
University of Westminster
Report and Financial Statements
For the year ended 31 July 2000

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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.

UNIVERSITY OF WESTMINSTER
(A Company Limited by Guarantee and an Exempt Charity)

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

Philip Harding, MSc FCMA

Company Secretary

Carole Mainstone, MA MBA

Auditors

*Deloitte and Touche, Chartered Accountants
Verulam Point, Station Way, St Albans, Herts AL1 5HE*

Bankers

*National Westminster Bank plc
HSBC plc*

Registered Office

309 Regent Street, London W1B 2UW

Registered Number

977818 England and Wales

COURT OF GOVERNORS

The following were Governors (Directors) of the University during the year ended 31 July 2000

Chairman Sir Alan Thomas

Deputy Chairman Sir Malcolm Bates

	Appointed	Resigned
Ms K Bahl		
Cllr J. Bianco		
Mr G Cole		
Dr G M Copland (Vice-Chancellor and Rector)		
Mr M J Crosby		
Ms M Crotty		
Cllr M Davine	18.10.99	
Mr J D Harris		20.12.99
The Hon Dame Mary Hogg		
Lady Hollick		
Ms A Jogiya	3.7.00	
Dr K E Kirkham		3.7.00
Ms I Macpherson	8.5.00	
Ms S Maddock		
Dr B M Minton		
Mr I Newton	18.10.99	
Mr M G Riley		3.7.00
Professor J R Shackleton		
Mr W C Shaw		20.12.99
Mr P J Snell		
Dr M Tyler (Deputy Vice-Chancellor and Rector)		
Mr J M White	18.10.99	
Dr T R Wright		3.7.00

COMMITTEE MEMBERSHIP

Finance and Property

Sir Malcolm Bates (Chairman)
Dr Geoffrey Copland
Ms Ishbel Macpherson
Dr Barry Minton
Sir Alan Thomas

Personnel

Mr John Crosby (Chairman)
Ms Kamlesh Bahl
Mrs Margaret Davine
Mr Philip Snell
Dr Maud Tyler

Audit

Mr Ian Newton (Chairman)
Mrs Jenny Bianco
Mr Godfrey Cole

Nominations

Sir Alan Thomas (Chairman)
Mr Godfrey Cole
Dr Geoffrey Copland
Lady Hollick
Professor Len Shackleton
Mr Phillip Snell

Remuneration

Sir Alan Thomas (Chairman)
Sir Malcolm Bates
Dr Geoffrey Copland
Mr John Crosby

COURT OF GOVERNORS (continued)

Ms Kamlesh Bahl, LLB, CBE was 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 AMP (UK), including Pearl Group and NPI Ltd. 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, LL.M, 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.

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

Mr John Crosby, BA, MA, CIMgt, CCIPD, FIOD 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 a Court member of the University of Sussex.

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

Mrs Margaret Davine BA, MA is a Harrow Borough Councillor.

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 Hollick BA is a former television producer and director. She is a member of the Commission on the Future of Multi-ethnic Britain and Chair of The Friends of the Tate. 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.

Ms Angel Jogiya, BA (Hons) is the 2000/2001 sabbatical President of the University of Westminster Students' Union.

Ms Ishbel Macpherson, MA, is a Director of Dresdner Kleinwort Benson, where she runs the Corporate Finance team responsible for supporting UK growth companies.

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 director of several venture-capital funded companies.

Mr Ian Newton, FCA is a director of Powerstrand Limited. He is Chairman of the Audit Committee.

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

Mr Phillip Snell, BA, MA, FRSA is headmaster of Kingsbury High School. He is a member of Brent's Education Committee, an assessor for NPQH and Vice –President of the British Association of Local History.

Sir Alan Thomas, BSc, FCMA, CEng, FIEE, CIMgt is Chairman of the Court of Governors. He is Chairman of Firth Holdings plc, Micro Quoted Investment Trust plc and Chelverton Asset Management Ltd 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 OneClickHR plc and blueU.com. He currently serves on the boards of Pepperdine University (California) and the Institute of Economic Affairs Education Committee (London). Jeremy co-founded the charity YouthNet.

REPORT OF THE COURT OF GOVERNORS

FINANCIAL STATEMENTS for the year ended 31 July 2000

1. ACTIVITIES

The University of Westminster provides industrial, commercial, professional and scientific education, training and research for students at all levels of higher education. The mission statement also highlights the international dimension of the University and its role in supporting the London region. There has been no significant change in the activities of the University during the year.

2. OPERATING AND FINANCIAL REVIEW

The University achieved an operating surplus of £3.46m for the financial year 1999/2000 and has now recorded positive operating surpluses in each of the last 4 years. The historic cost surplus for the year was £4.03m., above the 3% target level and the revenue reserve now stands at £20.8m. equivalent to 22% of total income. Total income rose by 6% to £94.2 m with the most significant growth being from non-government sources.

There was a net cash outflow for the year of £2.4 m. This was the combined result of the investment of nearly £7m into the University's estate and infrastructure, the placing of a proportion of the cash balances into long term deposits and the repayment of a further tranche of debt. The University's net debt was reduced by £5.2 m and now stands at £14.7 m. This has now been reduced by over £10m in the last 2 years.

The financial results reflect the underlying success of the University in achieving its key strategic aims. The quality and range of academic activity has continued to improve and student recruitment targets were achieved. The University has undoubtedly benefited from the stability and investment capacity which the University's financial performance provides.

The University has set a budget for 2000/01 based on achieving an operating surplus of £2.3m. This is a challenging target given the particularly problematic environment in higher education at the present time.

3. FUTURE DEVELOPMENTS

The University's strategic aims for the period 1998-2003 are set-out in the Strategic Plan (Into The New Millennium). The objectives established then remain the focus of the University's efforts, despite the considerable volatility in the environment within which the University operates.

The objectives are to:

- monitor and enhance the quality and standards of teaching and research and reduce activities in areas not central to its mission,
- expand service in innovative and successful subject areas to meet market needs,
- increase public image, awareness and standing,
- increase income, particularly from non-government and private sources and control expenditure,
- produce a surplus to give a consistent financial return of at least 3% of turnover for contingency and future investment.

The fulfillment of these objectives requires continued concerted effort across the University, despite the good progress made to date. A structure of secondary objectives has been put in place to ensure these strategic objectives are met. These are categorised as leadership and corporate structure; teaching, learning and research; staff; resources and operations.

Leadership and Corporate Structure

- to maintain and continue to operate a strong management team and management structure under the leadership of the Vice Chancellor,
- to create and sustain an accountable management culture aimed at achieving the highest quality results consistent with the lowest consumption of resources.
- to provide enhanced responsibility and accountability alongside responsiveness to opportunities.

Teaching, Learning and Research

- to keep under continuous review and development the teaching and research portfolios, emphasising quality, innovation, marketability and effective and efficient use of resources.
- to identify clearly the objectives, resource needs and characteristics of students for programmes of study.
- to review the nature and structure of the teaching programmes to ensure the efficient achievement of declared objectives and to remove components which add no real value, quality or effectiveness of delivery.
- to market teaching, research and consultancy with the personal intervention of senior University staff, capitalising on the strong Westminster brand name and using efficient promotion and sales mechanisms.
- to form strategic alliances with employers and professional bodies, particularly of national and international importance, for the purposes of enhanced employment opportunities for graduates, sponsorship, research and consultancy.
- to form strategic alliances with selected educational institutions with a view to joint provision, resource sharing, student progression routes and potential partnership.

Staff

- to implement a human resource strategy aimed at improving staff performance and industrial relations.
- to develop all staff through well focused appraisal systems.

Resources and Operations

- to develop and make use of a clearly understood system of resource allocation.
- to develop further support and guidance services for staff and students which are cost effective and responsive.

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- to achieve strong control by the management team of revenue and capital expenditure with accountability for all resources used and firm adherence to budgetary constraints; to maintain firm control of staff budgets and to continue to make available an early retirement scheme.
 - to maximise income from the HEFCE and other public sources and to develop and implement strategies for enhancing income from the private sector.
 - to provide timely, accurate and credible management information to enable effective decision making throughout the University.
 - to provide buildings and facilities which provide a stimulating working environment for staff and students and which will be attractive to full-cost and professional development users.

4. GOVERNORS

All Governors of the University are Directors of the Company. A list of Governors who served during the year to 31 July 2000 appears on page 4. None of the Governors had an interest in any contract which subsisted during the period of this report, other than those who are full time members of staff and those associated with the transactions disclosed in note 15 to the accounts.

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 Negotiating Committees (with representation from management and trade unions) are held at frequent intervals. The Vice-Chancellor issues a regular briefing to all staff, providing information on the University's performance and plans, and a magazine is distributed to all employees.

6. EMPLOYMENT OF DISABLED PERSONS

The University, in accordance with its Equal Opportunities Policy, continues to welcome applications from people with disabilities who possess the necessary attributes for particular posts and will continue where possible 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 a more appropriate alternative and offers counselling, training, career development and promotion prospects in the same manner to all employees.

7. HEALTH AND SAFETY

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

8. AUDITORS

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.

C Mainstone
Company Secretary
12 December 2000

CORPORATE GOVERNANCE STATEMENT

The Cadbury Report on the financial aspects of Corporate Governance, published on 1 December 1992, included a code of best practice 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 eighteen 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. Ian Newton and comprises two other non-executive Governor members. The Audit Committee meets at least four times a year and reviews the work of the external and internal auditors of the University. The Committee considers detailed reports, 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 discussion.

FINANCE AND PROPERTY COMMITTEE

This Committee is chaired by Sir Malcolm Bates and comprises three other non-executive Governors and the Vice-Chancellor and 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 three other non-executive Governors and the Deputy Vice-Chancellor, meets when necessary to review the policy for the remuneration and development of University employees.

REMUNERATION COMMITTEE

This Committee, chaired by Sir Alan Thomas and comprising two 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 and Fellowships 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 system 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.

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 17 to 43 which have been prepared under the accounting policies set out on pages 23 to 26.

Respective responsibilities of the Court of Governors and the auditors

As described on pages 14 - 15 the Court of Governors is responsible for the preparation of financial statements which comply with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 2000 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, and the Statements of Recommended Practice on Accounting in Further and Higher Education Institutions.
2. Income 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
Verulam Point
Station Way
St. Albans
Herts AL1 5HE

12 December 2000

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 July 2000

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NOTE OF CONSOLIDATED HISTORICAL COST SURPLUSES AND DEFICITS
For the year ended 31 July 2000

	2000 £'000	1999 £'000
Surplus for the financial year	3,460	2,963
Difference between historical cost depreciation and the actual depreciation charge for the year calculated on the revalued amount	569	569
Realisation of property revaluation gain of previous year	-	707
Historical Cost Surplus	<u>4,029</u>	<u>4,239</u>

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 July 2000

	2000 £'000	1999 £'000
Surplus for the financial year	3,460	2,963
Reimbursement of capital element of debt inherited from local authority	178	194
Total recognised gains for the year	<u>3,638</u>	<u>3,157</u>

CONSOLIDATED BALANCE SHEET as at 31 July 2000

		2000		1999	
	Note	£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets	18	78,431		75,750	
Investments	19	<u>37</u>		<u>32</u>	
			78,468		75,782
Current Assets					
Stocks	20	97		84	
Debtors due within one year	21	5,208		5,831	
Debtors due after more than one year	21	2,746		2,714	
Investments	22	2		2	
Cash deposits		12,340		11,970	
Cash at hand and in bank		<u>65</u>		<u>116</u>	
		20,458		20,717	
Creditors					
Amounts falling due within one year	23	<u>(14,849)</u>		<u>(15,209)</u>	
Net Current Assets			<u>5,609</u>		<u>5,508</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			84,077		81,290
Creditors					
Amounts falling due after more than one year	23		(28,582)		(32,072)
Non equity minority interests	25		-		8
NET ASSETS			<u>55,495</u>		<u>49,226</u>
Deferred capital grants	26		9,262		6,631
Reserves					
Revaluation reserve	28		23,591		23,982
Specific reserve	28		1,873		2,058
Revenue reserve	28		20,769		16,555
Total Reserves			<u>46,233</u>		<u>42,595</u>
TOTAL			<u><u>55,495</u></u>		<u><u>49,226</u></u>

Approved by the Court of Governors on 12 December 2000.

Sir Alan Thomas
Chairman

Dr G M Copland
Vice-Chancellor and Rector

UNIVERSITY OF WESTMINSTER

UNIVERSITY BALANCE SHEET as at 31 July 2000

		2000		1999	
	Note	£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets	18	44,307		40,868	
Investments	19	<u>24,909</u>		<u>24,904</u>	
			69,216		65,772
Current Assets					
Debtors due within one year	21	6,655		5,737	
Debtors due after more than one year	21	2,746		5,061	
Investments	22	1		1	
Cash deposits		12,340		11,970	
Cash at hand and in bank		<u>16</u>		<u>15</u>	
		21,758		22,784	
Creditors					
Amounts falling due within one year	23	<u>(13,890)</u>		<u>(14,236)</u>	
Net Current Assets			<u>7,868</u>		<u>8,548</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			77,084		74,320
Creditors					
Amounts falling due after more than one year	23		(32,167)		(33,893)
NET ASSETS			<u>44,917</u>		<u>40,427</u>
Deferred capital grants	26		6,819		4,134
Reserves					
Revaluation reserve	28	18,752		19,022	
Specific reserve	28	1,086		1,360	
Revenue reserve	28	<u>18,260</u>		<u>15,911</u>	
Reserves			38,098		36,293
			44,917		40,427

Approved by the Court of Governors on 12 December 2000.

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 2000**

		2000	1999
	Note	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	31	10,023	9,870
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		1,280	1,377
Interest paid		(2,784)	(3,130)
Interest element of finance lease payments		(145)	(147)
Net cash outflow from returns on investments and servicing of finance		(1,649)	(1,900)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(6,523)	(6,553)
Receipts from sale of assets		18	1,732
Deferred capital grants received		3,298	1,882
Net cash outflow from capital expenditure and financial investment		(3,207)	(2,939)
CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		5,167	5,031
MANAGEMENT OF LIQUID RESOURCES			
(Increase)/reduction in long term deposits		(3,539)	1,800
FINANCING			
Capital element of finance lease repayments		(405)	(405)
Capital element of loan repayments		(3,822)	(5,604)
Loans acquired		191	280
Net cash outflow from financing		(4,036)	(5,729)
(DECREASE)/INCREASE IN CASH	32	(2,408)	1,102

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2000		1999	
		£'000	£'000	£'000	£'000
(Decrease)/increase in cash in period		(2,408)		1,102	
Cash outflow/(inflow) from increase/(decrease) in liquid resources		3,539		(1,800)	
Cash outflow from decrease in debt and lease financing		<u>4,036</u>		<u>5,729</u>	
Change in net debt resulting from cash flows			<u>5,167</u>		<u>5,031</u>
Movement in net debt in the period			<u>5,167</u>		<u>5,031</u>
Net debt at 1 August			<u>(19,829)</u>		<u>(24,860)</u>
Net debt at 31 July	32		<u>(14,662)</u>		<u>(19,829)</u>

UNIVERSITY OF WESTMINSTER
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2000

1. COMPANY STATUS

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

Each of the 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: *Accounting in Further and Higher Education Institutions* (SORP) as modified, 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 2000.

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

4. ACCOUNTING POLICIES

a. HEFCE Grants

Revenue grants are accounted for in the year in which they are receivable in accordance with advice given by HEFCE.

Revenue grants attributable to a subsequent financial year are included in creditors under the classification of deferred income.

Non-recurrent grants from HEFCE or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

b. Tangible Assets

i) Land and Buildings

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

The group enjoys the occupation and facilities of certain land and buildings which are the property of 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.

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, and contributions to the schemes are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is at a substantially constant percentage of present and future pensionable payroll.

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 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. FUNDING COUNCIL GRANTS

		2000	1999
		£'000	£'000
	Note		
(a) Recurrent grant from HEFCE			
Main allocation		41,209	40,739
Research		2,321	1,706
Select initiatives		265	322
Pension liabilities		410	391
Inherited liabilities (capital related):			
Premises rents		442	470
Debt charges		659	672
		45,306	44,300
(b) Release of HEFCE capital grants	6	667	1,127
		45,973	45,427

(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.

6. RELEASE OF HEFCE CAPITAL GRANTS

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

	2000	1999
	£'000	£'000
Deferred grants brought forward	6,631	5,876
HEFCE grants received in the year	3,298	1,882
	<u>9,929</u>	<u>7,758</u>
Release of HEFCE capital grants	(667)	(1,127)
	<u>9,262</u>	<u>6,631</u>

7. ACADEMIC FEES AND SUPPORT GRANTS

	2000	1999
	£'000	£'000
Tuition fees for full, part-time and sandwich courses	21,672	19,399
Full cost courses	7,036	5,213
Short courses	2,512	3,567
	<u>31,220</u>	<u>28,179</u>

8. RESEARCH GRANTS AND CONTRACTS

	2000	1999
	£'000	£'000
Income		
Government departments	2,672	1,385
Research councils	364	296
Other bodies	2,059	1,588
	<u>5,095</u>	<u>3,269</u>
Expenditure		
Staff costs	1,654	1,510
Other operating expenses	3,119	1,701
	<u>4,773</u>	<u>3,211</u>
Surplus	<u>322</u>	<u>58</u>

9. OTHER OPERATING INCOME

	2000	1999
	£'000	£'000
Residences and catering	4,722	4,221
Recreation	254	248
Rents and lettings	2,218	2,210
Photocopier income	246	238
Sundry sales	378	400
Teaching companies	183	119
Miscellaneous	1,795	1,332
Donations	838	577
Profit on disposal of investment	-	20
Profit on disposal of fixed assets	18	954
	10,652	10,319

10. EXPENDITURE BY ACTIVITY

	2000			1999		
	Staff Costs	Other Operating Expenses	Total	Staff Costs	Other Operating Expenses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Academic departments	35,264	8,619	43,883	31,157	10,308	41,465
Academic support services	2,115	2,098	4,213	2,850	2,428	5,278
Research	1,654	3,119	4,773	1,510	1,701	3,211
Administration and central services	5,716	6,406	12,122	4,954	5,794	10,748
Premises	1,634	12,901	14,535	1,486	11,956	13,442
Residences and catering	260	4,204	4,464	222	3,835	4,057
Donations (see note 10a)	-	4	4	-	4	4
	46,643	37,351	83,994	42,179	36,026	78,205

10a Donations

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

	2000	1999
	£	£
The University of Westminster Prize and Scholarship Fund	<u>3,900</u>	<u>4,250</u>

11. INTEREST PAYABLE

	2000 £'000	1999 £'000
Finance leases	145	147
Bank and other loans wholly repayable within five years	267	1
Bank and other loans repayable wholly or partly in more than five years	362	982
Inherited debt	659	674
Promissory note	1,496	1,473
	<u>2,929</u>	<u>3,277</u>

12. DEPRECIATION

	2000 £'000	1999 £'000
The depreciation charge has been funded by:		
Release of deferred capital grants	667	1,228
Release of revaluation reserve	569	569
General income	2,601	2,329
	<u>3,837</u>	<u>4,126</u>

13. INFORMATION REGARDING EMPLOYEES

	2000 £'000	1999 £'000
(a) Employee costs		
Wages and salaries	39,432	36,008
Social security costs	3,160	2,891
Other pension costs	2,524	2,067
Other staff related costs	1,527	1,213
	<u>46,643</u>	<u>42,179</u>
(b) Average number of people employed by the group in the year		
	No.	No.
Teaching and support staff	1,075	1,033
Part time teachers	517	472
Premises and grounds staff	94	93
Administrative staff	279	258
	<u>1,965</u>	<u>1,856</u>

13. INFORMATION REGARDING EMPLOYEES (continued)

	2000	1999
(c) Remuneration of higher paid staff (excluding Governors)	No.	No.
The following staff received remuneration of £50,000 or over		
£50,000 - £59,999	15	8
£60,000 - £69,999	7	3
£70,000 - £79,999	-	2
£90,000 - £99,999	1	-
	23	13

14. EMOLUMENTS OF GOVERNORS

	2000 £'000	1999 £'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)	353	335
(b) The emoluments of the Chairman and Executive Governors are:		
Chairman: Sir Alan Thomas	£ -	£ -
Highest paid Governor: Dr G M Copland as Vice-Chancellor and Rector	124,045	116,283

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 the Teachers' Superannuation Scheme are paid at the same rates as for other academic staff and amounted to £8,020 (1999: £7,354)

Five of the Governors (1999:five) are members of the University's defined benefit pension scheme and accrued benefits during the year under that scheme.

15. RELATED PARTY TRANSACTIONS

Due to the nature of the University's operations and the composition of the Court of Governors (being drawn from both public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Court of Governors may have an interest. All transactions involving organisations in which a member of the Court of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. Transactions totalling £11,163 relating to the purchase of specialist equipment, took place with NETTEC plc, a company of which J.N.White is Chairman and Chief Executive. There were no amounts outstanding.

16. SURPLUS FOR THE FINANCIAL YEAR BEFORE TRANSFERS FROM RESERVES

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

	2000 £'000	1999 £'000
Auditors remuneration:		
audit fee	20	24
University	11	11
Subsidiary Companies	49	18
other services*		
Operating lease rentals:		
property rents	4,889	4,230
Depreciation:		
owned assets	3,446	3,431
leased assets	391	695
Profit on disposal of fixed assets	18	954
Profit on disposal of fixed asset investments	-	20

* Included within auditors remuneration – other services is the cost of the review of the Estates Strategy during the current financial year.

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 £1.627 m (1999:£3.403 m).

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
Cost or Valuation								
At 1 August 1999	69,497	9,377	926	17,884	1,028	1,976	91	100,779
Additions	-	78	5,562	586	70	212	10	6,518
At 31 July 2000	69,497	9,455	6,488	18,470	1,098	2,188	101	107,297
Accumulated depreciation								
At 1 August 1999	6,044	636	-	16,305	812	1,183	49	25,029
Charge for the year	1,326	307	-	1,285	174	729	16	3,837
At 31 July 2000	7,370	943	-	17,590	986	1,912	65	28,866
Net book value at 31 July 2000	62,127	8,512	6,488	880	112	276	36	78,431
Net book value at 31 July 1999	63,453	8,741	926	1,579	216	793	42	75,750

(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 1999	30,837	9,377	926	17,884	1,028	1,976	91	62,119
Additions	-	78	5,562	586	70	212	10	6,518
At 31 July 2000	30,837	9,455	6,488	18,470	1,098	2,188	101	68,637
Accumulated depreciation								
At 1 August 1999	2,266	636	-	16,305	812	1,183	49	21,251
Charge for the year	568	307	-	1,285	174	729	16	3,079
At 31 July 2000	2,834	943	-	17,590	986	1,912	65	24,330
Net book value at 31 July 2000	28,003	8,512	6,488	880	112	276	36	44,307
Net book value at 31 July 1999	28,571	8,741	926	1,579	216	793	42	40,868

18. TANGIBLE ASSETS (continued)

	The Group		The University	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
(c) (i) Analysis of land and buildings at cost or valuation:				
At cost	43,289	43,289	11,671	11,671
Revaluation increase	26,208	26,208	19,166	19,166
At valuation: 31 July 1995	<u>69,497</u>	<u>69,497</u>	<u>30,837</u>	<u>30,837</u>

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

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

	The Group		The University	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
(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	(4,664)	(3,904)	(1,039)	(901)
Net book value	<u>38,625</u>	<u>39,385</u>	<u>10,632</u>	<u>10,770</u>

(iii) The value of freehold land and buildings includes £5.704 million in respect of land that is not depreciated (1999:£5.704 million).

(d)

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

	The Group and University	
	2000	1999
	£'000	£'000
Cost	1,953	1,953
Aggregate depreciation	(1,904)	(1,513)
Net book value	<u>49</u>	<u>440</u>

19. FIXED ASSET INVESTMENTS

	The Group		The University	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Share in subsidiary undertakings:				
At 1 August	-	-	24,872	16,172
Additions	-	-	-	8,700
At 31 July	-	-	24,872	24,872
Share in CVCP Properties plc:				
At 1 August	32	26	32	26
Additions	5	6	5	6
At 31 July	37	32	37	32
Total fixed asset investments	37	32	24,909	24,904

(i) The addition to CVCP Properties plc for the year represents an investment in 37,111 fully paid Ordinary £1 shares. It is not a quoted company.

(ii) The following companies were all held as investments by the University of Westminster on 31 July 2000. They are all subsidiary undertakings of the University and all 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.

20. STOCKS

The Group only

	2000 £'000	1999 £'000
Goods for resale	<u>97</u>	<u>84</u>

21. DEBTORS

	The Group		The University	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Amounts falling due within one year:				
HEFCE	413	457	413	457
Trade and sundry debtors	1,360	1,573	970	1,023
Amounts owed by subsidiary companies	-	-	2,764	1,444
Other debtors	1,569	2,035	1,105	1,358
Loans	301	286	301	286
Prepayments and accrued income	1,565	1,480	1,102	1,169
	<u>5,208</u>	<u>5,831</u>	<u>6,655</u>	<u>5,737</u>
Amounts falling due between one and five years:				
Amounts owed by subsidiary companies	-	-	-	710
Loans	1,410	1,335	1,410	1,335
	<u>1,410</u>	<u>1,335</u>	<u>1,410</u>	<u>2,045</u>
Amounts falling due over five years:				
Amounts owed by subsidiary companies	-	-	-	1,637
Loans	1,336	1,379	1,336	1,379
	<u>1,336</u>	<u>1,379</u>	<u>1,336</u>	<u>3,016</u>
Total debtors	<u>7,954</u>	<u>8,545</u>	<u>9,401</u>	<u>10,798</u>

22. INVESTMENTS HELD AS CURRENT ASSETS

	The Group		The University	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Valuation at 31 July	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>

On 31 May 1997, the University acquired 200 fully paid ordinary 20 pence shares in Halifax plc. Following a return of capital and restructuring in the previous year the University now holds 185 shares in Halifax Group plc with a market value of £968 at 31 July 2000 (market value 1999:£1,204).

The group also holds £494 of 12% Exchequer stock, the market value of which was £810 at 31 July 2000 (1999: £820).

23. CREDITORS

	The Group		The University	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade creditors	4,021	4,580	3,916	4,540
Bank and other borrowings (see note 24)	1,666	2,822	1,666	2,822
Access Funds (see note 27)	96	2	96	2
Taxation and social security	1,803	70	1,803	47
Provision for enhanced future pensions	181	189	181	189
Other creditors	1,200	2,443	1,078	2,023
Amounts due to subsidiary undertakings	-	-	-	300
Accruals and deferred income	5,882	5,103	5,150	4,313
	<u>14,849</u>	<u>15,209</u>	<u>13,890</u>	<u>14,236</u>
Amounts falling due between one and two years:				
Bank and other borrowings (see note 24)	231	361	231	361
Provision for enhanced future pensions	181	189	181	189
Accruals and deferred income	-	-	-	550
	<u>412</u>	<u>550</u>	<u>412</u>	<u>1,100</u>
Amounts falling due between two and five years:				
Bank and other borrowings (see note 24)	702	756	702	756
Provision for enhanced future pensions	544	567	544	567
Accruals and deferred income	-	-	-	1800
	<u>1,246</u>	<u>1,323</u>	<u>1,246</u>	<u>3,123</u>
Amounts falling due over five years:				
Bank and other borrowings (see note 24)	24,470	27,999	8,715	12,412
Provision for enhanced future pensions	2,454	2,200	2,454	2,200
Amounts due to subsidiary undertakings	-	-	19,340	13,808
Accruals and deferred income	-	-	-	1,250
	<u>26,924</u>	<u>30,199</u>	<u>30,509</u>	<u>29,670</u>
Total Creditors	<u>43,431</u>	<u>47,281</u>	<u>46,057</u>	<u>48,129</u>

24. BANK AND OTHER BORROWINGS

	The Group		The University	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank and other borrowings due within one year or on demand:				
Bank loans and overdrafts				
Secured	-	68	-	68
Unsecured	1,114	1,926	1,114	1,926
	<u>1,114</u>	<u>1,994</u>	<u>1,114</u>	<u>1,994</u>
Other unsecured loans	413	423	413	423
Finance lease obligations	139	405	139	405
	<u>1,666</u>	<u>2,822</u>	<u>1,666</u>	<u>2,822</u>
Bank and other borrowings due between one and two years:				
Bank loan – secured	-	1	-	1
	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Other unsecured loans	231	221	231	221
Finance lease obligations	-	139	-	139
	<u>231</u>	<u>361</u>	<u>231</u>	<u>361</u>
Bank and other borrowings due between two and five years:				
Bank loans – secured	-	53	-	53
	<u>-</u>	<u>53</u>	<u>-</u>	<u>53</u>
Other unsecured loans	702	703	702	703
	<u>702</u>	<u>756</u>	<u>702</u>	<u>756</u>
Bank and other borrowings due after more than five years:				
Bank loans – secured	2,835	6,345	2,835	6,345
	<u>2,835</u>	<u>6,345</u>	<u>2,835</u>	<u>6,345</u>
Other unsecured loans	5,880	6,089	5,880	6,007
Promissory note	15,755	15,565	-	-
	<u>24,470</u>	<u>27,999</u>	<u>8,715</u>	<u>12,352</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 7.54% to 10.28%.

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

	The Group		The University	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Balance at 1 August	6,631	5,876	4,134	3,325
HEFCE grant received	3,298	1,882	3,298	1,882
	9,929	7,758	7,432	5,207
Release of HEFCE grant	(667)	(1,127)	(613)	(1,073)
Balance at 31 July	9,262	6,631	6,819	4,134
Amounts falling due within one year	382	667	328	613
Amounts falling due between one and two years	244	301	189	247
Amounts falling due between two and five years	731	484	568	321
Amounts falling due over five years	7,905	5,179	5,734	2,953
Total	9,262	6,631	6,819	4,134

27. ACCESS FUND FOR STUDENTS

The University received and distributed HEFCE Access funds as follows.

	2000 £'000	1999 £'000
At 1 August	2	4
Received	900	549
Interest accrued	19	11
Distributed	(825)	(562)
At 31 July	96	2

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).

28. RECONCILIATION OF MOVEMENTS ON RESERVES

(a) The Group

	Revaluation Reserve £'000	Specific Reserve £'000	Revenue Reserve £'000	Total Reserves £'000
Balance at 1 August 1999	23,982	2,058	16,555	42,595
Surplus for the year	-	-	3,460	3,460
Reimbursement of capital element of debt inherited from local authority	178	-	-	178
Transfer (to) / from reserves	(569)	(185)	754	-
Balance at 31 July 2000	<u>23,591</u>	<u>1,873</u>	<u>20,769</u>	<u>46,233</u>

(b) The University

	Revaluation Reserve £'000	Specific Reserve £'000	Revenue Reserve £'000	Total Reserves £'000
Balance at 1 August 1999	19,022	1,360	15,911	36,293
Surplus for the year	-	-	1,627	1,627
Reimbursement of capital element of debt inherited from local authority	178	-	-	178
Transfer (to) / from reserves	(448)	(274)	722	-
Balance at 31 July 2000	<u>18,752</u>	<u>1,086</u>	<u>18,260</u>	<u>38,098</u>

29. FINANCIAL COMMITMENTS

(a) Operating leases

At 31 July 2000 the group had commitments during the next financial year in respect of operating leases:

	Land and Buildings £'000
Leases which expire:	
Within one year	-
Within 2 to 5 years	-
After 5 years	4,900
	<u>4,900</u>

(b) Finance Leases

At 31 July 2000 the group had annual commitments under finance leases as follows:

	2000 £'000	1999 £'000
Repayable within one year	163	475
Within one to two years	-	163
	<u>163</u>	<u>638</u>
Interest charges allocated to future periods	(24)	(94)
	<u>139</u>	<u>544</u>
Disclosed in the balance sheet as:		
Due within one year	139	405
Within one to two years	-	139
	<u>139</u>	<u>544</u>

30. CAPITAL COMMITMENTS

Capital expenditure authorised and contracted for but not provided in the accounts amounts to £3.514 m for the Group and University (1999:£5.918 m).

31. CASHFLOW FROM OPERATING ACTIVITIES

	2000	1999
	£'000	£'000
Surplus from Operating Activities	3,460	2,963
Depreciation	3,837	4,126
Deferred capital grants released to income	(667)	(1,127)
Investment income	(1,280)	(1,377)
Profit on disposal of assets	(18)	(974)
Interest payable	2,929	3,277
Decrease in debtors	598	1,130
Increase in creditors	999	1,658
Increase in stocks	(13)	-
Capital reimbursement transferred to reserves	178	194
Net Cash Inflow from Operating Activities	10,023	9,870

32. ANALYSIS OF CHANGES IN NET DEBT

	At 1 August 1999 £'000	Cash Flows £'000	Other Changes	At 31 July 2000 £'000
Cash at bank and in hand	116	(51)	-	65
Short term deposits	4,970	(3,169)	-	1,801
Bank overdraft	(1,926)	812	-	(1,114)
	3,160	(2,408)	-	752
Liquid Resources:				
Current asset investment	2	-	-	2
Long term deposit	7,000	3,539	-	10,539
	7,002	3,539	-	10,541
Debt:				
Finance leases	(544)	405	-	(139)
Loans due within one year	(423)	423	(413)	(413)
Loans due after more than one year	(29,024)	3,208	413	(25,403)
	(29,991)	4,036	-	(25,955)
Net Debt	(19,829)	5,167	-	(14,662)

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 scheme is subject to an actuarial review not less than every five years. The last actuarial valuation on the Teachers' Superannuation Scheme (England and Wales) was performed by the Government Actuary on 31 March 1996 and covered the period 1 April 1991 to 31 March 1996.

Subsequent to a valuation of the fund by the Government Actuary on 31 March 1996 it was determined that the employer's contribution would be 7.4%. The following actuarial assumptions were applied.

Investment returns	8.5% per annum
Salary growth	6.5% per annum
Price inflation	5.0% per annum

In the year ending 31 July 2000 contributions by the Group to the scheme were £1,446,163.

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.

33. PENSION COSTS (continued)

In accordance with the Local Government Superannuation Regulations, an actuarial valuation was carried out on 31 March 1998 with the employer's contribution increased from 5.1% to 9% with effect from 1 April 1999.

In the year ending 31 July 2000, contributions by the Group to the scheme were £970,465.

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 1999 using the projected unit credit method, in which the actuarial liability makes allowance for projected earnings. The following actuarial assumptions were applied:

Investment returns	4.5-5.3% per annum.
Salary growth	4.1% per annum
Price inflation	2.6% per annum

Subsequent to a valuation of the fund on 31 March 1999 it was determined that the employer's contribution would be 10.5%.

In the year ended 31 July 2000 contributions by the Group to the scheme were £6,932.

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 1999 using the projected unit credit method, in which the actuarial liability makes allowance for projected earnings. The following assumptions were applied:

Investment returns	4.5% per annum
Salary growth	3.6% per annum
Price inflation	2.6% per annum

Subsequent to a valuation of the fund on 31 March 1999 it was determined that the employer's contribution would be 14%.

In the year ended 31 July 2000 contributions by the Group to the scheme were £100,424.