

Company registration no : 02788226 (England and Wales)
Charity Registration no : 1018979

Northern Consortium

Trustees' Report and Consolidated Financial Statements
For the year ended 31 August 2021

NORTHERN CONSORTIUM

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Report of the Trustees

For the year ended 31 August 2021

Northern Consortium Member Universities

The present members of the Consortium are:

The University of Bradford	Leeds Beckett University
The University of Salford	Liverpool John Moores University
Sheffield Hallam University	The University of Manchester
The University of Leeds	Manchester Metropolitan University
The University of Sheffield	The University of Huddersfield

The Board of Trustees, who are also directors of the Charity for Companies Act purposes, present their report for the year ended 31 August 2021 under the Charities Act 2011, together with the audited accounts for the year, and confirm that the latter comply with the Act, and with the Charities SORP (FRS102) - effective 1 January 2019. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

1 STRATEGIC REPORT

1.1 Objectives and activities

Charitable objects

The Charity's objects which were amended on 9th September 2021 are specifically restricted to the advancement of education in particular but not limited to:

- Administering or procuring, directly or indirectly, education projects and training programmes;
- Running, funding or supporting collaborative teaching projects with both UK and overseas educational institutions or other organisations attended by students from the UK or overseas, making further or higher;
- education more accessible for students from different backgrounds and geographical locations; and
- Providing bursaries, scholarships, counselling, placements, training opportunities or other support to UK or overseas students who are either disadvantages (financially or otherwise) or from under-represented groups.

Public Benefit Statement

The Trustees have had regard to the Charity Commission's guidance on public benefit to inform its decision making and review of how the Charity's activities and plans contribute to achieving its aims and objectives. Originally founded in 1987 by publicly funded UK universities, Northern Consortium went on to register as a Charitable Company in 1993. The Charity is unique in supporting UK higher education on a not-for-profit basis. The Consortium, with the support of its subsidiary, Northern Consortium UK Limited ("NCUK"), provides high quality educational programmes and associated services to support international students' progression to university. With a focus on students from under-represented backgrounds, the Charity also funds research, provides grants, and supports the work of similar educationally focused charities. The Consortium delivers public benefit by:

- providing grants to support international students from groups under - represented in higher education who would otherwise be unable to access UK higher education opportunities via the Presidents UK scholarship scheme (further information below);
- promoting and enhancing international education opportunities and supporting the engagement of students from widening participation groups;
- making UK degrees available and affordable to less affluent students, internationally, through a successful and expanding international education offer, delivered overseas;
- providing - through an international network of delivery partnerships - educational programmes and associated services of the highest quality to international students;
- supporting research into - and the promotion of - the access agenda in higher education, particularly in relation to international higher education, and supporting the international reputation and continued success of UK universities, and other eligible bodies in the UK. Which in turn supports universities to research, teach, provide public access to their activities, and contribute to the cultural, social and economic wellbeing of their locality.

Report of the Trustees

For the year ended 31 August 2021

1.2 Achievements and performance

Key Achievements in 2020/21

During 2020/21 Northern Consortium and its trading subsidiary successfully managed within the new COVID-19 operating environment to:

- Support – through provision of high-quality educational programmes and associated support – more than 2200* students to progress from preparatory programmes to degree programmes in the UK or overseas (a decrease from 2019/20 due to the impact of the Covid-19 pandemic).
- Undertake activity that will provide its publicly-funded UK partner universities with an estimated £22 million* of tuition fee income in the 2021/22 financial year with a further estimated £60 million* of tuition fee income being generated over the duration of their degree course.
- Increase the geographical diversity of students able to benefit from the Consortium's offer, by opening 10 new study centres and entering 3 new markets increasing student registrations in Africa and South East Asia.
- Won a national 'PIE Award' for its approach to digitising student assessment as a result of the impact of the Covid-19 pandemic.

*subject to final enrolment figures

1.3 Governance Review

A central focus of Trustees' activities in recent years has been upon governance, as this is integral to a well-functioning Charity which meets the needs of its users by the most appropriate use of its resources, in an open and transparent way.

In 2019 the delineation of NC and NCUK Ltd was cemented by the leadership of the Group being separated. NC appointed an Executive Director to the Charity and NCUK Ltd a Chief Executive. This was done to further enhance the independent governance and leadership of each organisation and ensure that its activities met or exceeded the standards of its regulators.

In the past year Trustees have placed a sharp focus upon the Charity's future and strategy and considered the additional areas of activity it may wish to develop to further extend the public benefit delivered. This led to a revision of the Charity's objects and Articles, completed in September 2021 to underpin work on a new grant giving strategy for implementation in 2022.

Trustees are also delighted to report that following a skills audit, a successful recruitment saw four new External Trustees join the Board in March 2021. The Trustees bring a wealth of knowledge and skills from a variety of backgrounds which enhance and expand the existing Board.

2021 also saw the transitions of Chairs within both NC and NCUK following the completion of terms. In April 2021 Ms J Purves was succeeded as Chair of Northern Consortium by Professor Peter Byers, who had previously served as Deputy Chair within the Charity. Professor Byers served until 31 January 2022 when he stepped down due to his retirement. Malcolm Butler acted as interim Chair from 1 February 2022 and was appointed as Chair on 28 April 2022.

In January 2021 Trustees recruited a very experienced and dynamic Chair to NCUK Ltd, Jan Ward CBE in preparation for the end of tenure of the previous Chair, Neil McLean CBE in July 2021 who had a successful six-year term at the Company. In August 2021 NCUK appointed a new Chief Executive to lead the Company, Stuart Smith has a strong track record in the global Higher Education sector.

1.4 Impact of COVID-19

The Charity has been pleased to be able to continue to fund all committed activity. As well it used funds to support beneficiaries directly impacted by the pandemic, such as those unable to travel to home countries who faced additional living costs across the summer months.

COVID-19 has impacted significantly on global movement and prevented international mobility programmes from taking place. This has resulted in many institutions offering virtual initiatives to students, which afford a higher level of inclusion for students from disadvantaged backgrounds. The Trustees noted this step change in international mobility and considered it in terms of the Charity's future plans. During the past year, Trustees have considered and revised the Charity's governing document and future activities and following the Charity Commission's approval of new objects in September 2021, Trustees plan to launch a new grants strategy in 2022.

Report of the Trustees

For the year ended 31 August 2021

1.5 Future Plans

As mentioned above, the charity intends to finalise and implement its new grants strategy, which will continue to fund initiatives to support the 'access' agenda in higher education. The Charity has the following activity planned in 2021/22:

- To continue to support (via an annual grant of £20,000) the work of the Council for At Risk Academics (CARA);
- To promote the findings of the research it has funded within the sector;
- To pilot activities which expand its offering and test its new grant giving strategy;
- To develop its digital and online presence to promote the charity and its work; and
- To formalise and document processes within the Group structure to aid effective working practices.

The Charity's trading subsidiary – NCUK – through its digital transformation programme continues to digitise infrastructure, support sustainability, extend its reach into international markets and improve the quality of educational provision and preparation that it provides to students. Aligned to this objective, the company will also review its approach to teaching, learning and assessment in 2022.

1.6 Financial review

Investment Performance

Cash surplus was held on deposit with the Charity's bankers. The Board of Trustees ensured, so far as possible, that a competitive rate of interest was earned. The Charity owns 100% of the shares in its subsidiary, NCUK Limited, from which all of its income was derived.

Financial Review and Results for the Year

The Northern Consortium's wholly owned subsidiary, NCUK Limited was established in October 2003. The formation of NCUK enables the Charity to effectively mitigate and manage the risks stemming from its global operations whilst also creating an income stream for the Charity to support its objectives. The consolidated financial performance for 2021 was strong. Reflecting a good trading year for NCUK despite the COVID-19 pandemic.

Summary of the results and financial position of the Group	2021	2020
	£	£
Income	4,971,068	5,104,620
Net incoming resources from unrestricted funds	160,724	247,474
Total unrestricted funds	3,187,081	3,026,357

The charity paid £1,479 (2019/20: £2,144) in respect of professional indemnity for the trustees.

Reserves Policy

The Board of Trustees is satisfied that the Charity's reserves are available and adequate to fulfil its obligations. A new Reserves policy was approved in Spring 2021 which was revised and updated in April 2022.

The Trustees of NC and the Directors of NCUK are reviewing the Group's financial strategy to ensure that the Group delivers financial performance such that NCUK generates sufficient surpluses to provide an income for NC, with which NC can fulfil its charitable objectives, and for NCUK to pursue its trading and development activities in accordance with its approved business plans. The approach to reserves by the Group is part of the strategy, whose objective is to delivery financial sustainability.

Investment policy

The Charity owns 100% of the shares in its subsidiary NCUK, from which all of its income is derived. Surplus cash is held on deposit with the Charity's bankers.

Pension Policy

Northern Consortium's pension liability has been estimated at around £410k. Trustees have identified this as a risk but have mitigated for it. Accordingly, the S75 liability will not be triggered whilst there is an active member in the scheme.

Report of the Trustees

For the year ended 31 August 2021

2 GOVERNANCE**2.1 Reference and administrative details**

Registered company number	02788226 (England and Wales)
Registered charity number	1018979
Registered office	667-669 Stockport Road Manchester M12 4QE
Trustees	Dr M Butler - Chair of the Board of Trustees Mr S Mckinnon-Evans - Treasurer Mr R Cotton Professor N M Clement Ms J Purves Mr J Richardson Professor J Watling Miss S Darch (appointed 23 March 2021) Mr A Ryder (appointed 23 March 2021) Mr N Smith (appointed 23 March 2021) Mrs M Webster (appointed 23 March 2021) Prof A J Sambell (appointed 30 November 2020) Professor J Keay (resigned 22 March 2022) Professor P Byers (resigned 31 January 2022) Ms C Swabey (resigned 6 September 2020) Mr D Taylor (resigned 30 September 2020)
Company secretary	Ms D Leicester
Auditors	Xeinadin Audit Limited Chartered Accountants and Statutory Auditors 1 City Road East Manchester M15 4PN
Solicitors	Browne Jacobson 14th Floor No.1 Spinningfields 1 Hardman Square Manchester M3 3EB
Bankers	Barclays Bank Plc PO Box 357 51 Mosley Street Manchester M60 2AU

Report of the Trustees

For the year ended 31 August 2021

2.2 Structure, governance and management

Northern Consortium ("NC"/"the Charity") was incorporated as a company limited by guarantee (company registration number 02788226) on 9 February 1993. The Company was registered with the Charity Commission (registration number 1018979) on 23 March 1993. The members of the Board of Trustees, executive officers and principal address of the Charity are as listed on page 4, alongside the particulars of the Charity's professional advisers.

Governing document

The Charity was established under a Memorandum of Association that established the objects and powers of the charitable company and is governed by its constitution and Articles of Association. The Charity's objects were updated in 2021 to provide clarity and flexibility and be reflective of current language (further detailed on page 2).

Governing body

The Charity is governed by the members of the Board of Trustees who are appointed in accordance with the Articles of Association. Each member university of Northern Consortium is entitled to nominate one member to the Board of Trustees, and there is also provision for the Trustees to appoint up to four external Trustees. The number of members of the Board of Trustees is not subject to a maximum but shall not be less than three. There are currently ten serving Trustees and four External Trustees were appointed in March 2021.

Recruitment and training of Board of Trustees' Members

Consortium Trustees are nominated by member universities and are selected from the member universities' senior management. External Trustees are recruited through open recruitment procedures. Key selection criterion is an understanding of the role and responsibilities of a Charity Trustee as well as experience or knowledge within a desired area [which fulfils an area identified by a skills audit]. An induction process and formal training is provided to all Trustees on appointment to the Board, and regular training opportunities offered to all Trustees throughout the year.

Organisational Management

The Trustees of the Charity are legally responsible for the overall management and control of the Charity and meet as a Board of Trustees at least twice annually.

The day to day running of the Charity is delegated to the Executive Director who works on a part time basis.

Group structure and relationships

The Charity has a wholly owned subsidiary, Northern Consortium UK Limited (NCUK Ltd), whose activities and performance are discussed below.

Risk management

The Board of Trustees have identified the significant and ongoing risks to Northern Consortium's achievement of its Charitable Objects and a detailed risk register is maintained and regularly reviewed.

The risk register is reviewed by the Trustees at each of their meetings, and the Management and Finance Sub-Committee supported by the Executive Director conduct detailed reviews in between Board meets. Reports illustrate emergent or escalating risks and detail the mitigation, monitoring and planned next steps.

Other key controls used by the Charity in the management of risk include:

- formal agendas and minutes for all Board of Trustees meetings and activity;
- strategic planning, budgeting and management accounting;
- a Management and Finance Sub-Committee to provide additional scrutiny and oversight;
- established organisational structure and lines of reporting;
- regular communication between the Charity and Company;
- clear authorisation and approval levels

A similar formal risk assessment strategy is also in place for the Charity's wholly owned subsidiary company NCUK Ltd which is regularly reviewed by the NCUK Executive and Board of Directors, with red rated items escalated to the Trustees.

Report of the Trustees

For the year ended 31 August 2021

2.3 Statement of Trustees' Responsibilities

The trustees (who are also the directors of Northern Consortium for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

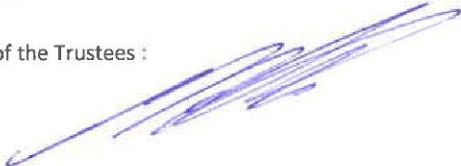
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006 Xeinadin Audit Limited, will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

On behalf of the Trustees :



Dr Malcolm Butler
Chair

28 April 2022

Independent Auditor's Report to the Members of Northern Consortium

For the year ended 31 August 2021

Opinion

We have audited the financial statements of Northern Consortium (the 'Charitable Company') and its subsidiary for the year ended 31 August 2021 which comprise the Consolidated Statement of Financial Activities, Consolidated and Charitable Company Balance Sheet, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group and the Charitable Company's affairs as at 31 August 2021 and of the Group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with international Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

Independent Auditor's Report to the Members of Northern Consortium

For the year ended 31 August 2021

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

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- the Charitable Company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities including fraud and non-compliance with laws and regulations we have considered the following:

- The nature of the industry and sector, control environment and business performance including the Charitable Company's remuneration policies, key drivers for remuneration and performance targets;
- Results of the enquiries of management about their own identification and assessment of the risks of irregularities;
- Any matters we have identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
 - the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: revenue recognition and the impact of COVID-19. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Charitable Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, Charities Act, Health and Safety Laws and Environmental Regulations.

Independent Auditor's Report to the Members of Northern Consortium

For the year ended 31 August 2021

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

Use of our report

This report is made solely to the Members of the Charitable Company, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charitable Company's Members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Garrett (Senior Statutory Auditor)

For and on behalf of

Xeinadin Audit Limited

CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS

1 City Road East

Manchester

M15 4PN

28 April 2022

Consolidated Statement of Financial Activities

For the year ended 31 August 2021

	Notes	2021 £	2020 £
INCOME			
<i>Income and endowments from :</i>			
Investment income	2	3,812	21,538
Income - trading subsidiary		4,938,148	4,998,530
Other income		29,108	84,552
Total income		4,971,068	5,104,620
EXPENDITURE			
Direct expenses - trading subsidiary	6	(744,129)	(656,376)
Charitable activities	7	(3,995,898)	(4,058,387)
Tax charge - trading subsidiary	8	(45,146)	(76,055)
Total expenditure		(4,785,173)	(4,790,818)
<i>Net income and net movement in funds before actuarial gains and losses on pension scheme</i>		185,895	313,802
Actuarial gain (loss) on defined benefit pension scheme	13	(25,171)	(66,328)
Net movement in funds		160,724	247,474
Total funds brought forward		3,026,357	2,778,883
Total funds carried forward	14	3,187,081	3,026,357

Consolidated and Charity Balance Sheets

As at 31 August 2021

	Notes	Group		Charity	
		2021 £	2020 £	2021 £	2020 £
Fixed assets					
Tangible assets	9	27,854	24,546	-	-
Investments	10	-	-	1,256,001	1,256,001
		<u>27,854</u>	<u>24,546</u>	<u>1,256,001</u>	<u>1,256,001</u>
Current assets					
Debtors	11	105,693	332,076	5,420	-
Cash at bank and in hand		4,783,546	4,792,804	907,946	908,347
		<u>4,889,239</u>	<u>5,124,880</u>	<u>913,366</u>	<u>908,347</u>
Creditors: amounts falling due within one year	12	(1,314,340)	(1,733,251)	(60,534)	(56,757)
Net current assets		<u>3,574,899</u>	<u>3,391,629</u>	<u>852,832</u>	<u>851,590</u>
Total assets less current liabilities		<u>3,602,753</u>	<u>3,416,175</u>	<u>2,108,833</u>	<u>2,107,591</u>
Provisions for liabilities		(5,045)	(4,362)	-	-
Pension liability	13	(410,627)	(385,456)	(17,041)	(38,624)
Net assets including pension liability		<u>3,187,081</u>	<u>3,026,357</u>	<u>2,091,792</u>	<u>2,068,967</u>
Represented by:					
Unrestricted income funds	14	<u>3,187,081</u>	<u>3,026,357</u>	<u>2,091,792</u>	<u>2,068,967</u>

The financial statements on pages 11 to 21 were approved by the Board of Trustees and signed on its behalf by:

Dr Malcolm Butler
Chair

28 April 2022

Consolidated Statement of Cash Flows

For the year ended 31 August 2021

	2021 £	2020 £
Cash generated from operations		
Net income and net movement in funds before actuarial gains and losses on pension scheme	185,895	313,802
Depreciation	22,422	38,985
Loss on disposal of fixed assets	-	11,832
Tax charge	45,146	76,055
Investment income	(3,812)	(21,538)
	<u>249,651</u>	<u>419,136</u>
Decrease in debtors	226,383	177,872
(Decrease)/increase in creditors	(372,131)	398,889
	<u>103,903</u>	<u>995,897</u>
Cash generated from operations	103,903	995,897
Tax paid	(91,243)	(64,485)
	<u>12,660</u>	<u>931,412</u>
Net cash from operating activities	12,660	931,412
Cash flow from investing activities		
Purchase of tangible fixed assets	(25,730)	(7,887)
Interest receivable	3,812	21,538
	<u>(21,918)</u>	<u>13,651</u>
Net cash flow from investing activities	(21,918)	13,651
Change in cash and cash equivalents in the year	(9,258)	945,063
Cash and cash equivalents brought forward	4,792,804	3,847,741
Cash and cash equivalents carried forward	4,783,546	4,792,804

Notes to the Financial Statements

For the year ended 31 August 2021

General information

Northern Consortium is a private company limited by guarantee, incorporated in England and Wales, registration number 02788226. Each of the Trustees is liable to contribute an amount not exceeding £1 towards the assets of the Charity in the event of liquidation. The address of the registered office and principal place of business is 667-669 Stockport Road, Manchester, M12 4QE.

Accounting policies

Basis of preparation of financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31st August 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the profit or loss and other comprehensive income from the date that control commences until the date that control ceases. Control is established when the company has the power to govern the operating and financial policies of an entity as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that are currently exercisable.

Going concern

The financial statements have been prepared on a going concern basis. COVID-19 is not expected to have a significant impact on Northern Consortium. The Trustees have determined that there is no material uncertainty that casts doubt on the Group's ability to continue as a going concern. It is expected that COVID-19 might have some impact, though not significant, for example, in relation to expected future performance, or the effects on some future asset valuations.

Income

Income from Charitable Activities represent amounts derived from the provision of educational and consultancy services are included in the statement of financial activities when the Charity is entitled to such income and when the amount can be quantified

In accordance with the SORP, where income received is subject to externally imposed restrictions as to its use (either for capital or revenue expenditure), this has been credited in full to income and has been accounted for as a restricted fund.

Other trading activities represents turnover from the trading subsidiary, NCUK in respect of amounts due for educational courses and training programmes provided by this subsidiary, stated after trade discounts, other sales taxes and net of VAT.

Investment income which comprises bank interest and interest on loans to related parties is recognised as received.

Charitable trading income, where applicable, represents amounts receivable by the Charity for the provision of higher education and includes tuition fees.

Furlough scheme payments are recognised on the accrual model and are measured at fair value of the asset receivable. Grants are classified as relating either to other income or to assets. Grants related to other income are recognised in profit or loss over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Trading activities expenditure comprises all expenditure within NCUK and represents amounts paid on employment and establishment costs.

Notes to the Financial Statements

For the year ended 31 August 2021

Expenditure (continued)

Charitable activities expenditure comprises all expenditure relating to the objects of the Charity and includes the direct costs of supporting charitable activities including governance costs comprising the costs of running the Charity, including strategic planning for its future development, external audit, any legal advice for the Board of Trustees, and the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Grants payable are charged as committed. The Charity awards grants to support particular activities which fulfil the Charity's objectives for the advancement of education.

Taxation

The Charity is exempt from corporation tax on its charitable activities.

The subsidiary's tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are 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.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on tangible fixed assets is charged to the profit and loss so as to write off their value, over their estimated useful lives, using the following methods:

Equipment	33.33% on cost
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At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Notes to the Financial Statements

For the year ended 31 August 2021

Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. Bank borrowings and overdrafts are included in creditors.

Defined contribution pension obligation

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

The obligations for contributions to defined contribution scheme are recognised as an expense as incurred. The assets of the scheme are held separately from those of the Company in an independent administered fund.

Defined benefit pension obligation

The institution participates in Universities Superannuation Scheme. The assets of the scheme are held in a separate Trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss account.

FRS 102 makes the distinction between a Group plan and a multi-employer scheme. A Group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The Directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and have therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The obligations for contributions to defined contribution scheme are recognised as an expense as incurred. The assets of the scheme are held separately from those of the Company in an independent administered fund.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies above, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period.

There have been no provisions or assumptions deemed necessary after review by the directors required in these financial statements.

Notes to the Financial Statements

For the year ended 31 August 2021

1 Trading subsidiary

The principal wholly-owned trading subsidiary is Northern Consortium UK Limited. The principal activity of this company is, in conjunction with partner universities, the advancement of educational standards by the development of syllabuses and courses and the provision of examination services and assurance programmes to ensure that students wishing to attend the company's partner universities meet the required standards. A summary of the trading results is shown below:

Summary profit and loss account	2021	2020
	£	£
Turnover	4,938,148	4,998,530
Cost of sales	(744,129)	(656,376)
Other income	29,108	84,552
Administrative expenses	(3,884,434)	(3,931,295)
Net interest	(8,934)	4,492
Donation to parent charity	(143,650)	-
Tax charge	(45,146)	(76,055)
Retained profit for the year	140,963	423,848

The assets and liabilities of the subsidiary were:

	2021	2020
	£	£
Fixed assets	27,854	24,546
Debtors	123,727	350,263
Cash at bank	3,875,600	3,884,457
Creditors: amounts falling due within one year	(1,259,226)	(1,679,711)
Deferred tax	(5,045)	(4,362)
Pension liability	(393,586)	(346,832)
Net assets	2,369,324	2,228,361

2 Investment income

	2021	2020
	£	£
Interest receivable on bank deposits	3,812	21,538

3 Net movement in funds

	2021	2020
	£	£
Net movement in funds is stated after charging:		
Depreciation of tangible fixed assets	22,422	38,985
Fees paid to the Charities auditor		
- Audit of charity financial statements	3,750	3,670
- Audit of subsidiary financial statements	8,500	8,299
- Other services	5,500	-

4 Staff costs

	2021	2020
	£	£
Wages and salaries	2,091,277	1,964,543
Social security costs	175,450	166,120
Pension costs	269,309	254,076
	2,536,036	2,384,739

	No.	No.
The average monthly number of employees were:	61	49

Notes to the Financial Statements

For the year ended 31 August 2021

4 Staff costs (continued)

The Charity considers its key management personnel comprise the Trustees and the Executive Director.

The total employee benefits of the key management personnel of the Charity were £49,769 (2020 - £31,051)

5 Trustees remuneration

No Trustee, nor any person connected to them, received any remuneration from the Charity during the year.

No out of pocket expenses were reimbursed to any Trustee in either the current year or the previous period.

6 Direct expenses - trading subsidiary

2021

2020

£

£

Rebates to partners

744,129

656,376

7 Charitable activities

2021

2020

£

£

Administrative costs

Employment costs

2,481,813

2,351,052

Establishment costs

51,307

87,091

General administrative expenses

1,278,854

1,389,107

Finance charges

15,504

13,908

Depreciation and profit / loss on disposal

22,422

50,817

3,849,900

3,891,975

Charitable activities

Bank charges

123

20

Office expenses

1,310

2,321

Scholarships and project development

71,337

107,230

72,770

109,571

Governance costs

Staff costs (including support)

61,570

42,602

Auditors' remuneration

4,236

7,265

Legal fees

6,049

3,488

Other governance costs

1,373

3,486

73,228

56,841

3,995,898

4,058,387

8 Taxation

Northern Consortium has charitable status and is thus potentially exempt from taxation of its income and gains provided that they are applied for charitable purposes only. However, the following tax charges have arisen in the trading subsidiary:

2021

2020

£

£

Current tax

- UK corporation tax

44,463

91,224

Deferred tax

683

(15,169)

45,146

76,055

Notes to the Financial Statements

For the year ended 31 August 2021

9 Tangible fixed assets - Group	Equipment £
Cost	
At 1 September 2020	188,194
Additions	25,730
At 31 August 2021	213,924
Depreciation	
At 1 September 2020	163,648
Charge for the year	22,422
At 31 August 2021	186,070
Net book value	
At 31 August 2021	27,854
At 1 September 2020	24,546

10 Fixed asset investments - Charity	Shares in subsidiary undertakings £
Cost	
At 31 August 2021	1,256,001
At 1 September 2020	1,256,001

Shares in subsidiary undertakings

The trading company, Northern Consortium UK Limited, is a wholly owned subsidiary of the Charity, incorporated in England and Wales (company number : 04842064). Details of the principal activity are provided in note 1.

11 Debtors	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	7,339	310,206	-	-
Amounts owed by group undertakings	-	-	5,420	-
Other debtors and prepayments	98,354	21,870	-	-
	105,693	332,076	5,420	-

12 Creditors: Amounts falling due within one year	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	163,143	85,511	24,999	-
Amounts owed to group undertakings	-	-	-	3,217
Current tax	44,520	91,300	-	-
Taxation and social security	54,339	352,550	1,184	723
Other creditors	224,291	351,330	1,113	787
Accruals & deferred income	828,047	852,560	33,238	52,030
	1,314,340	1,733,251	60,534	56,757

Notes to the Financial Statements

For the year ended 31 August 2021

13 Pension scheme liability	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Universities Superannuation Scheme (USS)				
At 1 September 2020	385,456	319,128	38,624	21,679
Actuarial gains (losses) during the year	25,171	66,328	(21,583)	16,945
At 31 August 2021	410,627	385,456	17,041	38,624

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method; a more recent valuation is not yet available.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have a sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below.

Discount rate (forward rate)	Years 1-10: CPI +0.14% reducing liability to CPI -0.73% Years 11-20: CPI +2.52% reducing linearly to CPI +1.55% by year 21 Years 21+ CPI +1.55%
Pension increases (CPI)	Term dependent rates in line with the difference between the fixed interest and index linked yield curves, less 1.3% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows

Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AMC00 (duration 0) for females. Post retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.
Pension increases (CPI)	CMI 2017 with smoothing parameter of 8.5, and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

The current life expectancies on retirement at age 65 are:

	2018 Valuation	2017 Valuation
Males currently aged 65 (years)	24	25
Females currently aged 65 (years)	26	26
Males currently aged 45 (years)	26	27
Females currently aged 45 (years)	28	28

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2021	2020
Discount rate	2.00%	2.64%
Pension salary growth	n/a	n/a

Notes to the Financial Statements

For the year ended 31 August 2021

14 Movement in funds - Group

	Unrestricted £	Pension reserve £	TOTAL £
At 1 September 2019	3,098,011	(319,128)	2,778,883
Net income for the year	247,474	-	247,474
Actuarial gain (loss) on defined benefit pension scheme	66,328	(66,328)	-
At 1 September 2020	3,411,813	(385,456)	3,026,357
Net income for the year	160,724	-	160,724
Actuarial gain (loss) on defined benefit pension scheme	25,171	(25,171)	-
At 31 August 2021	3,597,708	(410,627)	3,187,081

Movement in funds - Charity

	Unrestricted £	Pension reserve £	TOTAL £
At 1 September 2019	2,264,218	(21,679)	2,242,539
Net outgoings for the year	(173,572)	-	(173,572)
Actuarial gain (loss) on defined benefit pension scheme	16,945	(16,945)	-
At 1 September 2020	2,107,591	(38,624)	2,068,967
Net income for the year	22,825	-	22,825
Actuarial gain (loss) on defined benefit pension scheme	(21,583)	21,583	-
At 31 August 2021	2,108,833	(17,041)	2,091,792

15 Operating lease commitments

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Land and buildings				
Within one year	-	8,318	-	-
Other				
Within one year	196,629	62,144	-	-
Between one and five years	41,914	7,200	-	-
	238,543	69,344	-	-

Charity income and expenditure account

For the year ended 31 August 2021

	2021	2020
	£	£
INCOME		
Donation from subsidiary	143,650	-
Interest receivable	3,590	9,785
	<u>147,240</u>	<u>9,785</u>
EXPENDITURE		
Office expenses	1,310	2,321
Other governance costs	1,373	3,486
Wages and salaries	54,970	36,002
Finance support costs - NCUK	6,600	6,600
Pension scheme - actuarial adjustments	(21,583)	16,945
Auditors' remuneration	4,236	7,265
Scholarships and project development	71,337	107,230
Bank charges	123	20
Accountancy and legal fees	6,049	3,488
	<u>124,415</u>	<u>183,357</u>
	<u>22,825</u>	<u>(173,572)</u>