

Company Number: 977818

UNIVERSITY OF WESTMINSTER
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018



TABLE OF CONTENTS

	Page
Introduction from our Vice Chancellor and President	3
Statement from our Interim Chair to the Court	4
Strategic report.....	5 - 18
About the University of Westminster.....	5
Celebrating Success.....	5
Transforming Westminster.....	7
Strategic Objectives.....	7
Strategic Focus 2017-18.....	8
Corporate Social Responsibility.....	11
An Estate for the Future.....	12
Public and Private Benefit.....	13
Financial Review.....	13
Our Purpose, Mission and Values.....	19
General Information.....	20
Corporate Governance and Internal Controls.....	22 - 27
Independent Auditor's Report.....	28 - 29
Consolidated Statement of Comprehensive Income and Expenditure.....	30
Consolidated and University Statement of Changes in Reserves.....	31
Consolidated and University Balance Sheet.....	32
Consolidated Cash Flow Statement.....	33
Notes to the Financial Statements.....	34 - 64

UNIVERSITY OF WESTMINSTER

Introduction from our Vice Chancellor and President

We have had a challenging and transformative year at Westminster and this Annual Report outlines the start of a new and positive chapter in our history.

This report provides you with a snapshot of activity from across the University, showing how we play a key role in the lives of our students and colleagues and how we impact our community, both locally and internationally. It also outlines our financial stability and liquidity achieved over the last year.

In the last twelve months we have restructured our university both administratively and financially and are facing an ever more changing external environment which will bring us significant opportunities and challenges.

For example, the industrial strategy of the UK and in other countries around the world require a supply of work-ready students from diverse backgrounds who can bring new types of thinking to employers so they can compete better. Our University has great strength in preparing these types of students. There is a need for pioneering and applied research that creates impact and informs teaching so that it is at the leading edge. This fits well with our approach. For example, our Breast Cancer Research Unit contributed to a major study on the genetics of breast cancer and we are capitalising on new opportunities in the areas of social prescribing and resilience training to create a healthier society.

We are the first UK university to embed the Green Dot initiative, an active bystander programme begun in the US, which trains colleagues and students to tackle sexual harassment on campus and in the wider world. This is alongside a refreshed reporting system, enabling all colleagues and students to report or disclose any issues or incidents that have occurred.

We are a compassionate and inclusive university with a very diverse student cohort with a rich history in pioneering education and this is reflected in our mission - to help students from different backgrounds fulfil their potential. Our long-standing commitment to providing education to all students, regardless of their background, is evident in our student body, welcoming a high proportion of students from low-income families and from black and minority ethnic groups.

We have built a new and unique academic structure that creates progressive interdisciplinary cross working and are now set up to deliver on our newly refreshed strategy, addressing the external challenges that face us and embracing all the opportunities afforded to us.

Our students' experience while they study here with us and their success after university are core to what we do. These are also key measures in the National Student Survey (NSS) and Teaching Excellence Framework (TEF) metrics that are used to inform the national and international University Rankings. In the last year we have seen rises and falls in these, jumping 27 places in the 2019 Guardian University Guide but, following the 2018 NSS results, we saw a fall in the 2019 Times / Sunday Times University Guide, which we expect to impact on our rankings in the coming year. The 2016-17 Destination of Leavers of Higher Education (DLHE) results showed an increase in the proportion of Westminster graduates in professional or managerial employment. The DLHE has now been replaced by the Graduate Outcomes survey, which is being managed by our Strategy, Planning and Performance team and will report for the first time in 2020. The Research Excellence Framework (REF2014) showed an increase in our research strength. Our performance placed us in the top half of all UK universities, with nearly two-thirds of the research rated as world leading or internationally excellent.

Our four key objectives: Learning and Teaching, Employability, International, and Research and Knowledge Exchange, have been selected to enhance our students' experience, their graduate outcomes, and our reputation and income. Our objectives are supported by three key enablers: our people, culture and inclusion; our physical environment; and our digital environment. Our people – colleagues, students and alumni – are the fabric of who we are as a university and we must invest in them and equip them with the best support, working environment, connections, and technology to facilitate their success.

Our overriding priority is the wellbeing, health and safety of our students, colleagues and stakeholders.

We have just come out of a difficult period of change and the contents of this report reflect that. It also reflects our areas of excellence and where we will be focussing on improving further to grow and progress continuously. I hope as you read this you will be able to see our past, present and future goals, and your place within Westminster.

Dr Peter Bonfield
Vice-Chancellor and President

UNIVERSITY OF WESTMINSTER

Statement from our Interim Chair to the Court

I echo Peter Bonfield's words that this Annual Report outlines the start of a new chapter in our history. We as governors are looking forward to working with him to lead and guide the institution through the changing HE environment as we strive with purpose to help students from different backgrounds fulfil their potential.

The transformation activities of the last year provide the foundation for our refreshed University strategy. We, the Court of Governors, are committed to promoting and protecting the interests of our students, colleagues and alumni through good governance; to building on the financial stability achieved this year to ensure institutional sustainability; to improving the diversity of our membership; and to being progressive, compassionate, and responsible in all that we do and all the decisions we make.

We cannot reflect on the year that has passed without taking the opportunity to remember and honour our former Vice-Chancellor and President, Professor Geoffrey Petts, who sadly passed away in August 2018. Members of the Court will remember Geoff for his impressive academic record; his national and international reputation in his chosen area of expertise; his distinguished service to higher education - both in the institutions where he worked and in Greater London; and his ambitious and inspirational leadership of our university.

From his appointment as Vice-Chancellor in 2007 to his retirement in 2017, Geoff worked tirelessly to promote a distinctive approach and culture in the University supporting fundamental and interdisciplinary research underpinned and informed by developments in practice. This drive, coupled with his passionate commitment to opening up higher education to first generation students, is a legacy that has paved the way for our refreshed strategy. Despite his failing health, Geoff's final presentation to the Court of Governors – at our away day in October 2017 – was a tour de force on the future of higher education. Our lasting memories of Geoff will be his intellect, charisma, presence and courage. He is greatly missed by colleagues and friends at the University of Westminster and across the higher education sector in the UK and beyond.

My predecessor, Stephen Hart MBE, stepped down earlier this year. He leaves after making a considerable mark during his time on the Court, particularly during his time as Chair, leading the Court during the transformation process, and the appointment of the new Vice-Chancellor and the University Secretary and Chief Operating Officer. I am honoured to have been appointed to this stewardship role as we look to recruit a new Chair. I would like to take this opportunity to thank Stephen and all who are and have been governors over the past year for their contribution to the University.

Ms Diane Yeo
Interim Chair to the Court of Governors

ABOUT THE UNIVERSITY OF WESTMINSTER

Who we are

The University of Westminster is a diverse and dynamic international education institution situated in the heart of London with more than 19,500 students from 170 different nations.

The University has its origins in Britain's first polytechnic, founded in 1838. Since then it has developed into an institution 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 a strong and historic commitment to promoting equality and embracing diversity, and continues to be imaginative in recognising new needs and developing appropriate offerings for its many target markets.

As a place to study or to work, we strive to strengthen our reputation as a welcoming and inclusive organisation. We promote a dynamic synergy between our Colleges of Design, Creative and Digital Industries, Liberal Arts and Sciences and our Westminster Business School. We place equal emphasis on research and teaching by supporting and building our reputation for practice-led engagement to generate the greatest impact.

The University of Westminster is incorporated under the Companies Act as a company limited by guarantee and not having any 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 Articles 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 and the public at large who stand to benefit through the impact of our teaching, research, and enterprise activity.

CELEBRATING SUCCESS

Westminster awarded two Gold Awards in CASE Circle of Excellence Awards

Our Development and Alumni Relations Office have won two Gold Awards in the 2018 CASE Circle of Excellence Awards, bringing international recognition to the University. This is an incredible achievement for Westminster, which won awards alongside major international universities such as Harvard, Princeton and University College London. This year, CASE awarded nearly 350 bronze, silver, gold and grand gold awards in almost 100 categories. Over 3,000 entries were received from 676 higher education institutions.

Westminster 28th in the world for International Outlook in the 2018 Young University Rankings

We have risen to 28th in the 2018 table, also placing third in the UK for International Outlook. The Times Higher Education's Young University league table lists the world's best universities that are aged 50 years or younger.

The University rose to 81st place in the UK in the 2019 Guardian University League Table

We are delighted to have received our highest ranking in ten years, rising to 81st position, up from 108th last year and 112nd in 2017. In addition to the overall rise, 10 of our 22 subjects are ranked in the top half of institutions delivering those subjects. Hospitality, Event Management and Tourism has risen 24 places to be in the top 10 of institutions delivering this subject in the UK and 18 of our 22 subjects improved in ranking in 2017-18. We are also in joint third position amongst London universities for our value added. The score, which compares students' degree results with their entry qualifications, is demonstrative of the difference Westminster makes to students. Westminster also climbed 13 places in the 2019 Complete University Guide.

Westminster Graduate School awarded major HEFCE grant to support mental health and well-being for postgraduate research students

The Graduate School at the University of Westminster received an award of £46,219 from The Higher Education Funding Council for England (HEFCE) to support mental health and wellbeing for postgraduate research students.

CELEBRATING SUCCESS (continued)

University of Westminster Students' Union team win Officer Team of the Year

The University of Westminster Students' Union 2016-18 team have won Officer Team of the Year at the annual National Union of Students (NUS) awards ceremony yesterday. Freya Thompson, Dan Seamarks, Ludovica Siniscalchi and Ethel Tambudzai received the award, which recognises the officer team that has worked most effectively to make change for the benefit of their student body or community.

Freya Thompson, former University of Westminster Students' Union President, said: "We're thrilled to have received this award, it shows that all the hard work myself and my team have shown over the last two years wasn't wasted. Hopefully the Students' Union will continue to achieve on a national stage so we can really show what Westminster can do!"

Westminster's Centre for Employment Research awarded £185,000

The Economic and Social Research Council grant supports research into social mobility and the effects of selective education. In 2017 Westminster Business School's Centre for Employment Research (CER) was awarded a £200,000 grant by the ESRC to investigate 'Early Identification of Young People at Risk of Poor Educational and Labour Market Outcomes: the Role of Educational Institutions'. The CER is delighted to have now been awarded a further £185,000 to conduct new research, 'An Investigation of Social Mobility Using the ONS Longitudinal Study: sub-national variation and effects of selective education' in 2018.

CREAM professors win major funding for documentary filmmaking project

The Centre for Research and Education in Arts and Media (CREAM) won a £600,000 funding bid from the Arts and Humanities Research Council for a three-year documentary filmmaking project 'Documentary of the Imagination', with Professor Joshua Oppenheimer as Principal Investigator and Professor Rosie Thomas as Co-Investigator.

New Anthem marking 70th anniversary of Windrush Generation composed by Dr Shirley J. Thompson

The Windrush Anthem has been composed by University of Westminster Reader Dr Shirley J. Thompson, and was performed at the special Commemoration to Windrush Service held at Westminster Abbey to mark the 70th anniversary of the arrival of the MV Empire Windrush at Tilbury Docks on 22 June 1948. Several heads of state attended, including Prime Minister, Theresa May and Mayor of London, Sadiq Khan. 'Spirit of Windrush - Contributions to Multicultural Britain' aimed to reflect on the impact Caribbean people have had on the UK, particularly since the Windrush's arrival.

Last year, Shirley Thompson was also listed at number eight in the Top 100 Most Influential People of African and Caribbean Heritage which included comedian Sir Lenny Henry, Olympic champion Mo Farah, and Formula One champion Lewis Hamilton.

Westminster's Air Traffic Management Group wins €4 million contract

The contract funds our Air Traffic Management (ATM) Group to run the European Knowledge Transfer Network (KTN) for SESAR, the Single European Sky ATM Research project.

Westminster's Breast Cancer Research Unit contributes to major study on genetics of breast cancer

The University of Westminster's Breast Cancer Research Unit has contributed to a major study on the genetics of breast cancer providing clues to the mechanisms behind the disease.

Professor David Peters' major collaborative research shows burnout in doctors has shocking impact on patients care

Professor David Peters, Director of the Westminster Centre for Resilience, took part in major collaborative research revealing that the burnout in doctors has devastating consequences on the quality of care they deliver to patients.

Westminster Applied Biotechnology Research Group involved in major European research project developing high-demand biopolymers

Westminster researchers from the Applied Biotechnology Research Group are contributing to a major European research project called 'PolyBioSkin' aiming to broaden the use of biopolymers in biomedical, cosmetic and sanitary skin-contact applications.

CELEBRATING SUCCESS (continued)

University of Westminster develops innovative firefighting technology to dramatically reduce forest fires

The University of Westminster's Applied DSP and VLSI Research Group (ADVVRG) have developed an innovative firefighting technology to tackle forest fires.

TRANSFORMING WESTMINSTER

At the start of the last academic year we embarked on an ambitious transformation programme designed to bring the University back to financial and operational sustainability. Through a series of focused projects, the leadership and staff of the University addressed the challenges we faced with honesty, openness and a high level of professionalism and engagement.

A new University-wide methodology for measuring the performance of the portfolio resulted in the closure of 9.5% of our undergraduate provision (18 out of 189 courses) and 17.4% of our postgraduate provision (58 out of 339). We plan to offset these reductions by growth in other areas of the portfolio, most notably through our Foundation programme. In addition, a University-wide process for course growth and innovation will be incorporated into a re-defined and re-focused Curriculum Review and Innovation Committee for implementation in 2018-19.

We have implemented a revised Personal Tutor Policy, which reflects the role of Personal Tutors in supporting student retention. Alongside this, the delivery of a comprehensive learner analytics solution for the start of 2018-19 has exceeded the project's ambitions. The learner analytics tool measures students' levels of engagement across multiple engagement indicators, allowing Personal Tutors to identify easily students most at risk of disengagement, helping them to intervene to provide support to those students who would otherwise be at risk of dropping out. This will help to provide all of our students with an exceptional experience at the University.

Our leadership team now comprises of a reshaped University Executive Board, headed by a new Vice-Chancellor, which is dedicated to building on our distinctive features and a vision of transformative impact. Alongside this, a streamlined senior leadership team will connect key relationships and support the new strategic priorities.

As a result of the academic restructuring, we have a vibrant academic model comprising of three colleges, each with four schools. This new approach has been designed to provide greater academic autonomy and accountability, increased focus on student experience, efficient administrative processes, increased academic performance, and connectivity between teaching and learning and research. Furthermore, a small number of cross-disciplinary cross-university research communities will be established alongside college-level oversight and planning of research activity. The severance process was also highly effective in that no compulsory redundancies were made despite the reduction of the academic workforce by 170 posts.

We have also developed a new professional services structure that is aligned to the new academic structure. The new structure enables greater empowerment, accountability and collaboration amongst departments and academic colleges and schools. Despite significant savings that had to be made in staffing expenditure, only three members of staff were made compulsorily redundant out of a total reduction of approximately 300 post holders. This was successfully accomplished through careful management of recruitment and planned voluntary severance, whilst retaining essential staff. In a number of areas service levels have been maintained, however where there has been a decrease we will prioritise work in line with our core objectives.

STRATEGIC OBJECTIVES

Our refreshed strategy identifies four objectives that will be our focus for the next five years:

Learning and Teaching

To be a leading, high performing and transformative learning organisation which excels in providing an exceptional student experience and exceeds sector benchmarks for student satisfaction; to continually review and improve our portfolio of courses, and to be a TEF Silver with over 70% of our students in subject areas at Silver or Gold.

STRATEGIC OBJECTIVES (continued)

Research and Knowledge Exchange

To develop our research activity and its impact in our areas of excellence to double income from research grants and ensure that 70% of all REF publications are at 3*/4* level.

Employability

To offer opportunities for employability-enhancing learning and engagement with employers and industry to all our undergraduate students.

International

To raise the international reputation and reach of the University, such that the percentage of overseas fee paying undergraduates rises to 30% and postgraduates to 50% of the total number of students taught.

In order to achieve these objectives we will focus on:

People, culture and diversity

To create a positive place and culture so all our people are supported and encouraged to realise their ambition.

Physical environment

To create a physical place that inspires learning, and that meets current and future needs.

Digital environment

To take full advantage of the opportunities the digital environment offers in driving the education and learning of all our students and the working experience of our colleagues.

To achieve the following outcomes:

Reputation

With focused work through our people, place and technology we will grow our already distinctive reputation so that we are widely respected as a strong university, recognised for what we do and our commitment to making a difference.

Financial sustainability

Our financial sustainability that meets current and future investment needs is achieved through the delivery of our objectives, creating an inclusive, inspiring and high-performing learning environment that attracts students to study here and colleagues to work here.

Visit our website for more details on our 2018-23 strategy: westminster.ac.uk/about-us/our-university/our-purpose-mission-and-values

STRATEGIC FOCUS 2017-18

Learning and teaching

Westminster's Learning and Teaching Strategy, which was reviewed in 2015-16, aligns with best practice guidance published by the Higher Education Academy (HEA) and the Quality Assurance Agency (QAA). The University's academic units 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.

Westminster received a Bronze standard in the Teaching Excellence Framework (TEF), which reflects on a range of metrics related to student outcomes and provides contextual information related to excellence in learning and teaching.

STRATEGIC FOCUS 2017-18 (continued)

Research

Amidst the academic and professional services restructuring over the last year we have also been reviewing and refreshing how we drive and support our distinctive and impactful research at Westminster. The Pro Vice-Chancellor (Research) will lead university-wide and work with College Research Directors, the Head of a newly formed Research Office, and the Deputy Vice-Chancellor (Education) (who will lead on our REF2021 submission) to manage research activity.

This will enable us to build on the University's Research Excellence Framework (REF2014) results, which demonstrated 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). Westminster's performance placed us in the top half of all UK universities, with nearly two-thirds of the research rated as world leading or internationally excellent. In preparation for REF 2021 we conducted a 'mini-REF' exercise, initiating the identification of research active staff and Units of Assessment for REF2021. Our Deputy Vice-Chancellor (Education) will be assisted by a newly created role of REF Director who will work with Units of Assessment Leads to build on the work done as part of the mini-REF exercise to develop our REF2021 submission.

Alongside leading research activity at a college level, we are also going to establish a small number of cross-disciplinary, cross-university research communities, the idea for which emerged from last year's review of our research infrastructure. We have always been a progressive and forward-looking University and want our new research communities to reflect the interdisciplinary and innovative research that defines us and will enable us to respond to research opportunities more ambitiously. Our newly formed Research Office will support and develop research activity in our recognised areas of research strength, and work alongside colleagues in Research and Scholarly Communications, External Partnerships, Graduate School Registry and Research Finance, handling all elements of the research lifecycle.

Global engagement

Internationalisation remains a key focus at Westminster. In 2017-18, a particular highlight has been the growth of the Westminster Working Cultures (WWC) programme, a short term outward mobility scheme that allows students to experience professional life in selected world cities. Funded by the Quintin Hogg Trust (QHT) and generously supported by international alumni, WWC represents a flagship programme within our outward mobility options. Joining up the global engagement, alumni relations and employability strategies of the University, WWC is focused on employability skills in an international context. Launched last year, with trips to date to Mumbai, Hong Kong and Washington DC it will be developed to include visits to other world cities such as Shanghai in 2019. WWC, and our range of outward mobility opportunities, short and longer term, are geared to supporting the development by our students of employability-related skills and reflect analysis by the UUK International Unit on the correlation between international experience and graduate outcomes, especially for widening participation students. Our outward mobility targets to 2020, agreed under the last University Plan, have already been exceeded.

As part of the transformation programme, we assessed international partnerships - both outward mobility and recruitment related - against criteria geared to addressing viability, and identified partnerships for development or termination. Our overseas partnerships strategy was refreshed, to ensure return on investment on all partnerships.

Employability

Employability is a core priority for the University, and we were delighted by the recent (Destinations of Leavers from Higher Education (DLHE) outcomes. The 2016-17 results show an increase in the proportion of Westminster graduates in employment and / or further study as well as an increase in the proportion of employed Westminster graduates in professional or managerial roles. According to the latest survey, the proportion of Westminster's undergraduate leavers in employment and / or further study six months after completing a course at the University has increased to 84 per cent. Of those in work, 73 per cent of Westminster's employed undergraduate leavers are employed in professional or managerial occupations. In the past five years, Westminster has seen an increase of 19 percentage points amongst employed undergraduate leavers working in professional roles. For postgraduate leavers, 96 per cent of our employed graduates are working in professional or managerial roles.

STRATEGIC FOCUS 2017-18 (continued)

Employability (continued)

We have refreshed the University's Employability Framework, agreeing a set of core principles centred around the Westminster Employability Journey, in which all Westminster students can participate, with clear milestones and elements located within and outside the academic curriculum.

Wellbeing

We are the first university in the UK to commit ourselves to the *Green Dot* initiative, which has been implemented successfully in many US universities. *Green Dot* is an active bystander training programme for staff and students to provide them with the knowledge, skills and confidence to identify, intervene and report sexual harassment. The first training session took place in April 2018 and we now have 50 trainers who are ready and inspired to go on and train their peers, colleagues and students. These trainers include a number of our Students' Union Sabbatical Officers who have been passionate advocates of the principles of *Green Dot* and have accorded a high priority to the need to tackle the issues of personal based violence within the University and in the community.

Commencing the *Your Potential, Your Success* programme we ran a pilot three-day training session for 44 students that was designed to build their confidence, self-belief and resilience, and generally to support their personal development so that they are able to fulfil their full potential. We received very positive feedback from the session with students experiencing a transformative impact on their personal development. The Quintin Hogg Trust has awarded funding to roll out this training to much larger numbers of students over the next three years – we are aiming to reach over 450 students each year – targeting Level 4 students and particularly those students who are experiencing a sense of alienation and isolation. This is part of our commitment to ensuring that all our students gain the confidence to engage in their studies and to be successful at the University.

Education for all

We offer a generous range of scholarship opportunities, ranging from full scholarships including living expenses and accommodation, to small partial scholarships. We are also one of the few universities in the UK to offer full scholarships to postgraduate students and in 2017–18 we awarded scholarships to students from over 50 countries across the world. We recently conducted a review of our scholarship programme, resulting in a rebrand and greater focus on their alignment with our vision and strategy.

We also offer two bursary programmes: *Distant Horizons* - a bursary fund of £200,000 per annum to support international outward mobility, and *Funding for Care Leavers and Estranged Students*, for which we are accredited by the Buttle Trust and as a *Stand Alone Pledge* signatory.

The *125 Fund* is a matched funding opportunity that gives all our students the opportunity to apply for funding for projects and activities that enhance their employability and professional development. Since its conception in 2016, the QHT has generously matched every donation made to the fund, pound for pound. Thanks to the ongoing support from our alumni and friends, the QHT have generously decided to extend their matched funding offer up until 31 July 2020. In March 2018, £140,017 was awarded to 166 students (from over 906 applications) giving them a unique opportunity to develop their skills and enhance their CVs.

"The 125 Fund has played such an important part in my life that I can't even begin to explain. At the moment all I feel is deep gratitude and admiration towards all the donors. You have inspired us, students, to do our best and achieve our full potential." **Luisa Nolasco** (MA Photography, 2018)

We run an award winning mentoring scheme that aims to help students and recent graduates by raising aspirations, improving confidence, developing social capital and enhancing attainment. As part of this the University works in partnership with the National Mentoring Consortium to deliver a targeted mentoring programme for all BME undergraduate students. In addition our Career Development Centre's mentoring scheme prioritises, where possible, BME, care leaver and estranged students, as well as those who have disclosed having a disability.

STRATEGIC FOCUS 2017-18 (continued)

Access and outreach

We are committed to improving access, success and progression rates of underrepresented groups of students and submitted our 2019-20 Access and Participation Plan to the Office for Students (OfS) in May 2018. The Plan identifies 12 priorities that the University will be addressing through targeted activities designed to improve the outcomes of underrepresented groups and sub-groups at each stage of the student lifecycle.

Our analysis revealed that we are successful in our outreach to, and recruitment of, students from low-income families and students from black and minority ethnic groups. Our long-standing commitment to providing education to all students, regardless of their background is evident and demonstrates that widening participation to higher education continues to be at the forefront of our student recruitment strategies.

However, there are areas where the University can improve relative to the sector and this includes: improving access for students with a disability; improving access for mature students and students from low participation neighbourhoods; and improving access for care leavers.

The QHT provides charitable donations to continue Quintin Hogg's work and is a source of funding for many of our strategic outreach initiatives aimed at underrepresented groups. We are also engaged in a number of other successful partnerships with external stakeholders and work with them to ensure that outreach activity is targeted at specific groups of students. Amongst these, we are the sole university sponsor and lead co-founder of the Sir Simon Milton Westminster University Technical College (UTC). This Victoria-based college offers students aged 14-19 a STEM-focused curriculum and opportunities to solve real-life community and industry problems, working alongside professionals from industry, all delivered in a professional environment. Students from the UTC have been attending the STEM Robotics Skills Club and other events at the University. A progression pathway between the UTC and the University is established and the first cohort of UTC students join the University in 2019-20.

Linking London - a partnership between Westminster and 27 organisations covering London from HEI's, FE colleges and awarding bodies - is dedicated to working collaboratively to identify opportunities and to meet the challenges of the changing educational landscape. Through Linking London we work directly with school pupils on writing personal statements and understanding student finance, and with FE staff on writing student references. These partnerships enable us to continue our long history of providing access to higher education for students from all backgrounds.

CORPORATE SOCIAL RESPONSIBILITY

Westminster is an international university that 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 that 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 (currently under review) recognises a broad definition for Social Responsibility and Sustainability including: existing sustainability and carbon initiatives; academic freedom, sustainable procurement, fair trade and supply chain issues; responsible investment issues; embedding social responsibility and sustainability issues in the learning, teaching and research of the University; access to education and widening participation issues; fair employer and equalities and diversity issues; human rights; and community and public engagement. The University Executive Board receives an update on CSR three times a year. The CSR Framework 2018-19 has three key priority areas - Leadership, Community and Environment – and covers work streams, action plans, accreditations and supporting policy.

Our 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.

CORPORATE SOCIAL RESPONSIBILITY (continued)

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.

AN ESTATE FOR THE FUTURE

We have a significant estate comprising more than 30 buildings across four campuses – Cavendish, Regent, Marylebone and Harrow; such a wide ranging estate is expensive to maintain and operate.

A thorough evaluation of the estate has produced an Interim Estates Report, approved by our Court of Governors. Following defined success metrics: financial, utilisation, and student experience/value-for-money. The interim report sets the scene for our new estate strategy, which will deliver against our vision and strategic objectives and will be integrated with size and shape planning via the University's integrated planning process. Our new Estate strategy will focus on enhancing the student experience, delivering a modern campus through both the physical spaces and the services we provide, and aligning our estate with the future size and shape of the University. Decisions on the physical estate will take due consideration of plans for digital transformation.

Our new Virtual Student Hub is now live and fully accessible to all. This significant piece of work has improved the student experience significantly by reorganising and redesigning all our student-facing web-based information. Access to self-serve options is now easier and each section contains an 'I need help with...' menu to enable students to quickly find key links.

Through the transformation programme we explored and ultimately rejected proposals to consolidate our teaching in the West End of London. Committed to maintaining our presence at Harrow, we are working in partnership with Brent Council and other local partners to explore how we can each contribute to the regeneration of the Northwick Park area. A physical student support/information desk has been created in Harrow, which introduces first-time resolution and best practice in student support services.

In the current year 2018-19 we completed the strategic disposal of Wigram House; the resulting income will support the delivery of our transformative Estate strategy, which will be considered by the Court of Governors in spring 2018, Wigram House was owned freehold by the University and occupied as a student hall of residence until summer 2016 when it was closed due to poor condition.

Commercial lettings in 120 New Cavendish Street continue with the property being fully let for 10 years from 26 July 2017, with the exception of part of the lower ground floor which will be let but is currently occupied for University use.

PUBLIC AND PRIVATE BENEFIT

Public benefit

The University of Westminster is a public benefit entity. Our strategic objectives are covered in detail on pages 7 to 8 and our 2017-18 academic achievements are summarised on pages 5 to 7.

The University's Court of Governors is the institution's governing body. It meets at least 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 are the trustees of the charity and directors of the company. 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.

In accordance with the Charities Act 2011 the Office for Students (and previously 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 well-being needs of students of the University

The objects are recorded in the Articles 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.

Private benefit

Commercially funded research and some types of knowledge exchange activity may generate the possibility of private benefit. Our trustees recognise that any private benefit must be incidental. The Research 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, promoting and monitoring engagement with business, industry, policy makers, voluntary services and the community.

FINANCIAL REVIEW

We achieved successful student recruitment for the academic year 2017-18 in an extremely competitive market. The continued focused programme of activity started at the end of 2016-17 to realign the operating cost base with future income projections has delivered an operating surplus of £8.3m before restructuring costs of £3.8m and unrealised losses £0.9m.

FINANCIAL REVIEW (continued)

The operating surplus together with an actuarial gain in respect of the pension schemes of £30.4m has strengthened the University Group net asset position to £224.1m, an increase of £34.0m on 2017.

The key results for the year ended 31 July 2018 are summarised as follows:

	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18
	£m	£m	£m	£m	£m
Income	181.7	201.9	205.1	205.4	205.1
Expenditure	(161.7)	(179.3)	(193.0)	(204.9)	(196.8)
Operating surplus before exceptional items and other gains and losses	20.0	22.6	12.1	0.5	8.3
Capital expenditure	13.3	94.5	34.3	22.7	11.6
Borrowings	47.1	65.7	63.2	60.5	57.5
Net assets	124.3*	201.0	173.4	190.1	224.1

*From FY14-15 onwards the University reported under FRS102, previously the results had been presented under UK GAAP. The transition to FRS102 impacted on the presentation of Total Net Assets.

Generating a financial surplus from our income operating surpluses remains essential if the University is to maintain a continued focus on financial health and to facilitate the delivery of the 2023 strategy through ongoing investment in the quality of education and facilities that we provide. Strengthening the balance sheet and increasing cash reserves provides a solid financial platform to do this. 2017-18 was a good year for the University and much better than expected 12 months ago.

At the end of 2016-17 a programme to reduce the current cost base was initiated with the reduction of 91 staff through an Employee Release Scheme at a cost of £2.2m. Further staff reductions were managed in 2017-18 and in July 2018 the staff reduction programme completed with a final redundancy programme which led to further reductions in staff numbers at a cost of £3.8m.

Income analysis

Total income of £205.1m remained in line with 2016-17 (£205.4m). The continued fall in government grant funding was offset by marginally increased tuition fee income (£1.1m) and donation income (£1.5m) while operating in an increasingly competitive market.

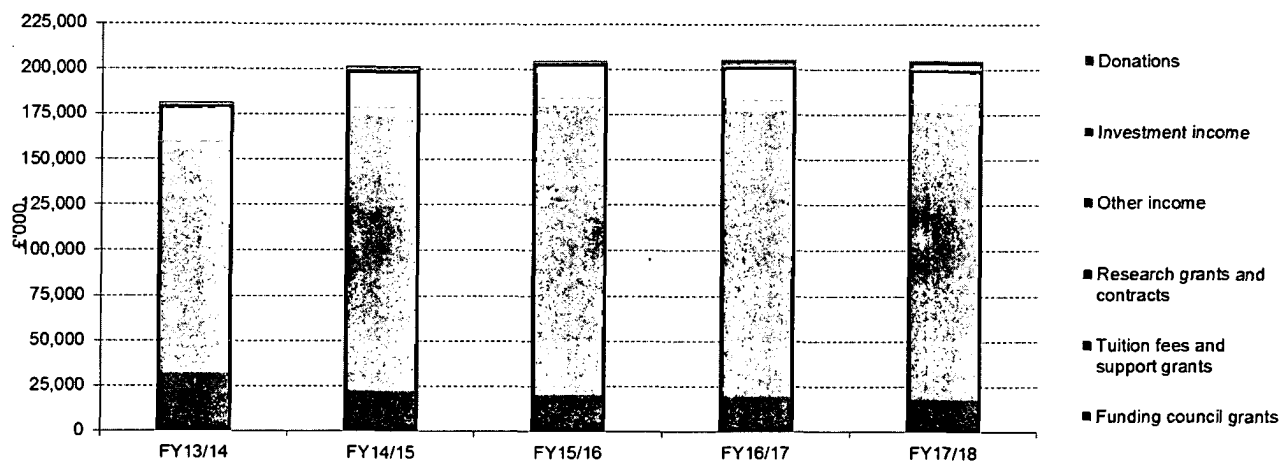
The focus on transformation and staff changes in year reversed the success in securing new research projects in 2016-17 resulting in a fall of £1.8m (29.2%) in research income for 2017-18. The 2023 strategy has research as one of its four objectives and as we go through 2018-19 the focus will be to reverse this trend.

As expected, there was a further reduction in funding council grants, down £1.5m (7.2%). Funding council grants have been confirmed by the new Office for Students for 2018-19, which further reduce in line with previous HEFCE policy.

FINANCIAL REVIEW (continued)

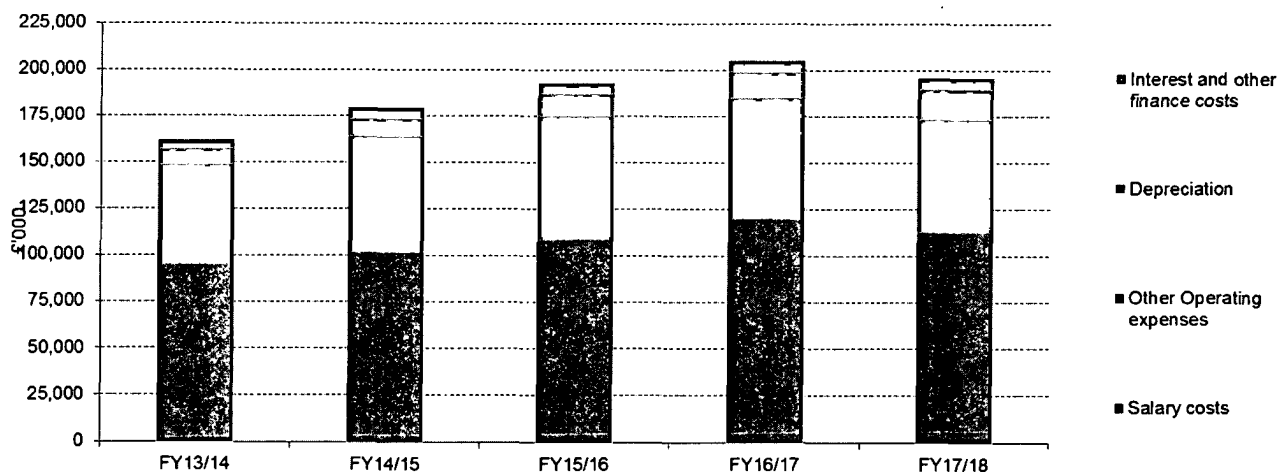
Income analysis (continued)

Other income from residences and other commercial activity remains in line with prior years at £18.8m. A summary of where the University income is derived from is set out in the table below:



Expenditure analysis

Total expenditure reduced by £8.1m (3.9%) in 2017-18 to £196.8m. (2016-17 £204.9m) and a summary breakdown is provided in the table below:



A key measure of salary spend in the sector is salary spend as a percentage of income, the sector average being circa 52%. In 2013-14 salary costs to income was 52.3% however since 2013-14 there has been a year on year increase in salary spend to income and in 2016-17 that reached 58%. For 2017-18 this trend has been reversed and salary costs totalling £114.1m equates to 56% of total income. For 2018-19 salary costs are budgeted to be back in line with the sector average at 52.2%.

FINANCIAL REVIEW (continued)

Expenditure analysis (continued)

Cost control and strong budgetary management has reduced other operating costs by £4.4m from 2016-17 reported spend and, after accounting for unplanned in-year rental increases of £1.5m, a total cost saving of £5.9m has been achieved. Focus on achieving value for money on all spending and reducing non-essential discretionary spend will continue into 2018-19.

The depreciation charge continues to increase year-on-year as a result of the investment made in previous years enhancing the University property base and teaching infrastructure.

The University has a number of borrowings, many of which are on fixed term interest arrangements and therefore are not impacted by interest rate changes.

Capital spend

No major capital projects were undertaken in the year as a result of the Estate strategy currently being revised alongside the 2023 strategic plan. During the year £11.6m was spent on capital improvements in order to maintain the University's infrastructure. Funding was provided from internally generated cash flows.

The increase of £14.3m to investment properties reflects the reclassification of a property asset from fixed assets as result of the change in use of that part of the property.

Cash flow and liquidity

Cash and short term investments were £34.9m at the year end, an increase of £12.4m to the previous year. 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 year finished with net current assets of £13.0m (2017 net liabilities £5.4m). A key element of the finance strategy is to maintain a positive liquidity position and in future years the focus will be to increase the current liquidity ratio of current assets to current liabilities of 1.3:1 (2017 0.9:1) to a minimum of 2:1.

No new borrowings were entered into during the year and at the year-end £20m of the revolving credit facility remained available to be drawn down.

Retirement benefits

The University 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 belong, 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).

FINANCIAL REVIEW (continued)

Retirement Benefits (continued)

The University's share of the LGPS scheme assets and liabilities can be determined on a reasonable basis and, therefore, reported on the University's Balance Sheet. The actuarial estimate of the value of the net liability as at 31 July 2018 is a liability of £115.3m (2017 £133.0m). Provision is also made in respect of the University's obligation to fund the USS deficit. At 31 July 2018 this was £1.3m (2017 £1.5m).

Student numbers

2017-18 student recruitment was marginally down (2.1%) on the prior year but after two consecutive years of falling numbers the outcome for the year is significantly better than expected and budgeted for.

Home and EU numbers continued to decline (3.5% to 2016-17) however this has been offset by a continuing increase in overseas students (3.5% to 2016-17) which has led to an increase in tuition fees of £1.1m (0.7%) from 2016-17.

	2017/18	2017/18	2016/17	2016/17
	Home & EU	Overseas	Home & EU	Overseas
Full Time undergraduate	10,207	1,680	10,918	1,609
Full time postgraduate	1,140	1,242	987	1,117
Part time undergraduate	703	313	630	402
Part time postgraduate	860	71	841	66
	<u>12,910</u>	<u>3,306</u>	<u>13,376</u>	<u>3,194</u>

Initial enrolment figures for FY18-19 indicate that the University will have recruited in line with target and the total student populations are anticipated to remain fairly consistent with those reported in FY17-18. The 2023 strategy will continue to focus on building both home and overseas student numbers.

Risks and uncertainties

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

As with any change environment we recognise the risks associated with the changing HE landscape and seek to control these risks through the University risk register. In February 2018 we introduced a new risk management framework and will update the risk register to align with our new strategic objectives.

Currently the University has identified 39 key risks that are being managed in order to deliver the strategic objectives of the University and which are key to our long term financial sustainability.

Future outlook

In contrast to the steady growth in student numbers that drove strong revenue figures between 2013 and 2015, falling student numbers and associated revenue and continued growth in costs led to remedial action in the form of the transformation plan. Continued steady growth in staff wages means the longer term surplus will be negative unless we continue to simultaneously reduce costs, generate sustainable growth and withdraw from activities that are not generating a positive impact and return.

FINANCIAL REVIEW (continued)

Future outlook (continued)

The socio-political world within which we work is constantly changing, bringing challenges and opportunities from Brexit to the demographic uplift, when we will be seeing more university age students from 2020. Our refreshed strategy recognises the need to build a robust but agile university that can respond to the opportunities and challenges that face us now and in the future and one that will contribute to the future needs of society.

The political and funding environment for higher education is no longer static and stable and is increasingly linked to league table performance. To be successful in that environment we will become a financially stable institution, attractive to students with a range of income streams.

The focus over the next five years is outlined in our refreshed strategy. We are well positioned to deliver on some of our most pressing societal and external needs: an older population; the needs of the young (a group that will start to grow again from 2020); a growing awareness that mental health matters and the effects of stress; digital and virtual learning; and international recruitment and expansion.

The necessary investment in our physical and virtual infrastructure depends on the strength of our Balance Sheet and operating cash surpluses. We will be a forward-looking, digitally focused university that can adapt its delivery at pace with technological developments.

Financial forecasts

In June 2018, the Court approved the University's budget for FY18-19 and in July 2018 financial forecasts to FY22-23 (revised from June 2018 following publication of guidance by the Office for Students).

We have constructed the 2018-19 budget on the basis of achievement of a surplus of £6.2m as a result of the deliverables of the transformation programme and in particular the reduction in staff expenditure.

Surpluses are forecast for the remainder of the five year projection period to 2022-23. The forecast shows total income in FY22-23 at £213.2m, £9.6m more than FY18-19. Total operating expenditure excluding any exceptional items, interest payable and non-cash items increases by £14.1m over the same period (staff cost increasing £24.5m, non-staff cost reducing £10.4m). The forecasts have been developed on a 'worst case' basis.

We submitted updated financial projections and a supporting detailed commentary to the Office for Students on 20 July 2018 to comply with the requirement to provide these by the deadline of 17 September 2018. These demonstrate that the targets set in respect of financial sustainability, in particular to return the University to surplus for 2018-19, have been achieved.

Strategic report

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



Ms Diane Yeo
Interim Chair of the Court of Governors
28 November 2018

UNIVERSITY OF WESTMINSTER

Our Purpose, Mission and Values

Our purpose

We provide grounded, holistic education with wide horizons and opportunities so that people from every background can realise their true potential, contributing to a richer, happier society.

Our mission

To help students from different backgrounds fulfil their potential.

Our values

Progressive: We look forwards, anticipate what's changing and embrace the new with energy and imagination.

Compassionate: We are thoughtful and sensitive, supportive and encouraging, making time to talk, especially when the pressure is on. As a University community we are inclusive and united, careful to consider what enables each and every one of us to play our part.

Responsible: Individually and collectively, we take responsibility for our actions, work to the highest ethical standards and help each other always to do the right thing.

UNIVERSITY OF WESTMINSTER
General Information

Chancellor

Lady Frances Sorrell

Chair of the Court of Governors and Pro-Chancellor

Mr Stephen Hart MBE (to 8 October 2018)

Ms Diane Yeo (Interim from 24 October 2018)

Vice-Chancellor and President

Professor Graham Megon (Acting to 30 April 2018)

Dr Peter Bonfield (from 1 May 2018)

Company Secretary

Mr John Cappock (from 7 June 2018)

Deputy Company Secretary

Mr Richard Davies (to 4 October 2017)

University Secretary and Chief Operating Officer

Mr John Cappock (Interim from 2 October 2017; permanent appointment from 16 April 2018)

Director of Finance

Mr Ian Wilmot (Acting from 19 September 2017; permanent appointment from 1 November 2017)

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

UNIVERSITY OF WESTMINSTER

General Information

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 the Office for Students is the responsible body for regulating universities as charities on behalf of the Charity Commission.

The Privy Council approved the University's new Articles of Association in September 2017. The objects for which the University is established are set out in its Articles 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 opportunities for learning and 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 well-being needs of students of the University.

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 process¹. The Court considers the University's submissions under the Office for Students'² Prevent duty monitoring framework and reviews annually the University's Code of Practice on Freedom of Speech^{3&4}.

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 2014¹.

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's charity gateway page is westminster.ac.uk/about-us/our-university/corporate-information/charitable-status³

¹ HE Code Primary Element 7 – good practice in governance

² Throughout this report references to documents from the Office for Students (OfS) can be taken to include the preceding framework, guidance etc from the Higher Education Funding Council for England (HEFCE).

³ HE Code Primary Element 2 - adherence to legislative and regulatory requirements

⁴ HE Code Primary Element 4 – academic governance

The 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"*⁵. The Governors of the University during the year ended 31 July 2018 are listed below.

	Appointed (A) or reappointed (R)	Retired or resigned	Committee membership
Mr S Hart MBE Chair		8 October 2018	Nominations, Remuneration
Ms D Yeo Interim Chair	24 October 2018 (A) ⁶		Nominations, (Remuneration as Interim Chair)
Ms R Bellamy-James Deputy Chair		30 September 2017	Nominations
Mr D Cheeseman Deputy Chair	25 November 2017 (R) ⁷		Finance and Property (F&P), Remuneration
Mr R Barnes			F&P
Mr D Batchelor		14 December 2017	Audit
Mr J Begg			Academic Council, Nominations
Ms C Bernard	22 March 2018 (A)		HR
Dr P Bonfield	1 May 2018 (A)		Academic Council, F&P, Nominations, Professors and Readers Awarding
Mr G Davies			
Dame K Dunnell			Audit, Nominations, Remuneration
Mr A Ganguli		13 July 2018	Audit, HR
The Hon Dame M Hogg			
Mr T Hope		26 April 2018	F&P
Ms V James	1 December 2017 (A)		HR
Professor G Megson (Provost/Acting Vice-Chancellor)		14 August 2018	Academic Council, HR (F&P, Nominations, Professors and Readers Awarding as Acting VC)
Mr G Morley			F&P
Mr P Murphy			F&P, HR, Remuneration
Miss L Naseem	1 July 2018 (A)		Academic Council
Ms L Neil		7 June 2018	
Ms H Owen	9 October 2017 (A)		F&P, HR
Professor G Petts (Vice-Chancellor)		19 October 2017	Academic Council, F&P, Nominations, Professors and Readers Awarding, Remuneration
Mr M Smith			Audit
The Ven Canon D Stanton	1 December 2017 (A)		F&P
Ms F Thompson		30 June 2018	Academic Council
Ms C Valeur		30 September 2018	Audit, HR
Ms P Wales	1 December 2017 (A)		F&P
Mr J Wates			F&P
Ms N Zaremba	1 December 2017 (A)	30 September 2018	Audit

⁵ HE Code Primary Element 1 – collective accountability

⁶ Appointed as Deputy Chair and reappointed as a governor 5 October 2017, appointed as Interim Chair 24 October 2018

⁷ Reappointed as a governor

UNIVERSITY OF WESTMINSTER

Corporate Governance and Internal Controls

The Court of Governors, which meets formally at least five times a year, comprises 19 independent (non-executive) governors, three co-opted (staff) governors, one co-opted (student) governor, and two ex-officio governors (the Vice-Chancellor and the Provost)¹. The co-opted (staff) governors are nominated through an election process by the Academic Council, academic staff, and professional services staff. There is a clear separation of the roles of the non-executive Chair and the Chief Executive (the Vice-Chancellor)¹.

The Court appointed the University Secretary and Chief Operating Officer – Mr John Cappock – to be Company Secretary with effect from 7 June 2018.

The Court approves the University's long-term objectives and strategies and provides overall financial and organisational control⁵. 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 research⁸.

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 review¹ are published on the University website: westminster.ac.uk/governance.

Statutory committees of the Court¹

The Academic Council⁴ meets up to five times a year. During the period it comprised 26 members of University staff (including the Vice-Chancellor as Chair), the President of the University of Westminster Students' Union and two currently registered students⁹. 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 partnerships¹⁰.

The Audit Committee^{3 & 8} meets up to five times a year. During the period it comprised four independent governors, including the Chair Ms C Valeur¹¹, plus one independent non-governor member (Mr M Pinder¹²). 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 Committee¹ meets three times a year and comprises four independent governors, including the Chair Mr S Hart (Interim Chair Ms D Yeo), plus the Vice-Chancellor and the Academic Council representative on the Court (Mr J Begg). The Committee makes recommendations on the appointment of new governors in accordance with procedures devised by the Committee and approved by the Court and led the search for the new Chair to the Court during this year. 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 membership¹³.

⁸ HE Code Primary Element 3 – institutional sustainability

⁹ The Court approved revised membership with effect from 1 August 2018 to reflect our new structures

¹⁰ HE Code Primary Element 5 – effective control and due diligence for significant external activities

¹¹ Ms Valeur replaced Mr A Ganguli as Chair with effect from 15 July 2018 and resigned 30 September 2018

¹² Retired 21 July 2018

¹³ HE Code Primary Element 6 – equality and diversity

UNIVERSITY OF WESTMINSTER

Corporate Governance and Internal Controls

The Remuneration Committee⁸ meets twice a year. It comprises four independent governors, including the Chair Mr D Cheeseman and the Chair of the Court, plus one independent non-governor member (Ms S Moore¹⁴) and the Vice-Chancellor¹⁵. The Committee reviews the salaries, terms and conditions of employment and schemes of remuneration for the 'holders of senior posts'. The Vice-Chancellor withdrew from the Committee when his own remuneration was under review. 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 G Morley¹⁶, up to six meetings per year), HR Committee (Chair – Mr P Murphy, three meetings per year) and Professors and Readers Awarding Committee (Chair – Professor Roland Dannreuther¹⁷, four meetings per year) complete the governance structure reporting to the Court.

Management

The Vice-Chancellor is supported by the University Executive Board, which he chairs. The University Executive Board (UEB) 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.

During the period, UEB membership included the Provost, the Deputy Vice-Chancellor (Student Experience), the Deputy Vice-Chancellor (Global Engagement), the University Secretary and Chief Operating Officer¹⁸, the five Pro Vice-Chancellor and Deans of Faculty, and the Director of Communications, Recruitment and External Affairs¹⁹.

Employee participation

The University's committee structure ensures staff participation in the decision-making processes of the University. Regular formal and informal meetings are held with both recognised Trade Unions. The Vice-Chancellor communicates to staff about University business and his activities through a regular email blog and through news items on the University's intranet. He also briefs and consults with staff on the University's performance and plans face to face at events, meetings and through his daily interactions.

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's Student Experience Committee (a sub-committee of Academic Council) is jointly chaired by the Students' Union President and the Deputy Vice-Chancellor (Student Experience) and 50% of the membership are students or Students' Union officers. The Committee's primary focus is to promote student engagement and sense of community and to review, monitor and enhance student satisfaction and all aspects of the student experience. The University agreed revised student representation arrangements that focus on interactions between students and staff aimed at the enhancement of the teaching and learning experience. The arrangements adhere to a set of principles that take into account the Expectation and Indicators of Sound Practice in Chapter B5 of the UK Quality Code and the Office for Students Regulatory Framework where it deals with Student Engagement. 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 Court receives the Student's Union annual report and financial statements and meets with the new sabbatical team at the beginning of the year to discuss the Students' Union's priorities.

¹⁴ Retired 1 June 2018

¹⁵ The Court removed the Vice-Chancellor role from the membership with effect from 14 February 2018

¹⁶ Mr Morley replaced Mr T Hope as Chair with effect from 27 April 2018

¹⁷ Professor Dannreuther replaced Professor G Megson as Chair with effect from 1 August 2018

¹⁸ Previously the Director of Finance and Operations and the Registrar and Secretary

¹⁹ In March 2018, the Court approved revised membership to reflect the new organisational structure

Equality, diversity and inclusion¹³

The University of Westminster is committed to supporting diversity and equal opportunities in our dealings with job applicants, students, staff and the public. 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, and family-friendly/work-life balance policies. The Court routinely reflects on its own composition and, with consideration of the expectations of the HE Code of Governance, monitors equality and diversity of its own membership.

The Chair to the Court is a member of the 30% Club, and the Court improved the gender balance of its membership during the period. The Court aims to improve diversity across a range of characteristics and is identifying ways in which this can be achieved.

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. The Staff Equality, Diversity and Inclusion Annual Report, including the biennial Equal Pay Audit, and the Gender Pay Gap Report and supporting statement are published on the University website.

Risk management and systems of control^{8 & 10}

The University strategy is supported by a risk register for the University, which is updated throughout the year and reviewed in full every year by the University Executive Board, the Audit Committee and the Court of Governors. Operational risk registers covering the five faculties (and now the three Colleges) and professional 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.

The Audit Committee has responsibility for advising the Court on the adequacy and effectiveness of the University's risk management policy and procedures, and approves changes where necessary, on behalf of the Court. The University Executive Board (UEB) identifies, evaluates and reports on University level risks associated with the achievement of corporate objectives. Individual members of UEB are assigned responsibility for areas of risk on the University Risk Register and are responsible for identifying and holding to account individuals who are tasked with implementing mitigations relating to those areas of risk. 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 Audit Committee on behalf of the Court, clearly states the Court's responsibilities for determining the appropriate risk appetite or level of exposure for the institution and ensuring that appropriate mitigations 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 OfS Audit Code of Practice, the programme of internal audit work during the year has focused on the institution's most significant risk areas. At the end of the financial period, the University left the Kingston City Group, a provider of specialist risk assurance and internal audit services to the sector, and appointed TIAA to provide internal audit services to the University from 1 August 2018. 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 considered by the University Executive Board and/or referred to committees and/or 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

Risk Management and Systems of Control (continued)

business objectives and can only provide a reasonable and not absolute assurance against material misstatement or loss.

The programme of internal audit work during the year has focused on the institution's most significant risk areas. The overall assurance opinion provided by the internal auditors for the year was limited assurance. There were four limited assurance opinions provided during the year, relating to: Competition and Markets Authority (CMA) compliance; short course income; commercial income; and IT system security. The University received substantial assurance for the reviews undertaken across core assurance areas, including financial controls, risk management and data quality. The areas for which limited assurance was provided were value for money areas identified by management as benefitting from additional support to help improve their effectiveness. The recommendations arising from the CMA review had been implemented by the end of the year and action plans have been developed in order to implement the recommendations of the remaining reviews, which are on course for delivery within the expected timeframes.

Governors' responsibilities

The Court of Governors are responsible for preparing the strategic report and the financial statements in accordance with the requirements of the Office for Students' Terms and conditions of funding for higher education institutions and Research England's Terms and conditions of Research England grant and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent University 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*. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period. . In preparing each of the group and parent University financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

The Court of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Court of Governors are also responsible for ensuring that:

- 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;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;

Governors' responsibilities (continued)

- 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
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing 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 8 (staff costs) to the accounts. The Clerk to the Court maintains a register of interests and governors are required to declare any conflict of 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 reporting cycle for the year ending 31 July 2018 was approved at the Annual General Meeting in November 2017.

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



Ms Diane Yeo
Interim Chair of the Court of Governors
28 November 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the University of Westminster ("the University") for the year ended 31 July 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Reserves, Consolidated Balance Sheet, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2018, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*;
- meet the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The Court of Governors is responsible for the other information, which comprises the Strategic Report and the Report of the Court of Governors and Statement of Corporate Governance and Internal Controls. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in Strategic Report and the Report of the Court of Governors and Statement of Corporate Governance and Internal Controls, which together constitute the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

UNIVERSITY OF WESTMINSTER

Independent Auditor's Report to the Court of Governors of the University of Westminster

Court of Governors' responsibilities

As explained more fully in their statement set out on pages 26 to 27, the Court of Governors (who are the Directors of the University company for the purposes of company law) is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters under the Office for Students and Research England Audit Codes 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 the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them; and
- 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.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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 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 them 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 University and the Court of Governors for our audit work, for this report, or for the opinions we have formed.



Fleur Nieboer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, Canary Wharf, London, E14 5GL
28 November 2018

Consolidated Statement of Comprehensive Income and Expenditure

Year Ended 31 July 2018

		Year Ended 31 July 2018		Year Ended 31 July 2017	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	2	158,734	158,734	157,616	157,616
Funding body grants	3	18,093	18,093	19,508	19,508
Research grants and contracts	4	4,318	3,435	6,100	5,178
Other income	5	18,871	17,996	18,553	17,291
Investment income	6	108	233	74	203
Total income before endowments and donations		200,124	198,491	201,851	199,796
Donations and endowments	7	5,004	4,932	3,546	3,357
Total income		205,128	203,423	205,397	203,153
Expenditure					
Staff costs	8	114,132	113,474	120,028	119,309
Other operating expenses	10	60,504	60,516	64,895	65,891
Depreciation	13	16,066	15,799	13,566	13,297
Interest and other finance costs	9	6,148	6,148	6,368	6,368
Total expenditure		196,850	195,937	204,857	204,865
Surplus / (loss) before other gains and losses		8,278	7,486	540	(1,712)
Exceptional costs	11	(3,792)	(3,792)	(2,191)	(2,191)
Gain on financial investments	14	250	222	97	58
Unrealised (loss)/ gain on revaluation of investment property	14	(1,116)	(1,116)	3,080	3,080
Surplus / (loss) before tax		3,620	2,800	1,526	(765)
Taxation	12	-	-	-	-
Surplus / (loss) for the year		3,620	2,800	1,526	(765)
Actuarial gain in respect of pension schemes	25	30,366	30,366	15,097	15,097
Total comprehensive income for the year		33,986	33,166	16,623	14,332
Represented by:					
Endowment comprehensive income/(expenditure) for the year		33	(19)	46	4
Revaluation reserve comprehensive loss for the year		(510)	(510)	(510)	(510)
Unrestricted comprehensive income for the year		34,463	33,695	17,087	14,838
		33,986	33,166	16,623	14,332

All items of income and expenditure relate to continuing activities.

Consolidated Statement of Changes in Reserves

Year Ended 31 July 2018

<u>Consolidated</u>	Income and expenditure account		Revaluation reserve	Total
	<i>Endowment</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000
Balance at 01 August 2016	1,086	57,043	115,317	173,446
Surplus from the income and expenditure statement	46	1,480	-	1,526
Other comprehensive income	-	15,097	-	15,097
Transfers between revaluation and income and expenditure reserve	-	510	(510)	-
Total comprehensive income for the year	46	17,087	(510)	16,623
Balance at 31 July 2017	1,132	74,130	114,807	190,069
Surplus from the income and expenditure statement	33	3,587	-	3,620
Other comprehensive income (note 25)	-	30,366	-	30,366
Transfers between revaluation and income and expenditure reserve	-	510	(510)	-
Total comprehensive income for the year	33	34,463	(510)	33,986
Balance at 31 July 2018	1,165	108,593	114,297	224,055


<u>University</u>	Income and expenditure account		Revaluation reserve	Total
	<i>Endowment</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000
Balance at 01 August 2016	362	59,313	115,317	174,992
Surplus/(deficit) from the income and expenditure statement	4	(769)	-	(765)
Other comprehensive income	-	15,097	-	15,097
Transfers between revaluation and income and expenditure reserve	-	510	(510)	-
Total comprehensive income for the year	4	14,838	(510)	14,332
Balance at 31 July 2017	366	74,151	114,807	189,324
Surplus/(deficit) from the income and expenditure statement	(19)	2,819	-	2,800
Other comprehensive income (note 25)	-	30,366	-	30,366
Transfers between revaluation and income and expenditure reserve	-	510	(510)	-
Total comprehensive income for the year	(19)	33,695	(510)	33,166
Balance at 31 July 2018	347	107,846	114,297	222,490

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

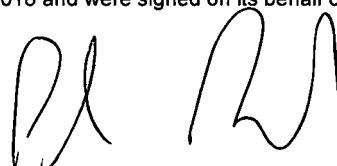
Consolidated Balance Sheet**As at 31 July 2018**

	Notes	As at 31 July 2018		As at 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Fixed assets	13	357,541	353,249	375,823	371,264
Investments	14	51,167	50,666	38,167	37,694
Trade and other receivables due after one year	15	-	4,077	-	7,959
		<u>408,708</u>	<u>407,992</u>	<u>413,990</u>	<u>416,917</u>
Current assets					
Trade and other receivables due within one year	15	15,336	18,643	14,682	15,906
Cash and cash equivalents	20	34,946	32,205	22,496	20,166
		<u>50,282</u>	<u>50,848</u>	<u>37,178</u>	<u>36,072</u>
Less: Creditors: amounts falling due within one year	16	(37,220)	(38,635)	(42,565)	(43,297)
Net current assets/(liabilities)		<u>13,062</u>	<u>12,213</u>	<u>(5,387)</u>	<u>(7,225)</u>
Total assets less current liabilities		<u>421,770</u>	<u>420,205</u>	<u>408,603</u>	<u>409,692</u>
Creditors: amounts falling due after more than one year	17	(78,581)	(78,581)	(81,346)	(83,180)
Provisions					
Pension provisions	18 & 25	(118,358)	(118,358)	(136,412)	(136,412)
Other provisions	18	(776)	(776)	(776)	(776)
Total net assets		<u>224,055</u>	<u>222,490</u>	<u>190,069</u>	<u>189,324</u>
Restricted reserves					
Endowment reserve	19	1,165	347	1,132	366
Unrestricted reserves					
Income, expenditure and pension reserve - unrestricted		108,593	107,846	74,130	74,151
Revaluation reserve		114,297	114,297	114,807	114,807
Total reserves		<u>224,055</u>	<u>222,490</u>	<u>190,069</u>	<u>189,324</u>

The financial statements were approved by the Governing Body on 28 November 2018 and were signed on its behalf on that date by:



Ms Diane Yeo
Interim Chair and Pro Chancellor
28 November 2018



Dr Peter Bonfield
Vice Chancellor and President
28 November 2018

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

Consolidated Cash Flow

For period ended 31 July 2018

	Notes	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Cash flow from operating activities			
Surplus for the year		3,620	1,526
Adjustment for non-cash items			
Depreciation	13	16,066	13,566
Loss/ (gain) on investments	14	866	(3,177)
(Increase) in debtors	15	(654)	(2,952)
(Decrease)/ increase in creditors	16 & 17	(6,090)	158
(Decrease) in pension provision	18	(18,054)	(6,636)
Actuarial gain on pension scheme	25	30,366	15,097
(Decrease) in other provisions	18	-	(2,283)
Adjustment for investing or financing activities			
Investment income	6	(108)	(74)
Interest payable	9	2,604	2,798
Deferred capital grant released to income		(653)	(653)
Net cash inflow from operating activities		27,963	17,370
Cash flows from investing activities			
Capital grants receipts		1,608	1,421
Investment income	6	108	74
Payments made to acquire fixed assets	13	(11,650)	(22,377)
New non-current asset investments	14	-	(2,322)
		(9,934)	(23,204)
Cash flows from financing activities			
Interest paid	9	(2,604)	(2,798)
Repayments of amounts borrowed	17	(2,975)	(2,729)
		(5,579)	(5,527)
Increase/(decrease) in cash and cash equivalents in the year		12,450	(11,361)
Cash and cash equivalents at beginning of the year	20	22,496	33,857
Cash and cash equivalents at end of the year	20	34,946	22,496

Notes to the Accounts

for the year ended 31 July 2018

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.

c) 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 operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

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 2018. 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.

Notes to the Accounts

for the year ended 31 July 2018

1 Accounting Policies (continued)

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.

Notes to the Accounts

for the year ended 31 July 2018

1 Accounting Policies (continued)

Exceptional items

University of Westminster defines exceptional items as "Material items which derive from events or transactions that fall within the ordinary activities of the reporting entity and which individually, or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view."

The three types of transactions recognised by the University as exceptional items are:

- a) Profits or losses on the sale or termination of an operation
- b) Costs of a fundamental reorganisation or restructuring having a material effect on the nature and focus of the university's operations.
- c) Profits or losses on the disposal of fixed assets

Exceptional items are reported after "Surplus before other gains and losses" but before "Surplus before tax".

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.

Notes to the Accounts

for the year ended 31 July 2018

1 Accounting Policies (continued)

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
Audio Visual Equipment	- Seven years
Plant and Machinery	- Five years and twenty years
Computer Equipment	- Four years
Computer Software	- Three to five years

Non-current investments

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

Notes to the Accounts

for the year ended 31 July 2018

1 Accounting Policies (continued)

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.

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.

Notes to the Accounts

for the year ended 31 July 2018

1 Accounting Policies (continued)

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.

Termination benefits

Costs associated with specific schemes which a) terminate the employment of an employee or group of employees before the normal retirement date or b) provide termination benefits as a result of an offer made in order to encourage voluntary redundancy are recognised in the year in which the University is demonstrably committed to a termination scheme without a realistic possibility to withdraw. The costs recognised are the termination payments paid out during the financial year as well as any accrued benefits for the termination payments paid post balance sheet date.

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 on a straight-line basis over the period that the related fixed asset is depreciated.

Notes to the Accounts

for the year ended 31 July 2018

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
2 Tuition fees and education contracts				
Full-time home and EU students	101,390	101,390	104,009	104,009
Full-time international students	41,898	41,898	38,628	38,628
Part-time students	11,671	11,671	11,034	11,034
	<u>154,959</u>	<u>154,959</u>	<u>153,671</u>	<u>153,671</u>
Research Training Support Grant	56	56	50	50
Non credit-bearing courses	3,719	3,719	3,895	3,895
	<u>158,734</u>	<u>158,734</u>	<u>157,616</u>	<u>157,616</u>

3 Funding body grants

Recurrent HEFCE grant

Higher Education Funding Council

Teaching grant	11,460	11,460	12,964	12,964
Research grant	4,362	4,362	4,457	4,457
Other grants	1,311	1,311	1,040	1,040
Pension liability grant	286	286	387	387
HEFCE capital grant	653	653	653	653
Teaching Agency grants	21	21	7	7
	<u>18,093</u>	<u>18,093</u>	<u>19,508</u>	<u>19,508</u>

4 Research grants and contracts

Research councils	460	460	1,203	1,203
Charities	616	459	994	642
Government (UK and overseas)	1,738	1,450	2,518	2,288
Industry and commerce	446	108	359	45
Other bodies	1,058	958	1,026	1,000
	<u>4,318</u>	<u>3,435</u>	<u>6,100</u>	<u>5,178</u>

Notes to the Accounts

for the year ended 31 July 2018

	Year ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
5 Other income				
Residences, catering and conferences	9,376	8,382	9,943	8,935
Recreation	685	685	776	776
Rents and Lettings	4,154	2,482	3,262	1,870
Sundry sales	596	594	512	513
Other Income	4,060	5,853	4,060	5,197
	18,871	17,996	18,553	17,291
6 Investment income				
Other investment income	23	1	5	1
Sundry Sales	85	232	69	202
	108	233	74	203
7 Donations and endowments				
Donations and endowments	5,004	4,932	3,546	3,357
	5,004	4,932	3,546	3,357

Notes to the Accounts

for the year ended 31 July 2018

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
8 Staff costs				
Salaries	81,100	80,486	91,018	90,384
Redundancy costs	1,115	1,115	646	646
Social security costs	8,992	8,959	9,694	9,641
Other pension costs	22,925	22,914	18,670	18,638
Total	114,132	113,474	120,028	119,309

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

	2018	2017
£110,000 to £114,999	2	3
£115,000 to £119,999	2	2
£120,000 to £124,999	-	3
£125,000 to £129,999	1	1
£130,000 to £134,999	1	1
£145,000 to £149,999	1	1
£155,000 to £159,999	-	1
£170,000 to £174,999	1	-
£235,000 to £239,999	1	-
£290,000 to £294,999	-	1
	9	13

Average staff numbers by major category :

	No.	No.
Teaching and research	827	846
Visiting lecturers	102	116
Support staff	971	1,040
	1,900	2,002

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:

	2018	2017
	£'000	£'000
Salary	1,522	1,688
Termination payments	179	198
	1,701	1,886
Employer's pension contributions	157	168
Total emoluments	1,858	2,054

Notes to the Accounts

for the year ended 31 July 2018

8 Staff costs (continued)

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

Year ended 31 July 2018:

Pro-rated as Vice-Chancellor

	*1 August 2017 to 30 April 2018	**1 May 2018 to 31 July 2018	Total 2018	Total 2017
	£'000	£'000	£'000	£'000
Basic salary	148	63	211	293
Performance related pay and bonus	40	-	40	-
Employer's pension contributions	3	-	3	6
	191	63	254	299

On 1 August 2017 Professor Geoff Petts stood down as Vice-Chancellor but maintained his role as University President until retiring 31 January 2018. During this period he received total remuneration of £148,668.

*From 1 August 2017 to 30 April 2018 Professor Graham Megson assumed the role of Acting Vice-Chancellor and his remuneration while serving as Vice-Chancellor is disclosed above. From 1 May 2018 to 31 July 2018 Professor Graham Megson resumed his role as Pro-Vice Chancellor - Research and Knowledge Exchange.

** From 1 May 2018, Dr Peter Bonfield was appointed Vice-Chancellor and President.

The Vice-Chancellor's basic salary is 5.3 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the Group and the University to its staff.

The Vice-Chancellor's total remuneration including pension is 4.4 times the median total remuneration of staff including pension costs, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the Group and the University to its staff.

The median pay ratios have been prepared on the basis of staff recorded on the payroll, excluding visiting lecturers and agency staff as required by the Account Direction. This approach has been adopted as there is no clear guidance on what to consider when completing this calculation for these groups of people when data is not maintained at the same level as a standard full or part time equivalent.

The total remuneration package for the Vice-Chancellor comprises a salary of £250,000. There are no additional pension payments and no benefits in kind.

In deciding on the starting salary for the Vice-Chancellor the Remuneration Committee considered data from the agreed UCEA reference group: London and the South East, Median to Upper Quartile and income '£70m to £202m'. The Committee considered also information on the market position for salaries for Vice-Chancellors and comparative leadership roles in other sectors based on job evaluated size (using the Hay Methodology), and the UCEA publication 'Senior Staff Remuneration, including Heads of Institution increases 2016-17'.

The Committee delegated authority to the Chair to the Court to offer a higher salary, either by way of a significant bonus linked to clear measurable outcomes, or by offering a 'red ringed' salary outside of the proposed salary band.

The Committee ratified the salary for the Vice-Chancellor at the meeting held 21 February 2018 and confirmed that this salary will not be reviewed until 2019 and, for the avoidance of doubt, will not be subject to any cost of living uplift the Committee may approve for other 'holders of senior posts' from 1 August 2018.

The remuneration package was based on the considerations noted above and on a judgement of the performance of the appointee in previous roles assessed through the application and interview process.

Notes to the Accounts

for the year ended 31 July 2018

8 Staff costs (continued)

Compensation paid for loss of office

Redundancy and severance costs were incurred during the financial year as follows:

	2018	2017
	£'000	£'000
Compensation paid for loss of office to employees earning in excess of £100k	154	301
Compensation paid for loss of office to all employees	3,875	2,698
Number of employees	No. 220	No. 135

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.

During the period Professor Geoffrey Petts was 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 £36,080 were made from London Higher during the financial year ended 31st July 2018.

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:	2018	2017
	£'000	£'000
Total remuneration including employer's pension contributions	572	740

During the year £583 (2017: £4,123) 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, subsistence and other expenses for 2 trustees (2017: 3 trustees).

Total governors' remuneration includes the remuneration of all staff 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 2018		Year Ended 31 July 2017	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
Promissory note		778	778	921	921
Bank loans		1,826	1,826	1,875	1,875
Other interest		-	-	2	2
Net charge on pension scheme	25	3,544	3,544	3,570	3,570
		6,148	6,148	6,368	6,368

Notes to the Accounts

for the year ended 31 July 2018

10 Analysis of total expenditure by activity

Consolidated	Year ended 31 July 2018			Year Ended 31 July 2017		
	Staff	Other	Total	Staff	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Academic Departments	65,635	13,715	79,350	70,372	13,584	83,956
Academic Support Services	12,333	5,506	17,839	14,372	5,152	19,524
Research	2,075	1,603	3,678	2,452	1,639	4,091
Administration and Central Services	18,931	14,857	33,788	20,446	18,630	39,076
Premises	3,928	23,372	27,300	3,844	22,654	26,498
Residences and Catering	890	1,306	2,196	1,028	2,627	3,655
Other expenses	10,340	145	10,485	7,514	609	8,123
	114,132	60,504	174,636	120,028	64,895	184,923

Other operating expenses include:

External auditors' remuneration in respect of audit services

External auditors' remuneration in respect of non-audit services

50

23

50

30

Operating lease rentals:

Land and buildings

8,424

7,493

Notes to the Accounts

for the year ended 31 July 2018

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
11 Exceptional Costs				
Employee Release Scheme costs	(182)	(182)	2,091	2,091
Restructuring costs	3,974	3,974	100	100
	3,792	3,792	2,191	2,191

The University has completed a period of restructuring that commenced at the end of financial year 2016/17 when the University offered an employee release scheme to non-academic staff. The restructuring continued throughout the current financial year and completed on 31 July 2018. The restructuring impacted on both academic and non-academic staff and staff affected by the restructuring and eligible for final settlement payments left the University on or before the 31 July 2018. However there were a few circumstances under which staff had termination dates in August and September and the settlement costs for these employees leaving after 31 July were accrued for in the financial year ended 31 July 2018.

Notes to the Accounts

for the year ended 31 July 2018

12 Taxation note

Reconciliation of current tax charge:	2018 £'000	2017 £'000
Recognised in the statement of comprehensive income		
Consolidated surplus on ordinary activities	3,620	1,526
Tax on surplus on ordinary activities at standard corporation tax rate in the UK of 19.00% (2017: 19.67%):	688	300
Effect of:		
Non- taxable profit	(688)	(300)
Current tax expense	<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% (2017: 17%) of the amount of the timing differences, is £237k asset (2017: £83k asset), and it is analysed below. Removal of three dormant companies has had a major contribution to the value decrease.

	2018 £'000	2017 £'000
Capital allowances not utilised	4	9
Tax losses not utilised	233	74
	<u>237</u>	<u>83</u>

Notes to the Accounts

for the year ended 31 July 2018

13 Fixed Assets

Consolidated	Freehold Land and Buildings	Leasehold Land and Buildings	Assets in the Course of Construction	Plant and Machinery	Fixtures, Fittings and Equipment	Computers and software	AV Equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 01 August 2017	393,324	27,144	6,337	15,425	6,477	19,627	4,451	49	472,834
Additions	5,104	60	3,112	217	964	1,656	537	-	11,650
Transfers	1,861	-	(4,646)	-	-	2,785	-	-	-
Transfer to Investment property	(14,288)	-	-	-	-	-	-	-	(14,288)
At 31 July 2018	386,001	27,204	4,803	15,642	7,441	24,068	4,988	49	470,196
Consisting of:									
Land at valuation at 31 July 2014	120,570	-	-	-	-	-	-	-	120,570
Land at cost	6,720	-	-	-	-	-	-	-	6,720
Other assets at cost	258,711	27,204	4,803	15,642	7,441	24,068	4,988	49	342,906
At 31 July 2018	386,001	27,204	4,803	15,642	7,441	24,068	4,988	49	470,196
Depreciation									
At 01 August 2017	62,068	9,208	-	10,980	3,570	9,760	1,376	49	97,011
Charge for the year	5,675	1,055	-	1,610	1,180	5,835	711	-	16,066
Transfer to Investment property	(422)	-	-	-	-	-	-	-	(422)
At 31 July 2018	67,321	10,263	-	12,590	4,750	15,595	2,087	49	112,655
Net book value									
At 31 July 2018	318,680	16,941	4,803	3,052	2,691	8,473	2,901	-	357,541
At 31 July 2017	331,256	17,936	6,337	4,445	2,907	9,867	3,075	-	375,823

Notes to the Accounts

for the year ended 31 July 2018

13 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	AV Equipment	Motor vehicles	Total
At 01 August 2017	393,324	22,059	6,337	15,411	6,477	19,578	4,451	49	467,686
Additions	5,104	60	3,112	217	964	1,656	537	-	11,650
Transfers	1,861	-	(4,646)	-	-	2,785	-	-	-
Transfer to Investment property	(14,288)	-	-	-	-	-	-	-	(14,288)
At 31 July 2018	<u>386,001</u>	<u>22,119</u>	<u>4,803</u>	<u>15,628</u>	<u>7,441</u>	<u>24,019</u>	<u>4,988</u>	<u>49</u>	<u>465,048</u>
Consisting of:									
Land at valuation at 31 July 2014	120,570	-	-	-	-	-	-	-	120,570
Land at cost	6,720	-	-	-	-	-	-	-	6,720
Other assets at cost	258,711	22,119	4,803	15,628	7,441	24,019	4,988	49	337,758
	<u>386,001</u>	<u>22,119</u>	<u>4,803</u>	<u>15,628</u>	<u>7,441</u>	<u>24,019</u>	<u>4,988</u>	<u>49</u>	<u>465,048</u>
Depreciation									
At 01 August 2017	62,068	8,654	-	10,975	3,570	9,730	1,376	49	96,422
Charge for the year	5,675	801	-	1,606	1,180	5,825	712	-	15,799
Transfer to Investment property	(422)	-	-	-	-	-	-	-	(422)
At 31 July 2018	<u>67,321</u>	<u>9,455</u>	<u>-</u>	<u>12,581</u>	<u>4,750</u>	<u>15,555</u>	<u>2,088</u>	<u>49</u>	<u>111,799</u>
Net book value									
At 31 July 2018	<u>318,680</u>	<u>12,664</u>	<u>4,803</u>	<u>3,047</u>	<u>2,691</u>	<u>8,464</u>	<u>2,900</u>	<u>-</u>	<u>353,249</u>
At 31 July 2017	<u>331,256</u>	<u>13,405</u>	<u>6,337</u>	<u>4,436</u>	<u>2,907</u>	<u>9,848</u>	<u>3,075</u>	<u>-</u>	<u>371,264</u>

Notes to the Accounts

for the year ended 31 July 2018

14 Non-Current Investments

Consolidated	Subsidiary companies	Investment property	Other fixed assets investments	Total
	£'000	£'000	£'000	£'000
At 1 August 2017	-	37,522	645	38,167
Transfer from current fixed assets	-	13,866	-	13,866
Disposals	-	-	-	-
Revaluation	-	(1,116)	250	(866)
At 31 July 2018	-	50,272	895	51,167

University	£'000	£'000	£'000	£'000
At 1 August 2017	1	37,522	171	37,694
Transfer from current fixed assets	-	13,866	-	13,866
Disposals	-	-	-	-
Revaluation	-	(1,116)	222	(894)
At 31 July 2018	1	50,272	393	50,666

Investment property includes two properties held at fair value as at 31 July 2018. The valuation was performed by Savills LLP at 31 July 2017 in accordance with applicable professional standards. The directors have reviewed the valuation and are of the opinion that this represents the fair value of the investment at 31 July 2018.

Other non-current investments consist of:

	Consolidated £'000	University £'000
Hypha Discovery Ltd	195	195
CVCP Properties plc	197	197
COIF Charity Investment Fund	502	-
Other listed investments	1	-
	895	392

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 2018, 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 £502k 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 2018 was 13.19%.

Notes to the Accounts

for the year ended 31 July 2018

15 Trade and other receivables

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Trade and sundry debtors	3,923	3,237	3,518	2,295
Finance lease receivable from subsidiary	-	337	-	337
Other amounts due from subsidiary companies	-	2,821	-	2,446
Other debtors	639	639	1,373	1,360
Prepayments and accrued income	10,774	11,609	9,791	9,468
	15,336	18,643	14,682	15,906
Amounts falling due after more than one year:				
Finance lease receivable from subsidiary	-	4,077	-	4,293
Other amounts due from subsidiary companies	-	-	-	3,666
	-	4,077	-	7,959
	15,336	22,720	14,682	23,865

16 Creditors: amounts falling due within one year

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Secured loans (promissory note)	1,887	-	1,637	-
Unsecured loans	1,358	1,358	1,338	1,338
Amounts owed to subsidiary undertakings	-	4,304	-	4,693
Trade payables	13,177	13,170	11,400	11,395
Social security and other taxation payable	564	507	2,910	2,927
Accruals and deferred income	13,361	13,146	16,739	15,415
Other creditors	6,873	6,150	8,541	7,529
	37,220	38,635	42,565	43,297

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 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Grants - academic, research & other	155	135	278	237
Commercial rent	388	388	465	465
Accommodation charges	-	-	21	21
Academic fees	3,730	3,730	3,571	3,571
Other income	889	889	864	824
	5,162	5,142	5,199	5,118

Notes to the Accounts

for the year ended 31 July 2018

16 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 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
HEFCE capital grant	653	653	653	653
	<u>653</u>	<u>653</u>	<u>653</u>	<u>653</u>

17 Creditors : amounts falling due after more than one year

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Accruals and deferred income	995	995	1,470	1,470
Secured loans	5,297	-	7,184	-
Unsecured loans	48,996	48,996	50,354	50,354
Amounts owed to subsidiary undertakings	-	5,297	-	9,018
Deferred HEFCE capital grant	23,293	23,293	22,338	22,338
	<u>78,581</u>	<u>78,581</u>	<u>81,346</u>	<u>83,180</u>

Analysis of secured and unsecured loans:

Due within one year or on demand (Note 16)	3,245	1,358	2,975	1,338
Due between one and two years	3,535	1,358	3,245	1,358
Due between two and five years	7,539	4,197	9,494	4,197
Due in five years or more	43,219	44,799	44,799	44,799
Total due after more than one year	54,293	50,354	57,538	50,354
Total secured and unsecured loans	57,538	51,712	60,513	51,692

Analysis of total debt

Secured loans, repayable by 2021	7,184	-	8,821	-
Unsecured loans, repayable by 2038	50,354	50,354	51,692	51,692
	<u>57,538</u>	<u>50,354</u>	<u>60,513</u>	<u>51,692</u>

Included in loans are the following:

Lender	Amount	Termination	Interest rate	Borrower
	£'000		%	
Scottish Widows	13,274	2038	5.28	University
Lloyds Bank	17,080	2034	4.74	University
Royal Bank of Scotland	20,000	2020	0.55 + LIBOR	University
	<u>50,354</u>			
Deutsche Bank	7,184	2021	9.54	Subsidiary
Total	<u>57,538</u>			

Notes to the Accounts

for the year ended 31 July 2018

18 Provisions for liabilities

	Obligation to fund deficit on USS pension £'000	Pension enhance- ments on termination £'000	Defined benefit obligations (note 25) £'000	Total pension provisions £'000	Total other provisions £'000
Consolidated and University					
At 1 August 2017	1,484	1,902	133,026	136,412	776
Utilised in year	(107)	(128)	-	(235)	-
Additions in 2017/18	-	31	-	31	-
Amounts reclassified to creditors <1 year	-	-	-	-	-
Unused amounts reversed in 2017/18	(106)	-	(17,744)	(17,850)	-
As at 31 July 2018	1,271	1,805	115,282	118,358	776

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	2.3%
Inflation	1.3%

Defined benefit obligation

Note 25 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 2018

19 Endowment Reserves

Consolidated

	Restricted permanent endowments	Expendable endowments	2018 Total	2017 Total
	£'000	£'000	£'000	£'000
Balances at 01 August 2017				
Capital	698	404	1,102	1,075
Accumulated income	3	27	30	11
	<u>701</u>	<u>431</u>	<u>1,132</u>	<u>1,086</u>
 New endowments	-	-	-	42
Investment income	-	23	23	5
Expenditure	-	(20)	(20)	(41)
Increase in market value of investments	30	-	30	40
 Total endowment comprehensive income for the year	<u>30</u>	<u>3</u>	<u>33</u>	<u>46</u>
 At 31 July 2018	<u><u>731</u></u>	<u><u>434</u></u>	<u><u>1,165</u></u>	<u><u>1,132</u></u>
 Represented by:				
Capital	728	351	1,079	1,102
Accumulated income	3	83	86	30
	<u>731</u>	<u>434</u>	<u>1,165</u>	<u>1,132</u>
 Analysis by asset				
Current and non-current asset investments			507	475
Cash & cash equivalents			658	657
			<u>1,165</u>	<u>1,132</u>

Notes to the Accounts

for the year ended 31 July 2018

19 Endowment Reserves (continued)

University

	Restricted permanent endowments	Expendable endowments	2018 Total	2017 Total
	£'000	£'000	£'000	£'000
Balances at 01 August 2017				
Capital	85	258	343	356
Accumulated income	3	20	23	6
	<u>88</u>	<u>278</u>	<u>366</u>	<u>362</u>
 New endowments	-	-	-	41
Investment income	-	1	1	1
Expenditure	-	(20)	(20)	(38)
Total endowment comprehensive income for the year	<u>-</u>	<u>(19)</u>	<u>(19)</u>	<u>4</u>
 At 31 July 2018	<u>88</u>	<u>259</u>	<u>347</u>	<u>366</u>
 Represented by:				
Capital	85	204	289	343
Accumulated income	3	55	58	23
	<u>88</u>	<u>259</u>	<u>347</u>	<u>366</u>
 Analysis by asset				
Cash & cash equivalents			<u>347</u>	<u>366</u>
			<u>347</u>	<u>366</u>

20 Cash and cash equivalents

	Consolidated		
	At 1st August 2017	Cash Flows	At 31st July 2018
	£'000	£'000	£'000
Cash and cash equivalents	22,496	12,450	34,946
	<u>22,496</u>	<u>12,450</u>	<u>34,946</u>

Cash and cash equivalents at 31 July 2018 comprised:	£'000
Endowment cash	658
Unrestricted cash	<u>34,288</u>
	<u>34,946</u>

Notes to the Accounts

for the year ended 31 July 2018

21 Capital commitments

Provision has not been made for the following capital commitments at 31 July 2018:

	31 July 2018		31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Commitments contracted for	1,157	1,157	7,502	7,502
	<u>1,157</u>	<u>1,157</u>	<u>7,502</u>	<u>7,502</u>

22 Leases

Total rentals payable under operating leases:

Consolidated and University

			31 July 2018	31 July 2017
	Land and Buildings	Plant and Machinery	Total	Total
	£'000	£'000	£'000	£'000
Payable during the year	8,424	214	8,638	7,718
Future minimum lease payments due:				
Not later than 1 year	9,170	122	9,292	9,383
Later than 1 year and not later than 5 years	34,899	-	34,899	35,021
Later than 5 years	126,974	-	126,974	126,974
Total lease payments due	<u>171,043</u>	<u>122</u>	<u>171,165</u>	<u>171,378</u>

Total rentals receivable under operating leases:

Consolidated and University

	31 July 2018	31 July 2017
	Total	Total
	£'000	£'000
Receivable during the period	<u>1,962</u>	<u>1,613</u>
Future minimum lease receipts due:		
Not later than 1 year	2,418	2,071
Later than 1 year and not later than 5 years	9,670	6,839
Total lease receipts due	<u>12,088</u>	<u>8,910</u>

Notes to the Accounts

for the year ended 31 July 2018

22 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 2018, the total cost of cinema equipment and leasehold fixtures was £5,148,306 and present value of minimum lease payments receivable was £4,292,989.

University

	31 July 2018	31 July 2017
	£'000	£'000
Receivable during the period	337	337
Future minimum lease receipts due:		
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	3,640	3,977
Total lease receipts due	<u>5,324</u>	<u>5,661</u>

23 Subsidiary undertakings

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

Company	Principal Activity	Status
Uniwest (Finance) Ltd	Issue of Promissory Loan note	100% owned
Uniwest (Investments) Ltd	Dormant	100% owned
Uniwest (Property) Ltd	Dormant	100% owned
University of Westminster (Trading) Ltd	Research & vacation letting of halls of residence	100% owned
University of Westminster (International)	Dissolved 14 November 2017	
Westminnovation Ltd	Dormant	100% owned
(UoW) Regent Street Cinema Ltd	Cinema	100% owned

Notes to the Accounts

for the year ended 31 July 2018

24 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 specific 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 two 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
Consolidated					
University of Westminster Prize and Scholarship Fund	2,254	38	(9)	30	2,313
Not consolidated					
Students' Union (year ended 31 July 2017)	(209)	2,215	(2,411)	-	(405)
	<u>2,045</u>	<u>2,253</u>	<u>(2,420)</u>	<u>30</u>	<u>1,908</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 trustees of these trusts was also a governor and trustee of the University during the 2018 financial year (2017: One trustee 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 2018 financial year. 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 2018 were not available: the table above shows results for the year ended 31 July 2017.

	2018 £'000	2017 £'000
Quintin Hogg Trust		
Rent payable to the Trust in respect of academic buildings	(5,484)	(4,232)
Donations received from Trust and recognised in the statement of comprehensive income	4,659	3,272
Capital grants received from the Trust	-	-
Amounts owed to the University, disclosed within debtors	-	10
Amounts owed by the University, disclosed within creditors	-	1,056
Quintin Hogg Memorial Fund		
Rent payable to the Trust	(106)	(101)
Amounts owed to the University, disclosed within debtors	4	1
Amounts owed by the University, disclosed within creditors	-	-
The Students' Union		
Subvention payable to Students' Union	(1,459)	(1,355)
Salaries reimbursed and invoiced by the University	1,070	1,164
Amounts owed to the University, disclosed within debtors	329	310

Notes to the Accounts

for the year ended 31 July 2018

25 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, the assets of which are held in separate trustee administered funds.

Costs charged to Statement of Comprehensive Income and Expenditure

	Year Ended 31 July 2018	Year Ended 31 July 2017
	£m	£m
USS	0.67	0.85
LGPS	15.32	11.66
	<u>15.99</u>	<u>12.51</u>

(i) The Universities Superannuation Scheme

The University participates in Universities Superannuation Scheme. With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is 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 the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the University 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 therefore an expense is recognised.

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 Universities Superannuation Scheme. 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 in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that the scheme provided by Universities Superannuation Scheme 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.

The total cost charged to the Statement of Comprehensive Income and Expenditure is £917k (2017: £854k) .

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. The valuation as at 31 March 2017 is underway, but not yet completed.

Notes to the Accounts

for the year ended 31 July 2018

25 Pension Schemes (continued)

Since the University 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. These figures will be revised once the 2017 Scheme Valuation is complete.

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

	2018	2017
Discount rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.02%	2.41%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2018	2017
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. Post retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.	98% of SAPS S1NA "light" YOB unadjusted for males. 98% of SAPS S1NA "light" a -1 year adjustment for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	CMI_2014 with a long term rate of 1.5% pa.

Further information can be found at <https://www.uss.co.uk/how-uss-is-run/running-uss/funding-uss/summary-funding-statement>

The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 (years)	24.5	24.4
Females currently aged 65 (years)	26.0	26.6
Males currently aged 45 (years)	26.5	26.5
Females currently aged 45 (years)	27.8	29.0

	2018	2017
Scheme assets	£63.6bn	£60.0bn
Total scheme liabilities	£72.0bn	£77.5bn
FRS 102 total scheme deficit	£8.4bn	£17.5bn
FRS 102 total funding level	88%	77%

Notes to the Accounts

for the year ended 31 July 2018

25 Pension Schemes (continued)

(ii) Local Government Pension Scheme

Pension accounting disclosure for the accounting period ending 31 July 2018

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 2016 by a professionally qualified actuary.

During the accounting period, the University paid contributions to the pension scheme at the rate of 12.5% 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 2018	At 31 July 2017
	%pa	%pa
Price inflation (RPI)	3.35%	3.60%
Price inflation (CPI)	2.35%	2.70%
Rate of increase in salaries	3.85%	4.20%
Rate of increase of pensions in payment for LGPS members	2.35%	2.70%
Increases to deferred pensions before retirement	2.35%	2.70%
Discount rate	2.65%	2.70%

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.

	Male Pensioner	Male Non-pensioner (currently aged 45)	Female Pensioner	Female Non-pensioner (currently aged 45)
At 31 July 2017	21.3	23.7	24.4	26.7
At 31 July 2018	21.4	23.8	24.5	26.8

Notes to the Accounts

for the year ended 31 July 2018

25 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 2018	31 July 2017	31 July 2016
	£m	£m	£m
Equities	96.51	92.64	64.81
LDI/ cash flow matching	-	-	11.01
Target return portfolio	43.12	31.35	30.63
Infrastructure	8.46	6.81	8.90
Commodities	-	-	0.67
Property	14.66	9.84	4.71
Cash	2.31	10.48	5.24
Total	165.06	151.12	125.97

	Year Ended 31 July 2018 £m	Year Ended 31 July 2017 £m
Analysis of the amount shown in the balance sheet for LGPS		
Scheme assets	165.06	151.12
Scheme liabilities	(276.45)	(280.13)
Present value of unfunded obligation	(3.89)	(4.02)
Deficit in the scheme – net pension liability	(115.28)	(133.03)
recorded within pension provisions (Note 18)		
Current service cost	15.12	11.50
Past service costs	1.84	-
Administration expenses	0.19	0.16
Total operating charge:	17.15	11.66
Analysis of the amount charged to interest payable/credited to other finance income for LGPS		
Interest cost	4.12	3.32
Expected return on assets	(7.64)	(6.86)
Net charge to other finance income	(3.52)	(3.54)
Total profit and loss charge	13.63	8.12

Analysis of other comprehensive income for LGPS

Gain on assets	6.72	16.06
Experience gain/(loss) on liabilities	5.80	11.64
Other actuarial gains/(losses) on assets	-	2.21
Change in demographic assumptions	-	3.06
Change in financial assumptions for defined benefit obligation	17.84	(17.87)
Total other comprehensive income	30.36	15.10

Notes to the Accounts

for the year ended 31 July 2018

25 Pension Schemes (continued)

History of experience gains and losses – LGPS

	2018	Year to 31 July		2015	2014
		2017	2016		
Difference between actual and expected return on scheme assets:					
Amount (£m)	6.72	16.06	1.80	0.23	(3.13)
% of assets at end of year	4.07%	10.63%	1.42%	0.20%	(2.90%)
Experience (gains)/losses on scheme liabilities:					
Amount (£m)	5.80	11.64	(0.06)	0.01	14.76
% of liabilities at end of year	2.07%	4.10%	(0.02%)	0.01%	8.11%

	At 31 July 2018 £m	At 31 July 2017 £m
Cumulative actuarial (gain) / loss recognised as other comprehensive income for LGPS		
Cumulative actuarial (gain) / loss recognised at the start of the year	(15.10)	38.56
Cumulative actuarial (gain) / loss recognised at the end of the year	(30.36)	(15.10)

Analysis of movement in surplus/(deficit) for LGPS

	At 31 July 2018 £m	At 31 July 2017 £m
Deficit at beginning of year	133.03	139.51
Contributions or benefits paid by the University	(6.21)	(6.59)
Return fund on assets	(10.84)	(19.38)
Current service cost	13.27	11.50
Past service cost including curtailment	1.84	-
Interest cost	7.64	6.87
Other administration expenses	0.19	0.16
Experience loss / (gain) on defined benefit obligation	(5.80)	(11.64)
(Gain)/loss recognised in other comprehensive income	(17.84)	17.87
Other actuarial (gains) (losses) on assets recognised in other comprehensive income	-	(2.21)
Change in demographic assumptions recognised in other comprehensive income	-	(3.06)
Deficit at end of year	115.28	133.03

	Year to 31 July 2018 £m	Year to 31 July 2017 £m
Analysis of movement in the present value of LGPS liabilities		
Present value of LGPS liabilities at the start of the year	284.14	265.47
Current service cost (net of member contributions)	13.27	11.50
Past service cost including curtailment	1.84	-
Interest cost	7.64	6.87
Change in financial assumptions	(17.84)	17.87
Change in demographic assumptions	-	(3.06)
Actual member contributions and other employer contributions	2.55	2.55
Actuarial loss/(gain)	(5.80)	(11.64)
Estimated benefits paid net of transfer in	(5.05)	(5.00)
Unfunded pension payments	(0.41)	(0.42)
Present value of LGPS liabilities at the end of the year	280.34	284.14

Notes to the Accounts

for the year ended 31 July 2018

25 Pension Schemes (continued)

	Year to 31 July 2018 £m	Year to 31 July 2017 £m
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	151.12	125.97
Expected return on assets	4.12	3.32
Actuarial gain on assets	6.72	16.06
Other actuarial gain / (losses)	-	2.21
Administration expenses	(0.19)	(0.16)
Actual contributions paid by University	6.20	6.59
Actual member contributions (including notional contributions)	2.55	2.55
Estimated benefits paid plus unfunded net of transfers in	(5.46)	(5.42)
Fair value of scheme assets at the end of the year	165.06	151.12

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

	Year to 31 July 2018 £m	Year to 31 July 2017 £m
Actual return on Scheme assets		
Expected return on Scheme assets	4.12	3.32
Asset gain	6.72	16.06
	10.84	19.38

Estimated contributions for LGPS in the Financial Year 2018–2019 is £5.19m.

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 16.4% of pensionable pay
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion; 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 2018, contributions by the Group to the scheme were £6.329 million (2017: £6.421 million).

26 Events after the reporting period

There have been no material events after the reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 July 2018.