

Connected.

Annual Report & Financial Statements

Year ended 31 July 2013



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● Highlights of the Year

Graduate employment:

94%

of UWL graduates in employment or full-time study within six months of graduating¹

Student accommodation:

Opened a new student village in south Ealing:

450

purpose built studios, flats and townhouses

A short walk from our west London sites and close to the London Underground

Estates development:

Planning permission granted for a

£35m

redevelopment at St Mary's Road

Newly refurbished Students' Union and performance space opened in September 2013

Financial results:

Operating surplus of

£7.6m

In the top quartile for the sector² for:

- Return on income (9.8%)
- Liquidity days (196)
- Gearing ratio (6.6%)

Economic impact of UWL:

Independent report³ showed that from August 2011 to July 2012 UWL:

Contributed

£128m

to the UK economy

Supported

2,975

UK jobs

Generated a

£47m

tax contribution

Green ranking:

Up 34 places

to 46th in the green league table⁴

Ranking based on a range of factors including water conservation, carbon emissions and recycling rates

Sector awards 2013:

Won

the UCISA-Eduserv Excellence Award for our innovative new student portal

Shortlisted for the Times Higher Awards for:

- Outstanding leadership and management team
- ICT initiative of the year
- Outstanding international strategy
- Outstanding contribution to the local community

Shortlisted for the HEIST Awards 2013 best international initiative

1 Destination of Leavers in Higher Education Survey of Graduates 2012 (published July 2013)

2 Metrics published by the Higher Education Funding Council for England

3 Oxford Economics Report: The economic impact of the University of West London (published May 2013)

4 People & Planet Green League 2013

● Message from the Chair of the Board of Governors

This third consecutive year of top quartile financial results and achievements confirms that the radical transformation led by the Vice-Chancellor, senior team and staff is being successful and that the University is now increasingly well positioned for a bright future.

The University's strong financial position has enabled us to make significant investments for the future, all designed to put students at the heart of everything we do.

The first major development programme is now well underway, a £35m investment in the Ealing site which will provide a new Students' Union, together with a new Library, performance spaces and state-of-the-art teaching areas. The refurbished Students' Union, a major element of the plans, opened for business on the first day of the new academic year.

2012-13 also saw some important academic developments. A new approach to the career development of all academic staff was introduced which encompasses accelerated

progression alongside a clear route for promotion. The Business School, the College of Nursing, Midwifery and Healthcare and IT services have all undergone significant re-organisation. All this has supported the recruitment of a number of high profile academics as well as 'new blood' staff across all the academic Schools. Our support staff also delivered excellence, one notable achievement being the launch of the new student portal, which won the coveted UCISA-Eduserve Excellence Award.

Importantly, we are already seeing clear evidence that the past year's investments in our students, teaching facilities and staff have paid off. The list of achievements are many but I will concentrate on a few: the Destination of Leavers in Higher Education Survey of

Graduates 2013 showed that 94 % of our graduates are in employment or full-time study within six months of graduating. Our student satisfaction rate hit the 80 % mark and we opened a new student village in South Ealing, which provides 450 studios, flats and townhouses to supplement the existing student accommodation. Put simply, this is what the University is all about: providing a high quality career-focused student experience fundamentally connected to the world of work. This value proposition will be increasingly important as the competitive battle for fee-paying students intensifies, enabling us to meet even higher expectations and the demand for more tailored experiences.

2013-14 will be yet another challenging year, but the Board believes that the University now has a firm foundation upon which to deliver its new strategic plan 'Ambition 2018'. The Board of Governors is extremely grateful to the Vice-Chancellor, the senior management team and all the University staff for their exceptional commitment and hard work this year.

Chris Humphries CBE

Chair of the Board of Governors





● Message from the Vice-Chancellor and Chief Executive

The academic year 2013-14 saw the University take another significant step forward in its transformation and in the realisation of its ambitions. The finances continue to be strong which highlights the fact that the turnaround in the University's fortunes is now firmly embedded.

With an operating surplus of £7.6m, staff costs below 50% of the total income and a low gearing ratio, the University is now perfectly placed to take the next big leap forward.

The most satisfying statistic, however, was our 94% graduate employment rate. This underpins our faith in our value proposition and in our ability to deliver on it. In addition, an independent report from the Oxford Economics Group emphasised the sizeable impact the University has on its locality and region; an effect which will be further enhanced by the completion of the Future Campus Project on our Ealing site in 2016.

Despite the uncertainty surrounding the sector, the student experience remains at the heart of everything we do and seeing satisfaction rates at the 80% mark once again shows the impact we are having at all levels. The £5m refurbishment of the Students' Union building together with the launch of two exceptional performance spaces further underlines our deep and on-going commitment to the continuous improvement of our facilities for both our students and our community.

This direction of travel is now rooted in our new strategic plan 'Ambition 2018' which, I believe, will succeed in making this University the best modern university in London as well as the leading university in the UK

for graduate employability. All of which is linked to our clear value proposition: 'To provide a high quality career-focused experience connected to the world of work and underpinned by a guaranteed work placement'. Indeed, with the imminent launch of the new Claude Littner Business School, the setting up of the Virtual Institute for the Creative Industries, the funding of over 30 new academic posts, and the recent opening of our new student village in south Ealing, the University is well and truly 'on the move'.

Professor Peter John
Vice-Chancellor
and Chief Executive

- Operating and Financial Review
Sector context



The University of West London

The origins of the University of West London date back over 150 years to 1860 when an educational institution was first opened at the Ealing site. Today, the University is a thriving institution whose core aims are to inspire students to become creative professionals and to connect them to exciting and rewarding careers.

Based in the heart of one of the UK's most successful business regions, the University has a range of highly qualified staff, with a wealth of experience in their respective disciplines, and strong connections with key industries.

The University has a strong reputation for high quality education closely linked to employment: 94%* of our graduates are in full time employment within six months of graduating and our graduates go on to achieve great success in their chosen disciplines and professions.



94%*
of our graduates
are in employment
within six months
of graduating

*Destination of Leavers in
Higher Education Survey
of Graduates 2012
(published July 2013)



Higher Education in the UK has entered a critical time in its history. The introduction of high cost undergraduate tuition fees in 2012-13, the control of the numbers of full-time undergraduate entrants, the emergence of a market (both open and regulated), the positioning of students as customers, the increased competition through the emergence of new providers, and stricter immigration regulations are all changing the face of the sector. In London there is also increasing competition from the growing number of other UK-based universities developing satellite campuses in London.

Universities that fail to adapt to these changing circumstances may not survive. The key to success will stem from each university's ability to articulate and understand its value proposition and the ways in which it can generate brand value. This will involve fostering new capabilities, developing alternative means of attracting revenue, integrating new technologies into the curriculum, aligning costs more closely to the proposition, and enacting a range of new business models.



Student demand

Universities are facing a challenging environment. The introduction of a new fee regime in 2012-13 led to a 12% decrease of 47,000 full-time undergraduate entrants across the sector. This has recovered slightly in 2013-14, but the market for full-time undergraduate students remains extremely competitive.

The Government has imposed student number controls (SNC) which each university must recruit to within a +3/-5% tolerance band. Failure to do so will lead to subsequent SNC reduction in future years if recruitment is below the tolerance band or a fine if the tolerance band is exceeded. However, in 2012-13 universities could also recruit unlimited numbers of full-time students with AAB+ grades at A-level or equivalent and this has been widened for 2013-14 to ABB+. The University successfully recruited to its SNC in 2012-13 and met its target for AAB+ students.

Student recruitment in other modes and levels of study also fell across the sector in 2012-13, with part-time undergraduates



decreasing by 40% since 2010-11 and part-time postgraduates decreasing by 27%.

Against this the University performed very well, with an 18% fall in part-time undergraduate enrolment and a 34% increase in part-time postgraduate.

International student recruitment, however, continues to grow across the sector and the University saw a 50% increase in the number of overseas applications for 2013-14 and is seeking to widen its recruitment base of overseas countries.

NHS funding, which accounted for 17% of UWL's income in 2012-13 (£13.3m), has moved to a new approach of tendering. Whilst this presents a risk for the University, it also presents an opportunity to grow and develop this element of our portfolio.

Another financial challenge for universities is the end of capital funding leading to the need to retain sufficient cash to fund capital projects. Universities need to be financially sustainable and move towards surpluses of at least 10% of income to fund their future capital requirements.

● Operating and Financial Review

Strategy, achievements, and key performance indicators



Giving students value for money

To give students a value for money offering the University kept average fees below £7,500 in 2012-13. Although the University has raised its fees for 2013-14, the award of the following scholarships will again keep average fees at £7,500 or less:

- **Enhanced outreach**
The University has formed strategic relationships with 14 colleges and schools within the local region and set up initiatives including the mentoring of students from years 11 to 13, support, specialist lectures and full fee waiver scholarships
- **Academic Scholarships for clearing candidates**
40 students recruited during clearing will benefit from a full fee waiver for their first year of study
- **National Scholarships**
Offered to first year students from disadvantaged backgrounds and worth at least £3,000, this is a contribution towards a cash bursary and other benefits such as accommodation and travel allowance
- **School Academic Scholarships**
Offered to two outstanding students from each of the University's eight academic Schools with all 16 benefiting from a full fee waiver for their second year of study
- **International Ambassador Scholarships**
100 scholarships, worth up to £5,000 each for outstanding students who wish to act as ambassadors for the University
- **Graduate Scholarships**
14 Home/EU students undertaking MPhil/PhD in a field strategically important to the University will benefit from a full fee waiver and a stipend
- **Alumni Scholarships**
There are a number of scholarships with criteria specified by the donors.

The will and the way

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

A new and vibrant transformational strategic plan for the period 2013-18 'Ambition 2018' which

builds on everything that has previously been accomplished by the University was approved by the Board in July 2013. 'Ambition 2018' has four key aims which are to:

- Be consistently the best modern university in London
- Be ranked in the top 100 universities in the UK
- Be the university with the highest employability rate in the UK
- Have three academic areas of international standing.

The plan promotes excellence in student learning, experiences and outcomes. It focuses on student success, employability and improved retention as well

as diversity and the advancement of our reputation. The plan also concentrates on impactful research which can benefit people, society, and the economy and aims to develop students with the career credentials they will need for success and leadership in the 21st century.

A key element of the new plan is to assure that all our undergraduate, postgraduate and professional courses have effective engagement with our local community and relevant industry and professional bodies. The aim will be to have industry representatives involved on programme boards, advisory boards, and interview panels.

This will provide the springboard for further opportunities for collaboration in research and knowledge transfer. In summary, the plan will position the University to meet a range of national and international economic and social changes, enhance the student experience, and create an entrepreneurial culture that will enrich students' careers in an increasingly competitive world.



Ambition 2018

The new strategic plan 'Ambition 2018' is underpinned by a clear and ambitious vision and value proposition:

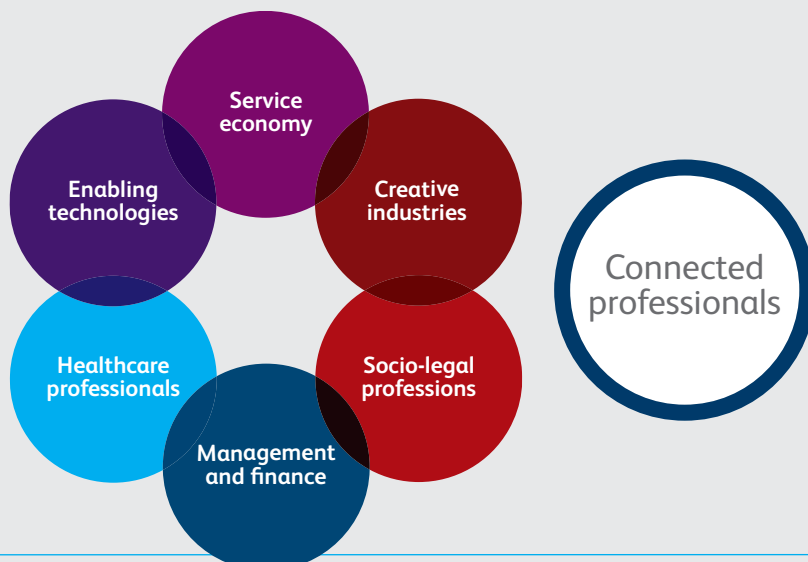
'To provide a high quality career-focused student experience connected to the world of work and underpinned by a guaranteed work placement'.

Positioning and portfolio

London provides the principal gateway for international trade and inward investment for the UK economy. It is also a major centre of global finance. Despite the on-going economic downturn, the London economy is well placed to lead the UK out of recession.

Through 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 coming years.

UWL's positioning and portfolio



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:

- Advertising
- Radio and TV
- Event management
- Hotel and hospitality
- Fashion and graphic design
- Restaurants and leisure
- Specialist photography
- Travel and tourism
- Film production and post-production
- Health and social care
- Live theatre performance and production
- Administrative and support
- Journalism
- Managerial and financial
- Software development, games, consultancy
- Business and legal
- Marketing and sales

● Operating and Financial Review

Strategy, achievements, and key performance indicators

Continued

Our Future Campus

In the face of the increasingly competitive market it is vital to offer a unique physical and technological environment. To support this, the University is developing a state-of-the-art Future Campus. Central to the Future Campus will be a refurbished Library. These new facilities will provide an inspirational, technology rich and flexible study

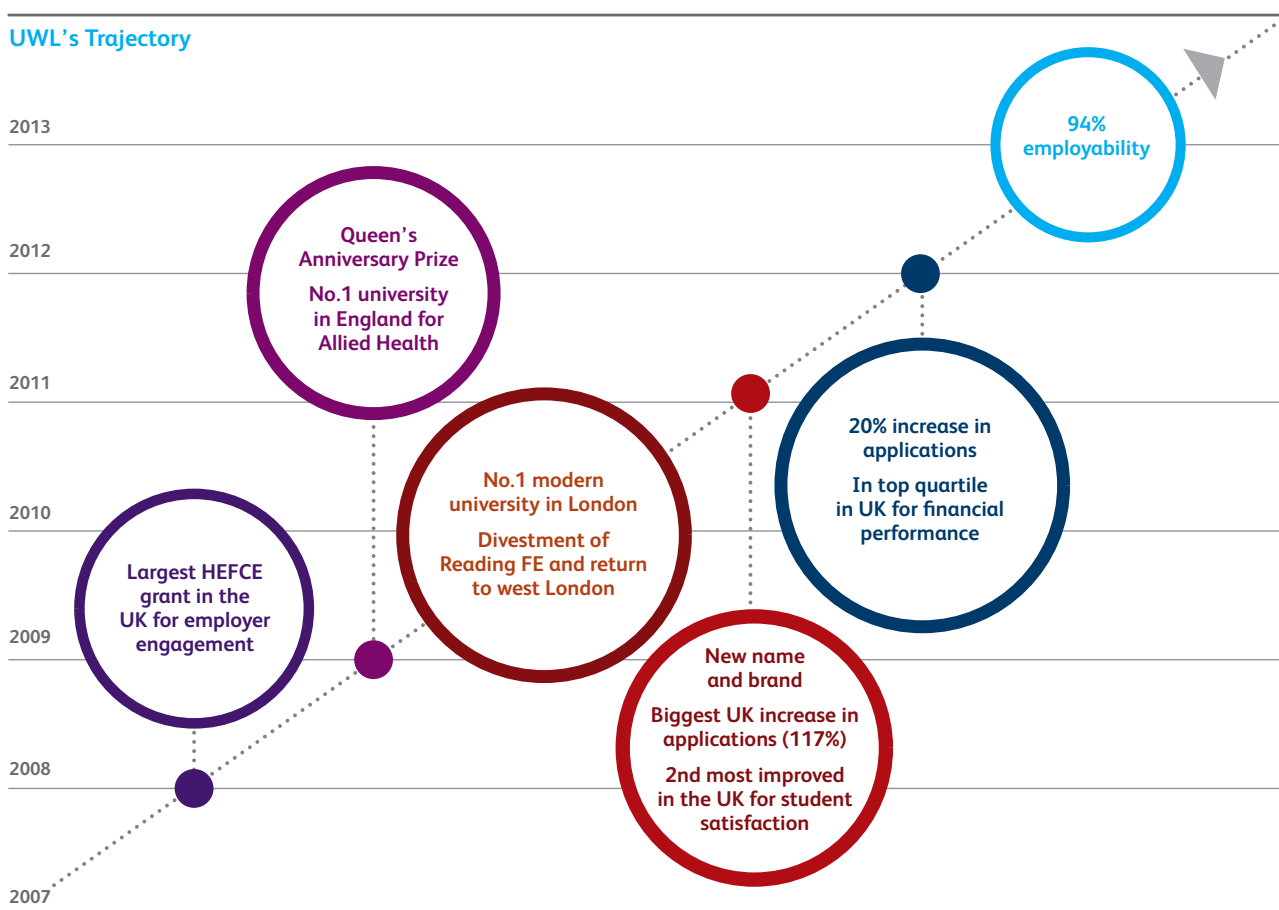
environment, with extensive opening hours. Conventional computer teaching rooms will be augmented with collaboration spaces, allowing students to share and capture ideas in small groups, using a blend of University-provided tools and their own devices. The Library, which will 'spill out' into the new heart space, will provide a locus for social interaction, configured flexibly, with

catering facilities, ample power and ubiquitous wireless networking. At the centre of the heart space will be a multi-functional auditorium which will be the focus for performance, graduations, fashion shows and other events. This will be connected to the newly refurbished Students' Union building which opened in September 2013.

Achievements

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:

UWL's Trajectory



Continuing success during 2012-13

The academic year 2012-13 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	<ul style="list-style-type: none">• A £7.6m surplus on operations (a 9.8% return on income)• An operating cash inflow of £11.1m• Successful recruitment to full student number control for undergraduate Home/EU full-time students
To improve the student experience	<ul style="list-style-type: none">• Student employability increased from 91% to 94% putting us in the top 10 multi-faculty universities in the UK*• Best modern university in London for employment of its graduates*• National Student Survey – overall satisfaction improved from 78% to 80%• Opening of a new student village in Ealing with 450 studios, flats and townhouses
To complete the first phase of redevelopment for the site at St Mary's Road, Ealing	<ul style="list-style-type: none">• Completion of new Students' Union building in September 2013, the first stage of the Future Campus development
To grow the reputation of the University	<ul style="list-style-type: none">• Winner of UCISA-Eduserv Excellence Award for ground-breaking new student portal• Shortlisted for four Times Higher Education 2013 Awards and a HEIST 2013 Award

Operating
cash inflow of
£11.1m

Student
employability at
94%*

**Best
modern
university**
in London for
employment of its
graduates*

* Destination of Leavers in Higher Education Survey of Graduates 2012 (published July 2013)

● Operating and Financial Review

Strategy, achievements, and key performance indicators

Continued

Key performance indicators (KPIs) for the future

In order to sustain this upward trajectory and ensure the long-term academic and financial sustainability of the University, the Board has approved a set of 20 long-term measures against which annual progress can be measured. The table below sets out those measures which are linked to the service standards of our central service departments and the operational strategies of our academic Schools.

Measure	Target 2018
% of staff with Higher Education Academy (HEA) membership	100 %
Employment indicator (HESA Table E1a)	96 %
NSS results – overall satisfaction	86 %
Aggregated league table position	<80
Staff student ratio (SSR)	16.0
Publications of a minimum 1* rating (adjusted against REF 2014 guide)	200
Research bids value (£m)	£10m
% of academic staff with a doctorate	50 %
Research income	£2m
Number of registered MPhil/PhD students	130
Operating surplus as a % of income	10 %
Staff costs as a % of income	<53 %
Green league table	1st
% of estate classed as condition A (St Mary's Road)	95 %
To remain within -5 % / +3 % of the SNC tolerance	Yes
IT Strategy (Dell IT maturity ranking)	4
Ratio of academic to support staff	47:53
NHS income/contracts value	>£10m
St Mary's Road Future Campus redevelopment	Completed
Overseas recruitment (intake headcount)	1,400

The University's Strategic Risk Register is linked to the above measures to ensure that any risk that the targets will not be met is quickly addressed.

● Operating and Financial Review

Leadership, organisation and risk management



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 on pages 36 to 43.

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 this includes all senior staff at Director level and the Heads of the academic Schools. Details of the membership can be found at:



www.uwl.ac.uk/theuniversity

The executive organisation structure of the University can be found at:



www.uwl.ac.uk/structure

For the second consecutive year the University was shortlisted in the Times Higher Education Leadership and Management Awards for the Outstanding Leadership and Management Team.



Academic Schools and central support departments

The University provides undergraduate and postgraduate education across a range of disciplines structured into eight academic Schools.



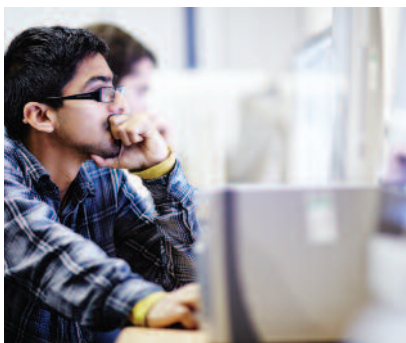
Academic Schools

- London College of Music
- School of Psychology, Social Care and Human Sciences
- College of Nursing, Midwifery and Healthcare
- Claude Littner Business School
- Ealing Law School
- London School of Hospitality and Tourism
- School of Computing and Technology
- Ealing School of Art, Design and Media

● Operating and Financial Review

Leadership, organisation and risk management

Continued



In 2013-14 the University will establish the Virtual Institute for Creative Industries. This will build on existing relationships and links between the London College of Music and Ealing School of Art, Design and Media with external stakeholders including Pinewood and Ealing Studios and critically a network of local creative SMEs.

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



[www.uwl.ac.uk/
academic-schools](http://www.uwl.ac.uk/academic-schools)

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 University's considerable presence in the London and Berkshire healthcare 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 healthcare professionals. The training of the London professionals takes place at our state-of-the-art Paragon site 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 are introduced.



The Schools, College and Institute are supported in their academic work by a range of Central Service Departments including:

- **The Institute for Teaching, Innovation and Learning (INSTIL)**
- **Academic Registry**
- **The Academic Quality and Standards Office**
- **The Library**
- **Student Services**
- **The Centre for Employability and Employer Engagement**
- **Marketing, Communications and UK Recruitment**
- **The International Office**
- **Finance and Strategic Procurement**
- **Strategic Planning**
- **Estates and Facilities**
- **Information Technology Services.**



● Operating and Financial Review

Leadership, organisation and risk management

Continued



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 unique to the University. 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 Board of Governors is responsible for risk management strategy and for ensuring that there is a common approach to the management of risk throughout the University. The key objective of the University's risk management

strategy 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. There is a strong and embedded 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. This Risk Register is linked to the University's strategic objectives and to KPIs.

The level of risk and the amount of risk appetite which prevails in the University will vary from time to time, influenced by both internal and external events.

The Board acknowledges:

- 1) 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
- 3) 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 University's failure to meet its strategic objectives and a risk to its financial stability are set out below:

Key risks	Key mitigating actions
Meeting recruitment targets and expansion of overseas markets	<ul style="list-style-type: none">• New UK, EU and international recruitment strategies• Launch of the £35m Future Campus rebuilding project at the main teaching centre in Ealing, with a new Students' Union operational from September 2013• Infrastructure in place to support high levels of student employability• New student village with 450 studios, flats and houses opened in September 2013• Strategic student number allocations for recruitment targets• More flexible part-time provision• New website launched
Maximising enterprise income potential	<ul style="list-style-type: none">• INSPIRE established to proactively develop and win new business• The Centre for Hotel and Resort Management (CHARM) established to strategically develop research for the London School of Hospitality and Tourism• New leadership and strategy for the Claude Littner Business School• New Professors and Readers with research and enterprise income targets embedded in their roles• Centre for Employability and Employer Engagement established
Winning new healthcare work	<ul style="list-style-type: none">• New strategic plan, management structure and senior staff for the College of Nursing, Midwifery and Healthcare in place• Curriculum reviewed, including quality of existing offer and diversification• New communications strategy for NHS contacts

● Operating and Financial Review

Our students and alumni



Our student profile

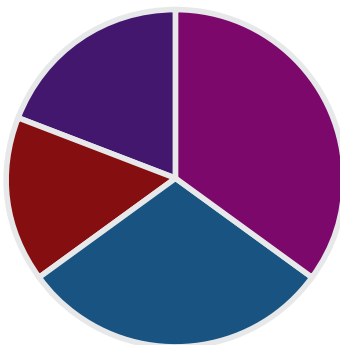
In 2012-13, the University had 11,785 HE students enrolled, of which 10,193 (86 %) were from the UK or EU and 1,592 (14 %) were international students. 2,831 (24 %) of HE students were NHS fundable. In addition, there were 845 students enrolled on FE programmes.

Student base

The University continues to perform well at widening participation, reaching out to under-represented groups at a local and national level, which is evident from a student body where more than 98 % of Home entrants have progressed from state education. 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 one third of students at the University of West London. The University also has diverse cohorts of students not only in terms of social background but also age as shown in the table below.

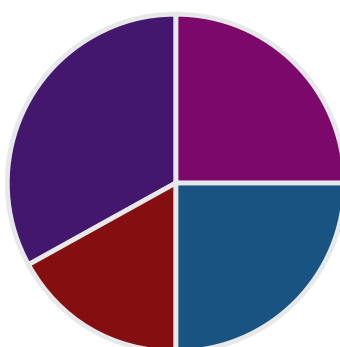


Student enrolment by age group and mode



Full-time students

18-20 years	35 %
21-24 years	30 %
25-29 years	16 %
30+ years	19 %



Part-time students

18-20 years	25 %
21-24 years	25 %
25-29 years	17 %
30+ years	33 %

International students

The on-going visa reforms with the tighter restrictions on English language requirements and pre-session English studies, 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 new international strategy was introduced in the academic year 2012-13 to extend the University's reach beyond South Asia into new markets, attracting more students from a diverse range of countries.

This has been successfully implemented with the introduction of a series of strategic marketing initiatives and agent management activities to build brand presence in key recruitment markets across South East Asia, Central Asia, Greater China, the Middle East, Africa and the Americas.

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 continue to proactively respond to visa reforms, engage academic Schools, offer greater support services across the University, to develop strategic international partners, and to ensure that agents and scholarships are more effectively deployed. The course portfolio has been enhanced, including the development of a new

International Foundation Programme and Pre-Masters Programme, to secure a more responsive and accessible alignment with the needs of overseas students.

The International Office was shortlisted for the 'Outstanding International Strategy' at the Times Higher Education Leadership and Management Awards 2013 and shortlisted for the HEIST Awards 2013 for 'Best International Initiative'. The HEIST Awards for Education Marketing have evolved over the last 20 years to become the premier awards programme for marketing in the education sector.



Student services

All student services are co-located at the St Mary's Road site 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 and Health and Well-being. Students located at our other two

sites can access the service via webcam. Services were extended during 2012-13 so that students off-site or studying in different time zones can readily access information and advice at set times including weekends. In addition, the Office of the Dean of Students provides personal and academic support for all students across the University.



Student successes

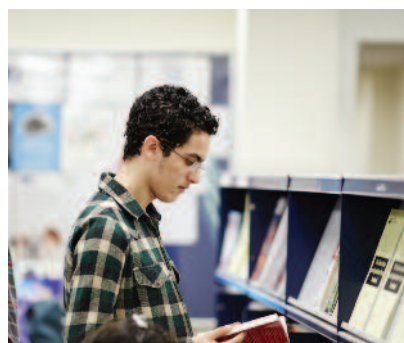
Our current and past students won some outstanding awards and nominations during 2012-13 and the following are just some of the winners:

- Rosie O'Sullivan who is studying a BMus (Hons) Music Performance reached the live semi-finals of ITV's Britain's Got Talent singing 'It's a Man's Man's Man's World'
- Christian Sauer, a Computer Science PhD student and research assistant awarded best paper at the 31st International Conference for Artificial Intelligence
- Natalie Appiah-Dwomoh, LLB Law (2012 graduate) won the Joseph Jackson Scholarship, a prestigious scholarship awarded by Middle Temple, one of four Inns of Court
- Marcel Whyte, BA (Hons) Musical Theatre (2012 graduate) appointed as understudy for the lead character 'Simba' in Disney's West End musical, The Lion King
- Nick Cooke, BA (Hons) Video Production and Film Studies (2010 graduate) awarded a 'gold medal' in the Foreign Film category at this year's Student Oscars in Beverley Hills
- Fodhla Cronin O'Reilly, BA (Hons) in Film Production (2008 graduate) runner-up at the 2013 Oscar ceremony in Hollywood (85th Academy Awards) for the 'Best Animated Short Film' category
- Dipna Anand, MA in Hospitality Management and Food Studies (2008) won the Special Inspirational Woman Award at the British Curry Awards which was presented by Prime Minister David Cameron in recognition of her contribution to the industry
- Will Torrent BSc (Hons) in Culinary Arts Management (2007) published his debut recipe book, 'Pâtisserie at Home'.

● Operating and Financial Review

Our students and alumni

Continued



Alumni and development news

One of the most important measures of the success of any University are the achievements and continued involvement of its former students. This is an important benchmark for new students to have when choosing where to study. The success of our former students has helped to underpin the University's growing reputation and the value of the education we offer.

This is also reflected by our level of fundraising. With support from our alumni and friends we raised over £1.3 million in pledged income and received £0.6m in cash gifts.

Philanthropic income enabled the University to award scholarships and bursaries to 70 deserving students. A substantial legacy gift received this year will benefit many students in the London College of Music in the years to come.

The University's objective of enhancing its research and academic capacity was given a significant boost with gifts from prominent hospitality leaders in support of a brand new Chair in hospitality management. The Chair will serve the industry's research and training needs.

We were also fortunate to receive a generous gift from the Dr William Barry Trust that facilitated the refurbishment of one of our main lecture theatres. Finally, the University is grateful for the support it received from the Asian Restaurant Skills Board, the continued backing for its flagship Junior Chef Academy and the commitment of its alumni and friends that make so many advancements possible.

219 donors generously gave:

£1,321,384

These gifts have allowed the University to make significant investments in:



Student support £459,524

Academic support £392,000

Facilities enhancement £469,860

£0 £100,000 £200,000 £300,000 £400,000 £500,000

● Operating and Financial Review

Teaching and learning

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 placement opportunity for all undergraduate students who commenced their studies during the 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. Within each academic School all undergraduates have bespoke work-based opportunities developed in collaboration with a range of external partners.

Moreover, the University continues 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, led by the Institute of Teaching, Innovation and Learning (INSTIL), 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 are being formally assessed through the current KPIs but as importantly, 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 Destination of Leavers in Higher Education (DLHE) survey
- Numbers of postgraduate students entering and completing their studies.

Quality

The University has built upon the achievements of the Institutional Audit by the Quality Assurance Agency (QAA; 2011). Investment in high quality teaching facilities continues at both the St Mary's Road site and the Institute for Health in Berkshire. The investment in high specification facilities has encouraged closer partnership working with both local employers and local communities. This has led to increased engagement and enabled academic staff to further develop the curriculum and provide excellent opportunities for our undergraduate population to gain valuable experience within a range of work place environments.

The University demonstrates 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 University continues to develop and invest in collaborative partnerships and build upon 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 its courses.



● Operating and Financial Review

Student employability and employer engagement

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.

Facilitating the transfer of knowledge, gained through study into experience within the workplace, lies at the heart of the University's employability mission. The Centre for Employability and Employer Engagement, launched in September 2012, combines career advice and support with an enhanced external-facing employer engagement function supported by appropriate technology and an expanded volunteering activity. The Centre supports and facilitates

students in gaining access to a wide range of opportunities which enhance their employability skills and graduate employment prospects. In the past year, volunteering alone has grown significantly with almost 500 of our students volunteering just under 2,000 hours in our local region and we are moving significantly closer to the target of 8,000 active organisations with whom we engage to support student employability.

The effectiveness of the University's employability focus is evidenced by the latest employment performance indicators which showed that the University delivers on its promise to provide high quality career-focused students connected to the world of work.





94 % of students who graduated in 2012 from full-time undergraduate courses were in employment within six months of leaving or undertaking further study

The University rating was 3.5 % above the national average of 90.5 %

The University is ranked in the top 10 among multi-faculty universities in England for employability

For the eighth consecutive year the University significantly exceeded its HESA benchmark

From the DLHE (Destination of Leavers in Higher Education) Survey of Graduates 2012 (published July 2013)

An example of the University's strong industry links was the award in 2009 of the Queen's Anniversary Prize for outstanding achievement and excellence in hospitality education. Vocational pathways linked to employment, part-time and flexible study routes, and appropriate levels of study support underpinned with basic skills/key skills support the strong links between the university and the hospitality sector.



● Operating and Financial Review

Research and enterprise

Research and enterprise activities remain a key element of academic life for all universities, informing and enhancing the curriculum and creating opportunity through extension of knowledge. The innovation, insight, intellect and expertise of our staff and students continue to be the engine for knowledge creation whilst translating knowledge into practice by capitalising on our strategic position at the University; business interface remains central to our mission to provide solutions to contemporary challenges. From the College of Nursing, Midwifery and Healthcare guiding UK policy on infection control, through advances in mobile networks developed within the School of Computing and Technology, to cutting edge developments in music technology led by the London College of Music, the University's translational research has local, regional, national and ultimately international impact.

Our location in west London puts us at the heart of an unrivalled region of expertise and industry that maps perfectly to the strategic areas we wish to promote and expand and, in the past year, two strategic decisions exemplify this opportunity:

- i) The Institute for Practice, Interdisciplinary Research and Enterprise (INSPIRE) as part of an on-going investment plan, made eight senior academic appointments at Reader/Professorial level with the explicit remit of seamlessly integrating expertise from within and beyond the University to generate knowledge where the boundaries between teaching, learning, research and enterprise are blurred. Based within bespoke facilities on the St Mary's Road site and from an initial focus around the creative industries and healthcare, INSPIRE will develop over the next 12 months to represent the breadth of expertise the University encapsulates.
- ii) For almost 15 years, the University through its Psychology staff and students has supported "Pyramid" – an early intervention programme primarily operated in schools to help prevent future problems for vulnerable children. Whilst Pyramid has a strong presence

in west London, it also operates across all of England and Wales. In April 2013 the University acquired the rights to Pyramid which, following support from The John Lyons Trust, has been integrated into INSPIRE. In securing the future of Pyramid the University clearly demonstrates its determination to build local and regional strengths through our staff and students engaging in research and enterprise which has national impact.

Our ambitious targets for supporting the researchers and entrepreneurs of the future continue to be met with increased numbers of students completing their postgraduate studies combined with a significant growth in enrolments for higher awards. The annual MPhil/PhD conference held in May 2013 highlighted the innovation and application of our current postgraduate research students whilst the professorial and public series demonstrated the depth and breadth of the expertise in our senior staff.



● Operating and Financial Review

Resources, infrastructure and sustainability



Financial and environmental sustainability

In order to deliver a value for money experience to our students and give them maximum benefit from their fees, UWL will be well-managed and operate efficiently and effectively. It will also improve significantly its environmental credentials.

Financial resources

At 31 July 2013 the University had gross cash resources of £36.2m, equivalent to 201 days of recurrent total expenditure. Balances increased by £8.8m during the year, reflecting the strong surplus and focused balance sheet management. There were borrowings outstanding under a 10 year fixed rate unsecured facility of £5.1m which will be repaid by 2019.

University funds are invested to receive the maximum return consistent with low risk and liquidity. 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 single counterparty. During 2012-13 the average investment was £33.6m.

During 2012-13, the sale of the University's former site at Crescent Road, Reading was completed with gross proceeds of

£4.6m. In October 2013, the sale of a freehold property in Ealing (Grove House) was completed with gross proceeds of £4.1m and work continues towards the sale of the former Slough site. These proceeds, together with proceeds achieved in earlier years from property sales in Reading of £4.3m, plus the planned proceeds from the Slough site are being used to fund the redevelopment of the St Mary's Road site in Ealing. The University is thus able to develop its state-of-the-art new facilities without increasing its gearing.

Human resources

During the year the University has continued to control its staff costs in line with its target of 'at or below 52% of income'. Human resource managers have monitored, managed, and controlled absence, and actively managed the contract for the occupational health service. Major restructuring took place within the Business School, Estates and Facilities, and IT Services. In addition, a new organisational structure for senior staff has been introduced for the College of Nursing, Midwifery and Healthcare.

The career development of academic staff is key to the success of the University. A new approach to the development and management of the academic workforce is being introduced for the academic year 2013-14, based on three career families, underpinned by development and with a new approach to allocating duties and responsibilities focused on the whole job rather than just formal teaching. Every member of the academic

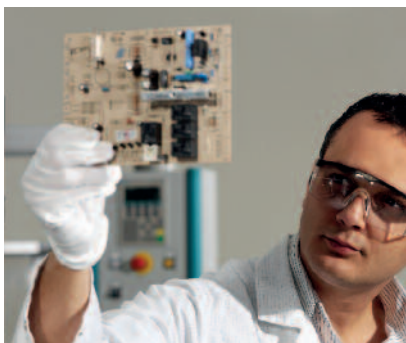


Development of staff expertise

The University's reputation and success depends upon effective strategies to recognise, reward, develop, engage and manage its workforce. The continuous development of our academic and supporting staff is vital to the long-term health of the University. All staff need to be sufficiently flexible to respond to changes in income streams, improve the ability to generate income, and respond flexibly to the increasingly competitive market for higher education in London.

workforce has been allocated to one of the three streams and new contracts have been offered to all lecturers and senior lecturers.

With the introduction of the academic employment framework there is an emphasis on ensuring that all academic staff have a development plan which aligns their developmental needs with the objectives of their School and the University. The framework provides a clear promotion structure from Lecturer to Senior Lecturer and from Senior Lecturer to Associate Professor and, in addition, there is a merit point at the top of the Senior Lecturer scale with a particular focus on academic excellence. In



collaboration with Heads of School, the University is encouraging staff to achieve doctorates where appropriate and funding is available to increase the number of staff attaining this level of academic achievement. The University is monitoring development plans to ensure that appropriate support is made available. In addition, resources to support staff in self-development are being developed ranging from career development workshops to e-learning packages.

A programme of skills development has continued throughout the year with an emphasis on supporting key policies and processes, including anti-bribery and corruption, safeguarding of young people and vulnerable adults and management of stress. Specific learning and development continues to be delivered to groups of staff on team building and customer service. There is a particular emphasis on developing customer service standards throughout the University's service departments, supported through team events.

A programme of management development has been planned for Heads of School and their emergent

executive teams covering people management, strategic planning and managing change.

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. To assist in raising awareness in Schools and departments, recruitment is underway for a group of volunteers to become equality champions.

The University continues to hold the 'two ticks', positive about disability, award for employers who have made commitments to employ, keep and develop the abilities of disabled staff.

Estates resources

The University's estate is a key resource that needs to be well planned, managed and continually improved in order to support the achievement of our academic priorities in teaching and learning, research and knowledge exchange. Providing a high quality learning and research environment fit for purpose for our University in the 21st century is an essential component of the University's strategic plan 'Ambition 2018'; one which aims to promote excellence in student learning, experiences, and outcomes.

Throughout 2013-14 the estates strategy has continued to align the estate with the strategic goals of the transformed organisation in order to help deliver a high quality student experience with strong local business and community links.



Key objective for estates planning

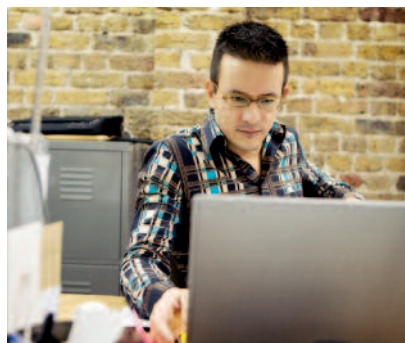
To create a high quality built environment which is financially and environmentally sustainable and which supports teaching and research of the highest standards, is attractive to students and staff and promotes a positive image of the University.

We have completely renovated a 200 seat lecture theatre, the Dr William Barry Theatre, following a generous grant from the late Dr William Barry's estate. This state-of-the-art facility with its impressive audio-visual installations provides the perfect environment for teaching and is also a key area for community use. Across the estate, teaching rooms have been upgraded with the installation of seating and equipment which has been carefully planned to create a comfortable environment to support teaching and learning.

● Operating and Financial Review

Resources, infrastructure and sustainability

Continued



The Future Campus Project

The Future Campus Project is a redevelopment scheme aimed at harmonising the disparate buildings on the St Mary's Road site, and bringing an aging infrastructure up to date and in line with expectations of students and staff alike. Some £35m is being spent to transform the west London campus and provide a vibrant student hub, "future-proofing" the University by enabling a series of flexible teaching and learning spaces that can adapt to the changing needs of the Schools as technology provides new ways of engaging with students.

During 2012-13, the key emphasis of the project was on design, and progressing the planning application. The planning application was successful, with planning consent granted in July 2013.

In addition, work began in May 2013 on the complete renovation and refit of the Students' Union building which also houses some of our key teaching rooms. The work, which was designed following an extensive consultation with students, was completed and opened for Fresher's week and show-cased the project. The new facilities include a modern

bar, lounge, gym, café and a large performance area.

The next phase of this exciting development will be a new Library and a heart space for performance which will open in 2015.

Information Technology (IT)

The past year saw IT Services deliver and enhance an award-winning student portal. In March 2013, the portal won the coveted UCISA-Eduserv Excellence Award, given to outstanding IT initiatives in the sector, and it was shortlisted for the Times Higher Education Leadership and Management Awards for the 'ICT Initiative of the Year' award.



IT Services also underwent an internal reorganisation, to better enable it to meet the demands and challenges of the future. Three new service-focused groups were created: business change and

development, customer experience and IT engineering. A new information security manager was also appointed to help ensure the adequate protection of the University's data and to raise the awareness of 'staying safe online' for students.

Other notable achievements during the year included:

- 1) The fit out of the new Dr William Barry Theatre with state-of-the-art audio-visual equipment to support the forthcoming UWL Small Screen cinema season.
- 2) A new Careers and Employability system to help deliver the University's value-promise of a work placement for every student.
- 3) A new Student Attendance Monitoring system, which will not only improve compliance capability for international students but also helps improve academic achievement and retention.
- 4) Continued roll out of Microsoft Lync, an advanced collaboration tool, to improve communication between staff and between staff and students, especially when away from the campus.



Student IT satisfaction survey 2013

89% agreed or strongly agreed with the statement

“Overall, IT Services provides a good service to me”.



People and Planet Green League 2013

The University rose 34 places to 46th in the league table for 2013, based on a range of factors including water conservation, carbon emissions and recycling rates. This is a significant achievement from position 122 in 2011 and again shows the trajectory of the University's progress.

Sustainability

The University's Environmental Review Board provides leadership to environmental management processes across the University and to the process of embedding the principles of sustainability within our core operations.

During the year, significant improvements were made in many of our key sustainability measures including carbon emissions per head, waste mass tonnage per head and water consumption per head. As a consequence of this work it is now anticipated that the University will achieve the HEFCE target of a 43% reduction in carbon emissions by 2020-21 at the much earlier date of 2016-17. A substantial improvement in Display Energy Certificate (DEC) rating was achieved, with an increase from 13.7% in categories A and B to 55.8%.

The University has continued to progress through the EcoCampus Environmental Management Scheme, obtaining Silver Award Status in March 2013, following a rigorous internal process which included:

- Undertaking environmental site audits of all University building stock
- Identifying relevant environmental legislation
- The drawing up of a register of environmental legislation
- The development of objectives and targets for environmental performance.

Other significant activities in the year included:

- Production of a revised Carbon Management Plan, including baseline targets for travel and scope 3 emissions
- Undertaking a travel audit covering staff and student daily commutes and start of year travel
- Hosting a Green Week which included themed days on Green Travel, Recycling and Sustainable Food
- Hosting theme days throughout the year covering cycling, waste awareness and Fairtrade.

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.

● Operating and Financial Review

Financial review

Financial strategy

The primary focus of the financial strategy, now firmly embedded across the University, remains unchanged: 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 and sustain it at this level
- At the same time, to increase the operating cash inflow to at least 15 % by 2015-16 and maintain it at this level
- To maintain a minimum cash balance equivalent to one month's average operating expenditure.

The strategy to improve financial sustainability is now a compelling requirement to mitigate a variety of financial challenges, 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 four 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 eg 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 52 % 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 more new delivery methods for teaching, taking advantage of cost efficient options including Microsoft Office365, a cloud-based environment currently offered at no cost to universities

- 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 (eg 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
- Investment in IT to realise efficiency gains in processing costs.

3) Improvements to capital management:

- Improving the Estate through planned and well managed reinvestment of surplus properties
- Improving the utilisation of the Estate
- Refurbishing teaching rooms to enhance the use of pedagogic technology
- Improving working capital management by maintaining sufficient cash balances to secure increased number of liquidity days.

4) Improved staffing arrangements:

- Implementing clear arrangements for work loading and contact time
- Monitoring and increasing research output
- Establishing a new contract of employment to underpin the delivery of teaching and research.

Financial metrics have been agreed by the Board as part of its sustainability review. The key metrics are:

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 performance in 2012-13

The financial results confirm that the actions being taken by management to control costs are both effective and embedded. In 2012-13, the University

recruited to its full student number allocation and overall income was similar to the prior year. Significantly, the return on income was slightly higher than last year at 10.0% (2011-12 9.3%).

Financial results

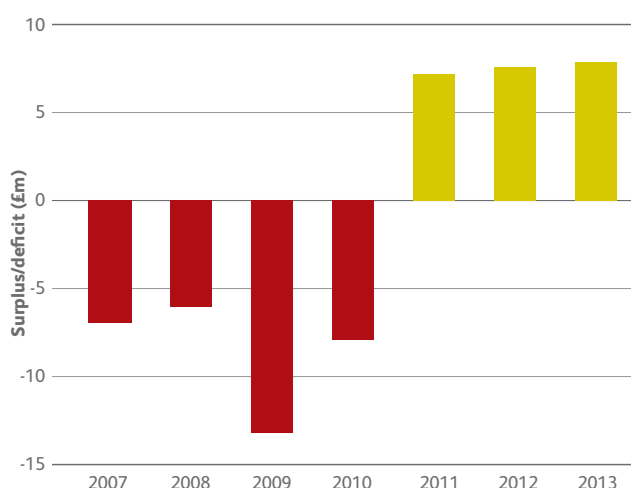
£m	2012-13	2011-12
Income	76.9	76.4
Staff costs including severances	(37.4)	(37.1)
Non staff costs	(31.9)	(32.2)
Operating surplus	7.6	7.1

Key metrics

% of income	2012-13	2011-12
Operating cash flow/income	14.5	10.9
Operating surplus/income	9.8	9.3
Staff costs/income	48.7	48.6

The successful financial performance is particularly impressive when looked at in the wider context since 2007 as the chart below shows:

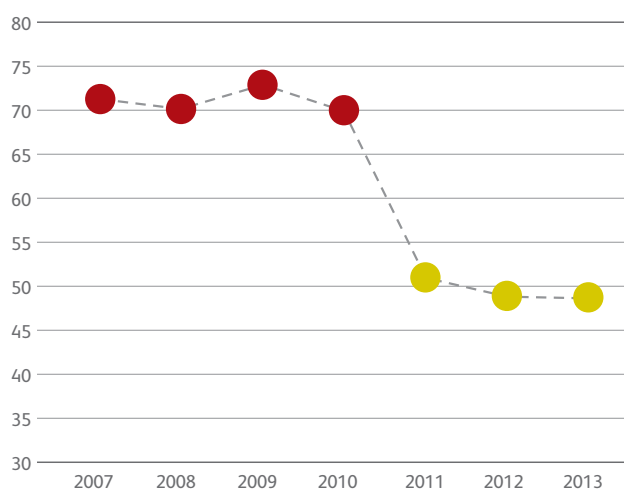
Financial performance* since 2007



* Surplus or deficit, after excluding property disposals and the write off in 2009-10 on the divestment of Reading College

The key drivers to this turnaround in performance have been the control of staff costs to below sector benchmark levels of around 50% and the strong financial controls implemented over non staff expenditure. The chart below shows the correlation between staff costs and surpluses very clearly.

Staff costs as a % of income



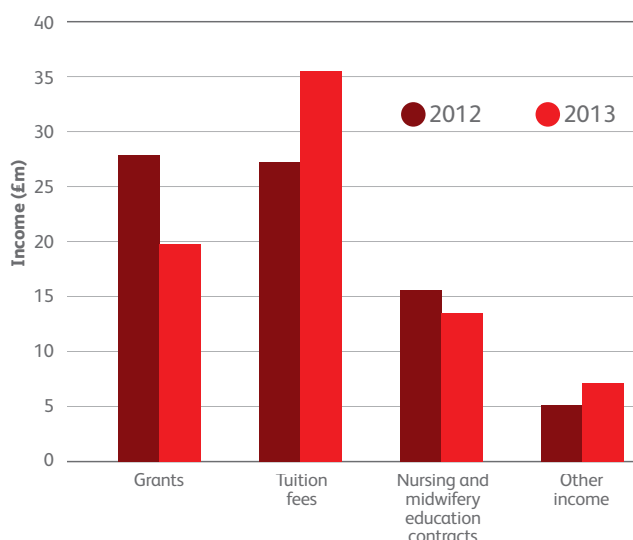
● Operating and Financial Review

Financial review

Continued

Income

Income for 2012-13 compared with 2011-12

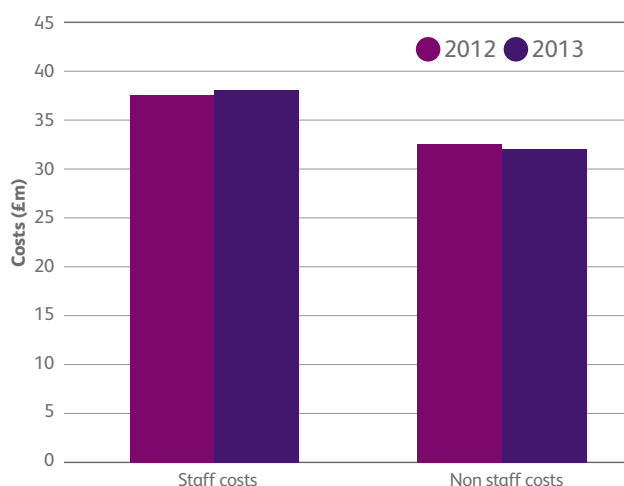


Total income at £76.9m was £0.5m higher than the previous year. However, the funding regime changes led to an £8m reduction in grants compensated for by an £8m increase in tuition fees. This shows that setting average fees at £7,500 maintained the unit of resource.

A £2m reduction in NHS income, due to the run out of the London SHA pre-registration contract for adult nursing, was offset by a £2m growth from non fee-related enterprise activities. The University is looking to offset the loss of the adult nursing income by winning new NHS commissions from both London and Berkshire; success has already been evidenced by the award of 21 new pre-registration commissions in Berkshire. Enterprise activity, now firmly embedded following the award by HEFCE of £6.5m of strategic development funding to support our Future Skills project, has grown strongly from a small base and is projected to grow further in 2013-14.

Operating costs

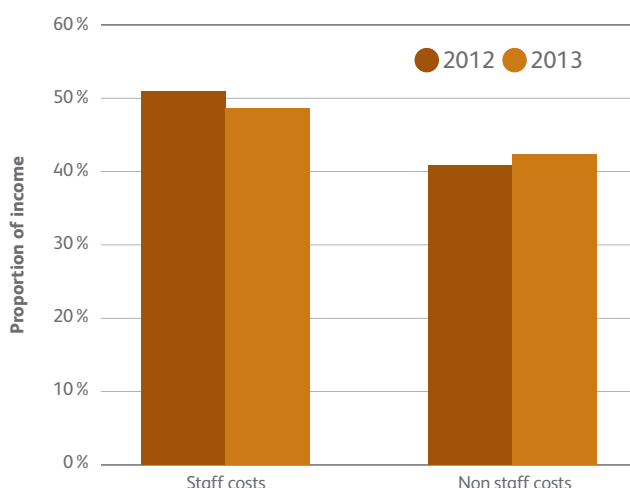
Operating costs for 2012-13 compared with 2011-12



Staff costs of £37.4m included severance payments of £2.3m. In 2011-12 staff costs of £37.1m included severance payments of £1.1m which shows that the underlying staff cost base has been reduced further. As set out above, the University is focusing on staff development and is also recruiting additional professoriate posts. The higher severance costs in 2012-13 included those arising from restructurings of the Estates and Facilities, IT Services, the Business School and the implementation of the academic framework.

Non staff costs at £31.9m were lower than prior year costs of £33.2m, following the trend from 2010-11 when costs were £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.

Staff and non staff costs as a % of income



Strong and effective controls over vacancy management enabled the full benefits to be realised from this and prior year's severance programmes. Staff costs represented 48.7% of income, which compares with 48.6% of income last year.

Effective financial control over non staff expenditure, monitored via a University-wide 'Procure2Pay' process enabled the control of non staff spend at £31.9m, compared with £32.2m last year.

The University continues to place great emphasis on delivering value for money from its expenditure. Efficiencies have been recorded across all aspects of University life from teaching to IT processes to student records. Efficiencies recorded on HEFCE's 2012-13 Efficiency Measurement Model (EMM) totalled £1.0m, following efficiencies of £0.9m recorded for 2011-12.

These strong controls and pro-active value for money management earned the Finance Team the Outstanding Finance Team Award in the Times Higher Education Management and Leadership Awards in 2012.



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 £11.1m exceeded last year's of £8.3m, largely due to close and effective daily cash management based on more robust cash forecasting.

Capital expenditure

During the year £6.6m was spent on capital projects, including the early phases of the St Mary's Road Future Campus Project. The expenditure was, as described above, focused on 'student first' developments and on supporting the release of surplus Estate for reinvestment. Significantly higher expenditure is planned for the next three years as the St Mary's Road Future Campus Project continues to develop.

Accounting for pensions

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 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 multi-employer 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 for as if they were defined contribution schemes. The University's contributions to these schemes amounted to £1.9m (2011-12 £1.9m).

The two LGPS schemes and the unfunded pension arrangements are accounted for in accordance with Financial Reporting Standard 17 (Retirement Benefits). The FRS17 pension charge for the year amounted to £2.3m (2011-12 £2.9m) reflecting lower membership in the year of the LGPS schemes. An increase in the return on Government Bonds has resulted in a fall in the accrued liability included on the balance sheet, from £36.2m at 31 July 2012 to £33.9m at 31 July 2013.

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 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:



www.uwl.ac.uk/strategicplan

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.

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 will get a guaranteed work placement, excellent career 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 and employer engagement” on page 20.



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 March 2013 indicates that:

- i) 40 % of young entrants to full-time first degree courses were from socio-economic classes 4-7 which is significantly higher than the national average of 31 %
- ii) Over 98 % of young full-time undergraduate entrants are from state schools and colleges which is above the national average of 89 % and our location-adjusted benchmark of 96 %.

Furthermore, in 2012-13, 55 % of the University's students were from ethnic minority groups with 22 % from Black ethnic groups, 23 % from Asian ethnic groups and 10 % from other/mixed ethnic groups.

Bursaries and scholarships

In 2012-13 there were 786 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. 1,086 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.

In 2012-13 the University awarded £1.5m of bursaries to students. 230 students benefitted from the National Scholarship Programme funding through fee waivers, bursaries and accommodation cost assistance.

The University has launched a number of new scholarships for 2013-14 which will keep the average fees for the University below £7,500 for all Home and EU new students. Details of these are set out on page 6.

Research

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 the National Audit Office.

Further information is set out in the section on "Research and Enterprise" on page 22.

● Operating and Financial Review

Public benefit statement

Continued

Community engagement

In 2007 the Vice-Chancellor, Professor Peter John, embarked on a strategic direction which saw the newly named University of West London return to its original home in west London. Centralising the University's operations in Ealing and Brentford provided the University with a clear locational base to re-engage with the local community. The Vice-Chancellor invited the local community to celebrate the many successes of this strategy at the launch of the 'University of West London in the Community' on 4 July 2013.

The progress and success of the community engagement policies were recognised when the University was shortlisted for 'Outstanding Contribution to the Local Community' in the 2013 Times Higher Education Awards.



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 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 School of Hospitality runs the award-winning student training restaurant 'Pillars'. Outreach activities with local schools are also a feature of the University's activities.

In 2013, the Ealing Music and Film Festival formed a partnership with the University, hosting its annual festival on campus, celebrating Ealing's rich history in both the film and music industry. The most recent initiative is the creation of UWL Small Screen, a new cinema club which is open to the public.

The University runs regular professorial lectures together with a public lecture series where speakers focus on issues of interest to the local community. The leader of Ealing Council, Councillor Julian Bell, and Judge Tan Ikram spoke on the Ealing riots, following research carried out by the Ealing Law School in 2012.

The St Mary's Road Future Campus Project has involved widespread consultation with local community groups and the new build will include enhanced facilities, many of which will be accessible to the local community.



The Economic Impact of the University of West London*

The University made a value-added contribution to the Ealing economy of £60 million, supporting 1,250 jobs in the borough, resulting in tax payments of £24 million to the Exchequer in 2011-12.

* A report by Oxford Economics, commissioned in 2013

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. The Volunteering Team was established in 2010-11 and by 2012-13 it had created 406 volunteering opportunities,

amounting to 1,800 hours of community service and raising thousands of pounds for 140 local and national voluntary organisations.

The Pyramid project, which supports the social and emotional health and well-being of hundreds of children, was in danger of closing before UWL provided the resources to support the project teams who work with schools in the Ealing area. The University is also a key delivery agency for the major regeneration and socio-cultural development programmes in Ealing and Southall.

The University has established a partnership with the Ealing Gazette, sponsoring 'Pride in our People'. The awards, which are hosted annually at the University's Pillars Restaurant, honour community champions who go out of their way to help others.

Public education

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. The Ealing School for Art, Design and Media 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 focused training in management and leadership.



● The Board of Governors

Independent members

Mr Chris Humphries CBE	Chair of the Board	Served whole year
Mr John Taylor CBE	Deputy Chair of the Board	Served whole year
Mr Mike Bellamy		Served whole year
Ms Jennifer Bernard		Served whole year
Mr Dermot Blastland		Served whole year
Mr Gareth Cadwallader		Served whole year
Mr Tony Coad		Served whole year
Mr Allan Dodd		Served whole year
Ms Kirstie Donnelly		Served whole year
Mr Sam Mackover		Served whole year
Ms Justine Stephenson		Served whole year
Dr Alistair Stokes		Served whole year
Dr Kirpal Tahim		Served whole year
Ms Valerie Todd		Served whole year

Ex-officio member

Professor Peter John	Vice-Chancellor	Served whole year
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Independent co-opted member with experience of the provision of education

Professor Roger Brown	Served whole year
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Academic Board member

Ms Sara Raybould	Served whole year
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Professoriate member

Professor Francis Pott	Served whole year
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Staff member

Mr Andrew Dunnett	Served whole year
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Student member

Ms Jodie Vickery	Served whole year
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Co-opted members

Ms Karen Everett (member of the Audit and Risk Committee)	Served whole year
Mr John Morley (member of the Finance Committee)	Served whole year

The Board of Governors comprised 22 members in total as follows:

- 1) 14 independent members
- 2) The Vice-Chancellor
- 3) One independent co-opted member
- 4) One elected representative of the Academic Board
- 5) One elected representative of the Professoriate
- 6) One elected staff representative
- 7) One student representative
- 8) Two co-opted members (for two years in the first instance from 13 March 2012)

● 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:

- 1) Determining the educational character and mission of the University and oversight of its activities;
- 2) Ensuring the effective and efficient use of resources, the solvency of the University and for safeguarding its assets;
- 3) Approving annual estimates of income and expenditure;
- 4) The appointment and setting the terms and conditions of senior post 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 University and draws its membership entirely from the staff and students of the University.

The Vice-Chancellor is the Head of the University, 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.

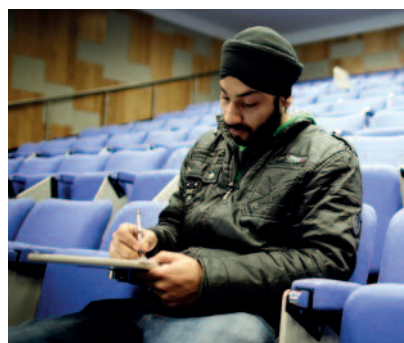
Statement of primary responsibilities

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

- 1) To approve the mission and strategic vision of the University, long-term academic and business plans and KPIs, and to ensure that these meet the interests of stakeholders;

- 2) To delegate authority to the Head of the University, as Chief Executive, for the academic, corporate, financial, estate and personnel management of the University;
- 3) 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 University;
- 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 University against the plans and approved KPIs, which should be – where possible and appropriate – benchmarked against other comparable universities;
- 6) To establish processes to monitor and evaluate the performance and effectiveness of the Board itself;
- 7) To conduct its business in accordance with best practice in Higher Education corporate

● The University's Structure of Corporate Governance Continued



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 University;
- 9) To appoint the Head of the University 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 University, there is an appropriate separation in the lines of accountability;
- 11) To be the employing authority for all staff in the University and to be responsible for establishing a human resources strategy;
- 12) To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate;

- 13) To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name;

- 14) To make such provision as it thinks fit for the general welfare of students, in consultation with the Academic Board;

- 15) To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University; and

- 16) To ensure that the University'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 2013-14

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 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;
- 3) 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:

- 1) 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;
- 3) Safeguard assets and prevent and detect fraud and other irregularities; and
- 4) 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 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:

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

Throughout the year the Audit and 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 University's system of internal control and value for money together with recommendations for improvement.

The University's Vice-Chancellor's Executive, the Audit and 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 and Risk Committee.

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

- 1) The University's internal auditors, who operate to standards defined in the HEFCE Audit Code of Practice;
- 2) 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 and Risk Committee, the Student Liaison Committee, the Workforce Advisory

Committee, the Governance and 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, with the exception of the Student Liaison Committee which has student members. The Vice-Chancellor is a member of the Governance and Nominations Committee and the Remuneration Committee. The membership of the Governance and Nominations Committee includes a senior member of the academic staff. The Audit and 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 and Risk Committee

The Audit and 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 and Risk Committee as necessary, they are not members of the Committee. The Audit and Risk Committee meets with the external auditors and the internal auditors for independent discussions once a year.

The Audit and Risk Committee considers risk and control, including responses thereon from the management team at each of its meetings. Subsequently the Audit and Risk Committee makes 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 2012-13, including one away day. The Vice-Chancellor, Deputy Vice-Chancellor (Academic) 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 attend all meetings.

The Committee considers and recommends nominations for vacancies in Board membership. The recommendations of the Governance Review 2012 were implemented throughout 2011-12 and 2012-13.

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.

Workforce Advisory Committee

The Workforce Advisory Committee met twice during the year. It advises the Board on all matters to do with the University's workforce.

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 9 July 2013. The Audit and Risk Committee approved amendments to the Audit and Risk management methodology. The Risk Register is reviewed by the Audit and Risk Committee at each meeting.

The most significant risks facing the University and information on risk management, are set out in the Operating and Financial Review on page 15.

Register of Interests

The University 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 £8,371 was paid in expenses to nine Governors during 2012-13 in relation to travel costs (£6,522 in 2011-12). 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.

● The University's Structure of Corporate Governance Continued

Clerk to the Board of Governors

In accordance with the Articles of Government of the University, 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.

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 2012-13 the work of the Audit and Risk Committee focused on monitoring and reviewing the University's approach to the process of risk identification and management on behalf of the Board.

The Audit and 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 and 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 continued throughout 2012-13. 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 2013). Appropriate processes are now in evidence alongside the day to day strategic planning and decision making process in all areas of the University.

The Finance Committee 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 2012-13 are set out in the Audit and Risk Committee's annual report to the Board. This report was considered by the Board on 12 November 2013 and will be submitted to HEFCE.

The Audit and Risk Committee place considerable reliance on the work of the internal and external audit teams and assessments made by external agencies such as 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 University to be closely monitored and regularly reported both to Governors and other interested bodies.

The Audit and Risk Committee approves the annual Internal Audit Plan. The plan was approved by the Committee at its meeting on 17 September 2013.

On 12 November 2013 the Board received and discussed the Audit and Risk Committee's Annual Report for the year.

The Board has received from the Chair of the Audit and Risk Committee the necessary assurances about the adequacy of the internal controls in place throughout the year thus enabling the 2012-13 financial statements to be signed and submitted to HEFCE.

The Internal audit opinion for 2012-13 given by KPMG LLP to the Audit and Risk Committee stated:

“Based on the reviews undertaken during 2012-13, in our opinion UWL has satisfactory arrangements in order to provide assurance to the Governing Body over the effectiveness and adequacy of the risk management, control and governance processes. We also consider that UWL has adequate arrangements in place to promote economy, efficiency and effectiveness.”



Financial Statements



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

We have audited the financial statements of the University of West London for the year ended 31 July 2013 which comprise the Consolidated Income and Expenditure Account, the Statement of Consolidated Historical Cost Surpluses and Deficits, the 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 Governing Body and Auditors

As explained more fully in the statement of responsibilities of the Board of Governors, the members of the Governing Body 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.

Scope of the audit of the financial statements



A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

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 2013 and of the Group's surplus of income over expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- Have been prepared in accordance with the requirements of the Education Reform Act 1988 and the statement of recommended practice: "Accounting for Further and Higher Education Institutions".

Opinion on other matters required by the Higher Education Funding Council for England Audit Code of Practice

In our opinion in all material aspects:

- Income from the Higher Education Funding Council for England, The National College for Teaching and Leadership, 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter where the Higher Education Funding Council for England Audit Code of Practice requires us to report to you if, in our opinion:

- The statement of Internal Control (included as part of the Corporate Governance Statement) is inconsistent with our knowledge of the Group and the University.

BDO LLP

Statutory Auditor

Gatwick, West Sussex,
United Kingdom
12 November 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

● 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, they are accounted for as an endowment. There are three main types:

- i) 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. All tangible assets are not depreciated in the year of acquisition. The rates of depreciation per annum are as follows:

Freehold buildings	1.72-2 %
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 ie 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 the Charities Act 2011 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 2013

	Note	2012/13 Consolidated £000	2011/12 Consolidated £000
Income			
Funding Council grants	1	18,866	27,448
Tuition fees and education contracts	2	49,194	42,978
Research grants and contracts	3	1,034	456
Other income	4	7,542	5,185
Endowment and investment income	5	229	336
		76,865	76,403
Expenditure			
Staff costs	6	(35,156)	(36,053)
Severance costs		(2,293)	(1,066)
Other operating expenses	7	(27,238)	(26,802)
Interest payable	9	(1,262)	(1,661)
Depreciation	13	(3,352)	(3,717)
		(69,301)	(69,299)
Group surplus on continuing operations after depreciation of tangible assets but before tax and exceptional items		7,564	7,104
(Loss)/surplus on disposal of property	11	(1,157)	82
Group surplus, after depreciation of assets, disposal of assets and tax		6,407	7,186
Surplus for the year transferred to accumulated income in endowment funds	22	(6)	(8)
Group surplus for the year retained within general reserve		6,401	7,178

The notes on pages 52 to 68 form part of these financial statements.

● Statement of Consolidated Historical Cost Surpluses and Deficits

for the year ended 31 July 2013

	Note	2012/13 £000	2011/12 £000
Surplus on continuing operations after depreciation of assets, disposal of assets and tax		6,407	7,186
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	24	1,161	580
Historical cost surplus for the year before taxation		7,767	7,965
Taxation	10	–	–
Historical cost surplus for the year after taxation		7,767	7,965

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 July 2013

	Note	2012/13 £000	2011/12 £000
Surplus on continuing operations after depreciation of assets, disposal of assets and tax		6,407	7,186
New endowments	22	415	136
Actuarial gain/(loss) recognised in respect of pension schemes	30	2,324	(6,662)
Share market revaluation	23	16	(78)
Gain on revaluation of investment property	23	–	954
Total recognised surplus relating to the year		9,162	1,536
Reconciliation			
Opening reserves and endowments		12,687	11,151
Total recognised gain for the year		9,162	1,536
Closing reserves and endowments		21,849	12,687

The notes on pages 52 to 68 form part of these financial statements.

Consolidated Balance Sheet

as at 31 July 2013

	Note	Consolidated		University	
		2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Fixed assets					
Intangible assets					
Tangible assets	13	54,178	52,177	54,178	52,177
Investment properties	14	8,500	13,036	8,500	13,036
Investments	15	105	89	105	89
Total fixed assets		62,783	65,302	62,783	65,302
Endowment assets	16	1,173	752	1,173	752
Current assets					
Stocks		139	115	134	111
Debtors	17	3,337	3,457	3,451	3,541
Cash at bank and in hand		36,210	27,429	36,074	27,329
Total current assets		39,686	31,001	39,659	30,981
Creditors					
Amounts falling due within one year	18	(22,592)	(20,956)	(22,565)	(20,938)
Net current assets		17,094	10,045	17,094	10,043
Total assets less current liabilities		81,050	76,099	81,050	76,097
Creditors					
Amounts falling due after more than one year	19	(4,343)	(5,063)	(4,343)	(5,063)
Pensions liability	30	(33,862)	(36,221)	(33,862)	(36,221)
Net assets		42,845	34,815	42,845	34,813
Deferred capital grants	21	20,996	22,128	20,996	22,128
Endowments					
Expendable	22	1,003	582	1,003	582
Permanent	22	170	170	170	170
Reserves					
Revaluation reserve	23	15,754	17,097	15,754	17,097
General reserve	24	38,784	31,059	38,784	31,057
Total reserves excluding pension reserve		54,538	48,156	54,538	48,154
Pension reserve		(33,862)	(36,221)	(33,862)	(36,221)
Total reserves including pension reserve		20,676	11,935	20,676	11,933
Total funds		42,845	34,815	42,845	34,813

The notes on pages 52 to 68 form part of these financial statements.

The financial statements on pages 46 to 68 were approved and authorised for issue by the Board of Governors on 12 November 2013 and signed on its behalf by:
 Professor Peter John, Vice-Chancellor Chris Humphries CBE, Chair of the Board of Governors

● Consolidated Cash Flow Statement

for the year ended 31 July 2013

	Note	2012/13 £000	2011/12 £000
Cash inflow from operating activities	25	11,113	8,312
Returns on investments and servicing of finance	26	(1,034)	(1,325)
Capital expenditure	27	(188)	(2,667)
Cash inflow before financing		9,891	4,320
Financing	28	(688)	(660)
Increase in cash in the period		9,203	3,660
Reconciliation of net cash flow to movement in funds			
Increase in cash in the period	29	9,203	3,660
Change in net debt resulting from cash flows	28	688	660
Movement in funds in period		9,891	4,320
Net funds at 1 August 2012		22,430	18,110
Net funds at 31 July 2013	29	32,321	22,430

The notes on pages 52 to 68 form part of these financial statements.

● Notes to the Financial Statements

for the year ended 31 July 2013

1. Funding Council grants

	Note	2012/13 £000	2011/12 £000
Recurrent grants:			
HEFCE		15,866	24,373
SFA		1,031	734
EFA		710	607
Specific grants:			
Continuing vocational education		–	230
Releases of deferred capital grants:			
Equipment	21	788	986
Buildings	21	471	518
		18,866	27,448

2. Tuition fees and education contracts

	2012/13 £000	2011/12 £000
UK Higher Education students		
Full-time students	20,353	13,698
Part-time students	2,399	2,238
UK Further Education students		
Full-time students	5	2
Part-time students	139	176
EU Students (excl UK students)	3,031	2,748
Non EU students	9,425	8,299
Short courses and examination fees	548	451
Nursing and midwifery education contracts	13,294	15,366
	49,194	42,978

3. Research grants and contracts

	2012/13 £000	2011/12 £000
Other grants and contracts	1,034	456

4. Other operating income

	Note	2012/13 £000	2011/12 £000
Residences, catering and conferences		603	551
Other income-generating activities		4,824	3,203
Deferred capital grants release	21	195	254
Other income		1,920	1,177
		7,542	5,185

5. Endowment and investment income

	Note	2012/13 £000	2011/12 £000
Income from endowment asset investments	22	8	10
Other interest receivable		221	326
		229	336

● Notes to the Financial Statements Continued

for the year ended 31 July 2013

6. Staff costs and exceptional staff costs

	2012/13 £000	2011/12 £000
Salaries and wages	29,995	30,151
Social security costs	2,506	2,531
Pension costs	2,655	3,371
Staff costs	35,156	36,053
Severance costs	2,293	1,066
Total severance costs	2,293	1,066
Teaching departments	21,330	22,174
Teaching support services	3,028	3,053
Administration and central services	10,798	10,826
	35,156	36,053
Staff on permanent contracts	31,178	32,879
Staff on short-term and temporary contracts	3,978	3,174
	35,156	36,053
The average number of persons (including senior post-holders) employed by the University during the period, expressed as full-time equivalents, was:	2012/13 Number	2011/12 Number
Teaching departments	469	480
Teaching support services	71	71
Administration and central services	249	230
	789	781
The remuneration of higher paid staff, excluding pension contributions was:		
£100,000-£110,000	1	2
£110,000-£120,000	1	–
£120,000-£130,000	–	1
£140,000-£150,000	1	–
£150,000-£160,000	–	–
£210,000-£220,000	–	1
£220,000-£230,000	1	–
Compensation for loss of office paid to former members of staff earning in excess of £100,000 per annum was:	2012/13 £000	2011/12 £000
Compensation paid to former post holders	14	50
Vice-Chancellor's emoluments		
Salary*	222	210
Benefits in kind	3	2
Pension contributions**	30	29

*£9k was paid in relation to accommodation costs incurred for official duties. **Pension contributions are for payments to the Teachers' Pension Scheme

7. Other operating expenses

	2012/13 £000	2011/12 £000
Other premises costs	5,582	5,364
Agency and consultancy	3,445	3,050
Equipment rent and maintenance	1,490	1,546
Consumables	654	671
Books and periodicals	950	797
Franchise payments	1,369	3,593
Advertising	1,939	1,152
Grants to Students' Union	765	354
Travelling and subsistence	842	575
Accommodation	183	168
Equipment not capitalised	597	338
Irrecoverable VAT	38	25
Rents	4,199	3,910
Auditors' remuneration	146	143
External auditors – other remuneration	36	2
Other expenses	5,003	5,114
	27,238	26,802
Included in the above operating expenses:		
External audit fee – University	68	54
External audit fee – Subsidiaries	7	6
Internal audit fee	71	59
Operating lease rentals	174	317

8. Governors' remuneration

A total of £8,371 (£6,522 in 2011/12) was paid in expenses to nine Governors during 2012/13 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.

● Notes to the Financial Statements Continued

for the year ended 31 July 2013

9. Interest payable

	2012/13 £000	2011/12 £000
On bank loans, overdrafts and other loans:		
Repayable within five years, by instalments	299	344
On pension scheme assets and liabilities:		
Expected return on pension scheme assets	(3,437)	(3,611)
Interest cost on pension scheme liabilities	4,400	4,928
	1,262	1,661

10. Taxation

	2012/13 £000	2011/12 £000
Current year tax charge	–	–
Surplus on operations before tax	6,401	7,178
Expected tax charge*	1,515	1,816
Effects of:		
Surplus not subject to UK corporation tax	(1,515)	(1,816)

*Calculated at 24 % for August 2012 to March 2013, and 23 % for April 2013 to July 2013. Assumes profits accrue evenly over the year.

11. Surplus on disposal of fixed assets

	2012/13 Total £000	2011/12 Total £000
Sale proceeds	4,594	709
Book value of assets (tangible fixed assets and investment properties)	(5,700)	(592)
Disposal costs	(51)	(35)
(Loss)/surplus on disposal of fixed assets	(1,157)	82
Realised gain transfer from revaluation reserve	1,161	580
Realised gain on disposal	4	662

12. Surplus for the period

	2012/13 £000	2011/12 £000
University's surplus for the period	6,401	7,178
Surplus generated by subsidiary undertakings	–	–

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 2012	5,800	42,151	35,838	1,562	10,773	96,124
Additions	–	–	–	6,615	–	6,615
Completions	–	1,799	1,245	(3,350)	306	–
Disposals	–	(1,165)	(65)	(99)	–	(1,329)
At 31 July 2013	5,800	42,785	37,018	4,728	11,079	101,410
Depreciation/impairment						
At 1 August 2012	–	9,779	31,774	–	2,394	43,947
Disposals	–	–	(65)	–	–	(65)
Charge for year	–	718	2,068	–	566	3,352
At 31 July 2012	–	10,497	33,777	–	2,960	47,234
Net book value as at 31 July 2013	5,800	32,288	3,241	4,728	8,119	54,178
Net book value as at 31 July 2012	5,800	32,372	4,064	1,562	8,379	52,177

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:	Note	2012/13 £000	2011/12 £000
Deferred capital grants released	21	1,454	1,758
Revaluation reserve release	23	199	199
General income		1,699	1,760
		3,352	3,717

● Notes to the Financial Statements Continued

for the year ended 31 July 2013

14. Investment properties (Consolidated and University)

The historical cost of investment properties is:	2012/13 £000	2011/12 £000
Cost	24,675	33,612
Accumulated depreciation based on historical cost	(16,631)	(22,193)
Historical cost net book value	8,044	11,419
Market value	8,500	13,036
Revaluation Reserve	456	1,617

The group's investment properties were valued by Vail Williams Chartered Surveyors at open market value, on 27th June 2013. The valuations were undertaken in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual. The value of the properties has not changed from the 2011/12 valuation.

In September 2012 the University disposed of an investment property at Crescent Road, Reading.

Movement in market value during the year was:	£000
At 1 August 2012	13,036
Disposals	(4,536)
Market value as at 31 July 2013	8,500

15. Investments (Consolidated and University)

	2012/13 £000	2011/12 £000
At 1 August 2012	89	167
Revaluation	16	(78)
At 31 July 2013	105	89

Listed investments include 28,240 Homeserve plc shares which have a market value of £74,892.

The University owns 31,038 £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 the 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)

	2012/13 £000	2011/12 £000
Balance at 1 August 2012	752	608
Movement in cash balances held	421	144
Balance at 31 July 2013	1,173	752
Represented by		
Bank balances	1,173	752
Total endowment assets	1,173	752

17. Debtors

	Consolidated		University	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Trade debtors	1,362	1,718	1,279	1,656
Amounts owed by consolidated undertakings	–	–	198	147
Other debtors	271	446	270	445
Prepayments	1,704	1,293	1,704	1,293
	3,337	3,457	3,451	3,541

18. Creditors: amounts falling due within one year

	Consolidated		University	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Unsecured loans	721	688	721	688
Trade creditors	2,223	892	2,223	892
Social security and other taxation	1,380	1,210	1,380	1,210
Accruals and deferred income	18,268	18,166	18,241	18,148
	22,592	20,956	22,565	20,938

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

	Consolidated		University	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Unsecured loans	4,343	5,063	4,343	5,063
	4,343	5,063	4,343	5,063

The unsecured loan is repayable by instalments falling due between 12 August 2013 and 12 August 2019 and interest is charged at 5.64 %.

● Notes to the Financial Statements Continued

for the year ended 31 July 2013

20. Borrowings (Consolidated and University)

	Note	2012/13 £000	2011/12 £000
Repayments fall due within the following bands			
Within 1 year	18	721	688
Within 1-2 years	19	753	721
Within 2-5 years	19	2,464	2,359
After more than 5 years	19	1,126	1,984
		5,064	5,752

21. Deferred capital grants (Consolidated and University)

	HEFCE funded equipment £000	HEFCE funded buildings £000	Other grants £000	Total £000
At 1 August 2012	2,135	18,070	1,923	22,128
Cash received	74	248	–	322
Released to Income and Expenditure	(788)	(471)	(195)	(1,454)
At 31 July 2013	1,421	17,847	1,728	20,996

22. Endowments (Consolidated and University)

	Note	Restricted expendable £000	Restricted permanent £000	Total £000
Balances brought forward:				
Capital value		582	167	749
Accumulated income		–	3	3
At 1 August 2012		582	170	752
Additions		415	–	415
Income for the year	5	8	–	8
Expenditure for the year		(2)	–	(2)
At 31 July 2013		1,003	170	1,173
Represented by:				
Capital value		1,003	167	1,170
Accumulated income		–	3	3
At 31 July 2013		1,003	170	1,173

23. Revaluation reserve (Consolidated and University)

	Note	2012/13 £000	2011/12 £000
At 1 August 2012		17,097	17,000
Contributions to depreciation released in the year	13	(199)	(199)
Share market revaluation		16	(78)
Investment properties - disposal		(1,161)	(580)
Investment properties - revaluation		–	954
At 31 July 2013		15,754	17,097

24. Movement on general reserves

	Consolidated		University	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Surplus after depreciation of assets and after tax	6,401	7,178	6,401	7,178
Release from revaluation reserve	199	199	199	199
Historical cost surplus after tax	6,600	7,377	6,600	7,377
Pension recognised gain/(loss)	2,324	(6,662)	2,325	(6,662)
Transfer (to)/ from pension reserve	(2,360)	7,188	(2,361)	7,188
Transfer from revaluation reserve	1,161	580	1,161	580
Balance brought forward	31,059	22,576	31,059	22,573
Balance carried forward	38,784	31,059	38,784	31,056

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

	Note	2012/13 £000	2011/12 £000
Surplus on continuing operations after depreciation but before tax		6,407	7,186
Depreciation and amortisation	13	3,352	3,717
Loss/(profit) on sale of freehold property	11	1,157	(82)
Deferred capital grants released to income	21	(1,454)	(1,758)
Investment income	5	(229)	(336)
Interest payable	9	1,262	1,661
Decrease in stocks		(24)	–
Decrease in debtors		120	1,600
Increase /(decrease) in creditors		522	(4,201)
Increase in provisions		–	525
Net cash inflow from operating activities		11,113	8,312

● Notes to the Financial Statements Continued

for the year ended 31 July 2013

26. Returns on investments and servicing of finance

	Note	2012/13 £000	2011/12 £000
Income from endowments	5	8	10
Other interest received	5	221	326
Interest paid	9	(1,262)	(1,661)
Net cash outflow from returns on investments and servicing of finance		(1,034)	(1,325)

27. Capital expenditure

	Note	2012/13 £000	2011/12 £000
Tangible assets acquired (other than leased equipment)		(5,518)	(3,594)
Total investments, fixed and endowment asset investments acquired		(5,518)	(3,594)
Sale of tangible fixed assets	11	4,594	709
Deferred capital grants received	21	321	82
Endowments received	22	415	136
Net cash outflow from capital expenditure		(188)	(2,667)

28. Financing

	2012/13 £000	2011/12 £000
Repayments of debt	(688)	(660)
Net cash outflow from financing	(688)	(660)

29. Analysis of changes in net funds

	Note	At 1 August 2012 £000	Non-cash movements £000	Cashflows £000	At 31 July 2013 £000
Cash at bank and in hand					
Endowment assets	16	752	–	421	1,173
Other		27,429	–	8,782	36,211
		28,181	–	9,203	37,384
Debt due within one year	18	(688)	(721)	688	(721)
Debt due after one year	19	(5,063)	721	–	(4,342)
		22,430	–	9,891	32,321

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 £4,183,000 (2011/2012: £4,807,000).

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 £1,756,473 (2011/2012: £1,854,263).

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 £139,296 (2011/2012: £100,880).

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 2013 by a qualified independent actuary. The results of this valuation are included in the figures in this note.

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 2013 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:	2012/13 £000	2011/12 £000
Present value of funded obligations	97,153	90,722
Fair value of plan assets	(71,528)	(62,399)
	25,625	28,323
Present value of unfunded obligations	8,237	7,898
Net liability in Balance Sheet	33,862	36,221

● Notes to the Financial Statements Continued

for the year ended 31 July 2013

Amounts recognised in the Income and Expenditure Account are as follows:	2012/13 £000	2011/12 £000
Current service costs	1,266	1,275
Interest on obligation	4,400	4,928
Expected return on plan assets	(3,437)	(3,611)
Losses on curtailments and settlements	59	260
Total charge to Income and Expenditure	2,288	2,852
Actual gain on plan assets	10,084	1,547

Amounts recognised in Statement of Total Recognised Gains and Losses (STRGL):	2012/13 £000	2011/12 £000
Actuarial gain on pension scheme assets	6,647	(2,064)
Experience loss arising on the scheme liabilities	(244)	(117)
Changes in financial assumptions underlying the value of the scheme liabilities	(4,079)	(4,481)
Actuarial gain recognised in STRGL	2,324	(6,662)

Changes in the present value of the defined benefit obligation:	2012/13 £000	2011/12 £000
Opening defined benefit obligation	98,620	90,186
Service cost	1,266	1,275
Interest cost	4,400	4,928
Actuarial loss	4,321	4,598
Losses on curtailments	59	260
Employee contributions	688	733
Benefits paid	(3,965)	(3,360)
Closing defined benefit obligation	105,389	98,620

Changes in the fair value of plan assets:	2012/13 £000	2011/12 £000
Opening fair value of plan assets	62,399	61,153
Expected return	3,437	3,611
Actuarial gains	6,647	(2,064)
Contributions by employer	2,322	2,326
Employee contributions	688	733
Benefits paid	(3,965)	(3,360)
Closing fair value of plan assets	71,528	62,399

Projected employer contributions for the next accounting period (excluding TPS and USS)

2013-14	£2,272,000
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Movement in deficit during the year:	2012/13 £000	2011/12 £000
Deficit at beginning of the year	(36,221)	(29,033)
Current service cost	(1,266)	(1,275)
Employer contributions	2,322	2,326
Impact of settlements and curtailments	(59)	(260)
Net return on assets	(962)	(1,317)
Actuarial gains	2,324	(6,662)
Deficit at end of year	(33,862)	(36,221)

The major categories of plan assets as a percentage of total plan assets:	2012/13 %	2011/12 %
Equities	61	56
Gilts	—	—
Other bonds	25	26
Property	3	4
Cash	2	5
Alternative assets	9	9

The principal assumptions at the Balance Sheet date (expressed as weighted averages):	2012/13 %	2011/12 %
Discount rate	4.60	4.50
Expected return on plan assets	6.00	5.63
Future salary increases*	3.40	3.25
Future pension increases	2.40	1.95
Future life expectancy for a male member aged 65	22.3 years	22.2 years
Future life expectancy for a female member aged 65	24.5 years	24.4 years

*Salary increases are assumed to be 1 % per annum for four years, 2 % per annum for a further two years and then 3.4 % (2012: 0.4 % per annum for four years and then 3.25 %) 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.

● Notes to the Financial Statements Continued

for the year ended 31 July 2013

Amounts for the current and previous four periods:	2012/13 £000	2011/12 £000	2010/11 £000	2009/10 £000	2008/09 £000
Defined benefit obligation	(105,389)	(98,620)	(90,186)	(82,516)	(85,499)
Plan assets	71,527	62,399	61,153	54,036	49,833
Deficit	(33,862)	(36,221)	(29,033)	(28,480)	(35,666)
Experience (loss) on plan liabilities	(456)	(117)	(2,478)	(91)	(691)
Experience gain/(loss) on plan assets	6,647	(2,064)	4,261	4,174	(11,392)
Cumulative actuarial gains/(losses) recognised in the STRGL (since 1 August 2008)	(11,966)	(14,079)	(7,417)	(7,715)	(11,175)

31. Capital commitments (Consolidated and University)

	2012/13 £000	2011/12 £000
Commitments contracted	4,414	1,057

The University is planning the redevelopment of the St Mary's Road site (referred to on page 24). The cost is estimated at £35m.

32. Financial commitments (Consolidated and University)

Annual rentals under operating lease commitments are as follows:	2012/13 Property £000	2012/13 Equipment £000	2011/12 Property £000	2011/12 Equipment £000
Expiring in 1–2 years	41	–	–	–
Expiring between 2–5 years	736	234	778	–
Expiring in greater than 5 years	3,303	–	3,127	–
Total commitments	4,080	234	3,905	–

33. Related party transactions

Governors of the University

Dr Alistair Stokes is Chairman of Solent NHS Trust, which provides Community and Mental Health Services in Portsmouth and Southampton. During the year funding was received from the NHS 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 costs of £660 from Liverpool Hope University on an arm's length basis.

Ms Jodie Vickery is 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

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 2013 were as follows:

	2012/13 £000
Balance at 1 August 2012	(11)
Funds received	(260)
Interest earned	(3)
Loans repaid	12
Audit fee	1
Disbursement of funds	273
Balance at 31 July 2013	12

● Notes to the Financial Statements Continued

for the year ended 31 July 2013

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™ is a registered trademark used by the University in connection with the awarding of qualifications.

36. Post balance sheet events

The completion of the sale of Grove House in Ealing took place on 28th October 2013. The sale proceeds received (£4,100,000) were in excess of the book value of the asset.

Advisors

As at 31 July 2013

External Auditors

BDO LLP
2nd Floor
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Internal Auditors

KPMG LLP
Arlington Business Park
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