

**UNIVERSITY OF WESTMINSTER**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

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# UNIVERSITY OF WESTMINSTER

## Strategic Review

### ABOUT THE UNIVERSITY OF WESTMINSTER

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#### ***Who we are***

The University of Westminster is a diverse and dynamic international education institution situated in the heart of London with more than 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 Faculties of Architecture and the Built Environment, Science and Technology, Social Sciences and Humanities, our School of Media, Arts and Design, and our Business School. We place equal emphasis on research and teaching by supporting and building our reputation for practice-led engagement to generate the greatest impact.

The University of Westminster is incorporated under the Companies Act as a charity and company limited by guarantee and not having 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 Academic Success***

The 2016/17 academic year has been another successful year in the academic life of the University. The following achievements are highlighted for their alignment with the University's values and aspirations:

From September 2017, the Sir Simon Milton Westminster University Technical College (UTC) will offer ambitious, high achieving 14 to 18-year-olds a new educational opportunity. The new site at Ebury Bridge is just a 5 minute walk from Victoria station and provides a world-class facility integrating excellent academic, technical and practical learning in a state-of-the-art environment where students can work directly with industry giants such as Network Rail, Transport for London, Crossrail, Alstom, BT Fleet, Land Securities and Sir Robert McAlpine.

Shirley J. Thompson, Reader in the Westminster School of Media, Arts and Design has been listed as number eight in the 2017 Top 100 Most Influential People of African and Caribbean Heritage. In addition to her academic work, Thompson is a renowned composer. She is the first woman in Europe to have composed and conducted a symphony within the past 40 years. The work 'New Nation Rising, A 21st Century Symphony' was premiered in Romania in mid-October 2016.

Westminster Law School LLB Honours student Dami Adegunsoye has been awarded a prestigious Freshfields Stephen Lawrence Scholarship; the third time in four years that a University of Westminster student has been selected. Dami was selected by global law firm Freshfields Bruckhaus Deringer for the scholarship programme, which aims to address the disproportionate under-representation of black men from less privileged backgrounds in large commercial law firms.

Shaheen Mamun, who graduated from the Westminster Law School's LLB Honours Solicitors Exempting degree in 2014, has won the Malcolm X Young Person's Award for Excellence at the Muslim News Awards 2017. The Awards aim to acknowledge British Muslim and non-Muslim contributions to society, and in particular the Malcolm X Young Person's Award category focuses on an individual, organisation or initiative run by young people whose principal aim is to support and create opportunities for their peers.

The University of Westminster received first prize in the Broadcast Industry Innovation Awards, held in Shanghai at Shanghai Media Group Headquarters on 6 June 2017. Accepting the award on behalf of the University of Westminster, Research Fellow Dr Zeng Rong said: "It is a great honour that our work with the industry is so publicly recognised. The China Media Centre is proud to ground its research and publications in practical cooperation and creative projects that bring the two countries' media professionals together."

Research income increased by £2m to £6.1m in the year representing a 50% increase on the previous year. Among a number of significant projects won were: the Westminster School of Media, Arts and Design's success in securing a £0.5m project to research the impact of Jamaican Music on British culture; a £1.15m project researching the effects of monsoons on communities in Asia, which is being led by a team from the Faculty of Architecture and the Built Environment; and a €2.9m bid won by the Faculty of Science and Technology along with 10 collaboration partners, which is investigating how to create a generic and pluggable framework that supports the optimal and secure deployment and runtime orchestration of cloud applications.

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### ABOUT THE UNIVERSITY OF WESTMINSTER (continued)

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#### ***Celebrating Academic Success (continued)***

Additionally, a collaborative research project between the Research Centre for Optimal Health at the University of Westminster, the University of Exeter and Brunel University has been awarded £0.24m by the British Heart Foundation. The research project aims to define the genetic factors that determine where fat is distributed in the human body and to find out why, in many cases, fat is being deposited inside the liver and, therefore, causing a fatty liver, which is detrimental to health. Professor Jimmy Bell and Dr Louise Thomas, are leading Westminster's part in the project.

#### ***Addressing Challenges***

In common with most all other HE institutions, the University has faced challenges in a changing climate. These are as a result of student recruitment trends and demographics, Brexit contingencies, flat student fees, lack of capital grants for estate, the position of international students and rising costs. The 15/16 intake saw a significant reduction compared to 2020 projections in new students joining the University.

This year the University brought forward a planned review of its 2020 strategy to take into account the changing climate and as a result we developed a revised integrated planning process setting baseline and aspirational targets. We undertook a major review of the balance of professional services and academic provision including a portfolio review of courses in light of Teaching Excellence Framework ('TEF') metrics and market strengths. The review has helped set a new direction that reaffirms our commitment to the founding principles of Westminster to be a leader in widening participation, and a diverse and inclusive university.

The outcome of the review was a revised strategy out to 2022 with a significant shift in academic structure from five faculties to three colleges and leaner, more efficient professional services. The new colleges will incorporate subject specific schools with greater autonomy and emphasis on market attraction and performance to address challenges arising from the TEF. Research will be focused around a small number of research institutes targeting our key strengths and impact in preparation for REF2021. The intention is to empower interdisciplinary activity using both college and research institutes to further extend our impact in targeted areas - those for which we have a world class reputation.

The transformation programme will roll forward into FY17/18 with full implementation in the FY18/19 academic year (further detail is provided in pages 18 to 20). At the end of July 2017 the current Vice-Chancellor indicated his intention to step down by January 2018. A search is underway with the intention for the new Vice-Chancellor to be in post for the 18/19 academic year.

### STRATEGIC AIMS AND OBJECTIVES

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The following aims with specific objectives and key performance indicators are given in the University of Westminster Corporate Strategy - Westminster 2020: The Future in Our Sights:

- To foster a culture where all staff are fully engaged in achieving the success of our single shared vision.
- To establish key international partnerships and increase both the numbers of international students at the University and UK students studying overseas.
- To grow the student population while maintaining an attractive and affordable staff-student ratio without reducing quality.
- To achieve an overall graduate employability level in the upper quartile of UK institutions.
- To significantly increase income from research, academic enterprise and commercial activities.
- Increase annual turnover to maintain long-term financial sustainability of the University and provide stability for staff and students.

These aims will be achieved through five strategically linked themes: Global Engagement; Enhancing Learning; Research with Impact; Academic Enterprise; and Driving Success. The strategic aims and objectives for 2022 are currently being revised and will be updated in FY17/18 in line with the revised strategy. Highlights will include increase focus on the student and staff experience together with synergies created from multidisciplinary research structures.

### LEARNING, TEACHING AND RESEARCH

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Westminster's Learning and Teaching Strategy was revised in FY15/16 to support delivery of the Westminster 2020 strategy and to align with best practice guidance published by the Higher Education Academy (HEA) and the Quality Assurance Agency (QAA). The University's five faculties will deliver its six core objectives through:

- An employability focused curriculum
- Learning communities

# UNIVERSITY OF WESTMINSTER

## Strategic Review

### LEARNING, TEACHING AND RESEARCH (Continued)

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- Research, inquiry and practice
- Inclusivity and flexibility
- Teaching and supporting learning, and
- Technology and infrastructure.

Westminster received a Bronze standard in the TEF, which reflects on a range of metrics related to student outcomes and provides contextual information related to excellence in learning and teaching. The revised 2022 strategy will include measures to improve the initial outcome from the TEF assessment.

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

We have continued to develop the research infrastructure through our use of sabbatical leave (introduced 2 years ago) for key staff and those who have had carer absences. A strategic research investment fund is in its third year. Initially supporting PhD student growth and pump-priming projects, this year the fund was matched funded by the Quintin Hogg Trust allowing a wider set of projects focusing on impact. This funding will continue for three years. We have also been active in promoting the Athena Swan Charter, which recognises commitment to advancing women in science, technology, engineering, maths and medicine (STEMM) across the University, after being the first UK HEI to gain institutional bronze under the extended criteria (including measures on intersectionality). The action plan will see departmental and faculty submissions over the next few years. Overall the picture on research income remains mixed; uncertainty about future funding and increased competitiveness means that research income is not growing as quickly as expected, but still in line with our REF2014 performance. The graduate school has continued to develop its research and doctoral training programme, with significant improvements in PhD completions and greater engagement in CROS/PIRLs surveys. We have also overhauled our research integrity and misconduct procedures for staff and students. Further work is expected from the Ethics Committee on guidance and best practice for those engaging in research into extremism (e.g. politics and international relations).

On Enterprise our services are knowledge-based, predicated on those areas where our research and practice-based credentials are strong and interdisciplinary. These services include Contract Research, Consultancy, Short Courses and CPD, and Knowledge Transfer Partnerships. They also include support for Student Enterprise, such as business incubation facilities and access to expert support; commercialisation of intellectual property; and the development of Degree Level Apprenticeships. In addition, the University is increasing the scope and scale of its "mixed economy" serviced facilities (of which the Regent Street Cinema, FabLab and Ambika P3 are current examples) and improving the coordination and impact of its community engagement activities. Our revised institutional five-year knowledge exchange was approved by HEFCE earlier in the year resulting in an increase in funding from £800k to £1.2m. At this stage, Westminster's primary areas of excellence are: Health Innovation; Fashion; Music; the Moving Image; the Built Environment; Digital Innovation; Linguistics with Health innovation taking the lead. We also continued to develop University Westminster Press (UWP), our open access publisher, with our first titles appearing and a significant growth in the number of external projects being submitted from authors outside the University.

As indicated in the general statement we have embarked on a significant transformation programme to restructure the institution from a faculty based model to a college structure with research institutes supporting research. The intention is to focus research and target areas of strength for development while also clearly identifying research active staff for REF2021.

#### **Global Engagement**

The University of Westminster embraces global engagement in every arena of institutional activity: learning and teaching; student and staff experience; external relations; and research. With a student population composed of some 170 nationalities, we have one of the largest and most diverse international student bodies of any UK university and our teaching and research staff come from countries across the globe. A truly internationalised community, there are members of the University's Alumni Association located around the world, and we are currently engaged in further strengthening our interactions with alumni groups in priority regions, including South Asia and China.

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

This year, our international partnership development work has focused once again on the development of collaborative programme and student mobility connections and on strengthening our international links in areas of geographical priority. These include North America and Canada, India and South Asia, and Hong Kong and China. Our approach to partnership development is selective, strategically driven and focused. We seek where possible to forge institutional connections of

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## Strategic Review

### LEARNING, TEACHING AND RESEARCH (Continued)

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#### ***Global Engagement (continued)***

relevance to as many of our faculties as possible, whilst also encouraging the development of faculty specific connections. Connections based upon complementarity and the achievement of added value for partnership participants are a priority.

Our partnerships support our commitment to further enhancing opportunities for global experience, for our staff and particularly our students, because employers worldwide place a premium on 'global skills', such as international and intercultural awareness. Experience abroad, short and longer term, is a priority.

We continue to expand our portfolio of options for student outward mobility, ranging from standard exchange programmes to short term field trips, placement and summer school activity. We are developing a new short term outward mobility scheme, 'Westminster Working Cultures', geared to enabling students to experience workplace cultures in various overseas locations.

Moreover, we continue to offer opportunities for learning new languages or developing existing language skills, through our open language programme, Polylang, as part of our efforts to help our students prepare for graduate employability in a global context. The University continues to place the international agenda at the heart of institutional strategy and practice.

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### 2017 ACADEMIC ACHIEVEMENTS

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

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

The Faculty is based at the Marylebone Road site in central London and is made up of three departments: Architecture, Planning and Transport, and Property and Construction. The Faculty is also home to the Policy Studies Institute. In FY16/17 the Faculty is home to over 600 undergraduate students, approximately 1,000 postgraduate students and a thriving group of research students. The undergraduate programmes are based on strong links with our industry professions and our postgraduate programmes offer a range of specialised courses underpinned by our strong research base.

The Faculty has the ambition, through its teaching, research, consultancy and outreach activities, to contribute to and lead the debate around Sustainable Cities. In recent years the Faculty has developed strong international links with leading institutions. The Faculty has a growing exchange programme with universities in Europe, Australia and Asia and has also led the development of international work experience for our students with the aim of widening their horizons as global citizens.

Our research quality was recognised in the last Research Assessment Exercise, in which 20 per cent of the research in Architecture and the Built Environment was judged as 'world-leading', and 40 per cent as 'international'. A range of high-level consultancy activities complements this research, and brings our knowledge directly to bear in the outside world. The faculty is also a world leader in research and consultancy in Air Transport and sustainable forms of transport.

The Faculty continued to do well in the 2017 National Student Survey (NSS). The overall student satisfaction rate in Architecture, for example, was 93% and three of our courses were in the 'top ten' in the University. There is a strong course identity within the Faculty, along with active student societies.

The Faculty has unique facilities for students – our exhibition space P3 Ambika, Fabrication Laboratory and Design Studio. The University has also invested in upgrading the faculty workshops, making our facilities among the best in the UK. FabFest, our international festival of digital fabrication, is fast becoming a regular event for students and creative professionals from around the world.

The Faculty has a high and improving rate of graduate employment with a very high level of graduates in professional or managerial positions. We hold a number of accreditations, recognitions and validations from professional bodies including the Chartered Institute of Architectural Technologists, the Royal Institution of Chartered Surveyors, the Royal Institute of British Architects, the Royal Town Planning Institute, the Chartered Institute of Logistics and Transport, the Chartered Institute of Housing and the Tourism Management Institute.

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

Westminster School of Media, Arts and Design (WSMAD) is amongst the leading broad based art schools in Europe and is recognised for academic excellence and outstanding research with societal impact. Harrow campus is home to about 3,000 students of WSMAD. At the heart of the campus lies the library and learning resource centre, which has undergone major refurbishment and now also hosts an experimental and multimodal Emerging Media Space. To support entrepreneurship education for the creative economy, graduate employability and enhanced employer relationship building the Enterprise@Westminster student focused hub has been set up in the faculty.

Our practice led and research focused undergraduate and postgraduate taught and research programmes cover fashion, film, photography, art and communication design, multi-media journalism, digital communication, commercial music and creative industries management. Embedded in a UG and PG programme strand respectively, our distinct courses are clustered so that creative practices and critical inquiry are shared and collaboration is nurtured across subject areas and disciplinary strengths. High retention and completion rates and degree classifications demonstrate the quality of our courses. Our communication and media studies offer has been globally ranked in 47th place out of 600 Universities by the QS University World Ranking 2017.

Fashion occupies an international lead position in the Business of Fashion rankings including for the quality of the learning resources. The establishment of a 'life' fashion archive for menswear expands the opportunities to study recent and contemporary fashion trends and already attracts major industry players as a reference point. BA Fashion Design won the British Fashion Council Portfolio Award and also the British Fashion Council Illustration Award in 2017. Film and animation productions by BA students are regularly selected to be screened at national and international festivals and win prizes. For example, the achievements of current and recent BA Contemporary Media Practice students this year include the screening of *In Our Flesh* (2017), a film by 2017 graduate Kit Dafeo, at this year's Cannes film festival. BA Film graduate Babak Anvari

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## Strategic Review

### 2017 ACADEMIC ACHIEVEMENTS (continued)

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#### ***Westminster School of Media, Arts and Design (continued)***

wrote and directed 'Under the Shadow', for which he won the BAFTA for Outstanding Debut Feature in February this year. Through the CSR initiative by Travers Smith, Fine Art Mixed Media graduates receive the opportunity to showcase their work and receive valuable support for the development of their creative careers.

Students, staff and alumni from across WSMAD achieve significant successes. For instance, BA Photographic Arts graduate Ewa Abeling won the British Journal of Photography's Award for Best in Show for her Photography at Free Range 2016. BA Illustration and Visual Communication's Aikaterini Siskopoulou won a highly prestigious New Designers Award in Athens this year and also Best Poster Design awarded by Alpha Bank. BA Mixed Media Fine Arts graduate Laura O'Neil has a prestigious artist residency at Rijksacademie Amsterdam. Graphic Communication Design BA graduate Evelina Stasyte has been deemed One To Watch for her exhibition at D and AD New Blood, featuring the very best visual communication work in the UK. BA Commercial Music 2016 graduate Max Marlow secured a position as assistant to songwriter and producer Johnny McDaid of Snow Patrol. Johnny co-wrote Ed Sheeran's UK No.1 single, 'Shape of You'. While 2015 graduate John Donovan is now assistant to Grammy Award-winning producer and label owner Dallas Austin.

Building on the recognised excellence and lead position in the REF 2014 for CREAM and CAMRI, researchers work on major projects such as the AHRC-funded BASS Culture, which explores the history of Jamaican music's contribution to the culture and heritage of Britain, working with the British Library, British Library Sound Archive and Black Cultural Archives. It is led by Mykaell Riley. Prof. David Gauntlett has completed the major European funded project on Digital DIY Cultures.

The implementation of a dedicated series of seminars for emerging researchers and focused mentorship aim at further growing the research capabilities as well as knowledge exchange abilities in the faculty.

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

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

The Faculty of Science and Technology is based in our New Cavendish Street site with around 3,000 students studying in London and over 2,000 students in our partner institutions in Sri Lanka and Uzbekistan. Our student population in London is highly diverse. Our staff profile is the second most diverse in the University with 21% coming from BME (black or minority ethnic) backgrounds. The academic portfolio is delivered through five departments: Biomedical Sciences, Computer Science, Engineering, Life Sciences and Psychology.

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

The faculty NSS results have improved significantly this year in both overall satisfaction rates and satisfaction relative to the sector. Satisfaction improved significantly in the Department of Biomedical Sciences and considerably in the Department of Engineering which is now one of the most improved departments this year. Within the Teaching Excellence Framework (TEF) categories all faculty departments experienced at least some improvement relative to their benchmark this year. We continue to improve in the assessment and feedback category, where much focused development has taken place, with a 9% increase to 66%.

Overall satisfaction in BSc Business Information Systems made a significant improvement from 68% to 77% and a similar story for BSc Computer Games Development improving to 80%. Electronic Engineering was the third most improved course in the University this year and Cognitive Neuroscience the most improved course by overall satisfaction. The Faculty's BSc Pharmacology and Physiology gained a very impressive 100% overall satisfaction score.

The Faculty has a high rate of graduate employment. Over 65% of graduates are in employment 6 months after graduation and of these 64% are in professional or managerial positions. The Faculty has a strong focus on graduate employability and encourages students to undertake work experience opportunities. Much of this placement activity is driven by the development of ongoing external partnerships, including overseas work experience opportunities for Biomedical Sciences students in Malta, Gambia and Ghana. Participation in sandwich placements amongst Computer Science, Engineering, Biomedical Sciences and Psychology students continues to be strong, across a range of organisations including the DWP, GSK, IBM, Institute of Psychiatry Psychology & Neuroscience, Nestle, NHS, Public Health England, Oracle and Swiss Cottage School. Likewise, short-term work placements are an integral part of several courses, particularly in Life Sciences and Psychology and provide students with a 'taster' of working life.

# UNIVERSITY OF WESTMINSTER

## Strategic Review

### 2017 ACADEMIC ACHIEVEMENTS (continued)

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#### ***Faculty of Science and Technology (continued)***

All the undergraduate courses in the Faculty hold accreditation or recognition from a professional body, including the British Psychological Society, British Computer Society, Institute of Electronic and Electrical Engineers, Institute of Biomedical Science (IBMS), Health and Care Professions Council (HCPC), Royal Society of Biology, the European Herbal & Traditional Medicine Practitioners Association (EHTPA) and the British Acupuncture Accreditation Board.

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

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

The Faculty comprises 5 departments and one School, based at 309 Regent Street and in Wells Street and Little Titchfield Street (The Westminster Law School). Of approximately 4,000 students, around 24% are taking postgraduate courses, and in 2017 most of our programmes recruited above target, reflecting the attractiveness of Social Sciences and Humanities at Westminster. English is in the top 30 in the UK for research and the top 300 worldwide. 41% of staff and 20% of our students are from overseas, reflecting the rich diversity of our community, and the Faculty has the highest level of outward mobility in the University.

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

We have exceeded our research funding targets for FY16/17. Professor Graham Smith has been involved with several successful research bids including from the Economic and Social Research Council (ESRC) and from the University of Connecticut, and Professors Louise Sylvester and Richard Ingham have been awarded a substantial grant by the Leverhulme Trust this year. Amongst early career colleagues, Dr Petros Karatsareas has secured a British Academy Rising Stars Public Engagement award and Dr Naomi Creutzfeldt a major award from the ESRC for her work on Access to Justice for Vulnerable and Energy-Poor Consumers in the European Energy Market. Dr Rachael Attwood has been actively involved with the leading supranational anti-trafficking NGO, the Global Alliance Against the Traffic in Women (GAATW) and Professor Andreas Philippopoulos-Mihalopoulos has been granted the 2016 Senior Distinguished Environmental Law Education Award by the International Union for the Conservation of Nature (IUCN).

The Faculty has secured generous funds from the Quintin Hogg Trust to enhance the student experience, including £200,000 for the Democratic Education Network to internationalise the student experience and £240,000 to allow 150 students to go on fieldtrips to Berlin and Paris with more trips next year. Sociology was ranked 2nd in London last year in the Guardian University League table, and Drs Jenkins, Cetin and Chetty were collaborators in an EU-funded international project to explore the relationship between degree subjects and subsequent employment. Westminster students including modern languages in their degree have been shown to be 16% more likely to enter professional/managerial employment on graduation than those who don't. Well over 90% of our students enter work and/or further study immediately after graduation. Major employers include Government, Finance, Museums, Law, Charities and Retail, and we have active and ongoing partnerships with leading employers such as the European Commission, the Chartered Institute of Linguists, the Foreign & Commonwealth Office and the NHS Leadership Academy.

#### ***Westminster Business School***

Westminster Business School is one of the largest and longest established in London. We offer a full range of undergraduate, postgraduate and post-experience programmes in disciplines including Accounting, Finance, Marketing, Human Resource Management (HRM), Leadership, Business Information and Operations Management and Economics. We have a diverse student community of nearly 4,000, with around 1,200 registered at PG level. We are an international School with 25% international students, and partnerships with over 50 universities worldwide.

Our mission is to gain worldwide recognition as an internationally-oriented, inclusive and research-engaged Business School, and London's first choice provider of the most practical and professional preparation for business careers. The School continues to develop innovative new programmes, and we have recently launched a BA (Hons) Entrepreneurship, BA (Hons) HRM, MSc Entrepreneurship, Innovation and Enterprise and a new MBA.

We have around 200 full time faculty and a further 100 part-time visiting lecturers. We have an annual turnover in excess of £45 million making us one of the largest University business schools in the UK. Our professional accreditations include AMBA,

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## Strategic Review

### 2017 ACADEMIC ACHIEVEMENTS (continued)

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#### ***Westminster Business School (continued)***

ACCA, CIPD, CIPS, CIM, CMI, CISI, IDM, CIMA and DMI. The MSc Finance and Accounting programme gained exemptions from nine papers of the Association of Chartered Certified Accountants (ACCA) exams. We are an ACCA Gold approved learning partner and the only UK institution to offer this many ACCA exemptions on completion of a one-year course. These accreditations, together with the strength of our corporate connections, mean that the School is able to demonstrate a strong professional practice focus.

In the NSS the School has further improved student satisfaction on a number of courses. Our top performing courses were BSc (Hons) Finance (93%), BSc (Hons) Accounting (92%) and BA (Hons) Marketing Management (82%) – all exceeding sector benchmarks. In the Postgraduate Taught Experience Survey (PTES), three departments achieved over 80% satisfaction – Accounting and Finance, Marketing and Business Strategy and HRM. We continue to focus on building employability skills for our students and in 2017 the School achieved a significant increase in the proportion of graduates entering professional or managerial level employment. The School's student teams continue to perform well in international competitions, including the IBM Universities Business Challenge and the National Association of College and University Entrepreneurs (NACUE).

In terms of research activity, PHD student numbers continue to expand with 66 doctoral researchers enrolled in 16/17. Our collaboration with Helsinki's Haaga-Helia University of Applied Sciences continues. The School hosted the Royal Economic Society PhD conference in 16/17. Building on the 2014 REF results that saw 40% of the School's output and impact rated as 3\* or 4\*, the academic year 16/17 saw continuing preparations for the 2020 REF.

In the Guardian League Tables and Complete University Guide Ranking, the School improved in all business categories. Accounting and Finance and Business Management and Marketing both rose 11 places in the Guardian Ranking and Economics now ranks 53rd in the UK.

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

Thanks to the support of the Quintin Hogg Trust and the generosity of our alumni and friends, the University has been able to provide significant additional support to students. The University has welcomed a number of new funders across the academic year to provide additional support to students with additional needs, such as Care Leavers and students from less advantaged backgrounds.

The University provides a generous range of scholarship opportunities, from partial scholarships (grant towards living expenses or contribution to tuition) to full scholarships (including living expenses and accommodation).

The University's hardship fund (Living Expenses Support Scheme) has witnessed applications increase by 20% over the past year. This increased engagement and a higher profile of the fund across the University has enabled students to access the support earlier in their student journey and contributes to increased retention and academic progression.

The University has continued to provide grants to students through 'Distant Horizon Awards' to enable those who have not studied or worked abroad to take part in international academic or career related events or activities overseas.

The University launched The 125 Fund to provide additional grants to students to support projects and activities that would enhance their employability. The project is now embedded within the institution as an opportunity fund to give our students even more support to achieve their full potential and all donations are match-funded thanks to the Quintin Hogg Trust.

A review and rationalisation of the current scholarships offering is taking place, which will reflect emerging strategies and align with the new corporate strategy. The revised FY18/19 portfolio will continue to underpin our widening participation commitment to support under-represented groups and also provide financial support to further enhance student recruitment activity.

#### ***Access and Outreach***

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

Westminster is one of the foremost London institutions for widening access. In FY16/17 the University sustained its high recruitment of over 96% of entrants to full-time Bachelor's degrees progressed from state schools and colleges. The balance of female and male students shifted slightly to 57% and 43% respectively. Students' recorded ethnicity indicated a change

# UNIVERSITY OF WESTMINSTER

## Strategic Review

### 2017 ACADEMIC ACHIEVEMENTS (continued)

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#### ***Access and Outreach (continued)***

from 42% from Black and Minority Ethnic backgrounds to 31.8%, and from 39% to 36.4% who declared their ethnic background as White, with lower self-declaration than in previous years, which could be a sign of greater social inclusivity. Some 6.2% were recorded as living in Lower Participation Neighbourhoods (LPNs) by comparison with 4.9% the previous year. Those claiming the Disabled Students Allowance (DSA) remained steady at 4.3%, up slightly from 4.2% in the previous year. Of students who indicated their parental background on their application form around 50% indicated that they were from lower socio-economic groups. The diversity of the student body is one of the University's greatest strengths.

Westminster's Access Agreement FY16/17 highlighted:

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

<http://www.westminster.ac.uk/about-us/our-university/corporate-information/policies-and-documents-a-z/access-agreements>

# UNIVERSITY OF WESTMINSTER

## Strategic Review

### CORPORATE SOCIAL RESPONSIBILITY

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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 Strategy 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's Corporate Social Responsibility Strategy and action plan is reported three times a year and is reviewed annually by the University Executive Board.

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

Client-driven ethical exclusions prohibit investment in companies:

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

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

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

This policy also applies to bonds issued by these companies.

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

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

# UNIVERSITY OF WESTMINSTER

## Strategic Review

### ESTATE, DEVELOPING THE LEARNING INFRASTRUCTURE

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The University estates strategy is currently under review to ensure future capital expenditure both supports the University transformation plan and is aligned to the developing 2022 strategy.

This year the strategic purchase of the Tower Tavern was completed which, along with the previous year's purchase of Latimer House, allows the full potential of the 115 New Cavendish Site to be realised; the University having now secured the whole of the site.

Refurbishment works are also underway, including an ambitious five year rolling programme to refurbish teaching spaces to ensure it aligns with the ambitions to increase student satisfaction.

Moving forward, a particular emphasis across the entire team will be enhancing the student experience and delivering a modern campus experience through both the physical spaces and the services we provide. This will include the realignment of the estates strategy to compliment the revised educational model during FY17/18.

Commercial lettings in 120 New Cavendish Street have continued with the successful letting of the Ground, 3rd and 4th Floors for 10 years from 26 July 2017. The property is now fully let, except for the lower ground floor retained for University use and will generate significant future commercial rental income.

Re-development and refurbishment of existing properties:

- Summer 2017 has seen the implementation of year three of the five year classrooms/student experience programme. We have refurbished a further 18 classrooms at Harrow and Marylebone which includes an innovative approach to the MBA Boardroom and Entrepreneur room for the Business School.
- Works to lecture theatres including the upgrading of the Hogg lecture theatre, along with installing power to the student desks in Cayley and Wood at Marylebone and the complete refurbishment of a number of areas at Harrow.
- The development of the FABE Workshops at Marylebone continued with a further £2.9m spend expanding the Fabrication Laboratories to further enhance the innovative learning environment.
- The work to the Harrow library and the Fashion floors was completed in April 2017, which included external study/meeting pods in the roof garden of the Library.

# UNIVERSITY OF WESTMINSTER

## Strategic Review

### PUBLIC AND PRIVATE BENEFIT

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#### **Public Benefit**

University of Westminster is a public benefit entity. Strategic Aims and Objectives are covered in detail on page 4. The 2017 Academic Achievements are summarised on pages 7-11.

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 of Governors 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), Public benefit: reporting (PB3), published 2013 and updated 2014.

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

The objects for which the University is established are:

- To establish, carry on and conduct a university
- To advance learning and knowledge in all their aspects and to provide industrial, commercial, professional and scientific education and training
- To provide courses of education or technical study both full time and part time for students at all levels of and in all branches of education
- To provide opportunities and facilities for research of any kind, including the publication of results, papers, reports, treatises, theses or other material in connection with or arising out of such research
- To provide for the recreational, social and 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. The University 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 and then the University Executive Board, promoting and monitoring engagement with business, industry, policy makers, voluntary services and the community.

# UNIVERSITY OF WESTMINSTER

## Strategic Review

### FINANCIAL REVIEW

#### Results for the year

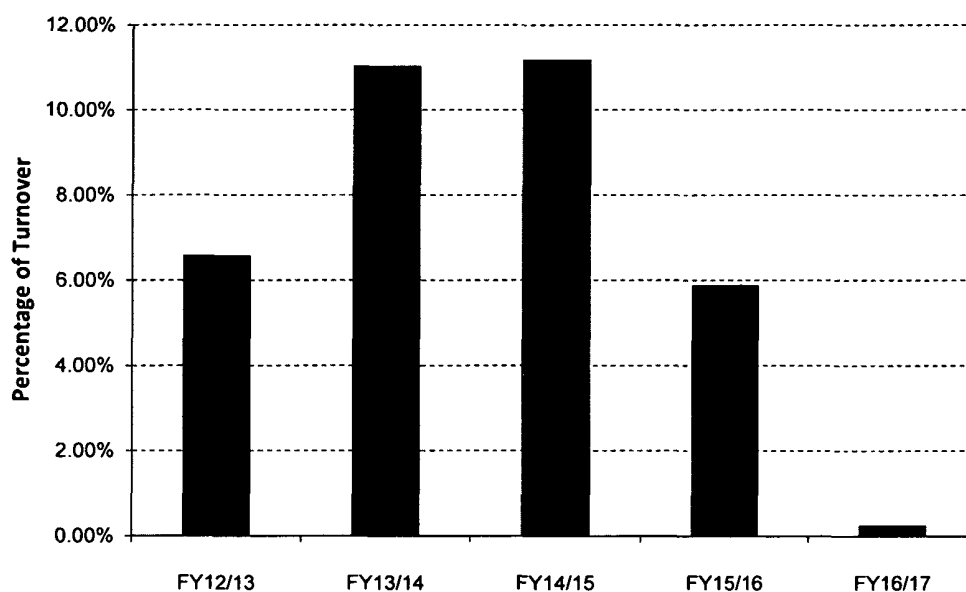
External competition and the fall in numbers applying for Higher Education added further pressure on student recruitment which resulted in student income being £4.5m (2.8%) below target and this, coupled with an increase in the cost base of £11.9m (16.2%), has had a significant impact on the reported surplus before other gains and losses in FY16/17.

|                                                 | FY12/13 | FY13/14 | FY14/15 | FY15/16 | FY16/17 |
|-------------------------------------------------|---------|---------|---------|---------|---------|
|                                                 | £m      | £m      | £m      | £m      | £m      |
| Income                                          | 168.5   | 181.7   | 201.9   | 205.1   | 205.4   |
| Expenditure                                     | (157.4) | (161.7) | (179.3) | (193.0) | (204.9) |
| Operating surplus before other gains and losses | 11.1    | 20.0    | 22.6    | 12.1    | 0.5     |
| Capital expenditure                             | 18.6    | 13.3    | 94.5    | 34.3    | 22.7    |
| Borrowings                                      | 38.2    | 47.1    | 65.7    | 63.2    | 60.5    |
| Total funds                                     | 112.9   | 124.3   | 201.0*  | 173.4*  | 190.1*  |

\*From FY14/15 onwards the University reported under FRS102, previously the results had been presented under UK GAAP. This change has impacted on the presentation of Total Funds.

Operating surpluses are essential as the University is set to embark on a period of transformation, which will include consolidating the University estate and investing in new infrastructure and teaching space. In order to return the University to a position of financial sustainability we have initiated a programme to reduce the current cost base to realign to forecast future income streams. In July 2017 an Employee Release Scheme (ERS) was initiated which allowed staff to leave the organisation on mutually beneficial terms. 91 employees left the University on 31 July 17 under this scheme at a cost of £2.2m. Further reductions to staff numbers and operating costs are planned for FY17/18.

#### Surplus on normal operations (before other gains and losses)



# UNIVERSITY OF WESTMINSTER

## Strategic Review

### FINANCIAL REVIEW (continued)

#### Income analysis

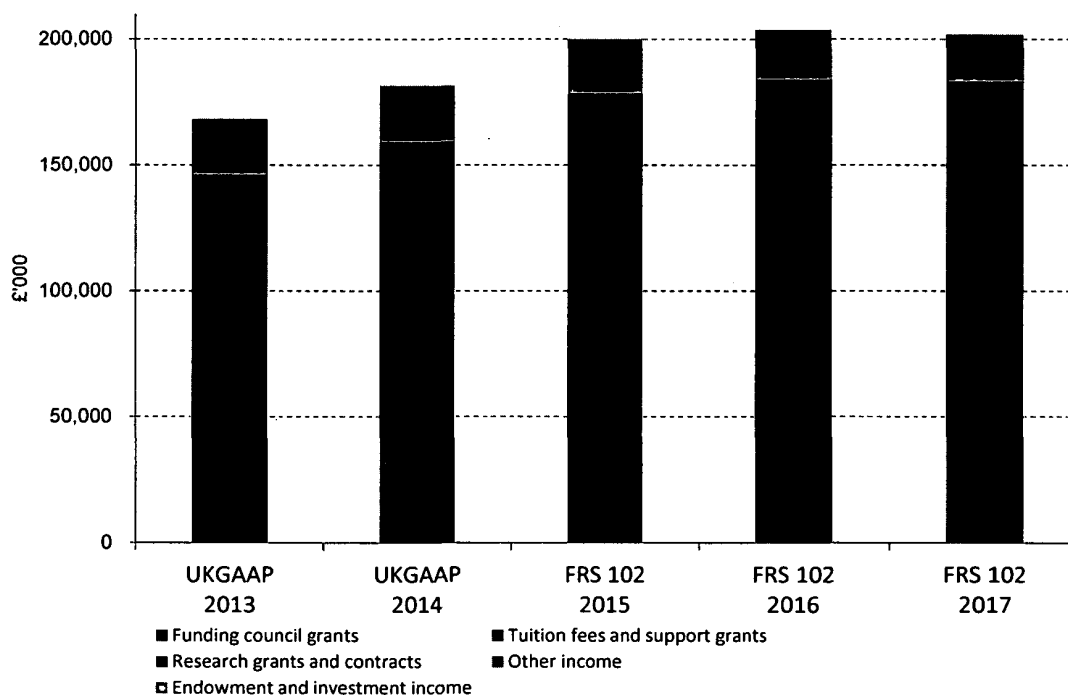
Total income for the year has remained in line with the previous year at £205.4m.

For the second successive year the University experienced a fall in student numbers with tuition fee income falling £2.3m from £159.9m in FY15/16 to £157.6m in FY16/17.

Research income in the year was £6m, an increase of £1.5m from FY15/16, which reflects a number of key research projects completing in year and the establishment of the Commercial Development and Business Support Team better placed to support income growth in all areas of Research and Academic Enterprise.

As expected Funding Council grants continue to reduce as a result of current government policy and were in line with FY16/17 expectations. An increase in donation and endowment income of £2.3m to £3.5m in FY16/17 reflects the increased QHT funded project activity.

#### Income:



#### Expenditure analysis

Total expenditure rose by £11.9m in FY16/17 to £204.9m (FY15/16 £193m). Expenditure on other operating expenses and interest and other finance costs was in line, or less than, the previous year, the principal areas of increased spend being on staff costs and depreciation.

Staff costs increased by 10.8% to £120m in FY16/17 (FY15/16: £108.3m) reflecting the full year impact of increased staff numbers in both the current and prior years and inflationary salary increases (£6.5m). A significant increase in the LPFA FRS17 pension charge to £5.2m increased salary costs by an additional £2.7m to that reported in FY15/16.

Depreciation costs increased by 18.6% to £13.7m in FY16/17 (FY15/16: £11.6m) and reflects the trend of increased capital investment. In FY17/18 the capital spend is planned to decrease while the future estates strategy is considered and realigned to deliver the transformation programme and 2022 strategy.

# UNIVERSITY OF WESTMINSTER

## Strategic Review

### FINANCIAL REVIEW (continued)

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#### Expenditure analysis (continued)

A focus on cost control and efficiency savings in year has resulted in a fall in other operating expenditure by £1.7m to £64.9m in FY16/17 (FY15/16: £66.6m) against a back drop of increased estates costs, particularly in respect of rising property charges. Budgets for FY17/18 include additional target reductions of £10m across non-pay costs.

#### Accounting for retirement benefits

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

To assess the value of the Employer's liabilities at 31 July 2017, the actuaries have rolled forward the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2016, using financial assumptions that comply with FRS 102.

The value of the associated fund assets allocated to the Employer were also rolled forward as at 31 March 2016 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

The actuaries adopted financial assumptions set with reference to market conditions at 31 July 2017. Using these financial assumptions: discount rate 2.7%, pension increases 2.7%, salary increases 4.2% along with demographic assumptions that are consistent with those used for the most recent Fund valuation carried out as at 31 March 2016; the estimate duration of the Employer's liabilities is 22 years.

The actuarial estimate of the value of the net liability as at 31 July 2017 is a liability of £133m.

#### Cash and Investments

At the balance sheet date, the total of cash at bank and short term investments decreased to £22.5m (FY15/16 £33.8m). This reduction in cash is principally the result of funding capital spend. In June 2015 a flexible long term loan facility for £40m was taken out providing the University with a cost effective mechanism to draw down funding in accordance with the University needs. At the balance sheet date £20m of the £40m facility was drawn down, the balance of available funds retained to manage working capital requirements and to fund the next phase of the capital programme.

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

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

Throughout FY16/17 the University managed its cash investment portfolio in-house and continues to invest funds in the money markets for short term periods (between 1 month and up to 1 year) and with top-rated counterparties. The University investment strategy seeks to balance the need for liquidity against the return on investment achievable in challenging capital markets, at the same time as maintaining rigorous treasury and risk management control.

# UNIVERSITY OF WESTMINSTER

## Strategic Review

### FINANCIAL REVIEW (continued)

#### Student numbers

In 16/17 student recruitment fell below the prior year. This is summarised in the table below:

|                         | FY16/17       | FY16/17      | FY15/16       | FY15/16      |
|-------------------------|---------------|--------------|---------------|--------------|
|                         | Home & EC     | Overseas     | Home & EC     | Overseas     |
| Full Time undergraduate | 10,823        | 1,615        | 11,495        | 1,537        |
| Full time post graduate | 1,221         | 1,190        | 958           | 1,267        |
| Part time undergraduate | 1,575         | 959          | 1,675         | 1,046        |
| Part time post graduate | 1,772         | 158          | 1,865         | 233          |
|                         | <u>15,391</u> | <u>3,922</u> | <u>15,993</u> | <u>4,083</u> |

Initial enrolment figures for FY17/18 indicate that the University has recruited well and is anticipating an overall increase in new intake. Total student populations are anticipated to remain fairly consistent with those reported in FY16/17, however, as the University continues to see declining final year cohorts as larger intakes leave the University. Tuition fee income will be largely in line with expectations as the University's student population stabilises.

#### Risks and Uncertainties

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

Throughout the FY16/17 academic year the Director of Corporate Planning and Performance and the Risk Manager worked with Internal Audit, UEB members and key stakeholders on the risk management process in order to address the findings reported following an internal audit review and implement enhancements that will move the University to a higher level of risk maturity. The following actions have been undertaken in order to improve the University's risk management processes:

- A review of the University (Strategic) Risk Register was undertaken in December 2016. As a result the format of the risk register was amended to align it to the University strategic objectives, include risk appetite statements and mitigations on the face of the register and to introduce columns to show how the risk ratings change across time.
- Following consultation with the Executive Officer (Business Operations) and the Clerk to the Court of Governors, UEB and Court of Governors papers now include a specific section on risk.
- A new template has been introduced for Operational Risk Registers. These have been completed by all faculties and directorates.
- Consultation sessions were held with key stakeholders and Internal Auditors. Feedback has been used to inform the development of new templates and processes.
- A full review of risk mitigations was undertaken in March 2017 with light touch follow up review in June.
- Risk appetite statements have been added to the risk register for each area of strategic priority.
- The profile of risk management has been raised by including operational risk registers in the integrated planning process. The operational risk registers were reviewed and informed amendments to the University Risk Register
- A specific risk register has been developed for the University Transformation programme and is regularly reviewed by the Transformation Steering Group.

All risks continue to be addressed through a revised risk management process in accordance with HEFCE guidance. Comparison to the previous risk registers show year on year improvements.

#### Future Outlook

Like others in the sector, Westminster is facing challenges from a new and emerging institutional environment, political shifts and greater international competition for students and staff. Westminster has developed a new strategy based on its distinctive features and a vision of transformative impact. This strategy reflects a tighter focus on the core-business of delivering high quality, relevant learning, building an excellent student experience, and returning the institution to financial health.

# UNIVERSITY OF WESTMINSTER

## Strategic Review

### FINANCIAL REVIEW (continued)

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#### Future Outlook (continued)

The University enjoyed steady growth in student numbers that has driven strong revenue figures between 2013 and 2015. As a result, Westminster has generated a healthy surplus during this time. More recently, student numbers and associated revenue have fallen and at the same time costs have continued to grow. The surplus for FY16/17 is less than 1% and costs will continue to outstrip revenue for next year if remedial action is not taken. Steady growth in staff wages means the longer term surplus will be negative unless the University simultaneously reduces costs, generates sustainable growth and withdraws from activities that are not generating a positive impact and return.

The University's transnational education (TNE) arrangements currently include partnerships with Westminster International University in Tashkent, the Informatics Institute of Technology in Colombo, and Macromedia in Germany. These partnerships are evolving. As part of the transformation programme work stream geared to enhancing student enrolment, our TNE arrangements will be reviewed and, where appropriate, further extended in order to grow revenue income.

The University is constantly investing in its Estates and Information Systems infrastructure to drive improvements in the learning environment for students. The level to which the University can invest in such a strategy is governed by the strength of the Balance Sheet and operating cash surpluses.

During the year ended 31 July 2017 the University has successfully offered 91 staff access to an "Early Release Scheme" which allowed staff to leave the organisation on mutually beneficial terms. The effect of the Scheme was to reduce the baseline staff cost from £115m in FY16/17 to approximately £112m in FY17/18.

In the new financial year FY17/18 the University will undertake redundancy programmes which are due to fully complete by 31 July 2018, with additional cost savings to the University of approximately £15m being achieved in FY18/19.

Westminster is implementing changes to both the academic structures and professional services (formerly referred to as corporate services) to support the new strategic direction and deliver on the cost saving imperative to maintain the financial sustainability of the institution.

The proposed new academic structure is to change from five faculties to three colleges, with separate research institutes and a Graduate School. The new academic structures have been designed to cost-effectively enable coherent strategic planning, management and coordination of academic activity at Westminster to support delivery of the new strategy, support research and teaching across discipline boundaries, empower academic leaders by clarifying responsibilities at different levels of the organisation and make those academic leaders accountable.

The objective of the professional services redesign is to reduce the cost of professional services significantly (specifically to deliver a 35% reduction in salary costs by FY18/19) and to refocus activity on services that have a positive impact on attracting students, their experience at the University and helping them through to employment.

The focus over the next five years is to ensure the University returns its core business to health and long-term financial sustainability. This will be achieved through the "Transformation Plan" which underlies the 5-year forecast and delivers the change needed to drive income growth and cost reduction. It also repositions the University to succeed in the new and emerging HE landscape.

Westminster's vision is to draw on our distinctive strengths to be "London's most diverse global university, transforming and inspiring future professionals who make a difference to the world".

#### Financial Forecasts

In July 2017, Court approved the University's budget for FY17/18 and financial forecasts to FY19/20.

The forecast reflects assumptions that take into account the expected impact of the transformation programmes and estimates of staff cost reductions arising from the Section 188 consultation announced in August 2017.

The forecast shows total income in FY19/20 at £195.1m, £0.6m more than FY17/18. Total operating expenditure excluding the cost of delivering the transformation programme, interest payable and non-cash items increases by £1m over the same period (staff cost reduction £12.5m, non-staff cost increasing £0.7m).

# UNIVERSITY OF WESTMINSTER

## Strategic Review

### FINANCIAL REVIEW (continued)

#### Financial Forecasts (continued)

The budget shows an operating deficit of £1m in FY17/18 before 'one-off' restructuring costs of £6.2m and contingent provisions of £5m returning to an operating surplus position of £14.1m in FY18/19 before contingencies of £7.5m, with staff cost as a percentage of income at 57.5% in FY17/18 reducing to 50.8% by FY19/20.

Forecasts and our key financial performance indicators are regularly reviewed to ensure that the University returns to operating surplus and is able to generate operating cash to fund investment.

The key figures for the three years to FY19/20 are as follows:

|                                                                  | <b>Budget<br/>FY17/18<br/>£m</b> | <b>Forecast<br/>FY18/19<br/>£m</b> | <b>Forecast<br/>FY19/20<br/>£m</b> |
|------------------------------------------------------------------|----------------------------------|------------------------------------|------------------------------------|
| <b>Income</b>                                                    | <b>194.5</b>                     | <b>194.3</b>                       | <b>195.1</b>                       |
| Staff Costs                                                      | 111.7                            | 95.6                               | 99.2                               |
| Operating expenses                                               | 62.7                             | 63.6                               | 63.7                               |
| Depreciation                                                     | 14.9                             | 15.1                               | 15.3                               |
| Interest                                                         | 6.2                              | 5.9                                | 5.7                                |
| <b>Operating (deficit)/surplus before other gains and losses</b> | <b>(1.0)</b>                     | <b>14.1</b>                        | <b>11.2</b>                        |
| Contingency                                                      | 5.0                              | 7.5                                | 10.0                               |
| Exceptional items                                                | 6.2                              | -                                  | -                                  |
| <b>Operating (deficit)/surplus after other gains and losses</b>  | <b>(12.2)</b>                    | <b>6.6</b>                         | <b>1.2</b>                         |

#### Strategic Report

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



Stephen Hart MBE  
Chair of the Court of Governors and Pro-Chancellor  
22 November 2017

# UNIVERSITY OF WESTMINSTER

## Vision and Mission Statement

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### ***Our Vision***

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

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

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

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

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

### ***Our Mission***

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

## UNIVERSITY OF WESTMINSTER

### General Information

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#### General information

##### Chancellor

Lady Frances Sorrell

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

Mr Stephen Hart MBE (from 19 July 2017)

Mr Peter Kyle OBE (to 19 July 2017)

##### Vice-Chancellor and President

Professor Graham Megson BSc MBA PhD CEng CITP FBCS (Acting Vice-Chancellor from 1 September 2017)

Professor Geoffrey Petts BSc PhD FRSA FRGS (Vice-Chancellor to 31 August 2017)

##### Company Secretary

Ms Suzanne Enright BA DipLib MCLIP (to 31 July 2017)

##### Deputy Company Secretary

Mr Richard Davies (from 21 June 2017 to 29 September 2017)

##### Director of Finance and Operations

Mr Michael Webb BA FCA (to 31 May 2017)

From 1 June 2017 to 29 September 2017 the Director of Financial Services had day to day responsibility for the financial affairs of the University

##### Interim Chief Operating Officer

Mr John Cappock (from 2 October 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

## Court of Governors

### Court of Governors

The Governors are also directors of the University in its status as a company and trustees of the University in its status as a charity. In line with the HE Code of Governance, the Court is *"unambiguously and collectively accountable for institutional activities, taking all final decisions on matters of fundamental concern within its remit"*. The Governors of the University during the year ended 31 July 2017 are listed below.

|                                                      | Appointed (A) or reappointed (R) | Term of Office Completed | Committee membership                                                                               |
|------------------------------------------------------|----------------------------------|--------------------------|----------------------------------------------------------------------------------------------------|
| Mr P Kyle OBE <b>Chair</b>                           | 27 November 2016 (R)             | 19 July 2017             | Nominations, Remuneration                                                                          |
| Mr S Hart MBE <b>Chair</b>                           | 19 July 2017 (A)                 |                          | Nominations, Remuneration                                                                          |
| Ms R Bellamy-James <b>Deputy Chair</b>               |                                  |                          | Nominations                                                                                        |
| Mr S Hart <b>Deputy Chair</b>                        |                                  | 19 July 2017             | HR, Nominations, Remuneration                                                                      |
| Mr D Cheeseman <b>Deputy Chair</b>                   | 20 July 2017 (A)                 |                          | Finance and Property, Remuneration                                                                 |
| Mr R Barnes                                          |                                  |                          | Finance and Property                                                                               |
| Mr D Batchelor                                       |                                  |                          | Audit                                                                                              |
| Mr J Begg                                            |                                  |                          | Academic Council, Nominations                                                                      |
| Dr S Courtenage                                      |                                  | 20 May 2017              |                                                                                                    |
| Mr G Davies                                          | 21 May 2017 (A)                  |                          |                                                                                                    |
| Dame K Dunnell                                       |                                  |                          | Audit, Nominations, Remuneration                                                                   |
| Mr A Ganguli                                         |                                  |                          | Audit, HR                                                                                          |
| The Hon Dame M Hogg                                  |                                  |                          |                                                                                                    |
| Mr T Hope                                            |                                  |                          | Finance and Property                                                                               |
| Professor G Megson (Provost)                         |                                  |                          | Academic Council, HR                                                                               |
| Mr G Morley                                          |                                  |                          | Finance and Property                                                                               |
| Ms L Neil                                            |                                  |                          |                                                                                                    |
| Mr P Murphy                                          |                                  |                          | Finance and Property, HR, Remuneration                                                             |
| Professor G Petts<br>(Vice-Chancellor and President) |                                  |                          | Academic Council, Finance and Property, Nominations, Professors and Readers Awarding, Remuneration |
| Mr M Smith                                           |                                  |                          | Audit                                                                                              |
| Ms F Thompson                                        | 1 July 2017 (R)                  |                          | Academic Council                                                                                   |
| Ms C Valeur                                          | 20 July 2017 (A)                 |                          | HR                                                                                                 |
| Mr J Wates                                           |                                  |                          | Finance and Property                                                                               |
| Mr A Woods                                           |                                  | 2 November 2016          | HR, Remuneration                                                                                   |
| Ms D Yeo                                             |                                  |                          | Nominations                                                                                        |

The Court approves the University's long-term objectives and strategies and provides overall financial and organisational control. It delegates responsibility for the University's operations to the Vice-Chancellor who, supported by the University Executive Board, implements the Court's policy and develops and manages the University's business to meet its financial objectives and standards of quality and services in education and research.

Due to changes in roles and responsibilities, Acting Vice-Chancellor Professor Graham Megson will have signing responsibilities for the financial statements. Further information about the Court, including meeting minutes, member biographies, the appointment process and terms of office for governors, committee responsibilities and membership and outcomes of the most recent effectiveness review are published on the University website: [westminster.ac.uk/governance](http://westminster.ac.uk/governance).

## UNIVERSITY OF WESTMINSTER

### The Work of the Court of Governors

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#### **Statutory committees of the Court**

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

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

**The Nominations Committee** meets three times a year and comprises four independent governors, including the Chair Mr S Hart, 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 membership.

**The Remuneration Committee** 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 Moore) and the Vice-Chancellor. The Committee reviews the salaries, terms and conditions of employment and schemes of remuneration for the 'holders of senior posts'. The Vice-Chancellor withdraws from the Committee when his own remuneration is under review and this is formally recorded. The Committee also devises and implements appropriate measures and procedures whereby the Vice-Chancellor's performance may be assessed, and agrees with the Vice-Chancellor such measures and procedures for the other 'holders of senior posts'.

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

# UNIVERSITY OF WESTMINSTER

## Statement of Corporate Governance and Internal Controls

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### Governance and Management

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

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

In September 2017 the University adopted new Articles of Association with the approval of the Privy Council. The objects for which the University is established are set out in its Articles of Association as:

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

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

Board membership in FY16-17 includes the Provost, the Deputy Vice-Chancellor (Student Experience), the Deputy Vice-Chancellor (Global Engagement), the five Pro Vice-Chancellor and Deans of Faculty, the Director of Communications, Recruitment and External Affairs, the Director of Finance and Operations, and the Registrar and Secretary.

### Risk Management and Systems of Control

The statement of Internal Controls covers the period from 1 August 2016 to 31 July 2017, and up to the date of approval of the audited financial statements. The Court of Governors is responsible for ensuring a sound system of control is maintained. The Court of Governors has also reviewed the effectiveness of the system of internal control.

The University's Corporate Plan is supported by a strategic risk register for the University, which is updated throughout the year and reviewed in full every year by management as part of the strategic planning process and by the Court of Governors. In February 2017 the Court adopted a new University risk register and risk mitigation schedule. Operational risk registers covering the five faculties 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.

Whilst the Audit Committee has responsibility for advising the Court on the effectiveness of the University's risk management policy and procedures, the University Executive Board has the remit for embedding risk management, aligning it with the Corporate Plan and reviewing and updating the risk management policy and procedures in accordance with HEFCE guidance. The risk management policy requires an annual report to be made to the Court of Governors on risk management. The policy, which is approved and reviewed from time to time by the Court of Governors (most recently in October 2017), clearly states the Court's responsibilities for determining the appropriate risk appetite or level of exposure for the institution and ensuring that appropriate risk controls are in place.

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

The approach to internal control is risk based and, in line with this and the HEFCE Audit Code of Practice, the programme of internal audit work during the year has focused on the institution's most significant risk areas. The University continues to be a member of the Kingston City Group, a leading provider of specialist risk assurance and internal audit services to the Higher Education sector in London and the South of England. The Audit Committee approves the strategic internal audit plan and

UNIVERSITY OF WESTMINSTER  
Statement of Corporate Governance and Internal Controls (continued)

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**Risk Management and Systems of Control (continued)**

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

# UNIVERSITY OF WESTMINSTER

## Statement of Governors' Responsibilities

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### Governors' responsibilities

The governors, who are the directors and members of the Company, are required by the Companies Act to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the University and its subsidiaries as at the end of the financial year and of the surplus or deficit for that period. It is also the governors' responsibility to maintain adequate accounting records, safeguard the assets of the University and its subsidiaries, prevent and detect fraud and other irregularities and to apply the basis of a going concern unless it is not appropriate to presume that the University will continue in business.

The governors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the consolidated financial statements and that applicable accounting standards have been followed.

The governors have taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud, bribery and money-laundering; and
- secure the economical, efficient and effective management of the University's resources and expenditure.

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. Governors are required to declare any interests at the start of each Court and committee meeting they attend.

The responsibilities, powers and duties of the Court of Governors are as set out in the Articles of Government of the University. These are complemented but not superseded by the Statement of Primary Responsibilities set out as Appendix 1 to the HE Code of Governance, as allowed for in the Articles (Instrument and Articles, clause 18.1.7). New governors are briefed fully on their primary responsibilities during the induction process.

### Employee participation

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

### Student participation

In the execution of their responsibilities, governors are mindful that the needs and interests of students, as key stakeholders, are adequately reflected in the strategic plan, when considering issues of institutional sustainability and in the University committee structure. The President of the Student Union sits on Court. A review of the governance structure in support of the student experience was conducted during the year and as a result Academic Council established the University's Student Experience Committee. The Committee 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 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.

### Equality, diversity and inclusion

The University of Westminster is committed to supporting diversity and equal opportunities in our dealings with job applicants, students, staff and the public. This is formalised in the Court approved Single Equality Policy statement and action plan. 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.

# UNIVERSITY OF WESTMINSTER

## Statement of Governors' Responsibilities (continued)

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### **Equality, diversity and inclusion (continued)**

In accordance with diversity legislation and best practice, the University has a supportive Gender Equality Scheme in place, as well as a strong commitment to equal pay for work of equal value, family-friendly/work-life balance policies and specific, gender-based developmental programmes. The 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.

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

### **Health and Safety**

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.

### **Disclosure to Auditor**

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 University's auditors are aware of that information.

### **Insurance for Officers**

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.

### **Auditor**

Pursuant to Section 486 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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



**Stephen Hart MBE**  
**Chair of the Court of Governors and Pro-Chancellor**  
**22 November 2017**

# UNIVERSITY OF WESTMINSTER

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

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### 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 2017 which comprise the Statement of Comprehensive Income and Expenditure, Balance Sheet, Statement of Changes in Reserves, 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 2017, 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 HEFCE's Accounts Direction to higher education institutions for 2016-17 financial statements; 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 directors are responsible for the other information, which comprises the Strategic Report and the Report of the work 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 the Strategic Report and the Report of the work 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 the strategic report and the directors' report 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

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### Court of Governors' responsibilities

As explained more fully in their statement set out on pages 27 and 28, 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](http://www.frc.org.uk/auditorsresponsibilities).

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters under the HEFCE Audit Code of Practice (effective 1 August 2016) 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; 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 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 2017

# Consolidated Statement of Comprehensive Income and Expenditure

## Year Ended 31 July 2017

|                                                               |       | Year Ended 31 July 2017 |                     | Year Ended 31 July 2016 |                     |
|---------------------------------------------------------------|-------|-------------------------|---------------------|-------------------------|---------------------|
|                                                               | Notes | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| <b>Income</b>                                                 |       |                         |                     |                         |                     |
| Tuition fees and education contracts                          | 2     | 157,616                 | 157,616             | 159,862                 | 159,862             |
| Funding body grants                                           | 3     | 19,508                  | 19,508              | 20,235                  | 20,235              |
| Research grants and contracts                                 | 4     | 6,100                   | 5,178               | 4,126                   | 3,293               |
| Other income                                                  | 5     | 18,553                  | 17,291              | 19,467                  | 18,645              |
| Investment income                                             | 6     | 74                      | 203                 | 155                     | 327                 |
| <b>Total income before endowments and donations</b>           |       | <b>201,851</b>          | <b>199,796</b>      | <b>203,845</b>          | <b>202,362</b>      |
| Donations and endowments                                      | 7     | 3,546                   | 3,357               | 1,261                   | 1,125               |
| <b>Total income</b>                                           |       | <b>205,397</b>          | <b>203,153</b>      | <b>205,106</b>          | <b>203,487</b>      |
| <b>Expenditure</b>                                            |       |                         |                     |                         |                     |
| Staff costs                                                   | 8     | 120,028                 | 119,309             | 108,254                 | 107,554             |
| Other operating expenses                                      | 10    | 64,895                  | 65,891              | 66,634                  | 64,053              |
| Depreciation                                                  | 13    | 13,566                  | 13,297              | 11,575                  | 11,317              |
| Interest and other finance costs                              | 9     | 6,368                   | 6,368               | 6,548                   | 6,548               |
| <b>Total expenditure</b>                                      | 10    | <b>204,857</b>          | <b>204,865</b>      | <b>193,011</b>          | <b>189,472</b>      |
| <b>Surplus / (loss) before other gains and losses</b>         |       | <b>540</b>              | <b>(1,712)</b>      | <b>12,095</b>           | <b>14,015</b>       |
| Exceptional Costs                                             | 11    | (2,191)                 | (2,191)             |                         |                     |
| Gain on financial investments                                 | 14    | 97                      | 58                  | 40                      | 20                  |
| Unrealised gain/ (loss) on revaluation of investment property | 14    | 3,080                   | 3,080               | (1,105)                 | (1,105)             |
| <b>Surplus / (loss) before tax</b>                            |       | <b>1,526</b>            | <b>(765)</b>        | <b>11,030</b>           | <b>12,930</b>       |
| Taxation                                                      | 12    | -                       | -                   | -                       | -                   |
| <b>Surplus / (loss) for the year</b>                          |       | <b>1,526</b>            | <b>(765)</b>        | <b>11,030</b>           | <b>12,930</b>       |
| Actuarial gain / (loss) in respect of pension schemes         | 25    | 15,097                  | 15,097              | (38,556)                | (38,556)            |
| <b>Total comprehensive income / (loss) for the year</b>       |       | <b>16,623</b>           | <b>14,332</b>       | <b>(27,526)</b>         | <b>(25,626)</b>     |
| Represented by:                                               |       |                         |                     |                         |                     |
| Endowment comprehensive income for the year                   |       | 46                      | 4                   | 95                      | 70                  |
| Revaluation reserve comprehensive loss for the year           |       | (510)                   | (510)               | (510)                   | (510)               |
| Unrestricted comprehensive income / (loss) for the year       |       | 17,087                  | 14,838              | (27,111)                | (25,186)            |
|                                                               |       | <b>16,623</b>           | <b>14,332</b>       | <b>(27,526)</b>         | <b>(25,626)</b>     |

All items of income and expenditure relate to continuing activities.

# Consolidated Statement of Changes in Reserves

## Year Ended 31 July 2017

| <u>Consolidated</u>                                              | Income and expenditure account |                       | Revaluation reserve | Total           |
|------------------------------------------------------------------|--------------------------------|-----------------------|---------------------|-----------------|
|                                                                  | Endowment<br>£'000             | Unrestricted<br>£'000 | £'000               | £'000           |
| <b>Balance at 01 August 2015</b>                                 | <b>991</b>                     | <b>84,154</b>         | <b>115,827</b>      | <b>200,972</b>  |
| Surplus from the income and expenditure statement                | 95                             | 10,935                | -                   | 11,030          |
| Other comprehensive income                                       | -                              | (38,556)              | -                   | (38,556)        |
| Transfers between revaluation and income and expenditure reserve | -                              | 510                   | (510)               | -               |
| <b>Total comprehensive income for the year</b>                   | <b>95</b>                      | <b>(27,111)</b>       | <b>(510)</b>        | <b>(27,526)</b> |
| <b>Balance at 31 July 2016</b>                                   | <b>1,086</b>                   | <b>57,043</b>         | <b>115,317</b>      | <b>173,446</b>  |
| Surplus / (deficit) from the income and expenditure statement    | 46                             | 1,480                 | -                   | 1,526           |
| Other comprehensive income (note 25)                             | -                              | 15,097                | -                   | 15,097          |
| Transfers between revaluation and income and expenditure reserve | -                              | 510                   | (510)               | -               |
| <b>Total comprehensive income for the year</b>                   | <b>46</b>                      | <b>17,087</b>         | <b>(510)</b>        | <b>16,623</b>   |
| <b>Balance at 31 July 2017</b>                                   | <b>1,132</b>                   | <b>74,130</b>         | <b>114,807</b>      | <b>190,069</b>  |

| <u>University</u>                                                | Income and expenditure account |                       | Revaluation reserve | Total           |
|------------------------------------------------------------------|--------------------------------|-----------------------|---------------------|-----------------|
|                                                                  | Endowment<br>£'000             | Unrestricted<br>£'000 | £'000               | £'000           |
| <b>Balance at 01 August 2015</b>                                 | <b>292</b>                     | <b>84,499</b>         | <b>115,827</b>      | <b>200,618</b>  |
| Surplus/(deficit) from the income and expenditure statement      | 70                             | 12,860                | -                   | 12,930          |
| Other comprehensive income (note 24)                             | -                              | (38,556)              | -                   | (38,556)        |
| Transfers between revaluation and income and expenditure reserve | -                              | 510                   | (510)               | -               |
| <b>Total comprehensive income for the year</b>                   | <b>70</b>                      | <b>(25,186)</b>       | <b>(510)</b>        | <b>(25,626)</b> |
| <b>Balance at 31 July 2016</b>                                   | <b>362</b>                     | <b>59,313</b>         | <b>115,317</b>      | <b>174,992</b>  |
| 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)               | -               |
| <b>Total comprehensive income for the year</b>                   | <b>4</b>                       | <b>14,838</b>         | <b>(510)</b>        | <b>14,332</b>   |
| <b>Balance at 31 July 2017</b>                                   | <b>366</b>                     | <b>74,151</b>         | <b>114,807</b>      | <b>189,324</b>  |

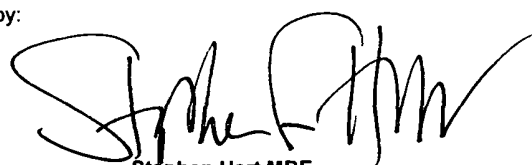
The accompanying notes form an integral part of these financial statements.

# Consolidated Balance Sheet

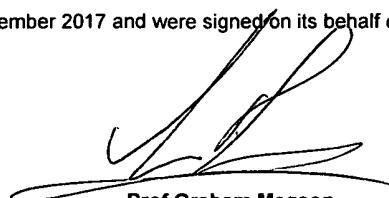
As at 31 July 2017

|                                                         |         | As at 31 July 2017           |                              | As at 31 July 2016           |                              |
|---------------------------------------------------------|---------|------------------------------|------------------------------|------------------------------|------------------------------|
|                                                         | Notes   | Consolidated<br>£'000        | University<br>£'000          | Consolidated<br>£'000        | University<br>£'000          |
| <b>Non-current assets</b>                               |         |                              |                              |                              |                              |
| Fixed assets                                            | 13      | 375,823                      | 371,264                      | 367,012                      | 362,186                      |
| Investments                                             | 14      | 38,167                       | 37,694                       | 32,668                       | 32,234                       |
| Trade and other receivables due after one year          | 15      | -                            | 7,959                        | -                            | 8,220                        |
|                                                         |         | <u>413,990</u>               | <u>416,917</u>               | <u>399,680</u>               | <u>402,640</u>               |
| <b>Current assets</b>                                   |         |                              |                              |                              |                              |
| Trade and other receivables due within one year         | 15      | 14,682                       | 15,906                       | 11,730                       | 13,342                       |
| Cash and cash equivalents                               | 20      | 22,496                       | 20,166                       | 33,857                       | 31,859                       |
|                                                         |         | <u>37,178</u>                | <u>36,072</u>                | <u>45,587</u>                | <u>45,201</u>                |
| Less: Creditors: amounts falling due within one year    | 16      | (42,565)                     | (43,297)                     | (41,822)                     | (42,429)                     |
| <b>Net current (liabilities)/assets</b>                 |         | <b>(5,387)</b>               | <b>(7,225)</b>               | <b>3,765</b>                 | <b>2,772</b>                 |
| <b>Total assets less current liabilities</b>            |         | <u><b>408,603</b></u>        | <u><b>409,692</b></u>        | <u><b>403,445</b></u>        | <u><b>405,412</b></u>        |
| Creditors: amounts falling due after more than one year | 17      | (81,346)                     | (83,180)                     | (83,892)                     | (84,313)                     |
| <b>Provisions</b>                                       |         |                              |                              |                              |                              |
| Pension provisions                                      | 18 & 25 | (136,412)                    | (136,412)                    | (143,048)                    | (143,048)                    |
| Other provisions                                        | 18      | (776)                        | (776)                        | (3,059)                      | (3,059)                      |
| <b>Total net assets</b>                                 |         | <u><u><b>190,069</b></u></u> | <u><u><b>189,324</b></u></u> | <u><u><b>173,446</b></u></u> | <u><u><b>174,992</b></u></u> |
| <b>Restricted Reserves</b>                              |         |                              |                              |                              |                              |
| Endowment reserve                                       | 19      | 1,132                        | 366                          | 1,086                        | 362                          |
| <b>Unrestricted Reserves</b>                            |         |                              |                              |                              |                              |
| Income, expenditure and pension reserve - unrestricted  |         | 74,130                       | 74,151                       | 57,043                       | 59,313                       |
| Revaluation reserve                                     |         | <u>114,807</u>               | <u>114,807</u>               | <u>115,317</u>               | <u>115,317</u>               |
| <b>Total Reserves</b>                                   |         | <u><u><b>190,069</b></u></u> | <u><u><b>189,324</b></u></u> | <u><u><b>173,446</b></u></u> | <u><u><b>174,992</b></u></u> |

The financial statements were approved by the Governing Body on 22 November 2017 and were signed on its behalf on that date by:



Stephen Hart MBE  
Chair and Pro Chancellor  
22 November 2017



Prof Graham Megson  
Acting Vice Chancellor  
22 November 2017

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

## Consolidated Cash Flow

For period ended 31 July 2017

|                                                            | Notes   | Year ended<br>31 July 2017<br>£'000 | Year ended<br>31 July 2016<br>£'000 |
|------------------------------------------------------------|---------|-------------------------------------|-------------------------------------|
| <b>Cash flow from operating activities</b>                 |         |                                     |                                     |
| Surplus for the year                                       |         | 1,526                               | 11,030                              |
| <b>Adjustment for non-cash items</b>                       |         |                                     |                                     |
| Depreciation                                               | 13      | 13,566                              | 11,575                              |
| (Gain)/Loss on investments                                 | 14      | (3,177)                             | 1,065                               |
| (Increase) in debtors                                      | 15      | (2,952)                             | (3,756)                             |
| Increase in creditors                                      | 16 & 17 | 158                                 | 2,080                               |
| (Decrease)/Increase in pension provision                   | 18      | (6,636)                             | 44,681                              |
| Actuarial gain/ (losses) on pension scheme                 | 25      | 15,097                              | (38,556)                            |
| (Decrease) in other provisions                             | 18      | (2,283)                             | (162)                               |
| <b>Adjustment for investing or financing activities</b>    |         |                                     |                                     |
| Investment income                                          | 6       | (74)                                | (155)                               |
| Interest payable                                           | 9       | 2,798                               | 3,023                               |
| Deferred capital grant released to income                  |         | (653)                               | (653)                               |
| <b>Net cash inflow from operating activities</b>           |         | <b>17,370</b>                       | <b>30,172</b>                       |
| <b>Cash flows from investing activities</b>                |         |                                     |                                     |
| Capital grants receipts                                    |         | 1,421                               | 1,269                               |
| Investment income                                          | 6       | 74                                  | 155                                 |
| Payments made to acquire fixed assets                      | 13      | (22,377)                            | (33,669)                            |
| New non-current asset investments                          | 14      | (2,322)                             | (988)                               |
|                                                            |         | <b>(23,204)</b>                     | <b>(33,233)</b>                     |
| <b>Cash flows from financing activities</b>                |         |                                     |                                     |
| Interest paid                                              | 9       | (2,798)                             | (3,023)                             |
| Repayments of amounts borrowed                             | 17      | (2,729)                             | (2,505)                             |
|                                                            |         | <b>(5,527)</b>                      | <b>(5,528)</b>                      |
| <b>(Decrease) in cash and cash equivalents in the year</b> |         | <b>(11,361)</b>                     | <b>(8,589)</b>                      |
| Cash and cash equivalents at beginning of the year         | 20      | 33,857                              | 42,446                              |
| Cash and cash equivalents at end of the year               | 20      | 22,496                              | 33,857                              |

# Notes to the Accounts

## for the year ended 31 July 2017

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### 1 Accounting Policies

#### a) Company information

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

#### b) Basis of preparation

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

#### 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 operation 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 2017. Intra-group transactions are eliminated on consolidation. The consolidated financial statements do not include the University of Westminster Students' Union because the University does not control its activities. The Quintin Hogg Trust and Quintin Hogg Memorial Fund are two separate charitable trusts that exist for the benefit of students. These connected charitable institutions are also excluded from the consolidation as the University does not have control over their activities.

#### e) Statement of principal accounting policies

##### Income recognition

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

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

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

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

##### Grant funding

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

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

##### Donations and endowments

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

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

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

There are three main types of endowments identified within reserves:

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

#### **Capital Grants**

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

#### **Leases**

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

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

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

#### **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.

#### **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                                     |
| 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.

#### **Investment Properties**

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

**Current Investments**

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

**Cash and cash equivalents**

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty.

No other investments, however liquid, are included as cash.

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

**Foreign Currencies**

Transactions denominated in foreign currencies are recorded at the rates of exchange at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates. Exchange differences are recorded in the Consolidated Statement of Comprehensive Income.

**Deferred Capital Grants**

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

**Accounting for retirement benefits**

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

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

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

**Employment benefits**

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

**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.

Costs associated with compensation for loss of office are recognised in the financial year in which the termination decision and relevant compensation were communicated.

**Provisions**

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

**Revaluation Reserve**

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

**Significant Management Estimates**

**a) Tuition fee bad debt provision policy**

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

**b) Deferring and accruing tuition fee income**

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

**c) Governmental capital grant income recognition**

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

## Notes to the Accounts

### for the year ended 31 July 2017

|                                               | Year Ended 31 July 2017 |                | Year Ended 31 July 2016 |                |
|-----------------------------------------------|-------------------------|----------------|-------------------------|----------------|
|                                               | Consolidated            | University     | Consolidated            | University     |
|                                               | £'000                   | £'000          | £'000                   | £'000          |
| <b>2 Tuition fees and education contracts</b> |                         |                |                         |                |
| Full-time home and EU students                | 104,009                 | 104,009        | 105,967                 | 105,967        |
| Full-time international students              | 38,628                  | 38,628         | 34,170                  | 34,170         |
| Part-time students                            | 11,034                  | 11,034         | 14,991                  | 14,991         |
|                                               | <b>153,671</b>          | <b>153,671</b> | <b>155,128</b>          | <b>155,128</b> |
| Research Training Support Grant               | 50                      | 50             | 61                      | 61             |
| Non credit-bearing courses                    | 3,895                   | 3,895          | 4,673                   | 4,673          |
|                                               | <b>157,616</b>          | <b>157,616</b> | <b>159,862</b>          | <b>159,862</b> |
| <b>3 Funding body grants</b>                  |                         |                |                         |                |
| <b>Recurrent HEFCE grant</b>                  |                         |                |                         |                |
| Higher Education Funding Council              |                         |                |                         |                |
| Teaching grant                                | 12,964                  | 12,964         | 13,614                  | 13,614         |
| Research grant                                | 4,457                   | 4,457          | 4,433                   | 4,433          |
| Other grants                                  | 1,040                   | 1,040          | 1,060                   | 1,060          |
| Pension liability grant                       | 387                     | 387            | 456                     | 456            |
| <b>HEFCE capital grant</b>                    | 653                     | 653            | 653                     | 653            |
| <b>Teaching Agency grants</b>                 | 7                       | 7              | 19                      | 19             |
|                                               | <b>19,508</b>           | <b>19,508</b>  | <b>20,235</b>           | <b>20,235</b>  |
| <b>4 Research grants and contracts</b>        |                         |                |                         |                |
| Research councils                             | 1,203                   | 1,203          | 690                     | 690            |
| Charities                                     | 994                     | 642            | 813                     | 642            |
| Government (UK and overseas)                  | 2,518                   | 2,288          | 1,498                   | 1,211          |
| Industry and commerce                         | 359                     | 45             | 380                     | 38             |
| Other bodies                                  | 1,026                   | 1,000          | 745                     | 712            |
|                                               | <b>6,100</b>            | <b>5,178</b>   | <b>4,126</b>            | <b>3,293</b>   |

## Notes to the Accounts

### for the year ended 31 July 2017

|                                      | Year ended 31 July 2017 |               | Year Ended 31 July 2016 |               |
|--------------------------------------|-------------------------|---------------|-------------------------|---------------|
|                                      | Consolidated            | University    | Consolidated            | University    |
|                                      | £'000                   | £'000         | £'000                   | £'000         |
| <b>5 Other income</b>                |                         |               |                         |               |
| Residences, catering and conferences | 9,943                   | 8,935         | 10,703                  | 9,829         |
| Recreation                           | 776                     | 776           | 791                     | 791           |
| Rents and Lettings                   | 3,237                   | 1,846         | 3,263                   | 2,348         |
| Photocopier Income                   | 25                      | 24            | 22                      | 22            |
| Sundry Sales                         | 512                     | 513           | 438                     | 438           |
| Other Income                         | 4,060                   | 5,197         | 3,977                   | 4,944         |
| Non-HEFCE capital grants             | -                       | -             | 273                     | 273           |
|                                      | <b>18,553</b>           | <b>17,291</b> | <b>19,467</b>           | <b>18,645</b> |
| <b>6 Investment income</b>           |                         |               |                         |               |
| Investment income on endowments      | 19 5                    | 1             | 14                      | 6             |
| Other investment income              | 69                      | 202           | 141                     | 321           |
|                                      | <b>74</b>               | <b>203</b>    | <b>155</b>              | <b>327</b>    |
| <b>7 Donations and endowments</b>    |                         |               |                         |               |
| Donations and endowments             | 3,546                   | 3,357         | 1,261                   | 1,125         |
|                                      | <b>3,546</b>            | <b>3,357</b>  | <b>1,261</b>            | <b>1,125</b>  |

# Notes to the Accounts

## for the year ended 31 July 2017

|                       | Year ended 31 July 2017 |                | Year ended 31 July 2016 |                |
|-----------------------|-------------------------|----------------|-------------------------|----------------|
|                       | Consolidated            | University     | Consolidated            | University     |
|                       | £'000                   | £'000          | £'000                   | £'000          |
| <b>8 Staff costs</b>  |                         |                |                         |                |
| Salaries              | 91,018                  | 90,384         | 84,486                  | 83,867         |
| Redundancy costs      | 646                     | 646            | 205                     | 205            |
| Social security costs | 9,694                   | 9,641          | 7,919                   | 7,866          |
| Other pension costs   | 18,670                  | 18,638         | 15,644                  | 15,616         |
| <b>Total</b>          | <b>120,028</b>          | <b>119,309</b> | <b>108,254</b>          | <b>107,554</b> |

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

|                      | 2017      | 2016      |
|----------------------|-----------|-----------|
| £100,000 to £109,999 | -         | -         |
| £110,000 to £119,999 | 5         | 4         |
| £120,000 to £129,999 | 4         | 4         |
| £130,000 to £139,999 | 1         | 4         |
| £140,000 to £149,999 | 1         | -         |
| £150,000 to £159,999 | 1         | -         |
|                      | <b>12</b> | <b>12</b> |

Average staff numbers by major category :

|                       | No.          | No.          |
|-----------------------|--------------|--------------|
| Teaching and research | 846          | 811          |
| Visiting lecturers    | 157          | 166          |
| Support staff         | 1,040        | 979          |
|                       | <b>2,043</b> | <b>1,956</b> |

### Key management personnel

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

Key management personnel compensation is made up as follows:

|                                  | 2017         | 2016         |
|----------------------------------|--------------|--------------|
|                                  | £'000        | £'000        |
| Salary                           | 1,688        | 1,533        |
| Termination Payments             | 198          | -            |
|                                  | <b>1,886</b> | <b>1,533</b> |
| Employer's pension contributions | 168          | 172          |
| <b>Total emoluments</b>          | <b>2,054</b> | <b>1,705</b> |

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

|                       | 2017       | 2016       |
|-----------------------|------------|------------|
|                       | £'000      | £'000      |
| Salary                | 296        | 288        |
| Pension contributions | 5          | 2          |
|                       | <b>301</b> | <b>290</b> |

# Notes to the Accounts

## for the year ended 31 July 2017

### 8 Staff costs (continued)

#### Compensation paid for loss of office to higher earning staff

Redundancy and severance costs were incurred during the financial year, an element of which related to higher earning staff

|                                                                              | 2017       | 2016     |
|------------------------------------------------------------------------------|------------|----------|
|                                                                              | £'000      | £'000    |
| Compensation paid for loss of office to employees earning in excess of £100k | 301        | -        |
|                                                                              | <b>301</b> | <b>-</b> |

#### Court of Governors

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

Professor Geoffrey Petts is a director, Chair Elect and trustee of London Higher, a company and registered charity established to represent universities and higher education bodies in London. Purchases of £34,000 were made from London Higher during the financial year ended 31st July 2017.

Dame Karen Dunnell is Chair of the Longevity Science Panel, Legal & General. Purchases of £60,750 were made from Legal & General during the financial year ended 31st July 2017.

One member of the Court of Governors has occasional ad hoc paid employment with Maple Tree House Limited. Purchases of £3,770 were made from Maple Tree House Limited during the financial year ended 31st July 2017.

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: | 2017       | 2016       |
|                                                                    | £'000      | £'000      |
| Total remuneration including employer's pension contributions      | <b>629</b> | <b>652</b> |

During the year £4,123 (2016: £3,041) 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 3 trustees (2016: 4 trustees).

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

### 9 Interest and other finance costs

| Notes                        | Year Ended 31 July 2017 |              | Year Ended 31 July 2016 |              |
|------------------------------|-------------------------|--------------|-------------------------|--------------|
|                              | Consolidated            | University   | Consolidated            | University   |
|                              | £'000                   | £'000        | £'000                   | £'000        |
| Promissory note              | 921                     | 921          | 1,047                   | 1,047        |
| Bank loans                   | 1,875                   | 1,875        | 1,976                   | 1,976        |
| Other interest               | 2                       | 2            | -                       | -            |
| Net charge on pension scheme | 3,570                   | 3,570        | 3,525                   | 3,525        |
|                              | <b>6,368</b>            | <b>6,368</b> | <b>6,548</b>            | <b>6,548</b> |

## Notes to the Accounts

### for the year ended 31 July 2017

#### 10 Analysis of total expenditure by activity

| Consolidated                                                     | Year ended 31 July 2017 |               |                | Year Ended 31 July 2016 |               |                |
|------------------------------------------------------------------|-------------------------|---------------|----------------|-------------------------|---------------|----------------|
|                                                                  | Staff                   | Other         | Total          | Staff                   | Other         | Total          |
|                                                                  | £'000                   | £'000         | £'000          | £'000                   | £'000         | £'000          |
| Academic Departments                                             | 70,372                  | 13,584        | 83,956         | 64,174                  | 11,254        | 75,428         |
| Academic Support Services                                        | 14,372                  | 5,152         | 19,524         | 14,417                  | 8,628         | 23,045         |
| Research                                                         | 2,452                   | 1,639         | 4,091          | 2,460                   | 1,172         | 3,632          |
| Administration and Central Services                              | 20,446                  | 18,630        | 39,076         | 18,569                  | 17,142        | 35,711         |
| Premises                                                         | 3,844                   | 22,654        | 26,498         | 3,731                   | 23,919        | 27,650         |
| Residences and Catering                                          | 1,028                   | 2,627         | 3,655          | 1,126                   | 3,556         | 4,682          |
| Other expenses                                                   | 7,514                   | 609           | 8,123          | 3,777                   | 963           | 4,740          |
|                                                                  | <b>120,028</b>          | <b>64,895</b> | <b>184,923</b> | <b>108,254</b>          | <b>66,634</b> | <b>174,888</b> |
| Other operating expenses include:                                |                         |               |                |                         |               |                |
| External auditors' remuneration in respect of audit services     |                         |               | 50             |                         | 71            |                |
| External auditors' remuneration in respect of non-audit services |                         |               | 30             |                         | 37            |                |
| Operating lease rentals                                          |                         |               |                |                         |               |                |
| Land and buildings                                               |                         |               | 7,493          |                         | 6,789         |                |

## Notes to the Accounts

### for the year ended 31 July 2017

|                               | Year Ended 31 July 2017 |              | Year Ended 31 July 2016 |            |
|-------------------------------|-------------------------|--------------|-------------------------|------------|
|                               | Consolidated            | University   | Consolidated            | University |
|                               | £'000                   | £'000        | £'000                   | £'000      |
| <b>11 Exceptional Costs</b>   |                         |              |                         |            |
| Employee Release Scheme costs | 2,091                   | 2,091        | -                       | -          |
| Restructuring costs           | 100                     | 100          | -                       | -          |
|                               | <b>2,191</b>            | <b>2,191</b> | -                       | -          |

#### Employee Release Scheme Costs

The University of Westminster offered an employee release scheme to non-academic staff during the financial year ended 31st July 2017. Costs of £2.1m were incurred regarding mutually agreed settlement for termination of employment. Standard termination of employment under the Employee Release Scheme happened at 31 July 2017 with staff payments occurring prior to the balance sheet date. However, there were circumstances under which staff had termination dates in August and September 2017. The settlement costs for these employees leaving after 31 July 2017 were accrued for in the financial year ended 31st July 2017.

#### Restructuring Costs

The reprographics division was closed during the financial year ended 31st July 2017 as part of a restructuring programme. Costs of £100k were incurred in relation to this.

## Notes to the Accounts

### for the year ended 31 July 2017

#### 12 Taxation note

| Reconciliation of current tax charge:                                                                   | 2017<br>£'000 | 2016<br>£'000 |
|---------------------------------------------------------------------------------------------------------|---------------|---------------|
| Recognised in the statement of comprehensive income                                                     |               |               |
| Consolidated surplus on ordinary activities                                                             | 1,526         | 11,030        |
| Tax on surplus on ordinary activities at standard corporation tax rate in the UK of 19.67% (2016: 20%): | 300           | 2,206         |
| Effect of:                                                                                              |               |               |
| Non- taxable profit                                                                                     | (300)         | (2,206)       |
| Adjustment in respect of FRS102                                                                         | -             | -             |
| <b>Current tax expense</b>                                                                              | <b>-</b>      | <b>-</b>      |

#### 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% (2016: 17%) of the amount of the timing differences, is £82,621 (2016: £408,616 asset), and it is analysed below. Removal of three dormant companies has had a major contribution to the value decrease.

|                                      | 2017<br>£'000 | 2016<br>£'000 |
|--------------------------------------|---------------|---------------|
| Provision for bad debts not utilised | -             | 30            |
| Capital allowances not utilised      | 9             | 11            |
| Tax losses not utilised              | 74            | 368           |
|                                      | <b>83</b>     | <b>409</b>    |

## Notes to the Accounts

### for the year ended 31 July 2017

#### 13 Fixed Assets

| Consolidated             | Freehold<br>Land and<br>Buildings | Leasehold<br>Land and<br>Buildings | Assets in the<br>Course of<br>Construction | Plant and<br>Machinery | Fixtures,<br>Fittings and<br>Equipment | Computers<br>and software | AV<br>Equipment | Motor<br>vehicles | Total          |
|--------------------------|-----------------------------------|------------------------------------|--------------------------------------------|------------------------|----------------------------------------|---------------------------|-----------------|-------------------|----------------|
|                          | £'000                             | £'000                              | £'000                                      | £'000                  | £'000                                  | £'000                     | £'000           | £'000             | £'000          |
| <b>Cost or valuation</b> |                                   |                                    |                                            |                        |                                        |                           |                 |                   |                |
| At 01 August 2016        | 380,809                           | 26,127                             | 11,991                                     | 12,785                 | 5,166                                  | 10,227                    | 3,303           | 49                | 450,457        |
| Additions                | 4,013                             | 93                                 | 11,051                                     | 2,390                  | 1,311                                  | 2,483                     | 1,036           | -                 | 22,377         |
| Transfers                | 8,502                             | 924                                | (16,705)                                   | 250                    | -                                      | 6,917                     | 112             | -                 | -              |
| Disposals                | -                                 | -                                  | -                                          | -                      | -                                      | -                         | -               | -                 | -              |
| At 31 July 2017          | <u>393,324</u>                    | <u>27,144</u>                      | <u>6,337</u>                               | <u>15,425</u>          | <u>6,477</u>                           | <u>19,627</u>             | <u>4,451</u>    | <u>49</u>         | <u>472,834</u> |
| <b>Consisting of:</b>    |                                   |                                    |                                            |                        |                                        |                           |                 |                   |                |
| Land at valuation        |                                   |                                    |                                            |                        |                                        |                           |                 |                   |                |
| at 31 July 2014          | 120,570                           | -                                  | -                                          | -                      | -                                      | -                         | -               | -                 | 120,570        |
| Land at cost             | 6,720                             | -                                  | -                                          | -                      | -                                      | -                         | -               | -                 | 6,720          |
| Other assets at cost     | 266,034                           | 27,144                             | 6,337                                      | 15,425                 | 6,477                                  | 19,627                    | 4,451           | 49                | 345,544        |
| At 31 July 2017          | <u>393,324</u>                    | <u>27,144</u>                      | <u>6,337</u>                               | <u>15,425</u>          | <u>6,477</u>                           | <u>19,627</u>             | <u>4,451</u>    | <u>49</u>         | <u>472,834</u> |
| <b>Depreciation</b>      |                                   |                                    |                                            |                        |                                        |                           |                 |                   |                |
| At 01 August 2016        | 56,531                            | 8,354                              | -                                          | 8,939                  | 2,285                                  | 6,251                     | 1,036           | 49                | 83,445         |
| Charge for the year      | 5,537                             | 854                                | -                                          | 2,041                  | 1,285                                  | 3,509                     | 340             | -                 | 13,566         |
| Disposals                | -                                 | -                                  | -                                          | -                      | -                                      | -                         | -               | -                 | -              |
| At 31 July 2017          | <u>62,068</u>                     | <u>9,208</u>                       | <u>-</u>                                   | <u>10,980</u>          | <u>3,570</u>                           | <u>9,760</u>              | <u>1,376</u>    | <u>49</u>         | <u>97,011</u>  |
| <b>Net book value</b>    |                                   |                                    |                                            |                        |                                        |                           |                 |                   |                |
| At 31 July 2017          | <u>331,256</u>                    | <u>17,936</u>                      | <u>6,337</u>                               | <u>4,445</u>           | <u>2,907</u>                           | <u>9,867</u>              | <u>3,075</u>    | <u>-</u>          | <u>375,823</u> |
| At 31 July 2016          | <u>324,278</u>                    | <u>17,773</u>                      | <u>11,991</u>                              | <u>3,846</u>           | <u>2,881</u>                           | <u>3,976</u>              | <u>2,267</u>    | <u>-</u>          | <u>367,012</u> |

## Notes to the Accounts

### for the year ended 31 July 2017

#### 13 Fixed Assets (continued)

| University           | Freehold<br>Land and<br>Buildings | Leasehold<br>Land and<br>Buildings | Assets in the<br>Course of<br>Construction | Plant and<br>Machinery | Fixtures,<br>Fittings and<br>Equipment | Computers<br>and software | AV<br>Equipment | Motor<br>vehicles | Total          |
|----------------------|-----------------------------------|------------------------------------|--------------------------------------------|------------------------|----------------------------------------|---------------------------|-----------------|-------------------|----------------|
| At 01 August 2016    | 380,809                           | 21,043                             | 11,991                                     | 12,771                 | 5,166                                  | 10,179                    | 3,303           | 49                | 445,311        |
| Additions            | 4,013                             | 92                                 | 11,051                                     | 2,390                  | 1,311                                  | 2,482                     | 1,036           | -                 | 22,375         |
| Transfers            | 8,502                             | 924                                | (16,705)                                   | 250                    | -                                      | 6,917                     | 112             | -                 | -              |
| Disposals            | -                                 | -                                  | -                                          | -                      | -                                      | -                         | -               | -                 | -              |
| At 31 July 2017      | <u>393,324</u>                    | <u>22,059</u>                      | <u>6,337</u>                               | <u>15,411</u>          | <u>6,477</u>                           | <u>19,578</u>             | <u>4,451</u>    | <u>49</u>         | <u>467,686</u> |
| Consisting of:       |                                   |                                    |                                            |                        |                                        |                           |                 |                   |                |
| Land at valuation    | 120,570                           | -                                  | -                                          | -                      | -                                      | -                         | -               | -                 | 120,570        |
| Land at cost         | 6,720                             | -                                  | -                                          | -                      | -                                      | -                         | -               | -                 | 6,720          |
| Other assets at cost | 266,034                           | 22,059                             | 6,337                                      | 15,411                 | 6,477                                  | 19,578                    | 4,451           | 49                | 340,396        |
|                      | <u>393,324</u>                    | <u>22,059</u>                      | <u>6,337</u>                               | <u>15,411</u>          | <u>6,477</u>                           | <u>19,578</u>             | <u>4,451</u>    | <u>49</u>         | <u>467,686</u> |
| Depreciation         |                                   |                                    |                                            |                        |                                        |                           |                 |                   |                |
| At 01 August 2016    | 56,531                            | 8,057                              | -                                          | 8,936                  | 2,285                                  | 6,231                     | 1,036           | 49                | 83,125         |
| Charge for the year  | 5,537                             | 597                                | -                                          | 2,039                  | 1,285                                  | 3,499                     | 340             | -                 | 13,297         |
| Disposals            | -                                 | -                                  | -                                          | -                      | -                                      | -                         | -               | -                 | -              |
| At 31 July 2017      | <u>62,068</u>                     | <u>8,654</u>                       | <u>-</u>                                   | <u>10,975</u>          | <u>3,570</u>                           | <u>9,730</u>              | <u>1,376</u>    | <u>49</u>         | <u>96,422</u>  |
| Net book value       |                                   |                                    |                                            |                        |                                        |                           |                 |                   |                |
| 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> |
| At 31 July 2016      | <u>324,278</u>                    | <u>12,986</u>                      | <u>11,991</u>                              | <u>3,835</u>           | <u>2,881</u>                           | <u>3,948</u>              | <u>2,267</u>    | <u>-</u>          | <u>362,186</u> |

## Notes to the Accounts

### for the year ended 31 July 2017

#### 14 Non-Current Investments

| Consolidated     | Subsidiary<br>companies | Investment<br>property | Other fixed<br>assets<br>investments | Total  |
|------------------|-------------------------|------------------------|--------------------------------------|--------|
|                  | £'000                   | £'000                  | £'000                                | £'000  |
| At 1 August 2016 | -                       | 32,120                 | 548                                  | 32,668 |
| Additions        | -                       | 2,322                  | -                                    | 2,322  |
| Disposals        | -                       | -                      | -                                    | -      |
| Revaluation      | -                       | 3,080                  | 97                                   | 3,177  |
| At 31 July 2017  | -                       | 37,522                 | 645                                  | 38,167 |

| University       | £'000 | £'000  | £'000 | £'000  |
|------------------|-------|--------|-------|--------|
| At 1 August 2016 | 1     | 32,120 | 113   | 32,234 |
| Additions        | -     | 2,322  | -     | 2,322  |
| Disposals        | -     | -      | -     | -      |
| Revaluation      | -     | 3,080  | 58    | 3,138  |
| At 31 July 2017  | 1     | 37,522 | 171   | 37,694 |

Investment property includes two properties. The first investment property comprises a portion of a single administrative building which is part let to commercial tenants and part occupied by the University. The building is apportioned between investment property and property, plant and equipment according to floor area. The investment property portion of the building is held at fair value as at 31 July 2017: the valuation was performed by Savills LLP in accordance with applicable professional standards. The second investment property is a property that was acquired during financial year 2017 and is completely let out to tenants.

Other non-current investments consist of:

|                              | Consolidated<br>£'000 | University<br>£'000 |
|------------------------------|-----------------------|---------------------|
| Hypha Discovery Ltd          | 134                   | 134                 |
| CVCP Properties plc          | 37                    | 37                  |
| COIF Charity Investment Fund | 472                   | -                   |
| Other listed investments     | 2                     | -                   |
|                              | 645                   | 171                 |

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 2017, 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 £472k 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 2017 was 13.01%

## Notes to the Accounts

### for the year ended 31 July 2017

#### 15 Trade and other receivables

|                                               | Year ended 31 July 2017 |                     | Year ended 31 July 2016 |                     |
|-----------------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
|                                               | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| Amounts falling due within one year:          |                         |                     |                         |                     |
| Trade and sundry debtors                      | 3,518                   | 2,295               | 3,234                   | 2,971               |
| Finance lease receivable from subsidiary      | -                       | 337                 | -                       | 329                 |
| Other amounts due from subsidiary companies   | -                       | 2,446               | -                       | 1,356               |
| Other debtors                                 | 1,373                   | 1,360               | 1,338                   | 1,320               |
| Prepayments and accrued income                | 9,791                   | 9,468               | 7,158                   | 7,366               |
|                                               | <u>14,682</u>           | <u>15,906</u>       | <u>11,730</u>           | <u>13,342</u>       |
| Amounts falling due after more than one year: |                         |                     |                         |                     |
| Finance lease receivable from subsidiary      | -                       | 4,293               | -                       | 4,402               |
| Other amounts due from subsidiary companies   | -                       | 3,666               | -                       | 3,818               |
|                                               | <u>-</u>                | <u>7,959</u>        | <u>-</u>                | <u>8,220</u>        |
|                                               | <u>14,682</u>           | <u>23,865</u>       | <u>11,730</u>           | <u>21,562</u>       |

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

|                                            | Year ended 31 July 2017 |                     | Year ended 31 July 2016 |                     |
|--------------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
|                                            | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| Secured loans (promissory note)            | 1,637                   | -                   | 1,413                   | -                   |
| Unsecured loans                            | 1,338                   | 1,338               | 1,316                   | 1,316               |
| Amounts owed to subsidiary undertakings    | -                       | 4,693               | -                       | 2,698               |
| Trade payables                             | 11,400                  | 11,395              | 15,521                  | 15,491              |
| Social security and other taxation payable | 2,910                   | 2,927               | 2,583                   | 2,608               |
| Accruals and deferred income               | 16,739                  | 15,415              | 12,152                  | 11,834              |
| Other creditors                            | 8,541                   | 7,529               | 8,837                   | 8,482               |
|                                            | <u>42,565</u>           | <u>43,297</u>       | <u>41,822</u>           | <u>42,429</u>       |

#### 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 2017 |                     | Year ended 31 July 2016 |                     |
|-------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
|                                     | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| Grants - Academic, Research & Other | 278                     | 237                 | 558                     | 558                 |
| Commercial Rent                     | 465                     | 465                 | -                       | -                   |
| Accommodation charges               | 21                      | 21                  | 1,000                   | 1,000               |
| Academic Fees                       | 3,571                   | 3,571               | 3,219                   | 3,219               |
| Other income                        | 864                     | 824                 | 335                     | 316                 |
|                                     | <u>5,199</u>            | <u>5,118</u>        | <u>5,112</u>            | <u>5,093</u>        |

## Notes to the Accounts

### for the year ended 31 July 2017

#### 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 2017 |            | Year ended 31 July 2016 |            |
|---------------------|-------------------------|------------|-------------------------|------------|
|                     | 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 2017 |               | Year ended 31 July 2016 |               |
|-----------------------------------------|-------------------------|---------------|-------------------------|---------------|
|                                         | Consolidated            | University    | Consolidated            | University    |
|                                         | £'000                   | £'000         | £'000                   | £'000         |
| Accruals and deferred income            | 1,470                   | 1,470         | 1,808                   | 1,807         |
| Secured loans                           | 7,184                   | -             | 8,821                   | -             |
| Unsecured loans                         | 50,354                  | 50,354        | 51,692                  | 51,692        |
| Amounts owed to subsidiary undertakings | -                       | 9,018         | -                       | 9,243         |
| Deferred HEFCE Capital Grant            | 22,338                  | 22,338        | 21,571                  | 21,571        |
|                                         | <u>81,346</u>           | <u>83,180</u> | <u>83,892</u>           | <u>84,313</u> |

##### Analysis of secured and unsecured loans:

Due within one year or on demand (Note 15)

Due between one and two years

Due between two and five years

Due in five years or more

**Total due after more than one year**

**Total secured and unsecured loans**

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
|  | 2,975         | 1,338         | 2,729         | 1,316         |
|  | <u>3,245</u>  | <u>1,358</u>  | <u>2,975</u>  | <u>1,338</u>  |
|  | <u>9,494</u>  | <u>4,197</u>  | <u>10,653</u> | <u>4,131</u>  |
|  | <u>44,799</u> | <u>44,799</u> | <u>46,885</u> | <u>46,223</u> |
|  | <u>57,538</u> | <u>50,354</u> | <u>60,513</u> | <u>51,692</u> |
|  | <u>60,513</u> | <u>51,692</u> | <u>63,242</u> | <u>53,008</u> |

##### Analysis of total debt

Secured loans, repayable by 2021

Unsecured loans, repayable by 2038

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
|  | 8,821         | -             | 10,234        | -             |
|  | <u>51,692</u> | <u>51,692</u> | <u>53,008</u> | <u>53,008</u> |
|  | <u>60,513</u> | <u>51,692</u> | <u>63,242</u> | <u>53,008</u> |

Included in loans are the following:

| Lender                 | Amount        | Termination | Interest rate | Borrower   |
|------------------------|---------------|-------------|---------------|------------|
|                        | £'000         |             | %             |            |
| Scottish Widows        | 13,639        | 2038        | 5.28          | University |
| Lloyds Bank            | 18,053        | 2034        | 4.74          | University |
| Royal Bank of Scotland | <u>20,000</u> | 2018        | 0.55 + LIBOR  | University |
|                        | <u>51,692</u> |             |               |            |
| Deutsche Bank          | 8,821         | 2021        | 9.54          | Subsidiary |
| Total                  | <u>60,513</u> |             |               |            |

## Notes to the Accounts

### for the year ended 31 July 2017

#### 18 Provisions for liabilities

|                                           | Obligation to<br>fund deficit on<br>USS pension | Pension<br>enhance-<br>ments on<br>termination | Defined<br>benefit<br>obligations<br>(note 25) | Total pension<br>provisions | Total other<br>provisions |
|-------------------------------------------|-------------------------------------------------|------------------------------------------------|------------------------------------------------|-----------------------------|---------------------------|
|                                           | £'000                                           | £'000                                          | £'000                                          | £'000                       | £'000                     |
| <b>Consolidated and University</b>        |                                                 |                                                |                                                |                             |                           |
| At 1 August 2016                          | 1,540                                           | 2,002                                          | 139,506                                        | 143,048                     | 3,059                     |
| Utilised in year                          | (113)                                           | (128)                                          | -                                              | (241)                       | -                         |
| Additions in 2016/17                      | 57                                              | 28                                             | -                                              | 85                          | 94                        |
| Amounts reclassified to creditors <1 year | -                                               | -                                              | -                                              | -                           | (2,127)                   |
| Unused amounts reversed in 2016/17        | -                                               | -                                              | (6,480)                                        | (6,480)                     | (250)                     |
| <b>As at 31 July 2017</b>                 | <b>1,484</b>                                    | <b>1,902</b>                                   | <b>133,026</b>                                 | <b>136,412</b>              | <b>776</b>                |

#### USS deficit

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

#### Pension enhancement

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

|               |      |
|---------------|------|
| Discount rate | 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 2017

#### 19 Endowment Reserves

##### Consolidated

|                                                              | Restricted<br>permanent<br>endowments | Expendable<br>endowments | 2017<br>Total       | 2016<br>Total       |
|--------------------------------------------------------------|---------------------------------------|--------------------------|---------------------|---------------------|
|                                                              | £'000                                 | £'000                    | £'000               | £'000               |
| <b>Balances at 01 August 2016</b>                            |                                       |                          |                     |                     |
| Capital                                                      | 658                                   | 417                      | 1,075               | 975                 |
| Accumulated income                                           | 3                                     | 8                        | 11                  | 16                  |
|                                                              | <u>661</u>                            | <u>425</u>               | <u>1,086</u>        | <u>991</u>          |
| <br>New endowments                                           | -                                     | 42                       | 42                  | 80                  |
| Investment income                                            | -                                     | 5                        | 5                   | 14                  |
| Expenditure                                                  | -                                     | (41)                     | (41)                | (19)                |
| Increase in market value of investments                      | 40                                    | -                        | 40                  | 20                  |
| <br><b>Total endowment comprehensive income for the year</b> | <u>40</u>                             | <u>6</u>                 | <u>46</u>           | <u>95</u>           |
| <br><b>At 31 July 2017</b>                                   | <u><b>701</b></u>                     | <u><b>431</b></u>        | <u><b>1,132</b></u> | <u><b>1,086</b></u> |
| <br><b>Represented by:</b>                                   |                                       |                          |                     |                     |
| 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>        |
| <br><b>Analysis by asset</b>                                 |                                       |                          |                     |                     |
| Current and non-current asset investments                    |                                       |                          | 475                 | 435                 |
| Cash & cash equivalents                                      |                                       |                          | 657                 | 651                 |
|                                                              |                                       |                          | <u>1,132</u>        | <u>1,086</u>        |

## Notes to the Accounts

### for the year ended 31 July 2017

#### 19 Endowment Reserves (continued)

##### University

|                                                          | Restricted<br>permanent<br>endowments | Expendable<br>endowments | 2017<br>Total     | 2016<br>Total     |
|----------------------------------------------------------|---------------------------------------|--------------------------|-------------------|-------------------|
|                                                          | £'000                                 | £'000                    | £'000             | £'000             |
| <b>Balances at 01 August 2016</b>                        |                                       |                          |                   |                   |
| Capital                                                  | 85                                    | 271                      | 356               | 276               |
| Accumulated income                                       | 3                                     | 3                        | 6                 | 16                |
|                                                          | <u>88</u>                             | <u>274</u>               | <u>362</u>        | <u>292</u>        |
| <br>New endowments                                       | -                                     | 41                       | 41                | 80                |
| Investment income                                        | -                                     | 1                        | 1                 | 6                 |
| Expenditure                                              | -                                     | (38)                     | (38)              | (16)              |
| <b>Total endowment comprehensive income for the year</b> | -                                     | 4                        | 4                 | 70                |
| <br><b>At 31 July 2017</b>                               | <u><b>88</b></u>                      | <u><b>278</b></u>        | <u><b>366</b></u> | <u><b>362</b></u> |
| <br><b>Represented by:</b>                               |                                       |                          |                   |                   |
| Capital                                                  | 85                                    | 258                      | 343               | 356               |
| Accumulated income                                       | 3                                     | 20                       | 23                | 6                 |
|                                                          | <u>88</u>                             | <u>278</u>               | <u>366</u>        | <u>362</u>        |
| <br><b>Analysis by asset</b>                             |                                       |                          |                   |                   |
| Cash & cash equivalents                                  |                                       |                          | 366               | 362               |
|                                                          |                                       |                          | <u>366</u>        | <u>362</u>        |

#### 20 Cash and cash equivalents

|                                                          | Consolidated  |                 |               |
|----------------------------------------------------------|---------------|-----------------|---------------|
|                                                          | At 1st August | Cash            | At 31st July  |
|                                                          | 2016          | Flows           | 2017          |
|                                                          | £'000         | £'000           | £'000         |
| Cash and cash equivalents                                | 33,857        | (11,361)        | 22,496        |
|                                                          | <u>33,857</u> | <u>(11,361)</u> | <u>22,496</u> |
| <br>Cash and cash equivalents at 31 July 2017 comprised: | £'000         |                 |               |
| Endowment cash                                           | 657           |                 |               |
| Unrestricted cash                                        | 21,839        |                 |               |
|                                                          | <u>22,496</u> |                 |               |

## Notes to the Accounts

### for the year ended 31 July 2017

#### 21 Capital commitments

Provision has not been made for the following capital commitments at 31 July 2017:

|                            | 31 July 2017          |                     | 31 July 2016          |                     |
|----------------------------|-----------------------|---------------------|-----------------------|---------------------|
|                            | Consolidated<br>£'000 | University<br>£'000 | Consolidated<br>£'000 | University<br>£'000 |
| Commitments contracted for | 7,502                 | 7,502               | 9,591                 | 9,591               |
|                            | <u>7,502</u>          | <u>7,502</u>        | <u>9,591</u>          | <u>9,591</u>        |

#### 22 Leases

Total rentals payable under operating leases:

| Consolidated and University                  | 31 July 2017                   |                                 | 31 July 2016   |                |
|----------------------------------------------|--------------------------------|---------------------------------|----------------|----------------|
|                                              | Land and<br>Buildings<br>£'000 | Plant and<br>Machinery<br>£'000 | Total<br>£'000 | Total<br>£'000 |
| Payable during the year                      | 7,493                          | 225                             | 7,718          | 7,014          |
| Future minimum lease payments due:           |                                |                                 |                |                |
| Not later than 1 year                        | 9,170                          | 213                             | 9,383          | 7,628          |
| Later than 1 year and not later than 5 years | 34,899                         | 122                             | 35,021         | 23,604         |
| Later than 5 years                           | 126,974                        |                                 | 126,974        | 27,192         |
| Total lease payments due                     | <u>171,043</u>                 | <u>335</u>                      | <u>171,378</u> | <u>58,424</u>  |

Total rentals receivable under operating leases:

| Consolidated and University                  | 31 July 2017   | 31 July 2016   |
|----------------------------------------------|----------------|----------------|
|                                              | Total<br>£'000 | Total<br>£'000 |
| Receivable during the period                 | <u>1,613</u>   | <u>456</u>     |
| Future minimum lease receipts due:           |                |                |
| Not later than 1 year                        | 2,071          | 309            |
| Later than 1 year and not later than 5 years | 6,839          | 447            |
| Total lease receipts due                     | <u>8,910</u>   | <u>756</u>     |

# Notes to the Accounts

## for the year ended 31 July 2017

### 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 2017, the total cost of cinema equipment and leasehold fixtures was £5,148,305 and present value of minimum lease payments receivable was £4,502,913

#### University

|                                              | 31 July 2017<br>£'000 | 31 July 2016<br>£'000 |
|----------------------------------------------|-----------------------|-----------------------|
| Receivable during the period                 | 337                   | 329                   |
| 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                           | 3,977                 | 4,314                 |
| Total lease receipts due                     | <u>5,661</u>          | <u>5,998</u>          |

### 23 Subsidiary undertakings

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

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

Uniwest (Property) Limited, Uniwest (Investments) Limited and Westminnovation Limited were all made dormant during the financial year ended 31st July 2017. University of Westminster (International) did not trade during the financial year

The University holds 100% of the issued ordinary share capital and 100% of the voting rights in these companies, all of which are registered in England and Wales.

# Notes to the Accounts

## for the year ended 31 July 2017

### 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<br>balance<br>£'000 | Income<br>£'000 | Expenditure<br>£'000 | Change in<br>market value<br>£'000 | Closing<br>balance<br>£'000 |
|------------------------------------------------------|-----------------------------|-----------------|----------------------|------------------------------------|-----------------------------|
| <b>Consolidated</b>                                  |                             |                 |                      |                                    |                             |
| University of Westminster Prize and Scholarship Fund | 2,200                       | 20              | (6)                  | 40                                 | 2,254                       |
| <b>Not consolidated</b>                              |                             |                 |                      |                                    |                             |
| Students' Union<br>(year ended 31 July 2016)         | (294)                       | 2,176           | (2,091)              | -                                  | (209)                       |
|                                                      | <u>1,906</u>                | <u>2,196</u>    | <u>(2,097)</u>       | <u>40</u>                          | <u>2,045</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 seven trustees of these trusts was also a governor and trustee of the University during the 2017 financial year. (2016: One of the five trustees was also a governor and trustee of the University).

The Students' Union is a separate entity existing for the benefit of the students of the University of Westminster. It is not controlled by the University and has not been consolidated into the University Group financial statements. The sabbatical President of the Students' Union was also a governor and trustee of the University during the 2017 financial year. Therefore, the Students' Union is treated as a related party of the University. At the time of preparation of the Group's accounts, financial statements for the year ended 31 July 2017 were not available: the table above shows results for the year ended 31 July 2016.

|                                                                                       | 2017<br>£'000 | 2016<br>£'000 |
|---------------------------------------------------------------------------------------|---------------|---------------|
| <b>Quintin Hogg Trust</b>                                                             |               |               |
| Rent payable to the Trust in respect of academic buildings                            | (4,232)       | (4,188)       |
| Donations received from Trust and recognised in the statement of comprehensive income | 3,272         | 803           |
| Capital grants received from the Trust                                                | -             | 273           |
| Amounts owed to the University, disclosed within debtors                              | 10            | 28            |
| Amounts owed by the University, disclosed within creditors                            | 1,056         | -             |
| <b>Quintin Hogg Memorial Fund</b>                                                     |               |               |
| Rent payable to the Trust                                                             | (101)         | (101)         |
| Amounts owed to the University, disclosed within debtors                              | 1             | 1             |
| Amounts owed by the University, disclosed within creditors                            | -             | -             |
| <b>The Students' Union</b>                                                            |               |               |
| Subvention payable to Students' Union                                                 | (1,355)       | (1,229)       |
| Salaries reimbursed and invoiced by the University                                    | 1,164         | 850           |
| Amounts owed to the University, disclosed within debtors                              | 310           | 378           |

## Notes to the Accounts

### for the year ended 31 July 2017

#### 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<br>31 July 2017 | Year Ended<br>31 July 2016 |
|------|----------------------------|----------------------------|
|      | £m                         | £m                         |
| USS  | 0.85                       | 0.81                       |
| LGPS | 11.66                      | 8.69                       |
|      | <b>12.51</b>               | <b>9.50</b>                |

#### (i) The Universities Superannuation Scheme

The institution 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 institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution 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 institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and 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.

# Notes to the Accounts

## for the year ended 31 July 2017

### 25 Pension Schemes (continued)

The total cost charged to the Statement of Comprehensive Income and Expenditure is £853,728 (2016: £813,588)

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.

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

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

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

|                           | 2017  | 2016  |
|---------------------------|-------|-------|
| Discount rate             | 2.57% | 3.60% |
| Pensionable salary growth | n/a   | n/a   |
| Pension increases (CPI)   | 2.41% | 2.20% |

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

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

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

|                                   | 2017 | 2016 |
|-----------------------------------|------|------|
| Males currently aged 65 (years)   | 24.4 | 24.3 |
| Females currently aged 65 (years) | 26.6 | 26.5 |
| Males currently aged 45 (years)   | 26.5 | 26.4 |
| Females currently aged 45 (years) | 29.0 | 28.8 |

|                              | 2017    | 2016    |
|------------------------------|---------|---------|
| Scheme assets                | £60.0bn | £49.8bn |
| Total scheme liabilities     | £77.5bn | £58.3bn |
| FRS 102 total scheme deficit | £17.5bn | £8.5bn  |
| FRS 102 total funding level  | 77%     | 85%     |

# Notes to the Accounts

## for the year ended 31 July 2017

### 25 Pension Schemes (continued)

#### (ii) Local Government Pension Scheme

#### Pension Accounting Disclosure for the accounting period ending 31 July 2017

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 14.3% until 31st March 2017 and then from 1st April 2017 onwards 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 2017 | At 31 July 2016 |
|----------------------------------------------------------|-----------------|-----------------|
|                                                          | %pa             | %pa             |
| Price Inflation (RPI)                                    | 3.60%           | 3.10%           |
| Price Inflation (CPI)                                    | 2.70%           | 2.20%           |
| Rate of increase in salaries                             | 4.20%           | 4%              |
| Rate of increase of pensions in payment for LGPS members | 2.70%           | 2.20%           |
| Increases to deferred pensions before retirement         | 2.70%           | 2.20%           |
| Discount rate                                            | 2.70%           | 2.60%           |

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      | Male                                 | Female    | Female                               |
|-----------------|-----------|--------------------------------------|-----------|--------------------------------------|
|                 | Pensioner | Non-pensioner<br>(currently aged 45) | Pensioner | Non-pensioner<br>(currently aged 45) |
| At 31 July 2016 | 22        | 24.4                                 | 25.3      | 27.6                                 |
| At 31 July 2017 | 21.3      | 23.7                                 | 24.4      | 26.7                                 |

## Notes to the Accounts

### for the year ended 31 July 2017

#### 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 2017     | 31 July 2016  | 31 July 2015  |
|                         | £m               | £m            | £m            |
| Equities                | 92.64            | 64.81         | 51.25         |
| LDI/ Cash Flow Matching | -                | 11.01         | 16.76         |
| Target Return Portfolio | 31.35            | 30.63         | 22.52         |
| Infrastructure          | 6.81             | 8.90          | 6.22          |
| Commodities             | -                | 0.67          | 0.52          |
| Property                | 9.84             | 4.71          | 3.64          |
| Cash                    | 10.48            | 5.24          | 14.96         |
| <b>Total</b>            | <b>151.12</b>    | <b>125.97</b> | <b>115.87</b> |

|                                                                                                     | Year Ended<br>31 July 2017<br>£m | Year Ended<br>31 July 2016<br>£m |
|-----------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------|
| <b>Analysis of the amount shown in the balance sheet for LGPS</b>                                   |                                  |                                  |
| Scheme assets                                                                                       | 151.12                           | 125.97                           |
| Scheme liabilities                                                                                  | (280.13)                         | (261.15)                         |
| Present Value of unfunded obligation                                                                | (4.02)                           | (4.33)                           |
| <b>Deficit in the scheme – net pension liability</b>                                                | <b>(133.03)</b>                  | <b>(139.51)</b>                  |
| <b>recorded within pension provisions (Note 18)</b>                                                 |                                  |                                  |
| Current service cost                                                                                | 11.50                            | 8.35                             |
| Past service costs                                                                                  | -                                | 0.17                             |
| Administration expenses                                                                             | 0.16                             | 0.17                             |
| <b>Total operating charge:</b>                                                                      | <b>11.66</b>                     | <b>8.69</b>                      |
| <b>Analysis of the amount charged to interest payable/credited to other finance income for LGPS</b> |                                  |                                  |
| Interest cost                                                                                       | 6.87                             | 7.98                             |
| Expected return on assets                                                                           | 3.32                             | 4.48                             |
| Interest on net deficit                                                                             | -                                | -                                |
| <b>Net charge to other finance income</b>                                                           | <b>3.55</b>                      | <b>3.50</b>                      |
| <b>Total profit and loss charge</b>                                                                 | <b>15.21</b>                     | <b>12.19</b>                     |
| <b>Analysis of other comprehensive income for LGPS</b>                                              |                                  |                                  |
| Gain on assets                                                                                      | 16.06                            | 1.80                             |
| Experience gain /( loss) on liabilities                                                             | 11.64                            | 0.06                             |
| Other actuarial gains / (losses) on assets                                                          | 2.21                             | -                                |
| Change in demographic assumptions                                                                   | 3.06                             | -                                |
| Change in financial assumptions for defined benefit obligation                                      | (17.87)                          | (40.42)                          |
| <b>Total other comprehensive income</b>                                                             | <b>15.10</b>                     | <b>(38.56)</b>                   |

# Notes to the Accounts

## for the year ended 31 July 2017

### 25 Pension Schemes (continued)

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

|                                                                        | Year to 31 July |         |       |         |        |
|------------------------------------------------------------------------|-----------------|---------|-------|---------|--------|
|                                                                        | 2017            | 2016    | 2015  | 2014    | 2013   |
| <b>Difference between actual and expected return on scheme assets:</b> |                 |         |       |         |        |
| Amount (£m)                                                            | 16.06           | 1.80    | 0.23  | (3.13)  | 11.84  |
| % of assets at end of year                                             | 10.6%           | 1.4%    | 0.20% | (2.90%) | 11.40% |
| <b>Experience (gains)/losses on scheme liabilities:</b>                |                 |         |       |         |        |
| Amount (£m)                                                            | 11.64           | (0.06)  | 0.01  | 14.76   | 0.03   |
| % of liabilities at end of year                                        | 4.10%           | (0.02%) | 0.01% | 8.11%   | 0.00%  |

|                                                                                             | At<br>31 July 2017<br>£m | At<br>31 July 2016<br>£m |
|---------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>Cumulative actuarial (gain) / loss recognised as other comprehensive income for LGPS</b> |                          |                          |
| Cumulative actuarial (gain) / loss recognised at the start of the year                      | 38.56                    | 16.05                    |
| Cumulative actuarial (gain) / loss recognised at the end of the year                        | (15.10)                  | 38.56                    |

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

|                                                                                     |               |               |
|-------------------------------------------------------------------------------------|---------------|---------------|
| <b>Deficit at beginning of year</b>                                                 | <b>139.51</b> | <b>94.87</b>  |
| Contributions or benefits paid by the University                                    | (6.59)        | (6.11)        |
| Return fund on assets                                                               | (19.38)       | (6.28)        |
| Current service cost                                                                | 11.50         | 8.35          |
| Past service cost                                                                   | -             | 0.17          |
| Interest cost                                                                       | 6.87          | 7.98          |
| Other administration expenses                                                       | 0.16          | 0.17          |
| Experience loss / (gain) on defined benefit obligation                              | (11.64)       | (0.06)        |
| Loss recognised in other comprehensive income                                       | 17.87         | 40.42         |
| Other actuarial (gains) (losses) on assets recognised in other comprehensive income | (2.21)        | -             |
| Change in demographic assumptions recognised in other comprehensive income          | (3.06)        | -             |
| <b>Deficit at end of year</b>                                                       | <b>133.03</b> | <b>139.51</b> |

|                                                                      | Year to<br>31 July 2017<br>£m | Year to<br>31 July 2016<br>£m |
|----------------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>Analysis of movement in the present value of LGPS liabilities</b> |                               |                               |
| <b>Present value of LGPS liabilities at the start of the year</b>    | <b>265.47</b>                 | <b>210.74</b>                 |
| Current service cost (net of member contributions)                   | 11.50                         | 8.35                          |
| Past service cost                                                    | -                             | 0.17                          |
| Interest cost                                                        | 6.87                          | 7.98                          |
| Change in financial assumptions                                      | 17.87                         | 40.42                         |
| Change in demographic assumptions                                    | (3.06)                        | -                             |
| Actual member contributions and other employer contributions         | 2.55                          | 2.34                          |
| Actuarial loss/(gain)                                                | (11.64)                       | (0.06)                        |
| Estimated Benefits paid net of transfer in                           | (5.00)                        | (4.03)                        |
| Unfunded pension payments                                            | (0.42)                        | (0.44)                        |
| <b>Present value of LGPS liabilities at the end of the year</b>      | <b>284.14</b>                 | <b>265.47</b>                 |

# Notes to the Accounts

## for the year ended 31 July 2017

### 25 Pension Schemes (continued)

|                                                                | Year to<br>31 July 2017<br>£m | Year to<br>31 July 2016<br>£m |
|----------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>Analysis of movement in the fair value of scheme assets</b> |                               |                               |
| <b>Fair value of assets at the start of the year</b>           | <b>125.96</b>                 | <b>115.87</b>                 |
| Expected return on assets                                      | 3.32                          | 4.48                          |
| Actuarial gain on assets                                       | 16.06                         | 1.80                          |
| Other actuarial gain / (losses)                                | 2.21                          | -                             |
| Administration expenses                                        | (0.16)                        | (0.18)                        |
| Actual contributions paid by University                        | 6.59                          | 6.11                          |
| Actual member contributions (including notional contributions) | 2.55                          | 2.34                          |
| Estimated benefits paid plus unfunded net of transfers in      | (5.42)                        | (4.46)                        |
| <b>Fair value of scheme assets at the end of the year</b>      | <b>151.11</b>                 | <b>125.96</b>                 |

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

|                                       | Year to<br>31 July 2017<br>£m | Year to<br>31 July 2016<br>£m |
|---------------------------------------|-------------------------------|-------------------------------|
| <b>Actual return on Scheme assets</b> |                               |                               |
| Expected return on Scheme assets      | 3.32                          | 4.48                          |
| Asset gain                            | 16.06                         | 1.80                          |
|                                       | <b>19.38</b>                  | <b>6.28</b>                   |

Estimated contributions for LGPS in the Financial Year 2017–2018 is £6.461

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

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

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

It is not possible to identify the University's share of the underlying assets and liabilities of the TPS. Therefore contributions are accounted for as if the TPS were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts). In the year ending 31 July 2017, contributions by the Group to the scheme were £6.421 million (2016: £6.033 million).