

# UNIVERSITY OF HEART OF LONDON WESTMINSTER 用



REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2011

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## UNIVERSITY OF WESTMINSTER REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011

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# UNIVERSITY OF WESTMINSTER OPERATING AND FINANCIAL REVIEW

The operating and financial review has been prepared in accordance with the Accounting Standards Board Reporting Statement: Operating and Financial Review.

For the financial year ending 31 July 2011 the University reports a surplus on continuing activities of £5.1m. This contrasts with the reported deficit in 2010 of £3.4m. As a result of planned internal repositioning and rationalising of both school and corporate services structures, in line with the University 2015 strategic plan, the University anticipated that a deficit would arise during the year ended 2010 and accordingly the Court of Governors approved an exceptional deficit budget for that financial year. For the financial year 2011 the Court of Governors agreed a break-even budget, whilst articulating a requirement for the University to move towards a longer term target of 3% annual surplus to total income, to enable re-investment. However, this break-even budget for 2010/11 was set and agreed before the in-year reductions in Higher Education Council for England (HEFCE) funding announced in response to the Government efficiency savings, and consequently during the first quarter of the financial year in October 2010 the University faced an in-year funding reduction of £4.3m compared to budget, arising from HEFCE efficiency savings and previous year student non-completion funding reductions.

Financial modelling, undertaken when the income reductions became apparent, revealed that the University would move into deficit without an immediate response to these reductions. It was also recognised that compliance with loan covenants may have been jeopardised, in future years, without remedial action being taken in the year ending 31 July 2011. The University's response was to control pay costs by means of a vacancy management process that kept costs below budget, and to control non-pay costs by means of an in-year budget reduction.

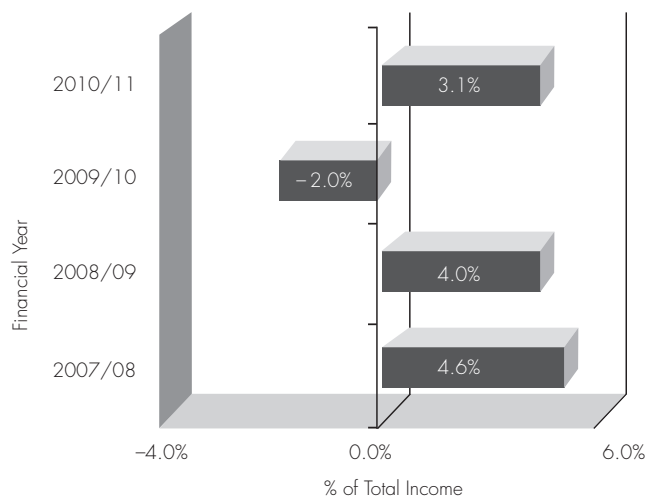
At the same time that in-year income reductions were being dealt with planning was underway for the consequences of income levels in 2011/12 being lower than those of 2010/11. Consequently, during 2010/11 the University undertook a substantial review of the academic portfolio and related academic workforce and set out a plan to reduce staff costs for 2011/12 by the end of the 2010/11 year. This plan, involving reductions of £6.9m of academic staff costs over budget levels in 2010/11, was successfully delivered and this allows for the 2011/12 year to be one where a sustainable financial result can be delivered even with lower income levels than 2010/11.

The reduction in HEFCE funding announced in July 2010 of £0.4m, and a further in-year reduction confirmed in March 2011 to be of the magnitude of £1.9m, compounded by reduced special initiatives funding, produced an overall reduction in HEFCE funding by £7.4m (10.6%). These reductions to HEFCE income were partially offset by the release of prior year estimates for HEFCE holdback of £2.2m. Given the start to the financial year already referred to, a combination of factors explain the end of year surplus, which, given the reduction of £6.6m (3.9%) to £164.6m in overall income, is a satisfying result. As the estates strategy begins to be realised the nature of estate spend has moved from maintenance and repairs to a more capital nature. The capital spend, across the estate, reduced the requirement to spend monies on revenue items, as issues appearing in backlog maintenance estimates were eradicated as part of the capital works, leading to a reduction in other operating expenses in premises of £6.7m (refer note 10). The principal material variances to budget that impact on the surplus for the year, that have not already been mentioned, include a positive variance of £1.6m on the Financial Reporting Standard (FRS) 17 pension cost, a £1.2m positive variance on bad debt provision costs, and a £0.9m positive variance on staff cost reductions.

In 2009 the University adopted a number of Key Performance Indicators (KPIs) and incorporated these in a Corporate Strategy. One of these KPIs quantifies that the level of target surplus expressed as a percentage of total income should be 3% or greater. In 2010 the adjusted operating surplus fell short of this KPI, which, given the planned deficit for the year, was anticipated. At the same time the Court of Governors set a short term objective to achieve a KPI compliant budget for the financial year ending 31 July 2012, following an approved deficit for the 2009/10 financial year and a break even position for the financial year ending 31 July 2011. The University has risen to this challenge against the back drop of HEFCE and Government driven funding reduction which are anticipated over the coming years. For 2011 this KPI was 3.1% and budgets for the year ending July 2012 have been set to meet this KPI and ensure compliance with existing loan covenants.

# UNIVERSITY OF WESTMINSTER OPERATING AND FINANCIAL REVIEW (continued)

Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and tax including exceptional items as a Proportion of Income

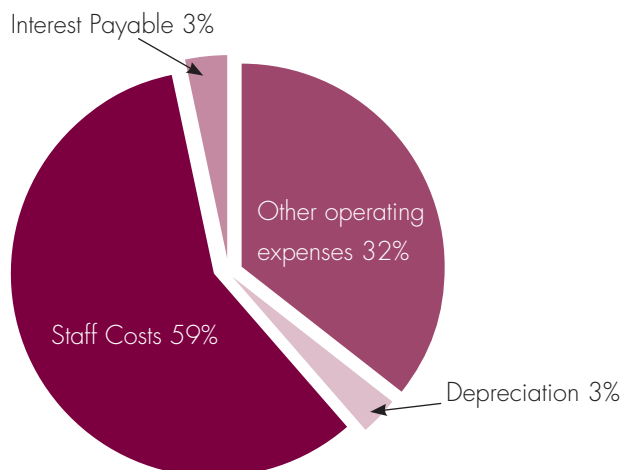


## PAY

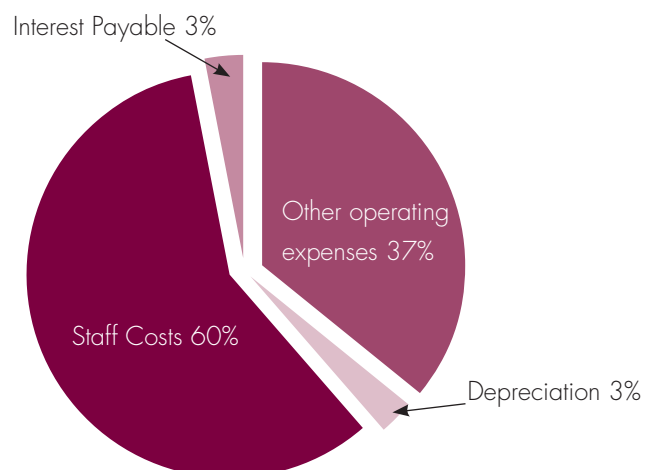
Staff costs form a significant proportion of expenditure at 59.0% of cost in 2010/11 (60% 2009/10). Within staff costs the wages and salaries element decreased by 5.8% year-on-year (see note 13). This includes cost of living increases of 0.5% for staff and incremental progression and is largely a result of the overall decrease of 5.0% in the average full-time equivalent number of employees (note: 2010 saw an increase of 2.6%). Pension and social security costs remained a consistent proportion of salaries and wages in 2011 at 13% and 8.5% respectively. However these proportions include additional payments into pension schemes, when applicable under the scheme rules, for certain staff leaving under redundancy and severance arrangements. Consequently, due to the higher levels of redundancies in each of the last two years, it is anticipated that these costs will reduce in the forthcoming year as further large scale staff reductions during 2011/12 are not anticipated.

The Court of Governors has adopted a Key Performance Indicator (KPI) in relation to the total value of staff costs as a proportion of total income. This proportion is targeted to be no greater than 60%. The out-turn for 31 July 2011 results in a KPI compliant proportion of 59.0% (excluding redundancy costs 57.1%), an improvement on the 31 July 2010 out-turn of 60% (excluding redundancy costs 58.1%), but this is still greater than the average London institution proportion of 55.8% in 2010.

Costs as a Percentage of Total Income 2008/09



Costs as a Percentage of Total Income 2009/10



# UNIVERSITY OF WESTMINSTER

## OPERATING AND FINANCIAL REVIEW (continued)

### ACCOUNTING FOR RETIREMENT BENEFITS

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The University participates in four multi-employer defined benefit pension schemes. The Teachers Pension Scheme, to which most of the academic staff belong, is unfunded. The majority of the support staff are members of the Local Government Pension Scheme which in London is administered by the London Pension Fund Authority (LPFA). There are also a number of members of staff in the Universities Superannuation Scheme and the Superannuation Arrangements of the University of London scheme. The LPFA 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.

The underlying position of the Local Government Pension Scheme (LGPS) has improved significantly during the past year with the University's share of the scheme deficit decreasing from £55.5m to £51.6m.

The scheme was valued in 2010 and resulted in a slight improvement in the funding level (ratio of assets to liabilities) from 82% to 83%. In line with government policy, announced in July 2010, the March 2010 scheme valuation incorporated the change of pension increases to be in line with Consumer Price Index (CPI) rather than the Retail Price Index (RPI). For the purposes of the valuation the scheme actuary assumed that, consistent with the historical average, CPI will be 0.5% per annum less than RPI. Whilst investment returns were less than expected, the CPI changes and other assumption changes offset the investment losses and hence the funding level and average required level of employer contribution are broadly similar to the position at the 2007 valuation.

Universities UK is working with the Universities and Colleges Employers Association to consider long-term solutions to the need to offer sustainable pension provision in higher education. In March 2011 Lord Hutton published his recommendation from his government appointed inquiry into public sector pensions. The inquiry investigated the growing disparity between public sector and private sector provision; the need to ensure future pension provision is fair across the workforce and how the risk should be shared between the taxpayer and the employee. The most significant recommendation from the report is that existing pensions should be changed from a final-salary basis to a career-average basis.

# UNIVERSITY OF WESTMINSTER

## OPERATING AND FINANCIAL REVIEW (continued)

### ENGAGEMENT

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The University engages with a number of key stakeholders throughout the year. Regular employee union consultations are held, both with Unison and the University and College Union (UCU); the students union is represented on many committees, including the Court of Governors; communication is undertaken with HEFCE throughout the year in addition to the Annual Monitoring process; staff participation and collaboration is encouraged with other Universities and in Higher Education networks; the University's mission is to be a responsive, metropolitan and cosmopolitan university serving the needs of diverse communities.

The University has worked hard over the course of the last twelve months to improve working relations with staff unions, this has been achieved by a commitment of University management and union representatives to work together through an Advisory Conciliation and Arbitration Service (ACAS) facilitated process. This process has been successful in improving relations. A measure of this success is that in the current year's staffing reductions no disputes were called by trades unions relating to this University-specific matter. Whilst disputes continue over pensions, which may lead to industrial action, they are not related individually to the University: they are national issues over which the University has little influence.

During 2010/11 the Corporate Services Group within the University gained the Customer First national standard. Customer First is the standard for service and business excellence. The standard recognises excellence and is about meeting customer expectations on a consistent and regular basis. The standard provides a framework to drive cultural change and is about developing an organisational culture that focuses on customers and their interface with the organisation and experience of its service delivery.

In December 2006 the University's Corporate Services function achieved the Investors in People accreditation. The function was re-accredited in December 2008 and again in November 2011.

In 2007 the University launched a Corporate Services Management Programme. Some 170 managers completed the programme by June 2011. The programme won an award for its impact evaluation strategy in 2009 and has been nominated for a further award in 2011.

A KPI for Human Resources (HR) in the Corporate Strategy set a target that all staff should have a personal performance and development plan by August 2012. Work is planned for 2011/12 to make this a reality, with a new performance management system being implemented and all line managers scheduled with two and a half days training in performance improvement reviews.

Other key HR KPIs are measured and reported quarterly to the HR committee. Latest data shows employee voluntary turnover at an average of 4.6%, consistently below the Higher Education (HE) Sector average of 6.6% (source: all HE sector data is extracted from the DLA Piper HR Performance Scorecard); the average working days lost per employee for the University across all staff types of 3.33 compared to the HE Sector data of 5.80; average training days per employee of 1.19 against the sector average of 1.75, although the University's professional support group undertook 1.89 days and the senior group 3.90 days.

The University treats two independently registered charitable trusts, in addition to the independent Students' Union, as related parties. Transactions during the year with these trusts and the Students' Union are disclosed in the related party note 34 of the financial statements. The objects of the trusts are for the support of the University and its students. Together these trusts own the historic assets of the University including the headquarters building at 309 Regent Street, several other buildings used for academic purposes and the University's sports ground at Chiswick. These properties are all leased to the University for its on-going use and for the continued benefit of the students.

# UNIVERSITY OF WESTMINSTER

## OPERATING AND FINANCIAL REVIEW (continued)

### BALANCE SHEET

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The University's total funds have increased over the year by £10.8m. This reflects the reduction in the pension liability of £3.9m and the increase in the value of tangible assets of £7.8m.

It should be noted that the University's total debtors reduced during the year, which, with a significant increase in tuition fee turnover, represents a substantial improvement in the University's performance in collecting outstanding tuition fee debts. Consequently, the University was able to release £1.2m from the bad debt provision. This was the result of a co-ordinated plan and concerted management action. The intention is to achieve a further improvement in debtor balances in 2011-12 with timely billing of fees; proactive collection activity and the encouragement of expanded on-line payment opportunities. The number of students choosing to defer paying their tuition fees until after graduation by taking a loan from the Student Loans Company has also increased.

### CAPITAL EXPENDITURE AND ASSETS

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In December 2008 the University adopted a revised 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 strategy is set firmly within the context of the University's academic planning and contains critical programmes of work in the following areas:

- Improving and maintaining condition
- Increasing the utilisation rate for teaching and office space
- Developing the facilities at Harrow to replace the building lost in the 2007 fire and to provide scope for expansion in high quality buildings
- Developing the facilities at Marylebone to provide a high quality learning environment including a major learning resources centre and further scope for expansion
- Continuing to implement the strategy for student residences to ensure there is adequate provision that is attractive both in location and condition
- Invest in facilities for sports through a combination of upgrading existing amenities and building structures

The estate strategy embraces the principles of environmental sustainability and will provide the capacity for the University to fulfil its academic ambitions.

The strategy has begun to be realised with the approval for the planned £37.1m development at Harrow received at the July 2010 meeting of the Court of Governors. During the year to July 2011 detailed plans were developed and planning approval obtained. Construction will be undertaken in four distinct phases with enabling works commencing during the year and completing in September 2011. Phase one works with a value of £11.8m are due to commence on site in November 2011 and be completed for August 2012. Committee approval for phase two (£11.6m) is anticipated in the autumn of 2011, with the on-site works planned to commence in January 2013 and complete in September 2013.

At its meeting on 28 February 2011 the Court of Governors approved a redevelopment project at Marylebone with proposed capital expenditure of £20.0m. Again the work is to be delivered in phases with the first phase being completed for the start of the 2011/12 academic year, ensuring a single-site operation for the business school as the final elements of teaching and staff move from Harrow to the Marylebone site. The second phase of works are planned to commence in January 2012 and be complete by August 2012. This second phase incorporates an innovative design and will enclose areas of the site previously exposed to the elements in the heart of the campus. This enables the creation of modern vibrant social, learning and study spaces, and opportunities enriching the student-orientated feel of the campus and its community, thereby ultimately improving the student experience.

The developments will be funded by a combination of reserves, fundraising and additional borrowings. It is currently forecast that the University will seek additional external sources of funding in the final quarter of the 2011/12 academic year.

# UNIVERSITY OF WESTMINSTER

## OPERATING AND FINANCIAL REVIEW (continued)

### CASH AND INVESTMENTS

During the year the total of cash and investments reduced by £2.2m to £46.9m at the balance sheet date. This reduction is to be expected given the £12.4m of additions to fixed assets in the year. However this capital cash outflow is offset by the generation of net cash inflows from operating activities in the year. It should be noted that the University has negotiated attractive on-call interest rates. For this reason, with the continuing low base rate, it is preferential for the University to hold funds on an instant access basis and consequently the funds switch from “investments” to “cash at bank” in the balance sheet. These cash at bank balances are achieving extremely competitive rates of interest.

As mentioned above, it is envisaged that these balances will begin to diminish as the estates strategy comes to fruition. The University’s cash balances are managed in accordance with the Investment Policy that was approved by the Court of Governors in October 2010. The treasury management strategy is reviewed at least annually and the University continues to invest funds in the money markets for short term periods (up to 1 year) and with top-rated counterparties. The continuing turbulence in the financial markets has been a source of concern and although the University at the present time has no exposure to banks that have failed or are at short-term risk of failure, the situation is being carefully monitored.

The University has only a small direct exposure to equity markets being around £0.3m of the Prize and Scholarships Fund balances. The pension schemes in which the University participates are however substantially equity invested – 69% for the LPFA for example.

### STUDENT NUMBERS

In 2010/11 student recruitment achieved the management targets. This is summarised in the table below:

	2010/11 Home & EC	2010/11 Overseas	2009/10 Home & EC	2009/10 Overseas
Full-time undergraduate	11,144	857	10,954	893
Full-time postgraduate	1,386	1,400	1,099	1,053
Part-time undergraduate	1,146	253	1,498	318
Part-time postgraduate	923	105	1,192	173
Total University Student FTEs	14,599	2,615	14,743	2,437

Indicators for Undergraduate student recruitment in 2011/12 are positive, with applications close to the long term target (KPI target: the ratio of full-time undergraduate applications to enrolment of 6:1), for 2011/12 applications to places were 5.85:1. Applications for 2012/13 will be closely monitored, tracked and internally reported so as to identify early indicators on recruitment as we move into the new fee regime being introduced for new students in 2012, which sees fees increased to £9,000 for many courses.

# UNIVERSITY OF WESTMINSTER OPERATING AND FINANCIAL REVIEW (continued)

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

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The University is committed to corporate social responsibility and has actively engaged to ensure improvements are made across the organisation. Some of the more pertinent highlights include:

- a 7% reduction in our carbon emissions in the year to December 2010;
- collated and submitted data on energy usage on time for the initial phase of the Carbon Reduction Commitment Energy Efficiency Scheme (CRC). Our first CRC tax payment will be made in March 2012;
- reviewed, updated and released our Carbon Management Strategy and Implementation Plan in March 2011. The University is targeting a reduction in scope 1 and 2 building emissions of over 6,000 tonnes of carbon dioxide (CO<sub>2</sub>) by 2020 (current emissions are equivalent to 14,158 tonnes of CO<sub>2</sub> per annum);
- the University has entered the Eco-Campus scheme (International Organisation for Standardisation 14001) and hopes to achieve bronze status;
- the University is working towards fair-trade status, hoping to achieve this before the end of December 2011.
- For the third year we have signed up to Green Impact which is aimed at improving corporate staff environmental performance;
- The University successfully launched the green passport programme, aimed at improving our Students' environmental performance;
- 2011 saw us open our first roof top allotment at Marylebone.

All capital projects have a consideration of CSR at their core. The Marylebone development incorporates combined heat and power systems (estimated to save 292 tonnes of carbon dioxide) as well as a rainwater harvesting system. A new biomass boiler in Harrow will save energy, and voltage optimisers fitted at our New Cavendish site will both save energy and reduce carbon emissions. The University is additionally working towards improved waste recycling and awareness, focusing on space utilisation rates and active space management.

## WESTMINSTER 2015

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In 2008 the University adopted a vision for Westminster in 2015. This vision identified pillars of a sustainable future and included: building on areas of academic strength; enhancing the student experience; growing income from a range of sources; thinking creatively about new ways of working and work reorganisation; further enhancing staff development opportunities and strengthening our competitive position by investing in facilities.

Progress is being made towards this vision: a portfolio review was undertaken during the year and areas of academic excellence identified – the University received very positive outcomes from both the Quality Assurance Agency Institutional and Collaborative Provision audits. The University is focused on improving the student experience with projects initiated during the year to look at the student life-cycle and further initiatives in conjunction with the Students' Union. Targets for income growth have been set for all schools. As part of the development of the estate, by utilising space management and IT solutions, the normal ways of working and organisation are being challenged. A significant programme has been developed for staff development with participation across the University in Leadership Forums and the Corporate Services Management Programme, and with performance management training for both staff and managers being developed. As described earlier, the University has begun significant investment in its facilities.

# UNIVERSITY OF WESTMINSTER

## OPERATING AND FINANCIAL REVIEW (continued)

### RISKS AND UNCERTAINTIES

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The University manages the risks it perceives through a risk management process described in the statement of corporate governance and internal controls. The key risks identified by that process are as follows.

Public funding is under immense pressure evident from the outcome of the government's Comprehensive Spending Review. HEFCE funding was not exempt from the general public sector pressures. This has led to a reduction of future funding and raises questions about future funding. In February 2008 the financial forecasts anticipated a planned income for 2011/12 of £187m. The reality, after substantial funding cuts, is a budget of £157m. The University of Westminster receives significant amounts of funding from HEFCE, representing some 38.1% of total income during 2011, and therefore any changes to real-term funding for both tuition fees and research will have a significant impact on the University. The University responded to the announced funding reductions for 2011/12 during the year, but will still need to be prepared to respond as the funding environment continues to change. The challenge is to supplement the diminishing government funding with alternative sources and hence the overall objective to increase income per academic member of staff.

- Staff costs, especially pension costs, are rising at a faster rate than the income that supports them and constant management of the overall level of costs is vital to delivering a financially sustainable future. Progress was made during both 2009/10 and 2010/11 but this will inevitably be an ongoing pressure, requiring a commitment to continuing work force planning.
- United Kingdom (UK) student numbers may not grow given the impact of demographic changes, the impact of the new tuition fee regime and the potential costs perceived by potential students in relation to attending a University in central London. The University's plan is, however, to grow student numbers both from home and overseas, subject to the capping of numbers that has been seen in recent years.
- Overseas student numbers are subject to risk around competition from UK and international institutions, exchange rates, and the perceived desirability of a UK degree in a recession. Additionally the revised procedures and processes imposed by the UK Border Agency provide challenges to student recruitment.

Previous turmoil in financial markets has changed the range of providers of finance. This uncertainty within the banks and within the Eurozone more generally has been rekindled, potentially affecting the amounts available and the rates at which finance is offered. This situation may affect the timing of some future projects depending on how the financial markets evolve over the next year or two.

### FUTURE OUTLOOK

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The University has established a vision of where it aspires to be by 2015. This involved some strategic repositioning and organisational changes which were delivered over the last two years.

In July 2011 the Court of Governors set and agreed a budget aimed at delivering a sustainable surplus in spite of expected reductions in grant income funding. The challenges in meeting this budget will be to deliver the tuition fee and other non regulated income at or above budget levels, to manage closely the staff cost base following a second year of reductions, and to keep tight control of operating expenses.

2012/13 will be a critical year for the University, as we will start to see the impact of the combination of the new fee regime, student number controls and Access Agreements on the overall student numbers coming into the University. Modelling has been performed on a variety of scenarios and, having considered the most probable outlook for that year, the University considers that it is well placed to respond to any further changes or challenges.

The information on student applications for this year will be monitored closely to see whether any responses over and above those taken in the last year are necessary, and the University will continue to test the policy initiatives coming from Government against our sustainability model.

The University remains positive about the medium and longer term outlook and the programme of investment needed to deliver the estate strategy is a reaffirmation of the optimism that the University has about its strengths and its ability to deliver a successful, financially sustainable future.

# UNIVERSITY OF WESTMINSTER OPERATING AND FINANCIAL REVIEW (continued)

## DISCLOSURE TO AUDITORS

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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.

## EMPLOYEE PARTICIPATION

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The University's committee structure ensures staff participation in the decision-making processes of the University. Meetings of the Joint Consultative and Negotiating Committees (with representation from management and trade unions) are held at frequent intervals. The Vice-Chancellor provides regular briefings to staff on the University's performance and plans.

These are supported by regular on-line bulletins and a standing invitation to submit ideas to the Vice-Chancellor's Suggestion Box.

## DIVERSITY POLICY

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The University of Westminster is committed to promoting diversity in all its dealings with employees and job applicants. The Equal Opportunities Policy is binding on all appointments, irrespective of category. The policy seeks to ensure that no employee or applicant receives less favourable treatment on the grounds of race or colour, nationality, ethnic or national origins, gender, marital status, sexual orientation, disability, age, family responsibility, trade union activity or political or religious belief. 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 Spring Forward.

## HEALTH AND SAFETY

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The Court of Governors, in compliance with the Health and Safety at Work 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 to conduct its undertaking in such a way as to ensure that, so far as is reasonably practicable, 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.

## INSURANCE FOR OFFICERS

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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

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A resolution to reappoint KPMG LLP as auditors for the year ending 31 July 2012 will be proposed at the forthcoming Annual General Meeting.

**Michael Webb**  
Director of Finance

# UNIVERSITY OF WESTMINSTER PUBLIC BENEFIT STATEMENT

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 1993.

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 guidance on the reporting of public benefit: "Charities and Public Benefit", 2008 and particularly to its supplementary guidance: "The Advancement of Education for the Public Benefit", 2008.

In accordance with the Charities Act 2006 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 recorded in the Memorandum of Association and reproduced in the Statement of Corporate Governance and Internal Controls on page 25.

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

The main activities of the University of Westminster are to provide high quality higher education and research in both national and international contexts for the intellectual, social and professional development of the individual and for the economic and cultural enrichment of London and wider communities. The experience the University of Westminster offers is one of a vibrant learning environment – fostering innovation and creativity, informed by practice, inspired by research and focusing on the globally relevant areas in which we excel. We are building the next generation of highly employable global citizens to shape the future.

The University Vision and Mission Statement, summarised in the three paragraphs above, is expanded on further in the University programme of change "Westminster 2015" and reproduced in full in the Report and Financial Statements on page 17.

## STRATEGIC AIMS AND OBJECTIVES

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The following aims with specific objectives and Key Performance Indicators are given in the University of Westminster Corporate Strategy, August 2009:

- The University will build, develop and maintain a distinctive, sustainable and inspiring portfolio of undergraduate and taught postgraduate courses which is informed by professional practice and based on student-centred active learning; we will ensure that development of the portfolio is enriched by both research and the international perspective.
- The University will build on its broad-based strengths in pure and practice-led research with a focus on excellence with impact – a portfolio of research that makes a difference.
- The University will enhance its reputation for working successfully with a range of national and international organisations, including community partners, professional bodies and employers, to provide educational and consultative services in London, the wider UK and overseas.
- The University will offer an inclusive organisational culture which embraces diversity and promotes enterprise, creative thinking and innovation.

# UNIVERSITY OF WESTMINSTER

## PUBLIC BENEFIT STATEMENT (continued)

### LEARNING, TEACHING AND RESEARCH

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The School of Architecture and the Built Environment (SABE) at the University of Westminster is one of the few in the UK to bring together all the disciplines that inform the design and development of our cities. These disciplines span architecture to transport, construction to tourism, property to urban design and housing to planning. As they are all brought together under one roof there is the opportunity for working across normal professional boundaries. With over 2,000 students, SABE is one of the largest providers of built environment education in the country. Courses range from Foundation level, providing access to University degrees, right through to an ever-expanding cohort of Doctor of Philosophy (PhD) students. Based on the Marylebone Road, opposite Baker Street underground station, the School uses its central London location to great effect, with strong connections to professional bodies, and the ability to engage leading practitioners in the delivery of courses, developing strong links with the various professions and future employers, leading to excellent employment prospects for our students. At postgraduate level a range of specialist courses also build on professional connections, and have a very high reputation in the external world. SABE is a core part of the University's connection as the UK's only UN Habitat Partner University, reflecting the international scope of our activity. The School's research quality was recognised in the last Research Assessment Exercise in which 20% of the research in Architecture and the Built Environment was judged as 'world-leading', and 90% as 'international'. A range of high-level consultancy activities complements this research, and brings our knowledge directly to bear in the outside world. The School has the ambition, through its teaching, research, consultancy and outreach activities, to make a major contribution to the debate around the future of our cities.

The School of Electronics and Computer Science offers a wide range of undergraduate and postgraduate courses incorporating a unique mix of skills in Electronic, Network and Computer Engineering, Interactive Systems, Computer Science, Software Engineering, and Business Systems, making it well placed to both develop and exploit the emerging technologies that will play a key role in defining the way society uses technology well into this century. The emphasis is on developing students' applied skills and preparing them for professional life in Computing, Electronics or the Multimedia industry. The School's location in the heart of London provides excellent employer links and employment opportunities. Research is focused in the four main areas of Computational Systems Engineering, Semantic Computing, Electronic & Communication Systems, and Health Care Informatics. The School is the only London partner of the UK National Grid Service (high performance Computing) and hosts the very successful Centre of Excellence for Advanced IT which operates as a knowledge transfer hub for North-West London. International levels of research activity provide opportunities for research training and postgraduate (PhD) studentships. A number of lecturers have registered patents, particularly in Digital Signal Processing and Architecture work. The School also runs Master of Science (MSc) programmes which combine teaching of state-of-the-art subject matter with an opportunity to engage in stimulating and industry-relevant research. Additionally the School is piloting, with Channel 4, a work-based learning degree as part of Channel 4's widening participation policy.

The School of Law courses range from undergraduate, postgraduate, professional and research degrees. The School also offers conversion courses for non-law graduates wishing to embark upon a career in law. The School has an on-site library containing a wealth of legal and social science materials, a skills suite, a mock courtroom and access to international research materials. The School has an international reputation and extensive links with institutions and professional contacts throughout the world. In the Research Assessment Exercise 2001 the School was awarded 5, one of the top classifications, and in the 2009 exercise 85% of the research submitted was rated 'international quality'. The most significant indication of the quality of the teaching provided by the Law School is the continuing success of former students. A large number of graduates enter the legal profession and many are highly successful. Alumni include presidents of the Law Society, judges and Queen's Counsels (QCs), as well as young lawyers or barristers of the year. In 2006 alone, eight former students became QCs. Masters and PhD students have chosen careers in international tribunal and commercial institutions or as academics. The Student Law Office offers students the opportunity to work under the supervision of registered solicitors and offers legal advice on housing, immigration, disability rights and other issues to the local community on a pro bono basis. The Service also works with local Citizen Advice Bureaus and Disability rights charities. Students, with additional training, can work as volunteer advisors in these charities.

The School of Life Sciences has 123 academic staff providing 20 undergraduate and 22 postgraduate courses to more than 2,000 students. The School also has a thriving research culture with over 30 students registered for PhDs. Active research and postgraduate programmes also ensure that undergraduate students are in close contact with the cutting edge of applied scientific knowledge. The University Polyclinic was established in 1998 as a teaching and research clinic for the provision of complementary medicines and therapies. The teaching clinics provide low-cost access for the general public to treatments in acupuncture, aromatherapy, Chinese herbal medicine, craniosacral therapy, herbal medicine (National Institute of Medical Herbalists), homoeopathy, naturopathy, nutritional therapy, osteopathy, shiatsu, therapeutic bodywork/massage and qigong tuina. Treatment

# UNIVERSITY OF WESTMINSTER

## PUBLIC BENEFIT STATEMENT (continued)

in these clinics is given by clinic tutors, who are experienced practitioners or by advanced level University of Westminster complementary medicine students under the supervision of these clinic tutors. Integrated medicine, or collaboration with conventional medicine, is a major part of the ethos of the Polyclinic, and good communication with patients' General Practitioners (GPs) is standard practice. Research projects into complementary medicines and therapies carried out in the Polyclinic may from time to time need participants from the general public, and in such cases any treatments given are free of charge.

The School of Media Arts and Design is one of Europe's leading centres for higher education for the creative industries. A team of leading researchers, practitioners and professionals ensure that graduates are equipped not merely to produce work to the highest standard, but also with the rigour and critical approach required to understand the impact of the work on audiences, clients and society. With one of the most varied arts and media portfolios in Europe, the School aims to prepare students not merely to enter the creative industries but to shape and lead them. Its strong reputation for professional and practice-based education is matched by a distinguished record in academic teaching and scholarly research, encouraging the development of reflective critical practitioners. Professional standard studios, workshops and laboratories, and close links and consultancies with related industries, provide students with an experience that matches as closely as possible the workplaces they will be entering.

The School of Social Sciences, Humanities and Languages offers an exciting breadth of activity across the Social Sciences, Psychology and the Arts and Humanities, as well as being one of the country's biggest providers of Modern and Applied Language tuition. 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 School has a diverse academic community welcoming students from the UK and from all over the world on to undergraduate and postgraduate programmes. Each department has a range of research and knowledge transfer activity and the School is home to the highly regarded Policy Studies Institute (PSI), one of Britain's leading research institutes, conducting research to promote economic well-being and improve quality of life. PSI enjoys a reputation for the rigorous and impartial evaluation of policy in the UK and Europe, and the publication and dissemination of research findings is central to its ethos.

Westminster Business School has a long history of providing business education for undergraduates and management education for practitioners and professionals, providing higher education for 4,000 students, a quarter of whom are studying for postgraduate degrees. The School draws a sizeable proportion of students from overseas, at the same time focusing on providing business and management education for UK students entering the business professions, and also for those returning to undertake postgraduate study to further their careers. The School holds a number of international and professional accreditations from bodies such as the Association of Masters of Business Administration (MBAs), Chartered Institute of Personnel and Development (one of their 11 national Centres of Excellence), the Association of Chartered Certified Accountants (ACCA), and the Chartered Institute of Marketing. The School has three flagship research centres, a strong group of PhD students, and is engaged in applied research that is internationally recognized and was awarded a 2\* classification in the 2008 UK Research Assessment Exercise. Business development and knowledge transfer is also a growing work area, and the School has built up a strong reputation for providing corporate education and consultancy to the public sector. Total income is now in excess of £30 million with around 195 full time staff and around 130 visiting lecturers (both staff totals being head counts as opposed to full-time equivalent numbers), placing the school among the largest UK University business schools.

Westminster Exchange is a small academic school with staff pursuing programmes of research in a range of disciplinary and professional fields, resulting in a sound track record of attracting funding, producing publications, National and International conference presentations and income generation. Academic staff engage in knowledge transfer activities through internal and external consultancy, and support postgraduate research at masters, doctoral (PhD) and professional doctorate levels.

# UNIVERSITY OF WESTMINSTER

## PUBLIC BENEFIT STATEMENT (continued)

### FEES, FUNDING, BURSARIES AND STUDENT FINANCIAL SUPPORT

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From 2012, to ensure that we continue to attract talented students from diverse backgrounds, we have created a student support scheme that will entitle almost three-quarters of our new full-time, first degree Bachelors level students to partial course fee waivers for each year of their course from 2012/13. Our new standard fee level for full-time, first degree Bachelors courses is £9,000 per annum. However, our student support package will ensure that some 74% of our full-time, first degree Bachelors level students receive help with their study costs through the partial course fee waivers we have allocated to our classroom-based and laboratory-based courses. Students starting on one of our Foundation Year Programmes in 2012/13 will be charged £6,000, but will be entitled to a 50% reimbursement of the fee, allocated as a fee waiver, on successful completion of their Bachelors Degree at Westminster. Students beginning their studies with us in 2012/13 will have a guaranteed fee level for the duration of their studies.

The new funding system will apply to all new UK and EU students starting their studies from the academic year 2012/13, as well as students who defer their entry from 2011/12 to 2012/13. Current undergraduate students at the University will continue under the current fee system and will not be affected by the 2012 changes. Undergraduate course fees for full-time international students have been set at £10,975 for 2012/13. Postgraduate course fees for entry in 2012 will be published shortly. Students on our classroom-based or laboratory-based courses will be entitled to a partial course fee waiver for each year of their study. What each student pays will depend on which course they study. All of our course fees are available to view on our 2012 Undergraduate Course Fees page or on the Universities and Colleges Admissions Service (UCAS) website.

The University offers bursaries to students who are receiving a maintenance or special support grant from Student Finance England. In 2012, as part of the Government's National Scholarship Programme (NSP), we will be offering scholarships worth £6,000 each to 222 students who meet the eligibility criteria. Students awarded the scholarship will be able to choose from a range of options in how and when they receive the scholarship. The scholarships are jointly funded by the Government and the University. For full details, visit our National Scholarships page. In addition to those scholarships offered under the National Scholarship Programme, we will be offering a range of other scholarships.

# UNIVERSITY OF WESTMINSTER PUBLIC BENEFIT STATEMENT (continued)

## WIDENING PARTICIPATION

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The University of Westminster is committed to widening participation, diversity and equality as identified in our Mission Statement and supported by our Access Agreement, which confirms and underpins the traditional mission of the University of Westminster to promote educational, social and sporting opportunities for students from diverse academic, social and cultural backgrounds.

Westminster is the foremost London institution for widening access, with over 96% of students progressing from state education. Westminster's commitment to these principles began, in earnest, with the opening of Quintin Hogg's Polytechnic in Regent Street in 1881, building on the earlier foundation of the pioneering Royal Polytechnic Institution in 1838, and leading to the development of the polytechnic movement across the country. The revised Access Agreement highlights include:

- The University's continued preparations in partnership with feeder institutions - for the reform of the 14-19 curriculum. The University emphasizes collaborative provision with the partner colleges, to support progression from Further Education to Higher Education; and is involved in the Life Long Learning Network, stressing the provision of vocational routes to Higher Education. The University is building on the "Gear up to study" initiative to support pre-entry students.
- Progress with key performance measures and our work to enhance the retention and progression of students.
- The University's ongoing initiatives to strengthen communication on fees and funding for students, prospective students and their advisers, and to help students develop their financial capability skills, building on earlier work from 2006/8.
- Further developments in the provision for scholarships stressing diversity in the selection criteria, including the award of the Frank Buttle Trust Quality Mark for the Care Leavers at Westminster Scheme. The UK/EU programme builds on our international scholarships programme - the largest in the country.
- Initiatives by the Careers and Employment Service to provide additional support

The University of Westminster is proud to be a leader in Widening Participation. From the institution's establishment in 1838 our commitment to the principles of what is now termed Widening Participation has been paramount. This has been acknowledged publicly by our identification as an "Access Elite" university. The diversity of our student body is one of the University's greatest strengths and will continue to strive to encourage all those who would benefit from participating in higher education to study here.

## ESTATE DEVELOPMENT

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In 2008 The University of Westminster initiated a ten year investment and development programme, with periodic reviews based on the current university direction and financial forecasts. The programme will support and maintain public benefit delivery and has the following overarching aims:

- Improve the student experience
- Improve the staff experience
- Manage and develop the estate in a sustainable way
- Provide economic sustainability
- Enhance the image of the University

Full project details, benefits, aims, budgets and costs can be found in the Estate Strategy (2008-2018).

# UNIVERSITY OF WESTMINSTER

## PUBLIC BENEFIT STATEMENT (continued)

### PRIVATE BENEFIT

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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 are responsible through the University's management structure for the development and implementation of the University's Policy and Strategy on Research and Research degrees. The work of the Committee falls into two closely related areas: research policy and strategy, and research degrees. The Committee is chaired by the Vice-Chancellor with membership including Deans of School and School Research Directors and representatives of the professional support departments.

### CORPORATE SOCIAL RESPONSIBILITY

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Our goal at Westminster is to embed green-thinking in all that we do and become a sustainable University, benefiting our staff, students, neighbours and wider local, national and global community. Through projects, events and day to day action we encourage participation, behaviour change and creative thinking. The University programme to manage and improve its social and environmental performance is supported through a number of initiatives, including:

- the Learning in Future Environments (LiFE) index, developed and delivered by the Environmental Association of Universities and Colleges
- EcoCampus, a Carbon and Environmental Management System and award scheme for the higher and further education sectors
- Green Impact, an environmental accreditation scheme which empowers individuals and departments to reduce their environmental impact by encouraging, rewarding and celebrating practical environmental improvements
- Green Passport, Westminster's environmental awareness, participation and reward scheme for students and staff

Further detail on staff, student and community initiatives are available on the University Sustainability web pages. Green thinking is at the heart of all we do. Our common goal is to respect the planet and we are committed to sustainable practices, both on the global stage and in our own working environment.

# UNIVERSITY OF WESTMINSTER VISION AND MISSION STATEMENT

## VISION

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### ***The experience we offer***

A vibrant learning environment - fostering innovation and creativity, informed by practice, inspired by research, focusing on the globally relevant areas in which we excel.

### ***The difference we make***

We are building the next generation of highly employable global citizens to shape the future.

## MISSION STATEMENT

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We will shape the future of professional life by:

- Being a diverse, vibrant and inspirational learning environment
- Establishing the University of Westminster as the leading practice-informed teaching and research university
- Being a responsive, metropolitan and cosmopolitan university serving the needs of diverse communities
- Embedding internationalisation, employability and green-thinking in all that we do

# UNIVERSITY OF WESTMINSTER A COMPANY LIMITED BY GUARANTEE AND AN EXEMPT CHARITY

## GENERAL INFORMATION

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### **Chancellor**

Lord Paul of Marylebone

### **Chairman of the Court of Governors**

Sir Francis Mackay FCCA

### **Vice-Chancellor and Rector**

Professor Geoffrey Petts BSc PhD FRSA FRGS

### **Company Secretary**

Carole Mainstone MA MBA

### **Director of Finance**

Mr Michael Webb BA ACA

### **Auditors**

KPMG LLP

1 Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9PT

### **Bankers**

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

### **Solicitors**

Eversheds LLP  
Mills & Reeve LLP

### **Registered Office**

309 Regent Street  
London  
W1B 2UW

### **Registered Number**

977818 England and Wales

# UNIVERSITY OF WESTMINSTER

## COURT OF GOVERNORS

### COURT OF GOVERNORS

The Governors of the University during the year ended 31 July 2011 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 or reappointed	Resigned
<b>Chairman</b>	Sir F Mackay		
<b>Deputy Chairmen</b>	Dr M Kimberley		31.12.10
	Mr P Kyle	01.01.11	
	Mr D Batchelor		
	Ms L Bell		18.03.11
	Ms R Bellamy-James		
	Mr R Briant	09.05.11	
	Mr A Ganguli		
	Ms M Grinfeld		28.02.11
	Mr S Hart		
	The Hon Dame Mary Hogg		
	Mr T Hope		
	Mr P Hopper		
	Mr R Lane		
	Mr R Law		11.07.11
	Ms M Lee		
	Dr D Lloyd		09.05.11
	Mr T Mahri	11.07.11	
	Professor G Megson	09.05.11	
	Professor E Morgan-Tamosunas		
	Mr G Morley	11.07.11	
	Mr P Murphy	28.02.11	
	Professor G Petts (Vice-Chancellor )		
	Mr M Staples	09.05.11	
	Dr S Walton	09.05.11	
	Ms K Williams	09.05.11	
	Dr D Wright		28.02.11
	Ms D Yeo		
	Mr J Youngs		28.02.11

# UNIVERSITY OF WESTMINSTER

## COURT OF GOVERNORS (continued)

**Mr David Batchelor, FCA Chartered Accountant.** Former PricewaterhouseCoopers partner with extensive commercial and professional experience in a wide range of business sectors. Currently non-executive director of: C B Richard Ellis Investors (Jersey) Limited, Easter Holdings Limited.

**Mrs Lucinda Bell, MA FCA** is Tax Director at The British Land Company plc.

**Ms Rita Bellamy-James, LLB CQSW Barrister** 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.

**Mr Robert Briant, BA** is a Senior IT Support Analyst in Information Systems and Library Services and is the elected representative of the University of Westminster's non teaching staff.

**Mr Anupam Ganguli, BA (Hons) Economics MBA FCA** is Executive Director, Resources, Arts Council England. He is a governor of Mountview Academy of Theatre Arts, a trustee of the Legacy Trust and the Runnymede Trust, and an independent member of the audit committee of Historic Royal Palaces.

**Mónica Grinfeld, BSc MSc FHEA FICPD** is a lecturer at the University of Westminster and the Disability Tutor for the School of Architecture and the Built Environment. She is also a professional consultant and Joint Chair of GAD (Greenwich Association for the Disabled).

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

**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.

**Mr Paul Hopper, MA MSc MBA DMS** retired as Managing Director with the London Tourist Board and Convention Bureau. He is currently Chairman, Grays of Cambridge (International) Ltd.

**Dr Marion Kimberley, BSc MSc PhD** retired as Director of Personnel at Imperial College of Science, Technology & Medicine. She was Chair of the Personnel Committee.

**Mr Peter Kyle, OBE CCMi** is recently retired Chief Executive of Shakespeare's Globe and Deputy Chair of the Court of Governors.

**Mr Richard Lane, BA MBA** is a partner and the Head of the Corporate Team of solicitors, Farrer & Co.

**Mr Robin Law** is the 2010/11 sabbatical President of the University of Westminster Students' Union.

**Ms Maggie Lee, BA** is a freelance broadcaster and writer and independent consultant.

**Dr Don Lloyd, MSc PhD CEng FICHEM** is a Group General Manager & Vice President, BG Group.

**Sir Francis Mackay** was elected Chair of the Court of Governors with effect from 1 January 2010. He is a qualified accountant, is one of Britain's most successful international business leaders and held the rare distinction of simultaneously chairing two FTSE 100 companies. Sir Francis was knighted in recognition of his services to the hospitality industry and charity. He holds an honorary doctorate from Oxford Brookes University.

# UNIVERSITY OF WESTMINSTER

## COURT OF GOVERNORS (continued)

**Mr Tahrik Mahri** is the 2011/12 sabbatical President of the University of Westminster Students' Union.

**Professor Graham Megson, BSc (Leeds) PhD (Loughborough) MBA (Reading) FBCS CITP CEng** is Dean of Electronics and Computer Science at Westminster and a Professor of Computer Science with particular interests in Parallel Computation, Neural networks and Emergent algorithms and is the elected representative for Academic Council. 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.

**Professor Rikki Morgan-Tamosunas, PhD PGCE MA FRSA** is Deputy Vice-Chancellor and Pro Vice-Chancellor with responsibility for Learning & Teaching.

**Mr Gary Morley, FCA Chartered Accountant** has been a Principal with McIntyre Hudson since 2010. He is also a Trustee of the British Suzuki Institute and Imperial Society of Teachers of Dancing. He is a Freeman of the City of London and on the Court of Assistants of the Plaisterers Livery Company.

**Philip Murphy, BSc MRICS** is currently a main Partner, with particular responsibilities for project and cost management and business strategy, with PRP Architects, a multi-disciplinary design practice of 400 staff based in Smithfield. PRP is the country's leading housing and regeneration design and delivery consultancy with very strong links to public sector clients from HCA, through Regional Development Agencies, Local Authorities and Housing Associations.

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

**Mr Mike Staples, FRICS** was until recently Director of Skanska Integrated Projects and formally European Managing Director of Hanscomb, an international firm of professional quantity surveyors. He is currently Partner, Head of Europe with Rider Levett Bucknall UK Ltd.

**Dr Suzy Walton, BSc MSc PhD C Dir CSci C Psychol FRSA AFBPsS** is a Chartered Director, Chartered Scientist and Chartered Occupational Psychologist. She sits on the boards of various organisations and government committees including Birmingham Children's Hospital, the Internet Watch Foundation, the Science Advisory Council, the Ethics Group of the National DNA Database and the National Specialist Commissioning Group. She has over a decade's experience in Central Government as a Senior Civil Servant serving in the Ministry of Defence, the Cabinet Office and the Prime Minister's Strategy and Delivery Units. Suzy is a mother of 5 and was previously a producer, presenter and editor for the BBC, Sky News and LBC Radio.

**Ms Kieran Williams** is a Lecturer in the Westminster Business School and is the elected representative for teaching staff.

**Dr Derrick Wright, MA PhD** is a Senior Lecturer in Sociology and the elected representative for Academic Council.

**Mrs. Diane Yeo, FRSA FInstF** is currently an independent consultant and Chairman of The Arts Educational Schools London. She also Chairs the Board of 151 Proprietors Limited and is Patron of CancerActive.

**Mr John Youngs, B Bus-Acc JP** is a School Manager and, until 28 February 2011, was the elected representative for non-teaching staff.

# UNIVERSITY OF WESTMINSTER

## THE WORK OF THE COURT OF GOVERNORS

All governors of the University are Directors of the Company. A list of governors who served during the year to 31 July 2011 appears on page 19. 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.

The Court of Governors, which meets formally up to five times a year, currently comprises five executive and 17 non-executive governors with a clear separation of the roles of the non-executive chairman and the chief executive (the Vice-Chancellor). The Court has both staff and student members. 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 his 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 service in education and research.

### AUDIT COMMITTEE

(membership as at 31 July 2011)

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Mr David Batchelor (Chair)  
Mr Anupam Ganguli  
Mr Philip Murphy

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 responses and implementation plans. It also receives and considers reports from HEFCE and how they affect the University's business and monitors adherence with the regulatory requirements. It reviews the University's annual financial statements, together with the accounting policies. 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 2011)

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Mr Richard Lane (Chair)  
Mr Trevor Hope  
Mr Paul Hopper  
Sir Francis Mackay  
Professor Geoffrey Petts  
Mr Mike Staples

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. 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 of HEFCE and the applicable legislation. During the year, work undertaken by the Committee has included tuition fees for 2012/13 and the associated Access Agreement; the "financial challenge" to reduce University staff costs for the start of the financial year 2011/12; the five year financial forecasts; and estates improvement projects at the Harrow and Marylebone sites.

# UNIVERSITY OF WESTMINSTER

## THE WORK OF THE COURT OF GOVERNORS (continued)

### HUMAN RESOURCES COMMITTEE

(membership as at 31 July 2011)

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Dr Suzy Walton (Chair)  
Mr Stephen Hart  
Mr Paul Hopper  
Professor Rikki Morgan-Tamosunas  
Mr Alastair Woods (non governor member)  
Ms Diane Yeo

This Committee meets at least four times a year to review the University's Human Resources strategy, 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 diversity. The Committee has supported the University management in the ongoing consultations with the recognised Trade Unions (UCU and Unison) concerning the staff reductions required by the Court of Governors by 31 July 2011. It continues to oversee the implementation of the Human Resources strategy and the development of workforce planning.

### REMUNERATION COMMITTEE

(membership as at 31 July 2011)

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Sir Francis Mackay (Chair)  
Mr Stephen Hart  
Mr Peter Kyle  
Ms Maggie Lee  
Professor Geoffrey Petts  
Dr Suzy Walton

This Committee meets when appropriate to review the salaries and 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.

### NOMINATIONS COMMITTEE

(membership as at 31 July 2011)

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Sir Francis Mackay (Chair)  
Ms Rita Bellamy-James  
Mr Peter Kyle  
Ms Maggie Lee  
Professor Graham Megson  
Professor Geoffrey Petts

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.

# UNIVERSITY OF WESTMINSTER

## THE WORK OF THE COURT OF GOVERNORS (continued)

### STRATEGIC PLANNING AND RESOURCES COMMITTEE ACADEMIC COUNCIL CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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In addition to the above sub committees of the Court of Governors, three further committees, the Strategic Planning and Resources Committee (SPRC), the Academic Council, and the Corporate Social Responsibility (CSR) Committee report to the Court.

The SPRC is a joint committee of the Court and the Academic Council and its membership includes both governors and senior University staff. It is chaired by the Vice-Chancellor, and leads the development and implementation of the strategic plan and the associated process of strategic risk management.

The Academic Council, chaired by the Vice Chancellor, is the senior academic body of the University. It is responsible for the policies which govern the University's academic programmes and activities, and for the quality assurance processes which underpin these. It approves policies for the support of students, codes of behaviour, and disciplinary and appeals procedures. A revised membership and terms of reference were approved at its first meeting of the financial year.

The CSR Committee is chaired by a Pro Vice Chancellor and is responsible for overseeing the integration of environmental and social key issues into the University strategy, practice and performance, including the development of policy in relation to these issues in the conduct of teaching, research, and support activities. It has a dual reporting line to the Court and the Academic Council.

# UNIVERSITY OF WESTMINSTER STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS

## GOVERNANCE AND MANAGEMENT

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The University is a Company Limited by Guarantee and an exempt Charity. It complies with Committee of University Chairs (CUC) guidance in its Governance and Management processes.

The University has had regard to the Charity Commission's guidance on public benefit. 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 his vision for the future of the University as an efficient, forward moving, research active, and financially sound institution which provides an excellent experience to its students. The University delivers its teaching and research through an organisational structure consisting of seven academic Schools underpinned by an integrated Corporate Services function.

The Vice-Chancellor is supported by an Executive Board, which he chairs. The membership includes the Deputy Vice-Chancellor, the Pro Vice-Chancellor, the seven Deans of School, the Registrar & Secretary, and the Director of Finance.

The University has been working towards the delivery of the Corporate Plan for the achievement of the vision for 2015 since its approval by the Court of Governors in July 2009. A strategic risk register for the University is maintained, and regularly reviewed. Five year plans and associated risk registers for each School and for the Corporate Services function are also in place.

The University has continued its programme of information and development sessions for governors with presentations on a range of topics at the beginning of each of its five meetings during the year. Topics covered in the current year include: Security and Freedom of Speech on Campus; Fundraising and Development; Fees, Funding and the Access Agreement; Staff Performance Management; the Harrow site improvement project; and the Westminster Student Experience.

One previously non-governor member of the Audit Committee was appointed as an independent governor in February 2011. The Nominations Committee has continued to be active in ensuring that the Court has a good spread of skills amongst its independent membership, and has appointed two new independent governors during the year. The Committee continues to seek non-governor members to supplement the expertise available to the Court sub-committees.

Elections for staff governors have been held during this financial year, which have resulted in three new staff joining the Court to replace those staff governors who had completed their term of office.

All Committees of the Court of Governors have conducted reviews of their effectiveness. These have resulted in some cases in amendments to the Committees' terms of reference. The review of the effectiveness of the Court itself is due to be completed in the coming financial year.

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.

# UNIVERSITY OF WESTMINSTER

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS (continued)

### RISK MANAGEMENT

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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. An updated version of the policy has been approved by the University Executive Board, the Audit Committee, and the Court.

Whilst the Audit Committee has responsibility for advising the Court on the effectiveness of the University's risk management policy and procedures, the Strategic Planning and Resources Committee 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, and compliance issues.

This risk management process has been ongoing, throughout the year under review and up to the date of approval of the annual report and accounts.

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 that an annual report 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, 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

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 Financial Memorandum 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 and
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

**Sir Francis Mackay**  
Chairman  
24 November 2011

# UNIVERSITY OF WESTMINSTER

## INDEPENDENT AUDITORS' REPORT TO THE COURT OF GOVERNORS OF UNIVERSITY OF WESTMINSTER

We have audited the Group and University financial statements (the "financial statements") of the University of Westminster for the year ended 31 July 2011 which comprise the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the Group Statement of Consolidated Historical Cost Surpluses and Deficits 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, as a body, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the 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 UNIVERSITY'S COURT OF GOVERNORS AND THE AUDITORS

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As explained more fully in the Statement of Governors' Responsibilities set out on page 27 the Court of Governors is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

The maintenance and integrity of the University of Westminster's website is the responsibility of the governing body; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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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 Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### OPINION ON FINANCIAL STATEMENTS

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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 31st July 2011 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
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

# UNIVERSITY OF WESTMINSTER INDEPENDENT AUDITORS' REPORT TO THE 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

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In our opinion, in all material respects:

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

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- the statement of internal control (included as part of the Statement of Corporate Governance and Internal Controls) is inconsistent with our knowledge of the University and group.



**Andrew Sayers**  
**For and on behalf of KPMG LLP**  
Statutory Auditor  
Chartered Accountants

1 Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9PT

30 November 2011

# UNIVERSITY OF WESTMINSTER CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2011

	Note	2011 Total £'000	2010 Total £'000
<b>INCOME FROM CONTINUING ACTIVITIES</b>			
Funding council grants	5	62,782	70,220
Tuition fees and support grants	6	74,911	71,539
Research grants and contracts	7	5,463	7,987
Other income	8	20,926	20,988
Endowment and investment income	9	552	516
Total income		<b>164,634</b>	<b>171,250</b>
<b>EXPENDITURE ON CONTINUING ACTIVITIES</b>			
Staff costs	10, 13	97,068	102,721
Depreciation	12	4,451	4,240
Other operating expenses	10	53,453	62,548
Interest payable	11	4,256	5,180
Total expenditure		<b>159,228</b>	<b>174,689</b>
<b>Surplus/(deficit) after depreciation of tangible assets at valuation and before amounts written off investments and before tax</b>		<b>5,406</b>	<b>(3,439)</b>
Amount written off investments	17	(327)	-
<b>Surplus/(deficit) after depreciation of tangible assets at valuation and amounts written off investments and before tax</b>		<b>5,079</b>	<b>(3,439)</b>
Taxation	15	-	-
<b>Surplus/(deficit) after depreciation of assets at valuation, amounts written off investments and tax</b>		<b>5,079</b>	<b>(3,439)</b>
Surplus for the year transferred to accumulated income in endowment funds	26	10	9
<b>Surplus/(deficit) for the year retained within general reserves</b>	16	<b>5,089</b>	<b>(3,430)</b>

All activities relate to continuing operations.

The notes on pages 36 to 74 form part of the financial statements.

# UNIVERSITY OF WESTMINSTER

## NOTE OF CONSOLIDATED HISTORICAL COST SURPLUSES AND DEFICITS

FOR THE YEAR ENDED 31 JULY 2011

	<b>2011</b>	<b>2010</b>
<b>Note</b>	<b>£'000</b>	<b>£'000</b>
<b>Surplus/(deficit) on continuing operations before taxation</b>	<u>5,079</u>	<u>(3,439)</u>
Difference between historical cost depreciation and the actual depreciation charge for the year calculated on the re-valued amount	28 <u>512</u>	<u>510</u>
<b>Historical cost surplus/(deficit) for the year before taxation</b>	<u><b>5,591</b></u>	<u><b>(2,929)</b></u>

The notes on pages 36 to 74 form part of the financial statements.

# UNIVERSITY OF WESTMINSTER

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2011

	Note	2011 £'000	2010 £'000
<b>Surplus/(deficit) on continuing operations after depreciation of assets at valuation and amounts written off investments and tax</b>		5,089	(3,430)
Endowment income retained in the year	26	3	3
Endowments withdrawn	26	(13)	(12)
New endowments	26	3	30
Appreciation of endowment asset investments	21	20	28
Actuarial gain/(loss) in respect of pension schemes	33	6,134	(1,514)
Capitalisation of gain on change in pension increase policy from Retail Price Index (RPI) to Consumer Price Index (CPI)	33	-	6,135
<b>Total recognised gains relating to the year</b>		<b>11,236</b>	<b>1,240</b>

### Reconciliation

Opening reserves and endowments	30,038	28,798
Total recognised gains for the year	11,236	1,240
Closing reserves and endowments	<b>41,274</b>	<b>30,038</b>

The notes on pages 36 to 74 form part of the financial statements.

# UNIVERSITY OF WESTMINSTER BALANCE SHEETS

AS AT 31 JULY 2011

		Group	Group	University	University
	Note	2011 £'000	2010 £'000	2011 £'000	2010 £'000
<b>Fixed Assets</b>					
Tangible assets	19	166,637	158,862	161,673	153,603
Investments	20	114	342	105	333
		166,751	159,204	161,778	153,936
<b>Endowment assets</b>	21	932	919	333	342
<b>Current Assets</b>					
Debtors due within one year	22	7,144	7,355	7,411	8,190
Debtors due after more than one year	22	–	1,008	–	1,008
Total debtors		7,144	8,363	7,411	9,198
Investments	23	10,037	40,017	10,036	40,016
Cash at bank and in hand		36,820	9,077	35,439	7,730
		54,001	57,457	52,886	56,944
<b>Creditors</b>					
Amounts falling due within one year	24	(37,775)	(39,935)	(37,833)	(40,568)
<b>Net Current Assets</b>		16,226	17,522	15,053	16,376
<b>Total assets less current liabilities</b>		183,909	177,645	177,164	170,654
<b>Creditors</b>					
Amounts falling due after more than one year	24	(32,214)	(32,888)	(30,932)	(31,565)
<b>Total net assets excluding pension liability</b>		151,695	144,757	146,232	139,089
Pension liability	33	(51,610)	(55,457)	(51,610)	(55,457)
<b>Net assets including pension liability</b>		100,085	89,300	94,622	83,632
Represented by:					
<b>Deferred capital grants</b>	25	58,811	59,262	57,159	57,666
<b>Endowments Funds</b>					
Expendable	26	389	396	247	256
Permanent	26	543	523	86	86
<b>Total endowments</b>		932	919	333	342
<b>Reserves</b>					
Revenue reserve excluding pension liability	28	67,407	59,519	67,702	59,656
Pension reserve	28	(51,610)	(55,457)	(51,610)	(55,457)
Revenue reserve including pension liability		15,797	4,062	16,092	4,199
Revaluation reserve	28	24,545	25,057	21,038	21,425
<b>Total reserves</b>	28	40,342	29,119	37,130	25,624
<b>Total funds</b>		100,085	89,300	94,622	83,632

The notes on pages 36 to 74 form part of the financial statements.

Approved by the Court of Governors on 24 November 2011 and signed on its behalf by:

**Sir Francis Mackay**  
Chairman

**Prof Geoffrey Petts**  
Vice-Chancellor and Rector

# UNIVERSITY OF WESTMINSTER CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2011

		2011	2010
	Note	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	31	11,260	12,224
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Income from endowments	9	3	3
Interest received	9	549	513
Interest paid	11	(2,286)	(2,309)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(1,734)</b>	<b>(1,793)</b>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets	19	(12,361)	(2,330)
Purchase of investments	20	(99)	(60)
New endowments received	26	3	30
Endowment funds invested	26	–	–
Deferred capital grants received	25	1,227	1,410
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(11,230)</b>	<b>(950)</b>
CASH (OUTFLOW)/INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		<b>(1,704)</b>	<b>9,481</b>
MANAGEMENT OF LIQUID RESOURCES			
Cash transferred from/(to) short term deposits		<b>29,980</b>	<b>(1,483)</b>
FINANCING			
Loan repayments		(540)	(373)
<b>Net cash outflow from financing</b>		<b>(540)</b>	<b>(373)</b>
INCREASE IN CASH	32	<b>27,736</b>	<b>7,625</b>

The notes on pages 36 to 74 form part of the financial statements.

# UNIVERSITY OF WESTMINSTER

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Note	2011		2010	
		£'000	£'000	£'000	£'000
Increase in cash in period		27,736		7,625	
Cash (inflow)/outflow from movement in liquid resources		(29,980)		1,483	
Cash outflow from decrease in debt and lease financing		540		373	
<b>Change in net funds resulting from cash flows</b>		(1,704)			<b>9,481</b>
Movement in net funds in the period			<b>(1,704)</b>		<b>9,481</b>
Net funds at 1 August			19,081		9,600
<b>Net funds at 31 July</b>	32		<b>17,377</b>		<b>19,081</b>

The notes on pages 36 to 74 form part of the financial statements.

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2011

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### 1. COMPANY STATUS

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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

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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

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The consolidated financial statements consolidate the financial statements of the University and its subsidiary undertakings for the financial year ended 31 July 2011. 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

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#### **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.

Fee income is stated gross and credited to the Income and Expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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.

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 4. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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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.

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.

#### **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 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506 (1) Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the 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 University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the cost 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 taxation is provided in full on timing differences that 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 tax 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

### 4. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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#### **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.

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.

##### **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 are stated in the balance sheet at valuation.

##### **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 tangible fixed assets on cost or revalued amounts in equal instalments over the estimated useful economic lives of the 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	twenty years
Plant and machinery	five years
Computers	three years

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

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 4. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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#### **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.

#### **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.

#### **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.

##### **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:

1. 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.
2. 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.
3. 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.

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 4. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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#### **Pension Costs**

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

The assets of the USS, TPS and SAUL 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.

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 5. FUNDING COUNCIL GRANTS

		2011 £'000	2010 £'000
<b>(a) Recurrent grant from HEFCE</b>	<b>Note</b>		
Teaching		54,618	54,391
Research		4,626	4,649
Other (including special initiatives)		2,456	10,009
Pension liabilities		427	452
		<u>62,127</u>	<u>69,501</u>
<b>(b) Release of HEFCE capital grants</b>	25	655	719
		<u><b>62,782</b></u>	<u><b>70,220</b></u>

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 6. TUITION FEES AND SUPPORT GRANTS

	2011 £'000	2010 £'000
Full Time Home and EU students	40,865	37,979
Part Time Home and EU Students	8,584	9,754
Non-EU students	23,893	22,173
	<u>73,342</u>	<u>69,906</u>
Research Training Support Grant	35	25
Non credit bearing courses	1,534	1,608
	<u><b>74,911</b></u>	<u><b>71,539</b></u>

### 7. RESEARCH GRANTS AND CONTRACTS

	2011 £'000	2010 £'000
<b>Income</b>		
Government departments	2,343	4,251
Research councils	913	1,316
UK based charities	867	798
European Commission	711	847
Other bodies	629	775
	<u><b>5,463</b></u>	<u><b>7,987</b></u>

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 8. OTHER INCOME

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Residences, catering and conferences	9,849	9,630
Recreation	624	636
Rents and lettings	1,625	1,990
Photocopier income	427	435
Sundry sales	345	333
Miscellaneous	4,975	4,318
Donations	2,058	2,621
Release of non-HEFCE deferred capital grants (note 25)	1,023	1,025
	<b>20,926</b>	<b>20,988</b>

### 9. ENDOWMENT AND INVESTMENT INCOME

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Income from expendable endowments (note 26)	3	3
Income from short-term investments	549	513
	<b>552</b>	<b>516</b>

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 10. EXPENDITURE BY ACTIVITY

	2011			2010		
	Staff Costs	Other Operating Expenses	Total	Staff Costs	Other Operating Expenses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Academic departments	61,903	9,589	71,492	64,615	8,425	73,040
Academic support services	9,968	7,065	17,033	12,135	7,514	19,649
Research	2,841	1,595	4,436	3,034	4,012	7,046
Administration and central services	14,900	13,109	28,009	15,247	13,402	28,649
Premises	3,048	16,849	19,897	3,450	23,584	27,034
Residences and catering	1,013	4,884	5,897	1,195	5,576	6,771
Other expenditure	3,395	362	3,757	3,045	35	3,080
	<b>97,068</b>	<b>53,453</b>	<b>150,521</b>	<b>102,721</b>	<b>62,548</b>	<b>165,269</b>

The total shown for Other expenditure in the column headed Staff Costs includes £317k (2010: (£414k)) in respect of FRS17 adjustments to staff costs.

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 11. INTEREST PAYABLE

	2011	2010
	£'000	£'000
Promissory note	1,425	1,451
Bank loans repayable after 5 years	860	858
Net interest cost on pension scheme liabilities (note 33)	1,970	2,871
Other interest	1	-
	<b>4,256</b>	<b>5,180</b>

### 12. DEPRECIATION

	2011	2010
	£'000	£'000
The depreciation charge has been funded by:		
Release of deferred capital grants	1,678	1,744
Release of revaluation reserve	512	510
General income	2,261	1,986
	<b>4,451</b>	<b>4,240</b>

### 13. INFORMATION REGARDING EMPLOYEES

	2011	2010
	£'000	£'000
<b>(a) Employee costs</b>		
Wages and salaries	76,769	81,458
Redundancy costs	3,078	3,458
Social security costs	6,588	7,098
Other pension costs	10,633	10,707
	<b>97,068</b>	<b>102,721</b>

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 13. INFORMATION REGARDING EMPLOYEES (continued)

	2011	2010
	No.	No.
<b>(b) Average number of people employed by the group in the year, expressed as full-time equivalents, was</b>		
Teaching and research staff	842	861
Visiting lecturers	141	186
Support staff	869	902
	<b>1,852</b>	<b>1,949</b>

<b>(c) Remuneration of higher paid staff (including Governors)</b>	No.	No.
The following staff received remuneration (excluding pension contributions) of £100,000 or over		
£100,000 - £109,999	5	4
£110,000 - £119,999	1	-
£120,000 - £129,999	1	1
£200,000 - £209,999	1	1
	<b>8</b>	<b>6</b>

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 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.

	2011 £'000	2010 £'000
<b>(a) Remuneration of the trustees of the University:</b>		
In respect of service as trustees	-	-
Other remuneration:		
Executive trustees (including pension contributions on behalf of executive trustees)	513	524
Non-executive trustees	-	-
<b>(b) Remuneration of the Chairman and the Vice-Chancellor and Rector:</b>		
Chairman: Sir F Mackay	-	-
Vice Chancellor and Rector: Professor G Petts		
Salary	207	201
Pension contributions	33	32
Total remuneration	<b>240</b>	<b>233</b>

The remuneration of the Vice-Chancellor and Rector 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 and Rector are paid at the same rates as for other academic staff.

Eight executive trustees (2010: five) 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 £1,000 (2010: £2,000) 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, childcare, subsistence and internet connection charges for the purpose of preparing for a trustees' meeting (2010: travel, childcare and development). The expenses related to one trustee. (2010: five currently serving trustees and the retrospective settlement of expenses for one former trustee).

# 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: 27.33% (last period 28.00%). The differences are explained below:

	2011 £'000	2010 £'000
Consolidated surplus/(deficit) on ordinary activities	5,079	(3,439)
Surplus/(deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 27.33% (2010: 28.00%):	1,389	(963)
<b>Effects of:</b>		
– Expenses not deductible for tax purposes	-	2
– Capital allowances in excess of depreciation	(2)	(3)
– Carried forward tax losses		(5)
– Non-taxable (profit)/loss	(1,387)	969
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 26% of the amount of the timing differences, is £483,951 (2010: £523,408 asset), and it is analysed below.

	2011 £'000	2010 £'000
Provision for bad debts not utilised	46	49
Capital allowances not utilised	8	11
Tax losses not utilised	430	463
	484	523

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 16. SURPLUS FOR THE FINANCIAL YEAR BEFORE TRANSFERS FROM RESERVES

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

	2011 £'000	2010 £'000
<b>Auditors remuneration:</b>		
audit fee                      University	49	46
Subsidiary Undertakings	10	9
non-audit services	35	34
 <b>Operating lease rentals:</b>		
property rents	4,403	4,595
 <b>Depreciation:</b>		
owned assets	3,878	3,673
leased assets	573	567

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 17. EXCEPTIONAL ITEMS

	2011	2010
	£'000	£'000
Provision against investment in Hypha	327	-
	<b>327</b>	<b>-</b>

The University has invested a total of £394K in Hypha Discovery Limited and holds 28.8% of the shares. The July 2011 management accounts for Hypha Discovery Limited showed net assets totalling £231K. A decision was made to create a provision against the investment, writing down the value to represent the University's current share of net assets.

### 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 £5.372m surplus (2010: £3.452m deficit).

## 19. TANGIBLE ASSETS

### (a) The Group

	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 £'000	Motor vehicles £'000	Total £'000
<b>Cost or Valuation</b>								
At 1 August 2010	179,054	11,930	1,092	3,327	-	1,278	67	196,748
Additions	68	51	11,459	648	34	101	-	12,361
Transfers	7,071	-	(7,071)	-	-	-	-	-
Disposals	(150)	-	-	-	-	-	-	(150)
<b>At 31 July 2011</b>	<b>186,043</b>	<b>11,981</b>	<b>5,480</b>	<b>3,975</b>	<b>34</b>	<b>1,379</b>	<b>67</b>	<b>208,959</b>
<b>Depreciation</b>								
At 1 August 2010	29,287	4,334	-	2,997	-	1,211	57	37,886
Charge for the year	3,478	573	-	292	2	101	5	4,451
Disposals	(15)	-	-	-	-	-	-	(15)
<b>At 31 July 2011</b>	<b>32,750</b>	<b>4,907</b>	<b>-</b>	<b>3,289</b>	<b>2</b>	<b>1,312</b>	<b>62</b>	<b>42,322</b>
<b>Net book value at 31 July 2011</b>	<b>153,293</b>	<b>7,074</b>	<b>5,480</b>	<b>686</b>	<b>32</b>	<b>67</b>	<b>5</b>	<b>166,637</b>
<b>Net book value at 31 July 2010</b>	<b>149,767</b>	<b>7,596</b>	<b>1,092</b>	<b>330</b>	<b>-</b>	<b>67</b>	<b>10</b>	<b>158,862</b>
Inherited	30,357	1,203	-	-	-	-	-	31,560
Financed by capital grant	24,505	2,184	-	-	-	-	-	26,689
Other	98,431	3,687	5,480	686	32	67	5	108,388
<b>Net book value at 31 July 2011</b>	<b>153,293</b>	<b>7,074</b>	<b>5,480</b>	<b>686</b>	<b>32</b>	<b>67</b>	<b>5</b>	<b>166,637</b>

On 4 April 2008 the Quintin Hogg Trust transferred the beneficial interest in five halls of residence (consisting of one leasehold building and four freehold buildings) to the University.

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.

## 19. TANGIBLE ASSETS (continued)

## (b) The University

<b>Cost or Valuation</b>	<b>Freehold land and buildings £'000</b>	<b>Leasehold buildings and improvements £'000</b>	<b>Assets in course of construction £'000</b>	<b>Plant and machinery £'000</b>	<b>Fixtures, fittings and equipment £'000</b>	<b>Computers £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
At 1 August 2010	<b>164,671</b>	<b>11,930</b>	<b>1,092</b>	<b>3,327</b>	-	<b>1,265</b>	<b>67</b>	<b>182,352</b>
Additions	68	51	11,459	648	34	101	-	12,361
Transfers	7,071	-	(7,071)	-	-	-	-	-
Disposals	(150)	-	-	-	-	-	-	(150)
<b>At 31 July 2011</b>	<b>171,660</b>	<b>11,981</b>	<b>5,480</b>	<b>3,975</b>	<b>34</b>	<b>1,366</b>	<b>67</b>	<b>194,563</b>
<b>Depreciation</b>								
At 1 August 2010	<b>20,163</b>	<b>4,334</b>	-	<b>2,997</b>	-	<b>1,198</b>	<b>57</b>	<b>28,749</b>
Charge for the year	3,177	573	-	292	2	101	5	4,150
Disposals	(9)	-	-	-	-	-	-	(9)
<b>At 31 July 2011</b>	<b>23,331</b>	<b>4,907</b>	-	<b>3,289</b>	<b>2</b>	<b>1,299</b>	<b>62</b>	<b>32,890</b>
<b>Net book value at 31 July 2011</b>	<b>148,329</b>	<b>7,074</b>	<b>5,480</b>	<b>686</b>	<b>32</b>	<b>67</b>	<b>5</b>	<b>161,673</b>
<b>Net book value at 31 July 2010</b>	<b>144,508</b>	<b>7,596</b>	<b>1,092</b>	<b>330</b>	-	<b>67</b>	<b>10</b>	<b>153,603</b>
Inherited	30,357	1,203	-	-	-	-	-	31,560
Financed by capital grant	22,855	2,184	-	-	-	-	-	25,039
Other	95,117	3,687	5,480	686	32	67	5	105,074
<b>Net book value at 31 July 2011</b>	<b>148,329</b>	<b>7,074</b>	<b>5,480</b>	<b>686</b>	<b>32</b>	<b>67</b>	<b>5</b>	<b>161,673</b>

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 19. TANGIBLE ASSETS (continued)

#### (c) The Group and the University

	The Group		The University	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
(i) Analysis of land and buildings at cost or valuation:				
At cost	159,835	152,846	152,224	145,235
Revaluation increase	26,208	26,208	19,436	19,436
At valuation: 31 July 1995	<b>186,043</b>	<b>179,054</b>	<b>171,660</b>	<b>164,671</b>

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	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
(ii) If freehold land and buildings had not been revalued, they would have been included at the following amounts:				
Cost	159,835	152,846	152,224	145,235
Aggregate depreciation	(24,055)	(21,221)	(17,032)	(14,211)
Net book value	<b>135,780</b>	<b>131,625</b>	<b>135,192</b>	<b>131,024</b>

(iii) The value of freehold land and buildings includes £27.254 million in respect of land that is not depreciated (2010: £27.254 million).

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 20. FIXED ASSET INVESTMENTS

	The Group		The University	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
<b>Share in subsidiary undertakings:</b>				
At 31 August and 31 July	-	-	1	1
<b>Other shareholdings:</b>				
At 1 August	342	282	332	272
Additions	99	60	99	60
Amounts written off (note 17)	(327)	-	(327)	-
At 31 July	114	342	104	332
<b>TOTAL</b>	<b>114</b>	<b>342</b>	<b>105</b>	<b>333</b>

- (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 2011 the University and Group own 2,235,803 Ordinary 0.0001 pence Shares in Hypha Discovery Ltd, an unquoted company. During the year ended 31 July 2011 the University acquired 550,000 shares at a cost of £99K. 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

### 20. FIXED ASSET INVESTMENTS (continued)

The following companies were held as investments by the University of Westminster on 31 July 2011. They are all subsidiary undertakings of the University and, with the exception of University of Westminster (International), all operate in the UK.

	<b>Voting rights %</b>	<b>Nature of Business</b>
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

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.

On 1 April 2009 the assets, liabilities, reserves and activities of the Policy Studies Institute were transferred to the University. Prior to this date the Policy Studies Institute had been consolidated into the financial statements of the Group. The Policy Studies Institute is a company limited by guarantee and not having a share capital. The activity of the Policy Studies Institute is research relating to political, economic and social science. The Policy Studies Institute did not trade as a company during the financial year.

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 21. ENDOWMENT ASSET INVESTMENTS

	The Group		The University	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
<b>Investments</b>				
Market value at 1 August	919	870	342	320
Appreciation in the value of endowment asset investments	20	28	-	-
(Decrease)/increase in cash balances	(7)	21	(9)	22
<b>Balance at 31st July</b>	<b>932</b>	<b>919</b>	<b>333</b>	<b>342</b>
 Fixed interest stocks	 2	 2	 -	 -
Charities Official Investment Fund	320	300	-	-
Cash	610	617	333	342
<b>Total endowment asset investments</b>	<b>932</b>	<b>919</b>	<b>333</b>	<b>342</b>

### 22. DEBTORS

	The Group		The University	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
<b>Amounts falling due within one year:</b>				
HEFCE	500	955	500	955
Trade and sundry debtors	2,793	2,400	2,348	2,155
Amounts owed by subsidiary undertakings	-	-	60	55
Other debtors	1,081	1,497	1,082	1,475
Prepayments and accrued income	2,770	2,503	3,421	3,550
<b>Total debtors</b>	<b>7,144</b>	<b>7,355</b>	<b>7,411</b>	<b>8,190</b>
 <b>Amounts falling due after more than one year:</b>				
HEFCE	-	1,008	-	1,008
<b>Total debtors</b>	<b>7,144</b>	<b>8,363</b>	<b>7,411</b>	<b>9,198</b>

At the year ended 31 July 2011 the University held a HEFCE debt which relates to the match funding of donations received. For every £3 donation (from applicable donors) received, HEFCE will potentially pay £1 to the University.

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 23. INVESTMENTS HELD AS CURRENT ASSETS

	The Group		The University	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Short term deposits	10,036	40,016	10,036	40,016
Equities at valuation at 31 July	1	1	-	-
	<b>10,037</b>	<b>40,017</b>	<b>10,036</b>	<b>40,016</b>

Equities consist of the following:

At 31 July 2011 the University held 132 shares in Lloyds TSB (2010: 132 shares in Lloyds TSB), with a market value at that date of £57 (2010: £91).

The Group also holds £494 of 12% Exchequer stock, the market value of which was £622 as at 31 July 2011 (2010: £663).

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 24. CREDITORS

	The Group		The University	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
<b>Amounts falling due within one year:</b>				
Trade creditors	12,314	9,060	12,255	9,041
Bank and other borrowings – promissory note	589	477	-	-
Bank and other borrowings – other loan	261	64	261	64
Access funds	-	6	-	6
Taxation and social security	2,389	2,324	2,350	2,324
Provision for enhanced future pension	123	122	123	122
Other creditors	4,335	4,854	4,335	4,811
Amounts due to subsidiary undertakings	-	-	1,377	1,563
Accruals and deferred income	17,764	23,028	17,132	22,637
	<b>37,775</b>	<b>39,935</b>	<b>37,833</b>	<b>40,568</b>
<b>Amounts falling due after more than one year:</b>				
Bank and other borrowings – promissory note	14,064	14,653	-	-
Bank and other borrowings – Other loan	15,176	15,436	15,176	15,436
Amounts owed to subsidiary undertakings	-	-	12,849	13,330
Provision for enhanced future pension	1,744	1,703	1,744	1,703
Provision for dilapidations at end of lease term	200	200	200	200
Accruals and deferred income	1,030	896	963	896
	<b>32,214</b>	<b>32,888</b>	<b>30,932</b>	<b>31,565</b>
<b>Analysis of promissory note and other bank loan:</b>				
Due within one year	850	541	261	64
Due between one and two years	1,001	850	278	261
Due between two and five years	4,023	3,493	916	871
Due in over five years	24,216	25,746	13,982	14,304
	<b>30,090</b>	<b>30,630</b>	<b>15,437</b>	<b>15,500</b>

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.

The other bank loan has a term of thirty years, that commenced in the year ended 31 July 2008. The interest rate on the loan is fixed for fifteen years at a rate of 5.535% and is variable thereafter. The loan is unsecured.

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 25. DEFERRED CAPITAL GRANTS

#### (a) The Group

	Buildings	Equip	Buildings		Total
	HEFCE	HEFCE	Other grants	Investment	
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2010	20,161	45	38,996	60	59,262
Grants received	727	-	500	-	1,227
	20,888	45	39,496	60	60,489
Release to income and expenditure account	(610)	(45)	(1,023)	-	(1,678)
<b>Balance at 31 July 2011</b>	<b>20,278</b>	<b>-</b>	<b>38,473</b>	<b>60</b>	<b>58,811</b>

#### (b) The University

	Buildings	Equip	Buildings		Total
	HEFCE	HEFCE	Other grants	Investment	
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2010	18,261	45	39,300	60	57,666
Grants received	727	-	500	-	1,227
	18,988	45	39,800	60	58,893
Release to income and expenditure account	(557)	(45)	(1,132)	-	(1,734)
<b>Balance at 31 July 2011</b>	<b>18,431</b>	<b>-</b>	<b>38,668</b>	<b>60</b>	<b>57,159</b>

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 26. ENDOWMENTS

#### (a) The Group

	Restricted expendable	Restricted permanent	Total
	£'000	£'000	£'000
Balance at 1 August 2010	396	523	919
Additions	3	-	3
Appreciation of endowment asset investments	-	20	20
Income for year	3	-	3
Qualifying expenditure	(13)	-	(13)
<b>Balance at 31 July 2011</b>	<b>389</b>	<b>543</b>	<b>932</b>

#### (b) The University

	Restricted expendable	Restricted permanent	Total
	£'000	£'000	£'000
Balance at 1 August 2010	256	86	342
Additions	1	-	1
Income for year	1	-	1
Qualifying expenditure	(11)	-	(11)
<b>Balance at 31 July 2011</b>	<b>247</b>	<b>86</b>	<b>333</b>

### 27. ACCESS FUNDS FOR STUDENTS

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

	2011	2010
	£'000	£'000
At 1 August	6	88
Received	380	381
Interest accrued	1	1
Distributed	(387)	(464)
<b>At 31 July</b>	<b>-</b>	<b>6</b>

The University acts only as a paying agent. The grants and related disbursements are, therefore, excluded from the income and expenditure account.

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 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 2010	25,057	59,519	(55,457)	29,119
Surplus/(deficit) for the year	-	7,376	(2,287)	5,089
Actuarial gain in respect of pension scheme	-	-	6,134	6,134
Transfer for depreciation relating to revaluation	(512)	512	-	-
<b>Balance at 31 July 2011</b>	<b>24,545</b>	<b>67,407</b>	<b>(51,610)</b>	<b>40,342</b>

#### (b) The University

	Revaluation Reserve	Revenue Reserve	Pension Reserve	Total Reserves
	£'000	£'000	£'000	£'000
Balance at 1 August 2010	21,425	59,656	(55,457)	25,624
Surplus/(deficit) for the year	-	7,659	(2,287)	5,372
Actuarial gain in respect of pension scheme	-	-	6,134	6,134
Transfer for depreciation relating to revaluation	(387)	387	-	-
<b>Balance at 31 July 2011</b>	<b>21,038</b>	<b>67,702</b>	<b>(51,610)</b>	<b>37,130</b>

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 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 2011 £'000	Land and Buildings 2010 £'000
<b>Leases which expire:</b>		
Within one year	-	23
After 5 years	4,399	4,436
	<b>4,399</b>	<b>4,459</b>

### 30. CAPITAL AND OTHER FINANCIAL COMMITMENTS

Capital expenditure authorised and contracted for but not provided in the accounts amounts to £4.426 million for the Group and University (2010: £4.454 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 (2010: £nil).

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

	2011 £'000	2010 £'000
Surplus from Operating Activities	5,079	(3,439)
Depreciation (note 12)	4,451	4,240
Provision for impairment of fixed asset investment	327	-
Deferred capital grants released to income (note 25)	(1,678)	(1,744)
Investment income (note 9)	(552)	(516)
Loss on disposal of fixed assets	135	-
Write off of fixed assets	-	145
Interest payable (note 11)	2,286	2,309
Decrease in debtors	1,219	1,202
(Decrease)/increase in creditors	(2,294)	7,570
Net pension cost	2,287	2,457
<b>Net Cash Inflow from Operating Activities</b>	<b>11,260</b>	<b>12,224</b>

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 32. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2010	Cash Flows	At 31 July 2011
	£'000	£'000	£'000
<b>Cash at bank and in hand:</b>			
Endowment assets	617	(7)	610
Other	9,077	27,743	36,820
	<b>9,694</b>	<b>27,736</b>	<b>37,430</b>
<b>Liquid Resources:</b>			
Current asset investment	1	-	1
Short term deposits	40,016	(29,980)	10,036
	<b>40,017</b>	<b>(29,980)</b>	<b>10,037</b>
<b>Debt:</b>			
Loans due within one year	(541)	(309)	(850)
Loans due after more than one year	(30,089)	849	(29,240)
	<b>(30,630)</b>	<b>540</b>	<b>(30,090)</b>
<b>Net funds</b>	<b>19,081</b>	<b>(1,704)</b>	<b>17,377</b>

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 33. PENSION COSTS

The Group operates four pension schemes of the defined benefit type. Three 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.

	2011	2010
	£'000	£'000
<b>Employers' contributions:</b>		
Teachers' Pension Scheme	5,031	5,246
London Pensions Fund Authority	4,026	4,663
Superannuation Arrangements of the University of London	4	3
Universities Superannuation Scheme	648	594
Payments in respect of unfunded pensions	607	615
	<u>10,316</u>	<u>11,121</u>
<b>FRS17 adjustment</b>	317	(414)
	<u>10,633</u>	<u>10,707</u>

Details of the four Group pension schemes are set out below:

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

Pension costs in respect of the University's employees are charged to the Income and Expenditure Account as they become payable.

The fund is administered by Teachers' Pensions. The scheme is subject to an actuarial review not less than every four years. The last published actuarial valuation on the Teachers' Pension Scheme (England and Wales) was performed by the Government Actuary on 31 March 2004 and covered the period 1 April 2001 to 31 March 2004.

The following actuarial assumptions were applied:

Gross rate of return	6.5% per annum
Real rate of return in excess of:	
Prices	3.5% per annum
Earnings	2.0% per annum
Rate of real earnings growth*	1.5% per annum

\* in addition to increases arising from salary progression, promotion etc.

A new contribution rate of 14.1% of salary (previously 13.5%) was introduced from 1 January 2007.

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 2011 contributions by the Group to the scheme were £5,031,054 (2010: £5,245,707).

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 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 2010 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 2011. The next formal valuation is due as at 31 March 2013.

The financial assumptions used by the actuary for the funding valuation under FRS17 as at 31 July 2011 were:

Assumptions as at:	2011	2010
	% per annum	% per annum
Expected Return on Assets	6.2	6.7
Salary increases	4.5	4.7
Pension increases	2.7	2.7
Discount rate	5.3	5.4

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

	2011
<i>Current pensioners</i>	
Males	20.9 years
Females	23.9 years
<i>Future pensioners</i>	
Males	22.9 years
Females	25.8 years

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.

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:

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

Assets (Active fund)	Long term rate	Fund value	Long term rate	Fund value	Long term rate	Fund value
	2011 % per annum	2011 £'000	2010 % per annum	2010 £'000	2009 % per annum	2009 £'000
Equities	6.8	57,120	7.3	49,374	7.5	42,236
Target return funds	4.5	9,106	4.5	8,587	6.2	6,379
Alternative assets	5.8	11,590	6.3	10,733	6.7	9,104
Cash	3.0	3,311	3.0	1,431	3.0	4,211
Other Bonds	5.3	1,656	5.4	1,431	-	-
<b>Total</b>		<b>82,783</b>		<b>71,556</b>		<b>61,930</b>

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 33. PENSION COSTS (continued)

The University's net pension assets were as follows:

Net pension assets as at	2011 £'000	2010 £'000
Estimated asset share (a)	82,783	71,556
Present value of scheme liabilities	(129,836)	(122,661)
Present value of unfunded liabilities	(4,557)	(4,352)
Total value of liabilities (b)	(134,393)	(127,013)
<b>Deficit in the scheme (a) – (b)</b>	<b>(51,610)</b>	<b>(55,457)</b>

#### Analysis of amounts charged to income and expenditure account:

	2011 £'000	2010 £'000
Current service cost	5,208	4,184
Past service cost	-	-
Impact of curtailments and settlements	15	88
<b>Total operating charge</b>	<b>5,223</b>	<b>4,272</b>

#### Financing:

- expected return on pension assets	(4,910)	(4,384)
- interest on pension scheme liabilities	6,880	7,255
<b>Net return</b>	<b>1,970</b>	<b>2,871</b>

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

	2011 £'000	2010 £'000
Actual return less expected return on pension scheme assets	2,989	1,963
Experience gains arising on the scheme liabilities	14,432	1,719
Changes in assumptions underlying the present value of the scheme liabilities	(11,287)	(5,196)
<b>Total actuarial gain/(loss) recognised</b>	<b>6,134</b>	<b>(1,514)</b>
<b>Capitalisation of gain on change in pension increase policy from RPI to CPI</b>	<b>-</b>	<b>6,135</b>

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 33. PENSION COSTS (continued)

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

	2011	2010
	£'000	£'000
<b>Opening defined benefit obligation</b>	<b>127,013</b>	<b>119,551</b>
Current service cost	5,208	4,184
Interest cost	6,880	7,255
Contributions by members	1,763	1,825
Actuarial (gains)/losses	(3,145)	3,477
Past service costs	-	-
Capitalisation of gain on change in pension increase policy from RPI to CPI	-	(6,135)
Losses on curtailments	15	88
Estimated unfunded benefits paid	(448)	(458)
Estimated benefits paid	(2,893)	(2,774)
<b>Closing defined benefit obligation</b>	<b>134,393</b>	<b>127,013</b>

Analysis of movement in the market value of the scheme assets

	2011	2010
	£'000	£'000
<b>Opening fair value of employer assets</b>	<b>71,556</b>	<b>61,930</b>
Expected return on assets	4,910	4,384
Contributions by members	1,763	1,825
Contributions by the employer including unfunded benefits	4,906	4,686
Actuarial gains	2,989	1,963
Estimated benefits paid including unfunded benefits	(3,341)	(3,232)
<b>Closing fair value of employer assets</b>	<b>82,783</b>	<b>71,556</b>

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.

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 33. PENSION COSTS (continued)

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

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
<b>Difference between the expected and actual return on scheme assets</b>	<b>2,989</b>	<b>1,963</b>	<b>(8,790)</b>	<b>(8,034)</b>	<b>2,858</b>
Value of assets	82,783	71,556	61,930	63,211	64,593
Percentage of assets	3.6%	2.7%	(14.2%)	(12.7%)	4.4%
<b>Experience gains/(losses) on liabilities</b>	<b>14,432</b>	<b>1,719</b>	<b>-</b>	<b>289</b>	<b>(144)</b>
Present value of liabilities	(134,393)	(127,013)	(119,551)	(99,445)	(91,310)
Percentage of the present value of liabilities	10.7%	1.4%	-	0.3%	(0.2%)
<b>Actuarial gain/(loss) recognised in the STRGL</b>	<b>6,134</b>	<b>(1,514)</b>	<b>(20,152)</b>	<b>(7,892)</b>	<b>10,079</b>
Percentage of the present value of liabilities	4.6%	1.2%	16.9%	7.9%	11.0%

In the year ending 31 July 2011, contributions by the Group to the scheme were £4,026,081 (2010: £4,662,626).

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 33. PENSION COSTS (continued)

#### Superannuation Arrangements of the University of London (SAUL)

The University of Westminster participates in a centralised defined benefit scheme for all qualified employees with the assets held in separate Trustee-administered funds. The University has adopted FRS17 for accounting for pension costs. It is not possible to identify the University's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL 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 2011, contributions by the Group to the scheme were £3,437 (2010: £3,423).

The scheme is subject to triennial valuations by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2008 using the projected unit credit method, in which the actuarial liability makes allowance for projected earnings. The following assumptions were used to assess the past service funding position and future service liabilities:

Valuation method	Projected unit	
	Past Service % per annum	Future Service % per annum
Investment return on liabilities		
- before retirement	6.9	7.0
- after retirement	4.8	5.0
Salary growth*	4.85	4.85
Pension increases	3.35	3.35

\* excluding an allowance for promotional increases.

The actuarial valuation applies to the scheme as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of the scheme's assets was £1,266 million representing 100% of the liability for benefits after allowing for expected future increases in salaries.

Based on the strength of the Employer covenant and the Trustee's long-term investment strategy, the Trustee and the Employers agreed to maintain Employer and Member contributions at 13% of Salaries and 6% of Salaries respectively following the valuation.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed SAUL to be in surplus at the last formal valuation date (31 March 2008).

The above rates will be reviewed when the results of the next formal actuarial valuation (as at 31 March 2011) are known.

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 33. PENSION COSTS (continued)

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#### Universities Superannuation Scheme (USS)

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2011 are also included in this note.

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

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The institution contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 33. PENSION COSTS (continued)

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Since 31 March 2008 global investment markets have continued to fluctuate and as at 31 March 2011 the market's assessment of inflation has increased slightly. The government has also announced a change to the inflation measure used in determining the "Official Pensions Index" from the Retail Prices Index to the Consumer Prices Index. The actuary has taken this all into account in his funding level estimates at 31 March 2011 by reducing the assumption for pension increases from 3.3% per annum to 2.9% per annum. The actuary has estimated that the funding level as at 31 March 2011 under the scheme specific funding regime had fallen from 103% to 98% (a deficit of circa £700 million). Over the past twelve months, the funding level has improved from 91%, as at 31 March 2010 to 98%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the three years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions). The next formal valuation is as at 31 March 2011 and this will incorporate updated assumptions agreed by the trustee company.

With effect from 1 October 2011, new joiners to the scheme will join the new revalued benefits section rather than the existing final salary section. This change will have an impact, expected to be positive, on the future funding levels.

On the FRS17 basis, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 54%.

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

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

The next formal triennial actuarial valuation is as at 31 March 2011 and will incorporate allowance for scheme benefit changes and any changes the trustee makes to the underlying actuarial assumptions. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

USS has over 130,000 active members and the University has 85 active members participating in the scheme.

The total pension cost for the institution was £648,097 (2010: £593,559). This includes £59,135 (2010: £50,981) outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 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 six trustees of these trusts was also a governor and trustee of the University during the 2011 financial year (2010: one of the six 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 2011 financial year, so the Students' Union is treated as a related party of the University.

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

	2011 £'000	2010 £'000
<b>Quintin Hogg Trust:</b>		
Rent payable to Trust – academic buildings	(2,471)	(2,438)
Donations received by University recognised in the income and expenditure account	2,086	2,100
Deferred capital grants received – Regent Street Cinema	500	500
Amounts owed to the University – disclosed within debtors	2	-

# UNIVERSITY OF WESTMINSTER

## NOTES TO THE FINANCIAL STATEMENTS

### 34. RELATED PARTY TRANSACTIONS (continued)

	2011 £'000	2010 £'000
<b>The Quintin Hogg Memorial Fund:</b>		
Rent payable to Trust	(57)	(57)
<b>The Students' Union:</b>		
Subvention payable to Students' Union	(736)	(736)
Other expenditure payable and invoiced by the Students' Union	2	-
Salaries reimbursed and invoiced by the University	700	522
Other income receivable and invoiced by the University	8	10
Amounts owed to the University – disclosed within debtors	27	30

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.

