
University of Westminster
Report and Financial Statements
For the year ended 31 July 1998

Mission Statement	ii
General Information	iii
Members of the Governing Body	iv - vi
Report of the Court of Governors	2 - 5
Corporate Governance Statement	6 - 7
Statement of Governors' Responsibilities	8
Auditors' Report	9
Consolidated Income and Expenditure Account	10
Note of Historical Cost Surpluses and Deficits	11
Statement of Consolidated Total Recognised Gains and Losses	11
Consolidated Balance Sheet	12
University Balance Sheet	13
Cash Flow Statement	14 - 16
Accounting Policies and Notes to the Financial Statements	17 - 45

The University of Westminster

Mission Statement

The mission of the University of Westminster is to provide high quality 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..

UNIVERSITY OF WESTMINSTER

(A Charity and Company Limited by Guarantee)

Chairman of the Court of Governors

Sir Leonard Peach

Vice Chancellor and Rector

Dr. Geoffrey M. Copland, MA(Oxon) DPhil(Oxon) CPhys MInstP FRSA

Director of Finance and Company Secretary

Alan T. Strang, MA MSc IPFA FCCA

Auditors

*Deloitte and Touche , Chartered Accountants
Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR*

Bankers

*Midland Bank PLC
National Westminster Bank PLC*

Registered Office

309 Regent Street , London W1R 8AL

Registered Number

977818 England and Wales

Charity Number

312782 England and Wales

COURT OF GOVERNORS

The following were Governors (Directors) of the University during the year ended 31 July 1998:

Chairman Sir Leonard Peach

Deputy Chairman Sir Alan Thomas

	Appointed	Resigned
Dr D J Avery		29.6.98
Ms K Bahl		
Sir Malcolm Bates		
Cllr M De Beer		27.4.98
Mrs M A Charrington		
Dr G M Copland (Vice Chancellor and Rector)		
Mr T J Cowley		29.6.98
Mr M J Crosby		
Mr J D Harris		
The Hon Dame Mary Hogg		
Dr K E Kirkham		
Ms D McShane		
Dr B M Minton		
Mr M G Riley	29.6.98	
Ms A M Rose		
Professor J R Shackleton		
Mr W C Shaw		
Mr P J Snell		
Cllr A K Toms	29.6.98	
Dr M Tyler (Deputy Vice Chancellor and Rector)	24.12.97	

Mr K H Williams

Dr T R Wright

COURT OF GOVERNORS (continued)

Ms Kamlesh Bahl, LLB, CBE is Chairwoman of the Equal Opportunities Commission and a Council member of the Law Society. She is the European Commission representative on the European Council's Commission on Racism and Xenophobia.

Sir Malcolm Bates, MSc, FCIS, FRAeS, CIMgt is Chairman of Pearl Group, London Life and AMP (UK), and a director of numerous other companies. He is also chairman of Business in the Arts, a member of the Industrial Development Advisory Board and a Special Adviser to the Paymaster General.

Mrs Margaret Charrington, a member of the Institute of Linguists, is Chairman of the Horticultural Development Council and of the Quintin Hogg Memorial Sports Trust.

Dr Geoffrey Copland, MA, DPhil, CPhys, MInstP, FRSA is Vice-Chancellor and Rector of the University.

Mr John Crosby, BA, MA, Pg Dip PM is a member of the Legal Aid Board, the Employment Appeal Tribunal and the Armed Forces Pay Review Body, Chairman of Croydon College and Council member of the University of Sussex.

Mr Jonathan Harris OBE, FRICS is a director of the Carlisle Group plc, Chairman of Understanding Industry and Vice President of the Royal Institution of Chartered Surveyors. He is a director of numerous companies and holds an honorary D.Litt from the University.

The Hon Dame Mary Hogg DBE 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.

Dr Keith Kirkham, OBE, BSc, DipAgSci, MA, PhD is a former Chairman of Harrow College of Higher Education Governors. An endocrinologist, he was Administrative Director of the Medical Research Council Clinical Research Centre.

Ms Dalene McShane, BA is a Faculty Officer in the University, working in the Educational Initiative Centre.

Dr Barry Minton, BSc, PhD is a consultant to Schroder Venture Advisers and director of several venture-capital funded companies.

Sir Leonard Peach, MA, Dip PM, FRSA is Chairman of the Court of Governors. He is the Commissioner for Public Appointments, a Civil Service Commissioner and director of Coutts Consulting plc and chairman of a number of other bodies. He is an honorary fellow of Pembroke College, Oxford and of Greenwich University, and holds an honorary DSc from Aston University.

Mr Mykal Riley, is the 1998/99 sabbatical President of the University of Westminster Students' Union.

Ms Amanda Rose, BSc, MSc is a lecturer in Human Resource Management and Psychology at the University.

Professor J.R. Shackleton, MSc, MA, FRSA is a professor of the University and head of the Westminster Business School.

Mr William Shaw, CA is a director of Pender Breck Associates Ltd, Dane and Co Ltd, Chairman of Airsys Communications and Technology Ltd and Safety at Work plc. He is chairman of the University's Audit Committee.

Mr Phillip Snell, BA, MA, FRSA is headmaster of Kingsbury High School (Grant Maintained).

Sir Alan Thomas, BSc, FCMA, CEng, FIEE, CIMgt is Deputy Chairman of the Court of Governors and Chairman of the Finance Committee. He is Chairman of Firth Holdings plc and a director of a number of other public and private companies including PowerGen plc.

Mr Keith Toms, Cert Ed, Dip Ed, Mphil, a retired school teacher is a councillor of the London Borough of Harrow.

Dr Maud Tyler, BA, Cert Ed, PhD, FIL, FRSA is Deputy Vice-Chancellor of the University and Provost of the Harrow Campus.

Mr Keith Williams, BA, MSc, FEng, FIEE, FI MechE is a director of IG Ltd, Design Span Ltd and the Engineering Centre for Wales.

Dr Terence Wright, MA, DPhil, CChem, FRSC is Director of Research and Development for Kodak in Europe. He is also a Director of Kodak Ltd and of Kodak Nederland BV.

**FINANCIAL STATEMENTS
for the year ended 31 July 1998****1. ACTIVITIES**

The University of Westminster was established to provide industrial, commercial, professional and scientific education, training and research for students at all levels of higher and technical education.

2. OPERATING AND FINANCIAL REVIEW

The University's revenue reserves increased during the year by £7.709 million. The Governors are pleased to report a historical cost surplus of £5.005 million for the financial year 1997/98, as shown in the note on page 11. This is an improvement of £4.086 million over 1996/97. The University recorded a surplus before exceptional items of £3.922 million, an improvement of £0.764 million over the previous year. The Income and Expenditure account on page 10 shows a surplus for the year of £4.419 million. There was a positive cash flow inflow for the year of £0.497 million. Net debt was reduced by £10.024 million. The results of the University's ten subsidiary companies were in line with expectations and commensurate with their objectives. However, given the continuing real term reductions in higher education funding and the anticipated economic slowdown, it is not expected that the group results for 1998/99 will be as favourable.

On 16 January 1998, the University acquired 100% of the shares of the Policy Studies Institute (PSI). The substantial reputation of PSI adds to the University's research portfolio and reputation.

During the year, the University sold its premises at Red Lion Square and terminated the lease on the building at 235-238 High Holborn. Construction began on the new School of Law building in Little Titchfield Street, for completion in Autumn 1998.

To achieve its mission the University intends to enhance its teaching and research quality and its public awareness and standing while producing a surplus of at least 3 per cent of real turnover. Whilst good progress was made this year, the average over the past three years has been only 1.9 % and continued vigilance and review of the costs of operation will be required. The University must increase its income, particularly from non-government and private sources and control its expenditure whilst expanding its services in innovative and successful subject areas, meeting market needs, monitoring and enhancing quality and standards and reducing activities in areas less central to its mission.

The University's vision is

- National and international recognition for
 - high quality, challenging and accessible programmes and research
 - supportive and enabling environments for students and staff
 - provision of expert services
 - professional development and in-company training
 - well motivated, committed staff and students with professional attitudes.
- Leading educational and cultural role in the regeneration of London
- Provision of educational experience for an international environment.
- Mutually beneficial relationships with industry and commerce.

This will be delivered by a strategic plan that will have the following components.

Academic and cultural strategy

- Enhance quality to achieve excellence
- Reshape and refine the academic portfolio
- focus resources on areas of strength, innovation and demand
- Strengthen industrial and commercial links
- Equip students with transferable skills and entrepreneurial skills
- Form partnerships with other educational and community organisations
- Provide for lifetime learning and professional updating
- Promote international aspects in the work of the University
- Promote awareness of environmental and sustainability issues
- Increase selectivity for research support
- Enhance technology transfers, joint ventures and project work
- Develop innovative approaches to delivery of programmes
- Streamline procedures

Financial and Physical Resources Strategy

- Strengthen balance sheet
- Generate annual revenue surpluses to provide for future investment
- Diversify sources of funding
- maintain firm control of staff budgets
- Reduce overhead costs and remove duplication of activity
- Optimise internal and external use of physical resources
- Drive allocation of resources with academic strategy
- Increase openness in financial management
- Improve quality of physical resources
- Continue the rationalisation of the estate

Human Resource Strategy

- Maximise staff efficiency and effectiveness
- Ensure all staff undergo annual appraisal
- Ensure that all staff benefit from staff induction, development and appraisal.
- Develop supervisory and resource management skills of managers.
- Improve quality of recruitment and selection decisions
- Ensure compliance with Equal Opportunities Policy

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- Reduce management layers to shorten lines of communication, increase local accountability and avoid duplication.
 - Promote openness and sharpen individual accountability
 - Gain investors in People recognition

Information strategy

- Promote management openness
- Provide timely flow of relevant information
- Responsibility for accuracy and completeness of information
- University wide access to electronic mail.
- Ready availability of information sources to support study and research
- Partnerships with libraries in other universities
- Develop a robust disaster recovery plan
- Expand the use of information technology in teaching

Marketing strategy

- Strategic brand development
- Strategic development programme
- Increase revenue from other non-HEFCE sources
- Enhance academic quality by strengthening recruitment
- Create a streamlined enquiries/sales mechanism

3. FIXED ASSETS

A revaluation of the freehold in which the University has a beneficial interest was undertaken in 1995 by Messrs Drivers, Jonas and Co., Chartered Surveyors. This was carried out on a depreciated replacement cost basis with the exception of properties scheduled for disposal, which have been valued at open market value.

4. GOVERNORS

All governors of the University are Directors of the Company. A list of Governors during the year to 31 July 1998 appears on page iv. None of the Governors had an interest in any contract which subsisted during the period of this report, other than as a full time member of staff.

5. EMPLOYEE PARTICIPATION

The University's committee structure ensures staff participation in the decision-making processes of the University. Meetings of the Joint Consultative and/ or Negotiating Committees, representative of Management and Individual Unions, are held at frequent intervals. The Vice Chancellor issues a regular briefing to all staff, providing information on matters of concern; and a magazine is also distributed to all employees which includes articles on the University's performance and plans.

6. EMPLOYMENT OF DISABLED PERSONS

In accordance with its Equal Opportunities Policy, the University continues to welcome applications from people with disabilities who possess the necessary attributes for particular posts and will continue to do what resources allow to adapt facilities for wider employment opportunities. The University makes every effort, in the case of those who become disabled, to continue employment, either in the same post or in alternative one more appropriate to the employee's condition, and offers counselling, training, career development and promotion prospects in the same manner to all employees, although the number of people with disabilities was so small that few opportunities pertained.

7. HEALTH AND SAFETY

In compliance with the Health and Safety at work act 1974, the Court of Governors has recognised and accepted the responsibility as far as reasonably practicable as an employer for providing a safe and healthy workplace for all its employees. It also accepted 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, i.e. students, visitors and members of the general public, were not exposed to risks to their health, safety or welfare.

8. YEAR 2000

The University is fully aware of the risks of computer systems malfunction as a result of their inability to cope properly with a double zero date digit and has developed a plan to deal with the potential impact of this on its operations. A project group reporting to the Vice-Chancellor has been set up to co-ordinate compliance activity and ensure that all systems are compliant. The cost of this project and any costs required to provide compliance are written off to the income and expenditure account during the year.

9. AUDITORS

Messrs. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution for their reappointment is to be proposed at the forthcoming Annual General Meeting.

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

A T Strang
Company Secretary
21 December 1998

CORPORATE GOVERNANCE STATEMENT

The Cadbury Report on the financial aspects of Corporate Governance, published on 1 December 1992, included a code of best practice (The Code) for accounting periods ending after 30 June 1993. This was later amplified by further guidance.

The Court of Governors and Senior Management Group

The Court of Governors, which meets formally four times a year, currently comprises two executive and nineteen non-executive Governors with a clear separation of the roles of the non-executive Chairman, Sir Leonard Peach and the Chief Executive, Dr. Geoffrey Copland (Vice-Chancellor and Rector). Sir Alan Thomas is Deputy Chairman. 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 Rector who, supported by his Executive Group, implements the Court's policy and develops and manages the University's business to meet its financial objectives and standards of quality and service on education and research.

AUDIT COMMITTEE

This Committee is chaired by Mr. William Shaw and comprises two non-executive Governor members and one external person.

The Audit Committee meets four times a year with the external and internal auditors of the University and reviews their work. The Committee considers detailed reports, together with recommendations for the improvement of the University's systems of internal control and management's response and implementation plans. It also receives and considers reports from the Higher Education Funding Council for England (HEFCE) and how they affect the University's business and monitors adherence with the regulatory requirements. It reviews the University's annual financial statements, together with the accounting policies. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee and the Committee does meet with the internal auditors on their own for independent discussions.

FINANCE AND PROPERTY COMMITTEE

This Committee chaired by Sir Alan Thomas, and comprising six non-executive Governors and the Vice-Chancellor, meets at least four times a year. The Committee 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. Furthermore, 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 laws.

PERSONNEL COMMITTEE

This Committee, chaired by Mr John Crosby, and comprising four non-executive Governors and the Deputy Vice-Chancellor, meets when necessary to review the policy for the remuneration and development of University employees.

RENUMERATION COMMITTEE

This Committee, chaired by Sir Leonard Peach and comprising three other non-executive Governors and the Vice Chancellor, meets when appropriate to review the salaries, terms and conditions of employment of senior staff. The Vice Chancellor formally withdraws from the Committee when his own remuneration is under review.

NOMINATIONS COMMITTEE

This Committee, chaired by Sir Leonard Peach and comprising three other non-executive governors and the Vice Chancellor and an academic staff Governor, meets twice a year to make recommendations on the appointment of new Governors in accordance with procedures devised by the Committee and approved by the Court. It is responsible for the procedures for nominating individuals for the award of Honorary Degrees of the University, for considering nominations and making recommendations to the Court.

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 going concern basis 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 key elements of the University's systems of internal financial control, which is designed to discharge the responsibilities set out above, include the following.

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;

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- a comprehensive medium and short term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
 - regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast outturns;
 - clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Court of Governors.
 - a professional Internal Audit team whose annual programme is approved by the Audit Committee.

Any system of internal control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Audit Committee, on behalf of the Court of Governors, received reports on the effectiveness of the University's system of internal control during the year.

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

We have audited the financial statements on pages 10 to 40 which have been prepared under the accounting policies set out on pages 17 to 20.

Respective responsibilities of the Court of Governors and the auditors

As described on page 8 the Court of Governors is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the Governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the University and its subsidiaries, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

1. The financial statements give a true and fair view of the state of the University's and the group's affairs as at 31 July 1998 and of its income and expenditure and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985, taking into account the requirements of the Higher Education Funding Council for England;
2. Funds from the Higher Education Funding Council for England and Further Education Funding Council, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received; and
3. Income has been applied in accordance with the University's Statutes and where appropriate with the Financial Memorandum dated March 1996 (revised July 1997) with the Higher Education Funding Council for England.

Deloitte and Touche
Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London EC4A 3TR

UNIVERSITY OF WESTMINSTER
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 July 1998

1998					1997		
	Note	Before exceptional items £'000	Exceptional items £'000	Total £'000	Before exceptional items £'000	Exceptional items £'000	Total £'000
INCOME FROM CONTINUING ACTIVITIES							
Funding council grants	5	42,459	-	42,459	41,412	-	41,412
Academic fees and support grants	7	26,905	-	26,905	24,204	-	24,204
Research grants and contracts	8	4,324	-	4,324	2,992	-	2,992
Other operating income	9	8,928	497	9,425	6,181	-	6,181
Interest receivable		<u>1,191</u>		<u>1,191</u>	<u>1,071</u>	<u>-</u>	<u>1,071</u>
		<u>83,807</u>	<u>497</u>	<u>84,304</u>	<u>75,860</u>	<u>-</u>	<u>75,860</u>
EXPENDITURE ON CONTINUING ACTIVITIES							
Staff Costs	10,13	38,955	-	38,955	40,915	-	40,915
Depreciation	12	4,430	-	4,430	4,599	-	4,599
Other Operating Expenses	10	33,115	-	33,115	23,990	2,891	26,881
Interest Payable	11	<u>3,385</u>	<u>-</u>	<u>3,385</u>	<u>3,198</u>	<u>-</u>	<u>3,198</u>
Total expenditure		<u>79,885</u>	<u>-</u>	<u>79,885</u>	<u>72,702</u>	<u>2,891</u>	<u>75,593</u>
Surplus for the financial year	15	<u>3,922</u>	<u>497</u>	<u>4,419</u>	<u>3,158</u>	<u>(2,891)</u>	<u>267</u>

UNIVERSITY OF WESTMINSTER**NOTE OF CONSOLIDATED HISTORICAL COST SURPLUSES AND DEFICITS**
For the year ended 31 July 1998

	1998	1997
	£'000	£'000
Surplus for the financial year	4,419	267
Difference between historical cost depreciation and the actual depreciation charge for the year calculated on the revalued amount	586	652
Historical Cost Surplus	<u>5,005</u>	<u>919</u>

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES

	1998	1997
	£'000	£'000
Surplus for the financial year	4,419	267
Unrealised surplus on revaluation of investments	-	2
Unrealised deficit on revaluation of properties	-	(90)
Total gains and losses recognised since last annual report	<u>5,005</u>	<u>919</u>

UNIVERSITY OF WESTMINSTER
CONSOLIDATED BALANCE SHEET as at 31 July 1998

		1998		1997	
	Note	£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets	17	74,087		76,824	
Investments	18	<u>26</u>		<u>20</u>	
			74,113		76,844
Current Assets					
Stocks	19	84		12	
Debtors due within one year	20	5,629		5,943	
Debtors due after more than one year	20	4,046		4,298	
Investments	21	2		2	
Cash deposits		12,892		2,261	
Cash at bank and in hand		<u>127</u>		<u>62</u>	
		22,780		12,578	
Creditors:					
Amounts falling due within one year	22	(14,385)		(11,615)	
Net Current Assets			<u>8,395</u>		<u>963</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			82,508		77,807
Creditors:					
Amounts falling due after more than one year	22	37,202		37,158	
Provisions for liabilities and charges	23	<u>1,876</u>		<u>1,370</u>	
			(39,078)		(38,528)
Non equity minority interests	24	<u>8</u>		<u>8</u>	
TOTAL ASSETS LESS LIABILITIES			43,438		39,287
Deferred Capital Grants	25		(4,906)		(5,450)
TOTAL NET ASSETS			<u>38,532</u>		<u>33,837</u>
Revaluation reserve	27		25,064		28,310
Specific reserve	27		2,168		1,936
Revenue reserve	27		<u>11,300</u>		<u>3,591</u>
TOTAL FUNDS			<u>38,532</u>		<u>33,837</u>

Approved by the Court of Governors on 21 December 1998.

Sir Leonard Peach
Chairman

Dr. G.M. Copland
Vice Chancellor and Rector

UNIVERSITY OF WESTMINSTER
UNIVERSITY BALANCE SHEET as at 31 July 1998

		1998		1997	
	Note	£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets	17	38,447		41,962	
Investments	18	<u>16,198</u>		<u>16,193</u>	
			54,645		58,155
Current Assets					
Debtors due within one year	20	5,462		5,580	
Debtors due after more than one year	20	13,613		13,869	
Investments	21	2		2	
Cash deposits		12,892		2,261	
Cash at bank and in hand		<u>15</u>		<u>20</u>	
		31,984		21,732	
Creditors:					
Amounts falling due within one year	22	<u>(15,676)</u>		<u>(12,191)</u>	
Net Current Assets			16,308		9,541
TOTAL ASSETS LESS CURRENT LIABILITIES			70,953		67,696
Creditors:					
Amounts falling due after more than one year	22	34,932		35,378	
Provisions for liabilities and charges	23	<u>1,876</u>		<u>1,370</u>	
			(36,808)		(36,748)
TOTAL ASSETS LESS LIABILITIES			34,145		30,948
Deferred Capital Grants	25		<u>(2,355)</u>		<u>(2,845)</u>
TOTAL NET ASSETS			31,790		28,103
Reserves					
Revaluation reserve	27		19,983		23,108
Specific reserve	27		1,492		1,393
Revenue reserve	27		<u>10,315</u>		<u>3,602</u>
TOTAL FUNDS			31,790		28,103

Approved by the court of governors on 21 December 1998.

Sir Leonard Peach
Chairman

Dr. G.M. Copland
Vice Chancellor and Rector.

UNIVERSITY OF WESTMINSTER

**CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 July 1998**

		1998	1997
	Note	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	A	<u>12,482</u>	<u>2,639</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		1,191	1,071
Interest paid		<u>(3,385)</u>	<u>(3,198)</u>
Net Cash Outflow from Returns on Investments and Servicing of Finance		<u>(2,194)</u>	<u>(2,127)</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(5,702)	(1,357)
Receipt from sale of assets (exceptional item)		4,500	-
Receipts from sale of assets		-	283
Deferred capital grants received		<u>869</u>	<u>1754</u>
Net Cash Inflow from Capital Expenditure and Financial Investment		<u>(333)</u>	<u>680</u>
ACQUISITIONS AND DISPOSALS			
Purchase of subsidiary	30	38	-
Net cash acquired with subsidiary	30	<u>31</u>	-
		<u>69</u>	<u>-</u>
CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		<u>10,024</u>	<u>1,192</u>
MANAGEMENT OF LIQUID RESOURCES			
Sale of investments		-	679
Cash placed on long term deposit		<u>(8,800)</u>	-
		<u>(8,800)</u>	<u>679</u>
FINANCING			
Capital element of finance lease repayments		(407)	(414)
Capital element of loan repayments		(1,150)	(14,593)
Loans acquired		<u>830</u>	<u>15,484</u>
Net Cash (Outflow)/Inflow from Financing		<u>(727)</u>	<u>477</u>
INCREASE IN CASH	B	<u>497</u>	<u>2,348</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1998		1997	
	£'000	£'000	£'000	£'000
Increase in cash in period	497		2,348	
Cash outflow/(inflow) from increase/(decrease) in liquid resources	8,800		(679)	
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	<u>727</u>		<u>(477)</u>	
Change in net debt resulting from cash flows		10,024		1,192
Transfer to revaluation reserve		-		(90)
Transfer to revenue reserve		-		2
Profit on disposal of investment		-		<u>69</u>
Movement in net debt in the period		10,024		1,173
Net debt at 1 August		<u>(34,884)</u>		<u>(36,057)</u>
Net debt at 31 July		<u>(24,860)</u>		<u>(34,884)</u>

UNIVERSITY OF WESTMINSTER

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT for the year ended July 1998

NOTES:

A. NET CASH INFLOW FROM OPERATING ACTIVITIES

	1998 £'000	1997 £'000
Surplus before exceptional items	3,922	3,158
Exceptional Items		
Profit on disposal of building	497	-
Staff Restructuring costs	-	(2,891)
Surplus from Operating Activities	4,419	267
Depreciation	4,430	4,599
Deferred capital grants released to income	(1,413)	(2,997)
Investment income	(1,191)	(1,071)
Profit on disposal of assets	(497)	(71)
Interest payable	3,385	3,198
Decrease in debtors	566	1,568
Increase/(decrease) in creditors	2,142	(3,013)
Increase/(decrease) in provisions	506	(64)
(Increase)/decrease in stocks	(72)	8
Capital reimbursement transferred to reserves	<u>207</u>	<u>215</u>
Net Cash Inflow from Operating Activities	<u>12,482</u>	<u>2,639</u>

B. ANALYSIS OF CHANGES IN NET DEBT

	At 1 August 1997 £'000	Cash Flows £'000	At 31 July 1998 £'000
Cash at bank and in hand	66	(4)	62
Short term deposits	637	1,624	2,261
Bank overdraft	(1,490)	<u>728</u>	<u>(762)</u>
	<u>(787)</u>	<u>2,348</u>	<u>1,561</u>
Liquid Resources:-			
Current asset investment	2	-	2
Long term deposit	-	<u>8,800</u>	<u>8,800</u>
	<u>2</u>	<u>8,800</u>	<u>8,802</u>
Debt:-			
Finance leases	(1,356)	407	(949)
Loans	(35,091)	<u>320</u>	<u>(35,091)</u>
	<u>(36,447)</u>	<u>727</u>	<u>(35,720)</u>
Net Debt	<u>(34,884)</u>	<u>10,024</u>	<u>(24,860)</u>

UNIVERSITY OF WESTMINSTER
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 1998

1. COMPANY STATUS

The University of Westminster was incorporated under the Companies Acts 1948 to 1967 as a charity and company limited by guarantee and not having a share capital.

Each of the 21 members of the University has undertaken to contribute to the assets of the University in the event of its being wound up while he/she is a member, or within one year after he/she ceases to be a member, an amount not exceeding one pound.

2. BASIS OF ACCOUNTING

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

ii) The financial statements are intended to meet as appropriate the requirements of the Companies Act 1985, as modified by the Companies Act 1989.

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

3. BASIS OF CONSOLIDATION

The consolidated financial statements consolidate the financial statements of the University and its subsidiary undertakings for the financial year ended 31 July 1998.
See note 18 for details of the subsidiary undertakings.

The consolidated financial statements do not include those of the University of Westminster Students Union on the basis of materiality and no common control.

4. ACCOUNTING POLICIES

a. HEFCE Grants

Revenue 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.

Grants which are applied to acquire tangible fixed assets are credited to the income and expenditure account over the estimated useful lives of the related assets.

Deferred income in respect of HEFCE capital grants which is to be applied in subsequent financial years is shown separately as a deferred credit.

b. Tangible Assets

i) Land and Buildings

The freehold property in which the group has a beneficial interest was revalued at 31 July 1995. The basis of valuation was depreciated replacement cost for those properties intended for continuing use and open market value for those intended to be sold.

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

ii) Plant and Machinery, Furniture, Fittings and Equipment

Assets costing over £5,000 and all grant funded assets are capitalised.

iii) Depreciation

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

Freehold buildings	2% per annum
Leasehold buildings and leasehold improvements	amortised over the remaining term of leasehold the lease by equal instalments
Motor vehicles	25% per annum
Furniture, fittings and equipment	20% per annum
Plant and machinery	20% per annum
Computers	33% per annum

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

c. Taxation Status

The University is registered under the Charities Act 1993 and as such is exempt from income tax and corporation tax in respect of income or capital gains received within categories covered by section 505 of the Income and Corporation Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

d. Pension Costs

The Group operates four pension schemes, the London Pensions Fund Authority (Local Government) Superannuation Scheme, the Teachers Superannuation Scheme, the Universities Superannuation Scheme and the Superannuation Arrangements of the University of London. All four pension schemes are defined benefit schemes and are contracted out of the State Earnings Related Pension Scheme. The financial position and income and expenditure of these funds are disclosed in their annual audited financial statements. The rate of employers' contributions is reviewed periodically on the basis of advice from independent actuaries.

e. 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.

f. Maintenance of Premises

The cost of routine corrective maintenance is charged to the income and expenditure account as incurred. The University sets aside sums on a regular basis to meet the costs of major maintenance which occur on an irregular basis: these are disclosed as provisions. The University has embarked on the implementation of an Estates Strategy and thus the amount provided for long-term maintenance will reflect the reduced costs associated with the introduction of new buildings.

g. Leases

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

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

h. Stocks

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

i. Current Asset Investments

Current asset investments are included in the balance sheet at market value.

j. Cash Flows and Liquid Resources

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

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

k. Revaluation Reserve

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

l. Interest Capitalisation

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

5. FUNDING COUNCIL GRANTS

		1998 £'000	1997 £'000
	Note		
(a) Recurrent grant from HEFCE			
Main allocation		37,344	34,133
Research		1,658	1,796
Select initiatives		232	300
Pension liabilities		375	377
Inherited liabilities (capital related):			
Premises rents		732	845
Debt charges		<u>705</u>	<u>702</u>
		41,046	38,153
(b) Release of HEFCE capital grants	<u>6</u>	1,413	2,997
(c) Further Education Council Grants		<u>-</u>	<u>262</u>
		<u>41,412</u>	<u>41,412</u>

(d) HEFCE reimbursement of debt charges

Payments made during the year to the Royal Borough of Kensington and Chelsea and the London Borough of Harrow in respect of leases outstanding on assets transferred to the University were fully reimbursed by HEFCE during the year.

However, as a body funded by central government, the policy of HEFCE reimbursing the principal and interest element of debt charges can never be guaranteed beyond one financial year. The outstanding amount of the loan debt is included in creditors.

6. RELEASE OF HEFCE CAPITAL GRANT

The accounting policy for the treatment of HEFCE capital grants is set out in note 4 (a)

	1998	1997
	£'000	£'000
Deferred grant brought forward	5,450	6,693
HEFCE grant received in the year	<u>869</u>	<u>1,754</u>
	6,319	8,447
Release of HEFCE capital grant	<u>(1,413)</u>	<u>(2,997)</u>
	<u>4,906</u>	<u>5,450</u>

7. ACADEMIC FEES AND SUPPORT GRANTS

	1998	1997
	£'000	£'000
Tuition fees for full, part-time and sandwich courses	20,478	18,589
Full cost courses	3,846	3,809
Short courses	2,581	1,806
	<u>26,905</u>	<u>24,204</u>

8. RESEARCH GRANTS AND CONTRACTS

	1998	1997
	£'000	£'000
Income		
Government departments	746	109
Research councils	371	247
Other bodies	3,207	2,636
	<u>4,324</u>	<u>2,992</u>
Expenditure		
Staff costs	1,470	1,293
Other operating expenses	<u>2,220</u>	<u>1,200</u>
	<u>3,690</u>	<u>2,493</u>
Surplus	<u>634</u>	<u>168</u>

9. OTHER OPERATING INCOME

	1998	1997
	£'000	£'000
Residences	2,050	1,609
Recreation	245	207
Rents and Lettings	2,259	1,968
Photocopier Income	233	223
Levies and Contributions	550	517
Sundry Sales	150	132
Miscellaneous	1,416	981
Donations	539	559
Catering	1,464	-
Profit on disposal of investment	-	69
Profit on disposal of fixed assets (see note 9a)	497	2
Differences arising on foreign exchange transactions	<u>22</u>	<u>(86)</u>
	<u>9,425</u>	<u>6,181</u>

9a Profit on disposal of fixed assets

During the year ended 31 July 1998, the group made a disposal of land resulting in an exceptional profit of £497,333.

10. EXPENDITURE

	1998			1997		
	Staff costs	Other Operating Expenses	Total	Staff costs	Other operating expenses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Academic departments	24,022	5,961	29,983	23,849	6,278	30,127
Academic support services	5,627	2,840	8,467	7,550	2,274	9,824
Other support services	1,131	650	1,781	1,181	657	1,838
Research	1,470	2,220	3,690	1,077	1,697	2,774
Administration and central services	2,254	3,078	5,332	2,454	1,948	4,402
General education expenditure	2,100	2,070	4,170	1,648	1,495	3,143
Premises	1,554	11,573	13,127	1,633	10,732	12,365
Short Courses	418	1,490	1,908	1,106	594	1,700
Recreation	137	124	261	87	30	117
Residences	242	1,588	1,830	330	1,083	1,413
Catering	-	1,516	1,516	-	88	88
Donations (see note 10a)	<u>-</u>	<u>5</u>	<u>5</u>	<u>-</u>	<u>5</u>	<u>5</u>
	<u>38,955</u>	<u>33,115</u>	<u>72,070</u>	<u>40,915</u>	<u>26,881</u>	<u>67,796</u>

10a Donations

During the year the group made the following donations for charitable purposes:

	1998	1997
The University of Westminster Prize and Scholarship Fund	<u>5,420</u>	<u>4,600</u>

10b Other Operating Expenses

Other operating expenses include an exceptional charge relating to the cost of early retirements and severances, these have been charged as follows:

	1998	1997
	£'000	£'000
Academic departments	-	2,494
Academic support services	-	52
Other Support services	-	26
Administration and Central Services	-	259
Premises	<u>-</u>	<u>60</u>
	<u>-</u>	<u>2,891</u>

11. INTEREST PAYABLE

	1998	1997
	£'000	£'000
Finance Leases	151	151
Bank and other loans wholly repayable within five years	9	160
Bank and other loans not wholly repayable within five years	1,068	862
Qualifying Indexed security	-	185
Inherited debt	706	768
Promissory note	<u>1,451</u>	<u>1,072</u>
	<u>3,385</u>	<u>3,198</u>

12. DEPRECIATION

	1998	1997
	£'000	£'000
The depreciation charge has been funded by:		
Release of deferred capital grants	1,413	1,878
Release of revaluation reserve	586	652
General Income	<u>2,431</u>	<u>2,069</u>
	<u>4,430</u>	<u>4,599</u>

13. INFORMATION REGARDING EMPLOYEES

	1998	1997
	£'000	£'000
(a) Employee costs		
Wages and salaries	34,150	35,313
Social security costs	2,696	2,840
Other pension costs	1,801	1,919
Other staff related costs	<u>308</u>	<u>843</u>
	<u>38,955</u>	<u>40,915</u>
(b) Average number of people employed by the group in the year		
Teaching and support staff	995	1,100
Part time teachers	472	551
Premises and grounds staff	95	127
Administrative staff	<u>267</u>	<u>226</u>
	<u>1,829</u>	<u>2,004</u>

	1998 £'000	1997 £'000
(c) Remuneration of higher paid staff	No.	No.
The following staff received remuneration of £50,000 or over		
£50,000 - £59,999	5	7
£60,000 - £69,999	1	2
£70,000 - £79,999	<u>1</u>	<u>-</u>
	<u>8</u>	<u>6</u>
(d) Compensation for loss of office paid to one member of staff earning in excess of £50,000 per annum (1997: two)		
	1998	1997
	£	£
Payment to TPA for enhanced pension benefits	-	24,835
Other payments in respect of loss of office	20,096	124,132
	<u>20,096</u>	<u>148,967</u>
14. EMOLUMENTS OF GOVERNORS		
	1998	1997
	£'000	£'000
(a) The emoluments of the Governors of the University are:		
In respect of service as Governors	<u>-</u>	<u>-</u>
Other emoluments (including pension contributions on behalf of executive Governors)	<u>297</u>	<u>276</u>
(b) The emoluments of the Chairman and Executive Governors are:		
	£	£
Chairman: Sir Leonard Peach	<u>-</u>	<u>-</u>
Highest paid Governor: Dr. G.M. Copland	<u>110,385</u>	<u>101,565</u>
The emoluments of the Vice-Chancellor and Rector are shown on the same basis as for higher paid staff, and include performance related pay.		
The University's pension contributions to TPA are paid at the same rates as for other academic staff and amounted to £7,169 (1997: £7,631)		
Of the Governors five are members of the University's defined benefit pension scheme and accrued benefits during the year under that scheme (1997:five).		
(c) Compensation for loss of office paid to the former Deputy Vice-Chancellor and Deputy Rector.		
	<u>-</u>	<u>23,482</u>
Payment in respect of loss of office		

15. SURPLUS FOR THE FINANCIAL YEAR BEFORE TRANSFERS FROM RESERVES

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

	1998 £'000	1997 £'000
Auditors remuneration:		
- audit fee		
University	22	21
Subsidiary Companies	10	6
- other services	56	115
Improvements to buildings and equipment	1,337	1,604
Operating lease rentals:		
- hire of equipment	261	352
- property rents	4,521	4,967
Depreciation:		
- owned assets	3,949	4,118
- leased assets	481	481
Profit on disposal of fixed assets	497	2
Profit on disposal of fixed investments	-	69

16. SURPLUS OF PARENT COMPANY

As permitted by Section 230 of the Companies act 1985, the income and expenditure account of the parent company is not presented as part of these accounts. The parent company's surplus for the financial year amounted to £3,480,000 (1997: £1,194,000).

17. TANGIBLE ASSETS

(a) The Group

	Freehold land and buildings £'000	Leasehold improvements £'000	Assets in course of construction £'000	Plant and machinery £'000	Fixtures, fittings, equipment £'000	Computers £'000	Motor Vehicles £'000	Total £'000
Cost or Valuation								
At 1 August 1997	72,828	2,075	-	17,594	943	-	47	93,509
Additions	1,562	-	2,313	210	37	1,574	-	5,696
Disposals	(4,140)	-	-	-	-	-	-	(4,140)
At 31 July 1998	70,272	2,075	2,313	17,804	980	1,574	47	95,065
Accumulated depreciation								
At 1 August 1997	3,520	249	-	12,446	431	-	39	16,685
Provisions for the year	1,353	83	-	2,275	186	525	8	4,430
Disposals	(137)	-	-	-	-	-	-	(137)
At 31 July 1998	4,736	332	-	14,721	617	525	47	20,978
Net book value at 31 July 1997	65,536	1,743	2,313	3,083	363	1,049	-	74,087
Net book value at 31 July 1996	70,738	1,826	-	5,148	512	-	8	76,824

(b) The University

	Freehold land and buildings £'000	Leasehold improvements £'000	Assets in course of construction £'000	Plant and machinery £'000	Fixtures, fittings, equipment £'000	Computers £'000	Motor Vehicles £'000	Total £'000
Cost or Valuation								
At 1 August 1997	35,752	2,075	-	17,594	943	-	47	55,411
Additions	-	-	2,313	210	37	1,574	-	4,134
Disposals	(4,140)	-	-	-	-	-	-	(4,140)
At 31 July 1998	31,612	2,075	2,313	17,804	980	1,574	47	56,405
Accumulated depreciation								
At 1 August 1997	1,284	249	-	12,446	431	-	39	14,449
Provisions for the year	569	83	-	2,275	186	525	8	3,646
Disposals	(137)	-	-	-	-	-	-	(137)
At 31 July 1998	1,716	332	-	14,721	617	525	47	17,958
Net book value at 31 July 1997	29,896	1,743	2,313	3,083	363	1,049	-	38,447
Net book value at 31 July 1996	34,468	1,826	-	5,148	512	-	8	41,962

17. TANGIBLE ASSETS (continued)

(c) The Group and the University

(i) Land and Buildings

Freehold properties with a historical cost of £41.728 million as at 31 July 1998 were revalued at 31 July 1995 by Messrs Drivers, Jonas & Co., Chartered Surveyors.

Freehold property was acquired during the year on the acquisition of the Policy Studies Institute at a cost of £1.561 million.

The net book value of freehold property comprises:

	£'000
Historical Cost	43,289
Valuation	<u>22,247</u>
	<u>65,536</u>

The depreciation charge for the year attributable to the historical cost of these premises is £786,000.

(ii) The value of freehold land and buildings includes £6.204 million in respect of land that is not depreciated (1997: £7.254 million).

(iii) As a result of a change in accounting policy computers capitalised during the year have been included as a separate category within the fixed asset note. Previously the cost of computers had been included within plant and machinery costs.

18. INVESTMENTS HELD AS FIXED ASSETS

(1) The Group

	1998 £'000	1997 £'000
As at 1 August	20	9
Additions	<u>6</u>	<u>11</u>
At 31 July	<u>26</u>	<u>20</u>

The addition for the year represents an investment in 37,111 part paid Ordinary £1 shares in CVCP Properties plc, an unquoted company. The balance is payable of £11,083 is payable in equal annual instalments over the next two years.

(2) The University

(a) The following companies were all held as investments by the University of Westminster on 31 July 1998. They are all subsidiaries of the University with the exception of the investment in CVCP properties plc:

(All these companies operate in the UK).

	Cost of shareholding £	Nature of Business
Uniwest (Finance) Ltd	1	Issue of Promissory Note
Uniwest (Investments) Ltd	1	Investment in Uniwest (Finance) Ltd
Uniwest (Property)Ltd	2	Leasing of properties
University of Westminster (Trading) Ltd	2	Research, vacation letting of halls of residence
Westminster Business Consultants Ltd	2	Business Consultancy Services
CVCP Properties PLC	26,028	[See Note (1) above]
Polytechnic of Central London Ltd	6,412,783	Leasing of a property
Uniwest (Developments) Ltd	<u>9,759,467</u>	Property refurbishment
	<u>16,198,286</u>	

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.

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.

Uniwest (Finance) Ltd is registered in England and Wales and operates in the UK.

(b) The University of Westminster is regarded as the parent undertaking of the following companies limited by guarantee, both of which are registered in England and Wales.

University of Westminster International

The University of Westminster has undertaken to contribute a maximum of £2 to the assets of the company in the event of its being wound up. It controls 100% of the voting rights in the company.

The principal activities of the company are the provision of education, training and research overseas.

Development Partnership Consultancy.

The University of Westminster has undertaken to contribute a maximum of £4 to the assets of the company in the event of its being wound up. It controls 57% of the voting rights in the company.

The principal activity of the company is the provision of advice on all aspects of property partnerships and joint ventures. The company operates in the UK.

Policy Studies Institute

On 16 January 1998 the University acquired the Policy Studies Institute for a consideration of £1 (see note 30).

The University has undertaken to contribute a maximum of £1 to the assets of the company in the event of it being wound up. It controls 100% of the voting rights of the company.

The principal activity of the company is to promote and conduct research into matters relating to political, economic and social science.

(c) The results and net assets/liabilities of the above companies are included in the consolidated financial statements of the University of Westminster for the year ended 31 July 1998.

19. STOCKS

The Group only

	1998 £'000	1997 £'000
Goods for resale	<u>84</u>	<u>12</u>

20. DEBTORS

	The Group		The University	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Amounts falling due within one year:				
HEFCE	469	440	469	440
Trade and sundry debtors	1,749	1,060	1,465	920
Amounts owed by subsidiary companies	-	-	560	320
Other debtors	1,425	2,431	1,351	2,291
Loans	458	442	458	442
Prepayments and accrued income	<u>1,528</u>	<u>1,570</u>	<u>1,159</u>	<u>1,167</u>
	<u>5,629</u>	<u>5,943</u>	<u>5,462</u>	<u>5,580</u>
Amounts falling due between one and five years:				
Loans	<u>2,018</u>	<u>1,946</u>	<u>2,018</u>	<u>1,946</u>
Amounts falling due over five years:				
Amounts owed by subsidiary companies	-	-	9,567	9,690
Loans	2,028	2,233	2,028	2,233
Prepayments	<u>-</u>	<u>119</u>	<u>-</u>	<u>-</u>
	<u>2,028</u>	<u>2,352</u>	<u>11,595</u>	<u>11,923</u>
Total debtors	<u>9,675</u>	<u>10,241</u>	<u>19,075</u>	<u>19,449</u>

21. INVESTMENTS HELD AS CURRENT ASSETS

The Group and University

	£'000
Valuation	
At 1 August 1996 and 31 July 1998	<u>2</u>

On 31 May 1997, the University acquired 200 fully paid ordinary 20 pence shares in Halifax PLC, the market value of which was £1,452 at 31 July 1998 (1997:£1,416).

The group also holds £494 of 12% Exchequer stock, the market value of which was £600 at 31 July 1998 (1997 - £547).

22. CREDITORS

	The Group		The University	
	1998	1997	1998	1997
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Bank Overdraft	2,161	762	2,161	762
Trade creditors	2,922	2,461	2,833	2,461
Obligations under finance leases	405	407	405	407
Loan from the Royal Borough of Kensington and Chelsea	342	119	342	119
Loan from the London Borough of Harrow	95	88	95	88
Loan from Barclays Bank plc	35	-	-	-
Loan from the Quintin Hogg Trust	-	675	-	675
Loan from the University of Westminster Prize and Scholarship Fund	-	250	-	250
Access Funds (see note 26)	4	-	4	-
Taxation and social security	1,375	1,194	1,285	1,194
Provision for enhanced future pensions	139	120	139	120
Other creditors	1,637	1,016	1,101	459
Amounts due to subsidiary undertakings	-	-	2,903	1,979
Accruals and deferred income	<u>5,270</u>	<u>4,523</u>	<u>4,408</u>	<u>3,677</u>
	<u>14,385</u>	<u>11,615</u>	<u>15,676</u>	<u>12,191</u>
Amounts falling due between one and two years:				
Obligations under finance leases	405	405	405	405
Loan from the Royal Borough of Kensington and Chelsea	136	127	136	127
Loan from the London Borough of Harrow	69	79	69	79
Loan from Barclays Bank plc	36	-	-	700
Provision for enhanced future pensions	<u>139</u>	<u>120</u>	<u>139</u>	<u>120</u>
	<u>785</u>	<u>731</u>	<u>749</u>	<u>731</u>
Amounts falling due between two and five years:				
Obligations under finance leases	139	544	139	544
Loan from the Royal Borough of Kensington and Chelsea	469	438	469	438
Loan from the London Borough of Harrow	216	218	216	218
Loan from Barclays Bank plc	119	-	-	-
Provision for enhanced future pensions	416	360	416	360
Loan from the Capital Bank plc	<u>79</u>	<u>30</u>	<u>79</u>	<u>30</u>
	<u>1,438</u>	<u>1,590</u>	<u>1,438</u>	<u>1,590</u>

	The Group		The University	
	1998	1997	1998	1997
	£'000	£'000	£'000	£'000
Amounts falling due over five years				
Loan from the Royal Borough of Kensington and Chelsea	6,057	6,437	6,057	6,437
Loan from the London Borough of Harrow	236	322	236	322
Loan from Barclays Bank plc	339	-	-	-
Provision for enhanced future pensions	1,782	1,749	1,782	1,749
Halifax PLC Loan	2,835	2,835	2,835	2,835
Other Loans	22	22	-	-
Promissory Note	15,352	15,119	-	-
Loan from the Capital Bank plc	8,356	8,353	8,356	8,353
Amounts due to subsidiary companies	-	-	-	13,361
	<u>34,979</u>	<u>34,837</u>	<u>32,864</u>	<u>33,057</u>
Total creditors	<u>51,587</u>	<u>48,773</u>	<u>50,608</u>	<u>47,569</u>

(a) The loan from the Royal Borough of Kensington and Chelsea is repayable on terms varying between 1 and 28 years on a 7% sinking fund basis and interest is chargeable at a rate determined by Royal Borough itself. The rate for the year ended 31 March 1998 was 9.5 % per annum.

The loan from the London Borough of Harrow is repayable on terms varying between 1 to 30 years on a 10% sinking fund basis and interest is chargeable at a rate determined by that incurred by the London Borough of Harrow. The rate for the year ended 31 March 1998 was 8.25% per annum.

HEFCE has undertaken to reimburse the University for principal and interest payments for the years ending up to and including 31 March 1999 but the position for future years has yet to be agreed.

In consequence, these accounts include a debt due from HEFCE equivalent to the payment due as at 31 March 1999 (1997: 31 March 1998) but exclude any reimbursements that may be made in future periods.

(b) The Halifax PLC loan is secured on the properties known as:

- (1) Metford House, 15-58 Clipstone Street, London
- (2) 32,34,36,38 Wells Street, London

and is repayable on 5 May 2018. The interest rate is 10.2711 %.

(c) The Capital Bank plc loan is secured on the freehold property owned by the University of Westminster known as 115 New Cavendish Street, London.

The Loan is repayable over 25 years. The interest rate is LIBOR plus a margin of not less than 1.4%.

(d) Uniwest (Finance) Ltd issued a £15,000,000 promissory note to Bankers Trust International PLC on 31 October 1996. The promissory note is repayable over 25 years in quarterly instalments commencing 15 January 1997 and increasing at an annual rate of 3.5%. Interest is currently being charged at 9.54% payable quarterly in arrears.

The loan is secured on the property owned by Uniwest (Developments) Limited known as the Harrow Campus, Watford Road, Harrow (excluding the lower two levels).

(e) The Barclays Bank plc loan is secured on the property owned by the Policy Studies Institute known as 100 Park Village East, London NW1 3SR.

The loan is repayable on 19 December 2009. The interest rate is as follows:

Fixed rate at 11.556% on £283,517

Variable rate of LIBOR plus 2.25% on £245,338.

(f) The loan from the Quintin Hogg Trust was repaid on 1 September 1997, and interest was charged at 3% above base rate.

(g) The loan from the University of Westminster Prize and Scholarship Fund was repaid on 29 August 1997 and interest was charged at 3% above base rate.

The above two loans are unsecured.

(h) The University acts as guarantor on loans entered into by the Regent Street Polytechnic Trust and the Quintin Hogg Trust; both of these loans are currently being financed by the respective trusts.

23. PROVISIONS FOR LIABILITIES AND CHARGES

The Group and University

	Long term maintenance	Hunter Survey	Total Provisions
	£'000	£'000	£'000
Balance at 1 August 1997	470	964	1,434
HEFCE grant received	-	488	488
	406	1,452	1,858
Allocation for the year	500	-	500
Expenditure for the year	-	(482)	(482)
Balance at 31 July 1997	406	964	1,370

(a) During the year the University increased the long term maintenance provision to £906,000 to meet the anticipated cost of maintenance on properties that have not yet been refurbished.

(b) Hunter Survey works provision represents projects identified by an independent survey and funded by a grant from HEFCE and a contribution from the University.

24. MINORITY INTERESTS

The non equity minority interest comprises the share of the net assets of Development Partnership Consultancy accruing to the companies represented by their three council members.

25. DEFERRED CAPITAL GRANTS

	The Group		The University	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Balance at 1 August	5,450	6,683	2,845	4,033
HEFCE grant received	<u>869</u>	<u>1,754</u>	<u>869</u>	<u>1,754</u>
	6,319	8,447	3,714	5,787
Release of HEFCE grant	<u>(1,413)</u>	<u>(2,997)</u>	<u>(1,359)</u>	<u>(2,942)</u>
Balance at 31 July	<u>4,906</u>	<u>5,450</u>	<u>2,355</u>	<u>2,845</u>
Disclosed in the Balance Sheet as:				
Amounts falling due within one year	950	1,388	896	1,334
Amounts falling due between one and two years	583	924	529	870
Amounts falling due between two and five years	377	804	214	641
Amounts falling due over five years	<u>2,996</u>	<u>2,334</u>	<u>716</u>	<u>-</u>
Total	<u>4,906</u>	<u>5,450</u>	<u>2,355</u>	<u>2,845</u>

26. ACCESS FUND FOR STUDENTS

The University received and distributed HEFCE Access funds as follows.

	1998 £'000	1997 £'000
At 1 August	-	4
Received	325	325
Interest Accrued	10	7
Distributed	<u>(331)</u>	<u>(336)</u>
At 31 July	<u>4</u>	<u>-</u>

The University acts only as a paying agent. The grants and related disbursements are, therefore, excluded from the income and expenditure account. The outstanding balance at year end is included in creditors (see note 21).

27. RECONCILIATION OF MOVEMENTS ON RESERVES

The Group

	Revaluation Reserve £'000	Specific Reserve £'000	Revenue Reserve £'000	Total Reserve £'000
Balance at 1 August 1997	28,310	1,936	3,591	33,837
Reserve arising from the acquisition of subsidiary undertaking.	-	-	69	69
Surplus for the year	-	-	4,419	4,419
Reimbursement of capital element of debt inherited from local authority	207	-	-	207
Transfer from / (to) reserves	<u>(3,453)</u>	<u>232</u>	<u>3,221</u>	<u>-</u>
Balance at 31 July 1998	<u>25,064</u>	<u>2,168</u>	<u>11,300</u>	<u>38,352</u>

The University

	Revaluation Reserve £'000	Specific Reserve £'000	Revenue Reserve £'000	Total Reserve £'000
Balance at 1 August 1997	23,108	1,393	3,602	28,103
Surplus for the year	-	-	3,480	3,480
Reimbursement of capital element of debt inherited from local authority	207	-	-	207
Transfer from / (to) reserves	<u>(3,332)</u>	<u>99</u>	<u>3,233</u>	<u>-</u>
Balance at 31 July 1998	<u>19,983</u>	<u>1,492</u>	<u>10,315</u>	<u>31,790</u>

28. FINANCIAL COMMITMENTS

(a) Operating leases

At 31 July 1998 the group was committed to making the following provision during the next year in respect of operating leases:

	Land and Buildings £'000	Other £'000
Leases which expire		
Within one year	-	36
Within 2 to 5 years	130	-
After 5 years	<u>4,227</u>	<u>-</u>
	<u>4,357</u>	<u>36</u>

(b) Finance Leases

At 31 July 1998 the group had annual commitments under finance leases as follows:

	1998	1997
	£'000	£'000
Repayable within one year	475	483
Within one to two years	475	480
Within two to five years	<u>163</u>	<u>645</u>
	1,113	1,608
Interest charges allocated to future periods	<u>(164)</u>	<u>(252)</u>
	949	1,356
Disclosed in the balance sheet as		
Due within one year	405	407
Within one to two years	405	405
Within two to five years	<u>139</u>	<u>544</u>
	949	1,356

29. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 July 1998 (1997: £nil), except for the loans for which the University acts as a guarantor (see note 22h).

30. ACQUISITION

On 16 January 1998 the University acquired the Policy Studies Institute for a total consideration of £1. The consideration was satisfied by cash. The University has used acquisition accounting to account for the purchase.

The summarised income and expenditure account and statement of total recognised gains and losses for the Policy Studies Institute for the period from 1 October 1997, the beginning of the subsidiary's financial year, to the date of acquisition are as follows:

Income and Expenditure Account

	Period ended
	15 January
	1998
	£'000
Income	565
Expenditure	<u>(1,024)</u>
Deficit for the period	<u>(459)</u>

There are no recognised gains or losses for the financial period other than as stated above.

The assets and liabilities of the Policy Studies Institute acquired are set out below:

	Book and fair value £'000
Tangible fixed assets	1,561
Current assets	
Debtors	229
Cash at bank and in hand	<u>4</u>
Total assets	1,794
Liabilities	
Creditors	(1,690)
Bank overdraft	<u>(35)</u>
Net assets	69
Negative goodwill	<u>(69)</u>
Consideration	-

31. RELATED PARTY TRANSACTIONS

The Regent Street Polytechnic Trust may be considered a related party of the University as some of the Trustees (who are appointed by the Trustees themselves) are also members of the University's Court of Governors. The University does not exercise a majority of the voting rights on the Trust.

The University has entered into the following transactions with the Trust during the period covered by these financial statements.

	1998 £'000	1997 £'000
Donations receivable	534	534
Rents receivable	3,415	3,222
Balance (owing)/due from Trust at 31 July	(483)	1,540

32. PENSION COSTS

The Group operates four pension schemes of the defined benefit type, all of which are funded. The assets of the schemes are held separately from the assets of the Group, in independently administered funds. Details of the four Group pension schemes are as follows:

Teachers' Superannuation Scheme (England and Wales)

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

The fund is administered by the Teacher's Pension agency. The last actuarial valuation on the Teachers' Superannuation Scheme (England and Wales) was performed by the Government Actuary on 31 March 1986 and covered the period 1 April 1981 to 31 March 1986.

Subsequent to a valuation of the fund by the Government Actuary as at 31 March 1986 it was determined that the employer's contribution would be 8.05% with effect from 1 April 1989.

In the year ending 31 July 1998 contributions by the Group to the scheme were £1,292,706.

London Pensions Fund Authority

This was formerly the London Residuary Body Superannuation Fund. The scheme is subject to triennial valuation by independent actuaries. The last valuation was carried out on 31 March 1995 using the projected unit credit method, in which the actuarial liability makes allowance for projected earnings. The following actuarial assumptions were applied:

Investment returns	9.5% per annum
Salary growth	6.5% per annum
Pensions increase	4.5% per annum
Valuation of assets	Discounted value of future income assuming reinvested in FT Actuaries All Share Index and assuming 4.5% per annum dividend growth.

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.

Recent 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 will in future reflect this new liability and funding requirement.

32. PENSION COSTS (continued)

In accordance with the Local Government Superannuation Regulations, an actuarial valuation was carried out as 31 March 1995 with the employer's contribution decreased from 11.1% to 5.1% with effect from 1 April 1996.

In the year ending 31 July 1998, contributions by the Group to the scheme were £463,570.

Superannuation Arrangements of the University of London

This fund is administered by the SAUL Trustee Company. The scheme is subject to triennial valuation by independent actuaries. The last valuation was carried out on 31 March 1996 using the projected unit credit method, in which the actuarial liability makes allowance for projected earnings. The following actuarial assumptions were applied:

Average Age of retirement	62
Investment returns	9.0% p.a.
Salary growth	6.5% p.a.
Pension increase	5.0% p.a.
Price inflation	5.0% p.a.
Dividend growth	4.5% p.a.

Subsequent to a valuation of the fund on 31 March 1996 it was determined that the employer's contribution would be 10.5%.

In the year ended 31 July 1998 contributions by the Group to the scheme were £14,669.

Universities Superannuation Scheme

The fund is administered by the Universities Superannuation Scheme Ltd. The scheme is subject to triennial valuation by independent actuaries. The last valuation was carried out on 31 March 1996 using the projected unit credit method, in which the actuarial liability makes allowance for projected earnings. The following assumptions were applied:

Investment returns	8.5% p.a.
Salary growth	6.5% p.a.
Pension increase	5.0% p.a.
Price inflation	5.0% p.a.
Dividend growth	4.5% p.a.

Subsequent to a valuation of the fund on 31 March 1996 it was determined that the employer's contribution would be 14%.

In the year ended 31 July 1998 contributions by the Group to the scheme were £97,090.