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Annual Report & Financial Statements

Year ended 31 July 2012



London's

No.1

Modern
University*

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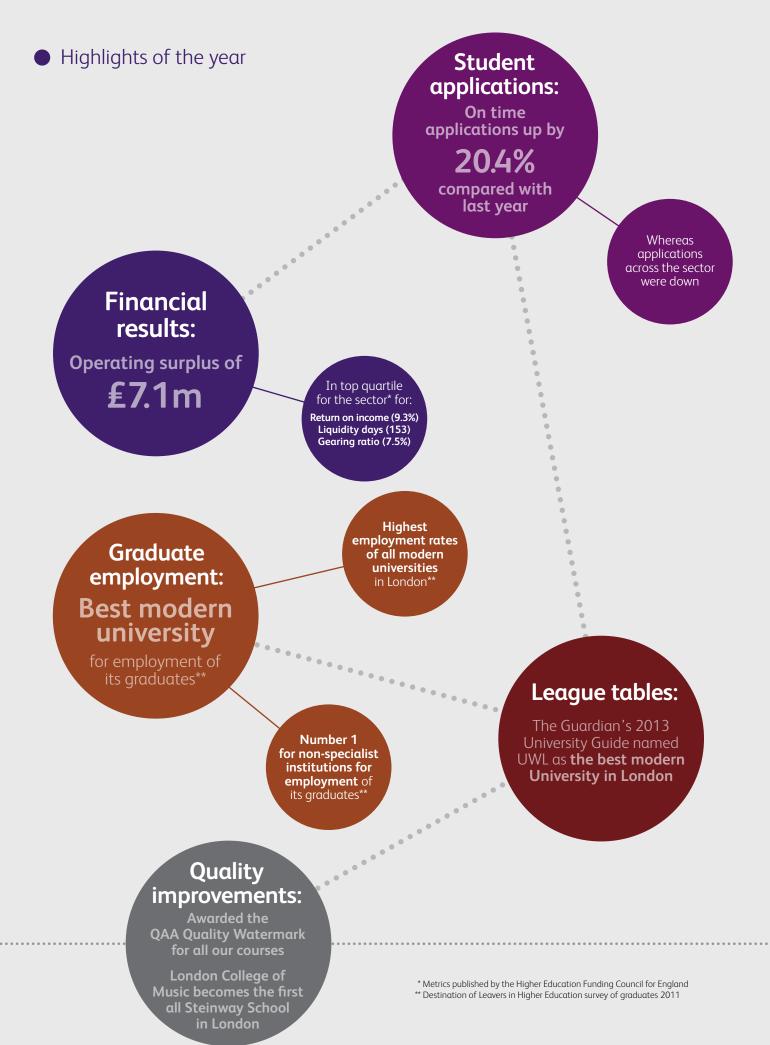
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Message from the Chair of the Board of Governors

Last year's annual report and financial statements represented a real milestone in the University's radical transformation. This year's report shows that progress is continuing to re-shape the institution so that it is well placed to face the undoubted challenges which the new funding regime has imposed on the sector.



Sir Alan Langlands (right), Chief Executive of the Higher Education Funding Council for England, on a recent visit to the University with (from left to right) Chris Humphries (Chair of the Board of Governors), Jodie Vickery (President of West London Students' Union) and Professor Peter John (Vice-Chancellor).

You will read elsewhere of the many achievements which occurred during 2011-12 so I will focus on just a few.

The emphasis on employability continues to be a key value proposition for our students; full-time undergraduate applications to UWL for 2012 entry continued to grow, placing us eighth in the UK for increases in on-time applications to UCAS, against a much more challenging recruitment environment and increased entry criteria. Similarly, our international recruitment has improved across the undergraduate and postgraduate provision, with applications coming from a much more diverse mix of countries.

The University's Strategic Plan for 2008-13 stresses the emphasis on 'useful' research and employer engagement without shifting from its long-held progressive agenda and its mission of 'raising aspiration through the pursuit of excellence'. During 2011-12 the Enterprise and Employer Engagement activity has been accelerated and a number of new professorial appointments, both internal and external, have been made.

The re-shaping of the University has led to substantial changes in the workforce and, most importantly, the appointment of new senior posts. During 2011-12 the University re-structured from a Faculty-based structure to a School-based structure. Thus the three large faculties were replaced by eight schools, leading

to a more flexible, flatter structure. During this period new Head of School appointments were also announced.

There have been changes to the composition of the Board of Governors too. We were delighted to appoint four new governors and two new external members of committees, thus strengthening our already highly capable and well experienced Board. During 2011-12 the Board commissioned a full-scale governance review to be carried out which made a series of recommendations, but also strongly endorsed the operation of the Board.

We were delighted to win the Times Higher Education Leadership and Management Award for Outstanding Finance Team and also very pleased to be short-listed in two other categories: Outstanding Procurement Team and, significantly, Outstanding Leadership and Management Team.

2012-13 will be another challenging year, as the new fees regime begins, but the Governors believe the University has a firmer foundation for the future and are optimistic that we will have another good year. We are extremely grateful to the Vice Chancellor, the senior management and all the University staff for their exceptional commitment and very hard work.

Chris Humphries CBE

Chair of the Board of Governors

Message from the Vice-Chancellor and Chief Executive

The successful results for the year show that the improvements which delivered the academic and financial turnaround of the University in 2010-11 are robust and fully embedded across the institution.



This gives us a strong foundation from which we can move forward and become a national leader in Higher Education, offering affordable and high-quality education which links learning to both the world of work and our local community.

The financial outturn was again outstanding with a £7.1m surplus and all our key financial indicators at the top end of the upper quartile for the sector. The award of the Quality Assurance Agency's Quality Watermark also reflected the academic progress made over the last five years. The University was again named as the best modern University in London by the Guardian in its 2013 Good University Guide while our graduate employability remains outstanding with the highest employment rates amongst modern universities in the capital. We were also garlanded as the outstanding finance team of the year at the Times Higher Awards. All this success was clearly reflected in our ratio of applications to places for the coming Academic year which was a staggering 20% higher than in the previous year. As a result, we expect to fill all the places available for home students this year.

This success has been delivered by the collective efforts of our workforce who joined me on the journey to deliver the new Strategic Plan launched at the end of my first year at the University: 'Education that works...2008-13'. We are now embarking on the next stage of our strategic re-alignment with the

imminent publication of the new Corporate Plan for 2013-18. This Plan will have at its heart the need to provide a high quality student experience combined with high levels of employability. This will be supported through major investment in our estates infrastructure, the development of our academic base and the on-going partnerships with stakeholders (both regional, national and international), businesses, and our alumni networks.

The future for the sector, however, remains uncertain. Nevertheless, I believe we are now better positioned to take advantage of the challenges and opportunities that will inevitably arise as we put the needs of our students and the local community first. I therefore look forward to the coming academic year with immense confidence and optimism.

Professor Peter John

Vice-Chancellor and Chief Executive

Operating and Financial Review The University's achievements, strategy and the sector context

Returning to our roots

The original foundation of the University dates back over 150 years to 1860 with the formation of the Lady Byron School on the current Ealing site.

The institution as it exists today developed from a number of mergers from the 1970s onwards. At its heart was Ealing College of Higher Education which merged with Thames Valley College of Higher Education, Queen Charlotte's College of Health Care and the London College of Music to form the Polytechnic of West London in 1991. A year later Thames Valley University (TVU) was formed and in 2004 TVU merged with Reading College and School of Art and Design to form an extended tertiary institution across the Thames Valley.

In 2008, following the appointment of the current Vice-Chancellor, Professor Peter John, a major review of the strategy took place which had at its heart the need for financial and academic sustainability for the long term; this would be achieved through improving the University's reputation and sharpening its business efficiency while maintaining and enhancing its academic quality and standards. This led to the approval by the Board of a new strategic plan: 'Education that works... 2008-13' which can be found at:



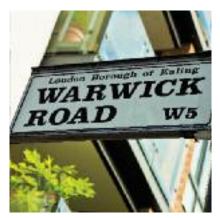
uwl.ac.uk/files/ The_University/Governance _and_legal_framework/ strategic_plan.pdf



The Plan was underpinned by five core objectives:

- To deliver a long term sustainable future for the University
- To focus on Higher Education through the establishment of a new identity and reputation
- To consolidate the institution's geographical footprint in west London
- To improve recruitment, retention, completion rates and employability
- To modernise all business processes.

As part of this new strategic direction the Reading College merger was dissolved in 2010 and the University returned to its heartland in west London. The re-shaping that followed meant that the institution could now focus on its Higher Education core, become financially sustainable, consolidate its estate, modernise its business processes and improve its academic reputation. As a result, the academic year 2010-11 was the most successful year for the University since its inception in 1992. The financial performance



combined with a number of quality and reputational indicators gave the institution a secure base from which to progress into the final year of the strategic plan. Some of the major achievements in 2010-11 included:

- A £6.9 million surplus on operations (an 8.4% return on income)
- Successful outcomes from the Quality Assurance Agency (QAA) audit and the Nursing and Midwifery Council (NMC) review
- The National Student Survey (NSS) reported that the University was the second most improved modern University in the UK for student satisfaction
- Being among the best publicly funded universities for employability
- The biggest increase in UCAS applications for the second year running.

In addition, the University re-branded using its new name 'The University of West London' and appointed Laurence Geller CBE, an alumnus of the institution, as its new Chancellor.

Continuing success during 2011-12

The academic year 2011-12 saw the University continue its upward trajectory with delivery against a set of objectives that included *inter alia:*

Objectives	Achievements	
To meet all financial and recruitment targets	 A £7.1m surplus on operations (α 9.3% return on income) An operating cash inflow of £8.3m 	Operating cash inflow of £8.3m
To improve the student experience	 Being the highest mover in the Guardian League Table up to 68th and ranked the best modern university in London Student employability at 91% putting us in the top 10% for universities across the UK* 	Student employability at
To enhance the quality of the academic Schools including their leadership	 Being awarded the QAA Quality Watermark for all our courses Becoming the first all-Steinway Music School in London 	91%
To design the first phase of the re-development plan for the site at St Mary's Road, Ealing	 Appointing architects and completing the first phase of the design of the new development at the St Mary's Road, Ealing site in place for completion in 2015 	On time applications over
To grow the reputation of the University	 On time applications over 20% higher than in 2010-11 Winning the Times Higher Education 2012 Award for the Outstanding Finance Team and shortlisted for the Outstanding Senior Leadership Team and the Outstanding Procurement Team 	higher than in 2010-11

 $^{^{\}ast}$ Destination of Leavers in Higher Education survey of graduates 2011

Operating and Financial Review The University's achievements, strategy and the sector context Continued

Direction of travel 2013-18

As has been shown, in 2008 the University of West London embarked on a bold venture with the aim of becoming a new kind of modern university that provides leadership and service to the economy and communities of London and its outer regions. In the coming five years the University will pursue this vision with greater vigour and clarity. In so doing, it will leverage new and innovative partnerships, develop an effective interdisciplinary core and promote a culture of connectivity marked out by a steadfast commitment to inclusiveness, excellence and opportunity for all. We will do this by focussing our efforts and investment on areas that clearly differentiate us from our competitors and which have the greatest market impact. The direction of travel also takes into account the idea of continual re-invention where we use our pioneering spirit and innovative capacity to improve our reputation and lead the sector.

We aim to be consistently the best modern university in London with two of our academic schools reaching international excellence in their fields. We will also be known and recognised for our scholarship, enterprise and applied research as well as providing a high quality service to our students and to the community. Our intention is to produce eminent practitioners in a range of creative, service and professional disciplines and be recognised as a leading university for collaboration with business, industry, Government, educational institutions and the local community. As well as making us a critical force in the region's economic development, the plan will place us at the forefront of moral, ethical, social, artistic and economic leadership for the west London region and beyond.

London provides the principal gateway for international trade and inward investment for the UK economy. It is also of course a major centre of global finance. Despite the on-going global economic downturn, the London economy is well placed to be a leading location for business benefitting from the growth of international trade and inward development.

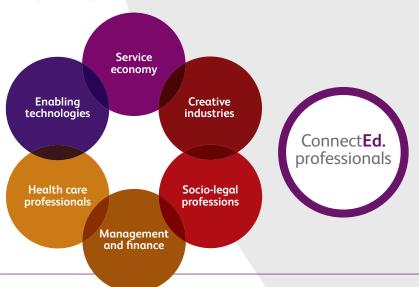
London's economy is very different from other parts of the UK. Business and management consultancy activities are important as London supplies these services for other parts of the UK and overseas. There are several other areas of service, creative and business services that are important to London too: the media sectors, telecommunications, engineering, tourism, software consultancy, performance and the arts. A number of high level reports predict that by 2018 the following areas of economic activity will be pivotal to the recovery of London and the UK as a whole:

- Administration and support
- Advertising
- Business and legal
- · Event management
- Fashion and graphic design
- Film production and post-production

- Health and social care
- Hotel and hospitality
- Journalism
- Live theatre performance and production
- Management and finance
- Marketing and sales
- Radio and television
- Restaurants and leisure
- Specialist photography
- Software development, games, consultancy
- Travel and tourism.

In our strategic planning process we have mapped our portfolio onto this emerging picture and identified a number of areas of strength within the University's academic schools. These are represented in the diagram below and will be the areas in which we will invest our resources and energy in the coming years.

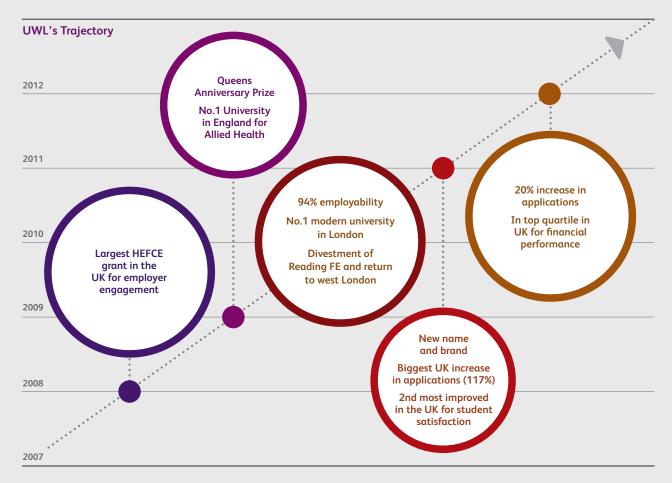
UWL's positioning and portfolio



In particular, we aim to make the new West London International Business School a major player in the national and international arena; and we will look to make the London School of Hospitality and Tourism a beacon of international quality at the highest level. In addition, the London College of Music will continue to expand and grow its reputation while the Schools of Law, Computing and Technology, Nursing, Midwifery and Healthcare and Art, Design and Media will all have further investment to ensure they provide the best possible student experience.

Building a strategy from strength

The last five years have seen a remarkable transformation of the University and it is now well placed to move forward and take advantage of its west London location, its strong financial indicators, its excellent recruitment and completion record and its new identity and brand. The trajectory of change is illustrated below:



The new Strategic Plan 2013-18 which is currently being developed will build on these successes. At its heart will be academic excellence supported by themes such as: providing a high quality student experience; linking learning with the world of work; connecting with our community and engaging with the wider world.

Meeting these objectives will require growth in the institution's existing resource base from multiple sources, including enterprise income, private giving and corporate and alumni support, state funding (where available) and international partnerships. With the necessary income in place, we are

confident that the University of West London will be able to continue its transformational growth well into the next decade.

Community engagement, which is a key theme in the new Plan, will be achieved by opening up access to our physical environment and resources, supporting key civic agendas to improve the social, cultural and economic needs in the region, exploring avenues of co-operation with local authority libraries and local interest groups, and increasing our engagement with other education providers, including Schools and Further Education Colleges.

In summary, the long-term vision for the University will be for it to become a national leader in the emergence of a new form of Higher Education that is accessible, nurtures talent and supports creative professionals. The University will continue to be 'the University of choice' offering an affordable, flexible, high-quality education to those with the ability, energy, and enterprise to pursue it.

Operating and Financial Review The University's achievements, strategy and the sector context Continued





Changes in the HE sector nationally

This progress is all the more notable as it was made against an uncertain and difficult background in the Higher Education sector nationally. This uncertainty has dominated the sector since the publication of the Browne Review entitled 'Securing a Sustainable Future for Higher Education' in October 2010 which recommended an increase in fees and an extended loan system for all graduates starting their courses in 2012-13. These proposals were embedded in a White Paper entitled 'Students at the Heart of the System' which was published in June 2011. As a result, during 2011-12 the sector was poised waiting for a Higher Education Bill arising from the White Paper, but this has still not emerged. In addition, the impact of the increased student fees from academic year 2012-13 on demand for places was unknown.

The Quality Assurance Agency (QAA) is in the midst of a wholesale review of its academic infrastructure and the keystone suite of documents forming the *UK Quality Code*, will be complete by October 2013.

Against this background, universities were asked to compile the first return of a Key Information Set (KIS), a new data collection exercise with the aim of providing applicants with a full set of directly-comparable, searchable data on all undergraduate courses in the UK, covering how courses are taught and assessed, how they are rated in the National Student Survey and how graduates perform in the jobs market. It remains to be seen how applicants perceive and use this vast new source of data which went live in September 2012. Changes to the parameters of the KIS in 2012-13 may well include the requirement that private Higher Education institutions should also be obliged to submit a KIS return.

The further expansion of the range of Higher Education providers remains one of the coalition Government's aims, but the full force of that extra competition has yet to be felt. There are moves to place for-profit providers on a similar regulatory footing to the publicly-funded institutions, with fuller QAA scrutiny and possible obligations to make regulatory returns, but the playing field remains uneven, and traditional universities will need to continue to meet the challenge posed by new entrants.

Two further areas of challenge for established Universities are Government policies on Home/EU Student Number Controls (SNC) and the procedures and regulations enforced by the UK Border Agency (UKBA) relating to overseas students. Under the SNC system an unlimited number of UK students with good A levels can be recruited, but places for other students are rationed out. With fines and penalties for over recruitment this is a tightrope for institutions to walk. The regulations imposed by the UKBA continue to challenge even the most well-run of institutions.

Operating and Financial Review Leadership, organisation and risk management



- Ealing Law School
- London School of Hospitality and Tourism
- School of Computing and Technology
- Ealing School of Art, Design and Media.

Full details on the Schools and the Institute can be found at:



uwl.ac.uk/the_university/ Academic schools

Leadership and organisation

The University is governed by an independent Board of Governors which is responsible for determining the educational character and mission of the University and for overseeing its general strategic direction. Further details relating to the Board, which is responsible for ensuring the effective management and governance of the University, are set out in the accompanying details of corporate governance on pages 30 to 35.

The strategic leadership and executive management of the University is operated through the Vice-Chancellor's Executive, a group that meets formally each week. Once a month a wider Strategic Management Group also meets and includes all senior staff at Director level and the Heads of the Academic Schools. Details of the membership can be found at:



uwl.ac.uk/the_university/ how_the_university_works/ The_Office_of_the_ Vice-Chancellor

The University provides undergraduate and post-graduate education across a range of disciplines structured into eight Academic Schools:

- London College of Music
- School of Psychology, Social Work and Human Sciences
- College of Nursing, Midwifery and Healthcare
- West London International Business School

Research groups operate within Schools and are supported by the Institute for Practice and Interdisciplinary Research (INSPIRE) which co-ordinates all research and scholarly activity across the University. The Schools are also supported in their academic work by a range of Central Service Departments including inter alia: the Institute for Teaching, Innovation and Learning (INSTIL), Academic Registry and Student Services, Marketing, Communications and UK Recruitment, the International Office, Finance, Procurement, Planning, Estates and Facilities, Information Technology, Library and the Centre for Employability and Employer Engagement.

The University's considerable presence in the London and Berkshire health care training market also continues to be a strategically important element of its portfolio. Currently, the University trains adult and child nurses and other specialist nurses in learning disability and mental health as well as midwives and other health care professionals. The training of the London professionals takes place at our state of the art Paragon Campus in Brentford while the Berkshire cohorts are trained at our 'Hub' in Reading.

The University continues to work collaboratively with its NHS partners as they undergo significant organisational change in the light of Government policy. The University will continue to anticipate and meet the needs of NHS employers as new structures for service delivery and educational commissioning emerge over the next year.

In July 2011 NHS London announced that they were undertaking the procurement of Pre-Registration Adult Nursing Education, for which the University had a contract for 131 commissions per year. The University met the required standard but was ultimately unsuccessful in its bid to retain the contract from 2012/13. The University will continue to teach out existing cohorts.

Risk management

In common with many organisations, the University is affected by a number of risks, not all of which are wholly under our control. Some will affect the whole of the sector, whereas others are particular to the University.

The key objective of the University's risk management policy is to ensure that policies and procedures are in place to manage and mitigate risks and opportunities and therefore enable the University to meet its strategic objectives. We have a defined University-wide risk management process for identifying. evaluating and managing the significant risks faced by the University. The University's Strategic Risk Register is maintained to ensure that operational risks are managed and mitigated wherever possible, while the reporting of Key Risks to Governors and senior management allows the threat of circumstances that could contribute to the institution's failure to be monitored.

A significant proportion of income at all UK universities is dependent upon Government policy. There are further risks associated with the recruitment of students in a competitive market. The University acknowledges the existence of these inherent risks and is committed to managing those key risks within its control that pose a significant threat to the achievement of the strategic plan and financial health of the University. The Board of Governors is responsible for the risk management strategy and a common approach to the management of risk throughout the institution.

Operating and Financial Review Leadership, organisation and risk management Continued

The level of risk and the amount of risk appetite which prevails in the institution will vary from time to time, influenced by both internal and external events. It is the view of the Board that wherever possible, mitigating action should be taken to keep the overall level of risk at the lowest possible level consistent with the University being able to pursue its strategic objectives.

The Board acknowledges:

- That the delivery of quality is of paramount importance and therefore action should be taken to keep levels of risk relating to quality at a low level;
- 2) In the short term a higher level of risk may have to be accepted to allow the University to achieve its long term strategic objectives and make the changes needed to ensure financial sustainability; and
- In the current climate, there
 is a higher level of risk associated
 with income over the short to
 medium term.

Key risks

The three Key (Super) Risks that would lead to the institution's failure to meet its strategic objectives and lead to a risk to its financial stability are set out below:

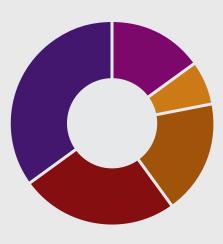
Key risks	Key mitigating actions
Meeting recruitment targets	 Strategic student number allocations for recruitment targets More flexible part time provision Student recruitment CRM system New website developed New international recruitment strategy.
Maximising enterprise income potential	INSPIRE established to proactively develop and win new business CHARM established to strategically develop research in the London School of Hospitality and Tourism New leadership and strategy for the West London International Business School New Professors and Readers with research and enterprise income targets embedded in their roles Centre for Employability and Employer Engagement established.
Sustaining healthcare work	 New strategic plan, management structure and senior staff for the School of Nursing, Midwifery and Healthcare Curriculum reviewed, including quality of existing offer and diversification. New communications strategy for NHS contacts Improvements to data quality and analysis.

Operating and Financial Review Our students, the community, alumni and friends

Student base

In 2011-12, the University had 12,453 students enrolled, 87% of these students were from the UK or EU and 13% were international students. 7,694 were on full-time undergraduate courses.

The University continues to perform well at widening participation, reaching out to underrepresented groups at a local and national level, which is evident from a student body where more than 97 % have progressed from state education and more than 120 nationalities are included. The University also has a distinctive student base with 58% of its undergraduate population coming from backgrounds where the family income is below the national average. Many of these choose to study part time in order to meet their employer, personal or financial commitments – a flexible option that is taken by 32% of students at the University of West London. The institution also has diverse cohorts of students not only in terms of social background but also age as shown in the table below.



Student enrolment by age group

16-18 years	7 %
19-20 years	18 %
21-24 years	25 %
25-39 years	35 %
40+ years	15%

Strategy for international students

The recent visa reforms with the tighter restrictions on English language requirements, access to post study work permits and the easing of entry requirements to Australia and Canada are clearly having a detrimental impact on overseas applications across the UK Higher Education sector.

The University is continuing to respond to this new challenge both operationally and strategically. A main objective of the strategy is to extend the University's reach beyond South Asia into new markets, attracting more students from a diverse range of countries. The growth is supported through a series of strategic marketing initiatives and agent management activities focussed on key recruitment markets across South East Asia, Central Asia, Greater China, the Middle East and Africa.

The international strategy has also been revised to address the more adverse recruitment environment and to embrace the challenges associated with becoming a truly international university. The key aims are to engage academic schools, offer greater support services across the University and to establish strategic international partnerships supporting 'in-country' education. The postgraduate portfolio has been enhanced, in particular within the West London International Business School, to secure a more responsive and accessible alignment with the needs of overseas students. English and academic support has also been increased, notably with the provision of pre-sessional English language support, to enable the University to respond in a more accessible, timely and flexible way to the individual needs of students prior to the start of their programme, as well as over the course of their studies.

Student services

All student services are co-located at the St Mary's Road campus to enable a more integrated delivery of student support. This 'One-Stop Shop' provides a rapid response for a range of student support services offered by the University including: Advice and Counselling, Disability support, Health and Well-being.

Students located at our other two sites can access the service via webcam. During 2011-12 the University piloted a counselling service using Skype which enables students who are offsite to access the counselling services.

Community

The University has continued to be a significant player in the economic and social development of west London. Our students have strong connections with the local community through their volunteering work in a range of different charities and groups. Another way that the University connects with the local community is by having a presence at festivals such as the annual Polish Festival. 2012's most high profile event, the London Olympic Games, provided a further opportunity to engage with the local community as the London College of Music co-ordinated a joint University and community choir who performed when the Olympic Torch arrived in Ealing.

In the year following the damaging London riots that hit Ealing, the University's annual Pride in our People event paid tribute to the many local heroes who helped with the subsequent clear-up. For the first time this year, this high-profile community event was held in the University's award-winning Pillars Restaurant; a fitting place to celebrate heroes. In fact, the initial two lectures in the University's first ever series of Public Lectures focussed on how the community successfully coped with the riots locally. These Public Lectures are designed to appeal to a wider community than the University itself, to local residents and to local businesses.

We continue to work in partnership to provide support and sponsorship to a range of businesses in West London such as Brentford Football Club and also to local charities such as West London YMCA.

Students from the London College of Music and Ealing School of Art, Design and Media and have been very active in their local community this year. Among the many things that they contributed to was a whole series of events staged

Operating and Financial Review Our students, the community, alumni and friends Continued







Alumni and friends

We are grateful to the many alumni and friends whose gifts enable the University to realise its ambitions; to improve the student experience with scholarships and bursaries; to promote research through academic support and to improve our estate with gifts in support of campus development. In the past year, 77 students across all disciplines benefited from donor backed scholarships. Philanthropic support enabled us to fully meet the cost of our flagship Junior Chef Academy and the new Saturday Design Club initiative. Strategic Hotels & Resorts, Intercontinental Hotels & Resorts and Hilton Hotels & Resorts together support the new Centre for Hotel and Resort Management (CHARM). The first of its kind, the Centre will work with industry to identify areas of research and address graduate employability and skills in a sector vital to the UK economy.



In 2008, the UK Government launched a Matched Funding Scheme to promote increased giving to Higher Education. With the support of alumni and friends, the three year scheme helped the University of West London to secure an additional £639,778 in matched funds from the Government. More than 800 donors participated in the scheme and we are grateful for their support.

Operating and Financial Review Teaching and learning, research, scholarship and enterprise







Teaching and learningThe key aims of our teachin

The key aims of our teaching and learning strategy are to:

- Provide a high quality learning experience that satisfies the needs of students, employers and other stakeholders
- Develop a demand led, business facing course portfolio, delivered in a flexible learning environment not limited by time, place or mode of study
- Reach out to students of all ages, abilities and backgrounds through the provision of a seamless education across all levels
- Support staff by providing flexible professional development opportunities which meet individual and institutional aims for progression.

A key feature underpinning these strategic aims and aligned to our mission of 'raising aspirations through the pursuit of excellence' is the introduction of a placement guarantee for all undergraduate students (Academic Year 2012).

Embedded within the teaching and learning strategy is an emphasis to enhance opportunity through providing a highly employment-focused learning environment whilst developing students' potential in their chosen field.

One of our key performance indicators (KPI's) as outlined below is our performance on the Employment Performance Indicator as calculated by the Destination of Leavers in Higher Education (DLHE) survey. For the academic year 2010-11 the University achieved a rating of 91.3%, one percentage point above the national average (90.3%). Importantly, 94% of UWL graduates who responded to this survey were either working or undertaking further study.

However, the University has acknowledged the need to respond to the new challenges of a stalling economy and to employers' requirements for an increasingly complex set of graduate skills. This has been encapsulated by the development of an overarching framework of graduate attributes to serve as a heuristic tool for students to better articulate the skills they have acquired during their period of study. This approach has been led by the Institute of Teaching, Innovation and Learning (INSTIL) and has culminated in the development of skill-based teaching and learning initiatives that support and scaffold students' learning development such as: the development of a pre-enrolment self-diagnostic skills test and e-portfolios. The success of these initiatives can be formally assessed not only through the current KPI's but informally through our partnerships with employers in collaboration with the Centre for Employability and Employer Engagement.

Academic Schools continue to address the core elements of the strategy in their planning through the annual monitoring cycles in conjunction with INSTIL. Each School's performance is then measured against the University's KPIs at group level, for example:

- Levels of student satisfaction, in relation to the quality of the learning experience, as measured by the National Student Survey (NSS)
- Student progression rates to final award
- Graduate employability as measured by the DLHE survey (Destination of Leavers in Higher Education)
- Numbers of postgraduate students entering and completing their studies.

Operating and Financial Review Teaching and learning, research, scholarship and enterprise Continued







Quality

The University underwent an Institutional Audit by the Quality Assurance Agency (QAA) in spring 2011 with the outcome that confidence can be placed in the soundness of the institution's present and likely future management of the academic standards of its awards and the quality of the learning opportunities available to its students. The institution was recognised for good practice in several key areas, including the promotion of employer engagement and employability across the curriculum. This clearly substantiates the investment in our demand led courses which is a critical component of the teaching and learning strategy. In addition, the institution was recognised for improvements in University wide communication, the high quality of external educational opportunities offered to our students and the effectiveness of our collaborative link tutors with partner institutions and their students.

In 2012, the University was awarded the QAA Quality Watermark for all

Research and scholarship

Research and scholarly activity remains a key element of academic life for all universities, informing and enhancing the curriculum and creating opportunity through extension of knowledge. The University of West London has a diverse curriculum although until recently a high proportion of the research activity within the University was concentrated within three academic Schools: the College of Nursing, Midwifery and Healthcare; the School of Psychology, Social Work and Human Sciences and the School of Computing and Technology. However during 2011-12 a key strategic decision was taken to significantly enhance the research environment and opportunities within the University and above all capitalise upon the inter and multidisciplinary expertise available through the launch of the Institute of Practice and Interdisciplinary Research (INSPIRE).

INSPIRE is committed to supporting the University's mission to enhancing applied, translational, pedagogic and practice-based research commensurate with the vision to develop the University of West London into one of the foremost business and employer-engaged universities creating connected business and service professionals. An on-going investment in new research and enterprise-focused academic staff is designed to evolve INSPIRE from a research/enterprise administrative support activity to an academic 'catalyst' leading disciplinary and interdisciplinary research and enterprise both within and across all Schools of the University.

Our ambitious targets for research activity continue to be met with increased numbers of students completing their postgraduate studies combined with a significant growth in enrolments for higher awards.

Ensuring that the research the University undertakes is made available to the communities we support remains a priority. The annual MPhil/PhD conference held in May once again was the showcase for the innovation and application of our current postgraduate research students. The Professorial lecture series re-established this year demonstrates the depth and breadth of the expertise in our senior staff – from the intricacies of music composition to complexities of artificial intelligence via the world of psychology and healthcare – knowledge and mastery of subject was demonstrated with ease. The University's peer-reviewed journal and on-line institutional repository 'VISTAS: Education, Economy and Community' has been enhanced to include an annual colloquium showcase the latest 'work in progress' and to published theses and dissertations from our postgraduate community.

A review of the taught postgraduate provision within the University highlighted the opportunity for portfolio enhancement through framework delivery and the opportunity to integrate additional elements enhancing research and employability skills. Recent senior professorial appointments within INSPIRE have been given the remit to implement significant changes to both our taught and research postgraduate provision and in particular ensure significant industry/business involvement in provision development. The taught postgraduate environment has benefited significantly from the bespoke high-quality teaching and social learning space afforded by the Savoy Suite (a £1.2 million capital project partly funded by the Savoy Educational Trust).

Enterprise and employer engagement

Developing and disseminating knowledge and expertise with broad societal impact and engaging employers to improve their competitiveness and provide opportunity to graduates is at the heart of the University's mission. Ensuring that the University is connected with the communities within west London and beyond is fundamental in supporting this.

Over recent years, the University has, through the HEFCE-funded FutureSkills initiative, developed a range of professional pathways supporting employee and employer development, regionally and nationally. They embrace work-based learning, and provide parttime and flexible routes and also play an important role in ensuring that underrepresented groups can effectively advance in employment and enterprise. In recognition of the strengths the University has in supporting employerfocused education, £150,000 has been awarded by HEFCE to underpin workforce development. As part of the wider UWL Enterprise Partnership Scheme launched in October 2012, this initiative aims to promote innovative and sustainable University: Employer interactions.

Looking forward, the Enterprise and Employer Engagement Strategy, supported through Higher Education Innovation Funding (HEIF 2), will enable the University to:

- Enhance and expand its Knowledge Exchange activities
- Strengthen its commitment to promoting employability and enterprise (including social enterprise) amongst staff and students for the benefit of the wider communities we serve
- Enhance the economic and social development of west London.

Operating and Financial Review Student employability

Developing creative professionals

- Our aim is to offer a high quality, employment driven education to all aspiring creative professionals whether working in the hospitality industry, business and commerce, the arts, social science, law and technology or in nursing and social care.
- In preparing you for your vocation, we will provide you, whether you are an undergraduate or postgraduate student, with the opportunity to become adaptable, capable and employable graduates in a diverse and aspirational environment.
- This will be underpinned by personalised support, an
 excellent education in your chosen discipline, access to
 a range of work focused activity including a guaranteed
 work placement and personal interaction with top
 professionals from industry and commerce.
- We will also provide a network for on-going contact with you after you have completed your studies and provide a student experience that leads you to become part of this.

The University has a long history of working effectively with employers, driving innovation, enterprise and economic growth in west London. We have a strong record of graduate employment; an international reputation in the fields of healthcare, music and hospitality; and outstanding links with employers across a number of sectors.

We aim to continue to be at the forefront of employer engagement and enterprise development in the UK which is clearly evidenced within our Higher Education Innovation Funding (HEIF) 2011-2014 and teaching and learning strategies. In addition, many of our courses have been given professional accreditation and details are available within the course search function on our website.

Facilitating the transfer of knowledge gained through study into experience within the workplace lies at the heart of the University's employability mission.





A key focus of the Careers and Employment Service is to support and enable students to access a wide range of opportunities to enhance their employability skills and their graduate employment prospects. This is undertaken within the academic curriculum and by providing bespoke sessions with external agencies and employer led events. Following the appointment of a dedicated co-ordinator, developing employability skills through volunteering proved to be a major success during 2011-12 culminating in the inaugural V-awards in April where over 300 UWL volunteers were recognised.

The effectiveness of the University's employability focus is evidenced within the Higher Education Statistics Agency (HESA) data for destination of leavers from Higher Education (DLHE). For the seventh consecutive year the University exceeded its benchmark for the graduate employment indicator, which is calculated for the whole sector and adjusted for each institution according to subject mix, age of students and the qualifications of students on entry.

Importantly, once again it shows that the University was seventh out of 156 Higher Education Institutions (HEIs) in the UK against benchmark performance.

To further enhance employability as an attribute within UWL graduates, two key strategic initiatives have been developed over the past year which will go "live" early in the 2012 Academic Year:

- 1) The Centre for Employability and Employer Engagement will unify the careers and employment service, volunteering, placements and employer/business engagement activities to provide a single information conduit and support resource dedicated to employability and employment to staff and students and to local/regional businesses and their employees. HEFCE through the recent award of Workforce Development Funding are supporting the development.
- All students joining a full-time undergraduate course within the University from October 2012 will benefit from a "Placement Guarantee" – a structured period of experience gained within or supported by relevant employment sectors.

During 2012/13, the Centre for Employability and Employer Engagement will be further enhanced by the addition of a Social Enterprise support infrastructure, encouraging UWL students and graduates to develop entrepreneurial skills in partnership with and for the benefit of the local community.

The University's success in this area was shown by the results from the Destination of Leavers in Higher Education (DLHE) survey of graduates from 2011:

- An Employment Performance Indicator (for full-time first degree students) of 91.3% (up from 91.1% in 2010)
- Best modern university for employment of its graduates
- Highest employment rates of all modern universities in London
- Number 1 for non-specialist institutions for employment of its graduates.

Operating and Financial Review Resources, infrastructure and sustainability

Financial resources

At 31 July 2012 the University had gross cash resources of £27.4m, equivalent to 153 days of recurrent total expenditure. Balances increased by £3.5m during the year, reflecting the strong surplus and focussed balance sheet management. There were borrowings outstanding under a 10 year fixed rate unsecured facility of £5.8m which will be repaid by 2019. In addition there were £9m of cash resources available, but undrawn, under a Revolving Credit Facility which will expire in 2013.

University funds are invested to receive the maximum return consistent with low risk and liquidity. The investment policy was kept under review during the year as issues surrounding both the Euro and international banks emerged. Funds are invested in a panel of banks selected by reference to their credit ratings for up to one year, with a maximum limit with any one counterparty. During 2011-12 the average monthly investment was £24.2m.

During 2011-12, the sale of a small parcel of land in Reading was completed with gross proceeds of £0.7m. In September 2012, the sale of the University's former campus at Crescent Road, Reading was completed with gross proceeds of £4.6m. The University is currently marketing a freehold property in Ealing (Grove House) and working towards the sale of the former Slough campus. The proceeds already achieved, together with the £3.6m of proceeds from the 2010 sale of a student Hall of Residence in Reading, plus the planned proceeds from Grove House and the Slough campus will be used to fund redevelopment of the St Mary's Road Ealing campus.

Human resources

In 2011-12 the University spent £36.1m on its workforce, so it is vital that the workforce is aligned to new ways of working, using a relevant and modernised employment framework based upon effective strategies for recognition, reward, development, and engagement. In line with the workforce strategy, the priorities are in five key areas:

Controlling staff costs

During the year the University has continued to maintain its staff costs at 53.8% of total costs. HR managers have monitored, managed and controlled absence and actively managed the contract for the occupational health service. A series of change programmes have been delivered within Schools and central departments and a major restructuring within the College of Nursing, Midwifery and Healthcare has been completed, delivering substantial savings. A programme of outplacement support is provided for staff leaving the University following reorganisation, both in groups and individually.

Developing the employment framework

In preparation for a new approach to the development and management of the academic workforce, new guidance has been issued to all Schools laying out a consistent approach to academic leadership, work-based learning and teaching. It seeks to systematise and categorise work within formal scheduled teaching responsibilities and begins the process of moving the University away from an annualised individualised approach to allocation of work to an emphasis on measured output. Work has been undertaken to create a new academic career framework which establishes three streams: research academic, teaching academic and practitioner teacher. The framework differentiates between those whose principal task is teaching underpinned by research, those who undertake leadership roles, and those whose contribution is balanced evenly between teaching, research and leadership. Detailed profiles have been developed and tested to support this framework.

Becoming fit for purpose

A rolling programme of policy review and development has been introduced with the capability, disciplinary, bullying and harassment, maternity and sickness policies and procedures reviewed. New policies on flexible working and social media have been implemented.

Individual casework management continues to become more effective, with a focus on mediation aiming to resolve issues quickly and at an early stage, using trained and accredited internal mediators. Throughout the year, there has been an emphasis on the development of e-HR, with a new e-recruitment system and an on-line application system for learning and development courses. An annual accreditation process with the recognised trade unions has been implemented as a first step in developing a more structured facilities agreement. Informal relationships with trade union representatives have been encouraged and developed through regular discussions.

Developing staff

During the year, induction processes have been reviewed and improved and a simplified appraisal template launched. The programme of skills development has continued with an emphasis on supporting key policies and processes, including safeguarding young people and vulnerable adults, recruitment and management of stress. The University has continued to embed its equality and diversity policy and, as part of this commitment, has adopted as its equality objective raising awareness of equality and diversity considerations across the University community which will be achieved through the development of a best practice guide, the provision of targeted workshops, e-learning opportunities and themed events. The University recognises that the active participation of its Students' Union is a key to achieving this objective. The recruitment and retention of disabled staff policy is actively reflected in our recruitment materials.

Engaging with staff

The University is continuing to develop an engagement strategy, which includes regular active communications with all staff and measures to test employee opinion. A range of well-being measures have been developed, including offering free flu vaccination to all staff for the second year running.

Estates developments

The Estates Strategy continues to meet the University's strategic objectives for the Estate in the current difficult financial climate by:

- Consolidating the University Estate in west London and preparing for sale large parts of surplus Estate.
- Continuing to ensure all remaining space meets the needs of the University, is fit for purpose and enhances the student experience.
- 3) Improving space utilisation across the Estate to match best practice in the sector, achieving 29% utilisation of teaching spaces. This is achieved by closer control by central timetabling, better use of space through furniture re-provision and a change in the pedagogic style.

The Estates Strategy also seeks to introduce new measures to control and limit the growth of the Estate and includes:

- A review of the timetabling of academic space to ensure it is used across the working week from 9am to 9pm and weekends where possible.
- 2) The introduction and application of new University-wide space standards to provide academic and administrative space that is fit for purpose across the Estate and provision of an agreed minimum footprint and standard for different uses.
- The use of the Space Management Group to centrally process and approve or reject requests for new space against the common strategic objectives.

Substantial progress was made during 2011-12 to finalise all aspects of the reduction of the University's geographical footprint which is now less than 50% of the space occupied in 2009 with broadly the same Higher Education student numbers. The sales of the Green Road site and the Crescent Road, Reading campus, the marketing of Grove House (Ealing) and the further development of the Slough Campus planning application



are all developments that support and maintain alignment with the mission and vision. Following the success of the Fountain House 'Hub' and to ensure that the University continues to strongly support its NHS South Central commitments, a second floor for the Berkshire 'Hub' was opened in September 2012.

To ensure that the new environment for recruitment is supported, capital projects during 2011-12 focused on 'student first' developments, including a new main reception and Library entrance area, improvements to the one stop shop (student services), assistance to the Students' Union in developing faith related resources and the enhancement of teaching facilities to support the INSTIL and IT functions in the development of new pedagogic technology. A new £1.2m 220 seat main lecture theatre and auditorium ready for academic year 2012-13 has been completed; not only will this support the University but it will serve the local community as it the only working film theatre in the Borough of Ealing.

The Estates Strategy continues with the start of the St Mary's Road Future Campus Project for the total redevelopment of the St Mary's Road (SMR), Ealing site. This project will entail not only a significant refurbishment and rebuild of the SMR site resulting in a state-of-the-art Library and learning facilities, Students' Union spaces and community resources, but it will also promote a cultural change covering teaching and learning, IT, student services, space utilisation and all aspects of support to the University. The end result will be a very modern, effective University Estate



that places the student at the very heart of the campus in learning and social activities. The project's completion is scheduled for 2015-16 with upgrades to be noticed each year before then, ensuring that the student experience on site is not damaged in any one year. Thus students will reap the benefits of the project, no matter when they join the University.

Information Technology (IT)

This past year saw the development and approval by the Board of a new IT Strategy, setting out the desire to support a personalised experience, seamlessly bringing together all academic, administrative and social IT systems, so that teaching and learning can be tailored to meet the needs of each individual student. The strategy defined key themes, which dovetailed with the University's Strategic Plan: student engagement; academic staff engagement; research, scholarship and enterprise engagement; and becoming fit for purpose.

A number of key projects were delivered over the period, achieved within the context of continuing to contain revenue costs and working within the allocated capital. These included:

 Investment in Microsoft's Office365 cloud-based suite of services to provide students initially (staff will follow) with better email services, new collaboration tools – including video conferencing capability and much more cloud-based storage space. The product is provided free of charge to the education sector, so once the implementation has been completed, there will be considerable cost savings.

Operating and Financial Review Resources, infrastructure and sustainability Continued





- 2) Development and launch in September 2012 of a new student portal a single place for students to find all the information assets that they need, personalised to them delivered though Microsoft Office365 that should significantly improve the student experience. A similar portal for staff will follow later this year.
- 3) Working with colleagues in INSTIL and Estates to support the technology-enhanced learning strategy by refurbishing a number of teaching classrooms, including the provision of state-of-the-art audio-visual equipment such as interactive Smartboards and lecture capture equipment. A number of new PC and Apple Mac workstations have been deployed to provide additional IT resources for students.
- 4) Improvements to the University's wireless networks, to provide better coverage and easier connectivity, including the introduction of Eduroam, a service that allows visitors from other Eduroam-enabled universities to use our wireless networks as well as allowing our staff and students to use theirs.
- 5) Continued improvements to the University's IT infrastructure to improve resilience and reliability, including a second connection to JANET and the Internet, as well as enhancements to the power-protection facilities in the computer data centres on campus.
- 6) Roll-out of a new IP telephony system, which has achieved significant cost savings as well as provide enhanced functionality.

7) Continued enhancements to the University's key corporate information systems, including a new online recruitment system, web-based access to the timetabling system and a number of upgrades to underlying systems.

Sustainability

Following an assessment of the available options, the University joined the Ecocampus Environmental Management Scheme in December 2010. In March 2012, the University successfully submitted for the Bronze Award under the Ecocampus scheme and is now working towards submitting for the Silver Award in autumn 2012.

Also in March 2012, the University established an Environmental Management Structure (EMS), headed up by an Environmental Review Board. The Board includes membership from across the senior management team, as well as from students and the broader University community. The establishment of the EMS demonstrates our growing commitment as an organisation to embedding the principles of sustainability within our core operations.

Significant activities in year have included the following:

- Achieving Fairtrade University Status
- Revision of our Travel Plan
- Introduction of a Food Waste recycling scheme
- Hosting a Green Week which included themed days on Green Travel, Recycling and Sustainable Food
- Supporting the development of Sustainability in the Curriculum
- Retaining Carbon Trust Status.

This year has also seen significant improvements in many of our key sustainability measures including carbon emissions per head, waste mass tonnage per head and water consumption per head.

Considerable work has also been undertaken during the year to continue to develop policies and procedures to support the University's environmental activities. These policies include the Environmental and Sustainability Strategy, Fair Trade Policy, Travel Plan and Sustainable Food Policy.

In accordance with our Estates Strategy, the University requires its new buildings to use the Building Research Establishment's Environmental Assessment Method (BREEAM) approach to sustainable building design and aspires to achieve BREEAM 'Very good' levels of sustainable construction.

As a result of all the work undertaken this year, a significant improvement was achieved in the University's standing in the People and Planet's Green League, moving us from position 122 to 80 in the rankings.

Financial Review Financial strategy

The outstanding financial performance in 2010-11 created a platform from which the University has moved forward.

The primary focus of the financial strategy, now firmly embedded across the institution, is to deliver a more robust and financially sustainable model that will support the consistent delivery of excellence in Higher Education. The strategy has the following key targets:

- To increase the University's operating surplus to 10% by 2015-16
- At the same time, to increase the operating cash inflow to 15% by 2015-16.

The strategy to improve financial sustainability is now a compelling requirement to mitigate a variety of financial risks, the most salient of which are the withdrawal of capital funding by the Government and the loss of new entrant places (due to HEFCE's number controls to meet Treasury targets).

The financial strategy has identified (and will adopt) measures to meet these objectives through three specific strands:

1) Maximising inflow – this objective will be achieved by:

- Following all opportunities to maximise home/EU number controls
- Maximising income opportunities from overseas students
- Maintaining or improving retention levels
- Seeking new areas of health education funding e.g. postgraduate and professional training
- Maximising enterprise income.

2) Value for Money (VFM) considerations:

- The largest cost component, staff costs, to be managed with a ceiling of 51% of total income
- Non staff costs to be subject to a more strategic approach of tendering and bundling of services to secure greater economies of scale

- Investing in new delivery methods for teaching, taking advantage of cost efficient options including Microsoft Office365 cloud-based systems as identified in the new IT Strategy
- Improving academic workload management
- Setting home/EU fees at a level to attract students and support the student experience
- Increasing the quality of support to students (both in the curriculum and through support structures) to enhance retention (e.g. engaging them to think about skills before their formal enrolment)
- Improving the quality of the documentation available to students at all stages through the student journey.

3) Improvements to capital management:

- Improving the Estate through planned and well managed reinvestment of surplus properties
- Refurbishing teaching rooms to enhance the use of pedagogic technology, using teaching staff's perceptions of needs to inform decisions
- Improving working capital management by maintaining sufficient cash balances to secure increased number of liquidity days.

The key financial metrics are therefore:

Aim	Measure
Generate cash from its operations	Net cash inflow to reach 15% of total income by 2015-16
Generate surpluses	Operating surplus to reach 10% of total income by 2015-16
Manage staff costs appropriately	Staff costs not to exceed 51% of total income by 2015-16

Financial Review Financial results

Financial performance in 2011-12

The financial results confirm that the actions being taken by management to control costs are both effective and embedded.

Income was £6.1m lower than the prior year, but the firm controls relating to costs enabled an operating surplus of 9.3% of income to be achieved. In summary the results were:

Financial results

£m	2011-12	2010-11
Income	76.4	82.5
Staff costs including severances	(37.1)	(41.9)
Non staff costs	(32.2)	(33.7)
Operating surplus	7.1	6.9

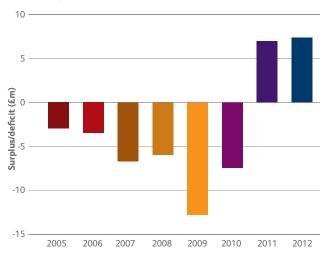
Key metrics

% of income	2011-12	2010-11
Operating cash flow/income	10.9	5.6
Operating surplus/income	9.3	8.3
Staff costs/income	48.6	50.8

The successful financial performance is particularly impressive when looked at in the wider context since 2005 as the chart below shows:

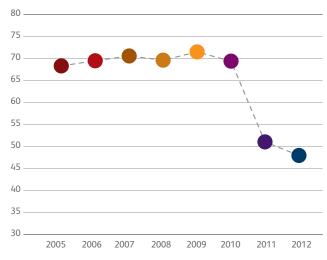
The key driver to this turnaround in performance has been the control of staff costs to sector benchmarks levels of around 51% and the chart below shows this correlation very clearly.

Financial performance* since 2005

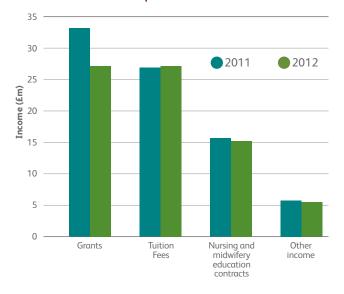


^{*} Surplus or deficit, after excluding the surpluses arising on property disposals and the write off in 2009-10 on the divestment of Reading College.

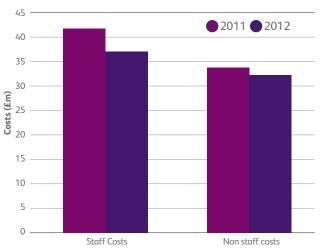
Staff costs as a % of income



Income Income for 2011-12 compared with 2010-11



Operating costs
Operating costs for 2011-12 compared with 2010-11



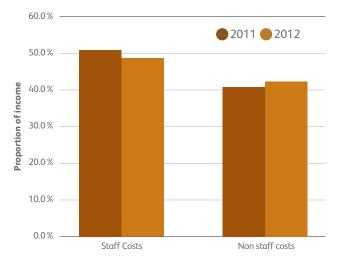
Total income at £76.4m was £6.1m lower than the previous year. The main cause of the reduction was grant income which fell from £33.3m last year to £27.5m due to reduced government funding. Other income was marginally lower at £6.1m, compared with £6.1m last year. The University has followed a policy of bringing to an end commercial contracts which make little contribution to the University and starting to grow higher margin contracts.

Fee income amounted to £27.6m, higher than the previous year's fee income of £27.2m. Home and EU undergraduate fees were £1.1m higher with overseas fees decreasing by £0.7m.

Income from the nursing and midwifery contracts with the London and South Central SHAs was reduced by £0.5m. The reduction was due to the London SHA Post-registration contract.

Strong and effective controls over vacancy management enabled the full benefits to be realised from last year's severance programmes and from further staff reductions in 2011-12. As a result, staff costs were reduced in line with the fall in income: staff costs of £37.1m represented just 48.6% of income, which compares with costs of £41.9m representing 50.8% of income last year.

Staff and non staff costs as a % of income



Financial Review Financial results Continued

The staff costs figure includes severance payments of £1.1m, compared with £2.6m spent on severances in 2010-11. The costs in 2010-11 included those arising from a reorganisation of the academic higher operations and the removal of the Faculty structure.

Non-staff costs at £32.2m were lower than prior year costs of £33.7m. These costs were well managed by continuing to implement tight controls on purchasing and the continued drive for procurement savings and Value for Money from non-pay expenditure. Strategic procurement initiatives relating to supplier and commodity management, as well as making our requirements attractive to the market have been effective. In addition, in 2010-11 a new University wide 'Procure2Pay' process was implemented and a full year of benefit is reflected in the 2011-12 results.

Efficiencies recorded on HEFCE's 2011-12 Efficiency Measurement Model (EMM) totalled £0.9m, following efficiencies of £1.1m recorded for 2010-11.

Cash flow

Capital funding from Government has all but dried up and universities now need to retain sufficient cash to fund capital projects. This year's operating cash inflow of £8.3m exceeded last year's of £4.6m, largely due to close and effective daily cash management based on more robust cash forecasting.

Capital expenditure

During the year £3.6m was spent on capital projects, close to the £3.5m spent the previous year. The expenditure in 2011-12 was, as described above, focused on 'student first' developments and on supporting the release of surplus Estate. Significantly higher expenditure is planned for next year as the start of the St Mary's Road future campus project gets underway.

Accounting for pensions

The University's employees belong to the following principal pension schemes:

- the Teachers' Pension Scheme (TPS)
- the Universities' Superannuation Scheme (USS)
- two Local Government Pension Schemes (LGPSs).

The University provides a number of employees with additional pension benefits, typically following redundancies or other staffing changes. These additional pensions are unfunded, so are paid by the University as they fall due (rather than when they are granted).

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS and the USS are multiemployer pension schemes. The University is unable to identify its share of the underlying assets and liabilities of these schemes and the University's contributions to these schemes are accounted as if they were defined contribution schemes. The University's contributions to these schemes amounted to £1.9m (2010-11 £2.1m).

The two LGPS schemes and the unfunded pension arrangements are accounted for in accordance Financial Reporting Standard 17 (Retirement Benefits). The FRS17 pension charge for the year amounted to £2.9m (2010-11 £3.3m) reflecting buyer membership in the year of the LGPS schemes. A fall in the return on Government Bonds accrued has resulted in an increase in the liability included on the balance sheet: from £29.0m at 31 July 2011 to £36.2m at 31 July 2012.



Operating and Financial Review Public benefit statement

The University is an exempt charity within the meaning of the Charities Act 2006 and, as such, is required to demonstrate how its work is of 'public benefit'. A contribution is made via teaching, research and other activities to the advancement of education, a specific category of charitable purpose set out in the Charities Act 2006. The Board has had regard to the Charity's Commission's guidance on public benefit and meets these requirements as described below.

The University's mission, vision and values reflect its commitment to public benefit. These are set out in the Strategic Plan which can be found at:



uwl.ac.uk/files/The_University/Governance_and_legal_framework/strategic_plan.pdf

Enhancing the employability of our graduates

The University aims to be a leading employer engagement university, playing a key role in taking forward the skills agenda whilst delivering a flexible, demand-led portfolio. Reaching out to students of all ages, abilities and backgrounds, the institutional vision is to be a university of choice and opportunity whilst contributing to the public good through the transfer of 'useful' knowledge. Contributing towards a more employable graduate workforce, the University develops

courses in collaboration with employers and offers all students relevant industry-focused experience to ensure the needs of the public are identified and met, providing useful and relevant education to its students. The University works towards ensuring the public begins to benefit from its undergraduate students whilst they are studying, not just its graduates.

Further information is set out in the section on 'Enterprise and Employer Engagement' on page 15.

Our value proposition to students is clear: to provide an employment driven student experience, underpinned by personalised tuition and embedded in the world of work. All students joining the University in September 2012 will get a guaranteed work placement, excellent careers support and mentoring from recognised champions of industry facilitated by the Centre for Employability and Employer Engagement.

Further information is set out in the section on 'Student employability' on pages 16 to 17.

Operating and Financial Review Public benefit statement Continued



Widening participation

The University's commitment to inclusiveness and the importance of widening participation is enshrined in its strategies and policies. Specifically, inclusiveness is defined as enabling and empowering all to access education that meets their needs and has helped to deliver increased access for students from under-represented groups.

The University of West London's performance is strong in terms of the participation of students from groups that are traditionally under-represented within Higher Education. The latest data released in April 2012 indicates that:

- Just under half of young entrants to full-time first degree courses were from socio-economic classes 4-7 which was significantly higher than benchmark for this category.
- ii) Over 97% of young full-time undergraduate entrants are from state schools and colleges which is above both benchmark (96.5%) and the location-adjusted benchmark (95.8%).

Furthermore, in 2011-12, 47% of the University's home entrants were from ethnic minority groups and within this category, 888 were males from Black ethnic groups and 378 were males from Asian ethnic groups.



Bursaries and scholarships

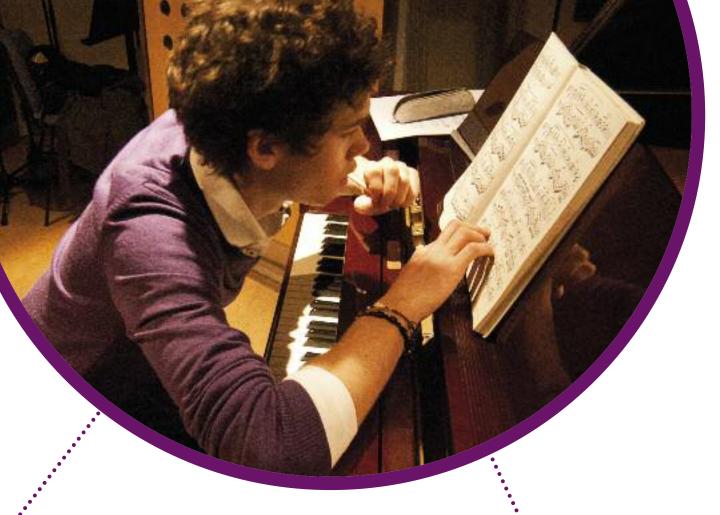
In 2011-12 there were 2,288 students in receipt of a maintenance grant or equivalent, who were assessed as having a household income below £25,000 and were eligible for the maximum bursary of £1,060. 351 students were in receipt of a maintenance grant or equivalent, with a household income between £25,000 and £40,000 and were eligible for a bursary of £530. Additional bursaries and scholarships were on offer to undergraduates in particular fields including music and the arts, nursing and midwifery, and law and hospitality. Similarly, there are a number of subject-specific bursaries available to postgraduate students.

Research and scholarship

As a modern university, we engage in research and scholarship that is relevant and beneficial to the public. For instance, the Richard Wells Research Centre, established in 1995 to develop research and educational initiatives within the field of caring for patients with HIV, now incorporates prevention and care issues associated with infectious diseases and infections. As the only research centre of this type in the Higher Education sector, the University has a serious responsibility in this area and collaborations include working closely with the Department of Health, National Institute for Health and Clinical Excellence, NHS Modernisation Agency and National Audit Office.

Further information is set out in the section on 'Research and Scholarship' on pages 14 to 15.





Community engagement

The University makes an important contribution to the cultural life of the local community by providing a series of music concerts, musical theatre and other performances, as well as art and photography exhibitions, many of which are open to the general public and often free of charge. The end of year Degree Showcase, which is also open to the public, provides a platform for exhibitions and other demonstrations of student work.

The London College of Music has been running a Junior Music College since 1959. The Junior Music College has therefore been providing music education every Saturday morning to children in the local communities for over 20 years, since the London College of music moved to Ealing, and our Junior Chefs' Academy is now in its tenth year.

The Students' Union hosts local events in its conference hall and local organisations, such as church groups, use the event space at weekends.

The University's Volunteering service is designed to allow local voluntary, community and not for profit organisations to benefit from the skills and enthusiasm of students and staff, who have invested thousands of hours of their time into volunteering with local charities, schools and residents. Volunteers are involved in a range of projects from mentoring young offenders in a bid to raise aspirations and reduce the risk of reoffending to supporting primary and secondary children with language barriers.

Further information is set out in the section on 'Community' on pages 11 to 12.



Operating and Financial Review Public benefit statement Continued

Public education

MOD.

Association

Actions.

Mental.

The University offers a large number of short courses, which are available to the general public. Courses in the London School of Hospitality and Tourism range from healthy food and school meals provision to patisserie and confectionery, and cake decorating. The London College of Music has several short course offerings including music management, live event management, creativity and personal development, copyright and law, and Pro Tools. Institute for Creative Industries offers digital photography, vodcasting, creative presentation skills, creating a web presence and information visualisation. Other short courses are provided in psychology, computing, business skills and industry focussed training in management and leadership.

Language.



Operating and Financial Review The Board of Governors

Ex-officio Member		
Professor Peter John	Vice Chancellor	Served whole year
Independent Members		
Mr Chris Humphries CBE	Chair of the Board	Served whole year
Mr Mike Bellamy		Served whole year
Mr Lionel Benjamin		Served until 31 December 2011
Ms Jennifer Bernard		Served from 1 April 2012
Mr Dermot Blastland		Served from 1 April 2012
Mr Gareth Cadwallader		Served whole year
Mr Tony Coad		Served whole year
Mr Allan Dodd		Served whole year
Ms Kirstie Donnelly		Served from 1 April 2012
Mr Jonathan Lea		Served until 31 December 2011
Mr Sam Mackover		Served whole year
Ms Justine Stephenson		Served whole year
Dr Alistair Stokes		Served whole year
Dr Kirpal Tahim		Served whole year
Mr John Taylor	Deputy Chair of the Board	Served whole year
· <i>y</i> · ·		
Ms Valerie Todd		Served from 1 April 2012
		Served from 1 April 2012 Served whole year
Ms Valerie Todd Co-opted Member with experience of Professor Roger Brown		·
Ms Valerie Todd Co-opted Member with experience of		·
Ms Valerie Todd Co-opted Member with experience of Professor Roger Brown Staff Member Mr Andrew Dunnett		Served whole year
Ms Valerie Todd Co-opted Member with experience of Professor Roger Brown Staff Member		Served whole year
Ms Valerie Todd Co-opted Member with experience of Professor Roger Brown Staff Member Mr Andrew Dunnett Academic Board Member Ms Sara Raybould		Served whole year Served whole year
Ms Valerie Todd Co-opted Member with experience of Professor Roger Brown Staff Member Mr Andrew Dunnett Academic Board Member Ms Sara Raybould Student Member		Served whole year Served whole year Served from 1 July 2011
Ms Valerie Todd Co-opted Member with experience of Professor Roger Brown Staff Member Mr Andrew Dunnett Academic Board Member Ms Sara Raybould		Served whole year Served whole year
Ms Valerie Todd Co-opted Member with experience of Professor Roger Brown Staff Member Mr Andrew Dunnett Academic Board Member Ms Sara Raybould Student Member		Served whole year Served whole year Served from 1 July 2011
Ms Valerie Todd Co-opted Member with experience of Professor Roger Brown Staff Member Mr Andrew Dunnett Academic Board Member Ms Sara Raybould Student Member Mr Daniel Whittal		Served whole year Served whole year Served from 1 July 2011
Ms Valerie Todd Co-opted Member with experience of Professor Roger Brown Staff Member Mr Andrew Dunnett Academic Board Member Ms Sara Raybould Student Member Mr Daniel Whittal Professoriate Member		Served whole year Served whole year Served from 1 July 2011 Served whole year

The University's Structure of Corporate Governance







In accordance with the Education Reform Act 1988, Further and Higher Education Act 1992, and the University's Instrument and Articles of Government, the Board of Governors of the University (the Board) is responsible for ensuring the effective governance and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Board is responsible for the strategic direction of the University, including:

- Determining the educational character and mission of the University and oversight of its activities;
- Ensuring the effective and efficient use of resources, the solvency of the University and the Corporation and for safeguarding their assets;
- Approving annual estimates of income and expenditure;
- The appointment and setting the terms and conditions of senior posts holders;
- 5) Setting the framework for the pay and conditions of service of all other staff; and
- 6) The assignment and appraisal of the Principal.

The Board consists of independent members and one co-opted member with experience of education. The membership also includes elected representatives of staff, the Academic Board, the Professoriate and the student body. No member of the Board receives remuneration for the work they do for the Board, except for the Vice-Chancellor who is a member of the Board by virtue of the office he holds.

Subject to the overall responsibility of the Board, the Academic Board has oversight of the academic affairs of the Institution and draws its membership entirely from the staff and students of the Institution.

The Vice-Chancellor is the Head of the Institution, its Chief Executive and the Accountable Officer. The Vice-Chancellor's responsibilities are set out in the Instrument and Articles of Government. Throughout the year the Vice-Chancellor was assisted by the Vice-Chancellor's Executive.

Statement of primary responsibilities The role of the Board in fulfilling the University's Mission and Vision is:

- To approve the mission and strategic vision of the institution, long-term academic and business plans and KPIs, and to ensure that these meet the interests of stakeholders;
- To delegate authority to the head of the institution, as chief executive, for the academic, corporate, financial, estate and personnel management of the institution;
- To establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution;
- 4) To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest;

- 5) To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved KPIs, which should be – where possible and appropriate – benchmarked against other comparable institutions;
- To establish processes to monitor and evaluate the performance and effectiveness of the Board itself:
- To conduct its business in accordance with best practice in Higher Education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life;
- 8) To safeguard the good name and values of the institution;
- To appoint the head of the institution as chief executive, and to put in place suitable arrangements for monitoring his/her performance;
- 10) To appoint a Secretary to the Board and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability;
- 11) To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy;
- 12) To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the institution's assets, property and estate;







- 13) To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name;
- 14) To make such provision as it thinks fit for the general welfare of students, in consultation with the senate or academic board;
- 15) To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution; and
- 16) To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.

All of the current Governors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the University's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Governors are not aware of any relevant audit information of which auditors are unaware.

Financial responsibilities of the Board of Governors 2012-13

The Board is responsible for ensuring that proper accounting records are kept which will disclose, with reasonable accuracy, at any time, the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the University's Articles of Government, the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. Within the terms and conditions of the Financial Memorandum agreed between HEFCE and the University, the Board, through its Accountable Officer, is also required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the University and Group companies and of the surplus or deficit and cash flows for that year.

In preparing the Financial Statements, the Board has to ensure that:

- 1) Suitable accounting policies are selected and applied consistently;
- 2) Judgments and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements;
- 4) Financial statements are prepared on the going concern basis unless it is inappropriate to assume operations will continue. The Board is satisfied that resources are adequate to

- continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements; and
- 5) The integrity of the financial information included on the University's website is maintained. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

It has taken reasonable steps to:

- Ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with HEFCE and any other conditions which HEFCE may from time to time prescribe;
- 2) Ensure that there are appropriate financial and management controls (including controls against fraud and theft) in place to safeguard public funds and funds from other sources;
- Safeguard assets and prevent and detect fraud and other irregularities; and
- Secure the economic, efficient and effective management of the University's resources and expenditure.

Such steps have been taken by the Board, where appropriate, by delegation of function to its Accountable Officer or Committees in accordance with and where permitted by, the Instrument and Articles of Government.

The University's Structure of Corporate Governance Continued







The Board is responsible for maintaining a sound system of internal financial control that supports the achievements of policies, aims and objectives, while safeguarding the public and other funds and assets, in accordance with the responsibilities assigned to the Governing Body in the Education Reform Act 1988, Further and Higher Education Act 1992, the University's Instrument and Articles of Government and the Financial Memorandum agreed with HEFCE.

The system of internal financial control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. These processes accord with HEFCE guidance.

The Board is responsible for reviewing the effectiveness of the system of internal control. The following processes have been established:

- The Board meets not fewer than five times a year to consider the plans and strategic direction of the Institution;
- Responsibility for overseeing the process of risk management lies primarily with the Audit & Risk Committee; and
- The Board receives and considers an annual report on risk management.

Throughout the year the Audit & Risk Committee receives reports at each of its meetings from the internal auditors, which include their independent opinion on the adequacy and effectiveness of the Institution's system of internal control and value for money together with recommendations for improvement.

The University's Vice-Chancellor's Executive, the Audit & Risk Committee, the Finance Committee and the Board have considered and agreed the University's Risk Management Policy and the Strategic Risk Register.

The University maintains a register of Strategic Risks which includes an identification of 'risk owners' and is supported by similar local risk registers. The risks are ranked high, medium and low and movements within each category are highlighted to and discussed by the Audit & Risk Committee.

The Board's regular review of the effectiveness of the system of internal control is also informed by:

- The University's internal auditors, who operate to standards defined in the HEFCE Audit Code of Practice;
- The work of the Vice-Chancellor's Executive which has responsibility for the development and maintenance of the internal control framework; and
- 3) Comments made by the external auditors in their management letters and other reports.

Committees of the Board

The Board currently meets at least five times each academic year including two away days. Much of the detailed work is delegated to its Committees, in particular the Finance Committee, the Audit & Risk Committee, the Student Liaison Committee, the Governance & Nominations Committee and the Remuneration Committee. The decisions of these Committees are formally reported at each meeting of the Board through the minutes and oral briefings on the detailed work by each Committee's Chair.

The majority of Committee members are independent or co-opted members of the Board: staff and student members are not eligible to serve. The membership of the Governance & Nominations Committee includes a senior member of the academic staff. The Audit & Risk Committee also has two co-opted members who are not members of the University community or the Board. The Finance Committee has one co-opted member who is not a member of the University community or the Board.

Audit & Risk Committee

The Audit & Risk Committee met four times during the year. The University's external and internal auditors attended as appropriate. The Committee considered detailed reports together with recommendations for the improvement of the University's systems of internal control and management responses and implementation plans. Whilst the Vice-Chancellor attended most meetings and other members of the senior executive team attend meetings of the Audit & Risk Committee as necessary, they are not members of the Committee. The Audit & Risk Committee meets with the external auditors and the internal auditors for independent discussions once a year.



The Audit & Risk Committee considers risk and control, including responses thereon from the management team at each of its meetings. Subsequently the Audit & Risk Committee make an annual report on risk to the Board. Ultimate responsibility for the approval of risk rests with the Board.

Finance Committee

The Finance Committee met five times during the year. The Vice-Chancellor attends all meetings and the Executive Director of Finance is in attendance at all meetings. Other members of the senior executive team attend as appropriate.

The Finance Committee received regular reports on the following: management accounts and financial forecasts; the risk register; the Estates Strategy; and the HESES return. The Finance Committee also approved the Financial Regulations.

Student Liaison Committee

The Student Liaison Committee met four times during 2011-12, including one away day. The Vice-Chancellor, Pro Vice-Chancellor (Academic and Student Services) and the Head of Finance attend all meetings. The Committee reviews the accounts of the Students' Union and considers the University's block grant to the Students' Union before its approval by the Board.

Governance and Nominations Committee

The Governance and Nominations Committee met five times during the year. The Vice-Chancellor and the Senior Pro Vice-Chancellor (External) attend all meetings. The Committee considers and recommends nominations for vacancies in Board membership. During 2010-11 the Committee considered a change to governance arrangements in the addition of two new co-opted members, appointed for two years in the first instance, in addition to two new independent governors appointed to replace retiring members. The Governance and Nominations Committee also initiated a Governance Review, which took place during 2011-12, and reported to the Board on 7 February 2012. Detailed discussions about the recommendations of the Governance Review took place on 13 March 2012 at the Board of Governors' Awayday.

Remuneration Committee

The Remuneration Committee met once during the year. It determines the remuneration of the Vice-Chancellor and other senior post holders, and the Clerk to the Board as specified by the Instrument and Articles of Government. The Vice-Chancellor attends meetings of the Remuneration Committee.

Risk management

Following the internal audit of Corporate Governance and Risk Management in March, the Risk Management Policy was updated and approved by the Board on 3 July 2012. The Audit & Risk Committee approved amendments to the Audit & Risk management methodology. The Risk Register is reviewed by the Audit & Risk Committee at each meeting.

The most significant risks facing the University and information on risk management, is set out in the Operating and Financial Review on page 10.

Register of Interests

The Institution maintains a Register of Interests of Members of the Board and senior officers. The Register may be consulted by arrangement with the University Secretary and Clerk to the Board of Governors.

Payments to Governors

A total of £2,325 was paid in expenses to 9 Governors during 2011-12 in relation to travel costs (£4,827 in 2010-11). The Academic Board and Staff Governor representatives are employees of the University and are paid accordingly. The student representative is an employee of the University's Students' Union which is predominantly funded by the University. None of the Governors received payment in relation to their Trusteeship.

Clerk to the Board of Governors

In accordance with the Articles of Government of the Institution, the University Secretary has been appointed as Clerk to the Board and in that capacity provides independent advice on matters of governance to all Board members. The Clerk to the Board has a key role to play in the operation and conduct of the Board and in assuring that appropriate procedures are established.

The University's Structure of Corporate Governance Continued

Internal control

The University's Board is responsible for the University's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is of the view that there is an on-going process for identifying, evaluating and managing the University's significant risks. During 2011-12 the work of the Audit & Risk Committee focussed on monitoring and reviewing the Institution's approach to the process of risk identification and management on behalf of the Board.

The Audit & Risk Committee, in conjunction with the management team, regularly consider and debate the development of the Strategic Risk Register and the processes required to achieve effective and appropriate risk management. The Audit & Risk Committee considered the Strategic Risk Register at each meeting of the Committee held during the year.

The Committee notes the considerable progress made in previous years in terms of risk identification and management, particularly in the advancement of the Strategic Risk Register, which has been continued throughout 2011-12. The Committee also notes the work done to ensure the current level of risk management and awareness is aligned with the University's Strategic Plan (as approved by the Board in July 2008 and updated in October 2010).

Appropriate processes are now in evidence alongside the day to day strategic planning and decision making process in all areas of the Institution.

The Finance Committee regularly reviews and monitors the risks pertinent to its area of responsibility.

The full particulars of the work of the Committee including details of the advancements made during the course of 2011-12 are set out in the Committee's annual report to the Board. This report was considered by the Board on 6 November 2012 and will be submitted to HEFCE.

The Audit & Risk Committee place considerable reliance on the work of the internal and external audit teams and assessments made by external agencies such as the HEFCE. The Committee has and will continue to work in conjunction with those audit teams and in conjunction with management to ensure the further development of effective processes which enable the risks facing the Institution to be closely monitored and regularly reported both to Governors and other interested bodies.

The Audit & Risk Committee approves the annual Internal Audit Plan. The plan was approved by the Committee at its meeting on 24 September 2012.







Independent Auditors' Report to the Board of Governors of the University of West London

We have audited the financial statements of University of West London for the year ended 31 July 2012 which comprise the Consolidated Income and Expenditure Account, Statement of Consolidated Historical Costs Surpluses and Deficits, Consolidated Statement of Total Recognised Gains and Losses, the Balance Sheets for the Group and the University, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University's Governors, as a body, in accordance with paragraph 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the University's 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 University's Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the University's Board and Auditors

As explained more fully in the statement of responsibilities of the Board of Governors, the members of the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, regulatory requirements and International Standards on Auditing (UK and Ireland) and the Audit Code of Practice issued by the Higher Education Funding Council for England. Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements



A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/ scope/private.cfm

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England.

Opinion on the financial statements 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 2012 and of the Group's surplus of income over expenditure for the year then ended;

- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions";
- The financial statements have been prepared in accordance with the requirements of the Education Reform Act 1988;
- Income from the Higher Education
 Funding Council for England, Training
 and Development Agency for Schools,
 grants and income for specific purposes
 and from other restricted funds
 administered by the University have
 been applied only for the purposes
 for which they were received; and
- Income has been applied in accordance with the University's statutes and where appropriate with the applicable Financial Memorandum with the Higher Education Funding Council for England.

BDO LLP Statutory Auditor Gatwick United Kingdom

6 November 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC 305127).

Financial Statements

Statement of Principal Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable Accounting Standards. They conform to guidance published by HEFCE. Based on future cash flow forecasts and income expectations, the Board confirms it is appropriate for the financial statements to be prepared on a going concern basis.

Basis of accounting

The financial statements are prepared under the historical cost convention, as modified for the revaluation of investment properties.

Basis of consolidation

These financial statements consolidate the University and all its subsidiary undertakings detailed in note 35.

The consolidated financial statements do not include the financial statements of the University Students' Union, which is a separate entity in which the University has no financial interest and over which it has no control or significant influence on policy decisions.

Recognition of income

Grants from HEFCE and similar bodies are credited to the income and expenditure account in the year they are received, except for grants received for specific initiatives which span more than one year. In such cases grant income is deferred to the extent it is not matched by qualifying expenditure.

Tuition fee income is credited to the income and expenditure account over the period in which the students are studying. Where the amount of the tuition fee is reduced, income receivable is shown net of discount. Bursaries are accounted for as expenditure and not deducted from income.

Income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as deferred income.

Income from short-term deposits is credited to the Income and Expenditure Account on a receivable basis.

Accounting for charitable donations Unrestricted donations

Donations, bequests or gifts with no specific terms attached to the use are recorded in the Income and Expenditure Account in the period received.

Endowment funds

Where charitable donations are restricted to a particular objective specified by the donor, these are accounted for as an endowment. There are three main types:

- Restricted permanent endowments The capital fund is maintained (and is therefore permanent) and the income thereon is applied to the objective specified by the donor.
- ii) Unrestricted permanent endowments

 the capital fund is maintained
 (and is permanent) but the income thereon can be applied to the general purpose of the University.

iii) Expendable endowments – the donation is restricted (specific) to a particular objective specified by the donor. The trustees have the power of discretion to convert endowed capital into income.

Donations for fixed assets

Donations and grants received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the Income and Expenditure Account over the same estimated useful life that is used to determine the depreciation charge of the asset.

Pension schemes

Pension costs are provided in accordance with FRS17 'Retirement Benefits'. The cost of providing pensions is determined by independent actuaries and charged to the income statement in the period in which those benefits are earned by employees. Actuarial gains and losses are recognised in full in the period in which they occur and are recognised in the Statement of Total Recognised Gains and Losses. The retirement benefit obligations are recognised in the balance sheet.

The calculation of the cost of early retirement provisions charged to the Income and Expenditure Account is based on the total capital cost of providing enhanced pensions with allowance for future investment returns at percentages in excess of price inflation.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling on the Balance Sheet date. The resulting exchange differences are charged or credited to the Income and Expenditure Account. Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Leases

Rental costs under operating leases are charged to expenditure on a straight line basis over the periods of the leases.

Tangible assets

Land and buildings are stated at cost or valuation.

The transitional rules set out in FRS15 'Tangible Fixed Assets' have been applied on implementing FRS15. Accordingly, the book values at implementation have been retained.

Land held freehold is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over their remaining expected useful lives. The rates of depreciation per annum are as follows:

Freehold buildings	2%
Computer equipment	33.33 %
Equipment	20 %
Leasehold premises	Life of Lease

Work in progress is not depreciated until the asset is brought into use.

Where assets are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the assets.

Individual fixed assets costing £10,000 or more are capitalised, although items costing less may be capitalised as part of a larger single project. All computer equipment is capitalised on the principle that all such assets are interrelated i.e. capable of being networked.

Investment properties

Investment properties are included in the Balance Sheet at their open market value. Any changes in the market value of investment properties are shown as movements on the Revaluation Reserve unless a deficit is expected to be permanent in which case it is charged to the Income and Expenditure account. Investment Properties are not depreciated.

Property disposals are recognised on completion of contracts of sale.

Impairment

If an event or change in circumstance has occurred which indicates that the carrying value of a fixed asset may not be recoverable then an impairment review is undertaken. The carrying amount of fixed assets is compared to the recoverable amount and the asset value written down as necessary.

Investments

Endowed asset investments are included in the Balance Sheet at market value.

Stocks

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

Cash flows and liquid resources

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

Taxation

The University is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and, as such, is a charity within the meaning of section 506(1) of the Taxes Act 1988. Accordingly the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the Taxes Act 1988 or section 256 of the Taxation and Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

The subsidiary trading company operates as a commercial organisation and is subject to corporation tax. The profits of this company are covenanted to the University.

Tax, including deferred tax, in respect of the trading activities of the University and its subsidiary operations, is provided for at current rates.

Changes in accounting policies

There were no changes in accounting policies during the year.

Consolidated Income and Expenditure Account

for the year ended 31 July 2012

	Note	2011/12 Consolidated £000	2010/11 Consolidated £000
Income			
Funding Council Grants	1	27,448	33,307
Tuition fees and education contracts	2	42,978	43,107
Research grants and contracts	3	456	580
Other income	4	5,185	5,278
Endowment and investment income	5	336	200
		76,403	82,472
Expenditure			
Staff costs	6	(36,053)	(39,277)
Severance costs		(1,066)	(2,613)
Other operating expenses	7	(26,802)	(27,713)
Interest payable	9	(1,661)	(1,802)
Depreciation	13	(3,717)	(4,236)
		(69,299)	(75,641)
Group surplus on continuing operations after depreciation of tangible assets but before tax and exceptional items		7,104	6,831
Surplus on disposal of property	11	82	_
Group surplus, after depreciation of assets, disposal of assets and tax		7,186	6,831
Surplus for the year transferred (to)/from accumulated income in endowment funds	22	(8)	101
Group surplus for the year retained within general reserve		7,178	6,932

The notes on pages 44 to 60 form part of these financial statements.

Statement of Consolidated Historical Cost Surpluses and Deficits

for the year ended 31 July 2012

	Note	2011/12 £000	2010/11 £000
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposals but before taxation		7,186	6,831
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	24	199	199
Realisation of property revaluation surplus of previous years		580	_
Historical cost surplus for the year before taxation		7,965	7,030
Taxation	10	_	_
Historical cost surplus for the year after taxation		7,965	7,030

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 July 2012

		2011/12	2010/11
	Note	£000	£000
Surplus on continuing operations after depreciation			
of assets, disposal of assets and tax		7,186	6,831
New endowments	22	136	330
Actuarial (loss)/gain recognised in respect of pension schemes	30	(6,662)	298
Share Market revaluation	23	(78)	_
Gain on revaluation of investment property	23	954	1,243
Total recognised surplus relating to the year		1,536	8,702
Reconciliation			
Opening reserves and endowments		11,151	2,449
Total recognised gain for the year		1,536	8,702
Closing reserves and endowments		12,687	11,151

The notes on pages 44 to 60 form part of these financial statements.

Consolidated Balance Sheet

as at 31 July 2012

		Consc	olidated	Uni	versity
	Note	2011/12 £000	2010/11 £000	2011/12 £000	2010/11 £000
Fixed assets					
Intangible assets					
Tangible assets	13	52,177	52,568	52,177	52,568
Investment properties	14	13,036	12,440	13,036	12,440
Investments	15	89	167	89	167
Total fixed assets		65,302	65,175	65,302	65,175
Endowment assets	16	752	608	752	608
Current assets					
Stocks		115	115	111	115
Debtors	17	3,457	5,057	3,541	5,091
Cash at bank and in hand		27,429	23,913	27,329	23,823
Total current assets		31,001	29,085	30,981	29,029
Creditors					
Amounts falling due within one year	18	(20,956)	(22,546)	(20,938)	(22,493
Net current assets		10,045	6,539	10,043	6,536
Total assets less current liabilities		76,099	72,322	76,097	72,319
Creditors					
Amounts falling due after more than one year	19	(5,063)	(8,334)	(5,063)	(8,334
Pensions liability	30	(36,221)	(29,033)	(36,221)	(29,033
Net assets		34,815	34,955	34,813	34,952
Deferred capital grants	21	22,128	23,804	22,128	23,804
Endowments					
Expendable	22	582	438	582	438
Permanent	22	170	170	170	170
Reserves					
Revaluation reserve	23	17,097	17,000	17,097	17,000
General reserve	24	31,059	22,576	31,057	22,573
Total reserves excluding pension reserve	<u> </u>	48,156	39,576	48,154	39,573
Pension reserve		(36,221)	(29,033)	(36,221)	(29,033
Total reserves including pension reserve		11,935	10,543	11,933	10,540
Total funds		34,815	34,955	34,813	34,952

The notes on pages 44 to 60 form part of these financial statements. The financial statements on pages 38 to 60 were approved and authorised for issue by the Board of Governors on 6 November 2012 and signed on its behalf by:

Professor Kathryn Mitchell Acting Vice-Chancellor Mr John Taylor

Deputy Chair of the Board of Governors

Consolidated Cash Flow Statement

for the year ended 31 July 2012

	Note	2011/12 £000	2010/11 £000
Cash inflow from operating activities	25	8,312	4,612
Returns on investments and servicing of finance	26	(1,325)	(1,602)
Capital expenditure	27	(2,667)	(1,352)
Cash inflow before financing		4,320	1,658
Financing	28	(660)	(641)
Increase in cash in the period		3,660	1,017
Reconciliation of net cash flow to movement in funds			
Increase in cash in the period	29	3,660	1,017
Change in net debt resulting from cash flows	28	660	641
Movement in funds in period		4,320	1,658
Net funds at 1 August 2011		18,110	16,452
Net funds at 31 July 2012	29	22,430	18,110

The notes on pages 44 to 60 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 July 2012

1. Funding Council grants		2011/12	2010/11 £000
	Note	2011/12 Note £000	
Recurrent grants:			
HEFCE		24,373	29,314
LSC		1,341	1,211
Specific grants:			
Continuing vocational education		230	1,359
Releases of deferred capital grants:			
Equipment	21	986	1,016
Buildings	21	518	407
		27,448	33,307
2. Tuition fees and education contracts		2011/12 £000	2010/11 €000

	2011/12 £000	2010/11 £000
UK Higher Education students		
Full-time students	13,698	13,259
Part-time students	2,238	2,365
UK Further Education students		
Full-time students	2	3
Part-time students	176	73
EU Students (excl UK students)	2,748	1,954
Non EU students	8,299	8,984
Short courses and examination fees	451	574
Nursing and midwifery education contracts	15,366	15,895
	42,978	43,107

3. Research grants and contracts

2011/12	2010/11
£000	£000
Other grants and contracts 456	580

4. Other operating income

	Note	2011/12 £000	2010/11 £000
Residences, catering and conferences		551	565
Other income-generating activities		3,203	2,730
Deferred capital grants release	21	254	267
Other income		1,177	1,716
		5,185	5,278

5. Endowment and investment income

	Note	2011/12 £000	2010/11 £000
Income from endowment asset investments	22	10	10
Other interest receivable		326	190
		336	200

for the year ended 31 July 2012

6. Staff costs and exceptional staff costs

6. Staff costs and exceptional staff costs		
	2011/12 £000	2010/11 £000
Wages and salaries	30,151	32,642
Social security costs	2,531	2,673
Pension costs	3,371	3,962
Staff costs	36,053	39,277
Severance costs	1,066	2,613
Exceptional staff costs	1,066	2,613
Teaching departments	22,174	24,418
Teaching support services	3,053	3,487
Administration and central services	10,826	11,372
	36,053	39,277
Staff on permanent contracts	32,879	36,406
Staff on short-term and temporary contracts	3,174	2,871
	36,053	39,277
The average number of persons (including senior post-holders) employed by the University during the period, expressed as full-time equivalents, was:	2011/12 Number	2010/11 Number
Teaching departments	480	533
Teaching support services	71	79
Administration and central services	230	238
	781	850
The remuneration of higher paid staff, excluding pension contributions was:		
£100,000-£110,000	3	2
£110,000-£120,000	-	1
£120,000-£130,000	2	_
£190,000-£200,000	_	1
£200,000-£210,000	1	_
Compensation for loss of office paid to former members of staff earning in excess of £100,000 per annum was:	2011/12 £000	2010/11 £000
Compensation paid to former post holders	139	_
Vice-Chancellors' emoluments		
Salary	210	192
Benefits in kind	2	2
Pension contributions*	29	27

 $^{^{\}ast}$ Pension contributions are for payments to the Teacher's Pension Scheme

7. Other operating expenses

7. Other operating expenses	2011/12 £000	2010/11 £000
Other premises costs	5,364	4,740
Agency and consultancy	3,050	3,444
Equipment rent and maintenance	1,546	1,224
Consumables	671	708
Books and periodicals	797	1,657
Franchise payments	3,593	3,703
Advertising	1,152	1,268
Grants to Students' Union	354	372
Travelling and subsistence	575	610
Accommodation	168	170
Equipment not capitalised	338	392
Irrecoverable VAT	25	122
Rents	3,910	3,412
Auditors' remuneration	143	156
External auditors – other remuneration	2	11
Other expenses	5,114	5,724
	26,802	27,713
Included in the above operating expenses:		
External audit fee – University	54	65
External audit fee – Subsidiaries	6	5
Internal audit fee	59	50
Operating lease rentals	317	338

8. Governors' remuneration

A total of £2,325 (£4,827 in 2010-11) was paid in expenses to nine Governors during 2011-12 in relation to travel costs. The Academic Board and Staff Governor representatives are employees of the University and are paid accordingly. The student representative is an employee of the University's Students' Union which is predominantly funded by the University. None of the Governors received payment in relation to their Trusteeship.

for the year ended 31 July 2012

9. Interest payable

	2011/12 £000	2010/11 £000
On bank loans, overdrafts and other loans:		
Repayable within five years, by instalments	344	335
On pension scheme assets and liabilities:		
Expected return on pension scheme assets	(3,611)	(3,342)
Interest cost on pension scheme liabilities	4,928	4,809
	1,661	1,802

10. Taxation

	2011/12	2010/11
	£000	€000
Current year tax charge	-	_
Surplus/(deficit) on operations before tax	7,178	6,932
Expected tax charge*	1,816	1,895
Effects of:		
Surplus not subject to UK corporation tax	(1,816)	(1,895)

^{*} Calculated at 26% for August 2011 to March 2012, and 24% for April 2012 to July 2012. Assumes profits accrue evenly over the year.

11. Surplus on disposal of fixed assets

	2011/12 Total £000	2010/11 Total £000
Sale proceeds	709	_
Book value assets	(592)	_
Disposal costs	(35)	_
Surplus on disposal of fixed assets	82	_
Realised gain transferred from revaluation reserve	580	_
Realised gain on disposal	662	_

12. Surplus for the period

	2011/12 £000	2010/11 £000
University's surplus for the period	7,178	6,906
Surplus generated by subsidiary undertakings	_	2

13. Tangible fixed assets (Consolidated and University)

	Freehold land	Freehold buildings	Equipment	Work in progress	Short Leasehold premises	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 August 2011	5,800	41,455	34,135	1,067	10,371	92,828
Additions	_	_	_	3,360	_	3,360
Completions	_	696	1,724	(2,822)	402	_
Disposals	_	_	(21)	(43)	_	(64)
At 31 July 2012	5,800	42,151	35,838	1,562	10,773	96,124
Depreciation/impairment						
At 1 August 2011	_	9,074	29,358	_	1,828	40,260
Disposals	_	(8)	(22)	_	-	(30)
Charge for year	_	713	2,438	_	566	3,717
At 31 July 2012	_	9,779	31,774	_	2,394	43,947
Net book value as at 31 July 2012	5,800	32,372	4,064	1,562	8,379	52,177
Net book value as at 31 July 2011	5,800	32,381	4,777	1,067	8,543	52,568

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

In accordance with the Education Reform Act 1988, the freehold interest in the property occupied by the University at April 1989 was transferred to the University.

Depreciation was funded by:		2011/12	2010/11
	Note	£000	£000
Deferred capital grants released	21	1,758	1,690
Revaluation reserve release	23	199	199
General income		1,760	2,347
		3,717	4,236

for the year ended 31 July 2012

14. Investment properties (Consolidated and University)

The historical cost of investment properties is:	2011/12 £000	2010/11 £000
Cost	33,612	33,392
Accumulated depreciation based on historical cost	(22,193)	(22,195)
Historical cost net book value	11,419	11,197
Market value	13,036	12,440
Revaluation Reserve	1,617	1,243

The group's investment properties have been valued by Vail Williams Chartered Surveyors at open market value, on 31st July 2012. The valuations were undertaken in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual. The surplus arising of £954,000 has been credited to the revaluation reserve.

In April 2012 the University disposed of investment property Green Road.

Movement in market value during the year was:

3 ,	
At 1 August 2011	12,440
Additions	234
Disposals	(592)
Revaluation	954
Market value as at 31 July 2012	13,036

15. Investments (Consolidated and University)

At 31 July 2012	89	167
Additions	(78)	13
At 1 August 2011	167	154
	2011/12 £000	2010/11 £000

Listed investments include 28,240 Homeserve plc shares which have a market value of £58,767.

The University owns 31,038 \pm 1 ordinary shares in CVCP Properties plc, a company registered in England and operating in the UK. This company is not consolidated into the University accounts because the University owns less than 1% of the shares.

The University consolidated the results of its only trading subsidiary, UWL Commercial Limited, in which it owns 100% of the share capital.

The University also owns 100% of the issued share capital of London College of Music Limited (100 £1 ordinary shares) which is dormant. All the companies are registered in England and Wales.

16. Endowment assets (Consolidated and University)

	2011/12 £000	2010/11 £000
Balance at 1 August 2011	608	379
Movement in cash balances held	144	229
Balance at 31 July 2012	752	608
Represented by		
Bank balances	752	608
Total endowment assets	752	608

17. Debtors

	Consolidated		University	
	2011/12 £000	2010/11 £000	2011/12 £000	2010/11 £000
Trade debtors	1,718	3,519	1,656	3,478
Amounts owed by consolidated undertakings	-	-	147	75
Other debtors	446	411	445	411
Prepayments	1,293	1,127	1,293	1,127
	3,457	5,057	3,541	5,091

18. Creditors: amounts falling due within one year

	Consolidated		University	
	2011/12 £000	2010/11 £000	2011/12 £000	2010/11 £000
Unsecured loans	688	659	688	659
Trade creditors	892	1,993	892	1,993
Social security and other taxation	1,210	1,258	1,210	1,258
Accruals and deferred income	18,166	18,636	18,148	18,583
	20,956	22,546	20,938	22,493

19. Creditors: amounts falling due after more than one year

_	Cons	Consolidated		University	
	2011/12 £000	2010/11 £000	2011/12 £000	2010/11 £000	
Unsecured loans	5,063	5,752	5,063	5,752	
Amounts due to Funding Council	-	2,582	-	2,582	
	5,063	8,334	5,063	8,334	

The unsecured loan is repayable by instalments falling due between 13 Aug 2012 and 12 Aug 2019 and interest is charged at 5.64%. The University has an additional borrowing facility for up to £9,000,000 of which nil was drawn at the year end.

for the year ended 31 July 2012

20. Borrowings (Consolidated and University)

		2011/12	2010/11
	Note	£000	£000
Repayments fall due within the following bands			
Within 1 year	18	688	659
Within 1-2 years		721	688
Within 2-5 years	19	2,359	2,259
After more than 5 years	19	1,984	2,805
		5,752	6,411

21. Deferred capital grants (Consolidated and University)

	HEFCE funded equipment £000	HEFCE funded buildings £000	Other grants £000	Total £000
At 1 August 2011	3,256	18,436	2,112	23,804
Cash received	17	_	65	82
Adjustments – grant transferred	(152)	152	_	_
Released to Income and Expenditure	(986)	(518)	(254)	(1,758)
At 31 July 2012	2,135	18,070	1,923	22,128

22. Endowments (Consolidated and University)

	Note	Restricted expendable £000	Restricted permanent £000	Total £000
Balances brought forward:				
Capital value		438	167	605
Accumulated income		_	3	3
At 1 August 2011		438	170	608
Additions		136	_	136
Income for the year	5	10	_	10
Expenditure for the year		(2)	_	(2)
At 31 July 2012		582	170	752
Represented by:				
Capital value		582	167	749
Accumulated income		_	3	3
At 31 July 2012		582	170	752

23. Revaluation reserve (Consolidated and University)

		2011/12	2010/11
	Note	£000	£000
At 1 August 2011		17,000	15,956
Contributions to depreciation released in the year	13	(199)	(199)
Share market revaluation		(78)	_
Investment Properties – disposal		(580)	_
Investment Properties – revaluation		954	1,243
At 31 July 2012		17,097	17,000

24. Movement on general reserves

	Consolidated		Univ	ersity
	2011/12 £000	2010/11 £000	2011/12 £000	2010/11 £000
Surplus after depreciation of assets and after tax	7,178	6,932	7,178	6,906
Release from revaluation reserve	199	199	199	199
Historical cost surplus after tax	7,377	7,131	7,377	7,105
Pension recognised (loss)/gain	(6,662)	298	(6,662)	298
Transfer from pension reserve	7,188	553	7,188	553
Transfer from revaluation reserve	580	_	580	_
Balance brought forward	22,576	14,594	22,573	14,617
Balance carried forward	31,059	22,576	31,056	22,573

25. Reconciliation of consolidated operating surplus to net cash outflow from operating activities

	Note	2011/12 £000	2010/11 £000
Surplus on continuing operations after depreciation but before tax		7,186	6,831
Depreciation and amortisation	13	3,717	4,236
(Profit)/loss on sale of freehold property	11	(82)	125
Released DCG from disposal of fixed assets	21	-	(27)
Deferred capital grants released to income	21	(1,758)	(1,694)
Investment income	5	(336)	(200)
Interest payable	9	1,661	1,802
Decrease in stocks		_	11
Decrease in debtors		1,600	1,815
Decrease in creditors		(4,201)	(8,188)
Increase/(decrease) in provisions		525	(99)
Net cash inflow from operating activities		8,312	4,612

for the year ended 31 July 2012

	Note	2011/12 £000	2010/11 £000
Income from endowments	5	10	10
Other interest received	5	326	190
Interest paid	9	(1,661)	(1,802)
Net cash outflow from returns on investments and servicing of finance		(1,325)	(1,602)

27. Capital expenditure

	Note	2011/12 £000	2010/11 £000
Tangible assets acquired (other than leased equipment)	13/14	(3,594)	(3,539)
Total investments, fixed and endowment asset investments acquired		(3,594)	(3,539)
Sale of investments		-	(13)
Sale of tangible fixed assets	11	709	10
Deferred capital grants received	21	82	1,860
Endowments received	22	136	330
Net cash outflow from capital expenditure		(2,667)	(1,352)

28. Financing

Net cash outflow from financing	(660)	(641)
Repayments of Debt	(660)	(641)
	2011/12 £000	2010/11 £000

29. Analysis of changes in net funds

Cash at bank and in hand	Note	At 1 August 2011 £000	Non-cash movements £000	Cαshflows £000	At 31 July 2012 £000
Endowment assets	16	608	_	144	752
Other		23,913	_	3,516	27,429
		24,521	-	3,660	28,181
Debt due within one year	18	(659)	(689)	660	(688)
Debt due after one year	19	(5,752)	689	_	(5,063)
		18,110	-	4,320	22,430

30. Pension arrangements

The University's employees belong to the following principal pension schemes:

the Teachers' Pension Scheme (TPS), the Universities' Superannuation Scheme (USS), and two Local Government Pension Schemes (LGPSs). The total pension cost for the period was £4,807,000 (2010/2011: £5,472,000).

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme is an unfunded scheme; teachers' contributions, on a 'pay-as-you-go' basis, and employers' contributions are credited to the Exchequer under arrangements governed by the Superannuation Act 1972.

The contributions for the year were as follows: Employer £1,854,263 (2010/2011: £2,073,592).

More information on the Teachers' Pension Scheme can be obtained from www.teacherspensions.co.uk

Universities' Superannuation Scheme (USS)

The Universities' Superannuation Scheme is a funded pension scheme where contributions payable are held in a trust separately from the University.

The contributions for the year were as follows: Employer £100,880 (2010/2011: £70,573).

More information on the Universities' Superannuation Scheme can be obtained from www.usshq.co.uk

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS and the USS are multi-employer pension schemes. The University is unable to identify its share of the underlying assets and liabilities of these schemes. Accordingly, the University has taken advantage of the exemption in FRS 17 and has accounted for its contributions to these schemes as if they were defined contribution schemes.

Unfunded Enhanced Pensions

The University provides a number of employees with additional pension benefits, typically following redundancies or other staffing changes. These additional pensions are unfunded, so are paid by the University as they fall due (rather than when they are granted).

These unfunded enhanced pensions have been valued as at 31 July 2012 by a qualified independent actuary. The results of this valuation are included in the figures in this note.

for the year ended 31 July 2012

Local Government Pension Schemes (LGPS) (including Unfunded Enhanced Pensions)

The University participates in two Local Government Superannuation Schemes; the Royal County of Berkshire (RCB) scheme and the London Borough of Ealing (LBE) scheme.

These are funded defined benefit pension schemes where contributions payable are held in a trust separately from the University. Full actuarial valuations were carried out at 31 March 2010 and updated to 31 July 2012 by qualified independent actuaries. The main results and assumptions of the most recent valuation for the schemes based on the projected unit method are as follows:

Amounts recognised in the Balance Sheet:	2011/12 £000	2010/11 £000
Present value of funded obligations	90,722	82,441
Fair value of plan assets	(62,399)	(61,153)
	28,323	21,288
Present value of unfunded obligations	7,898	7,745
Net liability in Balance Sheet	36,221	29,033
Amounts recognised in the Income and Expenditure Account are as follows:	2011/12 £000	2010/11 £000
Current service costs	1,275	1,712
Interest on obligation	4,928	4,809
Expected return on plan assets	(3,611)	(3,342)
Gain on curtailments and settlements	260	149
Total charge to Income and Expenditure	2,852	3,328
Actual gain on plan assets	1,547	7,603
Amounts recognised in Statement of Total Recognised Gains and Losses (STRGL):	2011/12 £000	2010/11 £000
Actuarial (loss)/gain on pension scheme assets	(2,064)	4,261
Experience (loss) arising on the scheme liabilities	(117)	(2,478)
Changes in financial assumptions underlying the value of the scheme liabilities	(4,481)	(1,485)
Actuarial (loss)/gain recognised in STRGL	(6,662)	298

Changes in the present value of the defined benefit obligation:	2011/12 £000	2010/11 £000
Opening defined benefit obligation	90,186	82,516
Service cost	1,275	1,712
Interest cost	4,928	4,809
Actuarial loss	4,598	3,963
Losses on curtailments	260	149
Employee contributions	733	899
Benefits paid	(3,360)	(3,862)
Closing defined benefit obligation	98,620	90,18
Changes in the fair value of plan assets:	2011/12 £000	2010/11 £000
Opening fair value of plan assets	61,153	54,036
Expected return	3,611	3,342
Actuarial (loss)/gain	(2,064)	4,261
Contributions by employer	2,326	2,477
Employee contributions	733	899
Benefits paid	(3,360)	(3,862)
Closing fair value of plan assets	62,399	61,153
Projected employer contributions for the next accounting period (excluding TPS and US	S)	
2012-13	£	2,305,000

for the year ended 31 July 2012

Movement in deficit during the year:	2011/12 £000	2010/11 £000
Deficit at beginning of the year	(29,033)	(28,480)
Current service cost	(1,275)	(1,712)
Employer contributions	2,326	2,477
Impact of settlements and curtailments	(260)	(149)
Net return on assets	(1,317)	(1,467)
Actuarial gains	(6,662)	298
Deficit at end of year	(36,221)	(29,033)
The major categories of plan assets as a percentage of total plan assets:	2011/12 %	2010/11
Equities	56	57
Gilts	_	1
Other bonds	26	26
Property	4	3
Cash	5	2
Alternative assets	9	11
The principal assumptions at the balance sheet date (expressed as weighted averages):	2011/12 %	2010/11
Discount rate	4.50	5.50
Expected return on plan assets	5.63	6.14
Future salary increases	3.25	4.05
Future pension increases	1.95	2.75
Future life expectancy for a male member aged 65	22.2 years	21.4 years

 $^{^*}$ Salary increases are assumed to be 0.4% per annum for four years and then 3.25% (2011: 4.05%) per annum thereafter.

Where investments are held in bonds and cash, the expected long term rate of return is taken to be the yields generally prevailing on such assets at the balance sheet date. A higher rate of return is expected on equity investments, which is based more on realistic future expectations than on the returns that have been available historically. The overall expected long term rate of return on assets is then the average of these rates taking into account the underlying asset portfolio.

Amounts for the current and previous four periods:	2011/12 £000	2010/11 £000	2011/10 £000	2010/09 £000	2010/09 £000
Defined benefit obligation	(98,620)	(90,186)	(82,516)	(85,499)	(87,989)
Plan assets	62,399	61,153	54,036	49,833	55,493
Deficit	(36,221)	(29,033)	(28,480)	(35,666)	(32,496)
Experience (loss)/gain on plan liabilities	(117)	(2,478)	(91)	(691)	1,518
Experience (loss)/gain on plan assets	(2,064)	4,261	4,174	(11,392)	(11,818)
Cumulative actuarial gains/(losses) recognised in STRGL (since August 2007)	(14,079)	(7,417)	(7,715)	(11,175)	(9,524)

31. Capital commitments (Consolidated and University)

	2011/12	2010/11
	£000	£000
Commitments contracted	1,057	1,567

The University is planning the redevelopment of the St Mary's Road site (referred to on page 19).

The cost is estimated at £30m to £35m. There were no contractual commitments at the end of July 2012 for these works.

32. Financial commitments (Consolidated and University)

Annual rentals under operating lease commitments are as follows:	2011/12 Property £000	2010/11 Property £000
Expiring in 1-2 years	-	_
Expiring between 2-5 years	778	_
Expiring in greater than 5 years	3,127	3,655
Total commitments	3,905	3,655

33. Related party transactions

Governors of the University

Mr John Taylor is a member of the NHS Partnership Board. During the year funding was received from the NHS on an arm's length basis and this is disclosed in note 2.

Dr Alistair Stokes is Chairman of Solent NHS Trust (which provides Community and Mental Health Services in Portsmouth and Southampton under the auspices of NHS South of England SHA). During the year funding was received from NHS South of England SHA on an arm's length basis and this is disclosed in note 2.

Professor Roger Brown is a Professor of Higher Education policy at Liverpool Hope University. During the year the University incurred a cost of £660 from Liverpool Hope University on an arm's length basis.

Mr Daniel Whittal was the President of West London Students' Union. During the year the University paid a grant to West London Students' Union, which is a registered charity, on an arm's length basis and this is disclosed in note 7.

No other related party transactions have been identified.

The University has taken advantage of the exemption available in FRS 8: Related Party Transactions, not to disclose transactions with its wholly owned subsidiaries.

for the year ended 31 July 2012

34. HEFCE: Access funds

The University receives Access funds from HEFCE to assist students who might otherwise be inhibited from entering higher education.

The funds received and their utilisation in the Access funds accounting year to 31 July 2012 were as follows:

	2011/12 £000
Balance at 1 August 2011	(3)
Funds received	(294)
Interest earned	(3)
Loans repaid	2
Audit fee	1
Disbursement of funds	286
Balance at 31 July 2012	(11)

35. Subsidiary companies

The transactions relating to the following trading subsidiary company have been included within the University's financial statements.

UWL Commercial Limited

The company, which is incorporated in England and Wales, undertakes commercial work on behalf of the University.

The University also owns the following dormant company:

London College of Music Limited

This company is incorporated in England and Wales. It has not traded in the year.

London College of Music $^{\text{TM}}$ is a registered trademark used by the University in connection with the awarding of qualifications.

36. Post balance sheet events

On 7 September 2012 completion took place for the sale of the University's former campus at Crescent Road, Reading. Sale proceeds received of $\pounds 4,590,536$ were in excess of carrying value.

On 20 September 2012 contracts for the sale of Grove House in Ealing were exchanged for a value in excess of book value.

Advisors

As at 31 July 2012

External AuditorsBDO LLP 2nd Floor 2 City Place Beehive Ring Road Gatwick West Sussex RH6 OPA

Internal Auditors KPMG LLP Arlington Business Park Theale Reading RG7 4SD





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This academic year has been one of the most successful for the University since its inception in 1992. The achievements documented in this report are clear evidence of the progress the institution has made in realising its ambitions.

Professor Peter John
Vice-Chancellor and Chief Executive

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