Hartpury University
(Formerly Hartpury College)

Report and Financial Statements

for the year ended 31 July 2019

Key Management Personnel, Board of Governors and Professional advisers

These financial statements are for the period 1st August 2018 to 31st July 2019. Unless stated otherwise, references to the 'university' and 'Hartpury' represents the Group throughout these financial statements.

Key management personnel

Key management personnel are defined as members of the University and College Leadership Team and were represented by the following in 2018/19:

Mr R Marchant	Vice-Chancellor, Principal and CEO; Accounting Officer
Mrs L Forrester-Walker	Chief Operating Officer
Mrs R Scott-Ward	Pro Vice-Chancellor
Ms C Whitworth	Vice-Principal Further Education
Mrs L Worsfold	Vice-Principal Resources

Board of Governors

A full list of Governors is given on page 12 of these financial statements.

Doctor N Potter acted as Clerk to the Corporation until 29 May 2019 when Mrs G Steels became Clerk to the Corporation.

Professional advisers

Financial statements auditors and reporting accountants

KPMG LLP
66 Queen Square
Bristol
BS1 4BE

Internal auditors

PricewaterhouseCoopers LLP
2 Glass Wharf,
Bristol,
BS2 0FR

Bankers

Lloyds
PO Box 1000
Corn Street
Bristol
BX1 1ST

Solicitors

Birketts
24 – 26 Museum Street
Ipswich
Suffolk
IP1 1HZ

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INTRODUCTION TO HARTPURY UNIVERSITY

Hartpury University has been delivering education on the current site for over 70 years. Set up just after World War II, the then college offered agricultural courses to 50 students. Since that time educational provision has grown and developed to current levels of over 1,800 Further Education (FE) students (16-18-year olds) and over 1,800 Higher Education (HE) students (undergraduate and postgraduate).

For the past 25 years Hartpury has offered undergraduate courses. For 21 years, these courses were offered in partnership with the University of the West of England (UWE), with Hartpury being an associate faculty delivering specialist degree level courses in Agriculture, Sport, Equine and Animal, validated by UWE. On 13th September 2018 Hartpury was successful in obtaining University title and Higher Education status. This combined with obtaining Taught Degree Awarding Powers in Summer 2017 enables Hartpury to now offer its own degrees without the validation support of UWE. UWE continue to work in close partnership with Hartpury and validate Postgraduate research courses at Hartpury.

In becoming a University, Hartpury was clear that the unique mix of FE and HE provision on site must be maintained and protected and thus a wholly owned subsidiary was incorporated and designated on 1st August 2018 by Parliament as a Further Education Institution to protect and fund the FE provision.

Throughout its history Hartpury has remained focussed on its specialist curriculum and is renowned as a small specialist provider with four pillars – Agriculture, Sport, Equine and Animal. Hartpury's reputation is based around the excellence of its provision. With Ofsted Outstanding for its FE and TEF Gold for HE it is unique in having both a University and College working together on a single site utilising integrated facilities and providing the opportunity for students to progress from Level 2 through to undergraduate and post graduate learning.

Mission
The University's mission as approved by the Governors is:

"Hartpury University will be a specialist provider delivering relevant, effective and high-quality education and training for employment in land based, sports and allied industries; locally, regionally, nationally and internationally."

HARTPURY UNIVERSITY

VICE-CHANCELLOR'S REPORT

Vice-Chancellor's Report

This year has been both exciting and momentous for Hartpury University. It has seen the culmination of many years hard work attaining Taught Degree Awarding powers in Summer 2017 and progressing to successfully be designated as a Higher Education Corporation and the award of University title by Privy Council in September 2018.

Hartpury has roots in vocational training and throughout the process to becoming a University, the Corporation have been mindful of the need to both protect and grow our further education provision. The combination of FE and HE on a single site sharing facilities and providing a unique parity of esteem, unity of purpose and aspiration for young people makes Hartpury the success it is. This has always been recognised and needed to be safeguarded as Hartpury moves forward. To this end with the support of the Department for Education and the Education and Skills Funding Agency, Hartpury University has a wholly owned subsidiary, Hartpury College of Further Education, which is a designated Further Education Institution. This structure provides the protection for further education provision at Hartpury for the long term.

The move to becoming a University has been the next step in the journey of higher education at Hartpury. With the full support of UWE, as validating partner, Hartpury now offers its own validated degrees and has successfully recruited a record number of first year undergraduates in September 2018 to these new degrees. In addition, many second- and third-year students chose to transfer from a UWE validated degree to a Hartpury degree with the accompanying credit transfer. We held our first Hartpury University Graduation in October 2019, the next step in the success of HE at Hartpury.

Whilst focussing on this journey, there was always a risk that the day to day received less attention. This has not been the case at Hartpury. Student numbers continue to grow year on year, student satisfaction remains consistently high, student achievements are strong, and our post qualification progression is exceptional.

Key evidence of this progress includes

- HE student numbers post enrolment were at an all-time high of 1774 compared to 1667 the previous year. Increases in both first-year undergraduates, direct entry and postgraduates were achieved
- FE full time student numbers after enrolment for 2018-19 totalled a record 1737 FTE
- HE student satisfaction, as measured by the National Student survey, is at 87%, 3% above the national average and on par with 2017/18.
- In terms of FE learner satisfaction, as measured by the national FE Choices survey, Hartpury remains the top specialist Landbased College
- HE student outcomes continue to be strong
- Students continue to prosper at the College. FE success/achievement rates continue to remain strong overall with success/achievement rates for 2018/19 long level 3 BTEC courses at 91.3 % (90.0% in 2017/18)
- and A Levels pass rate at 99.2% (91.2% in 2017/18).

The University has a national reputation for curriculum innovation in support of the core areas of focus - Sport, Equine, Agriculture, Animal and A Level provision at FE level. New curriculum developments including Human Animal Interaction and Horse Racing are growing. An interesting challenge will be managing this growth in terms of recruitment and ensuring the protection of student experience both in and out of timetabled sessions.

Hartpury University aims to meet the needs of landbased and sports-based industries, offering options for continuous study from Hartpury College. The curriculum continues to be vocational in nature and applied in delivery. The majority of students are on honours degrees, with Foundation degree recruitment declining. This is in response to the introduction of Foundation years and was planned. Postgraduate recruitment continues to grow successfully with research postgraduate provision delivered in partnership with the University of West of England.

Following our transition to the Higher Education sector and the recruitment of Postgraduate Research students (in partnership with UWE), we are eligible to enter the Research Excellence Framework in 2021. As a result, a great deal of activity in 2018-19 has focused on preparations for this including ensuring we have eligible staff, development of career pathways, and revisiting of the research structures to support targeted activities in line with the associated requirements. The Link Governor role introduced in 2018-19 has supported this progression and we have valued their engagement with developments.

The College's programmes within FE are regularly inspected by external verifiers from a range of Awarding Organisations. These are routinely very strong. In May 2018 Ofsted conducted a full inspection of the College and awarded the College an overall 'Outstanding' in all categories. In February 2019, Ofsted reviewed the provision for residential students which also awarded 'Outstanding' in all categories.

The HE provision continues to provide a high-quality experience, which is evidenced by:

- Two outstanding QAA reviews
- Success in recruitment and achievement, aligning with sector expectations
- Resounding confidence by all external examiners
- GOLD in TEF 2017, the only HE provider to do so in Gloucestershire
- Achieving University title

Hartpury is about more than just education; all of our students have the opportunity to engage in exercise and sporting activities at all levels. A key part of our offer is the opportunity for talented athletes to combine their studies with the opportunity to train and be coached in world class facilities. The breadth of our sporting academies has continued to grow with 8 sporting academies plus an athlete performance academy. Sporting success is part of Hartpury and during 2018/19 Hartpury students have achieved:

HARTPURY UNIVERSITY

VICE-CHANCELLOR'S REPORT *(continued)*

Rugby
- RFU AASE U18 National Championship winners – 9th title in ten years
- BUCS Super Rugby Championship winners – 3rd year running
- Senior 2nd team won league & cup. Senior 4th team also won the league
- Junior women's team won AASE National title at Rosslyn Park 7s for 5th time in six years
- Junior women's team represented England RFU in Sanix International Youth Tournament in Japan in April
- 17 players from Hartpury were involved in this year's men's and women's Six Nations tournament

Football
- Junior men's won U18 England Schools' FA Elite Schools & Colleges National title.
- Senior football lost in BUCS National Championship Final with last kick of extra time
- Senior women's won the BUCS Futsal League and Cup double, winning final at St. George's Park

Golf
- Nominated for Junior Team of the Year at Glos Sports Awards
- BUCS National Champion – George Bryant & nominated Senior Sports Player of the Year at Glos Sports Awards
- Senior team won the BUCS League and Cup double
- Juniors won AoC National Championship men's & women's team titles
- Juniors won British Schools & Colleges Tour nett team title
- Juniors won Intercollegiate Tour (ICT) national team gross & team nett titles
- ICT National Champion – Sophie Johnson and AoC National Champion – Julia Kerrigan

Netball
- Senior team won BUCS League and are promoted
- Junior netball finished 2nd at AoC National Championships, losing on countback after finishing level on points

Rowing
- James Cartwright won silver for GB men's quad at World Junior Rowing Champs in Czech Republic
- Junior rowing won 3 golds & 1 bronze at Junior Sculling Regatta at Dorney Lake
- Senior rowing won 3 golds & 2 silvers at the Ghent International Regatta
- Rhiannon Morgan & Charlotte Enright won girls' double at National Schools Regatta
- Success at British Rowing Junior Champs winning the Victor Ludorum after 5 wins in 7 events
- British Rowing Indoor Championships – U23 women's lightweight British champion

Modern Pentathlon
- Josh Hood won his first international medal for Pentathlon GB in Portugal. Also shortlisted for TASS talented athlete award for 2018/19
- Jack White selected for his first international GB debut in Czech Open Championships
- Won team gold for boys and girls at U19 British Youth Modern Pentathlon Championships. Josh Hood won U19 individual boys' title

Athlete Performance
- Tom Hunt selected for England Water Polo v Australia in December
- Caitlin Lochhead selected for senior Scotland Gymnastics squad
- Macy John selected for GB in European Union Cup for the GB weightlifting squad

To support the continued growth in student numbers and engage more with industries we serve, further capital development has continued throughout this year.

In May 2019, the new £8.8m Sports Academy was officially opened by Dame Katherine Grainger. Now chair of UK Sport, Dame Katherine described the state-of-the-art facility, which further enhances Hartpury's reputation as a centre of sporting excellence, as "a place where magic will happen". The modern building features hi-tech equipment available nowhere else in the UK, specialist technology used by Premier League and NFL clubs in the United States, and a multi-sports hall featuring integrated cameras. The Sports Academy, which further enhances Hartpury's reputation as a centre of sporting excellence, includes a biomechanics laboratory, rehabilitation suite, a human performance laboratory, and a multi-sports hall. It provides students at Hartpury with access to the very latest tools for research into sports science, as well as sports training and fitness.

The development of a £2 million Hartpury Agri-Tech Centre – Tech to Plate Project, aimed at enhancing innovation in the farming industry, was completed in September 2019. The state-of-the-art facility will provide Hartpury students and the wider farming community with access to the very latest smart farming techniques and equipment. The project features three key buildings – the Agri-Tech Hub, Biosecurity Building and Livestock Demonstration and Handling Unit – to be used for hosting industry events.

The world in which Hartpury operates continues to evolve and change, the requirements placed upon us by government and our regulator the Office for Students are developing and becoming clearer. The impact of Brexit looms over all and whilst we can speculate and plan without a firm direction of travel the future remains uncertain. The challenges Hartpury faces are similar to those others in the HE sector face but we must continue to develop strategies which keep us ahead of the competition and which ensure we maintain and improve the excellence of all we do

Looking to the future, a new strategy for Hartpury to 2025 has been developed this year in conjunction with staff, governors and the industries that we serve. This strategy combined with a detailed financial strategy and underpinning masterplan for the site, provides the opportunity for Hartpury to continue to prosper and grow.

R. Marchant

Russell Marchant
Vice-Chancellor

HARTPURY UNIVERSITY

STRATEGY 2025

Strategy 2025

Hartpury has, over the past 9 months, updated and refreshed its strategy to 2025. This strategy reflects the impact of University status, the improving demographics over the next 5 years and the need to continue to invest in the site to grow and improve facilities.

The strategy reflects the increasing demand for places at Hartpury both in FE and HE and the need to attain an optimum size to provide financial resilience. The need to meet the increasing demand is tempered by the reality of ensuring that the student experience remains high and that all students have access to the best possible and most up to date facilities that can be offered.

The vision is to create a University with 2,500 undergraduates and up to 500 postgraduates, alongside a College with 2,000 students. Indications from the trend of recent recruitment and demographics are that this is achievable in the next five years. It does however require significant investment in the campus, both in creating new facilities and refurbishing existing facilities, to maintain and enhance the quality of the student experience and meet recruitment targets. Growth of this order can generate the income to fund the investment required.

Within the Strategy to 2025, Hartpury's strategic priorities are identified:

Being the best we can be
Hartpury will be relentless in the pursuit of excellence, building upon its reputation as a world-class provider of specialist further and higher education.
To develop our high academic standards, we will:

- Retain our TEF Gold and our Ofsted Outstanding ratings
- Attain sector leading student satisfaction scores
- Contribute to new knowledge and transfer into practice, at national and international levels
- Continue to aim for the best possible student experience

Building strength through partnerships
Our development will be enabled through effective partnerships and collaborations with those who share our vision for the future
As a result of effective partnerships, we will:

- Create Hartpury University and Hartpury College side by side on the same campus, with parity of esteem
- Work in partnerships with our students, staff and parents, supporting them to achieve their full potential.
- Drive forward successful centres of hubs, to support the sharing of best practice and research in the agriculture, equine, animal and sports industries.
- Contribute to economic and community development within our region.
- Work closely with employers and industry to shape the specialist education we provide

Inclusive in all we do
We will create an inclusive and accessible environment that promotes respect for our students, staff, and the wider community.
Through our culture and frameworks, we will:

- Pro-actively recognise and promote equality, diversity and wellbeing within our community
- Support Students from under-represented groups to access, succeed and progress at Hartpury
- Strive to achieve and sustain sector leading student and staff retention rates
- Commit to listening to the student and staff voice and utilising it to enhance activity

These priorities are underpinned by the Hartpury Values

Excellence
We strive to achieve the highest quality in every aspect of our work. We expect and achieve high standards of our students and staff, whilst providing a learning experience that is truly first class.

Passionate
We create an environment in which our students and staff develop and celebrate their shared interests. We empower our graduates to combine their passion with their career and shape the future of the specialist industries we serve.

Challenging
We support students and staff who want to challenge and be challenged. We inspire them so that they can confidently achieve their ambitions, create their own successes, and be the very best they can be.

Nurturing
People are the centre of everything we do, with our students at the heart of our community. We invest in our people, support their development, and encourage them to reach their full potential.

Respectful
Inclusivity underpins our organisation; we respect and celebrate equality and diversity. We seek to create a community in which all of our staff, students and partners thrive and feel proud to belong.

STRATEGY 2025 *(continued)*

Financial Strategy
To align with the overarching strategy a financial strategy has been developed which underpins the forward financial plan. This Financial Strategy supports Hartpury aims by recognising the challenge of providing finance to enable growth whilst at the same time maintaining strong financial controls. The recent history of Hartpury has shaped the current balance sheet which forms the baseline for the financial strategy to fund these priorities. Against this background the financial strategy is to:

- Provide sufficient funds to enable curriculum maintenance and development
- Provide sufficient funds to maintain existing resources
- Enable the funding of future facilities
- Provide long term financial continuity and sustainability
- Manage financial risk

The aim of continuing to grow in a resource efficient manner defines the scope of future income and the broad portfolio of courses and related facilities. Continued growth and maintaining an outstanding student experience both require increased funds to invest in new capital projects while maintaining the existing infrastructure. Standing still in a highly competitive education market which continues to develop and evolve is not seen as an option.

The financial strategy should above all ensure the continued confidence of stakeholders to support Hartpury, be they funding agencies, the banks, employees, students or others.

Strategic Priority – Maximising efficiency
Whilst Hartpury is financially sound, there needs to remain a strong focus on ensuring that systems and processes work as effectively and efficiently as possible in order to generate surpluses and cash on an annual basis. The underlying systems and processes within Hartpury need to be reviewed to ensure that duplication of effort is minimised, IT solutions are used effectively to drive efficiency and that decisions are made with a view to ensure that the on-going financial implications are understood and accepted.

By ensuring that processes work more effectively and efficiently, better use can be made of resources both human and physical and thus ensure that there is more cash resource available to invest for the long term. To achieve this position Hartpury is embarking on a Continuous Improvement journey using Lean methodologies to improve efficiency.

Strategic Priority - Maximising capital grants and other capital funding
Hartpury has historically not been as successful as some of its competitors in attracting both grant and other funding to support capital developments. With continued pressure on government grants for developments there is a need to be more responsive and focussed when looking at government backed grant funding. Allied to this the ability to attract donations and funding from individual and charitable trusts will enable the pre-requisite 'match funding' required by most grants to be met.

The benefits of focussed attention to identify potential charitable donors to Hartpury are beginning to have a positive impact. Overall funding from charitable sources and alumni should not be regarded as a key provider of funds at this stage but rather as a means of potentially accelerating projects.

Strategic Priority – Continue to de-risk the financial position of Hartpury
The current major risks for Hartpury's financial position are the variability in the monthly cash flows over the financial year and the high level of debt burden that Hartpury carries. Clearly, continuing to recruit and grow student numbers and managing operating cost base are also key.

The cash reserves risk will be impacted by the first strategic priority above and with prudent cash management will ensure the cash position remains positive. With regard to debt levels, these remain high. Hartpury will continue in the long term, through the strong cash generation of the operations to aggressively reduce the debt level, as a percentage of income. The portfolio of debt held by Hartpury will continue to be reviewed and consideration will be given to re-financing to reduce debt servicing costs and further manage down the overall debt level.

Strategic Priority - Accumulation of cash reserves to enable planned facilities development
Although Hartpury continues to operate in a period of considerable uncertainty surrounding future funding, its diversified income stream reduces financial risk. The 40/60 split of FE and HE income, the low reliance on FE 19+ provision and substantial commercial and other income has, together with a strong financial control environment and the ability to make tough decisions when necessary, allowed Hartpury to withstand the impact of multiple funding cuts in FE since 2008. There are some consequences of this, notably pressure on salaries as the economy comes out of recession and a shortfall on maintenance of premises and facilities. Added to this, Brexit may complicate matters further. However, the projections for cash generation over the next 5 years remain positive.

Strategic Priority – To identify new funding to enable planned facilities development
To service the planned growth in student numbers a key part of the strategy is to continue to develop the site to accommodate more students, refurbish existing facilities and ensure that the campus continues to offer a learning experience which is outstanding.

As a cash generative operation Hartpury can contribute significantly to this strategy. However, to accelerate developments and to ensure that student experience is not negatively impacted as developments lag growth, external funding will be required to support the plans.

HARTPURY UNIVERSITY

STRATEGY 2025 *(continued)*

It is proposed to pursue two lines of external support to enable the delivery of the strategy to 2025. Additional loans will be sought to support the development of new learning and teaching facilities on site, to be supplemented by cash generated by Hartpury.

For facilities which generate income directly, student accommodation, new funding models will be pursued which enable the developments to be funded and run by others but enabling Hartpury students to benefit from these developments. This funding methodology could be utilised for both on campus and off campus accommodation developments.

HARTPURY UNIVERSITY

OPERATIONAL AND FINANCIAL REVIEW

Legal Status

Hartpury University was designated as a Higher Education Corporation and was awarded University title by Privy Council on 13th September 2018.

HE and FE KPIs

Key performance indicators are monitored across the whole University. Set out below are the key indicators for both FE and HE academic areas as well as other key indicators for HR and Finance. These are monitored and discussed throughout the University by governors and staff. Where indicators are below target remedial action is discussed, action plans are developed and then implemented – progress against targets is then monitored on a regular basis. Where targets are exceeded in any one year, the targets for subsequent years are realigned, wherever possible, in a programme of continuous improvement

Key FE Performance Indicators	2018-19 KPI Target	2018-19 Performance
Attendance	97%	97.9%
% Good or Outstanding Teaching	93%	90%
Long Level 2		
Retention	93%	89.9%
Achievement/Pass	100%	98.6%
Success/Achievement	93%	88.6%
Long Level 3 BTEC		
Retention	93%	91.5%
Achievement/Pass	99%	99.8%
Success/Achievement	92%	91.3%
Long Level 3 A Levels		
Retention	88%	81.8%
Achievement/Pass	98%	99.2%[1]
Success/Achievement	92%	81.1%
Progression to a positive destination	95%	97%
Student Satisfaction	97%	97.4%/95%[2]

Please note all KPIs presented are stretch targets and in all cases, achievement data exceeds the most recent publically available national data

Key HE Performance Indicators	2018-19 KPI Target	2018-19 Performance
NSS Overall Satisfaction	88%	87%
In-Year Retention	95%	93.6%
Achievement		
Merit / Distinction Foundation	75%	80%
Good Honours	68%	61%
Merit / Distinction Post Graduate	70%	77%

The Higher Education KPI targets were set to be ambitious and to drive forward continuous improvement. We are pleased for example, that the National Student Survey overall satisfaction has exceeded the national figure of 84%. Out of the KPIs listed, we are monitoring closely in-year retention. While retention of returning students is strong, our continuation of first year students is something we are working on to improve.

Key HR performance indicators	2018-19 KPI Target	2018-19 Performance
Sickness levels – average days lost per annum	5.3	5.72
Staff turnover – overall	12%	12%
% FE staff achieved/working towards teaching qualification	100%	100%
% HE staff achieved/ working towards teaching qualification	85%	95%

Finance KPIs and performance

Financial Results
For the year ended 31 July 2019, the Group achieved a surplus of £1,508,080 before other actuarial gains and losses and taxation (2017/18: £223,317). The surplus is stated after depreciation charges of £101,932 (2017/18: £101,932) on inherited assets. This surplus forms part of the Statement of Comprehensive Income.

[1] includes AS passes with transfers
[2] term 2/term 3

The table below shows some key financial figures and ratios for the group and its predecessor organisation.

	2018/19	2017/18	2016/17	2015/16
	£'000	£'000	£'000	£'000
Total income	39,063	35,406	32,884	31,143
Surplus for the year (before other actuarial gains and losses and taxation)	1,508	223	716	1,538
Income and expenditure reserve	7,121	9,918	7,853	7,589
General reserve to total income	18.2%	28.0%	23.9%	24.4%
Funding Body income as % of total	30.4%	32.6%	32.9%	32.1%
Staff Costs	20,842	19,649	17,157	15,572
Staff Costs as a % of income	53.4%	55.5%	52.2%	50.0%

The Group has accumulated reserves of £9,033,030 and cash and short-term investment balances of £2,854,094. The Group continues to accumulate reserves and cash balances in order to fund future capital projects.

Tangible fixed asset additions during the year amounted to £6,221,696. This was split between land and buildings constructed of £2,521,647, equipment purchased of £1,821,382 and assets under construction of £1,878,667.

The Group has four subsidiary companies as at the 31 July 2019, Rudgeley Services Limited, Limbury Limited, Hartpury Rugby Ltd and Hartpury College of Further Education. The principal activity of Rudgeley Services Limited is the provision of transport services to the University. Limbury Limited was previously a property development and rental company but did not trade during the year ended 31 July 2019. Hartpury Rugby was incorporated on 2nd June 2017 and its principal activity is the provision of Sporting Services for Hartpury RFC. Hartpury College of Further Education provides education and training funded by the Education and Skills Funding Agency. Any surpluses generated by the subsidiaries are transferred to the University under gift aid. In the current year, the surpluses generated were £35,273, £nil and £11,469 for Rudgeley Services Limited, Limbury Limited and Hartpury Rugby Limited respectively prior to any transfers to the University and taxation. Hartpury College of Further Education has traded since 1st August 2018 and in its first year has generated a surplus of £867,806.

Cash flows and liquidity
At £7.3m *(2017/18 £6m)* operating cash flow is more than adequate for operational requirements.

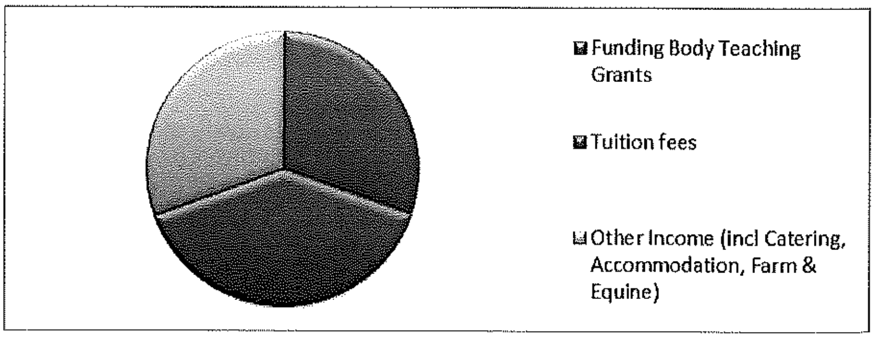
The University's total borrowing and its use of long-term fixed interest rates have been calculated to ensure a reasonable margin between the total cost of servicing debt and operating cash flow. During the year this margin was exceeded.

Reserves Policy
The University seeks to achieve a return on income of at least 3%. In this way it will increase reserves year on year thereby strengthening the balance sheet, reducing the level of gearing and ensuring ongoing compliance with bank covenants. A healthy level of reserves will also mitigate any movements in the Pensions Reserve. The continued generation of retained surpluses will allow the accumulation of significant levels of cash for future investment in facilities.

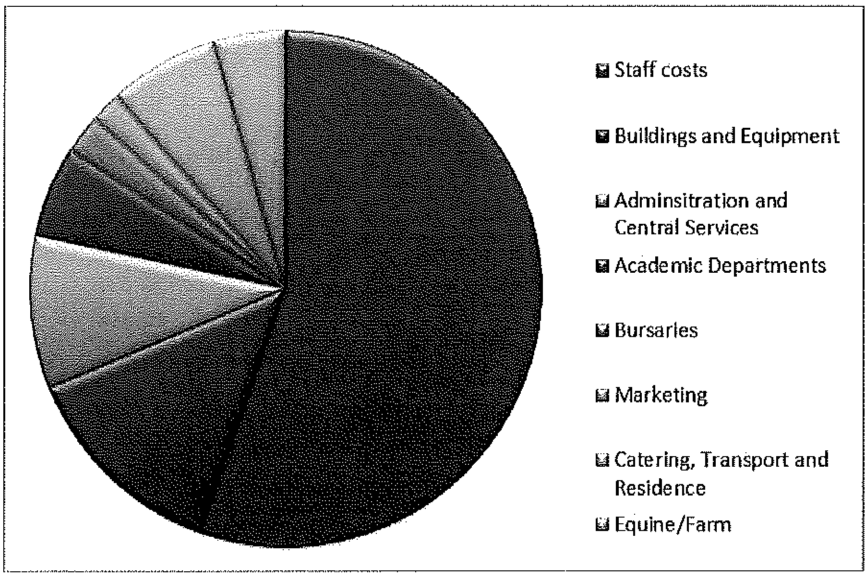
Value for Money
The University spends its income on running of its academic departments, providing academic support (such as library, transport and bursaries), management and administration, maintaining its buildings and other facilities, providing residences and catering for students and running its farm and equine departments. Staff costs represents half of the College's total expenditure, and these are tightly controlled each year.

For the year ended 31 July 2019, the University achieved a surplus for the year before other actuarial gains and losses and taxation of £1,508,080 and generated cash from Operations of £7,336,303. This has resulted in additions to facilities totalling £6,221,696 during the year.

Income	**£'000**
Funding Body Teaching Grants	11,858
Tuition Fees	15,246
Other Income (incl. Catering, Accommodation, Farm and Equine)	11,959
Total Income	**39,063**



How we spend our money	£'000
Staff Costs	20,843
Buildings & Equipment	4,984
Administration and Central Services	3,612
Academic Departments (non-staff)	2,178
Bursaries	918
Marketing	706
Catering, Transport & Residencies	2,606
Equine/Farm	1,736
Total Costs	**37,586**



Principal Risks and Uncertainties

The University continues to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the University's assets and reputation.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the University is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the University. The internal controls are then implemented, and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the University or changes to the external environment.

The University maintains a risk register which is reviewed at each Audit Committee meeting. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the University and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is underpinned by operational Risk Registers held within each department of the University.

Outlined below is a description of the principal risk factors that may affect the University. Not all the factors are within the University's control. Other factors besides those identified below may also adversely affect the University.

1. **Recruitment and retention of students in an increasingly competitive environment**
   Failure to achieve recruitment and retention targets and planned student numbers leading to income targets not being achieved, impacting on Hartpury cash flows and ability to invest in facilities.

   This risk is mitigated in a number of ways:
   - By ensuring the University is rigorous in delivering high quality education and training.
   - Targets set for recruitment and retention and monitored on a monthly basis.
   - Reporting on KPIs at Corporation and Quality Enhancement and Standards Committee, management accounts to Strategy, Finance and Resources Committee.
   - Appropriate monitoring and review embedded within the FE and HE Quality Cycle.
   - Increase in marketing and conversion activity.
   - Review of accommodation on site and transport routes to maximise recruitment.

2. **Government funding / impact of "Brexit"**
   Major loss of funding or increase in delivery costs due to changing government priorities, policies and new funding mechanisms and the ability for Hartpury to respond promptly to such changing circumstances. "Brexit" has been assessed to have a medium impact on the university we have a relatively small proportion of EU students each year (around 5% of total students), we have small amounts of Erasmus and other EU funding and have no pan European research.

   This risk is mitigated in a number of ways:
   - Funding is derived through a number of direct and indirect contractual arrangements.
   - By ensuring the University is rigorous in delivering high quality education and training.
   - Developing an understanding of the impact of "Brexit" on the supply chain and developing a process for mitigating any impacts of loss of supply or increased pricing of imports.
   - Considerable focus and investment are placed on maintaining and managing key relationships with the various funding bodies.
   - Ensuring the University focuses on priority sectors which will continue to benefit from public funding.
   - The University has diversified its income stream across HE, FE and other commercial areas.
   - Rigorous cost control to ensure the University delivers surpluses year on year.

3. **Funding future capital expenditure**
The University has invested more than £58m in its estate since incorporation as a College and demand continues to require more and improved facilities. The provision of on-site residential accommodation is a limiting factor in recruiting students from outside the immediate area. The financial challenges facing the sector as a whole, together with the University's current level of borrowing means the availability of funds from external sources for capital projects is limited.

As a result, the University has embarked on a strategy to accumulate cash reserves from operating surpluses and through philanthropic donations so that further residential accommodation and sports facilities can be built with a substantial contribution from the University's own funds and philanthropy with the balance coming from bank loans. In the meantime, the University is managing the risk of losing students by targeting students from the local area and encouraging others to find alternative accommodation locally.

4. **Protection of Student Experience**
Failure to be able to protect student experience as student numbers grow. As numbers increase there will be increasing demand on facilities within Hartpury, for example Learning Centres, study facilities and food and beverage outlets. Investment will be required in these assets plus in areas like IT infrastructure to ensure that the student experience is not impacted negatively.

This risk is mitigated by:
- Plans developed to grow and improve facilities and staffing levels to match growth in student numbers.
- Monitoring of student satisfaction and regular engagement with students throughout the year to gauge satisfaction and respond to concerns.

Payment Performance
Unless otherwise agreed, it is the University's policy to pay all of its suppliers within 30 days of the end of the month in which it receives the invoice for goods or services or if later, after acceptance of the goods and services in question. These terms are published on the University's website.

Events after the end of the reporting period
There are no significant post balance sheet events

Public Benefit statement

Hartpury University is an exempt charity under the Part 3 of the Charities Act and is regulated by the Office for Students. The members of the Governing Body, who are trustees of the charity, are disclosed on page 12.

In setting and reviewing the University's strategic objectives, the Governing Body has had due regard to the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the University provides the following identifiable public benefits through the advancement of education:

- High-quality teaching.
- Widening participation and tackling social exclusion.
- Excellent employment record for students.
- Strong student support systems.
- Links with employers, industry and commerce.

Equality, Diversity and Inclusivity

Hartpury is committed to achieving universal acceptance and application of a working and learning environment free from harassment, intimidation and unlawful discrimination. It is also committed to taking positive action to promote such equality and diversity of opportunity in relation to recruitment (staff and students), promotion, training, learning, benefits, procedures and all terms and conditions of employment and all requirements that govern student regulations.

At Hartpury we are committed to valuing diversity and promoting equality. One of our Corporate Values is promoting respect for all and this means we create an inclusive and accessible environment that enables and promotes belonging and respect for staff, students and the wider community. We create an inclusive approach for both students and staff that promotes diversity, positive behaviours, builds effective relationships and enables all our students to develop and achieve the best possible outcomes. We value others for their contribution, irrespective of personal differences.

It is the obligation of all staff and students to respect and act in accordance with the Equality, Diversity & Inclusivity Policy and to actively promote it throughout their life at Hartpury.

Hartpury's commitment to Equality, Diversity and Inclusivity is:

- To confirm the commitment of the University to the principle of equality, diversity and inclusivity for all.
- To ensure Hartpury complies with all laws and directives, relevant to equal opportunities, and procedures are in place to clarify and support this intention.
- To create an inclusive environment where differences are celebrated, and everyone is valued and respected.
- To ensure that Hartpury has a sound system of monitoring and review of progress so that good practice is identified, issues addressed, and a culture of equality and diversity is embedded in all aspects of the work of Hartpury.

The University's Equality, Diversity & Inclusivity Policy together with other associated policies, our Single Equality Scheme and Equality & Inclusivity Objectives are published on the University's website and Internet site.

The Equality, Diversity & Inclusivity Policy will be resourced, implemented and monitored on a planned basis. Our action plans and objectives are updated regularly and monitored by managers and governors.

The University has Disability Confident Employer status and has committed to the principles and objectives of this standard. The University considers applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee or student becomes disabled, every effort is made to ensure that employment and learning with the University continues. The University's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

Hartpury University has been awarded the Equality Standard Gold Award. This award recognises that the University plans and promotes good equality and diversity practices within our workplace and with our service users. The University also has 'Mindful Employer Charter' status.

Disability statement

Hartpury encourages participation in its learning programmes by all sections of the community and the industries it serves. Hartpury will endeavour to ensure students with special educational needs and/or disabilities, including mental health, are able to follow a programme of study most suitable to their needs with appropriate support. This support will be monitored, reviewed and changed as necessary.

The Student Disability Policy complies with SEN Code of Practice 2015 and the Equality Act 2010. Hartpury's Equality, Diversity & Inclusivity Policy also states our commitment to ensure that no student receives less favourable treatment on the grounds of any physical or other disability. Hartpury will keep the policy and its implementation under review to ensure that appropriate support is given to students so they can achieve the learning goals or re-negotiate other appropriate learning outcomes within the duration of their course.

Hartpury is committed to responding to individual needs and will endeavour to ensure that all resources are accessible and available to all students throughout their learning journey. At interview and on admission, students will be eligible to receive the commitment outlined in the University Charter. An assessment of any help and support needed which relates to special educational needs / disability will also be conducted. If appropriate, Hartpury will seek professional recommendations, reports or background evidence to establish the level of support required.

Within the resource constraints, Hartpury will make every effort to provide reasonable adjustments to the campus, educational environment, including teaching rooms / timetables and accommodation to ensure a student's needs are met.

Disclosure of Information to Auditor
The members of the Board who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the University's auditor is unaware; and each member has taken all steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditor is aware of that information.

Approved by order of the members of the Corporation on 21 November 2019 and signed on its behalf by:

E Keene
Chair of governors

HARTPURY UNIVERSITY

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the University to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2018 to 31 July 2019 and up to the date of approval of the annual report and financial statements. The University came into existence on 13 September 2019, with the conversion from a Further Education Corporation to a Higher Education Corporation from that date. The Further Education Corporation operated in accordance with the Code of Good Governance for Colleges as set out below.

The University endeavours to conduct its business:

- In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- In full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and the guidance to universities from the Committee of University Chairs – The Higher Education Code of Governance.

In the opinion of the Governors, the University either complies with or exceeds all the provisions within the Codes, and it has complied throughout the year ended 31 July 2019. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted in May 2015 and The Higher Education Code of Governance which it reviewed as part of its transfer to University status.

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charities Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

THE UNIVERSITY CORPORATION
Listed in the table below (Terms of office were aligned to terms of office for Hartpury College Corporation to support good practice in relation to length of overall term).

(Committee Key:
S&G - Search and Governance, QuESt – Quality and Enhancement of Standards, A&R Audit and Risk Management
SFR – Strategy, Finance and Resources, R&E – Remuneration and Employment)

Name	Date of Appointment or re-appointment*	Term of office	Status of appointment	Committees served	Attendance	Note
Mr R Marchant	1 Sept 2012	Ex Officio	Vice-Chancellor & Principal	S&G, SFR, QuESt	100%	
Mr E Keene (Chair)	9 Aug 2018	4 years		SFR, R&E, S&G	100%	
Mr C Whitehouse (Vice-Chair)	3 June 2017	4 years		SFR, R&E, S&G	88%	
Professor I Robinson	14 July 2016	4 years		QUESt, A&R	100%	
Ms I Barker	29 Jan 2015	4 years		SFR, R&E, S&G	50%	Resigned 10 Dec 2018
Dr J Selby	29 Mar 2015	4 years		QuESt, A&R	93%	
Ms R Cowie	20 Jan 2017	2 years		QuESt	50%	Resigned 15 March 2019
Mr D Seymour	13 Oct 2016	4 years		SGC, R&E	100%	
Mr C Moody	12 July 2016	4 years			89%	
Ms Lisa Oliver	12 July 2018	4 years		A&R	82%	
Ms H Knaggs	1 Sept 2018	1 year	Student	QuESt	36%	End of Term 31/8/19
Mr H Hodgkins	1 Feb 2018	4 years		SFR, S&G	79%	
Mr W Marshall	1 Sept 2018	4 years		SFR	100%	
Professor R Ritchie	13 Sept 2018	1 year		QuESt	82%	End of Term 01/9/19
Ms J Arroud	1 Nov 2018	4 years	Staff	QuESt	89%	
University Board Overall Total Percentage Attendance					86%	

* In the interests of openness and transparency dates quoted relate to appointment to predecessor organisation

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the University together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets each term, as a minimum.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are as follows:

Strategy, Finance and Resources	(SFR)
Remuneration and Employment	(R&E)
Audit and Risk Management	(A&R)
Search and Governance	(S&G)
Quality Enhancement and Standards	(QuEST)

Full minutes of all meetings, except those deemed confidential by the Corporation, are available on the University's website at www.hartpury.ac.uk or from the Clerk to the Corporation at:

Hartpury University
Hartpury House
Hartpury
Gloucester
GL19 3BE

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the University's expense and have access to the Clerk to the Corporation, who is responsible to the Corporation for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on regular basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair and the Accounting Officer are separate.

Appointments to the Corporation
Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance committee consisting of five members of the Corporation including the Vice-Chancellor and Principal, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years. Members may be considered for re-appointment by the Search and Governance Committee – bearing in mind the need to balance renewal and corporate memory

Corporation performance
The Corporation assesses its performance in a number of ways including 1:1 meetings between the Chair and governors, regular self-assessment and review of performance indicators.

Remuneration and Employment Committee
Throughout the year ended 31 July 2019, the University's Remuneration and Employment Committee comprised three members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits package of the Principal and other senior members of staff.

Details of remuneration for the year ended 31 July 2019 are set out in note 6 to the financial statements.

Audit and Risk Management Committee
The Audit and Risk Management Committee comprises three members of the Corporation and an external Co-opted Member. Membership does not include the Corporation Chair or Vice-Chancellor. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit and Risk Management Committee meets three times per year and provides a forum for reporting by the University's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of the University management. The Committee also receives and considers reports from the main HE funding bodies as they affect the University's business. The Committee also reviews risk management processes and risk following management review and advises the Board.

The University's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit and Risk Management Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit and Risk Management Committee also advises the Corporation on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

The Strategy, Finance and Resources Committee
The Strategy, Finance and Resources Committee comprises six members of the Corporation including the Vice-Chancellor and Principal. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Strategy, Finance and Resources Committee meets four times per year and ensures that annual estimates of income and expenditure and annual financial accounts are prepared for approval by the Corporation and that financial performance against these annual estimates of income and expenditure are adequately monitored on behalf of the Board of Governors, that statements of financial performance are presented to the Corporation on a regular basis and that appropriate action is taken on matters raised as a consequence of such reports.

The Committee also ensures that a capital budget is prepared for approval by the Board, against which projects can be prioritised and to assist the University in identifying necessary funding sources and strategies to undertake such projects and to recommend major capital resource developments for final approval by the Board.

INTERNAL CONTROL

Scope of responsibility
The Corporation is ultimately responsible for the University's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Vice-Chancellor, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the University's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Hartpury University and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of University policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hartpury University for the year ended 31 July 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk
The Corporation has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the University's significant risks that has been in place for the period ending 31 July 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework
The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

Hartpury University has an internal audit service, which operates in accordance with the requirements of the OFS Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the University is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the University. The report includes the HIA's independent opinion on the adequacy and effectiveness of the University's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Vice-Chancellor has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the executive managers within the University who have responsibility for the development and maintenance of the internal control framework
- comments made by the University's financial statements auditors, the reporting accountant for regularity assurance in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance (and risk committee, if appropriate), and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2019 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2019 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2019.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the University has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "*the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets"*.

Approved by order of the members of the Corporation on 21 November 2019 and signed on its behalf by:

E Keene
Chair of governors

R Marchant
Vice-Chancellor

HARTPURY UNIVERSITY

STATEMENT OF GOVERNING BODY RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Governing Body is responsible for preparing the Annual Report / Strategic Report, the Directors' Report and the Financial Statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England Grant and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.* The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students.

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

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

The Governing Body is responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent University's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent University and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Governing Body are also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the group and parent University's resources and expenditure.

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

Approved by order of the members of the corporation on 21 November 2019 and signed on its behalf by:

E Keene
Chair of governors

Independent auditor's report to the Corporation of Hartpury University

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hartpury University ("the University") for the year ended 31 July 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and University Statement of Changes in Reserves, Statement of Financial Position, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2019, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland,* and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*;
- meet the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of "Brexit" are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

"Brexit" is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to "Brexit".

Going concern

The Governing Body has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Governing Body's conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University will continue in operation.

Other information

The Governing Body is responsible for the other information, which comprises the Strategic Review and the Report of the Governors and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

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

Independent auditor's report to the Corporation of Hartpury University (continued)

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Governing Body responsibilities

As explained more fully in their statement set out on page 16, the Governing Body (who are the Directors of the University company for the purposes of company law) is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent university's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent university or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Governing Body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988 (*for post-1992 institutions*). Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Governing Body for our audit work, for this report, or for the opinions we have formed.

Rees Batley

Rees Batley (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

66 Queen Square,

Bristol,

BS1 4BE

26 November 2019

HARTPURY UNIVERSITY

Consolidated Statements of Comprehensive Income
Year ended 31 July 2019

	Notes	Year ended 31 July 2019		Year ended 31 July 2018	
		Group	University	Group	University
		£	£	£	£
INCOME					
Funding body grants	2	11,858,039	1,594,229	11,551,161	11,551,161
Tuition fees and education contracts	3	15,246,595	14,628,876	12,528,421	12,528,421
Other income	4	11,956,722	15,807,276	11,324,796	10,566,779
Investment income	5	1,599	1,599	1,563	1,563
Total income		**39,062,955**	**32,031,980**	**35,405,941**	**34,647,924**
EXPENDITURE					
Staff costs	6	20,842,655	14,995,621	19,649,354	18,704,147
Other operating expenses	7	13,142,869	12,773,511	12,110,383	12,308,752
Depreciation	9	2,409,543	2,554,044	2,270,460	2,414,961
Interest and other finance costs	8	1,190,152	1,190,152	1,157,723	1,157,723
Total expenditure		**37,585,219**	**31,513,328**	**35,187,920**	**34,585,583**
Surplus before other gains and losses		**1,477,736**	**518,652**	**218,021**	**62,341**
Surplus/(Loss) on disposal of assets		30,344	30,344	5,296	5,296
Surplus before taxation		**1,508,080**	**548,996**	**223,317**	**67,637**
Taxation		1,668	-	(4,756)	-
Surplus for the year after taxation		**1,509,748**	**548,996**	**218,561**	**67,637**
Actuarial (loss)/gains in respect of pensions schemes	16/20	(4,408,797)	(4,408,797)	1,744,633	1,744,633
Total Comprehensive Income for the year		**(2,899,049)**	**(3,859,801)**	**1,963,194**	**1,812,270**
Represented by:					
Restricted comprehensive income		-	-	-	-
Unrestricted comprehensive income		(2,899,049)	(3,859,801)	1,963,194	1,812,270
		(2,899,049)	(3,859,801)	1,963,194	1,812,270
Surplus for the year attributable to:					
Non-controlling interest		-	-	-	-
Group		(2,899,049)	(3,859,801)	1,963,194	1,812,270
		(2,899,049)	(3,859,801)	1,963,194	1,812,270
Total Comprehensive Income for the year attributable to:					
Non-controlling interest		-	-	-	-
Group		(2,899,049)	(3,859,801)	1,963,194	1,812,270
		(2,899,049)	(3,859,801)	1,963,194	1,812,270

The notes on pages 23 to 39 form part of these financial statements.

All activities relate to continuing operations.

HARTPURY UNIVERSITY

Consolidated and University Statements of Changes in Reserves
Year ended 31 July 2019

	Income and expenditure account	Revaluation reserves	Total excluding Non-controlling interest	Total
	£	£	£	£
Group				
Balance at 1 August 2017	7,852,729	2,116,156	9,968,885	9,968,885
Surplus for the year	218,561	-	218,561	218,561
Other comprehensive income	1,744,633	-	1,744,633	1,744,633
Total comprehensive income	1,963,194	-	1,963,194	1,963,194
Transfer between revaluation and income and expenditure reserves	101,932	(101,932)	-	-
Balance at 31 July 2018	9,917,855	2,014,224	11,932,079	11,932,079
Surplus for the year	1,509,748	-	1,509,748	1,509,748
Other comprehensive income	(4,408,797)	-	(4,408,797)	(4,408,797)
Total comprehensive income for the year	(2,899,049)	-	(2,899,049)	(2,899,049)
Transfer between revaluation and income and expenditure reserves	101,932	(101,932)	-	-
Balance at 31 July 2019	7,120,738	1,912,292	9,033,030	9,033,030
University				
Balance at 1 August 2017	14,068,555	2,103,486	16,172,041	16,172,041
Surplus for the year	67,637	-	67,637	67,637
Other comprehensive income	1,744,633	-	1,744,633	1,744,633
Total comprehensive income	1,812,270	-	1,812,270	1,812,270
Transfer between revaluation and income and expenditure reserves	101,932	(101,932)	-	-
Balance at 31 July 2018	15,982,757	2,001,554	17,984,311	17,984,311
Surplus for the year	548,996	-	548,996	548,996
Other comprehensive income	(4,408,797)	-	(4,408,797)	(4,408,797)
Total comprehensive income for the year	(3,859,801)	-	(3,859,801)	(3,859,801)
Transfer between revaluation and income and expenditure reserves	101,932	(101,932)	-	-
Balance at 31 July 2019	12,224,888	1,899,622	14,124,510	14,124,510

HARTPURY UNIVERSITY

Statement of Financial Position as at 31 July 2019

	Notes	Group 2019 £	University 2019 £	Group 2018 £	University 2018 £
Non-current assets					
Tangible Fixed Assets	9	50,428,780	56,381,540	46,690,253	52,787,514
Investments	10	-	202	1,580	1,782
		50,428,780	**56,381,742**	**46,691,833**	**52,789,296**
Current Assets					
Stocks	11	609,195	609,195	670,416	670,416
Trade and other receivables	12	1,184,731	1,140,256	1,183,547	1,190,338
Cash and cash equivalents	17	2,854,094	1,810,700	3,721,212	3,654,206
		4,648,020	**3,560,151**	**5,575,175**	**5,514,960**
Less: Creditors – amounts falling due within one year	13	(8,933,187)	(8,706,800)	(8,050,806)	(8,035,822)
Net current liabilities		(4,285,167)	(5,146,649)	(2,475,631)	(2,520,862)
Total assets less current liabilities		**46,143,613**	**51,235,093**	**44,216,202**	**50,268,434**
Creditors – amounts falling due after more than one year	14	**(25,451,914)**	**(25,451,914)**	**(26,264,399)**	**(26,264,399)**
Provisions					
Defined benefit obligations	20	**(11,545,000)**	**(11,545,000)**	**(5,909,000)**	**(5,909,000)**
Other provisions	16	**(113,669)**	**(113,669)**	**(110,724)**	**(110,724)**
Total net assets		**9,033,030**	**14,124,510**	**11,932,079**	**17,984,311**
Unrestricted Reserves					
Income and expenditure account		**7,120,738**	**12,224,888**	**9,917,855**	**15,982,757**
Revaluation reserve		**1,912,292**	**1,899,622**	**2,014,224**	**2,001,554**
Total unrestricted reserves		**9,033,030**	**14,124,510**	**11,932,079**	**17,984,311**

The financial statements on pages 19 to 39 were approved and authorised for issue by the Corporation on 21 November 2019 and were signed on its behalf on that date by:

E Keene
Chair of governors

R Marchant
Accounting Officer

HARTPURY UNIVERSITY

Consolidated Statement of Cash Flows
Year ended 31 July 2019

	Notes	2019 £	2018 £
Cash flow from operating activities			
Surplus from the year		**1,509,748**	**218,561**
Adjustments for non-cash items			
Depreciation		2,409,543	2,270,460
Decrease in stocks		61,221	145,400
(Increase) in debtors		(1,184)	(114,867)
Increase/(Decrease) in creditors due within one year		771,089	1,310,170
Increase/(Decrease) in creditors due after one year		377,529	(35,442)
(Decrease) in provisions		(5,852)	(4,989)
Pension costs less contributions payable		1,236,000	1,205,000
Taxation		-	-
Adjustment for investing or financing activities			
Investment income		(1,599)	(1,563)
Interest payable		1,010,152	970,723
Loss/(Profit) on sale of fixed assets		3,073	(5,296)
Profit on sale of non-current assets investments		(33,417)	-
Net cash flows from operating activities		**7,336,303**	**5,958,157**
Cash flows from investing activities			
Proceeds from sale of fixed assets		70,553	21,900
Disposal of non-current assets investments		34,997	-
Investment income		1,599	1,563
Withdrawal of deposits		-	-
Payment made to acquire fixed assets		(6,027,336)	(5,734,197)
		(5,920,187)	**(5,710,734)**
Cash flows from financing activities			
Interest paid		(999,527)	(969,388)
Interest element of finance lease rental payments		(10,625)	(1,335)
New secured loans		-	4,000,000
Repayments of amounts borrowed		(1,186,008)	(1,123,560)
Capital element of finance lease rental payments		(87,074)	(16,984)
		(2,283,234)	**1,888,733**
(Decrease)/Increase in cash and cash equivalents in the year		**(867,118)**	**2,136,156**
Cash and cash equivalents at beginning of the year		**3,721,212**	**1,585,056**
Cash and cash equivalents at the end of the year		**2,854,094**	**3,721,212**

The notes on pages 23 to 39 form part of these financial statements

1. Statement of Principal Accounting Policies

General Information

The Institution of Hartpury University in Gloucestershire is registered with the Office for Students. The address of the registered office is Hartpury University, Hartpury, Gloucester, GL19 3BE

Statement of compliance

The Consolidated and Institution financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2018. They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the 2017/18 Accounts Direction issued by the Office for Students (OfS), the Terms and Conditions of Funding for Higher Education Institutions issued by the Office for Students and the Terms and Conditions of Research England Grants. The University has early adopted paragraph 12.d of the 2019/20 Accounts Direction issued by the OfS on 25 October 2019.

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

Basis of preparation

These Consolidated and Institution financial statements have been prepared under the historical cost convention (modified by the revaluation of certain financial assets and liabilities at fair value)

The Institution's activities, together with the factors likely to affect its future development, performance and position, are set out in the operational and financial review which forms part of the Board of Governors' Report. The Board of Governors' Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities. The Board of Governors review forward financial forecasts and has a reasonable expectation that the Institution has adequate resources to continue in operational existence for the foreseeable future and thus is continuing to adopt the going concern basis of accounting in preparing the annual financial statements.

Exemptions under FRS 102

The University has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the Institution in its separate financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Institution and all its subsidiaries for the year ended 31 July 2019.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation. Financial statements are made up to 31 July 2019 for Hartpury College of Further Education, Limbury Limited and Rudgeley Services Limited, whilst the accounting year end for Hartpury Rugby Limited is 30 June 2019.

Gains and losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated. Balances between the Institution and its associates and joint ventures are not eliminated. Normal trading transactions that are not settled by the balance sheet date are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity, the part relating to the Institution's share is eliminated.

Income recognition

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

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Education contracts are recognised when the Institution is entitled to the income, which is the period in which students are studying, or where relevant, when performance conditions have been met.

Investment income is credited to the Consolidated Statement of Comprehensive Income on a receivable basis.

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

Grant funding

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

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

The recurrent grant from the OfS represents the funding allocations attributable to the current financial year and is credited direct to the Consolidated Statement of Comprehensive Income.

Funding body recurrent grants received from the Education and Skills Funding Agency (ESFA) are measured in line with best estimates for the period over which they are receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the Consolidated Statement of Comprehensive Income. The final grant income is normally determined with the conclusion of the year end reconciliation process with the ESFA following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income when the institution is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the Institution is entitled to the funds.

Investment income and appreciation of endowments are recorded in income in the year in which they arise and as whether restricted or unrestricted income according to the terms or other restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowment – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the Institution.
3. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible assets, and the Institution has the power to use the capital.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations of tangible assets are included within income. The income recognised is valued using a reasonable estimate of their gross value or the amount actually realised. Donated tangible assets are valued and accounted for as tangible assets under the appropriate asset category.

Capital grants

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

Accounting for retirement benefits

The two principal pension schemes for the Institution's staff are the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). The schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the Institution in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Gloucestershire Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

Employment Benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the Institution. Any unused benefits are accrued and measured as the additional amount the Institution expects to pay as a result of the unused entitlement.

Enhanced pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the Institution annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to other comprehensive income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the statement of financial position using the enhanced pension spreadsheet provided by the funding bodies.

Finance lease

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

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

Operating leases

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

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

Property, plant and equipment

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic costs of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired and building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the University of between 5 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

Finance costs which are directly attributable to the construction of land and buildings are capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 102, the University followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to the reporting date. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged in the period it is incurred, unless it increases the future benefits of the University, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Library books inherited from the Local Education Authority are stated at valuation and are not depreciated. The costs of library books purchased are expensed directly to the income and expenditure account in the period of acquisition.

Equipment costing less than £500 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised as cost. Equipment inherited from the Local Education Authority is included in the Balance Sheet at valuation.

Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the University of between three and ten years from incorporation and is now fully depreciated. All other equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

Computer equipment	-	3 years
Motor vehicles	-	4 years
Plant	-	8 years
Furniture, fixtures and fittings	-	10 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the Consolidated Statement of Comprehensive Income over the expected useful economic life of the related equipment.

A review of impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Consolidated Statement of Comprehensive Income.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the Institution's separate financial statements.

Other Investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Stocks

Commercial farming stocks are independently valued by CPW Daniell, a RICS Registered Valuer based in Gloucestershire. Growing crops, feedstuffs, sprays and fertilisers are valued at cost. Livestock, with the exception of the milking herd which is included on a herd basis, are valued at a discounted market value. Provision is made for obsolete, slow-moving and defective stocks.

Cash and cash equivalents

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

Cash equivalents are short term (maturity being less than three months from the placement date), highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

1. The Institution has a present obligation (legal or constructive) as a result of a past event;
2. It is probable that an outflow of economic benefits will be required to settle the obligation; and
3. A reliable estimate can be made of the amount of the obligation.

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

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

A contingent asset arises where an event has taken place that gives the Institution a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Institution.

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

Maintenance of premises

The cost of routine corrective maintenance is charged to the Consolidated Statement of Comprehensive Income in the period in which it is incurred.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full on timing differences that exist at the reporting date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantially enacted at the reporting date. Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

The Institution is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of para 1 of schedule 6 to the Finance Act 2010 and accordingly, the Institution is potentially exempt from UK Corporation Tax in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) 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 Institution receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on expenditure (revenue and capital) is included in the cost of such expenditure. Any irrecoverable VAT allocated to fixed assets is included in their costs.

The Institution's subsidiary companies are subject to Corporation Tax and VAT in the same way as a commercial organisation.

Financial instruments

The Institution has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement, and disclosure of financial instruments. Financial assets and liabilities are recognised when the Institution becomes party to the contractual provision of the instrument, and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention whether to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Basic financial assets include trade and other receivables, cash and cash equivalents, and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income. Where the investment in equity instruments are not publicly traded and where the fair value cannot be readily measured the assets are measured at cost less impairment.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

Financial liabilities

Basic financial liabilities include trade and other payables, bank loans, and intra-group loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised costs using the effective interest rate method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

To the extent that the Institution enters into forward foreign exchange contracts which remain unsettled at the reporting date, the fair value of the contracts is reviewed at that date. The initial fair value is measured as the transaction price on the date of inception of the contracts. Subsequent valuations are considered on the basis of the forward rates for those unsettled contracts at the reporting date. The Institution does not apply hedge accounting in respect of forward foreign exchange contracts held to manage cash flow exposures of forecast transactions denominated in foreign currencies.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the Institution, are held as a permanently restricted fund which the Institution must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore must be held in perpetuity.

Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the Institution's financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These judgements, estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management consider the areas set out below to be those where critical accounting judgements have been applied and the resulting estimates and assumptions may lead to adjustments to the future carrying amounts of assets and liabilities:-

1. Judgement is applied in determining the value and timing of certain income items to be recognised in the financial statements. This includes determining when performance related conditions have been met.

2. Property, plant and equipment represent a significant proportion of the Institution's total assets. Therefore, the estimated useful lives can have a significant impact on the depreciation charged and the Institution's reported performance. Useful lives are determined at the time the asset is acquired. The lives are based on historical experience with similar assets as well as anticipation of future events. Details of carrying values of property, plant and equipment are shown in note 9.

3. The provision for doubtful debts is based on our estimate of the expected recoverability of those debts. Assumptions are made based on the level of debtors which have defaulted historically, coupled with current economic knowledge. The provision is based on the current situation of the customer, the age profile of the debt and the nature of the amount due.

4. Determine whether leases entered into by the University either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

5. Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

6. The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions in determining net costs (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Funding Body Grants

	Group 2019	**University 2019**	Group 2018	University 2018
	£	**£**	£	£
Recurrent grants				
Office for Students	**1,275,594**	**1,275,594**	1,340,153	1,340,153
Education and Skills Funding Agency – adult	**254,457**	-	631,906	631,906
Education and Skills Funding Agency - 16 - 18	**9,943,137**	-	9,124,134	9,124,134
Education and Skills Funding Agency – apprenticeships	**66,216**	-	157,331	157,331
Specific grants				
Skills Funding Agency	**35,492**	**35,492**	27,600	27,600
Releases of government capital grants	**219,693**	**219,693**	232,435	232,435
HE Grants	**63,450**	**63,450**	37,602	37,602
Total	**11,858,039**	**1,594,229**	11,551,161	11,551,161

3. Tuition fees and education contracts

	Group 2019	**University 2019**	Group 2018	University 2018
	£	**£**	£	£
Adult education fees	**285,793**	**-**	302,981	302,981
Fees for HE loan-supported courses	**13,647,337**	**13,647,337**	10,897,102	10,897,102
International students' fees	**1,212,770**	**926,629**	1,226,460	1,226,460
Total tuition fees	**15,145,900**	**14,573,966**	12,426,543	12,426,543
Education contracts	**100,695**	**54,910**	101,878	101,878
Total	**15,246,595**	**14,628,876**	12,528,421	12,528,421

4. Other income

	Group 2019	**University 2019**	Group 2018	University 2018
	£	**£**	£	£
Catering and residence	**7,710,640**	**7,710,640**	7,122,839	7,122,839
Management charge to Hartpury College	**-**	**4,481,000**	-	-
Farming	**1,103,809**	**1,103,809**	1,258,734	1,258,734
Equine	**1,116,816**	**1,116,816**	970,352	970,352
Other income generating activities	**1,975,457**	**1,345,011**	1,972,871	1,214,854
Capital donations	**50,000**	**50,000**	-	-
Total	**11,956,722**	**15,807,276**	11,324,796	10,566,779

5. Investment income

	Group 2019	**University 2019**	Group 2018	University 2018
	£	**£**	£	£
Other interest receivable	**-**	**-**	-	-
Other investment income	**1,599**	**1,599**	1,563	1,563
	1,599	**1,599**	1,563	1,563
Net return on pension scheme (note 20)	**-**	**-**	-	-
Total	**1,599**	**1,599**	1,563	1,563

6. Staff costs – Group and University

The average number of persons (including key management personnel) employed by the Group during the year, described as full-time equivalents, was:

	2019 Number	2018 Number
Teaching staff	**245**	227
Non-Teaching staff	**361**	340
	606	567

Staff costs for the above persons

	Group 2019	**University 2019**	Group 2018	University 2018
	£	**£**	£	£
Wages and salaries	**15,832,612**	**11,090,860**	15,051,772	14,278,527
Social security costs and apprentice levy	**1,423,488**	**999,021**	1,315,622	1,261,321
Other pension costs	**3,586,555**	**2,905,740**	3,281,960	3,164,299
Total Staff costs	**20,842,655**	**14,995,621**	19,649,354	18,704,147

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and are represented by the Senior Management Team which comprises the Vice-Chancellor (Principal and CEO), Chief Operating Officer, Pro Vice-Chancellor, Vice-Principal – Further Education and Vice-Principal - Resources

Emoluments of Key management personnel, Accounting Officer and other higher paid staff

	2019 Number	2018 Number
The number of key management personnel including the Accounting Officer was:	**5**	5

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2019	2018	**2019**	2018
	Number	Number	**Number**	Number
£100,001 to £105,000 p.a.	**-**	-	**-**	-
£105,001 to £110,000 p.a.	**-**	-	**-**	-
£110,001 to £115,000 p.a.	**-**	-	**-**	-
£115,001 to £120,000 p.a.	**-**	-	**-**	-
£120,001 to £125,000 p.a.	**-**	-	**-**	-
£125,001 to £130,000 p.a.	**-**	-	**-**	-
£130,001 to £135,000 p.a.	**-**	-	**-**	-
£135,001 to £140,000 p.a.	**-**	-	**-**	-
£140,001 to £145,000 p.a.	**-**	-	**-**	-
£145,001 to £150,000 p.a.	**-**	-	**-**	-
£150,001 to £155,000 p.a.	**-**	-	**-**	-
£155,001 to £160,000 p.a.	**-**	-	**-**	-
£160,001 to £165,000 p.a.	**-**	-	**-**	-
£165,001 to £170,000 p.a.	**-**	-	**-**	-
£170,001 to £175,000 p.a.	**-**	1	**-**	-
£175,001 to £180,000 p.a.	**1**	-	**-**	-

Key management personnel emoluments are made up as follows:

	2019	2018
	£	£
Salaries	**506,927**	487,952
Benefits in kind	**15,250**	10,590
	522,177	498,542
Pension contributions	**94,642**	90,654
Total emoluments	**616,819**	589,196

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2019	2018
	£	£
Salaries	**152,884**	147,134
Benefits in kind	**24,060**	23,366
	176,944	170,500
Pension contributions	**28,656**	27,708
	205,600	198,208

The pension contributions in respect of the Accounting Officer and senior post holders are in respect of employer's contributions to the Teachers' Pension Scheme or the Local Government Pension Scheme and are paid at the same rate as for other employees.

The governing body adopted the Committee of University Chairs (CUC) June 2018 Higher Education Senior Staff Remuneration Code in July 2018 and assesses pay in line with its principles.

The remuneration package of the Principal, Vice-Chancellor and Chief Executive is subject to annual review by the Remuneration and Employment Committee of the governing body which uses benchmarking information to provide objective guidance. This includes consideration of the Association of Colleges Senior Pay Survey which enables comparator by land-based colleges, all colleges, income, region and structure (with salaries banded into quartiles); salary scales and pay levels across the wider institution; performance – individual and institution; and, in the last two years, Vice-Chancellor Remuneration data.

The Principal, Vice-Chancellor and Chief Executive reports to the Chair of Governors, who undertakes an annual review of his performance against Hartpury's overall objectives using both qualitative and quantitative measures of performance.

In the last two years, Hartpury's achievement of its strategic goals has been significant with the key transition to university status in line with its ambitions in place from 13th September 2018. Its quality has been recognised with Teaching Excellence Framework (TEF) Gold achieved June 2017 and confirmed as retained for two further years in July 2019, its FE provision was graded outstanding by OFSTED in 2018 and OFSTED also reassessed its residential accommodation as outstanding in 2019. Recruitment of both HE and FE students has grown, despite the challenges within the sectors, particularly in relation to demographic decline of key markets. This performance, along with achievement of the University's financial plan are key elements used in assessment of remuneration for senior staff. The Vice-Chancellor, Principal and Chief Executive was recognised as being of key importance in the achievement of these goals and ensuring successful management of the organisation through the transition.

The organisation's structure has increased in complexity with transition to university status, whilst continuing to operate a further education college as a subsidiary company limited by guarantee and meet the regulatory framework of the higher education and further education sectors. Hartpury is committed to ensuring parity of esteem for both further and higher education. Hartpury continues to work consistently and effectively towards its mission to be a specialist niche provider delivering relevant, effective and high-quality education and training for employment in sport, equine, animal and agricultural industries; locally, regionally, nationally and internationally and manages its recruitment to balance the need to meet this range of markets.

The Principal, Vice-Chancellor and Chief Executive has been in place since 2012 and was in place throughout the year and continues to hold office.

The head of the provider's basic salary is 7.3 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The head of the provider's total remuneration is 8.5 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider to its staff.

The pay multiple has been calculated in accordance with paragraph 12.d of the 2019/20 Accounts Direction issued by the OfS.

Compensation for loss of office paid to former key management personnel

	2019	2018
	£	£
Compensation paid to the former post-holder	**-**	-

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

7. Other operating expenses

	Group 2019	**University 2019**	Group 2018	University 2018
	£	**£**	£	£
Teaching costs	**4,390,657**	**3,381,450**	4,111,051	4,111,051
Non-teaching costs	**6,228,038**	**6,867,887**	5,516,741	5,715,110
Premises costs	**2,524,174**	**2,524,174**	2,482,591	2,482,591
Total	**13,142,869**	**12,773,511**	12,110,383	12,308,752

Other operating expenses include:

	2019	2018
	£	£
Auditors' remuneration		
Financial statements audit	**31,250**	30,174
Internal audit	**25,242**	28,763
Other services provided by the financial statements' auditor		
Taxation	**7,740**	11,390
Compliance	**2,650**	1,200
Other services provided by the internal auditors	**4,900**	3,600
(Surplus)/Loss on disposal of non-current assets	**30,344**	(4,983)
Hire of assets under operating leases	**608,006**	604,882

8. Interest and other finance costs – Group and University

	2019	2018
	£	£
On bank loans, overdrafts and other loans	**999,527**	969,388
	999,527	969,388
On finance leases	**10,625**	1,335
Pension finance costs (note 20)	**180,000**	187,000
	1,190,152	1,157,723

9. Tangible fixed assets

Group	Freehold land and buildings £	Assets under Construction £	Equipment £	Total £
Cost or valuation				
At 1 August 2018	58,730,941	5,417,153	13,355,119	77,503,213
Additions in the year	2,521,647	1,878,667	1,821,382	6,221,696
Inter class transfer	5,371,387	(5,371,387)	-	-
Disposals	(45,053)	-	(34,090)	(79,143)
At 31 July 2019	66,578,922	1,924,433	15,142,411	83,645,766
Depreciation				
At 1 August 2018	20,481,477	-	10,331,483	30,812,960
Charge for year	1,492,623	-	916,920	2,409,543
Eliminated in respect of disposals	(901)	-	(4,616)	(5,517)
At 31 July 2019	21,973,199	-	11,243,787	33,216,986
Net book amounts				
At 31 July 2019	**44,605,723**	**1,924,433**	**3,898,624**	**50,428,780**
At 31 July 2018	38,249,464	5,417,153	3,023,636	46,690,253
Inherited	1,802,585	-	115,500	1,918,085
Financed by capital grant	5,921,470	563,611	484,812	6,969,893
Other	36,881,668	1,360,822	3,298,312	41,540,802
At 31 July 2019	**44,605,723**	**1,924,433**	**3,898,624**	**50,428,780**
Assets held under finance lease:				
- net book amounts at 31 July 2019	**-**	**-**	**216,727**	**216,727**
- net book amounts at 31 July 2018	-	-	68,554	68,554
- depreciation charge for the year ended 31 July 2019	**-**	**-**	**18,214**	**18,214**
- depreciation charge for the year ended 31 July 2018	-	-	8,572	8,572

If inherited land and buildings had not been valued, they would have been included at a cost and net book amount of £nil.

9. Tangible fixed assets (continued)

The University	Freehold land and buildings £	Assets under Construction £	Equipment £	Total £
Cost or valuation				
At 1 August 2018	62,946,236	5,417,153	13,426,324	81,789,713
Additions in the year	2,521,647	1,878,667	1,821,382	6,221,696
Inter class transfer	5,371,387	(5,371,387)	-	-
Disposals	(45,053)	-	(34,090)	(79,143)
At 31 July 2019	70,794,217	1,924,433	15,213,616	87,932,266
Depreciation				
At 1 August 2018	18,839,510	-	10,162,689	29,002,199
Charge for year	1,577,124	-	976,920	2,554,044
Eliminated in respect of disposals	(901)	-	(4,616)	(5,517)
At 31 July 2019	20,415,733	-	11,134,993	31,550,726
Net book amounts				
At 31 July 2019	**50,378,484**	**1,924,433**	**4,078,623**	**56,381,540**
At 31 July 2018	44,106,726	5,417,153	3,263,635	52,787,514
Inherited	1,802,585	-	115,500	1,918,085
Financed by capital grant	5,921,470	563,611	484,812	6,969,893
Other	42,654,429	1,360,822	3,478,311	47,493,562
At 31 July 2019	**50,378,484**	**1,924,433**	**4,078,623**	**56,381,540**
Assets held under finance lease:				
- net book amounts at 31 July 2019	-	-	**216,727**	**216,727**
- net book amounts at 31 July 2018	-	-	68,554	68,554
- depreciation charge for the year ended 31 July 2019	-	-	**18,214**	**18,214**
- depreciation charge for the year ended 31 July 2018	-	-	8,572	8,572

The transitional rules set out in FRS 102 Tangible Fixed Assets have been applied on implementing FRS 102. Accordingly, the book values at implementation have been retained.

Land and buildings inherited from the Local Education Authority at incorporation were valued on 28 September 1992 by a firm of independent chartered surveyors on the basis of depreciated replacement cost where the open market value was not readily available. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the corporation on a depreciated replacement cost basis.

Inherited land and buildings have been funded from local education authority sources. Should these assets be sold, the University would either have to surrender the sale proceeds to the ESFA or use them in accordance with the financial memorandum with the ESFA.

£56,773 is included within the group additions for the year which represents the finance charges capitalised for the period. Of the total cost carried forward, £436,075 (2018: £379,302) relates to capitalised finance charges. The group's average rate of borrowing used was between 4.3% and 6% to determine the rate of capitalisation.

10. Non-current investments

	Group 2019	University 2019	Group 2018	University 2018
	£	£	£	£
Investment in the preference share capital of Axis Milk Ltd (at cost)	-	-	1,580	1,580
Investment in the ordinary share capital of subsidiary undertakings at cost	-	202		202
	-	202	1,580	1,782

The University holds 100% of the issued ordinary share capital of the following subsidiary undertakings, incorporated in Great Britain, which have been consolidated in the financial statements.

Name of subsidiary	Country of registration	Activity
Hartpury College of Further Education	England and Wales	Provision of education
Limbury Limited	England and Wales	Dormant
Rudgeley Services Limited	England and Wales	Provision of transport and property services
Hartpury Rugby Limited	England and Wales	Provision of sporting services

The University also held shares in the following listed company:

Name of company	No. of shares 2019	Market value 2019	No. of shares 2018	Market value 2018
		£		£
Dairy Crest plc	-	-	5,581	27,147

11. Stock

	Group 2019	University 2019	Group 2018	University 2018
	£	£	£	£
Farm, livestock, produce and stores	572,721	572,721	633,942	633,942
Other stocks	36,474	36,474	36,474	36,474
Total	609,195	609,195	670,416	670,416

12. Trade and other receivables

	Group 2019	University 2019	Group 2018	University 2018
	£	£	£	£
Amounts falling due within one year:				
Trade receivables	635,383	635,383	826,156	826,156
Amounts owed by subsidiary undertakings	-	-	-	20,228
Other debtors	74,207	58,158	27,555	14,118
Prepayments and accrued income	475,141	446,715	329,836	329,836
Total	1,184,731	1,140,256	1,183,547	1,190,338

13. Creditors: amounts falling due within one year

	Group 2019	University 2019	Group 2018	University 2018
	£	£	£	£
Bank loans and overdrafts	1,245,725	1,245,725	1,185,953	1,185,953
Obligations under finance leases	60,910	60,910	9,390	9,390
Trade payables	2,669,431	2,501,465	2,910,128	2,905,986
Amounts owed to subsidiary undertakings	-	1,351,986	-	23,468
Other taxation and social security	663,392	512,845	591,269	591,269
Deferred taxation	8,880	-	10,548	-
Accruals and deferred income	2,207,925	1,238,973	1,496,765	1,473,003
Deferred income – Government capital grants	298,084	298,084	273,575	273,575
Amounts owed to ESFA	47,443	-	47,443	47,443
Other Creditors	1,731,397	1,496,812	1,525,735	1,525,735
Total	8,933,187	8,706,800	8,050,806	8,035,822

14. Creditors: amounts falling due after one year

	Group 2019	**University 2019**	Group 2018	University 2018
	£	**£**	£	£
Bank loans	**18,702,141**	**18,702,141**	19,947,921	19,947,921
Obligations under finance leases	**77,962**	**77,962**	22,196	22,196
Deferred income - Government Capital Grants	**6,671,811**	**6,671,811**	6,294,282	6,294,282
Total	**25,451,914**	**25,451,914**	26,264,399	26,264,399

15. Maturity of Debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2019	**University 2019**	Group 2018	University 2018
	£	**£**	£	£
In one year or less	**1,245,725**	**1,245,725**	1,185,953	1,185,953
Between two and five years	**9,402,282**	**9,402,282**	9,201,272	9,201,272
In five years or more	**9,299,859**	**9,299,859**	10,746,649	10,746,649
Total	**19,947,866**	**19,947,866**	21,133,874	21,133,874

The University has a number of term loan facilities and has entered into fixed rate agreements with its bankers. Interest on £5,022,741 and £165,055 has been fixed at 5.775% until July 2028, £1,176,501 has been fixed at 5.408% until July 2029, £149,588 has been fixed at 3.50% until March 2021 and £448,103 has been fixed at 5.12% until 31 December 2019 with further extensions expected. A further loan of £4,000,000 was drawn in March 2018 and has yet to be fixed- this loan is secured on University residential assets.

On 9 October 2014, six term loans in Limbury Limited were novated to Hartpury University on the same terms and conditions as the original loans. Interest on £3,592,087 has been fixed at 5.775% until July 2028 and on £1,447,290 at 4.861% until July 2033. Three further loans of £792,095, £2,190,821 and £191,823 were fixed with effect from 25 July 2013 at 4.81%, 5.077% and 3.396% respectively until July 2033. One further loan of £771,762 is fixed at 5.154% initially until September 2017, however this was extended to 30 September 2019.

On 24 October 2019 the Corporation signed a new loan facility agreement with Triodos Bank UK Ltd with two facilities. One facility of £6.8m to re-finance some existing loans with Lloyds and a new facility of £8m to fund the development of a new University Learning Centre.

(b) Finance Leases

The net finance lease obligations to which the institution is committed are:

	Group 2019	**University 2019**	Group 2018	University 2018
	£	**£**	£	£
In one year or less	**60,910**	**60,910**	9,390	9,390
Between two and five years	**77,962**	**77,962**	22,196	22,196
Total	**138,872**	**138,872**	31,586	31,586

Finance lease obligations are secured on the assets to which they relate.

16. Provisions

	Group and University Enhanced pensions	Total
	£	£
At 1 August 2018	110,724	110,724
Expenditure in the period	(5,852)	(5,852)
Additions in the period	8,797	8,797
At 31 July 2019	**113,669**	**113,669**

This enhanced pension provision relates to the cost of staff who have already left the Group's employ. This provision has been calculated in accordance with guidance issued by the ESFA and its successor organisations.

The principal assumptions for this calculation are:

	2019	2018
Price inflation	2.2%	1.3%
Discount rate	2.0%	2.3%

17. Cash and cash equivalents

	At 1 August 2018	Cash flows	Other Changes	At 31 July 2019
	£	£	£	£
Cash and cash equivalents	3,721,212	(867,118)	-	2,854,094
Overdrafts	-	-	-	-
	3,721,212	(867,118)	-	2,854,094

18. Capital and other commitments

	Group and University	
	2019	2018
	£	£
Commitments contracted for at 31 July	**697,904**	1,628,613

19. Lease obligations

At 31 July the University had minimum lease payments under non-cancellable operating leases as follows:

	Group and University	
	2019	2018
	£	£
Future minimum lease payments due		
Land and Buildings		
Not later than one year	**55,750**	55,750
Later than one year and not later than five years	**213,708**	223,000
Later than five years	**-**	46,458
	269,458	325,208
Other		
Not later than one year	**54,993**	89,033
Later than one year and not later than five years	**48,173**	38,870
Later than five years	**-**	-
	103,166	127,903

20. Defined benefit obligations

The Group's employees belong to two principal post-employment benefit plans: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Gloucestershire Local Government Pension Scheme (LGPS) for non – teaching staff, which is managed by Gloucestershire County Council. Both are multi-employer defined-benefit plans.

Total pension costs for the year		**2019**		2018
		£		£
Teachers' Pension Scheme: contributions paid		**1,008,592**		975,168
Local Government Pension Scheme:				
Contributions paid	**1,526,012**		1,289,000	
FRS102 (28) charge	**1,056,000**		1,018,000	
Charge to Statement of Comprehensive Income		**2,582,012**		2,307,000
Enhanced pension charge to Statement of Comprehensive Income		**-**		-
Total Pension Costs for Year within staff costs		**3,590,604**		3,282,168

Contributions amounting to £326,318 (2018 £272,896) were payable to the schemes at 31 July and are included in Group creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. These regulations apply to teachers in schools, universities and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), The TPS is a multi-employer pension plan. The Group is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the Group has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The Group has set out above the information available on the plan and the implications for the Group in terms of anticipated contribution rates are set out below.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £20 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019/20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £1,008,592 (2018: £975,618).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Gloucestershire County Council. The total contributions made for the year ended 31 July 2019 were £1,965,950 (2018 £1,677,674), of which employer's contributions totalled £1,526,012 (2018 £1,289,200) and employees' contributions totalled £439,938 (2018 £388,474). The agreed contribution rates for future years are 20.4% for employers and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial calculation of the fund at 31 March 2016 updated to 31 July 2019 by a qualified independent actuary.

	At 31 July 2019	At 31 July 2018
Rate of increase in salaries	**2.7%**	2.7%
Future pension increases	**2.4%**	2.4%
Discount rate for scheme liabilities	**2.2%**	2.8%
Inflation assumption (CPI)	**2.4%**	2.4%
Commutation of pensions to lump sums	**35%**	35%

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

	At 31 July 2019 Years	At 31 July 2018 Years
Retiring today		
Males	**22.4**	22.4
Females	**24.6**	24.6
Retiring in 20 years		
Males	**24.0**	24.0
Females	**26.4**	26.4

	Fair Value at 31 July 2019	Fair Value at 31 July 2018
	£'000	£'000
Equity instruments	**15,557**	13,870
Debt instruments	**5,340**	4,221
Property	**1,857**	1,608
Cash	**464**	403
Total fair value of plan assets	**23,218**	20,102
Actual return on plan assets	**868**	1,037

The amount included in the balance sheet in respect of the defined benefit plan is as follows:

	2019	2018
	£'000	£'000
Fair value of plan assets	**23,218**	20,102
Present value of plan liabilities	**(34,763)**	(26,011)
Net pensions (liability)/asset	**(11,545)**	(5,909)

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2019 £'000	2018 £'000
Amounts included in staff costs		
Current service cost	**2,508**	2,307
Past service cost	**69**	-
Total	**2,577**	2,307
Amounts included in investment income		
Net interest income	**(180)**	(138)
	(180)	(138)
Amount recognised on Other Comprehensive Income		
Return on pension plan assets	**868**	1,037
Experience losses arising on defined benefit obligations	**-**	-
Changes in assumptions underlying the present value of plan liabilities	**(5,268)**	706
Amount recognised in Other Comprehensive Income	**(4,400)**	1,743

Movement in net defined benefit (liability)/asset during the year

	2019 £'000	2018 £'000
Net defined benefit (liability)/asset in scheme at 1 August	**(5,909)**	(6,447)
Movement in year:		
Current service cost	**(2,577)**	(2,307)
Employer contributions	**1,521**	1,289
Past service cost	**-**	-
Net interest on the defined (liability)/asset	**(180)**	(187)
Actuarial gain or loss	**(4,400)**	1,743
Net defined benefit (liability)/asset at 31 July	**(11,545)**	(5,909)

Asset and Liability Reconciliation

	2019 £'000	2018 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	**26,011**	23,642
Current service cost	**2,577**	2,307
Interest Cost	**766**	670
Contributions by Scheme participants	**433**	383
Experience gains and losses on defined benefit obligations	**-**	-
Changes in demographic assumptions	**-**	-
Changes in financial assumptions	**5,268**	(706)
Estimated benefits paid	**(292)**	(285)
Past service cost	**-**	-
Curtailments and settlements	**-**	-
Defined benefit obligations at end of period	**34,763**	26,011
Changes in fair value of plan assets		
Fair value of plan assets at start of period	**20,102**	17,195
Interest on plan assets	**586**	483
Return on plan assets	**868**	1,037
Employer contributions	**1,521**	1,289
Contributions by Scheme participants	**433**	383
Estimated benefits paid	**(292)**	(285)
Fair value of plan assets at end of period	**23,218**	20,102

21. Related party transactions

Due to the nature of the Group's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arms' length and in accordance with the Group's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was £4,139; 8 governors (2018: £2,355; 5 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings. No Governor has received any remuneration or waived payments from the Group during the year (2018: None).

The university has taken advantage of the exemption permitted by FRS102 Section 33 (Related Party Disclosures), available to group undertakings where 100% of the voting rights are controlled within the group and where consolidated financial statements are publicly available, not to disclose transactions with other group companies within these Financial Statements.