

St Mary's
University,
Twickenham



ST MARY'S UNIVERSITY, TWICKENHAM
ANNUAL REPORT AND FINANCIAL STATEMENTS

31 JULY 2020

A company limited by guarantee and registered in England and Wales under number
05977277

Registered Office: Waldegrave Road, Strawberry Hill, Twickenham TW1 4SX
Registered Charity Number 1120192

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Administrative Information: Year ended 31 July 2020

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Website

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Board of Governors

Rt Rev Richard Moth (Chair)
Mr David Brambell
Dr Christine Campbell
Professor Francis Campbell (resigned 31 January 2020)
Mr Charlie Canning (appointed 1 July 2020)
Mr Jeffery Cottle
Ms Noreen Doyle
Fr Richard Finn OP
Mr David Hartnett (Vice-Chair)
Mr Jack Ritchie (resigned 30 June 2020)
Mr Anthony McClaran (appointed 20 April 2020)
Ms Claire McDonnell
Miss June Mulroy
Professor Anne Moran (Vice-Chair)
Mr Pietro Palladino (appointed 15 December 2019)
Mrs Kristen Pilbrow
Ms Natalie Hobkirk (resigned 24 September 2019)
Mr John Unsworth (appointed 26 August 2020)

Senior officers

Chancellor	H.E. Cardinal Vincent Nichols
Vice-Chancellor	Mr Anthony McClaran (appointed 20 April 2020)
Interim Vice-Chancellor	Mr David Hartnett (1 February 2020 to 19 April 2020)
Vice-Chancellor	Professor Francis Campbell (to 31 January 2020)
Provost	Professor John Charmley
Pro Vice-Chancellor (Research and Enterprise)	Rt. Hon Ruth Kelly (to 31 August 2020)
Pro Vice-Chancellor (Global Engagement)	Mr Paul Bridge
Chief Operating Officer	Mrs Jo Blunden
Chief Financial Officer	Mr Richard Solomon

Clerk to the Board of Governors and Company Secretary

Mr Andrew Browning

Administrative Information (continued): Year ended 31 July 2020

Bankers

Barclays Bank Plc
Leicester
LE87 2BB

HSBC Bank Plc
133 Regent Street
London
W1B 4HX

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

Vice-Chancellor's Foreword: Year ended 31 July 2020

Vice-Chancellor's Foreword: Year ended 31 July 2020

On behalf of the University, I am pleased to present our Annual Report and Financial Statements for 2019/20.

It is an understatement to note that this past year has been one of significant and necessary change, both for St Mary's and the rest of the higher education sector. Most pressing have been the challenges presented by the global COVID-19 crisis, which has profoundly impacted on how higher education operates across the entire world. In a positive light, St Mary's has done a tremendous job in rapidly adapting and addressing the needs of students and staff in this new environment. Furthermore, the crisis has led to innovations that, in the longer term, may create opportunities for the University, including flexible academic delivery and new ways of working. St Mary's students and staff are to be commended for their resilience and ability to respond to this ongoing crisis.

The wave of passionate worldwide protest that followed the death of George Floyd in the United States impacted powerfully on the University – particularly on our black staff and students – and has called forth a renewed commitment to ensure that our values are fully expressed and experienced positively by the whole University community. A commitment to further action to challenge racism and discrimination will be a key direction for the coming academic year.

Closer to home, the University also experienced a transition in the Vice-Chancellor's Office. St Mary's bade a fond farewell to Professor Francis Campbell in January 2020. With Professor Campbell's oversight, the University transformed itself academically and financially, positioning itself to achieve remarkable league table and National Student Survey success. Professor Campbell, who has become Vice Chancellor and President of the University of Notre Dame Australia, was followed by Mr Dave Hartnett, taking temporary leave from his roles as Deputy Chair of the Board of Governors and Chair of the Board Finance and Resources Committee, to serve as Interim Vice-Chancellor, during a period which included the initial months of the COVID-19 crisis in the United Kingdom. I arrived as the permanent successor to Francis Campbell in April 2020, having served as the Chief Executive Officer of the national regulator for higher education in Australia, the Tertiary Education Quality and Standards Agency (TEQSA) since 2015.

Alongside these significant changes, St Mary's continues to build on our successes. In February 2020 we announced the creation of a new, dedicated post-graduate campus at the Gillis Centre, Edinburgh. Part of the Diocese of St Andrews and Edinburgh, the Gillis Centre will provide an opportunity for students in Scotland to access our Education and Theology postgraduate programmes. While the start date for this programming has been postponed to September 2021 due to the Coronavirus, the University remains fully committed to this project and we continue to work closely with the Diocese of St Andrews and Edinburgh.

Although COVID-19 has resulted in extraordinary and historic pressure on the broader higher education sector, St Mary's prudent planning and financial management has put us on a solid financial platform. Notwithstanding the significant adverse impact of the Coronavirus pandemic on our financial performance, as a result of mitigating cost controls our operating profits for 2019/20 of £3.2m were in fact marginally better than the original budget which had been approved well before the emergence of COVID-19. During the year the University strengthened its lines of credit by taking out a £3m revolving credit facility (as yet un-utilised), and in August 2020 we negotiated £4m of additional medium-term finance – on normal commercial terms and without any recourse to Government guarantees. As a result of these treasury actions, the University should be able to navigate the uncertainties of the coming months and years with the benefit of a robust liquidity position.

Our ongoing commitment to students was rewarded with continued league table success. St Mary's continues to rank in the top 110 universities nationally across all three league tables (107th in the Complete University Guide, 101st in the Guardian, and 85th in the Times Good University Guide). We continue to focus on improving our performance in areas such as student retention, graduate employment, and research outputs which will help cement our new position as one of the strongest performing student-focused universities in London.

Vice-Chancellor's Foreword (continued): Year ended 31 July 2020

Feedback from our students continues to be amongst the best in London, and the country, with 86% of students expressing satisfaction with their course. We continue to work closely with students to identify areas for improvement and enhancement, ensuring that all students are supported in achieving the best possible outcome.

There are testing times for the UK higher education sector. During periods like this universities reflect on the core, indelible aspects of their character to help them navigate the challenges they face. St Mary's remains committed to imbuing higher education with character formation, drawing on the philosophy and writing of St John Henry Newman. Our four core values of inclusiveness, generosity of spirit, respect and excellence guide our interactions within the University and with the broader world, and will ensure the University emerges from this period stronger and more focused than ever.

Anthony McClaran

Vice-Chancellor

24 November 2020

Directors' Report: Year ended 31 July 2020

Directors' Report: Year ended 31 July 2020

The Governors, as Directors of the University, present the Directors' Report for the year ended 31 July 2020.

Governors during the year

The current Board of Governors together with details of those who served during the year 2019/2020 are set out on page 1. The University's Vice-Chancellor, Francis Campbell, left the University on 31 January 2020 with Dave Hartnett who was already a member of the Board assuming the role of interim Vice-Chancellor until Anthony McClaran assumed the role of Vice-Chancellor on 20 April 2020. Thanks are given to Francis Campbell for his 6 years of service to the University and a warm welcome is given to Anthony McClaran. Thanks are also given to Dave Hartnett for stepping in as interim Vice-Chancellor. We have also welcomed Charlie Canning who is the Students Union representative onto the Board together with John Unsworth who will be sitting as an independent governor, and Pietro Palladino who has been serving on Finance and Resources Committee for some time.

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.

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.

The University also takes into account its public benefit and Catholic ethos and identity when developing its strategy for widening participation, key elements of which form a core of St Mary's Access and Participation Plan, which is approved by the Office for Students (OfS), inter alia, the fees St Mary's charges to students, the bursaries the University offers and details of other activities such as outreach 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.

Dividends

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

Disclosure of Information to Auditor

The Governors confirm that so far as they are aware, there is no relevant audit information of which the University's auditor is 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 auditor is aware of that information.

Political Donations

The University has not made any political donations during the year ended 31 July 2020 (2019: Nil).

Directors' Report (continued): Year ended 31 July 2020

Statement of Corporate Governance Arrangements

The University has adopted the Committee of University Chairs (CUC) Higher Education Code of Governance (2018 Version) which applies to our reporting for 2019/2020 and subsequent years. Within the CUC Code there are seven primary elements of higher education governance. Set out below is a summary of how the University seeks to meet the requirements of these.

Element 1

The Board of Governors has adopted a clear scheme of delegation which is updated as required, including an inclusion of this corporate governance statement within this annual report. Minutes of meetings of the Board of Governors and other corporate statements are published on the University's website. The internal auditors carry out regular audits of due diligence processes within the University and these are reviewed by the Audit Committee. A register of interests is maintained of Board members and senior staff. The University has a whistleblowing policy and the Audit Committee is notified of any public interest disclosures that are made.

Element 2

Policies on treasury management, debt management, and grants and contracts are regularly reviewed and these can be reviewed by the University's internal auditors. There is a University Risk Management Committee which meets on a regular basis and it provides reports on the risk register to the Audit Committee. Review of the University's management accounts are a standing item on the agenda of both the Board of Governors and the Finance and Resources Committee.

Element 3

The University's strategic plan is currently being reviewed by the Board of Governors and senior management to ensure that it is meeting the University's needs to be sustainable and pursue the University's mission. It is also carrying out a review of its KPIs. The current strategy contains references to student satisfaction, research quality, and graduate employability.

The University's annual audit plan is approved by the Audit Committee, and audits of corporate governance are carried out on a regular basis.

Element 4

The Articles of Association of the University contain a clear commitment by the Board and the wider University to uphold academic freedom. The Board of Governors receives the minutes of the Academic Board and the Academic Scrutiny Committee. The Academic Scrutiny Committee also provides oversight of the academic work and standards of the University. Students are encouraged to participate in academic governance, with representatives of the student body on both the Board of Governors and the Academic Board.

Element 5

The University has appropriate due diligence and quality procedures in place when it enters into any agreement or partnership with a third party. Where such agreements are significant in nature then they are considered by the Finance and Resources Committee and/or the Board of Governors. It is also the case that where any agreement needs to be signed as a deed, the consent of the Board of Governors is obtained accordingly. The Finance and Resources Committee regularly receives reports on the work of the Enterprise arm of the University.

Element 6

The Finance and Resources Committee has this year approved a People Strategy for the University which promotes equality and diversity and sets out clear KPIs. The University has policies and procedures in place which are aimed at eliminating discrimination.

Directors' Report (continued): Year ended 31 July 2020

Element 7

The Board of Governors has a majority of external members who are independent of the institution. There are powers contained within the Articles of Association to remove any member who breaches the terms of their appointment. A Nominations Committee advises the Board on appointment of members with the Board making the final decision on membership. There are currently two Vice-Chairs of the Board should the Chair be unable to attend a meeting or otherwise be incapacitated.

With the exception of the Vice-Chancellor, the two staff members, and the students' union representative no other members of the Board receive any remuneration, other than expenses, from the University. The Clerk to Board is appointed (and may be removed) by the Board of Governors. The Clerk is also Legal Counsel for the University.

2020 CUC Higher Education Code of Governance

On 16 September 2020 a new version of the CUC Code was published and this now applies to our reporting for 2020/2021 onwards. This code contains six elements instead of seven. The Board of Governors were briefed on the new code when they met on 7 October 2020 and reference will be made to the 2020 CUC Code in futures statements of corporate governance arrangements.

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 Financial Officer.

Price Risk

The majority of the University's revenue is derived from student tuition fees. The University's domestic and EU tuition fees are charged at the £9,250 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.

Credit Risk

The University is exposed to credit risk primarily 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, and it ensures that it has access to adequate cash reserves and/or lines of credit. The University's treasury policy is to maintain any 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 broadly 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 or credit facilities on hand at all times to provide adequate headroom.

Directors' Report (continued): Year ended 31 July 2020

Post Balance Sheet Events

In August 2020 the University entered into and drew down a new £4m Medium Term Loan. The loan is on normal commercial terms, does not involve any Government guarantees, and has a five-year maturity. The loan was taken out for general corporate purposes in the context of the Coronavirus pandemic.

Existence of Overseas Branches

During 2014/15 the University incorporated a US subsidiary, "St Mary's University London US Foundation", a charitable not-for-profit organisation which is currently non-trading.

Equality, Diversity and Inclusion

St Mary's University is fully committed to creating an inclusive culture by promoting equality of opportunity and respecting differences amongst its staff, students and other stakeholders. Our core value of Inclusiveness, which is integral to our Vision 2025 is at the heart of our approach to these objectives

We are proud that our University is a richly diverse community, where we draw on the talents of all our staff and students to create a culture of mutual respect and recognition.

Across our community, students, staff and Governors have been shocked and appalled by the killing of George Floyd. His death brought into focus yet again the issues of inequality and racism which still exist, and we acknowledge that there is still much more that needs to be done to achieve lasting and positive change. In response to these important issues which the Black Lives Matter movement brought to the world's attention we engaged with Black staff and students in various ways to demonstrate our support and commitment to Equality, Diversity and Inclusion. This engagement included several all staff and student communications, additional resources being made available to assist with educating colleagues and students on the topic and also the Vice Chancellor held a number of meetings with staff and student groups to better understand their lived experience at the University and beyond.

Together with our partners and colleagues from across the higher education sector we are working hard to address issues of racism and hate crime. We need to ensure that our students and colleagues can have confidence that they can study, work and live in a safe, enabling and inclusive environment. We have therefore undertaken a review of Equality, Diversity and Inclusion within the University with the aim of embedding this into our strategy in a visible and transparent manner.

The university has a commitment to ensure reasonable adjustments are made to prevent a disabled person suffering a disadvantage compared with people who are not disabled as set out in the Equality, Diversity & Inclusion Policy Statement. This ensures that disabled people have the same access to the internal training and career progression opportunities.

Furthermore, the University is setting up a Disability Network to further advance the work we do in relation to supporting disabled people who are interested in working at St Mary's, and existing staff. This Group will have an initial focus on considering attainment of the Governments Disability Confident employer scheme, which will further improve the universities approach to the recruitment, development and progression of people with disabilities.

We also recognise that we can do more to educate our staff on the actions they can take to be mindful of their unconscious biases, which we do through training programmes and considering positive discrimination to give those from underrepresented groups an opportunity to shine at interview stage as set out in our recently developed Diverse and Inclusive Decision-Making Principles.

Engagement with Employees

People Strategy

Our first People Strategy was written and published this year to further articulate the continued realisation of the University vision, and is a key contributor to our continued growth and ambition. The strategy aims to lead

Directors' Report (continued): Year ended 31 July 2020

the University in creating a culture that inspires excellence through delivering innovative policies, support and initiatives that underpin the University's success, and benefits the communities in which we work.

The People Strategy has seven inter-connected themes with measurable key performance indicators:

- *Diversity and Inclusion*
Create a diverse and inclusive University community that enables creativity, imagination and innovation and is truly representative of our student population with the aspiration to be representative of London.
- *Talent Attraction and Retention*
Become an employer of choice where the best and the brightest want to be, and an employer which attracts diverse talent, particularly in under-represented parts of the University.
- *Leadership and Management*
Build confidence and capability in our leaders and managers to deliver innovative and creative solutions that promote the ambitions of our University.
- *Engagement*
Create a working environment in which staff are inspired to give their best every day and are motivated to be part of the University's success.
- *Performance, Development and Growth*
Create the capability needed for future success by motivating and engaging our people to take responsibility for their own performance and development and to adapt to continuous change.
- *Rewarding and Recognising Excellence*
Reward and recognise excellent contributions which reflect our values and promote our success.
- *Wellbeing*
Place wellbeing at the heart of the employee life-cycle experience and encourage and inspire our people to look after their health and wellbeing, and that of others.

We are extremely proud of the University's work in supporting and developing our inclusive community and have outlined below some highlights from the past academic year:

The Diversity and Inclusion Staff Group and Networks

There is now a well-supported Diversity and Inclusion Staff Group, which reports into the University Operating Board, with six networking groups. The Group continues to deliver activities to enable focus on improvements for specific staff groups as well as the delivery of strategic priorities. The networking groups are now in place with a good level of support from staff and aim to champion staff diversity and inclusion through a range of interventions.

Gender Pay

The University's third Gender Pay Gap report has been published on the University's external website in line with legal requirements. In summary, whilst we can be proud of our progress, the report shows there have been mixed results despite the hard work undertaken to reduce the University's gender pay gap. Gender equality remains a significant part of our continued commitment to equality, diversity and inclusion and St Mary's will continue to deliver on the staff action plans, working in headline terms on two main areas of focus namely to ensure:

- fair and equitable attraction, recruitment and selection practices to attract the best talent and ensure a diverse staff base with a balanced gender mix
- an inclusive and welcoming work environment, where staff can thrive and are enabled by supportive managers and progressive policies to develop their careers.

Directors' Report (continued): Year ended 31 July 2020

Research Excellence Framework (REF) – As part of the University's approach to the forthcoming REF2021, we have been supporting colleagues on the development of a REF Code of Practice (CoP). The CoP sets out the University's approach to ensuring the fair and transparent identification of staff with significant responsibility for research, determining who is an independent researcher; and the selection of outputs for the REF. All decision-making bodies will adhere to the principles of this Code, ensuring equality, transparency, consistency and accountability. In addition to the above, we have now moved to the implementation stage, with Faculties moving forward with the Personal Research Plans to identify those with a significant research responsibility (SRR). The group being identified as having SRR has been modelled and a draft Equality Impact Assessment completed for consideration by the Research Office.

Athena SWAN – The Athena SWAN Small and Specialist Bronze Award is the HE sector's gender equality charter. Work has now begun to apply for this award with the aim of submitting an application in November 2021. We have appointed two Co Chairs to the Self-Assessment Team (SAT). The Co-Chairs have been drawn from our academic staff, given that the work focuses on academic and research staff data such as recruitment, career progression and retention, as well as student progression data. The group is represented at a senior leadership level and is instrumental in driving forward the actions and projects which result from this work. The SAT has also been formed and comprises of staff from all areas and levels at the university.

The SAT will carry out research and analysis of University policies, practices and data to put together an application, identifying areas where gender equality can be improved.

Academic Career Pathways – Academic Career Pathways were launched as planned in October 2019 and have been implemented through the current academic promotion round. The reporting to the University Promotion Committee (UPC) has been strengthened to include D&I analysis. The outcome of the first UPC cycle has now successfully concluded and communicated to staff and a review has been completed and there will be revisions to the promotion process for next year. The university will also explore the options around developing a "practice" based route to include within the framework.

Mentoring Scheme - The University has introduced a formal mentoring scheme to support staff with their career development. This follows a hugely successful pilot scheme which ran in the second half of 2019. Mentoring is an incredibly valuable resource to access and equally it is a valuable experience to mentor another person and should help engender and support equality and inclusion.

Mental Health First Aid - As part of the University's commitment to mental health support, a cohort of staff members have trained to be official Mental Health First Aiders at the University. They are available for confidential support and assistance to those in need. This scheme was launched at an official mental health event earlier in the year which raised awareness of mental health generally and informed staff of this additional support function. In addition, the Mental Health First Aiders formed an online community to support staff impacted by the pandemic and have continued to promote a safe space for conversation or support. During Mental Health Awareness Week earlier this year there was a session called "Supporting Student Mental Health" – aimed at staff supporting students, with a view to more integrated support.

Diversity and Inclusion Training - The University continues to rollout Diversity and Inclusion training to all staff. Diversity and Inclusion forms part of the University's essential e-learning package that all new staff must complete together with unconscious bias and cultural awareness training.

Women's Development – The University continues to run two women's development programmes. Both initiatives enhance our work to bridge the institutional gender pay gap and will support the University in its future proposed application for the Athena SWAN award. The Springboard programme was offered again in 2019 to all female employees following its highly successful introduction in 2016/17 and is a women's development programme available to any female staff at the University.

The University has also sponsored another cohort of women to take part in a women's leadership development programme, Aurora, run by the Leadership Foundation for Higher Education.

Directors' Report (continued): Year ended 31 July 2020

Staff and student involvement

The University seeks to involve both students and staff through a variety of different formal and informal routes.

- **Student Involvement:**
The University has continued to place the student voice at the heart of its decision making. In the past year this has been demonstrated through inviting the Student Union elected officers to attend various management meetings including the most senior decision-making forums within the University. In addition, student representatives have been a core part of a variety of working groups at an earlier stage, with a particular focus of bringing the Diversity and Inclusion agenda for staff and students much closer.
- **Staff Involvement:**
The University's focus on the enhancement of the St Mary's community has continued with our staff and students working together on key events that are important to our community. Later this year the focus will be on further bringing together our networks to celebrate a number of key events including Black History Month, Interfaith Week, LGBT History Week, International Women's Day, Disability Awareness Month, Carers Week and World Mental Health Day.

The Trade Union (Facility Time Publication Requirements) Regulations 2017 took effect from 1 April 2017. Under these Regulations, the University collects and publishes information about how much time and cost is attributable to trade union facility time in respect of those employees who are trade union representatives. These disclosures, relating to the year from 1 April 2019 to 31 March 2020, are provided in Appendix 1 to the Annual Report and Financial Statements.

Engagement with suppliers, customers and others

Our strategic approach to suppliers is to build strong mutually beneficial relationships. St Mary's University seeks to promote the application of these relationships to foster our commitment to achieving value for money while maintaining compliance with Public Contracts Regulations 2015. The ability to promote supplier relationships effectively is an important factor in the decision to enter into or remain within, this alongside other standards are described in the Procurement Strategy, which is reviewed and approved periodically. St Mary's University is an active member of the key national collaborative procurement consortiums, who also carries out supplier workshops and conferences with endeavour to enhance customer/supplier relationships

Greenhouse gas emission & energy consumption

The University is committed to reducing carbon emissions over time. We set out our first report on Green House Gas (GHG) for the period from 1 August 2019 to 31 July 2020 in accordance with the Companies and Limited Liability Partnerships (Energy and Carbon Report) Regulations.

The data for 2019/20 reflect the impact of the Coronavirus lockdown, most notably the reduction in travel, procurement and utilities usage. We have adopted the widely accepted approach defined in the GHG Protocol Corporate Standard and our results are summarised below with further details presented in Appendix 2:

Scope 1 (Direct emissions) reflects GHG emissions from activities owned or controlled by the University such as vehicles and gas for heating on our premises. Fuel usage was calculated based on fuel purchases together with 'Conversion factors 2020' published by the Department for Environment, Food & Rural Affairs (DEFRA). Our total Scope 1 GHG s were 1,324,544 KgCOe.

Scope 2 (Energy indirect) includes GHG emissions on and our electric vehicle and electricity purchased on Campus, the Exchange and other sites. Mileage used was converted into kWh based on the DEFRA 'Conversion factors 2020'; our total emissions were 722,780 KgCOe.

Directors' Report (continued): Year ended 31 July 2020

Scope 3 (Other indirect) represents GHG emissions relating to business travel by students and staff, procurement, water and waste. We have applied the DEFRA 2017 and 2020 conversion factors to the data collected using surveys; this included mode of transport, distance travelled and types of travel expenditure. Our total Scope 3 emissions were 2,051,742 KgCO₂e.

The overall GHG emissions were 4,099 tCO₂e. The GHG emission intensity ratio per Staff FTE is 6.71 tCO₂e based on a total of 611 staff FTE, whilst it is 0.87 tCO₂e per student FTE based on a total of 4,690 student FTE in 2019/20.

We have embarked on a number of capital projects over the years to enable energy efficiency and reduce carbon emissions and we endeavour to continue our journey to reducing carbon emission over future years through detailed planning in our capital investment projects.

Identification of Information Excluded from 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 17-31.

Signed on behalf of the Board of Governors

Bishop Richard Moth

24 November 2020

Statement of Corporate Governance and Internal Control: Year ended 31 July 2020

The University presents its Statement of Corporate Governance and Internal Control covering the year 1 August 2019 to 31 July 2020 and up to the date of approval.

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 published in 2018.

Internal Audit of governance

The Internal Audit review of governance has not been undertaken during the year. An internal audit was carried out in 2019/2020 and substantial assurance was given.

Articles of Association

During 2015/2016 the University's Articles were subject to extensive review, in part prompted by national moves which have led to the passing of the Higher Education and Research Act 2017 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. The current Governing Articles were approved on 25 August 2016 by the Privy Council.

The Board of Governors

The Board of Governors is responsible for the University's long-term mission, strategy, and objectives; it also provides oversight of financial and organisational control. The 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 2020, 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
- Up to six Governors carrying the nomination of the Catholic Education Service and six Governors carrying the nomination of the Archbishop of Westminster
- Up to six co-opted Governors
- Two staff Governors and one Student Governor

It is the Board's intention that it should not normally have more than 16 members.

Recommendations for appointment to the Board are made by the Nominations and Governance Committee. 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.

Statement of Corporate Governance and Internal Control (continued): Year ended 31 July 2020

Transparency

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, Terms of Reference, and the Board Handbook.

Oversight of Corporate Governance, Risk Management and Statutory and Regulatory Responsibilities

The Audit Committee of the Board of Governors provides much of the oversight of the University's corporate governance and risk management. This is through reports to the Committee from the internal auditors, and from the University's risk management group from which a report is received at every meeting of the Audit Committee. The Board of Governors in turn has consideration of the minutes of the Audit Committee as a standing item. The Board also receives updates on matters relating to Corporate Governance from both the Clerk to the Board and the Vice-Chancellor. In January 2020 the Board approved updated financial regulations for the University and in July it approved an amended Scheme of Delegation. The Board also approves on an annual basis the Terms of Reference of its Committees.

The Board and its Committees also ensure that the University complies with its statutory and regulatory responsibilities. The Academic Scrutiny Committee and the Academic Board together with the Board of Governors provide much of the oversight of compliance with OfS's ongoing conditions of registration. The Finance and Resources Committee oversees compliance with the University's statutory obligations in relation to health and safety and equality and diversity.

Ensuring regularity and propriety in the use of public funding

Consideration of the management accounts of the University are a standing item for both the Board of Governors and the Finance and Resources Committee. Oversight of the use of the public funding is also provided through the Academic Scrutiny Committee and the Academic Board both of which have responsibilities for the academic activities of the University. The Internal Auditors may also carry out audits of the University's processes for handling such monies with these reports being considered by the Audit Committee. The Finance and Resources Committee is responsible for approving the TRAC returns.

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 and are also available to view on the University's website. During the year ended 31 July 2020 the Board's committees were as follows:

Audit Committee

The Audit Committee meets at least four times a year and consists of at least three non-staff Governors and up to two 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, advising the Board on appointment of internal and external auditors and monitoring adherence to regulatory requirements. In addition, the Committee reviews the University's annual financial statements together with the accounting policies. The Committee also receives reports on data quality, provides oversight of management implementation plans and considers reports from external bodies as they affect the University's business.

Finance and Resources Committee

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

The Finance and Resources 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 recommends and approves policies and procedures in relation to Human Resources matters. It advises on infrastructure matters including

Statement of Corporate Governance and Internal Control (continued): Year ended 31 July 2020

Information Technology and Estates strategies and the monitoring of major corporate projects. It also has oversight of health and safety.

Academic Scrutiny Committee

The Academic Scrutiny Committee consists of up to five governors (three non-staff governors, a governor representing students, and the Vice Chancellor).

The Academic Scrutiny Committee scrutinises and challenges the Academic Board and the Senior Management Team on the quality and enhancement of the academic experience and the student outcomes.

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 and Governance Committee

The Nominations Committee comprises the Chair, a Vice 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. It also considers the chairing and membership of committees and the efficiency and effectiveness of governance.

Scope of Responsibility

The Board of Governors has ultimate responsibility 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 Terms and Conditions of Funding between the University and Office for Students (OfS). 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

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 continuous 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.

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:

- The University has a Risk Management Group chaired by the Chief Financial Officer with a membership consisting of senior managers. The group meets at least five times a year and reports into the Audit Committee;
- 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;

Statement of Corporate Governance and Internal Control (continued): Year ended 31 July 2020

- 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 uses 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.

The University's Internal Audit service operates to standards defined in The Office for Students (OfS) Audit Code of Practice. The internal auditors submit regular reports to the Audit Committee.

Based on the programme of work undertaken, the Annual Report of the Internal Auditors to the Board indicates an adequate and effective framework for risk management, governance, internal control and economy, efficiency and effectiveness, albeit with further enhancements identified to ensure that it remains adequate and effective. The University will maintain its focus on addressing issues raised by its internal auditors and is committed to a culture of continuous improvement in this area.

Review of effectiveness

The Audit Committee, on behalf of the Board of Governors, has reviewed the effectiveness of the systems of internal control. During 2019/20 the University has:

- Continued to embed its risk management policy into the decision-making processes of the University;
- 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.

Strategic Report: Year ended 31 July 2020

The Governors present their Strategic Report on the University for the year ended 31 July 2020.

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 05977277 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".

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.

Competitive and Regulatory Environment and Financial Context

The Higher Education sector in the UK is broad, diverse, and ever changing. Competition to recruit students has continued to intensify in both national and international markets. The COVID-19 pandemic has further intensified this competition and creates considerable financial uncertainty. The move to online delivery for the end of Semester 2 in the 2019/20 academic year and cancellation of all on-site events has presented challenges, but has been well managed by the University. The University has focused on supporting all students to achieve the best possible outcome in unprecedented circumstances. Investment in facilities and technology for teaching and lecture capture during 2019/20 was timely and vital in the move to online delivery. Further investment in this area is planned for 2020/21.

The UK's withdrawal from the EU creates further uncertainty. Although numbers of EU students are relatively small at St Mary's, there is likely to be a negative impact on staff and student recruitment from EU countries.

In September 2018 St Mary's submission to the OfS register was approved without condition and the University continues to work to ensure that it continues to meet the ongoing conditions of registration.

Vision 2025

Our published longer-term strategic plan, "Vision 2025" (full details available at: <https://www.stmarys.ac.uk/about/vision-2025/vision-2025.aspx>)

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.

Strategic Report (continued): Year ended 31 July 2020

- **Strawberry Hill:** The centre of our University will continue to be our beautiful campus in Strawberry Hill. By 2025 we will have significantly 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.

Values

Our four core values define St Mary's and underpin all we do as a University. They are:

- **Inclusiveness.** We celebrate differences, recognising that everyone is born with a unique identity. St Mary's is a place where students and staff can reach their full potential and make a positive contribution to society.
- **Generosity of Spirit.** Our generosity of spirit sets us apart. It can be seen in the encouragement, collegiality, empathy, helpfulness and service to be found across the University.
- **Respect.** We respect everybody. We treat everyone as we ourselves would want to be treated.
- **Excellence.** We strive to be the best at everything we do. We seek professionalism through setting high standards and continuous improvement in all our practices and work.

Strategy

Vision 2025 sets out our key strategic aims and objectives in the following areas:

- **Education:** We aim to build on established strengths by excelling in teaching and focussing on outcomes. We aim for all St Mary's students to be knowledgeable, confident, resilient and ambitious individuals, by offering exceptional student learning opportunities, enabling our students to make a positive impact in a complex and demanding world.
- **Student recruitment:** We aim to increase our student numbers each year to 2025, by providing new programmes, strengthening relations with schools and expanding internationally.
- **Engagement:** We aim to raise the profile of St Mary's at a national and global level, through focussed impact on public debate in our areas of strength and expertise. We will use the established global networks of which we are part to facilitate this. Our plan is to expand St Mary's existing partnerships in a measured and selective way.
- **International:** We aim to increase the number of international students studying at St Mary's so that by 2025 they make up 25% of the student population; increase the number of home students who undertake part of their course abroad and who have the opportunity to volunteer in less developed countries.
- **Research and enterprise:** We aim to secure Research Degree Awarding Powers (RDAP) and expand our doctoral programmes; to nurture carefully-selected areas of internationally leading/world-class research; and to establish new world-leading research centres to support our submission to the next Research Excellence Framework. We will need to attract the best talent to St Mary's from the fields of academia, public policy and industry to facilitate the achievement of these aims.

Section 172 Statement

This statement is intended to set out how the Governing Body of the University has fulfilled its duty to promote the success of the University under Section 172 of the Companies Act 2006 and considered the interests of the University's stakeholders when making decisions.

Purpose of the University

The University's purpose is to be a Catholic higher education provider attracting students of all faiths and none. The Catholic ethos of the University inspires the development of an institution in which students want to study, employees want to work, and with which people and other institutions want to partner. The Governing Body is responsible for ensuring that this is done in a sustainable manner, underpinned by the values and ethos of the University.

Strategic Report (continued): Year ended 31 July 2020

The University's long-term success relies on increasing the number of students studying at the University both at undergraduate and postgraduate level, and recruiting them both domestically and internationally. In order to attract students, the University provides an offering of courses that: have the necessary academic rigour; meet the needs of the market; and that provide a stepping stone for students' career development either outside or within academia.

To underpin the long-term success there is a need for careful financial management, excellent relationships with employees and the members of the University, strong partnerships with third parties such as other institutions, and close working relationships with suppliers.

The Governing Body is responsible for ensuring that the University is successful in fulfilling its purpose and continues to go from strength to strength in the coming years.

University Stakeholders

The University has a variety of stakeholders. These are considered to be:

- The Students of the University
- The University's Employees
- The Catholic Church, including the Archdiocese of Westminster and the Catholic Education Service which have particular responsibilities within the University's governance arrangements
- Institutional Partners of the University
- Suppliers of Goods and Services to the University

Key Decisions During 2019/2020

Appointment of Vice-Chancellor

Following the resignation of Francis Campbell in February 2019, the Board of Governors carried out a search for and appointment of a new Vice-Chancellor. Anthony McClaran was subsequently appointed by the Board and took up the position in April 2020.

The Vice-Chancellor is the Chief Executive Officer of the University and therefore the appointment is key to the future strategic direction of the University and its relationship with all of its stakeholders. The decision to appoint the Vice-Chancellor was made by the Board of Governors; however, the appointment process also involved the participation of members of the University, student representatives, and employees of the University. This stakeholder participation was key to ensuring that the Board was confident in its appointment of Mr McClaran. There was an interregnum between the departure of Francis Campbell at the end of January and the arrival of Anthony McClaran meaning that there was a need to appoint an interim Vice-Chancellor. A member of the Board, Dave Hartnett, was appointed. While this was always an important appointment its importance arguably increased when Mr Hartnett was required to provide leadership for the University as the Coronavirus pandemic hit the UK and the subsequent lockdown ensued.

Change in Banking Arrangements and Authorisation of Credit Facilities

The Board of Governors authorised a change in the University's principal bankers; in conjunction with this, the University's previous overdraft facilities were replaced with a new £2m 'evergreen' facility, together with a £3m revolving credit facility with a five-year term. These new lines of credit further reduced the University's liquidity risk, and bolstered its financial stability.

Strategic Report (continued): Year ended 31 July 2020

Coronavirus Response

The Coronavirus pandemic has posed a significant financial threat to the higher education sector. As part of the response to the pandemic, the Board of Governors reviewed an extensive set of scenario analyses which modelled the potential impact of the Coronavirus pandemic on the university's profitability and liquidity. Consequently, the Board approved a revised financial strategy including the budget for 2020/2021 and forecasts out to 2024/25 which takes into account the potential impact of COVID-19 on the University's income and expenditure. As part of the approved financial strategy, the Board approved a well-calibrated programme of cost reduction, and the negotiation of a £4m Medium Term Loan which was secured and drawn down in August 2020, to be repaid over a five-year term. This loan was obtained under normal commercial terms, without recourse to any Government guarantee. It was taken out for general corporate purposes, and it will further bolster the University's financial strength as it navigates the uncertainties brought about by the Coronavirus pandemic.

Opening of Edinburgh Campus

The Board of Governors approved the opening of a new campus at the Gillis Centre in Edinburgh, to provide postgraduate courses in Theology and Education. The opening was originally scheduled for September 2020; however, this has now been put back to September 2021 in the wake of the Coronavirus.

The decision to open the new campus has meant that there are strengthened links with the Catholic Church and reinforces the University's ethos as a Catholic institute of higher education particularly as the Archdiocese of St Andrew's and Edinburgh has facilitated the University's move into the Gillis Centre.

Engagement with employees

A People Strategy has been approved by the Board of Governors' Finance and Resources Committee. This is the first such strategy for the University and it sets the following key performance indicators: -

- To increase the University's academic BAME workforce
- Increase the number of women in leadership roles
- Reduce staff turnover
- Improve levels of employee engagement.

The intention of this strategy is to develop University staff to be authentic, ambitious, imaginative and confident to be part of the University's plans for the future.

Engagement with suppliers, customers and other

Please refer to the section "Engagement with suppliers, customers and others" in the Director's report on p.9.

Development and performance in the year against key strategies

Education

Third out of all London-based universities for student satisfaction, St Mary's continues to surpass most of the Russell Group in the National Student Survey. The new curriculum framework has been working for its first year, and we look forward to it beginning to impact in ways that will make our curriculum more diverse and inclusive.

The academic year was fundamentally changed by the pandemic but St Mary's met it with resilience. The new Teaching and Learning Capture system which we invested in came on-line in January, just in time to enable us to weather the storm. Thanks to excellent planning and team-work between the Centre for Teaching Excellence and Student Satisfaction ('CTESS'), IT and the Faculties and the Institute of Theology, we were able to move all teaching on-line and finish the academic year, complete with final assessments. With the help of an enormous effort from CTES, IT and the Associate Deans for the Student Experience, and with great help from the Students' Union, we were able to successfully implement a "no detriment" policy which ensured that all students were

Strategic Report (continued): Year ended 31 July 2020

treated fairly and no-one was disadvantaged by the effect of COVID-19 on their personal circumstances. The examination boards took place on-line, and our External Examiners confirmed that the standards were as exacting and rigorous as ever.

The way in which St Mary's academic staff and their support services rose to the unprecedented challenges posed by the pandemic deserves the highest praise. Our students told us they felt supported, and we have had excellent feedback. Because we adapted so well so swiftly, it would be easy to forget the tremendous effort which went into this, with staff working above and beyond the call of duty. St Mary's has long been proud of its reputation as a student-focussed university – the crisis showed how much there is of which to be proud of.

Student recruitment

As with the wider economy, 2019/20 was 'a tale of two halves' for Global Engagement. The year began well, but as the Coronavirus situation unfolded the activities of the department had to change significantly as a consequence of the pandemic.

The academic year got off to a good start in September 2019, as we saw a strong performance in student recruitment delivering an 11% increase in new students over the previous year. This was followed by further growth in January, with some postgraduate programmes taking their first semester two intake. This is a development we expect to see increase in January 2021 as more programmes offer a second start point.

On the international front, progress was made in developing recruitment partnerships with overseas universities. St Mary's received the first cohorts from both the Assumption University Thailand and the University of Arizona. Agreements were also signed with three universities in Latin America, and we expect to start welcoming their students in 2021. Closer to home, the new international foundation pathway, St Mary's University London International College (SMULIC), began to realise its potential as took its first full intake in September 2019, following a soft launch earlier in the year.

Excellent work was undertaken by the Marketing team to refresh our visual identity, with a distinctive new 'look and feel' that differentiates St Mary's from its competitors. It was launched via the new undergraduate prospectus, has been used to refresh the website and is now being rolled out across all communications.

Another early success was the new student record system (SITS) being deployed in Admissions from the start of the new recruitment cycle. Its implementation has already delivered a number of efficiencies. It has allowed the team to streamline working processes that in turn enhance the experience of our applicants. SITS is being rolled out to other functions during the next academic year.

The second half of the year has been more challenging with the rise of the Coronavirus and the subsequent lockdown of the UK economy. The team were forced to work remotely and had to withdraw from the usual round of face to face recruitment activity such as HE fairs at home and overseas, Open and Applicant days on campus. However, we quickly adapted to the remote delivery of services and maintained engagement with prospective students and applicants through digital media.

Key initiatives have included: the introduction of Unibuddy as a way for our applicants to engage with current students; the development and implementation of an intensive email campaign to 'nurture' the relationship with our applicants; the creation of a 'virtual' campus tour; multiple subject specific and brand level webinars; and improvements to the content and 'usability' of the website.

Visits to the website are significantly up on last year and we are experiencing record levels of engagement by our applicants with our social media - 2020Simmies Instagram account. This has attracted twice as many followers as the 2019 version and sees high volumes of positive engagement with applicants every day and has allowed us to nurture our relationship with them during the lockdown period. Student recruitment during autumn 2020 has been more successful than we had anticipated in the aftermath of the Coronavirus lockdown in early 2020: we have significantly exceeded the level of recruitment which we had forecast in the wake of Coronavirus.

Strategic Report (continued): Year ended 31 July 2020

Our school outreach activity also moved online, with new social media accounts launched by the student recruitment teams to continue engaging with school and students. The team have taken part in webinars to ensure our early engagement activity with sixth form and college students isn't missed.

In response to the lockdown and changes in media usage, all advertising was switched to digital delivery. This was in line with a strategy to increase the weighting of digital activity against physical and has proven successful, providing better return on investment tracking across advertising channels.

The University also maintained its public square presence with an engaging range of high-profile webinars arranged and support by the global engagement team. These saw speakers such as Sir Vince Cable and Sir Clive Woodward, amongst many others, speak on the implications of the pandemic, alongside other wider ongoing debates about public life in the UK and abroad.

As we look ahead to the next recruitment cycle, which will likely be entirely within the shadow of the ongoing Coronavirus situation, we are confident that the experience gained during the lockdown will place us in good stead to maintain student recruitment and engagement activities both at home and abroad.

Research

The University's research culture continued to develop and mature over the past year, with a growth in the recruitment of more research-active staff across the University. Doctoral student numbers continue to increase at a rate of 8% (in line with our KPI). The successful launch of two new University Research Centres (one in Sport, Health and Applied Sciences and one in Education, Humanities and Social Sciences) have already attracted external grant funding and donations to support their activities. Research grant income continues to be sustained at a similar level to that of 2018/19, with the addition of two new sustainable sources of funding – the UK Space Agency and BAE. The outcome of our RDAP application has been temporarily suspended by the DfE, in light of the current COVID-19 situation. Despite the postponement of the Research Excellence Framework 2021 from November 2020 to March 2021, the University is on track in its preparations for its final submission next Spring.

Enterprise, Innovation and Development

2019-20 was an exceptionally challenging year and the COVID-19 pandemic had a significant impact on the activity undertaken and the income generated by all the teams within Enterprise and Innovation. The department continued to work to diversify the University's sources of income and expand the University's reach into the local community, though much of the activity was severely impacted by the extended period of lockdown. The Development Office continued to bring in income to fund a variety of research, education and welfare projects across the University, with a particular emphasis on funding the First Star Academy and programmes supporting the development of Catholic education. However, income was impacted by the pandemic and the economic shock caused. The Office continued its alumni relations programme with regular communications, including supporting a programme of webinars with external experts looking at the longer-term impact of the pandemic, to which our alumni and supporters were invited

Short Courses introduced a number of new programmes, continuing to expand in the arts and humanities. During lockdown, the team moved to deliver courses remotely, and were able to complete the practical elements of courses such as massage once restrictions were lifted in the Summer. The team continues to explore opportunities for new courses, with a particular focus on vocational courses to support the local community in the recession that is expected over the next year

The campus was closed for much of the summer therefore Conferences team activities were cancelled and none of our summer clients were able to operate. The Exchange was performing very well in the first half of the year, with many shows sold out, and flourishing relationships with local community organisations. Unfortunately, the venue had to close in March and was not able to reopen for the rest of the financial year. We have maintained contact with our regular clients and partners throughout, and are looking forward to welcoming many of them back on campus in Summer 2021.

Strategic Report (continued): Year ended 31 July 2020

Finally, the Enterprise team has supported an increase in the number of successful bids, tenders and grant applications across the University, as well as working with academics to expand consultancy work undertaken across the University. A number of projects continued throughout lockdown, but we look forward to restarting other collaborations as the local economy starts to recover next year.

Key performance indicators

In order to measure performance against the aims within Vision 2025, the University uses a range of key performance indicators (KPIs). The KPIs cover the key metrics that are used externally to assess the performance of the University. These KPIs are used widely across the University to drive decision making and to ensure that the University is making efficient use of resource.

The KPIs relating to student numbers and financial performance are discussed in the sections below. We have also made significant progress against other KPIs. The NSS 2020 showed an improvement of 1.6 percentage points in overall satisfaction, with the improvements in the majority of the underlying categories. St Mary's continues to outperform the sector and exceeds average satisfaction levels in 8 of the 9 categories. We continue to work closely with elected student representatives and other student representatives to identify ways in which we can further improve the student experience for all.

Our graduate level employment KPI has improved year-on-year and is at our target level, although challenges remain particularly in the current environment. The results of the first Graduate Outcomes Survey show that the University's graduates experience one of the lowest unemployment rates in the sector.

The proportion of students gaining good honours in 2019/20 remained steady at 75%. The newly created Centre of Teaching Excellence and Student Success has worked closely with colleagues across the University to ensure that students are well-placed to achieve the best possible outcome. The University has also committed, through its APP, to closing the attainment gap for BAME students and we are pleased to see improvements in this area. We continue to monitor degree standards closely to ensure that increases in good honours are directly related to improvements in teaching and student success.

Progress against KPIs relating to student retention has been challenging and work continues to make the necessary improvements. Early indications suggest that the University's retention strategy is starting have a positive impact on student outcomes. Attrition at all levels has been targeted for improvement with a particular emphasis on Y1 Undergraduate. Over the past two years we have seen a steady improvement of approximately one percentage point per annum. This is likely to be more challenging in the coming year due to the COVID-19 outbreak

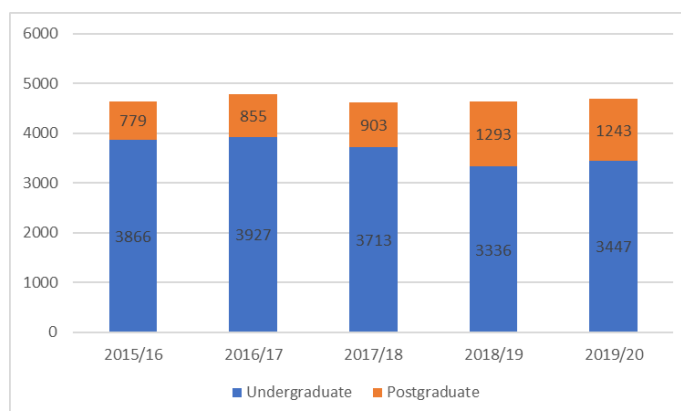
Student Numbers

Total full time equivalent (FTE) undergraduate and postgraduate student numbers for the year ended 31 July 2020 were 4,690, slightly higher than the previous year (2019: 4,629 FTE).

The percentage of overseas students at the University has increased and is ahead of target. The proportion of postgraduate students at the University has risen and is now close to target.

Strategic Report (continued): Year ended 31 July 2020

5 Year FTE Summary



Financial performance in the year

2020	2019
Total income: £51,277k	Total income: £52,362k
Total expenditure: £52,610k	Total expenditure: £52,556k
EBITDA: £3,152k	EBITDA £4,498k
Deficit: (£1,429k)	Deficit (£194k)

The University's statutory net deficit for the year is £1.4m, a decline of c. £1.2m compared with the prior year. The net deficit is marginally better than the statutory net result originally budgeted (well before the Coronavirus pandemic), and the expected decline is in large part due to the c. £900k increase in the costs of the Teachers' Pension Scheme which were imposed on the University. The decline would have been significantly less were it not for the Coronavirus.

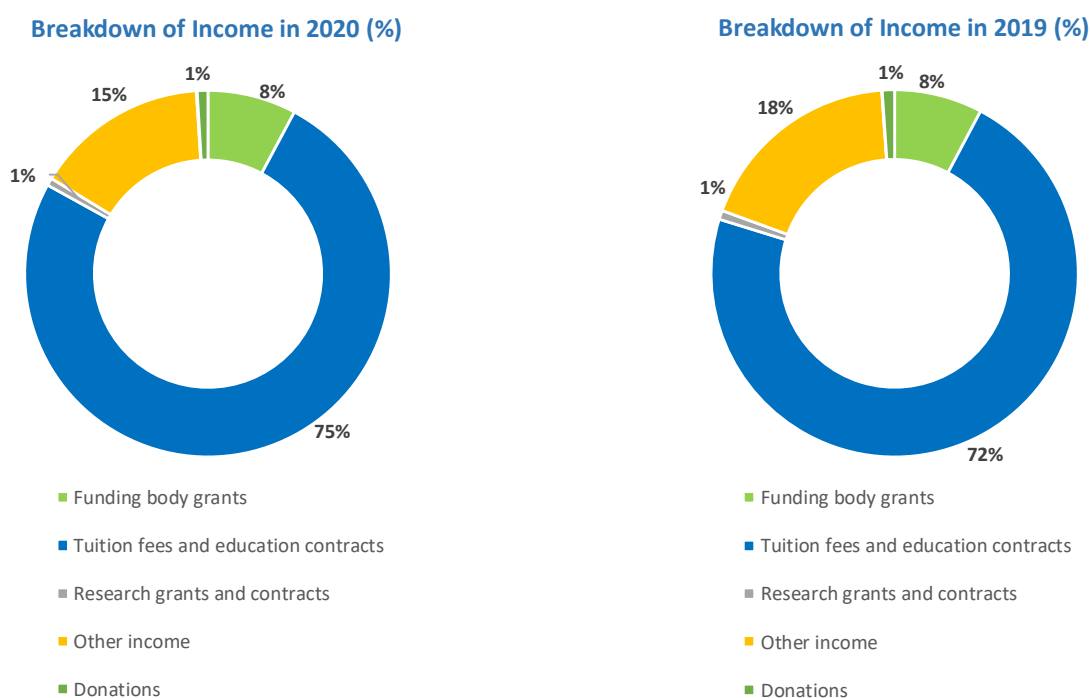
Notwithstanding the significant adverse impact of the Coronavirus pandemic on our financial performance, as a result of mitigating cost controls EBITDA ('Earnings Before Interest, Tax, Depreciation and Amortisation') for 2019/20 of £3.2m was in fact marginally better than the original budget which had been approved well before the emergence of COVID-19, and represents an operating margin of c.6.1% (2019: 8.6%). The £1.3m decline in operating profits compared to the prior year was also in large part due to the significant additional pension costs referred to above.

This year income has decreased by £1.1m and overall costs have remained broadly flat, notwithstanding a significant increase in pension costs relating to the Teachers' Pension Scheme. The significant reduction of

Strategic Report (continued): Year ended 31 July 2020

income reflected the ongoing impact of the Coronavirus pandemic including Residences, Catering and other income generating activities including Sports St Marys, Conferencing and Developments, off-set by the benefit of c.£0.6m in grant income from the Government's Job Retention Scheme. Adjusting for the impact of increased pension costs, the underlying cost reduction reflected our strong cost control, which was strengthened in the aftermath of the Coronavirus. These controls involved hiring and overtime freezes, a more demanding Headcount business case process to control recruitment of permanent and non-permanent staff.

Income



Total income for 2020 was £51.3m (2019: £52.4m), a £1.1m decrease (2%) on the prior year.

Tuition fees increased by £0.9m (2.3%), largely reflecting an increase in the number of international students enrolled in year. As a teaching intensive University, 76% of our income was generated through tuition fees.

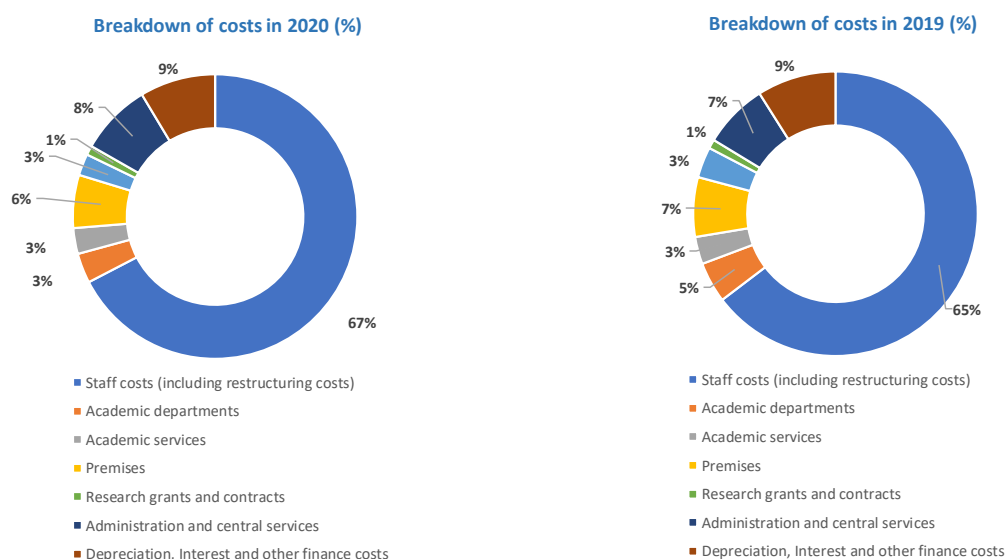
Other income decreased by £1.7m (18%). The reduction in income reflected the impact of the Coronavirus pandemic in Residences, Catering and Sports St Marys where partial refunds were issued to students and customers in year. There were also shortfalls in other income generating activities, including Enterprise, Research projects within Faculties, Conferencing and Development.

Whilst we continue with our efforts to diversify income streams and increase the proportion of income from non-tuition fee sources, the impact of Campus closure and cancellation of many income generating activities in the summer months reduced the proportion of non-tuition fees received in this financial year.

Strategic Report (continued): Year ended 31 July 2020

Financial performance in the year (continued)

Operating Expenditure



Expenditure in the year totalled £52.6m, a small increase of £0.1m, (1%) from the prior year. This level of cost containment, notwithstanding the sharp increase in pension costs imposed on the University in relation to the Teachers' Pension Scheme, reflects the strengthened cost controls which were established in the wake of the Coronavirus, over both staff costs and non-staff expenditure.

Staff costs were £35.4m, some 69% of turnover (2019: £34m, 64.9%). As a result of the Coronavirus, staff cost controls were enhanced to off-set the expected fall in income. This included overtime and hiring freezes, with Headcount Controls Panel established to approve any staff recruitment/replacement by exception. Our staff costs as a percentage of turnover will not always be directly comparable to other higher education institutions due to the fact that the University operates almost all services in-house, whereas other universities commonly outsource significant elements of estates, security and catering operations, which appear as non-staff costs in their financial statements.

Also, as a result of the Coronavirus, controls over non-staff costs were strengthened, with additional authorisations being required over non-staff expenditure even where such expenditure was originally budgeted. Non-staff other operating expenses decreased by 8% from £13.9m to £12.7m due to the impact of campus closure and reduction in non-staff activities, combined with the exceptional cost controls referred to above.

Capital investment expenditure

Capital expenditure for the year was £2.6m (2019: 2.3m), and included the implementation of Student Record System which went live in August 2020. A number of other infrastructure projects were approved this year including investments in our estate to support the growing Allied Health Programme and the refurbishment of E&F blocks on campus, which will facilitate rental cost savings in future years as we exercise the break clause on our Regal House site. This expenditure was funded from the University's cash reserves.

Strategic Report (continued): Year ended 31 July 2020

Financial performance in the year (continued)

Cash flow, financing and balance sheet

2020	2019
Net operating cash inflow:	Net operating cash inflow:
£3,790k	£3,778k
Cash and short-term deposits:	Cash and short-term deposits:
£10,891k	£8,739k
Cash days:	Cash days:
83	67
Net assets:	Net assets:
£89,773k	£97,350k

During the year the University generated net cash inflow from operating activities of £3.8m, broadly similar to that in 2018/19 (£3.8m inflow), reflecting the financial surplus after adjusting for non-cash items. Total cash and cash equivalents increased in the year by £2.2m to £10.9m (2019: £8.7m), reflecting the operating cash inflow together with the proceeds from the sale of our Clive Road property earlier in the year.

The University's Cash Days' KPI has improved year-on-year to 83 days and is in excess of our target level of 50 days. The University's liquidity position has become more robust over the course of the past year, both in terms of the increase in the level of cash reserves, and a result of a new £2m 'evergreen' overdraft facility and the negotiation of a new £3m revolving credit facility, which has a five-year term. The revolving credit facility has not been utilised to date; in large part its purpose is to provide the University with additional 'headroom' in order to reduce our liquidity risk.

Total net assets decreased from £97.4m to £89.8m, primarily driven by the £6.1m below-the-line actuarial loss on pensions which was recorded in comprehensive expenditure – this valuation adjustment is a non-cash item. Debtors have been well controlled during the year, with a provision made in the accounts for potential non-collections which may be elevated a result of the Coronavirus pandemic. Despite the challenges faced by the Higher Education sector in general, our external borrowing remained relatively low and has decreased from £2.5m to £2.25m, following loan repayments of £0.25m during the year. With the strong cost controls in place, we have not utilised our overdraft or revolving credit facilities.

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. Any profits made by the University's subsidiary company, Strawberry Hill Enterprises Limited, are paid to the University through the gift aid scheme, thereby maximising tax efficiencies available.

Strategic Report (continued): Year ended 31 July 2020

Reserves and Investment Policy

The Board is aware of the challenges the HE sector is facing in the post- Coronavirus environment, 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 £6.1m (2019: Loss £1.9m) arising from changes in actuarial assumptions. The University is currently making annual payments in order to reduce the deficit. The University does not participate in the Universities Superannuation Scheme ('USS').

Future Prospects

Changes in the external environment and St Mary's responses

In the short term the University continues to respond to the COVID-19 pandemic and plans are in place for the coming academic year. There is considerable uncertainty about the levels of student recruitment and the extent to which individual student circumstances might have been affected. The University continues to work closely with the Local Authority and with other relevant stakeholder to ensure that it is well placed to respond to the emerging situation.

As outlined on page 16 there have been a number of changes in the external environment including the growing requirements of the Office for Students (OfS) and increasing competition as a consequence of a number of factors including the national demographic dip. St Mary's has responded well to these challenges in a variety of ways. The University has embarked on a change programme over recent years which has achieved the aim of providing a stronger foundation from which to deliver an enhanced student experience and enabling the University to focus the University's academic offering in areas of strength. A refreshed programme portfolio is being offered along with significant enhancements to the student experience including the creation of additional dedicated student learning space and a proactive series of activities aimed at improving student completion rates. The University continues to invest in improvements and enhancements to the student experience and in the coming year will build on the work undertaken in response to the COVID-19 pandemic. Further investment will be made in lecture capture and other technologies to enhance the academic experience for students and to ensure that learning can continue in the event of future disruptions.

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 progress in this area has been made, there continue to be a number of challenges for universities in securing access for students from disadvantaged backgrounds. Whilst St Mary's performs reasonably well on measures of participation there is a need to address some of the challenges identified by the OfS 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. The University's Access and Participation Plan sets out a series of ambitious targets in relation to this. Good progress has been made but the University's plan is ambitious and we continue to strive to provide equality of opportunity for all our students.

The University continually reviews its portfolio of programmes to ensure that it meets student demand. The University aims to consolidate recent growth in the areas of Business and Allied Health whilst exploring other opportunities for programme development. This is complemented by the opening of a postgraduate campus in

Strategic Report (continued): Year ended 31 July 2020

Edinburgh (originally planned for 2020-21 but delayed due to COVID-19) and new partnership agreements with Notre-Dame Australia and UTC Belfast.

The University has planned a series of investments in the coming year to support the activities outlined in this report. The University has recently invested in a new Student Record System which will improve our ability to collect and access key data. Over the coming year the University will work to embed the new system and to ensure that we are maximising the benefit of this. The University continues to invest in improvements and enhancements to the student experience and in the coming year will build on the work undertaken in response to the COVID-19 pandemic. Further investment will be made in lecture capture and other technologies to enhance the academic experience for students and to ensure that learning can continue in the event of future disruptions.

We believe that we are well placed to respond to the challenges that are presented by the external operating environment but must not be complacent.

Future financial forecasts

The Coronavirus pandemic has posed a significant financial threat to the higher education sector. As part of the response to the pandemic, the Board of Governors reviewed an extensive set of scenario analyses which modelled the potential impact of the Coronavirus pandemic on the university's profitability and liquidity. Consequently, the Board approved a revised financial strategy including the budget for 2020/2021 and forecasts to 2024/25 which takes into account the potential impact of COVID-19 on the University's income. As part of the approved financial strategy, the Board approved a well-calibrated programme of cost reduction, and the negotiation of a £4m Medium Term Loan which was secured and drawn down in August 2020, to be repaid over a five-year term. This loan was obtained under normal commercial terms, without recourse to any Government guarantee. It was taken out for general corporate purposes, and it will further bolster the University's financial strength as it navigates the uncertainties brought about by the Coronavirus pandemic.

Our strategic aim to increase our student numbers may be more challenging to accomplish in the near future, given the uncertainties resulting from the Coronavirus, particularly because the number of international students is expected to reduce as a result of the uncertainties and potential travel restrictions across the globe. Nevertheless, our level of student recruitment during autumn 2020 has been significantly higher than our revised central planning assumptions, particularly for PGCE and other Postgraduate programmes. Looking further ahead, whilst there are risks in relation to the number of EU students we might recruit in the wake of Brexit, overall we anticipate student recruitment to improve as the market recovers from the crisis, and as the expected demographic increase in the number of 18 year-olds starts to build.

The budget approved for the next financial year ended 31 July 2021 is for a substantial operating surplus in terms of underlying Earnings Before Interest, Taxation, Depreciation and Amortisation ('EBITDA'). In the context of the impact which the Coronavirus was originally expected to have on student recruitment for 2020/21, the budgeted EBITDA for 2020/21 is marginally lower than the EBITDA achieved during 2019/20, but is considered a realistic and appropriately prudent target. In the end, student recruitment during autumn 2020 has been significantly stronger than anticipated at the time of the Coronavirus lockdown; whilst the University is exposed to a number of residual risks as a result of the prolonged pandemic, the strong level of student recruitment means the University is well placed to meet or exceed its financial budget for 2020/21.

Over the next few years, we expect other income sources to grow in enterprise and conferencing. We will also maintain our focus on business growth through developing new partnerships and by recruiting in new markets and demographics - both nationally and internationally. Strong cost control and effective resource management will be increasingly important in helping us to navigate this uncertain period, and we will also maintain a focus on procurement to drive value for money across our expenditure base.

To summarise, over the course of the five-year planning horizon we are forecasting a steadily improving trajectory of operating profitability, and we expect EBITDA as a percentage of Income to reach our target of 10%

Strategic Report (continued): Year ended 31 July 2020

by 2022/23. As our operating profitability strengthens across the planning horizon, we should be able to unlock the necessary investment in staff, services and infrastructure to progress our strategic aims.

Financing, treasury and liquidity

We have continued to invest in our infrastructure to attract students and staff, we have invested in a number of renovation projects and new equipment during the year, although some of these had experienced delays as a result of lockdown. Over the years to come we aim to invest further to support our medium-term growth plans, to create additional capacity for teaching and to improve our student accommodation facilities.

The University currently has a very low level of external borrowings by the standards of the sector, and we have achieved a higher than expected cash balance at year end. Over the past year, we have significantly bolstered our liquidity position by replacing our overdraft with a new 'evergreen' £2m overdraft facility, and by negotiating a £3m revolving credit facility with a five-year term. Since the year end, we have secured a £4m medium term loan on normal commercial terms. This was taken out for general corporate purposes, and in the context of the Coronavirus pandemic it provides us with the strong financial platform from which to improve our student experience and the quality of educational outcomes.

Risk Management and Principal Risks and Uncertainties

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 Corporate Governance and Internal Control on pages 13-16.

Principal Risks & Uncertainties

The University's Strategic Risk Register is aligned to the aims and objectives set out in Vision 2025. Leading risks (based on the level of residual risk after mitigating actions and controls) are considered to be student recruitment, retention and financial sustainability.

The COVID-19 pandemic has exacerbated a number of the risks already contained on the risk register. The risk management group continues to monitor the situation closely, escalating any areas of concern to the SMT.

The increasing level of competition across the sector along with the current demographic dip, Brexit and the increasing challenges in overseas recruitment to the UK create a relatively high level of risk around student recruitment. This has been compounded by the COVID-19 pandemic and the potential disruptive effect that this might have in the short to medium term. The University has diversified its course portfolio and is actively broadening its recruitment markets in an effort to mitigate this risk. A revised Academic Strategy sets out a clear direction of travel for the academic portfolio and it is anticipated that this will ensure that the portfolio is attractive to both students and employers.

Student retention continues to be a challenge, as it is for many Universities particularly in London. The University has put in place a number of measures to ensure that students are fully supported in achieving their potential thus increasing the likelihood that they will complete their studies. Efforts over recent years have begun to pay dividends and targeted interventions have increased the proportion of students continuing their studies.

Changes to government policy continue to create an element of uncertainty for the University, particularly in relation to initial teacher education and the review of student funding. The University engages with sector bodies and representative organisations to ensure that it is able to be proactive. Diversification of activities allows the University to manage this risk more effectively and to support the University's financial plans.

Strategic Report (continued): Year ended 31 July 2020

Going Concern

The key factors impacting any organisation's ability to continue in operation for the foreseeable future are capital adequacy, operating profitability and adequate levels of liquidity.

The University has one of the lowest levels of gearing or leverage in the sector, and this will continue to be the case even after drawing down the £4m medium term loan which was executed in August 2020, after the financial year end.

In terms of operating profitability, the fact that the University was able marginally to exceed its original budget for 2019/20 (even after the impact of the Coronavirus) is testimony to the agility and resilience of the University's management and of its operating model. Looking forward, the University is confident that it will be able further to improve its operating profitability, and generate the levels of cash flow required to unlock the greater levels of investment which will promote the University's long-term success in line with our strategic aim outlined on p.28.

Taking into account the existence of the University's other lines of credit, the increased strength of the University's liquidity position is such that it should be able to navigate the foreseeable future even under the adverse scenarios which have been modelled as part of the financial planning undertaken in the wake of the Coronavirus pandemic to forecast our financials for the five years to 2024/25.

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. As a consequence, the Board of Governors has assessed that it is appropriate to prepare the St Mary's financial statements on the going concern basis.

We believe that there are no material uncertainties that call into doubt our ability to continue in operation. Accordingly, our accounts have been prepared on the basis that St Mary's is a going concern.

Signed on behalf of the Board of Governors on 24 November 2020.

.....
Bishop Richard Moth
Governor (Chairman)

.....
Professor Anthony McClaran
Governor (Vice-Chancellor)

Statement of Responsibility of the Board of Governors of St Mary's University: Year ended 31 July 2020

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; and
- 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 Office for Students (OfS) 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/OfS, Research England and the National College for Teaching and Leadership (NCTL) and the Department for Education are used only in accordance with the Terms and Conditions of Funding with the OfS and any other conditions that the Funding Council/Regulator 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 Regulator 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' 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 2020

Opinion

We have audited the financial statements of St Mary's University Twickenham (the University") and its subsidiaries (the 'Group') for the year ended 31 July 2020 which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheet and the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2020 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the group's and Institute's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) "ISAs (UK)" and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board of Governors use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. The Board of Governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Directors' Report, Strategic Report, Statement of Responsibility of the Board of Governors and the Statement of Governance and Internal Controls and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise

Independent Auditors Report to the Members of St Mary's University (continued): Year ended 31 July 2020

appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Opinion on other matters required by the Office for Students ("OfS") and Research England

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 managed in accordance with relevant legislation.
- Funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- The University's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The University's expenditure on access and participation activities for the financial year has been materially misstated

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Institute and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the Board of Trustees.

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

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

Independent Auditors Report to the Members of St Mary's University (continued): Year ended 31 July 2020

Responsibilities of the Board of Governors

As explained more fully in the Statement of Responsibilities of the Board of Governors set out on page 31, the Board of Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Governors are responsible for assessing the Group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Governors either intend to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 Terms and Conditions of Funding with the OfS and Research England.

Use of our report

This report is made solely to the 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 Institute's Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institute and the Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Paula Willock (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Gatwick

United Kingdom

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 2020

Company Registration number: 05977277

Consolidated and University Statement of Comprehensive Income: Year ended 31 July 2020

	Notes	Consolidated		University	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Income					
Funding body grants	1	4,012	4,063	4,012	4,063
Tuition fees and education contracts	2	38,585	37,703	38,585	37,703
Research grants and contracts	3	341	415	341	415
Other income	4	7,818	9,593	7,161	8,647
Investment income	5	35	20	33	19
Donations	6	486	568	486	568
Total Income		51,277	52,362	50,618	51,415
Expenditure					
Staff costs	8	35,333	33,980	35,128	33,657
Restructuring costs	8	58	-	58	-
Other operating expenses	9	12,699	13,864	12,273	13,421
Depreciation	12	4,158	4,347	4,127	4,313
Interest and other finance costs	11	362	365	362	365
Total Expenditure		52,610	52,556	51,948	51,756
Deficit before other gains/(losses)		(1,333)	(194)	(1,330)	(341)
Loss on disposal of fixed assets	12	(96)	-	(96)	-
Deficit before tax		(1,429)	(194)	(1,425)	(341)
Taxation		-	-	-	-
Deficit for the year		(1,429)	(194)	(1,425)	(341)
Actuarial (loss) in respect of pension schemes	21	(6,148)	(1,917)	(6,148)	(1,917)
Total comprehensive expenditure for the year		(7,577)	(2,111)	(7,573)	(2,258)
Represented by:					
Restricted comprehensive income		(11)	7	(11)	7
Unrestricted comprehensive expenditure		(4,787)	(305)	(4,790)	(458)
Revaluation reserve comprehensive expenditure		(2,779)	(1,813)	(2,773)	(1,807)
		(7,577)	(2,111)	(7,573)	(2,258)

All activities are continuing.

The statement of Accounting Policies and notes on pages 40 to 60 form part of these financial statements.

Consolidated and University Statement of Change in Reserves: Year ended 31 July 2020

Company Registration number: 05977277

	Notes	Income and expenditure account - Restricted £'000	Income and expenditure account - Unrestricted £'000	Revaluation Reserve £'000	Total £'000
Consolidated					
Balance at 1 August 2018		183	25,163	74,115	99,461
Surplus/(Deficit) from the statement of comprehensive income		504	(698)	-	(194)
Actuarial (loss) in respect of pension schemes	21	-	(1,917)	-	(1,917)
Release of restricted funds spent in year		(497)	497	-	-
Transfers between revaluation and income and expenditure reserve		-	1,813	(1,813)	-
Total comprehensive income/(expenditure) for the year		7	(305)	(1,813)	(2,111)
Balance at 1 August 2019		190	24,858	72,302	97,350
Surplus/(Deficit) from the statement of comprehensive income		481	(1,910)	-	(1,429)
Actuarial (loss) in respect of pension schemes	21	-	(6,148)	-	(6,148)
Release of restricted funds spent in year		(492)	492	-	-
Transfers between revaluation and income and expenditure reserve		-	2,779	(2,779)	-
Total comprehensive (expenditure) for the year		(11)	(4,787)	(2,779)	(7,577)
Balance at 31 July 2020		180	20,070	69,523	89,773
University					
Balance at 1 August 2018		184	24,706	73,953	98,843
Surplus/(Deficit) from the statement of comprehensive income		504	(845)	-	(341)
Actuarial (loss) in respect of pension schemes	21	-	(1,917)	-	(1,917)
Release of restricted funds spent in year		(497)	497	-	-
Transfers between revaluation and income and expenditure reserve		-	1,807	(1,807)	-
Total comprehensive income/(expenditure) for the year		7	(458)	(1,807)	(2,258)
Balance at 1 August 2019		191	24,248	72,146	96,585
Surplus/(Deficit) from the statement of comprehensive income		481	(1,906)	-	(1,425)
Actuarial (loss) in respect of pension schemes	21	-	(6,148)	-	(6,148)
Release of restricted funds spent in year		(492)	492	-	-
Transfers between revaluation and income and expenditure reserve		-	2,773	(2,773)	-
Total comprehensive expenditure for the year		(11)	(4,790)	(2,773)	(7,573)
Balance at 31 July 2020		181	19,458	69,373	89,012

The statement of Accounting Policies and notes on pages 40 to 60 form part of these financial statements.

Consolidated and University Balance Sheet: Year ended 31 July 2020

Company Registration number: 05977277

	Notes	Consolidated		University	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Non-current assets					
Fixed Assets	12	108,181	112,922	107,620	112,330
Heritage Assets	12	455	455	455	455
Intangible Assets	14	3,011	968	3,011	968
		111,647	114,345	111,085	113,753
Current assets					
Stock		23	40	13	23
Trade and other receivables	16	2,296	2,409	2,278	2,468
Cash and cash equivalents	22	10,891	8,739	10,658	8,460
		13,210	11,188	12,949	10,951
Less creditors: amounts falling due within one year	17	(8,373)	(7,439)	(8,312)	(7,375)
Net current assets		4,837	3,749	4,638	3,576
Total assets less current liabilities		116,484	118,094	115,723	117,329
Creditors: amounts falling due after more than one year	17	(7,215)	(7,770)	(7,215)	(7,770)
Provisions and liabilities					
Pension Provision	21	(18,579)	(11,945)	(18,579)	(11,945)
Other Provisions	18	(917)	(1,029)	(917)	(1,029)
		(19,496)	(12,974)	(19,496)	(12,974)
Total net assets		89,773	97,350	89,012	96,585
Restricted reserves					
Restricted Reserve		180	190	181	191
Unrestricted reserves					
Income and expenditure account reserve		20,070	24,858	19,458	24,248
Revaluation reserves		69,523	72,302	69,373	72,146
Total Reserves		89,773	97,350	89,012	96,585

The statement of Accounting Policies and notes on pages 40 to 60 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Governors on 24 November 2020 and were signed on its behalf by:

.....
Bishop Richard Moth
 Governor(Chairman)

.....
Professor Anthony McClaran
 Governor(Vice Chancellor)

Consolidated Statement of Cash Flows: Year ended 31 July 2020

	Notes	Consolidated	
		2020 £'000	2019 £'000
Cash flow from operating activities			
Deficit for the year		(1,429)	(194)
Adjustment for non-cash items			
Depreciation		3,922	4,347
Amortisation		236	-
Decrease in stock		17	18
(Increase)/Decrease in debtors		113	(360)
(Decrease)/Increase in creditors		999	741
Increase/(Decrease) in provisions		(112)	(1,092)
Pension costs less contributions payable		486	814
Capital grants released to income		(623)	(605)
Loss on disposal of fixed assets		96	-
Adjustment for investing or financing activities			
Interest payable		119	129
Interest receivable		(35)	(20)
Net cash inflow from operating activities		3,790	3,778
Cash flows from investing activities			
Payments made to acquire fixed assets and intangible assets		(2,617)	(2,256)
Proceeds from disposal of Fixed Assets		1,062	-
Government capital grants received		227	382
Interest income		35	20
		(1,294)	(1,854)
Cash flows from financing activities			
Interest paid		(119)	(129)
Repayments of amounts borrowed		(225)	(225)
		(344)	(354)
Increase in cash and cash equivalents in the year		2,152	1,570
Cash and cash equivalents at beginning of the year		8,739	7,169
Cash and cash equivalents at end of the year	22	10,891	8,739

The statement of Accounting Policies and notes on pages 40 to 60 form part of these financial statements.

Statement of Accounting Policies: Year ended 31 July 2020

Legal Structure

St Mary's University, Twickenham is a private company limited by guarantee incorporated and registered in England and Wales under number 05977277. Copies of financial statements are available at its registered office Waldegrave Road, Strawberry Hill, Twickenham, TW1 4SX.

A. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019) and in accordance with FRS 102.

St Mary's University, Twickenham is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards.

B. Going concern

As a result of the global the Coronavirus pandemic, the United Kingdom moved into lockdown on 23 March 2020. This had a significant impact on the University during the year to 31 July 2020, primarily as a result of accommodation refunds, losses of ancillary revenues (for example catering), and a decline in commercial revenues such as conferences. The University was able to substantially off-set these impacts through a combination of headcount controls (such as post freezes and overtime freezes), the judicious use of the furlough scheme, and through significant cuts in non-staff costs. As a result of these mitigating measures, the University's reported net deficit for the year ending 31 July 2020 was relatively close to the original budget which was set well before the Coronavirus.

However, the Coronavirus pandemic also has the potential to significantly affect the University's financial performance during the year ending 31 July 2021 and beyond. In the immediate aftermath of the 23 March lockdown, the University originally expected a protracted reduction in ancillary and commercial revenues, as well as a reduction in student recruitment (especially from international markets) compared to pre-Coronavirus forecasts. For this reason, the Board of Governors reviewed an extensive set of scenario analyses which modelled the potential impact of the Coronavirus pandemic on the University's profitability and liquidity over the five-year planning horizon. As a result of this work, in July 2020 the Board approved a revised financial strategy (including the budget for 2020/2021 and forecasts out to 2024/25) under which the University should be able to continue in operation for the foreseeable future, even under the adverse scenarios which were modelled, and under which the University would achieve its medium-term financial targets under base case assumptions. The key pillars of the new strategy were to execute reductions in operating costs, and to bolster liquid resources by negotiating a new medium-term loan facility.

The key factors impacting any organisation's ability to continue in operation for the foreseeable future are capital adequacy, operating profitability and adequate levels of liquidity. The University already had a strong balance sheet with relatively low levels of external borrowings compared to the sector as a whole. In terms of operating profitability, as part of the revised financial strategy the Board approved a well-calibrated and significant programme of cost reduction which should facilitate significant improvements in operating profitability in the medium-term. The University's liquidity position had already strengthened over the course of the year ending 31 July 2020, with cash balances increasing by c. £2.1m over the year, and as a result of a new £2m 'evergreen' overdraft facility and a new £3m five-year term revolving credit facility. The revolving credit facility has not been utilised to date and provides the University with additional 'headroom' in order to reduce its liquidity risk. As part of the revised financial strategy, the Board also approved the negotiation of a new £4m Medium Term Loan which was secured and drawn down in August 2020.

Statement of Accounting Policies (continued): Year ended 31 July 2020

B. Going concern (continued)

Significant financial risks relating to the Coronavirus risk remain, including the risk of higher student attrition, reduced ancillary and commercial revenues, and of unexpected costs and/or loss of revenue from potential future social distancing measures. However, after reviewing the group's forecasts and projections, and following a better than expected autumn recruitment round, the Board of Governors has concluded that it remains appropriate to prepare the financial statements on a going concern basis, and that there are no material uncertainties relating to the University's ability to continue in operational existence for the foreseeable future.

C. 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; and
- 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.

D. Basis of consolidation

The consolidated financial statements include St Mary's University, Twickenham (St Mary's) and its subsidiary (the "Group") for the financial year ended 31 July 2020.

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.

E. 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.

Government grants including funding body 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.

Statement of Accounting Policies (continued): Year ended 31 July 2020

E. Income recognition (continued)

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 and is recorded as income in the period in which it arises.

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.

F. Accounting for retirement benefits

The three principal pension schemes for the Group's staff are the Teachers' Pension Scheme (TPS), the Wandsworth Council Pension Fund, 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;
- Wandsworth Council Pension Fund is a defined benefit scheme with funds held in separate trustee administered funds. The scheme is valued every three years by professionally qualified independent actuaries; and
- 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.

The Group has recognised a liability for its obligations under the Wandsworth Council Pension Fund, 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 and is 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.

G. 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.

H. 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.

I. 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.

Statement of Accounting Policies (continued): Year ended 31 July 2020

J. 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 took advantage of the option afforded under FRS 102 and 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.

K. Intangible assets

Intangible assets are amortised using the straight-line method over the remaining estimated economic life of the assets. They are subject to periodic impairment reviews as appropriate. The estimated useful life of these assets is normally 4 years.

L. 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.

M. 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.

N. Impairment of assets

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

Statement of Accounting Policies (continued): Year ended 31 July 2020

N. Impairment of assets (continued)

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.

O. Borrowing costs

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

P. 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.

Q. 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.

R. 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.

S. Debt instruments

Debt instruments which are basic financial instruments are initially recorded at transaction price. Subsequently, they are measured at amortised cost using the effective interest method.

T. 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.

U. 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.

V. Taxation

The University is considered to satisfy 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.

Statement of Accounting Policies (continued): Year ended 31 July 2020

V. Taxation (continued)

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.

W. Reserves

Reserves are allocated between unrestricted and, if applicable, restricted reserves whereby the donor has designated a specific purpose and therefore the University is restricted in its use of these funds.

X. 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 note 26.

Y. 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; and
- 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

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 12.
- 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 21.
- The main assumptions underlying the provision for pension enhancement for staff who have undertaken early retirement under a reorganisation programme in 1988/89 are the discount and the inflation rate. These are based on FTSE Actuaries UK Gilts Indices. Further details are given in note 21.
- 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 until 31 July 2025. The future payments are discounted at a rate of 5.0% (2019: 5.0%), based on the interest rate of University's Santander loan which is approximated as the average cost of capital of the University. This obligation will vary should Strawberry Hill Trust receive funding exceeding £80k per annum or should the University's weighted average cost of capital change. Further details are given in note 21.
- 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 2020

1 Funding body grants

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Recurrent Grant				
Office for Students (OfS)	2,295	2,530	2,295	2,530
Research England	570	463	570	463
Specific Grants				
Special initiatives - OfS/Research England	524	465	524	465
Deferred capital grants released in year				
Buildings	623	605	623	605
	4,012	4,063	4,012	4,063

2 Tuition fees and education contracts

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Full time home and EU students	31,530	32,260	31,530	32,260
Full time international students	3,465	1,504	3,465	1,504
Part time students	2,995	3,133	2,995	3,133
Non credit bearing course fees	595	806	595	806
	38,585	37,703	38,585	37,703

3 Research grants and contracts

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Research councils, charities, government and industry	341	415	341	415
	341	415	341	415

4 Other income

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Residences, catering and conferences	5,494	7,669	4,894	6,718
Other services rendered	414	574	397	574
Job Retention Scheme grant	590	-	579	-
Other income	1,320	1,350	1,291	1,355
	7,818	9,593	7,161	8,647

Notes to the Financial Statements (continued): Year ended 31 July 2020

5 Investment income

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Bank interest	35	20	33	19
	35	20	33	19

6 Donations

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Donations with restrictions	481	504	481	504
Unrestricted donations	5	64	5	64
	486	568	486	568

7 Grant and fee income

The source of grant income and fee income, included in notes 1 to 4 above is as follows:

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Grant income from the OfS	1,646	1,890	1,646	1,890
Grant income from other bodies	2,025	1,343	2,014	1,343
Fee income for research awards (exclusive of VAT)	315	288	315	288
Fee income from non-qualifying courses (exclusive of VAT)	595	806	595	806
Fee income for taught awards (exclusive of VAT)	37,675	36,609	37,675	36,609
	42,256	40,936	42,245	40,936

Grant income from the OfS excludes £863,000 (2019: £1,022,000) Access Participation student premium funding allocated to support successful student outcomes and Disabled students' premium. Grant income from other bodies includes £590,000 received through the Job Retention Scheme.

8 Staff

(a) Staff costs	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Salaries	28,109	27,479	27,932	27,194
Social security costs	2,791	2,769	2,778	2,748
Pensions costs - provision in relation to the McCloud judgement	-	378	-	378
Other pension costs	4,433	3,354	4,418	3,337
Redundancy and severance costs	58	-	58	-
	35,391	33,980	35,186	33,657

The McCloud judgement refers to a Court of Appeal ruling in December 2018 that transitional provisions relating changes in the operation of certain public sector defined benefit pension schemes were discriminatory on the age; this applies to the Wandsworth Council Pension Fund of which certain non-academic staff are members.

The £378,000 provision included in the table above represents the best estimate of the impact of this judgement on the University at 31 July 2019.

Included in other pension costs are £1,058,816 (2019: £930,000) in respect of the defined benefit schemes and £3,386,329 (2019: £2,381,000) in respect of the defined contribution schemes.

Notes to the Financial Statements (continued): Year ended 31 July 2020

8 Staff (continued)

(b) Emoluments of the Vice-Chancellor	A McClaran	D Hartnett	F Campbell	Consolidated	
	2020 £'000	2020 £'000	2020 £'000	2020 £'000	2019 £'000
Basic salary	57	56	100	213	150
Pension contributions	-	-	22	22	25
Taxable benefits					
Relocation expenses	18	-	-	18	-
Medical insurance	2	-	2	4	3
Other taxable benefits	13	-	-	13	-
Non-taxable benefits, Relocation expenses	8	-	-	8	-
	98	56	124	278	177

During the year, 3 Vice-Chancellors held office with Professor Francis Campbell in office from the start of the year until 31 January 2020 followed by Mr David Hartnett, Interim Vice-Chancellor, from 1 February 2020 until 19 April 2020 and finally Mr Anthony McClaran, appointed on 20 April 2020.

Remuneration for Senior Leadership roles within the University, including that of the Vice-Chancellor, is determined by the Remuneration Committee. This Committee is led by the Vice-Chair to the Board of Governors; the Vice-Chancellor is not a member of the Committee. To assist the Committee with their decision making the Committee take in to account guidance from the Committee of University Chairs, analysis of senior leadership pay within the University and external benchmarking including the UCEA Senior Staff Remuneration Survey.

Employers National Insurance in respect of Vice-Chancellors amounted to £30k (2019: £20k) and Professor Francis Campbell received pension contributions of £22k (2019:25k). Mr Anthony McClaran received £13k (2019: Nil) additional pension compensatory allowance in line with employers contributions to the Teacher's Pension Fund.

Professor Francis Campbell's salary as a multiple of median staff pay for 2019/20 was 5.1 compared with a sector average in 2018/19 of 7.0. Remuneration as a multiple of median staff total remuneration was 5.3. His salary was 4% lower than average Vice-Chancellor pay in relevant benchmarking groups from the UCEA senior remuneration survey data.

Mr David Hartnett's salary as a multiple of median staff pay for 2019/20 was 6.4 compared with a sector average in 2018/19 of 7.0. Remuneration as a multiple of median staff total remuneration was 5.5. His salary was 20% higher than average Vice-Chancellor pay in relevant benchmarking groups from the UCEA senior remuneration survey data.

Mr Anthony McClaran's salary as a multiple of median staff pay for 2019/20 was 5.1 compared with a sector average in 2018/19 of 7.0. Remuneration as a multiple of median staff total remuneration was 5.4 (excluding one-off relocation expenses of £26k). His salary was 4% lower than average Vice-Chancellor pay in relevant benchmarking groups from the UCEA senior remuneration survey data. In July 2020 Mr Anthony McClaran announced that he would take a voluntary pay cut of 20% in support of a range of measures undertaken by the University in response to the challenges faced during the Covid-19 pandemic. This takes effect between September and December 2020.

(c) Basic salary of other higher paid staff excluding employers national insurance and pension contributions:	Consolidated	
	2020 Number	2019 Number
£100,000-£104,999	-	1
£105,000-£109,999	1	-
£110,000-£114,999	1	2
£115,000-£119,999	2	2
£120,000-£124,999	1	1
£125,000-£129,999	1	-
£130,000-£134,999	1	-
£135,000-£139,999	-	1
	7	7

Emoluments to the Vice-Chancellors is not included in the above table but are disclosed in note 8 (b).

Notes to the Financial Statements (continued): Year ended 31 July 2020

8 Staff (continued)

(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. The senior officers set out on page 1 are all included in Key management personnel.

Key management personnel were paid total compensation for the year ended 31 July 2020 of £1,090,000 (2019: £1,083,000).

(e) Emoluments of the Governors:

The total emoluments of all Governors in the year amounted to £436,000 (2019: £327,000) which includes pension contributions of £52,000 (2019: £40,000). These emoluments are in respect of the Vice-Chancellor and staff Governors in their capacity as members of staff. No other Governors received remuneration. Two Governors accrued retirement benefits under a defined benefit scheme. The employer pension contributions to this scheme amounted to £34,000 (2019: £38,000). No other payments were made or benefits transferred to Governors with respect to long term incentive schemes. Travel expenses reimbursed to Governors during the year amounted to £nil. (2019 Two governors: £20).

(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	
	2020	2019
	Number	Number
Academic schools and research	274	256
Academic support services	77	78
Estates, catering and conferences	118	121
Central services	141	146
	610	601

(g) Severance payments

During the year the University undertook minor restructuring which resulted in £58k in compensation for loss of office being paid to 9 employees (2019: £Nil to no employees).

(h) Access and Participation - staff expenditure

	Consolidated
	2020
	£'000
Access Investment	231
Financial Support	-
Disability Support (excluding expenditure included in the two categories above)	283
Research and Evaluation	-
	514

Notes to the Financial Statements (continued): Year ended 31 July 2020

9 Analysis of other operating expenditure by activity

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Academic departments	1,785	2,429	1,785	2,429
Academic services	1,541	1,632	1,541	1,632
Premises	3,170	3,558	3,170	3,558
Residences, catering and conference	1,284	1,837	1,049	1,422
Research grants and contracts	559	540	559	540
Administration and central services	4,359	3,868	4,169	3,840
	12,699	13,864	12,273	13,421

Other operating expenses include:

Auditors' remuneration				
External audit - remuneration with respect to audit services	50	58	42	51
External audit - Tax compliance	12	10	12	6
External audit - Tax advice	30	-	30	-
External audit - Other compliance	8	-	8	-
Internal audit	79	59	79	59
Operating lease rentals - property	745	821	745	821
Operating lease rentals - other	48	59	48	59

10 Access and Participation

	Consolidated		University	
	2020	2020	2020	2020
	£'000	£'000	£'000	£'000
Access Investment	301	301		
Financial Support	782	782		
Disability Support	316	316		
Research and Evaluation	12	12		
	1,411	1,411		

£514k of these costs are already included in the overall staff costs figures included in the financial statements, see note 8.

The University's published Access and Participation Plan is available at:

<https://www.officeforstudents.org.uk/advice-and-guidance/the-register/search-for-access-and-participation-plans/#/AccessPlans/accessplans/10007843>

11 Interest and other finance costs

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans	119	129	119	129
Net charge on pension finance interest (Note 21)	243	236	243	236
	362	365	362	365

Notes to the Financial Statements (continued): Year ended 31 July 2020

12 Tangible fixed assets

	Freehold Land	Buildings	Site Infrastructure	Heritage Assets	Furniture equipment and vehicles	Assets under construction	Total
Consolidated	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 August 2019	39,939	80,396	4,583	455	10,928	593	136,894
Additions	-	-	-	-	-	887	887
Transfers to Intangibles	-	-	-	-	(1,118)	-	(1,118)
Transfers to completed	-	866	-	-	224	(1,090)	0
Disposals	(720)	(500)	-	-	0	-	(1,220)
At 31 July 2020	39,219	80,762	4,583	455	10,034	391	135,444
Cost	6,793	35,530	874	455	10,034	391	54,077
Valuation	32,426	45,232	3,709	-	-	-	81,367
	39,219	80,762	4,583	455	10,034	391	135,444
Depreciation							
At 1 August 2019	-	13,827	1,139	-	8,551	-	23,517
Charge in year	-	2,896	229	-	797	-	3,922
Transfers to Intangibles	-	-	-	-	(569)	-	(569)
Disposals	-	(62)	-	-	-	-	(62)
At 31 July 2020	-	16,661	1,368	-	8,779	-	26,808
Net book values							
At 31 July 2020	39,219	64,101	3,215	455	1,255	391	108,636
At 31 July 2019	39,939	66,569	3,444	455	2,377	593	113,377

	Freehold Land	Buildings	Site Infrastructure	Heritage Assets	Furniture equipment and vehicles	Assets under construction	Total
University	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 August 2019	39,939	79,711	4,583	455	10,654	593	135,935
Additions	-	-	-	-	-	887	887
Transfers to Intangibles	-	-	-	-	(1,118)	-	(1,118)
Transfers to completed	-	866	-	-	224	(1,090)	(1)
Disposals	(720)	(500)	-	-	-	-	(1,220)
At 31 July 2020	39,219	80,077	4,583	455	9,760	391	134,485
Cost	6,793	35,030	874	455	9,760	391	53,303
Valuation	32,426	45,047	3,709	-	-	-	81,182
	39,219	80,077	4,583	455	9,760	391	134,485
Depreciation							
at 1 August 2019	-	13,721	1,139	-	8,289	-	23,149
Charge in year	-	2,875	229	-	787	-	3,891
Transfers to Intangibles	-	-	-	-	(569)	-	(569)
Disposals	-	(62)	-	-	0	-	(62)
At 31 July 2020	-	16,534	1,368	-	8,507	-	26,410
Net book values							
At 31 July 2020	39,219	63,542	3,215	455	1,253	391	108,075
At 31 July 2019	39,939	65,990	3,444	455	2,365	593	112,786

Buildings, Land and Site Infrastructure underwent a one-time revaluation to fair value upon transition to FRS 102. The fair value has been adopted as 'deemed cost'.

Notes to the Financial Statements (continued): Year ended 31 July 2020

13 Heritage Assets

The Group holds a collection of artwork, furniture and other heritage assets. There have been no additions, disposals, or impairment of such assets in the current or previous periods; the Group's policy is to maintain its current holdings of heritage assets with no future acquisitions or disposals anticipated. The Group will carry out restoration and maintenance as required on an ad hoc 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 undertaken by independent valuer Hector Paterson & Co Ltd. The Governors do not consider there to have been any material changes in the valuation of the heritage assets.

14 Intangible Assets

Consolidated and University

	Software £'000	WIP £'000	Total £'000
Net book value			
At 1 August 2019	-	968	968
Additions	185	1,545	1,730
Transfers from fixed assets	1,118	-	1,118
Transfers from WIP	2,513	(2,513)	-
At 31 July 2020	3,816	-	3,816
Amortisation			
At 1 August 2019	0	-	0
Charge in year	236	-	236
Transfers from WIP	569	-	569
At 31 July 2020	805	-	805
Net book values			
At 31 July 2020	3,011	0	3,011
At 31 July 2019	-	968	968

The principal component within Intangible Assets is the University's new student record system (SITS) which is replacing the existing student records system (QL) and has a total approved investment budget of £3.8m. All spend to date has been classified at year end as an intangible asset (software). The carrying value of the SITS system is at three year end was £2.5m. (2019: £1.0m). The project went live in August 2020 as planned. Intangible assets are amortised using the straight-line method over the remaining estimated economic life of the assets.

15 Investments

Subsidiaries

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 2020 was 2 ordinary shares, at a cost of £2 (2019: £2).

Land and buildings include properties owned by St Mary's College Residences plc in the sum of £8,817k (2019: £8,817k) which have been included within the University's financial statements.

During 2014/15 the University incorporated a US subsidiary, "St Mary's University London US Foundation", which is currently non-trading. The US subsidiary is wholly owned by the University.

Associates

The University entered into an agreement with Geoptic Limited in May 2020 with 166 issued shares (16.6% of shareholding). Geoptic Ltd is a spinout company from the University of Sheffield, the University of Durham and St Mary's University incorporated in May 2020, whose primary purpose is to provide cosmic ray imaging services to the civil engineering sector using specialist techniques. We expect Geoptic Ltd's first annual report published in financial year 2020/21.

Notes to the Financial Statements (continued): Year ended 31 July 2020

16 Trade and other receivables

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Tuition fees and payment plans	522	837	513	837
Other debtors	760	681	752	669
Prepayments and accrued income	1,014	891	1,013	891
Amounts due from subsidiary company	-	-	-	71
	2,296	2,409	2,278	2,468

Other debtors includes amounts owing from the Student Union.

17 Creditors

Amounts falling due within one year	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	1,133	1,122	1,112	1,130
Social security and other taxes	939	938	912	941
Other creditors	1,823	1,753	1,759	1,696
Accruals and deferred income	3,696	2,778	3,657	2,760
Deferred capital grants - current	557	623	557	623
Amounts owing to subsidiary company	-	-	90	-
Bank loans - current	225	225	225	225
	8,373	7,439	8,312	7,375

Amounts falling due after one year:	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans - non current	2,025	2,250	2,025	2,250
Deferred capital grants - non current	5,190	5,520	5,190	5,520
	7,215	7,770	7,215	7,770

All bank loans are unsecured and are repayable as follows:

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
In one year or less	225	225	225	225
Between one and two years	225	225	225	225
Between two and five years	675	675	675	675
In five years or more	1,125	1,350	1,125	1,350
Total greater than one year	2,025	2,250	2,025	2,250
Total	2,250	2,475	2,250	2,475

Notes to the Financial Statements (continued): Year ended 31 July 2020

17 Creditors (continued)

Bank debt consists of the following loan:

A £4,500,000 loan from 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 2020, the amount outstanding was £2,250,000 (2019: £2,475,000).

The loan is unsecured but the Bank has the capacity to secure the loan on the main University site or other assets of the University in the event that certain financial criteria are not met.

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

18 Provisions for liabilities and charges

Consolidated and University	Pension Enhancement Provision £'000	Section 106 Planning Permission £'000	c/f bal
Balance at 1 August 2019	236	42	278
Utilised in the year	-	-	-
Balance at 31 July 2020	236	42	278

Consolidated and University	Lease Liability £'000	Dilapidation Provision £'000	Total Provisions £'000
Balance at 1 August 2019	396	355	1,029
Charged in the year	20	215	235
Utilised in the year	(80)	(77)	(157)
released in the year	-	(190)	(190)
Balance at 31 July 2020	336	303	917

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 13 former employees. OfS 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 OfS indicating OfS's expectation that they will be meeting these costs in future. They have not been recognised as a liability in the Group's balance sheet. Were OfS's position to change, the estimated cost to the Group of meeting these pension payments would be £367,288 as at 31 July 2020 (2019: £375,000).

Notes to the Financial Statements (continued): Year ended 31 July 2020

18 Provision for liabilities and charges (continued)

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.

Strawberry Hill Trust Lease Liability

This represents the discounted value of future payments due to Strawberry Hill Trust.

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 5.0% (2019: 5.0%).

Dilapidation provision

The dilapidation provision relates to the estimated cost of restoring leased properties to their contractually agreed condition at the end of the lease term. The dilapidation provision release of £190k (2019: £nil) reflects an agreement with Regal House landlord to vacate the office in September 2020.

19 Financial Instruments

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

	Group 2020 £'000	Group 2019 £'000
<i>Financial liabilities</i>		
Financial liabilities measured at amortised cost	2,250	2,475

Financial liabilities measured at amortised cost comprise of bank loans.

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.

20 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 objectives. As the University is not for profit, this reserve cannot be distributed by way of dividend.

Income and expenditure account (restricted)

Restricted Reserves relate to donations made with conditions attached requiring the funds to be used for specific purposes.

Revaluation Reserve

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

Notes to the Financial Statements (continued): Year ended 31 July 2020

21 Pensions

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

- Teachers' Pension Scheme (TPS) for academic staff
- Wandsworth Council Pension Fund (WCPF) for non-academic 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 relating to the 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 increased to 23.68% from 1 September 2019 (2019: 16.48%) of pensionable salaries for the year ended 31 July 2020, resulting in salary expense £2,567,000 (2019: £1,765,000). The last valuation of the TPS revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £218.1 billion. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £196.1 billion. The deficit is underwritten by the government, the University has no further obligation to fund the deficit and no liability has been recognised.

Aviva Scheme

Aviva scheme, formally Friends Life Scheme is a defined contribution scheme. The default employers' contribution rates for the University's support staff increased from 4% to 6% from April 2019, with the maximum employers' contribution rate remaining at 12% of pensionable salaries for the year ended 31 July 2020, resulting in salary expense of £818,000 (2019: £616,000).

Wandsworth Council Pension Fund

The London Borough of Richmond upon Thames pension fund, merged with the Wandsworth council Pension Fund on 1 October 2016. The University as an admitted body of the London Borough of Richmond upon Thames Pension Fund became an admitted body of the Wandsworth Council Pension Fund as of that date. It 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 on 31 March 2019 by a qualified independent actuary. The following adjustments have been made to measure the defined benefit obligation at reporting date:

The total contribution made for the year ended 31 July 2020 was £840,000 (2019: £952,000) of which employer's contributions totalled £693,000 (2019: £796,000) and employee's contributions totalled £147,000 (2019: £156,000).

Currently, support staff contributions range from 5.5% to 12.% of salary and are determined on a monthly basis by reference to earnings bandings. The University currently contributes 19% of staff salary but this will increase to 20.9% . The employer contributions expected to be paid into the scheme during the year ended 31 July 2021 is £667,000.

The principal assumptions used by the actuary were:

	2020	2019
	%	%
Price increases		
CPI	2.25	2.35
Salary increases	3.05	3.35
Pension increases	2.25	2.35
Discount rate	1.35	2.1

Notes to the Financial Statements (continued): Year ended 31 July 2020

21 Pensions (continued)

The post retirement mortality tables adopted are the S3PA tables with a multiplier of 110% for males and 105% for females. These base tables are then projected using the CMI 2018 Model, allowing for a long-term rate of improvement of 1.25% per annum. The assumed life expectations from age 65 are:

	Males	Females
Retiring today	21.8 years	24.4 years
Retiring in 20 years	23.2 years	25.9 years

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

	2020 £'000	Proportion %	2019 £'000	Proportion %
Equities	19,756	60	22,836	68
Gilts	778	2	981	3
Bonds	4,712	14	3,839	11
Property	2,898	9	1,483	4
Cash	1,677	5	319	1
Multi-asset fund	3,058	9	4,346	13
Total market value of assets	32,879		33,804	

	2020 £'000	2019 £'000
Analysis of the amount shown in the balance sheet		
Total market value of assets	32,879	33,804
Present value of scheme liabilities	(51,458)	(45,749)
Net pension liability as at 31 July	(18,579)	(11,945)

	2020 £'000	2019 £'000
Analysis of the amount charged to staff costs income and expenditure		
Employer service cost (net of employee contributions)	921	1,361
Total operating costs	921	1,361

	2020 £'000	2019 £'000
Analysis of the amount that is credited to other finance income in the income and expenditure account		
Net interest on pension liabilities	243	236
Net interest on pension liabilities	243	236

The actual return on assets during the year was (£387,000) (2019: £1,509,000)

	2020 £'000	2019 £'000
Re-measurement of the net assets/(defined liability)		
Return on fund assets in excess of interest	(1,098)	652
Other actuarial losses on assets	(619)	-
Change in financial assumptions	(6,769)	(5,012)
Change in demographic assumptions	1,426	2,443
Experience gain on defined benefit obligation	912	-
Re-measurement of defined liability	(6,148)	(1,917)

Notes to the Financial Statements (continued): Year ended 31 July 2020

21 Pensions (continued)

Reconciliation of defined benefit obligation	2020 £'000	2019 £'000
Opening present value of defined benefit obligation	45,749	41,589
Movement in the year		
Current service cost	921	884
Interest cost	954	1,093
Actuarial (gains)/losses	6,769	5,012
Change in demographic assumptions	(1,426)	(2,443)
Experience loss/(gain) on defined benefit obligation	(912)	
Estimated benefits paid	(744)	(1,019)
Past service costs, including curtailments	0	477
Contributions by members	147	156
Closing present value of the defined benefit obligation	51,458	45,749

Reconciliation of fair value of plan assets	2020 £'000	2019 £'000
Opening fair value of employer assets	33,804	32,375
Movement in the year		
Interest on assets	711	857
Return on assets less interest	(1,098)	652
Administration expenses	(15)	(13)
Contributions by members	147	156
Other actuarial losses	(619)	-
Contributions by employer	693	796
Estimated benefits paid	(744)	(1,019)
Closing fair value of employer assets	32,879	33,804

22 Cash and cash equivalents

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash at bank and in hand	583	290	351	11
Short term deposits	10,308	8,449	10,307	8,449
Total Cash and cash equivalents	10,891	8,739	10,658	8,460

Notes to the Financial Statements (continued): Year ended 31 July 2020

22 Cash and cash equivalents (continued)

Analysis of net debt

	At 31 July 2019 £'000	Cash flows £'000	Other non cash changes £'000	At 31 July 2020 £'000
Cash and cash equivalents				
Cash	290	293	-	583
Cash equivalents	8,449	1,859	-	10,308
	8,739	2,152	-	10,891
Borrowings				
Debt due within one year	(225)	225	(225)	(225)
Debt due after one year	(2,250)	0	225	(2,025)
	(2,475)	225	-	(2,250)
Total	6,264	2,377	-	8,641

23 Operating lease commitments

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

	Consolidated and University	
	2020 £'000	2019 £'000
Annual commitments under operating leases were as follows:		
Commitments which expire within 1 year	606	954
Later than 1 year and not later than 5 years	2,068	3,552
Later than 5 years	1,005	1,914
Total commitments at 31 July	3,679	6,420

The lease commitments disclosed above cover the entire term of property leases, and take no account of break clauses which would significantly reduce the commitments disclosed. In September 2020 the University exercised a break clause on Regal house which had commitments of £36,000 at 31 July 2020 (2019: £1.5m).

24 Capital commitments

No provision has been made for the following capital commitments at 31 July 2020.

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Commitments contracted	1,939	1,471	1,026	1,026
Authorised but not contracted	1,261	1,571	774	774
Total commitments at 31 July	3,200	3,042	1,800	1,800

Notes to the Financial statements: year ended 31 July 2020

Notes to the Financial Statements (continued): Year ended 31 July 2020

25 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.

26 Agency Arrangements

This includes amounts collected and disbursed on behalf of the Teaching Regulation Agency.

	Consolidated and University	
	2020	2019
	£'000	£'000
Balance receivable/(owing) at 1 August	342	(114)
Funding council grants	(3,412)	(3,383)
Clawbacks	-	92
Disbursed to students	3,347	3,747
Balance receivable at 31 July	277	342

27 Related party transactions

Grants were paid to St Mary's Students Union amounting to £408,500 (2019: £401,000), an organisation in which the Student Union President, Charlie Canning (appointed 1 July 2020 to the date of this report) was member of the University Board of Governors and Natalie Hobkirk who was member of the University Board of Governors between 1 August and 20 June 2020).

At 31 July 2020 Trade Debtors outstanding (VAT inclusive) from the Student Union in relation to recharges, mostly for salaries and wages amounted to £892 (2019: £1,112).

Salaries and wages recharged to the Student Union amounted to £329,937 (2019: £329,565).

In July of this year, the Holy See, by a Decree of the Congregation for Catholic Education, transferred the Faculties of Theology and Philosophy from Heythrop College to St Mary's University with governance being transferred from the Society of Jesus to the Catholic Bishops' Conference of England and Wales. In October 2019, Mater Ecclesiae College (MEC) was established at St Mary's University. Mater Ecclesiae College will remain the only faculties in the UK with the ability to confer ecclesiastical degrees – qualifications recognised throughout the Catholic Church. We receive a £50k for educational services in this arrangement.

28 Post Balance Date Events

In August 2020 the University entered into and drew down a new £4m Medium Term Loan. The loan is on normal commercial terms, does not involve any Government guarantees, has a five-year term and amortises on a straight line basis over the term. The loan was taken out for general corporate purposes in the context of the uncertainties presented by the Covid-19 pandemic.

Appendix 1

Trade Union Facility Time Report: For the year ending 31 March 2020

Table 1

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
	1.6

Table 2

Percentage of time spent on facility time

Percentage of time	Number of Employees
0%	1
1-50%	3
51-99%	0
100%	0

Table 3

Percentage of pay bill spent on facility time

Publication requirement	Figures
Total cost of facility time	£22,220
Total pay bill	£32,562,718
Percentage of the total pay bill spent on facility time, calculated as: (total costs of facility time ÷ total pay bill) x 100	0.07%

Table 4

Paid trade union activities

Publication requirement	Figure
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%

Appendix 2

Greenhouse gas emission & energy consumption

Our University is committed to reducing carbon emission. This report is prepared in accordance with the Companies and Limited Liability Partnerships (Energy and Carbon Report) Regulations.

The data presented in the table below show our Green House Gas (GHG) emissions for the period from 1 August 2019 to 31 July 2020. The data for 2019/20 reflect the impact of the Coronavirus lockdown, most notably the reduction in travel, procurement and utilities usage. We have adopted the widely accepted approach defined in the GHG Protocol Corporate Standard, with the equivalent terms from ISO 14064-1 shown in brackets:

Scope 1 (Direct emissions)

This includes emissions from activities owned or controlled by the University that release emissions into the atmosphere. We are reporting on the emissions of fuel used for 8 estate vehicles and 4 rotary mowers, and gas used for heating etc on premises.

Methodology: The litres of fuel was calculated as the overall value of fuel purchased divided by the average price/litre of diesel or petrol. The average price was calculated from weekly fuel price statistics published by the Government. The conversion factor was based on 'Conversion factors 2020' published by Department for Environment, Food & Rural Affairs (DEFRA).

Scope 2 (Energy indirect)

This includes emissions released into the atmosphere associated with your consumption of purchased electricity, heat, steam and cooling. We are reporting all electricity purchased and separately recorded energy from one battery electric vehicle.

Methodology: Electricity usage is based on mileage used for our electric car, whilst other electricity usage relates to those on Campus, the Exchange and other sites. The kWh used by the electric car was calculated from the overall mileage, converted into kWh based on 'Conversion factors 2020' published by DEFRA.

Scope 3 (Other indirect)

This includes emissions relating to business travel by students and staff, procurement, water and waste.

- Staff travel: this includes average weekly commuting to work as well as business travel.
- Student travel: this includes weekly commuting to Campus, Sports Fixtures and other social events.
- Procurement: we have analysed financial data on Food, Drinks, Housekeeping and Short-term maintenance (Repairs and Maintenance)
- Water usage: as stated in utility bills
- Waste usage: a total of all type of waste generated on site.

Methodology: We have applied the latest DEFRA 2020 conversion factors for water usage, waste usage, and students and staff travel data collected using surveys; this included mode of transport, distance travelled and types of travel expenditure.

For data collected from financial analysis, including staff non-commute and procurement, the latest available conversion factors by product categories was published by DEFRA in 2017; to account for inflation over the years, we have applied CPI averages published by Office for National Statistic to these conversion factors.

Appendix 2 (continued)

Following government guidance, the subtotals were added up and the total emissions were presented in the table

Scope 1	Source unit	Amount	Conversion factor	GHG emission (KgCOe)
Estate Vehicles				
<i>Petrol</i>	litres	1,393	2.17	3,021
<i>Diesel</i>	litres	1,611	2.55	4,101
<i>Gas oil (red diesel)</i>	litres	3,226	2.69	8,672
Gas (natural gas)	kWh	7,117,805	0.18	1,308,751
Total Scope 1				1,324,544

Scope 2	Source unit	Amount	Conversion factor	GHG emission (KgCOe)
Electricity	kWh	3,098,696	0.23	722,430
Battery Electric Vehicle	kWh	1,503	0.23	350
Total Scope 2				722,780

Scope 3	Source unit	Amount	Conversion factor	GHG emission (KgCOe)	Comments
Travel					
Staff commute					
<i>Bus</i>	km	495,772	0.07	34,539	
<i>Train</i>	km	991,544	0.03	31,184	
<i>Car</i>	km	1,915,483	0.17	328,256	
Staff - non commute	£	69,713	3.49	243,405	Train/Taxi/Bus/Car/Plane
Student commute					
<i>Bus</i>	km	616,773	0.07	42,969	
<i>Train</i>	km	9,512,027	0.03	299,153	
<i>Car</i>	km	1,805,889	0.17	309,475	
Student travel organised by Student Union (Bus)	km	85,440	0.08	6,712	Local Bus hire
Student travel to sports fixtures	km	2,411	0.12	286	Public transport/Car
	km	18,449	0.03	504	Coach
Student travel to teaching practice	£	29,097	4.26	123,887	Public transport
Procurement					
<i>Food</i>	£	553,078	0.37	204,639	
<i>Drink</i>	£	147,588	0.37	54,608	
<i>Housekeeping</i>	£	85,504	0.03	2,577	
<i>Short term maintenance</i>	£	450,515	0.72	322,509	
Water					
Water supply	m3	41,195	0.34	14,171	m3 bought in
Water treatment	m3	36,686	0.71	25,973	waste - sewage
Waste	tonnes	597	-	6,895	
Total Scope 3				2,051,742	

Overall total GHG emission in tCOe: **4,099.07**

Appendix 2 (continued)

Intensity ratios

Our GHG emission intensity ratio:

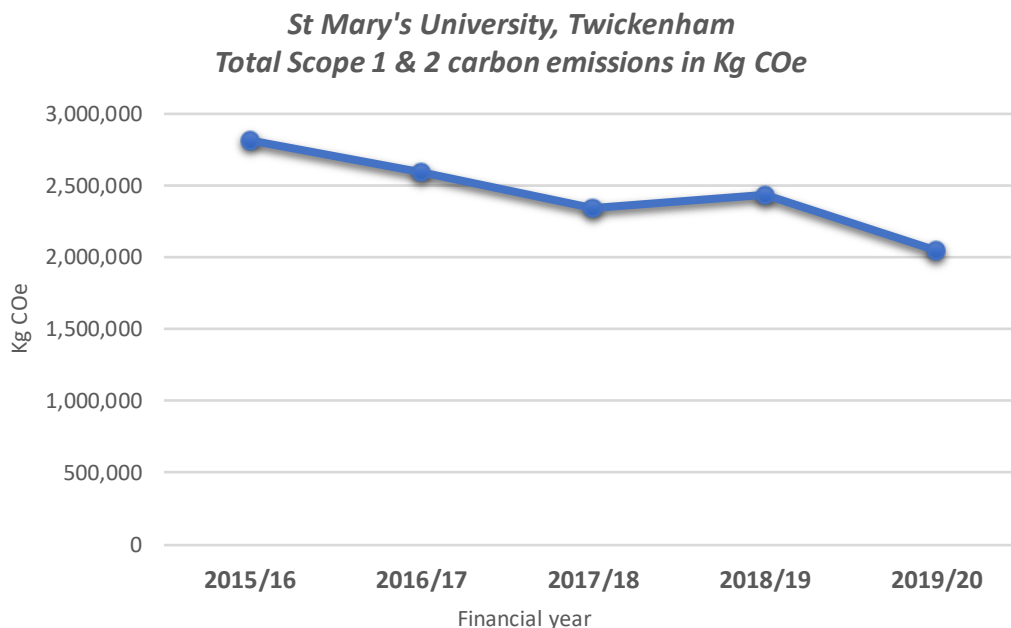
-per Staff FTE is 6.71 (tonnes CO₂e / staff FTE) based on a total of 611 FTE.

-per Students FTE is 0.78 (tonnes CO₂e / student FTE) based on a total of 4690 FTE.

Energy Efficiency Action

We have embarked on a number of capital projects over the years to enable energy efficiency and reduce carbon emissions, this includes the replacement of old boilers, replacing emergency lighting with more cost-effective lighting and installing LED lighting across the university. We have also replaced our petrol/diesel estate car with a battery electric car. Additionally, we have installed solar panels on the sports centre roof and ground source heat pumps on sports fields to make use of renewable energy sources.

The outcome of these capital investments has improved our carbon emissions over the last few years as can be seen in the graph below (source: HESA data submission), albeit the decline between 2018/19 and 2019/20 will have been impacted somewhat by the Coronavirus pandemic.



* Data sourced from HESA for the years between 2015/16 and 2018/19

* Data for 2019/20 was taken from Carbon Emissions calculation

We endeavour to continue our journey to reducing carbon emission over future years through detailed planning in our capital investment projects.

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