

**UNIVERSITY OF WESTMINSTER**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

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## OPERATING AND FINANCIAL REVIEW

### ABOUT THE UNIVERSITY OF WESTMINSTER

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#### **Who we are**

The University of Westminster is a diverse and dynamic international education institution situated in the heart of London with more than 20,200 students from 165 different nations.

The University of Westminster has its origins in Britain's first polytechnic, founded in 1838. Since then it has developed into a university that combines both metropolitan and cosmopolitan dimensions, and which is closely involved in business, professional and academic life within London, as well as overseas. The University has always been, and continues to be, imaginative in recognising new needs and developing appropriate offerings for its many target markets. The University also has a strong and historic commitment to promoting equality and embracing diversity.

As a place to work or to study, we strive to strengthen our reputation as a welcoming and inclusive organisation. We promote a dynamic synergy between our Faculties of Architecture and the Built Environment, Science and Technology, Social Sciences and Humanities, our School of Media, Arts and Design, and our Business School. We place equal emphasis on research and teaching by supporting and establishing our reputation for practice-led engagement to generate the greatest impact.

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 in accordance with the Charities Act.

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

The University's Court of Governors is the institution's governing body. It meets five times a year and is ultimately responsible for the effective conduct of the activities of the University, including our strategic development, our educational character and mission, and our financial health. The members of the Court of Governors are the trustees of the charity. In accordance with the Charities Act 2011, HEFCE is the responsible body for regulating universities as charities on behalf of the Charity Commission.

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

#### **Celebrating Success**

The 2015/16 academic year has been another successful year for the University of Westminster. This year we were especially proud of the Westminster graduate Asif Kapadia who has made the Evening Standard's Progress 1000: London's most influential people 2016 – Film list. Asif has won an Academy Award for Best Documentary Feature for the film *Amy*, about the late singer Amy Winehouse. The film also won the 2016 Grammy Award for Best Music Film, as well as a BAFTA for Best Documentary.

In September 2015 the Faculty of Science and Technology launched the largest deployment of Apple iPads in UK Higher Education to revolutionise student learning at the University. Over 2000 2nd and 3rd year undergraduate students and 250 staff members have been provided with the iPads to create an innovative and interactive unique educational experience. The iPads enable students to work more closely with peers and lecturers sharing content and learning collaboratively.

The last year revamped Department of Psychology located on our Cavendish Campus won the award for Best Interior Fit Out in a Public Sector building at the FX Interior Design Award in November 2015. The refurbishment and relocation of the Department of Psychology, carried out by architects Rock Townsend, was commended for its simplicity, unity, the innovative use of space, its lightness and its flexibility.

The University, International Genetically Engineered Machine (iGEM) defending champions, hosted the annual pre-competition UK meet up at Westminster's Marylebone campus in August 2016. For their 2016 project, Westminster's team, Biolinics, headed by BSc Biochemistry graduates Camila Gaspar and Amritpal Singh and BSc Genetics graduate Paulina Brajer, are working towards genetically modifying *E. coli* bacteria to synthesise amino-levulinic acid.

### STRATEGIC AIMS AND OBJECTIVES

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The following aims with specific objectives and Key Performance Indicators are given in the University of Westminster Corporate Strategy, Westminster 2020: The Future in Our Sights:

- To foster a culture where all staff are fully engaged in achieving the success of our single shared vision.
- To establish key international partnerships and increase both the numbers of international students at the University and UK students studying overseas.

- To grow the student population while maintaining an attractive and affordable staff-student ratio without reducing quality.
- To achieve an overall graduate employability level in the upper quartile of UK institutions.
- To increase income from research, academic enterprise and commercial activities significantly.
- Increase annual turnover to maintain long-term financial sustainability of the University and provide stability for staff and students.

These aims will be achieved through five strategically linked themes: Global Engagement; Enhancing Learning; Research with Impact; Academic Enterprise; and Driving Success.

## LEARNING, TEACHING AND RESEARCH

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Westminster's Learning and Teaching Strategy was revised in 2015/16 to support delivery of the Westminster 2020 strategy, and align with best practice guidance published by the Higher Education Academy (HEA) and the Quality Assurance Agency (QAA). The University's five faculties will deliver its six core objectives through:

- an employability focused curriculum
- learning communities
- research, inquiry and practice
- inclusivity and flexibility
- teaching and supporting learning, and
- technology and infrastructure.

During 2016/17 Westminster will provide a submission to the Teaching Excellence Framework, which will recognise and reward excellent learning and teaching. The submission will allow Westminster to reflect on a range of metrics related to student outcomes and provide contextual information related to excellence in learning and teaching.

The **Research Excellence Framework** (REF2014) results were celebrated in December 2014. A distinguished performance overall was recorded with an increase in research strength represented by an increased Grade Point Average (GPA) of 2.74 (against 2.23 in 2008), and a majority of Units of Assessment rated at 2\* and above (against 80% in 2008). The new category of Impact recorded the effect of research outputs on the economy, society, culture, public policy or services, health, the environment or the quality of life beyond academia. Westminster's performance placed it in the top half of all UK universities, with nearly two-thirds of the research rated as world leading or internationally excellent.

### ***Global Engagement***

The University of Westminster embraces global engagement in every arena of institutional activity: learning and teaching; student and staff experience; external relations; and research. With a student population composed of over 160 nationalities, we have one of the largest and most diverse international student bodies of any UK university, and our teaching and research staff come from countries across the globe. A truly internationalised community, there are members of the University's Alumni Association located around the world, and we are currently engaged in strengthening and deepening our interaction with alumni groups in priority regions, including South Asia and China.

International partnerships are key to all areas of our global engagement activity and critical to the delivery of the student and staff experiences we seek to offer, the development of our academic and research portfolios, the improvements to graduate employability we aim to achieve, and the international standing of the University. They likewise support our international recruitment activity and sustain the inclusive, international community we strive to represent.

This year, our international partnership development work has focused on the construction of partnership clusters, or Westminster International Networks (WINs); on the development of collaborative programme and student mobility connections; and on strengthening our international links in areas of geographical priority. Currently, these include North America, India, South East Asia and Hong Kong and China. Our approach to partnership development is selective, strategically driven, and focused. We seek where possible to forge institutional connections of relevance to as many of our Faculties as possible, whilst also encouraging the development of Faculty specific connections. Connections based upon complementarity and the achievement of added value for partnership participants are a priority.

Our partnerships support our commitment to further enhancing opportunities for global experience, for our staff and particularly our students, not least since employers worldwide place a premium on 'global skills' such as international and intercultural awareness.

We continue to expand our portfolio of options for student outward mobility, ranging from standard exchange programmes to short term field trip, placement and summer school activity (including a new summer school with our longstanding partner Westminster International University in Tashkent). We have made new appointments to help us deliver the student mobility agenda even more effectively and have increased uptake of related student support funding. And we continue to offer opportunities for learning new languages or developing existing language skills, through our open language programme, Polylang, as part of our efforts to help our students prepare for graduate employability in a global context.

The University of Westminster will continue to place the international agenda at the heart of institutional strategy and practice, and to ensure that we embed internationalisation in everything we do, including our communications activity, internal and external, and our events planning.

### **Learning Futures**

The Learning Futures programme which commenced in 2012 has aimed to improve the student and staff experience, support students to become highly employable graduates and strengthen the competitive position of the University. The final stages of the programme have been undertaken in 2015/16, ready for full implementation in September 2016, and the programme's closure at the end of October 2016. Learning Futures comprises four discrete but complementary projects:

*Curriculum and Assessment:* students will benefit from a change in the undergraduate academic framework enabling them to study their subjects in more depth through the introduction of 20 academic credit modules; more formative assessment as well as closely defined synoptic assessment which should reflect their sustained engagement with their studies which will promote deeper learning. All undergraduate courses have been reviewed, modified and revalidated, and the new curriculum will run from September 2016

*Transforming Learning and Teaching:* has established a framework for the promotion, development and recognition of excellence and innovation in teaching. This has included the new Learning and Teaching Strategy, the HEA-accredited Professional Recognition and Enrichment Scheme for Teaching – PRESTige; re-focused and enhanced academic development opportunities collected in the *Inspiring Teaching: Inspiring Learning* brochure, *Students as Co-Creators* – student-led projects, working in partnership with an academic to shape their learning experience; Westminster Learning Communities which will facilitate critical reflection, scholarship and pedagogic research in relation to learning and teaching; and an improved infrastructure for teaching and learning.

*Westminster Distinctiveness:* has aimed to create a distinctive learning experience for students which will support them in becoming distinctive graduates and help prepare them for life beyond university. Five graduate attributes have been established which will support students to become employable, globally engaged and socially responsible. These have been embedded across the new curriculum and a resource called *Potentially* has been developed to support students in engaging with and enhancing their competencies in relation to the attributes. *Potentially* will be available to all undergraduate students from September 2016. *Cross-disciplinary electives* have been introduced which will broaden students' educational horizons and help them to develop more skills, knowledge and understanding, and Westminster Distinctiveness Awards on the Higher Education Achievement Report (HEAR) and Career Development Centre (CDC) awards ceremony recognise students' extra-curricular achievements in: Community and Sustainability, Employability and Entrepreneurship, Inspiration and Leadership and Global Engagement.

*Student Support and Engagement:* has focused on ensuring that support provision for the whole student journey – from applicant to alumni - is consistent, well signposted and accessible enabling students to realise their full potential. This has included mapping the provision of support and undertaking work with teams across the University to address any gaps; reviewing and revising the Personal Tutoring Policy and producing accompanying resources for staff and students; and designing and implementing a new section on the webpage – *Your Student Journey* – which contains links to key services, resources and opportunities available to students at each level of their studies.

## **2016 ACADEMIC ACHIEVEMENTS**

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### **Faculty of Architecture and the Built Environment**

The Faculty of Architecture and the Built Environment is one of the country's leading centres for teaching and research in Architecture and the Built Environment. The Faculty brings together all the disciplines that inform the design and development of our cities. We deliver UG, PG and PhD teaching, with strong connections to professional bodies that enable us to engage leading practitioners in the delivery of our courses.

The Faculty is based at the Marylebone Road site in central London. In 2015/16, the Faculty had 990 UG students, 1,000 PG students (692 of them PT) and 25 PG Research students. The Faculty is made of three departments: Architecture; Planning & Transport; and Property & Construction; along with the Policy Studies Institute. The undergraduate programmes are based on strong links with industry professions, and our postgraduate programmes offer a range of specialised courses underpinned by our strong research base.

The Faculty has the ambition, through its teaching, research, consultancy and outreach activities, to make a major contribution to the debate around the future of our cities.

Our research quality was recognised in the last Research Assessment Exercise, in which 20 per cent of the research in Architecture and the Built Environment was judged as 'world-leading', and 40 per cent as 'international'. A range of high-level consultancy activities complements this research, and brings our knowledge directly to bear in the outside world. We are heading for 50% of staff eligible for REF 2020.

The Faculty's NSS scores have greatly improved and for the latest, 2016 survey, we returned the highest scores within the University. The overall student satisfaction rate has increased from 79% in 2012 to 88% in 2016. There is a strong course identity within the Faculty, along with active student societies.

The Faculty has unique facilities for students – Ambika P3, Fabrication Laboratory, Design Studios, the latter two having been brought up to excellent standard through recent investment.

The Faculty has a high rate of graduate employment (2016 DHLE 75% professional or managerial positions). We hold a number of accreditations, recognitions and validations from professional bodies including the Chartered Institute of Architectural Technologists, the Royal Institution of Chartered Surveyors, the Royal Institute of British Architects, the Royal Town Planning Institute, the Chartered Institute of Logistics and Transport, the Chartered Institute of Housing and the Tourism Management Institute.

### ***Westminster School of Media, Arts and Design***

Westminster School of Media Arts and Design (WSMAD) is amongst the leading broad based art schools in Europe and recognised for academic excellence and outstanding research with societal impact. Our practice led and research focused, undergraduate and postgraduate taught and research programmes cover fashion, film, photography, art and communication design, multi-media journalism, digital communication, commercial music and creative industries management.

Harrow campus is home to the over 3,000 students of WSMAD. Embedded in a UG and PG programme strand respectively, our distinct courses are clustered so that creative practices and critical inquiry are shared and collaboration is nurtured across subject areas and disciplines. Rich opportunities for student mobility, life projects, placements, our vibrant research culture and links to industry prepare students for the manifold opportunities and challenges of professional life.

The Westminster School of Media, Arts and Design educates inspirational creative professionals, imaginative leaders and engaged citizens for a globalised society and digital economy who are inquisitive, entrepreneurial and resilient.

In REF 2014 WSMAD Art and Design research was assessed as 45% world leading (4\*), and 46% internationally excellent (3\*), with an impact score of 63.3% at 4\*, ranking it top in UK arts research that embraces both practice and theory. Our Media research was recognised as 52% 3\* and 35% at 4\* with an impact score of 50% at 4\*, ranking it no 4 in the country. Our research excellence and leading scholars such as Professors Seaton and Gauntlett, who were placed amongst the 20 global key thinkers for A/AS level Media Studies by the Department of Education, and BAFTA winner Dr Oppenheimer ensure the quality and currency of our academic offer.

In the QS University World Ranking 2016, our communication and media studies offer has been globally ranked in 29th place, and fashion occupies an international lead position in the Business of Fashion rankings. High retention and completion rates demonstrate the quality of our courses and are echoed by solid NSS results with some courses achieving of up to 100% satisfaction such as fashion design, animation, fine art mixed media and photography.

Students, staff and alumni from across WSMAD achieved significant successes including one of 3 LVMH Graduate prizes for Beth Hall from fashion design, Best UK Student Station 2016 for Smoke Radio, a BAFTA and Oscars for Asif Kapdia, and a signing to Sony for Sigala aka Bruce Fielder.

Our thriving relationships with business and industry at home and abroad support the entrepreneurship and employability of our students. Many of the 2016 graduates in fashion buying and merchandising got jobs with well-known retail brands. TV Production Graduates have secured jobs as Camera Operators at London Live and ITV studios, working as Production assistants, or they got internships for instance with Disney. Others set up their own creative businesses in music, media and arts.

### ***Faculty of Science and Technology***

The Faculty of Science and Technology is focussed on developing an internationally excellent research and learning community. It spans subject areas from Biology through Computing and Engineering to Psychology, offering foundation, bachelors, masters and PhD programmes in all disciplines.

The Faculty of Science and Technology is based in our New Cavendish Street site with approximately 4,000 students studying in London and 2,000 students in our partner institutions in Tashkent and Colombo. Our student population in London is highly diverse. The academic portfolio is delivered through five departments: Biomedical Sciences, Computer Science, Engineering, Life Sciences and Psychology. The Faculty is known for its innovative teaching culture with HE Bioscience teacher of the year awarded to its Director of Learning and Teaching in 2015.

The ethos of the faculty is to carry out world class research that makes a difference to practice with applications around the world. We strive to be interdisciplinary and collaborative in our activity and provide teaching that is progressive and practically based with a professional focus. Our staff are committed to achieving the maximum potential of our students.

The Faculty Staff Student Ratio has improved to the University average of 20 to 1 in 2015/16. The Faculty has been developing mobile learning to transform our teaching in preparation for delivering the new curriculum next year. This has entailed the deployment of mobile devices to all staff and all level 5 & 6 students. This support student learning in new ways and facilitate collaborative creation between staff and students. This has been enhanced by an award of £150,000 from the Quintin Hogg Trust with Labster for the provision of virtual laboratories to support practical learning.

Building on the recognised impact of our work in REF2014 (100% 4\* for subjects allied to medicine and Psychology) the Faculty continues to use its research to enhance the student experience. For example, in each of the last ten years several UG students have been awarded summer studentships from prestigious external bodies including the Wellcome Trust, the Biochemical Society the British Psychological Society and the Society for General Microbiology. Leading research projects include European funded projects to develop biomaterials (£540k) led by Ipsita Roy; a Newton Fund project on obesity research (£45k) led by Jimmy Bell and Innovate UK funded research to evaluate vaccines for emerging viral diseases (£113k) led by Ed Wright.

Students travelled to Boston to participate in the iGEM synthetic biology competition and won a gold award. Architects from Rock Townsend in collaboration with the Psychology Department won the best public sector design award. Teams in the faculty achieved a variety of Green Impact awards (1 Bronze, 1 Silver and 2 Platinum), raising the profile of our sustainability agenda.

The faculty has a strong focus on graduate employability and encourages students to undertake work experience opportunities. Much of this placement activity is driven by the development of ongoing external partnerships, including overseas work experience opportunities for Biomedical Sciences students in Malta, Gambia and Ghana. Participation in sandwich placements amongst Computer Science, Engineering, Biomedical Sciences and Psychology students continues to be strong, across a range of organisations including the DWP, GSK, IBM, Institute of Psychiatry Psychology & Neuroscience, Nestle, NHS, Public Health England, Oracle and Swiss Cottage School. Likewise, short-term work placements are an integral part of several courses, (particularly in Life Sciences and Psychology) and provide students with a 'taster' of working life.

### ***Faculty of Social Science and Humanities***

The Faculty of Social Sciences and Humanities offers undergraduate and postgraduate courses in the following fields: English, Linguistics, Museum Studies, Modern Languages, History, Sociology, Criminology, Law, Politics and International Relations. We are recognised for our high level of student satisfaction, including courses with 100% satisfaction, and our collegial, supportive ethos. The University's founding commitment to public engagement is at the heart of our mission.

The Faculty comprises 5 departments and one School, based at 309 Regent Street and in Wells Street and Little Titchfield Street (The School of Law). Of approximately 4,000 students, 780 are taking postgraduate courses. English is in the top 30 in the UK for research and top 300 worldwide, and in 2016 modern languages bucked the national trend by recruiting above target. 41% of staff and 24% of students are from overseas and the Faculty has the highest level of student international mobility in the University.

We are a group of interlinked disciplines which investigate the nature of humanity and society throughout time and place. We remain committed to our founding ethos of learning for all for the public good. We are in and of the heart of London which underpins both what and how we study and our social responsibility.

In the last REF English was rated in the top 30 departments overall and in the top 20 for research outputs. Area Studies produced a higher percentage of world-leading publications than all but two other universities. Politics was rated among the most improved departments in the UK. Dr Gwilym Jones's book Shakespeare's Storms won the 2016 Shakespeare's Globe Book Award. Professor Graham Smith has been appointed Chair of Trustees for the Foundation for Democracy and Sustainable Development. Professor Marco Roscini has been awarded a major grant for research into foreign intervention in civil wars.

Three programmes (in English, Politics and International Relations) achieved 100% overall student satisfaction in the most recent National Student Survey. Sociology, Criminology and Modern Languages were all in the top 40 nationally. A staff-student ratio of 16:1 reflects enviable student support, and we expect this to be even better in 2016/17, a significant achievement given that we return 59% of income to the University.

Professor Lisa Webley was voted OUP Law teacher of the year. David Manlow was awarded the British Society of Criminology National Award for Teaching. Professor Debra Kelly collaborated on a multi-million pound award by the Arts & Humanities Research Council to support the study of modern languages in the UK.

The Faculty has the lowest rate of unemployed students of any Faculty (5%) with 95% of its students in work and/or further study. Major employers include Government, Finance, Museums, Law, Charities and Retail. We have active and ongoing partnerships with leading employers, such as the European Commission, the Chartered Institute of Linguists, the Foreign & Commonwealth Office and the NHS Leadership Academy. The Faculty has a long history of delivering contracts to the MOD.

## ***Westminster Business School***

Westminster Business School offers UG and PG taught programs. We have a diverse student community of nearly 5,000 students with around 1,000 registered at post-graduate level. We are strong internationally and in 2015/16 International students made up 25% of the student base. Established in 1997 and comprising of six academic departments the School is located at the University's Marylebone Campus.

We have an academic staff of around 200 full time equivalents with a further 150 visiting lecturers. We have an annual turnover in excess of £45million making us one of the largest University business schools in the UK. Our professional accreditations include AMBA, ACCA, CIPD, APM, CIPS, CIM, CMI, CISI, IDM, CIMA, and DMI. These accreditations, together with the strength of our corporate connections, means that the School is able to ensure a strong professional practice focus.

Our mission is to facilitate the development of the business and management careers of our students in a complex and uncertain professional world. Designed for the global marketplace and based in Central London, our courses enable a diverse community of students, staff and other stakeholders to engage with academic, professional, and research communities.

The School National Student Survey (NSS) satisfaction score improved in all four key areas in 2015/16. The NSS results reflect increases in student satisfaction across a range of courses where the top performers were Finance BSc Honours (89%), Accounting BSc Honours (85%) and Business Management with Entrepreneurship BA Honours (95%).

Doctoral student numbers are continuing to expand with 55 doctoral researchers enrolled during 2015/16. Our collaboration with Helsinki's Haaga-Helia University of Applied Sciences continued into its second year with much success. In addition, the School hosted the Royal Economic Society PhD conference in January 2016 and will repeat this in 2017. Building on the 2014 REF results that saw 40% of the School's output and impact rated as 3\* or 4\* research, the academic year 2015/16 saw initial preparations for 2020 REF take place.

This year the final-year students won the National Association of College and University Entrepreneurs (NACUE) Big Ideas Competition with the mobile app TakeMeOut. Westminster Business Consultants (WBC) won the Most International Junior Enterprise at the JADE Excellence Awards 2016. Postgraduate student Artiom Palamarciuc won the Best Paper award in the Social Enterprise/Innovation and Digital Technology stream at the International Social Innovation Research Conference (ISIRC).

As part of our focus on employability the School has developed a key relationship with the NHS with an average of 25 students coming to us each year over the last 10 years. This partnership has now expanded with the recruitment for HR placements. Our relationship with Santander is also key. This year 10 out of the 14 available grants for the Santander Universities SME Internships were allocated to our students. In 2015/16 a total of 238 students have taken part in internships and placements linked to Westminster Business School modules.

## ***Education for all – bursaries, scholarships and funding***

The University continues to grow its scholarships programme through partnerships with companies, individuals, charities and the British Council. Increased funding has been allocated to our Faculties and the University Students' Union to support their initiatives.

In addition, new scholarships have been set up to support a range of courses and initiatives including the UK's first bespoke MA Menswear course and a fee scholarship to support an academic from the Palestinian territories to study in the UK. The Distant Horizons travel scheme has now been expanded to cover outward mobility grants for groups of students as well as individuals.

In response to the recent changes to statutory undergraduate student funding, we have substantially increased the number and value of our undergraduate scholarships. These range in value from £2,000 per year (Silver Scholarships) to £6,000 per year (Platinum Scholarships)

With generous support from the Quintin Hogg Trustees, the University has been able to substantially increase the size of its hardship fund. The newly rebranded Westminster Living Expenses Support Scheme (LESS) will now be able to help even more eligible home undergraduate and postgraduate students with their living and study costs. At Westminster, LESS will actually mean more. Other new initiatives under the scheme include specific bursaries for students estranged from their families and a specific fund to help with a student's final year project costs.

The advent of Postgraduate Loans for 2016/17 have greatly increased the funding choices for postgraduate students but will impact on the University in terms of the administering the new scheme. We are confident that resources have been put in place to make this transition to a new funding scheme as smooth as possible for students starting a PG course at Westminster.

## **Access and Outreach**

The University of Westminster is committed to access and outreach, diversity and equality as identified in its Mission Statement and supported by the Access Agreements approved by the Office for Fair Access (OFFA) each year. This reflects the founding mission of Quintin Hogg in 1882 to promote educational, social and sporting opportunities for students from diverse academic, social and cultural backgrounds. The University of Westminster is proud of its continuing leadership in access and outreach, supported by the Quintin Hogg Trust and Dame Mary Hogg, through the Court of Governors.

Westminster is one of the foremost London institutions for widening access. In 2015/16 over 96% of entrants to Bachelors degrees progressed from state schools and colleges. Some 49% of new entrants joined from a Further Education College by comparison with 38% from a State School. The balance of female and male students was 58% and 42% respectively. Students' recorded ethnicity indicated that 42% were from Black and Minority Ethnic backgrounds. Of students who indicated their parental background on their application form 49% indicated that they were from socio-economic groups C to E. The diversity of the student body is one of the University's greatest strengths.

Westminster's Access Agreement 2015/16 highlighted:

- The University's continued preparations in partnership with the Westminster Group of Associate Colleges to support progression from Further Education to Higher Education;
- Progress recorded by key performance measures and work to enhance the retention and progression of students to qualification stage and onto employability and further study, with analysis and evaluation of outcomes through the Linking London supported Continuum project;
- The University's ongoing initiatives to strengthen communication on fees and funding for students, prospective applicants and their advisers, and to help students develop their financial capability skills;
- Further developments in the provision for scholarships stressing diversity in the selection criteria, including the award of the Buttle Trust Quality Mark for the Care Leavers at Westminster Scheme;
- Initiatives by the Careers and Employment Service to provide additional support such as the BME Mentoring scheme, Westminster's Great Start, and Westminster Inspiration Network;
- Westminster Student Associates in Schools working as classroom assistants in schools and colleges, particularly in local areas with high indications of disadvantaged communities;
- The Routes into Languages scheme co-directed by the University of Westminster with the School of Oriental and African Studies (SOAS, University of London);
- The extended Network for Languages project with schools in disadvantaged wards in six London boroughs, co-funded by the GLA's London Schools Excellence Fund;
- Westminster's lead developer role in the Sir Simon Milton Westminster University Technical College (UTC) for September 2017;
- The HEFCE funded National Network for Collaborative Outreach (NNCO) project called FutureHub, which provides a clear line of sight to work and jobs, linking over 80 employers with 400 schools across London;
- The Years 5 – 9 project supported by the Linking London NNCO which promotes aspiration and motivation for HE progression among Primary School and Secondary School pupils;
- Sharing best practice to bridge technical skills education and higher specialised education through London policy groups Linking London and AccessHE.

## **CORPORATE SOCIAL RESPONSIBILITY**

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Westminster is an international university which celebrates diversity, tolerance, liberty and sustainability. The University's role in society is underpinned by a commitment to public benefit, drawing on the University's philanthropic foundations, and a vision which fosters new ideas, new thinking and new possibilities. Westminster's mission is one of excellence, creativity and innovation.

Respect and opportunity for all are fundamental to our culture, history, and values, and at the heart of the Westminster Student Charter.

Westminster's Corporate Social Responsibility (CSR) Strategy comprises a principled commitment to:

- academic freedom
- equality, diversity and inclusion
- engagement with local and international communities
- environmental sustainability
- ethical and professional behaviour.

The University's Corporate Social Responsibility (CSR) Strategy is aligned with the Westminster 2020 strategy, will be implemented by and for academic staff, professional and support staff, students, and Governors and is reviewed annually by the Corporate Social Responsibility Group, reporting to the University Executive Board (UEB).

The University of Westminster's investment portfolio is independently managed by CCLA through COIF Charity Funds, following Ethical and Responsible Investment Policies as determined by the Fund's Board. The Fund has limited ethical exclusions, determined by client consultation, and is therefore, promoted as a responsible fund.

Client-driven ethical exclusions prohibit investment in companies:

- Producing landmines or cluster bombs.
- With significant (>33%) turnover relating to tobacco, online gambling or the production of pornography.

In addition, remaining companies that continue, after persistent engagement, to violate international and/or industry norms in relation to the following will be excluded:

- Public health in the UK (alcohol and food).
- Human rights, employment standards and climate change disclosure (relevant companies in developed markets).

This policy also applies to bonds issued by these companies.

CCLA does not invest in any company that is primarily focused on coal or tar sands production.

The Fund also takes a positive approach to stewardship as defined in the UK Stewardship Code for Institutional Investors.

## ESTATE, DEVELOPING THE LEARNING INFRASTRUCTURE

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Estates Planning & Services have undergone a complete senior management refresh along with a full reorganisation. In 2016 a new Director and Associate Director have been appointed and started work with the University.

The strategic purchase of Latimer House has been completed which will finally allow the full potential of the 115 New Cavendish Site to be realised. Options for the site are currently being considered. Considerable refurbishment works are also underway, including an ambitious 5 year rolling programme to refurbish every teaching space to ensure it aligns with the ambitions of the Learning Futures programme.

Moving forward, a particular emphasis across the entire team will be enhancing the student experience and delivering a modern campus experience through both the physical spaces and the services we provide.

### ***New properties and transactions agreed***

- September 2015 - Lease on 101 New Cavendish Street re-gearred to move expiry from December 2019 to a rolling-break during December 2021/22 to give the University time to facilitate an exit strategy. This was agreed as part of the December 2014 rent review settlement.
- March 2016 - Latimer House purchased (£8.259m) to facilitate redevelopment/rationalisation of 115 New Cavendish Street campus. Options for this redevelopment are currently being investigated. Whilst this is happening, a temporary letting to NHS has been agreed as a rent with a redevelopment break clause.
- July 2016 - Part of the Roko Building in Chiswick was let to Kids Gym from July 2016.

### ***Re-development and refurbishment of existing properties***

- Summer 2016 is seeing the implementation of year 2 of the 5 year new classrooms programme. This work builds on the experience gained in 2015 when some 25 classrooms were modernised and designed. This summer will see a further 40 classrooms improved so as to support multiple styles of teaching. Particular points to note in the new features in these rooms are furniture that can easily be re-configured, improved lighting, multiple writing surfaces, straightforward control of audio-visual equipment and IT facilities that enable the use of students own smart devices.
- **Harrow** – refurbishment of the first and second floors, L Block library includes Emerging Media Space facilities and create dedicated space for MA in Fashion. Longer term master planning works also being undertaken.
- **120 New Cavendish Street** – refurbishment to replace redundant building services equipment – we will lease surplus space for commercial income and Commercial Development and Business Support will occupy part of the ground floor and first floor until 29 Marylebone Road refurbishment is completed.
- **29 Marylebone Road** – refurbishment for the new Commercial Development and Business Support offices is currently being tendered.
- **International House** – will close from end of 2016 and will be redeveloped by the University.

**Public Benefit**

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

The University's Court of Governors is the institution's governing body. It meets five times a year and is ultimately responsible for the effective conduct of the activities of the University, including its strategic development, its educational character and mission and its financial health. The members of the Court of Governors are the trustees of the charity. In setting and reviewing the University's objectives and activities, the trustees have due regard to the Charity Commission's Public Benefit Guides; Public benefit: the public benefit requirement (PB1), Public benefit: running a charity (PB2), Public benefit: reporting (PB3), published 2013 and updated 2014.

In accordance with the Charities Act 2011 HEFCE is the responsible body for regulating universities as charities on behalf of the Charity Commission.

The objects for which the University is established are:

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

The objects are recorded in the Memorandum of Association and reproduced in the Statement of Corporate Governance and Internal Controls.

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

The University of Westminster's Vision is to be a practice focused university in the top half of the HEIs in the UK with some disciplines in the top 500 worldwide.

The University's mission is to provide a vibrant global learning environment in the heart of London inspiring the next generation of world citizens and helping to shape a better future for all.

**Private Benefit**

Commercially funded research and some types of knowledge exchange activity may generate the possibility of private benefit. The University trustees recognise that any private benefit must be incidental. The University Research, Enterprise and Knowledge Transfer Committee is responsible through the University's management structure for the development and implementation of the University's Policy and Strategy on Research and Research degrees. In recognition of the need to integrate policy, strategy and monitoring of commercial and business activities an additional governance body was established in 2015 as a counterpart to the Research Committee: the Academic Enterprise Committee, reports to Academic Council and then the University Executive Board, promoting and monitoring engagement with business, industry, policy makers, voluntary services and the community.

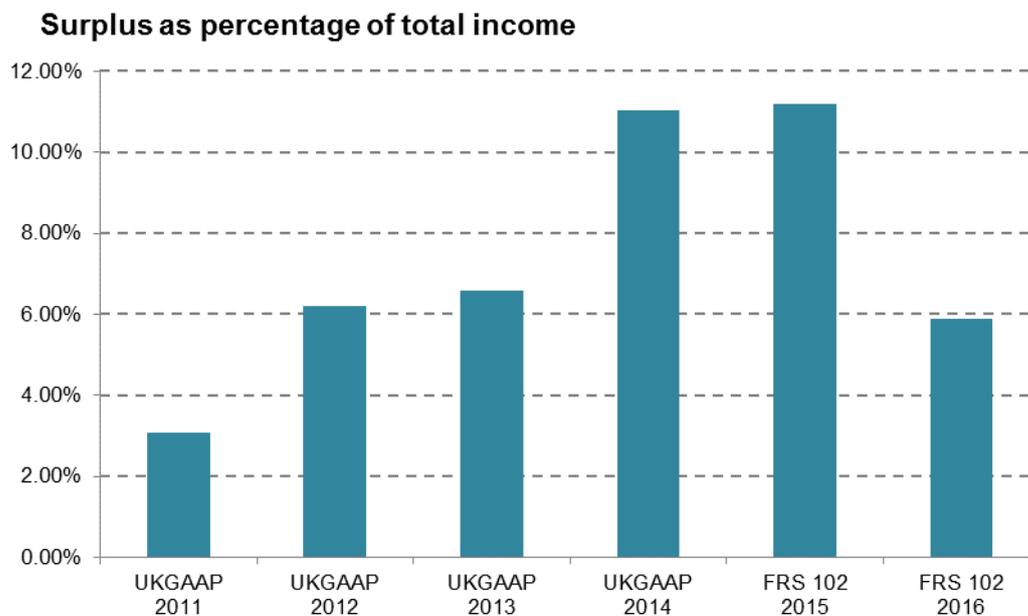
## FINANCIAL REVIEW

### Results for the year

The University continued to post strong financial results from operations for a sixth consecutive year as measured under FRS102. The Group surplus for the year of £12.1m (2014/15: £22.6m) represents a margin on income of 5.9% (2014/15: 11.2%) which is ahead of the sector average.

<b>FRS 102 Financial Highlights</b>	2015/16 £m	2014/15 £m
Income	205.1	202.0
Expenditure	193.0	179.4
<b>Surplus before other gains and losses</b>	<b>12.1</b>	<b>22.6</b>
Unrealised loss on revaluation of investment property	(1.1)	-
Actuarial loss in respect of pension schemes	(38.6)	(16.2)
<b>Total comprehensive (loss)/ income for the year</b>	<b>(27.6)</b>	<b>6.4</b>
Capital expenditure	33.7	62.2
Borrowings	63.2	65.7
Total Funds	173.4	200.9

Achieving a level of operating surpluses in 2015/16 ahead of the sector average is seen as the minimum benchmark which allows the University to finance the delivery of its objective of continuously improving the student experience through investment in facilities, infrastructure and the teaching environment.



### ***Transition from UKGAAP to FRS 102***

In accordance with UK financial reporting requirements, the University has adopted Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice for further and higher education (SORP 2014) for the year ended 31 July 2016.

This has led to a number of changes in the presentation of the statutory accounts, accounting policy, judgements and estimates and necessitates the prior year comparative amounts to be restated using these new policies in order that they give a comparable view of the prior year position.

A reconciliation of the changes that result from the adoption of FRS 102 are set out in Note 25 to the financial statements.

The following changes to accounting policies and estimates have been applied. In accordance with FRS 102 the University:

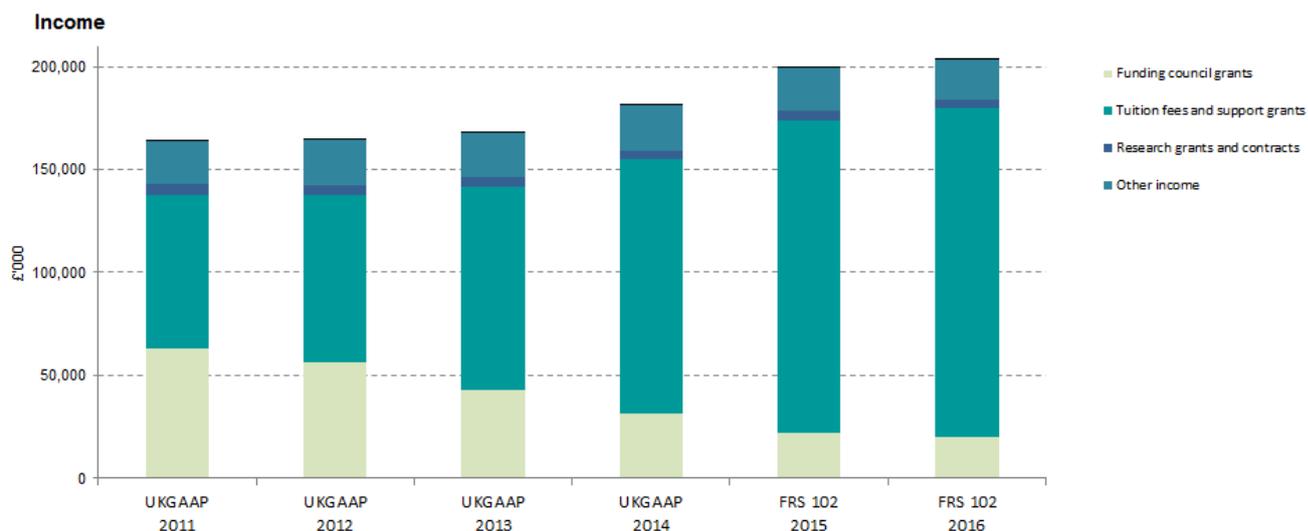
- does not present an Income and Expenditure Account nor a Statement of Recognised Gains and Losses (STRGL) as was presented in the financial statements to 31 March 2015. Items previously presented in these statements are now included in the Consolidated Statement of Comprehensive Income (CSCI). In particular under FRS 102 the movement on the University pension fund deficit is now presented as part of the CSCI. It is for this reason the “surplus for the year” is highlighted on the CSCI as an indication to the reader of the accounts of the “controllable surplus” which the University can influence through its operating activities.
- now prepares a Statement of Changes in Capital and Reserves whereas in the financial statements to 31 March 2015 capital and reserves were analysed as part of the notes to the financial statements.
- has valued properties on an existing use basis as at 31 July 2014, the date of transition to FRS 102, and this has been taken as deemed cost.
- has revalued its existing land portfolio to market value at 31 July 2014 as a one off FRS 102 transitional exercise and as a means to reflect the value by which the University land asset has appreciated over time.
- now recognises Government Capital Grants as a liability in line with the accrual model (formerly this was recognised as a reserve). The accrual model results in the grant being recognised over the expected useful life of the underlying University asset.
- now recognises Non-Government Capital Grants on a performance basis at the point at which the grant conditions have been met.
- has recognised all pension liabilities in so much as they can be reliably quantified and attributed to the University.
- has recognised a holiday pay accrual in the year end 31 July 2014 as a one off FRS 102 transitional exercise and as a means to reflect the University’s potential associated cost.
- no longer shows separately endowment assets and endowment reserves in the Balance Sheet. Nor does the University show separately Endowment Income in the Consolidated Statement of Comprehensive Income.
- no longer shows separately the designated reserves (pension reserves) in the financial statements. These instead are now combined within the revenue reserve.

Unless indicated otherwise, all the financial analysis and comparators presented in the Financial Review are stated under FRS 102.

### ***Income Analysis***

Overall total income for the year increased by 1.6% to £205.1m from £201.9m with the reduction in funding grants being more than offset by increases in tuition fee income.

Tuition fee income rose by £8.2m from £151.7m in 2014/15 to £159.9m in 2015/16 but between these two years’ student numbers were broadly constant. £4.1m of the rise in tuition fee income in 2015/16 is explained by 748 final year UG students still on the original £3,465 tariff in 2014/15 were replaced by new first year UG students paying the full £9,000 tariff. £2.6m of the tuition fee income increase was the result of a rise in overseas UG students from 1,348 FTE’s in 2014/15 to 1,534 in 2015/16. The remaining uplift in tuition fees is largely the result of final year students charged £7,500 being replaced with new first year students on the paying the full £9,000 tariff.



Research income in the year under review was £4.1m, a fall of £0.8m on prior year. Despite the drop in research income in the year this is expected to be an area of significant growth in the coming years as the Commercial Development and Business Support Team become more established and better placed to support income growth in all areas of Research and Academic Enterprise.

Other operating income fell by £1.5m to £19.5m in 2015/16. The fall in income is largely created by the adoption of FRS 102 which requires the full recognition of Non-HEFCE capital grants in the year in which the grants were received. Such accounting treatment results in a large drop in income in 2015/16 as the grants are fully utilised in 2014/15.

Funding Council grants fell by 8.2% during the year under review, in line with current government policy for students to fund their own education in 2015/16. The reduction of grant income of £1.8m to £20.2m was planned for by the University Executive Board and absorbed into the University by reallocating funds from existing budgets.

### **Expenditure**

Total expenditure rose by £13.7m in 2015/16 to £193.0m (2014/15 £179.3m), which represents 94.1% of total income (2014/15: 88.8%). The principal areas of increased spend are staff costs, depreciation and other operating expenditure.

Staff costs increased by 7.8% to £108.3m in 2015/16 (2014/15 £101.6m) representing an increase in overall staff numbers of 5.4% to 1,956 (2014/15: 1,856). The overall cost increase results from a combination of an increase in staff numbers, agreed inflationary salary increases, additional pension costs and other associated costs.

Depreciation costs increased by 20.8% to £11.6m in 2015/16 (2014/15: £9.6m). This was predominantly the result of increased depreciation on newly completed projects which involved material expenditure on IS (£3.3m) and plant and machinery (£5.0m). The trend of increased capital investment is expected to continue over the period to 2020, with a planned programme of significant investment in both the Estates and the IS Infrastructure.

Other operating expenses have risen by £4.5m in the year under review to £66.6m (2014/15: £62.1m), largely the result of increased expenditure on agency costs £0.8m, increased expenditure on marketing activities £0.7m, increased expenditure on IS running costs £0.5m.

### **Accounting for retirement benefits**

Under FRS102 the Group recognises all pension liabilities in so much as they can be reliably quantified and attributed to the University and its subsidiaries. The University participates in three multi-employer defined benefit pension schemes. The Teachers' Pension Scheme (TPS), to which most of the academic staff belongs, is unfunded. The majority of the professional support staff are members of the Local Government Pension Scheme (LGPS), which is administered by the London Pension Fund Authority (LPFA). There are also a number of members of staff in the Universities Superannuation Scheme (USS). The LGPS is the only one of these schemes where the University's share of the scheme assets and liabilities can be determined on a reasonable basis and, therefore, reported on the University's Balance Sheet.

LGPS pension liabilities have continued to increase over the past year with the University's share of the scheme deficit increasing to £139.5m in 2014/16 (2014/15: £94.9m). The increased fund liabilities being explained by the increase in the present value of funded obligations as driven by changes in actuarial discount rates.

To assess the value of the Employer's liabilities at 31 July 2016, the actuaries have rolled forward the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2013, using financial assumptions that comply with FRS 102.

The value of the associated fund assets allocated to the Employer were also rolled forward as at 31 March 2013 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

The actuaries adopted financial assumptions set with reference to market conditions at 31 July 2016. Using these financial assumptions: discount rate 2.6%, pension increases 2.2%, salary increases 4.0% along with the demographic assumptions that are consistent with those used for the most recent Fund valuation carried out as at 31 March 2013; the estimate duration of the Employer's liabilities is 21 years.

The actuarial estimate of the value of the net liability as at 31 July 2016 is a liability of £139.m

### ***Capital expenditure and assets***

In accordance with FRS 102 the University has revalued its existing land portfolio to market value at 31 July 2014 as a one off FRS 102 transitional exercise. The result of which has been to increase the value of land held by the University by £93.3m

2015/16 was a year in which the University continued with its strategic commitment to reinvest surplus funds into capital programmes. This commitment forms the basis by which University delivers its strategic plan of strengthening the University's capital asset base whilst providing students with enhanced learning environments.

Capital expenditure during the year was £33.7m (2014/15: £62.2m) representing the completion of a large number of projects which significantly include the £8.3m acquisition cost of the Latimer House, £3.5m expenditure on the architecture studios refurbishment at Marylebone Road, £7.1m on regulatory and backlog building works, £2.6m on teaching infrastructure works and £1.4m on energy and environment work across the estate. The balance of the capital expenditure in the year was in accordance with the University's objective of delivering significant improvements to the student learning environment.

Investment in the IS infrastructure continued in 2015/16 in particularly £1.1m was spent in the year as part of the University's "web refresh project" the balance of expenditure was around improving the IS teaching environment and support service IS infrastructure.

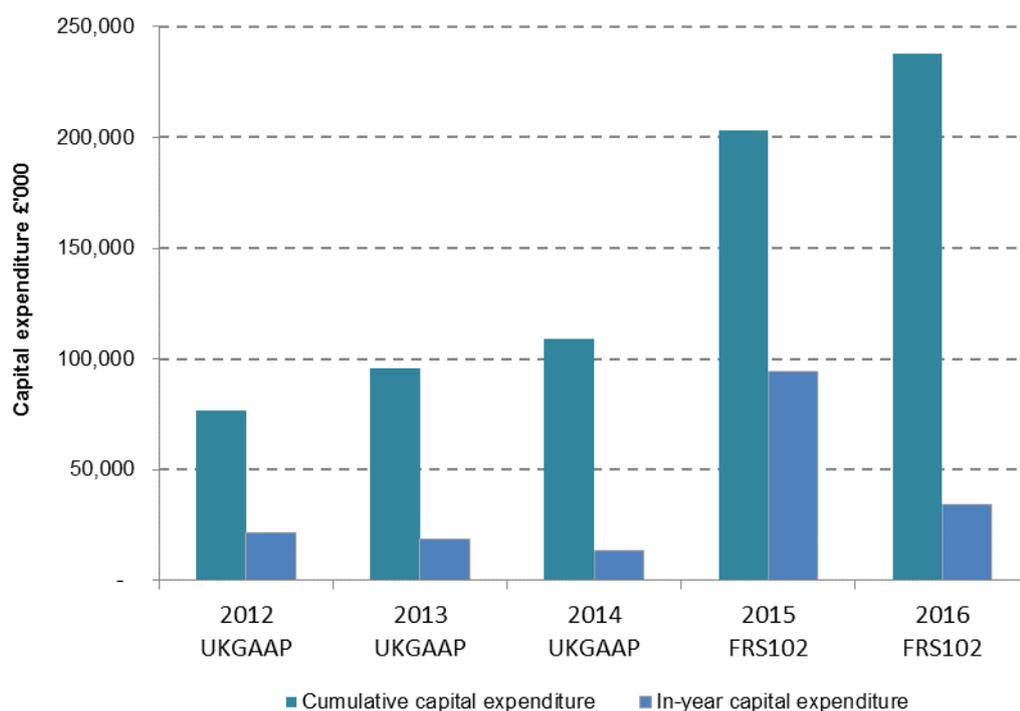
The University's Estates Strategy was formally reviewed in 2016. This document establishes the framework for the management of and investment in the University's buildings and locations for the period to 2020.

The University's Estates Strategy is guided by six key strategic aims of:

- Creating a real buzz at ground floor level in academic buildings.
- Showcasing "pockets of excellence" within Faculties.
- Taking a holistic approach to zoning within buildings.
- Improving the estate utilisation - closer relationships with Timetabling & Space Planning.
- Developing a rolling program of refurbishment.
- Supporting changes to learning and teaching developments involving technology and use of IT to enhance flexible working by staff and students

The estate strategy embraces the principles of environmental sustainability and will provide the capacity for the University to fulfil its academic ambitions. Funding for these projects has come from a combination of reserves and additional borrowing.

## Capital expenditure



## Cash and investments

At the balance sheet date, the total of cash at bank and short term investments decreased to £33.9m from £42.4m. This reduction in cash is principally the result of the acquisition of Latimer House which was acquired as part of the long term strategic plan to develop the space at 115 New Cavendish Street.

In June 2015 a flexible long term loan facility for £40m was taken out providing the University with a cost effective mechanism to draw down funding in accordance with the University needs. At the balance sheet date £20m of the £40m facility was drawn down, the balance of available funds retained for the next phase of the capital programme.

The long term cash and investments policy continues to have at its centre the need to maintain minimum working capital cash levels at £20m. The University's cash balances are managed in accordance with the Treasury Management Policy that is approved by the Governors annually. The University cash levels fluctuate throughout the year due to the receipt of funds from the Student Loans Company and requirements to meet the capital expenditure programmes.

The minimum liquidity threshold is needed to ensure sufficient cash is retained in the University to fund ongoing operational commitments. Rolling three-year cash flow forecasts are produced on a monthly basis that incorporate a review of capital expenditure against the capital plan and cash income in order that future borrowing needs are addressed on a timely basis.

Throughout 2015/16 the University managed its cash investment portfolio in-house and continues to invest funds in the money markets for short term periods (between 1 month and up to 1 year) and with top-rated counterparties. The University investment strategy seeks to balance the need for liquidity against the return on investment achievable in challenging capital markets, at the same time as maintaining rigorous treasury and risk management control.

### **FTE Student numbers**

In 2015/16 student recruitment performed well against prior years. This is summarised in the table below:

	2015/16	2015/16	2014/15*	2014/15*
	Home & EC	Overseas	Home & EC	Overseas
Full time undergraduate	11,392	1,534	11,443	1,348
Full time post graduate	765	955	798	936
Part time undergraduate	662	412	744	453
Part time post graduate	665	68	679	66
	<u>13,484</u>	<u>2,969</u>	<u>13,664</u>	<u>2,803</u>

	2015/16	2014/15*
Total home and overseas	<u>16,453</u>	<u>16,467</u>

\* As restated to HESA Return

Initial enrolment figures for 2016/17 indicate that there will be a reduction both in the home and overseas undergraduate enrolments, with income also predicted to fall but by a proportional amount as the full impact of the reduction in new intake will not be felt until 2018/19. Current recruitment data also indicates that postgraduate enrolment is falling short of target and last year's intake. Overall income from admissions is expected to be reduced reflecting the change in new student intake.

### **Risks and Uncertainties**

The University manages risk through a risk management process described in the Statement of Corporate Governance and Internal Controls.

All risks continue to be addressed through a revised risk management process in accordance with HEFCE guidance. Comparison to the previous risk registers show year on year improvements. The three risks which had been categorised as high during the last year are now assessed as being moderate. Of the 17 current risks three are categorised as low and all the others as moderate risk.

The University risk management framework is currently under review. During this process the University has had particular regard to the possible macroeconomic, legal and regulatory risks of the outcome of the referendum on UK membership of the European Union.

### **Future Outlook**

The University has successfully positioned itself over the past eight years to provide financial resilience and a strengthened net asset position. Attention remains focused on the provision of sustainable investment in key areas of the University to deliver continued improvements in the learning environment in the face of a changing HE landscape. At the heart of this objective is building on Westminster's distinctive brand to enhance the student experience by further improving the quality of its academic and support programmes and its facilities. The values and principles contained within the Westminster 2020 corporate strategy forms, the basis on which to drive the institution forward.

A key theme of Westminster 2020 strategy is Research with Impact, detailing the commitment to ensuring that the University promotes and develops innovative, cutting-edge, and interdisciplinary research which adds value through its originality, significance and rigour and its critical impacts on global society. Research networks and active mentoring will continue to raise the proportion of staff operating at levels of international excellence, being research engaged will blend the novel with the established to push boundaries and explore the links between practice and research in areas with real impact. The Graduate School will continue to support and extend an active doctoral programme evidenced by a vibrant community of early career researchers.

The key aim is to ensure that our research activities are sustainable outside government funding in the form of non-academic income, Knowledge Transfer Partnerships, contract research, and consultancy.

In July 2016 the University submitted its five year forecast to HEFCE for the period up to 2018/19. This plan has financial sustainability at its core. The Court of Governors have set KPI's around financial health to ensure that the University delivers year on year surpluses, with cash balances set at a high minimum level (£20m).

FORECAST	2016/17	2017/18	2018/19
FRS102	£m	£m	£m
Total income	211.1	212.5	222.6
Staff costs	112.0	113.8	117.0
Operating expenses	69.1	69.3	73.6
Depreciation	12.5	12.0	11.7
Interest	6.7	6.2	6.2
Surplus	10.9	11.2	14.0

Tuition fee income is forecast to increase by 5% (£11m) by the end of the forecast period in 2018/19 from the 2016/17 budget. This is predominately due to the forecast recovery in student numbers and changes in student tuition fees suggested by the UK Government.

This forecast factors in a 1.1% annual increase to cover pay rises and incremental increases. It also ensures that the 'staff costs as a percentage of income' KPI agreed by the Court of Governors is met. The continued increase in depreciation reflects the significant investment in estate infrastructure projects over the forecast period.

**Strategic report**

The strategic report included within this Operating and Financial Review has been approved by the Court.

**Michael Webb**  
*Director of Finance and Operations*  
 23 November 2016

## VISION AND MISSION STATEMENT

### *Our Vision*

Located in the heart of London, the premier global city, we are a cosmopolitan university building on our roots as an innovative institution with a social conscience.

**We aspire to be a practice-focused university in the top half of HEIs in the UK with some disciplines in the top 500 worldwide.**

Our University was the original blueprint for the sought after model of collaboration with industry and practice and today occupies a distinctive place as an independent, commercially aware institution. To 2020 and beyond Westminster will build on its progressive, inclusive and enterprising history to shape the future of professional life:

- We will continue to create a rich, dynamic, and inspirational University based on world-leading research, absorbing teaching, and enterprising education for all.
- Our confidence will be built on financial strength and a high-quality estate with a modern, technologically advanced, infrastructure that provides strong evidence of our commitment to a green agenda.
- Our students will be global citizens, professional leaders, and lifelong learners, appreciating the need for interdisciplinary approaches in understanding and resolving the constantly evolving intellectual, professional and business challenges of the 21st century.

Together these characteristics will position Westminster as the leading practice focused London based university.

### *Our Mission*

To provide a vibrant global learning environment in the heart of London, inspiring the next generation of world citizens and helping to shape a better future for all.

## **GENERAL INFORMATION**

### **Chancellor**

Lady Frances Sorrell

### **Chair of the Court of Governors and Pro-Chancellor**

Mr Peter Kyle OBE

### **Vice-Chancellor and President**

Professor Geoffrey Petts BSc PhD FRSA FRGS

### **Company Secretary**

Ms Suzanne Enright BA DipLib MCLIP

### **Director of Finance and Operations**

Mr Michael Webb BA FCA

### **Auditors**

KPMG LLP  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

### **Bankers**

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

### **Solicitors**

Mills & Reeve LLP  
Eversheds LLP  
Weightmans LLP  
Farrer & Co LLP

### **Registered Office**

309 Regent Street  
London  
W1B 2HW

### **Registered Number**

977818 England and Wales

## **STATUS AND OBJECTS**

The University of Westminster is incorporated under the Companies Act as a Company Limited by Guarantee and not having a share capital.

The University is also an exempt Charity in accordance with the Charities Act 1993 as amended. In accordance with the Charities Act 2011 HEFCE is the responsible body for regulating universities as charities on behalf of the Charity Commission.

The objects for which the University is established are set out in its Memorandum of Association as:

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

During the year the Court continued its review of the University's Memorandum and Articles of Association; the proposed changes are currently with the Privy Council for informal approval and the new Memorandum and Articles will be adopted in 2016/17.

## COURT OF GOVERNORS

The Governors are also directors of the University in its status as a company and trustees of the University in its status as a charity. In line with the HE Code of Governance, the Court is *"unambiguously and collectively accountable for institutional activities, taking all final decisions on matters of fundamental concern within its remit"*. The Governors of the University during the year ended 31 July 2016 are listed below.

	<b>Appointed (A) or reappointed (R)</b>	<b>Term of Office Completed</b>	<b>Committee membership</b>
Mr P Kyle OBE <b>Chair</b>	27 November 2015 (R)		Nominations, Remuneration
Ms R Bellamy-James <b>Deputy Chair</b>			Nominations
Mr S Hart <b>Deputy Chair</b>			HR, Nominations, Remuneration
Mr R Barnes			Finance and Property (F&P)
Mr D Batchelor			Audit
Mr J Begg			Academic Council, Nominations
Mr D Cheeseman			F&P, Remuneration
Dr S Courtenage			
Dame K Dunnell			Audit, Remuneration
Mr A Ganguli			Audit, HR
Mr J Hirschmann		30 June 2016	
The Hon Dame M Hogg			
Mr T Hope			F&P
Mr N Laws		4 October 2015	
Professor G Megson (Provost)			HR
Mr G Morley			F&P
Ms L Neil	25 November 2015 (A)		
Mr P Murphy			F&P, HR
Professor G Petts (Vice-Chancellor )			Academic Council, F&P, Nominations, Professors and Readers Awarding, Remuneration
Mr M Smith			Audit
Ms F Thompson	1 July 2016 (A)		Academic Council
Mr J Wates			F&P
Mr A Woods	28 April 2016 (R)		HR, Remuneration
Ms D Yeo			Nominations

## THE WORK OF THE COURT OF GOVERNORS

The Court of Governors, which meets formally up to five times a year, currently comprises 16 independent (non-executive) governors, three elected staff governors, one elected student governor, and two ex officio governors (the Vice-Chancellor and the Provost). The three staff governors are elected by and represent the Academic Council, academic staff and the Corporate Services. There is a clear separation of the roles of the non-executive Chair and the Chief Executive (the Vice-Chancellor).

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 the University Executive Board, implements the Court's policy and develops and manages the University's business to meet its financial objectives and standards of quality and services in education and research.

Further information about the Court including meeting minutes, member biographies, the appointment process and terms of office for governors, committee responsibilities and membership, and outcomes of the most recent effectiveness review are published on the University website: [westminster.ac.uk/governance](http://westminster.ac.uk/governance).

### Statutory committees of the Court

**The Academic Council** meets up to four times a year. It comprises 24 members of University staff (including the Vice-Chancellor as Chair), the President of the University of Westminster Students' Union and two currently registered students. The Council is the University's supreme academic deliberative and decision making body responsible for strategic oversight of all academic provision and gives consideration to a broad range of issues that relate directly to the University's academic direction and focus. The Council approves policies for the support of students, codes of behaviour, disciplinary and appeals procedures and has responsibility for oversight of the University's academic collaborations and partnerships.

**The Audit Committee** meets four times a year. It comprises four independent governors, including the Chair, Mr D Batchelor, and one independent non-governor member (Mr M Pinder). The Committee reviews the work of the external and internal auditors of the University and reviews the University's annual financial statements and accounting policies through a joint meeting with the Finance and Property Committee. The Committee considers detailed reports on risk management, control, governance and value for money. The Committee meets the external and internal auditors on their own for independent discussion. There is no cross-representation between this Committee and the Finance and Property Committee.

**The Nominations Committee** meets three times a year and comprises four independent governors, including the Chair, Mr P Kyle, the Vice-Chancellor and the Academic Council representative on the Court. The Committee makes recommendations on the appointment of new governors in accordance with procedures devised by the Committee and approved by the Court. It is also responsible for the procedures for nominating individuals for honorary awards of the University, and when required, leads the process of search and appointment of the Vice-Chancellor and the Chancellor. The Committee continues to be active, through its recommendations to the Court, in ensuring that there is engagement and a good spread of skills amongst the independent membership of the Court, in reviewing the membership of committees, and in considering equality and diversity in the membership.

**The Remuneration Committee** meets twice a year. It comprises five independent governors, including the Chair Mr A Woods and the Chair of the Court Mr P Kyle, one independent non-governor member (Ms S Moore) and the Vice-Chancellor. The Committee reviews the salaries, terms and conditions of employment and schemes of remuneration for the 'holders of senior posts'. The Vice-Chancellor withdraws from the Committee when his own remuneration is under review and this is formally recorded. The Committee also devises and implements appropriate measures and procedures whereby the Vice-Chancellor's performance may be assessed, and agrees with the Vice-Chancellor such measures and procedures for the other 'holders of senior posts'.

A Finance and Property Committee (Chair – Mr T Hope, five meetings per year), HR Committee (Chair – Mr S Hart, three meetings per year) and Professors and Readers Awarding Committee (Chair – Professor G Petts, four meetings per year) complete the governance structure reporting to the Court.

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

### **HE Code of Governance**

The Court of Governors has formally adopted the HE Code of Governance and is committed to the values expressed in the Code. Governors apply the seven primary elements of governance written into the Code in the execution of their responsibilities as governors, directors and trustees. New governors and non-governor committee members are introduced to the primary elements of the Code during the induction process. The Court considers the University's submissions under the HEFCE Prevent duty monitoring framework and reviews annually the University's Code of Practice on Freedom of Speech.

### **Public benefit**

The members of the Court of Governors are the trustees of the charity. In setting and reviewing the University's objectives and activities, the trustees have due regard to the Charity Commission's Public Benefit Guides; Public benefit: the public benefit requirement (PB1), Public benefit: running a charity (PB2), and Public benefit: reporting (PB3), published 2013 and updated 2014.

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

During the year the trustees have received the Commission's updated guidance Managing a charity's finances; Charity reserves; and Charity governance, finance and resilience.

The University's charity gateway page is [westminster.ac.uk/about-us/our-university/corporate-information/charitable-status](http://westminster.ac.uk/about-us/our-university/corporate-information/charitable-status).

### **Management**

The Vice-Chancellor is supported by the University Executive Board, which he chairs. The University Executive Board is the senior management committee of the University and its primary focus is to consider, approve and monitor the effectiveness of University strategic objectives and operations.

Board membership includes the Provost, the Deputy Vice-Chancellor (Student Experience), the Deputy Vice-Chancellor (Global Engagement), the five Pro Vice-Chancellor and Deans of Faculty, the Director of Communications, Recruitment and External Affairs, the Director of Finance and Operations, and the Registrar and Secretary.

### **Employee participation**

The University's committee structure ensures staff participation in the decision-making processes of the University. Meetings of Joint Union and Management Committee are held at frequent intervals and are supplemented by informal discussions and briefing meetings. The Vice-Chancellor provides briefings to staff on the University's performance and plans face to face, through video transmissions on the University's intranet and through news items on the University's intranet and via email. The University supports a number of staff networks and staff are also encouraged to engage with external sector and professional networks.

### **Student participation**

In the execution of their responsibilities, governors are mindful that the needs and interests of students, as key stakeholders, are adequately reflected in the strategic plan, when considering issues of institutional sustainability and in the University committee structure. The University Student Forum provides opportunities for student representatives to bring forward for discussion issues relating to the academic and wider University experience for consideration by a cross-section of senior University staff. The Student Charter, produced jointly by the University and Students' Union, sets out expectations for a successful and effective partnership between students and staff, and a culture of respect and opportunity for all. The Finance and Property Committee and subsequently the Court received the Student's Union annual report and financial statements.

### **Equality, diversity and inclusion**

The University of Westminster is committed to supporting diversity and equal opportunities in our dealings with job applicants, students, staff and the public. In July 2015 the Court approved a Single Equality Policy statement and action plan, which aligns to both the Westminster 2020 Strategy and the Westminster 2020 People Strategy. The Diversity and Dignity at Work and Study Policy seeks to ensure that all members of the University community and job applicants are treated solely on the basis of their merits, abilities and potential without any unjustified discrimination. In accordance with diversity legislation and best practice, the University has a supportive Gender Equality Scheme in place, as well as a strong commitment to equal pay for work of equal value, family-friendly/work-life balance policies and specific, gender-based developmental programmes. The

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)**

Court of Governors routinely reflects on its own composition and, with consideration of the expectations of the HE Code of Governance, will monitor equality and diversity of its own membership.

All relevant HR policies are kept under review to ensure compliance with the single public sector equality duty as required by the Equality Act 2010 and the Staff Equality, Diversity and Inclusion Annual Report, including the biennial Equal Pay Audit, is published on the University website.

### **Risk Management and Systems of Control**

The University's Corporate Plan is supported by a strategic risk register for the University, which is reviewed every year by management as part of the strategic planning process and by the Court of Governors. Five year plans and associated risk registers for each Faculty and for the Corporate Services are also in place.

The University's risk management policy defines risk as the possibility that an action or event will adversely or beneficially affect the University's ability to achieve a planned objective and effective risk management is therefore regarded as a critically important part of the work of the University. The risks identified cover business, financial, operational, reputational, and compliance issues.

Whilst the Audit Committee has responsibility for advising the Court on the effectiveness of the University's risk management policy and procedures, the University Executive Board is responsible for embedding risk management, aligning it with the Corporate Plan, and reviewing and updating the risk management policy and procedures in accordance with HEFCE guidance. The risk management policy requires an annual report to be made to the Court of Governors on risk management. The policy, which is approved and reviewed from time to time by the Court of Governors, with the next review scheduled for October 2016, clearly states the Court's responsibilities for determining the appropriate risk appetite or level of exposure for the institution and ensuring that appropriate risk controls are in place.

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

The approach to internal control is risk based and in line with this and the HEFCE Audit Code of Practice, the programme of internal audit work during the year has focused on the institution's most significant risk areas. The University continues to be a member of the Kingston City Group, a leading provider of specialist risk assurance and internal audit services to the Higher Education sector in London and the South of England. The Audit Committee approves the strategic internal audit plan and receives the internal audit reports at its regular meetings during the year. Where appropriate, individual audit reports are also referred to other committees of the Court for information. An annual report is provided by the internal auditors, which includes an opinion on internal control and risk.

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

### **Governors' responsibilities**

The responsibilities, powers and duties of the Court of Governors are as set out in the Instrument and Articles of Government of the University. These are complemented but not superseded by the Statement of Primary Responsibilities set out as Appendix 1 to the HE Code of Governance, as allowed for in the Articles (Instrument and Articles, clause 3.3h). New governors are briefed fully on their primary responsibilities during the induction process.

The governors, who are the directors and members of the Company, are responsible for preparing the Operating and Financial Review and the Statement of Governance and Internal Controls (which together constitute the Strategic Report and the Court of Governors' Report) and the financial statements in accordance with applicable law and regulations.

The governors are required by the Companies Act to prepare the 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 the surplus or deficit for that period. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland).

It is also the governors' responsibility to maintain adequate accounting records, safeguard the assets of the University and its subsidiaries, prevent and detect fraud and other irregularities and to apply the basis of a going concern unless it is not appropriate to presume 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.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

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 Memorandum of Assurance and Accountability 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, bribery and money-laundering;
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

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 7 (staff costs- council members) and note 23 (connected charitable institutions) to the accounts. Governors are required to declare any interests at the start of each Court and committee meeting they attend.

The Court of Governors, in compliance with the Health and Safety at Work etc 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 as far as reasonably practicable to conduct its undertaking in such a way as to ensure that persons not in the University's employ - that is, students, visitors and members of the general public - are not exposed to risks to their health, safety or welfare.

The University holds Professional Indemnity and Officers' Liability insurance, which provide indemnity to governors and officers of the University, in their personal capacity, against damages and legal costs and expenses arising from claims made against them by reason of wrongful acts committed by them in the course of their official duties.

A resolution to reappoint KPMG LLP as auditors for the year ending 31 July 2016 was approved at the Annual General Meeting in November 2015.

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

**Peter Kyle OBE  
Chair and Pro Chancellor  
23 November 2016**

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

We have audited the group and University financial statements (the "financial statements") of the University of Westminster for the year ended 31 July 2016 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, Consolidated Statement of Changes in Reserves, Consolidated Balance Sheet, Consolidated Cash Flow, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the Court of Governors, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Court of Governors those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Court of Governors for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Statement of Governors' Responsibilities set out on page 25 the Court of Governors (who are the Directors of the company for the purposes of company law) are responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group and of the University's affairs as at 31 July 2016 and of the group's Statement of Comprehensive Income, Consolidated Statement of Reserves and Consolidated Cash Flow for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2015-16 financial statements*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992**

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's articles of government;

- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2015-16 financial statements* have been met.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Operating and Financial Review and the Statement of Governance and Internal Controls (which together constitute the Strategic Report and the Court of Governors' Report) are consistent with the financial statements

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the University, or returns adequate for our audit have not been received from branches not visited by us; or
- the University financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.

**Fleur Nieboer (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square, Canary Wharf  
November 2016

# Consolidated Statement of Comprehensive Income and Expenditure Year Ended 31 July 2016

	Notes	Year Ended 31 July 2016		As restated: Year ended 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Income</b>					
Tuition fees and education contracts	2	159,862	159,862	151,666	151,666
Funding body grants	3	20,235	20,235	22,085	22,085
Research grants and contracts	4	4,126	3,293	4,899	4,166
Other income	5	19,467	18,645	21,028	20,468
Investment income	6	155	327	498	596
<b>Total income before endowments and donations</b>		<b>203,845</b>	<b>202,362</b>	<b>200,176</b>	<b>198,981</b>
Donations and endowments	7	1,261	1,125	1,770	1,761
<b>Total income</b>		<b>205,106</b>	<b>203,487</b>	<b>201,946</b>	<b>200,742</b>
<b>Expenditure</b>					
Staff costs	8	108,254	107,554	101,640	101,640
Other operating expenses	10	66,634	64,053	62,106	60,763
Depreciation	12	11,575	11,317	9,616	9,553
Interest and other finance costs	9	6,548	6,548	5,954	5,943
<b>Total expenditure</b>	10	<b>193,011</b>	<b>189,472</b>	<b>179,316</b>	<b>177,899</b>
<b>Surplus before other gains and losses</b>		<b>12,095</b>	<b>14,015</b>	<b>22,630</b>	<b>22,843</b>
Loss on disposal of fixed assets		-	-	(38)	(38)
Gain on financial investments	13	40	20	51	8
Unrealised loss on revaluation of investment property	13	(1,105)	(1,105)	-	-
<b>Surplus before tax</b>		<b>11,030</b>	<b>12,930</b>	<b>22,643</b>	<b>22,813</b>
Taxation	11	-	-	-	-
<b>Surplus for the year</b>		<b>11,030</b>	<b>12,930</b>	<b>22,643</b>	<b>22,813</b>
Actuarial loss in respect of pension schemes	24	(38,556)	(38,556)	(16,054)	(16,054)
Transfers from accumulated income in endowment funds		-	-	(161)	-
<b>Total comprehensive (loss) / income for the year</b>		<b>(27,526)</b>	<b>(25,626)</b>	<b>6,428</b>	<b>6,759</b>
Represented by:					
Endowment comprehensive income / (loss) for the year		95	70	44	(2)
Revaluation reserve comprehensive loss for the year		(510)	(510)	(510)	(510)
Unrestricted comprehensive (loss) / income for the year		(27,111)	(25,186)	6,894	7,271
		<b>(27,526)</b>	<b>(25,626)</b>	<b>6,428</b>	<b>6,759</b>

All items of income and expenditure relate to continuing activities.

# Consolidated Statement of Changes in Reserves

## Year Ended 31 July 2016

<u>Consolidated</u>	Income and expenditure account		Revaluation reserve	Total
	<i>Endowment</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000
<b>Balance at 01 August 2014</b>	<b>947</b>	<b>77,260</b>	<b>116,337</b>	<b>194,544</b>
Surplus from the income and expenditure statement	44	22,599	-	22,643
Other comprehensive income	-	(16,215)	-	(16,215)
Transfers between revaluation and income and expenditure reserve	-	510	(510)	-
<b>Total comprehensive income for the year</b>	<b>44</b>	<b>6,894</b>	<b>(510)</b>	<b>6,428</b>
<b>Balance at 01 August 2015</b>	<b>991</b>	<b>84,154</b>	<b>115,827</b>	<b>200,972</b>
Surplus / (deficit) from the income and expenditure statement	95	10,935	-	11,030
Other comprehensive income (note 24)	-	(38,556)	-	(38,556)
Transfers between revaluation and income and expenditure reserve	-	510	(510)	-
<b>Total comprehensive income for the year</b>	<b>95</b>	<b>(27,111)</b>	<b>(510)</b>	<b>(27,526)</b>
<b>Balance at 31 July 2016</b>	<b>1,086</b>	<b>57,043</b>	<b>115,317</b>	<b>173,446</b>
<u>University</u>	Income and expenditure account		Revaluation reserve	Total
	<i>Endowment</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000
<b>Balance at 01 August 2014</b>	<b>294</b>	<b>77,818</b>	<b>113,198</b>	<b>191,310</b>
Surplus/(deficit) from the income and expenditure statement	(2)	22,815	-	22,813
Other comprehensive income (note 24)	-	(16,054)	-	(16,054)
Transfers between revaluation and income and expenditure reserve	-	510	(510)	-
<b>Total comprehensive income for the year</b>	<b>(2)</b>	<b>7,271</b>	<b>(510)</b>	<b>6,759</b>
Adjustment	-	(590)	3,139	2,549
<b>Balance at 01 August 2015</b>	<b>292</b>	<b>84,499</b>	<b>115,827</b>	<b>200,618</b>
Surplus/(deficit) from the income and expenditure statement	70	12,860	-	12,930
Other comprehensive income	-	(38,556)	-	(38,556)
Transfers between revaluation and income and expenditure reserve	-	510	(510)	-
<b>Total comprehensive income for the year</b>	<b>70</b>	<b>(25,186)</b>	<b>(510)</b>	<b>(25,626)</b>
<b>Balance at 31 July 2016</b>	<b>362</b>	<b>59,313</b>	<b>115,317</b>	<b>174,992</b>

The accompanying notes form an integral part of these financial statements.

# Consolidated Balance Sheet

As at 31 July 2016

	Notes	As at 31 July 2016		As restated as at 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Non-current assets</b>					
Fixed assets	12	367,012	362,186	344,918	340,250
Investments	13	32,668	32,234	32,745	32,331
		<u>399,680</u>	<u>394,420</u>	<u>377,663</u>	<u>372,581</u>
<b>Current assets</b>					
Trade and other receivables	14	11,730	19,314	7,974	13,289
Cash and cash equivalents	19	33,857	31,859	42,446	40,598
		<u>45,587</u>	<u>51,173</u>	<u>50,420</u>	<u>53,887</u>
Less: Creditors: amounts falling due within one year	15	(41,822)	(41,016)	(39,270)	(39,926)
<b>Net current (liabilities)/assets</b>		<b>3,765</b>	<b>10,157</b>	<b>11,150</b>	<b>13,961</b>
<b>Total assets less current liabilities</b>		<b>403,445</b>	<b>404,577</b>	<b>388,813</b>	<b>386,542</b>
Creditors: amounts falling due after more than one year	16	(83,892)	(83,478)	(86,253)	(84,336)
<b>Provisions</b>					
Pension provisions	17 & 24	(143,048)	(143,048)	(98,367)	(98,367)
Other provisions	17	(3,059)	(3,059)	(3,221)	(3,221)
<b>Total net assets</b>		<b>173,446</b>	<b>174,992</b>	<b>200,972</b>	<b>200,618</b>
<b>Restricted Reserves</b>					
Income and expenditure reserve - endowment reserve	18	1,086	362	991	292
<b>Unrestricted Reserves</b>					
Income, expenditure and pension reserve - unrestricted		57,043	59,313	84,154	84,499
Revaluation reserve		115,317	115,317	115,827	115,827
<b>Total Reserves</b>		<b>173,446</b>	<b>174,992</b>	<b>200,972</b>	<b>200,618</b>

The financial statements were approved by the Governing Body on 23 November 2016 and were signed on its behalf on that date by:

Peter Kyle OBE  
Chair and Pro Chancellor  
23 November 2016

Prof Geoffrey Petts  
Vice Chancellor  
23 November 2016

The accompanying notes form an integral part of these financial statements.

# Consolidated Cash Flow

## Year ended 31 July 2016

	Notes	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
<b>Cash flow from operating activities</b>			
Surplus for the year		11,030	22,643
<b>Adjustment for non-cash items</b>			
Depreciation	12	11,575	9,616
Endowment adjustment		-	(141)
Loss / (gain) on investments	13	1,065	(51)
(Increase)/decrease in debtors	14	(3,756)	219
Increase/(decrease) in creditors	15 & 16	2,080	1,175
Increase/(decrease) in pension provision	17	44,681	23,346
Actuarial losses on pension scheme	24	(38,556)	(16,054)
Increase/(decrease) in other provisions	17	(162)	-
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(155)	(498)
Interest payable	9	3,023	2,840
Loss on the sale of fixed assets		-	38
Deferred capital grant released to income		(653)	(2,299)
<b>Net cash inflow from operating activities</b>		<b>30,172</b>	<b>40,834</b>
<b>Cash flows from investing activities</b>			
Capital grants receipts		1,269	3,418
Investment income		155	498
Payments made to acquire fixed assets		(33,669)	(62,214)
New non-current asset investments		(988)	(32,237)
		<b>(33,233)</b>	<b>(90,535)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(3,023)	(2,840)
New unsecured loans		-	20,000
Repayments of amounts borrowed		(2,505)	(1,337)
		<b>(5,528)</b>	<b>15,823</b>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<b>(8,589)</b>	<b>(33,878)</b>
Cash and cash equivalents at beginning of the year	19	42,446	76,324
Cash and cash equivalents at end of the year	19	33,857	42,446

# Notes to the Accounts

## for the year ended 31 July 2016

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### 1 Accounting Policies

#### a) Company information

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

#### b) Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis, modified by revaluation as disclosed in the relevant notes, and are presented in sterling.

This is the first year in which the financial statements have been prepared under FRS102. Restatement of prior year figures was required on adoption of FRS102 and accordingly, comparatives are presented with the required adjustments.

#### c) Going concern

After making enquiries, the Court of Governors has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. Consequently, the financial statements have been prepared on a going concern basis.

#### d) 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 2016. Intra-group transactions are eliminated on consolidation. The consolidated financial statements do not include the University of Westminster Students' Union because the University does not control its activities. The Quintin Hogg Trust and Quintin Hogg Memorial Fund are two separate charitable trusts that exist for the benefit of students. These connected charitable institutions are also excluded from the consolidation as the University does not have control over their activities.

#### e) Statement of principal accounting policies

##### Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

Investment income is credited to the statement of income and expenditure on a receivable basis.

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

##### Grant funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

### **Donations and endowments**

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other restriction applied to the individual endowment fund.

There are three main types of endowments identified within reserves:

1. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
2. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
3. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

### **Capital Grants**

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

### **Leases**

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

### **Taxation**

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

The Institution receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost. The University's subsidiary companies are subject to corporation tax and VAT on the same basis as any commercial organisation.

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

### Fixed Assets

Fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses.

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

On adoption of FRS102, the Group took advantage of FRS102 provision 35.10 (c) to revalue land assets to fair value as deemed cost, for which a market value report at 31 July 2014 was commissioned from Savills LLP. No subsequent revaluation has been carried out for any non-current fixed assets. This was the only class of assets revalued to fair value as deemed cost.

### Computer and Software costs

Significant investment is being made in introducing management information systems to support the effective management of the University. The Group capitalises software implementation costs where future benefits will accrue. Management judgement has been applied in quantifying the benefit expected to accrue to the Group over the useful life of the relevant assets. Where the software does not produce the expected benefits in terms of the Group achieving its objectives, then the carrying value would require adjustment.

### Repairs and maintenance

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

### Assets used by the University

The Group benefits from the occupation and facilities of certain land and buildings which are the property of separate charitable trusts. The rent payments and other running costs associated with these properties are included in the financial statements. With the exception of the leasehold improvements made to the property at 309 Regent Street, these assets are not reflected in the accounts.

### Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

### Equipment

Individual assets costing over £10,000 are capitalised.

### Depreciation

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

Freehold Buildings	Fifty years
Leasehold Buildings and Leasehold Improvements	Amortised over the remaining term of the lease
Motor Vehicles	Four years
Fixtures, Fittings and Equipment	Five years and twenty years
Plant and Machinery	Five years
Computers and Software	Three to five years

### Non - Current Investments

Non-current investments are held on the balance sheet at fair value.

### Investment Properties

Investment property is land and buildings, or part of a building, held for rental income or capital appreciation rather than for use in delivering services, for administrative purposes or for the sale in ordinary course of business. Investment properties are measured initially at cost and subsequently at fair value at the end of each reporting date with movements recognised in the Statement of Comprehensive Income and Expenditure. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year. Property that has mixed use is separated between investment property and tangible fixed assets, proportionately.

### Current Investments

Current asset investments are carried on the balance sheet at fair value.

**Cash and cash equivalents**

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Going Concern**

The University considers that it has sufficient financial resources and is confident that its future income streams will maintain these resources. The governors believe that the University is well placed to effectively manage its business risks, despite the current uncertain economic situation.

The governors have a reasonable expectation that the University has adequate resources to continue in operation existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

**Foreign Currencies**

Transactions denominated in foreign currencies are recorded at the rates of exchange 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 recorded in the Consolidated Statement of Comprehensive Income.

**Deferred Capital Grants**

Governmental capital grants for the purchase or construction of fixed assets are recognised as deferred capital grants within creditors. An annual release is made to the Consolidated Statement of Comprehensive Income over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

**Accounting for retirement benefits**

The Group operates three pension schemes: the Local Government Pension Scheme (LGPS), the Teachers' Pension Scheme (TPS), and the Universities Superannuation Scheme (USS). All schemes are defined benefit schemes.

The assets of TPS and USS are held in separate trustee-administered funds. Because of the nature of the schemes, the scheme's assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of these schemes on a consistent and reasonable basis and therefore as required by FRS102 (28), accounts for these schemes as if they were defined contribution schemes.

A liability is recorded in provisions for the contractual commitment to fund past deficits within the USS Scheme. The discounted value of any new commitments is charged to staff costs in the year in which the contractual commitment is made.

**Employment benefits**

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

**Provisions**

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

**Revaluation Reserve**

On adoption of FRS102, the Group took advantage of FRS102 provision 35.10 (c) to revalue land assets to fair value as deemed cost. This revaluation was credited to the revaluation reserve opening balance at 1 August 2014.

## Significant Management Estimates

### a) Tuition fee bad debt provision policy

Tuition fee debt that was overdue was provided for in full except for those debtors for which collection procedures were ongoing and debt was less than 30 days overdue.

### b) Deferring and accruing tuition fee income

Tuition fee income and course related income is deferred and accrued pro-rata to the time period of the course, to ensure appropriate revenue recognition over the duration over which the services are provided.

### c) Governmental capital grant income recognition

Governmental capital grant income is recognised straight-line over the period over which the related fixed asset is depreciated.

## On adoption of FRS102, the Group made the following adjustments:

### a) Revaluation of Land

On adoption of FRS102, the Group took advantage of FRS102 provision 35.10 (c) to revalue land assets to fair value as deemed cost. The upwards revaluation was £93.3m.

### b) Non-Governmental Capital Grants

Upon adoption of FRS102, there was a change in recognition policy associated with governmental capital grant income. Since the non-governmental capital grants were now to be accounted for under the performance basis and all the fixed assets with which these were associated with had already been purchased or fully constructed, the non-governmental capital grants totalling £36.1m were released to reserves.

### c) Governmental Capital Grants

Governmental capital grants were reclassified from Deferred Capital Grant Reserves to Creditors, with an appropriate split between creditors falling due within one year and creditors falling due after more than one year.

### d) USS Pension Scheme

The pension deficit payment plan associated with the USS Pension Scheme was recognised within pension provisions.

### e) Intercompany Finance Lease

Upon adoption of FRS102, there was an amendment in the classification of a lease between University of Westminster and UoW Regent Street Cinema from operating lease to finance lease.

The leased assets and the corresponding lease liabilities were recognised in the UoW Regent Street Cinema at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. Minimum lease payments were apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

In the University of Westminster, the corresponding lease receivable was recognised at an equivalent amount to the lease liability recorded in UoW Regent Street Cinema. Minimum lease payment receipts were apportioned between the finance lease income and the reduction of the outstanding receivable.

The finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivable.

# Notes to the Accounts

## for the year ended 31 July 2016

	Year ended 31 July 2016		Year Ended 31 July 2015	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
<b>2 Tuition fees and education contracts</b>				
Full-time home and EU students	105,967	105,967	100,667	100,667
Full-time international students	34,170	34,170	31,660	31,660
Part-time students	14,991	14,991	14,451	14,451
	<b>155,128</b>	<b>155,128</b>	<b>146,778</b>	<b>146,778</b>
Research Training Support Grant	61	61	45	45
Non credit-bearing courses	4,673	4,673	4,843	4,843
	<b>159,862</b>	<b>159,862</b>	<b>151,666</b>	<b>151,666</b>
<b>3 Funding body grants</b>				
<b>Recurrent HEFCE grant</b>				
Higher Education Funding Council				
Teaching grant	13,614	13,614	15,024	15,024
Research grant	4,433	4,433	4,065	4,065
Other grants	1,060	1,060	1,888	1,888
Pension liability grant	456	456	397	397
<b>HEFCE capital grant</b>	653	653	709	709
<b>Teaching Agency grants</b>	19	19	2	2
	<b>20,235</b>	<b>20,235</b>	<b>22,085</b>	<b>22,085</b>
<b>4 Research grants and contracts</b>				
Research councils	690	690	1,004	1,004
Charities	813	642	1,374	1,270
Government (UK and overseas)	1,498	1,211	1,565	1,205
Industry and commerce	380	38	327	114
Other bodies	745	712	629	573
	<b>4,126</b>	<b>3,293</b>	<b>4,899</b>	<b>4,166</b>

# Notes to the Accounts

## for the year ended 31 July 2016

	Year ended 31 July 2016		Year Ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>5 Other income</b>				
Residences, catering and conferences	10,703	9,829	11,004	9,936
Recreation	791	791	759	759
Rents and Lettings	3,263	2,348	2,400	1,857
Photocopier Income	22	22	(30)	(30)
Sundry Sales	438	438	479	375
Other Income	3,977	4,944	4,781	5,931
Non-HEFCE capital grants	273	273	1,635	1,640
	<b>19,467</b>	<b>18,645</b>	<b>21,028</b>	<b>20,468</b>
<b>6 Investment income</b>				
Investment income on endowments	18	14	6	8
Other investment income		141	321	490
		<b>155</b>	<b>327</b>	<b>596</b>
<b>7 Donations and endowments</b>				
Donations and endowments		1,261	1,125	1,770
		<b>1,261</b>	<b>1,125</b>	<b>1,761</b>

# Notes to the Accounts

## for the year ended 31 July 2016

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
<b>8 Staff costs</b>				
Salaries	84,486	83,867	80,658	80,658
Redundancy costs	205	205	538	538
Social security costs	7,919	7,866	6,990	6,990
Other pension costs	15,644	15,616	13,454	13,454
<b>Total</b>	<b>108,254</b>	<b>107,554</b>	<b>101,640</b>	<b>101,640</b>

Remuneration of higher paid staff, excluding employer's pension contributions:

	2016	2015
£100,000 to £109,999	-	5
£110,000 to £119,999	4	3
£120,000 to £129,999	4	3
£130,000 to £139,999	4	1
£280,000 to £289,999	1	-
£290,000 to £299,999	-	1
	<b>13</b>	<b>13</b>

Average staff numbers by major category :

	No.	No.
Teaching and research	811	811
Visiting lecturers	166	125
Support staff	979	920
	<b>1,956</b>	<b>1,856</b>

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel. Members of the University's Executive Board are considered to be key personnel of the University.

Key management personnel compensation is made up as follows:

	2016	2015
	£'000	£'000
Salary	1,533	1,593
Employer's national insurance contributions	191	193
Taxable benefits	-	-
	<b>1,724</b>	<b>1,786</b>
Employer's pension contributions	172	190
<b>Total emoluments</b>	<b>1,896</b>	<b>1,976</b>

The above compensation includes emoluments of the Vice-Chancellor as follows:

	2016	2015
	£'000	£'000
Salary	288	295
Taxable benefits	-	-
Pension contributions	2	-
	<b>290</b>	<b>295</b>

# Notes to the Accounts

## for the year ended 31 July 2016

### 8 Staff costs (continued)

#### Court of Governors

The University's Governors are the trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the Court, being drawn from public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Court may have an interest. All transactions involving organisations in which a member of Court may have an interest, including those identified below, are conducted at arms-length and in accordance with the University's Financial Regulations and usual procurement procedures.

Professor Geoffrey Petts is a director, Chair Elect and trustee of London Higher, a company and registered charity established to represent universities and higher education bodies in London. Purchases of £17,000 were made from London Higher during the financial year ended 31st July 2016.

Dame Karen Dunnell is Chair of the Longevity Science Panel, Legal & General. Purchases of £106,000 were made from Legal & General during the financial year ended 31st July 2016.

The members of the Court of Governors have confirmed that they are not aware of any related party transactions between themselves and the University, other than those disclosed above.

The remuneration of the Governors of the University is as follows:	<b>2016</b>	2015
	<b>£'000</b>	£'000
Total remuneration including employer's pension contributions	<b>652</b>	663

During the year £3,041 (2015: £1,700) was paid in respect of trustees' expenses (i.e. expenses that were incurred in respect of their services as trustees). The expenses related to travel and subsistence for 4 trustees (2015: 3 trustees).

Total governors' remuneration includes the remuneration of Executive Board members who are also trustees. The independent members of the University's Court of Governors are not remunerated for their services as trustees.

### 9 Interest and other finance costs

	Notes	Year Ended 31 July 2016		Year Ended 31 July 2015	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
Promissory note		1,047	1,047	1,140	1,140
Bank loans		1,976	1,976	1,700	1,700
Other interest		-	-	11	-
Net charge on pension scheme	24	3,525	3,525	3,103	3,103
		<b>6,548</b>	<b>6,548</b>	<b>5,954</b>	<b>5,943</b>

# Notes to the Accounts

## for the year ended 31 July 2016

### 10 Analysis of total expenditure by activity

Consolidated	Year Ended 31 July 2016			Year Ended 31 July 2015		
	Staff	Other	Total	Staff	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Academic Departments	64,174	11,254	<b>75,428</b>	61,197	10,184	71,381
Academic Support Services	14,417	8,628	<b>23,045</b>	14,222	9,011	23,233
Research	2,460	1,172	<b>3,632</b>	2,344	2,235	4,579
Administration and Central Services	18,569	17,142	<b>35,711</b>	16,496	14,477	30,973
Premises	3,731	23,919	<b>27,650</b>	4,006	22,620	26,626
Residences and Catering	1,126	3,556	<b>4,682</b>	1,017	3,571	4,588
Other expenses	3,777	963	<b>4,740</b>	2,358	8	2,366
	<b>108,254</b>	<b>66,634</b>	<b>174,888</b>	<b>101,640</b>	<b>62,106</b>	<b>163,746</b>

Other operating expenses include:

External auditors' remuneration in respect of audit services	71	70
External auditors' remuneration in respect of non-audit services	37	77
Operating lease rentals		
Land and buildings	6,789	6,472

# Notes to the Accounts

## for the year ended 31 July 2016

### 11 Taxation note

Reconciliation of current tax charge:	2016 £'000	2015 £'000
Recognised in the statement of comprehensive income		
Consolidated surplus on ordinary activities	11,030	22,643
Tax on surplus on ordinary activities at standard corporation tax rate in the UK of 20.00 % (2015: 20.67%):	2,206	4,680
<b>Effect of:</b>		
Non- taxable profit	(2,206)	(4,725)
Adjustment in respect of FRS102	-	45
<b>Current tax expense</b>	<u>-</u>	<u>-</u>

#### Factors that may affect the future tax charge

There is a deferred tax asset which has not been recognised as it is not expected to crystallise in the future. The amount of the asset in terms of the taxation not recognised, calculated at 17% (2015: 20%) of the amount of the timing differences, is £408,616 (2015: £654,442 asset), and it is analysed below:

	2016 £'000	2015 £'000
Provision for bad debts not utilised	30	333
Capital allowances not utilised	11	2
Tax losses not utilised	368	319
	<u>409</u>	<u>654</u>

# Notes to the Accounts

## for the year ended 31 July 2016

### 12 Fixed Assets

Consolidated	Freehold Land	Leasehold Land	Assets in the	Plant and	Fixtures, Fittings	Computers and	Motor vehicles	Total
	and Buildings	and Buildings	Course of	Machinery	and Equipment	software		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>								
At 01 August 2015	363,962	23,687	8,283	11,131	2,708	6,968	49	416,788
Additions	9,127	421	16,901	2,906	2,201	2,113	-	33,669
Transfers	7,720	2,019	(13,193)	2,051	257	1,146	-	-
Disposals	-	-	-	-	-	-	-	-
<b>At 31 July 2016</b>	<b>380,809</b>	<b>26,127</b>	<b>11,991</b>	<b>16,088</b>	<b>5,166</b>	<b>10,227</b>	<b>49</b>	<b>450,457</b>
<b>Consisting of:</b>								
Land at valuation at 31 July 2014	120,570	-	-	-	-	-	-	120,570
Land at cost	6,720	-	-	-	-	-	-	6,720
Other assets at cost	253,519	26,127	11,991	16,088	5,166	10,227	49	323,167
	<b>380,809</b>	<b>26,127</b>	<b>11,991</b>	<b>16,088</b>	<b>5,166</b>	<b>10,227</b>	<b>49</b>	<b>450,457</b>
<b>Depreciation</b>								
At 01 August 2015	50,795	8,431	-	7,435	1,257	3,903	49	71,870
Charge for the year	5,736	(77)	-	2,540	1,028	2,348	-	11,575
Disposals	-	-	-	-	-	-	-	-
<b>At 31 July 2016</b>	<b>56,531</b>	<b>8,354</b>	<b>-</b>	<b>9,975</b>	<b>2,285</b>	<b>6,251</b>	<b>49</b>	<b>83,445</b>
<b>Net book value</b>								
<b>At 31 July 2016</b>	<b>324,278</b>	<b>17,773</b>	<b>11,991</b>	<b>6,113</b>	<b>2,881</b>	<b>3,976</b>	<b>-</b>	<b>367,012</b>
At 31 July 2015	313,167	15,256	8,283	3,696	1,451	3,065	-	344,918

## Notes to the Accounts

### for the year ended 31 July 2016

#### 12 Fixed Assets (continued)

University	Freehold Land and Buildings	Leasehold Land and Buildings	Assets in the Course of Construction	Plant and Machinery	Fixtures, Fittings and Equipment	Computers and software	Motor vehicles	Total
At 01 August 2015	363,962	19,008	8,284	11,125	2,708	6,922	49	412,058
Additions	9,127	16	16,900	2,898	2,201	2,111	-	33,253
Transfers	7,720	2,019	(13,193)	2,051	257	1,146	-	-
Disposals	-	-	-	-	-	-	-	-
<b>At 31 July 2016</b>	<b>380,809</b>	<b>21,043</b>	<b>11,991</b>	<b>16,074</b>	<b>5,166</b>	<b>10,179</b>	<b>49</b>	<b>445,311</b>
<b>Consisting of:</b>								
Land at valuation	120,570	-	-	-	-	-	-	120,570
Land at cost	6,720	-	-	-	-	-	-	6,720
Other assets at cost	253,519	21,043	11,991	16,074	5,166	10,179	49	318,021
	<b>380,809</b>	<b>21,043</b>	<b>11,991</b>	<b>16,074</b>	<b>5,166</b>	<b>10,179</b>	<b>49</b>	<b>445,311</b>
<b>Depreciation</b>								
At 01 August 2015	50,795	8,373	-	7,435	1,257	3,899	49	71,808
Charge for the year	5,736	(316)	-	2,537	1,028	2,332	-	11,317
Disposals	-	-	-	-	-	-	-	-
<b>At 31 July 2016</b>	<b>56,531</b>	<b>8,057</b>	<b>-</b>	<b>9,972</b>	<b>2,285</b>	<b>6,231</b>	<b>49</b>	<b>83,125</b>
<b>Net book value</b>								
<b>At 31 July 2016</b>	<b>324,278</b>	<b>12,986</b>	<b>11,991</b>	<b>6,102</b>	<b>2,881</b>	<b>3,948</b>	<b>-</b>	<b>362,186</b>
At 31 July 2015	313,167	10,635	8,284	3,690	1,451	3,023	-	340,250

At 31 July 2016, freehold land and buildings included £127.3m (2015: £120.5m) in respect of freehold land which is not depreciated.

The freehold land in which the group has a beneficial interest was revalued at 31 July 1995 by Messrs Drivers Jonas & Co, Chartered Surveyors. 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 acquired the beneficial interest in five halls of residence (consisting of one leasehold building and four freehold buildings) on 4 April 2008. The halls of residence buildings were valued on this date by Philip Hillman FRICS on an existing use basis. The Group acquired full legal title in the Halls in July 2014. On transition to FRS102 the group elected to hold the land component of land and buildings at valuation. An existing use valuation was performed by Savills LLP as at 31 July 2014.

# Notes to the Accounts

## for the year ended 31 July 2016

### 13 Non-Current Investments

Consolidated	Subsidiary	Investment	Other fixed	Total
	companies	property	assets	
	£'000	£'000	investments	£'000
<b>At 1 August 2015</b>	-	32,237	508	32,745
Additions	-	988	-	988
Disposals	-	-	-	-
Revaluation	-	(1,105)	40	(1,065)
<b>At 31 July 2016</b>	-	32,120	548	32,668

University	£'000	£'000	£'000	£'000
<b>At 1 August 2015</b>	1	32,237	93	32,331
Additions	-	988	-	988
Disposals	-	-	-	-
Revaluation	-	(1,105)	20	(1,085)
<b>At 31 July 2016</b>	1	32,120	113	32,234

Investment property comprises a portion of a single administrative building which is part let to commercial tenants and part occupied by the University. The building is apportioned between investment property and property, plant and equipment according to floor area. The investment property portion of the building is held at fair value as at 31 July 2016: the valuation was performed by Savills LLP in accordance with applicable professional standards.

Other non-current investments consist of:

	Consolidated	University
	£'000	£'000
Hypha Discovery Ltd	76	76
CVCP Properties plc	37	37
COIF Charity Investment Fund	433	-
Other listed investments	2	-
	548	113

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

At 31 July 2016, the University and Group own 2,235,803 Ordinary 0.0001 pence Shares in Hypha Discovery Ltd, an unquoted company. This holding amounts to 28.8% of the issued share capital and represents a participating interest with no significant influence exercised over the company.

An investment of £433k is held in the COIF Charity Investment Fund, which is managed by CCLA Ltd, a fund manager authorised and regulated by the Financial Conduct Authority. The total return for the fund for the 12 months ending 31st July 2016 was 8.72%.

# Notes to the Accounts

## for the year ended 31 July 2016

### 14 Trade and other receivables

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Trade and sundry debtors	3,234	2,971	1,625	1,296
Finance lease receivable from subsidiary	-	329	-	329
Other amounts due from subsidiary companies	-	1,356	-	-
Other debtors	1,338	1,320	942	2,133
Prepayments and accrued income	7,158	7,366	5,407	5,129
	<b>11,730</b>	<b>13,342</b>	<b>7,974</b>	<b>8,887</b>
Amounts falling due after more than one year:				
Finance lease receivable from subsidiary	-	4,402	-	4,402
Other amounts due from subsidiary companies	-	1,570	-	-
	-	<b>5,972</b>	-	<b>4,402</b>
	<b>11,730</b>	<b>19,314</b>	<b>7,974</b>	<b>13,289</b>

### 15 Creditors: amounts falling due within one year

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Secured loans (promissory note)	1,413	-	1,209	-
Unsecured loans	1,316	1,316	1,296	1,296
Amounts owed to subsidiary undertakings	-	1,285	-	-
Trade payables	15,521	15,491	13,075	13,022
Social security and other taxation payable	2,583	2,608	2,337	2,227
Accruals and deferred income	12,152	11,834	14,612	12,681
Other creditors	8,837	8,482	6,741	10,700
	<b>41,822</b>	<b>41,016</b>	<b>39,270</b>	<b>39,926</b>

### Deferred income

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Grants - Academic, Research & Other	558	558	1,308	1,308
Accommodation charges	1,000	1,000	613	488
Academic Fees	3,219	3,219	3,338	3,338
Other income	335	316	547	473
	<b>5,112</b>	<b>5,093</b>	<b>5,806</b>	<b>5,607</b>

# Notes to the Accounts

## for the year ended 31 July 2016

### 15 Creditors: amounts falling due within one year (continued)

#### Other creditors

Included with other creditors are the following short term components of HEFCE capital grant which have been deferred under the accruals method of accounting.

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
HEFCE Capital Grant	653	653	653	653
	<b>653</b>	<b>653</b>	<b>653</b>	<b>653</b>

### 16 Creditors : amounts falling due after more than one year

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Accruals and deferred income	1,808	1,807	2,057	2,057
Secured loans	8,821	-	10,233	-
Unsecured loans	51,692	51,692	53,008	53,008
Amounts owed to subsidiary undertakings	-	8,408	-	8,316
Deferred HEFCE Capital Grant	21,571	21,571	20,955	20,955
	<b>83,892</b>	<b>83,478</b>	<b>86,253</b>	<b>84,336</b>

#### Analysis of secured and unsecured loans:

Due within one year or on demand (Note 15)	2,729	1,316	2,505	1,296
Due between one and two years	2,975	1,338	2,729	1,316
Due between two and five years	10,653	4,131	7,869	4,068
Due in five years or more	46,885	46,223	52,644	47,624
<b>Total due after more than one year</b>	<b>60,513</b>	<b>51,692</b>	<b>63,242</b>	<b>53,008</b>
<b>Total secured and unsecured loans</b>	<b>63,242</b>	<b>53,008</b>	<b>65,747</b>	<b>54,304</b>

#### Analysis of total debt

Secured loans, repayable by 2021	10,234	-	11,442	-
Unsecured loans, repayable by 2038	53,008	53,008	54,305	54,304
	<b>63,242</b>	<b>53,008</b>	<b>65,747</b>	<b>54,304</b>

Included in loans are the following:

Lender	Amount £'000	Termination	Interest rate %	Borrower
Lloyds Bank	13,982	2038	5.28	University
Lloyds Bank	19,026	2034	4.74	University
Royal Bank of Scotland	20,000	2018	0.55 + LIBOR	University
	<b>53,008</b>			
Deutsche Bank	10,234	2021	9.54	Subsidiary
Total	<b>63,242</b>			

# Notes to the Accounts

## for the year ended 31 July 2016

### 17 Provisions for liabilities

	Obligation to fund deficit on USS pension £'000	Pension enhance- ments on termination £'000	Defined benefit obligations (note 24) £'000	Total pension provisions £'000	Total other provisions £'000
<b>Consolidated and University</b>					
At 1 August 2015	1,520	1,974	94,873	<b>98,367</b>	<b>3,221</b>
Utilised in year	(64)	(129)	-	<b>(193)</b>	<b>(185)</b>
Additions in 2015/16	84	157	44,633	<b>44,874</b>	<b>553</b>
Unused amounts reversed in 2015/16	-	-	-	-	<b>(530)</b>
<b>As at 31 July 2016</b>	<b>1,540</b>	<b>2,002</b>	<b>139,506</b>	<b>143,048</b>	<b>3,059</b>

#### USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

#### Pension enhancement

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

Discount rate	<b>1.0%</b>
Inflation	<b>1.3%</b>

#### Defined Benefit Obligation

Note 24 includes detailed commentary on the Defined Benefit Obligation.

#### Other Provisions

Other Provisions include provisions for liabilities associated with items such as senior staff bonuses, redundancy payments, rates re-evaluations and other miscellaneous costs.

# Notes to the Accounts

## for the year ended 31 July 2016

### 18 Endowment Reserves

#### Consolidated

	Restricted permanent endowments	Expendable endowments	2016 Total	2015 Total
	£'000	£'000	£'000	£'000
<b>Balances at 01 August 2015</b>				
Capital	638	337	975	933
Accumulated income	-	16	16	14
	<u>638</u>	<u>353</u>	<u>991</u>	<u>947</u>
New endowments	-	80	80	2
Investment income	3	11	14	18
Expenditure	-	(19)	(19)	(11)
Increase in market value of investments	20	-	20	35
<b>Total endowment comprehensive income for the year</b>	<u>23</u>	<u>72</u>	<u>95</u>	<u>44</u>
<b>At 31 July 2016</b>	<u><b>661</b></u>	<u><b>425</b></u>	<u><b>1,086</b></u>	<u><b>991</b></u>
<b>Represented by:</b>				
Capital	658	417	1,075	975
Accumulated income	3	8	11	16
	<u>661</u>	<u>425</u>	<u>1,086</u>	<u>991</u>
<b>Analysis by asset</b>				
Current and non-current asset investments			435	415
Cash & cash equivalents			651	576
			<u>1,086</u>	<u>991</u>

# Notes to the Accounts

## for the year ended 31 July 2016

### 18 Endowment Reserves (continued)

#### University

	Restricted permanent endowments	Expendable endowments	2016 Total	2015 Total
	£'000	£'000	£'000	£'000
<b>Balances at 01 August 2015</b>				
Capital	85	191	276	280
Accumulated income	-	16	16	14
	<u>85</u>	<u>207</u>	<u>292</u>	<u>294</u>
New endowments	-	80	80	-
Investment income	3	3	6	6
Expenditure	-	(16)	(16)	(8)
<b>Total endowment comprehensive income for the year</b>	<u>3</u>	<u>67</u>	<u>70</u>	<u>(2)</u>
<b>At 31 July 2016</b>	<u><b>88</b></u>	<u><b>274</b></u>	<u><b>362</b></u>	<u><b>292</b></u>
<b>Represented by:</b>				
Capital	85	271	356	276
Accumulated income	3	3	6	16
	<u>88</u>	<u>274</u>	<u>362</u>	<u>292</u>
<b>Analysis by asset</b>				
Cash & cash equivalents			362	292
			<u>362</u>	<u>292</u>

### 19 Cash and cash equivalents

	Consolidated		
	At 1st August 2015	Cash Flows	At 31st July 2016
	£'000	£'000	£'000
Cash and cash equivalents	42,446	(8,589)	33,857
	<u>42,446</u>	<u>(8,589)</u>	<u>33,857</u>

Cash and cash equivalents at 31 July 2016 comprised:

Endowment cash	£'000
	651
Unrestricted cash	33,206
	<u>33,857</u>

# Notes to the Accounts

## for the year ended 31 July 2016

### 20 Capital commitments

Provision has not been made for the following capital commitments at 31 July 2016:

	31 July 2016		31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	9,591	9,591	6,264	6,264
	<b>9,591</b>	<b>9,591</b>	<b>6,264</b>	<b>6,264</b>

### 21 Leases

**Total rentals payable under operating leases:**

Consolidated and University			31 July 2016	31 July 2015
	Land and Buildings £'000	Plant and Machinery £'000	Total £'000	Total £'000
Payable during the year	6,789	225	7,014	6,568
<b>Future minimum lease payments due:</b>				
Not later than 1 year	7,403	225	7,628	6,997
Later than 1 year and not later than 5 years	23,284	320	23,604	27,271
Later than 5 years	27,192	-	27,192	31,153
<b>Total lease payments due</b>	<b>57,879</b>	<b>545</b>	<b>58,424</b>	<b>65,421</b>

**Total rentals receivable under operating leases:**

Consolidated and University			31 July 2016	31 July 2015
			Total £'000	Total £'000
Receivable during the year			456	576
<b>Future minimum lease receipts due:</b>				
Not later than 1 year			309	602
Later than 1 year and not later than 5 years			447	765
<b>Total lease receipts due</b>			<b>756</b>	<b>1,367</b>

# Notes to the Accounts

## for the year ended 31 July 2016

### 21 Leases (continued)

#### Total rentals receivable under finance leases:

The University has a finance lease arranged with UoW Regent Street Cinema Limited for cinema equipment and leasehold fixtures in which the University is the lessor. As of 31 July 2016, the total cost of cinema equipment and leasehold fixtures was £5,146,000 and present value of minimum lease payments receivable was £4,731,000.

#### University

	31 July 2016 £'000	31 July 2015 £'000
Receivable during the year	329	329
<b>Future minimum lease receipts due:</b>		
Not later than 1 year	337	337
Later than 1 year and not later than 5 years	1,347	1,347
Later than 5 years	4,314	4,651
<b>Total lease receipts due</b>	<b>5,998</b>	<b>6,335</b>

### 22 Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the

Company	Principal Activity	Status
Uniwest (Finance) Ltd	Issue of Promissory Loan note	100% owned
Uniwest (Investments) Ltd	Investment in Uniwest (Finance) Ltd	100% owned
Uniwest (Property) Ltd	Leasing of properties	100% owned
University of Westminster (Trading) Ltd	Research & vacation letting of halls of residence	100% owned
University of Westminster (International)	Education, research and training overseas	100% owned
WestmInnovation Ltd	Exploitation of intellectual property	100% owned
(UoW) Regent Street Cinema Ltd	Cinema	100% owned

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

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

# Notes to the Accounts

## for the year ended 31 July 2016

### 23 Connected charitable institutions

A number of charitable institutions are administered by or on behalf of the University and have been established for its general or special purposes. One of the connected institutions is included as a subsidiary undertaking in these consolidated financial statements; the others are not included in the consolidation since the University does not have control over their activities. The movements in the year on the total funds of all connected institutions, as reported in their own accounts, were as follows:

	Opening balance £'000	Income £'000	Expenditure £'000	Change in market value £'000	Closing balance £'000
<b>Consolidated</b>					
University of Westminster Prize and Scholarship Fund	2,163	23	(6)	20	2,200
<b>Not consolidated</b>					
Quintin Hogg Trust	27,978	4,462	(1,626)	469	31,283
Quintin Hogg Memorial Fund	3,085	141	(51)	57	3,232
Students' Union (year ended 31 July 2015)	(369)	2,003	(1,928)	-	(294)
	<u>32,857</u>	<u>6,629</u>	<u>(3,611)</u>	<u>546</u>	<u>36,421</u>

The Quintin Hogg Trust and Quintin Hogg Memorial Fund are two separate charitable trusts that exist for the benefit of students. One of the five trustees of these trusts was also a governor and trustee of the University during the 2016 financial year. (2015: One of the five trustees was also a governor and trustee of the University).

The Students' Union is a separate entity existing for the benefit of the students of the University of Westminster. It is not controlled by the University and has not been consolidated into the University Group financial statements. The sabbatical President of the Students' Union was also a governor and trustee of the University during the 2016 financial year. Therefore, the Students' Union is treated as a related party of the University. At the time of preparation of the Group's accounts, financial statements for the year ended 31 July 2016 were not available: the table above shows results for the year ended 31 July 2015.

	2016 £'000	2015 £'000
<b>Quintin Hogg Trust</b>		
Rent payable to the Trust in respect of academic buildings	(4,188)	(4,155)
Donations received from Trust and recognised in the statement of comprehensive income	803	1,500
Capital grants received from the Trust	273	1,640
Amounts owed to the University, disclosed within debtors	28	-
Amounts owed by the University, disclosed within creditors	-	(16)
<b>Quintin Hogg Memorial Fund</b>		
Rent payable to the Trust	(101)	(121)
Amounts owed to the University, disclosed within debtors	1	-
Amounts owed by the University, disclosed within creditors	-	(2)
<b>The Students' Union</b>		
Subvention payable to Students' Union	(1,229)	(823)
Salaries reimbursed and invoiced by the University	850	806
Amounts owed to the University, disclosed within debtors	850	439

# Notes to the Accounts

## for the year ended 31 July 2016

### 24 Pension Schemes

Different categories of staff were eligible to join one of three different schemes:

- Universities' Superannuation Scheme (USS)
- Local Government Pension Scheme (LGPS)
- Teachers' Pension Scheme

The two main schemes, being USS and LGPS, are both defined-benefit schemes contracted out of the State Second Pension (S2P) the assets of which are held in separate trustee administered funds.

	Year Ended 31 July 2016	Year Ended 31 July 2015
	£m	£m
USS	0.81	0.74
LGPS including FRS 102 adjustments	8.69	7.12
	<u>9.50</u>	<u>7.86</u>

#### (i) The Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. Those charged with governance are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

# Notes to the Accounts

## for the year ended 31 July 2016

### 24 Pension Schemes (continued)

The total cost charged to the profit and loss account is £813,558 (2015: £1,505,604)

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	<b>2016</b>	<b>2015</b>
Discount rate	3.60%	3.30%
Pensionable salary growth	n/a	3.5% in the first year and 4% thereafter
Pension increases (CPI)	2.20%	2.20%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality	99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	<b>2016</b>	<b>2015</b>
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7

	<b>2016</b>	<b>2015</b>
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%

# Notes to the Accounts

## for the year ended 31 July 2016

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### 24 Pension Schemes (continued)

#### (ii) Local Government Pension Scheme

##### Pension Accounting Disclosure for the accounting period ending 31 July 2016

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. The administering authority for the Fund is the London Pensions Fund Authority (LPFA).

LGPS is subject to a triennial valuation by independent actuaries. This scheme is for Professional Support Staff.

The last formal triennial actuarial valuation of the scheme was performed as at 31 March 2013 by a professionally qualified actuary.

During the accounting period, the University paid contributions to the pension scheme at the rate of 14.3% of pensionable salaries. The rate of employee contributions varies depending on salary bands.

#### Assumptions

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	At 31 July 2016	At 31 July 2015
	%pa	%pa
Price Inflation (RPI)	3.10%	3.50%
Price Inflation (CPI)	2.20%	2.20%
Rate of increase in salaries	4%	4.40%
Rate of increase of pensions in payment for LGPS members	2.20%	2.60%
Increases to deferred pensions before retirement	0%	0%
Discount rate	2.60%	3.80%

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members.

	Pensioner	Non-pensioner (currently aged 45)	Pensioner	Non-pensioner (currently aged 45)
At 31 July 2015	21.9	24.3	25.2	27.5
At 31 July 2016	22	24.4	25.3	27.6

# Notes to the Accounts

## for the year ended 31 July 2016

### 24 Pension Schemes (continued)

#### Scheme assets and expected rate of return for LGPS

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes (i.e. equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

The assets in the scheme were:

	Fair value as at		
	31 July 2016	31 July 2015	31 July 2014
	£m	£m	£m
Equities	64.81	51.25	47.50
LDI/ Cash Flow Matching	11.01	16.76	6.60
Target Return Portfolio	30.63	22.52	30.92
Infrastructure	8.90	6.22	3.61
Commodities	0.67	0.52	1.15
Property	4.71	3.64	2.96
Cash	5.24	14.96	14.97
<b>Total</b>	<b>125.97</b>	<b>115.87</b>	<b>107.71</b>
	31 July 2016	31 July 2015	31 July 2014
	% pa	% pa	% pa
The weighted average expected long-term rates of return were:	5%	6%	6%

	Year Ended	Year Ended
	31 July 2016	31 July 2015
	£m	£m
<b>Analysis of the amount shown in the balance sheet for LGPS</b>		
Scheme assets	125.97	115.87
Scheme liabilities	(261.15)	(206.33)
Present Value of unfunded obligation	(4.33)	(4.41)
<b>Deficit in the scheme – net pension liability recorded within pension provisions (Note 24)</b>	<b>(139.51)</b>	<b>(94.87)</b>
Current service cost	8.35	6.95
Past service costs	0.17	0.00
Administration expenses	0.17	0.16
Total operating charge:	8.69	7.11
<b>Analysis of the amount charged to interest payable/credited to other finance income for LGPS</b>		
Interest cost	7.98	7.78
Expected return on assets	4.48	4.71
Interest on net deficit	0.00	0.00
<b>Net charge to other finance income</b>	<b>3.50</b>	<b>3.07</b>
<b>Total profit and loss charge</b>	<b>12.19</b>	<b>10.18</b>
<b>Analysis of other comprehensive income for LGPS</b>		
Gain on assets	1.80	0.23
Experience gain /( loss) on liabilities	0.06	(0.01)
Change in financial assumptions for defined benefit obligation	(40.42)	(16.27)
<b>Total other comprehensive income</b>	<b>(38.56)</b>	<b>(16.05)</b>

# Notes to the Accounts

## for the year ended 31 July 2016

### 24 Pension Schemes (continued)

#### History of experience gains and losses – LGPS

	2016	Year to 31 July		2013	2012
		2015	2014		
<b>Difference between actual and expected return on scheme assets:</b>					
Amount (£m)	1.80	0.23	(3.13)	11.84	(4.24)
% of assets at end of year	1.4%	0.2%	(2.90%)	11.4%	(4.90%)
<b>Experience (gains)/losses on scheme liabilities:</b>					
Amount (£m)	(0.06)	0.01	14.76	0.03	0.14
% of liabilities at end of year	(0.02%)	0.01%	8.11%	0.00%	0.10%

	<b>At</b>	<b>At</b>
	<b>31 July 2016</b>	<b>31 July 2015</b>
	<b>£m</b>	<b>£m</b>
<b>Cumulative actuarial loss recognised as other comprehensive income for LGPS</b>		
Cumulative actuarial losses recognised at the start of the year	16.05	8.52
Cumulative actuarial losses recognised at the end of the year	38.56	16.05

#### Analysis of movement in surplus/(deficit) for LGPS

	<b>94.87</b>	<b>74.24</b>
<b>Deficit at beginning of year</b>		
Contributions or benefits paid by the University	(6.11)	(5.62)
Return fund on assets	(6.27)	(4.93)
Current service cost	8.34	6.95
Past service cost	0.17	0.00
Interest cost	7.98	7.78
Other administration expenses	0.18	0.17
Experience loss / (gain) on defined benefit obligation	(0.06)	0.01
Loss recognised in other comprehensive income	40.41	16.27
<b>Deficit at end of year</b>	<b>139.51</b>	<b>94.87</b>

	<b>Year to</b>	<b>Year to</b>
	<b>31 July 2016</b>	<b>31 July 2015</b>
	<b>£m</b>	<b>£m</b>

#### Analysis of movement in the present value of LGPS liabilities

<b>Present value of LGPS liabilities at the start of the year</b>	<b>210.74</b>	<b>181.95</b>
Current service cost (net of member contributions)	8.34	6.95
Past service cost	0.17	0.00
Interest cost	7.98	7.78
Change in financial assumptions	40.41	16.28
Actual member contributions and other employer contributions	2.34	2.20
Actuarial loss/(gain)	(0.06)	(0.01)
Estimated Benefits paid net of transfer in	(4.02)	(3.97)
Unfunded pension payments	(0.43)	(0.44)
<b>Present value of LGPS liabilities at the end of the year</b>	<b>265.47</b>	<b>210.74</b>

# Notes to the Accounts

## for the year ended 31 July 2016

### 24 Pension Schemes (continued)

	Year to 31 July 2016	Year to 31 July 2015
	£m	£m
<b>Analysis of movement in the fair value of scheme assets</b>		
<b>Fair value of assets at the start of the year</b>	<b>115.87</b>	<b>107.71</b>
Expected return on assets	4.48	4.71
Actuarial gain on assets	1.80	0.23
Administration expenses	(0.18)	(0.17)
Actual contributions paid by University	6.11	5.62
Actual member contributions (including notional contributions)	2.34	2.20
Estimated benefits paid plus unfunded net of transfers in	(4.46)	(4.43)
<b>Fair value of scheme assets at the end of the year</b>	<b>125.97</b>	<b>115.87</b>

LGPS assets do not include any of the University's own financial instruments, or any property occupied by the University.

	Year to 31 July 2016	Year to 31 July 2015
	£m	£m
<b>Actual return on Scheme assets</b>		
Expected return on Scheme assets	4.48	4.70
Asset gain	1.80	0.23
	<b>6.28</b>	<b>4.93</b>

Estimated contributions for LGPS in the Financial Year 2016–2017 is £5.9m

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

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

It is not possible to identify the University's share of the underlying assets and liabilities of the TPS. Therefore contributions are accounted for as if the TPS were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts). In the year ending 31 July 2016, contributions by the Group to the scheme were £6.033 million (2015: £4.939 million).

# Notes to the Accounts

## for the year ended 31 July 2016

### 25 Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Balance Sheet at 1 August 2014. In preparing its FRS 102, 2015 SORP based Balance Sheet, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP).

An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables.

Financial position	1 August 2014		31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Total reserves under 2007 SORP</b>	<b>66,752</b>	<b>64,165</b>	<b>71,605</b>	<b>73,821</b>
Reclassification of endowment funds in reserves	941	294	986	292
Revaluation of land	93,316	93,316	93,316	93,316
Change in recognition policy for non-government capital grant	36,087	36,087	36,532	36,532
Change in accounting treatment of investment property	-	-	(121)	(121)
Recognition of accrued staff annual leave	(1,774)	(1,774)	-	(1,774)
USS pension deficit payment plan	(778)	(778)	(1,520)	(1,520)
Change in recognition policy for finance leases	-	-	174	72
<b>Total effect of transition to FRS 102</b>	<b>127,792</b>	<b>127,145</b>	<b>129,367</b>	<b>126,797</b>
<b>Total reserves under 2015 SORP</b>	<b>194,544</b>	<b>191,310</b>	<b>200,972</b>	<b>200,618</b>

Financial performance	Year ended 31 July 2015	
	Consolidated £'000	University £'000
<b>Surplus for the year under 2007 SORP</b>	<b>22,859</b>	<b>24,945</b>
USS pension provision	(742)	(742)
Pension Interest	(1,792)	(1,792)
Grant income	450	450
Change in accounting treatment of investment property	(121)	(121)
Employee leave accrual	1,773	-
Endowment gains	42	-
Change in recognition policy for finance leases	174	73
<b>Total effect of transition to FRS102 on surplus</b>	<b>(216)</b>	<b>(2,132)</b>
Actuarial losses on pension scheme	(16,054)	(16,054)
Transfers from accumulated income in endowment funds	(161)	-
<b>Total effect of transition to FRS 102 on comprehensive income</b>	<b>(16,431)</b>	<b>(18,186)</b>
<b>Total comprehensive income for the year under 2015 SORP</b>	<b>6,428</b>	<b>6,759</b>