

UNIVERSITY OF HEART OF LONDON WESTMINSTER[®]



REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015



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UNIVERSITY OF WESTMINSTER OPERATING AND FINANCIAL REVIEW

ABOUT THE UNIVERSITY OF WESTMINSTER

Who we are

The University of Westminster is a diverse and dynamic international education institution situated in the heart of London with more than 20,000 students from 150 different nations.

Since our foundation in 1838 as Britain's first polytechnic the institution has aspired to offer an inclusive environment where innovative, creative and dedicated staff inspire the next generation of world citizens and help to shape a better future for all. The development of our modern University can be traced back to the Polytechnic Institution – the UK's first polytechnic – established by Sir George Cayley in 1838, through to Quintin Hogg's Regent Street Polytechnic, the Polytechnic of Central London, and finally to the award of university status in 1992.

Today we are an independent, commercially aware higher education institution. We promote a dynamic synergy between our Faculties of Architecture and the Built Environment, Media, Arts and Design, Science and Technology, Social Sciences and Humanities, and our Business School. We place equal emphasis on research and teaching by supporting and establishing our reputation for practice-led engagement to generate the greatest impact.

The University of Westminster is incorporated under the Companies Act as a charity and company limited by guarantee and not having a share capital. The University is also an exempt charity in accordance with the Charities Act.

The objects for which the University is established are recorded in the Memorandum and Articles of Association, and reproduced in the Statement of Corporate Governance and Internal Controls.

The University's Court of Governors is the institution's governing body. It meets five times a year and is ultimately responsible for the effective conduct of the activities of the University, including our strategic development, our educational character and mission, and our financial health. The members of the Court of Governors are the trustees of the charity. In accordance with the Charities Act 2011, HEFCE is the responsible body for regulating universities as charities on behalf of the Charity Commission.

The charity's beneficiaries, as reflected in the objects, are the students enrolled at the University, and the public at large who stand to benefit through the teaching and research undertaken at Westminster.

Celebrating Success

In 2014/15 we have been able to celebrate our successes with supporters, staff, students past and present, and among our teams and alumni networks, at events in the UK and around the world, including in India and China. Graduation events were also held at the Westminster International University in Tashkent (WUIT). In May 2015 we were pleased to welcome two Alumni, Roger Waters and Nick Mason, the founding band members of iconic rock group Pink Floyd, who unveiled a Regent Street Heritage Plaque to mark the Regent Campus of the University where they met while studying architecture between 1962 and 1965 (then called the Regent Street Polytechnic).

A special service at St Marylebone Parish Church was held in June 2015 to install our new Chancellor, Lady Frances Sorrell, the inspirational education campaigner, designer, and business woman.

We were especially proud to have held a gala event in May 2015 to celebrate the relaunch of the Regent Street Cinema – the birthplace of British cinema, and part of the University's Regent Campus. The University has always been at the centre of innovation in film production and cinematography and now the cinema has been brought back to life with generous support from the Quintin Hogg Trust, the Heritage Lottery Fund and the Garfield Weston Foundation and our many other supporters. By reinstating one of the most historic cinemas in Britain to its former grandeur we now have a wonderful space being used by film students and professionals to come together and showcase their outstanding work as well as being open to the public. Today the cinema is one of the few in the country to show 16mm and 35mm film, as well as the latest in 4K digital film. It offers exclusive premieres, repertory screenings, retrospectives, documentaries, animation and experimental cinema as well as a children's film club and an outreach programme.

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STRATEGIC AIMS AND OBJECTIVES

The following aims with specific objectives and Key Performance Indicators are given in the University of Westminster Corporate Strategy, *Westminster 2020: The Future in Our Sights*:

- To foster a culture where all staff are fully engaged in achieving the success of our single shared vision.
- To establish key international partnerships and increase both the numbers of international students at the University and UK students studying overseas.
- To grow the student population while maintaining an attractive and affordable staff-student ratio without reducing quality.
- To achieve an overall graduate employability level in the upper quartile of UK institutions.
- To increase income from research, academic enterprise and commercial activities significantly.
- Increase annual turnover to maintain long-term financial sustainability of the University and provide stability for staff and students.

These aims will be achieved through five strategically linked themes: Global Engagement; Enhancing Learning; Research with Impact; Academic Enterprise; and Driving Success.

LEARNING, TEACHING AND RESEARCH

Westminster's Learning and Teaching Strategy was revised in 2014 to support delivery of the Westminster 2020 strategy, and align with best practice guidance published by the Higher Education Academy (HEA) and the Quality Assurance Agency (QAA). The University's five faculties will deliver its six core objectives through:

- an employability focused curriculum
- learning communities
- research, inquiry and practice
- inclusivity and flexibility
- teaching and supporting learning, and
- technology and infrastructure.

Westminster's Virtual Research Environment was also launched in April 2015, following its development with other universities and in partnership with ONEIS. Postgraduate research students will benefit from the PhDManager tool, accessible through the open source platform.

The **Research Excellence Framework (REF2014)** results were celebrated in December 2014. A distinguished performance overall was recorded with an increase in research strength represented by an increased Grade Point Average (GPA) of 2.74 (against 2.23 in 2008), and a majority of Units of Assessment rated at 2* and above (against 80% in 2008). The new category of Impact recorded the effect of research outputs on the economy, society, culture, public policy or services, health, the environment or the quality of life beyond academia. Westminster's performance placed it in the top half of all UK universities, with nearly two-thirds of the research rated as world leading or internationally excellent.

Developing Research with Impact

Following revision to and re-introduction of a sabbaticals programme in the previous year we will continue to gain momentum with the development of targeted mentoring programmes for staff. The review of research centres will be consolidated with strategic investment funds to enhance global engagement activities with focus on growing international impact. Following a doubling of research applications over the previous year this activity will be

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consolidated with additional focus on improving success rates. The development of our Virtual Research environment will be enhanced with on-line reporting.

Global Engagement

The University of Westminster embraces global engagement in every arena of institutional activity: learning and teaching, student and staff experience and research. With a student population composed of over 150 nationalities, we already have one of the largest and most diverse international student bodies of any UK university, and our teaching and research staff come from more than 80 countries. A truly global community, there are members of the University's Alumni Association located around the world, and we have alumni in over 170 countries.

International partnerships are at the core of our global engagement activity. These partnerships are key to delivering the student and staff experiences we offer, the development of our academic and research portfolios, improvements to graduate employability and the international standing of the University.

This year, our international partnership development work has focused on the growth of partnership clusters, or Westminster International Networks (WINs) and strengthening our international links in areas of geographical priority. Currently, these include Europe, North America, Turkey, India, SE Asia and Hong Kong and China, where the Faculty of Architecture and the Built Environment has forged some particularly rich institutional connections. During the year, the University was pleased to become a member of the SGroup European Universities network, and is an active participant in the Erasmus+ programme and a range of other EU-funded initiatives.

We are committed to further enhancing and supporting opportunities for global experience, for our staff and particularly our students, not least since employers worldwide place increasing value on 'global skills' such as international and intercultural awareness.

We continue to expand our portfolio of options for student outward mobility, ranging from standard exchange programmes to short term summer school, field trip and placement activity. Alongside our outward mobility portfolio, we are proud to offer opportunities for learning new languages or developing existing language skills, through our open language programme, Polylang, and to provide a host of other routes that help students prepare for graduate employability.

The University of Westminster introduced the Deputy Vice-Chancellor role for Global Engagement in 2015. We will continue to place global engagement and the international agenda at the heart of institutional strategy and practice, and to strive ever further to embed internationalisation in everything we do.

Learning Futures

The University's strategic investment in the *Learning Futures* programme to transform the student experience has been developed further in 2014/15 ahead of its introduction from September 2016. It comprises four discrete but complementary projects:

Curriculum and Assessment: students will benefit from a change in the academic framework enabling them to study their subjects in more depth through the introduction of 20 academic credit modules; more formative assessment as well as closely defined synoptic assessment which should reflect their sustained engagement with their studies which will promote deeper learning;

Transforming Learning and Teaching: the Professional Recognition and Enrichment Scheme for Teaching – PRESTige – has been accredited by the UK's Higher Education Academy (HEA) and 30 staff will complete the pilot programme in September 2015 for professional qualification through academic practice; a parallel project which has articulated the scope for *Students as Co-creators* was profiled at Westminster's annual Learning and Teaching Symposium in June 2015, prior to its presentation at the Symposium planned for October 2015;

Westminster Distinctiveness: new modules which embed internationalism, employability and education for sustainability have been designed to promote students' flexibility, creativity, and entrepreneurship; academic credit in recognition of internships, work-based learning, research and international experience will draw on cross-disciplinary subjects; Westminster awards for students' extra-curricular activities will recognise distinguished

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contributions of public benefit in: Community and Sustainability; Employability and Entrepreneurship; Inspirational Leadership; and, Global Engagement. Westminster graduates will be encouraged to develop five core attributes:

- critical and creative thinking
- literate and effective communication
- entrepreneurialism
- a global outlook and community engagement
- a social, environmental and ethical awareness.

Academic Support: applicants, candidates for admission, students and alumni will all benefit from renewed integration of support through infrastructure and processes across faculties and services. This includes the introduction of additional professional support e.g. for employability and global mobility.

All Bachelors degrees for delivery on campus have been reviewed, modified and re-validated in 2015 ready for their delivery in September 2016.

A YEAR OF ACADEMIC ACHIEVEMENT

Faculty of Architecture and the Built Environment

The Faculty of Architecture and the Built Environment (fABE) at the University of Westminster is one of the few faculties in the UK to bring together all the disciplines that inform the design and development of cities: from architecture to transport, construction to tourism, property to urban design, and from housing to planning. At fABE, these are all brought together under one roof, yielding a unique opportunity to work across professional boundaries and open up new areas of study such as MSc Architecture and Environmental Design, and BA Designing Cities.

With over 2,000 students, fABE is one of the largest providers of built environment education in the country. Based in Marylebone, the faculty uses its central London location to great effect. It has strong connections to a wide range of professional bodies, and engages with leading practitioners and industries, delivering excellent employment prospects for students in the UK and internationally.

The RIBA Part 3 Programme is the largest in the UK and is held in the highest esteem: around one-third of all architects on the UK professional register are educated through this Westminster programme. The Policy Studies Institute (PSI) became part of the Faculty in August 2013, focusing on policy-relevant environment and sustainable development research. PSI and fABE staff work closely together to develop and deliver new teaching options that underpin the focus on environmental responsibility. Environmental sustainability distinguishes all of Westminster's courses and is the touchstone of its research: the joint fABE/WBS Centre for the Study of the Production of the Built Environment (PROBE) is part of an international team awarded a \$2.5m Canadian SSHRC grant for a seven-year project researching climate change and the work place.

It has significant international reach and it achieves local impact, with London-based research focusing on the development of cycle ways, or how to reduce environmental impacts and costs of freight and service trips, or the use of electric vehicles in Central London. The REF2014 results placed Westminster's fABE academics at 22nd position within the UK-wide group of 45 universities, with 65% of staff achieving 3* or 4* ratings.

The influential Highbury Group, an independent group of specialists from public, private and independent sectors from housing, planning and related professions, is also convened by fABE.

fABE has the ambition, through its interdisciplinary approach to teaching, research, consultancy and professional partnerships, to make a major contribution to the debate around the future of cities and how they are connected.

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Faculty of Media, Arts and Design

Westminster's Faculty of Media, Arts and Design offers one of the most varied portfolios in Europe, from the University's cutting-edge Harrow Campus, where an ongoing development programme provides world-leading media and creative arts educational facilities for over 3000 students. A team of leading researchers, practitioners and professionals ensure that graduates are equipped not only to produce work to the highest standard, but also to apply rigorous and critical approaches to society's changes under the influence of technology and media convergences. The Faculty's strong reputation for practice-led and professional education is matched by a distinguished record in academic teaching and outstanding research, as well as unrivalled links to professional bodies and the creative industries.

The REF2014 results confirmed Westminster's research in Art and Design, and Communication and Media studies as world-leading, both in terms of the quality of outputs and the impact of research on wider society, with 100% of Impact rated at 4* (world leading) or 3* (internationally excellent). The Centre for Research and Education in Art and Media (CREAM) and the Communication and Media Research Institute (CAMRI) have consolidated their leading positions in the UK research community and internationally. The CREAM and CAMRI were ranked in the top five within UK universities, with 87% and 91% of their work judged respectively as world-leading.

The Look of Silence, a documentary film directed by Dr Joshua Oppenheimer, won significant prizes at film festivals around the world including five awards at the Venice Film Festival. Oppenheimer was also awarded a prestigious Fellowship by the MacArthur Foundation.

For the third year running, the India Media Centre delivered the prestigious Chevening South Asia Journalism programme for the UK Foreign and Commonwealth Office. Recognition by industry and professional bodies is an equally important measure of academic achievement, and the past 12 months has been a remarkable period for students and staff alike. Emmanuel Nwamadi of the BMus Commercial Music, reached the finals of the UK talent show *The Voice*, and performed at the Installation of the University's new Chancellor. Films created by students of BA Film continue to gain exposure at international festivals and receive recognition through national and international accolades.

Graduate employability lies at the heart of the Faculty's academic programmes and is supported by placements in industry and businesses. Many graduates return to the companies where they completed their placements; and 25% of BA Television Production Graduates this year were in employment before graduation as production assistants, junior production coordinators, and interns in the BBC, ITV and other media production enterprises.

Faculty of Social Sciences and Humanities

The Faculty of Social Sciences and Humanities is based in the heart of London's West End at the University's historic headquarters campus in Regent Street and in Little Titchfield Street. It offers an exciting breadth of activity across the social sciences, encompassing sociology, history, politics and international relations; humanities, encompassing modern languages and cultures, and English and linguistics; and law. The Faculty is recognised as one of the country's biggest providers of modern and applied language tuition. The Westminster Professional Language Centre was established last year to focus the development of language learning for specific purposes through customised programmes, including the popular University-wide Polylang programme, which enables all undergraduates to study a language as part of their degree, and is taken by up to 1,200 students annually. In 2014/15 eight languages were offered from beginners to advanced level: Arabic; Chinese; French; German; Italian; Japanese; Russian, and Spanish.

The Faculty is distinctive in combining theoretical and academic rigour with practical application; undergraduate and postgraduate courses sit alongside a growing programme of short courses, executive training and continuing professional development activity in collaboration with employer and professional partners.

The REF2014 results provided clear evidence of the Faculty's international quality and strength across a range of disciplines. Overall, the Faculty demonstrated a significantly more vibrant and sustainable research environment, with English, and, Politics and International Relations, counting among the top five most improved departments in the country. An outstanding result for English Language and Literature was marked by research outputs rated among the top 20 departments in the UK, with nearly 80% of their publications judged to be world-leading (4*)

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or internationally excellent (3*). Area Studies (Chinese) and Law both achieved impressive results with significant proportions of outputs, impact and environment judged to be 4* and 3*. The History and Languages submissions included a number of highly judged outputs with 19% of History outputs judged to be 4*.

Westminster Law School offers undergraduate, postgraduate, professional and research degrees, and has an international reputation and extensive links with institutions and professional contacts throughout the world.

For the second year in a row, an LLB student won the prestigious Stephen Lawrence Scholarship with top firm Freshfields Brukhaus Deringer. The programme aims to address the under-representation of black men from low-income households in large commercial law firms. Tallyn Gray, who completed his PhD in Law last year, was also awarded a social sciences accolade for most ground breaking subject matter by the International Convention of Asia Scholars (ICAS).

Faculty of Science and Technology

Westminster's Faculty of Science and Technology at the Cavendish Campus in London's Fitzrovia has a student body of around 6000 studying at Bachelors, Masters and Doctoral level. The Faculty is noted for its progressive teaching culture and commitment to interdisciplinarity, notably through the highly successful Broad Vision project created by students in Life Sciences and Photography.

The academic portfolio is now delivered through five departments following the re-organisation completed in 2014: Biomedical Sciences, Computer Science, Engineering, Life Sciences, and Psychology. Students are prepared well for professional working life with technical knowledge and practical skills that meet the needs of industry. Professional body recognition and the significant impact of professional practice research span all departments.

The Faculty's dynamic research culture ensures that Bachelors students benefit directly from cutting edge applied scientific knowledge as well as postgraduates. External leadership of major projects and industry collaborations continues to provide an inspiration for students such as the directorship of the jQuery Foundation developing open source and web computing resources. The Faculty leads ground-breaking research and achieved outstanding REF2014 results in Subjects Allied to Medicine and also Psychology, both with 100% of work rated as 3* (internationally excellent) and 4* (world leading) for impact in these fields. Two of the leading projects in the last year focused on the development of a rapid diagnostic system for Ebola in Africa, and, a European Space Agency project on targeted systems for fighting forest fires. In Computer Science two Knowledge Transfer projects were especially notable: a collaborative development of intelligent computer based solutions to deal with hand-written documents; and a 4.5m Euro project to optimise access to Cloud computing by Small and Medium Sized Enterprises (SMEs). An early award in the EU's new Horizon2020 programme funded work with other European colleagues to develop drug-free antibacterial hybrid biopolymers for medical applications. These projects engage PhD students directly with industry partners, thereby exemplifying the Faculty's commitment to academic research and professional practice partnerships.

Westminster Business School

Westminster Business School's mission is to facilitate the development of the business and management careers of Westminster's students in a complex and uncertain professional world. We do this by drawing on applied research, practitioner expertise and management development experience to offer a wide range of business and management programmes. Designed for the global marketplace and based in Central London, these enable a diverse community of students, staff and other stakeholders to engage with academic, professional, and research communities.

The Westminster Business School provides higher education for over 4,500 students. Students have an extensive range of international opportunities by working and/or studying abroad, through exchanges, internships, field trips, and summer schools. During 2014/15 the first cohort of doctoral students from HAAGA HELIA University, Finland joined the Business School as a result of a new partnership. A long term collaboration has also been initiated with a prestigious university in Hong Kong.

In September 2014, the 30th anniversary of the Westminster MBA was celebrated. This achievement was extended in May 2015 when the MBA programme was re-accredited by the Association of MBAs (AMBA).

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The Business School has a strong research culture with wide-ranging interests in business and management.

The REF2014 results were positive with 39.5% of the Business School's outputs rated as 3* or 4*, with 40% of outputs at 3* or 4* in terms of Impact.

The Business School has strengthened its approach to academic enterprise. Following the Knowledge Transfer partnership (KTP) top grading of 'Outstanding,' the KTP between the Westminster Business School team of Dr Fefie Dotsika and Keith Patrick and Reynolds Porter Chamberlin LLP, a city based legal services business, it has been nominated for a KTP award.

Staff and students continue to gain awards and accolades: Student Kristian Else secured £75k funding from Hallbookers for the business plan developed from his final year project. Staff and students across the Business School also engaged in a wide range of events including: hosting BUIRA's (British Universities Industrial Relations Association) annual conference and partnering with TEDx House of Parliament to deliver an exciting event on 'Democracy and Representation'.

Education for all – bursaries, scholarships and funding

The University continues to create new and innovative scholarships for students, including the 'Break the Silence' scholarship. This has been developed specifically to encourage study and research into the issues of violence against women. The new Distant Horizons scholarship introduced last year has facilitated international travel by Westminster students to partner institutions including Informatics Institute of Technology in Sri Lanka.

Bespoke scholarships for each Faculty are also now available to support a particular initiative or theme within that Faculty.

To alleviate any hardship caused by the phasing out of the National Scholarship Programme, the University allocated an additional £100,000 to its Scholarship Fund specifically for our UK/EU undergraduate students. This brought the total value of the University Scholarships Programme to nearly £3 million and continues to make it one of the most comprehensive of any UK university.

The new Westminster Additional Grants Scheme (WAGS) has replaced the Government funded Access to Learning Fund (ALF), providing grants for help with living expenses to eligible home undergraduate and postgraduate students.

We continue to grow our relationships with existing partners such as Santander Bank and Windle Trust International as well as create new collaborations eg with Gatfield Consultants on a new Music Entrepreneur Scholarship at Westminster.

Westminster, in partnership with HEFCE, is also supporting 40 Postgraduate Study Scholarships (value £10k each) for students undertaking a Master's Programme at the University in 2015/16. These are means-tested fee scholarships designed to help support widening participation and give access to students who might not otherwise undertake postgraduate study.

Access and Outreach

The University of Westminster is committed to access and outreach, diversity and equality as identified in its Mission Statement and supported by the Access Agreements approved by the Office for Fair Access (OFFA) each year. This reflects the founding mission of Quintin Hogg and the original Polytechnic in 1882 to promote educational, social and sporting opportunities for students from diverse academic, social and cultural backgrounds. The University of Westminster is proud of its continuing leadership in access and outreach, supported by the Quintin Hogg Trust and Dame Mary Hogg, through the Court of Governors.

Westminster is one of the foremost London institutions for widening access. In 2014/15 over 96% of entrants to Bachelors degrees progressed from state schools and colleges. Some 49% of new entrants joined from a Further Education College by comparison with 38% from a State School. The balance of female and male students was 58% and 42% respectively.

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Students' recorded ethnicity indicated that 42% were from Black and Minority Ethnic backgrounds, by comparison with 39% who declared their ethnic background as White. Of students who indicated their parental background on their application form 50.4% indicated that they were from lower socio-economic groups. The diversity of the student body is one of the University's greatest strengths.

Westminster's Access Agreement 2014/15 highlighted:

- The University's continued preparations in partnership with the Westminster Group of Associate Colleges to support progression from Further Education to Higher Education;
- Progress recorded by key performance measures and work to enhance the retention and progression of students to qualification stage and onto employability and further study;
- The University's ongoing initiatives to strengthen communication on fees and funding for students, prospective applicants and their advisers, and to help students develop their financial capability skills;
- Further developments in the provision for scholarships stressing diversity in the selection criteria, including the award of the Buttle Trust Quality Mark for the Care Leavers at Westminster Scheme;
- Initiatives by the Careers and Employment Service to provide additional support such as the BME Mentoring scheme, Westminster's Great Start, and Westminster Inspiration Network;
- Westminster Student Associates in Schools working as classroom assistants in schools and colleges, particularly in local areas with high indications of disadvantaged communities;
- The Routes into Languages scheme co-directed by the University of Westminster with the School of Oriental and African Studies (SOAS, University of London);
- The Network for Languages project with schools in disadvantaged wards in six London boroughs, co-funded by the GLA's London Schools Excellence Fund;
- Westminster's lead developer role in the Sir Simon Milton University Technical College (UTC) for September 2017;
- Sharing best practice to bridge technical skills education and higher specialised education through London policy groups *Linking London* and *AccessHE*.

<http://www.westminster.ac.uk/about-us/our-university/corporate-information/policies-and-documents-a-z/access-agreements>

Corporate Social Responsibility

Westminster is an international university which celebrates diversity, tolerance, liberty and sustainability. The University's role in society is underpinned by a commitment to public benefit, drawing on the University's philanthropic foundations, and a vision which fosters new ideas, new thinking and new possibilities. Westminster's mission is one of excellence, creativity and innovation.

Respect and opportunity for all are fundamental to our culture, history, and values, and at the heart of the Westminster Student Charter.

Westminster's Corporate Social Responsibility (CSR) Strategy comprises a principled commitment to:

- academic freedom
- equality, diversity and inclusion
- engagement with local and international communities
- environmental sustainability
- ethical and professional behaviour.

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The University's Corporate Social Responsibility (CSR) Strategy is aligned with the Westminster 2020 strategy and will be implemented by and for academic staff, professional and support staff, students, and Governors.

This policy extends to the university investment portfolio which is independently managed by CCLA Limited through the Charities Official Investment Fund (COIF).

The Investment Fund follows Ethical and Responsible Investment Policies as determined by the Fund's Board.

Ethical exclusions prohibit investment in companies:

- producing landmines or cluster bombs.
- with significant (>33%) turnover relating to tobacco, online gambling or the production of pornography.

In addition, remaining companies that continue, after persistent engagement, to violate international and/or industry norms in relation to the following are excluded:

- public health in the UK (alcohol and food).
- human rights, employment standards and climate change disclosure (relevant companies in developed markets).

This policy also applies to bonds issued by these companies.

The University through its fund managers does not invest in any company that is primarily focused on coal or tar sands production. This reflects our perspective that pricing carbon emissions is a risk management problem involving trade-offs between consumption today and potential bad outcomes in the future. The University fund manager also takes a positive approach to stewardship as defined in the UK Stewardship Code for Institutional Investors. The Manager's response to this code and its voting and engagement records are available at www.ccla.co.uk. The Manager is also a signatory to the United Nations backed Principles for Responsible investment.

A year of development – building places for learning

The existing University Estate Strategy 2008-2018, adopted in December 2008, is currently being updated to support delivery of the Westminster 2020 Strategy. An overarching review is being undertaken to assess current space and facilities and identify the type and proposed usage of spaces in the future in the context of ICT optimisation. The revised Estate Strategy will also aim to improve the University's students' experience.

As part of the continuing commitment to deliver sustainable development of the fabric of the University and improve the experience of staff and students, each Westminster campus has been significantly enhanced during the last twelve months.

Cavendish Campus

- A new open social space has been created close to the café for both staff and students, with glazed offices for UWSU sabbatical staff and advisers; New accommodation has been provided for the newly created Faculty of Science and Technology which incorporated the creation of specialist laboratories and office space and rooms for PhD students in the Clipstone Building.

Harrow Campus

- Following completion of the Harrow works in March 2015 a major review of the current space usage based on the Faculty's future requirements and the University's 2020 Strategy has been undertaken which will be used to provide an updated strategy for the Faculty. In the meantime the requirement to provide additional social space is being addressed by extending communal space around the current refectory area.
- As part of the ongoing Libraries Upgrade Programme and following the successful upgrade of the ground and first floor of the Harrow Library; additional refurbishment works to the 3rd and 4th floors are due for completion August 2015.

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Marylebone Campus

- Works to create a specialist digital fabrication laboratory – Fab Lab – and associated workshops, offices and PhD study space for the Faculty of Architecture and the Built Environment, to extend links between design research with architectural practice and the construction industries; library refurbishment works creating new study booths and group study spaces;
- refurbishment of 6th floor Marylebone Building to accommodate PSI, doctoral students and academic staff;
- Internal refurbishment works to the 4th and 5th floor architectural studios which will create more studio space, two additional IT labs together with multifunctional/office space.

Regent Street Campus

- Restoration works to the Cinema were completed in March 2015 ahead of its official re-launch in May 2015; it is now fully operational with specialist programming which will ensure it delivers the correct mix of practical experience for students undertaking media related courses, as well as raising the profile of the University by screenings directed to our student population as well as the general public.
- The student learning environment has been enhanced with major improvements to the Faculty library and the creation of a new 350 seat lecture theatre in Little Titchfield Street, and a new lecture theatre and social learning space on the upper ground floor at Regent Street. A number of new flexible learning classrooms were created in 2014 and 2015, as well as a student silent study space. A new learning environment for Modern Languages and Cultures students, which brings together language labs, computer labs and staff offices on one area, has also been created in Regent Street.

Public Benefit

The University of Westminster is incorporated under the Companies Act as a charity and company limited by guarantee and not having a share capital. The University is also an exempt charity by virtue of the Charities Act 2011.

The University's Court of Governors is the institution's governing body. It meets five times a year and is ultimately responsible for the effective conduct of the activities of the University, including its strategic development, its educational character and mission and its financial health. The members of the Court of Governors are the trustees of the charity. In setting and reviewing the University's objectives and activities, the trustees have due regard to the Charity Commission's Public Benefit Guides; Public benefit: the public benefit requirement (PB1), Public benefit: running a charity (PB2), Public benefit: reporting (PB3), published 2013 and updated 2014.

In accordance with the Charities Act 2011 HEFCE is the responsible body for regulating universities as charities on behalf of the Charity Commission.

The objects for which the University is established are:

- To establish, carry on and conduct a university
- To advance learning and knowledge in all their aspects and to provide industrial, commercial, professional and scientific education and training
- To provide courses of education or technical study both full time and part time for students at all levels of and in all branches of education
- To provide opportunities and facilities for research of any kind including the publication of results, papers, reports, treatises, theses or other material in connection with or arising out of such research
- To provide for the recreational, social and spiritual needs of students of the University

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OPERATING AND FINANCIAL REVIEW (continued)

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The University of Westminster's Vision is to be a practice focused university in the top half of the HEIs in the UK with some disciplines in the top 500 worldwide.

The University's mission is to provide a vibrant global learning environment in the heart of London inspiring the next generation of world citizens and helping to shape a better future for all.

The University Vision and Mission Statement, summarised, is reproduced in full in the Report and Financial Statements.

Private Benefit

Commercially funded research and some types of knowledge exchange activity may generate the possibility of private benefit. The University trustees recognise that any private benefit must be incidental. The University Research, Enterprise and Knowledge Transfer Committee is responsible through the University's management structure for the development and implementation of the University's Policy and Strategy on Research and Research degrees. In recognition of the need to integrate policy, strategy and monitoring of commercial and business activities an additional governance body was established in Spring 2015 as a counterpart to the Research Committee: the Academic Enterprise Committee, reports to Academic Council and then the University Executive Board, promoting and monitoring engagement with business, industry, policy makers, voluntary services and the community.

UNIVERSITY OF WESTMINSTER OPERATING AND FINANCIAL REVIEW (continued)

FINANCIAL REVIEW

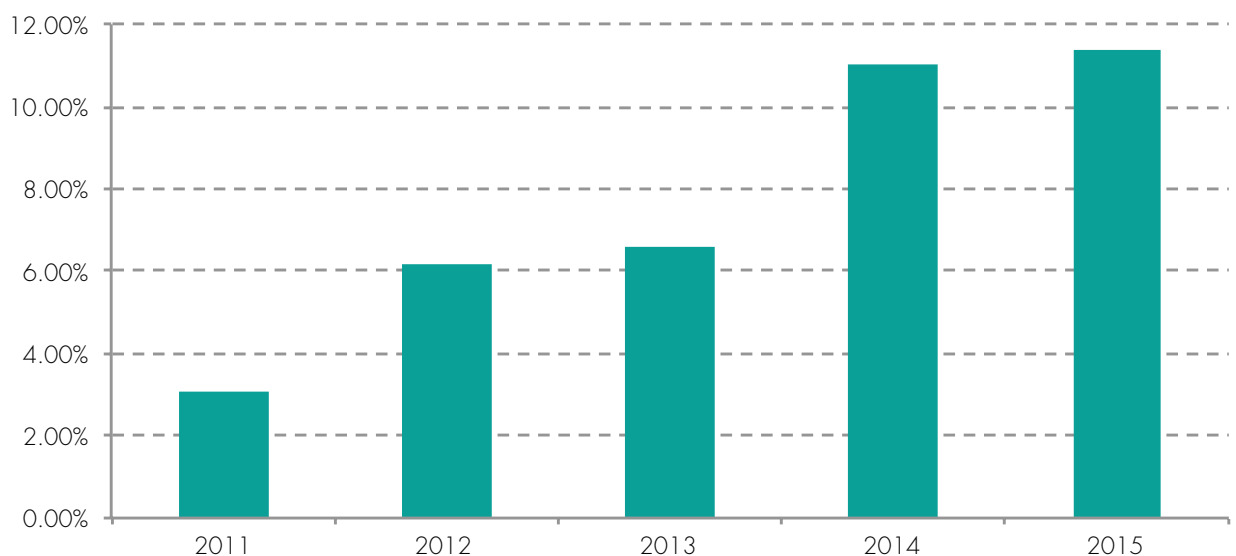
Results for the year

The University's financial performance in 2014/15 continued to improve on previous year's results, with the University recording its fifth consecutive year of increased surpluses. A surplus of £22.9m (2013/14: £20.0m), this represents a surplus of 11.4% of turnover (2013/14: 11.1%).

| FINANCIAL HIGHLIGHTS | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--------------------------------|---------|---------|---------|---------|---------|
| | £m | £m | £m | £m | £m |
| Income | 164.6 | 165.4 | 168.5 | 181.7 | 201.5 |
| Expenditure | 159.2 | 155.1 | 157.4 | 161.7 | 178.6 |
| Operating Surplus for the year | 5.4 | 10.3 | 11.1 | 20.0 | 22.9 |
| Capital Expenditure | 12.4 | 21.6 | 18.6 | 13.3 | 94.5 |
| Borrowings | 30.1 | 29.2 | 38.2 | 47.1 | 65.7 |
| Total Funds | 100.1 | 103.8 | 112.9 | 124.3 | 130.7 |

Maintaining operating surpluses in 2014/15 is seen as crucial to enable the University deliver its objectives of significant investment in facilities, infrastructure and teaching. The University's growing reserves put it in a strong position to do this.

Surplus as a percentage of total income



UNIVERSITY OF WESTMINSTER

OPERATING AND FINANCIAL REVIEW (continued)

Income Analysis

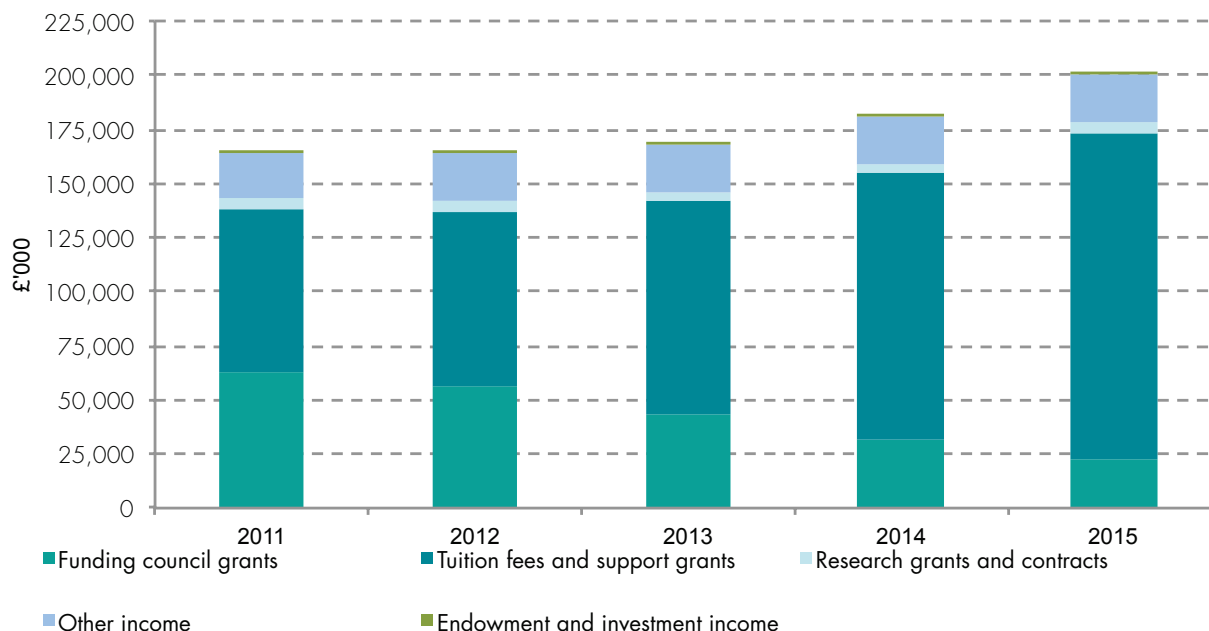
Total income in the year increased by £19.7m with the reduction in funding grants being more than offset by increases in tuition fee income.

Tuition fee income of £151.7m increased by £28.2m over 2013/14 as a result of an increase in home/EU undergraduates and overseas students, together with a final year of fee income generated under the new fee regime introduced in September 2012.

Research income in the year under review was £4.9m, representing an increase of £0.7m on prior year. This area of income is expected to grow significantly in the coming years following the creation of the Commercial Development and Business Support directorate who has been charged to support income growth in all areas of Research and Academic Enterprise activities.

Funding Council grants fell by 30% during the year under review, in line with current government policy for students to fund their own education in 2014/15. The reduction of grant income of £9.6m to £22.1m was planned for by the University Executive Board and absorbed into the University by reallocating funds from existing budgets. Other operating income at £22.4m is largely in line with prior years.

Income



UNIVERSITY OF WESTMINSTER

OPERATING AND FINANCIAL REVIEW (continued)

Expenditure

Total expenditure rose by £16.9m in 2014/15 to £178.6m, which as a percentage of total income 88.6% (2013/14: 89.0%) has been held in line to the prior year.

Staff costs increased by 7.9% to £102.5m in 2014/15 (2013/14 £95m) representing an increase in overall staff numbers of 3.5% to 1,856 (2013/14: 1,793). The cost increase results from a combination of an increase in staff numbers, agreed inflationary salary increases, additional pension costs and other costs.

Depreciation costs increased by 12.9% to £9.7m in 2014/15 (2013/14: £8.6m) as a direct result of the completion of a number of large capital projects in the year along with the acquisition of 29 Marylebone Road. The trend of increased capital investment is expected to continue over the period to 2020, with a planned programme of significant investment in both the Estates and the IS Infrastructure.

Other operating expenses have risen in year under review to £62.1m (2013/14: £53.2m), largely the result of higher premises lease costs, along with increased expenditure on academic support and administration services.

Accounting for retirement benefits

The University participates in three multi-employer defined benefit pension schemes. The Teachers' Pension Scheme (TPS), to which most of the academic staff belongs, is unfunded. The majority of the professional support staff are members of the Local Government Pension Scheme (LGPS), which is administered by the London Pension Fund Authority (LPFA). There are also a number of members of staff in the Universities Superannuation Scheme (USS). The LGPS is the only one of these schemes where the University's share of the scheme assets and liabilities can be determined on a reasonable basis and, therefore, reported on the University's Balance Sheet.

LGPS pension liabilities have continued to increase over the past year with the University's share of the scheme deficit increasing to £94.9m in 2014/15 (2013/14: £74.2m). Principally the result of the increase in the present value of funded obligations is driven by changes in actuarial discount rates.

The scheme was subject to an actuarial valuation in March 2013 and in terms of funding levels, the general position had improved with the Fund now funded at 91% compared to 83% at the 2010 valuation.

Over the past four years the LPFA has carried out regular reviews of the strength of the employer covenant for all bodies in the Fund. These reviews allow a risk based categorisation for all Fund member bodies in the LPFA. In November 2014 the University's risk profile was reassessed as a category B medium risk, with category A being deemed least risky and category C most risky. The LPFA risk assessment in November 2014 forms the basis for the University's pension liability payments over the next two financial years.

Capital expenditure and assets

2014/15 was a year of significant expenditure on capital programmes as the University delivered its strategic plans of strengthening its capital asset base further and providing students with enhanced learning environments.

Capital expenditure during the year was £94.5m (2013/14: £13.3m) largely represented by the £44.0m acquisition of the investment property at 120 New Cavendish Street along with the £29.0m acquisition of freehold land and buildings at 29 Marylebone Road. The balance of the capital expenditure in the year was in accordance with the University's objective of delivering significant improvements to the student learning environment as many capital projects were completed. Most noticeably these projects included the University's Regent Street Cinema along with the creation of new architectural design studios and the Fabrication Laboratory at the Marylebone site.

Investment in the IS infrastructure has continued in 2014/15 particularly in the development of management reporting products, updating the student resource planning software, improving the teaching infrastructure and the completion of the Learning Futures project.

In December 2008 the University adopted an estate strategy that set the framework for the management of and investment in the University's buildings and locations for the next 10 years to 2018, the investment strategy has since been revised to align to look to 2020 and beyond.

UNIVERSITY OF WESTMINSTER

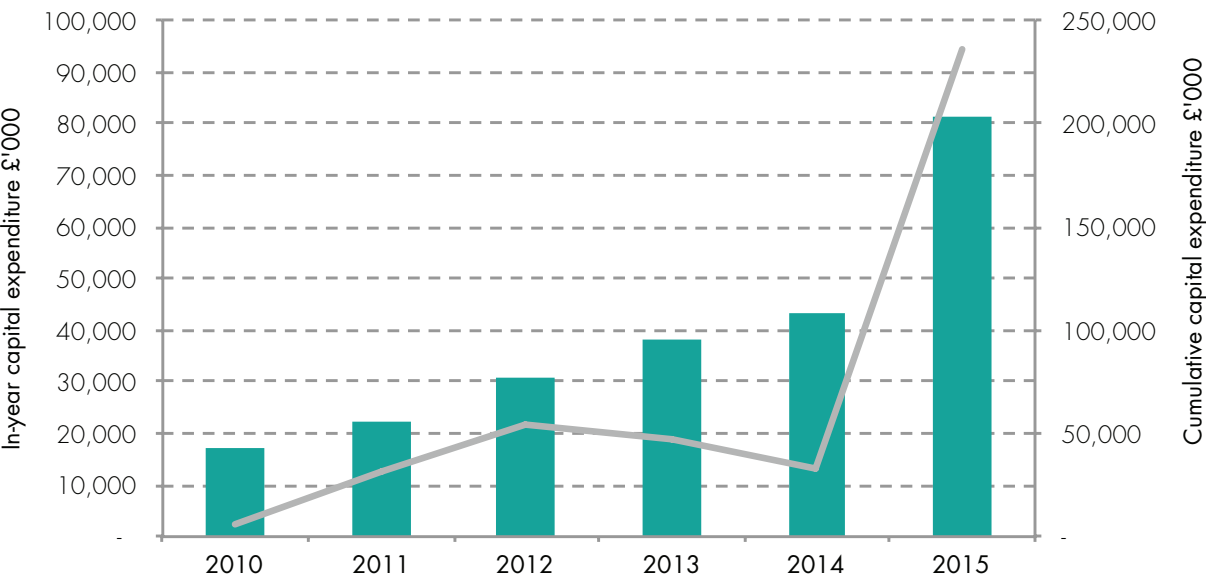
OPERATING AND FINANCIAL REVIEW (continued)

The strategic drivers for this are:

- The need for additional space for teaching and learning requirements.
- The need to enable income generating and enterprise opportunities.
- The need to provide future stability in the property assets held by the University.
- The strategic significance of increasing the University’s physical representation close to existing sites/campuses.
- The need to satisfy the Corporate Services professional support and administration function in the medium to longer term.
- To realise opportunities for further campus re-developments and enhance the overall quality of the estate.

The estate strategy embraces the principles of environmental sustainability and will provide the capacity for the University to fulfil its academic ambitions. Funding for these projects has come from a combination of reserves and additional borrowing.

Capital expenditure



UNIVERSITY OF WESTMINSTER

OPERATING AND FINANCIAL REVIEW (continued)

Cash and investments

At the balance sheet date the total of cash at bank and short term investments decreased by £33.9m to £41.9m. In June 2015 a flexible long term loan facility for £40m was taken out providing the University with a cost effective mechanism to draw down funding in accordance with the University needs. At the balance sheet date £20m of the £40m facility was drawn down, the balance of available funds retained for the next phase of the capital programme.

The long term cash and investments policy continues to have at its centre the need to maintain minimum working capital cash levels at £20m. The University's cash balances are managed in accordance with the Treasury Management Policy that is approved by the Governors annually. The University cash levels fluctuate throughout the year due to the receipt of funds from the Student Loans Company and requirements to meet the capital expenditure programmes.

The minimum liquidity threshold is needed to ensure sufficient cash is retained in the University to fund ongoing operational commitments. Rolling three year cash flow forecasts are produced on a monthly basis that incorporate a review of capital expenditure against the capital plan and cash income in order that future borrowing needs are addressed on a timely basis.

Throughout 2014/15 the University managed its cash investment portfolio in-house and continues to invest funds in the money markets for short term periods (between 1 month and up to 1 year) and with top-rated counterparties. The University investment strategy seeks to balance the need for liquidity against the return on investment achievable in challenging capital markets, at the same time as maintaining rigorous treasury and risk management control.

Student numbers

In 2014/15 student recruitment exceeded the management targets. This is summarised in the table below:

| | 2014/15 | 2013/14 | 2014/15 | 2013/14 |
|-------------------------------|----------------|----------------|----------------|----------------|
| | Home and EC | Home and EC | Overseas | Overseas |
| Full time undergraduate | 11,424 | 11,250 | 1,360 | 1,082 |
| Full time postgraduate | 935 | 974 | 1,153 | 1,173 |
| Part time undergraduate | 756 | 811 | 447 | 439 |
| Part time postgraduate | 723 | 649 | 67 | 59 |
| Total University Student FTEs | 13,838 | 13,684 | 3,027 | 2,753 |

Initial enrolment figures for 2015/16 indicate that there will be a small shortfall both in the home and overseas undergraduate enrolments, which are also predicted to be below the 2014/15 enrolment. The current data also indicates that postgraduate enrolment is slightly behind the target and last year, however overall income from admissions is expected to achieve target.

Risks and Uncertainties

The University manages risk through a risk management process described in the Statement of Corporate Governance and Internal Controls. No risks identified by that process are currently scored as high.

All risks continue to be addressed through a revised risk management process in accordance with HEFCE guidance. Comparison to the previous risk registers show year on year improvements. The three risks which categorised as high last year are now assessed as being moderate. Of the 17 current risks two are categorised as low and all the others as moderate risk.

The plan in FY15/16 is to increase the University's risk category in the 'Risk Management Maturity' model from 'Risk Defined' towards the highest category, 'Risk Enabled'.

UNIVERSITY OF WESTMINSTER

OPERATING AND FINANCIAL REVIEW (continued)

Future Outlook

The University has successfully positioned itself over the last few years to provide some financial resilience and attention has been turned to investing in key areas to deliver income growth in the new HE environment. At the heart of this is building on Westminster's distinctive brand to enhance the student experience by further improving the quality of its academic and support programmes and its facilities. A new corporate strategy, Westminster 2020, has been developed to drive the institution forward.

A key theme of Westminster 2020 strategy is Research with Impact, detailing the commitment to ensuring that the University promotes and develops innovative, cutting-edge, and interdisciplinary research which adds value through its originality, significance and rigour and its critical impacts on global society. Research networks and active mentoring will continue to raise the proportion of staff operating at levels of international excellence, being research engaged will blend the novel with the established to push boundaries and explore the links between practice and research in areas with real impact. The Graduate School will continue to support and extend an active doctoral programme evidenced by a vibrant community of early career researchers.

The key aim is to ensure that our research activities are sustainable outside government funding in the form of non-academic income, Knowledge Transfer Partnerships, contract research, and consultancy.

In July 2015 the University submitted its five year forecast to HEFCE for the period up to 2017/18. This plan has financial sustainability at its core. The Court of Governors have set KPI's around financial health to ensure that the University delivers year on year surpluses, with cash balances set at a high minimum level (£20m).

| FORECAST | 2015/16 £M | 2016/17 £M | 2017/18 £M |
|--------------------|---------------|---------------|---------------|
| Income | 215.8 | 224.6 | 232.0 |
| Staff Costs | 116.0 | 122.0 | 127.1 |
| Operating Expenses | 62.8 | 65.1 | 66.8 |
| Depreciation | 14.5 | 16.4 | 19.6 |
| Interest | 4.7 | 4.7 | 4.7 |
| Surplus | 18.1 | 16.4 | 13.8 |

Tuition fee income is forecast to increase by 6% (£10m) by the end of the forecast period in 2017/18 from the 2015/16 budget. This is predominately due to the forecast increase in student numbers. UK full time undergraduate numbers are flat, with the increase coming from post graduate and overseas students.

This forecast factors in a 3% annual increase to cover pay rises and incremental increases. It also ensures that the 'staff costs as a percentage of income' KPI agreed by the Court of Governors is met. The continued increase in depreciation reflects the significant investment in estate infrastructure projects over the forecast period.

Strategic report

The strategic report included within this Operating and Financial Review has been approved by the Court.

Michael Webb

Director of Finance and Operations
25 November 2015

UNIVERSITY OF WESTMINSTER

VISION AND MISSION STATEMENT

OUR VISION

Located in the heart of London, the premier global city, we are a cosmopolitan university building on our roots as an innovative institution with a social conscience.

We aspire to be a practice-focused university in the top half of HEIs in the UK with some disciplines in the top 500 worldwide.

Our University was the original blueprint for the sought after model of collaboration with industry and practice and today occupies a distinctive place as an independent, commercially aware institution. To 2020 and beyond Westminster will build on its progressive, inclusive and enterprising history to shape the future of professional life:

- We will continue to create a rich, dynamic, and inspirational University based on world-leading research, absorbing teaching, and enterprising education for all.
- Our confidence will be built on financial strength and a high-quality estate with a modern, technologically advanced, infrastructure that provides strong evidence of our commitment to a green agenda.
- Our students will be global citizens, professional leaders, and lifelong learners, appreciating the need for interdisciplinary approaches in understanding and resolving the constantly evolving intellectual, professional and business challenges of the 21st century.

Together these characteristics will position Westminster as the leading practice focused London based university.

OUR MISSION

To provide a vibrant global learning environment in the heart of London, inspiring the next generation of world citizens and helping to shape a better future for all.

UNIVERSITY OF WESTMINSTER

A COMPANY LIMITED BY GUARANTEE AND AN EXEMPT CHARITY

GENERAL INFORMATION

Chancellor

Lady Frances Sorrell

Chair of the Court of Governors and Pro-Chancellor

Mr Peter Kyle OBE

Vice-Chancellor and President

Professor Geoffrey Petts BSc PhD FRSA FRGS

Company Secretary

Ms Suzanne Enright BA DipLib MCLIP

Director of Finance and Operations

Mr Michael Webb BA FCA

Auditors

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Bankers

National Westminster Bank plc
Lloyds TSB Bank plc
Santander UK plc
Bank of Scotland plc

Solicitors

Eversheds LLP
Mills & Reeve LLP
Farrer & Co LLP

Registered Office

309 Regent Street
London W1B 2HW

Registered Number

977818 England and Wales



COURT OF GOVERNORS

The Governors of the University during the year ended 31 July 2015 are listed below. The Governors are also directors of the University in its status as a company and trustees of the University in its status as a charity.

| | Appointed (A) or reappointed (R) | Term of Office Completed |
|--|----------------------------------|--------------------------|
| Mr P Kyle OBE (Chair) | | |
| Ms R Bellamy-James (Deputy Chair) | 2 June 2015 (A) | |
| Mr S Hart (Deputy Chair) | | |
| Mr R Barnes | | |
| Mr D Batchelor | 15 December 2014 (R) | |
| Mr J Begg | | |
| Mr D Cheeseman | 25 November 2014 (A) | |
| Dr S Courtenage | | |
| Dame K Dunnell | | |
| Mr A Ganguli | 14 July 2015 (R) | |
| Mr J Hirschmann | 1 July 2015 (A) | |
| The Hon Dame M Hogg | | |
| Mr T Hope | 27 April 2015 (R) | |
| Dr H Kinloch | | 27 October 2014 |
| Mr N Laws | | |
| Professor G Megson (Interim Deputy Vice-Chancellor) | 1 January 2015 (A) | |
| Mr K Mimouni | | 30 June 2015 |
| Professor R Morgan-Tamosunas (Deputy Vice-Chancellor) | | 31 December 2014 |
| Mr G Morley | | |
| Mr P Murphy | | |
| Professor G Petts (Vice-Chancellor) | | |
| Mr M Smith | | |
| Mr J Wates | | |
| Mr A Woods | | |
| Ms D Yeo | 15 December 2014 (R) | |

Mr Robert (Chester) Barnes BSc Hons is a Managing Director at JP Morgan Asset Management where he is the Portfolio Manager for the European Property Fund. He qualified as a Chartered Surveyor in 1985 having graduated from the Polytechnic of Central London BSc Hons Urban Estate Management in 1983. He has held a variety of roles in portfolio and asset management for investments in the UK and more recently in 15 European countries for companies including LaSalle, Merrill Lynch and GE.

Mr David Batchelor, FCA Chartered Accountant is a former PricewaterhouseCoopers partner with extensive commercial and professional experience in a wide range of business sectors. Non-executive Chairman of CBRE Global Investors (Jersey) Limited. A Freeman of the City of London and on the Court of Assistants of the Turners Livery.

UNIVERSITY OF WESTMINSTER

COURT OF GOVERNORS (continued)

Mr John Begg, BSc MA PQEBIPP FHEA is a Senior Lecturer at the University of Westminster in the Department of Property and Construction, Faculty of Architecture and the Built Environment and is the elected representative for Academic Council. In addition to his teaching duties John is a Westminster Change Academy project leader, Admissions Tutor and a member of the University's Academic Council.

Ms Rita Bellamy-James, DCHS, LLB CSQW Barrister is **Deputy Chair**. She is a professionally qualified Social Worker, one time Deputy General Secretary of British Association of Social Workers. Having been called to the Bar she was in private practice before joining the FCO where she became Head of Specialist Advisers in the Consular Directorate. She now acts as an Independent Consultant, is a Trustee of Women's Education Partnership (Sudan and South Sudan) and was, up to 2015, Chairman of National Family Mediation. Visiting Fellow Commoner Corpus Christi College Cambridge 2012-2013.

Mr David Cheeseman BSc Hons originally trained in the transport sector and is currently a Director of Chef Express UK, part of Grupo Cremonini of Italy, a non-executive Director of private aircraft caterer Bond and Butler and a Director of Momentum Services the provider of crew, catering and lounge services to Eurostar International. David has advised on transport projects in Russia, India and much of Europe and has also worked in Southern and Eastern Africa on logistics and distribution projects for famine relief and environmental charities. David is a Director of the ESU, a trustee of the Centre for the Magic Arts and an advisor on Human Resource matters to The London Irish Rugby Club.

Dr Simon Courtenage, MSc, PhD is a Principal Lecturer in the Faculty of Science and Technology, University of Westminster and is the elected representative of the University of Westminster's teaching staff. Course Leader for MSc Computer Science, he teaches web programming and software design at both undergraduate and postgraduate level and conducts research in the area of distributed computer systems.

Dame Karen Dunnell has spent all her working life in research and statistics in the public sector. From 1974-2009 she worked in the Government Statistical Service and from 2005 was its head and Chief Executive of the Office for National Statistics. She also has Advisory/Trustee roles for PricewaterhouseCooper, Legal and General, the UK Health Forum, Northern Ireland Heart, Chest and Stroke, the Department for Business-BIS, Highgate Scientific and Literary Society.

Mr Anupam Ganguli, BA (Hons) Economics, MBA, FCA is Finance Director, Royal Museums Greenwich. His career has included senior roles at the Victoria and Albert Museum and at Arts Council England. He is a governor of Mountview Academy of Theatre Arts, a trustee of Wayne McGregor/Random Dance and the Runnymede Trust, and an independent member of the audit committee of Historic Royal Palaces.

Mr Stephen Hart, BA is **Deputy Chair**. He is a solicitor currently working as an employment and public lawyer for HM Government.

Mr Jim Hirschmann LLB Hons is the President of the University of Westminster Students' Union.

The Hon Dame Mary Hogg, DBE, FRSA has an honorary LLD from the University. A former QC, she is now a High Court Judge in the Family Division. Her Great-Grandfather, Quintin Hogg, founded the Polytechnic.

Mr Trevor Hope, ACIB DipFS CIM MBA is Chief Investment Officer of international venture capital firm Beringea LLP.

Dr Henry (Harry) Kinloch MSc, PhD, ARCST, CEng, FIMechE is an Engineer who has enjoyed a successful career in both the public and private sectors, in academia and the City. He has taught at universities in the UK and the USA and worked in the City as a corporate finance adviser to merchant banks and the insurance world. He has advised government on its operations in two nationalised industries and been a managing director of one of them. Today he holds non-executive directorships in the fields of oil and gas research technology, food production and distribution, clean energy generation and waste management.

Mr Peter Kyle, OBE, CCMI is **Chair and Pro Chancellor**. He was formerly Director General of the English Speaking Union, CEO of Shakespeare's Globe, the Arts Educational Schools, London and of The Scottish Ballet. He is Chairman of the Shakespeare Birthplace Trust and of The Centre for Magic Arts. He is a trustee of the John Ellerman Foundation and the Noel Coward Foundation.

UNIVERSITY OF WESTMINSTER

COURT OF GOVERNORS (continued)

Mr Nicholas Laws, MA is Head of Digital Communications and Publishing and is the elected representative of the University of Westminster's non-teaching (support) staff. A communications specialist, Nick's career prior to joining the University includes work for the United Nations High Commissioner for Refugees, the International Air Transport Association and Danisco.

Professor Graham M Megson, BSc (Leeds), PhD(Loughborough), MBA (Reading), FBCS CITP CEng is Pro Vice-Chancellor Research & Knowledge Exchange at Westminster and, from January 2015, Interim Deputy Vice-Chancellor. He is a Professor of Computer Science with particular interests in Parallel Computation, Neural networks and Emergent algorithms. He has published 200+ research papers including 5 books on these and related topics. He sits on a number of editorial boards for technical journals and has interests in change management and organisational development.

Mr Kaled Mimouni was the President of the University of Westminster Students' Union until June 2015.

Professor Rikki Morgan-Tamosunas, PhD PGCE MA FRSA was Deputy Vice-Chancellor until December 2014. In addition to day-to-day line management of the Deans of Schools and deputising for the Vice-Chancellor as required, she has particular responsibilities, inter alia, in relation to Learning & Teaching and the Student Experience.

Mr Gary Morley, FCA is a Partner with MHA McIntyre Hudson. He is Hon. Treasurer of City YMCA London, Vice Chairman of the Imperial Society of Teachers of Dancing and former Chairman of the British Suzuki Institute. He is also a Past Master of the Worshipful Company of Plaisterers.

Mr Philip Murphy, BSc, MRICS is a Director of PRP Architects LLP, a multi-disciplinary design and project management practice. PRP is a leading housing and regeneration consultancy with very strong links to the public sector. He is a consultant to a number of affordable housing providers and is involved with several education and arts organisations as a Trustee and Governor.

Professor Geoffrey Petts, BSc, PhD, FRSA, FRGS is Vice-Chancellor and President of the University.

Mr Matthew Smith MA, LLM is a barrister specialising in charity law and a voluntary youth worker. He is Chairman of The Boys' Brigade and Vice Chairman of City YMCA, London.

Mr James Wates CBE, FCIQB, FRICS, FRSA, FCGI is Chairman of Wates Group. He is Chairman of CITB, Chairman of the UK Contractors Group, a Vice Chairman of the CBI Construction Council, Past President of the British Council for Offices, a Commissioner for the UK Commission for Employment and Skills, Board Member Green Construction Board and Past President of the Chartered Institute of Building. James is also a Trustee of the Building Research Establishment and the College of Estate Management, a Governor of Emanuel School, Vice Chairman of Queen Elizabeth's Foundation for the Disabled and a member of the London Regional Council of The Prince's Trust. He is also a patron of the Wates Family Enterprise Trust.

Mr Alastair Woods is a Director within PricewaterhouseCoopers Human Resource Consulting practice specialising in reward and performance management.

Mrs Diane Yeo, BSc FRSA FInstF began her career in Production with BBC Education. She has been a Charity Commissioner, has run several national and international charities relating to youth, disability and health, was a founder of the Institute of Fundraising, and until recently chaired the Arts Educational Schools. In addition to working as a consultant with not for profit organisations she now chairs 151 Proprietors Limited and has recently set up ETAT (Encouragement Through the Arts and Talking), a charity for lonely and isolated people which she also chairs.

UNIVERSITY OF WESTMINSTER

THE WORK OF THE COURT OF GOVERNORS

THE WORK OF THE COURT OF GOVERNORS

All governors of the University are Directors of the Company. In line with the HE Code of Governance, the Court is *"unambiguously and collectively accountable for institutional activities, taking all final decisions on matters of fundamental concern within its remit"*. A list of governors who served during the year to 31 July 2015 appears on page 22. None of the governors had an interest in any contract which subsisted during the period of this report, other than those who are full-time members of staff and those associated with the transactions disclosed in note 34 (related party transactions) to the accounts. Governors are required to declare any interests at the start of each Court and committee meeting they attend.

The Court of Governors, which meets formally up to five times a year, currently comprises 16 independent (non-executive) governors, three elected staff governors, one elected student governor, and two ex officio governors (the Vice-Chancellor and the Deputy Vice-Chancellor). The three staff governors are elected by and represent the Academic Council, academic staff and the Corporate Services. There is a clear separation of the roles of the non-executive Chair and the Chief Executive (the Vice-Chancellor).

The Court approves the University's long-term objectives and strategies and provides overall financial and organisational control. It delegates responsibility for the University's operations to the Vice-Chancellor who, supported by the University Executive Board, implements the Court's policy and develops and manages the University's business to meet its financial objectives and standards of quality and services in education and research.

Audit Committee (membership as at 31 July 2015)

Mr David Batchelor (Chair)
Dame Karen Dunnell
Mr Anupam Ganguli
Mr Matthew Smith (from 10 March 2015)

The Audit Committee meets at least four times a year and reviews the work of the external and internal auditors of the University. The Committee considers detailed reports on risk management, control, governance and value for money, together with recommendations for the improvement of the University's systems of internal control and management's response and implementation plans. It also receives and considers reports from the Higher Education Funding Council for England (HEFCE) and monitors adherence with the regulatory requirements. It reviews the University's annual financial statements and accounting policies through a joint meeting with the Finance and Property Committee.

The Committee reports on its work to the Court of Governors. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee meets the external auditors on their own for independent discussion.

Finance and Property Committee (membership as at 31 July 2015)

Mr Trevor Hope (Chair)
Mr Robert (Chester) Barnes
Mr David Cheeseman (from 3 March 2015)
Dr Henry (Harry) Kinloch (non-governor member; from 11 November 2014)
Mr Gary Morley
Mr Philip Murphy
Professor Geoffrey Petts
Mr James Wates

The Finance and Property Committee meets at least four times a year and recommends to the Court of Governors the University's annual revenue and capital budgets (including the estates strategy) and monitors performance in relation to approved budgets. Following a joint meeting with the Audit Committee, it also recommends to the Court the annual financial statements, having been satisfied that management is properly discharging its responsibilities to control and account for the income, expenditure and assets of the University in compliance with the guidelines

UNIVERSITY OF WESTMINSTER

THE WORK OF THE COURT OF GOVERNORS

(continued)

of HEFCE and the applicable legislation. The Committee has considered for recommendation to the Court business cases for acquisition of two properties and has maintained throughout the year an overview of progress and expenditure on redevelopment projects including the Regent Street Cinema.

Human Resources Committee (membership as at 31 July 2015)

Mr Stephen Hart (Chair)
Ms Katy Dent (non-governor member; from 25 February 2015)
Mr Anupam Ganguli
Professor Graham Megson
Mr Philip Murphy
Mr Alastair Woods

This Committee meets at least three times a year to review the University's People strategy, HR policies and related legislation; to consider the framework for pay and conditions of staff; and to receive and discuss reports on associated matters, including staff training and development, and equality, diversity and inclusion. It has overseen the implementation of the University's managing performance policy, a review of the University's grievance and disciplinary policies and procedures, as well as the development of a new sickness absence and ill-health policy and procedure. It regularly monitors staff Key Performance Indicators and the staff engagement and stress survey reports, and reports on these to the Court of Governors.

Nominations Committee (membership as at 31 July 2015)

Mr Peter Kyle (Chair)
Mr John Begg (from 7 October 2014)
Mrs Rita Bellamy-James
Mr Stephen Hart
Professor Geoffrey Petts
Mrs Diane Yeo

This Committee meets at least twice a year to make recommendations on the appointment of new governors, and non-governor members of Court committees, in accordance with procedures devised by the Committee and approved by the Court. It is also responsible for the procedures for nominating individuals for the award of Honorary Degrees and Fellowships of the University, for considering nominations, and making recommendations to the Court. When required, it leads the process of search and appointment of the Vice-Chancellor and the Chancellor. During the year, the Committee considered the outcomes of the senior role and structure review for recommendation to the Court and made recommendations concerning equality and diversity of the Court membership.

Remuneration Committee (membership as at 31 July 2015)

Mr Peter Kyle (Chair)
Dame Karen Dunnell
Mr Stephen Hart
Ms Sally Moore (non-governor member; from 14 July 2015)
Professor Geoffrey Petts
Mr Alastair Woods

This Committee meets when appropriate to review the salaries, terms and conditions of employment of senior staff. The Vice-Chancellor withdraws from the Committee when his own remuneration is under review and this is formally recorded. The Committee also sets the framework for remuneration for academic and professional support staff paid salaries above the 51-point national scale with due consideration to national benchmarking data. From 1 September 2015, an independent member will be Chair of the committee; the Chair of Court will remain a member.

UNIVERSITY OF WESTMINSTER THE WORK OF THE COURT OF GOVERNORS (continued)

Academic Council

Professors and Readers Awarding Committee

In addition to the above sub committees of the Court of Governors, the Academic Council and the Professors and Readers Awarding Committee, both chaired by the Vice-Chancellor, also report to the Court.

Subject to the provisions of the Articles of Association, to the overall responsibility of the Court of Governors, and to the responsibilities of the Vice-Chancellor, Academic Council is the University's supreme academic deliberative and decision-making body responsible for strategic oversight of all academic provision and gives consideration to a broad range of issues that relate directly to the University's academic direction and focus. It approves policies for the support of students, codes of behaviour, disciplinary and appeals procedures and has responsibility for oversight of the University's academic collaborations and partnerships. Revised terms of reference and membership for Academic Council were approved by the Court in July 2015.

The Professors and Readers Awarding Committee considers criteria and applications for the award of the titles Professor, Reader, Visiting Professor, Professor Emeritus and Emeritus Fellow. It is chaired by the Vice-Chancellor and includes external members with academic and commercial research expertise.

UNIVERSITY OF WESTMINSTER

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS

Governance and Management

The University is a Company Limited by Guarantee and an exempt Charity. The Court of Governors has formally adopted the HE Code of Governance and is committed to the values expressed in the Code. Governors apply the seven primary elements of governance written into the Code in the execution of their responsibilities as governors, directors and trustees. New governors and non-governor committee members are introduced to the primary elements of the Code during the induction process. The University has had regard to the Charity Commission's guidance on public benefit and has received the Commission's updated Essential Guide for Trustees.

The objects of the University are set out in its Memorandum of Association as

- A. To establish, carry on and conduct a university
- B. To advance learning and knowledge in all their aspects and to provide industrial, commercial, professional and scientific education and training
- C. To provide courses of education or technical study both full time and part time for students at all levels of and in all branches of education
- D. To provide opportunities and facilities for research of any kind including the publication of results, papers, reports, treatises, theses or other material in connection with or arising out of such research
- E. To provide for the recreational, social and spiritual needs of students of the university.

The Vice-Chancellor, Professor Geoffrey Petts, has continued to lead the University towards the achievement of the University's vision for 2020 – to be a practice focused university in the top half of HEIs in the UK with some disciplines in the top 500 worldwide. The University's mission, set out in the Court approved Westminster 2020 Strategy, is to provide a vibrant global learning environment in the heart of London, inspiring the next generation of world citizens and helping to shape a better future for all. This is delivered through an organisational structure consisting of five academic Faculties, each led by an executive Dean. The academic structure is underpinned by an integrated Corporate Services function, which has Investor in People Silver Standard accreditation and complies with the Putting The Customer First® Standard.

The Vice-Chancellor is supported by the University Executive Board, which he chairs. The membership includes the Deputy Vice-Chancellor, the Pro Vice-Chancellor (Research and Knowledge Exchange), Pro Vice-Chancellor (Global Engagement), the five Deans of Faculty, the Registrar & Secretary, and the Director of Finance and Operations.

The University has continued its programme of information, engagement and development sessions for governors with two governor strategy meetings – focusing on growing an entrepreneurship culture among staff and advancing the Education+Innovation Hub model – and visits to each of the five Faculties. Governors participated in development programmes hosted by the Leadership Foundation for Higher Education and took part in the University's graduation ceremonies. The Chair of the Court participated in governance events hosted by the Committee of University Chairs and HEFCE. Each new governor and non-governor committee member receives an induction to their role and exit interviews are held with retiring governors.

In December 2014, Former Chancellor and Chair of the Assembly, The Rt Hon Lord Paul of Marylebone PC, welcomed current and former governors to the inaugural Assembly of Governors. The Vice-Chancellor provided members with information about the University's emerging Innovation and Enterprise Strategy, with Pro Vice-Chancellors providing additional information on academic enterprise, internationalisation, global citizenship and employability.

Lady Sorrell, the inspirational education campaigner and business woman, was appointed the University of Westminster's new Chancellor in a ceremony at St Marylebone Parish Church in June 2015. Lady Sorrell is co-founder and co-chair of the Sorrell Foundation, which was established in 1999 to foster confidence and creativity in young people. In her celebrated career, Lady Sorrell has worked with thousands of school pupils through the Foundation's initiatives, such as the National Art & Design Saturday Club, which provides new pathways into the creative industries. Former Chancellor, The Rt Hon Lord Paul of Marylebone, PC, stood down as Chancellor at the end of 2014 and now Chairs the Assembly of Governors. The Assembly of Governors provides an opportunity for current and former independent governors to

UNIVERSITY OF WESTMINSTER

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS

(continued)

contribute to the life and future of the University by providing input to long-term strategic planning.

One independent governor resigned in the current year and a new independent governor has been appointed to replace him. The student governor came to the end of his second term of office and the newly elected President of the University of Westminster Students Union has been appointed to replace him. The composition of the Nominations Committee complies with that stated in the HE Code of Governance and has continued to be active, through its recommendations to the Court, in ensuring that there is a good spread of skills amongst the independent membership of the Court and in considering equality and diversity in the membership. The Court appointed three non-governor members to supplement the expertise available to the Court sub-committees and a second Deputy Chair to supplement arrangements for the continuation of business in the absence of the Chair.

During the year the Court agreed recommendations from the 2013-14 effectiveness review, considered the application of the HE Code of Governance, and is undertaking a review of the University's Memorandum and Articles of Association; proposed changes to the Memorandum and Articles will be submitted to the Privy Council for approval in 2015-16. The Court has also worked with the Vice-Chancellor to conduct a review of the roles and structure of the senior management team. The University established an Independent Panel to review how the University manages the promotion of diversity and freedom of speech within the institution, including practice, policies and processes regarding the approval of external speakers. This included assessing the robustness of the University's engagement with the Prevent agenda. The Panel report will be published in August 2015 and an advisory board, comprising internal and external members, is being established to consider the report and make recommendations to the University Executive Board.

The University continues to be a member of the Kingston City Group, a consortium providing internal audit and management assurance services to a number of Higher Education institutions in London and the South East.

Risk Management and Systems of Control

The University's Corporate Plan is supported by a strategic risk register for the University, which is regularly reviewed by management and by the Court of Governors. Five year plans and associated risk registers for each Faculty and for the Corporate Services are also in place.

The University's risk management policy defines risk as an event or action, or a combination or series of these, which could significantly impede the University's ability to achieve its current or future objectives and to execute its strategy effectively.

Whilst the Audit Committee has responsibility for advising the Court on the effectiveness of the University's risk management policy and procedures, the University Executive Board has the remit for embedding risk management, aligning it with the Strategic Plan, and reviewing and updating the risk management policy and procedures in accordance with HEFCE guidance. The Strategic Risk Register is reviewed every year as part of the strategic planning process. The risks identified cover business, financial, operational, reputational, and compliance issues.

This risk management process has been applied throughout the year under review and up to the date of approval of the annual report and accounts. In line with risk management best practice, the Audit Committee has instigated a cycle of in-depth reviews of key risks, commencing in June 2015.

The approach to internal control is risk based and the programme of internal audit work during the year has reflected this approach. The Audit Committee approves the internal audit programme and receives the internal audit reports at its regular meetings during the year. An annual report is provided by the internal auditors, which includes an opinion on internal control and risk.

The risk management policy requires an annual report to be made to the Court of Governors on risk management. The policy, which is approved and reviewed from time to time by the Court of Governors, with the next review scheduled for October 2015, clearly states the Court's responsibilities for the maintenance of a sound system of control and for the operation of the risk management process.

These arrangements provide an ongoing process for identifying, evaluating and managing the significant risks faced by the University. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide a reasonable and not absolute assurance against material misstatement or loss.

UNIVERSITY OF WESTMINSTER

STATEMENT OF GOVERNORS' RESPONSIBILITIES

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The governors, who are the directors and members of the Company, are required by the Companies Act to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the University and its subsidiaries as at the end of the financial year and of the surplus or deficit for that period. It is also the governors' responsibility to maintain adequate accounting records, safeguard the assets of the University and its subsidiaries, prevent and detect fraud and other irregularities and to apply the basis of a going concern unless it is not appropriate to presume that the University will continue in business.

The governors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the consolidated financial statements and that applicable accounting standards have been followed.

The governors have taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with the Funding Council and any other conditions which the Funding Council may from time to time prescribe
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the University and prevent and detect fraud, bribery and money-laundering
- secure the economical, efficient and effective management of the University's resources and expenditure.

The governors who held office at the date of approval of the accounts confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each governor has taken all the steps that s/he ought to have taken as a governor to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Scheme of delegation

Standing Order 1: Scheme of delegation for signing certain categories of contract and for authenticating non-contractual documents formally defines the post-holders who are authorised to sign certain contracts made by the University, formally confirms the existing powers of the Company Secretary, and designates certain post-holders as authenticators of non-contractual documents in cases where no other legal or University rule applies as to authentication.

Employee participation

The University's committee structure ensures staff participation in the decision-making processes of the University. Membership of the Court of Governors includes three elected staff governors plus two ex-officio members. Membership of the Academic Council includes academic staff elected by each Faculty and senior academic staff nominated by the Chair.

Meetings of Joint Union and Management Committee are held at frequent intervals and are supplemented by informal discussions and briefing meetings. The Vice-Chancellor provides briefings to staff both face to face, and through video transmissions on the University's intranet, on the University's performance and plans. The University supports a number of staff networks and staff are also encouraged to engage with external sector and professional networks. The University conducts an annual staff engagement survey and provides a briefing on the outcomes to the HR Committee and subsequently to the Court.

UNIVERSITY OF WESTMINSTER STATEMENT OF GOVERNORS' RESPONSIBILITIES (continued)

Student participation

In the execution of their responsibilities, governors are mindful that the needs and interests of students, as key stakeholders, are adequately reflected in the strategic plan and when considering issues of institutional sustainability. Membership of the Court of Governors includes one elected student governor and the President of the University Students' Union plus two elected student representatives are members of the Academic Council. The Student Forum provides opportunities for student representatives to bring forward for discussion issues relating to the academic and wider University experience for consideration by a cross-section of senior University staff. The Student Charter, produced jointly by the University and Students' Union, sets out expectations for a successful and effective partnership between students and staff, and a culture of respect and opportunity for all. The Finance and Property Committee and subsequently the Court received the Student's Union annual report and financial statements. This year, the Student's Union also submitted their Audit Findings Report to show improvements they have achieved in the control environment and their financial performance.

Equality, diversity and inclusion

The University of Westminster is committed to supporting diversity and equal opportunities in our dealings with job applicants, students, staff and the public. In July 2015 the Court approved a Single Equality Policy statement and action plan, which aligns to both the Westminster 2020 Strategy and the Westminster 2020 People Strategy. The Diversity and Dignity at Work and Study Policy seeks to ensure that all members of the University community and job applicants are treated solely on the basis of their merits, abilities and potential without any unjustified discrimination on grounds of age, sex, disability, family circumstances, race, religion and belief, colour, nationality, citizenship, ethnic origin, social and economic status, status as an ex-offender, sexual orientation, marital status or other irrelevant distinction. In accordance with diversity legislation and best practice, the University has a supportive Gender Equality Scheme in place, as well as a strong commitment to equal pay for work of equal value, family-friendly/work-life balance policies and specific, gender-based developmental programmes such as Springboard, Navigator and SpringForward, as well as participation for the second year in the Leadership Foundation for Higher Education's Aurora initiative. The Court of Governors routinely reflects on its own composition and, with consideration of the expectations of the HE Code of Governance, will monitor equality and diversity of its own membership.

All relevant HR policies are kept under review to ensure compliance with the single public sector equality duty as required by the Equality Act 2010 and the Staff Equality, Diversity and Inclusion Annual Report, including the biennial Equal Pay Audit, is published on the University website.

Health, safety and wellbeing

The Court of Governors, in compliance with the Health and Safety at Work etc Act 1974, recognises and accepts the responsibility as far as reasonably practicable as an employer to provide a safe and healthy workplace for all its employees. It also accepts the responsibility as far as reasonably practicable to conduct its undertaking in such a way as to ensure that persons not in the University's employ – that is, students, visitors and members of the general public – are not exposed to risks to their health, safety or welfare.

A revised Health and Safety Policy Statement and associated organisational arrangements were approved by the Court of Governors in 2012, and the Court received the Safety, Health and Wellbeing annual report 2013-14 in November 2014. Safety, health and well-being is a priority in the Court approved Westminster 2020 People Strategy. This work goes beyond compliance to include activities that develop and support the University's corporate social responsibility and environmental agendas; contribute to risk management monitoring and preventive action; enable the University to achieve compliance with the BS OHSAS 18001 (2007) (or equivalent), and actively support staff and managers in delivering their responsibilities in relation to safety, health and well-being at work.

UNIVERSITY OF WESTMINSTER

STATEMENT OF GOVERNORS' RESPONSIBILITIES

(continued)

Insurance for officers

The University holds Professional Indemnity and Officers' Liability insurance, which provide indemnity to governors and officers of the University, in their personal capacity, against damages and legal costs and expenses arising from claims made against them by reason of wrongful acts committed by them in the course of their official duties.

Auditors

A resolution to reappoint KPMG LLP as auditors for the year ending 31 July 2015 was approved at the Annual General Meeting in November 2014.

Approved by the Court of Governors and signed on behalf of the Court

Peter Kyle OBE
Chair and Pro Chancellor
25 November 2015

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING COURT OF GOVERNORS OF UNIVERSITY OF WESTMINSTER

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING COURT OF GOVERNORS OF UNIVERSITY OF WESTMINSTER

We have audited the group and University financial statements (the "financial statements") of University of Westminster for the year ended 31 July 2015 which comprise the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Statement of Group Total Recognised Gains and Losses, the Group Statement of consolidated historical cost surpluses and deficits, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the Governing Court of Governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 30 to 32 the Court of Governors (who are the Directors of the company for the purposes of company law) is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education;
- meet the requirements of HEFCE's Accounts direction to higher education institutions for 2014-15 financial statements; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING COURT OF GOVERNORS OF UNIVERSITY OF WESTMINSTER (continued)

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

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's articles of government;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's Accounts direction to higher education institutions for 2014-15 financial statements have been met.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Operating and Financial Review and the Statement of Governance and Internal Controls, which together constitute the Strategic Report and the Court of Governors Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Fleur Nieboer (Senior Statutory Auditor)

November 2015

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square, Canary Wharf
London, E14 5GL

UNIVERSITY OF WESTMINSTER CONSOLIDATED INCOME AND EXPENDITURE REPORT

FOR THE YEAR ENDED 31 JULY 2015

| | Note | 2015 TOTAL £'000 | 2014 TOTAL £'000 |
|---|-------|------------------------|------------------------|
| INCOME FROM CONTINUING ACTIVITIES | | | |
| Funding council grants | 5 | 22,085 | 31,703 |
| Tuition fees and support grants | 6 | 151,666 | 123,509 |
| Research grants and contracts | 7 | 4,899 | 4,153 |
| Other income | 8 | 22,351 | 21,911 |
| Endowment and investment income | 9 | 498 | 496 |
| Total income | | 201,499 | 181,772 |
| EXPENDITURE ON CONTINUING ACTIVITIES | | | |
| Staff costs | 10,13 | 102,529 | 95,027 |
| Depreciation | 12 | 9,669 | 8,566 |
| Other operating expenses | 10 | 62,143 | 53,223 |
| Interest payable | 11 | 4,305 | 4,907 |
| Total expenditure | | 178,646 | 161,723 |
| Surplus after depreciation of tangible assets at valuation and before amounts written off investments and before tax | | 22,853 | 20,049 |
| Increase in investments | 17 | 8 | 23 |
| Surplus after depreciation of tangible assets at valuation and amounts written off investments and before tax | | 22,861 | 20,072 |
| Taxation | 15 | - | - |
| Surplus after depreciation of assets at valuation, amounts written off investments and tax | | 22,861 | 20,072 |
| Transfers to / (from) accumulated income in endowment funds | 26 | (2) | 25 |
| Surplus for the year retained within general reserves | 16 | 22,859 | 20,097 |

All activities relate to continuing operations.
The notes on pages 41 to 70 form part of the financial statements.

UNIVERSITY OF WESTMINSTER

NOTE OF CONSOLIDATED HISTORICAL COST SURPLUSES AND DEFICITS

FOR THE YEAR ENDED 31 JULY 2015

| | Note | 2015 £'000 | 2014 £'000 |
|--|-------------|-----------------------|-----------------------|
| Surplus on continuing operations before taxation | | 22,861 | 20,072 |
| Difference between historical cost depreciation and the actual depreciation charge for the year calculated on the re-valued amount | 28 | 510 | 510 |
| Historical cost surplus for the year before taxation | | 23,371 | 20,582 |

The notes on pages 41 to 70 form part of the financial statements.

UNIVERSITY OF WESTMINSTER

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2015

| | Note | 2015 £'000 | 2014 £'000 |
|---|------|---------------|---------------|
| Surplus on continuing operations after depreciation of assets at valuation and amounts written off investments and tax | | 22,859 | 20,097 |
| Endowment income retained in the year | 26 | 13 | 3 |
| Endowments withdrawn | 26 | (11) | (28) |
| Appreciation of endowment asset investments | 21 | 43 | 8 |
| Endowment cost transfer | 28 | (161) | - |
| Loss on investments | 23 | - | (2) |
| Actuarial (loss) in respect of pension schemes | 33 | (17,846) | (8,521) |
| Unrealised gain on investments | 20 | - | 1 |
| Total recognised gains relating to the year | | 4,897 | 11,558 |

Reconciliation

| | | |
|-------------------------------------|---------------|---------------|
| Opening reserves and endowments | 67,699 | 56,141 |
| Total recognised gains for the year | 4,897 | 11,558 |
| Closing reserves and endowments | 72,596 | 67,699 |

The notes on pages 41 to 70 form part of the financial statements.

UNIVERSITY OF WESTMINSTER

BALANCE SHEETS

AS AT 31 JULY 2015

| | Note | Group 2015 £'000 | Group 2014 £'000 | University 2015 £'000 | University 2014 £'000 |
|---|------|------------------------|------------------------|-----------------------------|-----------------------------|
| Fixed Assets | | | | | |
| Tangible assets | 19 | 283,785 | 199,041 | 283,785 | 194,983 |
| Investments | 20 | 94 | 106 | 95 | 95 |
| | | 283,879 | 199,147 | 283,880 | 195,078 |
| Endowment assets | 21 | 991 | 947 | 292 | 294 |
| Current Assets | | | | | |
| Debtors due within one year | 22 | 7,973 | 8,193 | 8,558 | 7,941 |
| Investments | 23 | 8,014 | 24,014 | 8,014 | 24,014 |
| Cash at bank and in hand | | 33,856 | 51,736 | 32,292 | 50,300 |
| | | 49,843 | 83,943 | 48,864 | 82,255 |
| Creditors | | | | | |
| Amounts falling due within one year | 24 | (41,957) | (37,598) | (40,846) | (35,733) |
| | | 7,886 | 46,345 | 8,018 | 46,522 |
| Net Current Assets | | 292,756 | 246,439 | 292,190 | 241,894 |
| Total assets less current liabilities | | | | | |
| Creditors | | | | | |
| Amounts falling due after more than one year | 24 | (67,146) | (47,876) | (65,063) | (48,072) |
| Total net assets excluding pension liability | | 225,610 | 198,563 | 227,127 | 193,822 |
| Pension liability | 33 | (94,873) | (74,243) | (94,873) | (74,243) |
| Net assets including pension liability | | 130,737 | 124,320 | 132,254 | 119,579 |
| Represented by: | | | | | |
| Deferred capital grants | 25 | 58,141 | 56,621 | 58,141 | 55,120 |
| Endowments Funds | | | | | |
| Expendable | 26 | 350 | 353 | 204 | 207 |
| Permanent | 26 | 641 | 594 | 88 | 87 |
| Total endowments | | 991 | 947 | 292 | 294 |
| Reserves | | | | | |
| Revenue reserve excluding pension liability | 28 | 143,967 | 117,980 | 146,183 | 118,532 |
| Pension reserve | 28 | (94,873) | (74,243) | (94,873) | (74,243) |
| Revenue reserve including pension liability | | 49,094 | 43,737 | 51,310 | 44,289 |
| Revaluation reserve | 28 | 22,511 | 23,015 | 22,511 | 19,876 |
| Total reserves | 28 | 71,605 | 66,752 | 73,821 | 64,165 |
| Total funds | | 130,737 | 124,320 | 132,254 | 119,579 |

The notes on pages 41 to 70 form part of the financial statements.

Approved by the Court of Governors on 25 November 2015 and signed on its behalf by:

Mr Peter Kyle
Chairman

Prof Geoffrey Petts
Vice-Chancellor and President

UNIVERSITY OF WESTMINSTER CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2015

| | Note | 2015 £'000 | 2014 £'000 |
|--|------|-----------------|-----------------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 31 | 40,834 | 34,544 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Income from endowments | 9 | 8 | 3 |
| Interest from short term investments | 9 | 490 | 493 |
| Interest paid | 11 | (2,840) | (2,495) |
| Net cash (outflow) from returns on investments and servicing of finance | | (2,342) | (1,999) |
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | | | |
| Purchase of tangible fixed assets | 19 | (94,451) | (13,341) |
| Deferred capital grants received | 25 | 3,418 | 1,574 |
| Net cash (outflow) from capital expenditure and financial investment | | (91,033) | (11,767) |
| CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING | | (52,541) | 20,778 |
| MANAGEMENT OF LIQUID RESOURCES | | | |
| Cash transferred (to)/from short term deposits | | 16,000 | (13,999) |
| FINANCING | | | |
| New Bank loan | | 20,000 | 10,000 |
| Loan repayments | | (1,337) | (1,154) |
| Net cash inflow from financing | | 18,663 | 8,846 |
| INCREASE/(DECREASE) IN CASH | 32 | (17,878) | 15,625 |

The notes on pages 41 to 70 form part of the financial statements.

UNIVERSITY OF WESTMINSTER

MOVEMENT IN NET FUNDS

FOR THE YEAR ENDED 31 JULY 2015

| | | 2015 | | 2014 | |
|--|------|-----------------|-----------------|---------------|---------------|
| | Note | £'000 | £'000 | £'000 | £'000 |
| (Decrease) / Increase in cash in period | | (17,878) | | 15,625 | |
| Cash inflow from movement in liquid resources | | (16,000) | | 13,999 | |
| Cash inflow / (outflow) from movements in debt and lease financing | | (18,663) | | (8,846) | |
| Change in net funds resulting from cash flows | | (52,541) | | 20,778 | |
| Movement in net funds in the period | | | (52,541) | | 20,778 |
| Net funds at 1 August | | | 29,241 | | 8,463 |
| Net funds at 31 July | 32 | | (23,300) | | 29,241 |

The notes on pages 41 to 70 form part of the financial statements.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

1. COMPANY STATUS

The University of Westminster is incorporated under the Companies Act as a company limited by guarantee and not having a share capital. The University is also an exempt charity.

Each of the maximum number of 23 members of the University has undertaken to contribute to the assets of the University in the event of its being wound up whilst being a member, or within one year after ceasing to be a member, an amount not exceeding one pound.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards.

The financial statements have been prepared in accordance with the historical cost convention as modified by the valuation of certain fixed assets.

After making enquiries, the Court of Governors has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the accounts.

3. BASIS OF CONSOLIDATION

The consolidated financial statements consolidate the financial statements of the University and its subsidiary undertakings for the financial year ended 31 July 2015. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include those of the University of Westminster Students' Union because the University does not control its activities.

4. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Income recognition

HEFCE grants are accounted for in the year to which they relate in accordance with advice given by HEFCE. Revenue grants attributable to a subsequent financial year are included in creditors under the classification of deferred income.

Non-recurrent grants from HEFCE, or other bodies, received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the Income and Expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the Balance Sheet as liabilities.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the Statement of Total Recognised Gains and Losses and in endowments; other donations are recognised by inclusion as other income in the Income and Expenditure account.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

Endowment and investment income is credited to the Income and Expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the Balance Sheet.

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the Balance Sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the Statement of Total Recognised Gains and Losses.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the Statement of Total Recognised Gains and Losses; a diminution in value is charged to the Income and Expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

Fee income is stated gross and credited to the income and expenditure account over the period in which the students are studying. Where the amount of the tuition fee is reduced, income receivable is shown net of the discount. University income is shown net where it is funded by the National Scholarship Programme, all other bursaries and scholarships, which are not normally used for University services are accounted for gross as expenditure and not deducted from income.

Agency arrangements

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

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful economic lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding. Costs in respect of operating leases are charged to the Income and Expenditure account on a straight-line basis over the lease term

Taxation

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993) and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 1988) 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. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost. The University's subsidiary companies are subject to corporation tax and VAT on the same basis as any commercial organisation.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

Tangible Assets

Land and Buildings

On adoption of FRS 15 "Tangible Fixed Assets" the Group followed the transitional provisions to retain the book value of land and buildings but not to adopt a policy of revaluations of these properties in the future. The freehold property in which the group has a beneficial interest was revalued at 31 July 1995 by Messrs Drivers Jonas & Co., Chartered Surveyors. The basis of the valuation was depreciated replacement cost for those properties intended for continuing use and open market value for those intended to be sold.

The Group acquired the beneficial interest in five halls of residence (consisting of one leasehold building and four freehold buildings) on 4 April 2008. The halls of residence buildings were valued on this date by Philip Hillman FRICS on an existing use basis. The Group acquired full legal title in the Halls in July 2014.

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the University from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

Computer and Software costs

Significant investment is being made in introducing management information systems to support the effective management of the University. The Group capitalises software implementation costs where future benefits will accrue. Management judgement has been applied in quantifying the benefit expected to accrue to the Group over the useful life of the relevant assets. Where the software does not produce the expected benefits in terms of the Group achieving its objectives, then the carrying value would require adjustment.

Inherited fixed assets

Land and buildings inherited from the former Inner London Education Authority on 1 April 1989 and the London Borough of Harrow on 1 April 1990 were valued as at the date of their transfer and this valuation has been considered to be historic cost from that point in time.

Repairs and maintenance

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the Income and Expenditure account in the period in which it is incurred.

Assets used by the University

The Group enjoys the occupation and facilities of certain land and buildings which are the property of separate charitable trusts. With the exception of rent payments and other running costs associated with these properties and leasehold improvements made to the properties at 309 Regent Street and 4-12 Little Titchfield Street, these assets are not reflected in the accounts.

Interest Capitalisation

Interest is not capitalised in respect of assets in the course of construction.

Equipment

Individual assets costing over £10,000 are capitalised.

Depreciation

Depreciation has been provided on all fixed assets on cost or revalued amounts in equal instalments over the estimated useful economic lives of the assets:

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Tangible Fixed Assets

| | |
|--|---|
| Freehold buildings | fifty years |
| Leasehold buildings and leasehold improvements | amortised over the remaining term of the lease by equal instalments |
| Motor vehicles | four years |
| Fixtures, fittings and equipment | five years and twenty years |
| Plant and machinery | five years |
| Computers and software | three to five years |

Freehold land and assets in the course of construction are not depreciated.

Investments

Current asset investments are included in the Balance Sheet at market value at the Balance Sheet date. Fixed asset investments are included at cost less provision for impairment in value.

Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, government securities, and listed equity investments held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

Going Concern

The University considers that it has sufficient financial resources and is confident that its future income streams will maintain these resources. The governors believe that the University is well placed to effectively manage its business risks, despite the current uncertain economic situation.

The governors have a reasonable expectation that the University has adequate resources to continue in operation existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates. Exchange differences are dealt with in the Income and Expenditure account for the financial year.

Accounting for charitable donations

Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

Endowment funds

Where charitable donations are to be retained for the benefit of the University as specified by donors, these are accounted for as endowments. There are three main types:

- Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
- Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income.
- 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 for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the Balance Sheet as a deferred capital grant. The deferred capital grant is released to the Income and Expenditure account over the same estimated useful economic life that is used to determine the depreciation charge associated with the tangible fixed asset.

Pension Costs

The Group operates three pension schemes, the London Pension Fund Authority (LPFA), the Teachers' Pension Scheme (TPS), and the Universities Superannuation Scheme (USS). All schemes are defined benefit schemes which are contracted out of the State Second Pension (S2P).

The assets of the USS and TPS are held in separate trustee-administered funds. Because of the nature of the schemes, the scheme's assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. The University 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 these schemes on a consistent and reasonable basis and therefore as required by FRS17 'Retirement Benefits', accounts for these schemes as if they were defined contribution schemes. As a result, the amount charged to the Income and Expenditure account represents the contribution payable to the scheme in respect of the accounting period.

The University is able to identify its share of the underlying assets and liabilities of the London Pension Fund Authority and thus the University fully adopts the requirements of FRS17 'Retirement Benefits'.

Revaluation Reserve

The University has been reimbursed by HEFCE for payments of loan liabilities inherited from the local authorities. The reimbursement of the principal element has been credited to the revaluation reserve.

Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The halls of residence buildings were valued as at the date of transfer by Philip Hillman FRICS. The valuation was executed using an existing use value for accounts purposes.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. FUNDING COUNCIL GRANTS

| | | 2015 | 2014 |
|--|-------------|---------------|---------------|
| | | £'000 | £'000 |
| (a) Recurrent grant from HEFCE | | | |
| | Note | | |
| Teaching | | 15,024 | 23,824 |
| Research | | 4,065 | 4,059 |
| Other (including special initiatives) | | 1,889 | 2,633 |
| Pension liabilities | | 397 | 439 |
| | | 21,375 | 30,955 |
| (b) Release of HEFCE capital grants | 25 | 708 | 744 |
| (c) Teaching Agency grants | | 2 | 4 |
| | | 22,085 | 31,703 |

6. TUITION FEES AND SUPPORT GRANTS

| | 2015 | 2014 |
|---------------------------------|----------------|----------------|
| | £'000 | £'000 |
| Full Time Home and EU students | 100,667 | 79,649 |
| Part Time Home and EU Students | 9,508 | 8,537 |
| Non-EU students | 36,603 | 31,966 |
| | 146,778 | 120,152 |
| Research Training Support Grant | 45 | 31 |
| Non credit bearing courses | 4,843 | 3,326 |
| | 151,666 | 123,509 |

7. RESEARCH GRANTS AND CONTRACTS

| | 2015 | 2014 |
|------------------------|--------------|--------------|
| | £'000 | £'000 |
| Government departments | 763 | 994 |
| Research councils | 1,004 | 870 |
| UK based charities | 1,374 | 883 |
| European Commission | 1,282 | 934 |
| Other bodies | 476 | 472 |
| | 4,899 | 4,153 |

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. OTHER INCOME

| | 2015 | 2014 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Residences, catering and conferences | 11,004 | 9,974 |
| Recreation | 759 | 685 |
| Rents and lettings | 2,398 | 1,460 |
| Photocopier income | (30) | 381 |
| Sundry sales | 479 | 395 |
| Miscellaneous | 4,781 | 6,243 |
| Donations | 1,770 | 1,740 |
| Release of non-HEFCE deferred capital grants (note 25) | 1,190 | 1,033 |
| | 22,351 | 21,911 |

9. ENDOWMENT AND INVESTMENT INCOME

| | 2015 | 2014 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Income from expendable endowments (note 26) | 8 | 3 |
| Income from short-term investments | 490 | 493 |
| | 498 | 496 |

10. EXPENDITURE BY ACTIVITY

| | Staff Costs | 2015 Other Operating Expenses | Total | Staff Costs | 2014 Other Operating Expenses | Total |
|-------------------------------------|--------------------|--|----------------|--------------------|--|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Academic departments | 62,809 | 10,184 | 72,993 | 59,854 | 9,698 | 69,552 |
| Academic support services | 14,222 | 9,011 | 23,233 | 12,251 | 7,755 | 20,006 |
| Research | 2,344 | 2,235 | 4,579 | 2,292 | 1,691 | 3,983 |
| Administration and central services | 16,496 | 14,476 | 30,972 | 14,079 | 12,645 | 26,724 |
| Premises | 4,006 | 22,620 | 26,626 | 4,057 | 18,281 | 22,338 |
| Residences and catering | 1,017 | 3,571 | 4,588 | 893 | 3,106 | 3,999 |
| Other expenditure | 1,635 | 46 | 1,681 | 1,601 | 47 | 1,648 |
| | 102,529 | 62,143 | 164,672 | 95,027 | 53,223 | 148,250 |

The total shown for other expenditure in the column headed Staff Costs includes £1,341k (2014: (£1,010k) in respect of FRS17 adjustments to staff costs.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. INTEREST PAYABLE

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Promissory note | 1,140 | 1,239 |
| Bank loans repayable after 5 years | 1,700 | 1,256 |
| Net interest cost on pension scheme liabilities (note 33) | 1,454 | 2,412 |
| Other interest | 11 | |
| | 4,305 | 4,907 |

12. DEPRECIATION

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| The depreciation charge has been funded by: | | |
| Release of deferred capital grants | 1,899 | 1,777 |
| Release of revaluation reserve | 510 | 510 |
| General income | 7,260 | 6,279 |
| | 9,669 | 8,566 |

13. INFORMATION REGARDING EMPLOYEES

| | 2015 £'000 | 2014 £'000 |
|---------------------------|----------------|---------------|
| (a) Employee costs | | |
| Wages and salaries | 82,270 | 76,056 |
| Redundancy costs | 538 | 582 |
| Social security costs | 6,990 | 6,628 |
| Other pension costs | 12,731 | 11,761 |
| | 102,529 | 95,027 |

| | 2015 No. | 2014 No. |
|---|--------------|--------------|
| (b) Average number of people employed by the group in the year, expressed as full-time equivalents, was: | | |
| Teaching and research staff | 811 | 792 |
| Visiting lecturers | 125 | 119 |
| Support staff | 920 | 882 |
| | 1,856 | 1,793 |

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. INFORMATION REGARDING EMPLOYEES (continued)

| (c) Remuneration of higher paid staff (including Governors) | 2015 No. | 2014 No. |
|---|---------------------|---------------------|
| The following staff received remuneration (excluding pension contributions) of £100,000 or over | | |
| £100,000 - £109,999 | 5 | 1 |
| £110,000 - £119,999 | 3 | 3 |
| £120,000 - £129,999 | 3 | 5 |
| £130,000 - £139,999 | 1 | 1 |
| £140,000 - £149,999 | - | 4 |
| £250,000 - £259,000 | - | 1 |
| £290,000 - £299,999 | 1 | - |
| | 13 | 15 |

14. REMUNERATION OF TRUSTEES

The trustees of the University in its status as a charity are those individuals who are members of the Court of Governors. Executive trustees are those trustees who are also employees of the University.

| | 2015 £'000 | 2014 £'000 |
|--|-----------------------|-----------------------|
| (a) The remuneration of the trustees of the University are: | | |
| In respect of service as trustees | - | - |
| Other remuneration: | | |
| Executive trustees (including pension contributions on behalf of executive trustees) | 663 | 642 |
| Non-executive trustees | - | - |
| (b) The remuneration of the Chairman and the Vice-Chancellor are: | | |
| Chairman: Mr Peter Kyle | - | - |
| Vice Chancellor: Prof G Petts | | |
| Salary | 295 | 259 |
| Pension contributions | - | 25 |
| Total remuneration | 295 | 284 |

The remuneration of the Vice-Chancellor are shown on the same basis as for higher paid staff. The University's pension contributions to the Universities Superannuation Scheme (USS) in respect of the Vice-Chancellor are paid at the same rates as for other academic staff.

Seven executive trustees (2014: eight) are members of the University's defined benefit pension schemes and accrued benefits during the year under those schemes.

The non-executive trustees receive no remuneration.

During the year £1,700 (2014: £200) was paid in respect of trustees' expenses (i.e. expenses that were incurred in respect of their service as trustees). The expenses related to travel and subsistence. (2014: travel and subsistence). The expenses related to three trustees. (2014: two trustees).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

15. TAXATION

Factors affecting the tax charge for the current period

The tax assessed for the period is lower than that resulting from applying the average standard rate of corporation tax in the UK for the period: 20.67% (2014: 23.33%). The differences are explained below:

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Consolidated surplus on ordinary activities | 22,861 | 20,072 |
| Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.67 % (2014: 23.33%): | 4,725 | 4,683 |
| Effects of: | | |
| - Adjustment in respect of prior periods | - | 1 |
| - Capital allowances in excess of depreciation | - | - |
| - Unrelieved tax losses and other deductions | - | 9 |
| - Non-taxable (profit)/loss | (4,725) | (4,693) |
| Current tax for the year | - | - |

Factors that may affect the future tax charge

There is a deferred tax asset which has not been recognised as it is not expected to crystallise in the future. The amount of the asset in terms of the taxation not recognised, calculated at 20% (2014: 20%) of the amount of the timing differences, is £654,442 (2014: £383,738 asset), and it is analysed below:

| | 2015 £'000 | 2014 £'000 |
|--------------------------------------|---------------|---------------|
| Provision for bad debts not utilised | 333 | 35 |
| Capital allowances not utilised | 2 | 2 |
| Tax losses not utilised | 319 | 347 |
| | 654 | 384 |

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

16. SURPLUS FOR THE FINANCIAL YEAR BEFORE TRANSFERS FROM RESERVES

The surplus before transfers from reserves for the financial year is disclosed after charging:

| | 2015 £'000 | 2014 £'000 |
|---------------------------------|---------------|---------------|
| Auditor's remuneration: | | |
| Audit fee University | 52 | 49 |
| Subsidiary Companies | 18 | 17 |
| Non-audit services | 77 | 83 |
| Operating lease rentals: | | |
| Property rents | 6,472 | 4,321 |
| Depreciation: | | |
| Owned assets | 8,614 | 7,524 |
| Leased assets | 1,055 | 1,042 |

17. INCREASE IN INVESTMENTS

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Increase in value of investments in Hypha | 8 | 23 |
| | 8 | 23 |

The University has invested a total of £394k in Hypha Discovery Limited and holds 28.8% of the shares. The investment carrying amount has been uplifted to reflect the University's share of the net asset value of its investments as at 31 July 2015.

18. SURPLUS OF PARENT COMPANY

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own Income and Expenditure account. The parent company's surplus for the financial year amounted to £24.9m (2014: £20.3m surplus).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. TANGIBLE ASSETS

| (a) The Group | Freehold land and buildings | Leasehold buildings and improvements | Assets in course of construction | Plant and machinery | Fixtures, fittings and equipment | Computers and software | Motor vehicles | Total |
|---------------------------------------|------------------------------------|---|---|----------------------------|---|-------------------------------|-----------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or Valuation | | | | | | | | |
| At 1 August 2014 | 224,379 | 18,370 | 3,333 | 9,203 | 2,061 | 3,837 | 49 | 261,232 |
| Additions | 74,152 | 171 | 16,812 | 1,530 | 387 | 1,399 | - | 94,451 |
| Transfers | 5,178 | 4,817 | (11,862) | 432 | 260 | 1,175 | - | - |
| Reclassification | (678) | 2 | - | - | - | 686 | - | 10 |
| Disposals | - | - | - | (34) | - | (112) | - | (146) |
| As 31 July 2015 | 303,031 | 23,360 | 8,283 | 11,131 | 2,708 | 6,985 | 49 | 355,547 |
| Depreciation | | | | | | | | |
| At 1 August 2014 | 45,507 | 7,377 | - | 5,907 | 722 | 2,629 | 49 | 62,191 |
| Charge for the year | 5,384 | 1,054 | - | 1,555 | 536 | 1,140 | - | 9,669 |
| Disposals | - | - | - | (27) | - | (81) | - | (108) |
| Reclassification | (218) | - | - | - | - | 228 | - | 10 |
| As 31 July 2015 | 50,673 | 8,431 | - | 7,435 | 1,258 | 3,916 | 49 | 71,762 |
| Net book value at 31 July 2015 | 252,358 | 14,929 | 8,283 | 3,696 | 1,450 | 3,069 | - | 283,785 |
| Net book value at 31 July 2014 | 178,872 | 10,993 | 3,333 | 3,296 | 1,339 | 1,208 | - | 199,041 |
| Financed by capital grant | 52,637 | - | - | - | - | - | - | 52,637 |
| Other | 199,721 | 14,929 | 8,283 | 3,696 | 1,450 | 3,069 | - | 231,148 |
| Net book value at 31 July 2015 | 252,358 | 14,929 | 8,283 | 3,696 | 1,450 | 3,069 | - | 283,785 |

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. TANGIBLE ASSETS (continued)

(b) The University

| | Freehold land and buildings £'000 | Leasehold buildings and improvements £'000 | Assets in course of construction £'000 | Plant and machinery £'000 | Fixtures, fittings and equipment £'000 | Computers and software £'000 | Motor vehicles £'000 | Total £'000 |
|---|--|---|---|---------------------------------|---|---------------------------------------|----------------------------|----------------|
| Cost or Valuation | | | | | | | | |
| At 1 August 2014 | 209,996 | 18,370 | 3,333 | 9,203 | 2,061 | 3,824 | 49 | 246,836 |
| Adjustment | 14,383 | - | - | - | - | - | - | 14,383 |
| Additions | 74,152 | 171 | 16,812 | 1,530 | 387 | 1,399 | - | 94,451 |
| Transfers | 5,178 | 4,817 | (11,862) | 432 | 260 | 1,175 | - | - |
| Reclassification | (678) | 2 | - | - | - | 699 | - | 23 |
| Disposals | - | - | - | (34) | - | (112) | - | (146) |
| As 31 July 2015 | 303,031 | 23,360 | 8,283 | 11,131 | 2,708 | 6,985 | 49 | 355,547 |
| Depreciation | | | | | | | | |
| At 1 August 2014 | 35,183 | 7,376 | - | 5,907 | 722 | 2,616 | 49 | 51,853 |
| Adjustment | 10,324 | - | - | - | - | - | - | 10,324 |
| Charge for the year | 5,384 | 1,055 | - | 1,555 | 536 | 1,140 | - | 9,670 |
| Disposals | - | - | - | (27) | - | (81) | - | (108) |
| Reclassification | (218) | - | - | - | - | 241 | - | 23 |
| As 31 July 2015 | 50,673 | 8,431 | - | 7,435 | 1,258 | 3,916 | 49 | 71,762 |
| Net book value at 31 July 2015 | 252,358 | 14,929 | 8,283 | 3,696 | 1,450 | 3,069 | - | 283,785 |
| Net book value at 31 July 2014 | 174,813 | 10,994 | 3,333 | 3,296 | 1,339 | 1,208 | - | 194,983 |
| Financed by capital grant | 52,637 | - | - | - | - | - | - | 52,637 |
| Other | 199,721 | 14,929 | 8,283 | 3,696 | 1,450 | 3,069 | - | 231,148 |
| Net book value at 31 July 2015 | 252,358 | 14,929 | 8,283 | 3,696 | 1,450 | 3,069 | - | 283,785 |

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. TANGIBLE ASSETS (continued)

(c) The Group and the University

| | The Group | | The University | |
|--|----------------|----------------|----------------|----------------|
| | 2015 £'000 | 2014 £'000 | 2015 £'000 | 2014 £'000 |
| (i) Analysis of land and buildings at cost or valuation: | | | | |
| At cost | 159,847 | 159,847 | 152,236 | 152,236 |
| Revaluation increase | 26,208 | 26,208 | 19,436 | 19,436 |
| At valuation: 31 July 1995 | 186,055 | 186,055 | 171,672 | 171,672 |

Freehold properties were revalued at 31 July 1995 by Messrs Drivers Jonas & Co., Chartered Surveyors.

The transitional rules set out in FRS 15, Tangible Fixed Assets, have been applied on implementing FRS 15. Accordingly the book values at implementation have been retained.

| | The Group | | The University | |
|--|----------------|----------------|----------------|----------------|
| | 2015 £'000 | 2014 £'000 | 2015 £'000 | 2014 £'000 |
| (ii) If freehold land and buildings had not been revalued, they would have been included at the following amounts: | | | | |
| Cost | 159,847 | 159,847 | 152,236 | 152,236 |
| Aggregate depreciation | (35,347) | (32,524) | (28,307) | (25,486) |
| Net book value | 124,500 | 127,323 | 123,929 | 126,750 |

(iii) The value of freehold land and buildings includes £27.254 million in respect of land that is not depreciated (2014: £27.254 million).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. FIXED ASSET INVESTMENTS

(c) The Group and the University

| | The Group | | The University | |
|--|---------------|---------------|----------------|---------------|
| | 2015 £'000 | 2014 £'000 | 2015 £'000 | 2014 £'000 |
| Share in subsidiary undertakings: | | | | |
| At 1 August and 31 July | - | - | 1 | 1 |
| Other shareholdings: | | | | |
| At 1 August | 106 | 82 | 94 | 71 |
| Adjustment | (20) | 1 | - | - |
| Increase in investment value (Note 17) | 8 | 23 | - | 23 |
| At 31 July | 94 | 106 | 94 | 94 |
| TOTAL | 94 | 106 | 95 | 95 |

- (1) The University and Group has a holding in CVCP Properties plc which represents an investment of 37,111 fully paid Ordinary £1 shares. It is an unquoted company.
- (2) At 31 July 2015 the University and Group own 2,235,803 Ordinary 0.0001 pence Shares in Hypha Discovery Ltd, an unquoted company. This holding amounts to 28.8% of the issued share capital and represents a participating interest with no significant influence exercised over the company.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. FIXED ASSET INVESTMENTS (continued)

The following companies were held as investments by the University of Westminster on 31 July 2015. They are all subsidiary undertakings of the University and, with the exception of University of Westminster (International), all operate in the UK.

| | Voting rights % | Nature of Business |
|---|-----------------|--|
| Uniwest (Finance) Ltd | 100 | Issue of Promissory Note |
| Uniwest (Investments) Ltd | 100 | Investment in Uniwest (Finance) Ltd |
| Uniwest (Property) Ltd | 100 | Leasing of properties |
| University of Westminster (Trading) Ltd | 100 | Research, vacation letting of halls of residence |
| University of Westminster (International) | 100 | Education, research and training overseas |
| WestmlInnovation Ltd | 100 | Exploitation of intellectual property |
| (UoW) Regent Street Cinema Ltd | 100 | Cinema |

University of Westminster (International) did not trade during the financial year.

Uniwest (Investments) Ltd owns 100% of the issued ordinary share capital of Uniwest (Finance) Ltd and holds 100% of the voting rights in that company.

With the exception of Uniwest (Finance) Ltd, all shareholdings are in the name of the University of Westminster. The University holds 100% of the issued ordinary share capital and 100% of the voting rights in these companies, all of which are registered in England and Wales and operate in the UK.

Other subsidiary undertakings

In November 2007, following Charity Commission consent, the trustees of the University of Westminster Prize and Scholarship Fund used their power of amendment as contained in the Fund Scheme to appoint the University of Westminster as sole trustee of the Fund. Accordingly from 2008 the results for the year of the University of Westminster Prize and Scholarship Fund were consolidated into the Group. The University of Westminster Prize and Scholarship Fund is a registered Charity, number 11010405. The activity of the Fund is the advancement of education by the awarding of prizes and scholarships tenable at the University of Westminster.

21. ENDOWMENT ASSET INVESTMENTS

| | The Group | | The University | |
|---|---------------|---------------|----------------|---------------|
| | 2015 £'000 | 2014 £'000 | 2015 £'000 | 2014 £'000 |
| Investments | | | | |
| Market value at 1 August | 947 | 964 | 294 | 320 |
| Appreciation in the value of endowment assets | 43 | 8 | - | - |
| Increase / (Decrease) in cash balances | 1 | (25) | (2) | (26) |
| Balance at 31st July | 991 | 947 | 292 | 294 |
| | | | | |
| Fixed interest stocks | 2 | 2 | - | - |
| Charities Official Investment Fund | 413 | 370 | - | - |
| Cash | 576 | 575 | 292 | 294 |
| Total endowment asset investments | 991 | 947 | 292 | 294 |

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. DEBTORS

| | The Group | | The University | |
|---|--------------|--------------|----------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts falling due within one year: | | | | |
| Trade and sundry debtors | 1,625 | 2,495 | 1,296 | 2,495 |
| Amounts owed by subsidiary undertakings | - | - | - | 79 |
| Other debtors | 942 | 1,256 | 2,133 | 1,118 |
| Prepayments and accrued income | 5,406 | 4,442 | 5,129 | 4,249 |
| Total debtors | 7,973 | 8,193 | 8,558 | 7,941 |

23. INVESTMENTS HELD AS CURRENT ASSETS

| | The Group | | The University | |
|---------------------|--------------|---------------|----------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Short term deposits | 8,014 | 24,014 | 8,014 | 24,014 |
| | 8,014 | 24,014 | 8,014 | 24,014 |

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. CREDITORS

| | The Group | | The University | |
|---|---------------|---------------|----------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts falling due within one year: | | | | |
| Trade creditors | 13,070 | 10,596 | 13,021 | 10,556 |
| Bank and other borrowings – promissory note | 1,209 | 1,031 | - | - |
| Bank and other borrowings – other loan | 1,295 | 307 | 1,296 | 307 |
| Taxation and social security | 2,337 | 2,137 | 2,227 | 2,065 |
| Provision for enhanced future pension | 127 | 128 | 127 | 128 |
| Access funds (see note 27) | - | 35 | - | 35 |
| Other creditors | 6,086 | 7,261 | 10,047 | 7,213 |
| Accruals and deferred income | 17,833 | 16,103 | 14,128 | 15,429 |
| | 41,957 | 37,598 | 40,846 | 35,733 |
| Amounts falling due after more than one year: | | | | |
| Bank and other borrowings – promissory note | 10,234 | 11,442 | - | - |
| Bank and other borrowings – other loan | 53,008 | 34,304 | 53,008 | 34,304 |
| Amounts owed to subsidiary undertakings | - | - | 8,151 | 11,638 |
| Provision for enhanced future pension | 1,847 | 1,905 | 1,847 | 1,905 |
| Accruals and deferred income | 2,057 | 225 | 2,057 | 225 |
| | 67,146 | 47,876 | 65,063 | 48,072 |
| Analysis of promissory note and other bank loan: | | | | |
| Due within one year | 2,505 | 1,338 | 1,296 | 307 |
| Due between one and two years | 2,729 | 2,504 | 1,316 | 1,296 |
| Due between two and five years | 7,869 | 8,950 | 4,068 | 4,012 |
| Due in over five years | 52,644 | 34,292 | 47,624 | 28,996 |
| | 65,747 | 47,084 | 54,304 | 34,611 |

The interest rate on the promissory note (issued on 31 October 1996) is 9.54%. The loan is secured on University land and buildings, and is due to be repaid by 2021.

There are three other bank loans. The first bank loan has a term of thirty years that commenced during the year ended 31 July 2008 with a fixed interest rate of 5.29% over the remaining life of the loan. The second is a £20m loan facility carried over a twenty year term with a fixed interest rate of 4.74%. The third is a new flexible loan facility for £40m of which £20m is drawn down at the yearend date, the rate of interest on drawn funds is 0.55% above base rate. All three loans are unsecured.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. DEFERRED CAPITAL GRANTS

(a) The Group

| | Buildings HEFCE £'000 | Buildings Other grants £'000 | Equipment Other grants | Investment £'000 | Total £'000 |
|--|--------------------------------------|---|---------------------------------------|-----------------------------|------------------------|
| Balance at 1 August 2014 | 20,715 | 35,898 | 8 | - | 56,621 |
| Grants received | 1,778 | 1,640 | - | - | 3,418 |
| | 22,493 | 37,538 | 8 | - | 60,039 |
| DCG release Harrow | (655) | (1,182) | (8) | - | (1,845) |
| Release to Income and Expenditure account | (53) | - | - | - | (53) |
| Balance at 31 July 2015 | 21,785 | 36,356 | - | - | 58,141 |

(b) The University

| | Buildings HEFCE £'000 | Buildings Other grants £'000 | Equipment Other grants | Investment £'000 | Total £'000 |
|--|--------------------------------------|---|---------------------------------------|-----------------------------|------------------------|
| Balance at 1 August 2014 | 19,033 | 36,079 | 8 | - | 55,120 |
| Adjustment | 1,682 | (181) | - | - | 1,501 |
| Grants received | 1,778 | 1,640 | - | - | 3,418 |
| | 22,493 | 37,538 | 8 | - | 60,039 |
| Release to Income and Expenditure account | (655) | (1,182) | (8) | - | (1,845) |
| DCG release Harrow | (53) | - | - | - | (53) |
| Balance at 31 July 2015 | 21,785 | 36,356 | - | - | 58,141 |

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. ENDOWMENTS

(a) The Group

| | Restricted expendable £'000 | Restricted permanent £'000 | Total £'000 |
|---|-----------------------------------|----------------------------------|----------------|
| Balance at 1 August 2014 | 353 | 594 | 947 |
| Additions | - | - | - |
| Appreciation of endowment asset investments | - | 42 | 42 |
| Income for year | 8 | 5 | 13 |
| Qualifying expenditure | (11) | - | (11) |
| Balance at 31 July 2015 | 350 | 641 | 991 |

(b) The University

| | Restricted expendable £'000 | Restricted permanent £'000 | Total £'000 |
|---|-----------------------------------|----------------------------------|----------------|
| Balance at 1 August 2014 | 207 | 87 | 294 |
| Additions | - | - | - |
| Appreciation of endowment asset investments | 4 | - | 4 |
| Income for year | 1 | 1 | 2 |
| Qualifying expenditure | (8) | - | (8) |
| Balance at 31 July 2015 | 204 | 88 | 292 |

27. ACCESS FUNDS FOR STUDENTS

The University and Group received and distributed HEFCE access funds as follows:

| | 2015 £'000 | 2014 £'000 |
|-------------------|---------------|---------------|
| At 1 August | 35 | 50 |
| Received | - | 356 |
| Interest accrued | - | 1 |
| Distributed | (35) | (372) |
| At 31 July | - | 35 |

The University acts only as a paying agent. The grants and related disbursements are, therefore, excluded from the Income and Expenditure account. In 2015 the HEFCE Access Fund for students ceased to operate.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. RECONCILIATION OF MOVEMENTS ON RESERVES

(a) The Group

| | Revaluation Reserve | Revenue Reserve | Pension Reserve | Total Reserves |
|---|------------------------|--------------------|--------------------|-------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 August 2014 | 23,015 | 117,980 | (74,243) | 66,752 |
| Transfer to endowments | - | (161) | - | (161) |
| Surplus/(deficit) for the year | - | 22,860 | - | 22,860 |
| Actuarial loss in respect of pension scheme | - | - | (17,846) | (17,846) |
| Adjustment | 6 | 74 | (80) | - |
| Transfer between reserves | (510) | 3,214 | (2,704) | - |
| Balance at 31st July 2015 | 22,511 | 143,967 | (94,873) | 71,605 |

(b) The University

| | Revaluation Reserve | Revenue Reserve | Pension Reserve | Total Reserves |
|---|------------------------|--------------------|--------------------|-------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 August 2014 | 19,876 | 118,532 | (74,243) | 64,165 |
| Adjustment | 3,145 | (508) | (80) | 2,557 |
| Surplus for the year | - | 24,945 | - | 24,945 |
| Actuarial loss in respect of pension scheme | - | - | (17,846) | (17,846) |
| Transfer between reserves | (510) | 3,214 | (2,704) | - |
| Balance at 31 July 2015 | 22,511 | 146,183 | (94,873) | 73,821 |

29. FINANCIAL COMMITMENTS

Operating leases

At 31 July the Group had commitments during the next financial year in respect of operating leases:

| | Land and Buildings 2015 £'000 | Land and Buildings 2014 £000 |
|-----------------------------|--|---------------------------------------|
| Leases which expire: | | |
| Within 2 to 5 years | 7,472 | 4,494 |
| | <u>7,472</u> | <u>4,494</u> |

30. CAPITAL AND OTHER FINANCIAL COMMITMENTS

Capital expenditure authorised and contracted for but not provided in the accounts amounts to £6.264 million for the Group and University (2014: £1.251 million).

Contracts placed for future expenditure not provided in the accounts in respect of other financial commitments amount to £nil for the Group and University (2014: £nil).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

31. RECONCILIATION OF OPERATING SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Surplus from Operating Activities | 22,861 | 20,072 |
| Depreciation (note 12) | 9,669 | 8,566 |
| Provision for impairment of fixed asset investment | 133 | - |
| Market Value Adjustment | 12 | - |
| Release of investment provision | (58) | (23) |
| Deferred capital grants released to income (note 25) | (1,898) | (1,777) |
| Endowment adjustment | (161) | - |
| Investment income (note 9) | (498) | (496) |
| Loss on sale of assets | 38 | - |
| Interest payable (note 11) | 2,840 | 2,495 |
| Decrease/(Increase) in debtors | 220 | 155 |
| Increase in creditors | 4,892 | 2,130 |
| Net pension cost | 2,784 | 3,422 |
| Net Cash Inflow from Operating Activities | 40,834 | 34,544 |

32. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1 August 2014 £'000 | Cash Flows £'000 | At 31 July 2015 £'000 |
|------------------------------------|------------------------------|------------------------|-----------------------------|
| Cash at bank and in hand: | | | |
| Endowment assets | 575 | 2 | 577 |
| Other | 51,736 | (17,880) | 33,856 |
| | 52,311 | (17,878) | 34,433 |
| Liquid Resources: | | | |
| Current asset investment | 24,014 | (16,000) | 8,014 |
| Movement in short term deposits | 24,014 | (16,000) | 8,014 |
| Debt: | | | |
| Loans due within one year | (1,337) | (1,168) | (2,505) |
| Loans due after more than one year | (45,747) | (17,495) | (63,242) |
| | (47,084) | (18,663) | (65,747) |
| Net funds | 29,241 | (52,541) | (23,300) |

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

33. PENSION COSTS

The Group operates three pension schemes of the defined benefit type. Two are funded and one, the Teachers' Pension Scheme, is unfunded. The assets of the schemes are held separately from the assets of the Group, in independently administered funds.

The other pension costs total disclosed in note 13 is analysed below.

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Employers' contributions: | | |
| Teachers' Pension Scheme | 4,940 | 4,823 |
| London Pensions Fund Authority | 5,191 | 4,467 |
| Superannuation Arrangements of the University of London | - | 269 |
| Universities Superannuation Scheme | 788 | 789 |
| Payments in respect of unfunded pensions | 471 | 403 |
| | 11,390 | 10,751 |
| FRS17 adjustment | 1,341 | 1,010 |
| | 12,731 | 11,761 |

Details of the three Group pension schemes are set out below.

Teachers' Pension Scheme (England and Wales) (TPS)

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%) ;
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

It is not possible to identify the University's share of the underlying assets and liabilities of the TPS. Therefore contributions are accounted for as if the TPS were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 8-12 of FRS17. In the year ending 31 July 2015 contributions by the Group to the scheme were £4.939 million (2014: £4.823 million).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

33. PENSION COSTS (continued)

London Pensions Fund Authority (LPFA)

This defined benefit scheme is subject to a triennial valuation by independent actuaries. The valuation used for FRS17 disclosures has been based on the most recent actuarial valuation at 31 March 2013 and updated by Barnett Waddingham to take account of the requirements of FRS17 in order to assess the liabilities of the scheme as at 31 July 2015.

The financial assumptions used by the actuary for the funding valuation under FRS17 as at 31 July 2015 were:

| | 2015 | 2014 |
|---------------------------|--------------------|--------------------|
| | % per annum | % per annum |
| Assumptions as at: | | |
| Expected Return on Assets | 5.8 | 5.8 |
| Salary increases | 4.4 | 4.5 |
| Pension increases | 2.6 | 2.7 |
| Discount rate | 3.8 | 4.3 |

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

| | 2015 |
|--------------------|-------------|
| Current pensioners | |
| Males | 21.9 |
| Females | 25.2 |
| Future pensioners | |
| Males | 24.3 |
| Females | 27.5 |

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

33. PENSION COSTS (continued)

The fair value of the University's share of the scheme assets, which are not intended to be realised in the short-term and may be subject to significant change before they are realised, were:

| Assets (Active fund) | Fund value | Fund value | Fund value |
|---------------------------------|-------------------|-------------------|-------------------|
| | 2015 | 2014 | 2013 |
| | £'000 | £'000 | £'000 |
| Equities | 51,251 | 47,502 | 48,768 |
| Target return funds | 22,519 | 30,919 | 30,091 |
| Alternative assets | n/a | n/a | 8,301 |
| Cash | 14,961 | 14,966 | 1,038 |
| Infrastructure | 6,223 | 3,609 | - |
| Property | 3,639 | 2,963 | - |
| Commodities | 520 | 1,151 | - |
| Cashflow Matching | 16,758 | 6,601 | 15,564 |
| Total | 115,871 | 107,711 | 103,762 |

The University's net pension assets were as follows:

| | 2015 | 2014 |
|--|-----------------|-----------------|
| | £'000 | £'000 |
| Net pension assets as at | | |
| Estimated asset share (a) | 115,871 | 107,711 |
| Present value of scheme liabilities | (206,333) | (177,430) |
| Present value of unfunded liabilities | (4,411) | (4,524) |
| Total value of liabilities (b) | (210,744) | (181,954) |
| Deficit in the scheme (a) – (b) | (94,873) | (74,243) |

Analysis of amounts charged to income and expenditure account:

| | 2015 | 2014 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Current service cost | 6,950 | 5,928 |
| Past service cost | - | - |
| Impact of curtailments and settlements | 6 | 69 |
| Total operating charge | 6,956 | 5,997 |
| Financing: | | |
| - expected return on pension assets | (6,334) | (5,645) |
| - interest on pension scheme liabilities | 7,777 | 8,057 |
| Net return | 1,443 | 2,412 |

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

33. PENSION COSTS (continued)

Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL):

| | 2015 £'000 | 2014 £'000 |
|---|-----------------|----------------|
| Actual return less expected return on pension scheme assets | (1,565) | (3,886) |
| Experience gains/(loss) arising on the scheme liabilities | (13) | 14,393 |
| Changes in assumptions underlying the present value of the scheme liabilities | (16,268) | (19,028) |
| Total actuarial gain/(loss) recognised | (17,846) | (8,521) |

Analysis of the movements in the present value of the scheme liabilities

| | 2015 £'000 | 2014 £'000 |
|---|----------------|----------------|
| Opening defined benefit obligation | 181,954 | 166,062 |
| Current service cost | 6,950 | 5,928 |
| Interest cost | 7,777 | 8,057 |
| Contributions by members | 2,195 | 1,908 |
| Actuarial losses | 16,281 | 4,267 |
| Losses on curtailments | 6 | 69 |
| Estimated unfunded benefits paid | (436) | (443) |
| Estimated benefits paid | (3,983) | (3,894) |
| Closing defined benefit obligation | 210,744 | 181,954 |

Analysis of the movements in the present value of the scheme assets

| | 2015 £'000 | 2014 £'000 |
|---|----------------|----------------|
| Opening fair value of employer assets | 107,711 | 103,762 |
| Expected return on assets | 6,334 | 5,645 |
| Contributions by members | 2,195 | 1,908 |
| Contributions by the employer including unfunded benefits | 5,615 | 4,987 |
| Actuarial gains | (1,565) | (4,254) |
| Estimated benefits paid including unfunded benefits | (4,419) | (4,337) |
| Closing fair value of employer assets | 115,871 | 107,711 |

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

33. PENSION COSTS (continued)

The Group pays contributions to the Fund at rates determined by the Fund's actuaries based on regular actuarial reviews of the financial position of the Fund. Prior to 1 April 1990, the Fund was liable only for non-increasing pensions with increases to these pensions being recharged separately to the participating employers on an annual basis.

Subsequent amending regulations have transferred to the Fund liability for pension increase payments falling after 1 April 1990 but only 75% of the overall liabilities were to be funded. From 1 April 1993, 100% of the liabilities have to be funded. Employer's contribution rates reflect this liability and funding requirement.

The employer's contribution was reduced from 17.30% to 16.80% with effect from 1 April 2011.

The experience gains and losses for the year ended 31 July were as follows:

| | 2015 £'000 | 2014 £'000 | 2013 £'000 | 2012 £'000 | 2011 £'000 |
|---|-----------------|----------------|----------------|----------------|---------------|
| Difference between the expected and actual return on scheme assets | 1,565 | (4,254) | 11,840 | (4,239) | 2,989 |
| Value of assets | 115,871 | 107,711 | 103,762 | 85,796 | 82,783 |
| Percentage of assets | (1.4)% | (3.9)% | 11.4% | (4.9)% | 3.6% |
| Experience gains/(losses) on liabilities | (13) | 14,761 | (25) | (139) | 14,432 |
| Present value of liabilities | (210,744) | (181,954) | (166,062) | (145,003) | (134,393) |
| Percentage of the present value of liabilities | (0.0)% | 8.1% | (0.0)% | (0.1)% | 10.7% |
| Actuarial gain/(loss) recognised in the STRGL | (17,846) | (8,521) | (1,017) | (5,517) | 6,134 |
| Percentage of the present value of liabilities | (8.5)% | (4.7)% | (0.6)% | (3.8)% | 4.6% |

In the year ending 31 July 2015, contributions by the Group to the scheme were £5.179 million (2014: £4.454 million).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

33. PENSION COSTS (continued)

Universities Superannuation Scheme (USS)

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

Contingent Liabilities and Assets

A contingent liability exists in relation to the pension valuation recovery plan, since the University is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the University's expenditure is similarly not recognised.

Pension Costs

The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees. In 2015, the percentage was 16% (2014: 16%). The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £788,000 (2014: £789,000) as shown in note 33. There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

33. PENSION COSTS (continued)

FRS 17 liability numbers have been produced for the using the following assumptions:

| | 2015 | 2014 |
|---------------------------|---|------|
| Discount rate | 3.3% | 4.5% |
| Pensionable salary growth | 3.5% in the first year and 4.0% thereafter | 4.4% |
| Price inflation ("CPI") | 2.2% | 2.6% |

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

| | |
|---------------------------|---|
| Male members' mortality | S1NA ["light"] YoB tables – No age rating |
| Female members' mortality | S1NA ["light"] YoB tables – rated down 1 year |

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

| | 2015 | 2014 |
|-----------------------------------|------|------|
| Males currently aged 65 (years) | 24.2 | 23.7 |
| Females currently aged 65 (years) | 26.3 | 25.6 |
| Males currently aged 45 (years) | 26.2 | 25.5 |
| FRS 17 deficit | 28.6 | 27.6 |

| Existing benefits | 2015 | 2014 |
|----------------------|---------|---------|
| Scheme assets | £49.0bn | £41.6bn |
| FRS 17 liabilities | £67.6bn | £55.5bn |
| FRS 17 deficit | £18.6bn | £13.9bn |
| FRS 17 funding level | 72% | 75% |

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

34. RELATED PARTY TRANSACTIONS

Up to November 2007 three separate charitable trusts existed for the benefit of the students of the University of Westminster.

The Trusts were: Quintin Hogg Trust, The Quintin Hogg Memorial Fund and the University of Westminster Prize and Scholarship Fund. The Trusts are individually registered charities.

In November 2007, following Charity Commission consent, the trustees of the University of Westminster Prize and Scholarship Fund used their power of amendment as contained in the Fund Scheme to appoint the University of Westminster as sole trustee of the Fund. Accordingly from 2008 the results for the year of the University of Westminster Prize and Scholarship Fund were consolidated into the Group.

Following the above amendment there are now two separate charitable trusts which exist for the benefit of the students and are treated as Related Parties. One of the five trustees of these trusts was also a governor and trustee of the University during the 2015 financial year (2014: one of the five trustees was also a governor of the University).

As well as the two charitable trusts, the University of Westminster Students' Union is a separate entity existing for the benefit of the students of the University of Westminster. It is not controlled by the University and has not been consolidated into the University Group financial statements. The sabbatical President of the Students' Union was also a governor and trustee of the University during the 2015 financial year, so the Students' Union is treated as a related party of the University. A governor also has a partner who is employed by a company, Maple Tree House Ltd, delivering training courses at the university.

The material transactions that have taken place during the financial year and the balances at the year end are as follows:

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Quintin Hogg Trust: | | |
| Rent payable to Trust – academic buildings | (4,155) | (2,468) |
| Donations received by University recognised in the Income and Expenditure account | 1,500 | 1,500 |
| Deferred capital grants received – Regent Street Cinema | 500 | 500 |
| Amounts owed by the University – disclosed within debtors | (16) | (22) |
| The Quintin Hogg Memorial Fund: | | |
| Rent payable to Trust | (121) | (161) |
| Amounts owed by the University - disclosed within creditors | (2) | - |
| The Students' Union: | | |
| Subvention payable to Students' Union | (823) | (975) |
| Other expenditure payable and invoiced by the Students' Union | - | 35 |
| Salaries reimbursed and invoiced by the University | 806 | 803 |
| Other income receivable and invoiced by the University | - | 12 |
| Amounts owed to the University – disclosed within debtors | 439 | 455 |

The members of the Court of Governors are also trustees of the University and have confirmed that they are not aware of any related party transactions between themselves and the University. Due to the nature of the University's operations and the composition of the Court of Governors (being drawn from both public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Court of Governors may have an interest. All transactions involving organisations in which a member of the Court of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

