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REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2009

CONTENTS

UNIVERSITY OF WESTMINSTER
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2009

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.

The University reports a surplus on continuing activities of £6.7m for the financial year ending 31 July 2009, on a turnover that increased by 9.7% to £167.5m. However, these surpluses include exceptional receipts of £3.3m insurance funds in settlement of a claim for a fire at the Harrow site in June 2007. Additionally, the Quintin Hogg Trust donated £4.4m to the University following the completion of a sale of a hall of residence. The Quintin Hogg Trust is independent but as disclosed is recognised as a related party to the University (refer note 34). Total reserves including pensions have reduced in the year by £13.5m to £27.9m, the reduction is primarily caused by an actuarial loss on the pension reserve of £20.2m which is offset by the transfer of the reported surplus. Over the same period total cash and investments held increased to a holding of £40.0m as at 31 July 2009.

In addition to the Quintin Hogg Trust there are a further two charitable trusts which are independent of the University but whose objects are for the support of the University and its students. Together these trusts own the historic assets of the University including 309 Regent Street, a number of other buildings used for academic purposes and the University's sports ground at Chiswick. These are all leased to the University for its on-going use. Transactions between the trusts and the University are reported as related party transactions in note 34 to the financial statements.

During the year the University has continued with the restructuring of both Corporate Services and Academic Schools, in line with the 2015 Strategic Plan. The Schools have been rationalised from ten to seven following merger of six existing schools. This has resulted in a number of restructuring costs in addition to the costs incurred following the closure of the University's Ceramics Department.

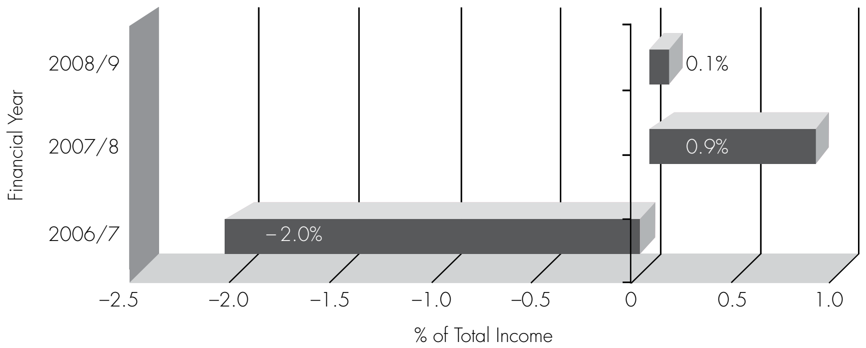
The adverse trend of student recruitment in the School of Informatics and the Harrow School of Computer Science resulted in a round of voluntary severances of a number of staff in these schools in consultation with the academic unions. The University incurred one-off costs of approximately £1.4m in July 2008 relating to these severances. A further £0.9m was incurred in 2009. This action was part of a plan to restore the financial performance of these Schools to a position of break-even or better within 3 years. The newly formed School of Electronics and Computer Science relaunched all it's undergraduate portfolio for recruitment in September 2009 with a full review of the postgraduate portfolio planned for the coming year. Interest in these new courses has been encouraging.

The underlying operating surplus for the University, with these non-recurrent items removed, was £0.2m as follows:

	2009	**2008**
	£m	£m
Operating surplus after depreciation and before tax as reported	3.7	6.1
Less: gain on transfer of properties	-	(6.1)
Less: donation of proceeds from sale of building	(4.4)	-
Plus: cost of voluntary severances	0.9	1.4
Adjusted operating surplus	0.2	1.4

During the year the University adopted a number of Key Performance Indicators (KPIs) one of which quantifies the level of target surpluses expressed as a percentage of total income being 3% or greater. In both 2009 and 2008 the adjusted operating surplus falls short of this KPI and represents one of the short term objectives set by the University's Court of Governors which is to achieve this KPI for the financial year ending 31 July 2012, following an approved deficit budget for the 2009/10 financial year and a break even position for the financial year ending 31 July 2011. The University will rise to this challenge against the back drop of HEFCE and government driven efficiency savings which are anticipated over the coming years, in addition to the general recession impacting both in the UK and globally.

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



UNIVERSITY OF WESTMINSTER OPERATING AND FINANCIAL REVIEW (continued)

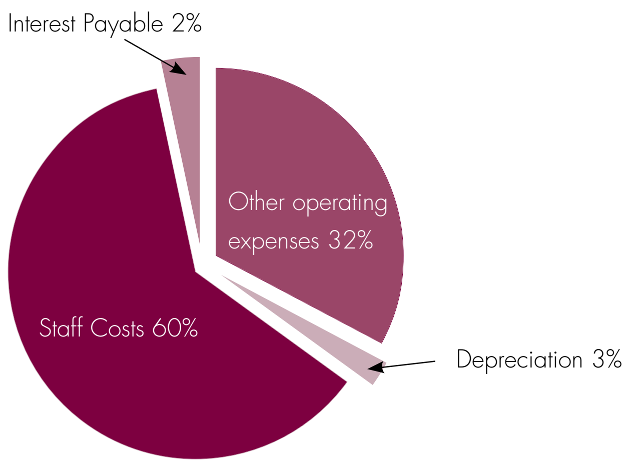
PAY

Wages and salaries costs increased by 7.2% (see note 13). This includes cost of living increases for staff and incremental progression and is despite an overall reduction in the number of employees. The average number of employees decreased by 1.4%, equating to 28 full-time equivalent members of staff. Pension and social security costs however fell by 1.3% reflecting the reduction in staff and movements within the FRS17 pensions cost adjustment, offsetting the increase in employer pension contributions.

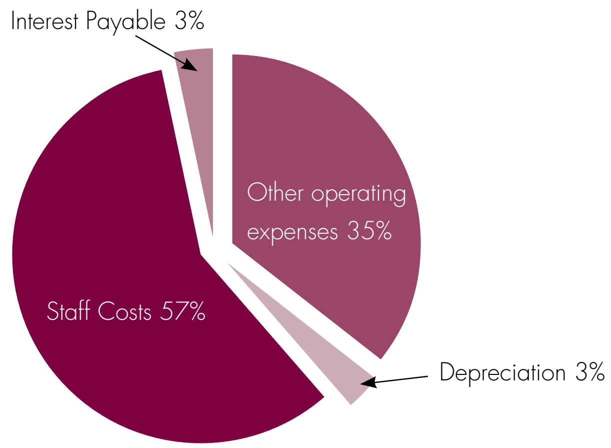
The three-year national pay settlement agreed in 2006 provided for an increase of 3% in May 2008 and a final increase in October 2008 of the higher of 2.5% or RPI. The relevant RPI for September 2008 was 5.0% making this an exceptionally generous settlement given the current economic climate. The University honoured the agreement and paid this increase in full in October 2008 despite the fact that this is not affordable by contrast with the inflation uplift included in the HEFCE grant allocations for 2008-09 of 2.8%. This puts the achievement of the University's budgetary targets for 2009-10 at risk and will necessitate a further drive for more income generation, greater value for money in all activities and expenditure reductions. This will have an impact on the assessment of affordability of future pay settlements.

The Court of Governors has adopted a KPI in relation to the total value of staff costs as a proportion of total income. This proportion is targeted to be no greater than 60%. The deficit budget for 2009/10 approved at the July 2009 Court of Governors meeting records this proportion as 64.6% and is an increase on the actual out turn for the year ending 31 July 2009 which is within the KPI at 57.4%.

Costs as a Percentage of Total Income 2007/08



Costs as a Percentage of Total Income 2008/09



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 belong, is unfunded. The majority of the support staff are members of the Local Government Pension Scheme (LGPS) which in London is administered by the London Pension Fund Authority (LPFA). There is 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 deteriorated sharply during the past year with the University's share of the scheme deficit increasing from £36.2m to £57.6m. The further deterioration has again been caused in the main by unfavourable changes in the data underpinning the actuarial assumptions used to assess scheme liabilities. This is in keeping with all post-92 Universities who are required to operate the LGPS.

The scheme was last valued in 2007 and the result was an improvement in the funding rate (ratio of assets to liabilities) from 74% to 82%. Since then assumptions about future investment returns in particular have worsened. The outlook is of increasing contribution rates for some years to come.

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.

POLICY STUDIES INSTITUTE

The Policy Studies Institute (PSI) was a wholly owned subsidiary and its results were consolidated with those of the University. PSI has however ceased as a separate legal entity. On 1 April 2009 PSI balances and activities were transferred to the University with PSI retaining its brand identity but operating as a department within the School of Social Sciences, Humanities and Languages. Accordingly financial statements have been prepared for PSI up to the period ending 31 March 2009, the remaining results for the year are incorporated within the University.

ENGAGEMENT

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

BALANCE SHEET

The University's trade debtors fell from £4.2m to £2.0m. This represents a substantial improvement in the University's performance in collecting outstanding debts, principally tuition fee debtors. This was the result of a co-ordinated plan and concerted management action, with the support of improved IT systems capability. The intention is to achieve a further improvement in performance in 2009/10. The number of students choosing to defer paying their tuition fees until after graduation by taking a loan from the Student Loans Company has also increased. The improvement in debt collection has resulted in the release of £0.8m from the provision for bad and doubtful debts from £3.6m to £2.8m.

The University's total funds have fallen over the year by £15.3m. This reflects the increase in pension reserve deficit net of the revenue reserve movement in the year.

CAPITAL EXPENDITURE AND ASSETS

In September 2008 the major refurbishment of the Marylebone Hall of Residence was completed and opened for occupation by the intake of students at the start of the academic year. This block comprises 226 rooms over 21 floors and the project involved a full upgrade of all rooms and common areas including en suite conversion. The budget was £11.2m and the project was completed on schedule at a capitalised cost of £10.2m.

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

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

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

The strategy has begun to be realised with the approval for the development of Harrow received at the July 2009 meeting of the Court of Governors. Work is currently underway to develop detailed plans for planning approval during the autumn. In addition opportunities are being investigated with the aim of accelerating the co-location of the newly merged Schools which will improve the student experience.

The developments will be funded by a combination of reserves; fundraising and additional borrowings.

CASH AND INVESTMENTS

During the year the total of cash and investments increased by £12.7m to £40.0m at the balance sheet date. Amongst other factors this reflects the insurance proceeds received for the Harrow fire; the donation by Quintin Hogg Trust and the improved collection of trade debtors. The University's cash balances are managed in accordance with the Investment Policy that was approved by the Court of Governors in October 2007. The treasury management strategy is reviewed at least annually and the University continues to invest funds in the money markets for short term periods (up to one year) and with top-rated counterparties. The turbulence in the financial markets in both 2008 and 2009 is a source of concern and although the University at the present time has no exposure to banks that have failed or are at short-term risk of failure, the situation is being carefully monitored.

The University has only a small direct exposure to equity markets being around £0.3m of the Prize and Scholarships Fund balances. The pension schemes in which the University participates are however substantially equity invested – 68.2% for the LPFA for example.

STUDENT NUMBERS

Indicators for student recruitment in 2009/10 are positive, with applications above target. Full-time undergraduate home and EU enrolments are significantly greater than at the same time last year. Student numbers are summarised in the table below extracted from our HEFCE five year forecasts:

	2008/9	2008/9	2007/8	2007/8
	Home & EC	**Overseas**	**Home & EC**	**Overseas**
Full-time undergraduate	10,251	779	10,595	942
Full-time postgraduate	1,116	1,398	1,140	1,132
Part-time undergraduate	1,624	91	1,932	291
Part-time postgraduate	1,021	104	1,170	89
Total University Student FTEs	14,012	2,372	14,837	2,454

RISKS AND UNCERTAINTIES

The University manages the risks it faces through a risk management process described in the statement of corporate governance and internal controls.

The key risks identified by that process are as follows:

- Public funding is under pressure and HEFCE funding will not be exempt from these pressures; this leads to a risk about the size and direction of funding received into the future
- Staff costs, especially pension costs, are rising at a faster rate than the income that supports them and constant management of the overall level of costs is vital to delivering a financially sustainable future
- UK student numbers may not grow given the impact of demographic changes and the potential costs seen by students in deciding whether to go to University in central London. The University's plan is, however, to grow student numbers both from home and overseas
- Overseas student numbers are subject to risk around competition from UK and international institutions, exchange rates, and the perceived desirability of a UK degree in a recession
- The recent turmoil in financial markets has changed the range of providers of finance, the amounts available and the rates at which finance is offered. This situation may affect the timing of some future projects depending on how the financial markets evolve over the next year or two.

FUTURE OUTLOOK

The University has established a vision of where it aspires to be by 2015. This involves some strategic repositioning and significant organisational change. The new seven school structure is in place and the reshaping of professional support structures is well underway.

The University is engaged in acquiring, by means of a short term lease, a central London location to facilitate co-location of two of the schools in line with their business plans, following their restructuring. This will allow the development of more social learning space within the schools concerned in an attempt to improve the student experience whilst at Westminster and should allow for better completion and progression rates in these schools. This acquisition, should it happen, will unlock the potential in the estate identified within the estate strategy and will provide benefits, directly or indirectly, for students in all seven schools.

The Court of Governors has set a budget aimed at achieving a deficit of £5.3m for 2009/10. This deficit has been sanctioned to allow the University to complete the process of repositioning itself into its new structures in alignment with the strategic plan, whilst ensuring that its cost base is in line with its income. Managing the staff cost base is likely to be the single largest challenge in successfully delivering the budget for this year and the plans for future years.

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

Michael Webb
Director of Finance

UNIVERSITY OF WESTMINSTER VISION AND MISSION STATEMENT

VISION

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

The difference we make
We are building the next generation of highly employable global citizens to shape the future.

MISSION STATEMENT

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

Chairman of the Court of Governors
Dr Terence Wright MA DPhil CSci FRSC

Vice-Chancellor and Rector
Professor Geoffrey Petts BSc PhD FRSA FRGS

Company Secretary
Carole Mainstone MA MBA

Director of Finance
Mr Michael Webb BA ACA

Auditors
KPMG LLP
1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

Bankers
National Westminster Bank plc
Lloyds TSB Bank plc
Societe Generale
Bank of Scotland plc
Anglo Irish Bank Corporation plc

Solicitors
Eversheds LLP
Mills & Reeve LLP
Beachcroft LLP
Nabarro LLP

Registered Office
309 Regent Street
London
W1B 2UW

Registered Number
977818 England and Wales

UNIVERSITY OF WESTMINSTER COURT OF GOVERNORS

The following were Governors (Directors) of the University during the year ended 31 July 2009:

		Appointed or reappointed	Resigned
Chairman	Dr T Wright		
Deputy Chairmen	Dr M Kimberley		
	Mr D Lovett		06.07.09
Mr D Batchelor		15.12.08	
Ms L Bell		24.11.08	
Ms R Bellamy-James			
Mr M Chambers			27.04.09
Mr A Ganguli		14.07.09	
Ms M Grinfeld			
Mr S Hart			
The Hon Dame Mary Hogg			
Mr T Hope		27.04.09	
Mr P Hopper			
Mr O Hussain		06.07.09	
Mr P Kyle			
Mr R Lane			
Ms M Lee			
Dr D Lloyd			
Professor E Morgan-Tamosunas		11.11.08	
Ms S Newell			06.07.09
Mr I Newton			24.11.08
Professor G Petts (Vice-Chancellor and Rector)			
Ms H Scott			06.07.09
Mr M Staples			
Dr S Walton			
Dr D Wright			
Ms D Yeo		15.12.08	
Mr J Youngs			

UNIVERSITY OF WESTMINSTER COURT OF GOVERNORS (continued)

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

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

Ms Rita Bellamy-James LLB, CQSW, Barrister is a professionally qualified Social Worker, one time Deputy General Secretary of British Association of Social Workers. Having been called to the Bar she was in private practice before joining the FCO where she became Head of Specialist Advisors in the Consular Directorate. She now acts as an Independent Consultant.

Mr Mark Chambers MA is General Counsel and Group Company Secretary for RSA Insurance Group Plc.

Mr Anupam Ganguli is Executive Director of Resources, Arts Council England.

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

Mr Stephen Hart BA is a practicing solicitor currently working as an employment and public lawyer for the Government Legal Service.

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 for Grays of Cambridge (International) Ltd.

Mr Omar Hussain is the 2009/10 sabbatical President of the University of Westminster Students' Union

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

Mr Peter Kyle CIMgt is Chief Executive of The Shakespeare Globe Trust.

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

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

Dr Donald Lloyd MSc PhD CEng FIChemE is a Group General Manager and Vice President, BG Group.

Mr David Lovett BA Honours, FCA, FIFT is a Managing Director with AlixPartners Ltd, a specialist turnaround and performance improvement firm.

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

UNIVERSITY OF WESTMINSTER
COURT OF GOVERNORS (continued)

Ms Shoni Newell is the 2008/9 sabbatical President of the University of Westminster Students' Union.

Mr Ian Newton FCA is a Director of UPP Projects Limited and Powerstrand Limited.

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

Ms Hilary Scott MSc, FHM was a senior civil servant at the Department of Health. She held the post of Deputy Health Service Ombudsman from 1999-2003, having worked as a senior health service manager for several years before that appointment. She is now a consultant in the public services.

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

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

Dr Derrick Wright MA, PhD is a senior lecturer in Sociology and the elected representative for Academic Council.

Dr Terence Wright MA, DPhil, CSci, CChem, FRSC was elected Chair of the Court of Governors from 1 January 2005. He has been a Director of Kodak Limited, Director of R&D in Europe and Venture Relations for The Eastman Kodak Company, a Director of Pixology plc and a Director of Zogix Ltd. He is currently a trustee of the Paul Strickland Scanner Centre Ltd and a director of CMA Ltd.

Ms Dianne Yeo FRSA FInstF is currently an indendent consultant and Chairman of the Arts Educational Schools London.

Mr John Youngs B.Bus-Acc, JP is a University Finance Manager and the elected representative for non-teaching staff.

UNIVERSITY OF WESTMINSTER
THE WORK OF THE COURT OF GOVERNORS

All governors of the University are Directors of the Company. A list of governors who served during the year to 31 July 2009 appears on page 10. None of the governors had an interest in any contract which subsisted during the period of this report, other than those who are full-time members of staff and those associated with the transactions disclosed in note 34 (related party transactions) to the accounts.

The Court of Governors, which meets formally up to five times a year, currently comprises five executive and seventeen non-executive governors with a clear separation of the roles of the non-executive chairman and the chief executive. The Court has both staff and student members. The Court approves the University's long-term objectives and strategies and provides overall financial and organisational control. It delegates responsibility for the University's operations to the Vice-Chancellor who, supported by his Executive Board, implements the Court's policy and develops and manages the University's business to meet its financial objectives and standards of quality and service in education and research.

AUDIT COMMITTEE
(membership as at 31 July 2009)

Dr Donald Lloyd (Chair)
Mr David Batchelor
Mr Anupam Ganguli
Mr Paul Hopper
Ms 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 how they affect the University's business and monitors adherence with the regulatory requirements. It reviews the University's annual financial statements, together with the accounting policies. The Committee reports on its work to the Court of Governors. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee and the Committee does meet with the external auditors on their own for independent discussion.

FINANCE AND PROPERTY COMMITTEE
(membership as at 31 July 2009)

Ms Lucinda Bell
Mr Trevor Hope
Mr Richard Lane
Professor Geoffrey Petts
Mr Mike Staples
Dr Terence Wright

This 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. An important role for this Committee during the year was to support the development of the new Estate Strategy for the University and to recommend it to the Court for approval and as a basis for future investment in the University estate. The Chair of the Committee during most of the financial year was Mr David Lovett, who resigned as a governor on 6 July 2009. Ms Lucinda Bell was appointed Chairperson after year end.

HUMAN RESOURCES COMMITTEE
(membership as at 31 July 2009)

Dr Suzy Walton (Chair)
Mr Stephen Hart
Mr Paul Hopper
Professor Rikki Morgan-Tamosunas

This Committee meets at least four times a year to review the University's Human Resources strategy, policies and related legislation; to consider the framework for pay and conditions of staff and to receive and discuss reports on associated matters, including staff training and development and diversity. The name of the Committee was changed from Personnel Committee by agreement of the Court of Governors on 23 February 2009. The Committee has supported the University management in the ongoing negotiations with the recognised Trade Unions (UCU and Unison) of the National Framework Agreement, which came to a conclusion in July 2009. The Committee membership is currently depleted as a result of the resignation of two members shortly before the year end. Replacements are being sought to ensure the continued effective functioning of the Committee.

REMUNERATION COMMITTEE
(membership as at 31 July 2009)

Dr Terence Wright (Chair)
Dr Marion Kimberley
Professor Geoffrey Petts
Dr Suzy Walton

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.

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

NOMINATIONS COMMITTEE
(membership as at 31 July 2009)

Dr Terence Wright (Chair)
Mrs Rita Bellamy-James
Mr Peter Kyle
Ms Maggie Lee
Professor Geoffrey Petts
Dr Derrick Wright

This Committee meets at least twice a year to make recommendations on the appointment of new governors 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.

An important piece of work for the Committee during the year has been the search for a successor to the current Chairman of the Court, Dr Terence Wright, whose term of office comes to an end on 31 December 2009.

STRATEGIC PLANNING AND RESOURCES COMMITTEE
ACADEMIC COUNCIL

In addition to the above sub-committees of the Court of Governors, two further committees, the Strategic Planning and Resources Committee (SPRC) and the Academic Council, report to the Court.

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

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. Its membership and terms of reference were reviewed during the year and revisions initially considered at its meeting on 1 July 2009 are due for approval at its first meeting in the coming financial year.

GOVERNANCE AND MANAGEMENT

The University complies with CUC guidance in its Governance and Management processes.

The Vice-Chancellor, Professor Geoffrey Petts, has continued to lead the University towards the achievement of the vision for the future of the University as an efficient, forward moving, research active, and financially sound institution which delivers an excellent experience to its students. The re-organisation of the University's four Campuses into seven Schools, each led by a Dean, and the integration of the University's Corporate Services into a single management structure, have now been completed. Four new Deans were appointed during the year, three of them from outside the University.

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

One Pro Vice-Chancellor retired during the year and another resigned to take up a post at another university. The Director of Finance also moved to another university and his successor joined the University in Autumn 2009.

The University's Corporate Plan for the achievement of the vision for 2015 was developed by the University Executive Board members as an outcome of a productive residential meeting, which included the Directors of the Corporate Services departments, in April 2009. Five year plans for each School and for Corporate Services were also produced. The Strategic Planning and Resources Committee endorsed the Corporate Plan for recommendation to the Court of Governors, which welcomed and approved the Plan at its meeting on 6 July 2009.

The University has continued its programme of information and development sessions for governors with a half day meeting in March 2009, at which governors discussed the relationship between governors and the senior management of the University, and heard presentations on current legal issues for governing bodies in higher education and on the role of HEFCE and its expectations of University governors. Governors also discussed approaches to the assessment of the performance of the Court as a governing body.

Five independent governors have been appointed during the year. The Nominations Committee has been active in ensuring that the Court continues to have a good spread of skills amongst its independent membership. As noted above, a sub-group of independent members of the Committee has taken responsibility for identifying a successor to the current Chairman, Dr Terence Wright, whose term of office comes to an end on 31 December 2009. This is the first occasion on which the Committee has considered external candidates for the office of Chair alongside existing independent members.

The schedule of meetings of the Court of Governors and its committees was changed in this financial year in order to meet the timetable for the new reporting requirements of the Higher Education Funding Council for England. The Court met four, rather than five, times during the year. This was, however, considered to be too infrequent for the effective conduct of Court business, and the number of meetings will be increased again to five in the coming financial year.

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

RISK MANAGEMENT

The University is reviewing and updating its established procedures in accordance with its Risk Management policy. The policy, which is published on the University's website, 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.

The University is working to move from the previous year's audit assessment of being "risk aware" to one of being "risk managed". While the Audit Committee has responsibility for advising the Court on the effectiveness of the University's risk management policy and procedures, the Strategic Planning and Resources Committee is now responsible for looking at risk management, with the remit of embedding risk management, aligning risk management with the Strategic Plan and reviewing and updating the risk management policy and procedures in terms of HEFCE guidance. The Strategic Risk Register will be reviewed every year as part of the strategic planning process. The risks identified cover business, financial, operational, and compliance issues.

This process has been ongoing throughout the year under review and up to the date of approval of the annual report and accounts, and the final steps are due to be completed in the coming financial year. The University is confident that it has a better structure for managing risk than previously, which will be implemented fully in 2009/10.

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

The Risk Management Policy requires that an annual report be made to the Court of Governors on risk management. The policy, which is approved and reviewed from time to time by the Court of Governors, clearly states the Court's responsibilities for the maintenance of a sound system of control and for the operation of the risk management process.

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

UNIVERSITY OF WESTMINSTER
STATEMENT OF GOVERNORS' RESPONSIBILITIES

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

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

The governors have taken reasonable steps to:

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

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

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 online bulletins and a standing invitation to submit ideas to the Vice-Chancellor's Suggestion Box.

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, 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.

HEALTH AND SAFETY

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

INSURANCE FOR OFFICERS

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 2010 will be proposed at the forthcoming Annual General Meeting.

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

Dr Terence Wright
Chairman
24 November 2009

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

We have audited the Group and University financial statements (the ''financial statements'') of the University of Westminster for the year ended 31 July 2009 which comprise the primary statements such as the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the Group Statement of Consolidated Historical Cost Surpluses and Deficits and the related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out therein.

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 Court of Governors those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Court of Governors, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE UNIVERSITY'S COURT OF GOVERNORS AND THE AUDITORS

The University Court of Governors' responsibilities for preparing the Operating and Financial Review and the financial statements in accordance with the Accounts Direction issued by the Higher Education Council for England, the Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on pages 18-19.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England and the Financial Memorandum with the Training and Development Agency for Schools.

We also report to you whether in our opinion the Operating and Financial Review is not consistent with the financial statements.

In addition we report to you if, in our opinion, the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Operating and Financial Review and the Statement of Corporate Governance and Internal Controls and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the University's Court of Governors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group and University's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group and the University's affairs as at 31 July 2009 and of the Group's surplus of income over expenditure for the year then ended
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education
- in all material respects, income from the Higher Education Funding Council for England, the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2009 have been applied for the purposes for which they were received and
- in all material respects, income during the year ended 31 July 2009 has been applied in accordance with the University's statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England and the Financial Memorandum with the Training and Development Agency for Schools.

Chris Wilson
for and on behalf of KPMG LLP (Statutory Auditor)
Chartered Accountants

1 Forest Gate
Brighton Road
Crawley
West Sussex RH11 9PT

November 2009

UNIVERSITY OF WESTMINSTER CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2009

	Note	2009 Total £'000	2008 Total £'000
INCOME FROM CONTINUING ACTIVITIES			
Funding council grants	5	69,078	63,933
Tuition fees and support grants	6	65,141	56,713
Research grants and contracts	7	6,863	6,054
Other income	8	25,273	24,128
Endowment and investment income	9	1,190	1,917
Total income		**167,545**	**152,745**
EXPENDITURE ON CONTINUING ACTIVITIES			
Staff costs	10,13	96,188	91,070
Depreciation	12	4,330	4,345
Other operating expenses	10	58,911	48,876
Interest payable	11	4,438	2,326
Total expenditure		**163,867**	**146,617**
Surplus after depreciation of tangible assets at valuation and before tax		**3,678**	**6,128**
Taxation	15	-	-
Surplus after depreciation of assets at valuation and tax		**3,678**	**6,128**
Exceptional Items	17	2,985	848
Surplus on continuing operations after depreciation of assets at valuation and exceptional items and tax		**6,663**	**6,976**
Surplus for the year transferred to accumulated income in endowment funds	26	16	97
Surplus for the year retained within general reserves	16	**6,679**	**7,073**

All activities relate to continuing operations.

UNIVERSITY OF WESTMINSTER NOTE OF CONSOLIDATED HISTORICAL COST SURPLUSES AND DEFICITS

FOR THE YEAR ENDED 31 JULY 2009

	Note	2009 £'000	2008 £'000
Surplus on continuing operations before taxation		6,663	6,976
Difference between historical cost depreciation and the actual depreciation charge for the year calculated on the re-valued amount	28	510	510
Historical cost surplus for the year before taxation		**7,173**	**7,486**

UNIVERSITY OF WESTMINSTER STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2009

	Note	2009 £'000	2008 £'000
Surplus on continuing operations after depreciation of assets at valuation and exceptional items and tax		6,679	7,073
Surplus arising on the acquisition of the University of Westminster Prize and Scholarship Fund:			
– Reserves		-	1,230
– Endowments		-	632
Endowment income retained in the year		15	23
Endowments withdrawn		(31)	(120)
New endowments	26	71	109
Depreciation of endowment asset investments	26	(40)	(58)
Actuarial (loss) in respect of pension schemes	33	(20,152)	(7,892)
Total recognised losses relating to the year		**(13,458)**	**997**

Reconciliation

Opening Reserves and Endowments	42,256	41,259
Total Recognised gains for the year	(13,458)	997
Closing reserves and endowments	28,798	42,256

UNIVERSITY OF WESTMINSTER BALANCE SHEETS

AS AT 31 JULY 2009

	Note	Group 2009 £'000	University 2009 £'000	Group 2008 £'000	University 2008 £'000
Fixed Assets					
Tangible assets	19	160,917	155,361	163,624	157,397
Investments	20	282	273	222	213
		161,199	155,634	163,846	157,610
Endowment assets	21	870	320	855	270
Current Assets					
Debtors due within one year	22	7,634	8,534	9,815	8,787
Investments	23	38,534	38,533	24,446	19,161
Cash at bank and in hand		1,474	134	2,895	1,420
		47,642	47,201	37,156	29,368
Creditors					
Amounts falling due within one year	24	(33,326)	(33,861)	(29,279)	(24,492)
Net Current Assets		14,316	13,340	7,877	4,876
Debtors					
Debtors due after more than one year	22	1,931	1,931	-	-
Total assets less current liabilities		178,316	171,225	172,578	162,756
Creditors					
Amounts falling due after more than one year	24	(32,301)	(30,878)	(32,644)	(31,132)
Total net assets excluding pension liability		**146,015**	**140,347**	**139,934**	**131,624**
Pension liability	33	(57,621)	(57,621)	(36,234)	(36,234)
Net assets including pension liability		**88,394**	**82,726**	**103,700**	**95,390**
Represented by:					
Deferred capital grants	25	59,596	57,951	61,444	59,435
Endowments Funds					
Expendable	26	395	255	405	270
Permanent	26	475	65	450	-
Total endowments		870	320	855	270
Reserves					
Revenue reserve excluding pension liability	28	59,982	60,261	51,558	49,714
Pension reserve	28	(57,621)	(57,621)	(36,234)	(36,234)
Revenue reserve including pension liability		2,361	2,640	15,324	13,480
Revaluation reserve	28	25,567	21,815	26,077	22,205
Total reserves	28	**27,928**	**24,455**	**41,401**	**35,685**
Total funds		**88,394**	**82,726**	**103,700**	**95,390**

Approved by the Court of Governors on 24 November 2009 and signed on its behalf by:

Dr Terence Wright
Chairman

Professor Geoffrey Petts
Vice-Chancellor and Rector

UNIVERSITY OF WESTMINSTER
CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2009

	Note	2009 £'000	2008 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	31	15,687	8,172
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Income from endowments	9	15	23
Interest received	9	1,175	1,894
Interest paid	11	(2,357)	(1,810)
Net cash outflow/(inflow) from returns on investments and servicing of finance		**(1,167)**	**107**
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets	19	(1,658)	(24,265)
Purchase of investments	20	(60)	(100)
Deferred capital grants received	25	150	226
Net cash outflow from capital expenditure and financial investment		**(1,568)**	**(24,139)**
CASH INFLOW/(OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		**12,952**	**(15,860)**
MANAGEMENT OF LIQUID RESOURCES			
Cash transferred (to) short term deposits		(14,088)	(5,422)
FINANCING			
New unsecured loan		-	15,500
Loan repayments		(282)	(194)
Net cash outflow/(inflow) from financing		**(282)**	**15,306**
DECREASE IN CASH	32	**(1,418)**	**(5,976)**

UNIVERSITY OF WESTMINSTER
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
(Decrease) in cash in period		(1,418)		(5,976)	
Cash inflow from movement in liquid resources		14,088		5,422	
Cash inflow from increase in endowment cash		55		12	
Cash outflow/(inflow) from decrease in debt and lease financing		282		(15,306)	
Change in net funds resulting from cash flows			**13,007**		**(15,848)**
Movements in net funds arising from acquisition of University of Westminster Prize and Scholarship Fund			**-**		**1,469**
Movement in net funds in the period			**13,007**		**(14,379)**
Net funds at 1 August			(3,404)		10,975
Net funds at 31 July	32		**9,603**		**(3,404)**

FOR THE YEAR ENDED 31 JULY 2009

1. COMPANY STATUS

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.

Each of the 25 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 ACCOUNTING

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

ii) The financial statements are intended to meet, as appropriate, the requirements of the Companies Act 1985.

iii) The financial statements have been prepared under the historical cost basis as modified by the valuation of land and buildings and of assets transferred from the former Inner London Education Authority (ILEA) on 1 April 1989 and the London Borough of Harrow on 1 April 1990.

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 2009.

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

4. ACCOUNTING POLICIES

a. Income recognition

i) HEFCE Grants

Revenue grants are accounted for in the year in which they are receivable 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 of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

ii) Bursaries and scholarships

Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

4. ACCOUNTING POLICIES (continued)

iii) Charitable donations and endowments

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. Such investments are reported in the statement of total recognised gains and losses.

b. Tangible Assets

i) Land and Buildings

The Group has adopted FRS 15 "Tangible Fixed Assets" and has followed the transitional provisions to retain the book value of land and buildings. The freehold property in which the group has a beneficial interest was revalued at 31 July 1995. The basis of valuation was depreciated replacement cost for those properties intended for continuing use and open market value for those intended to be sold.

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.

ii) Plant and Machinery; Computers; Furniture, Fittings and Equipment

Individual assets costing over £10,000 are capitalised.

iii) Depreciation

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

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

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

4. ACCOUNTING POLICIES (continued)

c. Taxation Status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506 (1) Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax.

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

d. Deferred Taxation

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

e. Pension Costs

The Group operates four pension schemes, the London Pension Fund Authority (LPFA), the Teachers' Pension Scheme, the Universities Superannuation Scheme and the Superannuation Arrangements of the University of London. The Teachers' Pension Scheme is an unfunded, defined benefit scheme, the other three are all funded, defined benefit schemes and are contracted out of the State Earnings Related Pension Scheme. The financial position and income and expenditure of these funds are disclosed in their annual audited financial statements. The rate of employers' contributions is reviewed periodically on the basis of advice from independent actuaries. The Group is unable to identify, on a consistent and reasonable basis, its share of the underlying assets and liabilities of the Teachers' Pension Scheme, the Universities' Superannuation Scheme and the Superannuation Arrangements of the University of London. Therefore, as required by FRS17 'Retirement Benefits', the University 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 (LFPA). For this scheme, the assets are measured using market values. The Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The Pension Scheme deficit of LFPA is recognised in full. The movement in the scheme deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial losses.

f. 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.

4. ACCOUNTING POLICIES (continued)

g. 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 lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Rentals are charged to the income and expenditure account in equal amounts over the lease term.

h. Stocks

Stocks are stated at the lower of cost and net realisable value.

i. 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.

j. Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No 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.

k. Revaluation Reserve

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

l. Interest Capitalisation

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

m. 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.

5. FUNDING COUNCIL GRANTS

	Note	2009 £'000	2008 £'000
(a) Recurrent grant from HEFCE			
Teaching		54,162	57,748
Research		2,212	2,409
Other (including special initiatives)		11,284	2,235
Pension liabilities		448	437
Capital project grants		-	51
		68,106	**62,880**
(b) Release of HEFCE capital grants	25	972	1,053
		69,078	**63,933**

6. TUITION FEES AND SUPPORT GRANTS

	2009 £'000	2008 £'000
Full-Time Home and EU students	33,736	25,705
Part-Time Home and EU Students	9,257	8,475
Non-EU students	20,205	19,716
	63,198	53,896
Research Training Support Grant	18	32
Non credit bearing courses	1,925	2,785
	65,141	**56,713**

UNIVERSITY OF WESTMINSTER
NOTES TO THE FINANCIAL STATEMENTS

7. RESEARCH GRANTS AND CONTRACTS

	2009 £'000	2008 £'000
Income		
Government departments	3,510	3,307
Research councils	973	927
UK based charities	835	380
European Commission	537	637
Other bodies	1,008	803
	6,863	**6,054**

8. OTHER INCOME

	2009 £'000	2008 £'000
Residences, catering and conferences	9,275	7,454
Recreation	572	550
Rents and lettings	2,311	1,828
Photocopier income	429	196
Sundry sales	303	360
Miscellaneous	4,585	3,419
Donations	6,772	9,296
Release of non-HEFCE deferred capital grants (note 25)	1,026	1,025
	25,273	**24,128**

In 2009 donations included £4,400k from Quintin Hogg Trust following the transfer of money from the sale of Furnival House halls of residence. In 2008 donations includes £6,050k following the transfer of the beneficial interest in a number of halls of residence from the Quintin Hogg Trust, a related party (note 34).

9. ENDOWMENT AND INVESTMENT INCOME

	2009	2008
	£'000	£'000
Income from expendable endowments (note 26)	15	23
Income from short-term investments	1,175	1,894
	1,190	**1,917**

10. EXPENDITURE BY ACTIVITY

	2009			2008		
	Staff Costs	Other Operating Expenses	Total	Staff Costs	Other Operating Expenses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Academic departments	66,540	8,599	75,139	63,635	9,400	73,035
Academic support services	8,020	6,438	14,458	4,720	4,494	9,214
Research	2,106	3,780	5,886	2,687	3,331	6,018
Administration and central services	15,306	13,507	28,813	13,703	11,956	25,659
Premises	3,084	19,970	23,054	2,742	13,990	16,732
Residences and catering	1,098	6,514	7,612	1,075	5,686	6,761
Other expenditure	34	103	137	2,508	19	2,527
	96,188	**58,911**	**155,099**	**91,070**	**48,876**	**139,946**

Other expenditure includes (£846k) (2008: £1,109k) in respect of FRS17 adjustments to staff costs.
This is offset by an amount of £880k (2008: £1,399k) which relates to voluntary severance payments.

11. INTEREST PAYABLE

	2009	2008
	£'000	£'000
Promissory note	1,499	1,524
Net interest cost on pension scheme liabilities (note 33)	2,081	516
Bank loans repayable after five years	858	286
	4,438	**2,326**

12. DEPRECIATION

	2009	2008
	£'000	£'000
The depreciation charge has been funded by:		
Release of deferred capital grants	1,998	2,078
Release of revaluation reserve	510	510
General income	1,822	1,757
	4,330	**4,345**

13. INFORMATION REGARDING EMPLOYEES

	2009	2008
	£'000	£'000
(a) Employee costs		
Wages and salaries	80,795	73,502
Social security costs	6,762	6,207
Other pension costs	8,631	11,361
	96,188	**91,070**

13. INFORMATION REGARDING EMPLOYEES (continued)

	2009	2008
	No.	No.
(b) Average number of people employed by the group in the year, expressed as full-time equivalents, was:		
Teaching and research staff	849	877
Visiting lecturers	178	169
Support staff	872	881
	1,899	**1,927**

(c) Remuneration of higher paid staff	**No.**	**No.**
The following staff received remuneration of £100,000 or over		
£100,000 - £109,999	3	2
£110,000 - £119,999	1	1
£120,000 - £129,999	1	-
£200,000 - £209,999	1	1
	6	**4**

14. EMOLUMENTS OF GOVERNORS

	2009	2008
	£'000	£'000
(a) The emoluments of the Governors of the University are:		
In respect of service as Governors	-	-
Other emoluments (including pension contributions on behalf of executive Governors)	491	409
(b) The emoluments of the chairman and executive Governors are:		
Chairman: Dr T Wright	-	-
Highest paid Governor: Professor G Petts, Vice-Chancellor and Rector		
Remuneration	209	205
Pension contributions	28	26
Total emoluments	**237**	**231**

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 Teachers' Pension Agency are paid at the same rates as for other academic staff.

Four executive governors (2008: four) are members of the University's defined benefit pension scheme and accrued benefits during the year under that scheme.

The non-executive governors receive no remuneration.

15. TAXATION

Factors affecting tax charge for the current period

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK: 28% (last period 29.33%). The differences are explained below:

	2009	2008
	£'000	£'000
Consolidated surplus on ordinary activities	6,663	6,976
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 29.33%):	1,866	2,047
Effects of:		
– Expenses not deductible for tax purposes	-	-
– Capital allowances in excess of depreciation	(3)	1
– Carried forward tax losses	-	(34)
– Non-taxable (profit)	(1,863)	(2,014)
Current tax for the year	-	-

Factors that may affect 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 not recognised is £478,071 (2008: £481,306 asset).

16. SURPLUS FOR THE FINANCIAL YEAR BEFORE TRANSFERS FROM RESERVES

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

		2009	2008
		£'000	£'000
Auditors remuneration:			
audit fee	University	38	38
	Subsidiary Companies	12	12
non-audit services		18	26
Operating lease rentals:			
property rents		3,776	4,471
Depreciation:			
owned assets		3,992	4,007
leased assets		338	338

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17. EXCEPTIONAL ITEMS

	2009	2008
	£'000	£'000
Exceptional adjustment arising on the destruction of fixed assets by fire	-	848
Exceptional expenditure	(310)	(6,074)
Exceptional income	3,295	6,074
	2,985	**848**

The final payment was received from the insurance company in November 2008 for £4.925m. Accrued income in 2008 was £1.630m which represented the shortfall between the expenditure and anticipated insurance income. The accrual from 2008 was reversed in the current year.

Exceptional expenditure of £310k represents costs incurred during the year in relation to the Harrow fire.

18. SURPLUS OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the income and expenditure account of the parent company is not presented as part of these accounts. The parent company's surplus for the financial year amounted to £8.922m (2008: £6.104m surplus).

19. TANGIBLE ASSETS

(a) The Group

	Freehold land and buildings	Leasehold buildings and improvements	Assets in course of construction	Plant and machinery	Fixtures, fittings, equipment	Computers	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 August 2008	168,798	10,785	9,138	3,060	140	1,075	49	193,045
Additions	-	-	1,263	174	-	203	18	1,658
Transfers	10,256	-	(10,256)	-	-	-	-	-
Disposals	-	-	-	-	(140)	-	-	(140)
At 31 July 2009	**179,054**	**10,785**	**145**	**3,234**	**-**	**1,278**	**67**	**194,563**
Accumulated depreciation								
At 1 August 2008	22,682	3,429	-	2,333	85	843	49	29,421
Charge for the year	3,303	338	-	452	20	213	4	4,330
Disposals	-	-	-	-	(105)	-	-	(105)
At 31 July 2009	**25,985**	**3,767**	**-**	**2,785**	**-**	**1,056**	**53**	**33,646**
Net book value at 31 July 2009	**153,069**	**7,018**	**145**	**449**	**-**	**222**	**14**	**160,917**
Net book value at 31 July 2008	**146,116**	**7,356**	**9,138**	**727**	**55**	**232**	**-**	**163,624**
Inherited	32,068	1,267	-	-	-	-	-	33,335
Financed by capital grant	23,514	2,402	87	193	-	-	-	26,196
Other	97,487	3,349	58	256	-	222	14	101,386
Net book value at 31 July 2009	**153,069**	**7,018**	**145**	**449**	**-**	**222**	**14**	**160,917**

On 1st April 2008 the Quintin Hogg Trust transferred the beneficial interest in five halls of residence (comprised of one leasehold and four freehold buildings) to the University (refer to Related Party Transactions note 34).

The halls of residence buildings were valued as at the date of transfer by Philip Hillman FRICS. The valuation was executed using an existing use value for accounts purposes.

19. TANGIBLE ASSETS (continued)

(b) The University

	Freehold land and buildings	Leasehold buildings and improvements	Assets in course of construction	Plant and machinery	Fixtures, fittings, equipment	Computers	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 August 2008	154,098	10,785	9,138	3,060	-	1,061	49	178,191
Additions	317	-	1,263	174	-	204	18	1,976
Transfers	10,256	-	(10,256)	-		-	-	-
At 31 July 2009	**164,671**	**10,785**	**145**	**3,234**	**-**	**1,265**	**67**	**180,167**
Accumulated depreciation								
At 1 August 2008	14,153	3,429	-	2,333	-	830	49	20,794
Charge for the year	3,005	338	-	452	-	213	4	4,012
At 31 July 2009	**17,158**	**3,767**	**-**	**2,785**	**-**	**1,043**	**53**	**24,806**
Net book value at 31 July 2009	**147,513**	**7,018**	**145**	**449**	**-**	**222**	**14**	**155,361**
Net book value at 31 July 2008	**139,945**	**7,356**	**9,138**	**727**	**-**	**231**	**-**	**157,397**
Inherited	32,068	1,267	-	-	-	-	-	33,335
Financed by capital grant	21,870	2,402	87	193	-	-	-	24,552
Other	93,575	3,349	58	256	-	222	14	97,474
Net book value at 31 July 2009	**147,513**	**7,018**	**145**	**449**	**-**	**222**	**14**	**155,361**

On 1st April 2009 the assets from the previously owned subsidiary the Policy Studies Institute were transferred to the University. This incorporated the £317k addition in respect of the Copland Building.

19. TANGIBLE ASSETS (continued)

(c) The Group and the University

	The Group		The University	
	2009 £'000	**2008 £'000**	**2009 £'000**	**2008 £'000**
(i) Analysis of land and buildings at cost or valuation:				
At cost	152,846	142,590	145,235	134,662
Revaluation increase	26,208	26,208	19,436	19,436
At valuation: 31 July 1995	179,054	168,798	164,671	154,098

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	
	2009 £'000	**2008 £'000**	**2009 £'000**	**2008 £'000**
(ii) If freehold land and buildings had not been revalued, they would have been included at the following amounts:				
Cost	152,846	142,590	145,235	134,662
Aggregate depreciation	(18,575)	(15,955)	(11,566)	(8,921)
Net book value	134,271	126,635	133,669	125,741

(iii) The value of freehold land and buildings includes £27.254 million in respect of land that is not depreciated (2008: £27.254 million).

20. FIXED ASSET INVESTMENTS

	The Group		The University	
	2009 £'000	**2008 £'000**	**2009 £'000**	**2008 £'000**
COST				
Share in subsidiary undertakings:				
At 1 August	-	-	1	1
Additions	-	-	-	-
At 31 July	-	-	1	1
Other shareholdings:				
At 1 August	366	256	356	256
Additions	60	110	60	100
At 31 July	426	366	416	356
Total cost	**426**	**366**	**417**	**357**
PROVISION FOR IMPAIRMENT IN VALUE				
At 1 August and 31 July	(144)	(144)	(144)	(144)
NET BOOK VALUE	**282**	**222**	**273**	**213**

(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) The University and Group hold 10,000 fully paid Ordinary £1 A shares, 50,000 Ordinary £1 B shares and 13,595 Ordinary £1 shares in Anglesey Natural Foods Ltd. It is an unquoted company. A full provision for impairment in value has been made against the cost of this investment, reducing its net book value to £nil (2008 £nil). On the 10 February 2009 Anglesey Natural Foods Ltd was dissolved.

(3) The University and Group own 357,143 Ordinary 0.0001 pence Shares in Hypha Discovery Ltd, an unquoted company. In 2008 a purchase of 428,660 Ordinary shares was made at a cost of £100k and in 2009 a further 500,000 Ordinary shares were purchased at a cost of £60,000. At 31 July 2009 the University holds 26% of the issued share capital of Hypha Discovery Ltd and represents a participating interest with no significant influence exercised over the company.

20. FIXED ASSET INVESTMENTS (continued)

The following companies and Trust were all held as investments by the University of Westminster on 31 July 2009. They are all subsidiary undertakings of the University and 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
WestmInnovation Ltd	100	Exploitation of intellectual property
University of Westminster Prize & Scholarships Fund	100	Advancement of education by the awarding of prizes and scholarships tenable at the University of Westminster

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

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. The University of Westminster Prize and Scholarships Fund is a registered Charity, number 11010405.

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.

On 1 April 2009 the Policy Studies Institute was transferred to the University. This was a previously owned (100%) subsidiary of the University.

21. ENDOWMENT ASSET INVESTMENTS

	The Group		The University	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Investments				
Market value at 1 August	855	269	270	269
Group acquisition of University of Westminster Prize and Scholarship Fund	-	508	-	-
Depreciation in the value of endowment asset investments	(40)	(58)	-	-
Increase in cash balances	55	136	50	1
Balance at 31st July	**870**	**855**	**320**	**270**
Fixed interest stocks	2	2	-	-
Charities Official Investment Fund	272	313	-	-
Cash	596	540	320	270
Total endowment asset investments	**870**	**855**	**320**	**270**

22. DEBTORS

	The Group		The University	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Amounts falling due within one year:				
HEFCE	289	37	289	37
Trade and sundry debtors	1,979	4,173	1,749	2,966
Amounts owed by subsidiary companies	-	-	255	71
Other debtors	1,621	956	1,621	952
Prepayments and accrued income	3,678	4,649	4,620	4,761
Assets awaiting disposal	67	-	-	-
Total debtors	**7,634**	**9,815**	**8,534**	**8,787**
Amounts falling due after more than one year:				
HEFCE	1,931	-	1,931	-
Total debtors	**9,565**	**-**	**10,465**	**-**

At the year end 2009 the University held a HEFCE debt which relates to the match funding of donations received. For every £3 donation (from applicable donors) received, HEFCE will pay £1 to the University. The final HEFCE payment will be due in the year end 2011.

23. INVESTMENTS HELD AS CURRENT ASSETS

	The Group		The University	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Short term deposits	38,533	24,445	38,533	19,160
Equities at valuation at 31 July	1	1	-	1
	38,534	**24,446**	**38,533**	**19,161**

Equities consist of the following:

At 31 July 2009 the University held 132 shares in Lloyds TSB (2008: 209 shares in HBOS plc), with a market value at that date of £113 (2008: £607).

The Group also holds £494 of 12% Exchequer stock, the market value of which was £676 as at 31 July 2009 (2008: £658).

24. CREDITORS

	The Group		The University	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Amounts falling due within one year:				
Trade creditors	8,812	7,648	8,811	7,429
Bank and other borrowings – promissory note	373	281	-	-
Access funds (see note 27)	88	99	88	99
Taxation and social security	2,092	2,058	2,091	1,965
Provision for enhanced future pensions	115	111	115	111
Other creditors	3,936	6,098	3,852	3,881
Amounts due to subsidiary undertakings	-	-	1,805	1,241
Accruals and deferred income	17,910	12,984	17,099	9,766
	33,326	29,279	33,861	24,492
Amounts falling due between one and two years:				
Bank and other borrowings – promissory note	477	373	-	-
Bank and other borrowings – Other loan	64	-	64	-
Provision for enhanced future pensions	115	111	115	111
	656	484	179	111
Amounts falling due between two and five years:				
Bank and other borrowings – promissory note	2,180	1,789	-	-
Bank and other borrowings – other loan	825	602	825	602
Provision for enhanced future pensions	346	332	346	332
	3,351	2,723	1,171	934
Amounts falling due over five years:				
Bank and other borrowings – promissory note	12,473	13,342	-	-
Bank and other borrowings – other loan	14,611	14,898	14,611	14,898
Provision for enhanced future pensions	1,210	1,197	1,210	1,197
Amounts due to subsidiary undertakings	-	-	13,707	13,992
	28,294	29,437	29,528	30,087
Total due after more than one year	32,301	32,644	30,878	31,132
Total creditors	**65,627**	**61,923**	**64,739**	**55,624**

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

The other bank loan has a term of thirty years, commencing in the year ended 31 July 2008, but repayments of principal will not commence until the year ended 31 July 2011. Interest payments on the loan commenced during the year ended 31 July 2008. The interest rate on the loan is fixed for fifteen years at a rate 5.535% and is variable thereafter. The loan is unsecured.

25. DEFERRED CAPITAL GRANTS

(a) The Group

	Buildings HEFCE	Equip HEFCE	Buildings Other grants	Total
	£'000	£'000	£'000	£'000
Balance at 1 August 2008	20,296	601	40,547	61,444
Grants received	150	-	-	150
	20,446	601	40,547	61,594
Release to income and expenditure account	(567)	(405)	(1,026)	(1,998)
Balance at 31 July 2009	**19,879**	**196**	**39,521**	**59,596**

(b) The University

	Buildings HEFCE	Equip HEFCE	Buildings Other grants	Total
	£'000	£'000	£'000	£'000
Balance at 1 August 2008	18,287	601	40,547	59,435
Grants received	150	-	317	467
	18,437	601	40,864	59,902
Release to income and expenditure account	(513)	(405)	(1,033)	(1,951)
Balance at 31 July 2009	**17,924**	**196**	**39,831**	**57,951**

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26. ENDOWMENTS

(a) The Group

	Restricted expendable	Restricted permanent	Total
	£'000	£'000	£'000
Balance at 1 August 2008	405	450	855
Additions	6	65	71
Depreciation of endowment asset investments	-	(40)	(40)
Income for year	15	-	15
Qualifying expenditure	(31)	-	(31)
Balance at 31 July 2009	**395**	**475**	**870**

(b) The University

	Restricted expendable	Restricted permanent	Total
	£'000	£'000	£'000
Balance at 1 August 2008	270	-	270
Additions	6	65	71
Depreciation of endowment asset investments	-	-	-
Income for year	8	-	8
Qualifying expenditure	(29)	-	(29)
Balance at 31 July 2009	**255**	**65**	**320**

27. ACCESS FUNDS FOR STUDENTS

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

	2009	2008
	£'000	£'000
At 1 August	99	136
Received	428	567
Interest accrued	1	15
Distributed	(440)	(619)
At 31 July	**88**	**99**

The University acts only as a paying agent. The grants and related disbursements are, therefore, excluded from the income and expenditure account. The outstanding balance at the year end is included in creditors (see note 24).

28. RECONCILIATION OF MOVEMENTS ON RESERVES

(a) The Group

	Revaluation Reserve	Revenue Reserve	Pension Reserve	Total Reserves
	£'000	£'000	£'000	£'000
Balance at 1 August 2008	26,077	51,558	(36,234)	41,401
Surplus for the year	-	7,914	(1,235)	6,679
Actuarial loss in respect of pension scheme	-	-	(20,152)	(20,152)
Transfer for depreciation relating to revaluation	(510)	510	-	-
Balance at 31 July 2009	**25,567**	**59,982**	**(57,621)**	**27,928**

(b) The University

	Revaluation Reserve	Revenue Reserve	Pension Reserve	Total Reserves
	£'000	£'000	£'000	£'000
Balance at 1 August 2008	22,205	49,714	(36,234)	35,685
Surplus for the year	-	10,157	(1,235)	8,922
Actuarial loss in respect of pension scheme	-	-	(20,152)	(20,152)
Transfer for depreciation relating to revaluation	(390)	390	-	-
Balance at 31 July 2009	**21,815**	**60,261**	**(57,621)**	**24,455**

In previous years the University and Group have reported separate balances for the Specific Reserve which recognised the accumulated surpluses or deficits arising on its research grants and contracts and international activities. As from 2008 in accordance with the SORP, this internally designated fund has been absorbed into the Revenue Reserve.

29. FINANCIAL COMMITMENTS

Operating leases

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

	Land and Buildings 2009	Land and Buildings 2008
	£'000	£'000
Leases which expire:		
After 5 years	3,840	3,565

30. CAPITAL AND OTHER FINANCIAL COMMITMENTS

Capital expenditure authorised and contracted for but not provided in the accounts amounts to £140k for the Group and University (2008: £1.180m).

Contracts placed for future expenditure not provided in the accounts in respect of other financial commitments amount to £1.526m for the Group and University (2008: £1.244m).

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

	2009	2008
	£'000	£'000
Surplus/(deficit) from Operating Activities	6,663	6,976
Depreciation (note 12)	4,330	4,345
Receipt of donated land (note 34)	-	(6,050)
Deferred capital grants released to income (note 25)	(1,998)	(2,078)
Investment income (note 9)	(1,190)	(1,917)
Write off of fixed assets	39	-
Interest payable (note 11)	2,357	1,810
Decrease in debtors	250	1,010
Increase/(decrease) in creditors	3,985	3,202
Exceptional adjustment relating to fixed assets destroyed by fire (note 17)	-	(848)
Net pension cost	1,235	1,625
Endowment transfer	16	97
Net Cash Inflow from Operating Activities	**15,687**	**8,172**

32. ANALYSIS OF CHANGES IN NET DEBT

	At 1 August 2008	Cash Flows	At 31 July 2009
	£'000	£'000	£'000
Cash at bank and in hand:			
Endowment assets	540	55	595
Other	2,895	(1,418)	1,477
	3,435	**(1,363)**	**2,072**
Liquid Resources:			
Current asset investment	1	-	1
Short term deposits	24,445	14,088	38,533
	24,446	**14,088**	**38,534**
Debt:			
Loans due within one year	(281)	(92)	(373)
Loans due after more than one year	(31,004)	374	(30,630)
	(31,285)	**282**	**(31,003)**
Net debt	**(3,404)**	**13,007**	**9,603**

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33. PENSION COSTS

The Group operates four pension schemes of the defined benefit type. Three are funded and one, the Teachers' Pension Scheme, is unfunded. The assets of the schemes are held separately from the assets of the Group, in independently administered funds. Details of the four Group pension schemes are as follows:

Teachers' Pension Scheme (England and Wales)

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 TPS. Therefore contributions are accounted for as if 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 2009 contributions by the Group to the scheme were £5,036,368 (2008: £4,758,519).

London Pensions Fund Authority

This defined benefit scheme is subject to a triennial valuation by independent actuaries. The last full actuarial valuation was carried out on the 31 March 2007 using the projected unit credit method, in which the actuarial liability makes allowance for projected earnings.

The valuation used for FRS17 disclosures has been based on the most recent actuarial valuation at 31 March 2007 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 2009. The next formal valuation is due as at 31 March 2010.

33. PENSION COSTS (continued)

The financial assumptions used by the actuary for the funding valuation under FRS17 as at 31 July 2009 were:

Assumptions as at:	2009	2008
	% per annum	% per annum
Expected Return on Assets	6.9	7.2
Salary increases	5.1	5.3
Pension increases	3.6	3.8
Discount rate	6.0	6.7

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

	2009
Current pensioners	
Males	19.6 years
Females	22.5 years
Future pensioners	
Males	20.7 years
Females	23.6 years

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

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

Assets (Active fund)	Long term rate	Fund value	Long term rate	Fund value	Long term rate	Fund value
	2009 % per annum	2009 £'000	2008 % per annum	2008 £'000	2007 % per annum	2007 £'000
Equities	7.5	42,236	7.6	36,981	7.9	39,761
Target return funds	6.2	6,379	6.3	12,400	6.6	14,132
Alternative assets	6.7	9,104	6.8	14,073	7.0	8,634
Cash	3.0	4,211	4.8	(243)	5.1	2,066
Total		**61,930**		**63,211**		**64,593**

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33. PENSION COSTS (continued)

The University's net pension assets were as follows:

Net pension assets as at	2009	2008
	£'000	£'000
Estimated asset share (a)	61,930	63,211
Present value of scheme liabilities	(113,223)	(93,304)
Present value of unfunded liabilities	(6,328)	(6,141)
Total value of liabilities (b)	(119,551)	(99,445)
Deficit in the scheme (a) – (b)	**(57,621)**	**(36,234)**

Analysis of amounts charged to income and expenditure account:	2009	2008
	£'000	£'000
Current service cost	3,283	3,484
Past service cost	-	1,083
Impact of curtailments and settlements	311	91
Total operating charge	**3,594**	**4,658**
Financing:		
- expected return on pension assets	(4,638)	(4,863)
- interest on pension scheme liabilities	6,719	5,379
Net return	**2,081**	**516**

Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL):	2009	2008
	£'000	£'000
Actual return less expected return on pension scheme assets	(8,790)	(8,034)
Experience gains and (losses) arising on the scheme liabilities	-	289
Changes in assumptions underlying the present value of the scheme liabilities	(11,362)	(147)
Total actuarial gain/(loss) recognised	**(20,152)**	**(7,892)**

33. PENSION COSTS (continued)

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

	2009	2008
	£'000	£'000
Opening defined benefit obligation	**99,445**	**91,310**
Current service cost	3,283	3,484
Interest cost	6,719	5,379
Contributions by members	1,717	1,497
Actuarial losses	11,362	(142)
Past service costs	-	1,083
Losses on curtailments	311	91
Estimated unfunded benefits paid	(464)	(436)
Estimated benefits paid	(2,822)	(2,821)
Closing defined benefit obligation	**119,551**	**99,445**

Analysis of movement in the market value of the scheme assets

	2009	2008
	£'000	£'000
Opening fair value of employer assets	**63,211**	**64,593**
Expected return on assets	4,638	4,863
Contributions by members	1,717	1,497
Contributions by the employer	3,976	3,113
Contributions in respect of unfunded benefits	464	436
Actuarial (losses)	(8,790)	(8,034)
Estimated unfunded benefits paid	(464)	(436)
Estimated benefits paid	(2,822)	(2,821)
Closing fair value of employer assets	**61,930**	**63,211**

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.

In accordance with the Local Government Superannuation Regulations, an actuarial valuation was carried out on 31 March 2007. The next formal valuation is due as at 31 March 2010.

The employer's contribution was increased from 15.00% to 16.20% with effect from 1 April 2009.

33. PENSION COSTS (continued)

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

	2009	2008	2007	2006	2005 (as restated)
	£'000	£'000	£'000	£'000	£'000
Difference between the expected and actual return on scheme assets	**(8,790)**	**(8,034)**	**2,858**	**2,246**	**5,004**
Value of assets	61,930	63,211	64,593	55,836	48,634
Percentage of assets	(14.2%)	(12.7%)	4.4%	4.0%	10.3%
Experience gains/(losses) on liabilities	**-**	**289**	**(144)**	**(27)**	**3,943**
Present value of liabilities	(119,551)	(99,445)	(91,310)	(90,970)	(81,230)
Percentage of the present value of liabilities	-	(0.3%)	(0.2%)	(0.0%)	(4.9%)
Actuarial gain/(loss) recognised in the STRGL	**(20,152)**	**(7,892)**	**10,079**	**(1,114)**	**(8,386)**
Percentage of the present value of liabilities	16.9%	7.9%	11.0%	(1.2%)	(10.3%)

In the year ending 31 July 2009, contributions by the Group to the scheme were £3,913,577 (2008: 3,300,000).

33. PENSION COSTS (continued)

Superannuation Arrangements of the University of London

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 2009, contributions by the Group to the scheme were £3,311 (2008: £3,109).

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

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

* *excluding an allowance for promotional increases.*

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

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

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

The next formal actuarial valuation is due at 31 March 2011 when the above rates will be reviewed.

Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and 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. USS has over 130,000 active members and the University has 71 active members participating in the scheme. The appointment of directors to the board of the trustee is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Council; and a minimum of two and a maximum of four are co-opted directors appointed by the management committee. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

Because of the mutual nature of the scheme, the institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

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33. PENSION COSTS (continued)

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

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

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

Standard mortality tables were used as follows:

Male members' mortality	PA92 MC YoB tables - rated down 1 year
Female members' mortality	PA92 MC YoB tables – No age rating

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further small improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	22.8 (24.8) years
Males (females) currently aged 45	24.0 (25.9) years

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

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

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

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

33. PENSION COSTS (continued)

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 74%. This estimate is based on the funding level art 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS17 basis, using a AA bond discount rate of 7.1% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2009 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 46%.

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.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in Assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2 billion
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £1.5 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.7 billion
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £0.8 billion

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

The trustee believes that over the long term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The total pension cost for the institution was £480,479 (2008: £475,450). This includes £40,504 (2008: £35,552) outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 14% of pensionable salaries.

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34. RELATED PARTY TRANSACTIONS

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

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

In November 2007, following Charity Commission consent, the Trustees of the University of Westminster Prize and Scholarship Fund used their power of amendment as contained in the Fund Scheme to appoint the University of Westminster as sole Trustee of the Fund. Accordingly from 2008 the University of Westminster Prize and Scholarship Fund was treated as a fixed asset investment and its results for the year were consolidated into the Group (refer note 20).

Following the above amendment there are now two separate charitable trusts which exist for the benefit of the students and who are treated as Related Parties. One of the six Trustees of these trusts was also a Governor of the University during the 2009 financial year (2008: one of the six trustees was also a Governor of the University).

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

	2009	2008
	£'000	£'000
Quintin Hogg Trust:		
Rent payable to Trust – academic buildings	(2,553)	(2,607)
Rent payable to Trust – halls of residence	-	(1,378)
Donations received by University recognised in the income and expenditure account	6,400	2,725
Donation received by University, included as deferred income in the accounts	-	191
Donation of leasehold halls of residence – at market value	-	1,330
Donation of freehold halls of residence – at market value	-	55,330
Contribution by University for halls of residence – bank loan	-	(15,500)
Donation of land, net of contribution, recognised as donations	-	6,050
Deferred capital grants – donated buildings at market value	-	(35,110)
Amounts owed (by)/to University by related party:		
- other amounts	-	23
The Quintin Hogg Memorial Fund:		
Rent payable to Trust	(57)	(56)
Donation received by University	-	19
Amounts owed to University by related party:		
- balance of disposal proceeds	56	109
Disclosed as other debtors in the accounts	56	109

34. RELATED PARTY TRANSACTIONS (continued)

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. There were no material transactions in the year.