with an overall increase of 0.36%, at £25.3m equivalent to 60.5% of income. This includes 50% of joint vet school related costs which have increased in the year from £210k to £473k

This includes costs associated with a Mutually Agreed Resignation Scheme of £0.5m, whilst staff FTE was reduced by 16 FTE.

2020-21 was the first full year of the impact of increases in both Teachers Pension Scheme (TPS) and LGPS schemes. Employer contributions to TPS scheme were increased in September 2019 from 16.3% to 23.68% increasing pay costs for a year by year by £500k. The University is required to participate in the TPS for academic staff. Following the Local Government Pension Scheme (LGPS) triennial valuation in 2019 an uplift of 2.1% to 16.48% for employer contribution was agreed from April 2020.

The University is required to recognise an actuarial valuation in accordance with UK accounting standards for the LGPS scheme. The result of the valuation impacts staff costs, interest costs and pension liabilities represented on the Balance Sheet. The LGPS pension charge totals £2.43m (2020: £2.18m) including interest.

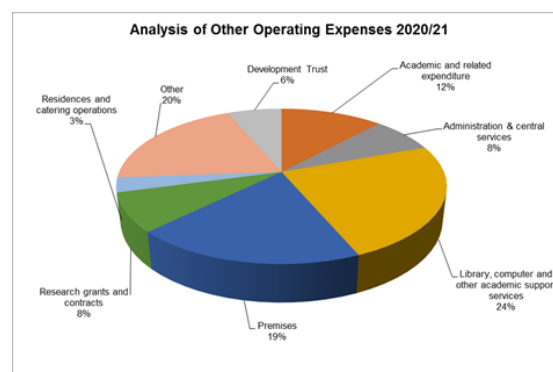
LGPS pension costs for support staff recognise the annual costs of pension deficits as estimated by actuarial valuations, increasing staff costs by £1.9m (2020: £1.6m) and £538k (2020: £514k) of interest charges. The charges include charges recognising the McCloud case, based upon equal pay post 1990 where guaranteed minimum pension benefits are required to be equalised (GMP). GMP affects schemes contracted-out on a salary-related basis between 1978 and 1997. The minimum pension benefit between April 1978 and April 1997 was intended to replicate the SERPS benefit given up by contracting-out. Government legislation dictated how GMP was to be calculated and when it would become payable. Since 1990, the law required pension benefits to be equalised between men and women except state pensions which would not be adjusted.

However, issues arose as the SERPS benefit being replicated by GMPs lead to inequality for men and women. For example, SERPS benefits become payable to men and women at different ages (65 and 60 respectively) thus the rate at which the benefit is accrued differs.

The University has opened a Group Personal Pension plan with Scottish Widows in the year with professional services staff joining the University offered this scheme.

The University has during the year undertaken some departmental structural reviews with restructuring costs of £140k committed during the course of the year. The University participates in national pay awards as agreed by UCEA on behalf of the Higher Education sector, where a cost of living increase was not offered for 2020-21.

The University is an apprenticeship levy-paying employer incurring a levy of 0.5% of its salaries less a £15,000 annual allowance, into an apprentice account. The funds in the account, topped up by 10% from the government, can be invested only in the training and assessment costs associated with university staff apprenticeships. In 2020/21 the University invested 43.3% of the available funds to provide apprenticeships to 12 employees. In 2021-22 the University is projected to invest 34% of available funds to provide apprenticeships to 6 employees. Apprenticeship posts continue to be promoted across the University.



Other operating expenses were reduced by £800k, in the period, to £11.3m from £12.1m in 2019/2019. 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, whilst inflationary pressures on key supplies including animal feed and utilities impacted on overall costs. In establishing the joint vet school with Keele University, Harper Adams University incurred costs of £162k in the year (2020: £41k) with the vet school accepting its first cohort of students.

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, activity has been disrupted due to the pandemic resulting in lower levels of income and expenditure totalling £257k (2020: £344k). Face to face activities were restricted, however online events continued during pandemic lockdown.

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 continued to work with tax advisors to assess the potential liabilities with £690k included within provisions at the year end.

Cedar Energy

The University has assessed the company's business plans following the establishment of trading with the new plant, which demonstrates that the company is in a position to meet its immediate liabilities. Consequently, the investment in the subsidiary at 31 July 2021 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 £12.5m to give net funds of £0.95m (2019/20: net debt

of £1.7m). Bank loans are subject to financial covenants, all of which have been complied with during the year.

Pensions

LGPS pension liabilities increased in the year with the updated actuarial valuation increasing the University's share of scheme liabilities from £31.4m to £32.5m at the end of the year. The key change within the valuation was, the increase in inflation assumptions.

Pensions costs and associated liabilities continue to be a key risk across the higher education sector. The employer's contribution rate for the Teachers' Pension Scheme operating in England and Wales increased by 44% with effect of September 2019. The next revaluation is likely to result in further rate increases in 2023.

The Financial Future

Harper Adams University is committed to the delivery of excellence in academic activities, and resources are strategically invested to this end. Having increased the university farm by 97ha in 2017-18 we have now dedicated 35ha in order to establish the Hands Free Farm. Work started in 2020 as an extension of the activities on cultivation with autonomous vehicles that was demonstrated through the Hands Free Hectare project. The new vet school accepted a larger than anticipated first intake of undergraduates in September 2020 with the second cohort of 128 students accepted in 2021, The academic team and technical support will continue to grow until all 5 cohorts are recruited and our first intake graduate. There has been ongoing engagement with RCVS during the year as the school opened. More staff appointments are planned over the period of establishment as student numbers increase. The University is investing £10m in the veterinary sciences building and related animal facilities to ensure that all relevant students have access to appropriate resources. There are new plans in course of development to further build on the University's expertise in animal sciences and animal health.

The University welcomed students to campus in September 2021 with lectures delivered virtually whilst tutorials and practicals face to face for the first term. 719 full time new undergraduates enrolled into their first year of study in September. Opportunities to generate additional income from facilities are much improved with many more enquiries and bookings being made.

Student recruitment continues to be very competitive and whilst the number of 18-year olds leaving school are increasing in the UK international recruitment of students will also need to be increased. The continued focus on student experience, student and graduate outcomes, our work with industry and building the institution's reputation will be key to ongoing financial sustainability.

The University keeps under review the 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 and professions in which we specialise. The University's largest cohort of European students come from the Irish Republic where we have close links.

Research funding opportunities continue to be highly competitive. However, by working collaboratively with industry and key partners we plan to increase research income across the university. The number of bids being made across the University has increased.

The University is planning to build on the excellent links that we already have with Industry to establish a more coordinated approach to extending links with industry and other partners. A new initiative working with Morrisons, RAFT Solutions to develop a School of Sustainable Food and Farming to support the transition to more sustainable food systems. The industry partners will support production system research and for this to be translated into practical skills training. This opportunity to lead on sustainable farming and to be able to demonstrate on our own farm will be able to enable the linking of research, knowledge exchange and teaching. The University's unique academic group of Agri – economists

Whilst the University targets growth, the efficiency of processes and systems continues to be developed across the University. This will enable increased numbers of students may be supported, more research grants can be managed and employer engagement coordinated. Processes are reviewed, refined and automated to improve student and staff experience and to maximise resources that are invested in academic activities.



Dominic Wong
Vice Chair of Governors
26 November 2021

Liz Furey
Chief Financial Officer
26 November 2021

Streamlined Energy and Carbon Reporting

The University has energy efficiency and reducing carbon emissions as one of its five key strategic aims, not only for its academic facilities, but also for the University Farm. The University Group invested in energy infrastructure, including a CHP engine, Biomass boiler, connected to a campus wide heat main in addition to photovoltaic panels in a project completed in 2017. During 2020/21 the building management system was further developed to improve management information.

The University has prepared a new carbon management plan (2020-25), commencing 1 August 2020. A carbon reduction opportunity review identified a total of 67 projects. Successful implementation should deliver a scope 1 and 2 emission reduction of 637 tonnes CO₂. The estimated capital expenditure is £1.5m over the duration of the plan (inclusive VAT) forecast to deliver savings in utilities costs (benchmarked at May 2020) of £350k per annum.

During the year we purchased 3,124 MWh 100% clean energy renewables, backed by Renewable Energy Guarantee of Origin (REGO) certified energy supplies (04/2019 – 03/2020 and 04/2020 – 03/2021)

The University is required to report current UK based annual energy usage and associated greenhouse gas emissions in line with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") that came into force 1 April 2019. The SECR return includes relevant mandatory reporting emissions along with voluntary submissions for power consumption from renewable and low carbon technologies.

Intensity Measurement

Intensity ratios reported are the total gross emissions in metric tonnes CO₂e per full time equivalent staff and full-time equivalent students, an established reporting ratio for the Higher Education sector.

Methodology

Harper Adams University has followed the 2019 HM Government Environmental Reporting Guidelines, utilising the Greenhouse Gas Reporting Protocol – Corporate Standard and have applied the 2021 UK Government's Conversion Factors for Company Reporting.

Energy efficiency action taken in the financial reporting year

- Several applications to the Government funded Public Sector Decarbonisation Scheme (PSDS) and Low Carbon Skills Fund (LCSF), which included an award for LCSF phase on the develop compliant application to PSDS phase one.
- A grant application to the Marches Energy Agency for funding towards a solar pv array project.
- Continued to purchase 100% renewable energy, backed by Renewable Energy Guarantee of Origin (REGO) certified energy supplies.
- Internal capital funding secured for energy efficiency improvements for implementation of summer 2022.

UK Greenhouse Gas emissions and energy use data (Financial Years 2019/20 & 2020/21)

	Energy (kWh)		Emissions (tCO ₂ e)			
Energy Source	2019/20	2020/21	2019/20	2020/21		
Mandatory energy use & emissions:						
Scope 1						
Natural Gas	7,340,322	9,009,677	1,349.6	1,650.2		
Transport – company owned vehicles	350,305	290,687	93.7	78		
			Location-based	Market-based ²	Location-based	Market-based ³
Scope 2						
Purchased Electricity	3,124,993	2,610,113	728.4	0	554.2	0
Scope 3						
Transport – Business travel - employee owned vehicles & contracted hire cars	210,807	36,564	52	9		
Total gross energy & emissions: (Mandatory)	11,025,752	11,947,041	2,223.7	2,291.4		
Intensity Ratios						
Tonnes of CO ₂ e per student			0.45	0.42		
Tonnes of CO ₂ e per student and FTE staff			0.41	0.39		
Voluntary energy use & emissions						
Scope 1						
Biomass	678,943	990,167	10.5 ⁴	15.3 ⁵		
LPG & Kerosene	109,549	93,004	24.3	24.2		
Generated electricity consumed on site ⁶	534,183	486,222	0	0		
Total gross energy & emissions (Voluntary)	1,322,675	1,569,393	34.8	39.5		
Total gross energy & emissions (Mandatory & voluntary)	12,348,427	13,516,434	2,258.5	2,330.9		

² Zero emissions resulting from purchase of clean energy renewables, backed by Renewable Energy Guarantee of Origin certified supplies (consecutive certificate periods 04/2020 – 03/2021 & 04/2021 – 03/22). Supplier: EDF Energy

³ Zero emissions resulting from purchase of clean energy renewables, backed by Renewable Energy Guarantee of Origin certified supplies (consecutive certificate periods 04/2020 – 03/2021 & 04/2021 – 03/22). Supplier: EDF Energy

⁴ [N₂O & CH₄ only emissions]

⁵ [N₂O & CH₄ only emissions]

⁶ Solar photovoltaic – Diary & Jebb, excluding exported energy (kWh) to the National Grid

Energy & emission reductions:

Scope 1

Generated electricity exported to grid	30,860	24,943	7.2	5.3
--	--------	--------	-----	-----

Scope 2

Net electricity consumption	3,093,458	2,585,170	721.2	548.9
Total net energy & emissions (Mandatory & voluntary)	12,317,567	13,491,491	2,251.3	2,840.3

Out of scopes

Biomass	678,943	990,167	240 [CO ₂ only emissions]	350 [CO ₂ only emissions]
---------	---------	---------	--------------------------------------	--------------------------------------

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 2021 and confirm they comply with the requirements of the Charities Act, 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 sustainable food chains and the protection of rural resources for future generations. The essential strategic aims necessary to fulfil this mission are identified in the University's strategic plan 2020/25. 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 considered the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance.

Our key objectives during 2020/21, were to continue to deliver the objectives of the University's Strategic Plan, while paying close attention to the need to ensure that the University was able to maintain its particular focus on delivering a high-quality student experience and delivery of its critical day to day activities while responding to the new challenges and opportunities arising from the Covid-19 pandemic. The Board also understood the important task of appointing a new Vice-Chancellor following the announcement of the retirement of Dr David Llewellyn. It also took steps to identify and appoint new Board members to replace those members whose terms of office came to an end in July 2021. Further details of these appointments are set out later in this report.

Using a wide range of digital and other rapidly developed platforms for remote engagement with stakeholders, the University continues to play a distinctive and key role within the UK Higher Education sector, as the leading specialist provider of land based higher education, providing world leading teaching and research that meets the needs of the agri-food chain. We continue to believe that the support we provide for rural industries, animal health and welfare, and our work on underpinning sustainable agriculture with technology 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. It has an established reputation for the quality of its applied research.

During 2020/21, undergraduate student applications to the University have been maintained in most areas at similar, or in some cases, slightly higher levels to recent years. However, some areas continued to be affected by the demographic

downturn in rural areas and the impact of Covid-19. The University has continued its work in 2020/21 to roll out new virtual methods to engage a wider pool of applicants, reviewing its provision, enhancing its outreach arrangements into new markets and adding complementary provision where appropriate. Taught postgraduate courses have seen a slight reduction in 2021 numbers, following on from a higher than anticipated intake in 2020. The overall number of PhD students remains an area for further work, although some progress in securing new funding streams has been made.

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 preparing the Annual Report and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England Grant and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period. In preparing each of the group and parent University financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent

University and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Board of Governors is also responsible for ensuring that:

- 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;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 they ought to have taken as a member in order to make themselves aware of any relevant information needed by the University's auditors in connection with preparing their report and to establish that the University's auditors are aware of that information.

Higher Education Grant Funding

Funding for the University's higher education students was provided by the OfS in the form of teaching related grant. Quality related research and knowledge exchange grants were provided by Research England.

Auditors

Grant Thornton UK LLP were appointed as auditors further to a procurement process 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 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. The Privy Council conferred its approval for the award of University Title to Harper Adams University on 7 December 2012. The University secured Privy Council permission in 2020/21 for the Board of Governors to make changes as permitted under HERA 2017.

The University endeavours to conduct its business in accordance with the values of the CUC HE Governance Code which are integrity, sustainability, inclusivity, excellence, innovation and growth and community together with the accepted standards of behaviour in public life (the 'Nolan Principles') which embrace selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

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, progress with major projects 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 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 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 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 2019/20 the Governance Review Group, taking into account independent external advice, focused on the quadrennial major review of the

effectiveness of the governing body. This involved a workshop facilitated by an independent external adviser with significant HE governance expertise. The review was completed in July 2020 and an action plan for implementation during 2020/21 highlighting opportunities for enhancing a small number of areas of practice. The areas for further action included: introducing an on-line discussion forum to enable members to engage with the drafting of the Strategic Plan 2020-2025; inviting student observers to attend Board meetings in addition to the long-standing staff observer system; reinforcing the lead governor system; consideration of how key outcomes from Board Meetings might be summarised and communicated to staff in addition to the current publication of minutes; and a small number of proposals related to further enhancing the format of reports/agenda papers presented to the Board. Progress with all actions were monitored by the Board. All actions were confirmed by the Board as completed during 2020/21.

The next major review will now take place during 2022 as the previous 4-year cycle for Effectiveness Reviews set out in the CUC Higher Education Code of Governance (September 2020), has now amended to a 3-year cycle.

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. The OfS included the University in a sample of providers for Prevent Review Meetings in 2019. The outcome of the PRM was positive with no areas for further action. More recently, in 2020/21 internal auditors have audited University compliance with the revised CUC Code of Governance published in September 2020, identifying only one low level action which has already been completed.

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 is published on the University's web pages.

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. Dr David Llewellyn retired from the role of Vice-Chancellor on 31 July 2021. Professor Michael Lee, Deputy Vice-Chancellor was appointed by the Board to the

role of Interim Vice-Chancellor for the period to 31 October 2021. Professor Ken Sloan took up his appointment as Vice-Chancellor with effect from 1 November 2021.

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 Governor is a member of both the Audit & Risk Management and Finance & General Purposes 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 OfS and Charities Commission or other bodies in the HE sector 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 Committee also mapped its arrangements against the updated CUC HE Audit Committee Code of Practice published in June 2020. No major issues were identified, however a small number of actions that will further enhance current arrangements were identified and implemented during 2020/21. These were: inclusion of a specific standing item at each meeting to remind members they may meet with auditors privately or have a members only discussion; to further formalise the current arrangements for seeking approval and recording other work undertaken by external auditors; to receive the fraud policy annually as an aide memoire following its annual review by Finance and General Purposes Committee; to invite co-opted members to observe a meeting of the Finance and General Purposes Committee; to receive and complete the year-end questionnaire that Board members are asked to complete; and to review the previous CUC checklist for annually evaluating the performance of auditors against the new checklist so it can be used in 2020/21 for this purpose. The Board considered the Committee's report on its analysis in light of the new Code and approved the Committee's proposals to further enhance its arrangements. The Audit and Risk Management Committee has conducted its effectiveness, as it does annually and has reported to the Board on its findings. The 2020/21 review was very positive

overall. A small number of ideas for further enhancement were suggested by members for implementation during 2021/22.

The Finance and General Purposes Committee meets four times a year. Amongst other items it recommends to the Board of Governors the University's annual revenue and capital budgets and monitors performance in relation to approved budgets. It also reviews progress with major strategic projects including capital developments. 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 Accounts Direction 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 Chair, Vice Chairs, 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 induction sessions normally held as soon as possible after confirmation of appointment. 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 made a number of minor changes to its work, as agreed by the Board in light of the CUC's recommendations for best practice. In 2020/21, alongside placing public adverts, seeking expressions of interest from potential new Board members, the Nominations Committee also engaged the services of Inclusive Boards, a leading specialist agency in diversity and inclusion at Board level. This led to the nomination and appointment of several new members of the Board of Governors in 2021 and has been successful in increasing the diversity of the University Board membership.

The Remuneration Committee determines the remuneration of the most senior staff, including the University's Vice-Chancellor. The Committee's role, procedural documentation, responsibilities and delegated decision-making powers were reviewed by the Board in 2017/18 in light of the final HE Senior Staff Remuneration Code (Remuneration Code)

published 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 2020/21 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 with the CUC Higher Education Code of Governance and the CUC Higher Education Senior Staff Remuneration Code in the year ended 31 July 2021. This included the publication on the University's website of a statement of institutional monitoring for the 2019/20 financial year, and publication of the Remuneration Committee's Report. The University's compliance with the Remuneration Code was audited by internal auditors in September 2019. The outcome was positive and no recommendations for further action were identified.

Statement on Internal Controls

The University's Board of Governors is responsible for ensuring that the University's system of internal control is sound and for reviewing its effectiveness. The University's approach is a risk-based system designed to manage rather than eliminate the risk of failure to achieve business objectives, and to prevent, detect and mitigate the risk of fraud, bribery, corruption and other irregularities 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 2021 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 achieving the University's objectives on an on-going basis. 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. The Board is satisfied that risk assessment and internal control is embedded in on-going operations.

All six internal audit reports completed during 2020/21 confirmed substantial assurance. The annual follow-up on

completion of previous audit related actions confirmed good progress.

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 Plan identifies risk areas and rates each of them in terms of likelihood and impact should they become a reality and covers business, operational, compliance and financial risks. The Committee presents the Risk Analysis and Action Plan annually to the Board for its approval and adoption. 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 Board has oversight of each of the highest rated risks as well as risks that are monitored at Board level and receives a report on the status of each risk as a standing item. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. Members of the Audit and Risk Management Committee are also encouraged to attend HE sector wide briefings for members of University Audit and Risk Management Committees. At its November 2021 meeting, the Board of Governors carried out the annual assessment of the Audit & Risk Management Committee's activities for the year ended 31 July 2021 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, including the continuing impact of Covid-19. The Board agreed that there were no significant control weaknesses that needed to be disclosed.

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 2001 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 2020/21 included those for compliance with the CUC HE Code of Governance (as mentioned above) and the risk mitigation procedures undertaken in the areas covered by the reviews conducted as part of the 2020/21 internal audit plan. Other reviews focused on the UUK/Guild HE Code of Practice for the Management of Student Housing; The Research Excellence Framework; HESSES and HESA Student Returns; General Ledger and Accounts payable and a departmental review. The internal auditor's reports were positive. Where recommendations for further strengthening existing controls were 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 2021/22.

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 2020/21 the University's Equality and Diversity Working Group, which is made up of staff and students, has reviewed its Terms of Reference and membership to ensure that it can continue to support the University's drive to pursue the Equality and Diversity Agenda. The Group will continue to work on progressing actions arising from the University's Single Equality Scheme and ensure the Scheme is updated as necessary, taking into account developments in other policies such as Respect. A review of the current Scheme was completed during 2018/19 and a refreshed Scheme was approved by the Board. Drawing on best practice at other HEIs, work has also been continuing 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.

Community

The University is one of the largest employers in the Borough of Telford and Wrekin, and the County of Shropshire. It works closely with the Borough, local town and parish councils to ensure that a collaborative approach is taken with regard to the integration of the University and its' staff and students as members of the local community. Subject to compliance with value for money and University procurement regulations, local sourcing of good and supplies helps support local businesses, while students and staff living and working on the community also play an important economic role by supporting local retail and other services. A number of staff are encouraged by the University to hold voluntary positions in local groups and organisations thereby contributing to local development plans and supporting the delivery of events and projects that benefit the whole communities in which the University is located. The University's engagement with schools and colleges in its region helps support progression to higher education through its work on widening access and participation.

Membership of the Board of Governors during 2020/21 (and up to the date of this report)

A number of members of the Board completed the maximum term of office permissible under the University's governing documents during 2020/21 and a number of new appointments were made to the Board to fill the relevant vacancies.

Details of membership including changes to membership that took place during 2020/21 and up to the date of this report are set out below as follows:

Members who retired from the Board during 2020/21 (retired July 2021 unless otherwise indicated)

C Bailey
T Burnhope
J Donaldson
R Hambleton
M Lee (August 2021-October 2021 as Interim Vice-Chancellor)
D Llewellyn
T Oatey (SU President until July 2021)
J Pointon
M Thomas
C Snell
C Tweed

Members who continued their membership of the Board during 2020/21 and will continue during 2021/22

P Nixon (Chair)
D Wong (Vice-Chair)
V Blakeman
E Folkes
M Griffiths
Y Hawkins
S Mukherjee
M Ormerod
R Payne
T Watson
D Winstanley

Members who joined the Board during 2020/21 (July 2021 unless otherwise indicated)

E Brown (SU President from 1 July 2021)
K Greetham
E Odaro
T Sheikh
B Shipston
E Slater
K Sloan (Vice-Chancellor from 1 Nov 2021)
J Reade
U Uhumwangho

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 26 November 2021.



C E Baxter
Clerk to the Governors
For and behalf of the Board of Governors
26 November 2021

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

Opinion

We have audited the financial statements of Harper Adams University (the 'parent university') and its subsidiaries (the 'group') for the year ended 31 July 2021, which comprise the Consolidated Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Reserves, Consolidated and University Balance Sheet, Consolidated and University Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent university's affairs as at 31 July 2021 and of the group's and the parent university's surplus, income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in October 2018; 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 under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent university in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Governing body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent university's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to

the date of our report. However, future events or conditions may cause the group and the parent university to cease to continue as a going concern.

In our evaluation of the Governing body's conclusions, we considered the inherent risks associated with the group's and the parent university's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the Governing body and the related disclosures and analysed how those risks might affect the group's and the parent university's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent university's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Governing body's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Governing body with respect to going concern are described in the 'Responsibilities of the Governing body for the financial statements' section of this report.

Other information

The Governing body are responsible for the other information. The other information comprises the information included in the annual report set out on pages 2 to 26, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report, prepared for the purposes of company law, included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included in the Annual Report have been prepared in accordance with applicable legal requirements

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent university and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included in the Annual Report.

Opinion on other matters prescribed by the Office for Students ('OfS') accounts direction (issued October 2019)

In our opinion, in all material respects:

- funds from whatever source administered by the parent university for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS's accounts direction (issued October 2019) have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

We have nothing to report in respect of the following matters where the OfS accounts direction (issued October 2019) requires us to report to you where:

- the parent university's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- the parent university's expenditure on access and participation activities for the financial year, as disclosed in the note to the accounts, has been materially misstated.

Responsibilities of Governing body for the financial statements

As explained more fully in the Statement of Financial Responsibilities of the Governing body, set out on page 21 the Governing body (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing body are responsible for assessing the group's and the 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 the Governing body either intend to liquidate the group or the parent university or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the university and the sector in which it operates. We determined that the following laws and regulations were most significant: The Financial Reporting Standards applicable in the UK and the Republic of Ireland (FRS

- 102), the Companies Act (2006), the Office for Students (OfS) framework, Terms and Conditions of Funding and Accounts Direction (October 2019), relevant OfS regulatory notices and advices, the Higher Education Code of Governance and the Information Commissioner's Office (ICO)'s regulations.
- We understood how the university is complying with these legal and regulatory frameworks by making inquiries of management and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes, through our legal and professional expenses review and through inquiries of solicitors who served during the period;
 - We assessed the susceptibility of the university's financial statements to material misstatement, including how fraud might occur and the risk of material override of controls. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of certain controls management has in place to prevent and detect fraud
 - Challenging assumptions and judgements made by management in its significant accounting policies
 - Identifying and testing journal entries, with a focus on manual postings, journals that directly impacted on the surplus reported in the statement of financial activities and journal entries posted in the closing and accounts preparation period
 - Identifying and testing related party transactions
 - Inspecting the board and other committee minutes
 - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item
 - Carrying out a program of work to assess the regularity of university expenditure
 - These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
 - Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement teams.
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the Higher Education sector
 - understanding of the legal and regulatory requirements specific to the charitable company including:
 - o the provisions of the applicable legislation
 - o guidance issued by the OfS and other relevant bodies.
 - The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue through manipulation of income and management override of controls; and
 - In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the university's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the university's control environment, including: the policies and procedures implemented by the charitable company to ensure compliance with the requirements of the financial reporting framework and relevant laws and regulations.
 - the policies and procedures implemented by the university to ensure compliance with the requirements of the financial reporting framework and relevant laws and regulations
 - the adequacy of procedures for authorisation of transactions and review of management accounts
 - procedures to ensure that possible breaches of laws and regulations are appropriately resolved.

Use of our report

This report is made solely to the university's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the university's members 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 university's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

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

[1 December] 2021

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

The Group and parent University financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant.

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

Going Concern

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive's Report which forms part of the Board of Governors' Report. The Strategic Review also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Board of Governors consider to be appropriate for the following reasons.

The Board of Governors have considered cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Board of Governors is of the opinion that, taking account of several plausible downsides, including the anticipated impact of Covid-19, the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The University have assessed the impact of accommodation income reduction, student number reduction and increased operation expenditure as a result of the impacts of Covid-19.

At the year-end a revolving credit facility with Barclays for £8m had only been utilised to the sum of £3m. All other loans were in the process of being repaid. The banks remain supportive of the University's position and bank covenants positions have not required any alteration.

Consequently, the Board of Governors is confident that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial

statements and therefore have prepared the financial statements on a going concern basis.

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 FRS 102, 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 FRS102, 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.

Borrowing costs which are directly attributable to the construction of a qualifying asset are capitalised.

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, with the exception of the investment in subsidiary attributable to Cedar Energy Limited which is included at cost.

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 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. 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 2021

		Year ended 31 July 2021		Year ended 31 July 2020	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees	1	20,166	20,166	20,192	20,192
Funding council grants	2	9,932	9,932	9,463	9,463
Research grants and contracts	3	2,579	2,579	2,321	2,321
Other operating income	4	8,173	8,367	8,626	8,773
Investment income	5	12	13	105	102
Total income before endowments and donations		40,862	41,057	40,707	40,851
Donations and endowments	6	1,040	970	497	579
Total income		41,902	42,027	41,204	41,430
Expenditure					
Staff costs	7	25,336	25,336	25,245	25,245
Depreciation and Amortisation		4,087	3,884	4,021	3,803
Other operating expenses	8	11,337	11,900	12,136	12,547
Interest and other finance costs	9	957	957	949	949
Exceptional Cost – pension scheme	25	-	-	-	-
Total expenditure		41,717	42,077	42,351	42,544
(Deficit) / Surplus before other gains and losses		185	(50)	(1,147)	(1,114)
Gain on disposal of fixed assets	11	8	8	50	23
Gain / (Loss) on investments	12	144	144	(90)	(90)
(Deficit) / Surplus before taxation		337	102	(1,187)	(1,181)
Taxation (charge) / credit	10	(496)	(429)	(20)	(1)
(Deficit) / Surplus for the year		(159)	(327)	(1,207)	(1,182)
Actuarial gain/(loss) in respect of pension schemes	25	1,322	1,322	(7,413)	(7,413)
Total comprehensive income and expenditure for the year		1,163	995	(8,620)	(8,595)
Represented by:					
Restricted endowment income for the year		141	141	(6)	(6)
Restricted comprehensive income for the year		55	(165)	27	128
Unrestricted comprehensive income for the year		967	1,019	(8,641)	(8,717)
		1,163	995	(8,620)	(8,595)

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 2021

Consolidated	Income and expenditure account			Total
	<i>Endowment</i> £'000	<i>Restricted</i> £'000	<i>Unrestricted</i> £'000	£'000
Balance at 1 August 2019	1,037	442	54,050	55,529
Surplus / (Deficit) from the income and expenditure statement	-	27	(1,228)	(1,201)
Other comprehensive income	-	-	(7,413)	(7,413)
Release of restricted funds spent in year	(6)	-	-	(6)
Total comprehensive income and expenditure for the year	(6)	27	(8,641)	(8,620)
Balance at 1 August 2020	1,031	469	45,409	46,909
Surplus / (Deficit) from the income and expenditure statement	202	55	(355)	(98)
Other comprehensive income / (expenditure)	-	-	1,322	1,322
Release of restricted funds spent in year	(61)	-	-	(61)
Total comprehensive income and expenditure for the year	141	55	967	1,163
Balance at 31 July 2021	1,172	524	46,376	48,072

University	Income and expenditure account			Total
	<i>Endowment</i> £'000	<i>Restricted</i> £'000	<i>Unrestricted</i> £'000	£'000
Balance at 1 August 2019	1,037	256	52,632	53,925
Surplus from the income and expenditure statement	-	128	(1,304)	(1,176)
Other comprehensive income	-	-	(7,413)	(7,413)
Release of restricted funds spent in year	(6)	-	-	(6)
Total comprehensive income and expenditure for the year	(6)	128	(8,717)	(8,595)
Balance at 1 August 2020	1,031	384	43,915	45,330
Surplus from the income and expenditure statement	202	(165)	(303)	(266)
Other comprehensive income / (expenditure)	-	-	1,322	1,322
Release of restricted funds spent in year	(61)	-	-	(61)
Total comprehensive income and expenditure for the year	141	(165)	1,019	995
Balance at 31 July 2021	1,172	219	44,934	46,325

Consolidated and University Balance Sheet
Year ended 31 July 2021

		Year ended 31 July 2021		Year ended 31 July 2020	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Tangible assets	11	90,885	87,162	91,837	87,915
Investments	12	1,087	1,932	943	1,788
Biological Assets	13	595	595	610	610
Debtors	15	-	1,240	-	1,371
		92,567	90,929	93,390	91,684
Current assets					
Stock	14	863	862	961	959
Trade and other receivables	15	3,591	3,736	3,371	3,544
Investments	12	2,849	2,849	2,768	2,768
Cash and cash equivalents		13,501	12,997	9,798	9,437
		20,804	20,444	16,898	16,708
Creditors - amounts falling due within one year	16	(10,039)	(9,911)	(8,183)	(8,038)
Net current assets		10,765	10,533	8,715	8,670
Total assets less current liabilities		103,332	101,463	102,105	100,354
Creditors – amounts falling due after more than one year	17	(21,917)	(21,867)	(23,141)	(23,041)
Provisions					
Pensions provisions	25	(32,505)	(32,505)	(31,394)	(31,394)
Other provisions	18	(838)	(765)	(661)	(589)
Total net assets		48,072	46,325	46,909	45,330
Restricted reserves					
Income and expenditure reserve – restricted reserve	19	524	219	469	384
Endowment – restricted reserve	19	1,172	1,172	1,031	1,031
Unrestricted reserves					
Income and expenditure reserve - unrestricted		46,376	44,934	45,409	43,915
Total reserves		48,072	46,325	46,909	45,330

The financial statements on pages 30 to 55 were approved by the Board of Governors on 26 November 2021 and signed on its behalf by:




Vice Chair

Vice Chancellor



Chief Financial Officer

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

Consolidated Cash Flow Statement

Year ended 31 July 2021

	Notes	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Cash flow from operating activities			
(Deficit) / Surplus for the year		(159)	(1,207)
Adjustment for non-cash items			
Depreciation		4,087	4,021
Loss / (Gain) on investments		(144)	90
Decrease / (Increase) in stock and biological assets		114	(78)
(Increase) / Decrease in debtors		(222)	(108)
Increase / (Decrease) in creditors		60	(153)
Increase in pension provision	25	2,433	2,157
Increase / (Decrease) in other provisions	18	176	159
Capital grant income		(399)	(500)
		6,105	5,588
Adjustment for investing or financing activities			
Endowment Income		-	-
Interest payable	9	420	472
Profit on the sale of fixed assets		(8)	(50)
Investment income	5	-	-
		412	422
Net cash inflow from operating activities		6,358	4,803
Cash flows from investing activities			
Proceeds from sales of fixed assets		8	-
Capital grant receipts		978	696
Investment income	5 / 12	12	105
Payments made to acquire fixed assets		(3,275)	(7,459)
New non-current asset investments		-	-
		(2,277)	(6,658)
Cash flows from financing activities			
Interest paid		(420)	(472)
New unsecured loans		2,000	1,000
Repayments of amounts borrowed		(908)	(940)
Capital element of finance lease		-	(17)
Capital element of donations released		(1,050)	-
Endowment cash received		-	-
		(378)	(429)
Increase / (Decrease) in cash and cash equivalents in the year		3,703	(2,284)
Cash and cash equivalents at beginning of the year		9,798	12,082
Cash and cash equivalents at end of the year		13,501	9,798

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

Notes to the Financial Statements

1. Tuition fees

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Full time students – home/EU	17,301	17,301	17,010	17,010
Full time students charged overseas fees	1,543	1,543	1,785	1,785
Part time fees	439	439	406	406
Short course fees	552	552	663	663
Other fees	331	331	328	328
	20,166	20,166	20,192	20,192

2. Funding body grants

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Recurrent grant (OFS)	8,193	8,193	8,123	8,123
Release of deferred capital grant (OFS)	272	272	284	284
Research grant (Research England)	595	595	508	508
Higher Education Innovation Fund	468	468	407	407
Education and Skills Funding Agency	232	232	141	141
Hardship Funding (OFS)	171	171	-	-
	9,932	9,932	9,463	9,463

Details of Grant and Fee Income

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Grant Income from the OfS	8,473	8,473	8,198	8,198
Grant Income from other bodies	1,466	1,466	1,055	1,055
Fee income for taught awards (excl. VAT)	20,093	20,093	20,108	20,108
Fee income for research awards (excl. VAT)	66	66	84	84
	30,098	30,098	29,445	29,445

3. Research grants and contracts

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Research grants and contracts	2,579	2,579	2,321	2,321

4. Other operating income

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Catering and residence	2,814	2,814	3,282	3,282
Conferences and short course accommodation	164	164	517	517
Consultancy	24	24	41	41
Farm	2,532	2,542	2,707	2,724
Other income	2,065	2,249	1,489	1,619
Crop Trials income	212	212	201	201
Validation fees	362	362	389	389
	8,173	8,367	8,626	8,773

5. Investment income

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Bank interest	12	12	71	71
Other investment income	-	1	31	31
Development Trust Interest	-	-	3	-
	12	13	105	102

6. Donations and endowments

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Permanent Restricted Endowments	141	141	1	1
Other donations with restrictions	898	828	448	549
Other donations without restrictions	1	-	48	29
	1,040	970	497	579

7. Staff costs

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Staff Costs:				
Salaries	18,356	18,356	18,623	18,623
Social security costs	1,793	1,793	1,778	1,778
Other pension costs	5,187	5,187	4,844	4,844
Total	25,336	25,336	25,245	25,245

During the year severance costs of £311,088 were paid (2020: £22,290) in relation to 18 individuals (2020: 4 individuals). These costs are included within the salaries figures above.

Emoluments of the Vice-Chancellor:

Salary	182	182	196	196
Payments in lieu of accrued holiday at retirement	14	14	-	-
Benefits	6	6	6	6
Accommodation	3	3	4	4
Employer's pension contributions	-	-	-	-
Payments in lieu of pension contributions	21	21	18	18
	226	226	224	224

The Vice-Chancellor's basic salary is 5.00 (2020: 5.53) 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-Chancellor's total remuneration is 4.79 (2020: 5.48) times the median total remuneration of staff, where the median total remuneration including employer pension contributions 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 was the market rental of the agreed share, 37%, of a campus property which ceased at 31st March 2021. The property was then let on an arm's length basis to the Vice-Chancellor for the remainder of the year up to the cessation of his employment with the University on 31st July 2021.

The total market rental rate from a professional third-party valuation was £12,000 per annum, therefore the deemed non-taxable benefit to the Vice-Chancellor equated to 8 months, for the period August 2020 to March 2021 calculated at £2,960 (2020: £4,440).

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 6 members (2020: 7 members)).

	Year ended 31 July 2021 £	Year ended 31 July 2020 £
Key management personnel emoluments	947	1,030

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

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000 No.	University £'000 No.	Consolidated £'000 No.	University £'000 No.
£100,000 to £104,999	1	1	1	1
£105,000 to £109,999	1	1	1	1
£110,000 to £114,999	-	-	-	-
£115,000 to £119,999	-	-	1	1

The following tables summarise the staff headcount firstly by the full time equivalent (FTE) contract values, which is required under statutory reporting obligations for HESA and secondly by the actual count of individuals included on the payroll, in line with the Companies Act reporting requirements.

HESA (Average FTE)

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated No.	University No.	Consolidated No.	University No.
Average staff numbers by major category per HESA:				
Academic	167	167	165	165
Administration and Support	129	129	140	140
Management & Specialist	35	35	30	30
Other	98	98	101	101
Research	16	16	16	16
Technical	38	38	41	41
	483	483	493	493

Companies Act (Average Count)

	Consolidated No.	University No.	Consolidated No.	University No.
Average staff numbers by major category per Co Act:				
Academic	230	230	210	210
Administration and Support	140	140	160	160
Management & Specialist	31	31	29	29
Other	131	131	142	142
Research	19	19	20	20
Technical	41	41	46	46
	592	592	607	607

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 to the 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. In accordance with the CUC Code, the Vice-Chair of the Board chairs the Committee's discussion of the Vice-Chancellor's performance and remuneration. The Committee reports on its work to the Board and conducts its work in accordance with the Board's framework for setting senior staff pay. The Board has agreed that the Committee will provide an Annual Report on its work that meets the CUC's guidance on Remuneration Committee Reporting. The Annual Report, once accepted by the Board, is published on the University's web pages at Section 4 of its publication scheme as noted above. The Minutes of the Remuneration Committee are also published in Section 4 of the scheme.

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 well-established national and international reputation for the high quality of its teaching, knowledge transfer and applied research. The University is recognised by the industries with which it works as playing an important leadership role in providing high quality graduates and applied research that is of value to food production, animal health and welfare, engineering and the management of rural land as well as the wider natural environment. 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 take into account the value of the role, assessed by level of responsibility, size and complexity, specific expertise and experience required and any other key components relevant to a specific senior role.

When setting senior staff pay for 2021/22, 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, demonstrating in particular, leadership and commitment to the University throughout the Covid-19 pandemic and the challenges presented by changes in the senior management team. The Chairman of Governors and two other Independent Governors conduct an annual review of the Vice-Chancellor's performance against set objectives. The latter are reported to the Board by the Chair at least annually. All Independent Board members are invited to comment on the performance of the Vice-Chancellor and Senior Staff as part of the annual review process. Members' comments feed into the deliberations of Remuneration Committee.

2020/21 objectives set for the Vice-Chancellor included: successfully recruit to student number targets in 2020; successfully appoint a new Director of Academic Services and a New Deputy Vice-Chancellor; deliver the first stages of the Strategic Plan 2020-2025 with regard to academic, farm and related activities; continue to successfully navigate the new regulatory landscape, including our enhanced monitoring status with the OfS and other requirements of the Regulator; ensure the successful implementation of the first year of the Vet school; achieve a successful financial outcome for 2019/20 and 2020/21 and continue to work on the University's external fundraising campaign; complete submission to next ISF review; ensure that a successful submission is made to REF 2021; address the outcome of the first round of KEF, expected in the summer of 2020; continue to deliver key elements of our Internationalisation Strategy; continue progress to close the University's Gender Pay Gap; continue to maintain staff morale over a period of increased uncertainty for the university and agricultural sectors; continue to advocate for our specialist subjects at national level within the HE sector, Government and with industry; continue the V-C's external promotional and policy influence work to assist the reputational development of the institution during 2020/21; continue to monitor closely developments at competitor HEIs; continue to deliver strong performance in key areas

relating to the student experience, notably in the NSS, employability and in student feedback, and to achieve the best possible outcome from subject level TEF.

Institutional achievements are set out in the institutional Monitoring Statement agreed annually by the Board and published at <https://www.harper-adams.ac.uk/general/governance/publication-scheme.cfm> (Section 3 - What our priorities are and how we are doing). Key institutional achievements during 2020/21 included: achieving the top Post-92 (Modern) university in the Complete University Guide; 28th, and top Post-92 university for the fifth year in a row, in the Sunday Times Good University Guide; and, in 2021 for the fourth year in a row, first in the UK, and second in the world, in the employer reputation element of the agriculture and forestry subject category of the QS World University rankings. In addition, the first Graduate Outcomes survey in 2020 placed us amongst the best for graduate employment in the sector, with 98.8% graduate employment, and we were placed fifth from all providers in the 2020 National Student Survey; winning Gold for Job Prospects (fifth year in a row) and silver for Student Support, Course and Lecturers and Student Accommodation in the WhatUni awards. The Vice-Chancellor's expertise in higher education policy matters, together with his effective knowledge of, and engagement with, land-based industries were recognised by the Board as key strengths. His exceptional commitment to ensuring the delivery of high-quality learning, teaching, student support and staff well-being during the Covid-19 pandemic and national lockdown period was particularly noted again during 2021. While judging progress against objectives and overall performance of the Vice-Chancellor as excellent, the Board in July 2021 noted that due to the retirement of the Vice-Chancellor at the end of the 2020/21 financial year, no consideration of any individual performance award for implementation in 2021/22 was required.

For 2020/21, the Board had continued its policy 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's application was approved on these grounds for 2020/21.

The details of the Vice-Chancellor's salary over the period 2019/20 and 2020/21 and the payments made to the Vice-Chancellor in lieu of employer's pension contributions not paid during year ended 31 July 2021 are set out in the tables above. The payment made in lieu of employer pension contributions continued to result 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 was satisfied that the remuneration package for the Vice-Chancellor during 2020/21 had been appropriate in light of the above context, value and performance demonstrated during the year ended 31 July 2021.

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 £3,294 (2020: £6,070) were made to Harper Adams in Ireland and payments totalling £7,130 (2020: £7,800) to Harper Adams Club.

No Board member has received any remuneration/waived payments from the group during the year (2020: none)

The total expenses paid to or on behalf of 12 Board members was £173 (2020: £7,228). 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 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Academic and related expenditure	1,352	1,352	2,045	2,045
Administration and central services	846	846	1,058	1,061
Library, computer and other academic support services	2,739	3,453	2,950	3,390
Premises - Other premises costs	1,176	1,173	926	928
Premises - Refurbishment and maintenance	199	199	452	452
Premises - Utility Costs	797	1,483	793	1,286
Research grants and contracts	916	916	757	757
Residences and catering operations	345	345	420	420
Other including income generating operations	2,249	2,133	2,291	2,208
Development Trust scholarship expenditure and audit fee	718	-	444	-
	11,337	11,900	12,136	12,547

Other operating expenses include:

Audit of these financial statements	43	35	47	40
Amounts receivable by the company's auditor in respect of:				
- Audit of financial statements of subsidiaries of the company	8	-	7	-
- Audit related assurance services	9	9	21	21
- Taxation compliance services	22	11	10	7
- Other tax advisory services	39	39	15	8
- Other advisory services	-	-	5	5
Internal auditors' remuneration	32	32	27	27

Operating lease rentals:

Plant and machinery	37	37	23	23
---------------------	----	----	----	----

Access and Participation	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Access Investment	434	434	469	469
Financial Support	366	366	337	337
Disability Support	139	139	126	126
Research and Evaluation	127	127	127	127
	1,066	1,066	1,059	1,059

The Access and Participation Plan for Harper Adams University is available at: [Harper Adams APP Plan](#)

In addition to the financial support reported in the above table, the institution also refunded accommodation of £870k for all students in the year of which £466k was refunded to under-represented and disadvantaged groups.

The OfS guidance allows for the selection of different, but acceptable categorisation techniques, which can result in different measurements of categories of eligible access and participation expenditure and can affect comparability with other institutions. As a consequence, the approach to the development and implementation of access and participation plans can vary as agreed with the OfS.

9. Interest and other finance costs

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
On bank loans:				
Repayable wholly or partly in 2 - 5 years	63	63	3	3
Repayable wholly or partly in more than 5 years	356	356	432	432
Pension finance charge	538	538	514	514
Total payable	957	957	949	949

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 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
UK corporation tax (credit) / charge of 19.0% (2020: 19.0% on surplus for the year)	-	-	-	-
Tax Provision	-	-	1	1
Adjustments to UK Corporation tax in respect of prior periods	4	-	-	-
Deferred tax provision	59	-	19	-
Tax on Profit/(Loss) on ordinary activities	63	-	20	1

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

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
(Loss) / Profit on ordinary activities before taxation	405	170	(1,187)	(1,181)
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 19% (2020: 19%)	31	-	11	-
Fixed asset differences	30	-	4	-
Expenses not deductible for tax purposes	-	-	8	-
Income not chargeable for tax purposes	-	-	(10)	-
Losses carried back	-	-	-	-
Chargeable gains / (losses)	-	-	-	-
Deferred tax not recognised	32	-	-	-
Adjustments to tax charge in respect of previous periods	(8)	-	1	1
Capital allowances in excess of depreciation	-	-	-	-
Other short-term timing differences	-	-	-	-
Unrelieved tax losses & other deductions arising in the period	-	-	-	-
Impact of rate change	-	-	6	-
Adjustments for charitable activities not subject to corporation tax	(22)	-	-	-
UK corporation tax (credit) / charge	63	-	20	1

11. Consolidated Fixed assets

	Freehold Property (Restated) £'000	Plant and Equipment (Restated) £'000	Assets in the Course of Construction £'000	Non- Operational Assets £'000	Total £'000
Cost or valuation					
At 1 August 2020	76,012	48,244	7,476	119	131,851
Restated	14,533	(14,533)	-	-	-
At 1 August 2020 (Restated)	90,545	33,711	7,476	119	131,851
Transfer	7,430	46	(7,476)	-	-
Additions	2,606	534	-	-	3,140
Impairment	(18)	(100)	-	(119)	(237)
Disposals	-	(6)	-	-	(6)
At 31 July 2021	100,563	34,185	-	-	134,748
Accumulated depreciation					
At 1 August 2020	10,786	29,109	-	119	40,014
Restated	6,080	(6,080)	-	-	-
At 1 August 2020 (Restated)	16,866	23,029	-	119	40,014
Transfer	-	-	-	-	-
Charge for the year	2,733	1,354	-	-	4,087
Impairment	(18)	(100)	-	(119)	(237)
Disposals	-	(6)	-	-	(6)
At 31 July 2021	19,581	24,277	-	-	43,858
Net book value					
At 31 July 2020 (Restated)	73,679	10,682	7,476	-	91,837
At 31 July 2021	80,982	9,908	-	-	90,890
Financed by capital grant	13,483	859	-	-	14,342
Other	67,499	9,049	-	-	76,548
Net book value at 31 July 2021	80,982	9,908	-	-	90,890

Asset impairment has been calculated consistently with the principles of section 17 of FRS102. During the year a number of assets that had reached the end of their useful economic life and were being held at a nil net book value, were disposed to ensure the records reflect a true and fair view.

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).

Following a review of historic fixed asset valuation information, there has been a prior period adjustment of opening asset disclosures and depreciation charges between the relevant category headings, where previous allocations were inconsistent with the application of the University's accounting policy for depreciation of plant and equipment. The result is a net nil impact on the financial statements but more accurately reflects the actual position.

Included within freehold property is land costing £22,652,480 (2020: £22,652,480) which is not depreciated.

11. University fixed assets

	Freehold Property (Restated) £'000	Plant and Equipment (Restated) £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation				
At 1 August 2020	75,995	43,790	7,430	127,215
Restated	14,533	(14,533)	-	-
At 1 August 2020 (Restated)	90,528	29,257	7,430	127,215
Transfer	7,430	-	(7,430)	-
Additions	2,606	530	-	3,136
Disposals	-	(6)	-	(6)
At 31 July 2021	100,564	29,781	-	130,345
Accumulated depreciation				
At 1 August 2020	10,768	28,532	-	39,300
Restated	6,080	(6,080)	-	-
At 1 August 2020 (Restated)	16,848	22,452	-	39,300
Transfer	-	-	-	-
Charge for the year	2,733	1,156	-	3,889
Impairment	-	-	-	-
Disposals	-	(6)	-	(6)
At 31 July 2021	19,581	23,602	-	43,183
Net book value				
At 31 July 2020 (Restated)	73,680	6,805	7,430	87,915
At 31 July 2021	80,983	6,179	-	87,162
Financed by capital grant	13,483	859	-	14,342
Other	67,500	5,320	-	72,820
Net book value at 31 July 2021	80,983	6,179	-	87,162

12. Investments

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Long term asset investments				
Investment in subsidiary company	-	1,000	-	1,000
Quoted securities at market value	1,087	932	943	788
Unquoted securities at cost	-	-	-	-
	1,087	1,932	943	1,788
Current asset investments				
Short term cash deposits	1,773	1,773	1,772	1,772
Restricted endowment funds	1,137	1,137	996	996
Total investments	3,997	4,842	3,711	4,556
Restricted endowment funds				
UK and Overseas Bonds	166	166	202	202
UK and Overseas Equities	799	799	628	628
Property and Other Funds	137	137	129	129
Cash and cash equivalents	35	35	37	37
	1,137	1,137	996	996

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 £595k (2020: £610k).

14. Stock

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Farm stocks	793	793	880	880
Consumables	51	50	57	55
Goods for resale	19	19	24	24
	863	862	961	959

15. Trade and other receivables

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Research grants receivables	925	925	673	673
Subsidiary company	-	255	-	245
Other trade receivables	1,301	1,300	1,258	1,254
Prepayments and accrued income	1,298	1,201	1,372	1,304
Other receivables	67	55	68	68
	3,591	3,736	3,371	3,544
Amounts falling due after one year:				
Subsidiary company	-	1,240	-	1,371
	3,591	4,976	3,371	4,915

Harper Adams University has extended a public benefit entity concessionary loan to Cedar Energy Limited of £780k (2020: £1.02m) payable by October 2023. As at July 2021 £540,000 falls due after one year.

16. Creditors: amounts falling due within one year

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Bank loans	3,153	3,153	543	543
OFS loans	240	240	240	240
Other loans	50	-	100	-
Subsidiary company	-	10	-	22
Deferred income	3,115	3,115	3,626	3,626
Taxation and social security	81	18	407	346
Sundry creditors and accrued expenses	3,400	3,375	3,267	3,261
	10,039	9,911	8,183	8,038
Deferred income				
Research grants received on account	1,390	1,390	1,012	1,012
Grant income	378	378	1,128	1,128
Other income	1,347	1,347	1,486	1,486
	3,115	3,115	3,626	3,626

17. Creditors: amounts falling due after one year

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred income	12,810	12,810	12,532	12,532
Other Creditors	-	-	31	31
Loans:				
Bank loans	8,757	8,757	9,938	9,938
OFS loans	300	300	540	540
Other loans	50	-	100	-
Total creditors due after one year	21,917	21,867	23,141	23,041

Borrowings:

Bank loans repayable as follows:

In one year or less	3,194	3,194	570	570
Between one and five years	5,273	5,273	5,957	5,957
In five years or more	3,443	3,443	5,954	5,954
	11,910	11,910	12,481	12,481

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 (2.03% was the rate applicable in July 2021). Borrowings are repayable by quarterly instalments with the final payment scheduled for 3 September 2035. In addition, an £8m 2-year revolving credit facility which will convert to a 3-year term loan in December 2021. £3m of this facility was drawn at July 2021 and is included in the borrowings summary shown above.

OFS loans repayable as follows:

In one year or less	240	240	240	240
Between one and five years	300	300	540	540
In five years or more	-	-	-	-
	540	540	780	780

Other loans repayable as follows:

In one year or less	50	50	100	-
Between one and five years	50	50	100	-
In five years or more	-	-	-	-
	100	100	200	-

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 re-commenced in the 2016/17 financial year extending the loan repayment to 2022/23 financial year.

18. Provision for liabilities

	Year ended 31 July 2021			Year ended 31 July 2020		
	Deferred Tax £000	Other Provision £000	Total £000	Deferred Tax £000	Other Provision £000	Total £000
Consolidated						
As at 1 August 2020	72	589	661	53	449	502
Charge in the year	-	176	176	19	140	159
Released to the SOCI	-	-	-	-	-	-
As at 31 July 2021	72	765	837	72	589	661
University						
As at 1 August 2020	-	589	589	-	449	449
Charge in the year	-	176	175	-	140	140
Released to the SOCI	-	-	-	-	-	-
As at 31 July 2021	-	765	765	-	589	589

Other Provision

Included within provisions, where the University undertakes teaching overseas there are jurisdictions where the authorities consider taxation to be due. The University has engaged professional advisors to liaise with these authorities. A provision of £690k (2020 £374k), as an estimate of these liabilities which are subject to negotiation.

Deferred Tax

The deferred tax provision is in relation to the following:

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Capital gain on disposal	72	72

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

19. Endowment and Restricted reserves

Reserves with restrictions are as follows:

Consolidated	Donations £'000	Endowments £'000	Year Ended 2021 Total £'000	Year Ended 2020 Total £'000
Balances at 1 August 2020	469	1,031	1,500	1,479
Capital	-	-	-	-
Accumulated Income	-	-	-	-
	469	1,031	1,500	1,479
New endowments	-	-	-	-
Investment income	-	61	61	6
New donations	793	-	793	448
(Decrease) / Increase in market value of investments	-	141	141	(6)
Expenditure	(738)	(61)	(799)	(427)
As at 31 July 2021	524	1,172	1,696	1,500
Analysis of other restricted funds/donations by type or purpose:			2021 Total £'000	2020 Total £'000
Scholarships and bursaries	524	-	524	469
Capital	-	1,172	1,172	1,031
Accumulated Income	-	-	-	-
	524	1,172	1,696	1,500

University	Donations £'000	Endowments £'000	Year Ended 2021 Total £'000	Year Ended 2020 Total £'000
Balances at 1 August 2020	384	1,031	1,415	1,479
Capital	-	-	-	-
Accumulated Income	-	-	-	-
	384	1,031	1,415	1,479
New endowments	-	-	-	-
Investment income	-	61	61	6
New donations	-	-	-	448
(Decrease) / Increase in market value of investments	-	141	141	(6)
Expenditure	(165)	(61)	(226)	(427)
As at 31 July 2021	219	1,172	1,391	1,500
Analysis of other restricted funds/donations by type or purpose:			Year Ended 2021 Total £'000	2020 Total £'000
Scholarships and bursaries	219	-	219	469
Endowment Funding Capital	-	1,172	1,172	1,031
Accumulated Income	-	-	-	-
	219	1,172	1,391	1,500

20. Capital and other commitments

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Capital commitments				
At 31 July 2021, the following amounts had been authorised:				
Authorised and contracted for	-	-	2,169	2,169
Operating leases				
As at 31 July 2021, Harper Adams University had minimum future lease payments under operating leases expiring between one and five years:				
Plant and machinery	33	33	50	50

21. Post balance sheet event

There are no post balance sheet events to report.

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. On 15 April 2019 Saputo acquired Dairy Crest, the partnership is contracted for 25 years; however Saputo 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, all transactions with these related organisations are conducted on an arm's length basis.

Harper Adams University is a member of the Agri-EPI Centre Limited, a company limited by guarantee. Liz Furey, Harper Adams University Chief Financial Officer, is the university's nominated board director. During the year the University incurred costs of £34.5k (2020 £61.8k) on behalf of Agri-EPI Centre Limited for whom the university is acting as agent. The University received income of £88k (2020: £24k) 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 £2k (2020 £4k) and owed Agri-EPI Centre £3k (2020: nil).

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 £133.5k (2020 £107.8k) and received £5k (2020 £31.5k). At the balance sheet date, Harper Adams University was owed £13k (2020 £5.3k) and owed the Students' Union £nil (2020 £14.6k).

Harper Adams University is a member of CIEL Livestock Limited, a company limited by guarantee. The University received £nil (2020 £nil) of capital grant funding from CIEL Livestock Limited. At the balance sheet date, Harper Adams University was owed £nil (2020 £nil).

Harper Adams University is a member of Guild HE. The previous Vice-Chancellor was a member of the Executive Board. During the year the university incurred costs of £25.6k (2020 £26.2k).

Harper Adams University works closely with Keele University. Professor Mark Ormerod, Harper Adams University Governor, is also Deputy Vice-Chancellor at Keele University. During the year the University made payments to Keele University of £394k (2020 £198k) and received £106k (2020 £484k). At the balance sheet date, Harper Adams University was owed £nil (2020 £5k) and owed Keele University £30k (2020 £38k).

Harper Adams University had held an unsecured loan with the Marches LEP, which Harper Adams University Governor, Christine Snell was also a member. During the year no transactions with the Marches LEP had taken place, with the final repayment for the loan made in the prior year (2020 £110k).

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's 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 a separately registered charity in the UK. The primary purpose of the charity is to raise funds to benefit the University and its students. This Trust is treated as a quasi-subsidary of the University on the grounds that the University has the potential to exercise power or dominant influence over the funds.

25. Pension schemes

The three principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS), available to all teaching staff, and the Scottish Widows Salary Sacrifice Pension Scheme available to all non-teaching staff, and the Local Government Pension Scheme (LGPS), operated as Shropshire County Council Pension Fund (SCCPF), for existing members. The TPS and LGPS are both defined benefit schemes.

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Total employer pension contributions for the year		
Local Government Pension Scheme	1,465	2,038
Teachers' Pension Scheme	1,742	1,533
NEST	-	1
Scottish Widows	41	-
	3,248	3,572

(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 2021 was £2,002,827 of which employer's contributions totalled £1,465,208 and employees' contributions totalled £537,619.

As from April 2020, the agreed contribution rates are 16.3% for employers plus a monthly sum (£10,633 as from April 2020, £11,050 as from April 2021) and a variable percentage between 5.5% and 12.5% for employees.

On 26 October 2019, the High Court handed down the McCloud 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. No provision has been calculated by the actuary for this financial year (2020: £89k) relating to the estimate of historic liabilities.

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 2021, with comparative figures at 31 July 2020.

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

Principal Actuarial Assumptions

	As at 31 July 2021	As at 31 July 2020
Price inflation (CPI)	2.6%	2.3%
Rate of increase in Salaries	3.85%	3.05%
Rate of increase of Pensions in Payment	2.7%	2.4%
Discount Rate for Liabilities	1.6%	1.6%

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 2021 £'000	As at 31 July 2020 £'000
Retiring today		
Males	23	22.9
Females	25.1	25
Retiring in 20 years		
Males	24.3	24.2
Females	25.1	26.6

The assets in the scheme were:

	As at 31 July 2021 £'000	As at 31 July 2020 £'000	As at 31 July 2019 £'000
Equities	24,604	19,774	18,301
Government bonds	-	-	-
Corporate bonds	9,523	9,044	7,598
Property	1,692	1,727	1,717
Cash	822	699	658
Other	11,698	9,867	8,256
Total	48,339	41,111	36,530

	As at 31 July 2021 £'000	As at 31 July 2020 £'000
Scheme assets	48,339	41,111
Scheme liabilities	(80,844)	(72,505)
Surplus / (Deficit) in the scheme – net pension liability recorded within pension provisions	(32,505)	(31,394)

Current service cost	3,316	3,056
Past service costs – McCloud Judgement	-	-
Past service costs – GMP indexation	-	89
Total operating charge	3,316	3,145

	As at 31 July 2021 £'000	As at 31 July 2020 £'000
--	---	--------------------------------

Analysis of the amount charged to interest payable/credited to other finance income

Net interest cost	489	463
Administration expenses	49	51
Curtailments	104	-
Net charge to other finance income	642	514

Total profit and loss charge before deduction for tax	170	(1,181)
--	-----	---------

Analysis of other comprehensive income:

Gain on assets	5,458	2,132
Experience gain / (loss) on liabilities	(4,136)	(9,546)
Gain / (loss) on liabilities	-	-
Total other comprehensive income before deduction for tax	1,492	(8,595)

Analysis of movement in surplus/(deficit)

Deficit at beginning of year	(31,394)	(21,806)
Contributions or benefits paid by the University	1,525	1,484
Current service cost	(3,316)	(3,056)
Past service cost	-	(89)
Other finance charge	(642)	(514)
(Loss) / Gain recognised in other comprehensive income	1,322	(7,413)
Deficit at end of year	(32,505)	(31,394)

Analysis of movement in the present value

Present value of liabilities at the start of the year	72,505	58,336
Current service cost (net of member contributions)	3,316	3,056
Curtailments	104	-
Past service cost	-	89
Interest on pension liabilities	1,156	1,285
Actual member contributions (including notional contributions)	543	556
Actuarial loss/(gain)	4,136	9,545
Actual benefit payments	(916)	(362)
Present value of liabilities at the end of the year	80,844	72,505

Fair value of assets at the start of the year	41,111	36,530
Expected return on assets	667	822
Actuarial gain on assets	5,409	2,081
Actual contributions paid by University	1,525	1,484
Actual member contributions (including notional contributions)	543	556
Actual benefit payments	(916)	(362)
Fair value of scheme assets at the end of the year	48,339	41,111

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	667	822
Asset gain / (loss)	(5,458)	(2,132)
	(4,791)	(1,310)

A movement in the discount rate of 0.1% would impact on liabilities by £1.5m and a movement in pay inflation assumption of 0.1% would again impact on liabilities by £1.5m.

(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 2016 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 5 March 2019. The key results of the valuation were:

- employer contribution rates were increased from 16.4% of pensionable pay to 23.68% (with effect of September 2019) following the Government Actuaries Department review of valuations and the reduction of the discount rate to be used by 0.6%;
- total scheme liabilities for service to the effective date of £218.1 billion, and notional assets of £196.1 billion, giving a notional past service deficit of £22 billion;

The new employer contribution rate for the TPS was implemented in September 2019.

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/2019/04/teachers-pensions-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 £1,741,775 (2020: £1,533,364).

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 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
OFS	Office For Students



**Harper Adams
University**

Harper Adams University
Newport, Shropshire, TF10 8NB

Tel: +44 (0)1952 820280 Fax: +44 (0)1952 814783
Website: www.harper-adams.ac.uk