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**University of Westminster**  
**Report and Financial Statements**  
**For the year ended 31 July 1999**

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**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.

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**UNIVERSITY OF WESTMINSTER**

**(A Registered Charity and a Company Limited by Guarantee)**

**Chairman of the Court of Governors**

*Sir Alan Thomas, BSc FCMA CEng FIEE CIMgt*

**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**

*HSBC plc  
National Westminster Bank plc*

**Registered Office**

*309 Regent Street, London W1R 8AL*

**Registered Number**

*977818 England and Wales*

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## COURT OF GOVERNORS

The following were Governors (Directors) of the University during the year ended 31 July 1999

	<b>Appointed</b>	<b>Resigned</b>
<b>Chairman</b>	Sir Leonard Peach Sir Alan Thomas	31.12.98
<b>Deputy Chairman</b>	Sir Malcolm Bates	
Ms K Bahl		
Cllr J. Bianco	21.12.98	
Mrs M A Charrington		21.12.98
Mr G Cole	19.10.98	
Dr G M Copland (Vice-Chancellor and Rector)		
Mr M J Crosby		
Ms M Crotty	21.12.98	
Cllr M Davine	18.10.99	
Mr J D Harris		
The Hon Dame Mary Hogg		
Lady Susan M Hollick	21.12.98	
Dr K E Kirkham		
Ms S Maddock	21.12.98	
Ms D McShane		21.12.98
Dr B M Minton		
Mr M G Riley		
Ms A M Rose		21.12.98
Professor J R Shackleton		
Mr W C Shaw		
Mr P J Snell		
Cllr A K Toms		28.6.99
Dr M Tyler (Deputy Vice-Chancellor and Rector)		
Mr K H Williams		21.12.98
Mr J M White	18.10.99	
Dr T R Wright		

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## COURT OF GOVERNORS (continued)

**Ms Kamlesh Bahl, LLB, CBE** is Vice President of the Law Society and was formerly Chairwoman of the Equal Opportunities Commission.

**Sir Malcolm Bates, MSc, FCIS, FRAeS, CIMgt** is Chairman of Pearl Group, London Life and AMP (UK). He is also Chairman of London Transport and Premier Farnell plc and director of a number of other public and private companies.

**Mrs Jenny Bianco**, a former teacher, is a Westminster City Councillor and former Chairman of Westminster's Education Committee.

**Mr Godfrey Cole, LLM, Barrister** is a District Chairman in the Appeals Service. He was previously Head of Law School at the University where he had been on the staff for many years and he is currently President of the Alumni Association.

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

**Mr John Crosby, BA, MA, CIMgt, CIPD** is a Director of IARC Services Limited, a member of the Employment Appeal Tribunal and the Civil Service Arbitration Tribunal, Immediate Past Chairman and a Governor of Croydon College, a Governor of the Centre for International Briefing (Farnham Castle) and Council member of the University of Sussex.

**Ms Mary Crotty BA** is Campus Academic Administration Manager of the University's Marylebone Campus.

**Mrs M Davine BA, MA** is a Harrow Borough Councillor.

**Mr Jonathan Harris OBE, FRICS** is the senior Vice-President of the Royal Institution of Chartered Surveyors. He is a director of numerous companies as well as being a Trustee of Understanding Industry, The Prison Reform Trust and the London Philharmonic Orchestra. He holds an honorary D.Litt from the University.

**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.

**Lady Susan Hollick BA** is a former television producer and editor. She is a member of the Commission on the Future of Multi-ethnic Britain, chair of The Friends of the Tate Gallery and "Index on Censorship". She is vice-chair of the FCO's Caribbean Advisory Group and sits on the board of a number of arts organisations including English National Opera.

**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 Sheila Maddock, BSc, MSc** is a senior lecturer at the University. She lectures in statistics and quantitative methods in the Westminster Business School.

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

**Mr Mykal Riley, BA (Hons)** is the 1999/2000, and 1998/1999, sabbatical President of the University of Westminster Students' Union.

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**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 and Harbeth Audio Ltd. He is also Chairman of Lydd Airport Ltd and Car Link Communications Ltd. He is Chairman of the University's Audit Committee and an honorary fellow of the University.

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

**Sir Alan Thomas, BSc, FCMA, CEng, FIEE, CIMgt** is Chairman of the Court of Governors. He is Chairman of Firth Holdings plc, Airinmar Ltd, Micro Quoted Investment Trust plc and Chelverton Asset Management Ltd. He is an adviser to DG OFWAT and a director of a number of other public and private companies.

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

**Jeremy N. White MA MBA**, is Chairman and Chief Executive of NETTEC plc, and a non-executive director of Visual Business Tools. He currently serves on the boards of Pepperdine University (California), the Institute of Economic Affairs Education Committee (London), the Technology Colleges Trust (London) and on two sub-committees of the University for Industry. Jeremy co-founded the charity YouthNet.

**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.

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## **REPORT OF THE COURT OF GOVERNORS**

### **FINANCIAL STATEMENTS for the year ended 31 July 1999**

#### **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 £4.349 million. The Governors are pleased to report an historical cost surplus of £4.239 million for the financial year 1998/99, as shown in the note on page 17. The Income and Expenditure account on page 16 shows a surplus, after exceptional items, for the year of £2.963 million. There was a positive cash inflow for the year of £1.102 million. Net debt was reduced by £5.031 million, following early repayment of loans. 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, it is not expected that the group results for 1999/2000 will be as favourable. A noticeable portent of this is the increase in employee costs by 9.7% while total numbers employed rose by only 1.5%. This results from unavoidable annual increments, increase in National Insurance costs and increases in employer's pension costs.

During the year, the University sold its premises at Samford Street and terminated the leases on the buildings at 104/108 Bolsover Street and 35/49 Riding House Street. Construction of the new School of Law building in Little Titchfield Street was completed in Autumn 1998. Refurbishment of the Marylebone Campus, assisted by grants from HEFCE, commenced in the year and the first phase will be completed by late Autumn 1999.

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. Good progress was made in the year and that target was, on average, excluding receipts from disposal of properties, achieved over the last three years. However, continued vigilance and review of the costs of operation will be required to maintain this level. 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
  - the 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 has the following components:

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## **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 lifelong 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 the 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
- Improve 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

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## **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 1999 appears on page 4. 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 an 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.

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## **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. Total costs for the year ended 31 July 1999 amounted to £375,000 for this project and have been written off to the income and expenditure account.

## **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  
20 December 1999

## **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. Governance of the University is carried out in accordance with the Committee of University Chairmen's Guide for Members of Governing Bodies.

### **THE COURT OF GOVERNORS AND SENIOR MANAGEMENT GROUP**

The Court of Governors, which meets formally four times a year, currently comprises two executive and twenty non-executive Governors with a clear separation of the roles of the non-executive Chairman, Sir Alan Thomas and the Chief Executive, Dr. Geoffrey Copland (Vice-Chancellor and Rector). Sir Malcolm Bates 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 Vice-Chancellor 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 Malcolm Bates 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.

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**RENUMERATION COMMITTEE**

This Committee, chaired by Sir Alan Thomas 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 Alan Thomas 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.

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## 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;
- 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, and
- 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.

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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.

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

We have audited the financial statements on pages 16 to 42 which have been prepared under the accounting policies set out on pages 22 to 25.

### **Respective responsibilities of the Court of Governors and the auditors**

As described on pages 13 -14 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 1999 and of its surplus, recognised gains and losses 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, 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  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

UNIVERSITY OF WESTMINSTER

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
for the year ended 31 July 1999

1999					1998 (restated)		
		Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOME FROM CONTINUING ACTIVITIES</b>							
Funding council grants	6	45,427	-	45,427	42,941	-	42,941
Academic fees and support grants	8	28,179	-	28,179	27,355	-	27,355
Research grants and contracts	9	3,269	-	3,269	4,117	-	4,117
Other operating income	10	9,365	954	10,319	8,585	497	9,082
Interest receivable		<u>1,377</u>	<u>-</u>	<u>1,377</u>	<u>1,191</u>	<u>-</u>	<u>1,191</u>
		<b><u>87,617</u></b>	<b><u>954</u></b>	<b><u>88,571</u></b>	<b><u>84,189</u></b>	<b><u>497</u></b>	<b><u>84,686</u></b>
<b>EXPENDITURE ON CONTINUING ACTIVITIES</b>							
Staff Costs	11,14	42,179	-	42,179	38,440	-	38,440
Depreciation	13	4,126	-	4,126	4,430	-	4,430
Other Operating Expenses	11	36,026	-	36,026	33,512	-	33,512
Interest Payable	12	<u>3,277</u>	<u>-</u>	<u>3,277</u>	<u>3,385</u>	<u>-</u>	<u>3,385</u>
Total expenditure		<b><u>85,608</u></b>	<b><u>-</u></b>	<b><u>85,608</u></b>	<b><u>79,767</u></b>	<b><u>-</u></b>	<b><u>79,767</u></b>
<b>Surplus for the financial year</b>	16	<b><u>2,009</u></b>	<b><u>954</u></b>	<b><u>2,963</u></b>	<b><u>4,422</u></b>	<b><u>497</u></b>	<b><u>4,919</u></b>

**NOTE OF CONSOLIDATED HISTORICAL COST SURPLUSES AND DEFICITS**  
**For the year ended 31 July 1999**

	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
Surplus for the financial year	2,963	4,919
Difference between historical cost depreciation and the actual depreciation charge for the year calculated on the revalued amount	569	586
Realisation of property revaluation gain of previous year	707	2,687
<b>Historical Cost Surplus</b>	<b><u>4,239</u></b>	<b><u>8,192</u></b>

**STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES**  
**For the year ended 31 July 1999**

	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>(restated)</b>
<b>Note</b>		<b>£'000</b>
Surplus for the financial year	2,963	4,919
Reimbursement of capital element of debt inherited from local authority	194	207
Total recognised gains for the year	<u>3,157</u>	<u>5,126</u>
Prior year adjustment	5	406
Total gains recognised since last annual report		<u>5,532</u>

UNIVERSITY OF WESTMINSTER

**CONSOLIDATED BALANCE SHEET as at 31 July 1999**

		1999		1998 (restated)	
	Note	£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible assets	18	75,750		74,087	
Investments	19	32		26	
			75,782		74,113
<b>Current Assets</b>					
Stocks	20	84		84	
Debtors due within one year	21	5,831		5,629	
Debtors due after more than one year	21	2,714		4,046	
Investments	22	2		2	
Cash deposits		11,970		12,892	
Cash at hand and in bank		116		127	
		20,717		22,780	
<b>Creditors</b>					
Amounts falling due within one year	23	(15,209)		(14,385)	
<b>Net Current Assets</b>			5,508		8,395
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			81,290		82,508
<b>Creditors</b>					
Amounts falling due after more than one year	23		(32,072)		(37,202)
Non equity minority interests	25		8		8
<b>TOTAL ASSETS LESS LIABILITIES</b>			49,226		45,314
Deferred capital grants	26		(6,631)		(5,876)
<b>TOTAL NET ASSETS</b>			42,595		39,438
Revaluation reserve	28		23,982		25,064
Specific reserve	28		2,058		2,168
Revenue reserve	28		16,555		12,206
<b>TOTAL FUNDS</b>			42,595		39,438

Approved by the Court of Governors on 20 December 1999.

Sir Alan Thomas  
Chairman

Dr G M Copland  
Vice-Chancellor and Rector

# UNIVERSITY OF WESTMINSTER

## UNIVERSITY BALANCE SHEET as at 31 July 1999

		1999		1998	
	Note	£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible assets	18	40,868		38,447	
Investments	19	<u>24,904</u>		16,198	
			65,772		54,645
<b>Current Assets</b>					
Debtors due within one year	21	5,737		5,462	
Debtors due after more than one year	21	5,061		13,613	
Investments	22	1		2	
Cash deposits		11,970		12,892	
Cash at hand and in bank		<u>15</u>		15	
		22,784		31,984	
<b>Creditors</b>					
Amounts falling due within one year	23	<u>(14,236)</u>		(15,676)	
<b>Net Current Assets</b>			<u>8,548</u>		<u>16,308</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			74,320		70,953
<b>Creditors</b>					
Amounts falling due after more than one year	23		<u>(33,893)</u>		<u>(34,932)</u>
<b>TOTAL ASSETS LESS LIABILITIES</b>			40,427		36,021
Deferred capital grants	26		(4,134)		(3,325)
<b>TOTAL NET ASSETS</b>			<u>36,293</u>		<u>32,696</u>
Revaluation reserve	28		19,022		19,983
Specific reserve	28		1,360		1,492
Revenue reserve	28		15,911		11,221
<b>TOTAL FUNDS</b>			<u><u>36,293</u></u>		<u><u>32,696</u></u>

Approved by the Court of Governors on 20 December 1999.

Sir Alan Thomas  
Chairman

Dr G M Copland  
Vice-Chancellor and Rector

**UNIVERSITY OF WESTMINSTER**

**CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 July 1999**

		<b>1999</b>	<b>1998</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>31</b>	<b>9,870</b>	<b>11,994</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		1,377	1,191
Interest paid		(3,130)	(3,234)
Interest element of finance lease payments		(147)	(151)
<b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b>		<b>(1,900)</b>	<b>(2,194)</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Purchase of tangible fixed assets		(6,553)	(5,702)
Receipt from sale of assets (exceptional item)		1,700	4,500
Receipts from sale of assets		32	-
Deferred capital grants received		1,882	1,357
		<b>(2,939)</b>	<b>155</b>
<b>ACQUISITIONS AND DISPOSALS</b>			
Purchase of subsidiary		-	100
Net overdraft acquired with subsidiary		-	(31)
		<b>-</b>	<b>69</b>
<b>CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>		<b>5,031</b>	<b>10,024</b>
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
Reduction/(increase) in long term deposits		<b>1,800</b>	<b>(8,800)</b>
<b>FINANCING</b>			
Capital element of finance lease repayments		(405)	(407)
Capital element of loan repayments		(5,604)	(1,150)
Loans acquired		280	830
<b>Net Cash Outflow from Financing</b>		<b>(5,729)</b>	<b>(727)</b>
<b>INCREASE IN CASH</b>	<b>32</b>	<b>1,102</b>	<b>497</b>

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

	Note	1999		1998	
		£'000	£'000	£'000	£'000
Increase in cash in period		1,102		497	
Cash (inflow)/outflow from (decrease)/ increase in liquid resources		(1,800)		8,800	
Cash outflow from decrease in debt and lease financing		<u>5,729</u>		727	
<b>Change in net debt resulting from cash flows</b>			<b>5,031</b>		<b>10,024</b>
<b>Movement in net debt in the period</b>			<b>5,031</b>		<b>10,024</b>
Net debt at 1 August			<u>(24,860)</u>		(34,884)
<b>Net debt at 31 July</b>	32		<b><u>(19,829)</u></b>		<b>(24,860)</b>

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**UNIVERSITY OF WESTMINSTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 1999**

**1. COMPANY STATUS**

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

Each of the 20 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) as modified for the effect of Financial Reporting Standard (FRS) 12, and applicable Accounting Standards.

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

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

**3. BASIS OF CONSOLIDATION**

The consolidated financial statements consolidate the financial statements of the University and its subsidiary undertakings for the financial year ended 31 July 1999.

See note 19 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 deferred capital grants.

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**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 properties at 309 Regent Street and 4-12 Little Titchfield Street, these assets are not reflected in the accounts.

**ii) Plant and Machinery, Furniture, Fittings and Equipment**

Assets costing over £10,000 are capitalised.

**iii) Depreciation**

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

Freehold buildings	2% per annum
Leasehold buildings and leasehold improvements	amortised over the remaining term of 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.

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**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. 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.

**g. Stocks**

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

**h. Current Asset Investments**

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

**i. 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.

**j. 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.

## k. Interest Capitalisation

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

## 5. PRIOR YEAR ADJUSTMENT

The results reflect the initial adoption of FRS 12 “*Provisions , contingent liabilities and contingent assets*”. The provision for long term maintenance has been released to the accounts as a prior year adjustment and comparative figures for 1998 have been restated. The effect on continuing operations of implementing the new accounting policy was to increase the surplus in 1998 by £500,000 and adjust the 1998 opening reserves by £406,000.

## 6. FUNDING COUNCIL GRANTS

		1999 £'000	1998 £'000
	Note		
<b>(a) Recurrent grant from HEFCE</b>			
Main allocation		40,739	37,344
Research		1,706	1,658
Select initiatives		322	232
Pension liabilities		391	375
Inherited liabilities (capital related):			
Premises rents		470	732
Debt charges		672	705
		<b>44,300</b>	<b>41,046</b>
<b>(b) Release of HEFCE capital grants</b>	7	1,127	1,895
		<b>45,427</b>	<b>42,941</b>

### (c) 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.

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## 7. RELEASE OF HEFCE CAPITAL GRANT

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

	<b>1999</b> <b>£'000</b>	<b>1998</b> <b>£'000</b>
Deferred grant brought forward	5,876	6,414
HEFCE grant received in the year	1,882	1,357
	<u>7,758</u>	<u>7,771</u>
Release of HEFCE capital grant	(1,127)	(1,895)
	<u><b>6,631</b></u>	<u><b>5,876</b></u>

## 8. ACADEMIC FEES AND SUPPORT GRANTS

	<b>1999</b> <b>£'000</b>	<b>1998</b> <b>£'000</b>
Tuition fees for full, part-time and sandwich courses	19,399	20,657
Full cost courses	5,213	4,117
Short courses	3,567	2,581
	<u><b>28,179</b></u>	<u><b>27,355</b></u>

## 9. RESEARCH GRANTS AND CONTRACTS

	<b>1999</b> <b>£'000</b>	<b>1998</b> <b>£'000</b>
<b>Income</b>		
Government departments	1,385	746
Research councils	296	371
Other bodies	1,588	3,000
	<u><b>3,269</b></u>	<u><b>4,117</b></u>
<b>Expenditure</b>		
Staff costs	1,510	1,371
Other operating expenses	1,701	1,883
	<u><b>3,211</b></u>	<u><b>3,254</b></u>
<b>Surplus</b>	<u><b>58</b></u>	<u><b>863</b></u>

## 10. OTHER OPERATING INCOME

	1999	1998
	£'000	£'000
Residences	2,486	2,050
Recreation	248	245
Rents and lettings	2,210	2,259
Photocopier income	238	233
Sundry sales	400	150
Teaching companies	119	207
Miscellaneous	1,332	1,416
Donations	577	539
Catering	1,735	1,464
Profit on disposal of investment	20	-
Profit on disposal of fixed assets (see note 10a)	954	497
Differences arising on foreign exchange transactions	-	22
	<b>10,319</b>	<b>9,082</b>

### 10a Profit on disposal of fixed assets

During the year ended 31 July 1999, the group made a disposal of land and buildings resulting in an exceptional profit of £942,553, and of equipment and motor vehicles resulting in a profit of £12,100.

## 11. EXPENDITURE BY ACTIVITY

	1999			1998		
	Staff Costs	Other Operating Expenses	Total	Staff Costs	Other Operating Expenses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Academic departments	31,157	10,308	41,465	28,571	9,017	37,588
Academic support services	2,850	2,428	5,278	2,755	2,466	5,221
Research	1,510	1,701	3,211	1,371	1,883	3,254
Administration and central services	4,954	5,794	10,748	4,010	5,410	9,420
Premises	1,486	11,956	13,442	1,555	11,652	13,207
Residences	222	1,892	2,114	178	1,563	1,741
Catering	-	1,943	1,943	-	1,516	1,516
Donations (see note 11a)	-	4	4	-	5	5
	<b>42,179</b>	<b>36,026</b>	<b>78,205</b>	<b>38,440</b>	<b>33,512</b>	<b>71,952</b>

### 11a Donations

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

	1999	1998
	£	£
The University of Westminster Prize and Scholarship Fund	4,250	5,420

## 12. INTEREST PAYABLE

	1999 £'000	1998 £'000
Finance Leases	147	151
Bank and other loans wholly repayable within five years	1	9
Bank and other loans not wholly repayable within five years	982	1,068
Inherited debt	674	706
Promissory note	1,473	1,451
	<u>3,277</u>	<u>3,385</u>

## 13. DEPRECIATION

	1999 £'000	1998 £'000
The depreciation charge has been funded by:		
Release of deferred capital grants	1,228	1,413
Release of revaluation reserve	569	586
General income	2,329	2,431
	<u>4,126</u>	<u>4,430</u>

## 14. INFORMATION REGARDING EMPLOYEES

	1999 £'000	1998 £'000
(a) Employee costs		
Wages and salaries	36,008	33,256
Social security costs	2,891	2,696
Other pension costs	2,067	1,801
Other staff related costs	1,213	687
	<u>42,179</u>	<u>38,440</u>
(b) Average number of people employed by the group in the year		
	No.	No.
Teaching and support staff	1,033	995
Part time teachers	472	472
Premises and grounds staff	93	95
Administrative staff	258	267
	<u>1,856</u>	<u>1,829</u>

## 14. INFORMATION REGARDING EMPLOYEES (continued)

	1999	1998
	No.	No.
(c) Remuneration of higher paid staff		
The following staff received remuneration of £50,000 or over		
£50,000 - £59,999	8	6
£60,000 - £69,999	3	1
£70,000 - £79,999	2	1
	<b>13</b>	<b>8</b>
(d) Compensation for loss of office paid to members of staff earning in excess of £50,000 per annum:		
	1999 £	1998 £
Payment in respect of loss of office	-	20,096

## 15. EMOLUMENTS OF GOVERNORS

	1999 £'000	1998 £'000
(a) The emoluments of the Governors of the University are:		
In respect of service as Governors	-	-
Other emoluments (including pension contributions on behalf of executive Governors)	291	297
(b) The emoluments of the Chairman and Executive Governors are:		
	£	£
Chairman: Sir Leonard Peach	-	-
Sir Alan Thomas	-	-
Highest paid Governor: Dr G M Copland as Vice-Chancellor and Rector	116,283	110,385

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 £7,354 (1998: £7,169)

Of the Governors five (1998:five) are members of the University's defined benefit pension scheme and accrued benefits during the year under that scheme.

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

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

	1999 £'000	1998 £'000
Auditors remuneration:		
audit fee		
University	24	22
Subsidiary Companies	11	10
other services	18	56
Operating lease rentals:		
hire of equipment	-	261
property rents	4,230	4,521
Depreciation:		
owned assets	3,431	3,949
leased assets	695	481
Profit on disposal of fixed assets	954	497
Profit on disposal of fixed asset investments	20	-

## 17. 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 £3,403,000 (1998: £3,480,000).

## 18. 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
<b>Cost or Valuation</b>								
At 1 August 1998	70,272	2,075	2,313	17,804	980	1,574	47	95,065
Additions	-	-	5,915	125	48	402	56	6,546
Transfers	-	7,302	(7,302)	-	-	-	-	-
Disposals	(775)	-	-	(45)	-	-	(12)	(832)
<b>At 31 July 1999</b>	<b>69,497</b>	<b>9,377</b>	<b>926</b>	<b>17,884</b>	<b>1,028</b>	<b>1,976</b>	<b>91</b>	<b>100,779</b>
<b>Accumulated depreciation</b>								
At 1 August 1998	4,736	332	-	14,721	617	525	47	20,978
Provisions for the year	1,326	304	-	1,629	195	658	14	4,126
Disposals	(18)	-	-	(45)	-	-	(12)	(75)
<b>At 31 July 1999</b>	<b>6,044</b>	<b>636</b>	<b>-</b>	<b>16,305</b>	<b>812</b>	<b>1,183</b>	<b>49</b>	<b>25,029</b>
<b>Net book value at 31 July 1999</b>	<b>63,453</b>	<b>8,741</b>	<b>926</b>	<b>1,579</b>	<b>216</b>	<b>793</b>	<b>42</b>	<b>75,750</b>
<b>Net book value at 31 July 1998</b>	<b>65,536</b>	<b>1,743</b>	<b>2,313</b>	<b>3,083</b>	<b>363</b>	<b>1,049</b>	<b>-</b>	<b>74,087</b>

### (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
<b>Cost or Valuation</b>								
At 1 August 1998	31,612	2,075	2,313	17,804	980	1,574	47	56,405
Additions	-	-	5,915	125	48	402	56	6,546
Transfers	-	7,302	(7,302)	-	-	-	-	-
Disposals	(775)	-	-	(45)	-	-	(12)	(832)
<b>At 31 July 1999</b>	<b>30,837</b>	<b>9,377</b>	<b>926</b>	<b>17,884</b>	<b>1,028</b>	<b>1,976</b>	<b>91</b>	<b>62,119</b>
<b>Accumulated depreciation</b>								
At 1 August 1998	1,716	332	-	14,721	617	525	47	17,958
Provisions for the year	568	304	-	1,629	195	658	14	3,368
Disposals	(18)	-	-	(45)	-	-	(12)	(75)
<b>At 31 July 1999</b>	<b>2,266</b>	<b>636</b>	<b>-</b>	<b>16,305</b>	<b>812</b>	<b>1,183</b>	<b>49</b>	<b>21,251</b>
<b>Net book value at 31 July 1999</b>	<b>28,571</b>	<b>8,741</b>	<b>926</b>	<b>1,579</b>	<b>216</b>	<b>793</b>	<b>42</b>	<b>40,868</b>
<b>Net book value at 31 July 1998</b>	<b>29,896</b>	<b>1,743</b>	<b>2,313</b>	<b>3,083</b>	<b>363</b>	<b>1,049</b>	<b>-</b>	<b>38,447</b>

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**18. TANGIBLE ASSETS (continued)****(c) The Group and the University**

	<b>The Group</b>		<b>The University</b>	
	<b>1999 £'000</b>	<b>1998 £'000</b>	<b>1999 £'000</b>	<b>1998 £'000</b>
(i) Analysis of land and buildings at cost or valuation:				
At cost	43,289	43,289	11,671	11,671
At valuation: 31 July 1995	26,208	26,983	19,166	19,941
	<u>69,497</u>	<u>70,272</u>	<u>30,837</u>	<u>31,612</u>

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

	<b>The Group</b>		<b>The University</b>	
	<b>1999 £'000</b>	<b>1998 £'000</b>	<b>1999 £'000</b>	<b>1998 £'000</b>
(ii) If freehold land and buildings had not been revalued, they would have been included at the following amounts:				
Cost	43,289	43,289	11,671	11,671
Aggregate depreciation	(3,904)	(3,144)	(901)	(763)
Net book value	<u>39,385</u>	<u>40,145</u>	<u>10,770</u>	<u>10,908</u>

(iii) The value of freehold land and buildings includes £5.704 million in respect of land that is not depreciated (1998:£6.204 million).

(iv) Assets held under finance leases, capitalised and included in plant and machinery and fixtures and fittings:

	<b>1999 £'000</b>	<b>1998 £'000</b>
Cost	1,953	1,953
Aggregate depreciation	(1,513)	(1,123)
Net book value	<u>440</u>	<u>830</u>

## 19. INVESTMENTS HELD AS FIXED ASSETS

	The Group		The University	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
<b>FIXED ASSET INVESTMENTS</b>				
Share in subsidiary undertakings:				
At 1 August	-	-	16,172	16,172
Additions	-	-	8,700	-
At 31 July	-	-	24,872	16,172
Share in CVCP Properties plc:				
At 1 August	26	20	26	20
Additions	6	6	6	6
At 31 July	32	26	32	26
Total fixed asset investments	32	26	24,904	16,198

(i) The addition to CVCP Properties plc for the year represents an investment in 37,111 part paid Ordinary £1 shares. It is an unquoted company. The balance of £5,517 is payable next year.

(ii) The following companies were all held as investments by the University of Westminster on 31 July 1999. They are all subsidiary undertakings of the University.  
(All these companies 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
Westminster Business Consultants Ltd	100	Business consultancy services
Polytechnic of Central London Ltd	100	Leasing of a property
Uniwest (Developments) Ltd	100	Property refurbishment
University of Westminster (International)	100	Education , research and training overseas
Development Partnership Consultancy Ltd	57	Provision of advice on all aspects of property partnership and joint ventures.
Policy Studies Institute	100	Research relating to political , economic and social science

With the exception of Uniwest ( Finance ) Ltd, all shareholdings are in the name of the University of Westminster. Apart from Development Partnership Consultancy Ltd 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.

(iii) The increase in the University's shareholdings of £8.7 million relates to share issues by its subsidiaries.

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## 20. STOCKS

### The Group only

	1999 £'000	1998 £'000
Goods for resale	<u>84</u>	<u>84</u>

## 21. DEBTORS

	The Group		The University	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
<b>Amounts falling due within one year:</b>				
HEFCE	457	469	457	469
Trade and sundry debtors	1,573	1,749	1,023	1,465
Amounts owed by subsidiary companies	-	-	1,444	560
Other debtors	2,035	1,425	1,358	1,351
Loans	286	458	286	458
Prepayments and accrued income	1,480	1,528	1,169	1,159
	<u>5,831</u>	<u>5,629</u>	<u>5,737</u>	<u>5,462</u>
<b>Amounts falling due between one and five years:</b>				
Amounts owed by subsidiary companies	-	-	710	-
Loans	1,335	2,018	1,335	2,018
	<u>1,335</u>	<u>2,018</u>	<u>2,045</u>	<u>2,018</u>
<b>Amounts falling due over five years:</b>				
Amounts owed by subsidiary companies	-	-	1,637	9,567
Loans	1,379	2,028	1,379	2,028
	<u>1,379</u>	<u>2,028</u>	<u>3,016</u>	<u>11,595</u>
<b>Total debtors</b>	<u><b>8,545</b></u>	<u><b>9,675</b></u>	<u><b>10,798</b></u>	<u><b>19,075</b></u>

## 22. INVESTMENTS HELD AS CURRENT ASSETS

	The Group		The University	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Valuation at 31 July	<u>2</u>	<u>2</u>	<u>1</u>	<u>2</u>

On 31 May 1997, the University acquired 200 fully paid ordinary 20 pence shares in Halifax plc (market value 1998:£1,452). Following a return of capital and restructuring in the year the University now holds 185 shares in Halifax Group plc with a market value of £1,264 at 31 July 1999.

The group also holds £494 of 12% Exchequer stock, the market value of which was £821 at 31 July 1999 (1998: £600).

## 23. CREDITORS

	The Group		The University	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Trade creditors	4,580	2,922	4,540	2,833
Bank and other borrowings (see note 24)	2,822	3,038	2,822	3,003
Access Funds (see note 27)	2	4	2	4
Taxation and social security	70	1,375	47	1,285
Provision for enhanced future pensions	189	139	189	139
Other creditors	2,443	1,637	2,023	1,117
Amounts due to subsidiary undertakings	-	-	300	2,903
Accruals and deferred income	5,103	5,270	4,313	4,392
	<u>15,209</u>	<u>14,385</u>	<u>14,236</u>	<u>15,676</u>
<b>Amounts falling due between one and two years:</b>				
Bank and other borrowings (see note 24)	361	646	361	610
Provision for enhanced future pensions	189	139	189	139
Accruals and deferred income	-	-	550	-
	<u>550</u>	<u>785</u>	<u>1,100</u>	<u>749</u>
<b>Amounts falling due between two and five years:</b>				
Bank and other borrowings (see note 24)	756	1,022	756	903
Provision for enhanced future pensions	567	416	567	416
Accruals and deferred income	-	-	1,800	-
	<u>1,323</u>	<u>1,438</u>	<u>3,123</u>	<u>1,319</u>
<b>Amounts falling due over five years:</b>				
Bank and other borrowings (see note 24)	27,999	33,197	12,412	17,484
Provision for enhanced future pensions	2,200	1,782	2,200	1,782
Amounts due to subsidiary undertakings	-	-	13,808	13,598
Accruals and deferred income	-	-	1,250	-
	<u>30,199</u>	<u>34,979</u>	<u>29,670</u>	<u>32,864</u>
<b>Total Creditors</b>	<u><b>47,281</b></u>	<u><b>51,587</b></u>	<u><b>48,129</b></u>	<u><b>50,608</b></u>

## 24. BANK AND OTHER BORROWINGS

	The Group		The University	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
<b>Bank loans and overdrafts due within one year or on demand:</b>				
Bank loans and overdrafts				
Secured	68	35	68	-
Unsecured	1,926	2,161	1,926	2,161
	<u>1,994</u>	<u>2,196</u>	<u>1,994</u>	<u>2,161</u>
Other unsecured loans	423	437	423	437
Finance lease obligations	405	405	405	405
	<u>2,822</u>	<u>3,038</u>	<u>2,822</u>	<u>3,003</u>
<b>Bank loans due between one and two years:</b>				
Bank loans				
Secured	1	36	1	-
	<u>1</u>	<u>36</u>	<u>1</u>	<u>-</u>
Other unsecured loans	221	205	221	205
Finance lease obligations	139	405	139	405
	<u>361</u>	<u>646</u>	<u>361</u>	<u>610</u>
<b>Bank loans due between two and five years:</b>				
Bank loans				
Secured	53	198	53	79
	<u>53</u>	<u>198</u>	<u>53</u>	<u>79</u>
Other unsecured loans	703	685	703	685
Finance lease obligations	-	139	-	139
	<u>756</u>	<u>1,022</u>	<u>756</u>	<u>903</u>
<b>Bank loans due after more than five years:</b>				
Bank loans				
Secured	6,345	11,530	6,345	11,191
	<u>6,345</u>	<u>11,530</u>	<u>6,345</u>	<u>11,191</u>
Other unsecured loans	6,089	6,315	6,067	6,293
Promissory note	15,565	15,352	-	-
	<u>27,999</u>	<u>33,197</u>	<u>12,412</u>	<u>17,484</u>

All LEA loans are unsecured and are repayable by instalments over various periods up to a maximum of 30 years. Interest is charged on the preceding 31 March outstanding balance at the average external cost of borrowing in the financial year ended 31 March.

Bank loans are secured over University land and buildings and are under various facilities expiring between 2018 and 2020, interest rates vary between Libor plus 1.4% to 10.2711%.

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

## 25. 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.

## 26. DEFERRED CAPITAL GRANTS

	<b>The Group</b>		<b>The University</b>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 August	5,876	6,414	3,325	3,809
HEFCE grant received	1,882	1,357	1,882	1,357
	<u>7,758</u>	<u>7,771</u>	<u>5,207</u>	<u>5,166</u>
Release of HEFCE grant	(1,127)	(1,895)	(1,073)	(1,841)
<b>Balance at 31 July</b>	<u><b>6,631</b></u>	<u><b>5,876</b></u>	<u><b>4,134</b></u>	<u><b>3,325</b></u>
Amounts falling due within one year	667	1,265	613	1,211
Amounts falling due between one and two years	301	804	247	750
Amounts falling due between two and five years	484	811	321	648
Amounts falling due over five years	<u>5,179</u>	<u>2,996</u>	<u>2,953</u>	<u>716</u>
<b>Total</b>	<u><b>6,631</b></u>	<u><b>5,876</b></u>	<u><b>4,134</b></u>	<u><b>3,325</b></u>

## 27. ACCESS FUND FOR STUDENTS

The University received and distributed HEFCE Access funds as follows.

	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
At 1 August	4	-
Received	549	325
Interest Accrued	11	10
Distributed	<u>(562)</u>	<u>(331)</u>
<b>At 31 July</b>	<u><b>2</b></u>	<u><b>4</b></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 23 ).

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## 28. RECONCILIATION OF MOVEMENTS ON RESERVES

### (a) The Group

	<b>Revaluation Reserve £'000</b>	<b>Specific Reserve £'000</b>	<b>Revenue Reserve £'000</b>	<b>Total Reserves £'000</b>
Balance at 1 August 1998				
As previously reported	25,064	2,168	11,300	38,352
Prior year adjustment as restated	-	-	906	906
	<u>25,064</u>	<u>2,168</u>	<u>12,206</u>	<u>39,438</u>
Surplus for the year	-	-	2,963	2,963
Reimbursement of capital element of debt inherited from local authority	194	-	-	194
Transfer (to) / from reserves	(1,276)	(110)	1,386	-
<b>Balance at 31 July 1999</b>	<b><u>23,982</u></b>	<b><u>2,058</u></b>	<b><u>16,555</u></b>	<b><u>42,595</u></b>

### (b) The University

	<b>Revaluation Reserve £'000</b>	<b>Specific Reserve £'000</b>	<b>Revenue Reserve £'000</b>	<b>Total Reserves £'000</b>
Balance at 1 August 1998				
As previously reported	19,983	1,492	10,315	31,790
Prior year adjustment as restated	-	-	906	906
	<u>19,983</u>	<u>1,492</u>	<u>11,221</u>	<u>32,696</u>
Surplus for the year	-	-	3,403	3,403
Reimbursement of capital element of debt inherited from local authority	194	-	-	194
Transfer (to) / from reserves	(1,155)	(132)	1,287	-
<b>Balance at 31 July 1999</b>	<b><u>19,022</u></b>	<b><u>1,360</u></b>	<b><u>15,911</u></b>	<b><u>36,293</u></b>

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## 29. FINANCIAL COMMITMENTS

### (a) Operating leases

At 31 July 1999 the group had commitments during the next financial year in respect of operating leases:

	<b>Land and Buildings £'000</b>
Leases which expire:	
Within one year	-
Within 2 to 5 years	-
After 5 years	4,236
	<b><u>4,236</u></b>

### (b) Finance Leases

At 31 July 1999 the group had annual commitments under finance leases as follows:

	<b>1999 £'000</b>	<b>1998 £'000</b>
Repayable within one year	475	475
Within one to two years	163	475
Within two to five years	-	163
	<b><u>638</u></b>	<b><u>1,113</u></b>
Interest charges allocated to future periods	(94)	(164)
	<b><u>544</u></b>	<b><u>949</u></b>
Disclosed in the balance sheet as:		
Due within one year	405	405
Within one to two years	139	405
Within two to five years	-	139
	<b><u>544</u></b>	<b><u>949</u></b>

## 30. CAPITAL COMMITMENTS

Capital expenditure authorised and contracted for but not provided in the accounts amounts to £5.918 million for the Group and University (1998:£nil).

### 31. CASHFLOW FROM OPERATING ACTIVITIES

	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
Surplus before exceptional items	2,009	4,422
<b>Exceptional Items</b>		
Profit on disposal of building	954	497
<b>Surplus from Operating Activities</b>	<b>2,963</b>	<b>4,919</b>
Depreciation	4,126	4,430
Deferred capital grants released to income	(1,127)	(1,895)
Investment income	(1,377)	(1,191)
Profit on disposal of assets	(974)	(497)
Interest payable	3,277	3,385
Decrease in debtors	1,130	566
Increase in creditors	1,658	2,142
Increase in stocks	-	(72)
Capital reimbursement transferred to reserves	194	207
<b>Net Cash Inflow from Operating Activities</b>	<b>9,870</b>	<b>11,994</b>

### 32. ANALYSIS OF CHANGES IN NET DEBT

	<b>At 1 August</b>	<b>Cash Flows</b>	<b>At 31 July</b>
	<b>1998</b>		<b>1999</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	127	(11)	116
Short term deposits	4,092	878	4,970
Bank overdraft	(2,161)	235	(1,926)
	<b>2,058</b>	<b>1,102</b>	<b>3,160</b>
Liquid Resources:			
Current asset investment	2	-	2
Long term deposit	8,800	(1,800)	7,000
	<b>8,802</b>	<b>(1,800)</b>	<b>7,002</b>
Debt:			
Finance leases	(949)	405	(544)
Loans	(34,771)	5,324	(29,447)
	<b>(35,720)</b>	<b>5,729</b>	<b>(29,991)</b>
<b>Net Debt</b>	<b>(24,860)</b>	<b>5,031</b>	<b>(19,829)</b>

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### 33. 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 1999 contributions by the Group to the scheme were £1,369,018.

#### **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 1998 using the projected unit credit method, in which the actuarial liability makes allowance for projected earnings. The following actuarial assumptions were applied:

Investment returns	6.7-7.7% per annum
Salary growth	5.4% per annum
Pensions increase	3.4% per annum
Valuation of assets	Discounted value of future income assuming reinvested in FT Actuaries All Share Index and assuming 3.4% 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.

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### **33. 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 increased from 5.1% to 9% with effect from 1 April 1999.

In the year ending 31 July 1999, contributions by the Group to the scheme were £624,573.

#### **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 1999 contributions by the Group to the scheme were £8,135.

#### **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 1999 contributions by the Group to the scheme were £65,393.