

UNIVERSITY OF HEART OF LONDON WESTMINSTER 冊



REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012

CONTENTS

UNIVERSITY OF WESTMINSTER REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2012

	Page no.
Operating and Financial Review	2 - 11
Public Benefit Statement	12 - 17
Vision and Mission Statement	18
General Information	19
Court of Governors	20 - 22
The Work of the Court of Governors	23 - 25
Statement of Corporate Governance and Internal controls	26 - 27
Statement of Governors' Responsibilities	28 - 29
Independent Auditors' Report.....	30 - 31
Consolidated Income and Expenditure Account	32
Note of Consolidated Historical Cost Surpluses and Deficits	33
Statement of Total Recognised Gains and Losses	34
Balance Sheets	35
Consolidated Cash Flow Statement	36 - 37
Notes to the Financial Statements	38 - 68

UNIVERSITY OF WESTMINSTER OPERATING AND FINANCIAL REVIEW

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

For the financial year ending 31 July 2012 the University reports a surplus on continuing activities of £10.3m. This compares with the reported surplus in 2011 of £5.1m. The year was one of relative stability given the significant cost reductions made in the previous two years and also in comparison to 2012/13 which could signal significant changes in the way the University needs to be organised to deliver its academic output in a modern cost effective manner.

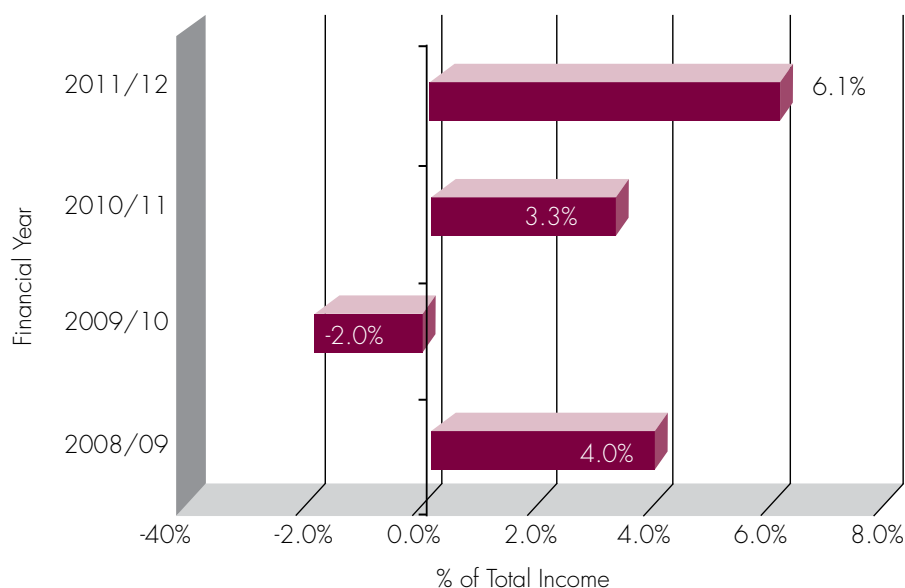
Income is £0.8m higher than the previous year at £165.4m. Whilst income from the Higher Education Funding Council for England (HEFCE) was £6.6m (10.4%) lower than the previous year it was ahead of budget for teaching income grant where the budget assumed an in-year reduction as had been the case in the last few years, whereas no in-year reduction arose. Tuition fee income at £81.2m is £6.3m higher than the previous year and also ahead of budget largely through some significant increases in overseas income ahead of budget. In addition better than budgeted student progression rates have led to an increase in home tuition fee income. Research income at £4.9m is down by £0.5m on the previous year and is also down on budget; this is expected to be a timing issue though and income increases are expected in 2012/13. Other operating income at £22.3m is higher than the previous year by £1.4m and ahead of budget largely as a result of the receipt of a large donation supporting renovation works to the Regent Street site.

Pay costs having been reduced significantly in 2011 have come in within budget some 8.5% lower overall than the previous year. Other operating expenses at £57.1m have increased by £3.7m compared to the previous year; this is largely due to an increase in spend on premises of £2.4m; a sign of the focus that has been put on improving the University's physical infrastructure in the estates strategy, and some expenditure brought forward where a clear benefit to the student experience could be demonstrated.

The financial result is considered satisfactory given a number of changes that have happened over the last few years. Not only is the financial result satisfactory but also a number of other indicators; league tables, student applications, National Student Survey results are moving in a broadly favourable direction for the University. This does not mean that the University is in any way complacent about the challenges that the future will hold for the institution and having shown an appetite for, and a success in, delivering change, the University faces the future comfortable in its ability to adapt to the future howsoever that should emerge.

In 2009 the University adopted a number of Key Performance Indicators (KPIs) and incorporated these in the Corporate Strategy. One of these KPIs quantifies that the level of target surplus expressed as a percentage of total income should be 3% or greater. For 2012 this KPI achieved compliance at 6.2% and budgets for the year ending July 2013 have been set to meet the KPI and ensure compliance with existing loan covenants.

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



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

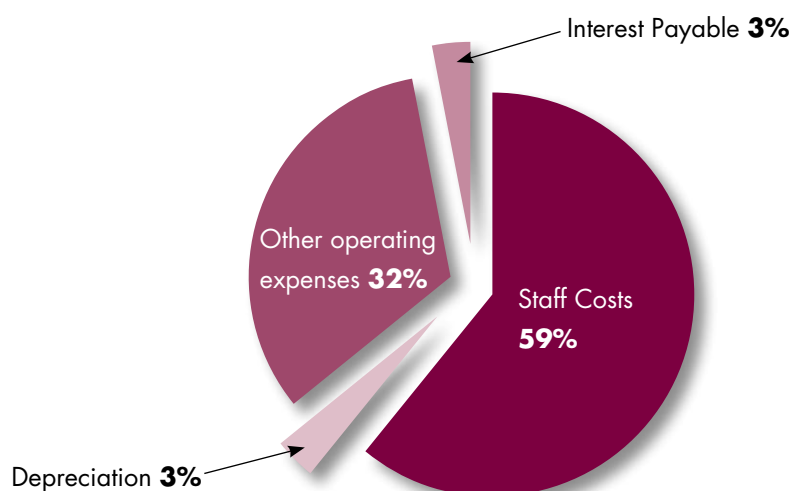
UNIVERSITY OF WESTMINSTER OPERATING AND FINANCIAL REVIEW (continued)

PAY

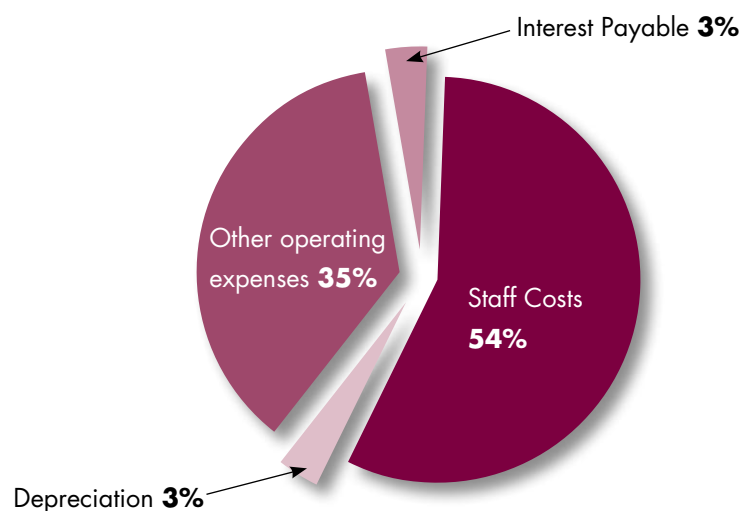
Staff costs form a significant proportion of expenditure at 53.7% of cost in 2011/12 (59.0% 2010/11). There is a significant year-on-year reduction in staff costs (8.5%), the predominant factor being severance costs incurred in 2011 not repeated in 2012 (£3,078k) and the subsequent reduction of 99 (5.3%) full time equivalent staff. This action contributed to a reduction in the wages and salaries element of staff costs decreasing by 5.8% year-on-year (see note 13). This reduction is net of increases in cost of living pay awards of £150 for staff and incremental progression. Pension and social security costs remained a consistent proportion of salaries and wages in 2012 at 11% and 7% respectively.

The Court of Governors has adopted a KPI in relation to the total value of staff costs as a percentage of total income. The percentage target in 2012 was to be no greater than 58% (60% in 2011). The out-turn for 31 July 2012 results in a KPI compliant percentage of 53.7%, an improvement on the 31 July 2011 out-turn of 59.0% (excluding redundancy costs 57.1%), but this is still greater than the sector mean average which is likely to be 53.2% according to the HEFCE benchmarking of key financial metrics issued with the annual assessment of institutional risk. The University is mindful of this gap and is planning to address it over the medium term.

Costs as a Percentage of Total Income 2010/11



Costs as a Percentage of Total Income 2011/12



UNIVERSITY OF WESTMINSTER OPERATING AND FINANCIAL REVIEW (continued)

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 professional support staff are members of the Local Government Pension Scheme which in London is administered by the London Pension Fund Authority (LPFA). There are also a number of members of staff in the Universities Superannuation Scheme and the Superannuation Arrangements of the University of London scheme. The LPFA is the only one of these schemes where the University's share of the scheme assets and liabilities can be determined on a reasonable basis and, therefore, reported on the University's Balance Sheet.

The underlying position of the Local Government Pension Scheme (LGPS) has deteriorated significantly during the past year with the University's share of the scheme deficit increasing from £51.6m to £59.2m. This is predominantly due to an increase in the present value of funded obligations which is influenced by actuarial losses.

The scheme was valued in 2010 and resulted in a slight improvement in the funding level (ratio of assets to liabilities) from 82% to 83%. In line with government policy, announced in July 2010, the March 2010 scheme valuation incorporated the change of pension increases to be in line with Consumer Price Index (CPI) rather than the Retail Price Index (RPI). For the purposes of the valuation the scheme actuary assumed that, consistent with the historical average, CPI will be 0.8% per annum less than RPI. Whilst investment returns were less than expected, the CPI changes and other assumption changes offset the investment losses and hence the funding level and average required level of employer contribution are broadly similar to the position at the 2007 valuation.

Universities UK is working with the Universities and Colleges Employers Association to consider long-term solutions to the need to offer sustainable pension provision in higher education. In March 2011 Lord Hutton published his recommendation from his government appointed inquiry into public sector pensions. The inquiry investigated the growing disparity between public sector and private sector provision; the need to ensure future pension provision is fair across the workforce and how the risk should be shared between the taxpayer and the employee. The most significant recommendation from the report is that existing pensions should be changed from a final-salary basis to a career-average basis. This recommendation is being pursued by the individual pension schemes with consultation in progress by the LPFA and USS having already moved to a career-average scheme for new members. The University is currently planning for auto-enrolment which will see existing staff who have not opted to join a pension scheme being encouraged to do so. Auto enrolment is due to be implemented at the University from May 2013.

ENGAGEMENT

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

The University continues to work with staff unions to improve relations. A measure of the progress is that in the current year no disputes were called by trades unions relating to any University-specific matter. Whilst disputes continue over pensions and pay awards, which may lead to industrial action, they are not related individually to the University: they are national issues.

HR KPIs are measured and reported quarterly to the HR committee and as part of the statutory annual reporting on Equality, Diversity & Inclusion. Quarterly reporting focuses on voluntary and all leavers turnover; sickness/absence reporting; average number of training days per employee, and a snapshot of the University's Diversity profile. HR conducts regular data cleansing exercises to improve data reliability, including for all protected characteristics in the Single Equality Act.

Voluntary turnover for the University has remained stable at 4.6% and is still below the sector average of 6.2% (source: all HE sector data is extracted from the DLA Piper HR Performance Scorecard). It is important to note that a relatively low turnover for most staff groups provides less scope for changes in the make-up of the University's

UNIVERSITY OF WESTMINSTER

OPERATING AND FINANCIAL REVIEW (continued)

workforce year on year. The average figures also mask the variations in turnover between the two main groups – Academic Staff (2.4%) and Professional Support (9.5%).

It is a significant achievement to be able to maintain the diversity profile of the University which has consistently been double the Sector average for more than three years. The annual report for 2011/12 notes that the overall staff profile at Westminster is higher than the HE average for all age groups of 35 to 64 years with 51.1% of all staff aged 45 and over. Following the recent reductions of staff in academic units, impact assessments have not highlighted any disproportionate impact on any group of staff.

The main conclusion of the 2011/12 Equal Pay Audit is that the University does not have any significant need for concern over equal pay issues when comparing employees within current grades. The implementation of the Pay Framework, new pay and benefit package offered to staff from August 2009, and the University's response to its' financial challenge and reduced headcount, has not impacted adversely on any of the staff groupings reviewed.

In November 2011 the University's Corporate Services Group once again successfully retained Investors in People, the national standard that focuses on achieving performance through effective leadership, management, development and support of its people. In addition the Corporate Services Group have just been awarded the Bronze Award which focused on how effectively the Group undertakes performance management and capability development of its staff. Having achieved the Customer First standard in 2010/11, the Corporate Services Group is also preparing for its first re-assessment against the standard which needs to be completed by May 2013.

As part of the work to enhance cultural change and encourage ideas sharing and innovation and creativity, the Westminster Change Academy was launched in October 2011. Ideas developed as a result of cross-functional teams of staff participating in the process have included the development of the Great Start student induction run for the first time in September 2012. Ideas for projects for the third presentation of the Westminster Change Academy will be sought in January 2013.

The introduction of the University's Managing Performance Policy also started in 2012. The University KPI target is that all staff should have a personal performance and development plan. Work is also progressing on ensuring the University skills profile is changing to meet future needs. An Academic Leaders programme to support the personal development and career pathways for all academic staff taking on these responsibilities is under development. The pilot will be offered in February 2013. The Corporate Services also launched a 'Future Leaders' Programme, which complements the award winning Corporate Services Management Programme, to ensure succession planning in that group.

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

BALANCE SHEET

The University's total funds have increased over the year by £3.7m. The pension liability increased by £7.6m and the value of tangible assets increased by £16.7m.

The University's total debtors reduced during the year, which, with a significant increase in tuition fee turnover, represents a substantial improvement in the University's performance in collecting outstanding tuition fee debts. Consequently the University was able to release £0.5m from the bad debt provision. This was the result of a co-ordinated plan and concerted management action. Action will continue during 2012/13 to ensure effective debtor control including the timely billing of fees; proactive collection activity and the encouragement of expanded on-line payment opportunities. The number of students choosing to defer paying their tuition fees until after graduation by taking a loan from the Student Loans Company has also increased in recent years with further increases anticipated following the introduction of a new fees regime.

UNIVERSITY OF WESTMINSTER OPERATING AND FINANCIAL REVIEW (continued)

CAPITAL EXPENDITURE AND ASSETS

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

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

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

In line with the approved estate strategy, the first phase of the £37.1m development at Harrow, approved at the July 2010 meeting of the Court of Governors, was commenced in June 2011 with an enabling works contract being successfully completed in September 2011. With Construction works being undertaken in four distinct phases, phase one works, with a value of £11.8m commenced on site in November 2011 will be completed for November 2012. Committee approval for phase two (£11.6m) was anticipated in the autumn of 2012, however this phase of the works are currently under review to ensure scope and content are aligned to current school requirements and to budget. It is now anticipated that the on-site works will commence in May 2013 and complete in January 2014.

At its meeting on 28 February 2011 the Court of Governors approved a redevelopment project at Marylebone with proposed capital expenditure of £20.0m. This project was delivered in phases with the first phase completed for the start of the 2011/12 academic year, ensuring a single-site operation for the Westminster Business School as the final elements of teaching and staff moved from Harrow to the Marylebone site. The second phase of work commenced in January 2012 and was completed in October 2012. This second phase incorporates an innovative design and enclosed areas of the site previously exposed to the elements in the heart of the site. This enabled the creation of modern vibrant social, learning and study spaces, and opportunities enriching the student-orientated feel of the campus and its community, thereby ultimately improving the student experience.

The developments are being funded by a combination of reserves, fundraising and additional borrowings. In July the University secured an additional bank loan facility of £20m, although draw downs of this facility are not anticipated until the first quarter of 2013.

CASH AND INVESTMENTS

During the year the total of cash and investments was reduced by £10.5m to £36.4m at the Balance Sheet date. This reduction is to be expected given the £21.6m of additions to fixed assets in the year. However this capital cash outflow is partially offset by the generation of net cash inflows from operating activities in the year.

UNIVERSITY OF WESTMINSTER

OPERATING AND FINANCIAL REVIEW (continued)

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

The University has only a small direct exposure to equity markets being around £0.3m of the Prize and Scholarships Fund balances. The pension schemes in which the University participates are however substantially equity invested – 71% for the LPFA for example.

WESTMINSTER 2015

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

Progress continues to be made towards this vision: a portfolio review was undertaken during the previous year and areas of academic excellence identified – the University received very positive outcomes from both the Quality Assurance Agency Institutional and Collaborative Provision audits. The University is focused on improving the student experience with projects initiated during 2011 to look at the student life-cycle and further initiatives in conjunction with the Students' Union. Targets for income growth have been set for all schools. As part of the development of the estate, by utilising space management and IT solutions, the normal ways of working and organisation are being challenged. A significant programme has been developed for staff development with participation across the University in Leadership Forums and the Corporate Services Management Programme, and with performance management training for both staff and managers being developed. As described earlier, the University continues with significant investment in its facilities.

Whilst significant change has taken place over the last few years it is pleasing to note that this change has not had any detrimental impact on students' satisfaction with their experience. Future changes will continue to stress the importance of the student experience at this University.

STUDENT NUMBERS

In 2011/12 student recruitment achieved the management targets. This is summarised in the table below:

	2011/12 Home & EC	2011/12 Overseas	2010/11 Home & EC	2010/11 Overseas
Full time undergraduate	11,838	850	11,144	857
Full time post graduate	1,090	1,190	1,386	1,400
Part time undergraduate	1,181	393	1,146	253
Part time post graduate	970	98	923	105
Total University Student FTEs	15,079	2,531	14,599	2,615

Indicators for undergraduate student recruitment in 2012/13 are reasonably positive, with undergraduate applications in line with the University target (KPI: the ratio of full time undergraduate applications to enrolment of 6:1). However, the introduction of higher fees appears to have induced large scale changes in subject demand leading to oversubscription in areas such as business and shortfalls in others such as languages. These changes in subject demand do not appear to be aligned to course fee level. Analysis continues to assess the most appropriate response to these changes for this year and future years.

UNIVERSITY OF WESTMINSTER

OPERATING AND FINANCIAL REVIEW (continued)

Moving forward to 2013/14 the partial de-regulation of the undergraduate market is likely to be more problematic as the move from students with grades equalling or exceeding AAB moving to ABB together with a further reduction in student quota is likely to result in the University being forced to reduce its home undergraduate population and having to turn away well qualified applicants.

RESEARCH

The University launched its Graduate School in June 2012. The School aims to provide an inclusive and dynamic institutional hub and cross-university focus for all staff and doctoral researchers engaged in research activity, from the individual to research groups in Schools, departments and University-wide. Offering a range of developmental activities the School will support the personal and professional development of doctoral and early career researchers.

The University was awarded £2.4 Million, in research contracts 2011/12 an increase of 12 % on 2010/11. Awards notified in 2011/12, were two fewer at 51. Some of these awards are mentioned below, by School, as an indication of the breadth of externally funded research conducted at the University and the range of funders – research councils, charities, government and government agencies and private sector.

Electronics and Computer Sciences - Preliminary work on the specification and prototyping of mobile devices for the automated diagnosis of malaria together with Anna University, Chennai India is being funded by the British Council; the European Union FP7 is funding research by a consortium led by the School into computer based workflows.

Architecture and the Built Environment - Transport for London made two awards to the School including a study of the impact of the Olympics on logistics in the capital.

Law - Reckless and Dangerous Driving as a Reflection of Legal Culture in Iran funded by the Economic and Social Research Council (ESRC) and two Leverhulme awards, one for Cyber Operations and the Use of Force in International Law, and the second, The Global Context of Re-regulating the Legal Services are among the successes of the School of Law.

Media, Arts and Design - The Arab and the India Media Centres in the School secured funding from the Leverhulme Trust to fund Research Fellows on the role of the Internet in the Arab Spring and Indian Cinema 1900-1926. The School's Communications and Media Research Institute (CAMRI) won an Arts and Humanities Research Council grant to study Digital transformations in the creative relationships between cultural and media organisations and their users.

Social Sciences, Humanities and Languages – the School will lead a Leverhulme Trust funded international research network on the governance of eco cities; the Schools' Policy Studies Institute has been awarded a grant from E.ON, the Dusseldorf based energy multinational, to study appetite for energy smart homes in Germany, Italy and the UK, new research contracts were acquired from government, and UK and European agencies including the Food Standards Agency, Home Office, European Foundation for the Improvement of Living and Working Conditions.

Westminster Business School – the School continues to win UK government contracts in econometrics and also secured a Leverhulme Trust award to investigate retirement poverty amongst women of the Asian diaspora in the UK.

Life Sciences - East Asian Medicine 1000 to the present day is the subject of a Wellcome Trust award of just under £1 million, to the School which also received funding from Nelsons, a natural healthcare provider since 1860, to investigate stress and distress in men, and from the Dr Hadwen Trust, (the UK's leading medical research charity that funds and promotes the development of techniques and procedures to replace the use of animals in biomedical research and testing,) a grant to study the development of human neurological disorders in the plant, *Arabidopsis Thaliana* – the wall cress or mouse ear cress.

UNIVERSITY OF WESTMINSTER OPERATING AND FINANCIAL REVIEW (continued)

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

- The University updated its Carbon Management Plan (CMP), which has formed a detailed approach to how it can improve its environmental performance.
- The University achieved Fairtrade University Status in 2011, by meeting a number of criteria set by the Fairtrade Foundation.
- The University is participating in the Student Switch Off and Recycling Campaign, working closely with the National Union of Students. The Student Switch Off & Recycling Campaign focusses on on-site residents' engagement, through inter-halls energy and waste competition.
- The University utilises a Biodiversity Plan, which is aimed at improving local areas across the University estate.
- The University's Procurement Department considers the environmental impacts of products and requires key contractors and suppliers to ensure their operations are in line with the University's goals. This ongoing Supplier Engagement Programme will further look at environmental performance, and initiatives to improve environmental impacts, such as reducing packaging waste.
- The University continues to implement the Paperless Project, which was initiated to look at reducing the total amount of paper used, but to also increase the use of recycled-content paper.
- The University is currently working on updating the Sustainable Travel Plan to encourage more sustainable modes of transport and to monitor modal split.
- The University has been participating in the Degrees Cooler, the national behaviour change programme for the Higher Education sector, for the past three years. One strand of the project is 'Green Impact', which provides a framework for departments within the University to 'green' their operations.
- The University climbed 20 places in the Green League, mainly through strategic improvements.
- The University has achieved bronze status in the Eco-Campus scheme (International Organisation for Standardisation (ISO) 14001) for establishing an Environmental Management System (EMS) to provide a formal mechanism and external verification of its environmental activities and performance improvement.
- The University introduced a new recycling regime for its Halls of Residence.

All capital projects have a consideration of CSR at their core. The Marylebone Project is progressing to achieve 'Excellent' on Building Research Establishment's Environmental Assessment Methodology (BREEAM), and the Harrow Project will achieve at least 'Very Good' Standard, as part of the wider University aim to make buildings and campuses more sustainable and better places to work and study. The BREEAM Assessment emphasises building objectives such as energy and water consumption, waste disposal, green space and sustainable building materials.

RISKS AND UNCERTAINTIES

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

The new tuition fee regime that commenced in September 2012 is a significant change to the sector and to the University, particularly the removal of students achieving grades of AAB or equivalent (or higher) from the student number controls that the sector has to manage to in the recent past. This has led to more direct competition for those students and this competition is only likely to increase if the 2013 intake has students achieving grades ABB or equivalent removed from the student number controls as currently announced. This combined with higher fee levels for students may see different student behaviour in selecting a University than in the past.

UNIVERSITY OF WESTMINSTER

OPERATING AND FINANCIAL REVIEW (continued)

Specific risks that the University has identified are as follows:

Aim - to sustain student numbers both from home and overseas

- United Kingdom (UK) undergraduate student numbers may not grow given the impact of demographic changes, the impact of the new tuition fee regime and the potential costs perceived by potential students in relation to attending a University in central London
- UK postgraduate student numbers may not grow if the impact of the new undergraduate fee regime feeds through into students feeling unable to afford to fund postgraduate education. This is exacerbated by a sense that the domestic market is depressed following the UK economy's reasonably weak current performance.
- 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 global recession. Additionally the revised procedures and processes imposed by the UK Border Agency provide challenges to student recruitment and the recent well publicised interventions at another London HEI may have a negative impact on student's perceptions of the UK as a place that welcomes overseas students.

Aim – to sustain HR costs at or below KPI

- Staff costs, especially pension costs, tend to rise at a faster rate than the income that supports them and constant management of the overall level of costs is vital to delivering a financially sustainable future. Progress was made during both 2010/11 and 2011/12 but this will inevitably be an ongoing pressure, requiring a commitment to continuing work force planning that is informed by, amongst other things, student recruitment trends.

Aim – to optimise revenue from investments

- Uncertainty in financial markets particularly in the Eurozone, has changed the range of providers of finance and acceptable places to deposit funds; regular monitoring of this situation should protect the University from any potential adverse consequences of future bank failures.

The challenge for the University is to supplement the diminishing direct government funding with alternative sources of income and the overall objective is to increase income per academic member of staff. This needs to be done within a financially sustainable cost model that, nevertheless, allows investment in the University's future.

FUTURE OUTLOOK

The University has established a vision of where it aspires to be by 2015. This involved some strategic repositioning and organisational changes which were delivered over the last three years. The University is considering some further organisational changes that will allow greater focus on improving our academic performance and provide better resilience against changes in the future.

In July 2012 the Court of Governors set and agreed a budget aimed at delivering a sustainable surplus at a lower level than that delivered in 2012. The challenges in meeting this budget will be to deliver the tuition fee and other non-regulated income at or above budget levels, to manage closely the staff cost base, and to keep tight control of operating expenses.

2012/13 will be a critical year for the University, as we will start to see the impact of the combination of the new fee regime, student number controls and Access Agreements on the overall student numbers coming into the University. The University is modelling the impact of changes into the 2013/14 year to see how best to manage any changes that emerge from the current year into future years. The University considers that it is well placed to respond to any further changes or challenges. The University will continue to test the policy initiatives coming from Government against our sustainability model and respond accordingly.

In the medium term the University is looking to increase its surplus year by year from the previous HEFCE indicated figure of 3% of surplus; with the removal of capital funding a higher level of surplus is needed at a level probably double that previously indicated. Last year's surplus is more in line with future needs but it is unlikely that the same level of surplus will be delivered in 2012/13.

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

UNIVERSITY OF WESTMINSTER

OPERATING AND FINANCIAL REVIEW (continued)

DISCLOSURE TO AUDITORS

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 on-line 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 or political or religious belief. In accordance with diversity legislation and best practice, the University has a supportive Gender Equality Scheme in place, as well as a strong commitment to equal pay for work of equal value, family-friendly/work-life balance policies and specific, gender-based developmental programmes such as *Springboard*, *Navigator* and *Spring Forward*.

HEALTH AND SAFETY

The Court of Governors, in compliance with the Health and Safety at Work 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 2013 will be proposed at the forthcoming Annual General Meeting.

Michael Webb
Director of Finance

UNIVERSITY OF WESTMINSTER

PUBLIC BENEFIT STATEMENT

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

The University's Court of Governors is the institution's governing body. It meets five times a year and is ultimately responsible for the effective conduct of the activities of the University, including its strategic development, its educational character and mission, and its financial health. The members of the Court of Governors are the trustees of the charity. In setting and reviewing the University's objectives and activities, the trustees have due regard to the Charity Commission's guidance on the reporting of public benefit; "Charities and Public Benefit", 2008 and particularly to its supplementary guidance; "The Advancement of Education for the Public Benefit", 2008.

In accordance with the Charities Act 2006 HEFCE is the responsible body for regulating universities as charities on behalf of the Charity Commission.

The objects for which the University is established are recorded in the Memorandum of Association and reproduced in the Statement of Corporate Governance and Internal Controls on page 26.

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

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

The University Vision and Mission Statement, summarised in the three paragraphs above, is expanded on further in the University programme of change "Westminster 2015" and reproduced in full in the Report and Financial Statements on page 18.

STRATEGIC AIMS AND OBJECTIVES

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

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

UNIVERSITY OF WESTMINSTER PUBLIC BENEFIT STATEMENT

LEARNING, TEACHING AND RESEARCH

The School of Architecture and the Built Environment (SABE) at the University of Westminster is one of the few in the UK to bring together all the disciplines that inform the design and development of our cities. From architecture to transport, construction to tourism, property to urban design, housing to planning and because they are all brought together under one roof there is the opportunity for working across normal professional boundaries. With over 2,000 students, SABE is one of the largest providers of built environment education in the country. Courses range from Foundation level, providing access to University degrees, right through to an ever-expanding cohort of Doctor of Philosophy (PhD) students. Based on the Marylebone Road, opposite Baker Street underground station, the School uses its central London location to great effect with strong connections to professional bodies and the ability to engage leading practitioners in the delivery of courses, developing strong links with the various professions and future employers, leading to excellent employment prospects for our students. At postgraduate level a range of specialist courses also build on professional connections, and have a very high reputation in the external world. SABE offers a professional development and consultancy service, "Build Up". The initiative is designed to provide professional and organisational development for built environment professionals and organisations respectively. Initially co-funded by the HEFCE Economic Challenge Investment Fund and the City of Westminster's Westminster Works programme in 2009-10 to provide professional development to professionals, Build Up has been so successful that the service will continue and also offer bespoke learning and development workshops and consultancy to organisations and businesses.

SABE is a core part of the University's connection as the UK's only UN Habitat Partner University, reflecting the international scope of our activity. The School's research quality was recognised in the last Research Assessment Exercise in which 20% of the research in Architecture and the Built Environment was judged as 'world-leading', and 90% as 'international'. A range of high-level consultancy activities complements this research, and brings our knowledge directly to bear in the outside world. The School has the ambition, through its teaching, research, consultancy and outreach activities, to make a major contribution to the debate around the future of our cities.

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

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

UNIVERSITY OF WESTMINSTER PUBLIC BENEFIT STATEMENT

The School of Life Sciences has 123 academic staff providing 20 undergraduate and 22 postgraduate courses to more than 2,000 students. The School also has a thriving research culture with over 30 students registered for PhDs. Active research and postgraduate programmes also ensure that undergraduate students are in close contact with the cutting edge of applied scientific knowledge. The University Polyclinic was established in 1998 as a teaching and research clinic for the provision of complementary medicines and therapies. The teaching clinics provide low-cost access for the general public to treatments in acupuncture, aromatherapy, Chinese herbal medicine, craniosacral therapy, herbal medicine (National Institute of Medical Herbalists), homoeopathy, naturopathy, nutritional therapy, osteopathy, shiatsu, therapeutic bodywork/massage and qigong tuina. Treatment in these clinics is given by clinic tutors, who are experienced practitioners, or by advanced level University of Westminster complementary medicine students under the supervision of these clinic tutors. Integrated medicine, or collaboration with conventional medicine, is a major part of the ethos of the Polyclinic and good communication with patients' General Practitioners (GPs) is standard practice. Research projects into complementary medicines and therapies carried out in the Polyclinic may from time to time need participants from the general public, and in such cases any treatments given are free of charge.

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

The School of Social Sciences, Humanities and Languages offer an exciting breadth of activity across the Social Sciences, Psychology and the Arts and Humanities, as well as being one of the country's biggest providers of Modern and Applied Language tuition. Undergraduate and postgraduate courses sit alongside a growing programme of short courses, executive training and continuing professional development activity in collaboration with employer and professional partners. The School has a diverse academic community welcoming students from the UK and from all over the world on to undergraduate and postgraduate programmes. Each department has a range of research and knowledge transfer activity alongside their taught provision and each aims to work to enhance the public benefit of developing in its student's knowledge and skills that will contribute to the public good in a variety of ways. The School is home to the highly regarded Policy Studies Institute (PSI), one of Britain's leading research institutes, conducting research to promote economic well-being and improve quality of life. PSI works to enhance the public benefit through developing properly informed public policy making and evaluation and enjoys a reputation for the rigorous and impartial evaluation of policy in the UK and Europe. The publication and dissemination of research findings for the public benefit is central to its ethos.

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

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

UNIVERSITY OF WESTMINSTER PUBLIC BENEFIT STATEMENT

FEES, FUNDING, BURSARIES AND STUDENT FINANCIAL SUPPORT

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

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

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

WIDENING PARTICIPATION

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

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

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

UNIVERSITY OF WESTMINSTER

PUBLIC BENEFIT STATEMENT

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

ESTATE DEVELOPMENT

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

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

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

PRIVATE BENEFIT

Commercially funded research and some types of knowledge exchange activity may generate the possibility of private benefit. The University trustees recognise that any private benefit must be incidental. The University Research, Enterprise and Knowledge Transfer Committee are responsible, through the University's management structure, for the development and implementation of the University's Policy and Strategy on Research and Research degrees. The work of the Committee falls into two closely related areas: research policy and strategy, and research degrees. The Committee is chaired by the Vice-Chancellor with membership including Deans of School and School Research Directors and representatives of the professional support departments.

UNIVERSITY OF WESTMINSTER

PUBLIC BENEFIT STATEMENT

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

UNIVERSITY OF WESTMINSTER

VISION AND MISSION STATEMENT

VISION

The experience we offer

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

The difference we make

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

MISSION STATEMENT

We will shape the future of professional life by:

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

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

GENERAL INFORMATION

Chancellor

Lord Paul of Marylebone

Chairman of the Court of Governors

Sir Francis Mackay FCCA

Vice-Chancellor and Rector

Professor Geoffrey Petts BSc PhD FRSA FRGS

Company Secretary

Carole Mainstone MA MBA

Director of Finance

Mr Michael Webb BA FCA

Auditors

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

Bankers

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

Solicitors

Eversheds LLP
Mills & Reeve LLP

Registered Office

309 Regent Street
London
W1B 2UW

Registered Number

977818 England and Wales

UNIVERSITY OF WESTMINSTER COURT OF GOVERNORS

COURT OF GOVERNORS

The Governors of the University during the year ended 31 July 2012 are listed below. The Governors are also directors of the University in its status as a company and trustees of the University in its status as a charity.

	Appointed or reappointed	Resigned
Chairman	Sir F Mackay	
Deputy Chairmen	Dr S Walton Mr P Kyle	
	Mr D Batchelor	
	Ms R Bellamy-James	
	Mr R Briant	
	Mr A Ganguli	
	Mr S Hart	
	The Hon Dame Mary Hogg	
	Mr T Hope	
	Mr P Hopper	
	Mr R Lane	
	Ms M Lee	
	Mr T Mahri	
	Professor G Megson	
	Professor E Morgan-Tamosunas	
	Mr G Morley	
	Mr P Murphy	
	Professor G Petts (Vice-Chancellor)	
	Mr M Staples	
	Ms K Williams	
	Ms D Yeo	

UNIVERSITY OF WESTMINSTER

COURT OF GOVERNORS (continued)

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

Ms Rita Bellamy-James, LLB CQSW Barrister is a professionally qualified Social Worker, one time Deputy General Secretary of British Association of Social Workers. Having been called to the Bar she was in private practice before joining the FCO where she became Head of Specialist Advisers in the Consular Directorate. She now acts as an Independent Consultant and is currently Chairman of National Family Mediation. Visiting Fellow Commoner Corpus Christi College Cambridge 2012 -2013.

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

Mr Anupam Ganguli, BA (Hons) Economics MBA FCA is the Finance Director of Royal Museums, Greenwich. His previous roles have been with Arts Council England, The Victoria and Albert Museum, the BBC and KPMG. He is a governor of Mountview Academy of Theatre Arts, a trustee of the Legacy Trust and the Runnymede Trust, and an independent member of the audit committee of Historic Royal Palaces.

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

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

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

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

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

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

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

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

Mr Tarik Mahri is the 2012/13 sabbatical President of the University of Westminster Students' Union.

Professor G.M. Megson, BSc (Leeds) PhD(Loughborough) MBA (Reading) FBCS CIP CEng is Dean of Electronics and Computer Science at Westminster and a Professor of Computer Science with particular interests in Parallel Computation, Neural networks and Emergent algorithms and is the elected representative for Academic Council. He has published 200+ research papers including 5 books on these and related topics. He sits on a number of editorial boards for technical journals and has interests in change management and organisational development.

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

UNIVERSITY OF WESTMINSTER

COURT OF GOVERNORS (continued)

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

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

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

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

Dr Suzy Walton, BSc MSc PhD is a Chartered Director, Chartered Scientist and Chartered Occupational Psychologist. She is Deputy Chairman of the Court of Governors and also Deputy Chairman of two bodies - the Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA) and the body that regulates the internet against criminality (Internet Watch Foundation). She is also on the board of Combat Stress and is a non-executive for HEFCE. She sits on a number of government committees including the Ethics Group of the National DNA Database and has over a decade's experience in Central Government serving in the Ministry of Defence, the Cabinet Office and the Prime Minister's Strategy Unit. Suzy is a mother of 5 and previously was a producer, presenter and editor for the BBC, Sky News and LBC Radio.

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

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

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 2012 appears on page 20. 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 governors, 16 non-executive governors and one student governor with a clear separation of the roles of the non-executive chairman and the chief executive (the Vice-Chancellor). The Court has both staff and student members. The Court approves the University's long-term objectives and strategies and provides overall financial and organisational control. It delegates responsibility for the University's operations to the Vice-Chancellor who, supported by his Executive Board, implements the Court's policy and develops and manages the University's business to meet its financial objectives and standards of quality and service in education and research.

AUDIT COMMITTEE

(membership as at 31 July 2012)

Mr David Batchelor (Chair)
Dame Karen Dunnell (non-governor member)
Mr Anupam Ganguli
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 monitors compliance with the Financial Memorandum with the Higher Education Funding Council for England (HEFCE) and adherence with the regulatory requirements. It reviews the University's annual financial statements, together with the accounting policies. The Committee reports on its work to the Court of Governors. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee meets the external auditors on their own for independent discussion.

FINANCE AND PROPERTY COMMITTEE

(membership as at 31 July 2012)

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

The Finance and Property Committee meets at least four times a year and recommends to the Court of Governors the University's annual revenue and capital budgets (including the estates strategy) and monitors performance in relation to approved budgets. It also recommends to the Court the annual financial statements, having been satisfied that management is properly discharging its responsibilities to control and account for the income, expenditure and assets of the University in compliance with the guidelines of HEFCE and the applicable legislation. During the year, work undertaken by the Committee has included the approval of non-regulated tuition fees for 2013/14; the five year financial forecasts; and approval of the financial arrangements to support the ongoing estates improvement projects at the Harrow and Marylebone sites.

UNIVERSITY OF WESTMINSTER

THE WORK OF THE COURT OF GOVERNORS

(continued)

HUMAN RESOURCES COMMITTEE

(MEMBERSHIP AS AT 31 JULY 2012)

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

This Committee meets at least four times a year to review the University's Human Resources strategy, policies and related legislation; to consider the framework for pay and conditions of staff; and to receive and discuss reports on associated matters, including staff training and development and diversity. The Committee continues to oversee the implementation of the Human Resources strategy and the development of workforce planning and has implemented a system of HR KPIs on which it receives regular reports.

REMUNERATION COMMITTEE

(membership as at 31 July 2012)

Sir Francis Mackay (Chair)
Ms Maggie Lee
Mr Stephen Hart
Mr Peter Kyle
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

NOMINATIONS COMMITTEE

(membership as at 31 July 2012)

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

This Committee meets at least twice a year to make recommendations on the appointment of new governors, and non-governor members of Court committees, in accordance with procedures devised by the Committee and approved by the Court. It is also responsible for the procedures for nominating individuals for the award of Honorary Degrees and Fellowships of the University, for considering nominations, and making recommendations to the Court. When required, it leads the process of search and appointment of the Vice Chancellor and the Chancellor. In the coming year, it will be leading the process for appointing a successor to the current Chairman, Sir Francis Mackay, who will be stepping down with effect from 31 December 2012.

UNIVERSITY OF WESTMINSTER

THE WORK OF THE COURT OF GOVERNORS

(continued)

STRATEGIC PLANNING AND RESOURCES COMMITTEE

ACADEMIC COUNCIL

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

The SPRC is a joint committee of the Court and the Academic Council and its membership includes both governors and senior University staff. It is chaired by the Vice-Chancellor, and leads the development and implementation of the strategic plan and the associated process of strategic risk management. Its operation, terms of reference and membership are due for review in the coming financial year.

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.

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

UNIVERSITY OF WESTMINSTER STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS

GOVERNANCE AND MANAGEMENT

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

The University has had regard to the Charity Commission's guidance on public benefit. The objects of the University are set out in its Memorandum of Association as:

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

The Vice-Chancellor, Professor Geoffrey Petts, has continued to lead the University towards the achievement of his vision for the future of the University as an efficient, forward moving, research active, and financially sound institution which provides an excellent experience to its students. The vision for 2015, set out originally in 2007, has been developed into a new vision for a University in 2020 which is practice informed, research engaged, and has global influence. The continued focus on the vision has been particularly important in the face of the uncertainties arising from the rapidly emerging changes in the funding arrangements for UK Higher Education. The University delivers its teaching and research through an organisational structure consisting of seven academic Schools underpinned by an integrated Corporate Services function.

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

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

The University has continued its programme of information and development sessions for governors with presentations on a range of topics at the beginning of each of its five meetings during the year. Topics covered in the current year included: University Fundraising; Transforming the Students' Union; The Student Experience at Westminster; and International Developments. The Governors were also invited to a presentation and tour in the School of Life Sciences and to the launch of the restructured School of Electronics and Computer Science.

The present Chair of the Court of Governors, Sir Francis Mackay, has indicated his intention to step down with effect from 31 December 2012. The Nominations Committee is leading the process of search for and selection of his successor.

No new governors have been appointed during the year. The Nominations Committee has continued to be active in ensuring that the Court has a good spread of skills amongst its independent membership. The Committee continues to seek non-governor members to supplement the expertise available to the Court sub-committees and during the year has made two new appointments, one to the HR Committee and one to the Audit Committee.

During the year the Court has conducted a review of its effectiveness. This commenced with a questionnaire completed by all governors during July and August 2011, the findings of which were reported to the meeting of the Court in October 2011. As a result of the discussion at that meeting, a special event for governors was held on 20 February 2012 to discuss a number of selected issues. Two of the outcomes from this event have been a new communications programme aimed at improving communications and information between governors and staff and a review of the role of staff governors on the Court.

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

UNIVERSITY OF WESTMINSTER STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS (continued)

RISK MANAGEMENT

The University's risk management policy defines risk as an event or action, or a combination or series of these, which could significantly impede the University's ability to achieve its current or future objectives and to execute its strategy effectively. An updated version of the policy has been approved by the University Executive Board, the Audit Committee, and the Court.

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

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

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

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

These arrangements provide an on-going 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 on-line 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. All relevant HR policies have been reviewed to ensure compliance with the single public sector equality duty as required by the Equality Act 2010.

UNIVERSITY OF WESTMINSTER STATEMENT OF GOVERNORS' RESPONSIBILITIES (continued)

HEALTH AND SAFETY

The Court of Governors, in compliance with the Health and Safety at Work Act 1974, recognises and accepts the responsibility as far as reasonably practicable as an employer to provide a safe and healthy workplace for all its employees. It also accepts the responsibility to conduct its undertaking in such a way as to ensure that, so far as is reasonably practicable, persons not in the University's employ, that is, students, visitors and members of the general public, are not exposed to risks to their health, safety or welfare. A revised Health and Safety Policy Statement and associated organisational arrangements were approved by the Court of Governors at its meeting in April 2012.

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 2013 will be proposed at the forthcoming Annual General Meeting.

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

Sir Francis Mackay

Chairman

27 November 2012

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

We have audited the group and University financial statements (the "financial statements") of The University of Westminster for the year ended 31 July 2012 which comprise the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Statement of Group Total Recognised Gains and Losses, the Group statement of consolidated historical cost surpluses and deficits, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF THE GOVERNING BODY [OR BOARD OF GOVERNORS OR COUNCIL] AND AUDITOR

As explained more fully in the Court of Governors Statement set out on page 28 the Court of Governors is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2012 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

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

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

In our opinion, in all material respects:

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Andrew Sayers
For and on behalf of KPMG LLP
Statutory Auditor
Chartered Accountants
RH11 9PT

1 Forest Gate
Brighton Road
Crawley
West Sussex

30 November 2012

UNIVERSITY OF WESTMINSTER CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2012

	Note	2012 Total £'000	2011 Total £'000
INCOME FROM CONTINUING ACTIVITIES			
Funding council grants	5	56,244	62,782
Tuition fees and support grants	6	81,161	74,911
Research grants and contracts	7	4,949	5,463
Other income	8	22,336	20,926
Endowment and investment income	9	728	552
Total income		165,418	164,634
EXPENDITURE ON CONTINUING ACTIVITIES			
Staff costs	10,13	88,795	97,068
Depreciation	12	4,899	4,451
Other operating expenses	10	57,143	53,453
Interest payable	11	4,289	4,256
Total expenditure		155,126	159,228
Surplus after depreciation of tangible assets at valuation and before amounts written off investments and before tax		10,292	5,406
Amount written off investments	17	(33)	(327)
Surplus after depreciation of tangible assets at valuation and amounts written off investments and before tax		10,259	5,079
Taxation	15	-	-
Surplus after depreciation of assets at valuation, amounts written off investments and tax		10,259	5,079
Surplus for the year transferred to accumulated income in endowment funds	26	7	10
Surplus for the year retained within general reserves	16	10,266	5,089

All activities relate to continuing operations.

The notes on pages 38 to 68 form part of the financial statements.

UNIVERSITY OF WESTMINSTER

NOTE OF CONSOLIDATED HISTORICAL COST SURPLUSES AND DEFICITS

FOR THE YEAR ENDED 31 JULY 2012

	Note	2012 £'000	2011 £'000
Surplus on continuing operations before taxation		10,259	5,079
Difference between historical cost depreciation and the actual depreciation charge for the year calculated on the re-valued amount	28	510	512
Historical cost surplus for the year before taxation		10,769	5,591

The notes on pages 38 to 68 form part of the financial statements.

UNIVERSITY OF WESTMINSTER

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2012

	Note	2012 £'000	2011 £'000
Surplus on continuing operations after depreciation of assets at valuation and amounts written off investments and tax		10,266	5,089
Endowment income retained in the year	26	3	3
Endowments withdrawn	26	(10)	(13)
New endowments	26	2	3
Endowments repaid to donor	26	(3)	-
Appreciation of endowment asset investments	21	1	20
Actuarial (loss)/gain in respect of pension schemes	33	(5,517)	6,134
Total recognised gains relating to the year		4,742	11,236
Reconciliation			
Opening reserves and endowments		41,274	30,038
Total recognised gains for the year		4,742	11,236
Closing reserves and endowments		46,016	41,274

The notes on pages 38 to 68 form part of the financial statements.

UNIVERSITY OF WESTMINSTER BALANCE SHEETS

AS AT 31 JULY 2012

	Note	Group 2012 £'000	Group 2011 £'000	University 2012 £'000	University 2011 £'000
Fixed Assets					
Tangible assets	19	183,311	166,637	178,646	161,673
Investments	20	81	114	72	105
		<u>183,392</u>	<u>166,751</u>	<u>178,718</u>	<u>161,778</u>
Endowment assets	21	925	932	324	333
Current Assets					
Debtors due within one year	22	7,006	7,144	7,547	7,411
Investments	23	30,015	10,037	30,014	10,036
Cash at bank and in hand		<u>6,362</u>	<u>36,820</u>	<u>4,972</u>	<u>35,439</u>
		<u>43,383</u>	<u>54,001</u>	<u>42,533</u>	<u>52,886</u>
Creditors					
Amounts falling due within one year	24	(33,779)	(37,775)	(33,987)	(37,833)
Net Current Assets		<u>9,604</u>	<u>16,226</u>	<u>8,546</u>	<u>15,053</u>
Total assets less current liabilities		<u>193,921</u>	<u>183,909</u>	<u>187,588</u>	<u>177,164</u>
Creditors					
Amounts falling due after more than one year	24	(30,911)	(32,214)	(29,825)	(30,932)
Total net assets excluding pension liability		<u>163,010</u>	<u>151,695</u>	<u>157,763</u>	<u>146,232</u>
Pension liability	33	(59,207)	(51,610)	(59,207)	(51,610)
Net assets including pension liability		<u>103,803</u>	<u>100,085</u>	<u>98,556</u>	<u>94,622</u>
Represented by:					
Deferred capital grants	25	57,787	58,811	56,186	57,159
Endowments Funds					
Expendable	26	381	389	238	247
Permanent	26	<u>544</u>	<u>543</u>	<u>86</u>	<u>86</u>
Total endowments		<u>925</u>	<u>932</u>	<u>324</u>	<u>333</u>
Reserves					
Revenue reserve excluding pension liability	28	80,263	67,407	80,605	67,702
Pension reserve	28	<u>(59,207)</u>	<u>(51,610)</u>	<u>(59,207)</u>	<u>(51,610)</u>
Revenue reserve including pension liability		<u>21,056</u>	<u>15,797</u>	<u>21,398</u>	<u>16,092</u>
Revaluation reserve	28	24,035	24,545	20,648	21,038
Total reserves	28	<u>45,091</u>	<u>40,342</u>	<u>42,046</u>	<u>37,130</u>
Total funds		<u>103,803</u>	<u>100,085</u>	<u>98,556</u>	<u>94,622</u>

The notes on pages 38 to 68 form part of the financial statements.

Approved by the Court of Governors on 27 November 2012 and signed on its behalf by:

Sir Francis Mackay
Chairman

Prof Geoffrey Petts
Vice-Chancellor and Rector

UNIVERSITY OF WESTMINSTER CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2012

	Note	2012 £'000	2011 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	31	12,909	11,260
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Income from endowments	9	3	3
Interest received	9	725	549
Interest paid	11	(2,326)	(2,286)
Net cash outflow from returns on investments and servicing of finance		(1,598)	(1,734)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets	19	(21,573)	(12,361)
Purchase of investments	20	-	(99)
New endowments received	26	2	3
Endowments repaid to donor	26	(3)	-
Endowment funds invested	26	-	-
Deferred capital grants received	25	625	1,227
Net cash outflow from capital expenditure and financial investment		(20,949)	(11,230)
CASH (OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		(9,638)	(1,704)
MANAGEMENT OF LIQUID RESOURCES			
Cash transferred (to)/from short term deposits		(19,978)	29,980
FINANCING			
Loan repayments		(850)	(540)
Net cash outflow from financing		(850)	(540)
(DECREASE)/INCREASE IN CASH	32	(30,466)	27,736

The notes on pages 38 to 68 form part of the financial statements.

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

FOR THE YEAR ENDED 31 JULY 2012

	Note	2012		2011	
		£'000	£'000	£'000	£'000
(Decrease)/Increase in cash in period		(30,466)		27,736	
Cash outflow/(inflow) from movement in liquid resources		19,978		(29,980)	
Cash outflow from decrease in debt and lease financing		850		540	
Change in net funds resulting from cash flows		(9,638)		(1,704)	
Movement in net funds in the period			(9,638)		(1,704)
Net funds at 1 August			17,377		19,081
Net funds at 31 July	32		7,739		17,377

The notes on pages 38 to 68 form part of the financial statements.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

1. COMPANY STATUS

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

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

2. BASIS OF PREPARATION

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

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

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

3. BASIS OF CONSOLIDATION

The consolidated financial statements consolidate the financial statements of the University and its subsidiary undertakings for the financial year ended 31 July 2012. Intra-group transactions are eliminated on consolidation.

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

4. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Income recognition

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

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

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

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

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

4. ACCOUNTING POLICIES (continued)

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

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

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

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

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

Agency arrangements

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

Leases

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

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

Taxation

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

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

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

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

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

4. ACCOUNTING POLICIES (continued)

Tangible Assets

Land and Buildings

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

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

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

Inherited fixed assets

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

Repairs and maintenance

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

Assets used by the University

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

Interest Capitalisation

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

Equipment

Individual assets costing over £10,000 are capitalised.

Depreciation

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

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

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

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

4. ACCOUNTING POLICIES (continued)

Investments

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

Cash Flows and Liquid Resources

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

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

Foreign Currencies

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

Accounting for charitable donations

Unrestricted donations

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

Endowment funds

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

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

Donations for fixed assets

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

Pension Costs

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

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

4. ACCOUNTING POLICIES (continued)

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

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

Revaluation Reserve

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

Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5. FUNDING COUNCIL GRANTS

		2012	2011
		£'000	£'000
(a) Recurrent grant from HEFCE			
	Note		
Teaching		49,477	54,618
Research		4,297	4,626
Other (including special initiatives)		1,397	2,455
Pension liabilities		447	427
		<u>55,618</u>	<u>62,126</u>
(b) Release of HEFCE capital grants	25	608	655
(c) Teaching Agency grants		18	1
		<u>56,244</u>	<u>62,782</u>

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

6. TUITION FEES AND SUPPORT GRANTS

	2012	2011
	£'000	£'000
Full Time Home and EU students	44,283	40,865
Part Time Home and EU Students	8,076	8,584
Non-EU students	26,486	23,893
	78,845	73,342
Research Training Support Grant	28	35
Non credit bearing courses	2,288	1,534
	81,161	74,911

7. RESEARCH GRANTS AND CONTRACTS

	2012	2011
	£'000	£'000
Government departments	1,525	2,343
Research councils	804	913
UK based charities	899	867
European Commission	1,023	711
Other bodies	698	629
	4,949	5,463

8. OTHER INCOME

	2012	2011
	£'000	£'000
Residences, catering and conferences	10,180	9,849
Recreation	699	624
Rents and lettings	1,499	1,625
Photocopier income	443	427
Sundry sales	298	345
Miscellaneous	5,183	4,975
Donations	2,993	2,058
Release of non-HEFCE deferred capital grants (note 25)	1,041	1,023
	22,336	20,926

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

9. ENDOWMENT AND INVESTMENT INCOME

	2012	2011
	£'000	£'000
Income from expendable endowments (note 26)	3	3
Income from short-term investments	725	549
	728	552

10. EXPENDITURE BY ACTIVITY

	Staff Costs	2012 Other Operating Expenses	Total	Staff Costs	2011 Other Operating Expenses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Academic departments	56,468	9,405	65,873	61,903	9,589	71,492
Academic support services	10,412	7,759	18,171	9,968	7,065	17,033
Research	2,842	1,386	4,228	2,841	1,595	4,436
Administration and central services	14,972	14,029	29,001	14,900	13,109	28,009
Premises	2,975	19,293	22,268	3,048	16,849	19,897
Residences and catering	1,043	5,254	6,297	1,013	4,884	5,897
Other expenditure	83	17	100	3,395	362	3,757
	88,795	57,143	145,938	97,068	53,453	150,521

The total shown for Other expenditure in the column headed Staff Costs includes £117k (2011: (£317k)) in respect of FRS17 adjustments to staff costs.

11. INTEREST PAYABLE

	2012	2011
	£'000	£'000
Promissory note	1,379	1,425
Bank loans repayable after 5 years	850	860
Net interest cost on pension scheme liabilities (note 33)	1,963	1,970
Other interest	97	1
	4,289	4,256

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

12. DEPRECIATION

	2012 £'000	2011 £'000
The depreciation charge has been funded by:		
Release of deferred capital grants	1,648	1,678
Release of revaluation reserve	510	512
General income	2,741	2,261
	4,899	4,451

13. INFORMATION REGARDING EMPLOYEES

	2012 £'000	2011 £'000
(a) Employee costs		
Wages and salaries	72,335	76,769
Redundancy costs	(34)	3,078
Social security costs	6,283	6,588
Other pension costs	10,211	10,633
	88,795	97,068

	2012 No.	2011 No.
(b) Average number of people employed by the group in the year, expressed as full-time equivalents, was:		
Teaching and research staff	773	842
Visiting lecturers	119	141
Support staff	861	869
	1,753	1,852

	No.	No.
(c) Remuneration of higher paid staff (including Governors)		
The following staff received remuneration (excluding pension contributions) of £100,000 or over		
£100,000 - £109,999	4	5
£110,000 - £119,999	3	1
£120,000 - £129,999	1	1
£200,000 - £209,999	-	1
£220,000 - £229,999	1	-
	9	8

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

14. REMUNERATION OF TRUSTEES

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

	2012 £'000	2011 £'000
(a) The remuneration of the trustees of the University are:		
In respect of service as trustees	-	-
Other remuneration:		
Executive trustees (including pension contributions on behalf of executive trustees)	592	513
Non-executive trustees	-	-
(b) The remuneration of the Chairman and the Vice-Chancellor and Rector are:		
Chairman: Sir F Mackay	-	-
Vice Chancellor and Rector: Prof G Petts		
Salary	224	207
Pension contributions	36	33
Total remuneration	260	240

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

Five executive trustees (2011: eight) are members of the University's defined benefit pension schemes and accrued benefits during the year under those schemes.

The non-executive trustees receive no remuneration.

During the year £3,000 (2011: £1,000) was paid in respect of trustees' expenses (i.e. expenses that were incurred in respect of their service as trustees). The expenses related to travel, childcare, subsistence, internet connection charges for the purpose of preparing for a trustees' meeting, accommodation and conference fees. (2011: travel, childcare, subsistence and internet connection charges for the purpose of preparing for a trustees' meeting). The expenses related to five trustees. (2011: one trustee).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

15. TAXATION

Factors affecting the tax charge for the current period

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

	2012 £'000	2011 £'000
Consolidated surplus on ordinary activities	10,259	5,079
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.33 % (2011: 27.33%):	2,599	1,389
Effects of:		
- Expenses not deductible for tax purposes	-	-
- Capital allowances in excess of depreciation	(5)	(2)
- Carried forward tax losses	-	-
- Non-taxable (profit)/loss	(2,594)	(1,387)
Current tax for the year	-	-

Factors that may affect the future tax charge

There is a deferred tax asset which has not been recognised as it is not expected to crystallise in the future. The amount of the asset in terms of the taxation not recognised, calculated at 23% of the amount of the timing differences, is £423,627 (2011: £483,951 asset), and it is analysed below.

	2012 £'000	2011 £'000
Provision for bad debts not utilised	40	46
Capital allowances not utilised	3	8
Tax losses not utilised	381	430
	424	484

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

16. SURPLUS FOR THE FINANCIAL YEAR BEFORE TRANSFERS FROM RESERVES

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

		2012 £'000	2011 £'000
Auditors remuneration:			
audit fee	University	50	49
	Subsidiary Companies	11	10
non-audit services		48	35
Operating lease rentals:			
property rents		5,071	4,403
Depreciation:			
owned assets		4,326	3,878
leased assets		573	573

17. AMOUNTS WRITTEN OFF INVESTMENTS

	2012 £'000	2011 £'000
Provision against investment in Hypha	33	327
	<u>33</u>	<u>327</u>

The University has invested a total of £394k in Hypha Discovery Limited and holds 28.8% of the shares. The July 2012 management accounts for Hypha Discovery Limited showed net assets totalling £118k. A decision was made to increase the provision against the investment, writing down the value to represent the University's current share of net assets.

18. SURPLUS OF PARENT COMPANY

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own Income and Expenditure account. The parent company's surplus for the financial year amounted to £10.433m (2011: £5.372m surplus).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

19. TANGIBLE ASSETS

(a) The Group

	Freehold land and buildings £'000	Leasehold buildings and improvements £'000	Assets in course of construction £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Computers £'000	Motor vehicles £'000	Total £'000
Cost or Valuation								
At 1 August 2011	186,043	11,981	5,480	3,975	34	1,379	67	208,959
Additions	12	-	19,902	726	28	905	-	21,573
Transfers	-	-	(647)	647	-	-	-	-
Disposals	-	-	-	-	-	(189)	-	(189)
At 31 July 2012	186,055	11,981	24,735	5,348	62	2,095	67	230,343
Depreciation								
At 1 August 2011	32,750	4,907	-	3,289	2	1,312	62	42,322
Charge for the year	3,479	573	-	500	7	335	5	4,899
Disposals	-	-	-	-	-	(189)	-	(189)
At 31 July 2012	36,229	5,480	-	3,789	9	1,458	67	47,032
Net book value at 31 July 2012	149,826	6,501	24,735	1,559	53	637	-	183,311
Net book value at 31 July 2011	153,293	7,074	5,480	686	32	67	5	166,637
Financed by capital grant	54,456	3,246	-	24	-	-	-	57,726
Other	95,370	3,255	24,735	1,535	53	637	-	125,585
Net book value at 31 July 2012	149,826	6,501	24,735	1,559	53	637	-	183,311

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

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

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

19. TANGIBLE ASSETS (CONTINUED)

(b) The University

	Freehold land and buildings £'000	Leasehold buildings and improvements £'000	Assets in course of construction £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Computers £'000	Motor vehicles £'000	Total £'000
Cost or Valuation								
At 1 August 2011	171,660	11,981	5,480	3,975	34	1,366	67	194,563
Additions	12	-	19,902	726	28	905	-	21,573
Transfers	-	-	(647)	647	-	-	-	-
Disposals	-	-	-	-	-	(189)	-	(189)
At 31 July 2012	171,672	11,981	24,735	5,348	62	2,082	67	215,947
Depreciation								
At 1 August 2011	23,331	4,907	-	3,289	2	1,299	62	32,890
Charge for the year	3,180	573	-	500	7	335	5	4,600
Disposals	-	-	-	-	-	(189)	-	(189)
At 31 July 2012	26,511	5,480	-	3,789	9	1,445	67	37,301
Net book value at 31 July 2012	145,161	6,501	24,735	1,559	53	637	-	178,646
Net book value at 31 July 2011	148,329	7,074	5,480	686	32	67	5	161,673
Financed by capital grant	52,856	3,246	-	24	-	-	-	56,126
Other	92,305	3,255	24,735	1,535	53	637	-	122,520
Net book value at 31 July 2012	145,161	6,501	24,735	1,559	53	637	-	178,646

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

19. TANGIBLE ASSETS (CONTINUED)

(c) The Group and the University

	The Group		The University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
(i) Analysis of land and buildings at cost or valuation:				
At cost	159,847	159,835	152,236	152,224
Revaluation increase	26,208	26,208	19,436	19,436
At valuation: 31 July 1995	186,055	186,043	171,672	171,660

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	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
(ii) If freehold land and buildings had not been revalued, they would have been included at the following amounts:				
Cost	159,847	159,835	152,236	152,224
Aggregate depreciation	(26,878)	(24,055)	(19,853)	(17,032)
Net book value	132,969	135,780	132,383	135,192

(iii) The value of freehold land and buildings includes £27.254 million in respect of land that is not depreciated (2011: £27.254 million).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

20. FIXED ASSET INVESTMENTS

(c) The Group and the University

	The Group		The University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Share in subsidiary undertakings:				
At 1 August and 31 July	-	-	1	1
Other shareholdings:				
At 1 August	114	342	104	332
Additions	-	99	-	99
Amounts written off (Note 17)	(33)	(327)	(33)	(327)
At 31 July	81	114	71	104
TOTAL	81	114	72	105

(1) The University and Group has a holding in CVCP Properties plc which represents an investment of 37,111 fully paid Ordinary £1 shares. It is an unquoted company.

(2) At 31 July 2012 the University and Group own 2,235,803 Ordinary 0.0001 pence Shares in Hypha Discovery Ltd, an unquoted company. This holding amounts to 28.8% of the issued share capital and represents a participating interest with no significant influence exercised over the company.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

20. FIXED ASSET INVESTMENTS (continued)

The following companies were held as investments by the University of Westminster on 31 July 2012. They are all subsidiary undertakings of the University and, with the exception of University of Westminster (International), all operate in the UK.

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

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

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

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

Other subsidiary undertakings

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

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

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

21. ENDOWMENT ASSET INVESTMENTS

	The Group		The University	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Investments				
Market value at 1 August	932	919	333	342
Appreciation in the value of endowment asset investments	1	20	-	-
(Decrease)/increase in cash balances	(8)	(7)	(9)	(9)
Balance at 31st July	925	932	324	333
Fixed interest stocks	2	2	-	-
Charities Official Investment Fund	321	320	-	-
Cash	602	610	324	333
Total endowment asset investments	925	932	324	333

22. DEBTORS

	The Group		The University	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
HEFCE	-	500	-	500
Trade and sundry debtors	2,178	2,793	1,602	2,348
Amounts owed by subsidiary undertakings	-	-	65	60
Other debtors	1,106	1,081	1,106	1,082
Prepayments and accrued income	3,722	2,770	4,774	3,421
Total debtors	7,006	7,144	7,547	7,411

23. INVESTMENTS HELD AS CURRENT ASSETS

	The Group		The University	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Short term deposits	30,014	10,036	30,014	10,036
Equities at valuation at 31 July	1	1	-	-
	30,015	10,037	30,014	10,036

Equities consist of the following:

At 31 July 2012 the University held 132 shares in Lloyds TSB (2011: 132 shares in Lloyds TSB), with a market value at that date of £40 (2011: £57).

The Group also holds £494 of 12% Exchequer stock, the market value of which was £573 as at 31 July 2012 (2011: £622).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

24. CREDITORS

	The Group		The University	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade creditors	8,974	12,314	8,946	12,255
Bank and other borrowings – promissory note	723	589	-	-
Bank and other borrowings – other loan	278	261	278	261
Taxation and social security	2,080	2,389	2,064	2,350
Provision for enhanced future pension	126	123	126	123
Other creditors	4,690	4,335	4,690	4,335
Amounts due to subsidiary undertakings	-	-	1,751	1,377
Accruals and deferred income	16,908	17,764	16,132	17,132
	33,779	37,775	33,987	37,833
Amounts falling due after more than one year:				
Bank and other borrowings – promissory note	13,341	14,064	-	-
Bank and other borrowings – other loan	14,898	15,176	14,898	15,176
Amounts owed to subsidiary undertakings	-	-	12,255	12,849
Provision for enhanced future pension	1,815	1,744	1,815	1,744
Provision for dilapidations at end of lease term	200	200	200	200
Accruals and deferred income	657	1,030	657	963
	30,911	32,214	29,825	30,932
Analysis of promissory note and other bank loan:				
Due within one year	1,001	850	278	261
Due between one and two years	1,154	1,001	286	278
Due between two and five years	4,625	4,023	973	916
Due in over five years	22,460	24,216	13,639	13,982
	29,240	30,090	15,176	15,437

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

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

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

25. DEFERRED CAPITAL GRANTS

(a) The Group

	Buildings HEFCE £'000	Buildings Other grants £'000	Equipment Other grants	Investment £'000	Total £'000
Balance at 1 August 2011	20,278	38,473	-	60	58,811
Grants received	585	-	40	-	625
	20,863	38,473	40	60	59,436
Release to Income and Expenditure account	(608)	(1,025)	(16)	-	(1,649)
Balance at 31 July 2012	20,255	37,448	24	60	57,787

(b) The University

	Buildings HEFCE £'000	Buildings Other grants £'000	Equipment Other grants	Investment £'000	Total £'000
Balance at 1 August 2011	18,431	38,668		60	57,159
Grants received	585	-	40	-	625
	19,016	38,668	40	60	57,784
Release to Income and Expenditure account	(553)	(1,029)	(16)	-	(1,598)
Balance at 31 July 2012	18,463	37,639	24	60	56,186

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

26. ENDOWMENTS

(a) The Group

	Restricted expendable £'000	Restricted permanent £'000	Total £'000
Balance at 1 August 2011	389	543	932
Additions	2	-	2
Repayments to donors	(3)	-	(3)
Appreciation of endowment asset investments	-	1	1
Income for year	3	-	3
Qualifying expenditure	(10)	-	(10)
Balance at 31 July 2012	381	544	925

(b) The University

	Restricted expendable £'000	Restricted permanent £'000	Total £'000
Balance at 1 August 2011	247	86	333
Additions	2	-	2
Repayments to donors	(3)	-	(3)
Income for year	1	-	1
Qualifying expenditure	(9)	-	(9)
Balance at 31 July 2012	238	86	324

27. ACCESS FUNDS FOR STUDENTS

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

	2012 £'000	2011 £'000
At 1 August	-	6
Received	407	380
Interest accrued	1	1
Distributed	(408)	(387)
At 31 July	-	-

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

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

28. RECONCILIATION OF MOVEMENTS ON RESERVES

(a) The Group

	Revaluation Reserve	Revenue Reserve	Pension Reserve	Total Reserves
	£'000	£'000	£'000	£'000
Balance at 1 August 2011	24,545	67,407	(51,610)	40,342
Surplus/(deficit) for the year	-	12,346	(2,080)	10,266
Actuarial loss in respect of pension scheme	-	-	(5,517)	(5,517)
Transfer for depreciation relating to revaluation	(510)	510	-	-
Balance at 31st July	24,035	80,263	(59,207)	45,091

(b) The University

	Revaluation Reserve	Revenue Reserve	Pension Reserve	Total Reserves
	£'000	£'000	£'000	£'000
Balance at 1 August 2011	21,038	67,702	(51,610)	37,130
Surplus/(deficit) for the year	-	12,513	(2,080)	10,433
Actuarial loss in respect of pension scheme	-	-	(5,517)	(5,517)
Transfer for depreciation relating to revaluation	(390)	390	-	-
Balance at 31 July 2012	20,648	80,605	(59,207)	42,046

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 2012	Land and Buildings 2011
	£'000	£000
Leases which expire:		
Within 2 to 5 years	1,387	1,387
After 5 years	3,060	3,012
	4,447	4,399

30. CAPITAL AND OTHER FINANCIAL COMMITMENTS

Capital expenditure authorised and contracted for but not provided in the accounts amounts to £10.113 million for the Group and University (2011: £4.426 million).

Contracts placed for future expenditure not provided in the accounts in respect of other financial commitments amount to £nil for the Group and University (2011: £nil).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

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

	2012 £'000	2011 £'000
Surplus from Operating Activities	10,259	5,079
Depreciation (note 12)	4,899	4,451
Provision for impairment of fixed asset investment	33	327
Deferred capital grants released to income (note 25)	(1,649)	(1,678)
Investment income (note 9)	(728)	(552)
Loss on disposal of fixed assets	-	135
Interest payable (note 11)	2,326	2,286
Decrease in debtors	138	1,219
(Decrease) in creditors	(4,449)	(2,294)
Net pension cost	2,080	2,287
Net Cash Inflow from Operating Activities	12,909	11,260

32. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2011 £'000	Cash Flows £'000	At 31 July 2012 £'000
Cash at bank and in hand:			
Endowment assets	610	(8)	602
Other	36,820	(30,458)	6,362
	37,430	(30,466)	6,964
Liquid Resources:			
Current asset investment	1	-	1
Short term deposits	10,036	19,978	30,014
	10,037	19,978	30,015
Debt:			
Loans due within one year	(850)	(151)	(1,001)
Loans due after more than one year	(29,240)	1,001	(28,239)
	(30,090)	850	(29,240)
Net funds	17,377	(9,638)	7,739

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

33. PENSION COSTS

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

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

	2012 £'000	2011 £'000
Employers' contributions:		
Teachers' Pension Scheme	4,564	5,031
London Pensions Fund Authority	4,135	4,026
Superannuation Arrangements of the University of London	4	4
Universities Superannuation Scheme	743	648
Payments in respect of unfunded pensions	648	607
	10,094	10,316
FRS17 adjustment	117	317
	10,211	10,633

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

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

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

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

The following actuarial assumptions were applied:

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

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

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

It is not possible to identify the University's share of the underlying assets and liabilities of the TPS. Therefore contributions are accounted for as if the TPS were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 8-12 of FRS17. In the year ending 31 July 2012 contributions by the Group to the scheme were £4.564 million (2011: £5.031 million).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

33. PENSION COSTS (continued)

London Pensions Fund Authority (LPFA)

This defined benefit scheme is subject to a triennial valuation by independent actuaries. The valuation used for FRS17 disclosures has been based on the most recent actuarial valuation at 31 March 2010 and updated by Barnett Waddingham to take account of the requirements of FRS17 in order to assess the liabilities of the scheme as at 31 July 2012. The next formal valuation is due as at 31 March 2013.

The financial assumptions used by the actuary for the funding valuation under FRS17 as at 31 July 2012 were:

	2012	2011
	% per annum	% per annum
Assumptions as at:		
Expected Return on Assets	5.2	6.2
Salary increases	3.5	4.5
Pension increases	1.8	2.7
Discount rate	4.3	5.3

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

	2012
<i>Current pensioners</i>	
Males	21.0
Females	24.0
<i>Future pensioners</i>	
Males	23.0
Females	25.9

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

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

33. PENSION COSTS (continued)

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

Assets (Active fund)	Long term rate 2012 % per annum	Fund value 2012 £'000	Long term rate 2011 % per annum	Fund value 2011 £'000	Long term rate 2010 % per annum	Fund value 2010 £'000
Equities	5.6	60,915	6.8	57,120	7.3	49,374
Target return funds	4.3	8,580	4.5	9,106	4.5	8,587
Alternative assets	4.6	13,727	5.8	11,590	6.3	10,733
Cash	0.5	2,574	3.0	3,311	3.0	1,431
Other Bonds	n/a	0	5.3	1,656	5.4	1,431
Total		85,796		82,783		71,556

The University's net pension assets were as follows:

Net pension assets as at	2012 £'000	2011 £'000
Estimated asset share (a)	85,796	82,783
Present value of scheme liabilities	(140,516)	(129,836)
Present value of unfunded liabilities	(4,487)	(4,557)
Total value of liabilities (b)	(145,003)	(134,393)
Deficit in the scheme (a) – (b)	(59,207)	(51,610)

Analysis of amounts charged to income and expenditure account:	2012 £'000	2011 £'000
Current service cost	4,550	5,208
Past service cost	-	-
Impact of curtailments and settlements	66	15
Total operating charge	4,616	5,223
Financing:		
- expected return on pension assets	(5,216)	(4,910)
- interest on pension scheme liabilities	7,179	6,880
Net return	1,963	1,970

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

33. PENSION COSTS (continued)

Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL):	2012 £'000	2011 £'000
Actual return less expected return on pension scheme assets	(4,239)	2,789
Experience gains arising on the scheme liabilities	(139)	14,632
Changes in assumptions underlying the present value of the scheme liabilities	(1,139)	(11,287)
Total actuarial gain/(loss) recognised	(5,517)	6,134

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

	2012 £'000	2011 £'000
Opening defined benefit obligation	134,393	127,013
Current service cost	4,550	5,208
Interest cost	7,179	6,880
Contributions by members	1,683	1,763
Actuarial losses/(gains)	1,278	(3,145)
Past service costs	-	-
Losses on curtailments	66	15
Estimated unfunded benefits paid	(457)	(448)
Estimated benefits paid	(3,689)	(2,893)
Closing defined benefit obligation	145,003	134,393

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

	2012 £'000	2011 £'000
Analysis of movement in the market value of the scheme assets	82,783	71,556
Expected return on assets	5,216	4,910
Contributions by members	1,683	1,763
Contributions by the employer including unfunded benefits	4,499	4,906
Actuarial gains	(4,239)	2,989
Estimated benefits paid including unfunded benefits	(4,146)	(3,341)
Closing fair value of employer assets	85,796	82,783

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

33. PENSION COSTS (continued)

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

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

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

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

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Difference between the expected and actual return on scheme assets	(4,239)	2,989	1,963	(8,790)	(8,034)
Value of assets	85,796	82,783	71,556	61,930	63,211
Percentage of assets	(4.9)%	3.6%	2.7%	(14.2%)	(12.7%)
Experience gains/(losses) on liabilities	(139)	14,432	1,719	-	289
Present value of liabilities	(145,003)	(134,393)	(127,013)	(119,551)	(99,445)
Percentage of the present value of liabilities	(0.1)%	10.7%	1.4%	-	0.3%
Actuarial gain/(loss) recognised in the STRGL	(5,517)	6,134	(1,514)	(20,152)	(7,892)
Percentage of the present value of liabilities	(3.8)%	4.6%	1.2%	16.9%	7.9%

In the year ending 31 July 2012, contributions by the Group to the scheme were £4.135 million (2011: £4.026 million).

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

33. PENSION COSTS (continued)

Superannuation Arrangements of the University of London (SAUL)

The University of Westminster participates in a centralised defined benefit scheme for all qualified employees with the assets held in separate Trustee-administered funds. The University has adopted FRS17 for accounting for pension costs. It is not possible to identify the University's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 8-12 of FRS17. In the year ending 31 July 2012, contributions by the Group to the scheme were £3,451 (2011: £3,437).

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

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

*an additional allowance is made for promotional Salary increases.

The actuarial valuation applies to the scheme as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of the scheme's assets was £1,506 million representing 95% of the liability for benefits after allowing for expected future increases in salaries.

Based on the strength of the Employer covenant and the Trustee's long-term investment strategy, the Trustee and the Employers agreed to maintain Employer and Member contributions at 13% of Salaries and 6% of Salaries respectively following the valuation. The above rates will be reviewed when the results of the next formal valuation (as at 31 March 2014) are known.

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

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

33. PENSION COSTS (continued)

Universities Superannuation Scheme (USS)

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

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

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

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

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

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

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

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

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

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

33. PENSION COSTS (continued)

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

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

New Entrants

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

Normal pension age

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

Flexible Retirement

Flexible retirement options were introduced.

Member contributions increased

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

Cost sharing

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

Pension increase cap

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

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are cited as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.9% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.

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

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

At 31 March 2012 USS had over 145,000 active members and the University has 83 active members participating in the scheme.

The total pension cost for the institution was £743,386.49 (2011: £648,097). This includes £57,808 (2011: £59,135) outstanding contributions at the Balance Sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.

UNIVERSITY OF WESTMINSTER

NOTES TO THE FINANCIAL STATEMENTS

34. RELATED PARTY TRANSACTIONS

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

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

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

Following the above amendment there are now two separate charitable trusts which exist for the benefit of the students and are treated as Related Parties. One of the five trustees of these trusts was also a governor and trustee of the University during the 2012 financial year (2011: one of the six trustees was also a governor of the University).

As well as the two charitable trusts, the University of Westminster Students' Union is a separate entity existing for the benefit of the students of the University of Westminster. It is not controlled by the University and has not been consolidated into the University Group financial statements. The sabbatical President of the Students' Union was also a governor and trustee of the University during the 2012 financial year, so the Students' Union is treated as a related party of the University.

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

	2012 £'000	2011 £'000
Quintin Hogg Trust:		
Rent payable to Trust – academic buildings	(2,497)	(2,471)
Donations received by University recognised in the Income and Expenditure account	1,600	2,086
Deferred capital grants received – Regent Street Cinema	-	500
Amounts owed to the University – disclosed within debtors	-	2
Amounts owed by the University – disclosed within creditors	(27)	-
The Quintin Hogg Memorial Fund:		
Rent payable to Trust	(57)	(57)
The Students' Union:		
Subvention payable to Students' Union	(720)	(736)
Other expenditure payable and invoiced by the Students' Union	12	2
Salaries reimbursed and invoiced by the University	664	700
Other income receivable and invoiced by the University	17	8
Amounts owed to the University – disclosed within debtors	46	27

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

