

NORTHUMBRIA  
UNIVERSITY  
FINANCIAL  
STATEMENTS  
2011-2012



04

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# FOREWORD

This Financial Review for 2011/12 demonstrates Northumbria University's achievements of the last year. These put it in a strong position to start delivering its Vision 2025, which will see Northumbria known as a research-rich, business-focussed professional University with a global reputation for academic excellence.

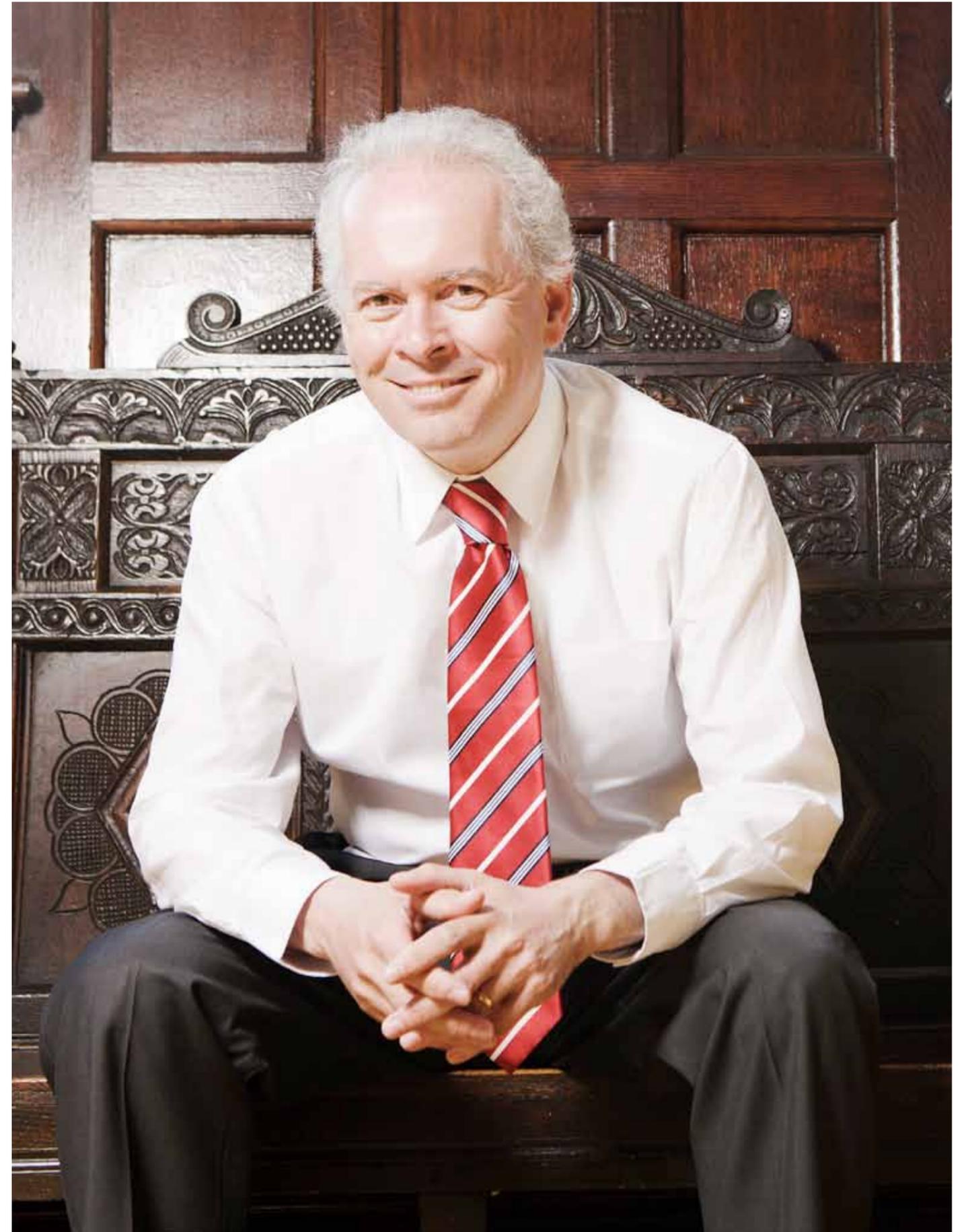
In the last 12 months, Northumbria has made significant strides. We have enhanced our research capacity. Further improvements in the high quality student experience at Northumbria have seen student satisfaction rise. Our successes have been recognised in higher positions in the university league tables. All of this has been achieved in the wake of the biggest changes to higher education in Britain for a generation and all the while maintaining our financial sustainability.

The *Sunday Times League Table 2013* rated the quality of teaching at Northumbria as the 32nd best in the sector, making a substantial contribution to the impressive rise of 14 places overall. Our financial sustainability has enabled us to invest in the student experience that makes this possible. We have completed a significant extension to our city campus library, while Sport Central, Northumbria's £30 million sport facility, was awarded Project of the Year at the Royal Institution of Chartered Surveyors Renaissance Awards 2011. It has also enabled us to invest in developing the research culture at Northumbria that is essential for improving academic quality now and continuing to do so in the future. This development is starting to be recognised; Northumbria received four of only 73 Arts and Humanities Research Council (AHRC) Fellowships awarded nationally last year, placing Northumbria's arts and humanities research in the top ten for the scheme.

We have focused on supporting the innovative partnerships that are essential for our success and ensuring they continue to flourish. We launched BxNU with the Baltic Centre for Contemporary Art, followed by the opening of Baltic 39, a new cultural hub for contemporary art in the centre of Newcastle. Our partnership with Tesco and Gateshead Council means high quality accommodation for 1,000 of our students is being built as part of the Trinity Square development; and with Gateshead we are seeking to enhance our business focussed activity at the Northern Design Centre.

Higher education is becoming a vastly challenging environment with greater competitive and regulatory pressures, sector diversification, more rapid change and an uncertain economic outlook. In this environment, Northumbria must change if it wishes to compete on the basis of academic quality. This year, therefore, the University launched Vision 2025. The Vision sets out our ambitious goals for the next 13 years and captures the real opportunity that the University has to transform itself, bringing benefits for students, staff and other stakeholders. This will see us build on our current successes to become a research-rich, business-focused and professional University with a global reputation for academic excellence – based around the core activities of the student experience, research, international activity and partnerships. Our achievements and financial performance in 2011/12 provide a strong foundation for the transformation we are now undertaking. As we move into an exciting future, this radical Vision will enable us to shape our own future, building Northumbria University's reputation regionally, nationally and internationally.

**Professor Andrew Wathey**  
*Vice-Chancellor and Chief Executive*



# INTRODUCTION

As the new Chair of Northumbria University's Board of Governors, I am delighted to introduce the Financial Statements 2011/12, which summarise our achievements for the last 12 months and showcase our vast potential for the future.

This report quite rightly celebrates the successes of the year, and it shows how the University continues to go from strength to strength. The improvements in the quality of our infrastructure, teaching, research and student experience show that this is a great place to study and work. This has been recognised in our improved position in the majority of league tables, including climbing 14 places in the prestigious *Sunday Times League Table 2013*, making us the most improved university in the North East. I congratulate everyone who has worked so hard to deliver this excellent result.

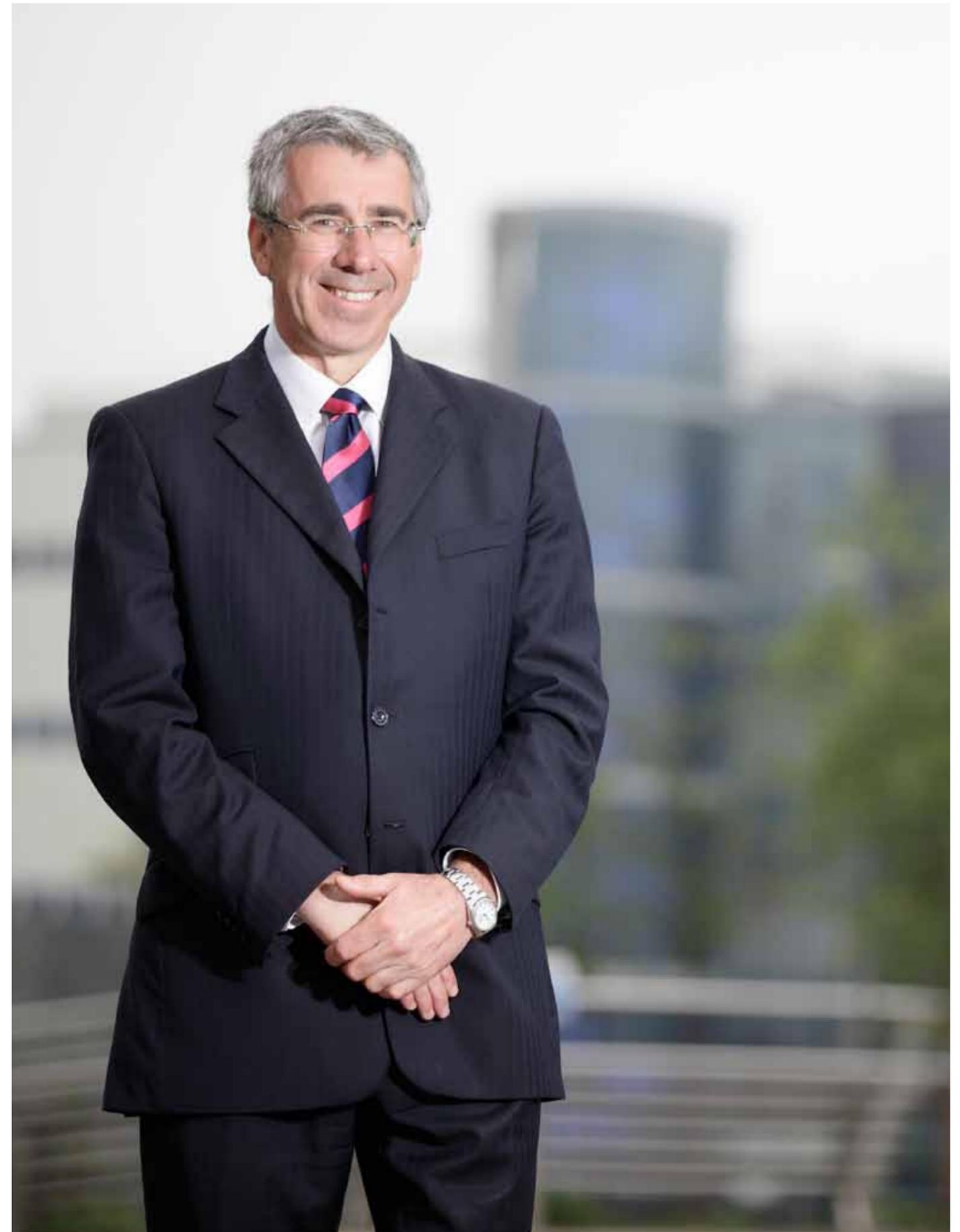
We must, however, look forward as well as backward. The Vice-Chancellor has set out an ambitious, but achievable, vision for Northumbria to succeed in the new, more competitive environment for higher education. In the next Corporate Strategy, for 2013–18, the University will therefore be focusing on delivering the first phase of Vision 2025.

I believe that Northumbria University has a very important role to play in the North East and across the UK as an inspiration to people who aspire to be the best. We provide excellent teaching, research and innovation which genuinely transforms lives, and in turn we equip individuals, businesses and other organisations to transform the lives of others. It's a fantastic cascade effect.

I am very confident that we will continue to build on the success of last year. The Board of Governors will use bring our wide range of experience to support the University to achieve the exciting vision for the future.

**Chris Sayers**

*Chair of the Board of Governors*



# OVERVIEW

The University's financial performance for 2011/2012 can be summarised as follows:



# THE UNIVERSITY

Northumbria University is the largest research and teaching university in the North East of England, with over 33,000 students from more than 125 countries. Both research-engaged and business-focused, it is comprehensive in its operations, offering programmes in 29 of the 32 most popular academic disciplines. It also delivers a broad portfolio of executive education for businesses and other organisations, with significant numbers studying at postgraduate level. Research was judged in the 2008 Research Assessment Exercise to be 'world-leading' or 'internationally excellent' in all areas of submission.

The origins of Northumbria can be traced back to three regional colleges: Rutherford College of Technology, the College of Art and Industrial Design and the Municipal College of Commerce which go back to the nineteenth century. In 1969, these three institutions were amalgamated to form Newcastle Polytechnic. The Polytechnic became the major regional centre for the training of teachers with the incorporation of the City College of Education in 1974, and the Northern Counties College of Education in 1976. Newcastle Polytechnic was granted university status in 1992. The Times University Guide described Northumbria University as "challenging the traditional divide between the older research-led institutions and the new teaching-led Universities". In 2012 Northumbria was the most improved University in the North East after climbing 14 places in the prestigious *Sunday Times League Table 2013*. Northumbria University is international in its operations and reach, with programmes delivered in Newcastle upon Tyne, London and worldwide.

Alongside the University's large undergraduate cohort is the North East's largest community of taught postgraduate students. Its emphasis on professional education and business innovation, alongside strong relationships with employers and opportunities for work placements for students has enabled the University to achieve one of the highest employability rates in the UK. The University has the second largest number of employer-sponsored students in the UK.

The University's principle campuses are located in the vibrant city of Newcastle upon Tyne which has been voted, in the MSN.com travel survey, as the best place in the UK for students or three years in a row. Northumbria is proud of its position within the region; the £160 million redevelopment of the City Campus has enhanced the city and recent prestigious partnerships, such as with the Baltic Centre for Contemporary Art and investment in regenerating Gateshead have allowed us to consolidate our presence on Tyneside. The wider region encompassing the beautiful Northumberland countryside and coast provide a valuable enhancement to the student experience. By engaging with our environment, with local businesses and communities, Northumbria is helping to build a bright future for the North East of England.

In 2010, the University launched its London campus for Design students in Islington, which combined with the University Gallery on Kings Place, near Kings Cross, gives Northumbria a significant presence in the UK's capital city.

In 2011/12 there were almost 8,000 international students either here or in home countries studying a Northumbria University course



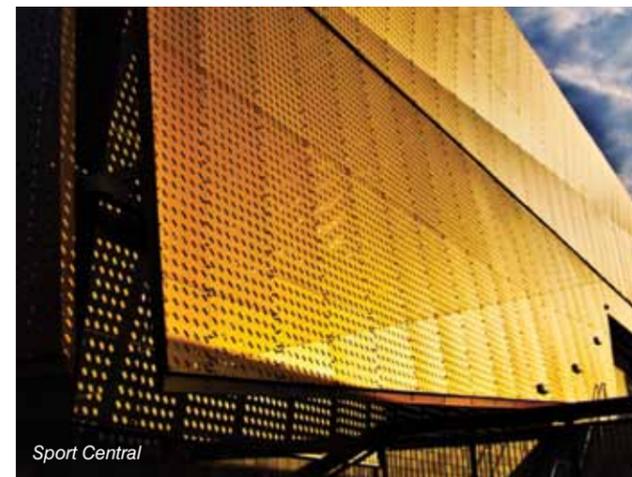
City Campus East



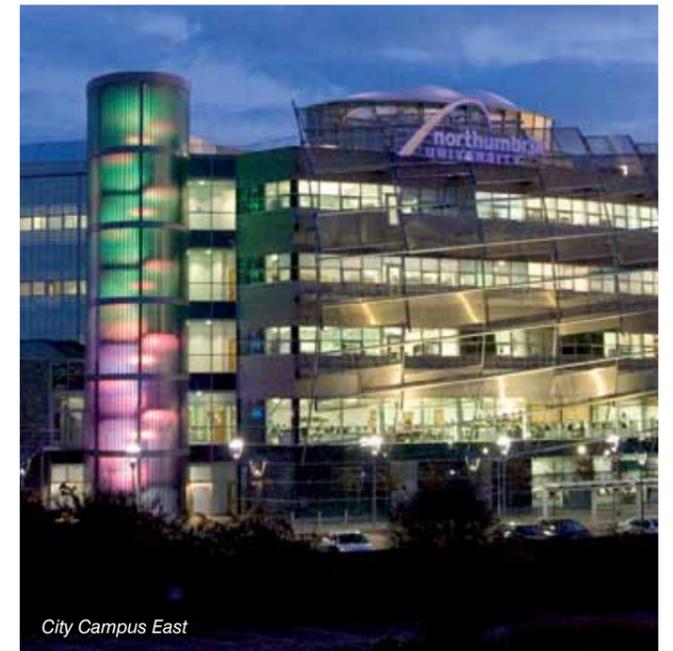
Statues, Ellison Quad



The Quayside



Sport Central



City Campus East



Bamburgh Castle



Northumbria is the most popular university in the North East for international students



Angel of the North, Gateshead

## A truly international university

The University has a long and successful record of working in partnership with education providers overseas, both to deliver Northumbria programmes to students in their home countries and to offer students studying in the UK the widest possible opportunities to study and work overseas. Northumbria currently has more than 4,000 international students on campus in the UK from more than 125 countries, and is now the most popular university in the North East for international students. The University has a presence in more than 25 countries including China, the United States, India, Russia, Malaysia, Thailand, Canada, Australia and Vietnam. A further 3,680 students are currently studying on Northumbria programmes with these international partners.



Professor Andrew Wathey, Vice-Chancellor and Chief Executive of Northumbria University, at the state visit of the Indonesian President, Susilo Bambang Yudhoyono



Northumbria international students with David Bell, Associate Dean (International), Engineering and Environment

2011–12 was an extremely successful year in terms of Northumbria's international development. The signing of an agreement with Bina Nusantara (BINUS) International University will extend Northumbria's reach in Indonesia with the introduction of new undergraduate and postgraduate design courses. A new marketing office opened in Vietnam and a series of overseas visits were made by members of the University's Executive. Vice-Chancellor Professor Andrew Wathey met the Indonesian President, Susilo Bambang Yudhoyono, during his state visit in October (pictured with David Willets and other VIPs). Professor Wathey also visited India in April to take part in a high-profile round-table discussion on innovation. This event was led by the President of Universities UK and featured Kapil Sibal, Indian Minister of Human Resource Development (MHRD). It was part of the Innovation Partnerships strand of the UK-India Education and Research Initiative (UKIERI), which Prime Minister David Cameron and Indian Prime Minister Manmohan Singh announced was being extended into a second phase in July 2010.

Members of University Executive have visited Norway, United States, Singapore, Malaysia and Russia to develop new partnerships and learn more about differential fees, scholarships and alumni to help prepare Northumbria for the challenges of a rapidly changing market. The Duchess of Cambridge visited Newcastle in the autumn and was introduced to some of our international students (pictured).

New partner development activity included links with Monash University in Australia, Zhongnan University of Economics

and Law in China and the Ministry of Higher Education in Libya. Law have developed a new partnership with The Higher School of Economics in Moscow. This is the only social science university designated as a National Research University by the Russian Government.

The University is committed to providing an outstanding international student experience and continued to monitor international students' opinions on the learning, living and support provision at Northumbria through the International Student Barometer. This is an online survey independently administered by the International Graduate Insight Group. Feedback has generally been extremely positive and is being used to enhance the student experience still further. Currently 90% of international students are satisfied with the University. An Indian movie company has filmed large parts of their forthcoming movie "Porichoi" on our campus, which features an Indian Northumbria student as one of the main characters!

Northumbria University retained its Highly Trusted Sponsor (HTS) status and has been praised by the UK Border Agency for its good practices. The new visa compliance team is helping students to sort out their visas quickly and easily, and bespoke international services such as Meet and Greet at Newcastle Airport and the programme of One Planet social activities continue to be very popular.

For more details on key achievements in this area, see pages 26–27.



Singapore



Kuala Lumpur



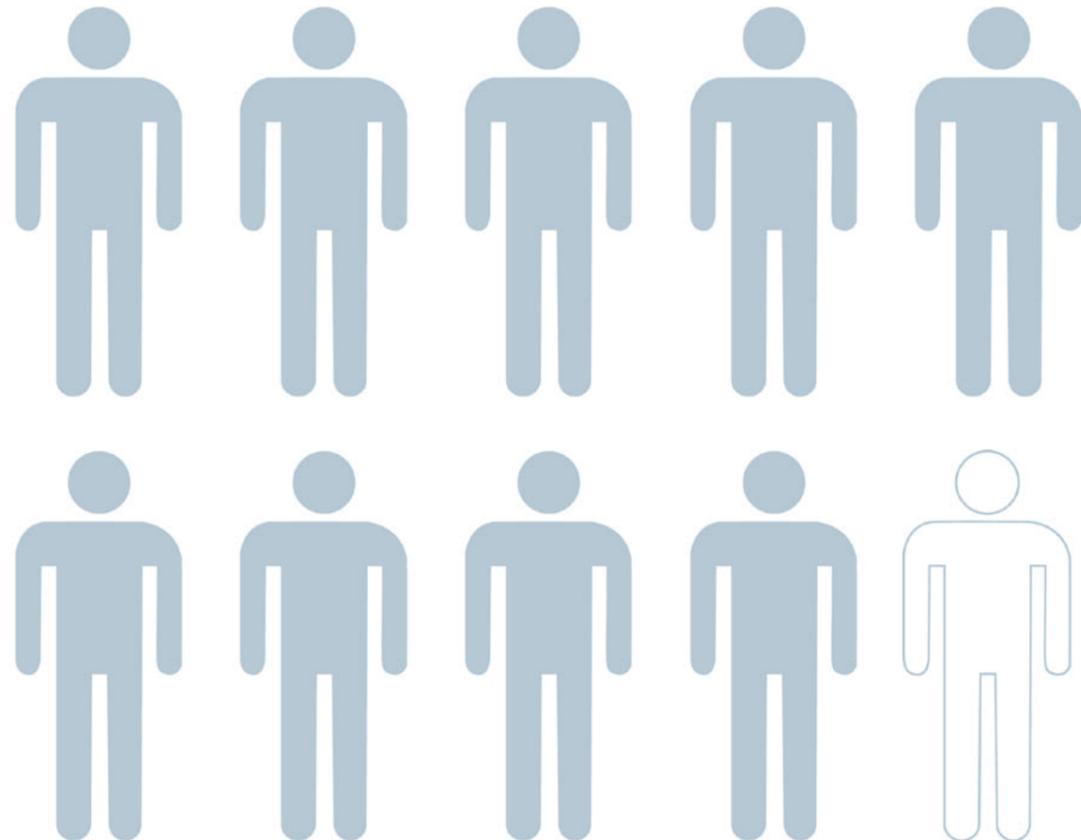
Tower Bridge, London



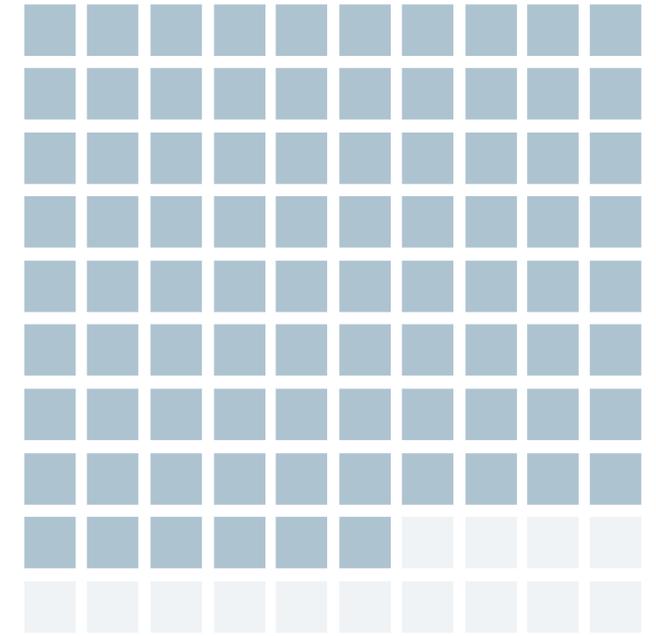
Minneapolis, Minnesota

# KEY ACHIEVEMENTS

**Nine out of ten** of Northumbria's students are in work, or further study, within six months of graduating.



In the National Student Survey overall **student satisfaction** is rated at **86 per cent** placing the university inside the top 34 nationally for this measure, exceeding the sector average.



Northumbria's 'teaching excellence' rating is 79.3 per cent, a figure which has improved by almost five per cent since 2011.

**Northumbria is ranked 32nd for teaching excellence**

The University has formed innovative partnerships with Gateshead Council and the BALTIC Centre for Contemporary Art.

**Northumbria has climbed 14 places**

to 52nd place in the Sunday Times 2013 table which makes it the most improved university in the North East. It is also ranked 54th in the 2013 Complete University Guide, up six places from 2012.

Recruitment of international students grew in new markets including Indonesia, Qatar, and Bangladesh this year, while **new partnerships developed** in Australia, China and Libya.

**Academic quality** at Northumbria is enhanced by the **hundreds of employers who sponsor courses and the 50 professional bodies** that provide accreditation. Just three universities nationally have a larger number of employer-sponsored academic programmes.

# ORGANISATION

The core academic function is delivered across four Faculties:

- Arts, Design and Social Sciences
- Business and Law – Newcastle Business School and School of Law
- Engineering and Environment
- Health and Life Sciences

Corporate Strategy 2009–14, our mission:

“Northumbria creates and applies knowledge for the benefit of individuals, communities and the economy. Through excellent research, teaching and innovation we transform lives, making a powerful contribution to cultural and economic development and regeneration, in the City and Region, nationally and globally.”

# KEY ACHIEVEMENTS RESEARCH AND INNOVATION

Academics from Northumbria are among those involved in the first GCHQ / Economic and Social Research Council (ESRC) Cyber Security Research Institute with other institutions including UCL, Imperial and Royal Holloway Research Institute aimed at improving understanding of the science behind the growing cyber security threat. The Institute, which is funded by a

## £3.8 million grant,

is a virtual organisation involving seven universities, and is part of a cross-government commitment to increase the country's academic capability in all aspects of cyber security.

The European Commission has provided

## £438,315

of funding to develop a network of excellence for the creation of a European Virtual Centre of Forensic Genetic Research.

Northumbria supported 653 applications to external funders, including 415 research and 238 teaching and learning, short course, consultancy and other applications with a total bid value of £40 million being sought.

## The total research income for the year was £5.2 million

**Several of our most innovative and forward-thinking graduate start-ups are making the most of the excellent facilities available within the Northern Design Centre in Gateshead,**

including Julia Quinn who won the Young Businessperson award at this year's North East Business Executive of the Year Awards for her company \*TeaShed.

Northumbria's HEIF strategy has **been approved,**

and consists of three strands: increases in **user-led** research, **the impact of research through** public engagement, and **graduate enterprise.**

The University made 70 doctoral awards in 2011-12.

Since February 2012 the University has received

## £153,716

from the European Commission to study the geography of transnational offending. Research will inform policy-making in relation to the movement of offenders and augment crime prevention, reduction and detection initiatives.

Four Northumbria scholars were awarded fellowships by the Arts & Humanities Research Council (AHRC) this year, worth over

## £233,000

ranking us in the top ten university recipients. Only 73 awards are available nationally.

In 2012, the University launched Personal Research and Innovation Plan (PRIP), an online system which enables academic staff to plan their research activity for the coming year. PRIPs were completed by just over 800 academic staff during 2012, identifying plans to submit 614 bids for funding, to produce

## nearly 2,500 research outputs and to supervise over 60 research students.

The University received £175,733 from the Technology Strategy Board, as part of a

## £1.2m

collaborative project led by 4 Projects Limited, to demonstrate the use of integrated collaborative Building Information Modelling (BIM) systems to support supply chains using interoperability standards.

**Northumbria academics are leading a €2.5million project**

funded by the EU. The Centre of Excellence for Learning, Innovation, Networking and Knowledge (cLINK) will use scholarships to strengthen links between Asian and European partner institutions.

## The Public Engagement and Impact Fund supported 10 projects from Northumbria

which engage the public with research or create impact through research. This included projects on asthma amongst footballers, barefoot running, building solar ovens and delivering art engagement around food memories at the North East EAT Festival.

Northumbria is fully compliant with the revised QAA Code of Practice for PGR programmes.

In 2011 **96% of students agreed that they received excellent supervisory support and guidance.**

As a result the Higher Education Academy has invited Northumbria to contribute to their Good Practice Guide 2012.

This month a 12-man team of British scientists, engineers and support staff will travel

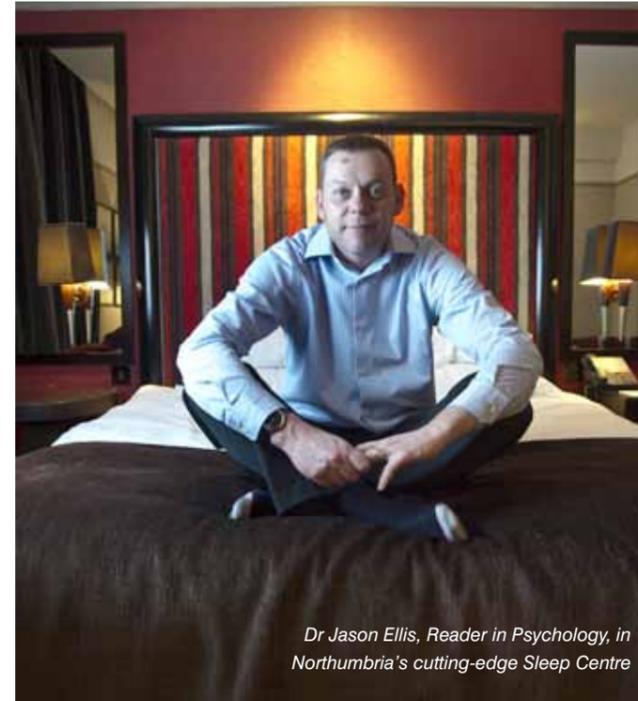
## 16,000km

to Antarctica to collect samples from an ancient lake buried beneath three kilometres of ice, which was identified by Northumbria University scientist Professor John Woodward and fellow experts.

# KEY ACHIEVEMENTS RESEARCH AND INNOVATION



Professor John Woodward's team camp at Lake Ellsworth, Antarctica



Dr Jason Ellis, Reader in Psychology, in Northumbria's cutting-edge Sleep Centre



Gillian Gordon and Donna Hildrew set up their company GoodyGoodyBag with help from the Graduate Enterprise team



Godfrey Worsdale, Director of BALTIC, was awarded an Honorary Doctorate



Draco Aluya Iyi, undertaking research towards a PhD in Mechanical Engineering



Dr Les Ansley, Director of Sport Asthma, with Dr Caroline Dodd



A newly recruited research-active member of staff, Senior Lecturer in Biochemistry Dr Meera Soundararajan

# KEY ACHIEVEMENTS REGION, ENGAGEMENT AND PARTNERSHIPS

Northumbria hosted 11 exhibitions at the University Gallery, 13 at Kings Place and three staff and student shows at Galleries Inc, which secured in excess of

**112,500 visitors.**

The Gallery's education programme comprised 10 evening lectures, five Sunday study days and 10 sessions of the Saturday Art Club in Newcastle, as well as eight public lectures and the "Big Draw" and "Big Splash" at Kings Place.

The University saw an increase in national and international coverage for research stories, with articles appearing in *The New York Times*, *The Times*, *The Independent*, *The Daily Telegraph*, *The Guardian* and *The Daily Mail* as well as media outlets in Europe, Australia, India and the United States. Academics gave more than 50 broadcast interviews, on Sky News, Channel 4 News, BBC Radio 1 and Radio 5 Live, amongst others.

**Press and online coverage was worth £3.1 million in terms of advertising value equivalent.**

The University has successfully concluded the HEFCE SDF Employer Engagement Project, which has enabled the delivery of flexible and work-based qualifications to over 1,500 learners in a wide range of employment settings. Northumbria is one of a small number of universities invited to apply and subsequently

**awarded a £500,000 grant to further develop its work with employers.**

Northumbria launched its

**BxNU partnership**

with BALTIC Centre for Contemporary Arts (see page 30 for details)

**Norman Cornish** has donated 100 of his early works to Northumbria.

Northumbria supported North East Access to Finance

(NEA2F) to research into the availability of growth finance for business, including hosting the NEA2F conference.

An online 'build your own prospectus' tool has been developed to enable potential students to print relevant materials at home. As well as responding to the demands of potential students,

**this innovation will also help reduce print costs and paper wastage in future.**

Northumbria is an **Associate Partner in the British Science Festival, taking place in Newcastle in 2013.**

Northumbria was shortlisted for the Times Higher Education Outstanding Leadership and Management Team Award 2011.

The judges were 'very impressed with... Northumbria University, which has a brilliant story to tell about engagement with its community'.

The Development team organised **20 alumni events and reunions**, and eight visits to campus by VIP guests including Stephen Hughes MEP.

**Northumbria's partnership with Gateshead Council**, will see 1,000 students housed in the **new Trinity Square development** in Gateshead town centre, as well as addressing knowledge transfer and research; widening participation; international strategies; regeneration of the town centre; business support; culture and sport; and volunteering.

Northumbria will provide

**the Army with innovative Leadership and Management qualifications**

# KEY ACHIEVEMENTS REGION, ENGAGEMENT AND PARTNERSHIPS



Kings Place Gallery, London



Mr Wee Teng Woon and Pro Vice-Chancellor Lucy Winskell launch the Woon Foundation Painting and Sculpture Art Prize



Norman Cornish with the collection he donated to Northumbria



Brita Granstrom's Lime Kiln, on display in the University Gallery in April 2012



Brewin Dolphin sponsor Team Northumbria Rugby



Lucy Armstrong, Mick Henry, Roger Kelly and Vice-Chancellor Professor Andrew Wathey celebrate the Gateshead Memorandum of Understanding



Northumbria students worked with the Cyrenians on a campaign to raise awareness of homelessness.

## A dedicated Research Zone opened at City Campus Library in September 2011.

Coupled with a revised Research Skills programme this represents a significant development in support for this increasingly important sector of the University community.

Northumbria has retained its **Highly Trusted Sponsor (HTS)** status and has been praised by the UKBA for its good practices.

# KEY ACHIEVEMENTS LEARNING AND TEACHING

## New international partner development activity

included links with Monash University in Australia, Zhongnan University of Economics and Law in China, and the Ministry of Higher Education in Libya.

## Overall survey satisfaction rose to 86%.

The 2012 National Student Survey (NSS) campaign resulted in a response rate of 78%. Northumbria led the sector response rate throughout the survey, and results show improvements in scores across the board.

In September 2011, the University was presented with

## two national awards at the Biennial Conference of the Association of Graduate Careers Advisory Services

(AGCAS): the AGCAS Excellence Award for Employability and the AGCAS Excellence Award for Innovation.

Information about all of Northumbria's

## 160 programmes

are available online on Key Information Sets (KIS).

Students benefit from a wide range of central professional student support services, and their take-up of these services continues to increase. For example almost one in every 15 students at Northumbria is disabled, and

## over 1,500 students receive a package of support from our Disability Support team.

New procedures for managing visa compliance issues were established this year,

## enhancing the experience of international students

and demonstrating best practice in meeting UK Border Agency requirements.

The University Library continued to maintain its position as an exemplar in the sector, **ranking third in the Times Higher Education Student Experience survey** and maintaining its position in the top quartile of university libraries in the NSS. In gaining reaccreditation of its Customer Service Excellence Award the Library received recognition for its outstanding commitment to customer-focussed service development.

Student mobility rose during 2011–12, with a

## 27% increase in students travelling to non-European destinations,

and a similar increase in students undertaking work placements in Europe through the Erasmus scheme.

A major extension to the City Campus Library, creating 100 extra places, has been completed, with new IT and group working facilities.

## 2011–12 was successful year for the Ethnic Minority Mentoring Scheme

in which students from a range of courses are paired with mentors from local organisations for a six-month period. **Fifteen students took part and employers included the Crown Prosecution Service, Dickinson Dees and HMRC.**

This year, the Student Support and Wellbeing team awarded almost **£500,000**

of funding to students experiencing financial hardship.

Northumbria received sponsored students from a range of public and private organisations, **including the Kurdistan Regional Government, the Malaysian Office of the High Commission, Qatar Petroleum, and the Chechnyan Ministry of Education.**

We recruited 2,998 new international students, with encouraging growth in new markets including Indonesia, Qatar, and Bangladesh.

# KEY ACHIEVEMENTS LEARNING AND TEACHING



Students making the most of the award-winning facilities at Sport Central



Pro Vice-Chancellor  
Professor Paul Croney



Northumbria University student,  
Leonardo Pirrera



City Campus Library's new Research Zone



Coach Lane Campus



The Careers and Employment Service  
won two AGCAS awards



Another successful year for the  
Ethnic Minority Mentoring Scheme

## Northumbria University's P<sup>3</sup>i research centre was launched this year in London.

By investigating and demonstrating new Printable, Paintable, Programmable 'intelligent' material solutions [P<sup>3</sup>i] and combining STEM know-how with design insights and expertise, P<sup>3</sup>i translates scientific and technological advances into practical, useable, desirable solutions for tomorrow's issues today.

## KEY ACHIEVEMENTS ARTS, DESIGN AND SOCIAL SCIENCES

The University was invited to become a member of Cumulus, a forum for partnership and transfer of knowledge and best practice across art and design education, which currently consists of 189 members from 46 countries.

Academics from Arts, Design and Social Sciences provided the

### key note speeches at several international conferences,

including the Perimeters Boundaries and Borders Symposium and The International Design and Innovation Symposium, DESFORM 2012.

Our Designers in Residence and staff exhibited at the renowned International Contemporary Furniture Fair Editors in New York, and won the award for best Products/Accessories 2012.

The Woon Foundation Painting and Sculpture Art Prize has been launched.

It will offer a bursary of £20,000 to enable a final year fine art student to continue their studies.

Our Knowledge Transfer Partnership (KTP) with Age UK Newcastle, has been rated **'outstanding'**. KTP Associate Laura Warwick established new working processes for Age UK staff and defined new services for users.

A partnership with New Writing North has been established to develop Creative Writing at Northumbria and to host the annual New Writers awards.

The University won an unprecedented four Arts and Humanities Research Council Fellowships totalling **£233,000**;

a Wellcome Trust award in English Literature worth £260,000; and a prestigious Economic and Social Research Council project grant worth more than £100,000.

The Lombok Project, which was set up through a Collaborative Venture Partnership with BINUS University, led to the creation of **a truly contemporary global fashion collection** which will be showcased at Jakarta Fashion Week.

Staff and students received a total of 52 awards, nominations and commendations, across all of our undergraduate courses at national and international competitions.

### The BxNU partnership with BALTIC Centre for Contemporary Art was launched this year,

including the opening of BALTIC 39 in Newcastle City Centre and the appointment of Christine Borland, a former Turner Prize nominee, as BALTIC Professor of Contemporary Art. The partnership has won a Times Higher Education award in 'Excellence and Innovation in the Arts'.

Fine Art academics Tom O'Sullivan and Joanne Tatham have been short-listed for the Northern Arts Prize 2012,

which celebrates contemporary art in the North of England.

In partnership with Newcastle City Council, the Centre for Offenders and Offending has been launched to carry out **cutting-edge research** on all aspects of crime.

# KEY ACHIEVEMENTS ARTS, DESIGN AND SOCIAL SCIENCES



Arts students



Executive Dean of Arts, Design and Social Sciences, Professor Steven Kyffin



P3i was launched in September 2012



Media Students



Senior Lecturer in Criminology Louise Ridley (right), member of the new Centre for Offenders and Offending, in Durham Prison



Design student Alice North with her range of kidswear which will be on sale at Marks & Spencer



BALTIC Professor Christine Borland

## Northumbria University is the top destination

for international students studying law in the UK according to the *Complete University Guide 2012*.

### The School of Law was approved by the Bar Council of India

to offer degrees to students wishing to qualify as lawyers in India, and at the same time established a partnership with the most prestigious School of Law in India, the National Law School, Delhi.

The School of Law collaborated with universities and pro-bono networks across Europe to found the

### European Network for Clinical Legal Education (ENCLE).

Northumbria's Student Law Office was the overall winner in the category of

### 'Excellence in Community Investment' at the Law Society Excellence Awards.

The Eldon Lecture Series launched in October 2011, featuring eight influential guest speakers including **Sir Edward Garnier QC, the Solicitor General, and Shami Chakrabarti, the Director of Liberty.** A new series is underway for the 2012/13 academic year.

**Ben Hoare Bell LLP, one of the largest legal aid firms in the North East teamed up with School of Law** on a new project that aims to improve access to legal advice for people living and working in the Newcastle area.

The Government's Independent Reviewer on Social Mobility and Child Poverty, former Secretary of State for Health

**Rt. Hon Alan Milburn,** singled out Northumbria for its suite of integrated academic and professional law programmes.

The Newcastle Business School Dean's List was launched, **to promote outstanding student performance and reward students who achieve marks of above 70% in every module.**

Two teams from Newcastle Business School beat more than 125 other entrants to

### win gold and silver

in this year's Institute of Direct Marketing (IDM) National Student Competition. All of the students graduated from the BA (Hons) Marketing Management programme in July 2012.

### KTP Associate Daniella Colquhoun

is working with luggage producer Modrec International Ltd., sharing her expertise in marketing and design in order to develop their brand and expand sales.

A **partnership between Newcastle Business School and public transport provider Nexus** – which led to the creation of a bespoke MA programme – has received international recognition in this year's European Foundation for Management Development (EFMD) Excellence in Practice Award.

Dr Volodymyr Bilotkach, Senior Lecturer in Strategic Management and International Business, **won the award for the best article by a younger scholar** in the leading journal, *Review of Industrial Organization*.

### The University opened Newcastle Business School's Trading Room,

a hub for Bloomberg's cutting-edge financial system, which is used globally by top financiers and is now available to our students, alumni and corporate clients. The event was opened by guest of honour James Ramsbotham, Chief Executive at the North East Chamber of Commerce.

## KEY ACHIEVEMENTS BUSINESS AND LAW

# KEY ACHIEVEMENTS BUSINESS AND LAW



Business students



Professor of Legal Education, Paul Maharg



Newcastle Business School have created a research tool to help Lewis Reed Ltd. gain greater insight into the needs of their customers (from left, Prof Waring, Peter Scullion, Dr Johnston and Dr Nguyen)



Law Students



Professor Rhona Smith, Director of Research Degrees



Modrec International's 'outstanding' KTP Associate Daniella Colquhoun (right)



The Law Court Library at City Campus East

# KEY ACHIEVEMENTS ENGINEERING AND ENVIRONMENT

**Northumbria hosted a cross-European conference on developing electric mobility in the North Sea Region, across all forms of commercial, public and private vehicle transport.**

John Kearvell, a computer animation student, produced **special effects for a Hollywood movie:** Gemini Rising.

A team of North East technology students, including three students from Northumbria, **won first place in the UK final of the Microsoft Imagine Cup Software Design Competition.**

A sheltered housing Knowledge Transfer Partnership with North Tyneside Council received an **'outstanding' rating from the Technology Strategy Board.**

**Led by Northumbria, a €2.5 million project**

– the Centre of Excellence for Learning, Innovation, Networking and Knowledge (cLINK) – was launched, offering scholarships to allow 112 students, researchers and academic staff to study at six European universities (including Northumbria).

Engineering and Environment celebrated its first successful year as part of the EU-China Institute for Clean and Renewable Energy (ICARE) project, **raising the profile of renewable energy in China.**

**The Building Information Modelling (BIM) Academy received a Build London Live 2012 Award for their design of a museum in just 48 hours.**

**In the last National Student Survey, Architecture recorded a 97% satisfaction rate**

– the highest in the country for the second year running. Maths and Statistics provision recorded a 97% satisfaction rate, with 100% student satisfaction recorded in the Guardian University Guide 2011.

Professor Glen McHale took part in the Cutting Edge 2012 lectures which saw **world-class researchers and top GB and Paralympics GB stars come together** to share views on the research behind the UK's sporting achievements.

Experts at Northumbria University, led by Dr Ghanim Patrus, have developed a formula to **predict the impact that electric cars will have on the nation's power supplies.**

Engineering and Environment instigated an Environmental Best Practice Club, **created to share best practice on reducing carbon footprints. Members include Greggs, the NHS, Northumbria Police, Newcastle City Council, Northumbrian Water and Mott MacDonald.**

Paul Jones, Director of Programme Development for Architecture, **has been awarded a National Teaching Fellowship.**

Dr Ghanim Putrus led a team from Northumbria in an industry collaboration, to create the PV75-100 Photovoltaic Principles Trainer Unit, **producing artificial illumination levels comparable with the sun.**

**The Built Environment Visualisation Centre (BEVC) has worked with Durham Cathedral**

to create a physical model for the visitors centre; with the Vatican City to create a virtual model of an underground chapel, never before been seen by the public, and with the Newcastle Gateshead Initiative to create a virtual model of medieval Newcastle-upon-Tyne.

# KEY ACHIEVEMENTS ENGINEERING AND ENVIRONMENT



Computing students



Executive Dean of Engineering and Environment, Professor Glen McHale



Rebecca Cowen, Building Design Management, winning the Constructing Excellence in the North East Young Achiever Awards



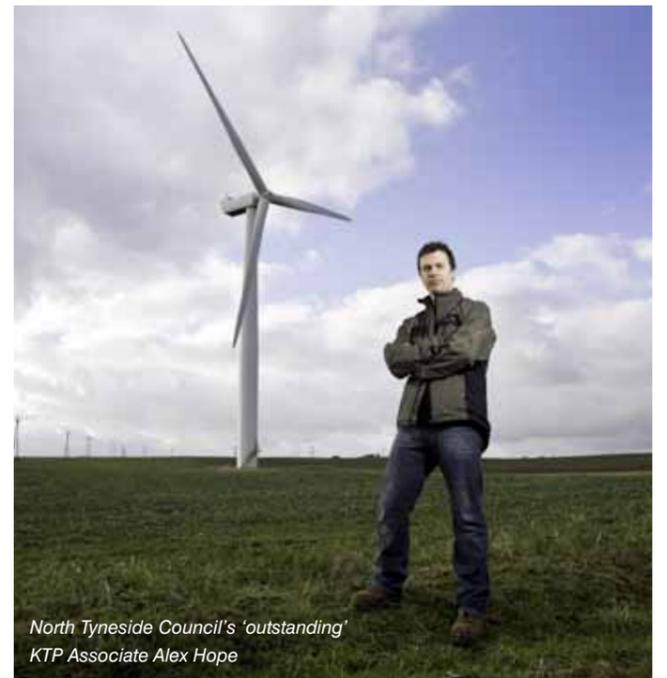
Students showcasing their work at the Graduate Show



The BIM Academy's award-winning museum design, at Build London Live 2012



Dr Ghanim Putrus



North Tyneside Council's 'outstanding' KTP Associate Alex Hope

## KEY ACHIEVEMENTS HEALTH AND LIFE SCIENCES

### **Dr Glyn Howatson, Lab Director and Associate Director for Sport Research, has been awarded a Fellowship with the British Association of Sport and Exercise Sciences.**

Fellowships are given in recognition of esteemed professional achievement, skills, knowledge and service to the sport and exercise sciences community. This year only nine individuals have been chosen as Fellows.

### **Dr Chris Maguire, Reader in Forensic Science has been awarded a £285,000 research contract**

from Public Safety and Emergency Preparedness, Canada, for a project looking at a sustainable model of forensic sciences delivery in Canada.

Northumbria University, working with Newcastle University, is a partner in **a new Research Institute focusing on cyber security,**

established by Government Communications HQ.

**Professor Gary Black has won £235,000** from the bioscience industry and research councils to support his research and knowledge exchange on novel enzymes.

**Our Psychology undergraduate and postgraduate programmes are accredited by the British Psychological Society.**

The Department of Sport Development has been awarded

We deliver postgraduate qualifications to coaches on behalf of the British Equestrian Federation and GB Rowing.

### **Professor Kath McCourt, has been awarded a CBE for services to nursing.**

She is also Chair of Council for the Royal College of Nursing (RCN).

### **Social Work at Northumbria has been ranked third in the UK**

by the *Sunday Times University Guide 2013*.

Northumbria University is to play a key role in a three-year, £2.45 million Department of Health contract aiming to transform mental health services for children and young people.

### **£500,000 has been awarded to Northumbria for 2012/13, to deliver training in evidence-based psychological therapies**

for a range of mental health difficulties experienced by children.

Northumbria University has won a national award for its excellence in post-qualifying nursing education provision

– as voted by its students. The Faculty's innovative Continuing Professional Development Framework received the Student Nursing Times Award 2012 in the category of 'Nurse Education Provider of the Year: Post registration'.

The pre-registration nursing programmes at Northumbria have become the first in the country to be

### **accredited by the Royal College of Nursing (RCN).**

**Our partner institution The Malaysian Allied Health Science Academy (MAHSA) has been granted formal University status.**

Anita Navin was named **Coach Educator of the Year** at the 2011 UK Coaching Awards.

# KEY ACHIEVEMENTS HEALTH AND LIFE SCIENCES



L to R: PhD student Andrew Porter and Professor Gary Black from Northumbria with Paddy Lavery from Nonlinear Dynamics



Dr Glyn Howatson, Fellow with the British Association of Sport and Exercise Sciences



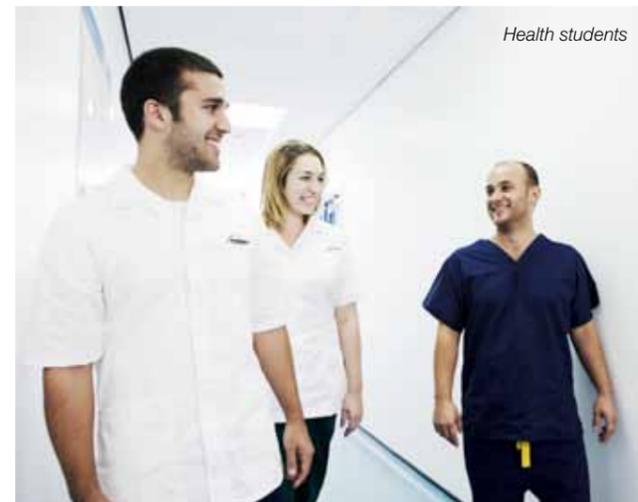
Northumbria's Nursing programmes have received RCN accreditation



Anita Navin, UK Coach Educator of the Year



Sport students



Health students



Executive Dean of Health and Life Sciences, Professor Kath McCourt

# VISION 2025

The University's Vision for 2025 is to be known as a research-rich, business focussed, professional university with a global reputation for academic quality.

Vision 2025 captures the real opportunity that the University has to transform itself, bringing benefits for students, staff and other stakeholders.



This change is an opportunity; but it is also a necessity. Higher education is entering a vastly challenging environment with greater competitive and regulatory pressures, sector diversification, more rapid change and an uncertain economic outlook. The University must change in order to compete on the basis of academic quality, on which our future depends.

Northumbria will create a distinctive appeal based on academic excellence and a professional, business and real-world focus, located in the UK's best cities for students, Newcastle and London, and globally. Our core activities will be research, the student experience, international activity and partnerships. To achieve the Vision Northumbria must build a modern, ambitious, open, dynamic, and demand-focussed culture; it must be sustainable; and it must transform its operations through technology.

The first phase of implementing Vision 2025 will be a new Corporate Strategy for 2013-18 which will be completed in the 2012/13 academic year.



# CORPORATE STRATEGY 2009–14

## Corporate Objectives

The Corporate Objectives set clear and measurable goals to be achieved by 2014. These are to:

- Double research capacity and income.
- Achieve in all subject areas at least 90% satisfaction in the National Student Survey.
- Create substantial new partnerships in the City and Region to optimise its role in driving economic, social and cultural developments in the North East.
- Increase global recognition and reputation by building its international presence and partnerships overseas.
- Extend its already leading position in the provision of Masters level education and increase the number of PhD students by 50%.

Corporate Strategy goals	Key successes
<b>Research</b>	
The University will increase the range, quality and impact of its research and research-driven excellence will come to inform all aspects of its academic activity.	The University's preparations for the Research Excellence Framework (REF) are on track to deliver a significantly larger submission to the 2014 assessment than the last one in 2008.
<b>Innovation and Enterprise</b>	
The University will use the knowledge it creates to enable businesses and organisations to innovate, strengthening its engagement and delivering added value through knowledge transfer activity.	Northumbria's new P3i research group was launched at the Royal Academy of Engineering in September 2012. P3i is a design research initiative that aims to accelerate the development of printable, paintable and programmable intelligent P3i materials.
<b>Learning, Teaching and the Student Experience</b>	
The University will continue to provide an outstanding student experience. Learning and teaching will be informed by research and where appropriate, by professional practice, supported by excellent facilities and information infrastructures. Northumbria's graduates will be enterprising, employable and able to make a powerful contribution to society, culture and the economy throughout the world.	The 2012 NSS survey campaign resulted in an NSS response rate of 78% – 32nd in teaching excellence in the <i>Sunday Times League Tables</i> . Northumbria led the sector response rate throughout the survey. The results show improvements in scores across the board, with overall satisfaction rising to 86% from 83%.  We successfully compiled and submitted Northumbria's Key Information Set data to HEFCE, a major step forward in providing clear, summary data to students and sponsors on Northumbria's programmes.
<b>Region, Engagement and Partnerships</b>	
The University will engage with organisations and communities in the City and Region, nationally and internationally, adding value through collaboration, partnership and its accessibility to society.	Northumbria launched the BxNU partnership with BALTIC Centre for Contemporary Art, including the opening of BALTIC 39 in High Bridge. The partnership has won a Times Higher award.  A memorandum of understanding has been agreed with Gateshead Council, addressing knowledge transfer and research; widening participation; international strategies; regeneration of the town centre; business support; culture and sport; and volunteering.
<b>Internationalisation</b>	
Northumbria will respond to the challenges of globalisation, increasing its international profile and global impact. The University will work to provide its students with the knowledge and skills needed to succeed in the global economy.	Northumbria's strategic partnership with Kaplan Higher Education has now been running for over a year, allowing students to study for a full Northumbria degree in Singapore.  New partner development activity included links with Zhongnan University of Economics and Law in China.  Northumbria's Vietnamese marketing office was launched in April 2012, to help develop links and promote the University.
<b>Management, Governance and Resources</b>	
The University's management and governance procedures will be robust and transparent and ensure the effective and efficient delivery of strategic objectives.	Successful delivery of a Board and Committee Evaluation Framework and a fundamental reflection and review of, our approach to governance.

# REVIEW OF OPERATIONS

## Tuition Fees and Funding

The year 2011/12 was one of significant change in UK Higher Education. In developing its package of fees, bursaries and scholarships the University undertook extensive analysis of its environment; the views of its students and prospective students; and its stakeholders. The outcomes can be summarised as follows:

- **The new home undergraduate fee regime:** the University set a fee of £8,500 for 2012/13, for all new undergraduate students.
- **Commitment to widening participation (WP):** Northumbria remains committed to the widening participation agenda and was pleased to have its Access Agreement ratified without delay by the Office for Fair Access (OFFA). Progress towards WP objectives remains positive in a difficult environment.
- **Bursaries:** support for students remains an important element of Northumbria's student recruitment and retention activity. The University's generous package of up to £4,000 of fee waiver and bursary support per year for the least affluent students remains in place as one of the most generous packages nationally.
- **Scholarships:** Northumbria offered a £1,000 annual scholarship to students entering in 2012/13 who achieved A level grades AAB+ or their equivalent. This approach was successful with over 900 AAB+ students joining Northumbria in September 2012.
- **Transparency:** Northumbria is committed to transparency in all of its operations. It sees this as an important element of its student experience and believes that all students should be clear about their cost of study before they enrol. Following further consultation with its Students' Union, the University made a commitment that no student would be faced with additional costs for an element of their course that was considered mandatory. Northumbria believes this supports students with their financial planning and ensures that all students, irrespective of background and income, will be able to benefit from a full and rewarding learning experience.
- **Postgraduate Taught Scholarships:** the University recognises the growing financial pressures for students and the impact this may have on their decision to progress to full-time postgraduate study. In 2011/12 the University introduced a scholarship scheme rewarding postgraduate entrants with a 1st or 2:1 in their first degree with a scholarship (paid as a fee discount) of 15% or 10% respectively of their tuition fee. This is further enhanced for Northumbria graduates by an additional 10% alumni discount.

The University will continue to monitor the impact of all of its fees, bursaries and scholarships to ensure they support the University's strategic development and provide sector-leading support for its students.

## People

Recruiting, retaining and developing high-calibre staff is critical to the University's success. During the 2011/12 financial year Human Resources continued to facilitate the recruitment and retention of high quality research-active staff to support the strategic investment in academic quality and the Research Excellence Framework 2014. Overall full-time equivalent staff increased by 56 to 2,874 in the reporting period.

The University has developed a set of Leadership Attributes, which articulate what is expected of its leaders. Seven dimensions of leadership have been identified: setting direction; communicating and influencing; meeting the needs of our stakeholders; empowering others to deliver; fostering collaboration; driving innovation and change; and acting with integrity. These Leadership Attributes continue to be embedded across the University with the development portal enabling line managers to reflect on performance and undertake self-assessment. The Attributes will support cultural change and provide the framework for leadership and talent programmes, which will be launched in January 2013.

The University conducted its staff opinion survey in November 2011, and results reported improvements in almost every area over the 2008 survey. The survey was designed jointly by the University and Capita People Development and also provided an opportunity to benchmark Northumbria's results with those of 37 other Universities. Northumbria emerged as the top University in six areas, including work life balance and pay and conditions.

In April 2012 the Going the Extra Mile (GEM) Award Scheme was launched, designed to recognise a significant contribution, achievement or performance by a member of staff.

## Estate

Following significant investment in the University's campuses over recent years, the estate is now of a high standard with resources being targeted effectively for continuing improvement. Key achievements this year include the commencement of an extension to the City Campus Library and the delivery of a 98-place nursery to replace the existing aged facility.

Sport Central, Northumbria's £30 million sport facility, was awarded Project of the Year at the Royal Institution of Chartered Surveyors Renaissance Awards 2011.

## Sustainability

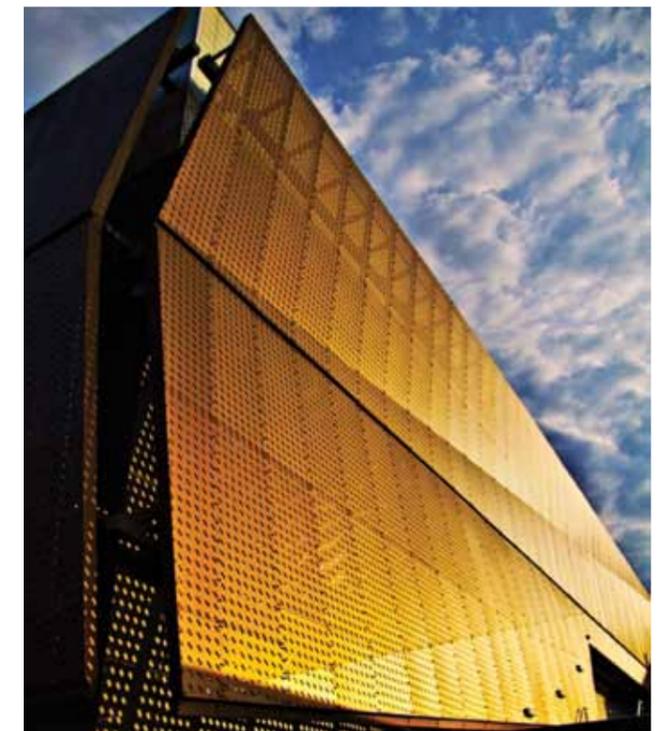
The University is committed to operating sustainably, and aims to embed sustainability within its support operations as well as in research, teaching and learning. In accordance with our Carbon Management Plan 2010-20, this year we have been working on staff training, student awareness, an estate-wide Building Management System and lighting review, and a programme of voltage optimisation this has led to carbon emission reductions of up to 13%.

The University will continue to maintain an attractive, financially viable and sustainable environment for a high quality student experience and cutting-edge research, through a comprehensive and integrated approach to capital investment, maintenance, space utilisation and carbon reduction.

## Information Technology

Ongoing, innovative and carefully considered investment in technology will enable Northumbria University to thrive in the challenging Higher Education environment. In 2012 we upgraded the eLearning Portal, placed new PCs in open access areas and migrated student email to Microsoft's hosted services for the education sector, all of which will provide enhanced performance for students. We have also changed telephone provision to use the JANET Network and optimised our central computer hardware.

Wi-Fi technology will be key to the University's technological development, and this year we embarked on the first stage of a major campaign to upgrade our wireless technology, resulting in increased coverage and enhanced performance for students and staff across City Campus East.



# FINANCIAL REVIEW

## Five year summary of key statistics

	2011/12	2010/11	2009/10	2008/09	2007/08
	£'000	£'000	£'000	£'000	£'000
Funding council grants	69,902	70,220	78,819	70,406	71,049
Tuition fees and educational contracts	110,120	109,049	104,164	94,910	82,238
Research grants and contracts	4,685	4,400	4,262	5,012	4,623
Other operating income	29,758	29,123	30,110	29,125	26,382
Interest receivable	138	128	82	215	657
<b>TOTAL INCOME</b>	<b>214,603</b>	<b>212,920</b>	<b>217,437</b>	<b>199,668</b>	<b>184,949</b>
<b>TOTAL EXPENDITURE</b>	<b>208,195</b>	<b>200,077</b>	<b>205,779</b>	<b>186,171</b>	<b>175,401</b>
<b>SURPLUS BEFORE EXCEPTIONAL ITEMS</b>	<b>6,408</b>	<b>12,843</b>	<b>11,658</b>	<b>13,497</b>	<b>9,548</b>
<b>GAINS/(LOSSES) ON DISPOSALS AND DIMINUTIONS OF FIXED ASSETS</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>(1,110)</b>
<b>SURPLUS ON OPERATIONS</b>	<b>6,408</b>	<b>12,883</b>	<b>11,658</b>	<b>13,497</b>	<b>8,438</b>
<b>HISTORIC COST ADJUSTMENT</b>	<b>1,865</b>	<b>1,865</b>	<b>2,396</b>	<b>2,396</b>	<b>1,756</b>
<b>HISTORICAL COST SURPLUS FOR YEAR</b>	<b>8,273</b>	<b>14,748</b>	<b>14,054</b>	<b>15,893</b>	<b>10,194</b>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>20,141</b>	<b>22,760</b>	<b>36,701</b>	<b>28,442</b>	<b>21,022</b>
<b>NET CASH INFLOW / (OUTFLOW)</b>	<b>7,227</b>	<b>2,933</b>	<b>3,579</b>	<b>(2,371)</b>	<b>588</b>

Fixed assets	310,010	312,524	295,530	277,020	252,441
Net current liabilities	(13,719)	(23,694)	(27,707)	(21,936)	(16,476)
Creditors due after more than 1 year	(67,021)	(67,787)	(58,057)	(46,697)	(47,498)
Provisions	(5,181)	(3,619)	(3,692)	(2,133)	(2,287)
<b>NET ASSETS BEFORE PENSION LIABILITY</b>	<b>224,089</b>	<b>217,424</b>	<b>206,074</b>	<b>206,254</b>	<b>186,180</b>

<b>PENSION LIABILITY</b>	<b>(98,596)</b>	<b>(74,275)</b>	<b>(67,349)</b>	<b>(81,461)</b>	<b>(48,250)</b>
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<b>NET ASSETS AFTER PENSION LIABILITY</b>	<b>125,493</b>	<b>143,149</b>	<b>138,725</b>	<b>124,793</b>	<b>137,930</b>
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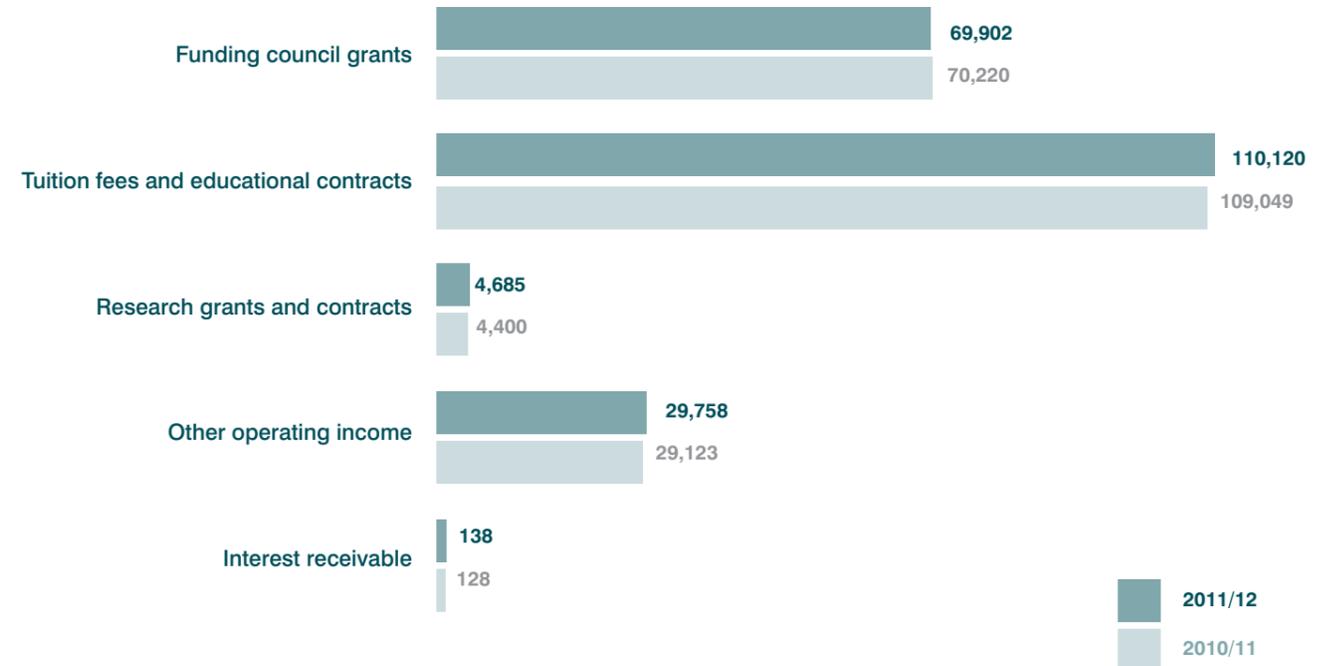
## Financial highlights

The University's financial performance for 2011/12 can be summarised as follows:

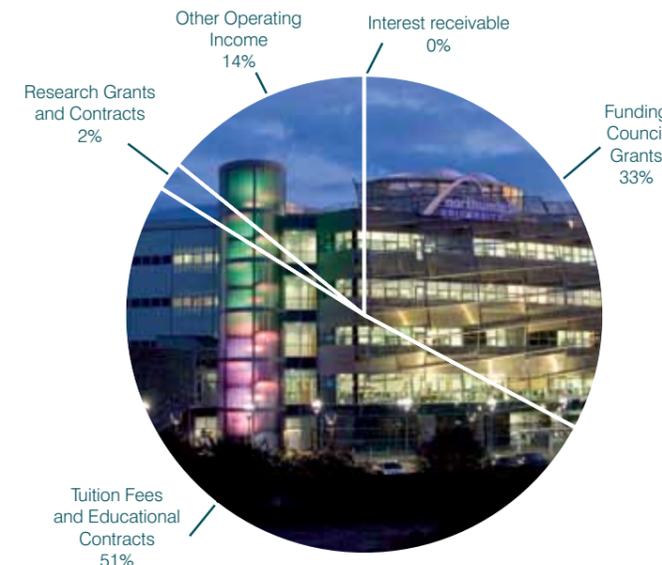
- Total income of £214.6m
- Historical cost surplus of £8.3m
- £1.5m of expenditure on a Voluntary Severance Scheme
- £1.5m provided for business restructuring
- £20.1m of cash generated from operating activities
- £11.2m of investment in capital expenditure
- Net assets of £125.5m
- Borrowing facilities of £96m (reduced from £126m) available from the University's lenders, of which £29m is unutilised

## CONSOLIDATED INCOME

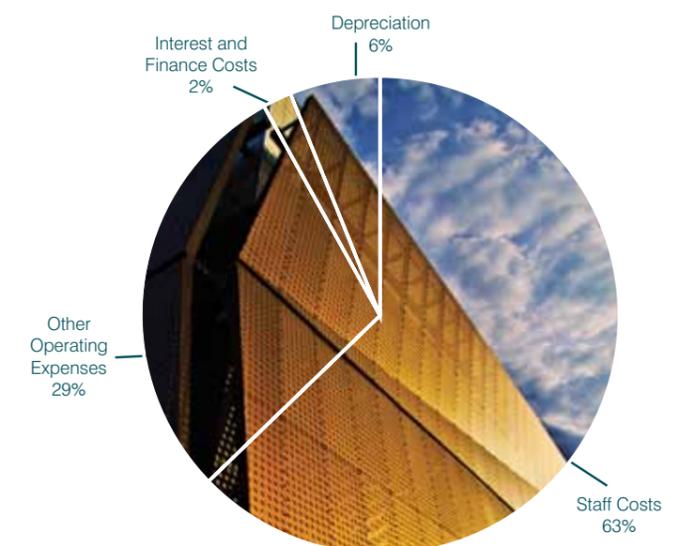
£'000s



## Consolidated Income



## Consolidated Expenditure



# FINANCIAL PERFORMANCE

The audited accounts have been prepared in accordance with the 2007, Statement of Recommended Practice: Accounting for Further and Higher Education and also comply with the Higher Education Funding Council for England (HEFCE) accounts direction (20/2011). The consolidated results of the University are summarised below:

Summary results for year		
	£'m 2011/12	£'m 2010/11
Income	214.6	212.9
Expenditure	(208.2)	(200.1)
Surplus on continuing operations	6.4	12.8
Difference between historical cost depreciation and the actual depreciation charge for the year calculated on the revalued amount	1.9	1.9
Historical cost surplus for the year	8.3	14.7
Surplus percentage	3.9%	6.9%

## Income

Compared with the previous year, total income rose by 0.8% to £214.6m. The main movements on this are:

- Funding council grants decreased in total by £0.3m to £69.9m; this included the on-going efficiency savings in recurrent grant funding announced by the Higher Education Funding Council for England (HEFCE) and £2.5m additional income backdated for the last 3 years from 2009/10.
- Tuition fee income and education contracts rose by 1.0% to £110.1m. Full and part-time home and EU students increased by £3.6m to £57.3m, but the fees for overseas students decreased by £1.6m to £26.8m.
- Research grants and contracts increased by £0.3m to £4.7m in the year.

## Expenditure

Total expenditure increased to £208.2m from £200.1m.

Staff costs, representing 61% of income, have increased by £7.8m to £131.1m. This includes:

- £1.5m in relation to a Voluntary Severance Scheme exercised during the year.
- £1.5m relating to restructuring costs for the transition of Schools to Faculties.

- £4.8m relating to the planned investment in academic staff, reduction in non-academic staff, and investment in the delivery of Procure to Pay (P2P) savings.

Other operating expenses reduced by £1.8m to £59.8m.

## Surplus

The net outcome was a historical cost surplus for the year of £8.3m, which was 3.9% of total income and down £6.4m on 2010/11.

## Balance sheet

The net assets of the University group decreased during the year by £17.7m, to stand at £125.5m. The main areas of change were:

- Tangible fixed assets** – reduced by £2.5m to £310.0m.
- Current assets** – increased by £6.8m to £30.5m.
- Creditors – amounts falling due in less than one year** – reduced by £3.2m to £44.2m.
- Creditors – amounts due in more than one year** – reduced by £0.8m to £67.0m mainly due to the reducing loan balances in the year.
- The defined benefit pension liability** increased significantly by £24.3m to £98.6m.

## Capital programme

During the year, £11.2m was invested in the University's facilities and infrastructure. This included £1.2m on two new student residences, £0.6m on the new nursery building, £5.9m on refurbishing the existing estate and £3.5m on IT and Schools equipment.

## Cash flow

During the year, £20.1m was generated from operating activities. As a result, the University was able to fund the £11.2m of capital expenditure from operating cash.

## Long-term borrowings

The University has access to £96.0m funding through its Revolving Credit Facility (RCF) with Barclays Bank plc, its main banker. £67.0m has been drawn down leaving a further £29.0m available.

## Sustainability

Transformation programmes are in progress to create standardised Faculty structures across the University. Additional programmes in the service areas to centralise the procurement and IT functions, coupled with the development and upgrade of SAP which will give greater automation, and the development of more robust processes and controls will drive greater efficiency and value for money through the elimination of duplication and the establishment of a best practice approach.

# PUBLIC BENEFIT STATEMENT

The University is an 'exempt' charity based on Schedule 3 of the Charities Act 1993, meaning that it is not required to register directly with the Charity Commission. The Charities Act 2006 strengthened the requirements for oversight of exempt charities, which includes the majority of HEIs in England, Wales and Northern Ireland. On this basis from 1 June 2010, HEFCE became 'principal regulator' of the University as a charitable body. (The University has no linked

or paragraph 'w' (paragraph 28) charities on which to disclose information).

In producing this statement, it is confirmed that the Board of Governors as Trustees of the University have had due regard to the Charity Commission's public benefit guidance. In turn, given the significance of the public benefit statement as an articulation of how the University fulfils its charitable purpose, reference has been made to recommended

good practice by HEFCE in reporting on public benefit.

The University responds and advances a significant number of the 13 charitable purposes set out in the Charities Act 2006. Six of the charitable objectives are identified below, where the work of Northumbria demonstrates significant commitment.

Charitable purpose	Examples
1. The prevention or relief of poverty	The University's work with the Cyrenians. See the case study.
2. The advancement of education	The University's Widening Participation initiatives: <i>Summer school</i> <i>Taster courses</i> <i>Northumbria road show</i> <i>Star Student project</i> <i>Programme of school outreach visits</i> <i>Scholarships, bursaries and fee waiver programme</i> <i>Diverse and high quality teaching and learning offer</i>
3. The advancement of health or the saving of lives	The School of Health, Community and Education Studies (HCES) delivers over 200 programmes in the areas of Nursing and Midwifery, Allied Health, Education, Social Work and Integrated Children's Workforce. As well as applied training in the community and healthcare setting, the School's research clusters centre on the advancement of health including Care and Compassion, Public Health and Wellbeing, Social Work and Disability. Examples of recent funding to deliver this work include Northumbria and other partner institutions winning £2.45m of NHS funding over three years to deliver training in evidence-based psychological therapies for a range of mental health difficulties experienced by children.
4. The advancement of citizenship or community development	Northumbria's Global Citizenship Award encourages students to engage with local and global communities, organisations and individuals in order to benefit from the transformational experience associated with these exchanges.  Initiatives at the heart of development of the North East region include Northumbria's key role in a major regeneration of Gateshead Town Centre, through the creation of a halls of residence for almost 1000 students in the new Trinity Square development.
5. The advancement of the arts, culture, heritage or science	Northumbria has formed a major collaborative partnership with the BALTIC gallery (which was the venue for the Turner Prize 2012). As a result a BxNU Institute for Contemporary Art has been established in the Faculty of Arts, Design and Social Sciences led by a newly appointed BALTIC Professor of Contemporary Art. Building on this success in April 2012, BALTIC 39 was opened, which is a City Centre studio and exhibition space which forms the cultural hub for this relationship.  The University was a major partner in the Newcastle Science Festival in March 2012. This included talks, lectures and exhibitions to encourage interest in Northumbria's research such as the Centre for Sleep Research and Olympic-inspired 'Designing the Dynamic' exhibition which explored the use of science in sport from golf balls that travel straighter, to swimsuits that help you swim faster.
6. The advancement of amateur sport	The University provides significant sponsorship and subsidies for Team Northumbria which is the umbrella body under which all of the University's sports teams compete. We have a long and distinguished history of providing athletes in all sports with the highest levels of coaching and other support services to ensure that they are on top of their game. Team Northumbria and the wider student, staff and community benefit from Northumbria's £30m Sport Central facility opened in 2010.

# CORPORATE GOVERNANCE AND STATEMENT ON INTERNAL CONTROL

## Advancement of education

As a major University, the 'advancement of education' represents the core public benefit provided by the University, underpinning its mission and embedded in its strategic aims and objectives. The key beneficiaries of the University's advancement of education is its 36,000 student community, which comprises a diverse population from the UK and overseas. However, the advancement of education links to a range of other charitable purposes. The University recognises that the advancement of education is achieved through the teaching, development and experience offered to its students enrolled on its programmes, including full and part-time undergraduates, taught postgraduates and research students. This includes the powerful civic role of the University in providing Higher Education learning opportunities across the North East region, as well as more broadly in the UK and international outreach through its collaborations overseas including Malaysia, and strong international body of students coming to the University.

The advancement of education is also provided through the University's commitment to widening participation. This supports the advancement of community and citizenship development. The University provides a comprehensive programme of activities, including those from non-traditional and non-participating backgrounds in over 400 schools and colleges, regionally and nationally. The Star Student project is one innovation specifically designed to raise awareness of the benefits of Higher Education and the aspirations of potential students of all ages. A floor-based board game, the project is led by Northumbria students and played by Year 8 pupils (12–13 years) and teaches pupils about the benefits of Higher Education. The impact of the project continues to go from strength to strength, and has now received global take-up. In 2011/12 it was licensed to La Trobe University in Australia.

The University is acutely aware of the potential perceived barriers to entry to Higher Education as a result of the new tuition fee system in place for 2012/13. Northumbria's fee level falls below the £9k cap and it also has a generous bursary and scholarships package to help offset the costs of tuition fees and wider costs associated with studying at university. The University's commitment to students following enrolment is further enhanced by delivering an excellent student experience at Northumbria. This extends beyond the core activities of teaching and learning and includes equipping students with the necessary skills and attributes for employability. Student support also encompasses a range of services including welfare, disability and wellbeing advice, to support students on their journey through university life and to enable them to complete their studies and progress into a successful career.

The following statement is given to assist readers of the Financial Statements to gain an understanding of the legal and governance structure of the University.

The University is an independent Higher Education Corporation, established under the terms of the Education Reform Act 1988. Its objectives, powers and framework of governance are set out in the Instrument and Articles of Government. The Privy Council, in consultation with the Charity Commission, has approved an amendment to the University's Instrument of Government in 2012 to enable remuneration of the Chair of the Board of Governors. The Articles require the University to have:

- A Board of Governors as the governing and supreme decision-making body of the University
- A Vice-Chancellor who is Chief Executive of the University
- An Academic Board, chaired by the Vice-Chancellor and Chief Executive

The Board of Governors is responsible for the determination of the educational character and mission of the University and the oversight of its activities, including ensuring an effective system of internal financial control is in place. Its specific duties are contained in a revised Statement of Primary Responsibilities for the Board, adopted in September 2011.

The Academic Board is responsible for the oversight of the academic activities of the University and draws its membership from staff and students of the institution. It is particularly concerned with general issues relating to research, scholarship, teaching and the academic programmes of the University.

The primary role of the Board of Governors is:

- To contribute to the development, approval and review of the Vision and *Corporate Strategy* of the University and performance against it, its long-term academic and business plans, and to ensure that these meet the interests of stakeholders.
- To set the tone, and approve the overall framework, for risk management and ensure that systems are in place for the establishment and monitoring of systems of

control and accountability, including financial and operational controls.

- To appoint the Vice-Chancellor and Chief Executive, and to determine and put in place suitable arrangements for pay and conditions of service and the monitoring of his/her performance.
- To delegate authority to the Vice-Chancellor and Chief Executive, for the academic, corporate, financial, estate and personnel management of the institution. This delegation is subject to the Scheme of Delegation, the Financial Regulations.
- To make such provision as it thinks fit for the general welfare of students, primarily discharged through the Academic Board.
- To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all of the University's legal and charitable obligations, including those arising from the regulatory framework, contracts and other legal commitments made in the University's name.
- To conduct its business in accordance with best practice in Higher Education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life. To ensure the compliance of the University with ethical and professional standards and codes of conduct.
- To act as trustees, and ensure that the University complies with any wishes, in respect of any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
- To establish and adhere to processes to monitor and evaluate the performance and effectiveness of the governing body itself.

The work of the Board is also carried out through the following key Committees:

**Audit Committee:** the Committee has continued to play a core role in the corporate governance arrangements of the University. The Committee met on five occasions during 2011/12 and has monitored the adequacy of arrangements in place for internal audit through its focus on risk management, monitoring the work of the internal auditors, value for money, and data quality and assurance. It also monitors the work of the external auditors, culminating in

the review and opinion on the Financial Statement. The Audit Committee ensures adherence to University policies and procedures and wider legal and regulatory compliance, including the reporting of significant incidents, including instances of fraud and public interest disclosures.

**Employment and Finance Committee:** the Committee has played a core role in monitoring and testing arrangements in respect of financial, estates and staffing strategy, policy, and initiatives.

**Performance and Risk Committee:** the Committee operated for its first full year in 2011/12 and has undertaken reviews of the University's in-year performance against the corporate targets agreed by the Board, received reports on performance against each of the six Corporate Pillars in the Corporate Strategy, and evaluated the effectiveness of the University's arrangements for risk management and testing of controls for each corporate risk in this context.

**Executive Management:** The Vice-Chancellor is the Chief Executive of the University, with responsibility to the Board of Governors for the organisation, direction and management of the University. Under the terms of the Financial Memorandum between the University and the Funding Council, he is the 'accountable officer' and, in that capacity, can be summoned to appear before the Public Accounts Committee. As Chief Executive, the Vice-Chancellor is specifically responsible for making proposals to the Board of Governors on the educational character and Mission of the University. Subject to consultation with the Academic Board, he is responsible for executive management of all aspects of the University.

In 2011/12 the Vice-Chancellor and Chief Executive was advised on delivery of the Corporate Strategy and executive business by the Vice-Chancellor's Executive Group ('VCEG'), the membership of which has been strengthened and became the University Executive from 1 September 2012. During 2011/12 the VCEG met on a weekly basis to advise the Vice-Chancellor and Chief Executive on delivery of the Corporate Strategy and executive management of the University.

## Charitable engagement case study:

### Building relationships for the prevention and relief of poverty

Throughout 2011/12 the University has continued to develop strong and close working relationships with the Cyrenians – a Newcastle-based organisation supporting homeless individuals. An on-going collaboration between the Cyrenians and Northumbria's Faculty of Arts, Design and Social Sciences has led to the 'Let's Build Together' campaign. For the last three years a design brief has been offered by the Cyrenians to second year Graphic Design students, with the potential for the winning design, or aspects of it, to be used by the charity. The 2011/12 brief was to design a campaign that emphasised the impact of volunteering with the Cyrenians for individuals as both volunteers and beneficiaries. The 'Out of Sight, Out of Mind' campaign highlighted the fact that homelessness affects people throughout the year, not just at Christmas. A flashmob that Northumbria students coordinated saw dozens of people sit down on Northumberland Street in Newcastle to highlight the plight of the homeless. This innovative campaign has been featured on advertising, leaflets and posters on buses, Metro trains and stations across the city.

## Responsibilities of the Board in the preparation of the Financial Statements

The Board is responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the University. The financial statements are prepared in accordance with the requirements of the Articles of Government, the Higher Education Funding Council for England's (HEFCE) accounts direction, the Statement of Recommended Practice – Accounting in Further and Higher Education and other relevant accounting and financial reporting standards. In addition, within the terms and conditions of the University's Financial Memorandum agreed with the Funding Council, the University, through its accountable officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

For the Financial Statements to be prepared the Board has ensured that:

- Suitable accounting policies are selected and applied consistently.
- Judgements and estimates are made that are reasonable and prudent.
- Applicable accounting standards have been followed subject to any material departures which would be disclosed and explained in the financial statements.
- Financial statements are prepared on the going concern basis.

The Board has taken reasonable steps to:

- Ensure that funds from the Higher Education Funding Council for England are used only in accordance with provisions of the Further and Higher Education Act 1992, the HEFCE Financial Memorandum, and any other conditions that HEFCE or other funding bodies may from time to time prescribe. To ensure that reasonable discretion is exercised in the use of public funds and account taken of any relevant guidance on accountability, sustainability or propriety.
- Ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, with ultimate responsibility for the effective and efficient use of resources.
- Safeguard the assets of the University and prevent and detect fraud and wider corruption.
- Ensure that the University is delivering value for money from public funds, taking into account guidance on good practice.

## Statement on Internal Control (SIC)

The Statement on Internal Control has been formulated with reference to HEFCE's Accounts Directions for the 2011/12 financial statements and wider regulatory guidance including the provisions contained in the 'Turnbull Report': Internal Control: Guidance for Directors on the Combined Code (1999 and 2005) and the National Audit Office's (NAO) A good practice guide to the Statement on Internal Control (2010).

1. As the governing body of the University, the Board of Governors ensures that the University maintains a sound system of internal control that supports the achievement of policies, strategic objectives and, ultimately, the Corporate Strategy. The Audit Committee, the role of which is summarised above, is the principal vehicle through which the Board received assurance on the University's system of internal control. This is undertaken in the context of safeguarding the public and other funds and assets for which the Board is responsible, in accordance with the University's Instrument and Articles of Government and external requirements of HEFCE and other bodies.
2. The system of internal control is designed to manage, and therefore, mitigate rather than eliminate risk of failure to achieve policies, aims and objectives.
3. The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of the University's Corporate Strategy. The Board is responsible for setting the tone and leadership for risk management across the University and to receive assurance that adequate arrangements have been put in place by the University Executive for the management of risk. The Vice-Chancellor and Chief Executive is responsible for the management of risk which is managed through the Corporate Risk Register and within the framework of the Risk Management Plan. Risk management is embedded in the work of the Vice-Chancellor's Executive Group, with each of the corporate risks assigned to an owner who is a member of this Group, with responsibility for management of the risks and associated controls. The University has dedicated specialist resource through a Risk Manager based in the University Secretary's Office, which has strengthened risk arrangements across the University. Audit Committee remains responsible for seeking assurance on the adequacy and effectiveness of the University's risk management arrangements and has received assurance from UNIAC, the University's internal auditors, that the University's Risk Management arrangements are effective. The Board receives an Annual Report from the Audit Committee which provides the Committee's opinion on the adequacy of risk management and internal control systems.
4. A number of mechanisms are in place to establish, maintain and enhance a sound system of internal control, separated out as 'risk assessment' and wider internal controls for the purpose of the Statement.

5. Risk assessment activities are effectively integrated into the University's corporate governance arrangements, as a central component of a sound system of internal control, as follows:

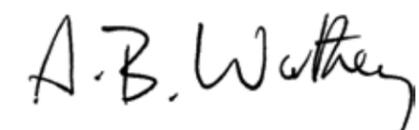
- i. the Risk Management Plan and Corporate Risk Register were approved by the Board of Governors at the start of 2011/12 and have been subject to review and consideration throughout the year
- ii. engagement with risk is evidenced by in-year movement in the scoring of items in the Corporate Risk Register and an accompanying review of the adequacy of controls during the course of year following executive management individual and collective engagement with the risks for which they are responsible. The challenge function of Performance and Risk Committee has also contributed to this
- iii. Performance and Risk Committee has examined each of the Corporate Risks as part of its programme of meetings in 2011/12 and has produced feedback as one source of assurance for Audit Committee
- iv. Audit Committee and the Chairs of the Committees and Vice-Chancellor and Chief Executive have engaged in workshops co-ordinated by the Chair, Head of Governance and Risk Manager to examine arrangements for the governance of risk
- v. an overall sound judgment was made on the economy and effectiveness of risk reported through an internal audit of Risk Management as reported to Audit Committee in July 2012
- vi. review of the internal audit plan to ensure its alignment with the Corporate Risk Register
- vii. further work with Deans of Schools and Directors of Services to develop engagement in risk management at this level, and refinement of School and Service Risk Registers where many of the core business and operational risks are located
- viii. incorporation of School and Service-level Risk Registers in the Annual Development Planning and Service Development Planning process.

6. The wider system of internal control operates as follows:

- i. the Board of Governors receives regular updates on the wider internal control framework during the course of its meetings, principally through the Corporate Risk Register, and also wider business, operational and compliance controls through the minutes of Audit Committee and other reports
- ii. significant strengthening of internal controls continued during the course of the year. A financial controls review included a comprehensive review and re-launch of the Financial Regulations and adoption of a new Treasury Management Policy. In terms of controls related to legal compliance, a full review of the Fraud Policy

was undertaken to address wider anti-corruption controls following the Bribery Act 2012, as well as a re-write of the Public Interest Disclosure Policy. The policies were subject to rigorous review by the internal and external auditors, the Audit Committee, and the Employment and Finance Committee, and were adopted by the Board of Governors.

7. The formulation of the SIC reflects good practice and has been informed by on-going update and engagement with a risk-based Business Assurance Map and Reportable Incidents Log. It has also been reviewed by the University Executive and amended prior to consideration by the Audit Committee.
8. On behalf of the Board of Governors, the Executive Management and the Audit Committee have conducted the annual review of the University's systems of internal control. Assurance sources for this review include internal and external audit reports, feedback from inspections, internal monitoring systems and reports on any incidents or events that have highlighted internal control weaknesses. The 2011/12 Internal Audit Opinion is that the overall internal control environment is effective. While a number of improvements to internal control systems have been identified from specific areas of audit, no significant internal control weaknesses have been detected.



**Andrew Wathey**

*Vice-Chancellor and Chief Executive*



**Chris Sayers**

*Chair of the Board of Governors*

# REGISTER OF BOARD MEMBERS AND PROFESSIONAL ADVISORS

## Chancellor

The Lord Stevens of Kirkwhelpington

## Governors

The Governors are also the Charitable Trustees in terms of the Charities Act definition.

### Ms Alison Alden

Miss Lucy Armstrong (Acting Chair and Pro-Chancellor) (to 31 July 2012)

Mrs Lesley Bessant (Pro-Chancellor)

Mr Ian Brown (from 6 February 2012)

Mrs Lorraine Brown (from 16 December 2011)

Mr David Buffham (to 17 May 2012)

Mr David Clipsham

Mr Alasdair Corfield (from 6 February 2012)

Sir Les Elton (Chair and Pro-Chancellor) (to 7 February 2012)

Dr Graham Hillier

Mr John Josephs (to 31 July 2012)

Mr Peter Judge MBE

Professor Kathleen McCourt CBE

Dr Maureen Norrie (to 31 July 2012)

Ms Jo Rhodes

Mr Chris Sayers (Chair from 1 August 2012)

Ms Holly Seabrook (to 31 July 2012)

Mr Adam Serfontein (Pro-Chancellor)

Mrs Linda Spencer

Mr Michael Short (to 31 July 2012)

Mr John Taylor

Mr William Teasdale (to 16 February 2012)

Miss Claire Templeton

Mrs Eileen Thompson (to 22 November 2011)

Mrs Ruth Thompson OBE (to 31 July 2012)

Professor Andrew Wathey (Vice-Chancellor and Chief Executive)

## University Secretary and Secretary to the Board of Governors

Mr Philip Booth

## External Auditor

### KPMG LLP

Quayside House

110 Quayside

Newcastle upon Tyne

NE1 3DX

## Internal Auditor

### UNIAC

Room 101–105

Ormond Building

Lower Ormond Street

Manchester

M15 6BX

## Bankers

### Barclays Bank plc.

City Office

Percy Street

Newcastle upon Tyne

NE1 4QL

### Bank of Scotland

Corporate Banking

Corporate Banking

3rd Floor, Earl Grey House

75 Grey Street

Newcastle upon Tyne

NE1 6EF

## Register of Interests and Disclosures

A Register of Board members' interests is maintained by the Secretary to the Board of Governors and may be viewed on the Governance Services pages of the University's website or by contacting the Office at the address below:

## Secretary to the Board of Governors

Vice-Chancellors Office

Ellison Building

Ellison Place

Newcastle upon Tyne

NE1 8ST

Telephone (0191) 227 4520

# INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF NORTHUMBRIA UNIVERSITY

We have audited the Group and University financial statements (the "financial statements") of Northumbria University for the year ended 31 July 2012 which comprise the Consolidated Income and Expenditure Account, the Consolidated Statement of Historical Cost Surpluses and Deficits, the Statement of Consolidated Total Recognised Gains and Losses, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Board of Governors, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the Board of Governors and auditor

As explained more fully in the Statement of Primary Responsibilities of the Governing Body set out on pages 57-58, the Board of Governors is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the groups and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Operating and Financial Review to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2012 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

## Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

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

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

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control included as part of the Statement of Corporate Governance and Internal Control is inconsistent with our knowledge of the University and Group.



**Paul Moran (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

26 November 2012

# ACCOUNTING POLICIES

## Statement of Principal Accounting Policies

In accordance with FRS 18 'Accounting Policies', these accounting policies have been reviewed by the Board of Governors and are considered to be appropriate for the University's activities.

### a. Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice 'Accounting in Further and Higher Education' (SORP) and in accordance with applicable accounting standards. They conform to the guidance published by the Higher Education Funding Council for England (HEFCE).

### b. Going concern

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

The University currently has £67.4m of loans outstanding with lenders and £29m of undrawn loan facility, virtually all being secured by a fixed and floating charge on University assets. The terms of the existing agreements do not expire until 2014. The University generates significant levels of cash from its operating activities, with £20.1m being generated in 2011/12. The University's forecasts and financial projections indicate that it will be able to operate within these existing facilities and attached covenants for the foreseeable future, taking into account reasonably expected changes in performance.

Accordingly, the University believes that it has adequate resources to continue in operational existence for the foreseeable future and for this reason continues to adopt the going concern basis in the preparation of its financial statements.

### c. Basis of accounting

The financial statements are prepared under the historical cost accounting rules modified by the revaluation of certain tangible fixed assets and investments.

### d. Basis of consolidation

The consolidated financial statements combine the financial statements of the University and all its subsidiary undertakings for the financial year to 31 July 2012. Details of University's subsidiary undertakings are provided in Note 13 to the financial statements. In accordance with FRS 2 'Subsidiary Undertakings', the financial statements do not include those of the Northumbria Students' Union, as it is a separate organisation in which the University has no financial interest and exerts no control or significant influence over policy decisions.

The University has taken advantage of the exemption from the requirement to prepare its own Income and Expenditure Account.

### e. Recognition of income

The recurrent grant from HEFCE represents the funding allocation that is attributable to the current financial year and is credited directly to the Account.

Tuition fees represent student fees received and receivable attributable to the current accounting period.

Income from research grants and contracts is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs.

Income used to acquire tangible fixed assets is credited to deferred capital grants and released to the Income and Expenditure Account so as to match the grant release to the related asset depreciation and impairment charges.

The University acts as an agent in the collection and payment of training bursaries from the Training and Development Agency and of Access Funds from HEFCE. Related payments received from the Training and Development Agency and HEFCE and subsequent disbursements to students are excluded from the Income and Expenditure Account and are shown separately in Note 26 to the accounts.

### f. Post-retirement benefits

The three pension schemes for the University's staff are the Teachers' Pension Scheme (TPS), the Universities Superannuation Scheme (USS) and the Tyne and Wear Pension Fund (TWPF) which is a Local Government Pension Scheme (LGPS).

All schemes are defined benefit schemes, but the TPS and USS are both multiemployer schemes and it is not possible to identify the assets of these schemes attributable to each institution. In accordance with FRS 17, these schemes are accounted for on a defined contribution basis and contributions to the schemes are included as expenditure in the period in which they are payable.

The University is able to identify its shares of assets and liabilities of the LGPS and thus fully adopts FRS 17 'Retirement benefits' in accounting for this scheme. Accordingly, the operating costs of providing retirement benefits to employees are recognised in the accounting period in which the benefits are earned. The related finance costs, expected return on assets and any other changes in the fair value of the assets and liabilities are recognised in the accounting periods in which they arise. The operating costs, finance costs and expected return on assets are recognised in the Income and Expenditure Account with any other changes in the fair value of assets and liabilities being recognised in the Statement of Total Recognised Gains and Losses.

The financial statements disclose the cost of providing retirement benefits and related gains, losses, assets and liabilities. The attributable assets of the scheme are measured at their fair value, at the balance sheet date and are shown net of attributable scheme liabilities.

### g. Maintenance of premises

The University has a rolling maintenance programme that is reviewed on an annual basis. The cost of all maintenance is charged to the Income and Expenditure Account. Expenditure that extends the useful life of an asset or enhances an asset, is capitalised as defined by FRS 15 'Tangible fixed assets'.

### h. Tangible fixed assets

#### i) Capitalisation

Tangible assets are capitalised where they are capable of being used for a period that exceeds one year and which:

- Individually have a cost not less than £5,000; or
- Collectively have a cost equal to or greater than £5,000 where the assets are functionally interdependent or are purchased together and intended to be used as a group under common management control; or
- Irrespective of their individual cost, form part of the initial equipping of a new building.

#### ii) Revaluation

In order to reflect the full value to the University of its land and buildings base, the estate is subject to a full revaluation every five years with interim valuations by year three. The last full valuation was applied as at 31 July 2010.

Changes in valuations, to the extent that they arise from changes in market conditions, are reflected in the Statement of Consolidated Total Recognised Gains and Losses. Changes in valuations, to the extent that they represent impairment losses, are charged to the Income and Expenditure Account.

#### iii) Depreciation

Tangible assets are depreciated on a straight-line basis over their useful life as follows:

- Freehold buildings – not more than 50 years
- Long leaseholds – not more than 50 years
- Short leaseholds and leasehold improvements – life of the lease
- Land – not depreciated
- Equipment – five years
- Motor vehicles – four years
- Computer equipment and software – three years
- Assets costing less than £5,000 – written off in year of purchase

#### iv) Capital grants

Where assets are acquired with the aid of specific grants or donations they are capitalised and depreciated as above. The related grants and donations are treated as deferred capital grants and released to income so as to match the related asset depreciation and impairment charges.

#### v) Investment properties

In accordance with Statement of Standard Accounting Practice No 19:

- Investment properties are revalued at open market values. All surpluses and deficits arising on valuation are taken directly to revaluation reserve except that any permanent diminution in the value of an investment property is taken to the Income and Expenditure Account for the year; and
- No depreciation is provided in respect of freehold investment properties.

Independent, external valuations in respect of investment properties are performed at least every three years.

### i. Impairment of tangible fixed assets

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income and Expenditure Account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the Income and Expenditure Account if it is caused by a clear consumption of economic benefits. Otherwise, impairments are recognised in the Statement of Total Recognised Gains and Losses until the carrying amount reaches the asset's depreciated historic cost.

# CONSOLIDATED FINANCIAL STATEMENTS

## i) Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

## ii) Reversals of impairment

For tangible fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## j. Leases and hire purchase contracts

The University has adopted SSAP 21 'Accounting for leases and hire purchase contracts'. Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the Income and Expenditure Account on a straight line basis over the period of the lease.

## k. Stocks

In accordance with SSAP 9 'Stocks and long term contracts', stocks are valued at lower of cost and net realisable value. Consumable items are charged directly to Income and Expenditure Account.

## l. Provisions

In accordance with FRS 12 'Provisions, Contingencies and Commitments', provisions are recognised when the University has a present and legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where material, provisions are discounted to reflect the time value of money.

## m. Liquid resources and cash

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to the carrying value or traded in an active market. Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities. Cash includes cash in hand and deposits repayable on demand.

## n. Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at the rates at the date of the Balance Sheet or, where there are related forward exchange contracts, at contract rates. The resulting exchange differences are dealt with in the Income and Expenditure Account for the financial year.

## o. Investments

In the University's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

## p. Heritage assets

Items that meet the definition under FRS 30 of a Heritage Asset (a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture) are capitalised if their acquisition costs exceeds £5,000. Any heritage assets owned by the University will be held at cost or valuation where reasonably obtainable.

## q. Taxation

The University 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 478–488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost. Irrecoverable VAT on inputs is included in the costs of such inputs.

## r. Endowment funds

Where charitable donations are restricted to a particular objective specified by the donor, these are accounted for as an endowment. There are three main types:

- Restricted permanent endowments – the capital fund is maintained (and is therefore restricted) but the income thereon can be applied to the general purposes of the institution and is therefore unrestricted.
- Unrestricted permanent endowments – these are expendable at the discretion of the trustees with no requirement that capital can be maintained.
- Expendable endowments – where trustees have the power of discretion to convert endowed capital into income.

## CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 July 2012

	Note	2012 £'000	2011 £'000
<b>INCOME</b>			
Funding council grants	1	69,902	70,220
Tuition fees and education contracts	2	110,120	109,049
Research grants and contracts	3	4,685	4,400
Other operating income	4	29,758	29,123
Interest receivable	5	138	128
<b>Total income</b>		<b>214,603</b>	212,920
<b>EXPENDITURE</b>			
Staff costs	6	131,093	123,290
Other operating expenses	7	59,807	61,560
Interest and finance costs	8	3,616	3,064
Depreciation	12	13,679	12,163
<b>Total expenditure</b>		<b>208,195</b>	200,077
Surplus on continuing operations after depreciation of assets at valuation but before disposals and impairments of fixed assets and tax		6,408	12,843
Gain on disposals of fixed assets		–	40
Surplus on continuing operations after depreciation of assets at valuation and disposals and impairments of fixed assets but before tax		6,408	12,883
Taxation	10	–	–
Surplus on continuing operations after depreciation of assets at valuation and disposals and impairments of fixed assets and tax	11	6,408	12,883

All items of income and expenditure arise from continuing operations.

## CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

for the year ended 31 July 2012

	Note	2012 £'000	2011 £'000
Surplus on continuing operations after depreciation of assets at valuation, disposals and impairments of fixed assets and tax		6,408	12,883
Difference between historical cost depreciation and the actual depreciation charge for the year calculated on the re-valued amount	20	1,865	1,865
Historical cost surplus for the year		8,273	14,748

## STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 July 2012

	Note	2012 £'000	2011 £'000
Surplus on continuing operations after depreciation of assets at valuation, disposals and impairments of fixed assets and tax		6,408	12,883
Actuarial loss in respect of defined benefit pension scheme	25	(22,830)	(6,300)
Actuarial (loss)/gain in respect of enhanced pension provision	17	(134)	11
Total recognised (losses)/gains for the year		(16,556)	6,594
<b>Consolidated reconciliation of movements in reserves for the year ended 31 July 2012</b>			
Opening reserves		116,197	109,603
Total recognised (losses)/gains for the year		(16,556)	6,594
Closing reserves	20	99,641	116,197

## BALANCE SHEETS

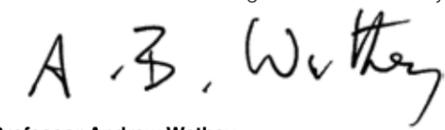
at 31 July 2012

		CONSOLIDATED		UNIVERSITY	
	Note	2012 £'000	2011 £'000	2012 £'000	2011 £'000
<b>FIXED ASSETS</b>					
Tangible fixed assets	12	310,010	312,524	310,010	312,524
<b>CURRENT ASSETS</b>					
Stocks		136	84	136	84
Debtors	14	6,578	7,100	6,581	7,104
Cash at bank and in hand		23,748	16,521	23,743	16,515
		30,462	23,705	30,460	23,703
<b>Creditors</b> – Amounts falling due within one year	15	(44,181)	(47,399)	(44,181)	(47,399)
<b>NET CURRENT LIABILITIES</b>		(13,719)	(23,694)	(13,721)	(23,696)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		296,291	288,830	296,289	288,828
<b>Creditors</b> – Amounts falling due after more than one year	16	(67,021)	(67,787)	(67,021)	(67,787)
Provisions for liabilities and charges	17	(5,181)	(3,619)	(5,181)	(3,619)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		224,089	217,424	224,087	217,422
Pension liability	25	(98,596)	(74,275)	(98,596)	(74,275)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		125,493	143,149	125,491	143,147
<b>REPRESENTED BY:</b>					
Deferred capital grants	19	25,852	26,952	25,852	26,952
<b>RESERVES</b>					
Revaluation reserve	20	78,506	80,371	78,506	80,371
Revenue reserve excluding pension reserve	20	119,731	110,101	119,729	110,099
Pension reserve	20	(98,596)	(74,275)	(98,596)	(74,275)
Revenue reserve including pension reserve		21,135	35,826	21,133	35,824
<b>TOTAL RESERVES</b>	20	99,641	116,197	99,639	116,195
<b>TOTAL</b>		125,493	143,149	125,491	143,147

The Financial Statements on pages 62-90 were approved by Governors on 26 November 2012 and signed on their behalf by:



Chris Sayers  
Chair of the Board of Governors



Professor Andrew Wathey  
Vice-Chancellor and Chief Executive

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 July 2012

	Note	2012 £'000	2011 £'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	22	<b>20,141</b>	22,760
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Income from short term investments		138	128
Interest paid (excluding on pension scheme liabilities)		(1,822)	(1,295)
Net cash outflow from returns on investments and servicing of finance		(1,684)	(1,167)
<b>TAXATION</b>		-	-
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets		(11,165)	(29,157)
Proceeds from sale of tangible fixed assets		-	40
Deferred capital grants received		565	481
Net cash outflow from capital expenditure and financial investment		(10,600)	(28,636)
<b>FINANCING</b>			
New secured long-term loans		-	10,000
New unsecured loans		-	573
Repayment of secured long-term loans		(478)	(478)
Repayment of unsecured loans		(152)	(119)
Net cash (outflow)/inflow from financing		(630)	9,976
<b>INCREASE IN CASH IN THE YEAR</b>		<b>7,227</b>	2,933
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBT</b>			
Increase in cash in the year		7,227	2,933
Decrease/(increase) in debt in the year		630	(9,976)
Decrease/(increase) in net debt in the year	23	7,857	(7,043)
Net debt as at 1 August	23	(51,500)	(44,457)
Net debt as at 31 July	23	(43,643)	(51,500)



# NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2012 £'000	2011 £'000
<b>1 FUNDING COUNCIL GRANTS</b>		
Recurrent grant received from HEFCE	61,213	59,465
Specific grants	3,320	5,611
Training and development agency	3,680	3,592
Releases from deferred capital grants:		
Buildings (Note 19)	1,100	991
Equipment (Note 19)	589	561
	<b>69,902</b>	70,220
<b>2 TUITION FEES AND EDUCATION CONTRACTS</b>		
Full-time home and EU students	52,699	49,414
Part-time home and EU students	4,602	4,263
Overseas fees	26,799	28,433
Short courses	3,415	4,383
Nursing education contract	22,121	22,206
Other fees	484	350
	<b>110,120</b>	109,049
<b>3 RESEARCH GRANTS AND CONTRACTS</b>		
Research councils	908	1,110
UK-based charities	210	120
European Commission	1,124	728
Other grants and contracts	2,443	2,442
	<b>4,685</b>	4,400
Total research grants and contracts income (including that receivable from the Funding Council in Note 1 above) amounted to £7,801k (2011: £7,596k)		
<b>4 OTHER INCOME</b>		
Accommodation and catering	15,046	11,907
Other academic income:		
Art sales	73	21
Consultancy	527	609
Non-credit bearing programmes	939	1,529
Collaborative ventures	4,315	5,629
Others	798	321
Other services rendered	7,904	8,939
Releases from deferred capital grants (non-funding council):		
Buildings (Note 19)	65	65
Equipment (Note 19)	91	103
	<b>29,758</b>	29,123

	CONSOLIDATED	
	2012 £'000	2011 £'000
<b>5. INTEREST RECEIVABLE</b>		
Income from short-term investments	138	128
<b>6. STAFF COSTS</b>		
Salaries and wages	107,854	101,705
Social security costs	8,591	8,001
Other pension costs (Note 25)	14,648	13,584
	<b>131,093</b>	123,290
<b>Emoluments of the Vice-Chancellor</b>		
Remuneration	230	207
Benefits	3	3
Pension Contributions to USS	37	33
The University's pension contributions to the Universities Superannuation Scheme on behalf of the Vice-Chancellor are paid at the same rates as for other academic staff.		

	CONSOLIDATED	
	2012 Staff FTE	2011 Staff FTE
<b>Remuneration of other Higher Paid Staff (Excluding Employers' NI and Superannuation)</b>		
£100,000 – £109,999	13	2
£110,000 – £119,999	7	3
£130,000 – £139,999	1	1
£140,000 – £149,999	1	-
£160,000 – £169,999	1	-
£170,000 – £179,999	-	1
£180,000 – £189,999	1	-
Included within the higher paid staff numbers for the current year are eight members of staff who have received severance payments totalling £514,846, resulting in their total remuneration exceeding the minimum threshold for higher paid staff.		

	CONSOLIDATED	
	2012 Staff FTE	2011 Staff FTE
<b>Average staff numbers (expressed as full-time equivalents (FTE))</b>		
Academic	1,288	1,203
Academic support	402	394
Student support	224	292
Estates and accommodation	522	546
Administration and central services	438	383
	<b>2,874</b>	2,818

	CONSOLIDATED	
	2012 £'000	2011 £'000
<b>7. OTHER OPERATING EXPENSES</b>		
Accommodation and catering	2,103	2,245
External auditors' remuneration:		
University external audit	58	56
Subsidiaries external audit	7	7
Other services from external audit	102	113
Internal audit services	200	145
Books and periodicals	3,402	3,192
IT supplies and other equipment	5,881	6,617
Marketing and publicity	2,061	1,211
Printing, postage and stationery	1,823	2,145
Professional services	6,638	6,854
Recruitment and relocation	432	482
Rent, rates and utilities	9,158	8,071
Repairs and maintenance	4,307	4,060
Scholarships and mandatory bursaries	7,493	8,588
Student recruitment costs	4,845	5,854
Telephone	566	530
Travel and subsistence	5,409	5,290
Other expenses:		
Bank charges	199	184
Student placement fees	781	766
Student Union grant	889	803
Subscriptions	846	917
Others	2,607	3,430
	<b>59,807</b>	61,560

	CONSOLIDATED	
	2012 £'000	2011 £'000
<b>Operating lease expenses included in the above are:</b>		
Property rentals	2,206	2,087
Equipment hire	374	582
Vehicle hire	13	13
	<b>2,593</b>	2,682
<b>8. INTEREST &amp; FINANCE COSTS</b>		
On bank loans	1,822	1,295
On defined benefit pension scheme (Note 25)	1,600	1,570
On enhanced pension scheme (Note 17)	194	199
	<b>3,616</b>	3,064

	CONSOLIDATED				
	Staff costs 2012 £'000	Other operating expenses 2012 £'000	Interest payable 2012 £'000	Total 2012 £'000	Total 2011 £'000
<b>9. ANALYSIS OF EXPENDITURE BY ACTIVITY</b>					
Academic Schools	84,841	18,064	-	102,905	97,016
Academic services	12,331	8,632	-	20,963	21,320
Administration	20,584	16,091	-	36,675	39,599
Premises	7,200	9,858	1,822	18,880	17,045
Residences, catering and conferences	2,654	5,950	-	8,604	8,611
Research grants and contracts	2,358	1,212	-	3,570	3,498
Other expenses	1,125	-	1,794	2,919	825
	<b>131,093</b>	<b>59,807</b>	<b>3,616</b>	<b>194,516</b>	187,914
Depreciation				13,679	12,163
				<b>208,195</b>	200,077

## 10. TAXATION

The University is a charity within the meaning of Paragraph 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 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost. Irrecoverable VAT on inputs is included in the costs of such inputs.

	2012 £'000	2011 £'000
<b>11. SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR</b>		
The surplus on continuing operations for the year is made up as follows:		
University's surplus for the year	<b>6,408</b>	12,883

	CONSOLIDATED & UNIVERSITY					
	Freehold land and buildings £'000	Long leasehold buildings £'000	Short leasehold improvements £'000	Equipment £'000	Assets under construction £'000	Total £'000
<b>12. TANGIBLE FIXED ASSETS</b>						
Valuation/cost at 1 August 2011	267,779	1,370	1,538	42,516	36,969	350,172
Additions at cost	48	-	-	3,515	7,602	11,165
Work in progress completed	37,737	122	799	2,129	(40,787)	-
Valuation/cost at 31 July 2012	305,564	1,492	2,337	48,160	3,784	361,337
Depreciation at 1 August 2011	6,347	33	716	30,552	-	37,648
Charge for year	7,222	44	382	6,031	-	13,679
Depreciation at 31 July 2012	13,569	77	1,098	36,583	-	51,327
<b>Net Book Value at 31 July 2012</b>	<b>291,995</b>	<b>1,415</b>	<b>1,239</b>	<b>11,577</b>	<b>3,784</b>	<b>310,010</b>
Net Book Value at 31 July 2011	261,432	1,337	822	11,964	36,969	312,524

Freehold land and buildings include an amount of £4,000k (2011: £4,000k) for Kingston Park Rugby Ground, a property held for investment purposes. This property was previously valued on an open market basis at 31 July 2010. The University believes this valuation remains appropriate as at 31 July 2012. The last property valuation was carried out in July 2010 by BNP Paribas, Chartered Surveyors.

**If land and buildings had not been revalued they would have been included at the following amounts:**

	2012 £'000	2011 £'000
Historic cost	<b>176,020</b>	141,765
Aggregate depreciation based on cost	<b>(14,683)</b>	(11,887)
Net Book Value based on cost	<b>161,337</b>	129,878

The University has completed a review of their assets as a result of the introduction of FRS 30 Heritage Assets. The University owns a number of works of art and artefacts which have been donated to the University. These amounts have not been capitalised as gaining external valuations would be prohibitive in terms of cost relative to the anticipated value of these items.

### 13. INVESTMENTS

The following companies are wholly owned subsidiaries and registered in England and Wales:

Company	Activity	Issued Share Capital	£
University of Northumbria at Newcastle Developments Limited	Provision of Education Services	2 £1 Ordinary Shares	2
Northumbria International Limited	Support Services for Overseas Activities	1 £1 Ordinary Share	1
Northumbria University Nursery Limited	Provision of Nursery Services	1 £1 Ordinary Share	1
			4

The University also held a 19% investment in Quantum Genetics Limited which was created as a spin-off business. The results of this company are not included in the consolidated statements because the University does not exercise significant influence. This company is treated as a trade investment in these financial statements.

	CONSOLIDATED		UNIVERSITY	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
<b>14. DEBTORS</b>				
Amounts falling due within one year:				
Trade debtors	<b>2,029</b>	3,217	2,029	3,217
Amounts owed by subsidiary undertakings	-	-	72	67
Prepayments and accrued income	<b>4,437</b>	3,803	4,368	3,740
Other debtors	<b>112</b>	80	112	80
	<b>6,578</b>	7,100	6,581	7,104

	CONSOLIDATED & UNIVERSITY	
	2012 £'000	2011 £'000
<b>15. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Bank loans (Note 16)	<b>478</b>	478
Other loans (Note 16)	<b>152</b>	152
Trade creditors	<b>8,146</b>	11,426
Social Security and other taxes payable	<b>2,766</b>	2,564
Accruals	<b>5,210</b>	5,545
Capital grants not yet expended	<b>751</b>	931
Deferred income	<b>25,091</b>	25,600
Other creditors	<b>1,129</b>	208
External funds (Note 26)	<b>458</b>	495
	<b>44,181</b>	47,399

## CONSOLIDATED &amp; UNIVERSITY

	2012 £'000	2011 £'000
<b>16. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		
Bank loans	66,533	67,011
Other loans	228	380
Deferred income	260	396
	<b>67,021</b>	<b>67,787</b>

## Analysis of bank and other loans by due dates

Due within one year or on demand	630	630
Due between one and two years	630	1,741
Due between two and five years	9,207	6,710
Due in five years or more	56,924	58,940
	<b>67,391</b>	<b>68,021</b>
Due within one year or on demand	(630)	(630)
Due after more than one year	<b>66,761</b>	<b>67,391</b>

## CONSOLIDATED &amp; UNIVERSITY

## Analysis of loans by source

Lender	Type	Start	Term	Contractual interest rate	Due within one year £'000	Due in more than one year £'000
Barclays	£96m Revolving credit facility	10 March 2004	25 Years	Fixed at 5.8%	478	7,533
		1 August 2007	Up to 7 years	Capped at 5.0% <sup>1</sup>	-	20,000
		1 August 2007	Up to 7 years	Fixed at 5.7%	-	11,870
		1 August 2007	Up to 7 years	Floating <sup>2</sup>	-	27,130
Salix	£34k term loan	9 July 2010	4 years	Fixed at 0%	9	13
Salix	£573k term loan	9 July 2010	4 years	Fixed at 0%	143	215
					630	66,761

<sup>1</sup> Fixed at 1.2% from 1 May 2012 to 31 July 2012<sup>2</sup> Fixed at 0.8% from 2 July 2012 to 31 July 2012

The Barclays loans are secured by means of fixed and floating charge over the University's assets.

Undrawn loan facilities as at 31 July total £29.0m

The following Hedges have been taken out against the Barclays loans:

Facility	Balance £'000	Hedge	From	To	Interest rate
£96m RCF	8,011	Fixed rate	10 Sept 2004	10 Sept 2014	5.59%
	20,000	Cap at 5.0%	3 August 2009	31 July 2012	3 month LIBOR
	11,870	Fixed rate	1 August 2011	1 August 2036	5.52%
	nil	Fixed rate	1 August 2012	1 August 2035	4.61%

At 31 July 2012 the aggregate fair value of these hedge agreements was a liability of £21.8m (2011: £12.3m). These fair values have not been included in these financial statements as the University has not adopted the fair value measurement rules available as an option under UK GAAP.

## CONSOLIDATED &amp; UNIVERSITY

	2012 £'000	2011 £'000
<b>17. PROVISIONS FOR LIABILITIES AND CHARGES</b>		
Enhanced pension provision	3,681	3,619
Restructuring provision	1,500	-
At 31 July	<b>5,181</b>	<b>3,619</b>

## £'000

## a) Enhanced pension provision

At 1 August 2011	3,619
Benefits paid	(266)
Interest cost	194
Actuarial loss	134
At 31 July 2012	<b>3,681</b>

In previous financial years, the University has granted enhanced pension payments to certain members of staff in both the LGPS and TPS schemes. The difference between enhanced pension and the amount earned according to the scheme rules is charged back to the University by the schemes. The University therefore has a liability both to the Tyne and Wear Pension Fund and to the Teachers' Pension Agency for these payments.

## £'000

## a) Restructuring provision

At 1 August 2011	-
Provided in the year	1,500
At 31 July 2012	<b>1,500</b>

The University is currently undergoing a restructuring exercise, reorganising the existing operational structure from eight Schools into four Faculties. This provision has been recognised in respect of severance costs that are anticipated to result from this restructuring exercise. This reorganisation was announced to employees of the University in July 2012, and formal plans in respect of the restructuring were completed and approved in advance of the year end.

**18. CONTINGENT LIABILITIES**

During the year ended 31 July 2010 the University received a legal claim in relation to a contract termination with a third party. This issue has been subject to substantial uncertainties and in earlier years it was not possible to make a reasonable estimate of the expected financial effect, if any, that could result from this claim. At the time of approval of these financial statements negotiations to resolve this legal claim are at an advanced stage. Assuming that this is resolved as anticipated then all amounts expected to be payable in respect of this settlement have been recognised in the financial statements. There is to be a non-disclosure clause within the final settlement agreement regarding the quantum of this settlement but the amount is not considered to be material in the context of the financial statements as a whole.

	<b>CONSOLIDATED &amp; UNIVERSITY</b>		
	Funding council £'000	Other £'000	Total £'000
<b>19. DEFERRED CAPITAL GRANTS</b>			
At 1 August 2011			
Buildings	23,922	1,301	25,223
Equipment	1,547	182	1,729
<b>Total</b>	<b>25,469</b>	<b>1,483</b>	<b>26,952</b>
Grants received			
Buildings	-	-	-
Equipment	496	69	565
<b>Total</b>	<b>496</b>	<b>69</b>	<b>565</b>
Released to Income and Expenditure Account			
Buildings	1,100	65	1,165
Equipment	589	91	680
<b>Total</b>	<b>1,689</b>	<b>156</b>	<b>1,845</b>
Unexpended grants transferred from creditors			
Buildings	315	-	315
Equipment	616	-	616
<b>Total</b>	<b>931</b>	<b>-</b>	<b>931</b>
Unexpended grants transferred to creditors			
Buildings	-	-	-
Equipment	751	-	751
<b>Total</b>	<b>751</b>	<b>-</b>	<b>751</b>
At 31 July 2012			
Buildings	23,137	1,236	24,373
Equipment	1,319	160	1,479
<b>Total</b>	<b>24,456</b>	<b>1,396</b>	<b>25,852</b>

	<b>CONSOLIDATED</b>			
	Revaluation reserve £'000	Revenue reserve £'000	Pension reserve £'000	Total £'000
<b>20. RECONCILIATION OF MOVEMENT IN RESERVES</b>				
At 1 August 2011	80,371	110,101	(74,275)	116,197
Surplus for year	-	6,408	-	6,408
Historical cost transfer	(1,865)	1,865	-	-
Pension scheme transfer	-	1,491	(1,491)	-
Actuarial loss in respect of defined benefit pension scheme	-	-	(22,830)	(22,830)
Actuarial loss in respect of enhanced pension provision	-	(134)	-	(134)
<b>At 31 July 2012</b>	<b>78,506</b>	<b>119,731</b>	<b>(98,596)</b>	<b>99,641</b>
<b>UNIVERSITY</b>				
	Revaluation reserve £'000	Revenue reserve £'000	Pension reserve £'000	Total £'000
At 1 August 2011	80,371	110,099	(74,275)	116,195
Surplus for year	-	6,408	-	6,408
Historical cost transfer	(1,865)	1,865	-	-
Pension scheme transfer	-	1,491	(1,491)	-
Actuarial loss in respect of defined benefit pension scheme	-	-	(22,830)	(22,830)
Actuarial loss in respect of enhanced pension provision	-	(134)	-	(134)
<b>At 31 July 2012</b>	<b>78,506</b>	<b>119,729</b>	<b>(98,596)</b>	<b>99,639</b>

	CONSOLIDATED	
	2012 £'000	2011 £'000
<b>21. CAPITAL COMMITMENTS</b>		
<b>Committed and contracted for</b>	<b>3,157</b>	3,158

## 22. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £'000	2011 £'000
Surplus before tax	6,408	12,883
Interest receivable	(138)	(128)
Interest payable	3,616	3,064
Depreciation	13,679	12,163
Deferred capital grants released to income	(1,845)	(1,720)
Pension adjustments to staff costs	(109)	(944)
Pension adjustments to interest payable	(194)	(199)
Increase in stocks	(52)	(14)
Decrease in debtors	522	436
Decrease in creditors	(3,354)	(1,748)
Gain on disposal of fixed assets	-	(40)
Capital grants transferred from creditors	931	-
Capital grants transferred to creditors	(751)	(931)
Increase/(decrease) in provisions	1,428	(62)
<b>Net cash inflow from operating activities</b>	<b>20,141</b>	22,760

	CONSOLIDATED			
	Opening £'000	Cash Flow £'000	Other £'000	Closing £'000
<b>23. ANALYSIS OF CHANGES IN NET DEBT</b>				
Cash at bank and in hand	16,521	7,227	-	23,748
Debt due within one year	(630)	630	(630)	(630)
Debt due after one year	(67,391)	-	630	(66,761)
<b>Net debt</b>	<b>(51,500)</b>	<b>7,857</b>	<b>-</b>	<b>(43,643)</b>

## 24. FINANCIAL COMMITMENTS

	CONSOLIDATED & UNIVERSITY	
	2012 £'000	2011 £'000

### 24. FINANCIAL COMMITMENTS

At 31 July 2012 the University had annual commitments under non-cancellable operating leases as follows:

Amounts expiring within one year	364	219
Amounts expiring between one and two years	73	130
Amounts expiring between two and five years	453	399
Amounts expiring in more than five years	1,719	1,742
	<b>2,609</b>	2,490

Analysed by:

Property rentals	2,334	2,136
Equipment hire	262	341
Vehicle hire	13	13
	<b>2,609</b>	2,490

During the year, the University committed to a property lease agreement which is to commence on 1 July 2014. The term of this lease is 30 years and will expire on 30 June 2044. The initial annual lease commitment is £2,641k and is subject to annual reviews.

## 25. PENSION SCHEMES

The three pension schemes for the University's staff are the Teachers' Pension Scheme (TPS), the Universities Superannuation Scheme (USS) and the Tyne & Wear Pension Fund (TWPF) which is a Local Government Pension Scheme (LGPS).

	2012 £'000	2011 £'000
The total pension recognised in staff costs for the year was:		
TPS	6,441	6,453
USS	717	508
LGPS	7,487	6,620
Enhanced pension contributions	3	3
<b>Total</b>	<b>14,648</b>	<b>13,584</b>

The following information, taken from the latest scheme valuations, has been used to determine the contribution levels of the Schemes for 2011/12:

	TPS	USS	LGPS
<b>Investment returns per annum</b>	<b>6.5%</b>	<b>4.4%</b>	<b>5.2%</b>
<b>Salary scale increase per annum</b>	<b>4.5%</b>	<b>4.4%</b>	<b>5.3%</b>
<b>Pension increase per annum</b>	<b>*</b>	<b>3.4%</b>	<b>3.3%</b>
<b>Market value of assets at date of last valuation</b>	<b>£163,240m</b>	<b>£32,434m</b>	<b>£4,305m</b>
<b>MFR proportion of members' accrued benefits covered by the actuarial value of the assets</b>	<b>98%</b>	<b>92%</b>	<b>79%</b>

\* Information not readily available

## Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. 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 Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), 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

Not less than every four years the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500m. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240m. The assumed real rate of return is 3.5% in excess of prices and 2.0% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR has been assessed at 19.75%, and the supplementary contribution rate has been assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced – effective for the first time for the 2008 valuation – a 14.0% cap on employer contributions payable.

The value of employee and employer contributions paid to the TPS in the year amounted to £10,076k (2011: £9,594k).

### Universities Superannuation Scheme (USS)

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the scheme in respect of the accounting period.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2012 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An 'inflation risk premium' adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for three years following the valuation then 2.6% per annum thereafter.

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the on-going cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve have been included, in addition, on account of the variability mentioned above.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

#### *New Entrants*

Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

#### *Normal pension age*

The Normal pension age was increased for future service and new entrants, to age 65.

#### *Flexible retirement*

Flexible retirement options were introduced.

#### *Member contributions increased*

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

#### *Cost sharing*

If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

#### *Pension increase cap*

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation as at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.9% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

USS is a 'last man standing' scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The contribution rate payable by the University was 16% of pensionable salaries.

### Tyne and Wear Pension Fund (TWPF)

LGPSs are regulated by statute, with separate regulations for (a) England and Wales and (b) Scotland. The benefits of the LGPSs are determined nationally by regulation and meet the definition of a defined benefit scheme. The South Tyneside Metropolitan Council is the administering authority for the TWPF. The metropolitan councils in Tyne and Wear, and other bodies, for example the University, are employing bodies within the TWPF. In the event that the University closes, and there is no successor establishment, the Secretary of State becomes the compensating authority.

During the year, the University's contribution rate for non-academic administrative staff was 14.1%.

The value of employee and employer contributions paid to the TWPF in the year amounted to £9,603k (2011: £9,602k).

### Financial Reporting Standard 17 (FRS 17): Retirement Benefits

The disclosures below relate to the funded liabilities within the Tyne and Wear Pension Fund (the 'Fund'), which is part of the Local Government Pension Scheme ('LGPS'). The funded nature of the LGPS requires Northumbria University and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.

In accordance with Financial reporting Standard No. 17 – Retirement Benefits (FRS 17) disclosure of certain information concerning assets, liabilities, income and expenditure relating to pension schemes is required.

#### Contributions for the accounting period ending 31 July 2013

The Employer's regular contributions to the Fund for the accounting period to 31 July 2013 are estimated to be £7,420k. In addition, Strain on Fund Contributions may be required.

#### Assumptions

The latest actuarial valuation of Northumbria University's liabilities took place as at 31 March 2010. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 17 purposes were:

Principal actuarial assumptions	Year ended 31 July 2012	Year ended 31 July 2011
Discount rate	4.3%	5.3%
RPI inflation	3.1%	3.7%
CPI inflation	2.1%	2.8%
Rate of increase to pensions in payment	2.1%	2.8%
Rate of increase to deferred pensions	2.1%	2.8%
Rate of general increase in salaries	4.6%	5.2%

Post retirement mortality	At 31 July 2012 Years	At 31 July 2011 Years
<b>Males</b>		
Future lifetime from age 65 (currently aged 65)	21.6	21.5
Future lifetime from age 65 (currently aged 45)	23.4	23.3
<b>Females</b>		
Future lifetime from age 65 (currently aged 65)	23.8	23.7
Future lifetime from age 65 (currently aged 45)	25.7	25.6

#### Expected return on assets

The approximate split of assets for the fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. Also shown are the assumed rates of return adopted by the Employer for the purposes of FRS 17.

	Long-term expected rate of return at 31 July 2012 %	Asset split at 31 July 2012 %	Long-term expected rate of return at 31 July 2011 %	Asset split at 31 July 2011 %	Long-term expected rate of return at 31 July 2010 %	Asset split at 31 July 2010 %
Equities	7.5	65.9	7.9	67.6	8.2	65.3
Property	7.0	9.0	7.4	8.5	7.7	8.1
Government bonds	2.5	7.3	3.9	6.9	4.2	10.0
Corporate bonds	3.2	12.1	4.7	11.6	4.9	12.3
Cash	1.4	1.9	1.5	1.3	1.4	1.4
Other	7.5	3.8	7.9	4.1	8.2	2.9
<b>Total</b>	<b>6.5</b>	<b>100.0</b>	<b>7.1</b>	<b>100.0</b>	<b>7.3</b>	<b>100.0</b>

Northumbria University employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 July 2012.

The following amounts for 31 July 2012 were measured in accordance with the requirements of FRS 17:

	Value as at 31 July 2012 £'000	Value as at 31 July 2011 £'000
<b>Reconciliation of funded status to balance sheet</b>		
Fair value of fund assets	138,800	131,268
Present value of liabilities	(237,396)	(205,543)
Net pension liability	(98,596)	(74,275)
<b>Analysis of Income and Expenditure charge</b>		
Current service cost	7,081	6,370
Past service cost – strain on fund contributions	406	250
Interest cost	11,040	9,880
Expected return on assets	(9,440)	(8,310)
Expense recognised in Income and Expenditure	9,087	8,190
The expense recognised in the Income and Expenditure Account was allocated £7,487k (2011: £6,620k) to staff pension costs, and £1,600k (2011: £1,570k) to interest payable.		
<b>Analysis of the amount recognised in Statement of Total Recognised Gains and Losses (STRGL)</b>		
Actual return less expected return on pension scheme assets	(7,620)	4,110
Changes in assumptions underlying the present value of the scheme liabilities	(15,210)	(10,410)
Actuarial Loss recognised in STRGL	(22,830)	(6,300)
<b>Changes to the Present Value of Liabilities during the year</b>		
Present Value of Liabilities as at 1 August	205,543	180,485
Current service cost	7,081	6,370
Interest cost	11,040	9,880
Contributions by participants	2,377	2,409
Actuarial losses on liabilities	15,210	10,410
Net benefits paid out	(4,261)	(4,261)
Past service cost – strain on fund contributions	406	250
Present value of liabilities as at 31 July	237,396	205,543

	Year ended 31st July 2012 £'000	Year ended 31 July 2011 £'000			
<b>Changes to the Fair Value of Assets during the year</b>					
Fair Value of Assets as at 1 August	131,268	113,136			
Expected return on assets	9,440	8,310			
Actuarial (losses)/gains on assets	(7,620)	4,110			
Contributions by employer	7,596	7,564			
Contributions by participants	2,377	2,409			
Net benefits paid out	(4,261)	(4,261)			
Fair Value of Assets as at 31 July	138,800	131,268			
	Year ended 31 July 2012 £'000	Year ended 31 July 2011 £'000	Year ended 31 July 2010 £'000	Year ended 31 July 2009 £'000	Year ended 31 July 2008 £'000
<b>History of Experience Gains and Losses</b>					
<b>Difference between the expected and actual return on scheme assets</b>					
Amount – £'000	(7,620)	4,110	10,800	(12,120)	(12,610)
Percentage of scheme assets	-5.5%	3.1%	9.5%	-13.5%	-14.2%
<b>Experience gains/(losses) on Scheme liabilities</b>					
Amount – £'000	(1,030)	(2,580)	1,490	(390)	(3,690)
Percentage of present value of Scheme liabilities	-0.4%	-1.3%	0.8%	-0.2%	-2.7%
<b>Total amounts recognised in STRGL</b>					
Amount – £'000	(22,830)	(6,300)	17,701	(32,290)	(12,215)
Percentage of Scheme liabilities	-9.6%	-3.1%	9.8%	-18.8%	-8.9%

	CONSOLIDATED & UNIVERSITY	
	Year ended 31st July 2012 £'000	Year ended 31 July 2011 £'000
<b>26. EXTERNAL FUNDS</b>		
<b>a) Access funds</b>		
As at 1 August	6	-
Funding council grants	517	532
Interest earned	1	1
	524	533
Disbursed to students	(498)	(511)
Administration fees	(16)	(16)
As at 31 July (Included in creditors – Note 15)	10	6
The University is allowed to charge an admin fee of up to 3% of the grant.		
<b>b) Training and Development Agency (TDA) bursaries</b>		
As at 1 August	489	401
Funding council grants	484	1,278
	973	1,679
Payments to trainees	(525)	(1,190)
As at 31 July (Included in creditors – Note 15)	448	489
Funding council grants are available solely for students: the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.		

## 27. RELATED PARTY TRANSACTIONS

The University has taken advantage of the disclosure exemption under FRS 8, which applies to transactions and balances between group entities that have been eliminated on consolidation.

Members of the Board of Governors are required to declare any outside interests. When an item arises in which a member has a pecuniary, business, family, or other personal interest, it must be declared and the member concerned may not take part in the consideration of the matter nor vote on it. The Board of Governors has considered the financial effect of all transactions involving organisations in which a member of the Board of Governors may have an interest. It is confirmed that these are conducted at arm's length and in accordance with the University's Financial Regulations. Significant transactions were:

	<b>Sales</b>	<b>Purchases</b>	Sales	Purchases
	<b>2012</b>	<b>2012</b>	2011	2011
	<b>£'000</b>	<b>£'000</b>	£'000	£'000
British Engines Ltd.	14	-	14	-
Deloitte LLP	-	18	-	-
IBM	-	13	-	-
Mincoffs Solicitors	9	-	1	-
Narec Ltd.	-	-	20	-
Newcastle Building Society	3	-	6	-
Northumbria Probation Service	-	-	25	-
One North East	-	-	9	8
Port of Tyne Authority	2	-	5	-
Ringtons	-	-	-	11
Shared Interest	4	-	-	-
University of Northumbria Students' Union	239	1,237	404	903
	<b>Debtor</b>	<b>Creditor</b>	Debtor	Creditor
	<b>2012</b>	<b>2012</b>	2011	2011
	<b>£'000</b>	<b>£'000</b>	£'000	£'000
One North East	-	-	2	-
Shared Interest	4	-	-	-
University of Northumbria Students' Union	11	84	91	11

During the year the University recognised income of £22,121k (2011: £22,212k) and incurred expenditure of £165k (2011: £105k) from transactions with subsidiary undertakings (as listed in note 13). Amounts due to and from subsidiary companies are disclosed in notes 14 and 15.

