



**St Mary's
University
Twickenham
London**

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 JULY 2014

**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**

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ADMINISTRATIVE INFORMATION: Year ended 31 July 2014

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Board of Governors	Rt Rev Richard Moth (<i>Chair</i>) Councillor Tony Arbour Mr Anthony Bailey Mr Francis Campbell (appointed 1 August 2014) Mr Jeffery Cottle (appointed 3 July 2014) Mr John Dixon (appointed 27 March 2014) Fr Richard Finn OP Mr Michael Foster Mrs Helen Frostick Dr Maureen Glackin Mrs Susan Handley-Jones Mr David Hartnett (appointed 3 July 2014) Mrs Maureen John Mr Ryan Jones (appointed 1 August 2014) Mr Stuart Kemp Dr David Livesey Miss June Mulroy (appointed 3 July 2014) Mr Peter Pledger Mr Peter Thomas Mr Simon Uttley Mr Jonathan Walsh Dr Tim Walsh The following also served in the financial year Mr Nicholas Benson (resigned 26 September 2013) Mr Anthony Carey (resigned 30 June 2014) Mr Aedan McDonagh (resigned 31 July 2014) Miss Ruth Mellor (resigned 26 September 2013) Dr Arthur Naylor (resigned 31 July 2014) Fr Pdraig Regan (resigned 26 September 2013) Prof Bernard Weiss (<i>Vice-Chair</i>) (resigned 11 July 2014)

ADMINISTRATIVE INFORMATION (continued): Year ended 31 July 2014

Senior officers

Vice-Chancellor ¹	Francis Campbell
Pro Vice-Chancellors ²	David Leen Dr Claire Taylor
Clerk to the Board of Governors	Graham Fice

Professional advisors

Bankers

HSBC Bank Plc
69 Pall Mall
London
SW1 5EY

Barclays Bank PLC
Level 28
1 Churchill Place
London
E14 5HP

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

External auditors

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

Internal auditors

Baker Tilly
Third Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

Lawyers

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

¹ On gaining University Title on 23 January 2014 the Board of Governors re-designated the former post of Principal as 'Vice-Chancellor'. Arthur Naylor served as Vice Chancellor for the financial year and resigned on 31 July 2014. Francis Campbell was appointed to fill the vacancy on 1 August 2014.

² On gaining University Title on 23 January 2014 the Board of Governors re-designated the former posts of Vice-Principal as 'Pro Vice-Chancellor'

FOREWORD: Year ended 31 July 2014

The higher education sector continues to experience significant change: the introduction of the new tuition fee regime; the removal of the limit on the recruitment of students with ABB grades or above; and the removal of the student number control in 2015/16 all makes for a fascinating and challenging environment.

St Mary's too, continues to undergo significant change. In January 2014 we achieved university title, whilst in August 2014, after a successful transition from our first Vice Chancellor (Arthur Naylor – who retired after holding the role on an interim basis), a new Vice Chancellor was appointed – Francis Campbell. Francis comes with a wealth of experience and connections both internationally and across the Catholic community, having previously been, amongst other things, the British Ambassador to the Holy See.

I am also pleased to report that Cardinal Vincent Nichols, patron of the Cathedrals Group of faith based universities and colleges, is to become St Mary's first Chancellor.

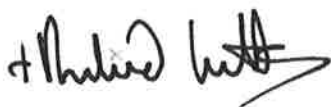
It is very early days for our new Vice Chancellor but the University is already starting to rethink its corporate strategy with a focus on our Catholic ethos; recruitment to strength; strengthening of the St Mary's brand; and an expansion of our international capabilities (particularly in North America) all likely to feature in whatever future plans are developed.

During the year, as detailed in the Strategic Report, the University continued to invest significant resources in improving the student experience. In this respect, significant investment in new learning resources space is worth highlighting.

As shown by these financial statements, in 2013/14 St Mary's again achieved a strong financial result and student recruitment in 2014/15 looks positive.

Finally, it is worth noting that discussions with Heythrop College about forming a strategic partnership are ongoing, albeit there can be no certainty that a formalised partnership will result.

St Mary's is now better placed than perhaps for some years, to meet successfully the challenges currently facing it and I am confident that, under new leadership and with the ongoing commitment of Governors and staff, the University will do so.



Bishop Richard Moth

Chair of Governors

27 November 2014

LEGAL STATUS AND CORPORATE GOVERNANCE: Year ended 31 July 2014

Change of name and status

On 23 January 2014 St Mary's gained University title and the Privy Council approved the new name of the institution to be "St Mary's University, Twickenham". The change of name was filed with the Registrar of Companies on 3 February 2014 and with the Charities Commission on 27 February 2014.

History

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

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

Corporate governance

The conduct of the University's affairs is governed by the Articles of Association. New Articles were approved by the Privy Council incorporating the Instrument and Articles of Government and were adopted by the Board of Governors with effect from 23 January 2014. They replaced the Memorandum and Articles of Association of the former St Mary's University, Twickenham which had been adopted by the Board of Governors upon incorporation on 1 August 2007.

The University is committed to implementing best practice in all aspects of corporate governance. The annual reports have for some years confirmed the University'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's long-term objectives and for strategies in relation to the educational character and mission of the University 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.

The Board of Governors (continued)

Its primary responsibilities are set out below:

1. Complying with the charitable purposes of the University;
2. Preserving and developing the educational character and mission of the University and overseeing its activities;
3. Corporate planning to set the mission, vision and strategic direction for the University, 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 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 Vice-Chancellor, the Pro Vice-Chancellors 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's land and buildings;
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.

The composition of the University's Board of Governors is set out in the Articles of Association. The Board consists of not more than twenty four members being:

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

The Board of Governors (continued)

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

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

All Governors are able to take independent professional advice in furtherance of their duties at the University'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.

In the interests of transparency and accountability the minutes of meetings, except those deemed to be confidential by the Board of Governors, are published on the University website and are also available from the Clerk to the Governors. A number of major documents relating to the governance of the University are also published on the University website including:

- The Articles of Association
- A Statement of Charitable Status
- Detailed information on the process for the appointment of Governors
- The Board's Handbook which contains detailed information on how it conducts business
- A Scheme of Delegation which sets out in detail the delegated authority of the Vice-Chancellor, the Board's committees and the Academic Board of the University

Review of effectiveness

The Board of Governors conducts periodic reviews of effectiveness in accordance with the CUC Code of Practice. Following a number of reviews during 2012/13 an external consultant reported in early 2013/14 on the effectiveness of governance in support of the institution's application for University Title. During later 2013/14 a substantial review was undertaken of the range and responsibilities of the Board's committees.

Governance is also subject to periodic review by the Higher Education Funding Council for England (HEFCE) and to review by Internal Auditors.

Committees

The Board of Governors conducts its business through a number of committees. The terms of reference for each committee are approved by the Board of Governors and subject to annual review. The terms of reference and membership of the Board's committees are published on the University website.

- **Audit Committee**

The Audit committee 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'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's business and monitors adherence with regulatory requirements. It reviews the audit issues arising from the University'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 Finance and Staffing Committee consists of up to six Governors (five non-staff Governors and the Vice-Chancellor) and it meets three times a year.

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

- **Remuneration Committee**

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

- **Nominations Committee**

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

- **Other Committees**

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. Additionally they have also established the Honorary Awards Committee, which makes recommendations on the conferral of Honorary Awards of the University and is chaired by the Vice-Chancellor.

Public benefit

The University 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, have had regard to the Charity Commission's guidance on the reporting of public benefit and its supplementary public benefit guidance on the advancement of education. The University meets its public benefit requirements through the teaching of a diverse curriculum and by educating a broad range of students.

Key beneficiaries of the work of St Mary's 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 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 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 2013/14 the cost of these Access Agreement related activities equated to roughly 4.2% of the total income of St Mary's.

Internal control

Scope of Responsibility

The Board of Governors is ultimately responsible for the University'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 2013/14 and up to the date of approval of this annual report and financial statements.

Internal control (continued)

Capacity to handle risk

The Board has delegated to the Vice-Chancellor, 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 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 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 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'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'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;
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Board of Governors.

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

Internal control (continued)

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 2013/14 the University has:

- Continued to review and embed its risk management policy into the decision-making processes of the University
- Reported on a regular basis to the Audit Committee
- Reported to the Board, including providing an annual monitoring return on risk management
- 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.

STRATEGIC REPORT : Year ended 31 July 2014

Mission and objectives

The objectives of St Mary's are to advance education, in such manner as befits a Catholic foundation by:

- the provision, development and conduct of a Catholic institution of higher education; and
- the provision of 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.

The objectives, together with its public benefit obligations, inform the mission of the University which is as follows:

to prepare 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.
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 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 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.

St Mary's seeks to meet its obligations to students and the wider community in a broad range of ways, notably through promoting student access and success; outreach and community engagement activities; providing volunteering opportunities; and through active engagement in equality and diversity issues.

Student Access and success

The University's Access Agreement describes, in full, the range of activities designed to support student access into higher education and success whilst studying a higher education programme. At St Mary's a variety of activities are organised and facilitated for school and college-age pupils to raise their aspirations for the future and their attainment within their current curriculum. St Mary's targets particular learners, notably those:

- From lower socio economic groups
- Attending Roman Catholic schools in under-represented areas
- Who have disabilities or specific learning disabilities
- From disadvantaged socio economic groups who live in areas of relative deprivation where participation in higher education is low
- Attending vocational courses in schools and colleges
- 'Looked after children' in the care system
- Who are mature students.

During the year, St Mary's offered a range of activities including: campus visits; information, advice and guidance activities; subject-specific taster sessions and master classes; workshops on HE and career choices; talks and workshops for parents.

An E-mentoring scheme (key stages 3, 4 or 5) was also piloted with two schools, which St Mary's is looking to expand with other schools in 2014/15. In addition, the University was involved in 'looked after children' ("LAC") projects with Aimhigher London South. These were run in collaboration with Kingston University and St George's, University of London and were designed to help LAC students understand the choices and range of support available.

During 2013/14 the University again ran the pre-entry induction programme 'Get Set for Success', aimed at the target learners noted above. St Mary's is tracking these students to identify the impact of the programme upon student retention and success. In addition, the team of Learning Advisors was expanded. Learning Advisors work closely with colleagues in the academic schools of the University to further develop academic practice skills amongst students. The interactions that Learning Advisors have with students are being recorded in order to build a picture of the impact of these interventions.

In January 2014 the University submitted its Access Agreement monitoring return for 2012/13 ("Return"). This showed that the targets for new entrants from State School backgrounds and students who are claiming Disabled Students Allowance were exceeded. St Mary's will be aiming to maintain and improve on current levels in these areas. The Return also showed that steady progress had been made against the target for young entrants from neighbourhoods with low POLAR (Participation of Local Areas) scores and the University is on course to meet its target in this area.

In relation to progression and degree outcomes, the University has made steady progress over the past four years and internal data suggests that this progress will be at least maintained. Against this positive news, the Return also revealed that, having previously moved towards the target for young entrants with NS-SEC 4 - 7 (Social Class), achievement levels fell in 2012/13. To continue to properly address these areas, St Mary's is now seeking to take a more contextual view of applicants as part of its admissions process and, during 2013/14, a Student Experience Data Analyst was appointed in order that St Mary's can take a more sophisticated, in depth, view of performance indicators, with a view to more accurately targeting specific areas where progress has been made and areas where there is room for improvement.

Student Access and success (continued)

In April 2014, St Mary's also ran a highly successful 'University Day' – a University-wide event which involved the voluntary participation of staff and students in a number of activities and relating to the nature and quality of their engagement with the University.

Student Union participation

During the year, St Mary's Student Union ("SU") took a leading and active role in the University's system of representation. This included the appointment of SU Executive Committee members to represent students on University committees and the coordination of Programme Representatives so that St Mary's now has student representation on every major committee of the University and there is at least one representative per academic programme. Thus for 2013/14, there were 332 active student Programme Representatives against 192 in 2012/13.

The SU was also involved in a number of University projects and initiatives, notably the Higher Education Academy / Paul Hamlyn Foundation What Works? project based around induction and retention and the 'Changing the Learning Landscape' initiative aimed at mapping the student experience at St Mary's and the University Day which formed part of this exercise. The President of the Athletics Union has also been a member of the core project group involved on improving induction activities within the University.

In order to improve communication between academic schools and students, a new University-wide group, called the Student Experience Working Group, has been established. The Group's remit is to discuss key operational issues between academic departments, to update members on new developments and to ensure that the student voice and experience is central to future developments.

The SU has also worked much more closely with the Careers Service (see below).

Sporting success

Sport and sports-related activities are a major part of the academic and non-academic life of St Mary's and its students. The School of Sport, Health and Applied Science ("SHAS") is the second largest of the four academic schools of the University and runs successful courses in a range of subjects notably sports rehabilitation and strength and conditioning. SHAS is also home to the elite Endurance Performance and Coaching Centre, established in partnership with the Virgin London Marathon. Alumni – old and recent – of St Mary's include Dave Bedford, Andy Vernon, Andrew Osagie, Harry Aikines-Aryeetey and Mo Farah, whilst current students continue to be representatives at the highest level. A total of 21 current and former St Mary's students took part in the 2014 Commonwealth Games, whilst two current students (representing Great Britain in Rugby Sevens) won gold medals at the Rugby World University Championships.

In terms of SU sports, five SU sport teams won their respective leagues (Futsal, Men's Volleyball, Men's Badminton, Ladies Rugby Union and Men's Football), whilst at the Gatorade Indoor British Universities Championships ("BUCS"), the SU took 80 students competing in 4 sports, in which St Mary's won six medals (1 Gold, 2 Silver and 3 Bronze). In individual competitions, St Mary's continued its strong successes. The BUCS Athletics XC Team took the Men's A -team championship (including individual Gold, Silver and Bronze positions), the Men's B-team championship and silver in the Women's team Championships. Silver medals were also secured by students in the Pentathlon and Triathlon BUCS events. In 2012, St Mary's was proud to host the athletes of five nations competing in the London Olympics and looks forward to welcoming the South African and New Zealand rugby union teams who will be using the University's facilities during the 2015 Rugby World Cup.

Outreach and community engagement

The University's contributions to the local community are numerous and include education, employment, training and community-focused events. The University works closely with local residents and organisations (including an extensive network of partnership schools) and the University's Partnership Committee includes representatives from the local residents' association as well as the local police.

During 2013/14 the University has continued to offer publicly accessible short courses and has also held regular public lectures in a variety of subject areas. In addition, academic staff members offer a range of consultancy and research services to local, national and international businesses and organisations. Continuing Professional Development (CPD) sessions are available for school and college staff, whilst the Centre for Workplace Learning offers employers and students the opportunity to work together, through student work placements, to the benefit of both parties and the Centre for Workplace and Community Health is a centre of excellence and innovation in the field of community and workplace health. During 2014/15, as well as continuing with the activities noted above, the University hopes to develop further its relationships with key local organisations such as Richmond Borough Council and the Richmond Chamber of Commerce.

Volunteering

St Mary's supports staff and student volunteering, including fundraising initiatives for local, national and international causes. Notable, in this respect, is the work of the Chaplaincy, which 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 staff and students from St Mary's regularly assist the team at St. Patrick's in Soho in providing a hot meal for London's homeless.

St Mary's offers work placements to students with learning difficulties and celebrated the achievements of these students at an awards ceremony in July 2014. Key to their success was the generosity of St Mary's staff in mentoring these students through their placements. 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's community to work together to make a difference.

Equality and diversity

The promotion of equality and diversity ("E&D") remains an important part of St Mary's Mission and the University aims to continue its long tradition of widening access to education to all, while also fostering respect and mutual tolerance in society as a whole. The Equality and Diversity Sub-Committee has widened its membership and has reviewed much of the E&D related documentation previously in circulation at St Mary's. The Equality Scheme Objectives have been significantly revised in order to reflect that many of the previous objectives are now embedded within statutory requirements and / or remain on-going in nature. As in previous years, during 2013/14 the University ran a series of E&D workshops and seminars and continued 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 E&D initiatives.

The University's efforts in this area will be further enhanced going forward through the appointment in July 2014 of a Student Equality, Diversity and Inclusion Advisor.

STRATEGIC REPORT (continued) : Year ended 31 July 2014

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

Student numbers

	Total full-time equivalents	
	2014	2013
Undergraduate	3,890	3,850
Post graduate	1,060	859
	4,950	4,709

Numbers have increased by 5% driven primarily by increased numbers of students studying for Masters' degrees.

The Student experience

In 2013/14 St Mary's achieved a result of 86% overall satisfaction within the National Student Survey. This equalled the national average for UK HE institutions and represented a 1% improvement in relation to the previous year. Although a little way off the key performance indicator ("KPI") target of 88%, the upward trend is to be welcomed (given that the rating dropped 5% overall between 2011/12 and 2012/13).

Student satisfaction at St Mary's has improved since 2012/13 in each of the seven categories covered by the survey and the University exceeded the UK average satisfaction percentage rate in the following areas:

- Teaching on my course
- Organisation and management
- Personal development.

Further, St Mary's matches the UK average satisfaction percentage rate for assessment and feedback and for overall satisfaction. The University is still below the average UK satisfaction percentage for Learning Resources and this is an area on which the University is placing increased scrutiny.

For 2014/15, the University will strive to continue to make improvements that will benefit students, with a particular emphasis on working even more closely with the Students' Union. In addition the University will look at continuing to improve mechanisms for collecting feedback from students, focussing more upon the nature and quality of student engagement, as well as student satisfaction.

Student recruitment

The way in which universities are permitted to recruit students has continued to evolve. First came the ability to recruit unlimited numbers of students with ABB and better grades; for 2014/15 recruitment the government has expanded permissible student numbers by 30,000; and in 2015/16 the student number control is set to disappear. This is on top of the introduction of tuition fees. All of which has made recruitment of students more competitive than in the past.

In this environment it is pleasing to report that the University has continued to meet the challenges to undergraduate student recruitment experienced across the sector and for 2013/14 successfully maintained its student numbers in the period.

Student recruitment (continued)

Looking forward to 2014/15 recruitment and beyond, during the latter half of 2013/14 St Mary's took the decision to capitalise upon identified areas of strength in terms of recruitment and in doing so has expanded, in particular, its capacity for sports-related programmes. In addition, St Mary's has again entered into 'Clearing' where, during August 2014, an unprecedented number of HE institutions actively promoted themselves including some Russell Group institutions. Early indications of student recruitment for September 2014 entry indicate that these moves will secure student acceptances towards the top end of the University's target.

Teaching and learning

The University has continued to pursue the development and improvement in its learning, teaching and assessment practices to promote the enhancement of the student learning experience.

A key focus in 2013/14 has been the development and approval of a University Student Engagement, Retention and Success Strategy which was approved in January 2014 by Academic Board. The main thrust of the strategy is the promotion of student engagement via interventions in the academic sphere, in line with recommended best practice in the sector. An implementation group has been formed to ensure that the strategy's aims and objectives are delivered and a working group was also formed to focus on pre-entry and induction interventions in the first instance. In addition, the University ran an 'assessing inclusivity' workshop in association with the Higher Education Academy.

The University has also been provided with consultancy support to run a project entitled 'Visualising the Student Journey' as part of the HEFCE-funded Changing the Learning Landscape programme in partnership with the Association for Learning Technology, the Higher Education Academy, JISC, the National Union of Students and the Leadership Foundation for Higher Education. In parallel with the development of a strategy for Student Engagement, Retention and Success the University is aiming to develop a high level vision of how information needs to be managed strategically across the institution to improve processes, systems and student engagement. This project has involved scrutiny of student and staff engagement with technology-enhanced learning and their digital capability. Project data was collected during the University Day and further data collection is planned for September 2014.

A new personal development planning scheme for students, the Student Review, was introduced for Year 1 undergraduate students during 2013/14. This will be developed further during the coming year and the engagement of students with this scheme will be recorded and monitored centrally in the University for year 1 and year 2 students.

The University continues to be committed to its actions in relation to the Higher Education Academy ("HEA") / Paul Hamlyn Foundation What Works? Student Retention and Success Change Programme - a four-year, national project involving 14 HE institutions. The project has involved implementing and evaluating interventions at both discipline and institutional level. The three disciplines participating at the University (Drama, Management Studies and Sport Science) piloted a pre-entry and induction intervention in 2013/14, which has been updated for the 2014/15 year 1 cohort to include a pre-entry discipline-based website. This will be rolled out fully across the institution for the 2015/16 intake.

A new Teaching and Learning Development Framework ("TLDF") has been developed during 2013/14 which seeks to provide high quality professional development opportunities for staff involved in teaching and supporting learning at the University. The framework is aligned to the UK

Teaching and learning (continued)

Professional Standards Framework for Teaching and Supporting Learning in Higher Education. The framework includes a range of CPD opportunities including a series of Teaching and Learning Excellence Workshops, Technology-Enhanced Learning Show and Share Events, Learning Lunches and an Annual Teaching and Learning Conference.

The TLDF incorporates two distinct routes (taught and portfolio) which will be submitted shortly to the HEA for accreditation. This will provide routes for academic and professional staff at St Mary's to achieve recognition through the HEA's Fellowship Scheme.

Quality

All academic programmes at St Mary's are subject to a significant level of scrutiny in order to ensure that the academic offering is compliant with the requirements and expectations of the Quality Assurance Agency ("QAA"). This scrutiny is known as Programme Validation (and then subsequently Revalidation on a periodic basis) and comprises both School and University-level approvals.

All external examiners provide annual reports about the programmes they examine and the key points from these reports are both collated and responded to. Suggested actions for both improvement and for capturing existing good practice are noted and cascaded both locally and more widely within the institution.

A revised and more comprehensive Student Complaints Procedure has been approved for 2014/15, which will provide a more transparent and accessible vehicle to raise complaints and thereby assist in identifying and addressing quality-related issues. A new Appeals Procedure will also assist in the identification of any academic issues within programmes and their delivery.

Careers

During the year under review the Careers Service ran a wide range of events, both established and new, including 'delivery into the curriculum' (117 sessions with 4,376 students attending) and broader sessions such as the 'What next?' aspect of St Mary's 'Get Set for Success' programme - aimed at students from under represented backgrounds going to university for the first time.

Working relationships with the SU were greatly strengthened during the year and the Careers Service and SU jointly ran events such as the Opportunities Fair and Sports Societies Conference.

Two other careers fairs were run in the year, one being the annual Teaching Fair, attracting 36 employers and 403 students. The other was a new event developed for the School of Management and Social Sciences - the MSS Careers Fair - which attracted 17 employers and 150 students.

Considerable work has been done on promoting graduate scheme closure dates to students for the first time this year. Due to the changing entry requirements for such schemes and the moderate increase in more 'accessible' schemes the Careers Service was able to highlight career new routes for St Mary's graduates with non-mainstream qualifications.

The Careers Service has also developed a series of events promoting Enterprise and Entrepreneurship whilst more than 1,000 one to one appointments were undertaken during the period.

According to the latest figures from the Higher Education Statistics Agency, St Mary's is ranked as one of the leading HE institutions for graduate employability, coming 24th out of 163 institutions, with 94.2% of those graduating in 2011/12 being in full time employment or further education within six months of graduating.

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

Strengthened research capacity

The University has continued to invest the additional funds gained in the 2008 Research Assessment Exercise ("RAE2008") to strengthen its research capacity. In November 2013 45 FTE (58 staff) were submitted to the HEFCE Research Excellence Framework ("REF2014") across seven Units of Assessment ("UoAs"), compared with 30 FTE across four UoAs submitted to the RAE2008. A quality threshold was applied across all seven UoAs in order to optimise the quality of research submitted to each and to take account of research funding allocation conditions at the current time.

There has been a slight increase in the number of research funding applications (from 19 to 22) in 2013-14 but a slight decrease in the success rate so far to 18% compared with 26% in the previous year. However, there remain 9 applications awaiting outcomes. In terms of value of applications, those in 2013-14 totalled £3,765,808 compared with a £2,943,860 in the previous year.

The establishment of three new Research Centres (in the Social-Scientific Study of the Bible, Philosophy of History, and Law and Culture) in the past year has formalised existing and developing internal and external networks and will provide future opportunities for the University to apply for larger collaborative funding bids.

The University has identified a number of core research themes – in wellbeing, health, community, leadership and education - to enable a coherent focus of activity in research going forward, based on knowledge and strength. This has resulted in a range of efforts to develop more collaborative projects and better promote external engagement such as funding workshops and applications.

Links between teaching and research continue to be strengthened with the implementation of the University's research-enriched teaching in the validation and reporting cycles in order to embed research into the curriculum more systematically.

Following the notice given by the University of Surrey to withdraw as the validating body for research degrees from August 2014, St Mary's signed a teaching-out agreement with the University of Surrey in February 2014. In addition an agreement was signed with Liverpool Hope University as the new Validating Body for research degrees in June 2014.

The number of postgraduate research students has continued to rise with over 64 students now registered on the University of Surrey-validated research degree programme. A central programme of events and training for PGRs was delivered successfully in 2013/14 and this will be further complemented in 2013/14 by a Staff Researcher Development Programme (in conjunction with Staff Development) which will align with the Concordat to Support the Career Development of Researchers.

St Mary's plays an active in the GuildHE's Consortium for Research Excellence, Support and Training (CREST) network. St Mary's participated in the nationally-run Postgraduate Research Experience Survey and Careers in Research Online Survey 2013, and ran an internal research student survey during 2014.

Ensure that our knowledge and expertise benefits business and the wider community

Throughout the year, the University has continued to grow its knowledge transfer and enterprise activity and to develop partnerships with an increasing number of organisations.

During 2013/14, St Mary's generated over £2m in income from commercial-related activities. Consultancy, facilities hire, training and project delivery have been provided for a range of clients, including small and large UK business, public sector and not for profit organisations.

Ensure that our knowledge and expertise benefits business and the wider community (continued)

The University has had particular success in expanding its overseas client base and has delivered training contracts for a number of British Council clients, as well as overseas educational organisations.

In the past year a suite of language courses was launched which have been attended by staff, students and members of the local community, whilst there has been strong growth in the provision of short courses, most notably in sport and health with new contracts with five local authorities.

The provision of continuing professional development training for teachers and teaching assistants continues to be popular and highly rated and, during the year, short courses were provided across a range of areas including computing, mathematics and sport.

The St Mary's Clinic has increased its client base again this year and continues to provide high quality performance and rehabilitation services to individuals and businesses.

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

The University continues to seek to use its resources as effectively as possible, to avoid waste and inefficiencies, to provide value for money for students and to invest in the future whilst ensuring financial stability.

Attracting and developing staff

The University is committed to ensuring that it attracts and develops talented staff in order to fulfil its Mission. In the year under review, a number of key staff were appointed, most notably a new Vice Chancellor. The University continues to work hard to demonstrate its commitment to staff as demonstrated, for example, by:

- Becoming a London Living Wage accredited employer
- Collaborating with Richmond Upon Thames College to mentor a number of students with learning or physical disabilities
- Further departments being awarded Investors in People status.

St Mary's has also successfully implemented the pension auto enrolment initiative and renewed its Pension Quality Mark ("PQM") accreditation for its defined contribution scheme introduced for professional and support staff in 2011. The PQM is a quality standard recognised by the pensions industry and the Government.

During 2013/14 the University sought to focus staff development activity on a number of areas notably communication; leadership and management; and change management. While it will take time to fully evaluate the success that this increased emphasis has had there are already some positive outcomes that indicate that this is being successful. Of particular note are the decreased absence levels and the increased staff engagement that has been noted through informal feedback channels. In late 2014 a further staff Survey will be undertaken where more analytical indicators will be available.

Learning resources and technology

Learning resources and technology is an area where change is particularly rapid, not only in relation to technology itself but also in relation to students' expectations. During 2013/14 the existing library was extended adding 30 additional study spaces in a contemporary environment which has been well received by students. In addition, during the year the University acquired a new building which is in the process of being fitted out to provide significant additional library and learning resources facilities. The new space will be developed based on the concepts of:

- Collaborative, flexible study spaces
- Independent learning facilities
- Enhanced access to digital content including thousands of journals
- State of the art technology to enhance learning
- A Café and chill-out area(s)

During the year, the way in which the library resources budget is allocated was reviewed and the result is a more transparent and flexible process which enabled an increase in journal subscriptions. SharePoint 2013 was upgraded and a review of the StaffNet and SIMMSpace student portals undertaken, as a result of which these are in the process of being redesigned with the intended benefits including improved search facilities and the sites being mobile device responsive.

In addition, it is intended to upgrade the virtual learning environment (Moodle) to the latest version and begin to replace data projection facilities with the latest smartboard technology.

Improving the range and quality of facilities and services

The University continues to improve and upgrade its estate through its planned programme of works and investment. During the year numerous projects were initiated and completed, most notably the creation of a new 'student hub', the refurbishment of seating in the main lecture theatres, expansion of the learning resources centre on campus and the purchase of a new building to provide a new and modern learning resource centre to supplement the on-campus facility.

Other improvements to facilities in the year included:

- Refurbishment of the Student Union bar
- Refurbishment of several accommodation blocks
- Continued improvements to enhance the aesthetics of the campus
- Initiatives to reduce energy costs
- A boiler de-centralisation programme.

Building a sustainable future

The University continues to promote a cultural and physical change to energy use and conservation at the institution. This is supported by a variety of programmes and initiatives to educate staff and students and develop good practice and working partnerships with bodies such as the Carbon Trust and Energy Consortium.

Recent projects include the creation of 114m² 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 LED technology. All designed to significantly reduce energy needs and limit increases to St Mary's carbon footprint.

Building a sustainable future (continued)

With regard to services such as gas and electricity, prices are tracked using Utiylix and tendered annually using the Energy Consortium. As part of the two tender process, supplies were again changed to take advantage of new contracted prices, with a modest saving (as against a rise) in gas charges.

Works began this year to replace existing, standard radiator valves across the site with more efficient thermostatic radiator valves whilst works to replace old and inefficient boilers with local high efficiency condensing boilers is nearing completion. It has been anticipated that energy reductions will see this investment repaid within 5 years, whilst having an immediate beneficial impact in reducing CO₂ emissions and user comfort levels.

In addition, the ongoing programme of replacing existing light fittings with more efficient low energy and LED types continues. 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.

Underpinning our commitment to energy reduction, the University participates in the Higher Education Carbon Management Plan Programme, which is recognised by HEFCE and hosted by the Carbon Trust.

St Mary's also operates a number of biodiversity projects including bird and bat boxes, bee hives and a wildflower meadow.

Value for money

Value for money is central to decision making at St Mary's and the University utilises an annual action plan to which all academic schools and corporate services contribute to support the Board-approved value for money and procurement strategies of the University. The action plan is monitored by the Audit Committee. For 2013/14, efficiencies of in excess of £0.5m were achieved, which were reinvested into additional / unbudgeted activities. In addition, a number of benchmarking activities were undertaken, most notably for student accommodation.

STRATEGIC REPORT (continued) : Year ended 31 July 2014

Key performance indicators / annual operating plan

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

The results for 2013/14 compared to targets and, where available, prior year are shown in the table below.

Performance Area	Measure	2012/13 Results	2013/14 Results	Sustainability Assessment	Targets
Teaching and learning and the student experience (Strategic aim 2)	Overall student satisfaction: NSS scores	85%	86%	AMBER	2013/14 – 88% 2014/15 – 91% 2015/16 – 94%
	DLHE proportion of graduates employed or in further study	94% v benchmark of 91.5%	95.3% v benchmark of 92.7%	GREEN	To exceed benchmark
Research outputs (Strategic aim 3)	Percentage of staff meeting revised RDAP criteria	n/a	See narrative below	GREEN	Criterion 1iii: 60% by 2015/16 Criterion 1iv: 40% by 2015/16 Criterion 1v: 40% by 2015/16
Financial performance (Strategic aim 4)	EBITDA as a percentage of total income	15%	14%	GREEN	10% throughout
Estates Management (Strategic aim 4)	Space utilisation	Second quartile	Second quartile	AMBER	Top quartile throughout

The University's NSS (National Student satisfaction survey) overall satisfaction rate of 86% is an improvement of 1% on the previous year. Although, the result is below the target of 88%, notable gains have been made across each of the seven headline categories of the survey, with above average results achieved for: 'teaching on my course', 'organisation and management' and 'personal development'. As well as maintaining performance in these areas, the University will seek to continue to focus efforts on those areas where St Mary's has scored less well, notably learning resources, in order to improve the overall rating still further.

The DLHE (Destination of Leavers from Higher Education survey) benchmark is an external one based on sector data. Latest DLHE figures show that in the year 2012/13 the percentage of university leavers in employment or further study six months after graduation reached 95.3%, ahead of the previous year and ahead of the benchmark.

Key performance indicators / annual operating plan (continued)

The University is still in the process of collating data regarding RDAP. Initial, indicative data suggests, however, that the University is ahead of internal 2013/14 targets and on track to meet the 2015/16 criteria. Meeting these criteria will be an important element in the University achieving Research Degree Awarding Powers.

EBITDA (Earnings before interest, tax, depreciation and amortisation) is, as was anticipated last year, below the level of 2012/13, but still above the Board required minimum of 10%. In an environment where there is increasing and upward pressures on costs but where fee levels, for the most significant element of the University's income, are fixed, the University is expecting EBITDA to decline in future years, but remaining above the 10% level deemed necessary to secure financial sustainability.

In terms of space utilisation, each year the University makes an Estates Management Statistics submission. The University compares its performance to the other 18 members of AMHEC (Association of Managers in Higher Education). Currently, the University performs above the AMHEC median but below the internally set target of upper quartile. With an increased focus on this area, higher investment in relevant technology and closer working links between Estates, Registry and others, it is hoped to move the University closer to its target of top quartile performance.

Going concern

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

Financial review

The Board of Governors of the University presents its audited results, including the results of its subsidiary, for the year ended 31 July 2014. The subsidiary, Strawberry Hill Enterprises Limited, donates any taxable profits to the University. The subsidiary did not have a material effect on the results or net assets of the group for the year ended 31 July 2014. The results are considered satisfactory for the year under review.

Results for the year

- **Income and expenditure**

The University's consolidated surplus for the year grew from £2.8m to £3.6m on income of £41.6m (2013: £38.7m), a net margin of 9% (2013: 7%). EBITDA represented 15% of income (2013: 16%), in excess of the minimum requirement laid down by the Board of Governors to ensure the financial sustainability of the University.

The 7.5% growth in income for the year to £41.6m was as a result of the increase in tuition fees. Income from funding councils continues to decrease following the switch to tuition fees. Other income is, primarily, related to income for accommodation and catering.

Expenditure in the period before interest payable increased by 6% from £35.4m to £37.6m

- **Cashflow, financing and balance sheet**

During the year the University generated operating net cash inflow from operating activities of £4.4m which was utilised to service interest and loan repayments of £1.1m (2013: £1.0m) and invest £5.0m (2013: £2.1m) in capital expenditure, leaving a net cash outflow for the year of £(579)k. Capital expenditure included amounts to refurbish the existing library / learning resources centre and to provide additional equipment for the additional 2014 student intake in areas such as Sports Rehab and Strength and Conditioning. The major item of expenditure was £3.45m on a new building which it is intended to convert into new library / learning resources space.

Provisions were increased to take into account the potential costs of litigation.

Total cash at bank fell in the year to £10.7m (2013: £12.4m) with bank debt reducing by £1.1m to £5.1m (2013: £6.2m) and short term deposits decreasing by £1.6m to £9.5m. Due to the switch in funding from funding council grants to tuition fees, cash flow is now more variable than in the past and the year-end cash position somewhat flatters the true underlining cash position of the University (as it does for most HE institutions). With this in mind the University has obtained an overdraft facility as an extra safeguard.

- **Taxation**

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

- **Reserves and investment policy**

The University has been able to add to its strong reserves base with a healthy surplus in 2013/14. Although the result for the year is a positive one, the Board is aware of the economic and sector challenges facing the University and continues to be focused on the need for efficient management of resources and sound investment decision making to ensure continued financial sustainability.

Results for the year (continued)

- **Reserves and investment policy (continued)**

The investment of funds is governed by the Treasury Management Policy (last amended in February 2014). The Policy ensures that any surplus funds are deposited in holdings with a range of banks, the credit ratings of which are reviewed from time to time to ensure that the University's investments are secure.

- **Pensions**

There was an actuarial loss on the defined benefit scheme of £3.9m (2013: gain £3.3m) arising from changes in actuarial assumptions. The University is currently making additional annual payments of approximately £180k in order to reduce the deficit.

Risk Management

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.

Risk Appetite

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

The Risk Management Process

The Risk Management Process, based on the HEFCE Good Practice guidance, is overseen by the Audit Committee and includes a Risk Management Policy and a detailed Risk Register. 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 to ensure that even in the changed climate it is able to monitor and manage risks.

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

With a general election due in 2015, there is significant uncertainty as to future government policy, most notably in terms of the direction of tuition fees and, potentially, student numbers. These risks are exacerbated by uncertainty around the rules on student immigration and the direction of teacher training. These issues feed into the larger concern of student recruitment. For the 2015 intake the student number control has disappeared leading, it is expected, to greater competition between HE institutions for student numbers, notwithstanding any impact from changes in government policy.

The way in which the University intends to deal with these risks is covered under Future Prospects below.

Future prospects

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

For 2014/15 recruitment, the University undertook a policy of 'recruiting to strength' and has successfully increased its student numbers in both of these areas, where it has a market leading reputation. ETL has successfully filled all of the places available for its postgraduate certificate of education and undergraduate education courses, whilst recruitment into sports-related courses at SHAS, notably strength and conditioning and sports rehab have seen record numbers of applications. This policy, of recruiting to strength, will be continued for 2015/16 recruitment.

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

Currently, St Mary's generates approximately 4% of its total revenues from international students. This compares with a sector average of 12%. Whilst accepting that this is a highly competitive area of the market, St Mary's aims to increase the proportion of its income from international students. This will be done by focusing on the Catholic ethos and traditions of the University and promoting these to students in like-minded countries and institutions, with an initial focus on the United States of America.

The University also intends to obtain research degree awarding powers, to add to its taught degree awarding powers. With this in mind, significant effort was put into the 2014 Research Excellence Framework and there have been other noteworthy activities in this area such as the creation of three new research centres (highlighted above).

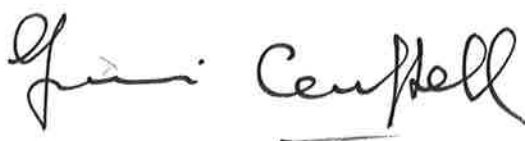
Finally, significant additional investment will be undertaken to ensure that IT, library and estates resources are all fit for purpose in an increasingly competitive environment.

All of the above is supported by a healthy financial position.

Independent Auditors

BDO LLP has expressed their willingness to continue in office and be the appointed auditors of St Mary's and its subsidiaries. A recommendation will be made to the Board of Governors.

Signed on behalf of the Board of Governors by:

A handwritten signature in black ink, appearing to read 'Francis Campbell', with a horizontal line underneath the name.

Francis Campbell

Governor / Vice Chancellor

27 November 2014

STATEMENT OF RESPONSIBILITIES OF THE BOARD OF GOVERNORS Year to 31 July 2014

The members of the Board of Governors, who are also the directors of St Mary's University, 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 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.

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'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's auditors are unaware. They have taken all the steps that they ought to have taken as members of the Board in order to make themselves aware of any relevant audit information and to establish that the University's auditors are aware of that information.

Financial statements are published on the University's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the relevant pages of the University'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 TO THE MEMBERS OF ST MARY'S UNIVERSITY

Year ended 31 July 2014

We have audited the financial statements of St Mary's University for the year ended 31 July 2014 which comprise the Consolidated Income and Expenditure Account, Consolidated Statement of Total Recognised Gains and Losses, the Balance Sheets for the Group and the University, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective Responsibilities of the University's Governing Body and Auditors

As explained more fully in the statement of responsibilities of the Board of Governors, the members of the Governing Body (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2014 and of the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Education Reform Act 1988 and the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions".

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST MARY'S UNIVERSITY
Year ended 31 July 2014

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 has been applied in accordance with the University's statutes and where appropriate with the applicable Financial Memorandum with the Higher Education Funding Council for England.
- Funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation.
- Funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Matters on which we are required to report by exception

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

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



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

28 November 2014

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

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT: Year ended 31 July 2014

	Notes	2014 £'000	2013 £'000
Income			
Funding body grants	1	6,620	9,654
Tuition fees and education contracts	2	27,121	22,017
Research grants and contracts	3	71	7
Other income	4	7,584	6,945
Endowment and investment income	5	156	47
		41,552	38,670
Expenditure			
Staff costs	6	24,004	22,726
Other operating expenses	7	11,267	9,750
Depreciation and impairment	10	2,367	2,926
Interest and other finance costs	8	293	423
		37,931	35,825
Surplus after depreciation of tangible fixed assets at valuation and before tax		3,621	2,845
Taxation		—	—
Surplus after depreciation of assets at valuation and tax		3,621	2,845
Surplus on disposal of assets		—	—
Surplus for the year retained within general reserves	17	3,621	2,845

All activities are continuing.

The notes on page 35 to 53 form part of these financial statements.

STATEMENT OF GROUP HISTORICAL COST SURPLUSES AND DEFICITS: Year ended 31 July 2014

	Notes	2014 £'000	2013 £'000
Surplus on continuing operations before taxation	17	3,621	2,845
Difference between historical cost depreciation and actual charge for year calculated on re-valued amount	19	189	189
Historical cost surplus for the year before and after taxation		3,810	3,034

STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 July 2014

	Notes	2014 £'000	2013 £'000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax	17	3,621	2,845
Actuarial (loss) / gain in respect of pension scheme	18	(3,956)	3,343
Total recognised (loss) / gain relating to the year		(335)	6,188
Reconciliation			
Opening reserves and endowments		29,431	23,243
Total recognised gains for the year		(335)	6,188
Closing reserves and endowments		29,096	29,431

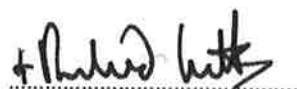
BALANCE SHEET 31 July 2014

Company Registration Number 5977277

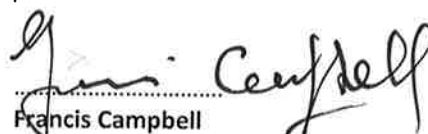
		Consolidated	University	Consolidated	University
		2014	2014	2013	2013
	Notes	£'000	£'000	£'000	£'000
Tangible fixed assets	10	40,171	39,659	37,171	36,676
Current assets					
Stocks		44	23	41	22
Debtors	12	1,325	1,537	1,163	1,323
Cash at bank and in hand		10,722	10,658	12,360	12,341
		12,091	12,218	13,564	13,686
Creditors: amounts falling due within one year	13	(5,596)	(5,527)	(6,127)	(6,057)
Net current assets		6,495	6,691	7,437	7,629
Total assets less current liabilities		46,666	46,350	44,608	44,305
Creditors: amounts falling due after more than one year	14	(3,988)	(3,988)	(5,119)	(5,119)
		42,678	42,362	39,489	39,186
Provision for liabilities and charges	15	(1,426)	(1,426)	(1,441)	(1,441)
Net assets excluding pension liability		41,252	40,936	38,048	37,745
Net pension liability	18	(6,218)	(6,218)	(2,588)	(2,588)
Total net assets including pension liability		35,034	34,718	35,460	35,157
Deferred capital grants	16	5,938	5,938	6,029	6,029
Reserves					
Income and expenditure account, excluding pension reserve	17	24,842	24,526	21,358	21,055
Pension reserve	18	(6,218)	(6,218)	(2,588)	(2,588)
Income and expenditure account including pension reserve		18,624	18,308	18,770	18,467
Revaluation reserve	19	10,472	10,472	10,661	10,661
Total Funds		35,034	34,718	35,460	35,157

The notes on pages 35 to 53 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Governors on 27 November 2014 and were signed on its behalf by:



Bishop Richard Moth
Governor (Chairman)



Francis Campbell
Governor (Vice-Chancellor)

CONSOLIDATED CASH FLOW STATEMENT: Year to 31 July 2014

	Notes	2014 £'000	2013 £'000
Net cash inflow from operating activities	20(a)	4,433	6,714
Returns on investments and servicing of finance			
Other interest received	5	50	48
Interest paid	8	(298)	(354)
		(248)	(306)
Capital expenditure and financial investment			
Payments made to acquire fixed assets	10	(5,023)	(2,071)
Deferred capital grants received	16	259	151
		(4,764)	(1,920)
Net cash (outflow) / inflow before financing and management of liquid resources		(579)	4,488
Management of liquid resources	20(b)	1,566	(2,587)
Financing	20(c)	(1,084)	(1,040)
(Decrease) / increase in cash in year	20(d)	(97)	861

Reconciliation of net cash flow to movement in net funds

		2014 £'000	2013 £'000
(Decrease) / increase in cash in the year		(97)	861
(Decrease) / increase in short term deposits	20(b)	(1,566)	2,587
Decrease in debt financing	20(c)	1,084	1,040
Change in net funds in year		(579)	4,488
Net funds at 1 August		6,148	1,660
Net funds at 31 July	20(d)	5,569	6,148

The notes on pages 35 to 53 form part of these financial statements.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES: Year ended 31 July 2014

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 and NCTL.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the University 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 is a separate enterprise which over which the University had limited influence both in areas of financial control and policy decisions.

The University 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 directly 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 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 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 ended 31 July 2014

Post-Retirement Benefits (continued)

As stated in Note 18, the TPS is a multi-employer scheme and the University 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 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'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 hours, 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.

Operating Leases

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 from the Trust, including assets previously vested in either the Trustees of the Trust or the Trustees of the Catholic Education Service. The University 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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES: Year ended 31 July 2014

Furniture, Equipment and 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.

Depreciation

Buildings, furniture, equipment and motor vehicles are depreciated on a straight-line basis 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 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 and improvements	10 years
• Furniture, equipment and vehicles	5 years
• Desk-top IT equipment	4 years

Taxation

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

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

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 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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES: Year ended 31 July 2014

Agency Arrangements

The University acts as an agent in the collection and payment of Discretionary Support Funds and 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 25 respectively. The University employs one member of staff whose responsibilities include the administration of Learner Support Fund applications and payments.

In addition, the University acts as an agent in the collection and payment of training bursary payments to students following NCTL-approved teacher training courses. The University 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 ended 31 July 2014

1 Funding body grants

	2014 £'000	2013 £'000
Recurrent Grant		
Higher Education Funding Council	4,883	5,961
Training and Development Agency	932	2,397
Specific Grants		
Special initiatives – HEFCE	259	541
Special initiatives – NCTL	149	372
Specific grants – redundancy compensation	47	48
Deferred capital grants released in year		
Buildings (Note 16)	323	325
Equipment (Note 16)	27	10
	6,620	9,654

2 Tuition fees and education contracts

	2014 £'000	2013 £'000
Full time home and EU students	23,459	18,666
Full time international students	1,776	1,865
Part time students	1,605	1,174
Short course	281	312
	27,121	22,017

3 Research grants and contracts

	2014 £'000	2013 £'000
Research councils and charities	71	7
	71	7

4 Other income

	2014 £'000	2013 £'000
Residences, catering and conferences	5,394	4,970
Other services rendered	44	68
Other income	2,146	1,907
	7,584	6,945

5 Endowment and investment income

	2014 £'000	2013 £'000
Bank interest	50	47
Pension interest (Note 18)	106	—
	156	47

NOTES TO THE FINANCIAL STATEMENTS (continued) : Year ended 31 July 2014

6 Staff

(a) Staff costs:	2014 £'000	2013 £'000
Wages and salaries	20,125	18,999
Social security costs	1,540	1,434
Other pension costs (including FRS 17 adjustments)	2,339	2,293
	24,004	22,726

(b) Emoluments of the Vice-Chancellor:

Salary	99	170
Benefits	3	2
Pension contributions	60	13
	162	185

Dr Arthur Naylor was appointed Interim Vice-Chancellor on 31 March 2013 and resigned on 31 July 2014. Francis Campbell was appointed in his place on 1 August 2014.

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

	2014 Number	2013 Number
£100,000 - £109,999	2	-
£140,000 - £149,999	1	-

(d) Emoluments of the Governors:

The total emoluments of all Governors in the year amounted to £372,000 (2013: £367,000) which includes pension contributions of £84,000 (2013: £38,000). These emoluments are in respect of the Vice-Chancellor and staff Governors in their capacity as members of staff. No other Governors received remuneration. One Governor is accruing retirement benefits under a defined benefit scheme.

Travel expenses reimbursed to four Governors during the year amounted to £4,000 (2013: £3,000).

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

	Total full-time equivalents	
	2014	2013
Academic schools and research	274	266
Academic support services	95	86
Estates, catering and conferences	129	129
Central services	78	68
	576	549

NOTES TO THE FINANCIAL STATEMENTS (continued) : Year ended 31 July 2014

7 Other operating expenses

	2014 £'000	2013 £'000
Academic departments	2,932	2,610
Academic services	1,613	970
Premises	2,954	2,234
Residences, catering and conference	874	883
Research grants and contracts	223	183
Administration and central services	1,537	2,072
Other expenses	1,134	798
	11,267	9,750

Other operating expenses include:

	2014 £'000	2013 £'000
Auditors' remuneration		
External audit – audit of group statutory accounts	39	38
– audit of subsidiaries statutory accounts	6	5
Internal audit	46	40
Other services, excluding audit – taxation services	12	11
(Decrease) in provision for doubtful debts	(4)	(214)
Operating lease rentals - other	37	45

8 Interest and other finance costs

	2014 £'000	2013 £'000
Bank and other loans wholly repayable within five years	293	344
Pension finance interest (Note 18)	—	79
	293	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:

	2014 £'000	2013 £'000
University surplus for the year	3,608	2,840
Strawberry Hill Enterprises Ltd surplus for the year	13	5
	3,621	2,845

NOTES TO THE FINANCIAL STATEMENTS (continued) : Year ended 31 July 2014

10 Tangible fixed assets

Consolidated	Freehold		Alterations and improvements	Furniture, equipment and vehicles	Total
	Land	Buildings			
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2013	5,519	35,443	11,383	4,257	56,602
Additions	1,994	1,474	1,294	605	5,367
At 31 July 2014	7,513	36,917	12,677	4,862	61,969
Cost	2,494	26,884	12,677	4,862	46,917
Valuation	5,019	10,033	—	—	15,052
	7,513	36,917	12,677	4,862	61,969
Depreciation					
At 1 August 2013	—	9,639	6,968	2,824	19,431
Charge in year	—	858	942	567	2,367
At 31 July 2014	—	10,497	7,910	3,391	21,798
Net book values					
At 31 July 2014	7,513	26,420	4,767	1,471	40,171
At 31 July 2013	5,519	25,804	4,415	1,433	37,171

The depreciation charge has been funded by:

	2014	2013
	£'000	£'000
Deferred capital grants released (Note 16)	350	335
Revaluation reserve (Note 19)	189	189
General income	1,828	2,102
	2,367	2,626

NOTES TO THE FINANCIAL STATEMENTS (continued) : Year ended 31 July 2014

10 Tangible fixed assets (continued)

University	Freehold Land £'000	Buildings £'000	Alterations and improve- ments £'000	Furniture, equipment and vehicles £'000	Total £'000
Cost or valuation					
At 1 August 2013	5,519	34,698	11,383	4,049	55,649
Additions	1,994	1,474	1,243	595	5,306
At 31 July 2014	7,513	36,172	12,626	4,644	60,955
Cost	2,494	25,258	12,626	4,644	45,022
Valuation	5,019	10,914	—	—	15,933
	7,513	36,172	12,626	4,644	60,955
Depreciation					
At 1 August 2013	—	9,358	6,967	2,648	18,973
Charge in year	—	821	937	565	2,323
At 31 July 2014	—	10,179	7,904	3,213	21,296
Net book values					
At 31 July 2014	7,513	25,993	4,722	1,431	39,659
At 31 July 2013	5,519	25,340	4,416	1,401	36,676

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 £1,744,000.

11 Investments - Subsidiary undertakings

Nominees of the University 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 through a Gift Aid arrangement. The University's interest in the company at 31 July 2014 was 2 Ordinary shares, at a cost of £2 (2013: £2).

NOTES TO THE FINANCIAL STATEMENTS (continued) : Year ended 31 July 2014

12 Debtors

	Consolidated		University	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Amounts falling due within one year:				
Debtors	658	770	596	698
Prepayments and accrued income	667	393	664	377
Amounts due from subsidiary company	—	—	277	248
	1,325	1,163	1,537	1,323

13 Creditors: amounts falling due within one year

	Consolidated		University	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Bank overdraft	34	9	—	—
Bank loans	1,131	1,084	1,131	1,084
Expense creditors	838	1,030	839	1,029
Social security and other taxes	72	72	72	58
Other creditors	1,424	1,275	1,411	1,265
Accruals and deferred income	2,097	2,657	2,074	2,621
	5,596	6,127	5,527	6,057

14 Creditors: amounts falling due after more than one year

Unsecured bank loans are repayable as follows:

	Consolidated		University	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
In one year or less	1,131	1,084	1,131	1,084
Between one and two years	595	1,131	595	1,131
Between two and five years	918	1,288	918	1,288
In five years or more	2,475	2,700	2,475	2,700
Greater than one year	3,988	5,119	3,988	5,119
Total	5,119	6,203	5,119	6,203

The bank finance consists of a £4,500,000 loan from Bank Santander for the building of the new Sports Block Building. The loan, which was taken out in July 2010, is repayable at a fixed rate of 4.95% over 20 years. At 31 July 2014, the amount outstanding was £3,600,000 (2013: £3,825,000).

NOTES TO THE FINANCIAL STATEMENTS (continued) : Year ended 31 July 2014

14 Creditors: amounts falling due after more than one year (continued)

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 2014 the amount outstanding was £926,000 (2013: £1,625,000).

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 2014 the amount outstanding was £593,000 (2013: £753,000).

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

The loans are subject to certain banking covenants. Monthly financial reporting procedures are in place to monitor compliance.

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

15 Provision for liabilities and charges

	Consolidated and University	
	2014 £'000	2013 £'000
<u>Pension enhancement provision:</u>		
Balance at 1 August	367	369
Utilised in the year	(42)	(31)
Transfer from income and expenditure	32	29
Balance at 31 July	357	367
<u>Other specific provisions:</u>		
Balance at 1 August	944	696
Movement in the year	(5)	248
Balance at 31 July	939	944
<u>Section 106 planning provision:</u>		
Balance at 1 August	130	130
Movement in the year	—	—
Balance at 31 July	130	130
Total provisions	1,426	1,441

NOTES TO THE FINANCIAL STATEMENTS (continued) : Year ended 31 July 2014

15 Provision for liabilities and charges (continued)

The University 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% (2013: 2.32%) in excess of price inflation. During 2014, actual payments of £42,000 (2013: £31,000) have been charged to the provision. The provision will be released against the cost to the University 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 also provides enhanced pension contributions to a further 14 former employees. HEFCE is providing the University with additional funds each year to meet these contributions. Although HEFCE does not have a legal obligation to continue making these payments, the University 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's balance sheet. Were the position to change, the estimated cost to the University of meeting these pension payments was £287k as at 31 July 2014 (2013: £536,000).

Specific provisions include amounts related to the proposed merger of two of the academic schools within the University; a wage dispute on London weighting scales and to the closure of a course previously run by the University in collaboration with another organisation. With regard to the latter matter, although the University believes it has no legal liability related to the decision to close the course, as an act of goodwill the University 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			
	Buildings £'000	Furniture and equipment £'000	2014 Total £'000	2013 Total £'000
Funding Council				
Written down value at 1 August	5,768	261	6,029	6,213
Movement during the year:				
Funding grants received	25	234	259	151
Released to Income and Expenditure Account	(323)	(27)	(350)	(335)
Written down value at 31 July	5,470	468	5,938	6,029

NOTES TO THE FINANCIAL STATEMENTS (continued) : Year ended 31 July 2014

17 General reserves

Income and expenditure reserve	Consolidated		University	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
At 1 August	18,770	12,393	18,467	12,095
Surplus after depreciation of assets at valuation	3,621	2,845	3,608	2,840
Release from revaluation reserve – depreciation	189	189	189	189
Historical cost surplus after taxation for the year	3,810	3,034	3,797	3,029
Actuarial (loss) / gain in respect of pension scheme	(3,956)	3,343	(3,956)	3,343
At 31 July	18,624	18,770	18,308	18,467
Balance represented by				
Income and expenditure account excluding pension reserve	24,842	21,358	24,526	21,055
Pension reserve	(6,218)	(2,588)	(6,218)	(2,588)
At 31 July	18,624	18,770	18,308	18,467

18 Pensions

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

The total pension cost for the year ended 31 July 2014 was £2,339,000 (2013: £2,293,000), this included an amount of £10,000 being notional credit (2013: £2,000 notional credit) 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 1.6%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 has no future obligation to make contributions to the scheme, this is effectively a defined contribution scheme in so far as it affects the University. As a result, contributions to this scheme are accounted for as if the scheme was a defined contribution scheme.

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

The employers' contribution rates for the University's academic staff were 14.1% of pensionable salaries from 1 August 2013 to 31 July 2014.

NOTES TO THE FINANCIAL STATEMENTS (continued) : Year ended 31 July 2014

18 Pensions (continued)

Teachers' Pension Scheme (continued)

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 2004 to 31 March 2012. The Government Actuary's report of June 2014 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191.5billion. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176.6billion million. The assumed real rate of return is 3% in excess of prices and 1.25% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed gross rate of return is 5.06%.

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

London Borough of Richmond upon Thames Superannuation Scheme

The London Borough of Richmond upon Thames Superannuation Scheme, of which the University is an admitted body, is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2014 was £1,425,000 (2013: £1,482,000) of which employer's contributions totalled £1,130,000 (2013: £1,181,000) and employees' contributions totalled £295,000 (2013: £301,000).

Currently, support staff contributions range from 5.5% to 12.5% of salary and are determined on an annual basis by reference to earnings bandings. The University currently contributes 21.2%. The employer contributions expected to be paid into the scheme during the year ended 31 July 2015 is £1,089,000.

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 2014 by a qualified independent actuary.

The major assumptions used by the actuary were:

	2014 %	2013 %
Price increases		
CPI	1.6	2.8
Salary increases	3.5	4.1
Pension increases	2.7	2.8
Discount rate	4.0	4.6
Expected return on assets -Equities	6.6	6.4
- Bonds	3.9	4.1
- Property	4.7	4.6
- Cash	3.6	3.4

NOTES TO THE FINANCIAL STATEMENTS (continued) : Year ended 31 July 2014

18 Pensions (continued)

Financial Reporting Standard (FRS) 17 - Retirement benefits (continued)

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

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

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

	2014 £'000	Proportion %	2013 £'000	Proportion %
Equities	11,807	58	13,130	67
Bonds	6,311	31	4,703	24
Property	2,036	10	1,568	8
Cash	204	1	196	1
Total market value of assets	20,358		19,597	

The following amounts were measured in accordance with the requirements of FRS 17:

Analysis of the amount shown in the balance sheet	2014 £'000	2013 £'000
Total market value of assets	20,358	19,597
Present value of scheme liabilities	(26,576)	(22,185)
Net pension liability as at 31 July 2014	(6,218)	(2,588)

Analysis of the amount charged to staff costs income and expenditure account

Employer service cost (net of employee contributions)	906	1,024
Losses on curtailments and settlements	4	—
Total operating income	910	1,024

Analysis of the amount that is credited to other finance income in the income and expenditure account

Expected return on pension scheme assets	1,137	836
Interest on pension liabilities	(1,031)	(915)
Net return on pension scheme (Note 5 and 8)	106	(79)

The actual return on assets during the year was £434,000.

NOTES TO THE FINANCIAL STATEMENTS (continued) : Year ended 31 July 2014

18 Pensions (continued)

Financial Reporting Standard (FRS) 17 - Retirement benefits (continued)

	2014 £'000	2013 £'000
Amount recognised in the statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	(1,101)	1,917
Experience adjustments and the effects of changes in the assumptions underlying the Scheme liabilities	(2,855)	1,426
Actuarial gain/(loss) recognised in STRGL	(3,956)	3,343
Analysis of the movement in the present value of the scheme liabilities and corresponding analysis	2014 £'000	2013 £'000
Opening present value of the defined benefit obligation	22,185	21,943
Movement in the year		
Current service cost	906	1,024
Interest cost	1,031	915
Contributions by members	295	301
Actuarial (gains)/losses	2,855	(1,426)
Losses/(Gains) on curtailments	4	—
Estimated benefits paid	(700)	(572)
Closing present value of the defined benefit obligation	26,576	22,185
Analysis of the movement in the fair value of the scheme assets	2014 £'000	2013 £'000
Opening fair value of employer assets	19,597	15,934
Movement in the year		
Expected return on assets	1,137	836
Contributions by members	295	301
Contributions by employer	1,130	1,181
Actuarial gains/(losses)	(1,101)	1,917
Estimated benefits paid	(700)	(572)
Closing fair value of employer assets	20,358	19,597

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

History of experience gains and losses	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Defined benefit obligation	(26,576)	(22,185)	(21,943)	(18,025)	(16,076)
Plan assets	20,358	19,597	15,934	14,334	12,393
Deficit	(6,218)	(2,588)	(6,009)	(3,691)	(3,683)
Experience adjustment on plan liabilities	(856)	—	(168)	(816)	—
Experience adjustment on plan assets	(1,101)	1,917	(520)	(187)	1,133

NOTES TO THE FINANCIAL STATEMENTS (continued) : Year ended 31 July 2014

19 Revaluation reserve

	Consolidated and University	
	2014 £'000	2013 £'000
At 1 August	14,431	14,431
Contribution to depreciation:		
Balance at 1 August	3,770	3,581
Released during the year	189	189
Balance at 31 July	3,959	3,770
At 31 July	10,472	10,661

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

	Notes	2014 £'000	2013 £'000
Surplus on continuing operations		3,621	2,845
Depreciation and impairment	10	2,367	2,926
Deferred capital grants released to income	16	(350)	(335)
Interest receivable	5	(50)	(47)
Interest payable	8	293	423
Pension cost less contributions payable	18	(326)	(78)
(Increase) in stocks		(3)	(12)
(Increase) / decrease in debtors	12	(162)	852
(Decrease) in creditors		(942)	(106)
(Decrease) / increase in provisions	15	(15)	246
Net cash inflow from operating activities		4,433	6,714

20 (b) Management of liquid resources

	2014 £'000	2013 £'000
(Decrease) / increase in short term deposits	(1,566)	2,587

20 (c) Financing

	2014 £'000	2013 £'000
Capital Repayment	(1,084)	(1,040)

NOTES TO THE FINANCIAL STATEMENTS (continued) : Year ended 31 July 2014

20 (d) Analysis of changes in net funds

	Notes	At 1 August 2013 £'000	Cash flows £'000	At 31 July 2014 £'000
Cash at bank and in hand		1,320	(72)	1,248
Bank overdraft	13	(9)	(25)	(34)
		1,311	(97)	1,214
Short term deposits		11,040	(1,566)	9,474
Debt due within one year	13	(1,084)	(47)	(1,131)
Debt due after one year	14	(5,119)	1,131	(3,988)
Total net funds		6,148	(579)	5,569

21 Operating lease commitments

	Consolidated and University	
	2014 £'000	2013 £'000
Annual commitments under operating leases were as follows:		
Commitments which expire within 12 months	7	29
Commitments which expire after 2 years but before 5 years	64	20
Total commitments at 31 July	71	49

22 Capital commitments

Provision has not been made for the following capital commitments at 31 July 2014.

	2014		2013	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted	779	779	191	191
Authorised but not contracted	4,407	4,407	1,840	1,840
Total commitments at 31 July	5,186	5,186	2,031	2,031

Following the acquisition of the freehold of 99 Waldegrave Road in December 2013, conversion works are underway with a scheduled opening of the additional, new library in September 2015: £1,290,000 refurbishment works was committed at the year end.

NOTES TO THE FINANCIAL STATEMENTS (continued) : Year ended 31 July 2014

23 Access to discretionary support funds

	2014 £'000	2013 £'000
Balance unspent at 1 August	4	4
Funding Council grants	97	73
	101	77
Disbursed to students	(84)	(71)
Audit and administration costs	(3)	(2)
Balance unspent at 31 July	14	4

24 Training salaries

	2014 £'000	2013 £'000
Balance owed at 1 August	(11)	(69)
Funding Council grants	2,094	2,426
Disbursed to students	(2,258)	(2,368)
Balance owed at 31 July	(175)	(11)

25 National Scholarship Programme

	2014 £'000	2013 £'000
Balance owed at 1 August	—	—
Funding Council funds received	312	132
Disbursed to students	(312)	(132)
Balance owed at 31 July	—	—

26 Related party transactions

Grants were paid to St Mary's Students Union amounting to £214k (2013: £197k), an organisation in which the president Mr Aedan McDonagh was a member of the University Board of Governors during the financial year.

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

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