



St Mary's
University
Twickenham
London

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 JULY 2016

A company limited by guarantee and registered in England and Wales under number 5977277

Registered Office: Waldegrave Road, Strawberry Hill, Twickenham TW1 4SX

Registered Charity Number 1120192

St Mary's University, Twickenham

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Administrative Information: Year ended 31 July 2016

Address

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Telephone

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www.stmarys.ac.uk

Board of Governors

Rt Rev Richard Moth (Chair)
Councillor Tony Arbour
Mr Anthony Bailey
Mr Francis Campbell
Mr Jeffery Cottle
Mr John Dixon (resigned 30 June 2016)
Fr Richard Finn OP
Mr Michael Foster
Mrs Helen Frostick (resigned 30 June 2016)
Dr Maureen Glackin
Mrs Susan Handley-Jones
Mr David Hartnett
Mrs Maureen John (resigned 31 March 2016)
Mr Alexander Lavall (appointed 1 August 2015)
Mr Stuart Kemp
Dr David Livesey (resigned 30 June 2016)
Miss June Mulroy
Mr Peter Pledger (resigned 26 November 2015)
Mr Peter Thomas (resigned 30 June 2016)
Mr Simon Uttley (resigned 31 July 2016)
Mr Jonathan Walsh
Dr Tim Walsh (resigned 26 November 2015)

Senior officers

Chancellor	Cardinal Vincent Nichols
Vice-Chancellor	Mr Francis Campbell
Pro Vice-Chancellor (Academic Strategy)	Dr Claire Taylor (resigned 31 July 2016)
Pro Vice-Chancellor (Academic Strategy)	Professor John Charmley (appointed 1 September 2016)
Pro Vice-Chancellor (Research and Enterprise)	Rt Hon Ruth Kelly
Pro Vice-Chancellor (Global Engagement)	Professor Anne Moran
Chief Operating Officer	Mr Terry Noys (resigned 21 October 2016)
Interim Chief Operating Officer	Mr John Unsworth (appointed 21 October 2016)
Senior Director of People	Mrs Jo Blunden
Senior Director of Global Engagement	Mr Mark Sudbury (appointed 26 September 2016)
Clerk to the Board of Governors	Mr Graham Fice

Administrative Information (continued): Year ended 31 July 2016

Bankers

HSBC Bank Plc
69 Pall Mall
London
SW1 5EY

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Santander UK plc
2 Triton Square
Regent's Place
London
NW1 3AN

External auditors

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

Internal auditors

RSM UK LLP
Third Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

Lawyers

Mills & Reeve LLP
1 St James Court
Norwich
NR3 1RU

Vice-Chancellor's Foreword: Year ended 31 July 2016

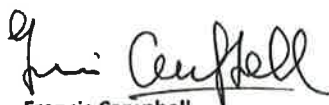
I am pleased to present our annual report for 2015/16.

The 2015/16 year has seen continued financial pressure within the higher education sector with the lifting of the student number cap. St Mary's was able to recruit well in this new competitive environment. International recruitment of students, post BREXIT will inevitably frame some of our future planning, but our unique global network of catholic universities allows us to plan more confidently than many similar sized institutions.

Student numbers continued to grow, with total recruitment for 2015/16 of 5,458. In order to protect our unique sense of community we are working hard to improve our Staff to Student ratio through Academic and Programme Director roles as well as continuing to invest in Professional Services staff. We have reorganised our Senior Leadership Team and within the last 18 months welcomed the Rt Honourable Ruth Kelly (Research and Enterprise), Professor John Charmley (Pro Vice-Chancellor for Academic Strategy) and Mark Sudbury (Senior Director of Global Engagement with responsibility for student recruitment within his portfolio).

We continue to invest in our Estate to deliver a better student experience. This year we have spent more than £2 million on campus improvements. These include a new Reception area for the University, refurbishment of learning spaces across the University and the re-housing of key support functions to Regal House in Twickenham, to ensure more learning spaces are available on campus for students.

The past year has seen much work on the creation of a revitalised Strategic Plan. Through a number of iterations, which were driven by extensive engagement with our staff and students, the University has set a clear course and direction of travel to 2025, and beyond. We are investing in the future of the University in the knowledge that our decisions will set the future trajectory of the University for decades to come.



Francis Campbell
Vice-Chancellor
22 November 2016

Directors' Report: Year ended 31 July 2016

The Governors, as Directors of the University, present the Directors' Report for the year ended 31 July 2016.

Mission Statement, Universities Objectives, Description of Strategies and Business Model

In 2016, as part of the process of review and the updating of St Mary's strategic and business plan, the Board of the University worked with the executive to update the mission statement and the objectives of the University, and to reaffirm the guiding principles of St Mary's.

Mission and Purpose

We are an inclusive Catholic University seeking to develop the whole person and we empower our community to have a positive impact on the world.

Vision

Our vision is rooted in people and place. By 2025, students, staff, alumni and members of our wider circle will actively contribute to St Mary's unique identity. We will be widely known for our quality and our diverse, inclusive and enabling study and research environment. Everyone will be encouraged, empowered and supported to give, learn and belong to the St Mary's learning community.

- **Students:** All our students will be motivated to fulfil their potential, think critically and become global citizens who engage with the world around them. We will enhance our already strong record for our graduates swiftly entering into rewarding careers. They will stay connected to St Mary's through our vibrant alumni network, committed to our values and to lifelong learning.
- **Staff:** Our staff will be passionate about their contribution to St Mary's learning environment and we will support them in developing professionally, growing personally and making an impact.
- **Strawberry Hill:** The centre of our University will continue to be our beautiful campus in Strawberry Hill. By 2025 we will have significantly expanded and improved facilities for students and for learning while maintaining and developing our current community-based environment. We will continue to be engaged, active and responsible citizens of Strawberry Hill, Twickenham, and London.

History and Incorporation Status

St Mary's University, Twickenham ("St Mary's" or "the University") was founded in 1850 by the Catholic Poor Schools Committee to meet the need for teachers to provide an education for the growing numbers of poor Catholic children. Since this time it has diversified its portfolio of programmes but its original mission is still very much in evidence and a third of our students are on either initial teacher training programmes or continuing professional development for serving teachers.

In 2006 the University was incorporated as a company limited by guarantee, company registration number 5977277 and registered as a charity on 23 July 2007, charity registration number 1120192. It commenced trading on 1 August 2007 following the transfer of the net assets and undertakings from the then registered charity, registration number 312935. At this time the legal objects of the University were clarified and these are still informed by its original foundation.

On 23 January 2014 St Mary's gained University title and the Privy Council approved the name of the institution to be "St Mary's University, Twickenham".

Directors' Report (continued): Year ended 31 July 2016

Public Benefit

The University is a registered charity under the terms of the Charities Act 2011. In preparing this statement of public benefit the Governors have had regard to the Charity Commission's guidance on the reporting of public benefit and its supplementary public benefit guidance on the advancement of education. The University meets its public benefit requirements through the teaching of a diverse curriculum and by educating a broad range of students.

Key beneficiaries of the work of St Mary's include:

- Our current and prospective students.
- The local and wider community, particularly through engagement with St Mary's volunteers.
- The wider academic community and public bodies nationally and internationally in respect of research output.
- Society as a whole and the national economy in respect of well-educated, employable graduates.

Governors' Indemnity

The University purchased and maintained throughout the financial year Governors' indemnity insurance which would indemnify Governors if proceedings were to be brought by third parties.

Dividends

The University does not pay dividends; any surplus is retained by the University.

Political Donations

The University has not made any political donations during the year ended 31 July 2016 (2015: nil).

Financial Risk Management

The University's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and cash flow risk. The University has in place a risk management programme that seeks to limit the adverse effects on the financial performance by regular monitoring and management of risks. The Board has responsibility for managing financial risk and its policies are carried out by the University's Chief Operating Officer.

The University does not use derivative financial instruments or other hedging instruments to manage financial risks and hence no hedge accounting is applied.

Price Risk

The majority of the University's revenue is derived from student tuition fees, which were capped at £9,000 per student by the Higher Education Act 2004. The University's domestic tuition fees are charged at the £9,000 cap, which is in line with pricing across much of the University sector. The pricing cap is subject to ongoing changes in the regulatory and political environment, representing a key risk to the University and further addressed in the Strategic Report.

Credit Risk

The University is exposed to credit risk in the collection of student tuition fees. The University closely monitors the collection of student debt, and has rigorous debt collection policies and procedures in place.

Liquidity Risk

The University is financed with the appropriate long term and short term finance to match liquidity requirements. The University's treasury policy is to maintain surplus funds in short term deposits. These can be accessed at any time with an immaterial penalty deduction from interest earned.

Cash Flow Risk

The University collects the majority of cash inflows via several large receipts throughout the year. Cash outflows are constant during the year. As a result the University closely monitors cash flow with short and long term cash flow forecasting, and keeps surplus cash on hand at all times to provide headroom.

Directors' Report (continued): Year ended 31 July 2016

Existence of Overseas Branches

The University employs an International Officer based in the United States ("US"). During 2014/15 the University incorporated a US subsidiary, "St Mary's University London US Foundation"; which is currently non-trading.

Disabled Persons

The University prides itself as being inclusive to all and seeks to continue to develop the diversity of our staff and students. We welcome applications from disabled persons and strive to ensure that the impact of our policies and procedures are assessed to ensure that any protected group is not unfairly disadvantaged. In addition we seek to support those with a disability at all stages of their interactions with St Mary's including application stage, recruitment, training and career development. As a Catholic University our core values reflect our commitment to equality and recognise that equality of opportunity is key to the success of the University. We strive to ensure that all who come into contact with St Mary's, whether as a staff member, student or member of the public, are treated with respect, dignity and receive fair and equal treatment at all times.

Employee Involvement

The University firmly believes that our staff are our most important asset. We continue to develop and strengthen this relationship between St Mary's and its community of staff in order to build on the existing commitment, loyalty and engagement that already exists.

As part of the ongoing engagement with staff and students about the Strategic Plan a series of workshops were undertaken in early 2016 to seek to encourage staff to assist in the development of the St Mary's strategic objectives, revised mission statement and updated values. In addition to the staff workshops there were two strategic leadership days for the top 90 leaders within the University and student feedback sessions. Following approval by the Board of Governors on 30 June 2016, the Strategic Plan was committed to staff in a series of presentations in October 2016. This collaborative and transparent approach underpins the leadership style of the University.

As in previous years we continued the practice of having regular Campus Union meetings between members of the Senior Management Team and the two recognised Unions (UCU & Unison) as well as numerous Vice-Chancellor Reports (i.e. staff meetings). These forums enable the two way communication of information on key matters of concern to staff.

The University also takes into account its public benefit and Catholic ethos and identity when setting its fees and developing its strategy for widening participation, key elements of which form a core of St Mary's Access Agreement, which is approved by the Office for Fair Access and covers, inter alia, the fees St Mary's charges to students, the bursaries the University offers and details of other activities such as outreach (and other) activities focussed on students from lower socio-economic groups. In terms of outreach, St Mary's is committed to an extensive programme of activities that aim to raise aspirations and improve access to higher education for those students from under-represented groups. This includes activities for students on vocational courses, work with mature students, children and young people and initiatives to widen access through our strong reputation for sport.

Disclosure of Information to Auditors

The Governors confirm that so far as they are aware, there is no relevant audit information of which the University's auditors are unaware. They have taken all the steps that they ought to have taken as members of the Board in order to make themselves aware of any relevant audit information and to establish that the University's auditors are aware of that information.

Directors' Report (continued): Year ended 31 July 2016

Identification of Information Excluded from the Directors' Report

The following information has been included in the strategic report or other sections of the financial statements which would otherwise require disclosure in the Directors' Report:

- The review of performance during the year and position at year end, principal risks and uncertainties, analysis of KPIs, and future developments in the business are presented in the Strategic Report, on pages 15-21.
- Activities in Research and Development, disclosed in accompanying commentary on pages 27-28.

Signed on behalf of the Board of Governors



Bishop Richard Moth
22 November 2016

Statement Of Governance and Internal Control: Year ended 31 July 2016

Corporate Governance and Internal Control

The conduct of the University's affairs is governed by the Articles of Association, incorporating the Instrument and Articles of Government, approved by the Privy Council.

The University has adopted the voluntary Higher Education Code of Governance published by the Committee of University Chairs.

Review of governance

The University is committed to implementing best practice in all aspects of corporate governance and during the year work was completed on two major reviews of governance.

The Board of Governors' Task Group, established to review the effectiveness and efficiency of the Board, reported. In addition, the Vice-Chancellor received the report of an experienced external Consultant on governance. While focused primarily on the Academic Board and its committees, the Consultant's review was conducted in close liaison with that of the Task Group. The Consultant endorsed the approach and key recommendations of the Task Group, and all the recommendations were brought together for final approval by the Board of Governors on 14 April 2016.

The Internal Audit review of governance during the year also examined the recommendations and actions being taken, benchmarked against good practice across the higher education sector.

The recommendations included a move towards a smaller, more strategic and engaged Board of Governors to take the new Strategic Plan forward, and a reduction in the number and range of the Board's committees. Implementation of the review of governance will be completed early in 2016/17, with new committee structures, and revised membership, for the Board of Governors and for the Academic Board.

The Board's Nominations and Governance Committee (titled 'Nominations Committee' for the year ending 31 July 2016) will have clear responsibility for the efficiency and effectiveness of governance. The Board will also ensure the efficiency and effectiveness of academic governance, and communication between the Board of Governors and the Academic Board, is kept under review.

Articles of Association

The University's current Articles of Association were approved by the Privy Council in January 2014 on award of University Title. However they had not been subject to any extensive review since Incorporation in 2007.

During the year the Government published its White Paper on higher education which pointed to Government's intention to remove unnecessary statutory requirements on the Higher Education Corporations, followed by the Higher Education and Research Bill which will enact the White Paper.

During the year the University's Articles were subject to extensive review, in part prompted by national moves and in part from the review of governance which had identified the need for greater flexibility in the Articles. New Governing Articles were approved on 25 August 2016 by the Privy Council.

Statement of Governance and Internal Control (continued): Year ended 31 July 2016

The Board of Governors

The Board of Governors is responsible for the University's long term mission, objectives and strategies for providing overall financial and organisational control. Governors endeavour at all times to conduct their business in accordance with the 'Nolan' Principles of Public Life.

The composition of the University's Board of Governors is set out in the Articles of Association. During the year ended 31 July 2016, the Board has consisted of not more than twenty four members being:

- Ex officio: the Chair (nominee of the Archbishop of Westminster), the Director of the Catholic Education Service (or nominee) and the Vice-Chancellor
- Six Governors carrying the nomination of the Catholic Education Service and five Governors carrying the nomination of the Archbishop of Westminster
- A nominee of the London Borough of Richmond on Thames
- Up to four co-opted Governors
- Four staff Governors (one ex-officio) and one Student Governor

Recommendations for appointment to the Board are made by the Nominations Committee (to be the Nominations and Governance Committee from 2016/17). Governors are normally appointed for three years (renewable for up to nine years) while the student Governor (the President of the Students' Union) is appointed for one year.

The Clerk to the Board of Governors and Company Secretary maintains a register of financial and personal interests of the Governors and detailed records are available for inspection through the Clerk.

All Governors are able to take independent professional advice in furtherance of their duties, and have access to the Clerk and Company Secretary who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Board of Governors as a whole.

In the interests of transparency and accountability a number of major documents relating to the governance of the University are published on the University website including: meeting minutes, the Articles of Association, the Board's Standing Orders, detailed information on the process for the appointment of Governors, a Scheme of Delegation, the Terms of Reference and Membership of all the Board's committees and the Board Handbook.

Committees

The Board of Governors conducts its business through a number of committees. The terms of reference for each committee are approved by the Board and subject to annual review. During the year ended 31 July 2016 the Board's committees were as follows:

Audit Committee

The Audit Committee meets four times a year and consists of at least three non-staff Governors and additional members with appropriate experience may be co-opted if appropriate. While senior executives may attend meetings of the Audit Committee, they are not members of it. Both the external and internal auditors have independent access to the Committee, and vice versa.

The Audit Committee is responsible for the consideration of internal and external audit recommendations, together with oversight of management implementation plans. In addition, the Committee reviews the University's annual financial statements together with the accounting policies. The Committee also receives reports on data quality, monitors adherence to the regulatory requirements and considers reports from external bodies as they affect the University's business.

Statement of Governance and Internal Control (continued): Year ended 31 July 2016

Finance and Staffing Committee

The Finance and Staffing Committee consists of up to six Governors (five non-staff Governors and the Vice-Chancellor) and it meets three times a year.

The Finance and Staffing Committee recommends to the Board inter alia the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets. It also recommends policies and procedures in relation to Human Resources matters.

Remuneration Committee

The Remuneration Committee is comprised of up to five Governors. It determines the remuneration of senior staff including that of the Vice-Chancellor.

Nominations Committee

The Nominations Committee comprises the Chair, the Chief Executive of the Catholic Education Service or nominee, the Vice-Chancellor and one other Governor. The Committee considers nominations for vacancies in the Board of Governor's membership under the Articles of Association, and undertakes its duties with reference to the national guidance and good practice.

Other Committees

During the year the following committees supported the work of the Board, in addition to those set out above: Academic Strategy Committee, Chairs' Committee (comprising the Chairs of the Board's committees), Estates and Health and Safety Committee, and Student Experience Committee; all were chaired by a non-staff member of the Board.

Additionally the Honorary Awards Committee, which makes recommendations on the conferral of Honorary Awards of the University, was chaired by the Vice-Chancellor.

Scope of Responsibility

The Board of Governors is ultimately responsible for the University's system of internal control and for reviewing its effectiveness. The Board has delegated to the Vice-Chancellor the day to day responsibility for maintaining a sound system of internal control that supports the policies, aims and objectives of the University whilst safeguarding the public funds and assets, in accordance with the responsibilities set out in the Memorandum of Assurance and Accountability between the University and HEFCE. The Vice-Chancellor is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

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 extent of those risks; and to manage them efficiently, effectively and economically. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Risk and Control Framework

The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the significant risks facing the University and that the process and associated procedures have been in place and operational throughout the year, notably through the regular review and updating of the Risk Register. The Risk Register details strategic and recurrent risks and covers governance, management, quality of service, reputational, operational, compliance as well as financial risks together with the range of mitigating controls in place and the early warning indicators for each risk. The Risk Register is under constant review by senior managers and Governors and the Risk Management process itself is reviewed by internal audit on an annual basis. This process enables the University to ensure that it is able to monitor and manage risks in an ever changing environment.

Statement of Governance and Internal Control (continued): Year ended 31 July 2016

The key elements of the University's system of risk assessment and internal control, which is designed to discharge the responsibilities set out above, include the following:

- Risk assessment procedures which are embedded in ongoing operations across the University as heads of academic and administrative departments regularly contribute to identification and mitigation of risks which are incorporated into the Risk Register;
- Clear definitions of responsibilities of heads of academic and administrative departments in ongoing monitoring of the internal control environment, as well as identification and implementation of improvements;
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- Regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast outturns;
- Clearly defined and formalised requirements for approval and control of expenditure; with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Governors; and
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Board of Governors.

Also, the University has the use of a professional Internal Audit team whose annual programme is approved by the Audit Committee and whose head provides the Board of Governors with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control. An Internal Audit Tender was completed in 2015/16, resulting in the current auditors being re-appointed.

The University's Internal Audit service operates to standards defined in the HEFCE Audit Code of Practice. The internal auditors submit regular reports to the Audit Committee.

Review of effectiveness

The Audit Committee, on behalf of the Board of Governors, has reviewed the effectiveness of the systems of internal control. During 2015/16 the University has:

- Continued to review and embed its risk management policy into the decision-making processes of the University;
- Reported on a regular basis to the Audit Committee;
- Reported to the Board, including providing an annual monitoring return on risk management; and
- Continued the strategy that the Internal Audit service adapts audit planning arrangements, methodology and approach to conform to the latest professional standards.

The Board receives periodic reports from the Audit Committee (including copies of the minutes of the Audit Committee meetings) and arrangements are in place to ensure regular reports from managers on their actions to manage the risks in their areas of responsibility. The Board's review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors, senior staff, and managers and by any comments made by the External Auditors in their management letter or other reports.

Modern Slavery Act: Year ended 31 July 2016

Introduction

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

St Mary's is committed to improving our practices to combat slavery and human trafficking.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the University's modern slavery and human trafficking statement for the financial year ending 31 July 2016, which it is required to isolate in the annual financial statements.

Our policies on modern slavery and human trafficking

St Mary's has a zero tolerance to slavery and human trafficking and is committed to ensuring that there is no modern slavery or human trafficking in any part of our business or supply chains and to raising awareness of these issues across the University, with suppliers, and the wider community.

Due diligence processes for modern slavery and human trafficking

Working Group

As part of our initiative to identify and mitigate risk in this area the University has a dedicated Modern Slavery working group consisting of representatives from Human Resources, Procurement, Legal, Academic Schools, & the Student Union. The working group meet on a regular basis and have responsibility for:

- Establishing roles and responsibilities for this work.
- Receiving information about the Act, including Government and legal guidance and disseminate this to staff.
- Co-ordinating the steps that the University will take to combat modern slavery and human trafficking.
- Arranging relevant training for staff, explaining the University's obligations under the Act, its plans for combatting modern slavery offences and guiding staff on how they can help.
- Record the outcomes of actions taken, wherever possible to establish their effectiveness.
- Prepare anti-slavery and other corresponding policies for publication on the University's website.
- Report to senior management team on the actions taken and their outcomes.
- Arrange for the preparation and publication of the annual statement as soon as reasonably practicable at the end of the financial year end.

Identified Risks and mitigation actions

Supply chains

Our supply chains include;

- Estates/Facilities Supplies & Services
- ICT Equipment & Services
- Building Works/Construction
- Catering Supplies
- Stationary & Office Equipment
- Books & Periodicals

The University supply chain is wide and diverse with many products sourced from overseas, as such it has been identified as an area of risk. The following mitigation is in place or planned.

Strategy

The procurement function is supported by a published Procurement Strategy. The University is committed to this strategy and the sustainability and ethical policies detailed.

Purchasing Consortium membership

The University is a member of the Southern University Purchasing Consortium (SUPC) which in turn is a member of Procurement England Ltd (PEL), the shared vehicle by which English higher education purchasing consortia manage joint development and improvement projects for collaborative procurement in our sector. Together,

Modern Slavery Act (continued): Year ended 31 July 2016

the purchasing consortia have published a shared sustainability policy to which all PEL members consortia are committed.

The University uses the SUPC framework agreements and other purchasing consortiums for its purchasing requirements and plans to continue and expand this use. The procurement team will continue to work with SUPC and others on sustainable & ethical policy and implementation.

Supply Chain analysis

St Mary's plans to complete a detailed supply chain mapping and risk assessment to identify and assess potential risk areas in our supply chains, mitigate the risk of slavery and human trafficking occurring, and to monitor on an ongoing basis potential risk areas in our supply chains. This will include;

- Identifying the location of each business. Including any particular concerns or risks for each location.
- Identifying the name and location of any person who exercises control over each business, as a parent company or otherwise.
- A summary of the goods and services that it supplies
- The modern slavery and human trafficking policy (and / or code of conduct) for each supplier, noting:
 - if the supplier is a member of a national professional or trade association or body
 - if the supplier holds any notional affiliations, such as Investors in People
 - where the supplier provides workers, the steps it takes to verify workers identity and eligibility for work, the contract that is used between supplier and worker, and where workers are recruited from overseas identify where from.
- Taking a reference for each supplier.

We will also seek to extend this mapping / risk assessment to the suppliers of our suppliers.

Awareness

Many people do not realise that slavery and human trafficking is still happening today or that it occurs in the UK. There is also limited knowledge about the products we buy, where these come from, and the relationship of these products to modern slavery & human trafficking.

The Centre for the Study of Modern Slavery at St Mary's University is establishing close working relationships with other academics, representatives from voluntary statutory sectors including the Metropolitan Police and the Home Office to conduct research that will impact on policy and practice and contribute to awareness being raised across the university and in the wider community. In 2015/16 a number of events were held including a presentation from a senior EU expert on current modern slavery & human trafficking issues and a lunch event exposing slavery in the food supply chain in the UK and further afield. This work will be continued in 2016/17 with plans for further events and to widen participation.

St Mary's is also looking to source and introduce a mandatory Modern Slavery and Human Trafficking e-learning module to include in the University's suite of e-learning courses. In addition, the University will look to roll out other training interventions to raise awareness of Modern Slavery and Human Trafficking issues and the University's obligations under the Modern Slavery Act 2015. We will specifically target those staff and students for whom knowledge and compliance with the law is imperative.

Staff

Directly employed (including establishment and non-establishment staff)

The University operates a number of policies and procedures to ensure that we act in an ethical and transparent manner at all times. All our HR policies guide staff members on the expected standards of conduct and behaviour. Of particular note are:

- A robust Recruitment Policy and Procedure, incorporating employment checks such as right to work and disclosure requirements for the relevant roles. The University is an accredited London Living Wage Employer, and all our employment practices are compliant with UK legislation.
- Public Interest Disclosure Policy (Whistleblowing), through which staff can report any concerns about suspected slavery and trafficking.

Modern Slavery Act (continued): Year ended 31 July 2016

Agency and Other

Agency staff, self-employed contractors and consultants are recruited using regulated processes and through established and accredited sources and framework suppliers (e.g. SUPC).

Measuring effectiveness in combating slavery and human trafficking

The University will use the following key performance indicators (KPIs) to measure how effective we have been to ensure that slavery and human trafficking is not taking place in any part of our business or supply chains:

Area	Action	KPI	Accountability	Expected Completion Date
Supply Chains	Review the progress of the supplier mapping work - and of action plan (where required).	2 reviews and reports p/a. Increase in progress at each review with a target of 100% of suppliers with spend > £25k p/a to be assessed by completion date.	Modern Slavery Working Group	2017/2018 existing suppliers Ongoing
Staff and Students' Awareness	Roll out staff training and events	90 % attendance for relevant staff	Organisational Development/ Modern Slavery Working Group	2017
	Roll out representative surveys of staff and students to assess and monitor how well informed these groups are on the issues of Modern Slavery and Human Trafficking, including a plan of follow up actions where necessary.	80% completion rate for 80% of respondents.	Modern Slavery Working Group	2017/2018
Policy and Compliance	Review and amend relevant policies and procedures to reference obligations under Modern Slavery Act 2015	Policies reviewed and approved	Human Resources	2017
	Complete regular review of recruitment / agency data to assess and increase use of Framework suppliers.	2 reviews and reports p/a Establish baseline, then 5% (min) increase per review	Finance	Ongoing

Strategic Report: Year ended 31 July 2016

The Governors present their Strategic Report on the University for the year ended 31 July 2016.

Trends and Factors likely to Affect Future Development, Performance and Position

Higher Education in England has undergone significant change over the past five years with the introduction of a new funding regime. The new funding system has brought about changes in student behaviour as well as changes that institutions have made to adapt to the new system. Change in the sector continues. The removal of the Student Number Controls presented a significant opportunity for St Mary's. However, the removal of the cap along with other factors has intensified competition across the sector. The entrance of private providers to the market has further intensified competition offering lower cost degree provision using new methods of delivery. As we take steps to grow it will be important to ensure that the St Mary's offer is attractive to potential students.

The financial operating environment for Universities is unlikely to become any less constrained in the coming year. The pressure on the public finances is set to continue and further reductions to HEFCE funding are likely. A summary of financial forecasts for the sector indicates that although the current financial position is stable, over the coming years Universities are projecting lower surpluses, a fall in cash levels and a rise in borrowing. This is not a sustainable position for the sector in the long term.

The reductions in HEFCE funding for capital has encouraged the use of cash reserves and additional borrowing for major capital projects. Some Universities have turned to other solutions such as bond issues to raise the funds required for large scale capital projects. HEFCE recently reported that despite an overall increase in capital expenditure across the sector a high proportion of Universities have in fact reduced capital expenditure.

Government policy continues to focus on the measurement and identification of teaching quality and has recently confirmed the introduction of a Teaching Excellence Framework ("TEF"). The framework will include outcome-focused metrics and creates financial and reputational incentives for universities to improve teaching. Performance in the TEF will determine whether an institution is able to increase tuition fees at an inflationary rate from 2017/18. It is not yet clear how the TEF will interact with the existing Quality Assurance ("QA") framework which is itself currently under review. Whatever the final outcomes of the QA review and the TEF consultation it is likely that over the coming years, scrutiny of teaching quality and value for money will continue to be a priority.

The importance of widening access to University for students from non-traditional backgrounds continues to be high on the agenda for Universities and policymakers alike. Although significant success in this area has been made, there continue to be a number of challenges for Universities in securing access for students from disadvantaged backgrounds. St Mary's performs reasonably well on measures of participation but must address some of the challenges identified by HEFCE in order to maximise student opportunity. Increasing emphasis is being placed not just on ensuring that students from disadvantaged groups are able to go to University but also ensuring that these students are able to achieve their full potential. At a sector level there are worse degree outcomes, in terms of attainment and employment prospects, for students from disadvantaged backgrounds, students from ethnic minority groups and disabled students. A more holistic approach to widening access is required and St Mary's has already begun to look at the factors influencing student success in more detail.

Looking to areas of future growth for St Mary's the market for international students continues to be uncertain. After a decade of rapid growth in international students choosing to study in the UK this growth has slowed considerably over the past couple of years. Furthermore, it is likely that the increased compliance burden and information requirements for overseas students will act as a deterrent to potential overseas applicants. Furthermore the implications of the recent EU referendum outcome have yet to be seen, although it is likely that the impact will be a reduction in EU students studying in the UK. The risk associated with this, and any further changes to visa or immigration requirements, will need to be managed alongside growth in international student numbers at St Mary's. St. Mary's however is one of over two thousand Catholic universities and higher education colleges across the world which ensures that it is uniquely placed in London to be able to develop a strong international strategy.

Strategic Report (continued): Year ended 31 July 2016

St Mary's is well placed to respond to the challenges that are presented by the external operating environment but must not be complacent. The new Strategic Plan, "Vision 2025", effective from 2016, will set out a long term vision for the University and it will be important for the University to remain focused on this.

Risk Management and Principal Risks and Uncertainties

The Higher Education sector has undergone a period of unprecedented change and this has brought a number of risk factors which need to be carefully managed. Although some of these risks are common to other institutions, others reflect the particular circumstances of the University. Risk Management is embedded in the operation of the University, directed by the risk appetite defined by the Board of Governors.

The Risk Management Process

The Risk Management Process, based on the HEFCE Good Practice guidance, is overseen by the Audit Committee and includes a Risk Management Policy and a detailed Risk Register. Further information on the Risk Register can be found in the Statement of Internal Control.

Principal Risks & Uncertainties

The leading risks (based on the level of residual risk after mitigating actions and controls) are considered to be changes in government policy and student recruitment.

Following the general election in May 2015, the government signalled a number of policy developments. Most notably an inflationary rise in tuition fees which will be linked to the teaching excellence of a University and an overhaul of the Quality Assessment framework for UK Higher Education. These risks are exacerbated by uncertainty around the rules on student immigration, the outcome of the EU referendum and the direction of teacher training. These issues feed into the larger concern around student recruitment. The removal of the student number control for 2015 heightened the level of competition for students and this shows no sign of dissipating.

The continued pressure on public finances and the consequent reduction in HEFCE funding places further financial constraints on the University. Capital funding to the sector from HEFCE has reduced significantly over the past five years and is expected to continue in this vein for the foreseeable future. Universities across the sector are seeking alternative sources of funding for large capital projects and these bring with them a level of risk. As St Mary's contemplates large scale capital projects as part of the new Strategic Plan it too will need to identify sources of finance.

A number of other risks have emerged as the new Strategic Plan has been finalised and the risk register will undergo a significant revision in the light of these. The way in which the University intends to deal with these emerging risks and the risks outlined above is covered under Future Prospects.

Operating and Financial Review

The Board of Governors of the University presents its audited results, including the results of its subsidiary, for the year ended 31 July 2016. The subsidiary, Strawberry Hill Enterprises Limited, donates any taxable profits to the University. The subsidiary did not have a material effect on the results or net assets of the group for the year ended 31 July 2016. The results are considered satisfactory for the year under review.

FRS102 change in Reporting Standards / Prior year restatement

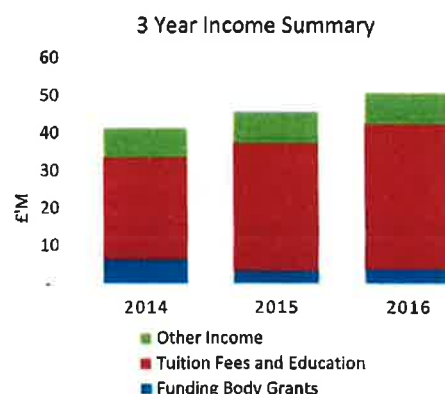
The University adopted the FRS102 Reporting Standard during the year ended 31 July 2016. Prior year numbers have been re-stated accordingly, with the largest impact on Fixed Assets value and depreciation. The revaluation increased assets by £81m resulting in an increased depreciation charge of £1.2m on the revalued assets in 2015/16 (2014/15 £1.2m).

Strategic Report (continued): Year ended 31 July 2016

Income

The University's consolidated surplus for the year reduced from £1.3m to a £0.2m loss on income of £50.9m (2015: £45.8m), a net margin of -0.4% (2015: 2.8%). EBITDA ("Earnings Before Interest, Tax, Depreciation and Amortisation") represented 8% of income (2015: 12%). EBITDA also acts as a proxy measure for cash and ensures that University finances are able to fund long term strategic decisions. The University plans to improve EBITDA, after a conscious decision to frontload investment in Student Outcomes during 2016/17.

The 11.1% growth in income for the year to £50.9m was as a result of the growth in student numbers. Income from funding councils stabilised following a year on year decrease after the switch to tuition fees in 2014/15. Other income is, primarily, related to income for accommodation and catering.

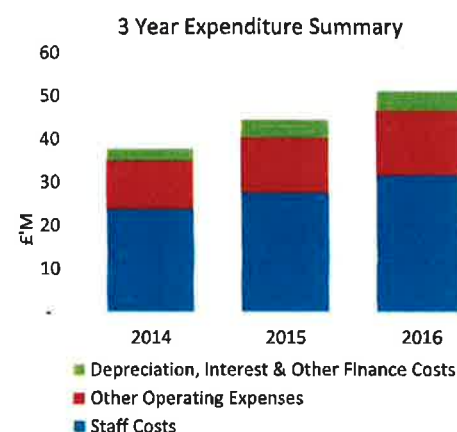


Expenditure

Expenditure in the period before interest increased by 15% from £44.1m to £50.7m. This expenditure reflects the effect FRS102 has had on depreciation and the increased staff costs to support the expansion plans.

Staff costs are £31.8m, some 62% of turnover (2015: £27.7m, 60%), above the sector average. This mainly reflects the fact that Estates, Security and Catering staffing is carried out in-house.

Non-staff costs, as a proportion of turnover at 38%, are lower than the sector average reflecting the categorisation of outsourcing contracts as non-staff costs in other institutions.



Cash flow, financing and balance sheet

During the year the University generated net cash inflow from operating activities of £2.6m (2015: £5.6m) which were utilised to service net interest payments of £0.2m (2015: £0.2m) and invest (net of capital grants received) £2.1m (2015: £3.7m) in capital expenditure, leaving a net cash outflow for the year of £0.2m, (2015 inflow of £0.5m). Capital expenditure included £1.5m to refurbish the Naylor Library centre and to provide additional equipment for the 2015 student intake in areas such as Sports Rehabilitation and Strength and Conditioning.

Total cash and cash equivalents decreased in the year to £11m (2015: £11.2m) with bank debt reducing by £0.6m to £3.4m (2015: £4.0m) and short term deposits increasing by £0.2m to £9.3m. Due to the switch in funding from funding council grants to tuition fees, cash flow is now more variable than in the past, with cash peaking upon receipt of 50% of student fees due via the Student Loan Company in May. This cash peak has to fund operational cash flows thereafter with increments from tuition fee receipts in October and February, as it does for most higher education institutions. The University has a £2m overdraft facility as a safeguard against volatile cash movements.

Strategic Report (continued): Year ended 31 July 2016

Taxation

The majority of the University's activities are not subject to corporation tax. The income generated from the core activities of the University, in relation to teaching and learning are exempt from corporation tax.

Reserves and Investment Policy

The University has been able to add to its strong reserves base with a healthy surplus in 2015/16. Although the result for the year is a positive one, the Board is aware of the economic and sector challenges facing the University and continues to be focused on the need for efficient management of resources and sound investment decision making to ensure continued financial sustainability. The investment of funds is governed by the Treasury Management Policy. The Policy ensures that any surplus funds are deposited in holdings with a range of banks, the credit ratings of which are reviewed from time to time to ensure that the University's investments are secure.

Pensions

There was an actuarial loss on the defined benefit scheme of £4.0m (2015: loss £2.2m) arising from changes in actuarial assumptions. The University is currently making annual payments in order to reduce the deficit.

Going Concern

We have set out in this Strategic Report a review of financial performance and the University's general reserves position. It is our opinion that we have adequate financial resources and are able to manage our business risks. Our planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. We believe that there are no material uncertainties that call into doubt the University's ability to continue in operation. Accordingly, our accounts have been prepared on the basis that St Mary's is a going concern.

Strategic Report (continued): Year ended 31 July 2016

Analysis of Key Performance Indicators

Each year the University develops an Annual Operating Plan. This plan is framed against the four strategic aims of the University. In order to measure performance against the annual operating plan, the University uses a range of key performance indicators ("KPIs"). These KPIs are also used as part of the process by which the University ensures it is institutionally sustainable.

The results for 2014/15 and 2015/16 compared to targets as shown in the table below.

Performance Area	Measure	2014/15 Results	2015/16 Results	Targets
Teaching and learning and the student experience	Proportion of young undergraduate first year students who continue to the second year or completed a one year 'top up' course	88.5%	Data due for publication March 2017	2013/14 – 90% 2014/15 – 90% 2015/16 – 90%
	Overall student satisfaction: National Student Satisfaction survey scores	88%	85%	2013/14 – 88% 2014/15 – 91% 2015/16 – 94%
	Destination of Leavers from Higher Education survey proportion of graduates employed or in further study	95.3%	Data published July 2017	2013/14 – 94.3% 2014/15 – 94.8% 2015/16 – HESA benchmark not yet published
Research outputs	Percentage of staff meeting revised RDAP criteria	Criteria iii: 44% Criteria iv: 43% Criteria v: 72%	Data not yet available	Criteria iii: 45% Criteria iv: 33% Criteria v: 38%
Financial performance	EBITDA as a percentage of total income	12%	8%	10% throughout
Estates management	Space utilisation	Second quartile	Data due for publication May 2017	Top quartile throughout

Figures for retention of first year students in 2016/17 are yet to be published, as registration is still underway. The progression of first year students into year two is a key priority for the University. The Student Engagement, Retention and Success Strategy Group is responsible for monitoring patterns in student retention and for identifying potential interventions which reduce the likelihood of students withdrawing. There has been some improvement in the retention rate with plans for further improvement set out in vision 2025.

In the 2016 National Student Survey St Mary's achieved an overall satisfaction score of 85% (based on a response rate of 79%). This is a 3 percentage point decrease on the 2015 score. Of the eight main categories of questions one saw an improvement (learning resources), two remained unchanged (Academic Support and Assessment & Feedback) and the remaining 5 categories (Teaching on my course, organisation & management, personal development, overall satisfaction and satisfaction with the SU) saw a fall of between 3 and 5 percentage points. Significant efforts to increase participation in the NSS were successful. The response rate improved by 14 percentage points.

The Destination of Leavers from Higher Education ("DLHE") survey benchmark is an external one based on sector data. Latest DLHE figures show that in the year 2014/15 the percentage of university leavers in employment or further study six months after graduation reached 95.3%, in with the previous year and ahead of the benchmark.

Strategic Report (continued): Year ended 31 July 2016

The University is targeting compliance with Research Degree Awarding Powers ("RDAP") criteria:

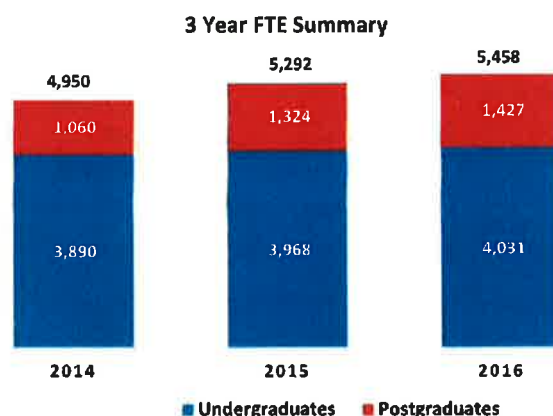
- RDAP Criteria iii: Proportion of full time academic staff who are active and recognised contributors to subject associations, learned societies and relevant professional bodies.
- RDAP Criteria iv: Proportion of full time academic staff who have recent (within the past 3 years) personal experience of research activity in other UK or international university institutions.
- RDAP Criteria v: Proportion of full time academic staff who are engaged in research or other forms of advanced scholarship and can demonstrate achievements that are recognised by the wider academic community to be of national or of international standing.

EBITDA is below last year, reflecting investment in strategic initiatives, and also below the Board required minimum of 10%. In an environment where there is increasing and upward pressures on costs but where fee levels, for the most significant element of the University's income, are fixed, the University is expecting EBITDA to decline further over the next year, before improving.

In terms of space utilisation, each year the University makes an Estates Management Statistics submission. The University compares its performance to the other 18 members of the Association of Managers in Higher Education ("AMHEC"). Currently at 26%, the University performs above the AMHEC median of 24% but below the internally set target of 28%. With an increased focus on this area, higher investment in relevant technology and closer working links between Estates and Registry combined with an emerging centralised timetabling project, movement closer to the University's targeted top quartile is anticipated.

Student Numbers

Total full time equivalent (FTE) undergraduate and postgraduate student numbers for the year.



Future Developments

St Mary's has four academic schools the largest two of which (in terms of income and student numbers) are Education, Theology and Leadership ("ETL") and Sport, Health and Applied Sciences ("SHAS").

For 2015/16 recruitment, the University continued its policy of 'recruiting to strength' and has successfully increased its student numbers in both of these areas, where it has a market leading reputation. Courses in other areas of the University have also proved successful, most notably in Arts & Humanities and Management and Social Science. This policy, of recruiting to strength, will be continued for 2016/17 recruitment.

Given the removal of the student number control, the University considers it imperative that efforts to recruit future cohorts are more strenuous than has been needed in the past. Accordingly, the marketing recruitment budget has been increased considerably.

Strategic Report (continued): Year ended 31 July 2016

Currently, St Mary's generates approximately 4% of its total revenues from international students. This compares with a sector average of 13%. Whilst accepting that this is a highly competitive area of the market, St Mary's aims to significantly increase the proportion of its income from international students. As part of the global network of two thousand Catholic universities and higher education colleges in the world, St. Mary's is in excellent position to develop its international profile.

The University also intends to obtain research degree awarding powers, to add to its taught degree awarding powers. With this in mind, significant effort was put into the 2014 Research Excellence Framework which resulted in an improved performance. The impact of this improvement on research funding to the University will become clearer over the coming year. There have been other noteworthy activities in this area such as the creation of three new research centres.

Finally, additional investment will continue to be undertaken to ensure that IT, library and estates resources are all fit for purpose in an increasingly competitive environment. All of the above is supported by a healthy financial position.

Value for Money

St Mary's University has invested in myriad activities that seek to improve its Value for Money ("VFM") impact. St Mary's is looking more holistically at range of activities that, though not badged as such, seek to improve VFM impact.

These projects are generally technology-led and seek to automate or integrate data, reducing data entry across systems, and thus use staff time more efficiently.

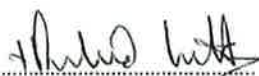
Timetabling and a new integrated Human Resources database are examples of projects currently being undertaken.

A procurement manager has been in place since the start of the previous financial year. The remit of this role is to improve existing / put in place new infrastructure to enable more efficient and VfM in the buying of goods and services.

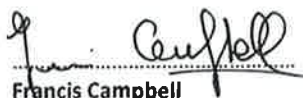
St Mary's recently undertook a follow up Procurement Maturity Assessment (a measure of how embedded good procurement practice is in the institution) and was assessed overall as Tactical. There was an improvement of 17% on the 2012/2013 assessment of Developing and St Mary's is now above the sector average for an institution of its size.

Since the procurement function has been in place it has provided support for a number of major procurements and this continues in the current year. Increasingly a formal procurement culture is being embedded which seek to consolidate, manage and drive best value from our supply chain.

Signed on behalf of the Board of Governors:



Bishop Richard Moth
Governor (Chairman)
22 November 2016



Francis Campbell
Governor (Vice-Chancellor)
22 November 2016

Year in Review: Year ended 31 July 2016

Student Recruitment Activities

During the 2015/16 year the Marketing Department ran the successful 'Be part of it' campaign seeing record numbers of visitors booking on to open events. The campaign commenced with the launch of the prospectus in February 2015 and will end with the last of our post-application visit days in April.

We recorded a high level of engagement with our e-communications and found the introduction of an open day app a great improvement to the on-campus experience.

Additional sub-campaigns were developed and launched; namely celebrating 165 years and the 12 days of Christmas – both campaigns had a high level of online engagement and the 165 years video was widely used to promote events including the January parliamentary reception.

In February 2016 we launched the 2017/18 campaign 'The place to be' with a short snappy video using 'tilt shift' photography and stop-motion videography, this has been very well received especially on Facebook with over 21,000 'engagements' so far. The campaign will get a new boost in May with the launch of one overarching video, supported by a number of sub-videos focusing on themes from spirituality through to sport. The initial success of this campaign will be measured by booking and attendance for the first of our open days in June.

The website project is now underway following a full tender process. Work on this project will form the main focus of work within Marketing over the coming months as the site is built, designed and populated with content. The site is due to launch in spring 2017, and will be fully integrated with an upgraded Customer Relationship Management (CRM) system.

Student Access and Success

2015/16 has been a transitional year within the Widening Participation (WP) team, with a focus on building internal and external partnerships to improve longer term planning for an enriched programme for 2016/17.

During 2015/16 stronger partnerships have been built with the London Borough of Hounslow as well as with additional local schools in surrounding boroughs. Subsequently a target list of 58 schools and colleges has been created built from feeder school data and including schools and colleges within surrounding boroughs in West and South London and Surrey within the M25. These schools and colleges have a high intake of typically WP students including those who are BAME or with additional needs or who have high levels of deprivation.

This year has also seen analysis of the staffing structure for both WP and wider recruitment. This has led to the creation of two new roles; a dedicated Pre-16 Officer and a Student Ambassador Coordinator.

We have successfully completed the first phase of the AccessHE Online project in partnership with AccessHE and Law – this has led to the development of an online mini 'Mooc' for Law. This will be specifically targeted and rolled out to two partner schools in October 2016 and will then be sent out across all London and South East Schools within the partnership for students to gain a better understanding of studying Law.

Year in Review (continued): Year ended 31 July 2016

Sporting Success

2015 provided an opportunity for the University to play a significant role in the Rugby World Cup. St Mary's was selected to be an official Team Base and to be included in the Trophy Tour that saw the Webb-Ellis Cup arriving at the University one week before the tournament started. South Africa, Australia and New Zealand, the eventual winners of the Rugby World Cup, all chose to base themselves out of St Mary's world-class facilities.

The University's Endurance Performance & Coaching Centre has developed an international reputation and for the second Olympics running. St Mary's provided the majority of Team GB's endurance runners at the Rio Olympics. Competing across five different sports, Team St Mary's delivered three Gold Medals, two Silver Medals and a Bronze, ranking the University 25th most successful 'nation.' Spectacular highlights included Mo Farah retaining his 5,000m and 10,000m titles, his eighth and ninth global medals, and Moe Sbihi competing in the historic GB men's rowing four and adding Gold to the Silver he won in London.

As well as winning Olympic medals, every week St Mary's students coach over 1,000 young people as part of the SIMMSport programme, and the recreational SIMMSActive activities developed 25 student Activators and saw nearly 5,000 attendances at the sessions. The success of SIMMSActive was also recognised in its nomination for a European Network of Academic Sports Services award. The European theme was extended when 50 students travelled to the French National Centre for Altitude Training and a training camp that included a Q&A session with marathon world record holder Paula Radcliffe.

St. Mary's has implemented an ambitious new student sport strategy 'More Than A Game' that will see more students playing sport, healthier students, St Mary's competing at the highest level and our students better prepared for their lives ahead and able to make a full contribution to their communities.

Business and Enterprise Development

2015/16 was a significant year for the enterprise, development and alumni teams, with the installation of a Pro Vice-Chancellor for Research and Enterprise to develop a new enterprise strategy for the University.

The enterprise team seeks to support Schools and Services across the University to develop relationships with external agencies, be this business and employer engagement, charities, or local or national government. We are preparing for an expansion of staff in enterprise and development. As part of the restructure of the Schools, Deputy Heads of Schools have been introduced with specific responsibilities for enterprise and innovation within each School. Working as a team, the Deputy Heads of School will enable linked up thinking around enterprise and innovation, developing ambitious income targets for their schools. An additional academic recruitment and career track has been developed and introduced to acknowledge, support and reward excellence in enterprise and innovation, in addition to teaching, scholarship and research.

As part of St Mary's drive to increase our impact and public engagement, the University has hosted and been part of a number of high profile events, both nationally and internationally. We co-hosted and had keynote speakers throughout the series of public lectures with Cambridge University's Von Hügel Institute, 'Ethical Standards in Public Life', and the Churchill Media series of public lectures. Key note speakers included visiting professors Paul Vallely and Field Marshall Lord Guthrie, as well as our Vice Chancellor Francis Campbell. In 2016/17 we seek to develop this portfolio of public engagement lectures, working closely with colleagues in academic Schools, Events and the Director of Research and Public Engagement.

St Mary's is continually developing partnerships with national and international HEIs, to further our knowledge exchange activities. In September 2015 St Mary's sponsored the ground breaking international conference of the 'International Parliamentary Panel on Freedom of Religion or Belief', alongside international NGOs and academic institutions. The conference was held on the fringes of the UN assembly in New York with over 100 international parliamentarians in attendance. A delegation of academics from St Mary's was in attendance and Francis Campbell spoke at the UK Mission to the UN. We continue to take an active role in Guild HE and the Innovation, Enterprise and Knowledge Exchange Network. Guild HE will be hosting their annual AGM at St Mary's in November 2016.

Year in Review (continued): Year ended 31 July 2016

We received HEIF (Higher Education Innovation Fund) for the first time in four years. HEIF is the government's dedicated funding stream for innovation and knowledge exchange and the receipt of £250,000 boosted our activities. The Schools of MSS and SHAS were nominated by the University as vanguard schools and given access to £30,000 to support their work in knowledge exchange and innovation. Partnering with catholic charity Million Minutes, we nationalised the 'Celebrating Young People Awards', culminating in an awards ceremony at the Barbican Centre in central London.

The boost from HEIF funding has enabled us to develop relationships and partnerships across a range of sectors – public, civic, financial, and private – ultimately enabling us to increase our educational offer to students, in addition to diversifying our income. We have built on our relationship with local businesses and are the headline sponsor of the 2016 Richmond Business Awards. 2015/16 saw us enter into a formal partnership with the John Paul II Foundation for Sport and with the US based charity, First Star.

Our Short Courses offer is growing from strength to strength, increasing our Short Courses income by £70,000 to £326,000. Our Short Course offering has diversified, with a varied range of courses from languages to sports to nutrition. We secured a new accreditation with ActiveIQ, the leading awarding body in the Active Leisure Sector and have added a new Royal Society for Public Health courses to our portfolio.

2016/17 is set to be an exciting year for enterprise and development, with new staff starting and the energy this brings. We are seeking to develop a culture of enterprise throughout the university, where opportunities are taken up wherever possible.

Equality and Diversity

The promotion of equality and diversity remains an important part of St Mary's Mission and the University aims to continue its long tradition of widening access to education to all, while also fostering respect in society as a whole.

Over the last year there have been changes within both the HR and Student Services team to ensure that the University's focus on inclusion supports our objective of creating an inclusive culture which promotes equality and celebrates difference. Both departments (alongside other departments) are now working jointly on projects that affect both staff and students to ensure a holistic approach. Key managers in these departments are currently leading the work on renewing our Equality Objectives and will be instrumental in creating and delivering against the related action plan. An example of the work undertaken in 2015/16 is the establishment of the No Ordinary Society which is an inclusive regular social group for any students who may have difficulty communicating with other. In addition in 2016 the University became a member of the Equality Challenge Unit.

The Student Experience and Student Satisfaction

In 2015/16 St Mary's achieved a result of 85% overall satisfaction within the National Student Survey ("NSS"). This was one percentage point below the national average for UK higher education institutions (86%) and represented a 3 percentage point decline in relation to the previous year. The result is below the target of 91%, and in 2016/17, the University will strive to make improvements that will benefit students, with a particular emphasis on working even more closely with the Students' Union and on further developing the quality of student learning opportunities. In addition the University will look at continuing to identify, and respond to, specific issues related to assessment and feedback. Significant efforts to increase participation in the NSS were successful. The response rate improved by 14 percentage points.

Teaching and Learning: School of Education, Theology and Leadership

Highlights of the 2015/16 financial year saw the School consolidate its position as a national leader in Initial Teacher Training (ITT), develop its international work, most notably through its contribution to the Vatican Congress on Education, and launch the Benedict XVI Centre for Religion and Politics.

The 'Good ITT guide' saw us ranked as the best HEI in London and 8th for post-graduate and 6th for undergraduate provision nationally. For the quality of our provision St Mary's was the only HEI in the country to score over 700 with learning gain scoring particularly high at 635.55. If we strip out 'Entry requirements, where we score poorly due to our lower grade average on entry to our undergraduate route and non UK degree entry at post-graduate level, we are comfortably the leading provider in the country.

Year in Review (continued): Year ended 31 July 2016

We continued to be in a state of readiness for a potential Ofsted stage one visit in the summer term, however we were not inspected and therefore continue to maintain readiness for a potential 16/17 inspection.

Our fifty page Self Evaluation Document is regularly updated to include current data and analysis and response to changes in policy and ITT Criteria requirements. This document is hyperlinked to multiple sources of evidence to support the evaluation process.

Further to the successful Ofsted-readiness consultancy and media training undertaken by tutors last academic year, tutors engaged in an additional session of media training and an Ofsted consultancy visit, in the form of a mock inspection carried out by an Ofsted HMI. Feedback from the mock inspection confirmed that evidence from our paperwork and data analysis evinced that our practice remains outstanding. We are now in the position where the documentation, systems and procedures in place, as long as they are maintained on a regular basis, will ensure ongoing Ofsted readiness.

Research, enterprise and the Centres within the School continue to flourish within their distinctive identities with a growing volume of research and scholarly activity emanating from the Physical Education and Sport and Education programmes. Theology remains a research strength. Highlights include the launch of the Benedict XVI Centre which has a range of research projects commissioned by bodies including the Bishops' Conference, Portsmouth Diocese and the acting Centre Director's successful bid as part of a cross-institutional research grant from the Templeton Trust. The Centre for the Social Scientific Study of the Bible (CSSSB) had two successful conferences on Poverty and Memory with proceedings from both under contract with publishers and has also seen its first PhD students successfully complete. The Centre Director has brokered agreements with reputationally significant partners in the US including Boston College, Bellarmine and Baylor Universities as well as Loyola College, Chicago and these are expected to result in research collaborations and faculty exchange in the coming year. Visiting Professorships within ETL facilitate the link between the work of the university and the public square. Visiting Professors Baroness Sayeeda Warsi and Professor Ian Linden are associated with the Benedict XVI Centre and its interface between religion, politics and society. The InspiRE Centre foregrounds the contributions of Dr Kevin Alban and Professor Dan Cohn-Sherbrook in an interfaith dialogue of spirituality and reconciliation. Within educational disciplines Professor Len Almond's pedagogical philosophy, 'Teaching Games for Understanding' and Professor Gerald Grace's influential work in the Centre for Research and Development in Catholic Education allow for an enrichment of the educational portfolio which is further complemented by Lord Charles Guthrie's imminent work in leadership.

Perhaps the most significant curriculum development has been the validation and launch of the FdA Football Education in collaboration with Chelsea Football Club. This exciting degree, the first of its kind, is recruiting strongly for its first year and is set to provide a model for further educational/vocational sport programmes within the School.

Teaching and Learning: School of Sport, Health and Applied Science

This has been a positive year for the School, building on and consolidating the success and growth from recent years. A strategic decision to incorporate Sport St Mary's within the School was taken at the start of the year, and this has resulted in a more coordinated approach to the provision of teaching spaces and sports facilities for our students.

Our staff continued to combine excellence in teaching with high quality research, and we secured external funding for research from organisations such as the National Physics Laboratory (NPL), the NHS, and the Royal Ballet. The partnership with the Royal Ballet resulted from a successful tendering process for the delivery of sports science and strength and conditioning support to elite ballet dancers based at the Royal Ballet's headquarters in Covent Garden, and we were delighted to succeed with this bid against strong opposition from other universities and private companies.

Our staff have taken an increasingly prominent role in the media, and are regularly asked to comment on their research and to give opinions on topical areas and issues related to their work and expertise. Analytical data from our website and specific web pages shows that this type of activity promotes the university and its credibility, resulting in an increase in "hits" on our website and raising the profile of both SHAS and St Mary's.

Year in Review (continued): Year ended 31 July 2016

2016 marked the graduation of our first cohort of Applied Physics students, and we await their graduate employment destination information with interest, since evidence suggests that physics students have a high level of employability.

Looking ahead to 2016/17, we are excited about the launch of our new MRes (research Masters) degree, which will enable students to gain a Master's qualification predominantly as a result of a research project rather than through taught classroom-based activities. If successful, we see potential for extending this degree to other university schools.

We continue to move towards increasing the amount of on-line marking that we offer, and will be working with colleagues to introduce this to other programmes and Schools. We now have a new team of Programme and Academic Directors in place, and a new Deputy Head of School, giving us the capacity, drive and expertise to continue to move the School forward.

We will be using our Visiting Professors to support and promote programmes where appropriate. For example Prof Sir Clive Woodward and Sports Science.

We were delighted and proud that one of our final year students, Josh Buatsi, won a bronze medal in the 2016 Rio Olympic Games.

Teaching and Learning: School of Art and Humanities

2015/2016 has seen a complete reshaping of the School of Arts and Humanities with a new management structure being introduced to prepare the School for future challenges. In July 2016 Professor Karen Sanders became the second Head of Arts and Humanities following the resignation of Professor Lance Pettitt the previous December.

The new structure consolidates the four Academic Director roles, each of whom traditionally had overview of a suite of programmes, into three – including two lateral roles responsible for Teaching, Learning, Quality Enhancement and research. External appointments have been made for these two lateral roles.

Drama, as an area of strategic importance for the University has maintained an Academic Director to focus its curriculum and enterprise activities.

A Deputy Head of School has also been appointed to oversee International Engagement and Enterprise across the School.

The ambition of the School is that by the time it comes to review these roles in 2019 each programme director will have developed and validated a curriculum that can attract and support at least 100 – 120 students across levels 4,5,6 and 7.

The year has seen some positive improvements to subject specific space. The TV studio has for the first time in its three year history reached capacity usage and the School has successfully lobbied for the conversion of two classrooms into Drama studios to enable this subject area to maintain its current expansion.

Enhancement activities for students include field trips to Santiago, Toronto, Paris and Venice. The Philosophy team have continued to host the Royal Institute of Philosophy lectures for students across the School. Media Arts students had their work showcased at the Bfi and Drama students ran their final professional showcase for agents and producers at the Soho Theatre.

The new two year BA Technical Theatre ran for the first time this year.

There will be a focus in the new academic year on further curriculum development with a new suite of programmes being developed for launch in 2017. The Deputy Head of School will lead a School based task group to revamp the post-graduate provision looking at creating a range of programmes with a common core that can lead to a range of differently awarded degrees. This provision will take account of key strategic international markets whilst building on areas of current academic expertise.

Year in Review (continued): Year ended 31 July 2016

In addition, we hope to complete the validation of the MSc International Migration Human Rights and Human Trafficking which would interplay with the work of the new Centre of the Study of Modern Slavery and bring on board a BA in English and Drama which would provide a cultural and critical counterpoint to the evolving 'actor focused' Drama programmes.

Following on from the HEA sponsored 'What Works?' pre-induction project pioneered by the Drama programmes the School will introduce a standardised approach to looking after students – extending the idea of induction from a single week to a broad eighteen month period starting at application and going through until second semester. The School will work closely with the learning advisors to ensure that students at risk of academic failure are identified and supported early. This process will begin with a careful scrutiny of entry grades.

The School will continue to support its staff to submit HEA Fellowship and Senior Fellowship applications.

Teaching and Learning: School of Management and Social Sciences

The School of Management and Social Sciences continued to pursue the development and improvement in its teaching, learning and assessment practices which evidenced itself in 2015 in 92% 'overall satisfaction' and 93% in 'teaching on my course' in the recent National Student Survey.

Colleagues within the School have been applying for the Fellowship and Senior Fellowship of the Higher Education Academy and currently over 70% of academic staff within the School are Fellows.

The strategic planning for curriculum development began this year and will see a significant expansion of programmes within the School and greater collaboration between Schools. In September 2016 we will launch BA in Sports Management and a LLB in Law with Criminology. In 2017 we will launch the MSc in International Business Management along with a series of undergraduate degrees.

The school remained committed to developing key employability skills for its graduates. For example, this year law colleagues set up a Commercial Awareness Discussion Group to support students develop commercial awareness which is much sought after by law firms and considerably enhances student employability. Two students on the law programme reached the final of the Aspiring Solicitors, Commercial Awareness Competition. In addition we became HE Partners with the Chartered Management Institute and our Business Management and future Sports Management students will graduate with dual awards. In this current year the Business Management programme launched and successfully ran its Business Start-Up module. Students benefited immensely from the involvement of Virgin Start-Up.

Technology enhanced learning and teaching continues to be a focus of effort within the School. In addition to the expanding use of electronic feedback and the use of electronic voting systems, the Geography programme is piloting the use of virtual reality headsets.

This year we appointed and were fortunate to work with excellent visiting colleagues including Professors Cherie Blair, Vince Cable, Mark Hoban, Adrian Pabst, Stephen Copp, David Paton and visiting fellows including Fr. Christopher Jamison.

Quality of Academic Programmes

All academic programmes at St Mary's are subject to a significant level of scrutiny in order to ensure that the academic offering is compliant with the requirements and expectations of the Quality Assurance Agency ("QAA"). This scrutiny is known as Programme Validation (and then subsequently Revalidation on a periodic basis) and comprises both School and University-level approvals. All external examiners provide annual reports about the programmes they examine and the key points from these reports are both collated and addressed. Suggested actions for both improvement and for capturing existing good practice are noted and cascaded both locally and more widely within the institution.

Year in Review (continued): Year ended 31 July 2016

In March 2015, the University was subject to the QAA Higher Education Review as noted in last year's Annual report. In April 2016, we submitted our final report against the action plan we had agreed with the QAA. In June 2016, the judgement in relation to enhancement was 'meets expectations'. The QAA noted in their report that the University has made 'significant strides' in fully addressing the recommendation related to enhancement. In addition, actions against recommendations, affirmations and good practice relating to the setting and maintenance of the academic standards of awards, the quality of learning opportunities and information about higher education provision, had also been completed on schedule and contributed to the progress against the enhancement of learning opportunities.

Strengthened Research Capacity and Research and Development Activities Undertaken

Work continues on the Research Degree Awarding Powers project with the University having entered its final year of data collection to support the key metrics requirement during 2015-16. Analysis of this data will take place over the first half of 2016-17. Units of assessment for REF2021 have been identified and the process of analysing the Stern Report on the future of the REF has begun.

There has been a decrease in the number of research funding applications from 28 in 2014-15 to 20 but an increase in the success rate from 22% in the previous year to 35%. Actual income rose from c. £31k in 2014-15 to c. £300k in 2015-16. This reflects the University's more focused approach to external funding and targeting discrete funding pots more aligned to our mission and values.

Two new research centres have been established during this academic year - the Centre for the Study of Modern Slavery and the Benedict XVIth Centre. The Benedict XVIth Centre has already had funding success from the John Templeton Foundation in collaboration UCL.

The number of postgraduate research students has continued to rise with 81 students now registered on our University of Surrey/Liverpool Hope validated research degree programmes. A number of match-funded PhDs have been established with funding from the English Institute of Sport, NHS and Crystal Palace Football Club. A Researcher Development Programme (in conjunction with Staff Development and the Directorate of Learning and Teaching) ran during 2015-16, in line with the requirements of the national Concordat to Support the Career Development of Researchers.

St Mary's continues to play an active role in a number of external bodies in the HE sector - the Guild Higher Education Consortium for Research Excellence, Support and Training network, the Association of Research Managers and Administrators, UK Council for Graduate Education and the UK Research Integrity Office.

Career Services

Having received modest additional funding for a new employer facing post in 2015/16, the Careers Service ran an additional careers fair; two for teachers (one virtual and one traditional) and the other, a new flagship event called 'The Careers Show'. These fairs brought 81 external employers to campus, and match funding revenue into the University. Careers were also able to run a series of individual employer recruitment promotions in semester 1 and 2, featuring an additional 42 employers. Other events, presented by Careers Consultant staff, included 165 sessions delivered in the curriculum across all undergraduate academic programmes as well as wider University sessions such as the 'What next?' aspect of St Mary's 'Get Set for Success' programme, and St Mary's staff training on 'Careers Options for Researchers'.

In addition to external partnerships, Careers created new successful internal collaborations with, for example, the Students Union (Student Representative training and others) and the International Department (Global Peer Mentoring).

The 2016/17 we will be expanding the Service with new full time roles across all careers functions including employer engagement. We will double in size and therefore expect the first 6 months of the academic year to focus on recruiting, training and action planning while other 'business as usual' runs in parallel. In addition we are introducing a new Customer Relationship Management System 'Target Connect' and rolling out a larger scale Careers Registration project. Careers Registration is seen to be the most effective method of assessing employability learning gain.

Year in Review (continued): Year ended 31 July 2016

International Engagement

The International Department has undergone a major restructure, with ten new posts advertised and filled since summer 2015. The focus for the academic year 2015-16 has been to build the foundations for a sustainable implementation of the University's internationalisation strategy going forward. The three key areas of focus for the department are recruitment, partnerships and student experience.

Outside of the US, St Mary's has not adopted a consistent international marketing and recruitment strategy to date. To address this, a strategy based on market research and intelligence was developed in November 2015, resulting in the addition of five target markets: Canada, China, Hong Kong, South Korea and Norway. For 2016-17 a second set of target markets has been selected to be phased into the recruitment strategy and these are India, Malaysia, Japan, Brazil and Mexico. Notable accomplishments in support of the strategy include the launch of a micro-site in Mandarin and a St Mary's Chinese social media channel. Also, a global network of over 100 educational agent offices has been established which will lead to an effective international student recruitment stream going forward. As of June 2016, applications for 2016 entry have increased by 26.5% at undergraduate level and 21.7% at postgraduate level compared to the same point in 2015.

A number of new international partnerships have been established this year, with a focus on high profile, sustainable alliances. These include UST in the Philippines and SISU in China, which involved a high level visit in May 2016 by Francis Campbell and Anne Moran. Agreements with ICP in Paris, and Sichuan and Nanfang Universities in China have also been signed. Agreements are underway with PUC-RS in Brazil and Sogang in South Korea. All the above will serve to act as anchors in each key region, raising St Mary's profile globally and leading to opportunities for student recruitment, student and staff mobility, research and enterprise. Erasmus+ activities were also substantially expanded in 2015/16, with new partnerships established in Germany and Spain and significant increases in student mobility, staff mobility and grant income.

The Department's student experience remit fits within two strategic objectives: to increase the quality of the St Mary's experience for international students and to enhance internationalisation opportunities for all St Mary's students. This work was expanded in 2015/16 to include the launch of a Global Peer Mentor programme in January 2016, matching 47 incoming students with 35 St Mary's student mentors. Other initiatives included the implementation of a redesigned student orientation programme in January 2016, the approval of a UK-based guarantor scheme for students seeking private accommodation and the provision of weekly in-session English language support. The University's internationalisation agenda was supported through increased promotion of outward mobility opportunities, culminating in the introduction of a St Mary's Worldwide Week in April 2016. The quality of the University's international student experience was recognised this year at the WhatUni Student Choice awards, where St Mary's placed third in the International category.

Attracting and Developing Staff

The University has continually strived to ensure that all of its staff members are engaged, supported and developed in a manner that befits our mission and values. The St Mary's management team have sought to create a culture that reflects our belief that our staff members are our most important asset and the University maintains its status of Employer of Choice.

In November 2015 the University was awarded IIP Accreditation as a whole organisation. Successful accreditation against the Investors in People Standard is a testimony to St Mary's demonstrating our offering as an outstanding place to work and having a clear commitment to sustainability.

The University launched a two year leadership development programme this year. This development initiative will support our leaders as we embark on the journey of implementing the new Strategic Plan.

St Mary's continues to enhance its employer brand. Investment in technology and multimedia resources for prospective and existing employees seeks to engage individuals with the University and enhance their development opportunities.

In addition the University has continued its support of the London Living Wage Foundation as an accredited employer.

Year in Review (continued): Year ended 31 July 2016

Learning Resources and Technology/Library

During 2015/16 the University continued to invest in library and learning resources to support students' learning. On 1 September 2015 the Naylor Library opened following a £6 million investment. The library is for all students and it contains the physical library resources for our Education programmes. It has enabled us to significantly expand our services and resources to include iMacs, clever touch screens, a model children's library and an artefacts collection. The library provides a contemporary study place which supports collaboration, social interaction and individual study. We took the opportunity to redesign the space vacated in the Main Library and have provided a dedicated Law library. We also opened a dedicated study space for post graduate research students. Feedback from students has been excellent and satisfaction with learning resources as recorded by the National Student Survey increased by 5%

Also during the year we rebranded our virtual learning environment as My Modules and redesigned the interface following consultation with both staff and students. We setup an online reading list management service and have agreed a Reading List Policy with the University. As we implement this we expect to significantly improve students' access to core learning resources. We also added an additional 100 online journals from Oxford University Press and around 15,000 extra e-books.

In order to improve our support for research, the University has created a new role of Research Support Librarian. We are now 100% compliant with the technical requirements laid down by HEFCE for open access publishing. We are working with the Consortium for Research Excellence, Support and Training on an initiative to develop a shared system for supporting research data management. This project is funded as part of the Jisc Research Data Spring initiative of 13 projects. St Mary's is represented on the programme board for these 13 projects.

Facilities and Services

The University has continued to improve and upgrade the estate through its planned program of works and investment. Following the successful delivery of Naylor Library, works have been completed to provide additional sport rehab teaching space at 60 Waldegrave Road and create new postgraduate study space within Naylor.

The Estates team continue to actively monitor the local property market whilst liaising with our master planners and external professionals, agents and local authority, in order to ensure any potential collaboration or development opportunities are looked at that might assist with space provision. Such provision has been found at Regal House that has enabled co-location of Estates, Finance, Legal and HR teams, releasing essential room that has been reallocated as shared offices, meeting, tutorial and hot-desk space.

At the same time, works are progressing to create a brand-new 'arrival point' with a re-designed reception and entrance lobby.

Working closely with the local authority, planners and master plan team, 2016/17 looks set to be another exciting and progressive year for the University. The development of a 10 year master plan continues to progress in parallel with the ten-year works schedule derived from a new stock condition survey.

Moving forward, focus remains provision of temporary student, teaching, academic and support spaces on both the main and Teddington Lock campuses to ensure suitable and adequate space is available ahead of projected growth and decant needs. This will support anticipated increases in both student and staff numbers as the site begins to be developed.

Year in Review (continued): Year ended 31 July 2016

Sustainability and Environmental Activities and Achievements

We recognise the importance of managing the impact of our day-to-day operations on the environment, reducing environmental impacts and resource consumption.

The University's Environmental Policy continues to promote a cultural and physical change to energy use and conservation at the institution. A key aim is to manage our resources effectively and imaginatively to ensure a sustainable future and to provide maximum value for our students. With education at the core of our mission, we aim to increase environmental awareness and promote the principles of sustainability in all our activities involving students, staff and the wider community. The policy is supported by a variety of programmes and initiatives to educate staff and students and develop good practice and working partnerships with bodies such as the Carbon Trust and Energy Consortium.

Projects continue to incorporate replacement of tungsten lighting with LED systems, installation of movement detectors, replacement of external sodium and halogen lighting with low-energy as well as replacement of old boilers with high-efficiency systems and controls.

With regard to services such as gas and electricity, prices remain tracked using Utiylx and tendered every two years using the Energy Consortium. This, when assessed in conjunction with significantly improved monthly monitoring and recording of use throughout the year, enables the University to track and assess changes to supply costs and better project likely requirements.

Underpinning our commitment to energy reduction, the University participates in the Higher Education Carbon Management Plan Programme, which is recognised by HEFCE and hosted by the Carbon Trust. As part of the carbon management plan for the University, Estates monitors emissions and reports progress of projects brought about by the Carbon Management Plan whilst maintaining energy assistance pages on the portal. The 2014/15 Estates Management Submission again highlights a successful year with further carbon reduction, highlighting a fall of 1,075 tonnes since a 2010 start position of 4,099 tonnes.

Statement of Responsibilities of the Board of Governors: Year ended 31 July 2016

The members of the Board, who are also the directors of the University for the purposes of company law are responsible for preparing the strategic report, the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the members of the Board to prepare financial statements for each financial year. Under that law the members of the Board have elected to prepare the group and University financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the members of the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University and of the surplus of income over expenditure of the group and University for that period.

In preparing these financial statements, the members of the Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

The members of the Board are also required to give a report in the financial statements which includes the legal and administrative status of the University. The members of the Board are responsible for keeping adequate accounting records that are sufficient to show and explain the University's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006, its Articles of Association, the Accounts Direction as issued by the Higher Education Funding Council for England (HEFCE) and the Statement of Recommended Practice: Accounting for Further and Higher Education. They are also responsible for safeguarding the assets of the University and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members of the Board are responsible for ensuring that the funds from HEFCE and the National College for Teaching and Leadership (NCTL) are used only in accordance with the Memorandum of Assurance and Accountability with the Higher Education Funding Council for England and any other conditions that the Funding Council may prescribe from time to time. Members of the Board must ensure there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Board are responsible for securing economical, efficient and effective management of the University's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Funding Council are not put at risk.

Financial statements are published on the University's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the University's website is the responsibility of the members of the Board. The members of the Board's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent Auditors Report to the Members of St Mary's University: Year ended 31 July 2016

We have audited the financial statements of St Mary's University, Twickenham for the year ended 31 July 2016 which comprise the Consolidated and University Statement of Comprehensive Income, Consolidated and University Statement of Changes in Reserves, the Balance Sheets for the Group and the University, the Consolidated Statement of Cash Flows 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members 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 (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC'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 Memorandum of Assurance and Accountability 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 2016 and of the Group and University's income and expenditure, gains and losses and reserves and the Group's cash flows for the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006 and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Independent Auditors Report to the Members of St Mary's University (continued): Year ended 31 July 2016

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

In our opinion, in all material respects:

- Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- Funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- The requirements of the HEFCE's Accounts Direction have been met.

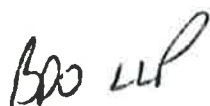
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



James Aston, Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
Gatwick
United Kingdom

Date: 29 November 2016.

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

CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME: **Year ended 31 July 2016**

		Consolidated		University	
	Notes	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Income					
Funding body grants	1	3,941	3,503	3,941	3,503
Tuition fees and education contracts	2	38,673	33,941	38,673	33,941
Research grants and contracts	3	9	33	9	33
Other income	4	8,254	8,302	7,521	7,363
Investment income	5	63	51	63	51
Total Income		50,940	45,830	50,236	44,891
Expenditure					
Staff costs	6	31,783	27,700	31,471	27,408
Other operating expenses	7	14,909	12,698	14,594	12,147
Depreciation	9	4,046	3,655	4,011	3,633
Interest and other finance costs	8	406	478	406	478
Total Expenditure		51,144	44,531	50,482	43,666
(Deficit)/surplus before other gains/(losses)		(204)	1,299	(246)	1,225
(Deficit)/surplus before tax		(204)	1,299	(246)	1,225
Taxation		—	—	—	—
(Deficit)/surplus for the year		(204)	1,299	(246)	1,225
Actuarial (loss) in respect of pension schemes	18	(2,613)	(1,137)	(2,613)	(1,137)
Total comprehensive (expenditure)/income for the year		(2,817)	162	(2,859)	88

All activities are continuing.

The Statement of Accounting Policies and notes on page 39 to 63 form part of these financial statements.

CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES: Year ended 31 July 2016

	Notes	Income and expenditure account - Unrestricted	Revaluation Reserve	Total
Consolidated		£'000	£'000	£'000
Balance at 1 August 2014		28,756	81,367	110,123
Surplus from the statement of comprehensive income		1,299	—	1,299
Actuarial (loss) in respect of pension schemes		(1,137)	—	(1,137)
Other Adjustments		276		276
Transfers between revaluation and income and expenditure reserve		1,628	(1,628)	—
		2,066	(1,628)	438
Balance at 1 August 2015		30,822	79,739	110,561
(Deficit) from the statement of comprehensive income		(204)	—	(204)
Actuarial (loss) in respect of pension schemes		(2,613)	—	(2,613)
Other comprehensive income		13	—	13
Transfers between revaluation and income and expenditure reserve		1,998	(1,998)	—
Total comprehensive (expenditure) for the year		(806)	(1,998)	(2,804)
Balance at 31 July 2016		30,016	77,741	107,757
University				
Balance at 1 August 2014		28,718	81,182	109,900
Surplus from the statement of comprehensive income		1,225	—	1,225
Actuarial (loss) in respect of pension schemes		(1,137)	—	(1,137)
Transfers between revaluation and income and expenditure reserve		1,622	(1,622)	—
		1,710	(1,622)	88
Balance at 1 August 2015		30,428	79,560	109,988
(Deficit) from the statement of comprehensive income		(246)	—	(246)
Actuarial (loss) in respect of pension schemes		(2,613)	—	(2,613)
Other comprehensive income		11	—	11
Transfers between revaluation and income and expenditure reserve		1,993	(1,993)	—
Total comprehensive (expenditure) for the year		(855)	(1,993)	(2,848)
Balance at 31 July 2016		29,573	77,567	107,140

The Statement of Accounting Policies and notes on page 39 to 63 form part of these financial statements.


CONSOLIDATED AND UNIVERSITY BALANCE SHEET: Year ended 31 July 2016

Company Registration Number 5977277

		Consolidated		University	
	Notes	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Non-current assets					
Fixed Assets	9	120,640	122,244	119,942	121,541
Heritage Assets	10	455	455	455	455
		121,095	122,699	120,397	121,996
Current assets					
Stock		44	44	19	19
Trade and other receivables	12	1,326	1,134	1,605	1,437
Cash and cash equivalents	19	10,981	11,207	10,762	11,003
		12,351	12,385	12,386	12,459
Less creditors: amounts falling due within one year	13	(5,218)	(5,771)	(5,172)	(5,715)
Net current assets		7,133	6,614	7,214	6,744
Total assets less current liabilities					
		128,228	129,313	127,611	128,740
Creditors: amounts falling due after more than one year	13	(8,813)	(9,293)	(8,813)	(9,293)
Provisions and liabilities					
Pension Provision	18	(10,423)	(7,551)	(10,423)	(7,551)
Other Provisions	14	(1,235)	(1,908)	(1,235)	(1,908)
		(11,658)	(9,459)	(11,658)	(9,459)
Total net assets		107,757	110,561	107,140	109,988
Unrestricted reserves					
Income and expenditure account reserve	17	30,016	30,822	29,573	30,428
Reserves		77,741	79,739	77,567	79,560
Total Reserves		107,757	110,561	107,140	109,988

The Statement of Accounting Policies and notes on page 39 to 63 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Governors on 22 November 2016 and were signed on its behalf by:



Bishop Richard Moth
Governor (Chairman)



Francis Campbell
Governor (Vice-Chancellor)

CONSOLIDATED STATEMENT OF CASH FLOWS: Year ended 31 July 2016

	Notes	Consolidated	
		2016 £'000	2015 £'000
Cash flow from operating activities			
(Deficit)/surplus for the year		(204)	1,299
Adjustment for non-cash items			
Depreciation		4,046	3,483
Decrease/(increase) in stock		—	(1)
(Increase)/decrease in debtors		(192)	165
Decrease in creditors		(383)	(92)
(Decrease)/increase in provisions		(673)	482
Pension costs less contributions payable		259	196
Capital grants released to income		(344)	(135)
Adjustment for investing or financing activities			
Interest payable		153	230
Interest receivable		(63)	(51)
Net cash inflow from operating activities		2,599	5,576
Cash flows from investing activities			
Payments made to acquire fixed assets		(2,449)	(4,189)
Government capital grants received		310	441
Interest income		63	51
		(2,076)	(3,697)
Cash flows from financing activities			
Interest paid		(153)	(230)
Repayments of amounts borrowed		(596)	(1,130)
		(749)	(1,360)
(Decrease)/increase in cash and cash equivalents in the year		(226)	519
Cash and cash equivalents at beginning of the year		11,207	10,688
Cash and cash equivalents at end of the year		10,981	11,207

The Statement of Accounting Policies and notes on page 39 to 63 form part of these financial statements.

STATEMENT OF ACCOUNTING POLICIES: Year ended 31 July 2016

Transition to FRS102 and 2015 SORP

The Group is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to 2015 SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 27.

First time adoption of FRS102 grants certain exemptions from the full requirements in the transition period. The following exemptions have been taken into these financial statements:

- The Group has elected to measure land and buildings at fair value and use this fair value as deemed cost as at 1 August 2014.

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2015) and in accordance with FRS 102. St Mary's University, Twickenham transitioned from previously extant UK GAAP to FRS 102 as at 1 August 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 27.

St Mary's University, Twickenham is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of fixed assets.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Basis of consolidation

The consolidated financial statements include St Mary's University, Twickenham (the "University") and its subsidiary (the "Group") for the financial year ended 31 July 2016. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

In the University's financial statements, the investment in the subsidiary is accounted for at cost less impairment.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

Income recognition

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

STATEMENT OF ACCOUNTING POLICIES (continued): Year ended 31 July 2016

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

Capital grants relating to expenditure on tangible fixed assets are recognised in income over the expected useful life of the asset.

Grants and donations from non-government sources, including research grants from non-government sources, are recognised within the Statement of Comprehensive Income when the Group is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is deferred on the Balance Sheet and released to the Statement of Comprehensive Income in line with such conditions being met.

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

Investment income is recorded in income in the year in which it arises.

Investment Income is derived from deposits held in short term money market products managed on behalf of the University by an external fund manager, Royal London Asset Management Limited.

Donations with no restrictions are recorded within the Statement of Comprehensive Income when the Group is entitled to the income.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

Accounting for retirement benefits

The three principal pension schemes for the Group's staff are the Teachers' Pension Scheme (TPS), the London Borough of Richmond upon Thames Superannuation Scheme (LBRTSS), and the Friends Life Scheme.

- TPS is a multi-employer scheme for which it is not possible to identify the assets and liabilities attributable to the Group due to the mutual nature of the scheme. The scheme is underwritten by Central Government and the Group has no further obligation to make contributions to the scheme. Therefore this scheme is accounted for as a defined contribution retirement benefit scheme.
- LBRTSS is a defined benefit scheme with funds held in separate trustee administered funds. The scheme is valued every year by professionally qualified independent actuaries.
- The Friends Life Scheme is a defined contribution scheme.

Contributions to the Group's defined contribution pension schemes are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

STATEMENT OF ACCOUNTING POLICIES (continued): Year ended 31 July 2016

The Group has recognised a liability for its obligations under the LBRSS, net of plan assets. The net defined benefit liability is measured as the difference between the fair value of the assets held in the Group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised on the Group's Balance Sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Employment benefits

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

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Foreign currency

Items included in the financial statements of the University and its subsidiary are measured using the currency of the primary economic environment in which the entity operates being the 'functional currency'. The consolidated financial statements are presented in 'sterling', which is the functional and presentation currency of the University and its subsidiary.

Transactions in foreign currencies are translated to the respective functional currencies at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Tangible fixed assets

Tangible fixed assets are stated at historical cost, or deemed cost, less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group has taken advantage of the option afforded under FRS 102 and has elected to measure land, buildings and site infrastructure at deemed cost, being the fair value at the date of transition to FRS 102.

The costs in relation to fixed assets after initial purchase or construction are capitalised to the extent that they provide incremental future benefits to the Group. The carrying amount of a replaced part is derecognised. Repairs and maintenance are charged to income during the period in which they are incurred.

The Group does not capitalise fixed assets with an initial cost of under £1,000 as these are not considered material.

STATEMENT OF ACCOUNTING POLICIES (continued): Year ended 31 July 2016

Depreciation

Freehold land is not depreciated as it is considered to have an indefinite useful life. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Freehold buildings	50 years
Site infrastructure	10 years
Furniture, fittings, equipment and vehicles	5 years
Computers	4 years

Where parts of a fixed asset have different useful lives, they are depreciated as separate components. Freehold buildings have been split into: sub-structure, roof, other structure, fit-out and fittings, mechanical, electrical and heaters/boilers.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

No depreciation is charged on assets in the course of construction.

Heritage assets

Heritage assets are initially recognised at cost, and subsequently stated at their revalued amount. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from fair value. Revaluation gains or losses are taken to the revaluation reserve.

Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

Impairment of assets

Heritage assets and assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit, CGU, to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

STATEMENT OF ACCOUNTING POLICIES (continued): Year ended 31 July 2016

Investments

Current asset investments are held at fair value with movements recognised in the Statement of Comprehensive Income. Non-current asset investments are held at amortised cost less impairment.

Borrowing costs

Borrowing costs are recognised as an expense in the Statement of Comprehensive Income in the period in which they are incurred.

Stock

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is measured using the weighted average cost formula.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand, short term deposits which have a maturing date of less than three months and overdrafts.

Debt instruments

Debt instruments which are basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method. Debt instruments that are receivable within one year are not discounted.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income.

Debtors on payment plans which are not expected to be received within one year and which are financed at a rate of interest that is not a market rate are considered to be financing transactions. These are measured at the present value of the future payments discounted at a market rate of interest for a similar arrangement.

STATEMENT OF ACCOUNTING POLICIES (continued): Year ended 31 July 2016

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- The Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the Group a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

Taxation

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2011 or Section 256 of the Taxation Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Subsidiary companies are liable to corporation tax.

The University is partially exempt in respect of Value Added Tax (VAT), so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Reserves

Reserves are allocated between unrestricted and, if applicable, restricted reserves.

Agency Arrangements

The Group acts as an agent when collecting funds on behalf of students, for instance funds collected for scholarships or support funding. Funds collected on behalf of students are not recognised in the Statement of Income but are recognised on the Balance Sheet. The Group retains and recognises in revenue a commission for administering scholarship funding to students. Funds on behalf of students are shown in notes 23 to 25.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the Group either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Group's assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

STATEMENT OF ACCOUNTING POLICIES (continued): Year ended 31 July 2016

In preparing these financial statements, the directors have identified the following sources of estimation uncertainty:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as product life cycles and maintenance programmes are taken into account.
- Land and Buildings have undergone a one-time revaluation to fair value as at 31 July 2014 as permitted by FRS 102 upon transition. The land and buildings were professionally valued using either a depreciated replacement cost methodology or a yield methodology, depending on the nature of the building. Depreciated replacement cost methodology uses industry standard costing rates to arrive at a preliminary replacement value which is then decreased by assessed depreciation. Yield methodology uses market rental values capitalised at a market capitalisation rate. In both methodologies there is an inevitable degree of judgement involved in establishing these inputs and in that each property is unique. Further details are given in note 9.
- The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense. Further details are given in note 18.
- Provisions - £1,235k. Further details are given in note 14.
- Strawberry Hill Trust liability-discount rate, expected payments - £599k
- Heritage assets- works of art and other valuable artefacts are initially recognised at cost, and subsequently stated at their revalued amount. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from fair value. Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

NOTES TO THE FINANCIAL STATEMENTS: Year ended 31 July 2016

1 Funding body grants

	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Recurrent Grant				
Higher Education Funding Council	2,716	3,038	2,716	3,038
National College for Teaching and Leadership	—	10	—	10
Specific Grants				
Special initiatives – Higher Education Funding Council for England	764	314	764	314
Special initiatives – National College for Teaching and Leadership	—	6	—	6
Other Grants	117	—	117	—
Deferred capital grants released in year				
Buildings	344	113	344	113
Equipment	—	22	—	22
	3,941	3,503	3,941	3,503

2 Tuition fees and education contracts

	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Full time home and EU students	33,416	29,451	33,416	29,451
Full time international students	1,866	1,763	1,866	1,763
Part time students	2,301	2,274	2,301	2,274
Short course	1,090	453	1,090	453
	38,673	33,941	38,673	33,941

3 Research grants and contracts

	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Research councils and charities	9	33	9	33
	9	33	9	33

NOTES TO THE FINANCIAL STATEMENTS (continued): Year ended 31 July 2016

4 Other income

	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Residences, catering and conferences	6,215	6,214	5,513	5,274
Other services rendered	37	21	37	21
Other income	2,002	2,067	1,971	2,068
	8,254	8,302	7,521	7,363

5 Investment income

	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Bank interest	63	51	63	51
	63	51	63	51

6 Staff

(a) Staff costs	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Salaries	26,528	23,226	26,293	22,970
Social security costs	2,139	1,760	2,075	1,740
Other pension costs	3,116	2,714	3,103	2,698
	31,783	27,700	31,471	27,408

Included in other pension costs are £1,059,000 (2015: £1,110,000) in respect of the defined benefit schemes and £2,041,000 (2015: £1,663,000) in respect of the defined contribution scheme.

(b) Emoluments of the Vice-Chancellor:	Consolidated	
	2016 £000	2015 £000
Salary including taxable benefits	151	147
Employer's national insurance contributions	18	15
	169	162
Pension contributions	24	20
	193	182

(c) Remuneration of other higher paid staff excluding employers national insurance and pension contributions:	Consolidated	
	2016 Number	2015 Number
£100,000 - £109,999	2	2
£110,000 - £119,999	1	—
£120,000 - £129,999	1	—
£140,000 - £149,999	—	1
	4	3

NOTES TO THE FINANCIAL STATEMENTS (continued): Year ended 31 July 2016

(d) Key management personnel:

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

Vice-Chancellor	Francis Campbell
Pro Vice-Chancellor	David Leen (resigned 31 August 2015)
Pro Vice-Chancellor Academic Strategy	Dr Claire Taylor (resigned 31 July 2016)
Pro Vice-Chancellor Research and Enterprise	Rt Hon Ruth Kelly
Pro Vice-Chancellor Global Engagement	Prof Anne Moran
Chief Operating Officer	Terry Noys (resigned 21 October 2016)
Senior Director of People	Jo Blunden

Key management personnel were paid total compensation for the year ended 31 July 2016 £902,000 (2015: £707,000)

(e) Emoluments of the Governors:

The total emoluments of all Governors in the year amounted to £379,000 (2015: £328,000) which includes pension contributions of £50,000 (2015: £42,000). These emoluments are in respect of the Vice-Chancellor and staff Governors in their capacity as members of staff. No other Governors received remuneration. One Governor is accruing retirement benefits under a defined benefit scheme. No other payments made or benefits transferred to Governors with respect to long term incentive schemes. Travel expenses reimbursed to four Governors during the year amounted to £1,000 (2015: £3,500).

(f) Average weekly number of persons (including senior post-holders) employed by the University during the year, expressed as full-time equivalents:	Total full-time equivalents	
	2016 Number	2015 Number
Academic schools and research	340	305
Academic support services	135	109
Estates, catering and conferences	154	143
Central services	99	91
	728	648

NOTES TO THE FINANCIAL STATEMENTS (continued): Year ended 31 July 2016

7 Analysis of expenditure by activity

	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Academic departments	1,996	1,671	1,996	1,671
Academic services	828	699	828	699
Premises	5,840	4,581	5,815	4,581
Residences, catering and conference	1,315	1,238	891	767
Research grants and contracts	316	311	316	311
Administration and central services	2,790	2,396	2,771	2,396
Other expenses	1,824	1,802	1,977	1,722
	14,909	12,698	14,594	12,147
Other operating expenses include:				
Auditors' remuneration	70	95	61	86
External audit – remuneration with respect to audit services	46	52	39	46
External audit – non audit services	14	14	12	12
Internal audit	24	29	24	29
Operating lease rentals - other	38	41	38	41

8 Interest and other finance costs

	Consolidated		University	
	2016 £000	2015 £000	2016 £000	2015 £000
Bank and other loans wholly repayable within five years	153	230	153	230
Net charge on pension finance interest (Note 18)	253	248	253	248
	406	478	406	478

NOTES TO THE FINANCIAL STATEMENTS (continued): Year ended 31 July 2016

9 Tangible fixed assets

Consolidated	Freehold Land	Buildings	Site Infrastructure	Heritage Assets	Furniture, equipment and vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
At 1 August 2015	39,939	78,805	4,540	455	6,352	130,090
Additions	0	153	0	0	2,296	2,449
Disposals	0	0	0	0	(651)	(651)
At 31 July 2016	39,939	78,958	4,540	455	7,997	131,888
Cost	7,513	33,725	831	455	7,997	50,521
Valuation	32,426	45,233	3,709	0	0	81,367
	39,939	78,958	4,540	455	7,997	131,888
Depreciation						
At 1 August 2015	0	2,684	227	0	4,480	7,391
Charge in year	0	2,737	227	0	1,082	4,046
Disposals	0	0	0	0	(644)	(644)
At 31 July 2016	0	5,421	454	0	4,918	10,793
Net book values						
At 31 July 2016	39,939	73,537	4,086	455	3,078	121,095
At 31 July 2015	39,939	76,121	4,313	455	1,871	122,699

University	Freehold Land	Buildings	Site Infrastructure	Heritage Assets	Furniture, equipment and vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
At 1 August 2015	39,939	78,120	4,540	455	6,107	129,160
Additions	0	153	0	0	2,267	2,420
Disposals	0	0	0	0	(651)	(651)
At 31 July 2016	39,939	78,272	4,540	455	7,723	130,929
Cost	7,513	33,225	831	455	7,723	49,747
Valuation	32,426	45,047	3,709	0	0	81,182
	39,939	78,272	4,540	455	7,723	130,929
Depreciation						
At 1 August 2015	0	2,663	227	0	4,274	7,164
Charge in year	0	2,716	227	0	1,068	4,011
Disposals	0	0	0	0	(644)	(644)
At 31 July 2016	0	5,379	454	0	4,699	10,531
Net book values						
At 31 July 2016	39,939	72,894	4,086	455	3,023	120,397
At 31 July 2015	39,939	75,457	4,313	455	1,832	121,996

NOTES TO THE FINANCIAL STATEMENTS (continued): Year ended 31 July 2016

Buildings, Land and Site Infrastructure have undergone a one-time revaluation to fair value as at 31 July 2014 as permitted upon transition to FRS 102. The fair value has been adopted as 'deemed cost', carrying values have been adjusted accordingly and revaluation uplift recognised in the revaluation reserve. Buildings will be depreciated and indicators of impairment assessed annually.

The valuation was carried out by Gerald Eve LLP, incorporating the valuation standards of the Royal Institute of Chartered Surveyors. Gerald Eve LLP are independent of the University and its subsidiaries. The valuation was undertaken in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual. The basis of the valuation was either a depreciated replacement cost methodology or a yield methodology, depending on the nature of the building. The depreciated replacement cost methodology used floor area and industry standard costing rates provided by the Building Cost Information Service to arrive at a preliminary replacement value. The preliminary replacement value was then decreased by assessed depreciation which was established based on a combination of a physical inspection and a condition appraisal performed by Drake and Kannemeyer.

The yield methodology uses net operating income capitalised at a market yield:

- Net operating income was based on actual operating income. Gerald Eve assessed that the University is not maximising the income due to tenancy terms of 37 weeks when the standard tenancy term is 40 weeks, they have therefore reflected the potential for enhanced income in some yields.
- Net yields are based on market comparisons. These range between 5.75% - 6%.

Standard purchasers' costs of 5.8% have been deducted from the valuation. The historical cost equivalent of land and buildings is £27,756,000.

10 Heritage Assets

The Group holds a collection of artwork, furniture and other heritage assets. The Group's policy is to maintain the current holding of heritage assets as connected to the Group's history, with no future acquisitions or disposals anticipated. The Group will perform restore maintenance on heritage assets as required on an ad-hock basis.

The Group commissioned a valuation of heritage assets as at 31 July 2014 at fair value, with the revaluation gain taken through the revaluation reserve. The valuation was performed by independent valuer Hector Paterson and Co Ltd. There are no significant limitations on the valuation.

There has been no additions, disposals, or impairment of heritage assets in the current or previous periods, and the directors do not consider there to be a material change in value of the Heritage Assets.

11 Investments - Subsidiary

The University holds all the issued share capital of Strawberry Hill Enterprises Limited, a company registered in England and Wales, the principal activity of which is the organisation of functions and conferences. The profits of the company are transferred to the University through a Gift Aid arrangement. The University's interest in the company at 31 July 2016 was 2 ordinary shares, at a cost of £2 (2015: £2).

Land and buildings include properties owned by St Mary's College Residences plc in the sum of £8,817k (2015 - £9,039k) which have been included within the University's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued): Year ended 31 July 2016

12 Trade and other receivables

	Consolidated		University	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Amounts falling due within one year:				
Tuition Fees	468	465	463	427
Payment Plans	44	9	44	9
Other debtors	152	37	42	26
Prepayments and accrued income	662	623	662	623
Amounts due from subsidiary company	—	—	394	352
	1,326	1,134	1,605	1,437

13 Creditors

Amounts falling due within one year	Consolidated		University	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Expense creditors	1,101	995	1,095	984
Social security and other taxes	77	29	77	29
Other creditors	1,528	1,633	1,517	1,611
Accruals and deferred income	1,722	2,174	1,693	2,151
Deferred Capital Grants – current	372	344	372	344
Bank loans – current	418	596	418	596
	5,218	5,771	5,172	5,715

Amounts falling due after one year	Consolidated		University	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Bank loans – non current	2,975	3,393	2,975	3,393
Deferred capital grants – non current	5,838	5,900	5,838	5,900
	8,813	9,293	8,813	9,293

All bank loans are unsecured and are repayable as follows:

	Consolidated		University	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
In one year or less	418	596	418	596
Between one and two years	275	418	275	418
Between two and five years	675	725	675	725
In five years or more	2,025	2,250	2,025	2,250
Total greater than one year	2,975	3,393	2,975	3,393
Total	3,393	3,989	3,393	3,989

NOTES TO THE FINANCIAL STATEMENTS (continued): Year ended 31 July 2016

Bank debt consists of the following loans:

- A £4,500,000 loan from Bank Santander for the building of the new Sports Block Building. The loan, which was taken out in July 2010, is repayable at a fixed rate of 4.95% over 20 years. At 31 July 2016, the amount outstanding was £3,150,000 (2015: £3,375,000).
- A £6,000,000 loan from Barclays Bank plc to build new halls of residence. The loan, which was taken out in August 2005, is repayable at a fixed rate of 5.09% over 10 years. At 31 July 2016 the amount outstanding was £ nil (2015: £190,000).
- A £1,500,000 from Barclays Bank plc was taken out in August 2007 for the Refectory development. This loan is repayable at a fixed rate of 6.02% over 10 years. At 31 July 2016 the amount outstanding was £181,000 (2015: £423,000).

All the loans are initially unsecured but the Banks have the capacity to secure the loans on the main University site or other assets of the University in the event that certain financial criteria are not met.

The loans are subject to certain banking covenants. Monthly financial reporting procedures are in place to monitor compliance. The interest charged on the loans is expensed in the period to which it relates.

14 Provision for liabilities and charges

Consolidated and University	Pension Enhancement Provision £'000	Section 106 Planning Permission £'000	Other Specific Provisions £'000	Total Other Provisions £'000
Balance at 1 August 2015	347	130	1,431	1,908
Utilised in the year	(33)	—	(673)	(706)
Transfer from income and expenditure	33	—	—	33
Balance at 31 July 2016	347	130	758	1,235

Pension Enhancement Provision

The Group pays enhanced pension entitlements to staff who have taken early retirement under a reorganisation programme which ended in 1989/90. The assumptions for calculating the pension enhancement provision are as follows:

Discount Rate	1.0%
Inflation	1.1%

In addition to the enhanced pensions which are being provided above, the University also provides enhanced pension contributions to a further 14 former employees. HEFCE is providing the Group with additional funds each year to meet these contributions. The costs of these payments have been recognised as a liability in the financial statements of HEFCE indicating HEFCE's expectation that they will be meeting these costs in the future. They have not been recognised as a liability in the Group's balance sheet. Were HEFCE's position to change, the estimated cost to the Group of meeting these pension payments was £473,000 as at 31 July 2016 (2015: £473,000).

Section 106 Planning Provision

Provision relating to liability incurred when constructing Sports Block. Provision is an estimate of the cost to contribute towards Waldegrave Road works for traffic management purposes.

Other Specific Provisions

Specific provisions include amounts related to a wage dispute on London weighting scales and legacy contractual issues.

NOTES TO THE FINANCIAL STATEMENTS (continued): Year ended 31 July 2016

15 Financial Instruments

The Group's and Company's financial instruments may be analysed as follows:

	Group 2016 £'000	Group 2015 £'000
Financial assets		
Financial assets measured at fair value through profit or loss	—	—
Financial assets that are debt instruments measured at amortised cost	12,307	12,341
Financial liabilities		
Financial liabilities measured at amortised cost	14,033	15,062
Derivative financial instruments designated as hedges of variable interest rate risk	—	—

Financial assets measured at fair value through profit or loss comprise fixed asset investments in unlisted company shares and current asset investments in a trading portfolio of listed company shares.

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, amounts owed by joint ventures and associated undertakings.

Financial liabilities measured at amortised cost comprise convertible loan stock, irredeemable preference shares, bank loans and overdrafts, trade creditors, other creditors and accruals.

Derivative financial instruments designated as hedges of variable interest rate risk comprise interest rate swaps.

Information regarding the group's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' report.

16 Strawberry Hill Trust Liability

Consolidated and University	2016 £'000	2015 £'000
Balance at 1 August	610	657
Cash outflow	(80)	(80)
Utilised in the year	69	33
Balance at 31 July	599	610

Strawberry Hill Trust Liability

The University has an obligation to make annual payments to Strawberry Hill Trust for the ongoing maintenance of Strawberry Hill House. The payments are discounted using a discount rate of 3.5% (2015 : 5%).

NOTES TO THE FINANCIAL STATEMENTS (continued): Year ended 31 July 2016

17 Reserves

The University is Limited by Guarantee and as such does not have share capital or shareholders.

Income and expenditure account (unrestricted)

This reserve contains unrestricted equity which can be utilised to further the university's objectives. As the University is not for profit, this reserve cannot be distributed by way of dividend.

Revaluation Reserve

This reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset.

18 Pensions

The three principal pension schemes for the University's staff:

- Teachers' Pension Scheme (TPS) for academic staff
- London Borough of Richmond upon Thames Superannuation Scheme (LBRTSS) for support staff
- Friends Life Scheme for non-academic staff

Teachers' Pension Scheme

TPS is a multi-employer defined benefit scheme for which it is not possible to identify the assets and liabilities to University due to the mutual nature of the scheme. As the TPS is underwritten by central government and the University has no future obligation to make contributions to the scheme, this is effectively a defined contribution scheme in so far as it affects the University. As a result, contributions to this scheme are accounted for as if the scheme was a defined contribution scheme. The employers' contribution rates for the University's academic staff were 16.48% (2015: 14.1%) of pensionable salaries for the year ended 31 July 2016, resulting in an expense recognised in through salary expense of £1,605,000 (2015: £1,318,000). The last valuation of the TPS related to the period 1 April 2004 to 31 March 2012. The Government Actuary's report of June 2014 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191.5 billion. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176.6 billion. The deficit is underwritten by the government, the University has no further obligation to fund the deficit and no liability has been recognised.

The next formal actuarial valuation is due as at 31 March 2016.

Friends Life Scheme

Friends Life Scheme is a defined contribution scheme. The employers' contribution rates for the University's support staff were between 2% to 12% of pensionable salaries for the year ended 31 July 2016, resulting in an expense recognised in through salary costs of £436,000 (2015: £345,000).

London Borough of Richmond upon Thames Superannuation Scheme

The London Borough of Richmond upon Thames Superannuation Scheme, of which the University is an admitted body, is a funded defined benefit scheme, with the assets held in separate trustee administered funds.

The latest comprehensive actuarial valuation of the Fund was performed at 31 July 2016 by a qualified independent actuary. The following adjustments have been made to measure the defined benefit obligation at reporting date:

NOTES TO THE FINANCIAL STATEMENTS (continued): Year ended 31 July 2016

18 Pensions (continued)

The total contribution made for the year ended 31 July 2016 was £1,349,000 (2015: £1,420,000) of which employer's contributions totalled £1,059,000 (2015: £1,110,000) and employees' contributions totalled £290,000 (2015: £310,000).

Currently, support staff contributions range from 5.5% to 12.5% of salary and are determined on an annual basis by reference to earnings bandings. The University currently contributes 21.2% of staff salary. The employer contributions expected to be paid into the scheme during the year ended 31 July 2017 is £1,060,000.

The principal assumptions used by the actuary were:

	2016 %	2015 %
Price increases		
CPI	2.2	0.3
Salary increases	3.1	3.5
Pension increases	2.2	2.6
Discount rate	2.6	3.6
Expected return on assets –Equities	2.6	3.6
- Bonds	2.6	3.6
- Property	2.6	3.6
- Cash	2.6	3.6

With regard to mortality assumptions, life expectancy is based on the SAPs year of birth tables (with loadings applied depending on membership class), with future improvements from 2007 in line with the Medium Cohort projections and subject to a 1% minimum underpin. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	22.2 years	24.4 years
Future pensioners	24.3 years	26.9 years

The University's share of total plan assets at fair value were:

	2016 £'000	Proportion %	2015 £'000	Proportion %
Equities	15,309	60	13,298	58
Gilts	1,582	6	-	-
Bonds	5,819	23	3,898	17
Property	2,457	10	2,293	10
Cash	259	1	3,439	15
Total market value of assets	25,426		22,928	

NOTES TO THE FINANCIAL STATEMENTS (continued): Year ended 31 July 2016

18 Pensions (continued)

Analysis of the amount shown in the balance sheet	2016 £'000	2015 £'000
Total market value of assets	25,426	22,928
Present value of scheme liabilities	(35,849)	(30,479)
Net pension liability as at 31 July 2016	(10,423)	(7,551)
Analysis of the amount charged to staff costs income and expenditure account	2016 £'000	2015 £'000
Employer service cost (net of employee contributions)	1,053	1,058
Losses on curtailments and settlements	—	—
Total operating income	1,053	1,058
Analysis of the amount that is credited to other finance income in the income and expenditure account	2016 £'000	2015 £'000
Expected return on pension scheme assets	—	—
Interest on pension liabilities	(253)	(248)
Net return on pension scheme	(253)	(248)

The actual return on assets during the year was £2,252,000 (2015: £1,690,000)

Re-measurement of the net assets/(defined liability)	2016 £'000	2015 £'000
Return on fund assets in excess of interests	1,422	859
Change in financial assumptions	(4,035)	(2,153)
Experience gain/(loss) on defined benefit obligation	—	157
Re-measurement of defined liability	(2,613)	(1,137)

NOTES TO THE FINANCIAL STATEMENTS (continued): Year ended 31 July 2016

18 Pensions (continued)

Reconciliation of defined benefit obligation	2016 £'000	2015 £'000
Opening present value of the defined benefit obligation	30,479	26,576
Movement in the year		
Current service cost	1,053	1,058
Interest cost	1,083	1,079
Contributions by members	290	310
Actuarial (gains)/losses	4,035	2,153
Losses/(Gains) on curtailments	—	(157)
Estimated benefits paid	(1,091)	(540)
Closing present value of the defined benefit obligation	35,849	30,479
Reconciliation of fair value of plan assets	2016 £'000	2015 £'000
Opening fair value of employer assets	22,928	20,358
Movement in the year		
Interest on assets	830	831
Return on assets less interest	1,422	859
Administration expenses	(12)	—
Contributions by members	290	310
Contributions by employer	1,059	1,110
Estimated benefits paid	(1,091)	(540)
Closing fair value of employer assets	25,426	22,928

19 Cash and cash equivalents

	Consolidated		University	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Cash at bank and in hand	1,684	2,096	1,465	1,892
Short term deposits	9,297	9,111	9,297	9,111
Total Cash and Cash Equivalents	10,981	11,207	10,762	11,003

NOTES TO THE FINANCIAL STATEMENTS (continued): Year ended 31 July 2016

20 Operating lease commitments

The group and the company had minimum lease payments under non-cancellable operating leases as set out below:

	Consolidated and University	
	2016 £'000	2015 £'000
Annual commitments under operating leases were as follows:		
Commitments which expire within 1 year	34	43
Later than 1 year and not later than 5 years	4	5
Later than 5 years	—	—
Total commitments at 31 July	38	48

21 Capital commitments

No provision has been made for the following capital commitments at 31 July 2016.

	Consolidated		University	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Commitments contracted	359	711	359	711
Authorised but not contracted	2,827	2,540	2,827	2,540
Total commitments at 31 July	3,186	3,251	3,186	3,251

22 Contingent Liabilities

The University has an obligation to repay a £475,000 grant received from Sports England for the construction of the Sports Block if the Sports Block is ever sold.

23 Access to discretionary support funds

	Consolidated and University	
	2016 £'000	2015 £'000
Balance unspent at 1 August	—	14
Funding Council grants	—	—
	—	14
Disbursed to students	—	(14)
Audit and administration costs	—	—
Balance unspent at 31 July	—	—

NOTES TO THE FINANCIAL STATEMENTS (continued): Year ended 31 July 2016

24 Training Salaries

	Consolidated and University	
	2016 £'000	2015 £'000
Balance receivable at 1 August	225	175
Funding Council grants	(2,392)	(2,174)
Disbursed to students	2,363	2,224
Balance (owing) /receivable at 31 July	196	225

25 National Scholarship Programme

	Consolidated and University	
	2016 £'000	2015 £'000
Balance owed at 1 August	—	—
Funding Council funds received	—	176
Disbursed to students	—	(176)
Balance owed at 31 July	—	—

26 Related party transactions

Grants were paid to St Mary's Students Union amounting to £290,000 (2015: £230,000), an organisation in which the president Mr Alexander Lavall was a member of the University Board of Governors during the financial year.

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. The University's Register of Interests is updated annually.

All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and procurement policy.

NOTES TO THE FINANCIAL STATEMENTS (continued): Year ended 31 July 2016

27 Transitional Provisions

The group and company transitioned to FRS 102 from previously extant UK GAAP as at 1 August 2014.

The impact from the transition to FRS 102 is as follows:

Reconciliation of equity at 1 August 2014

		Group £000	University £000
Equity funds at 1 August 2014 under previous UK GAAP		28,893	28,577
Recognition of fixed asset revaluation uplift	A	81,367	81,182
Recognition of holiday pay accrual	B	(111)	(111)
Payment plans collectable over 1 year treated as financing transactions and discounted to their present value	C	(26)	(26)
Equity funds at 1 August 2014 under FRS 102		110,123	109,622

Reconciliation of equity at 31 July 2015

		Group £000	University £000
Equity funds at 31 July 2015 under previous UK GAAP		30,433	30,069
Recognition of fixed asset revaluation uplift	A	80,201	80,022
Recognition of holiday pay accrual	B	(30)	(30)
Payment plans collectable over 1 year treated as financing transactions and discounted to their present value	C	(1)	(1)
Other Adjustments		(42)	(72)
Equity funds at 31 July 2015 under FRS 102		110,561	109,988

NOTES TO THE FINANCIAL STATEMENTS (continued): Year ended 31 July 2016

Reconciliation of profit and loss for the year ended 31 July 2015

		Group £000	University £000
Profit for the year ended 31 July 2015 under previous UK GAAP		3,006	2,957
Difference on Depreciation	A	(1,166)	(1,191)
Movement in holiday pay accrual	B	(30)	(30)
Movement in payment plans collectable over 1 year	C	(1)	(1)
Difference in release of deferred capital grants	D	(180)	(180)
Adjustment to net interest on net defined pension liability	E	(330)	(330)
Profit for the year ended 31 July 2015 under FRS 102		1,299	1,225

A. Fixed Asset Revaluation and Depreciation Rate Review

Upon transition to FRS 102 the University has revalued, and also reviewed the remaining useful lives of, tangible fixed assets. The revaluation has resulted in a fixed asset revaluation uplift of £81.4m. Taken together, the revaluation uplift and revising of remaining useful lives has resulted in an increase of depreciation expense of £1.2m for the year ended 31 July 2015.

B. Holiday pay accrual

Under previous UK GAAP, the group accrued for holiday pay where this was expected to be paid as a cash sum. However, the Group did not accrue for holiday pay that was earned but the holiday entitlement was expected to be taken in the subsequent financial year. Under FRS 102, the Group is required to accrue for all short-term compensated absences as holiday entitlement earned but not taken.

The impact is to increase holiday pay accrued by £111k and £30k for the University and Group at 1 August 2014 and 31 July 2015 respectively.

As a result of the requirement to accrue for holiday that was earned but not taken, there is a charge of £30k to the income statement for the year ended 31 July 2015, recognising the increase in the holiday pay accrual over the year.

C. Payment Plans

Under previous UK GAAP amounts collectable from students on payment plans where no interest is charged and receipt is not expected within one year was treated as debtors and recorded at an undiscounted face value. Under FRS 102 these are classified as 'financing transactions' and recorded at their present value and discounted back at a market rate of interest of 8%.

The impact is to decrease debtors by £26k and £1k for the University and Group at 1 August 2014 and 31 July 2015 respectively.

There is a charge of £1k to the income statement for the year ended 31 July 2015, representing movements in the expected payment periods.

D. Deferred Capital Grants

The University has deferred capital grants which, under both FRS 102 and previous UK GAAP, are being released as grant income in line with the depreciation of the asset for which the grant was intended to fund. However, due to the revision of remaining useful lives, the rate of release has been adjusted. The rate of recognition of deferred capital grants has increased by £0.18m and is recognised as grant income through the income statement for the year ended 31 July 2015.

NOTES TO THE FINANCIAL STATEMENTS (continued): Year ended 31 July 2016

Under previous UK GAAP the deferred capital grants were recognised within equity and not included within net assets. Under FRS102, deferred capital grants have been reclassified as creditors, split between current and non-current creditors. The impact is to decrease equity and increase creditors by £5.9m and £0.2m for the University and Group at 1 August 2014 and 31 July 2015 respectively.

E. Defined benefit pension scheme

FRS 102 requires net interest on the net defined benefit pension liability to be calculated using the liability discount rate and presented in the Statement of Comprehensive Income. Under previous UK GAAP, the interest on the expected return on plan assets was calculated using an expected asset rate on the pension plan's specific assets be they equities, properties or bonds.

This is a presentation change, the change has had no effect on reported equity as the measurement of the net defined pension scheme liability has not changed. Instead, the (decrease) in reported profit is mirrored by an increase in actuarial loss which are presented within other comprehensive income. As such there was a decrease in profit due to increase in net interest expense arising from this adjustment which was offset by a corresponding increase in other comprehensive income.

The impact is an increase in net interest expense and increase in other comprehensive income of £0.3m to the income statement for the year ended 31 July 2015.

In addition, under previous UK GAAP the equity corresponding the pension reserve relating to the defined benefit pension scheme was presented as a separate equity balance. Under FRS102, the pension reserve has been included net with income and expenditure reserve.

Transitional Relief

On transition to FRS 102 from previous UK GAAP, the group and company have taken advantage of transitional relief as follows:

Tangible Assets at Fair Value

The Group has taken advantage of the option afforded under FRS 102, p 31.10(c) and has elected to measure land, buildings and heritage assets at deemed cost, being the fair value at the date of transition to FRS 102.