

**ST MARY'S UNIVERSITY COLLEGE,
TWICKENHAM**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
31 JULY 2013**

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

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

CONTENTS

Administrative Information	1
Foreword	3
Operating and Financial Review	4
Statement of Corporate Governance and Internal Control	15
Statement of Responsibilities of the Board of Governors	20
Independent Auditors' Report	21

Financial Statements

Consolidated Income and Expenditure Account	23
Statement of Group Historical Cost Surpluses and Deficits	24
Statement of Group Total Recognised Gains and Losses	25
Consolidated and Company Balance Sheet	26
Consolidated Cash Flow Statement	27
Statement of Principal Accounting Policies	28
Notes to the Financial Statements	32

ADMINISTRATIVE INFORMATION

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Members of the Board of Governors

*The listed members were Governors
throughout the year ended 31 July 2013
except as noted.*

Rt Rev Richard Moth (*Chair*)
Professor Bernard Weiss (*Vice-Chair*)
Councillor Tony Arbour
Mr Anthony Bailey
Mr Anthony Carey
Fr Richard Finn
Mr Michael Foster
Mrs Susan Handley-Jones
Mr Peter Pledger
Mr Peter Thomas
Mr Simon Uttley
Mr Jonathan Walsh
Dr Tim Walsh
Dr Maureen Glackin (from 19/11/12)
Mr Stuart Kemp (from 01/02/13)
Mr David Livesey (from 01/02/13)
Mrs Helen Frostick (from 01/02/13)
Dr Arthur Naylor (from 23/01/13)

Dr Anthony Towey (resigned 19/11/12)
Professor Andrew Sanders (resigned 22/11/12)
Fr Mark Noonan CM (resigned 22/11/12)
Dr Sandra McNally (resigned 22/11/12)
Mr Don Kennedy (resigned 31/12/12)
Professor Philip Esler (resigned 22/01/13)
Mr John James (resigned 14/05/13)
Mr Charlie Benson (resigned 26/9/13)
Fr Pdraig Regan (from 22/11/12, resigned
26/9/13)
Mrs Ruth Mellor (resigned 26/9/13)

ADMINISTRATIVE INFORMATION

Senior Officers and Advisors

Principal

Dr Arthur Naylor

Vice-Principals

Mr David S Leen
Dr Claire Taylor

Clerk to the Board of Governors

Mr Graham Fice

Principal bankers

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Lawyers

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FOREWORD

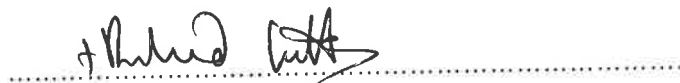
In a changing Higher Education sector St Mary's has continued to respond proactively in the interest of its long term sustainability. Such changes include the introduction of Schools Direct, the strengthening of UK Border Agency rules and the fundamental change in the National Scholarship Programme moving from funding undergraduates to the funding of postgraduates.

During the year, in addition to changes in the external environment, St Mary's has faced some significant internal issues, including the resignation of its then Principal, Professor Philip Esler. Dr Arthur Naylor returned as Interim Principal, pending the appointment of a permanent Principal. The process for this appointment is now well advanced.

The University College carried out an extensive staff survey exercise in late 2012, the results of which were disappointing in comparison with the previous survey carried out in 2009. As a consequence of this, the University College has placed increased importance on communicating with staff, including holding regular Senior Management Team 'clinics' and has sought to re-energise relationships with the campus unions. An interim Director of Human Resources has been recruited to consider and, if necessary, amend HR policies and processes with particular force on employee engagement.

The University College continues to meet its Student Numbers Cap and, as can be seen from the financial statements, has been able to generate a healthy surplus in 2012/13. During 2012/13, the Governors took the decision to increase full time undergraduate tuition fees (for September 2014 entrants) to £9,000 per annum. In doing so, the Governors are aware of the need for St Mary's to continue to make itself attractive to students from lower income families. Accordingly, the University College will also be increasing the number of bursaries / fee waivers that it has in place for such students. In increasing the level of fees, the University College has had to take into consideration, amongst other matters, the increased importance placed by the Higher Education Funding Council for England on sustainability. In this sense, higher fees will enable St Mary's to increase its investment in the student experience, most notably in the areas of information technology and estates facilities. One of the key, short term, goals of St Mary's is to improve the library resources available to students. Student numbers have grown significantly since the current facilities were put in place and the University College is in the process of upgrading and improving its provision and facilities in this area in order to keep pace with other HEIs.

I am confident that, with the committed existing Governors and a dedicated staff, St Mary's will continue to meet successfully the challenges of an increasingly competitive sector



Bishop Richard Moth

Chair of Governors

5 December 2013

HISTORY, PUBLIC BENEFIT, MISSION AND STRATEGY

History

St Mary's University College, Twickenham ("St Mary's" or "University College") 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 College was incorporated as a company limited by guarantee, company registration number 5977277 and registered as a charity on 23 July 2007, charity registration number 1120192. It commenced trading on 1 August 2007 following the transfer of the net assets and undertakings from the registered charity, St Mary's University College, registration number 312935. At this time the legal objects of the University College were clarified and these are still informed by its original foundation. The objects of the University College are to promote, in such manner as befits a Catholic foundation, the advancement of education, training and research including in particular:

- the provision and conduct of a Catholic institution of higher education, and
- the provision of initial training and continuing professional development for teachers in both religious and secular schools, with special provision for those intending to teach in Catholic and other Christian schools

mainly, but not exclusively, within England and Wales.

Public Benefit

The University College is an exempt charity under the terms of the Charities Act 2011. In preparing this statement of public benefit the governors, as trustees of the University College, 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 College 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 thus include:

- Our students 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 College also takes into account its public benefit and Catholic ethos when setting its fees and developing its strategy for widening participation key elements of which form a core of St Mary's Access Agreement, which is approved by the Office for Fair Access and covers, inter alia, the fees St. Mary's charges to students, the bursaries the University College offers and details of other activities such as outreach (and other) activities focussed on students from lower socio-economic groups. In terms of outreach, St Mary's is committed to an extensive programme of activities that aim to raise aspirations and improve access to higher education for those students from under-represented groups. This includes activities for students on vocational courses, work with mature students, children and young people and initiatives to widen access through our strong reputation for sport. For 2012/13 the cost of these Access Agreement related activities equated to roughly 4% of the total income of St Mary's.

Mission And Strategy

These objects of the University College together with its public benefit obligations inform the mission of the University College which is as follows:

St Mary's prepares its students for flourishing lives, successful careers and social commitment through excellent research-enriched teaching in a strong community of mutual respect based on our Catholic ethos and identity.

This Mission is underpinned with seven institutional values:

- Generosity of spirit.
- Friendliness.
- Respect.
- Fairness.
- Reverence.
- Excellence.
- Professionalism.

The Mission is, in turn, expressed in four Strategic Aims:

1. To be a distinctive institution within UK Higher Education, providing a unique experience for our students and staff by virtue of our values and identity as a Catholic university college.
2. To offer our students through excellent teaching and learning the opportunity to achieve their full academic and career potential.
3. To enhance the quality and quantity of our research, knowledge exchange and enterprise.
4. To manage our resources effectively and imaginatively to ensure a sustainable future and to provide maximum value for our students.

The University College continues to work towards the aims outlined above and its achievements and any issues that have arisen are set out below. In addition, the annual operating plan adopted by the University College and the key performance indicators used to measure the success of the annual operating plan are all driven by these four strategic aims.

TO BE A DISTINCTIVE INSTITUTION WITHIN HIGHER EDUCATION, PROVIDING A UNIQUE EXPERIENCE FOR OUR STUDENTS AND STAFF BY VIRTUE OF OUR VALUES AND IDENTITY AS A CATHOLIC UNIVERSITY COLLEGE

The University College seeks to meet its obligations to students and the wider community in a number of ways. During the period, the University College focused, in particular, on public events, volunteering activities and initiatives around equality and diversity.

Public Events

St Mary's holds a range of events that are open to the public, including:

- Irish Language Classes
- Sports St Mary's Summer Mile
- Dartmouth and Brown versus EPACC athletes – Ivy League match
- No Strings Badminton Scheme
- BAAL Linguistics Conference
- Pedagogical workshop for teachers.

Volunteering

St Mary's supports staff and student volunteering, including fundraising initiatives for local, national and international causes. In particular, the Chaplaincy supports a wide range of Justice and Peace initiatives and offers students and staff opportunities to volunteer their time and talents to make a difference to the lives of others. This includes projects such as the Simms Homeless OutReach Project where, once a month, staff and students from St Mary's join the St Vincent de Paul Society in Lincoln's Inn Fields to distribute food to the homeless.

St Mary's School of Education, Theology & Leadership helped to form the Special Olympics Richmond with Richmond upon Thames College shortly after it was announced London would be hosting the 2012 Games. The scheme provided sports training and competitions for people who have learning difficulties or disabilities. St Mary's also offers work placements to students with learning disabilities.

Further afield, Strawberry Hill Overseas and Community Concern (SHOCC) aims to raise awareness of, and raise funds for, projects that challenge deprivation and poverty in the UK and abroad. SHOCC provides a way for students and staff and members of the University College's community to work together to make a difference.

Equality & Diversity

The promotion of equality and diversity is an important part of our mission and we aim to continue our long tradition of widening access to education to all, but also to foster respect and mutual tolerance in society as a whole. During the period the University College ran a series of equality and diversity seminars for staff. These seminars – attendance at which is compulsory for all staff – will continue to be run in future periods.

In addition, St. Mary's continues to offer staff the opportunity to win the St. Vincent de Paul prize. Introduced in 2008, the prize is for innovation and developments which further equality and diversity. The prize winner receives £1,000.

TO OFFER OUR STUDENTS THROUGH EXCELLENT TEACHING AND LEARNING THE OPPORTUNITY TO ACHIEVE THEIR FULL ACADEMIC AND CAREER POTENTIAL

The Student Experience

The level of overall student satisfaction in Higher Education Institutes ("HEIs") remained high in 2012/13 at 86%. St. Mary's achieved a result of 85% which, whilst close to this national result, was disappointing in that it did not sustain our previous result of being in the top quartile. Our best performing category was for 'Teaching On My Course' which, at 88%, is higher than the HEI average. For 2013/14, the University College will strive to continue to make improvements that will benefit students, with a particular emphasis on working even more closely with the Students' Union.

OPERATING AND FINANCIAL REVIEW Year to 31 July 2013

Student Recruitment

The University College has continued to meet the challenges to undergraduate student recruitment experienced across the sector since the introduction of the high fee regime in 2012/13 and maintained its student numbers in the period.

During August 2013, an unprecedented number of HEIs went into "Clearing" including some Russell Group institutions which, (whilst of themselves not a key competitor group for GuildHE institutions), evidences the turbulence in the market. Despite this turbulence, the University College has achieved its student numbers for 2013/14.

Teaching & Learning

The University College has continued to pursue its policy of continuous improvement in learning, teaching and assessment practices to aid the enhancement of the student learning experience.

A key focus of 2012/13 was the implementation of the revised Assessment Policy and in particular, the development and circulation of templates for programme handbooks and module guides to ensure that programmes provide key assessment information to students in a consistent manner. A new personal development planning scheme for students, the Student Review, was developed during 2012/13 and will be introduced for Year 1 undergraduate students during 2013/14.

In December 2012, the University College was awarded a place on the Higher Education Academy (HEA) - Paul Hamlyn Foundation What Works? Student Retention and Success Change Programme, a four-year, national project involving 14 HEIs. The project focuses on implementing and evaluating interventions at discipline and institutional level. The three disciplines participating at the University College (Drama, Management Studies and Sport Science) are focusing on interventions relating to induction. At institutional level, the project provides an excellent opportunity for the University College to evaluate and enhance its structures for supporting and improving student retention and success. An institutional strategy for student engagement, retention and success will be developed during 2013/14 to facilitate this.

In terms of staff development relating to learning, teaching and assessment practices, the Teaching and Learning Excellence Fund was launched in December 2012 in order to provide opportunities for staff to obtain funding for small scale research projects in higher education, attendance at external events relating to the enhancement of higher education pedagogy and/or the student experience and applications for HEA professional recognition. The number and quality of applications was strong and the fund will continue in 2013/14. Other development opportunities offered during 2012/13 included workshops on HEA professional recognition and the HEA National Teaching Fellowship Scheme and the annual Teaching and Learning Study Day in June.

TO ENHANCE THE QUALITY AND QUANTITY OF OUR RESEARCH, KNOWLEDGE EXCHANGE AND ENTERPRISE

Strengthened Research Capacity

The University College has continued to invest the additional funds gained in the 2008 Research Assessment Exercise to strengthen its research capacity with the result that a higher volume of staff will be submitted to the Research Excellence Framework exercise in 2013. There has been a slight increase in the number of research funding applications (to 19) in 2012-13 but an overall increase in the success rate across all applications from 16% in the previous year to 26%.

OPERATING AND FINANCIAL REVIEW Year to 31 July 2013

Applications to the British Academy small grant scheme resulted in a 40% success rate. The establishment of two new Research Centres in the last academic year have formalised existing and developing internal and external networks and will provide opportunities for the University College to apply for larger collaborative funding bids. Identifying a number of core research themes - wellbeing, health, community, leadership and education has enabled us to focus on areas of our research knowledge and strength to ensure more opportunity to develop more collaborative projects and successful funding applications.

Links between teaching and research continue to be strengthened and the University College now has a research-enriched teaching policy to recognise and embed research into the curriculum more systematically.

The number of postgraduate research students has continued to rise with over 50 students now registered on our University of Surrey-validated research degree programme. A central programme of events and training was delivered successfully in 2012/13 and this will be further complemented in 2013/14 by a Researcher Development Programme (in conjunction with Staff Development) in line with the requirements of the national Concordat to Support the Career Development of Researchers.

St Mary's plays an active role in the Guild Higher Education Consortium for Research Excellence, Support and Training network and took part in the national Postgraduate Research Experience Survey and Careers in Research Online Survey run during 2013.

Ensure That Our Knowledge And Expertise Benefits Business And The Wider Community

The University College has been expanding its knowledge transfer and business development activity and improving our internal processes alongside this growth.

In the past year we have created and begun to implement an institutional Enterprise Strategy, implemented a costing and pricing model for Enterprise activity and put in place a new tracking procedure for Enterprise activity across the University College. Over £1.2m of income was generated by staff across the five academic Schools. Improvements to structures regarding Enterprise have also been made, with the majority of Schools now having Academic Directors for Enterprise working closely with the Director of Enterprise & Business Development for the University College.

The University College's most successful knowledge transfer hub continues to be the Centre for Workplace and Community Health which has negotiated contracts with business and public sector organisations to deliver health interventions and services for the public, such as LiveWell Sutton & Merton and Move4Life for NHS London. St Mary's Clinic continues to provide a range of performance and rehabilitation services to members of the local community, and to elite sportspeople. Our short course provision has also expanded in 2012/13, including particular success in health, wellbeing, sport and teacher education.

TO MANAGE OUR RESOURCES EFFECTIVELY AND IMAGINATIVELY TO ENSURE A SUSTAINABLE FUTURE AND TO PROVIDE MAXIMUM VALUE FOR OUR STUDENTS

Institutional sustainability is now high on the agenda of all HEIs and St. Mary's continues to work hard to ensure that it is well placed to be able to continue to provide its unique offering to future generations of students.

Attracting And Developing High Calibre Staff

As a Catholic institution and a professional organisation, the University College is committed to developing our staff members on an individual, professional and academic level. In keeping with this commitment there are on-going learning opportunities for all staff via the staff development programme (part of which is supported by government funding 2012/13 for staff to attain English for Speakers of Other Languages and National Vocational qualifications). A highlight of the year was the Staff Award Ceremony in July 2013 where the Principal awarded over 80 certificates to staff from across St Mary's staff community.

OPERATING AND FINANCIAL REVIEW Year to 31 July 2013

The last year has been a challenging time for St Marys and has included several changes to the structure of the University College. This changing environment was reflected in the Capita Survey conducted in December 2012. The results of the survey were positive across a number of key areas, particularly Equality and Diversity, Quality of Service, Line Management and Staff Development. However it was noted that improvements were needed in a number of areas including Communication, Management of Change and Bureaucracy. In order to address these issues a series of Action Plans have been developed at both institutional and departmental level. These are underpinned by an increased emphasis of the opportunities afforded by Staff Development Programme for 2013/14 on Communication, Leadership and Management and Change Management. The University College have also committed to do a "pulse" survey in 2014 to confirm that progress has been made in these areas.

Learning Resources and Technology

As student tuition fees have increased, so has the demand from students increased in terms of better quality learning resources and technology. St Mary's continues to invest significantly in these areas and to continually scrutinise how it spends money in these areas to ensure best value for money. During the period a number of initiatives were undertaken including:

- Significant investment has gone into providing additional and improved study space
- Introduction of self-service laptop loans
- An upgrade of simmsCAPital Moodle and the introduction of a new library search tool alongside a service to enable video content to be streamed
- Installation of new shelving in the 'Education' library and new lighting installed throughout the Learning Resource Centre ("LRC").

In addition, a new wireless network was installed across the entire campus, a new cashless catering system introduced and a new customer relationship management system implemented.

Future initiatives will look at developing social media services, cloud corporate storage and more personalised systems. In addition, there are plans to substantially expand LRC facilities.

Improving The Range And Quality Of Estates / Facilities

The University College continues to improve and upgrade its estate through its planned programme of works and investment. Since the opening of the new and refurbished sports buildings, focus has returned to improvements to the general teaching and residential estate. Numerous projects have been initiated and completed such as the refurbishment of seating to the main Lecture theatres, creation of a refurbished smaller theatre to enable cinema projection facilities and generally the upgrading spaces across campus.

Following consultation with planners and English Heritage, much awaited stone repairs were carried out to restore ornate sandstone windows and rainwater flutes to the chapel. At the same time, works were carried out to the Waldegrave wing replacing and repairing the castellated parapets and chimneys as well as giving the face of the building a general clean and uplift.

During the period, works began that will see the creation of a new student hub, with the Students Union, Student Services and other key student facing services all located in one physical site. This work will continue into 2014. As part of these works a new teaching space with disabled access will be created in a more central area of the campus and a suite of interview rooms with centrally bookable meeting room will also be created.

OPERATING AND FINANCIAL REVIEW Year to 31 July 2013

Other improvements to facilities during 2012/13 included:

- Refurbishment of the Student Union bar
- Refurbishment and double glazing of Graham, Wiseman & Doyle Student residences
- Light refurbishments to various properties in Waldegrave Park student residences
- Re-roofing of campus buildings
- Floodlighting installed at the all-weather pitch at Teddington Lock sports campus
- Continued campus aesthetics works.

Building A Sustainable Future

The University College has in place an Environmental Statement and Energy Policy which seeks to promote a cultural and physical change to energy use and conservation at the institution. This policy is supported by a variety of program's and initiatives to educate staff and students and develop good practice and working partnerships with bodies such as the Energy Consortium.

Building on the success of the new sports block delivered in 2011/12 that incorporated a piled geo-thermal Ground Sourced Heat Pump (GSHP) system, current projects include creation of additional learning space to a vacant roof space which not only utilises an otherwise unused space but will incorporate photovoltaic and heat recovery technology combined with advanced insulation and programmable light-emitting diode (LED) technology. All designed to significantly reduce energy needs and limit increases to our carbon footprint.

In addition, the program of replacing existing light fittings with more efficient low energy and LED types continues with the LRC benefitting from a new lighting grid comprised solely of low energy LED's that offer more light and less energy use. Long term benefits include extended life and reduced maintenance. Fittings are also accompanied by additional motion detectors that assist with the efficient control of lighting and reduce usage of electricity. Further studies are also under way with regard to harmonization and optimization of electricity supplies that have the potential to reduce energy consumption across the University College Campus by over 10%. Surveys will continue in 2013/14 with a view to initiating an installation program 2014/15.

Underpinning our commitment to energy reduction, the University College participates in the Higher Education Carbon Management Plan Program, which is recognised by HEFCE and hosted by the Carbon Trust. As part of the carbon management plan for the University, Estates monitors emissions and reports progress of projects brought about by the strategy to the Estates Committee whilst maintaining energy assistance pages on the portal. Recent developments will see the installation of monitors and online gauges that show electricity usage building by building. It is anticipated the installation of hardware will take place in preparation for a summer 2014 launch.

Key Performance Indicators / Annual Operating Plan

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

OPERATING AND FINANCIAL REVIEW Year to 31 July 2013

The University College recently adopted a new suite of KPIs, as set out below.

Performance Area	Measure	2012/13 Results	Targets
Teaching and learning and the student experience (Strategic aim 2)	Overall student satisfaction: NSS scores	85%	2013/14 – 88% 2014/15 – 91% 2015/16 – 94%
	DLHE proportion of graduates employed or in further study	94% v benchmark of 91.5%	To exceed benchmark
Research outputs (Strategic aim 3)	Percentage of staff meeting revised RDAP criteria	n/a	Section 6x: 60% by 2015/16 Section 6xi: 40% by 2015/16 Section 6xii: 40% by 2015/16
Financial performance (Strategic aim 4)	EBITDA as a percentage of total income	15%	10% throughout
Estates Management (Strategic aim 4)	Space utilisation	Second quartile	Top quartile throughout

Comments on St. Mary's NSS score is noted under Student Experience above.

The DLHE (Destination of Leavers from Higher Education survey) benchmark is an external one based on sector data.

The University College is unable to report, as at the date of these financial statements, the result for RDAP (criteria relating to Research Degree Awarding Powers). Section 6 measures the proportion of full time academic staff who are actively engaged in research activities.

EBITDA (Earnings before interest, tax, depreciation and amortisation) is expected to decline (as a percentage of income) due to the increase in the level of bursaries / fee waivers which the University College intends making.

FINANCIAL REVIEW

Scope Of The Financial Statements

The Board of Governors of the University College presents its results, including the results of its subsidiary, for the year ended 31 July 2013. The subsidiary, Strawberry Hill Enterprises Limited, donates any taxable profits to the University College. The subsidiary did not have a material effect on the results or net assets of the group for the year ended 31 July 2013.

OPERATING AND FINANCIAL REVIEW Year to 31 July 2013

Results for the year

While uncertainty remains in the higher education landscape the University College continued its sound financial performance recording a surplus of £2.8m for the year ending 31 July 2013.

	2012/13 £'000	2011/12 £'000	Change (%)
Income	38,670	36,901	5%
Expenditure	35,825	32,677	10%
Surplus	2,845	4,224	(33%)

Income grew to £38.7m (2012: £36.9m) underpinned by stable student numbers and the new fee regime.

Although the University College achieved a strong result for the year, in comparing the result with the prior year, it is important to note that the prior year results included a number of non-recurring items (notably exceptionally high international income and release of deferred grant income).

Upward pressure on costs and several one off items attributed to expenditure increasing by 9% to £35.8m. One off items included the impairment of the sports block, changes in senior management and the write down of all assets with a cost of less than £3k. If these items are excluded, costs would have increased by 6% reflecting, principally, a 6% increase in staff numbers.

Income - Total

	2012/13 £'000	2011/12 £'000	Yr to yr Change (%)	Proportion of total 2012/13 (%)
Funding council grants	9,654	14,487	(33%)	25%
Tuition fees	22,017	15,748	40%	57%
Research grants	7	57	(88%)	-%
Other income	6,945	6,561	6%	18%
Endowments and investment	47	48	(2%)	-%
Total	38,670	36,901	5%	100.00%

Compared to 2011/12, income increased by 5%, with the University College benefitting from the switch from grant funding to tuition fees.

Expenditure – Total

	2012/13 £'000	2011/12 £'000	Yr to yr Change (%)	Proportion of total 2012/13 (%)
Staff costs	22,726	20,720	10%	63%
Other operating expenses	9,750	9,251	5%	28%
Depreciation & impairment	2,926	2,283	28%	8%
Interest and other finance costs	423	423	-%	1%
Total	35,825	32,677	10%	

Compared to 2011/12, expenditure increased by 10%. Depreciation and impairment increased by 28% reflecting the impairment of the flooring of the Sports Block and the write off of all assets with an original cost of less than £3k. The main reason for the increase in staff costs was an increase in staff FTEs of 32 (6%). In addition, there were costs associated with the former Principal plus the annual salary award.

OPERATING AND FINANCIAL REVIEW Year to 31 July 2013

Capital Financing, Borrowings And Cash Flow

	2012/13 £'000	2011/12 £'000	Change (%)
Increase in cash and cash equivalents	3,448	2,067	67%
Fixed assets	37,171	39,549	(6%)
Net current assets	7,437	3,313	125%
Total net assets, including pension liability	35,460	29,456	20%

The balance sheet continued to strengthen with net assets increasing by £5.9m to £35.5m.

Although the net surplus was £2.8m, total net assets increased by £5.9m as a result of favourable actuarial movements in the University College's pension liabilities.

During the year there were no significant capital projects which required financing.

Taxation

The majority of the University College's activities do not fall to be charged to corporation tax.

Auditors

BDO LLP were the appointed auditors of the University College and its subsidiaries for the year.

Reserves and Investment Policy

The University College has been able to add to its strong reserves base with a healthy surplus in 2012/13. Although the result for the year is a positive one, the Board is aware of the economic challenges facing the University College and the wider industry and has highlighted the need for efficient management of resources and sound investment decision making to ensure continued financial sustainability is achieved.

The investment of funds is governed by the Treasury Management Policy (last reviewed in June 2013). The Treasury Management 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 College's investments are secure.

MANAGING RISK

The Higher Education sector is going through a period of unprecedented change and this brings a number of risk factors which need to be carefully managed. Although some of these risks are common to other institutions, others reflect the particular circumstances of the University College.

Risk Appetite

Risk Management is embedded in the operation of the University College, directed by the risk appetite defined by the Board of Governors.

The Risk Management Process

The risk management process, based on the HEFCE Good Practice guidance, is overseen by the Audit Committee and includes a Risk Management Policy and a detailed Risk Register. The Risk Register details strategic and recurrent risks together with the range of mitigating controls in place and the early warning indicators for each risk. The risk register is under constant review by senior managers and governors and the risk management process itself is reviewed by internal audit on an annual basis. This process enables the University College to ensure that even in the changed climate it is able to monitor and manage risks.

Currently, the top five risks facing the University College are considered to be as follows:

<u>Issue</u>	<u>Risk</u>
Changes in government policy	Changes in government policy adversely impacting on the strategic aims or operational capacity of the institution and specifically: <ul style="list-style-type: none">• teacher training• international student recruitment
Managing change	Institutional decision making is hastily conceived and / or poorly communicated and implemented
Institutional reputation	The institutional reputation is undermined by negative media coverage and reporting
Human Resources	Volume and complexity of matters facing the Human Resources function undermines the focus on organisational development and staff wellbeing
Student recruitment	The University College does not achieve student target numbers for 2013 or for 2014 entry, in part due to the increased entry requirements for teacher training provision

For each of the above risks, the University College has in place a range of controls, actions and early warning indicators to help it mitigate and manage the risks identified.



Dr Arthur Naylor, Principal

5 December 2013

STATEMENT OF CORPORATE GOVERNANCE

The conduct of the University College's affairs is governed by the Memorandum and Articles of Association which were adopted by the Board of Governors upon incorporation on 1 August 2007.

The University College is committed to implementing best practice in all aspects of corporate governance. The annual reports have for some years confirmed the University College's compliance with the Committee of University Chairs (CUC) Guide for Members of Higher Education Governing Bodies in the UK including the Governance code of Practice and General Principles issued in 2009. It also endeavours to undertake its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

The Board of Governors

The Board of Governors is responsible for the University College's long-term objectives and for strategies in relation to the educational character and mission of the University College and for providing overall financial and organisational control. It is responsible for bringing independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

Its Primary Responsibilities are set out below:

1. Complying with the charitable purposes of the University College;
2. Preserving and developing the educational character and mission of the University College and overseeing its activities;
3. Corporate planning to set the mission, vision and strategic direction for the University College, taking into account the interests of stakeholders, and approving the associated strategic plans, targets and performance indicators benchmarked against other institutions where appropriate;
4. Approving annual operating plans and monitoring the performance of the institution against planned strategies, operational targets and performance indicators;
5. Ensuring the effective and efficient use of resources, and compliance with the terms and conditions of funding, the solvency of the University College and for safeguarding its assets;
6. Approving annual estimates of income and expenditure, budgets and accounts and ensuring that resources are available to meet the strategic plans and targets;
7. Ensuring the establishment and monitoring of systems of governance, control and accountability (including financial and operational controls) and risk management with adequate arrangements for internal and external audit;
8. Appointing, grading, appraisal, suspension, dismissal and determination of the pay and conditions of service of the Principal, the Deputy Principal, the Vice-Principals and the holder of such other senior posts as the Governors may determine;
9. Setting employment policies and a framework for the pay and conditions of staff and promoting equality and diversity;
10. Ensuring clear procedures for handling internal grievances and for managing conflicts of interest;
11. Approving and overseeing the estate strategy for the management of the University College's land and buildings;

STATEMENT OF CORPORATE GOVERNANCE & INTERNAL CONTROL Year to 31 July 2013

12. Setting the health and safety policy and overseeing its implementation;
13. Ensuring the Students' Union operates in a fair and democratic manner and is accountable for its finances;
14. Approving all investments and borrowings for the furtherance of the University College.

The composition of the University College's Board of Governors is set out in the Memorandum and Articles of Association. The Board consists of not more than twenty four members, being: three ex-officio Governors; eleven Governors nominated by the Catholic Education Service ("CES") and the Archbishop of Westminster (or nominee); one appointed by the London Borough of Richmond-upon-Thames and up to two co-opted by the Board ; five Governors from within the institution: one Vice-Principal on a rotating basis, three elected members of staff and one student elected by the student body; and up to two further Governors co-opted by the Board.

Recommendations for appointment to the Board are made by the Nominations Committee. Governors are normally appointed for three years, the student Governor for one year.

The Clerk to the Board of Governors maintains a register of financial and personal interests of the governors. The Board publishes a document summarising personal and financial interests on the University College website and detailed records are available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the University College's expense and have access to the Clerk to the Board of Governors, 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.

The Board of Governors conducts its business through a number of committees. The terms of reference for each committee are approved by the Board of Governors and subject to annual review. The minutes of meetings, except those deemed to be confidential by the Board of Governors, are published on the University College website and are available from the Clerk to the Governors.

Audit Committee

The Audit committee is chaired by a qualified accountant and normally, meets four times a year. It consists of at least three non-staff Governors and additional members with appropriate experience may be co-opted if appropriate.

The Audit Committee meets, with the Internal Auditors, to consider detailed internal audit reports and recommendations for the improvement of the University College's system of internal control, together with management's response and implementation plans.

It meets with the External Auditors, to discuss audit findings. It also receives and considers reports from HEFCE as they affect the University College's business and monitors adherence with regulatory requirements. It reviews the audit issues arising from the University College's annual financial statements and the accounting policies. It also reviews the controls in place for data quality. While senior management attend meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee meets at least annually with the Internal and External Auditors on their own for independent discussions.

Finance and Staffing Committee

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

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

Remuneration Committee

The Remuneration Committee determines the remuneration of senior staff, including that of the Principal; which comprises up to five Governors.

Nominations Committee

The Nominations Committee comprises the Chair, the Chief Executive of the Catholic Education Service ("CES") or nominee, the Principal and one other governor. The Committee considers nominations for vacancies in the Board of Governors membership under the Memorandum and Articles of Government, and undertakes its duties with reference to the national guidance and good practice.

Other Committees

The Board has established the following committees in addition to those set out above: Academic Strategy Committee, Estates Committee, Health and Safety Committee and Student Experience Committee; all are chaired by a non-staff member of the Board. In addition the Board has established a committee to make recommendations on the conferral of Honorary Awards of the University College; the Honorary Awards Committee is chaired by the Principal.

Review of effectiveness

The Board of Governors conducts periodic reviews of effectiveness in accordance with the CUC Code of Practice. The latest review was undertaken during 2012/13. Governance is also subject to periodic review by the Higher Education Funding Council for England (HEFCE) and to review by Internal Auditors.

STATEMENT OF INTERNAL CONTROL

Scope of Responsibility

The Board of Governors is ultimately responsible for the University College's system of internal control and for reviewing its effectiveness. 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 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. Procedures were in place to provide a full statement on internal control for the whole of the financial year 2012/13 and up to the date of approval of this annual report and financial statements.

Capacity To Handle Risk

The Board has delegated to the Principal, as the Accountable Officer, the day to day responsibility for maintaining a sound system of internal control that supports the policies, aims and objectives of the University College whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the University College and HEFCE. He is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

The Board is of the view that there is a formal on-going process for identifying, evaluating and managing the significant risks facing the University College and that the process and associated procedures has been in place and operational throughout the year, notably through the regular review and updating of the Risk Register. The Risk Register and associated risk management processes are reviewed regularly by the Audit Committee and the Board.

The University College's Internal Audit service operates to standards defined in the HEFCE Audit Code of Practice. The internal auditors submit regular reports which include their independent opinion on the adequacy and effectiveness of the system of internal control, together with any recommendations for improvement.

The Risk and Control Framework

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

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- 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;

STATEMENT OF CORPORATE GOVERNANCE & INTERNAL CONTROL Year to 31 July 2013

- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Board of Governors.

Also, the University College has the use of a professional Internal Audit team whose annual programme is approved by the Audit Committee and whose head provides the Board of Governors with a report on internal audit activity within the University College and an opinion on the adequacy and effectiveness of the University College's system of internal control including financial control.

Review of Effectiveness

The Audit Committee, on behalf of the Board of Governors, has reviewed the effectiveness of the systems of internal control. Any system of internal control can, however, provide only reasonable, but not absolute, assurance against material misstatement or loss.

During 2012/13 the University College has:

- Continued to review and embed its risk management policy into the decision-making processes of the University College
- Reported on a regular basis to the Audit Committee
- Reported to the Board, including providing an annual monitoring return on risk management
- 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 and senior staff and managers and by any comments made by the External Auditors in their management letter or other reports.

Going Concern

After making appropriate enquiries, the Board of Governors considers that the University College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

STATEMENT OF RESPONSIBILITIES OF THE BOARD OF GOVERNORS Year to 31 July 2013

The members of the Board of Governors, who are also the directors of St Mary's University College, Twickenham for the purposes of company law are responsible for preparing 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 company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and with the Statement of Recommended Practice – Accounting for Further and Higher Education. 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 group and company and of the profit or loss of the group for that period.

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

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

The members of the Board are responsible for ensuring that adequate accounting records are kept sufficient to show and explain the company'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 Memorandum and Articles of Association, the Accounts Direction issued by HEFCE and the Statement of Recommended Practice: Accounting for Further and Higher Education, as well as reflecting best practice in public sector corporate governance. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members of the Board are also required to give a report in the Financial Statement which includes the legal and administrative status of the University College.

Members of the Board are responsible for ensuring that funds from HEFCE are used only in accordance with the Financial Memorandum with the Funding Council and any other conditions that the Funding Council may prescribe from time to time. Members of the Board must ensure that 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 College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Funding Council are not put at risk.

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

Financial statements are published on the University College'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 relevant pages of the University College's website is the responsibility of the Clerk. The Board members' responsibility also extends to the on-going integrity of the financial statements contained therein.

INDEPENDENT AUDITORS' REPORT Year to 31 July 2013

We have audited the financial statements of St Mary's University College, Twickenham for the year ended 31 July 2013 which comprise the Consolidated Income and Expenditure Account, the Statement of Group Historical Cost Surpluses and Deficits, the Statement of Group Total Recognised Gains and Losses, the Consolidated and Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governors of the University College (who are also the members of the company), as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and paragraph 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Governors of the University College those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University College and the Governors of the University College as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Board of Governors and Auditors

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

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

Scope of the audit of the financial statements

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

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the University College's affairs as at 31 July 2013 and of the Group's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Education Reform Act 1988 and the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions";

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Report of the Board of Governors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

In our opinion, in all material respects:

- income from the Higher Education Funding Council for England, The National College for Teaching and Leadership, grants and income for specific purposes and from other restricted funds administered by the University College have been applied only for the purposes for which they were received; and
- income has been applied in accordance with the statutes of the University College and where appropriate with the applicable Financial Memorandum with the Higher Education Funding Council for England.

Matters on which we are required to report by exception

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

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

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

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



James Aston (Senior Statutory Auditor)

for and on behalf of BDO LLP, Statutory Auditor

Gatwick, West Sussex

United Kingdom

Date: 6 December 2013

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

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT Year To 31 July 2013

	Note	2013 £'000	2012 £'000
Income			
Funding body grants	1	9,654	14,487
Tuition fees and education contracts	2	22,017	15,748
Research grants and contracts	3	7	57
Other income	4	6,945	6,561
Endowment and investment income	5	47	48
Total income		38,670	36,901
Expenditure			
Staff costs	6	22,726	20,720
Other operating expenses	7	9,750	9,251
Depreciation & impairment	10	2,926	2,283
Interest and other finance costs	8	423	423
Total expenditure		35,825	32,677
Surplus after depreciation of tangible fixed assets at valuation and before tax		2,845	4,224
Taxation		—	—
Surplus after depreciation of assets at valuation and tax		2,845	4,224
Surplus on disposal of assets		—	—
Surplus for the year retained within general reserves	9	2,845	4,224

All activities are continuing. The notes on page 28 to 46 form part of these financial statements.

STATEMENT OF GROUP HISTORICAL COST SURPLUSES AND DEFICITS Year To 31 July 2013

	Note	2013 £'000	2012 £'000
Surplus on continuing operations before taxation	9	2,845	4,224
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	19	189	189
Valuation gains realised on the disposal of tangible fixed assets		—	—
Historical cost surplus for the year before taxation		3,034	4,413
Historical cost surplus for the year after taxation		3,034	4,413

STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES Year To 31 July 2013

	Note	2013 £'000	2012 £'000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax	9	2,845	4,224
Actuarial gain/(loss) in respect of pension scheme	18	3,343	(2,583)
Total recognised gain relating to the year		6,188	1,641
Reconciliation			
Opening reserves and endowments		23,243	21,602
Total recognised gains for the year		6,188	1,641
Closing reserves and endowments		29,431	23,243

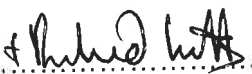
BALANCE SHEET 31 July 2013

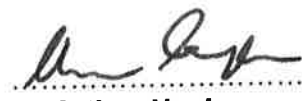
Company Registration Number 5977277

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
		Consolidated	University College	Consolidated	University College
Fixed assets					
Tangible assets	10	37,171	36,676	39,549	39,013
Current assets					
Stocks		41	22	29	14
Debtors	12	1,163	1,323	2,023	2,272
Cash at bank and in hand		12,360	12,341	9,137	8,965
		<u>13,564</u>	<u>13,619</u>	<u>11,189</u>	<u>11,251</u>
Less: Creditors: amounts falling due within one year	13	(6,127)	(6,057)	(7,876)	(7,700)
Net current assets		<u>7,437</u>	<u>7,629</u>	<u>3,313</u>	<u>3,551</u>
Total assets less current liabilities		<u>44,608</u>	<u>44,305</u>	<u>42,862</u>	<u>42,564</u>
Less: Creditors: amounts falling due after one year	14	(5,119)	(5,119)	(6,202)	(6,202)
		<u>39,489</u>	<u>39,186</u>	<u>36,660</u>	<u>36,362</u>
Less: Provision for liabilities and charges	15	(1,441)	(1,441)	(1,195)	(1,195)
Total net assets excluding pension liability		<u>38,048</u>	<u>37,745</u>	<u>35,465</u>	<u>35,167</u>
Net pension liability	18	(2,588)	(2,588)	(6,009)	(6,009)
Total net assets including pension liability		<u>35,460</u>	<u>35,157</u>	<u>29,456</u>	<u>29,158</u>
Deferred capital grants	16	6,029	6,029	6,213	6,213
Reserves					
Income and expenditure account, excluding pension reserve	17	21,358	21,055	18,402	18,104
Pension reserve	18	(2,588)	(2,588)	(6,009)	(6,009)
Income and expenditure account including pension reserve		<u>18,770</u>	<u>18,467</u>	<u>12,393</u>	<u>12,095</u>
Revaluation reserve	19	10,661	10,661	10,850	10,850
Total Funds		<u>35,460</u>	<u>35,157</u>	<u>29,456</u>	<u>29,158</u>

The notes on pages 28 to 46 form part of these financial statements.

The financial statements on pages 23 to 46 were approved and authorised for issue by the Board of Governors on 5 December 2013 and were signed on its behalf by:


Bishop Richard Moth
 Governor (Chairman)


Dr Arthur Naylor
 Governor (Principal)

CONSOLIDATED CASH FLOW STATEMENT Year to 31 July 2013

		2013 £'000	2012 £'000
Net cash inflow from operating activities	20(a)	6,714	5,033
Returns on investments and servicing of finance			
Other Interest received		48	47
Interest paid		(354)	(422)
		(306)	(375)
Capital expenditure and financial investment			
Payments made to acquire fixed assets		(2,071)	(1,939)
Deferred capital grants received		151	347
		(1,920)	(1,592)
Net cash inflow before financing		4,488	3,066
Financing	20(c)	(1,040)	(999)
Increase in cash		3,448	2,067

Reconciliation of net cash flow to movement in net funds/(debt)

		2013 £'000	2012 £'000
Increase in cash in the year		3,448	2,067
Decrease in debt financing		1,040	999
Change in the net debt		4,488	3,066
Net funds/(debt) at 1 August		1,660	(1,406)
Net funds at 31 July	20(b)	6,148	1,660

The notes on pages 28 to 46 form part of these financial statements.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES Year To 31 July 2013

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of Accounting and Basis of Preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings for which a cost is not readily ascertainable, and in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) 2007 and applicable Accounting Standards. They conform to guidance published by the HEFCE & NCTL.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the University College and its subsidiary undertaking, Strawberry Hill Enterprises Limited (SHE) for the financial year. Intra-group transactions are eliminated on consolidation.

The St Mary's Students' Union has not been consolidated as it's a separate enterprise which over which the University College had limited influence both in areas of financial control and policy decisions.

The University College has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own income and expenditure account.

Recognition of Income

Recurrent grants from HEFCE and the NCTL represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the income and expenditure account.

Non-recurrent grants from HEFCE and the NCTL or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with its depreciation policy.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

Income from grants, contracts and other services rendered (including projects of a duration exceeding one year) are included to the extent of the completion of the contract or service concerned and matched to spend incurred in respect of the income so included; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Post-Retirement Benefits

Retirement benefits to employees of the University College are provided by the Teachers' Pension Scheme (TPS) for academic staff and the London Borough of Richmond upon Thames Superannuation Scheme (LBRTSS) for non-academic staff. These are defined benefit schemes which are externally funded and contracted out of the State Earning-Related Pension Scheme (SERPS).

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the University College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES Year To 31 July 2013

As stated in note 18, the TPS is a multi-employer scheme and the University College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LBRSS are measured using closing market values. LBRSS liabilities are measured using the projected unit method. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Enhanced Pension

The actual costs of any enhanced on-going pensions to former members of staff are paid by the University College annually. An estimate of the expected future cost of any enhancement to the on-going pensions of former members of staff is charged in full to the University College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using factors published by the Teachers' Pension Scheme.

Financial Instruments

Cash, bank and loan balances are recorded at their current values. Interest earned on bank accounts and interest charged on loans are recorded as interest receivable and interest payable respectively in the period to which they relate. Bank charges are recorded as operating expenditure in the period which they relate.

Investments in liquid resources are readily disposable current asset investments. They include some money market deposits, held for more than 24 hour, which can only be withdrawn without penalty on maturity or by giving notice of more than one working day. These investments are measured at fair value. Any movements in fair value are immediately recognised in the income and expenditure account.

Leased Assets

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Land and Buildings

All land and buildings were transferred following incorporation on 1 August 2007 to the University College from the College Trust, including assets previously vested in either the Trustees of the College Trust or the Trustees of the Catholic Education Service. The University College halls of residence were professionally valued in 1993 on an existing use basis. All other land and buildings were professionally valued in 1993 on a depreciated replacement cost basis. Additions subsequent to the valuation are stated at cost.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred. They are not depreciated until they are brought into use.

Furniture, Equipment and Motor Vehicles

Items costing less than £1,000 per individual item or group of related items are written off in the year of acquisition. All other equipment is capitalised. Capitalised equipment is stated at cost.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES Year To 31 July 2013

Depreciation

Buildings, furniture, equipment and motor vehicles are depreciated on a straight-line basis to the income and expenditure account over their estimated useful lives. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the University College will obtain ownership by the end of the lease term. Land is not depreciated.

Buildings, furniture, equipment and motor vehicles are depreciated from the date they are installed and are ready for use.

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

The estimated useful lives for the current and comparative years of significant assets are as follows:

- | | |
|---|----------|
| • Buildings | 50 years |
| • Building extensions & improvements | 10 years |
| • Furniture, equipment & motor vehicles | 5 years |
| • Desk-top IT equipment | 4 years |

Taxation

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

The University College 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.

Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Provisions

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

Agency Arrangements

The University College acts as an agent in the collection and payment of Discretionary Support Funds & National Scholarship Programme. Related payments received from HEFCE and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 23 and note 26 respectively. The University College employs one member of staff whose responsibilities include the administration of Learner Support Fund applications and payments.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES Year To 31 July 2013

In addition, the University College acts as an agent in the collection and payment of training bursary payments to students following NCTL-approved teacher training courses. The University College receives a fee, approximately 2% of the bursary payable to the students to cover the cost of administering the bursaries. The administration fee is included in the Income and Expenditure account. However, the main bursary and its disbursement are shown separately in note 24.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

NOTES TO THE FINANCIAL STATEMENTS Year To 31 July 2013

1 Funding Body grants

	2013 £'000	2012 £'000
Recurrent Grant		
Higher Education Funding Council	5,961	7,763
Training and Development Agency	2,397	5,146
Specific Grants		
Special initiatives – HEFCE	541	798
Special initiatives – NCTL	372	365
Specific grants – redundancy compensation	48	46
Deferred capital grants released in year		
Buildings (note 16)	325	330
Equipment (note 16)	10	39
	9,654	14,487

2 Tuition fees and education contracts

	2013 £'000	2012 £'000
Full time home and EU students	18,666	11,924
Full time international students	1,865	2,521
Part time students	1,174	925
Short course	312	378
	22,017	15,748

3 Research grants and contracts

	2013 £'000	2012 £'000
Research councils and charities	7	37
Governmental	—	20
	7	57

4 Other income

	2013 £'000	2012 £'000
Residences, catering and conferences	4,970	4,763
Other services rendered	68	78
Other income	1,907	1,720
	6,945	6,561

5 Endowment and investment income

	2013 £'000	2012 £'000
Bank interest	47	48

NOTES TO THE FINANCIAL STATEMENTS Year To 31 July 2013

6 Staff and students

	2013 £'000	2012 £'000
(a) Staff costs:		
Wages and salaries	18,999	17,283
Social security costs	1,434	1,306
Other pension costs (including FRS 17 adjustments)	2,293	2,131
	22,726	20,720
(b) Emoluments of the Principal:		
Salary	170	141
Benefits	2	3
Pension contributions	13	20
	185	164

Professor Philip Esler resigned as Principal on 31 March 2013. Dr Arthur Naylor was appointed as Interim Principal for the remainder of the academic year.

The total emoluments of all governors in the year amounted to £367,494 (2012: £375,795) which includes employer pension contributions. These emoluments are in respect of the Principal and staff governors in their capacity as members of staff. No other governors received remuneration. Employer pension contributions of the governors totalled £37,607 (2012: 52,315). One governor is accruing retirement benefits under a defined benefit scheme.

Travel expenses reimbursed to three Governors during the year amounted to £3,540 (2012: £540 to three members).

(c) Compensation for loss of office of the principal

A payment of £284k was made to Professor Philip Esler in the current year (2012: nil)

(d) Remuneration of other higher paid staff excluding employers national insurance and pension contributions

	2013 Number	2012 Number
£100,000 - £109,999	--	1

(e) Average weekly number of persons (including senior post-holders) employed by the University College during the year, expressed as full-time equivalents, was:

	Total full-time equivalents	
	2013	2012
Academic departments	212	209
Research	10	3
Management and Specialist	20	16
Technical	19	20
Other	288	269
	549	517

NOTES TO THE FINANCIAL STATEMENTS Year To 31 July 2013

(f) Number of students:

	Total full-time equivalents	
	2013	2012
Expressed as full-time equivalents		
Full-time students	4,123	4,051
Part-time students	610	834
Totals	4,733	4,885

7 Other operating expenses

	2013 £'000	2012 £'000
Academic departments	2,610	2,493
Academic services	970	945
Premises	2,234	2,184
Residences, catering and conference	883	1,006
Research grants and contracts	183	289
Administration and central services	1,982	1,460
Other expenses	798	874
	9,660	9,251

Other operating expenses include:

	2013 £'000	2012 £'000
Auditors' remuneration		
External audit – audit of group statutory accounts	32	36
– audit of subsidiaries statutory accounts	5	5
Internal audit	40	43
Other services, excluding audit – taxation services	11	5
(Decrease) in provision for doubtful debts	(214)	(241)
Operating lease rentals - other	45	5

8 Interest and Other Finance Costs

	2013 £'000	2012 £'000
Bank and other loans wholly repayable within five years	344	399
Pension finance interest (note 18)	79	24
	423	423

9 Surplus on continuing operations after taxation and before surplus on disposal of assets

The surplus on continuing operations for the year is made up as follows:

	2013 £'000	2012 £'000
University College surplus for the year	2,840	4,223
Strawberry Hill Enterprises Ltd surplus for the year	5	1
	2,845	4,224

NOTES TO THE FINANCIAL STATEMENTS Year To 31 July 2013

10 Tangible fixed assets

Consolidated	Freehold		Alterations and improvements	Furniture, equipment and vehicles	Total
	Land £'000	Buildings £'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2012	5,519	36,104	10,906	4,135	56,664
Additions	—	429	477	732	1,638
Retention Accrual	—	(1,090)	—	—	(1,090)
Write offs and disposals	—	—	—	(610)	(610)
At 31 July 2013	5,519	35,443	11,383	4,257	56,602
Cost	500	25,410	11,383	4,257	41,550
Valuation	5,019	10,033	—	—	15,052
	5,519	35,443	11,383	4,257	56,602
Depreciation					
At 1 August 2012	—	8,481	6,114	2,520	17,115
Charge in year	—	858	854	914	2,626
Impairment	—	300	—	—	300
Write offs and disposals	—	—	—	(610)	(610)
At 31 July 2013	—	9,639	6,968	2,824	19,431
Net book values					
At 31 July 2013	5,519	25,804	4,415	1,433	37,171
At 31 July 2012	5,519	27,623	4,792	1,615	39,549

The depreciation charge has been funded by:

	2013 £'000	2012 £'000
Deferred capital grants released (note 16)	335	369
Revaluation reserve (note 19)	189	189
General income	2,102	1,725
	2,626	2,283

NOTES TO THE FINANCIAL STATEMENTS Year To 31 July 2013

10 Tangible fixed assets (continued)

University College	Freehold Land £'000	Buildings £'000	Alterations and improve- ments £'000	Furniture, equipment and vehicles £'000	Total £'000
Cost or valuation					
At 1 August 2012	5,519	35,350	10,906	3,936	55,711
Additions	—	429	477	723	1,629
Adjustments	—	(1,081)	—	—	(1,081)
Write offs and disposals	—	—	—	(610)	(610)
At 31 July 2013	<u>5,519</u>	<u>34,698</u>	<u>11,383</u>	<u>4,049</u>	<u>55,649</u>
Cost	500	23,784	11,383	4,049	39,716
Valuation	5,019	10,914	—	—	15,933
	<u>5,519</u>	<u>34,698</u>	<u>11,383</u>	<u>4,049</u>	<u>55,649</u>
Depreciation & Impairment losses					
At 1 August 2012	—	8,237	6,113	2,348	16,698
Charge in year	—	821	854	910	2,585
Impairment	—	300	—	—	300
Write offs and disposals	—	—	—	(610)	(610)
At 31 July 2013	<u>—</u>	<u>9,358</u>	<u>6,967</u>	<u>2,648</u>	<u>18,973</u>
Net book values					
At 31 July 2013	<u>5,519</u>	<u>25,340</u>	<u>4,416</u>	<u>1,401</u>	<u>36,676</u>
At 31 July 2012	<u>5,519</u>	<u>27,113</u>	<u>4,793</u>	<u>1,588</u>	<u>39,013</u>

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly, the book values at implementation have been retained. Land and buildings have been accounted for in accordance with the relevant Accounting Policy. The historical cost equivalent of the revalued assets is £1,744k.

11 Investments - Subsidiary undertakings

Nominees of the University College hold 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 Trustees of the University College through a Gift Aid arrangement. The University College's interest in the company at 31 July 2013 was 2 Ordinary shares, at a cost of £2 (2012 - £2).

NOTES TO THE FINANCIAL STATEMENTS Year To 31 July 2013

12 Debtors

	Consolidated		University College	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Debtors	770	1,716	698	1,617
Prepayments and accrued income	393	307	377	307
Amounts due from subsidiary company	—	—	248	348
	1,163	2,023	1,323	2,272

13 Creditors: amounts falling due within one year

	Consolidated		University College	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Bank overdraft	9	235	—	71
Bank loans	1,084	1,040	1,084	1,040
Expense creditors	1,030	628	1,029	624
Social security and other taxes	72	98	58	85
Other creditors	1,275	1,396	1,265	1,386
Accruals and deferred income	2,657	4,479	2,621	4,436
Amounts due to subsidiary company	—	—	—	58
	6,127	7,876	6,057	7,700

14 Creditors: amounts falling due after more than one year

Unsecured bank loans are repayable as follows:

	Consolidated		University College	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
In one year or less	1,084	1,040	1,084	1,040
Between one and two years	1,131	1,084	1,131	1,084
Between two and five years	1,288	2,144	1,288	2,144
In five years or more	2,700	2,974	2,700	2,974
Greater than one year	5,119	6,202	5,119	6,202
Total	6,203	7,242	6,203	7,242

The bank finance consists of a £4.5m loan from Bank Santander for the building of the new Sports Block Building. The loan, which was taken out in July 2010, is repayable at a fixed rate of 4.95% over 20 years. At 31 July 2013, the amount outstanding was £3,825,000 (2012: £4,050,000).

Also included in the bank finance is the £6 million loan from Barclays Bank plc to build new halls of residence. The loan, which was taken out in August 2005, is repayable at a fixed rate of 5.09% over 10 years. At 31 July 2013 the amount outstanding was £1,625,225 (2012: £2,290,448).

NOTES TO THE FINANCIAL STATEMENTS Year To 31 July 2013

A further loan of £1,500,000 from Barclays Bank plc was taken out in August 2007 in respect of the £4 million Refectory development. This loan is repayable at a fixed rate of 6.02% over 10 years. At 31 July 2013 the amount outstanding was £752,806 (2012 : £902,783).

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

The interest charged to the income and expenditure account is that attributable to the year.

15 Provision for liabilities and charges

	Consolidated and University College	
	2013 £'000	2012 £'000
<u>Pension Enhancement Provision:</u>		
Balance at 1 August	369	348
Utilised in the year	(31)	(30)
Transfer from income and expenditure	29	51
Balance at 31 July	367	369
<u>Other Specific Provisions:</u>		
Balance at 1 August	696	46
Movement in the year	248	650
Balance at 31 July	944	696
<u>Section 106 Planning Provision</u>		
Balance at 1 August	130	130
Movement in the year	—	—
Balance at 31 July	130	130
Total provisions	1,441	1,195

NOTES TO THE FINANCIAL STATEMENTS Year To 31 July 2013

The University College pays enhanced pension entitlements to staff who have taken early retirement under a reorganisation programme which ended in 1989/90. The calculation of the cost of early retirement provisions charged to the Income and Expenditure Account in the year of retirement is based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 2.32% (2012: 1.44%) in excess of price inflation. During 2013, actual payments of £31k (2012: £30k) have been charged to the provision. The provision will be released against the cost to the University College of enhanced pension entitlements over the estimated life expectancy of relevant employees.

In addition to the enhanced pensions which are being provided above, the University College also provides enhanced pension contributions to a further 14 former employees. HEFCE is providing the University College with additional funds each year to meet these contributions. Although HEFCE does not have a legal obligation to continue making these payments, the University College expects them to do so. As the costs of these payments have been recognised as a liability in the financial statements of HEFCE (indicating HEFCE's expectation that they will be meeting these costs in the future) they have not been recognised as a liability in the University College's balance sheet. Were the position to change, the estimated cost to the University College of meeting these pension payments was £536k as at 31 July 2013 (2012 : £715k).

Specific provisions include amounts related to the proposed merger of two of the academic schools within the University College; a wage dispute on London weighting scales and to the closure of a course previously run by the University College in collaboration with another organisation. With regard to the latter matter, although the University College believes it has no legal liability related to the decision to close the course, as an act of goodwill the University College has decided to make an offer of financial recompense to all students who were enrolled to study on the course.

16 Deferred capital grants

	Consolidated and University College			
	Buildings £'000	Furniture and equipment £'000	2013 Total £'000	2012 Total £'000
Funding Council				
Written down value at 1 August	6,093	120	6,213	6,235
Movement during the year:				
Funding grants received	—	151	151	347
Released to Income and Expenditure Account	(325)	(10)	(335)	(369)
Written down value at 31 July	<u>5,768</u>	<u>261</u>	<u>6,029</u>	<u>6,213</u>

NOTES TO THE FINANCIAL STATEMENTS Year To 31 July 2013

17 General reserves

Income and expenditure account	Consolidated		University College	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
At 1 August	12,393	10,563	12,095	10,266
Surplus after depreciation of assets at valuation	2,845	4,224	2,840	4,223
Release from revaluation reserve – depreciation	189	189	189	189
Historical cost surplus after taxation for the year	3,034	4,413	3,029	4,412
Actuarial gain/(loss) in respect of pension scheme	3,343	(2,583)	3,343	(2,583)
At 31 July	18,770	12,393	18,467	12,095
Balance represented by				
Income and expenditure account excluding pension reserve	21,358	18,402	21,055	18,104
Pension reserve	(2,588)	(6,009)	(2,588)	(6,009)
At 31 July	18,770	12,393	18,467	12,095

18 Pensions

The University College's employees belong to two principal pension schemes, the Teachers' Pensions Scheme (TPS) for academic staff and the London Borough of Richmond upon Thames Superannuation Scheme for support staff. In addition, for new, non-academic staff, the University College has a defined contribution scheme which is run by Friends Life.

The total pension cost for the year ended 31 July 2013 was £2.3m (2012: £2.1m), this included an amount of £2,000 being notional credit (2012: £21,000 notional interest) in respect of enhanced pension entitlements for staff who have taken early retirement.

The calculation of the cost of early retirement provisions charged to the Income and Expenditure account in the year of retirement is based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 5% in excess of price inflation with CPI at 2.8%p.a.

Teachers' Pension Scheme

Under the definitions set out in Financial Reporting Standard 17 - Retirement benefits, the Teacher's pension scheme (TPS) is a multi-employer pension scheme. As the TPS is underwritten by central government and the University College 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 College. As a result, contributions to this scheme are accounted for as if the scheme was a defined contribution scheme.

The University College has set out below the information available on the Scheme and the implications for the University College in terms of the anticipated contribution rates.

The employers' contribution rates for the University College's academic staff were 14.1% of pensionable salaries from 1 August 2012 to 31 July 2013.

NOTES TO THE FINANCIAL STATEMENTS Year To 31 July 2013

The Teachers' Pension Scheme is a statutory, contributory, unfunded, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. Contributions are credited to the Exchequer on a "pay as you go" basis under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2008, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution has been assessed at 19.75%, plus a supplementary contribution rate of 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a Standard Contribution Rate (SCR) of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced, effective for the first time from the 2008 valuation, a 14% cap on employer contributions payable.

The 2006 interim actuarial review, published in June 2007, did not recommend any changes to the SCR and concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 million.

London Borough of Richmond Upon Thames Superannuation Scheme

The London Borough of Richmond Upon Thames Superannuation Scheme, of which the University College is an admitted body, is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2013 was £1,482k (2012: £1,607k) of which employer's contributions totalled £1,181k (2012: £1,281k) and employees' contributions totalled £301k (2012: £326k).

Currently, support staff contributions range from 5.5% to 7.5% of salary and are determined on an annual basis by reference to earnings bandings. The University College currently contributes 26.4%. The employer contributions expected to be paid into the scheme during the year ended 31 July 2014 is £1,159k.

NOTES TO THE FINANCIAL STATEMENTS Year To 31 July 2013

Financial Reporting Standard (FRS) 17 - Retirement benefits

The following information is based upon a full actuarial valuation of the Fund at 31 March 2010 updated to 31 July 2013 by a qualified independent actuary.

The major assumptions used by the actuary were:

	2013 %	2012 %
Price increases		
CPI	2.8	2.2
Salary increases	4.1	4.5
Pension increases	2.8	2.2
Discount rate	4.6	4.1
Expected return on assets - Equities	6.4	5.6
- Bonds	4.1	3.5
- Property	4.6	3.7
- Cash	3.4	2.8

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

	Males	Females
Current pensioners	20.1 years	22.9 years
Future pensioners	22.0 years	24.8 years

The University College's share of assets in the fund and the expected rates of return were:

	2013 £'000	Proportion %	2012 £'000	Proportion %
Equities	13,130	67	11,792	74
Bonds	4,703	24	2,549	16
Property	1,568	8	1,434	9
Cash	196	1	159	1
Total market value of assets	19,597		15,934	

The following amounts, at 31 July, were measured in accordance with the requirements of FRS 17:

Analysis of the amount shown in the balance sheet	2013 £'000	2012 £'000
Total market value of assets	19,597	15,934
Present value of scheme liabilities	(22,185)	(21,943)
Net pension liability	(2,588)	(6,009)

NOTES TO THE FINANCIAL STATEMENTS Year To 31 July 2013

Analysis of the amount charged to staff costs income and expenditure account	2013 £'000	2012 £'000
Employer service cost (net of employee contributions)	1,024	992
Losses on curtailments and settlements	—	—
Total operating income	1,024	992
Analysis of the amount that is credited to other finance income in the income and expenditure account		
Expected return on pension scheme assets	836	954
Interest on pension liabilities	(915)	(978)
Net return on pension scheme	(79)	(24)

The actual return on assets during the year was £434k.

Amount recognised in the statement of total recognised gains and losses (STRGL)	2013 £'000	2012 £'000
Actual return less expected return on pension scheme assets	1,917	(520)
Experience adjustments and the effects of changes in the assumptions underlying the Scheme liabilities	1,426	(2,063)
Actuarial gain/(loss) recognised in STRGL	3,343	(2,583)

Analysis of the movement in the present value of the scheme liabilities and corresponding analysis	2013 £'000	2012 £'000
Opening present value of the defined benefit obligation	21,943	18,025
Movement in the year		
Current service cost	1,024	992
Interest cost	915	978
Contributions by members	301	326
Actuarial (gains)/losses	(1,426)	2,063
Losses/(Gains) on curtailments	—	—
Estimated benefits paid	(572)	(441)
Closing present value of the defined benefit obligation	22,185	21,943

Analysis of the movement in the fair value of the scheme assets	2013 £'000	2012 £'000
Opening fair value of employer assets	15,934	14,334
Movement in the year		
Expected return on assets	836	954
Contributions by members	301	326
Contributions by employer	1,181	1,281
Actuarial gains/(losses)	1,917	(520)
Estimated benefits paid	(572)	(441)
Closing fair value of employer assets	19,597	15,934

NOTES TO THE FINANCIAL STATEMENTS Year To 31 July 2013

Amounts for the current and previous four periods are as follows:

History of experience gains and losses	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Defined benefit obligation	(22,185)	(21,943)	(18,025)	(16,076)	(14,458)
Plan assets	19,597	15,934	14,334	12,393	9,492
Deficit	(2,588)	(6,009)	(3,691)	(3,683)	(4,966)
Experience adjustment on plan liabilities	—	(168)	(816)	—	25
Experience adjustment on plan assets	1,917	(520)	(187)	1,133	(886)

19 Revaluation reserve

	Consolidated and University College	
	2013 £'000	2012 £'000
Balance at 1 August 2012 and 31 July 2013	14,431	14,431
Contribution to depreciation:		
Balance at 1 August	3,581	3,392
Released during the year	189	189
Balance at 31 July	3,770	3,581
Net revaluation		
At 31 July 2013	10,661	10,850

20 (a) Reconciliation of the consolidated operating surplus to net cash flow from operating activities

	2013 £'000	2012 £'000
Surplus on continuing operations	2,845	4,224
Depreciation & Impairment	2,926	2,283
Deferred capital grants released to income	(335)	(370)
Interest receivable	(47)	(48)
Interest payable	423	423
Pension cost less contributions payable	(78)	(265)
(Increase) in stocks	(12)	(3)
Decrease/(Increase) in debtors	852	(687)
Decrease) in creditors	(106)	(681)
Increase in provisions	246	157
Net cash inflow from operating activities	6,714	5,033

NOTES TO THE FINANCIAL STATEMENTS Year To 31 July 2013

20 (b) Analysis of changes in net funds/debt

	At 1 August 2012 £'000	Cash flows £'000	At 31 July 2013 £'000
Cash at bank and in hand	9,137	3,223	12,360
Bank overdraft	(235)	226	(9)
Debt due within one year	(1,040)	(44)	(1,084)
Debt due after one year	(6,202)	1,083	(5,119)
Total	1,660	4,488	6,148

20 (c) Financing

	2013 £'000	2012 £'000
Capital Repayment	(1,040)	(999)
Total	(1,040)	(999)

21 Operating lease commitments

	Consolidated and University College	
	2013 £'000	2012 £'000
At 31 July 2013 annual commitments under operating leases were as follows:		
Commitments which expire within 12 months	29	5
Commitments which expire after 2 years but before 5 years	20	—
Commitments which expire after 5 years	—	—
Total commitments	49	5

22 Capital commitments

Provision has not been made for the following capital commitments at 31 July 2013.

	2013		2012	
	Consolidated £'000	University College £'000	Consolidated £'000	University College £'000
Commitments contracted	191	191	—	—
Authorised but not contracted	1,840	1,840	554	554
	2,031	2,031	554	554

NOTES TO THE FINANCIAL STATEMENTS Year To 31 July 2013

23 Access to discretionary support funds

	2013 £'000	2012 £'000
Balance unspent at 1 August	4	4
Funding Council grants	73	84
	77	88
Disbursed to students	(71)	(82)
Audit and administration costs	(2)	(2)
Balance unspent at 31 July	4	4

24 Training salaries

	2013 £'000	2012 £'000
Balance owed at 1 August	(69)	(43)
Funding Council grants	2,426	856
Disbursable to students	(2,368)	(882)
Balance owed at 31 July	(11)	(69)

25 Related party transactions

Grants were paid to St Mary's Students Union amounting to £197k (2012: £186k), an organisation in which the president Mr Charile Benson was a member of the University College Board of Governors during the financial year.

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

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

26 National Scholarship Programme

	2013 £'000	2012 £'000
Balance owed at 1 August	—	—
Funding Council funds received	132	—
Disbursed to students	(132)	—
Balance owed at 31 July	—	—

27 Post balance sheet event

On 2nd December 2013, the University College exchanged contracts for the purchase of the freehold of 99 Waldegrave Road. The property is being acquired for a cost of £3.45m plus related costs.