

UNIVERSITY OF
HEART
OF LONDON
WESTMINSTER 冊



REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013

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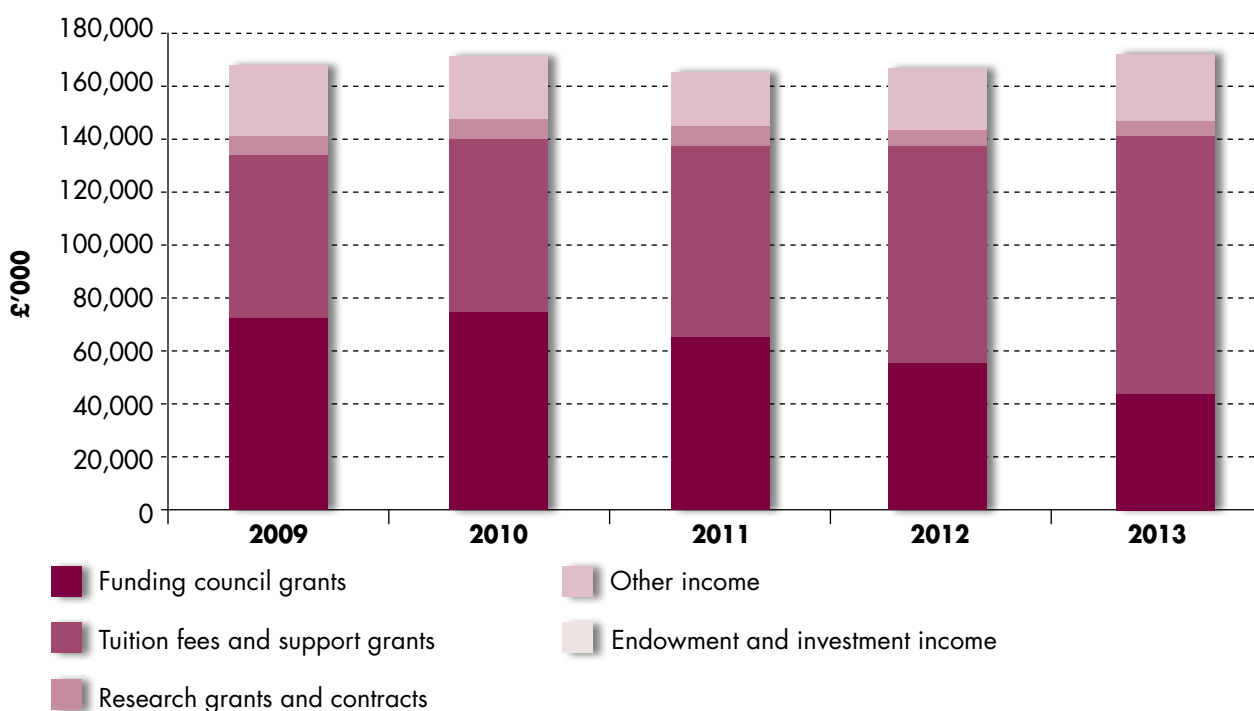
UNIVERSITY OF WESTMINSTER OPERATING AND FINANCIAL REVIEW

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 2013 the University reports a surplus on continuing activities of £11.1m. This compares with the reported surplus in 2012 of £10.3m; another year of relative stability as result of decisions taken at the beginning of the current 5-year planning period. Margins were maintained despite a focus upon a change from 7 Schools to 5 Faculties planning as part of the strategic income generation vision.

Income is £5m higher than the previous year at £170.4m. Income from the Higher Education Funding Council for England (HEFCE) was £13.1m lower than the previous year; however, it was offset by an increase in the 'Tuition fees and support grants' of £17.6m and the main contributor behind the income growth, a favourable variance of £4.5m. It should be noted that this growth was realised despite a net reduction in students' numbers of 6.1%. Future growth in student numbers is expected to be positive as a result of higher progression rates combined with more interest shown in application numbers. Research income is continuing its steady decline (£0.4m adverse compared with 2011/12) this had been expected, although plans are being drawn to replace this reduction through increased activity in third leg income generation initiatives. Other operating income at £23.4m is an increase on the previous year by £1.1m, the main reasons are increased income from 'Residences, catering and conferences' of £1.9m and increases in 'Sundry sales' of £0.3m offset by the reduction in 'Donations' of £1.1m.

Income



Pay costs have increased by £2m (2.3%) most of which has been centred around the 'Academic departments' (£1.4m). The mix of higher grade academics has increased although total numbers have changed relatively little over the year. The performance against budget was favourable £4.4m this is due to improving the return on pension scheme assets and should not be taken as a trend for future budgeting. Depreciation has increased from 2011/12 by £2.1m and is due to the first year of charges released for the Marylebone and Harrow Phase 1 projects, a trend that is to continue over the next few years of heavy investment in both the Estates and the IS Infrastructure. Other operating expenses at £57.3m have remained level compared to the previous year, although the blend of the components has altered, such as a £1.6m reduction in 'Administration and central services' whilst 'Premises' have increased £0.7m and 'Residences and catering' have increased by £0.4m and is expected as related income growth has also increased in line. The Estates investment strategy now beginning to show signs of increased student satisfaction, this will further improve as Harrow Phase 2a and other projects come to completion.

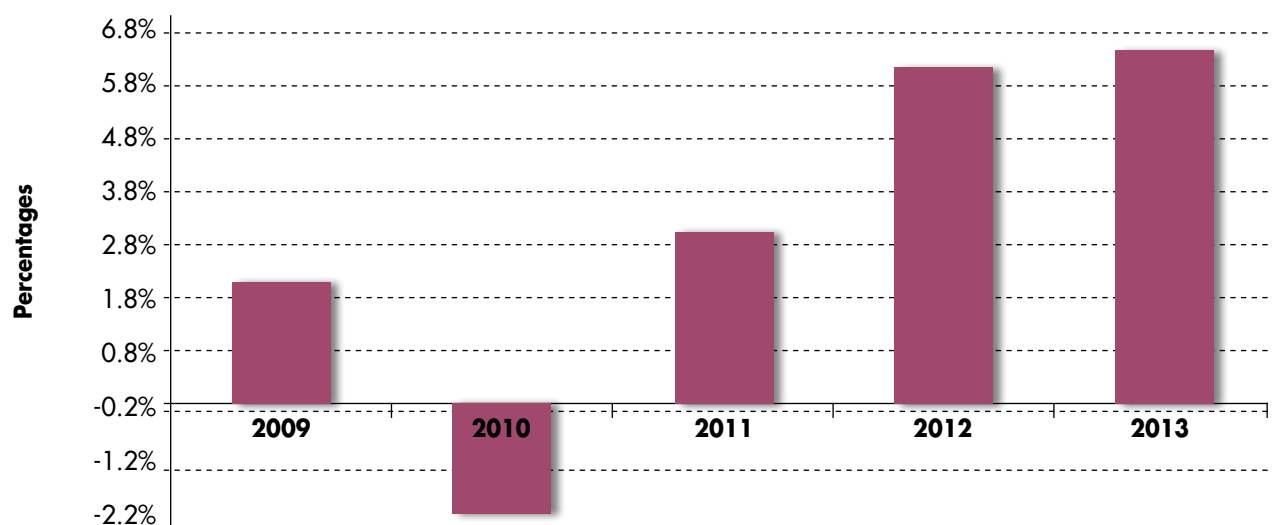
UNIVERSITY OF WESTMINSTER

OPERATING AND FINANCIAL REVIEW (continued)

The financial result is considered satisfactory and helps to support the strategies implemented to enable a trend of relatively high surpluses for the coming years whilst maintaining improvements to income generation. The concern in previous years over the new funding regime reaction has begun to reduce as the future indicators for applications shows signs of improvement. The focus to improve the University's effectiveness and efficiencies through changes implemented in-year will mean that 2013/14 can begin with 5 faculties with even more emphasis on student satisfaction. Changes in the Corporate Services departments will come into effect as result of significant planning to aid both income generation and effectiveness. However, this should be balanced by highlighting increased attention required to turn around recent results in league table positioning as compared with 2011/12.

In 2009 the University adopted a number of Key Performance Indicators (KPIs) and incorporated these in the 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. For 2013 this KPI achieved compliance at 6.5% and budgets for the year ending July 2014 have been set to meet the KPI and ensure compliance with existing loan covenants.

Surplus on Normal Operations



*2009/10 deficit was planned to cover costs of restructuring

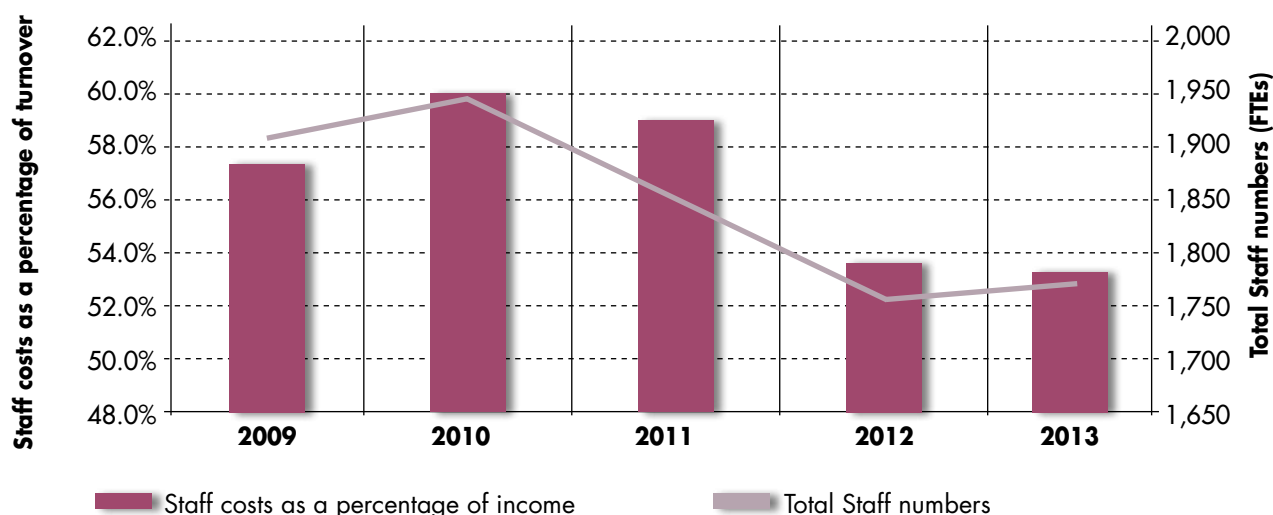
PAY

Staff costs form a significant proportion of expenditure at 53.3% of cost in 2012/13 (53.7% 2011/12). This demonstrates the control exercised by senior management to keep within the 56.6% budgeted level, whilst delivering at least as much value as budgeted. The trend for the coming years is to maintain a tight control on staff cost ratios through optimisation as planned in the strategic income generation vision. The 2012/13 benchmarking exercise with Tribal demonstrated that the current staffing costs are now in line with the average Higher Education Institution (HEI) peer group, that being said this is still not the end point for the new vision as the University seeks to deliver higher income with the existing staff.

UNIVERSITY OF WESTMINSTER OPERATING AND FINANCIAL REVIEW (continued)

PAY (continued)

Staff



ACCOUNTING FOR RETIREMENT BENEFITS

The University participates in four multi-employer defined benefit pension schemes. The Teachers Pension Scheme, to which most of the academic staff belongs, is unfunded. The majority of the professional support staff are members of the Local Government Pension Scheme, 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 continued its upward liability trend during the past year with the University's share of the scheme deficit increasing from £59.2m to £62.3m. This is predominantly due to an increase in the present value of funded obligations which is influenced by actuarial losses.

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 0.8% 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. This recommendation is being pursued by the individual pension schemes with consultation in progress by the LPFA and USS having already moved to a career-average scheme for new members. The University has implemented auto-enrolment and have made the necessary adjustments within the 2012/13 figures to reflect the resultant changes.

UNIVERSITY OF WESTMINSTER

OPERATING AND FINANCIAL REVIEW (continued)

ENGAGEMENT

Voluntary turnover for the University has increased over this year from 4.6% to 7.2% and is now slightly higher than the sector average of 6.7% (source: all HE sector data is extracted from the DLA Piper HR Performance Scorecard). The average figures also mask the variations in turnover between the two main groups – Academic Staff turnover has increased from 2.4% to 4.4% over the year and the Professional Support turnover remains stable with a small increase of 0.2% to 9.7%. Turnover of staff in management roles has reduced significantly from 15.9% to 10.1%.

In July 2013 the University's Corporate Services Group successfully retained their Customer First accreditation, the national standard that focuses on achieving performance through customer-centred approaches. The standard has three main building blocks; building customer relationships; maximising market awareness, and developing people.

The first annual report following the launch of the Professional Performance and Development reviews records that 26% of staff and managers completed the whole review cycle. The 2012/13 year was the pilot year for the Faculties and the first year of operation of the whole cycle for the Corporate Services Group. The University average hides a variation between management groups – Faculty, 3% and Corporate Services, 54%. Within the two groups, there is a similar variation in performance – Faculties, 1% - 6% and Corporate Services Departments, 10% - 100%.

During 2012/13 a new Business Engagement Programme was piloted by Westminster Business School (WBS) and will be ready for roll out to all Faculties in January 2014 in support of the income generation agenda. The Academic Leaders programme will also be open for nominations by December 2013. Preparation for a submission to gain the HR Award for Excellence in research is underway and the launch of the Leadership in Action programme developed by Vitae in support of succession planning for Research will be launched in June 2014 to support REF 2018. New training is also being developed to support the embedding of Equality and Diversity practices and the strengthening of Safety, Health & Well-being awareness across the University.

The University's HR Strategy will be renewed this year with a timeline for the implementation from 1 August 2014.

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 35 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.

CAPITAL EXPENDITURE AND ASSETS

In December 2008 the University adopted an estate strategy that set the framework for the management of and investment in the University's buildings and locations for the next 10 years to 2018. The strategy is set firmly within the context of the University's academic planning and contains critical programmes of work in the following areas:

- Developing student-centred, flexible learning space at all sites
- 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

UNIVERSITY OF WESTMINSTER OPERATING AND FINANCIAL REVIEW (continued)

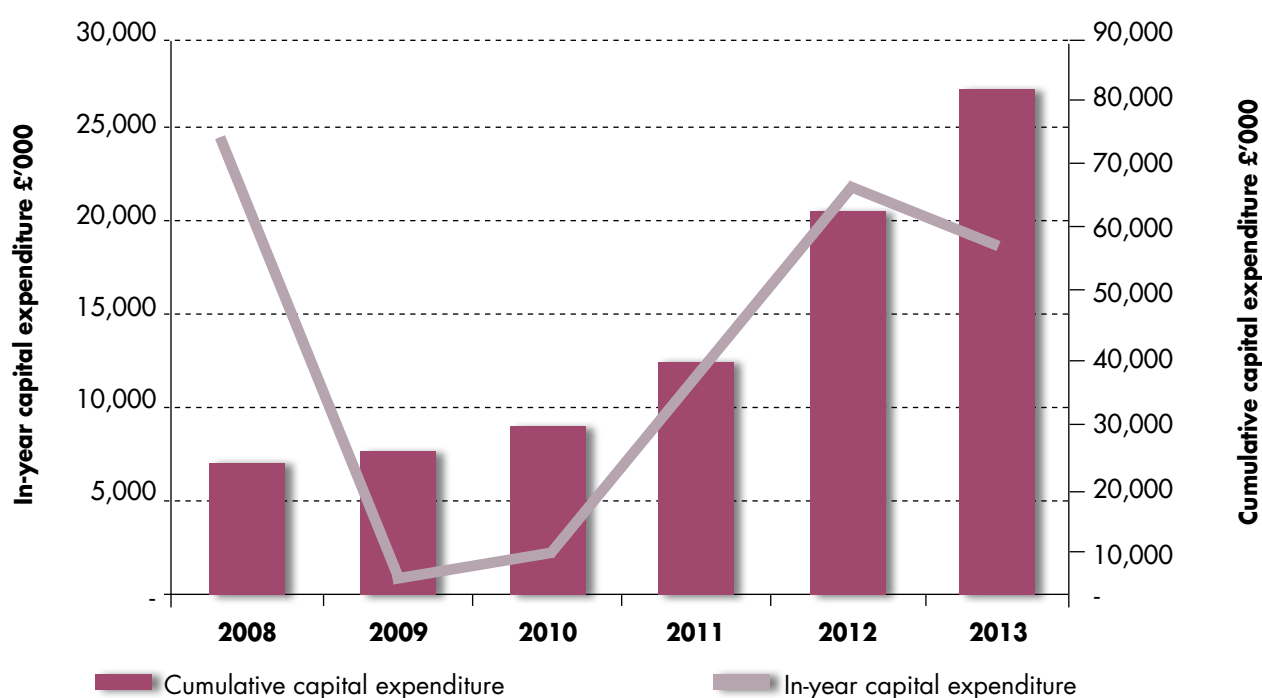
CAPITAL EXPENDITURE AND ASSETS (continued)

- 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.

Since the implementation of the estates strategy in December 2008 the University has invested £81.0m into capital projects.

Capital expenditure



Harrow

In line with the approved estate strategy, the first phase of the £37.1m development at Harrow, approved at the July 2010 meeting of the Court of Governors, commenced in June 2011 with an enabling works contract being successfully completed in September 2011. With Construction works being undertaken in four distinct phases, phase 1 works, with a value of £11.8m commenced on site in November 2011 were completed January 2013. Committee approval for phase 2 (£11.8m) was revised from the original phase 2 and was replaced by 2 smaller phases 2a and 2b following Court approval in April 2013. Phase 2a investment budgeted at £5.7m commenced in the June 2013 and is due to be completed by November 2013. Planning for phase 2b is still being finalised.

Little Titchfield Street

Investment in Little Titchfield Street Phase 1 was completed in August 2013 and Phase 2 commenced June 2013 at a budget of £2m.

Marylebone

The redevelopment at Marylebone originally budgeted at £20m was completed in May 2013, however, the scope of the original project was extended to include additional roofing works, the final spend was in excess of the original budget and was approved by Court at £20.6m.

Funding for these projects has come from a combination of reserves and additional borrowing.

UNIVERSITY OF WESTMINSTER

OPERATING AND FINANCIAL REVIEW (continued)

CASH AND INVESTMENTS

During the year the total of cash and investments increased by £9.7m to £46.1m at the Balance Sheet date. The outflow on capital additions of £18.6m in the year has been funded primarily from cash generated from net cash inflows from operating activities in the year. In January 2013 a decision was taken to draw down £10m of the additional £20m loan facility at an agreed fixed interest rate of 4.445% for a period of sixteen years to provide additional funding for the next phase of the capital programme.

As mentioned above, it is envisaged that these balances will begin to diminish as the estates strategy comes to fruition. Capital spend in excess of £22.7m is forecast for 2013/14 with a similar forecasted annual capital spend in 2014/15 and 2015/16. To partially fund these requirements it is anticipated that the £10m balance on the agreed £20m loan facility will be drawn down in December 2013.

The University's cash balances are managed in accordance with the Treasury Management Policy that is approved by the Governors annually. The University cash levels fluctuate throughout the year due to the receipt of funds from the Student Loans Company and requirements to meet the capital expenditure programmes. The University continues to invest funds in the money markets for short term periods (between 1 month and up to 1 year) and with top-rated counterparties.

The University has only a small direct exposure to equity markets being around £0.4m of the Prize and Scholarships Fund balances. The pension schemes in which the University participates have a greater exposure to the equity markets, for example LPFA 47%.

WESTMINSTER 2015

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 continues to be made towards this vision: a portfolio review was undertaken during the previous 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 2011 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 Faculties. 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 continues with significant investment in its facilities.

Both Harrow Phase 1 and Marylebone projects have been met with great success and is seen through far greater activity at both locations. The disruption caused to students in these projects has been factored into planning for future projects to help maximise the student experience.

STUDENT NUMBERS

In 2012/13 student recruitment achieved the management targets. This is summarised in the table below:

	2012/13	2012/13	2011/12	2010/12
	Home & EC	Overseas	Home & EC	Overseas
Full time undergraduate	11,297	948	11,838	850
Full time post graduate	976	1,046	1,090	1,190
Part time undergraduate	960	370	1,181	393
Part time post graduate	874	62	970	98
Total University Student FTEs	14,107	2,426	15,079	2,531

UNIVERSITY OF WESTMINSTER

OPERATING AND FINANCIAL REVIEW (continued)

STUDENT NUMBERS (continued)

Lead indicators for undergraduate student recruitment in 2013/14 are positive, with undergraduate applications in line with the University target (KPI: the ratio of full time undergraduate applications to enrolment of 6:1). However, the higher fees continue to follow the trends of 2011/12 with changes in subject demand leading to oversubscription in areas such as business and shortfalls in others such as languages. These changes in subject demand do not appear to be aligned to course fee level. The strategic income generation implementation seeks to address both student numbers, especially overseas and reviewing course offerings.

RESEARCH AWARDS

With the appointment of the new Pro-Vice Chancellor, the University is taking steps forward to change the Research Strategy to incorporate future growth of income outside of teaching. Although it is apparent that there is a downward trend in overall funding for research, plans are in place to increase 3rd leg income over the coming years. The University has sought to increase the specialised staff within faculty areas to help stimulate the growth of Research for the University and ensuring that a strategic approach is taken to future projects and as a result has employed two new Professors in the Media Arts and Design Faculty and a further three within SSH specialising in Politics and English. The University has also employed various methods such as the Work Allocation Model ('WAM') which will allow the University to manage the time spent by academics more efficiently and therefore create an effective balance between teaching time and time spent on research and income generating activities. The WAM is currently being piloted across some departments in the University and will be fully operational with a web based version in the academic year 2014/15.

The awarded project income, from which the University will benefit in line with other institutions, has increased to approximately £7.0m which includes a £3.9m project from the European Union ('EU') and this income spans future financial periods as some projects require long-term research activities. Those projects won in 2012/13 are detailed in the table below:

	Project Value £000's
ER – Flow	116
IDGF-SP: International Desktop Grid Federation – Support Project	107
Cloud Based Simulation Platform for Manufacturing and Engineering	3,869
SATURN	119
ADAPT-R: Architecture, Design and Art Practice Training – Research	441
Plurality and Media Power: New Policy Approaches to Protecting the Public	176
Leverhulme Trust	202
Men, Stress and Distress: A 'Male Sensitive' Feasibility Intervention and Study	142
A Service Evaluation of the Role of a Community Health Manager in Supporting Diabetic and Pre-diabetic Patients make Healthy Lifestyle Changes	144
Beyond Tradition: Ways of Knowing and Styles of Practice in East Asian Medicines, 1000 to present	974

Some of these awards are mentioned below by Faculty as an indication of the breadth of externally funded research conducted at the University and the range of funders – research councils, charities, government and government agencies and private sector.

UNIVERSITY OF WESTMINSTER

OPERATING AND FINANCIAL REVIEW (continued)

RESEARCH AWARDS (continued)

Architecture and the Built Environment

Eurocontrol have made an award to the faculty to research specific areas within the European air traffic management system with aims to modernise the current system. ABE have also been given funding from the European Union (EU) to develop a sustainable research training network within the EU connecting research with private sector innovators with global links and high potential for growth whilst implementing an innovative SME partnership structure.

Science and Technology

“East Asian Medicine 1000 to the present day” is the subject of a Wellcome Trust award of just under £1 million to the School which also received funding from Nelsons, a natural healthcare provider since 1860, to investigate stress and distress in men. Another project given to the Faculty is to provide a service evaluation of the role of a community health manager in supporting diabetic and pre-diabetic patients to make healthy lifestyle changes.

CloudSME is a project working with 16 partners to create an accessible solution for SMEs involved in manufacturing and engineering to obtain software to enable them to have working simulation models. This is done by pooling resources and removing the high entry barriers normally attributed to this type of modelling software. This will result in new business opportunities and a better customer relationship for the SMEs not to mention the exposure and accessibility for SMEs of cloud based service providers.

Social Sciences and Humanities

The faculty will conduct a Leverhulme Trust funded project over the next 3 years investigating the Conflicts in Cultural Value within localities and heritage in Southwestern China.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Please refer to the ‘Public Benefit Statement’

RISKS AND UNCERTAINTIES

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 as ‘High’ are as follows:

- Failure to recruit quality home/EU and overseas students in line with plan numbers. This risk will be reviewed following the 2013/14 intake analysis, the lead indicators are showing signs of improvement
- Failure to improve graduate level employment
- Failure of some line managers to effectively manage staff performance and development

These ‘High’ level risks are being addressed through various measures contained within the strategic income generation vision and its operational changes, which are in the implementation phase. Comparison of the risk register has shown that in all risk categories there have been year on year improvements, including in the ‘High’ level risks detailed.

UNIVERSITY OF WESTMINSTER

OPERATING AND FINANCIAL REVIEW (continued)

FUTURE OUTLOOK

In July 2013 the University submitted its five year forecast to HEFCE for the period up to 2015/16. This is in line with the 2015 vision set out in the current Corporate Plan. This plan has financial sustainability at its core. The Court of Governors have set KPI's around financial health to ensure that the University delivers year on year surpluses (3%+ growing to >5%). The forecast has now been enhanced by the Vice Chancellor's paper on his vision for the University up to 2020.

	2013/14	2014/15	2015/16
	£m	£m	£m
Income	175.4	177.4	183.9
Staff Costs	98.1	98.4	101.0
Operating Expenses	55.9	52.9	51.7
Depreciation	9.2	12.7	16.7
Interest	4.8	5.0	4.9
Surplus	7.4	8.4	9.6

Income

Income is predicted to grow fairly modestly over the three year period to 2015/16. The growth is mainly concentrated around non-regulated students. In accordance with the new funding regime HEFCE funding will be replaced over the period by an increase in tuition fee funding. Due to the current and perceived environment very little growth is forecasted for Research income. Other Income is predicted to rise in accordance with inflation.

The Vice Chancellor has now set the University a far more demanding target of increasing University income to £250m by 2020. The overseas under graduate market has been singled out to drive most of this income increase. This revised vision will be built into a new Corporate Plan.

Expenditure

Tight control of expenditure items has been maintained over the period. Staff costs have been set at a level that maintains the KPI of staff costs being 55% of total income. This means that there can be no growth in staff numbers without additional income growth. Depreciation increases significantly over the period reflecting the assets in the on-going capital programme coming into use and a change in the Universities capitalisation policy resulting in more items being treated as capital. This change in policy ensures that Other Operating Expenses budget falls over the period.

DISCLOSURE TO AUDITORS

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 University'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 University's auditors are aware of that information.

EMPLOYEE PARTICIPATION

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.

UNIVERSITY OF WESTMINSTER

OPERATING AND FINANCIAL REVIEW (continued)

DIVERSITY POLICY

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

The Court of Governors, in compliance with the Health and Safety at Work etc Act 1974, recognises and accepts the responsibility as far as reasonably practicable as an employer to provide a safe and healthy workplace for all its employees. It also accepts the responsibility 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

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

AUDITORS

A resolution to reappoint KPMG LLP as auditors for the year ending 31 July 2014 will be proposed at the forthcoming Annual General Meeting. The contract to provide audit services to the University is due for renewal during the year ending 31 July 2014.

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:

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

The objects are recorded in the Memorandum of Association and reproduced in the Statement of Corporate Governance and Internal Controls.

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 through 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.

STRATEGIC AIMS AND OBJECTIVES

The following aims with specific objectives and Key Performance Indicators are given in the University of Westminster Corporate Strategy, issued August 2009 and revised 2012:

- 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-informed research with a focus on excellence with impact – a portfolio of research and consultancy 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 professionalism, enterprise, creative thinking and innovation.

UNIVERSITY OF WESTMINSTER PUBLIC BENEFIT STATEMENT (continued)

STRATEGIC AIMS AND OBJECTIVES (continued)

- The University Governance and Management arrangements will be informed by agreed University strategies, which will be regularly evaluated and reviewed, and which will provide the basis for forward planning and investment, the identification and management of risk, the promotion of Corporate Social Responsibility, and the maintenance of the control environment.

LEARNING, TEACHING AND RESEARCH

The Faculty of Architecture and the Built Environment (ABE) 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. From architecture to transport, construction to tourism, property to urban design, housing to planning and because they are all brought together under one roof there is the opportunity for working across normal professional boundaries. With over 2,000 students, ABE 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 PhD students. Based on the Marylebone Road, opposite Baker Street underground station, the faculty 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. ABE offers a professional development and consultancy service, "Build Up". The initiative is designed to provide professional and organisational development for built environment professionals and organisations, respectively. Initially co-funded by the HEFCE ECIF Fund and the City of Westminster's Westminster Works in 2009-10 to provide professional development to professionals, Build Up has been so successful that the service will continue and also offer bespoke learning and development workshops and consultancy to organisations and businesses.

ABE 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 Faculty of Science and Technology is based in the Cavendish Campus at the University of Westminster. The purpose-built and architecturally distinctive campus is in central London, 10 minutes from Oxford Street and next to the iconic BT Tower. The faculty and campus have benefited from a major programme of refurbishment. More than £30 million was spent and, as a result, the Faculty of Science and Technology now boasts state of the art facilities. The faculty has a thriving research culture, with more than 30 students registered for PhDs. Active research and postgraduate programmes also ensure that undergraduate students are in close contact with cutting edge applied scientific knowledge. The faculty offers both mainstream and specialist undergraduate and postgraduate courses that are designed to meet both the career and personal aspirations of students. Our short courses and continual professional development (CPD) programmes are under review to better serve the evolving needs of industry. This is in addition to the full range of support services provided by the University of Westminster. The needs of our students are our highest priority. All our courses are modular, offering flexibility for those wishing to switch between full-time and part-time study, allowing students to customise their programme of study. All electronics and computer science courses on offer are vocational, leading to highly rewarding employment in industries operating at the forefront of technology and application of ICT. Our students come from a wide variety of backgrounds, and can enter programmes at different levels of study, depending on their prior learning (for example through foundation programmes). Some courses are offered through our partner institutions overseas. Our courses prepare students for professional working life, and provide graduates with technical knowledge and practical skills that meet the needs of industry, research or further study. Our electronics and computer science courses address the fundamental principles, technologies and processes, and their application to the solution of practical problems, through the design, construction, maintenance and disposal of ICT artefacts. They also provide students with an appreciation of the relevance of electronic engineering, mathematics and computer science to industry and society at large. All electronics and computer science courses provide comprehensive coverage of the subject of informatics (electronic and software engineering, network computing, information systems and applied mathematics) and its application to engineering, business, and the creative industries. The curriculum is up to date with current trends in industry, business and the modern global economy. It evolves continuously as technology changes to fit the professional needs of students.

UNIVERSITY OF WESTMINSTER PUBLIC BENEFIT STATEMENT

LEARNING, TEACHING AND RESEARCH (continued)

The Faculty 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 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 Faculty 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, 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 Faculty of Social Sciences and Humanities offers an exciting breadth of activity across the Social Sciences, the Arts, Humanities and Law, 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 Faculty has a diverse academic community welcoming students from the UK and from all over the world onto undergraduate and postgraduate programmes.

Each department has a range of research and knowledge transfer activity alongside their taught provision and each aims to work to enhance the public benefit of developing in its student's knowledge and skills that will contribute to the public good in a variety of ways. Westminster Law School 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 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 offer 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 CAB and Disability rights charities. Students, with additional training, can work as volunteer advisors in these charities.

Westminster Business School's ambition is to become "London's leading professionally-focused and research-engaged business school" and this is founded on its long history of providing business education for undergraduates and management education for practitioners and professionals. The School provides higher education for 4,000 students and a quarter of all students are studying postgraduate degrees. A sizeable proportion of students are from overseas and this means that there is an international community of students (and also staff) providing exciting opportunities for learning and development, as well as long term friendships. In terms of UK students, the School focuses upon providing business and management education for those who wish to enter 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 MBAs, Chartered Institute of Personnel and Development (one of their 11 national Centres of Excellence), ACCA, and the Chartered Institute of Marketing. The School continues to develop its research activities and these are organised around three flagship research centres and a strong group of PhD students. The focus is on applied research that is internationally recognised, and this helps to inform professional practice as well as the curriculum. Business development and knowledge transfer is a developing area of work, and the School is developing a strong reputation for providing corporate education and consultancy particularly to the public sector. Turnover is now in excess of £30 million with almost 200 full time staff and 150 visiting lecturers, placing the school among the largest UK University business schools.

Within Westminster Business School's Department of Leadership Development is the Westminster Exchange which provides a focus for pedagogic research, learning and teaching across the University. Their activity includes providing validated teacher training programmes in regional colleges as well as knowledge transfer activities through internal and external consultancy, and support postgraduate research at master's and doctoral levels (PhD) and professional doctorate.

UNIVERSITY OF WESTMINSTER PUBLIC BENEFIT STATEMENT

FEES, FUNDING, BURSARIES AND STUDENT FINANCIAL SUPPORT

The new funding system applied to all new UK and EU students starting their studies from September 2012, as well as students who deferred their entry from 2011/12 to 2012/13. Current undergraduate students at the University will continue under the old fee system and will not be affected by the 2012 changes. Undergraduate course fees for full-time international students were set at £11,370 for 2013/14. Postgraduate course fees for entry in 2014 will be published shortly. All of our course fees are available to view on the UCAS website. The University offers bursaries to students who are receiving a maintenance or special support grant from Student Finance England.

In 2012/13, as part of the Government's National Scholarship Programme (NSP) we offered scholarships worth £6,000 each to 222 students who met the eligibility criteria. In 2013/14 we will be offering 444 students scholarships under this scheme. Students awarded the scholarship are 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.

WIDENING PARTICIPATION

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 institutions 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.

UNIVERSITY OF WESTMINSTER

PUBLIC BENEFIT STATEMENT

ESTATE DEVELOPMENT

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).

PRIVATE BENEFIT

Commercially funded research and some types of knowledge exchange activity may generate the possibility of private benefit. The University trustees recognise that any private benefit must be incidental. The University Research, Enterprise and Knowledge Transfer Committee 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 Faculty and Faculty Research Directors and representatives of the professional support departments.

CORPORATE SOCIAL RESPONSIBILITY

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

The experience we offer

A vibrant learning environment - fostering innovation and creativity; practice informed, research engaged, with global influence.

The difference we make

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

MISSION STATEMENT

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

Chancellor

Lord Paul of Marylebone

Chair of the Court of Governors

Mr Peter Kyle OBE

Vice-Chancellor and Rector

Professor Geoffrey Petts BSc PhD FRSA FRGS

Company Secretary

Carole Mainstone MA MBA

Director of Finance

Mr Michael Webb BA FCA

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
Farrer & Co LLP

Registered Office

309 Regent Street
London
W1B 2HW

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 2013 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	Term of Office Completed
Chair	Sir F Mackay		25 February 2013
	Mr P Kyle OBE	25 February 2013	
Deputy Chair	Dr S Walton		
	Mr D Batchelor		
	Ms R Bellamy-James		
	Mr R Briant		
	Dame K Dunnell	27 November 2012	
	Mr A Ganguli		
	Mr S Hart		
	The Hon Dame Mary Hogg		
	Mr T Hope		
	Mr P Hopper		25 February 2013
	Mr R Lane		13 May 2013
	Ms M Lee		13 May 2013
	Mr T Mahri		8 July 2013
	Professor G Megson		
	Mr K Mimouni	8 July 2013	
	Professor E Morgan-Tamosunas		
	Mr G Morley		
	Mr P Murphy		
	Professor G Petts (Vice-Chancellor)		
	Mr M Staples		
	Mr James Wates	27 November 2012	
	Ms K Williams		
	Mr Alastair Woods	29 April 2013	
	Ms D Yeo		

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. Non-executive chairman of CBRE Global Investors (Jersey) Limited. A Freeman of the City of London and on the Court of Assistants of the Turners Livery.

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 and is currently Chairman of National Family Mediation. Visiting Fellow Commoner Corpus Christi College Cambridge 2012 -2013.

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

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

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

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.

Mr Peter Kyle, OBE CCMI is Chairman. He is currently Director General of the English Speaking Union and was formerly CEO of Shakespeare's Globe, the Arts Educational Schools, London and of The Scottish Ballet. He is Chairman of the Shakespeare Birthplace Trust and of The Centre for Magic Arts. He is a trustee of the Noel Coward Foundation, the Dance Teachers Benevolent Fund and of Waters Edge.

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

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

Professor G.M. Megson, BSc (Leeds) PhD(Loughborough) MBA (Reading) FBCS CITP CEng is Pro Vice-Chancellor Research & Knowledge Exchange 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 is sits on a number of editorial boards for technical journals and has interests in change management and organisational development.

UNIVERSITY OF WESTMINSTER

COURT OF GOVERNORS (continued)

Mr Kaled Mimouni is the newly-elected President of the University of Westminster Students' Union.

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

Mr Gary Morley, FCA is a Partner with MHA McIntyre Hudson. He is chairman of the British Suzuki Institute and vice chairman of the Imperial Society of Teachers of Dancing. He is a Freeman of the City of London and Master of the Plaisterers Livery Company.

Philip Murphy, BSc MRICS is a Partner with PRP Architects LLP a multi-disciplinary design and project management practice based in Smithfield. PRP is a leading housing and regeneration design and delivery consultancy with very strong links to public sector. He is involved with a number of education and arts organisations as a Trustee and Governor.

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

Mike Staples FRICS is a very experienced strategic cost and project advisor. He has over 30 years at senior level in the property and construction sector and has occupied leading management positions with Hanscomb, Skanska and Rider Levett Bucknall. He is currently a Director at Davis Langdon an AECOM Company.

Dr Suzy Walton, BSc MSc PhD is a Chartered Scientist, a Chartered Occupational Psychologist and a Chartered Director. She has a portfolio of board roles and over a decade's experience in central government. As well as being Deputy Chairman of the University of Westminster, Suzy is Deputy Chairman of the RSA (Royal Society for the Encouragement of Arts, Manufactures and Commerce) and the Internet Watch Foundation. She is also on the boards of HEFCE (the government regulator for the University sector) and Combat Stress which runs hospitals for veterans with PTSD. She also sits on many government committees including the State Honours Committee (Cabinet Office) and the Ethics Group of the National DNA Database (Home Office). Suzy has over a decade's experience as a Senior Civil Servant in central government. She has served in the Cabinet Office, the Prime Minister's Strategy Unit and the Ministry of Defence (MoD). She was awarded a PhD for her research in the MoD into military suicide. Suzy's earlier career was as a producer, editor and presenter for Sky News, LBC Radio and the BBC. She has five children

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

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

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

Mrs Diane Yeo, FRSA FInstF is currently a Consultant to not for profit organisations and Chairs 151 Proprietors Limited, SOS Westminster and the Arts Educational Schools.

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 2013 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 35 (related party transactions) to the accounts.

The Court of Governors, which meets formally up to five times a year, currently comprises 15 independent (non-executive) governors, three elected staff governors, one elected student governor, and two ex officio governors (the Vice Chancellor and the Deputy Vice Chancellor). There is a clear separation of the roles of the non-executive Chairman and the Chief Executive (the Vice-Chancellor).

The Court approves the University's long-term objectives and strategies and provides overall financial and organisational control. It delegates responsibility for the University's operations to the Vice-Chancellor who, supported by 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 services in education and research.

AUDIT COMMITTEE

(membership as at 31 July 2013)

Mr David Batchelor (Chair)
Dame Karen Dunnell (governor member from 27 November 2012)
Mr Anupam Ganguli
Mrs Diane Yeo

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

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 2013)

Mr Trevor Hope (Chair)
Professor Geoffrey Petts
Mr Gary Morley
Mr Philip Murphy
Mr Mike Staples
Mr James Wates

The Finance and Property Committee meets at least four times a year and recommends to the Court of Governors the University's annual revenue and capital budgets (including the estates strategy) and monitors performance in relation to approved budgets. 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. The Committee has maintained throughout the year an overview of progress and expenditure on the major estates redevelopment projects at the Harrow, Marylebone and Little Titchfield Street sites.

UNIVERSITY OF WESTMINSTER

THE WORK OF THE COURT OF GOVERNORS

(continued)

HUMAN RESOURCES COMMITTEE

(membership as at 31 July 2013)

Dr Suzy Walton (Chair)
Dr Amanda Feggetter (non-governor member)
Mr Anupam Ganguli
Mr Stephen Hart
Professor Rikki Morgan-Tamosunas
Mr Philip Murphy
Mr Alastair Woods (governor member from 29 April 2013)

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. It has also overseen the development of the new Human Resources strategy and the development of workforce planning. It regularly monitors staff Key Performance Indicators and reports on these to the Court of Governors.

REMUNERATION COMMITTEE

(membership as at 31 July 2013)

Mr Peter Kyle (Chair)
Professor Geoffrey Petts
Mr Stephen Hart
Dr Suzy Walton
Mr Alastair Woods

This Committee meets when appropriate to review the salaries, terms and conditions of employment of senior staff. The Vice-Chancellor withdraws from the Committee when his own remuneration is under review and this is formally recorded. The Committee also sets the framework for remuneration for academic and professional support staff paid salaries above the 51-point national scale.

NOMINATIONS COMMITTEE

(membership as at 31 July 2013)

Mr Peter Kyle (Chair)
Mrs Rita Bellamy-James
Mr Stephen Hart
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)

ACADEMIC COUNCIL PROFESSOR AND READERS AWARDING COMMITTEE

In addition to the above sub committees of the Court of Governors, the Academic Council and the Professors and Readers Awarding Committee, also report to the Court.

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, disciplinary and appeals procedures. During the year ending 31 July 2013, its membership and terms of reference, and those of its main sub-committees, have been subject to a major review led by the Academic Registrar.

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

UNIVERSITY OF WESTMINSTER STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS

GOVERNANCE AND MANAGEMENT

The University is a Company Limited by Guarantee and an exempt Charity. It complies with 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 vision for 2015 has been further developed and extended into a vision for a University in 2020 which is practice informed, research engaged, and has global influence. The continued focus on the vision has been particularly important in the face of the uncertainties arising from the rapid changes in the funding and support arrangements for UK Higher Education.

During the year ending 31 July 2013, the University has continued to deliver its teaching and research through an organisational structure consisting of seven academic Schools underpinned by an integrated Corporate Services function. From 1 August 2013, the academic Schools will be restructured as five Faculties, each to be led by an executive Dean with cross University responsibilities. This new structure is intended to facilitate the developments required by the vision for 2020, with its strong focus on areas of academic strength and interdisciplinary working.

The Corporate Services have also made some structural changes to enable them to support this new academic structure and to underpin the increasing emphasis on practice informed research and income generation. The Corporate Services have Investor in People accreditation, Bronze Standard, and also Customer First accreditation.

The Vice Chancellor is supported by an Executive Board, which he chairs. The membership from 1 August 2013 comprises the Deputy Vice Chancellor, the Pro Vice Chancellors, the five executive Deans of School, the Registrar & Secretary, and the Director of Finance.

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

The University has also continued its programme of information and development sessions for governors with presentations on a range of topics, including the University's international development plans.

The former Chair of the Court of Governors, Sir Francis Mackay, stepped down on 25 February 2013. He has been succeeded by Mr Peter Kyle OBE, formerly Deputy Chair. Three independent governors came to the end of their final term of office in the current year. Three new independent governors have been appointed to replace them. The Nominations Committee has continued to be active in ensuring that the Court has a good spread of skills amongst its independent membership. The Committee continues to seek non-governor members to supplement the expertise available to the Court sub-committees.

The University remains 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

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

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

This risk management process has been 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 an annual report to be made to the Court of Governors on risk management. The policy, which is approved and reviewed from time to time by the Court of Governors, most recently on 8 July 2013, 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, to safeguard the assets of the University and its subsidiaries, to 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
- secure the economical, efficient and effective management of the University's resources and expenditure.

The governors who held office at the date of approval of the accounts confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and that 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

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 the recognised trade unions, are held at regular intervals and are supplemented by informal discussions and briefing meetings. The Vice-Chancellor provides briefings to staff both face to face, and through video transmissions on the University's intranet, on the University's performance and plans.

DIVERSITY POLICY

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 *SpringForward*. The University has also achieved Stonewall accreditation.

All relevant HR policies are kept under review to ensure compliance with the single public sector equality duty as required by the Equality Act 2010.

UNIVERSITY OF WESTMINSTER

STATEMENT OF GOVERNORS' RESPONSIBILITIES

(continued)

HEALTH AND SAFETY

The Court of Governors, in compliance with the Health and Safety at Work etc Act 1974, recognises and accepts the responsibility as far as reasonably practicable as an employer to provide a safe and healthy workplace for all its employees. It also accepts the responsibility 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.

A revised Health and Safety Policy Statement and associated organisational arrangements were approved by the Court of Governors in April 2012, and further updated in November 2012. The Court received a briefing on 1 October 2012 on governors' liabilities and responsibilities for Health and Safety and Corporate Manslaughter from the University's solicitors and the in-house Safety Health and Wellbeing team. The University maintains a strong emphasis on staff wellbeing, and arranges regular "Wellbeing Days" to which all members of staff are invited and at which they can receive free of charge advice on healthy lifestyle options.

INSURANCE FOR OFFICERS

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

AUDITORS

A resolution to reappoint KPMG LLP as auditors for the year ending 31 July 2014 will be proposed at the forthcoming Annual General Meeting. The contract to provide audit services to the University is due for renewal during the year ending 31 July 2014.

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

Peter Kyle OBE
Chairman
28 November 2013

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

We have audited the Group and University financial statements (the "financial statements") of the University of Westminster for the year ended 31 July 2013 which comprise the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Statement of Group Total Recognised Gains and Losses, the Group statement of consolidated historical cost surpluses and deficits, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF THE GOVERNING COURT OF GOVERNORS AND AUDITOR

As explained more fully in the Court of Governors Statement set out on pages 27 and 28 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2013 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 UK Generally Accepted Accounting Practice; and; and
- have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and the Companies Act 2006.

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

OPINION ON OTHER MATTERS PRESCRIBED IN THE HEFCE AUDIT CODE OF PRACTICE ISSUED UNDER THE FURTHER AND HIGHER EDUCATION ACT 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Group and 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

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 Corporate Governance Statement) is inconsistent with our knowledge of the University and group.

Nicola May

Senior Statutory Auditor
For and on behalf of KPMG LLP
Statutory Auditor
Chartered Accountants
1 Forest Gate, Brighton Road
Crawley, West Sussex
RH11 9PT

28 November 2013

UNIVERSITY OF WESTMINSTER CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2013

	Note	2013 Total £'000	2012 Total £'000
INCOME FROM CONTINUING ACTIVITIES			
Funding council grants	5	43,122	56,244
Tuition fees and support grants	6	98,728	81,161
Research grants and contracts	7	4,510	4,949
Other income	8	23,420	22,336
Endowment and investment income	9	657	728
Total income		170,437	165,418
EXPENDITURE ON CONTINUING ACTIVITIES			
Staff costs	10,13	90,834	88,795
Depreciation	12	7,003	4,899
Other operating expenses	10	57,335	57,143
Interest payable	11	4,167	4,289
Total expenditure		159,339	155,126
Surplus after depreciation of tangible assets at valuation and before amounts written off investments and before tax		11,098	10,292
Amount written off investments	17	-	(33)
Surplus after depreciation of tangible assets at valuation and amounts written off investments and before tax		11,098	10,259
Taxation	15	-	-
Surplus after depreciation of assets at valuation, amounts written off investments and tax		11,098	10,259
Surplus for the year transferred to accumulated income in endowment funds	27	4	7
Surplus for the year retained within general reserves	16	11,102	10,266

All activities relate to continuing operations.

The notes on pages 37 to 68 form part of the financial statements.

UNIVERSITY OF WESTMINSTER

NOTE OF CONSOLIDATED HISTORICAL COST SURPLUSES AND DEFICITS

FOR THE YEAR ENDED 31 JULY 2013

	Note	2013 £'000	2012 £'000
Surplus on continuing operations before taxation		11,098	10,259
Difference between historical cost depreciation and the actual depreciation charge for the year calculated on the re-valued amount	29	510	510
Historical cost surplus for the year before taxation		11,608	10,769

The notes on pages 37 to 68 form part of the financial statements.

UNIVERSITY OF WESTMINSTER

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2013

	Note	2013 £'000	2012 £'000
Surplus on continuing operations after depreciation of assets at valuation and amounts written off investments and tax		11,102	10,266
Endowment income retained in the year	27	3	3
Endowments withdrawn	27	(7)	(10)
New endowments	27	2	2
Endowments repaid to donor	27	-	(3)
Appreciation of endowment asset investments	22	41	1
Actuarial (loss) in respect of pension schemes	34	(1,017)	(5,517)
Unrealised gain on investments	21	1	-
Total recognised gains relating to the year		10,125	4,742
Reconciliation			
Opening reserves and endowments		46,016	41,274
Total recognised gains for the year		10,125	4,742
Closing reserves and endowments		56,141	46,016

The notes on pages 37 to 68 form part of the financial statements.

UNIVERSITY OF WESTMINSTER BALANCE SHEETS

AS AT 31 JULY 2013

	Note	Group 2013 £'000	Group 2012 £'000	University 2013 £'000	University 2012 £'000
Fixed Assets					
Intangible assets	19	318	-	318	-
Tangible assets	20	193,948	183,311	189,587	178,646
Investments	21	82	81	72	72
		194,348	183,392	189,977	178,718
Endowment assets	22	964	925	320	324
Current Assets					
Debtors due within one year	23	8,348	7,006	8,021	7,547
Investments	24	10,015	30,015	10,014	30,014
Cash at bank and in hand		36,086	6,362	34,673	4,972
		54,449	43,383	52,708	42,533
Creditors					
Amounts falling due within one year	25	(35,011)	(33,779)	(33,612)	(33,987)
Net Current Assets		19,438	9,604	19,096	8,546
Total assets less current liabilities		214,750	193,921	209,393	187,588
Creditors					
Amounts falling due after more than one year	25	(39,486)	(30,911)	(40,274)	(29,825)
Total net assets excluding pension liability		175,264	163,010	169,119	157,763
Pension liability	34	(62,300)	(59,207)	(62,300)	(59,207)
Net assets including pension liability		112,964	103,803	106,819	98,556
Represented by:					
Deferred capital grants	26	56,824	57,787	55,274	56,186
Endowments Funds					
Expendable	27	378	381	233	238
Permanent	27	586	544	87	86
Total endowments		964	925	320	324
Reserves					
Revenue reserve excluding pension liability	29	93,951	80,263	93,263	80,605
Pension reserve	29	(62,300)	(59,207)	(62,300)	(59,207)
Revenue reserve including pension liability		31,651	21,056	30,963	21,398
Revaluation reserve	29	23,525	24,035	20,262	20,648
Total reserves	29	55,176	45,091	51,225	42,046
Total funds		112,964	103,803	106,819	98,556

The notes on pages 37 to 68 form part of the financial statements.

Approved by the Court of Governors on 28 November 2013 and signed on its behalf by:

Mr Peter Kyle
Chairman

Prof Geoffrey Petts
Vice-Chancellor and Rector

UNIVERSITY OF WESTMINSTER CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2013

	Note	2013 £'000	2012 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	32	20,313	12,909
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Income from endowments	9	3	3
Interest received	9	654	725
Interest paid	11	(2,360)	(2,326)
Net cash outflow from returns on investments and servicing of finance		(1,703)	(1,598)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets	19,20	(18,632)	(21,573)
Purchase of investments	24	(1)	-
New endowments received	27	2	2
Endowments repaid to donor	27	-	(3)
Endowment funds invested	27	-	-
Deferred capital grants received	26	745	625
Net cash outflow from capital expenditure and financial investment		(17,886)	(20,949)
CASH INFLOW / (OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		724	(9,638)
MANAGEMENT OF LIQUID RESOURCES			
Cash transferred from/(to) short term deposits		20,000	(19,978)
FINANCING			
New Bank loan		10,000	-
Loan repayments		(1,002)	(850)
Net cash inflow / (outflow) from financing		8,998	(850)
INCREASE/(DECREASE) IN CASH	33	29,722	(30,466)

The notes on pages 37 to 68 form part of the financial statements.

UNIVERSITY OF WESTMINSTER

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

FOR THE YEAR ENDED 31 JULY 2013

	Note	2013		2012	
		£'000	£'000	£'000	£'000
Increase/(Decrease) in cash in period		29,722		(30,466)	
Cash (inflow)/outflow from movement in liquid resources		(20,000)		19,978	
Cash (inflow)/outflow from decrease in debt and lease financing		(8,998)		850	
Change in net funds resulting from cash flows		724		(9,638)	
Movement in net funds in the period			724		(9,638)
Net funds at 1 August			7,739		17,377
Net funds at 31 July	33		8,463		7,739

The notes on pages 37 to 68 form part of the financial statements.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2013

1. COMPANY STATUS

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

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

2. BASIS OF PREPARATION

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

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

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

3. BASIS OF CONSOLIDATION

The consolidated financial statements consolidate the financial statements of the University and its subsidiary undertakings for the financial year ended 31 July 2013. Intra-group transactions are eliminated on consolidation.

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

4. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Income recognition

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

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

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.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

4. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

Income recognition (continued)

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

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

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

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

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

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

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

Agency arrangements

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

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful economic lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Costs in respect of operating leases are charged to the Income and Expenditure account on a straight-line basis over the lease term.

Taxation

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993) and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

The University's subsidiary companies are subject to corporation tax and VAT on the same basis as any commercial organisation.

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

Intangible Assets

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

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 were valued as at the date of their transfer and this valuation has been considered to be historic cost from that point in time.

Repairs and maintenance

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

Assets used by the University

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

Interest Capitalisation

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

Equipment

Individual assets costing over £10,000 are capitalised.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

Depreciation

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

Intangible fixed assets

Software implementation costs	five years
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Tangible fixed assets

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

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

Investments

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

Cash Flows and Liquid Resources

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

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

Going Concern

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

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

Foreign Currencies

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

Accounting for charitable donations

Unrestricted donations

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

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

Endowment funds

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

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.

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

		2013	2012
		£'000	£'000
(a) Recurrent grant from HEFCE			
	Note		
Teaching		36,038	49,477
Research		4,037	4,297
Other (including special initiatives)		1,999	1,397
Pension liabilities		388	447
		42,462	55,618
(b) Release of HEFCE capital grants	26	649	608
(c) Teaching Agency grants		11	18
		43,122	56,244

6. TUITION FEES AND SUPPORT GRANTS

	2013	2012
	£'000	£'000
Full Time Home and EU students	59,999	44,283
Part Time Home and EU Students	8,364	8,076
Non-EU students	27,600	26,486
	95,963	78,845
Research Training Support Grant	19	28
Non credit bearing courses	2,746	2,288
	98,728	81,161

7. RESEARCH GRANTS AND CONTRACTS

	2013	2012
	£'000	£'000
Government departments	1,309	1,525
Research councils	981	804
UK based charities	914	899
European Commission	702	1,023
Other bodies	604	698
	4,510	4,949

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

8. OTHER INCOME

	2013	2012
	£'000	£'000
Residences, catering and conferences	12,031	10,180
Recreation	633	699
Rents and lettings	1,606	1,499
Photocopier income	428	443
Sundry sales	561	298
Miscellaneous	5,242	5,183
Donations	1,860	2,993
Release of non-HEFCE deferred capital grants (note 25)	1,059	1,041
	23,420	22,336

9. ENDOWMENT AND INVESTMENT INCOME

	2013	2012
	£'000	£'000
Income from expendable endowments (note 27)	3	3
Income from short-term investments	654	725
	657	728

10. EXPENDITURE BY ACTIVITY

	Staff Costs	2013 Other Operating Expenses	Total	Staff Costs	2012 Other Operating Expenses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Academic departments	57,877	9,939	67,816	56,468	9,405	65,873
Academic support services	10,660	7,615	18,275	10,412	7,759	18,171
Research	2,414	1,700	4,114	2,842	1,386	4,228
Administration and central services	15,089	12,466	27,555	14,972	14,029	29,001
Premises	2,964	19,970	22,934	2,975	19,293	22,268
Residences and catering	1,110	5,634	6,744	1,043	5,254	6,297
Other expenditure	720	11	731	83	17	100
	90,834	57,335	148,169	88,795	57,143	145,938

The total shown for other expenditure in the column headed Staff Costs includes £269k (2012: (£117k)) in respect of FRS17 adjustments to staff costs.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

11. INTEREST PAYABLE

	2013 £'000	2012 £'000
Promissory note	1,314	1,379
Bank loans repayable after 5 years	1,046	850
Net interest cost on pension scheme liabilities (note 34)	1,807	1,963
Other interest	-	97
	4,167	4,289

12. DEPRECIATION

	2013 £'000	2012 £'000
The depreciation charge has been funded by:		
Release of deferred capital grants	1,708	1,648
Release of revaluation reserve	510	510
General income	4,785	2,741
	7,003	4,899

13. INFORMATION REGARDING EMPLOYEES

	2013 £'000	2012 £'000
(a) Employee costs		
Wages and salaries	73,274	72,335
Redundancy costs	451	(34)
Social security costs	6,329	6,283
Other pension costs	10,780	10,211
	90,834	88,795

	2013 No.	2012 No.
(b) Average number of people employed by the group in the year, expressed as full-time equivalents, was:		
Teaching and research staff	767	773
Visiting lecturers	144	119
Support staff	863	861
	1,774	1,753

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. INFORMATION REGARDING EMPLOYEES (continued)

(c) Remuneration of higher paid staff (including Governors)	No.	No.
The following staff received remuneration (excluding pension contributions) of £100,000 or over		
£100,000 - £109,999	7	4
£110,000 - £119,999	2	3
£120,000 - £129,999	1	1
£130,000 - £139,999	1	-
£220,000 - £229,999	-	1
£230,000 - £239,000	1	-
	12	9

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.

	2013 £'000	2012 £'000
(a) The remuneration of the trustees of the University are:		
In respect of service as trustees	-	-
Other remuneration:		
Executive trustees (including pension contributions on behalf of executive trustees)	619	592
Non-executive trustees	-	-
(b) The remuneration of the Chairman and the Vice-Chancellor and Rector are:		
Chairman: Sir F Mackay (to 24 February 13)	-	-
Mr Peter Kyle (from 24 February 13)	-	-
Vice Chancellor and Rector: Prof G Petts		
Salary	233	224
Pension contributions	37	36
Total remuneration	270	260

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.

Five executive trustees (2012: 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 (2012: £3,000) 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 and subsistence charges for the purpose of accommodation and conference fees. (2012: travel, childcare, subsistence and internet connection charges for the purpose of preparing for a trustees' meeting, accommodation and conference fees). The expenses related to two trustees. (2012: five trustees).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

15. TAXATION

Factors affecting the tax charge for the current period

The tax assessed for the period is lower than that resulting from applying the average standard rate of corporation tax in the UK for the period: 25.33% (last period 27.33%). The differences are explained below:

	2013 £'000	2012 £'000
Consolidated surplus on ordinary activities	11,098	10,259
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.67 % (2012: 25.33%):	2,627	2,599
Effects of:		
- Expenses not deductible for tax purposes	-	-
- Capital allowances in excess of depreciation	(1)	(5)
- Carried forward tax losses	-	-
- Non-taxable (profit)/loss	(2,626)	(2,594)
Current tax for the year	-	-

Factors that may affect the future tax charge

There is a deferred tax asset which has not been recognised as it is not expected to crystallise in the future. The amount of the asset in terms of the taxation not recognised, calculated at 20% (2012: 23%) of the amount of the timing differences, is £375,793 (2012: £423,627 asset), and it is analysed below.

	2013 £'000	2012 £'000
Provision for bad debts not utilised	35	40
Capital allowances not utilised	2	3
Tax losses not utilised	339	381
	376	424

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

16. SURPLUS FOR THE FINANCIAL YEAR BEFORE TRANSFERS FROM RESERVES

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

	2013 £'000	2012 £'000
Auditors remuneration:		
audit fee University	48	50
Subsidiary Companies	16	11
non-audit services	27	48
Operating lease rentals:		
property rents	4,432	5,071
Depreciation:		
owned assets	6,149	4,326
leased assets	854	573

17. AMOUNTS WRITTEN OFF INVESTMENTS

	2013 £'000	2012 £'000
Provision against investment in Hypha	-	33
	-	33

The University has invested a total of £394k in Hypha Discovery Limited and holds 28.8% of the shares.

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 £11.320m (2012: £10.433m surplus).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

19. INTANGIBLE ASSETS

	The Group		The University	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Additions	136	-	136	-
Transfers	268	-	268	-
	404	-	404	-
Depreciation charge for the year)	(86)	-	(86)	-
Net book value	318	-	318	-

20. TANGIBLE ASSETS

(a) The Group

	Freehold land and buildings	Leasehold buildings and improvements	Assets in course of construction	Plant and machinery	Fixtures, fittings and equipment	Computers	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 August 2012	186,055	11,981	24,735	5,348	62	2,095	67	230,343
Additions	-	-	17,873	411	33	179	-	18,496
Transfers	30,114	3,558	(37,363)	1,924	1,454	45	-	(268)
Reclassification*	-	-	(674)	-	-	-	-	(674)
Disposals	-	-	-	-	-	(392)	(18)	(410)
As 31 July 2013	216,169	15,539	4,571	7,683	1,549	1,927	49	247,487
Depreciation								
At 1 August 2012	36,229	5,480	-	3,789	9	1,458	67	47,032
Charge for the year	4,424	854	-	924	305	410	-	6,917
Disposals	-	-	-	-	-	(392)	(18)	(410)
As 31 July 2013	40,653	6,334	-	4,713	314	1,476	49	53,539
Net book value at 31 July 2013	175,516	9,205	4,571	2,970	1,235	451	-	193,948
Net book value at 31 July 2012	149,826	6,501	24,735	1,559	53	637	-	183,311
Financed by capital grant	53,669	3,105	-	15	-	-	-	56,789
Other	121,847	6,100	4,571	2,955	1,235	451	-	137,159
Net book value at 31 July 2013	175,516	9,205	4,571	2,970	1,235	451	-	193,948

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

20. TANGIBLE ASSETS (continued)

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.

*During the year phase II of the Harrow project was redesigned and scaled back from the original development proposal. As a result, a review of costs in respect of professional fees incurred on the original design of phase II and capitalised in assets under contraction in prior years have been reclassified to the income and expenditure account.

(b) The University

	Freehold land and buildings £'000	Leasehold buildings and improvements £'000	Assets in course of construction £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Computers £'000	Motor vehicles £'000	Total £'000
Cost or Valuation								
At 1 August 2012	171,672	11,981	24,735	5,348	62	2,082	67	215,947
Additions	-	-	17,873	411	33	179	-	18,496
Transfers	30,114	3,558	(37,363)	1,924	1,454	45	-	(268)
Reclassification*	-	-	(674)	-	-	-	-	(674)
Disposals	-	-	-	-	-	(392)	(18)	(410)
As 31 July 2013	201,786	15,539	4,571	7,683	1,549	1,914	49	233,091
Depreciation								
At 1 August 2012	26,511	5,480	-	3,789	9	1,445	67	37,301
Charge for the year	4,120	854	-	924	305	410	-	6,613
Disposals	-	-	-	-	-	(392)	(18)	(410)
As 31 July 2013	30,631	6,334	-	4,713	314	1,463	49	43,504
Net book value at 31 July 2013	171,155	9,205	4,571	2,970	1,235	451	-	189,587
Net book value at 31 July 2012	145,161	6,501	24,735	1,559	53	637	-	178,646
Financed by capital grant	52,118	3,105	-	15	-	-	-	55,238
Other	119,037	6,100	4,571	2,955	1,235	451	-	134,349
Net book value at 31 July 2013	171,155	9,205	4,571	2,970	1,235	451	-	189,587

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

20. TANGIBLE ASSETS (continued)

(c) The Group and the University

	The Group		The University	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
(i) Analysis of land and buildings at cost or valuation:				
At cost	159,847	159,847	152,236	152,236
Revaluation increase	26,208	26,208	19,436	19,436
At valuation: 31 July 1995	186,055	186,055	171,672	171,672

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

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

	The Group		The University	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
(ii) If freehold land and buildings had not been revalued, they would have been included at the following amounts:				
Cost	159,847	159,847	152,236	152,236
Aggregate depreciation	(29,701)	(26,878)	(22,665)	(19,853)
Net book value	130,146	132,969	129,571	132,383

(iii) The value of freehold land and buildings includes £27.254 million in respect of land that is not depreciated (2012: £27.254 million).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

21. FIXED ASSET INVESTMENTS

(c) The Group and the University

	The Group		The University	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Share in subsidiary undertakings:				
At 1 August and 31 July	-	-	1	1
Other shareholdings:				
At 1 August	81	114	71	104
Appreciation in value of investment assets	1	-	-	-
Amounts written off (Note 17)	-	(33)	-	(33)
At 31 July	82	81	71	71
TOTAL	82	81	72	72

- (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 2013 the University and Group own 2,235,803 Ordinary 0.0001 pence Shares in Hypha Discovery Ltd, an unquoted company. This holding amounts to 28.8% of the issued share capital and represents a participating interest with no significant influence exercised over the company.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

21. FIXED ASSET INVESTMENTS (continued)

The following companies were held as investments by the University of Westminster on 31 July 2013. They are all subsidiary undertakings of the University and, with the exception of University of Westminster (International), all operate in the UK.

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

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 and from that date the Policy Studies Institute as a company ceased to trade. On 28 August 2012 the Company was dissolved.

22. ENDOWMENT ASSET INVESTMENTS

	The Group		The University	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Investments				
Market value at 1 August	925	932	324	333
Appreciation in the value of endowment asset investments	41	1	-	-
(Decrease)/increase in cash balances	(2)	(8)	(4)	(9)
Balance at 31st July	964	925	320	324
Fixed interest stocks	2	2	-	-
Charities Official Investment Fund	362	321	-	-
Cash	600	602	320	324
Total endowment asset investments	964	925	320	324

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

23. DEBTORS

	The Group		The University	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade and sundry debtors	2,712	2,178	2,409	1,602
Amounts owed by subsidiary undertakings	-	-	71	65
Other debtors	1,297	1,106	1,297	1,106
Prepayments and accrued income	4,339	3,722	4,244	4,774
Total debtors	8,348	7,006	8,021	7,547

24. INVESTMENTS HELD AS CURRENT ASSETS

	The Group		The University	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Short term deposits	10,014	30,014	10,014	30,014
Equities at valuation at 31 July	1	1	-	-
	10,015	30,015	10,014	30,014

Equities consist of the following:

At 31 July 2013 the University held 132 shares in Lloyds TSB (2012: 132 shares in Lloyds TSB), with a market value at that date of £90 (2012: £40).

The Group also holds £494 of 12% Exchequer stock, the market value of which was £514 as at 31 July 2013 (2012: £573).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

25. CREDITORS

	The Group		The University	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade creditors	10,199	8,974	10,178	8,946
Bank and other borrowings – promissory note	868	723	-	-
Bank and other borrowings – other loan	286	278	286	278
Taxation and social security	2,146	2,080	2,083	2,064
Provision for enhanced future pension	133	126	133	126
Access funds (see note 28)	50	-	50	-
Other creditors	6,750	4,690	6,728	4,690
Amounts due to subsidiary undertakings	-	-	-	1,751
Accruals and deferred income	14,579	16,908	14,154	16,132
	35,011	33,779	33,612	33,987

Amounts falling due after more than one year:

Bank and other borrowings – promissory note	12,473	13,341	-	-
Bank and other borrowings – other loan	24,611	14,898	24,611	14,898
Amounts owed to subsidiary undertakings	-	-	13,261	12,255
Provision for enhanced future pension	2,108	1,815	2,108	1,815
Provision for dilapidations at end of lease term	-	200	-	200
Accruals and deferred income	294	657	294	657
	39,486	30,911	40,274	29,825

Analysis of promissory note and other bank loan:

Due within one year	1,154	1,001	286	278
Due between one and two years	1,337	1,154	307	286
Due between two and five years	7,115	4,625	2,856	973
Due in over five years	28,632	22,460	21,448	13,639
	38,238	29,240	24,897	15,176

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

There are two other bank loans. The first bank loan has a term of thirty years that commenced during the year ended 31 July 2008. On the 28 June 2013 the interest rate on this loan was fixed at 5.2925% for the remaining period of the loan. During the year an additional loan of £10,000,000 was drawn down and has a fixed rate of interest of 4.445% over the sixteen year period of the loan. Both loans are unsecured.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

26. DEFERRED CAPITAL GRANTS

(a) The Group

	Buildings HEFCE £'000	Buildings Other grants £'000	Equipment Other grants	Investment £'000	Total £'000
Balance at 1 August 2012	20,255	37,448	24	60	57,787
Grants received	745	-	-	-	745
	21,000	37,448	24	60	58,532
Release to Income and Expenditure account	(649)	(1,025)	(8)	(26)	(1,708)
Balance at 31 July 2013	20,351	36,423	16	34	56,824

(b) The University

	Buildings HEFCE £'000	Buildings Other grants £'000	Equipment Other grants	Investment £'000	Total £'000
Balance at 1 August 2012	18,463	37,639	24	60	56,186
Grants received	746	-	-	-	746
	19,209	37,639	24	60	56,932
Release to Income and Expenditure account	(594)	(1,030)	(8)	(26)	(1,658)
Balance at 31 July 2013	18,615	36,609	16	34	55,274

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

27. ENDOWMENTS

(a) The Group

	Restricted expendable £'000	Restricted permanent £'000	Total £'000
Balance at 1 August 2012	381	544	925
Additions	2	-	2
Appreciation of endowment asset investments	-	41	41
Income for year	2	1	3
Qualifying expenditure	(7)	-	(7)
Balance at 31 July 2013	378	586	964

(b) The University

	Restricted expendable £'000	Restricted permanent £'000	Total £'000
Balance at 1 August 2012	238	86	324
Additions	1	-	1
Income for year	1	1	2
Qualifying expenditure	(7)	-	(7)
Balance at 31 July 2013	233	87	320

28. ACCESS FUNDS FOR STUDENTS

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

	2013 £'000	2012 £'000
At 1 August	-	-
Received	366	407
Interest accrued	1	1
Distributed	(317)	(408)
At 31 July	50	-

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

29. RECONCILIATION OF MOVEMENTS ON RESERVES

(a) The Group

	Revaluation Reserve	Revenue Reserve	Pension Reserve	Total Reserves
	£'000	£'000	£'000	£'000
Balance at 1 August 2012	24,035	80,263	(59,207)	45,091
Surplus/(deficit) for the year	-	13,178	(2,076)	11,102
Actuarial loss in respect of pension scheme	-	-	(1,017)	(1,017)
Transfer for depreciation relating to revaluation	(510)	510	-	-
Balance at 31st July 2013	23,525	93,951	(62,300)	55,176

(b) The University

	Revaluation Reserve	Revenue Reserve	Pension Reserve	Total Reserves
	£'000	£'000	£'000	£'000
Balance at 1 August 2012	20,648	80,605	(59,207)	42,046
Surplus/(deficit) for the year	-	12,272	(2,076)	10,196
Actuarial loss in respect of pension scheme	-	-	(1,017)	(1,017)
Transfer for depreciation relating to revaluation	(386)	386	-	-
Balance at 31 July 2013	20,262	93,263	(62,300)	51,225

30. FINANCIAL COMMITMENTS

Operating leases

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

	Land and Buildings	Land and Buildings
	2013	2012
	£'000	£000
Leases which expire:		
Within 2 to 5 years	1,387	1,387
After 5 years	3,067	3,060
	4,454	4,447

31. CAPITAL AND OTHER FINANCIAL COMMITMENTS

Capital expenditure authorised and contracted for but not provided in the accounts amounts to £5.298 million for the Group and University (2012: £10.113 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 (2012: £nil).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

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

	2013	2012
	£'000	£'000
Surplus from Operating Activities	11,098	10,259
Depreciation (note 12)	7,003	4,899
Reclassification of fixed assets (note 20)	674	-
Provision for impairment of fixed asset investment	-	33
Deferred capital grants released to income (note 26)	(1,708)	(1,649)
Investment income (note 9)	(657)	(728)
Interest payable (note 11)	2,360	2,326
(Increase)/Decrease in debtors	(1,342)	138
Increase/(Decrease) in creditors	809	(4,449)
Net pension cost	2,076	2,080
Net Cash Inflow from Operating Activities	20,313	12,909

33. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August	Cash	At 31 July
	2012	Flows	2013
	£'000	£'000	£'000
Cash at bank and in hand:			
Endowment assets	602	(2)	600
Other	6,362	29,724	36,086
	6,964	29,722	36,686
Liquid Resources:			
Current asset investment	1	-	1
Short term deposits	30,014	(20,000)	10,014
	30,015	(20,000)	10,015
Debt:			
Loans due within one year	(1,001)	(153)	(1,154)
Loans due after more than one year	(28,239)	(8,845)	(37,084)
	(29,240)	(8,998)	(38,238)
Net funds	7,739	724	8,463

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

34. 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.

	2013	2012
	£'000	£'000
Employers' contributions:		
Teachers' Pension Scheme	4,628	4,564
London Pensions Fund Authority	4,016	4,135
Superannuation Arrangements of the University of London	324	4
Universities Superannuation Scheme	868	743
Payments in respect of unfunded pensions	675	648
	10,511	10,094
FRS17 adjustment	269	117
	10,780	10,211

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 2013 contributions by the Group to the scheme were £4.628 million (2012: £4.564 million).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

34. 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 2013.

The financial assumptions used by the actuary for the funding valuation under FRS17 as at 31 July 2013 were:

	2013	2012
	% per annum	% per annum
Assumptions as at:		
Expected Return on Assets	5.4	5.2
Salary increases	4.3	3.5
Pension increases	2.6	1.8
Discount rate	4.8	4.3

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

	2013
<i>Current pensioners</i>	
Males	21.0
Females	24.1
<i>Future pensioners</i>	
Males	23.1
Females	26.0

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

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

34. PENSION COSTS (continued)

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

Assets (Active fund)	Long term rate 2013 % per annum	Fund value 2013 £'000	Long term rate 2012 % per annum	Fund value 2012 £'000	Long term rate 2011 % per annum	Fund value 2011 £'000
Equities	6.4	48,768	5.6	60,915	6.8	57,120
Target return funds	4.9	30,091	4.3	8,580	4.5	9,106
Alternative assets	5.4	8,301	4.6	13,727	5.8	11,590
Cash	0.5	1,038	0.5	2,574	3.0	3,311
Other Bonds	n/a	-	n/a	-	5.3	1,656
Cashflow Matching	3.4	15,564	n/a	-	n/a	-
Total		103,762		85,796		82,783

The University's net pension assets were as follows:

Net pension assets as at	2013 £'000	2012 £'000
Estimated asset share (a)	103,762	85,796
Present value of scheme liabilities	(161,684)	(140,516)
Present value of unfunded liabilities	(4,378)	(4,487)
Total value of liabilities (b)	(166,062)	(145,003)
Deficit in the scheme (a) - (b)	(62,300)	(59,207)

Analysis of amounts charged to income and expenditure account:

	2013 £'000	2012 £'000
Current service cost	4,812	4,550
Past service cost	-	-
Impact of curtailments and settlements	-	66
Total operating charge	4,812	4,616
Financing:		
- expected return on pension assets	(4,469)	(5,216)
- interest on pension scheme liabilities	6,276	7,179
Net return	1,807	1,963

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

34. PENSION COSTS (continued)

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

	2013 £'000	2012 £'000
Actual return less expected return on pension scheme assets	11,840	(4,239)
Experience gains arising on the scheme liabilities	(25)	(139)
Changes in assumptions underlying the present value of the scheme liabilities	(12,832)	(1,139)
Total actuarial gain/(loss) recognised	(1,017)	(5,517)

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

	2013 £'000	2012 £'000
Opening defined benefit obligation	145,003	134,393
Current service cost	4,812	4,550
Interest cost	6,276	7,179
Contributions by members	1,700	1,683
Actuarial losses/(gains)	12,857	1,278
Past service costs	-	-
Losses on curtailments	-	66
Estimated unfunded benefits paid	(430)	(457)
Estimated benefits paid	(4,156)	(3,689)
Closing defined benefit obligation	166,062	145,003

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

	2013 £'000	2012 £'000
Opening fair value of employer assets	85,796	82,783
Expected return on assets	4,469	5,216
Contributions by members	1,700	1,683
Contributions by the employer including unfunded benefits	4,543	4,499
Actuarial gains	11,840	(4,239)
Estimated benefits paid including unfunded benefits	(4,586)	(4,146)
Closing fair value of employer assets	103,762	85,796

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

34. PENSION COSTS (continued)

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

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

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

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

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Difference between the expected and actual return on scheme assets	11,840	(4,239)	2,989	1,963	(8,790)
Value of assets	103,762	85,796	82,783	71,556	61,930
Percentage of assets	11.4%	(4.9)%	3.6%	2.7%	(14.2)%
Experience gains/(losses) on liabilities	(25)	(139)	14,432	1,719	-
Present value of liabilities	(166,062)	(145,003)	(134,393)	(127,013)	(119,551)
Percentage of the present value of liabilities	(0.0)%	(0.1)%	10.7%	1.4%	-
Actuarial gain/(loss) recognised in the STRGL	(1,017)	(5,517)	6,134	(1,514)	(20,152)
Percentage of the present value of liabilities	(0.6)%	(3.8)%	4.6%	1.2%	16.9%

In the year ending 31 July 2013, contributions by the Group to the scheme were £4,016 million (2012: £4.135 million).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

34. 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 2013, contributions by the Group to the scheme were £23,852 (2012: £3,451). A provision of £300,000 (2012: £-) has been made in respect of the anticipated additional costs associated with the crystallisation of a liability as a result of the last member leaving the pension scheme and no suitable replacement to the scheme to enable the continuation of the scheme being found.

The scheme is subject to triennial valuations by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2011 using the projected unit credit method, in which the actuarial liability makes allowance for projected earnings. The main assumptions used to assess the technical provisions were:

<i>Discount rate</i>	
– pre-retirement	6.80% p.a.
– post-retirement	4.70% p.a.
<i>General* Salary Increases</i>	3.75% p.a. until 31 March 2014, 4.50% p.a. thereafter
Retail Prices Index inflation ("RPI")	3.50% p.a.
Consumer Price Index Inflation ("CPI")	2.80% p.a.
Pension Increases in payment (excess over GMP)	2.80% p.a.
Mortality – base table	SAPS Normal (year of birth) tables with an age rating of +0.5 years for males and -0.4 years for females.
Mortality – future improvements	Future improvements in line with CMI 2010 projections with a long term trend rate of 1.25% p.a.

* an additional allowance is made for promotional Salary 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 £1,506 million representing 95% 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. The above rates will be reviewed when the results of the next formal valuation (as at 31 March 2014) are known.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed SAUL to be in deficit at the last formal valuation date (31 March 2011). As part of this valuation, the Trustee and Employer have agreed that no additional contributions will be required to eliminate the current shortfall.

The more material changes (the introduction of a Career Average Revalued Earnings, or "CARE", benefit structure) to SAUL's benefit structure will apply from 1 July 2012. As a consequence, the cost of benefit accrual is expected to fall as existing final salary members are replaced by new members joining the CARE structure. This will allow an increasing proportion of the expected asset return to be used to eliminate the funding shortfall. Based on conditions as at 31 March 2011, the shortfall is expected to be eliminated by 31 March 2021, which is 10 years from the valuation date.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

34. PENSION COSTS (continued)

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.

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

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

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

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

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

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

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

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

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

34. PENSION COSTS (continued)

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

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

New Entrants

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

Normal pension age

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

Flexible Retirement

Flexible retirement options were introduced.

Member contributions increased

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

Cost sharing

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

Pension increase cap

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

The actuary has estimated that the funding level as at 31 March 2013 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are cited as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2013 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.2% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2013 was 68%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 55%.

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.

At 31 March 2013 USS had over 148,000 active members and the University has 83 active members participating in the scheme.

The total pension cost for the institution was £868,967 (2012: £743,386). This includes £61,483 (2012: £57,808) 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

35. RELATED PARTY TRANSACTIONS

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

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

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

Following the above amendment there are now two separate charitable trusts which exist for the benefit of the students and are treated as Related Parties. One of the five trustees of these trusts was also a governor and trustee of the University during the 2013 financial year (2012: one of the five trustees was also a governor of the University).

As well as the two charitable trusts, the University of Westminster Students' Union is a separate entity existing for the benefit of the students of the University of Westminster. It is not controlled by the University and has not been consolidated into the University Group financial statements. The sabbatical President of the Students' Union was also a governor and trustee of the University during the 2013 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:

	2013 £'000	2012 £'000
Quintin Hogg Trust:		
Rent payable to Trust – academic buildings	(2,466)	(2,497)
Donations received by University recognised in the Income and Expenditure account	1,500	1,600
Deferred capital grants received – Regent Street Cinema	-	-
Amounts owed to the University – disclosed within debtors	(31)	-
Amounts owed by the University – disclosed within creditors	-	(27)
The Quintin Hogg Memorial Fund:		
Rent payable to Trust	(195)	(57)
Amounts owed by the University - disclosed within creditors	(138)	-
The Students' Union:		
Subvention payable to Students' Union	(740)	(720)
Other expenditure payable and invoiced by the Students' Union	28	12
Salaries reimbursed and invoiced by the University	778	664
Other income receivable and invoiced by the University	4	17
Amounts owed to the University – disclosed within debtors	483	46

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

35. RELATED PARTY TRANSACTIONS (continued)

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.

