



**St Mary's  
University  
Twickenham**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 JULY 2015**

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 2015

### Address

St Mary's University, Twickenham  
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Strawberry Hill  
Twickenham  
Middlesex  
TW1 4SX

### Telephone

020 8240 4000

### Facsimile

020 8240 4255

### Website

[www.stmarys.ac.uk](http://www.stmarys.ac.uk)

### Board of Governors

Rt Rev Richard Moth (Chair)  
Councillor Tony Arbour  
Sir Anthony Bailey  
Mr Francis Campbell (appointed 1 August 2014)  
Mr Jeffery Cottle  
Mr John Dixon  
Fr Richard Finn OP  
Mr Michael Foster  
Mrs Helen Frostick  
Dr Maureen Glackin  
Mrs Susan Handley-Jones  
Mr David Hartnett  
Mrs Maureen John  
Mr Ryan Jones (appointed 1 August 2014 – resigned 31 July 2015)  
Mr Alexander Lavall (appointed 1 August 2015)  
Mr Stuart Kemp  
Dr David Livesey  
Miss June Mulroy  
Mr Peter Pledger  
Mr Peter Thomas  
Mr Simon Uttley  
Mr Jonathan Walsh  
Dr Tim Walsh

### Senior officers

Chancellor  
Vice-Chancellor  
Pro Vice-Chancellor  
Pro Vice-Chancellor Academic Strategy  
Pro Vice-Chancellor Research and Enterprise  
Pro Vice-Chancellor Global Engagement  
Chief Operating Officer  
Clerk to the Board of Governors

Cardinal Vincent Nichols (appointed 27 May 2015)  
Francis Campbell  
David Leen (resigned 31 August 2015)  
Dr Claire Taylor  
Rt Hon Ruth Kelly  
Prof Anne Moran  
Terry Noys  
Graham Fice

## **Administrative Information (continued): Year ended 31 July 2015**

### **Bankers**

HSBC Bank Plc  
69 Pall Mall  
London  
SW1 5EY

Barclays Bank PLC  
1 Churchill Place  
London  
E14 5HP

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

### **External auditors**

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

### **Internal auditors**

RSM Risk Assurance Services LLP  
Third Floor  
One London Square  
Cross Lanes  
Guildford  
Surrey  
GU1 1UN

### **Lawyers**

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



## Vice-Chancellor's Forward: Year ended 31 July 2015

I am pleased to present our annual report for 2014/15.

The 2014/15 year has seen continued pressure on the financial position of the higher education sector. Despite this difficult landscape St Mary's was able to strengthen its position.

Student numbers have grown, with total recruitment for 2014/15 of 5,292. Moreover, we have recruited 72 new staff members across the University. We restructured our Senior Leadership Team and welcomed Professor Anne Moran and the Rt Honourable Ruth Kelly, who joined St Mary's as Pro Vice-Chancellors. David Leen, meanwhile, left the University after many years of good service. I thank David for his invaluable work and guidance over the past few years.

The academic year 2014/15 was hugely successful and significant in the history of St Mary's. In December the results of the Research Excellence Framework ("REF") were published and marked an important milestone in our development. We increased our entry to seven Units of Assessment. This was almost double the amount entered in 2008, and we encouraged more Early Career Researchers to submit entries to create opportunities for future development. The particular highlights were in the English, Communications, Sport and History Units which saw more than 50% of their submissions rated as 'world leading' or 'internationally excellent'. I congratulate all those who contributed to the REF process and I am confident that we will continue to build on this excellence over the coming years.

Our growth has been underpinned by smart investment to help St Mary's meet its ambitions. This year we have spent more than £5 million on campus improvements. These included the new library development which opened in September and will make a significant difference to our students and academics. The year also saw the opening of the new state-of-the-art Strength and Conditioning Facility and refurbished Media Centre.

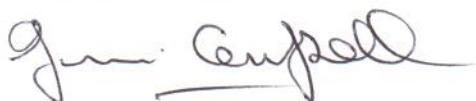
The past twelve months also saw St Mary's involved in extensive discussions with Heythrop College. That followed a formal request from Heythrop's governing body, in July 2014, to explore the possibility of forming a strategic partnership. Despite much progress, it became clear by July 2015 that there was not sufficient consensus to move forward with a viable and financially sustainable model.

Throughout the year St Mary's also increased its presence in the public square. This was demonstrated in a range of events including our co-sponsorship of a series of public lectures on 'Ethics in Public Life' with the Von Hügel Institute at Cambridge, our support for the Celebrating Young People Awards as well as our work with The Centre for the Study of Modern Slavery.

For me, our identity as a Catholic University was symbolised with the service in Westminster Cathedral in May to inaugurate Cardinal Nichols as our first Chancellor. I was delighted to see so many people share in the celebration.

This year has been an important staging point in St Mary's development. As we look to the future, it is important that we capitalise on our unique strengths. We will publish our new corporate plan in 2016 and I look forward to setting out clear ambitions for St Mary's in the years ahead.

Finally, I would like to thank all those who have welcomed me to St Mary's and supported me in my first year. I am immensely proud of St Mary's history, ethos and above all its people. As we grow and develop, we build from a position of strength.



**Francis Campbell**  
Vice-Chancellor  
26 November 2015

## Directors' Report: Year ended 31 July 2015

The Governors, as Directors of the University, present the Directors' Report for the year ended 31 July 2015.

### **Name**

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

### **History and Incorporation Status**

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

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

### **Governors**

The names of the Governors who are currently serving on the Board, or have served during the year, are listed under Administrative Information on page 1.

### **Governors Indemnity**

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

### **Dividends**

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

### **Political Donations**

The University has not made any political donations during the year ended 31 July 2015 (2014: nil).

### **Financial Risk Management**

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

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

#### *Price Risk*

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

#### *Credit Risk*

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



## **Directors' Report (continued): Year ended 31 July 2015**

### *Liquidity Risk*

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

### *Cash Flow Risk*

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

### **Existence of Overseas Branches**

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

### **Disabled Persons**

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

### **Employee Involvement**

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

During 2014/15 there was a continuation with the existing Campus Union meetings between members of the Senior Management Team and the two recognised Unions (UCU & Unison) as well as numerous Vice-Chancellor Reports (i.e. staff meetings). These forums enable the two way communication of information on key matters of concern to staff.

Staff members have also had the chance to give their views on what it is like to work at St Mary's through the Capita Staff Survey undertaken in November 2014 which resulted in St Mary's being awarded the Employer of Choice accolade.

This year also saw the launch of the Corporate Planning project which seeks the views of our staff and students. Nearly 70% of staff members attended University wide sessions where they were asked to share their view about the future of the University. In addition each department consulted with their staff members on the departmental plans as well as seeking further feedback on the University's future. This consultation will continue throughout 2015/16 with the new Corporate Plan being launched during 2016.

## Directors' Report (continued): Year ended 31 July 2015

### Public Benefit

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

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

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

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

### Disclosure of Information to Auditors

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

### Identification of Information Excluded from the Directors' Report

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

- The review of performance during the year and position at year end, principal risks and uncertainties, analysis of KPIs, and future developments in the business are presented in the Strategic Report, on pages 12-18.
- Activities in Research and Development, disclosed in accompanying commentary on pages 23-24.

Signed on behalf of the Board of Governors



**Bishop Richard Moth**  
26 November 2015



# Statement Of Governance: Year ended 31 July 2015

## Corporate Governance

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

The University is committed to implementing best practice in all aspects of corporate governance. During the year ended 31 July 2015 the Board of Governors received the new Committee of University Chairs' Higher Education Code of Governance and a mapping of compliance with the Code. The only area of non-compliance was seen to be the need to adopt a new Statement of Primary Responsibilities as set out below. The mapping of compliance was subject to review by the University's Internal Auditors during the year. The review concluded that the mapping exercise was sufficient in identifying areas of compliance and non-compliance with the Code and that action had been, or continued to be, taken to address any areas of non-compliance.

## The Board of Governors

The Board of Governors is responsible for the University's long term mission, objectives and strategies for providing overall financial and organisational control. The Board of Governors endeavours at all times to conduct its business in accordance with the 'Nolan' Principles of Public Life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. It is responsible for bringing independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

During the year ended 31 July 2015 the Board adopted a revised Statement of Primary Responsibilities which is published on the University's website.

- 1 To approve the Catholic mission and strategic vision of the institution, long term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
- 2 To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions.
- 3 To delegate authority to the head of the institution, as chief executive, for the academic, corporate, financial, estate and human resource management of the institution. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution.
- 4 To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
- 5 To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
- 6 To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
- 7 To safeguard the good name and values of the institution.
- 8 To appoint the head of the institution as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
- 9 To appoint a Secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
- 10 To be the employing authority for all staff in the institution and to be responsible for establishing a Human Resources strategy.
- 11 To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the institution's assets, property and estate.
- 12 To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
- 13 To receive assurance that adequate provision has been made for the general welfare of students.



## Statement Of Governance (continued): Year ended 31 July 2015

- 14 To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
- 15 To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.

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: the Chair, the Director of the Catholic Education Service or nominee and the Vice-Chancellor (all ex-officio Governors), six Governors carrying the nomination of the Catholic Education Service and five Governors carrying the nomination of the Archbishop of Westminster, a nominee of the London Borough of Richmond on Thames, up to four co-opted Governors, four staff Governors (one ex-officio), and a student Governor.

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

### **Review of effectiveness**

The Board of Governors conducts periodic reviews of effectiveness in accordance with the Committee of University Chairs' Higher Education Code of Governance. An external consultant reported in early 2013/14 on the effectiveness of governance in support of the institution's application for University title. During the year ended 31 July 2015 the Board established a Task Group to review the effectiveness and efficiency of the Board which is expected to report during 2015/16. Governance is also subject to annual review by the University's Internal Auditors, and periodic review by the Higher Education Funding Council for England ("HEFCE").

### **Committees**

The Board of Governors conducts its business through a number of committees. The terms of reference for each committee are approved by the Board and subject to annual review. During the year ended 31 July 2015 the Board's committees were as follows:

#### *Audit Committee*

The Audit Committee meets four times a year and consists of at least three non-staff Governors and additional members with appropriate experience may be co-opted if appropriate. Whilst senior executives may attend meetings of the Audit Committee, they are not members of it. Both the external and internal auditors have independent access to the Committee, and vice versa. The Audit Committee is responsible for the consideration of internal and external audit recommendations, together with oversight of management implementation plans. In addition, the committee reviews the University's annual financial statements together with the accounting policies. The Committee also receives reports on data quality, monitors adherence to the regulatory requirements and considers reports from HEFCE as they affect the University's business.

## Statement Of Governance (continued): Year ended 31 July 2015

### *Finance and Staffing Committee*

The Finance and Staffing Committee consists of up to six Governors (five non-staff Governors and the Vice-Chancellor) and it meets three times a year. The Finance and Staffing Committee recommends to the Board inter alia the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets. It also recommends policies and procedures in relation to Human Resources matters.

### *Remuneration Committee*

The Remuneration Committee is comprised of up to five Governors. It determines the remuneration of senior staff (as defined in the Articles of Association), including that of the Vice-Chancellor.

### *Nominations Committee*

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

### *Other Committees*

The Board has established the following committees in addition to those set out above: Academic Strategy Committee, Chairs' Committee (comprising the Chairs of the Board's committees), Estates and Health and Safety Committee, and Student Experience Committee; all 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.



## Statement of Internal Control: Year ended 31 July 2015

### Scope of Responsibility

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

### The Purpose of the System of Internal Control

The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the extent of those risks; and to manage them efficiently, effectively and economically. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

### The Risk and Control Framework

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

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

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

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



## Statement of Internal Control (continued): Year ended 31 July 2015

### Review of effectiveness

The Audit Committee, on behalf of the Board of Governors, has reviewed the effectiveness of the systems of internal control. During 2014/15 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, senior staff, managers and by any comments made by the External Auditors in their management letter or other reports.

## Strategic Report: Year ended 31 July 2015

The Governors present their Strategic Report on the University for the year ended 31 July 2015.

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

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

Until that review and updating is complete, the mission of the University is:

*To prepare its students for flourishing lives, successful careers and social commitment through excellent research enriched teaching in a strong community of mutual respects 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 of St Mary's is expressed within the framework of its objectives, which are delivered in such manner as befits a Catholic Foundation. These objectives are:

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

The objectives, mission and values of St Mary's are expressed in and delivered through 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;
- To offer our students, through excellent teaching and learning the opportunity to achieve their full academic and career potential;
- To enhance the quality and quantity of our research, knowledge exchange and enterprise;
- To manage our resources effectively and imaginatively to ensure a sustainable future and to provide maximum value for our students and stakeholders.

Progress against the mission, values, objectives and strategic aims enunciated above is measured through regular management and executive monitoring using key financial and non-financial performance indicators measured against annual and longer term operating plans.

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

Higher Education in England has undergone significant change over the past five years with the introduction of a new funding regime. The new funding system has brought about changes in student behaviour as well as changes that institutions have made to adapt to the new system. Change in the sector continues. The removal of the Student Number Controls presents a significant opportunity for St Mary's. However, the removal of the cap along with other factors has intensified competition across the sector. The entrance of private providers to the market has further intensified competition offering lower cost degree provision using new methods of delivery. A large number of Universities have faced difficulties in student recruitment as a result of the increased competition. St Mary's has seen an improved performance over the same period with an overall increase in applications from potential undergraduate students. As we take steps to consolidate this growth it will be important to ensure that the St Mary's offer continues to be attractive to potential students.



## Strategic Report (continued): Year ended 31 July 2015

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

The reductions in HEFCE funding for capital has encouraged the use of cash reserves and additional borrowing for major capital projects. Some Universities have turned to other solutions such as bond issues to raise the funds required for large scale capital projects. Further reductions in capital funding from HEFCE and the relaxation of borrowing constraints may encourage Universities to pursue alternative methods of finance for capital projects.

Government policy continues to focus on the measurement and identification of teaching quality. Having previously outlined an intention to monitor the number of academic staff holding a formal teaching qualification the Government has now committed to introducing a Teaching Excellence Framework ("TEF"). Such a framework will include outcome-focused metrics and would create incentives for universities to improve teaching. Performance in the TEF will determine whether an institution is able to increase tuition fees at an inflationary rate from 2017/18. It is not yet clear how the TEF will interact with the existing Quality Assurance ("QA") framework which is itself currently under review. Whatever the final outcomes of the QA review and the TEF consultation it is likely that over the coming years, scrutiny of teaching quality and value for money will continue to be a priority.

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

Looking to areas of future growth for St Mary's the market for international students is becoming more uncertain. After a decade of rapid growth in international students choosing to study in the UK this growth has slowed considerably over the past couple of years. Furthermore, it is likely that the increased compliance burden and information requirements for overseas students will act as a deterrent to potential overseas applicants. The risk associated with this, and any further changes to visa or immigration requirements, will need to be managed alongside growth in international student numbers at St Mary's.

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

### **Risk Management and Principal Risks and Uncertainties**

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

#### *The Risk Management Process*

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



## Strategic Report (continued): Year ended 31 July 2015

### *Principal Risks & Uncertainties*

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

Following the general election in May 2015, the government has signalled a number of policy developments. Most notably the possibility of an inflationary rise in tuition fees which would be linked to the teaching excellence of a University and an overhaul of the Quality Assessment framework for UK Higher Education. These risks are exacerbated by uncertainty around the rules on student immigration and the direction of teacher training. These issues feed into the larger concern around student recruitment. For the 2015 intake the student number control has been removed and early reports indicate that this has heightened the level of competition for students.

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

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

### **Operating and Financial Review**

The Board of Governors of the University presents its audited results, including the results of its subsidiary, for the year ended 31 July 2015. 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 2015. The results are considered satisfactory for the year under review.

### *Income and expenditure*

The University's consolidated surplus for the year reduced from £3.7m to £3.0m on income of £45.9m (2014: £41.6m), a net margin of 7% (2014: 9%). EBITDA ("Earnings Before Interest, Tax, Depreciation and Amortisation") represented 12% of income (2014: 14%), in excess of the minimum requirement of 10% laid down by the Board of Governors to ensure the financial sustainability of the University. EBITDA also acts as a proxy measure for cash and ensures that University finances are able to fund long term strategic decisions, for instance, the acquisition of an expanded learning facility at Trackside House.

The 10% growth in income for the year to £45.9m was as a result of the increase in tuition fees and growth in student numbers. 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 increased by 13% from £37.6m to £42.6m. This expenditure reflects the investment in improving the student experience across a range of activities, specifically areas of academic strength and international recruitment, ahead of the lifting of the student number cap in 2015/16.

Staff costs are £27.7m, some 60% of turnover (2014: £24m, 58%), above the sector average. This reflects the fact that Estates and Catering staff management is not outsourced. In addition, the decision to pay the London Living Wage in 2014/15 is a tangible reflection of the University's commitment to its mission.

Non-staff costs, as a proportion of turnover at 33%, are lower than the sector average reflecting the categorisation of outsourcing contracts as non-staff costs in other institutions.



## Strategic Report (continued): Year ended 31 July 2015

### *Cash flow, financing and balance sheet*

During the year the University generated net cash inflow from operating activities of £5.5m which were utilised to service net interest payments of £0.2m (2014: £0.3m) and invest (net of capital grants received) £3.6m (2014: £4.8m) in capital expenditure, leaving a net cash inflow for the year of £1.6m, (2014 outflow of £0.6m). Capital expenditure included £1.5m to refurbish the Naylor Library centre and to provide additional equipment for the 2015 student intake in areas such as Sports Rehabilitation and Strength and Conditioning.

Total cash at bank increased in the year to £11.2m (2014: £10.7m) with bank debt reducing by £1.1m to £4.0m (2014: £5.1m) and short term deposits decreasing by £0.4m to £9.1m. Due to the switch in funding from funding council grants to tuition fees, cash flow is now more variable than in the past, with cash peaking upon receipt of 50% of student fees due via the Student Loan Company in May. This cash peak has to fund operational cash flows thereafter with increments from tuition fee receipts in October and February, as it does for most higher education institutions. The University has a £2m overdraft facility as a safeguard against volatile cash movements.

### *Taxation*

The majority of the University's activities are not subject to corporation tax.

### *Reserves and Investment Policy*

The University has been able to add to its strong reserves base with a healthy surplus in 2014/15. Although the result for the year is a positive one, the Board is aware of the economic and sector challenges facing the University and continues to be focused on the need for efficient management of resources and sound investment decision making to ensure continued financial sustainability. The investment of funds is governed by the Treasury Management Policy. The Policy ensures that any surplus funds are deposited in holdings with a range of banks, the credit ratings of which are reviewed from time to time to ensure that the University's investments are secure.

### *Pensions*

There was an actuarial loss on the defined benefit scheme of £1.5m (2014: loss £4.0m) arising from changes in actuarial assumptions. The University is currently making annual payments in order to reduce the deficit.

### *Going Concern*

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

## Strategic Report (continued): Year ended 31 July 2015

### Analysis of Key Performance Indicators

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

The results for 2013/14 and 2014/15 compared to targets as shown in the table below.

Performance Area	Measure	2013/14 Results	2014/15 Results	Targets
Teaching and learning and the student experience	Proportion of undergraduate first year students who continue to the second year or completed a one year 'top up' course	90%	Data due for publication March 2016	2013/14 – 90% 2014/15 – 90% 2015/16 – 90%
	Overall student satisfaction: National Student Satisfaction survey scores	86%	88%	2013/14 – 88% 2014/15 – 91% 2015/16 – 94%
	Destination of Leavers from Higher Education survey proportion of graduates employed or in further study	95.8%	Data due for publication July 2016	2013/14 – 94.3% 2014/15 – not yet published 2015/16 – not yet published
Research outputs	Percentage of staff meeting revised RDAP criteria	Criteria iii: 24% Criteria iv: 34% Criteria v: 70%	Criteria iii: 36% Criteria iv: 41% Criteria v: 68%	Criteria iii: 45% Criteria iv: 33% Criteria v: 38%
Financial performance	EBITDA as a percentage of total income	14%	12%	10% throughout
Estates management	Space utilisation	Second quartile	Data due for publication May 2016	Top quartile throughout

Figures for retention of first year students in 2014/15 are yet to be published, as registration is still underway. The progression of first year students into year two is a key priority for the University. The Student Engagement, Retention and Success Strategy Group is responsible for monitoring patterns in student retention and for identifying potential interventions which reduce the likelihood of students withdrawing. The retention rate has been improving year on year and we would expect to see this continue.

The University's National Student Satisfaction ("NSS") survey overall satisfaction rate of 88% is an improvement of 2 percentage points on the previous year. Notable gains have been made across six of the seven headline categories of the survey, with significant improvements in for: 'learning resources' and 'satisfaction with the Student's Union'.

The Destination of Leavers from Higher Education ("DLHE") survey benchmark is an external one based on sector data. Latest DLHE figures show that in the year 2013/14 the percentage of university leavers in employment of further study six months after graduation reached 95.8%, marginally ahead of the previous year and ahead of the benchmark.



## Strategic Report (continued): Year ended 31 July 2015

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

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

EBITDA is below the level of 2013/14, reflecting investment in strategic initiatives, 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 will generally remain 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 the Association of Managers in Higher Education (“AMHEC”). 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.

### Student Numbers

Total full time equivalent undergraduate and postgraduate student numbers for the year:

	2015	2014
Undergraduate	3,968	3,890
Postgraduate	1,324	1,060
	5,292	4,950

### Future Developments

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

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

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

Currently, St Mary’s generates approximately 4% of its total revenues from international students. This compares with a sector average of 13%. Whilst accepting that this is a highly competitive area of the market, St Mary’s aims to 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.

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

## **Strategic Report (continued): Year ended 31 July 2015**

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

### **Value for Money**

St Mary's University continues to place Value for Money ("VFM") at the heart of its decision making, with an ongoing investment in training to maximise VFM, and the associated performance improvements.

By keeping a clear focus on the 2011 Diamond Report recommendation of procuring 30% of relevant expenditure through collaborative purchasing arrangements by 2016, a goal reiterated in the 2015 report 'Efficiency, Effectiveness and Value for Money' (Diamond 2), the University achieved 23% (2014: 21%) of relevant expenditure through 120 identified VFM initiatives. One more year of this level of progress will take us to the national average level of 25.7% referred to in Diamond 2, and a further two years takes St Marys to the national target.

These initiatives generated identified cash savings in excess of £0.25m which were re-invested in equipment and facilities, and non-cash enrichment of the student experience such as facilitating a 41% increase in University sports club and society participation through investment in the Students Union website.



## Year in Review: Year ended 31 July 2015

### Student Recruitment Activities

During 2014/15 the University successfully launched the 'Where Next' undergraduate recruitment campaign; this included the production of a prospectus, supporting materials and video content. The campaign theme was repeated across the website, online and print advertising and indications are that this has been a successful campaign leading to increased attendance at our open events and a 10% increase in our overall applications.

The recruitment team attended numerous UCAS and higher education events spanning the country. They continued to develop a programme of individual schools visits delivering talks and organised activities, covering a broad range of topics, aimed at pupils considering university. The team, working with colleagues from across the University, organised four pre-application events and three post-application events. These were well attended and received positive feedback.

The recruitment team has continued to develop the external website focussing on recruitment to undergraduate and postgraduate courses, the site has continued to perform well and our findability has improved with the change of URL from smuc.ac.uk to stmarys.ac.uk and optimising the site for use on mobile devices, we have also seen increased engagement across all of our social media channels, boosted by a number of high profile appointments, events and the arrival of our Vice-Chancellor.

With the close of the 2015 recruitment cycle 'Where Next' came to an end with a very successful clearing campaign, our recruitment activity for 2016/17 kicked off in February with the launch of our new campaign 'Be Part of It'.

### 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 disadvantaged socio-economic groups, learners who live in areas of relative deprivation, those attending Roman Catholic schools in under-represented areas, people who have disabilities, 'looked after children' in the care system, and those who are mature students.

In January 2015 the University submitted its Access Agreement monitoring return for 2013/14. The 2013/14 year was mixed in terms of the targets and milestone that we had set ourselves. In terms of new entrants from State Schools, the number dropped back from the highest figure attained in 2011 and also slightly from 2012, but we are confident that this will level out and that we will hit our overall target. In terms of Social Class, our figures improved considerably from the previous year and although this number has fluctuated, we are on course to meet the overall target. Our performance in meeting the low POLAR (Participation of Local Areas) score entrants dropped back considerably from previous years; we will review our procedures in this area in order to make sure that all aspects of our operation are set towards making future performance as positive as possible. We are happy that our performance in terms of attracting students from low income backgrounds, and our performance in terms of attracting students who qualify for a disabled students allowance continues to be good, as we are exceeding milestones in both areas. We are encouraged by the progress made in terms of targets for retention and projected outcomes. The figures for each category are fluctuating; the additional support put in place to boost these performance indicators is starting to bear fruit. For our initial teacher training targets, in the area of attracting BME students to the different categories of teacher training, we continue to make progress, especially with Primary Post Graduate Certificate in Education trainees, where the target has been exceeded for the first time.

During the 2014/2015 academic year the Widening Participation team were involved in 81 widening participation events and programmes. They can be broken down as follows:

- Widening access through sport: Two cohorts of Year 10 students from Gumley House Convent School, Southborough High School and St Thomas More attended four sessions. These sessions included an introduction to St Mary's and the programme, Sport Psychology, Biomechanics and one future session run by academics.
- Access higher education collaborative events: two Expo's for Year 9 and Year 10, covering routes into University and financial advice.



## Year in Review (continued): Year ended 31 July 2015

- St Mary's Mentoring Programme: St Mary's undergraduates acted as mentors to Year 9 students at Christ's School, Richmond. The programme was comprised of five face-to-face sessions in Christ's School and two campus visits to St Mary's along with some contact through the Brightside E-mentoring platform via messages and activities. There are Year 12 students taking part from Waldegrave Girls School, the online aspect of the programme was not included however the face-to-face sessions have been held.
- St Mary's Summer Schools: in June we had two Summer Schools, one in Law and the other in Applied Physics.
- Higher education events in schools and colleges: 36 events which included, higher education fairs and University preparation days at Southborough High School and the Green School and Stockley Academy.
- One off visits: there were 21 one off visits, throughout the year, including two cohorts of Year 6 students from Primary Schools within the local area.

During 2014/15 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, a team of learning advisors continued to develop partnerships working with 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.

### Sporting Success

Sport at St Mary's is an intrinsic part of the University and occurs in many forms encompassing academic programmes and research, student sport, community engagement and high performance. Our sport integrates recreational participants alongside world-class performers, those taking their first steps into sport train alongside elite athletes in the same facilities using the same support services which have been informed and developed by the academic process. All participants regardless of their level of ability are helped to achieve their potential, and for students this extends beyond health and sporting performance to include skills that better prepare them for their lives and employment ahead.

The Performance Education Centre was officially opened during the year providing specialist training and laboratory equipment to enhance teaching and service delivery in strength and conditioning, rehabilitation and health related exercise. The Centre allows students from the School of Sport, Health and Applied Science to practice practical skills that will be relevant for their future occupation, and supports staff to adopt an interdisciplinary research approach to analyse performance. The value of this can be seen in the Research Excellence Framework 2014 ("REF2014") in which 50% of the sport submissions were either 'world leading' or 'internationally excellent'. REF2014 also highlighted how St Mary's sporting research is being practically applied to help wider communities. For example, the research on injuries and prevention being conducted on elite athletes from the St Mary's Endurance Performance & Coaching Centre ("EPACC"), is being used to support local runners to train and prepare more effectively and avoid injury.

Developing on from St Mary's involvement in London 2012 the University was an official Team Base for the Rugby World Cup 2015, further enhancing our reputation as London's leading institution for high performance. Our world-class sports facilities were used by New Zealand and South Africa.

In addition, this year saw the launch of SIMMSActive, an easy to access programme that offers a wide range of weekly recreational sporting activities aimed at increasing student participation. A successful application was made to the Sport England 'University Sport Activation Fund,' to facilitate delivery of a three year programme to get students playing sport and enhance the student experience. A wide range of activities have been put in place, from the more traditional including touch rugby, netball and indoor football to more unusual sports such as 'glow in the dark' dodgeball and 'bubble' football. In its first year the programme has proved to be hugely popular engaging 744 students, gaining 3,317 attendances and recruiting 24 student activators to undertake coaching qualifications and lead the sessions. For many students SIMMSActive is playing a vital role in maintaining and growing their love of sport, helping them to develop a lifelong sporting habit while they study and acting as a pathway to participating for one of the student sport clubs competing in the British Universities and Colleges Sport (BUCS) leagues. In the overall BUCS Championship St Mary's finished 57<sup>th</sup> which is four places higher than the previous year.



## **Year in Review (continued): Year ended 31 July 2015**

### **Business and Enterprise Development**

With a number of key external research contracts drawing to a close this year the University moved to review and plan to take its business development to new levels. A review of enterprise and business development was undertaken by external consultants, new plans put in place and the new post of Pro Vice-Chancellor Research and Enterprise was created in order to provide strategic leadership for this crucial area of the University's work. The aim is to diversify and increase third stream income in new partnerships with the private, civic and public sectors.

Sports St Mary's continued its outstanding outreach in the community and short courses in sport and applied health is now a significant business. The University continued to grow its conference revenues while planning for a future where this growth is constrained by estate development plans. This combined footfall and trading, along with public participation in our lectures and other community outreach meant that we were awarded support from the Higher Education Innovation Fund for the upcoming 2015/16 year.

### **Equality and Diversity**

The promotion of equality and diversity remains an important part of St Mary's Mission and the University aims to continue its long tradition of widening access to education to all, while also fostering respect and mutual tolerance in society as a whole. The Equality and Diversity Sub-Committee's membership is representative of all the key groups within the University and is a key mechanism for ensuring that the University is inclusive to all staff and students. During 2014/15 a project to review equality and diversity from a staff perspective was undertaken with the outcome of this review and any proposed actions to be outlined to the University's Senior Management Team and the Equality and Diversity Sub-Committee in late 2015.

### **The Student Experience and Student Satisfaction**

As discussed in the analysis of key performance indicators above, in 2014/15 St Mary's achieved a result of 88% overall satisfaction within the National Student Survey ("NSS"). This exceeded the national average for UK higher education institutions (86%) and represented a 2 percentage point improvement in relation to the previous year. Although, the result is below the target of 91%, notable gains have been made across 'learning resources' and 'satisfaction with the Student's Union'.

Going forward to 2015/16, 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 and on further developing the quality of student learning opportunities. In addition the University will look at continuing to identify, and respond to, specific issues related to assessment and feedback.

### **Teaching and Learning: School of Education, Theology and Leadership**

The 2014/15 financial year saw the school submitted to the REF2014 in two units for assessment: theology and education. Education's submission was judged to span the range of quality levels with almost a quarter judged to be 'internationally excellent' or 'world leading' and the themes of leadership and religious education as areas of particular prominence. Theology's submission has seen an increase in output since 2008 whilst maintaining the level of 'internationally excellent' or 'world leading' work. The results reinforce St Mary's commitment to foster the highest quality theological research at the service of the Church, faith communities and wider society and have placed us in a good position for the next REF.

In addition, a no notice Ofsted inspection of the quality and effectiveness of phonics training judged that the provision was good and that the training was of a 'high quality'. The school remains on high alert and in a state of readiness for a full Ofsted inspection, potentially due April 2016.

During the year the results from the 2014 Newly Qualified Teachers Survey were collated, the results of which reflect positive trends in the quality of teaching outputs. On average across survey categories, both primary and secondary teaching trainees rated their training as 'good' and 'very good' to a higher percentage than the sector.

The 2014/15 year saw the development of the Partnerships Portal, which enables online delivery of partnership services, including: training, paperwork and supporting documentation, Newly Qualified Teacher liaison and continuing professional development.



## **Year in Review (continued): Year ended 31 July 2015**

Finally, 2014/15 saw the school receive several awards, the highlight being the National Design & Technology Excellence Awards, 2015, for Subject Leadership Award; internally, the school scooped the following awards: the St Henry Walpole Award for Teaching and Learning; Outstanding Contribution to Research; Exceptional Contribution to the Student Experience, and an award for best cross-team working.

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

The School of Sport, Health and Applied Science remains committed to delivering excellence in all areas of teaching and learning. The school places students at the heart of this process, and has invested in additional academic staff to ensure that it can deliver the individual support and attention that students deserve. We are proud of the innovative nature of the MSc in Strength and Conditioning, which is largely delivered through an online platform focusing on distance learning, and currently attracts students from all over the world. The School is working with our recently appointed visiting professor, Professor Sir Clive Woodward, and his colleagues at the International Olympic Committee, to explore ways in which this model can be developed and expanded to other programmes within the School, and across St Mary's University. We are focused on the need to embed employability within our programmes; learning about the demands and requirements of the employment market is an essential part of a university education. To exemplify this, we have expanded the number of internal and external placement opportunities for our Sports Rehabilitation undergraduate students, and recently made a strategic appointment with specific responsibility for placement provision.

### **Teaching and Learning: School of Art and Humanities**

The 2014/15 year saw endorsement of teaching and student achievement in the National Student Survey. Several degree programmes: Philosophy, English, History and Creative Writing, scored above the 88% higher education sector average. In addition, the School achieved 93% in overall student satisfaction.

The School remains a hub for high quality research as evaluated by HEFCE's REF2014 audit. As well as long-established units of REF assessment like English, which scored 61% at 'world leading' for its outputs, submissions as separate units were also made by History and Philosophy (strong with its "impact" metrics) and, as a new unit, by Media/Cultural Studies, featuring strong scores for its Irish Studies and Gothic research environment.

The year has seen marked development in the curriculum offered by the School, with new BA/BSc degree programmes in Criminology and Technical Theatre approved and ready to come on stream for 2015/16. The 'Tech' Theatre degree is innovative in offering a BA over an intensive 2-year cycle, the first of its kind in the University. The year in review also saw the successful validation of a new MA Public History, linked in a collaborative agreement with the National Archive in Kew, which has recruited a viable cohort to commence in September 2015. The School offers a number of MA programmes of which Applied Linguistics, Sports Journalism and Physical Theatre are the most successful and appealing perhaps due to their vocational nature, and also are markedly international in recruitment and outlook. In REF2014 the School was able to record higher PhD completions and the beginnings of an upward trend in MA students being retained for doctoral study going into 2015/16.

The School is notable for its extensive programme of theatre performances, on and off campus in public spaces, site specific venues and professional theatres. The School's staff and students organise a large number of public engagement and REF impact events - philosophy public lectures, hosting conferences and seminars open to the public, acting as a venue for scholarly colloquia and research collaboration projects. The School is a partner in a two-year, Arts and Humanities Research Council funded research network on 'Irish marginal modernisms' with Trinity College, Dublin, and Liverpool John Moores. The School's Research Centres produce work that is internationally praised, such as MLA editorial award for the Conrad Centre's Cambridge UP series on Conrad's Collected Works. The School has also established The Centre for the Study of Modern Slavery.

### **Teaching and Learning: School of Management and Social Sciences**

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

Colleagues within the School have been applying Fellowship and Senior Fellowship of the Higher Education Academy through the newly introduced University Teaching and Learning Development Fund. New colleagues



## **Year in Review (continued): Year ended 31 July 2015**

are undertaking the PGCHE while more established colleagues are applying through the Accredited Individual Route. It is a goal of the School to have 100% of academic staff as Fellows of the Higher Education Academy over the next two years. Colleagues have been actively contributing papers to the University Teaching and Learning Conference.

Technology enhanced learning and teaching continues to be a focus of effort within the School. There has been a gradual expansion in the use of tablet computers to improve the student experience. Electronic/typed feedback and use of GradeMark are increasingly used and there is a developing momentum towards 100% electronic submission of coursework. Programmes within the Geography programme have been trialling the use of electronic voting systems and plans to share this expertise. The Geography programme uses electronic voting in a number of modules are sharing their expertise.

The school remained committed to developing key employability skills for its graduates running a very successful Careers Fair and imbedding work placement modules in all programmes, including a bespoke work placement module in LLB Law.

The strategic planning for curriculum development began this year and will see a significant expansion of programmes within the School and greater collaboration between Schools.

### **Quality of Academic Programmes**

All academic programmes at St Mary's are subject to a significant level of scrutiny in order to ensure that the academic offering is compliant with the requirements and expectations of the Quality Assurance Agency ("QAA"). This scrutiny is known as Programme Validation, 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.

In March 2015 the University was subject to the QAA Higher Education Review. The QAA review team formed the following judgements about the higher education provision at St Mary's:

- The setting and maintenance of the academic standards of awards and the maintenance of the academic standards of awards offered on behalf of degree-awarding bodies meet UK expectations;
- The quality of student learning opportunities meets UK expectations;
- The quality of the information about learning opportunities meets UK expectations;
- The enhancement of student learning opportunities requires improvement to meet UK expectations.

In addition, the QAA review team identified features of good practice related to: the Learning Advice Service, assessment criteria; the moderator role with delivery organisations; the interim review of programmes delivered with others.

In relation to the enhancement of student learning opportunities, the University has developed a joint action plan with the Students Union to address issues identified by the QAA Higher Education review team. We will work closely with the QAA review manager to meet expectations with regard to enhancement during 2015/16.

### **Strengthened Research Capacity and Research and Development Activities Undertaken**

The University increased its volume of staff submitted to the REF2014. In addition, there was an increase in revenue of £200,000 received from HEFCE since the last submission in RAE2008. The appointment of high profile visiting Research Professors in areas such as Law, Business, Theology and Sport demonstrate the University's continued commitment to raising its research profile and reputation in preparation for both REF2020/2025 and a successful Research Degree Awarding Powers application. There has been an increase in the number of research funding applications from 22 in 2013-14 to 27 and a slight increase in the success rate across all applications from 18% in the previous year to 22%. In addition, St Mary's has begun the process of establishing a new research centre, The Centre for the Study of Modern Slavery.



## **Year in Review (continued): Year ended 31 July 2015**

The Centre for the Social Scientific Study of the Bible continues to develop its global links and currently has a cohort of six international PhD students working with research experts. The increase revenue from the PhD programme and a successful British Academy Grant application enabled the Centre to make a recent high profile appointment, Prof James Crossley who will bring to St Mary's experience of research supervision, successful grant awards and an a world-class academic publication profile.

The number of postgraduate research students has continued to rise with 75 students now registered on our University of Surrey/Liverpool Hope validated research degree programmes. A central programme of events and training was delivered successfully in 2014/15 and this will be further complemented in 2015/16 by a Researcher Development Programme (in conjunction with Staff Development and the Directorate of Learning and Teaching), in line with the requirements of the national Concordat to Support the Career Development of Researchers.

St Mary's plays an active role in the Guild Higher Education Consortium for Research Excellence, Support and Training network and took part in the national Postgraduate Research Experience Survey and Careers in Research Online Survey run during 2015.

### **Career Services**

The Careers Service has run a range of events, both established and new, throughout the past academic year. These include delivery in the curriculum across all undergraduate academic programmes and wider University sessions such as the 'What next?' aspect of St Mary's 'Get Set for Success' programme, and St Mary's staff training on 'Managing your Career at St Mary's' and 'Careers Options for Researchers'. We also ran two careers fairs, one for teachers and the other for the School of Management and Social Sciences attracting 68 employers, an increase on prior year. Career services ran a number of face to face consultations, practice interviews, and extended career discussions, again the numbers for all activities rose in comparison to the previous academic year reflecting increased student interest and awareness of career services.

The 2015/16 we look forward to the delivery of a new suite of careers modules as available student resources, an anticipated increasing Employer Engagement Activity via Fairs and Employer 'pop ups', the development of a recruitment agency blog for posting of streamed secondary teaching vacancies and Higher Education Academy fellowship support and application for careers consultant staff.

### **International Engagement**

The growth of the global brand of St Mary's has led to a significant increase in our undergraduate and postgraduate international student populations. St Mary's has developed partnerships with many top international universities including Sophia University in Tokyo, Japan and the University of Salvador in Buenos Aires, Argentina. The addition of eight income-generating partnerships during the 2014/2015 academic year will also increase the international student population. Additionally, the University's profile was significantly enhanced by an outreach mission of Bishop Richard Moth to meet with universities and religious leaders in the United States and Canada.

### **Attracting and Developing Staff**

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

This target was achieved in the 2014/15 financial year as validated by the 2014 Capita staff survey. Not only did the University receive this accolade but the level of engagement and response to the survey was such that St Mary's ranked fourth out of the 26 higher education institutions surveyed in 2014 and 18<sup>th</sup> out of 343 public and private organisations surveyed over 2012 to 2014. The survey outlined that staff members have a strong sense of working in an environment where working relationships and cooperation are valued, that their line managers are approachable and supportive and that the Senior Management Team manage and lead St Mary's well. In addition a very high number of staff understand and identify with the values of St Marys and feel valued and supported by their work colleagues. These are all critical areas of strength which we intend to build on even further as we look to make improvements and change for the future of St Marys.



## **Year in Review (continued): Year ended 31 July 2015**

This achievement was coupled with another successful year in enhancing the St Mary's employer brand which was seen by the increase in the number and calibre of candidates applying to roles within St Mary's. In addition the University has continued its support of the London Living Wage Foundation as an accredited employer, renewed the Pension Quality Mark for its Defined Contribution Scheme and continued with its outreach programmes. However there are still areas that required further attention and where we will focus our improvement efforts. The Senior Management Team aim to use feedback to lay the foundation for a collaborative approach to making St Mary's an even better place to work.

### **Learning Resources and Technology/Library**

During 2014/15 we continued to expand and improve the services and resources we offer to students. This was reflected in an 8% improvement in student satisfaction of learning resources as recorded by the National Student Survey. Based on feedback we received, we carried out some minor refurbishment of the library and reorganised some of the spaces. We introduced our first social learning space which has proved popular.

During the year we branded and relaunched both our student and staff portals. These now have improved navigation, better search facilities and a more up to date appearance. We also updated our library resource discovery system to give students a better experience.

In 2015/16 we look forward to the opening of an additional library, the Naylor Library, adding up to 300 extra study spaces. This will include social learning space and collaborative space as well as individual study spaces. It will also contain some of the latest learning technologies for students such as smartboards and IMacs. In addition, 2015/16 will see the provision of a dedicated Law Library, a dedicated study space for postgraduate research students, an additional 100 online journals from Oxford University Press and an additional 15,000 e-books available.

### **Facilities and Services**

The University has continued to improve and upgrade the estate through its planned program of works and investment. With the acquisition of leased space at 60 Waldegrave Road that provides additional teaching and learning space and imminent central services moves into Twickenham, focus has returned to improvements to the general academic teaching space and residential estate as a new long term estates development master plan is created. Over the last 12 months a number of projects have been initiated and completed, most notably the acquisition of a new building Trackside House, but also the new student hub, creation of new finance, fees and international office spaces, a new digital TV studio, improved and enlarged nutrition suite, the creation of additional teaching spaces at Teddington Lock, the refurbishment of the Teddington Lock pavilion, and finally the creation and delivery of the new Naylor Library.

Estates continue to actively monitor the local property market whilst liaising with the local authority and external professionals in order to ensure any potential collaboration or development opportunities that might assist with space provision or availability are not missed.

2015/16 looks set to be another exciting and progressive year for the University as the Estates team continue to progress space reallocation and refurbishment and the development of a new 10 year estates development master plan.

The University will continue 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.

### **Sustainability and Environmental Activities and Achievements**

The University has in place an Environmental Statement and Energy Policy which seeks to promote a cultural and physical change to energy use and conservation at the institution. This policy is supported by a variety of 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.

## Year in Review (continued): Year ended 31 July 2015

Building on the success of the Universities sports block that incorporates a piled geo-thermal Ground Sourced Heat Pump system, subsequent projects have included creation of additional learning space to a vacant roof space, de-centralisation of boiler systems to localised high-efficiency systems and the replacement of tungsten lighting with LED systems. Fittings are also accompanied by additional motion detectors that assist with the efficient control of lighting and reduce usage of electricity.

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

Underpinning our commitment to energy reduction, the University participates in the Higher Education Carbon Management Plan Programme, which is recognised by HEFCE and hosted by the Carbon Trust. As part of the carbon management plan for the University, Estates monitors emissions and reports progress of projects brought about by the strategy to the Estates Committee whilst maintaining energy assistance pages on the portal.



## Statement of Responsibilities of the Board of Governors: Year ended 31 July 2015

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 Directors' Report, the Strategic 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 statements 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 Memorandum of Assurance and Accountability 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.

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 2015**

We have audited the financial statements of St Mary's University for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, the Statement of Group Historical Cost Surpluses and Deficits, the Statement of Group Total Recognised Gains and Losses, the 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](http://www.frc.org.uk/auditscopeukprivate).

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

## **Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2015 and of the Group's income and expenditure, historical cost surplus, recognised gains and losses, and statement of cash flow for the year ended 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 (continued): Year ended 31 July 2015**

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

In our opinion, in all material respects:

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

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

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



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

27 November 2015

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 2015

	Notes	2015 £'000	2014 (restated) £'000
<b>Income</b>			
Funding body grants	1	3,683	6,620
Tuition fees and education contracts	2	33,941	27,121
Research grants and contracts	3	33	71
Other income	4	8,100	7,584
Endowment and investment income	5	133	156
		<b>45,890</b>	<b>41,552</b>
<b>Expenditure</b>			
Staff costs	6	27,700	24,004
Other operating expenses	7	12,495	11,187
Depreciation and impairment	10	2,426	2,367
Interest and other finance costs	8	263	328
		<b>42,884</b>	<b>37,886</b>
<b>Surplus after depreciation of tangible fixed assets at valuation and before tax</b>		<b>3,006</b>	<b>3,666</b>
Taxation		—	—
<b>Surplus after depreciation of assets at valuation and tax</b>		<b>3,006</b>	<b>3,666</b>
Surplus on disposal of assets		—	—
Surplus for the year retained within general reserves	17	<b>3,006</b>	<b>3,666</b>
All activities are continuing.			

The notes on pages 35 to 56 form part of these financial statements.



## Statement of Group Historical Cost Surpluses and Deficits: Year ended 31 July 2015

	Notes	2015 £'000	2014 (restated) £'000
<b>Surplus on continuing operations before taxation</b>	17	<b>3,006</b>	3,666
Difference between historical cost depreciation and actual charge for year calculated on re-valued amount	19	<b>189</b>	189
<b>Historical cost surplus for the year before and after taxation</b>		<b>3,195</b>	3,855

The notes on pages 35 to 56 form part of these financial statements.

## Statement of Group Total Recognised Gains and Losses: Year ended 31 July 2015

	Notes	2015 £'000	2014 (restated) £'000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax	17	3,006	3,666
Actuarial (loss) / gain in respect of pension scheme	18	(1,467)	(3,956)
<b>Total recognised (loss) / gain relating to the year</b>		<b>1,539</b>	<b>(290)</b>
<b>Reconciliation</b>			
Opening reserves and endowments		28,894	29,431
Prior period adjustments		—	(247)
Total recognised gains for the year		1,539	(290)
<b>Closing reserves and endowments</b>		<b>30,433</b>	<b>28,894</b>

The notes on pages 35 to 56 form part of these financial statements.

# Balance Sheet: As at 31 July 2015

Company Registration Number 5977277

		Consolidated	University	Consolidated	University
	Notes	2015 £'000	2015 £'000	2014 (restated) £'000	2014 (restated) £'000
Tangible fixed assets	10	42,389	41,897	40,626	40,114
<b>Current assets</b>					
Stocks		44	19	44	23
Debtors	12	1,134	1,437	1,325	1,537
Cash at bank and in hand		11,207	11,003	10,722	10,658
		12,385	12,459	12,091	12,218
Creditors: amounts falling due within one year	13	(4,816)	(4,762)	(5,596)	(5,527)
<b>Net current assets</b>		7,569	7,697	6,495	6,691
<b>Total assets less current liabilities</b>		49,958	49,594	47,121	46,805
Creditors: amounts falling due after more than one year	14	(3,393)	(3,393)	(3,988)	(3,988)
		46,565	46,201	43,133	42,817
Provision for liabilities and charges	15	(2,518)	(2,518)	(2,083)	(2,083)
<b>Net assets excluding pension liability</b>		44,047	43,683	41,050	40,734
Net pension liability	18	(7,551)	(7,551)	(6,218)	(6,218)
<b>Total net assets including pension liability</b>		36,496	36,132	34,832	34,516
<b>Deferred capital grants</b>	16	6,063	6,063	5,938	5,938
<b>Reserves</b>					
Income and expenditure account, excluding pension reserve	17	27,701	27,337	24,640	24,324
Pension reserve	18	(7,551)	(7,551)	(6,218)	(6,218)
Income and expenditure account including pension reserve		20,150	19,786	18,422	18,106
Revaluation reserve	19	10,283	10,283	10,472	10,472
<b>Total Funds</b>		36,496	36,132	34,832	34,516

The notes on pages 35 to 56 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Governors on 26 November 2015 and were signed on its behalf by:



Bishop Richard Moth  
Governor (Chairman)



Francis Campbell  
Governor (Vice-Chancellor)

## Consolidated Cash Flow Statement: Year ended 31 July 2015

	Notes	2015 £'000	2014 (restated) £'000
<b>Net cash inflow from operating activities</b>	20(a)	<b>5,481</b>	<b>4,468</b>
<b>Returns on investments and servicing of finance</b>			
Other interest received	5	51	50
Interest paid	8	(274)	(333)
		<b>(223)</b>	<b>(283)</b>
<b>Capital expenditure and financial investment</b>			
Payments made to acquire fixed assets	10	(4,049)	(5,023)
Deferred capital grants received	16	440	259
		<b>(3,609)</b>	<b>(4,764)</b>
<b>Net cash (outflow) / inflow before financing and management of liquid resources</b>		<b>1,649</b>	<b>(579)</b>
Management of liquid resources	20(b)	363	1,566
Financing	20(c)	(1,130)	(1,084)
<b>(Decrease) / increase in cash in year</b>	20(d)	<b>882</b>	<b>(97)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
		<b>2015 £'000</b>	<b>2014 £'000</b>
(Decrease) / increase in cash in the year		882	(97)
(Decrease) / increase in short term deposits	20(b)	(363)	(1,566)
Decrease in debt financing	20(c)	1,130	1,084
Change in net funds in year		1,649	(579)
Net funds at 1 August		5,569	6,148
<b>Net funds at 31 July</b>	20(d)	<b>7,218</b>	<b>5,569</b>

The notes on pages 35 to 56 form part of these financial statements.



## Statement of Accounting Policies: Year ended 31 July 2015

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 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.

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.



## **Statement of Accounting Policies (continued): Year ended 31 July 2015**

The assets of the LBRTSS are measured using closing market values. LBRTSS 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.

### **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.



## Statement of Accounting Policies (continued): Year ended 31 July 2015

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  |

### Heritage assets

Heritage assets are initially recognised at cost, and subsequently stated at their revalued amount. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from fair value. Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

### 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.

### 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.

## **Statement of Accounting Policies (continued): Year ended 31 July 2015**

### **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 2015

### 1. Funding body grants

	2015 £'000	2014 £'000
<b>Recurrent Grant</b>		
Higher Education Funding Council	3,038	4,883
Training and Development Agency	11	932
<b>Specific Grants</b>		
Special initiatives – HEFCE	266	259
Special initiatives – NCTL	6	149
Specific grants – redundancy compensation	47	47
<b>Deferred capital grants released in year</b>		
Buildings (Note 16)	293	323
Equipment (Note 16)	22	27
	<b>3,683</b>	<b>6,620</b>

### 2. Tuition Fees and Education Contracts

	2015 £'000	2014 £'000
Full time home and EU students	29,451	23,459
Full time international students	1,763	1,776
Part time students	2,274	1,605
Short course	453	281
	<b>33,941</b>	<b>27,121</b>

### 3. Research grants and contracts

	2015 £'000	2014 £'000
Research councils and charities	33	71
	<b>33</b>	<b>71</b>

### 4. Other income

	2015 £'000	2014 £'000
Residences, catering and conferences	6,040	5,394
Other services rendered	21	44
Other income	2,039	2,146
	<b>8,100</b>	<b>7,584</b>

### 5. Endowment and investment income

	2015 £'000	2014 £'000
Bank interest	51	50
Pension interest (Note 18)	82	106
	<b>133</b>	<b>156</b>

## Notes to the Financial Statements (continued): Year ended 31 July 2015

### 6. Staff

<b>(a) Staff costs:</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Wages and salaries	<b>23,226</b>	20,125
Social security costs	<b>1,760</b>	1,540
Other pension costs (including FRS 17 adjustments)	<b>2,714</b>	2,339
	<b>27,700</b>	24,004

### **(b) Emoluments of the Vice-Chancellor:**

Salary	<b>147</b>	99
Benefits	<b>15</b>	3
	<b>162</b>	102
Pension contributions	<b>20</b>	60
	<b>182</b>	162

Francis Campbell was appointed as Vice-Chancellor on 1<sup>st</sup> August 2014.

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

	<b>2015 Number</b>	<b>2014 Number</b>
£100,000 - £109,999	<b>2</b>	2
£140,000 - £149,999	<b>1</b>	1

### **(d) Emoluments of the Governors:**

The total emoluments of all Governors in the year amounted to £328,000 (2014: £372,000) which includes pension contributions of £42,000 (2014: £84,000). 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 five Governors during the year amounted to £3,500 (2014: £4,000).

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

	<b>Total full-time equivalents</b>	
	<b>2015</b>	<b>2014</b>
Academic schools and research	<b>305</b>	274
Academic support services	<b>109</b>	95
Estates, catering and conferences	<b>143</b>	129
Central services	<b>91</b>	78
	<b>648</b>	576



## Notes to the Financial Statements (continued): Year ended 31 July 2015

### 7. Other operating expenses

	2015 £'000	2014 (restated) £'000
Academic departments	3,172	2,932
Academic services	1,420	1,613
Premises	2,943	2,874
Residences, catering and conference	936	874
Research grants and contracts	311	223
Administration and central services	2,574	1,537
Other expenses	1,139	1,134
	<b>12,495</b>	<b>11,187</b>

Other operating expenses include:

	2015 £'000	2014 £'000
Auditors' remuneration		
External audit – audit of group statutory accounts	39	39
– audit of subsidiaries statutory accounts	6	6
Internal audit	29	46
Other services, excluding audit – taxation services	14	12
Decrease in provision for doubtful debts	(17)	(4)
Operating lease rentals – other	41	37

### 8. Interest and other finance costs

	2015 £'000	2014 (restated) £'000
Bank and other loans wholly repayable within five years	230	293
Finance charge on Strawberry Hill Trust liability	33	35
	<b>263</b>	<b>328</b>

### 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:

	2015 £'000	2014 (restated) £'000
University surplus for the year	2,957	3,653
Strawberry Hill Enterprises Ltd surplus for the year	49	13
	<b>3,006</b>	<b>3,666</b>

## Notes to the Financial Statements (continued): Year ended 31 July 2015

### 10. Tangible fixed assets

Consolidated	Freehold		Alterations and improvements	Heritage assets (restated)	Furniture, equipment and vehicles	Total
	Land £'000	Buildings £'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
At 1 August 2014	7,513	36,917	12,677	455	4,862	62,424
Additions	—	—	3,085	—	1,128	4,213
Write offs	—	—	—	—	(24)	(24)
At 31 July 2015	7,513	36,917	15,762	455	5,966	66,613
Cost	2,494	26,884	15,762	—	5,966	51,106
Valuation	5,019	10,033	—	455	—	15,507
	7,513	36,917	15,762	455	5,966	66,613
<b>Depreciation</b>						
At 1 August 2014	—	10,497	7,910	—	3,391	21,798
Charge in year	—	761	969	—	696	2,426
At 31 July 2015	—	11,258	8,879	—	4,087	24,224
<b>Net book values</b>						
At 31 July 2015	7,513	25,659	6,883	455	1,879	42,389
At 31 July 2014	7,513	26,420	4,767	455	1,471	40,626

The depreciation charge has been funded by:

	2015 £'000	2014 £'000
Deferred capital grants released (Note 16)	315	350
Revaluation reserve (Note 19)	189	189
General income	1,922	1,828
	2,426	2,367



## Notes to the Financial Statements (continued): Year ended 31 July 2015

### 10 Tangible fixed assets (continued)

University	Freehold		Alterations and improve- ments £'000	Heritage assets (restated) £'000	Furniture, equipment and vehicles £'000	Total £'000
	Land £'000	Buildings £'000				
<b>Cost or valuation</b>						
At 1 August 2014	7,513	36,172	12,626	455	4,644	<b>61,410</b>
Additions	—	—	3,085	—	1,099	<b>4,184</b>
Write Offs	—	—	—	—	(24)	<b>(24)</b>
At 31 July 2015	7,513	36,172	15,711	455	5,719	<b>65,570</b>
Cost	2,494	25,258	15,711	—	5,719	<b>49,182</b>
Valuation	5,019	10,914	—	455	—	<b>16,388</b>
	7,513	36,172	15,711	455	5,719	<b>65,570</b>
<b>Depreciation</b>						
At 1 August 2014	—	10,179	7,904	—	3,213	<b>21,296</b>
Charge in year	—	723	964	—	690	<b>2,377</b>
At 31 July 2015	—	10,902	8,868	—	3,903	<b>23,673</b>
<b>Net book values</b>						
At 31 July 2015	7,513	25,270	6,843	455	1,816	<b>41,897</b>
At 31 July 2014	7,513	25,993	4,722	455	1,431	<b>40,114</b>

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.

#### Heritage assets

The University holds a collection of artwork, furniture, and other heritage assets. The University's policy is to maintain the current holding of heritage assets as connected to the University's history, with no future acquisitions or disposals anticipated. The University maintains an inventory listing all heritage assets held, most recently updated in 2015.

Heritage assets were valued as at 31 July 2014, and as such have been brought on balance sheet as a prior period adjustment. The valuation was performed by independent external valuer, Hector Paterson and Co Ltd. There are no significant limitations on the valuation.

## Notes to the Financial Statements (continued): Year ended 31 July 2015

### 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 2015 was 2 Ordinary shares, at a cost of £2 (2014: £2).

During the year ended 31 July 2015 the University has incorporated a wholly owned US subsidiary, "St Mary's University London US Foundation", however St Mary's University London US Foundation did not trade during the year.

### 12 Debtors

	Consolidated		University	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Amounts falling due within one year:				
Debtors	511	658	462	596
Prepayments and accrued income	623	667	623	664
Amounts due from subsidiary company	—	—	352	277
	<b>1,134</b>	<b>1,325</b>	<b>1,437</b>	<b>1,537</b>

### 13 Creditors: amounts falling due within one year

	Consolidated		University	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Bank overdraft	—	34	—	—
Bank loans	596	1,131	596	1,131
Expense creditors	994	838	984	839
Social security and other taxes	29	72	29	72
Other creditors	1,023	1,424	1,002	1,411
Accruals and deferred income	2,174	2,097	2,151	2,074
	<b>4,816</b>	<b>5,596</b>	<b>4,762</b>	<b>5,527</b>



## Notes to the Financial Statements (continued): Year ended 31 July 2015

### 14 Creditors: amounts falling due after more than one year

Unsecured bank loans are repayable as follows:

	Consolidated		University	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
In one year or less	596	1,131	596	1,131
Between one and two years	418	595	418	595
Between two and five years	725	918	725	918
In five years or more	2,250	2,475	2,250	2,475
Greater than one year	3,393	3,988	3,393	3,988
<b>Total</b>	<b>3,989</b>	<b>5,119</b>	<b>3,989</b>	<b>5,119</b>

The bank finance consists of a £4,500,000 loan from Santander for the building of the new Sports Block Building. The loan, which was taken out in July 2010, is repayable at a fixed rate of 4.95% over 20 years. At 31 July 2015, the amount outstanding was £3,375,000 (2014: £3,600,000).

Also included in the bank finance is the £6 million loan from Barclays Bank plc to build new halls of residence. The loan, which was taken out in August 2005, is repayable at a fixed rate of 5.09% over 10 years. At 31 July 2015 the amount outstanding was £190,000 (2014: £926,000).

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 2015 the amount outstanding was £423,000 (2014: £593,000).

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.

## Notes to the Financial Statements (continued): Year ended 31 July 2015

### 15 Provision for liabilities and charges

	Consolidated and University	
	2015 £'000	2014 (restated) £'000
<u>Pension enhancement provision:</u>		
Balance at 1 August	357	367
Utilised in the year	(43)	(42)
Transfer from income and expenditure	33	32
<b>Balance at 31 July</b>	<b>347</b>	<b>357</b>
<u>Other specific provisions:</u>		
Balance at 1 August	939	944
Movement in the year	492	(5)
<b>Balance at 31 July</b>	<b>1,431</b>	<b>939</b>
<u>Strawberry Hill Trust Liability</u>		
Balance at 1 August	657	702
Movement in the year	(47)	(45)
<b>Balance at 31 July</b>	<b>610</b>	<b>657</b>
<u>Section 106 planning provision:</u>		
Balance at 1 August	130	130
Movement in the year	—	—
<b>Balance at 31 July</b>	<b>130</b>	<b>130</b>
<b>Total provisions and charges</b>	<b>2,518</b>	<b>2,083</b>



## Notes to the Financial Statements (continued): Year ended 31 July 2015

### 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 2.00% (2014: 2.71%) in excess of price inflation. During 2015, actual payments of £43,000 (2014: £42,000) 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 £473,000 as at 31 July 2015 (2014: £487,000).

Specific provisions include amounts related to a wage dispute on London weighting scales, legacy contractual issues 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	2015 Total £'000	2014 Total £'000
<b>Funding Council</b>				
Written down value at 1 August	5,470	468	5,938	6,029
<b>Movement during the year:</b>				
Funding grants received	—	440	440	259
Released to Income and Expenditure Account	(293)	(22)	(315)	(350)
<b>Written down value at 31 July</b>	<b>5,177</b>	<b>886</b>	<b>6,063</b>	<b>5,938</b>

## Notes to the Financial Statements (continued): Year ended 31 July 2015

### 17 General reserves

Income and expenditure reserve	Consolidated		University	
	2015 £'000	2014 (restated) £'000	2015 £'000	2014 (restated) £'000
At 1 August	18,422	18,523	18,106	18,220
Surplus after depreciation of assets at valuation	3,006	3,666	2,958	3,653
Release from revaluation reserve – depreciation	189	189	189	189
Historical cost surplus after taxation for the year	3,195	3,855	3,147	3,842
Actuarial (loss) / gain in respect of pension scheme	(1,467)	(3,956)	(1,467)	(3,956)
<b>At 31 July</b>	<b>20,150</b>	<b>18,422</b>	<b>19,786</b>	<b>18,106</b>
<b>Balance represented by</b>				
Income and expenditure account excluding pension reserve	27,701	24,640	27,337	24,324
Pension reserve	(7,551)	(6,218)	(7,551)	(6,218)
<b>At 31 July</b>	<b>20,150</b>	<b>18,422</b>	<b>19,786</b>	<b>18,106</b>

### 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 2015 was £2,713,000 (2014: £2,339,000), this included an amount of £10,000 being notional credit (2014: £10,000 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 0.3 % 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 2014 to 31 July 2015.



## Notes to the Financial Statements (continued): Year ended 31 July 2015

### 18 Pensions (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 £191.5 billion. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176.6 billion. The 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 2015 was £1,420,000 (2014: £1,425,000) of which employer's contributions totalled £1,110,000 (2014: £1,130,000) and employees' contributions totalled £310,000 (2014: £295,000).

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%. In addition the University makes lump sum contributions of £15,000 per month. The employer contributions expected to be paid into the scheme during the year ended 31 July 2016 is £1,091,000.

#### *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 2015 by a qualified independent actuary.

The major assumptions used by the actuary were:

	2015 %	2014 %
<b>Price increases</b>		
CPI	0.3	1.6
Salary increases	3.5	3.5
Pension increases	2.6	2.7
Discount rate	3.6	4.0
Expected return on assets - Equities	3.6	6.6
- Bonds	3.6	3.9
- Property	3.6	4.7
- Cash	3.6	3.6

## Notes to the Financial Statements (continued): Year ended 31 July 2015

### 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:

	<b>Males</b>	<b>Females</b>
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:

	<b>2015 £'000</b>	<b>Proportion %</b>	<b>2014 £'000</b>	<b>Proportion %</b>
Equities	<b>13,298</b>	<b>58</b>	11,807	58
Bonds	<b>3,898</b>	<b>17</b>	6,311	31
Property	<b>2,293</b>	<b>10</b>	2,036	10
Cash	<b>3,439</b>	<b>15</b>	204	1
<b>Total market value of assets</b>	<b>22,928</b>		20,358	

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

<b>Analysis of the amount shown in the balance sheet</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Total market value of assets	<b>22,928</b>	20,358
Present value of scheme liabilities	<b>(30,479)</b>	(26,576)
<b>Net pension liability</b>	<b>(7,551)</b>	(6,218)

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

Employer service cost (net of employee contributions)	<b>1,058</b>	906
Losses on curtailments and settlements	<b>-</b>	4
<b>Total operating income</b>	<b>1,058</b>	910

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

Expected return on pension scheme assets	<b>1,161</b>	1,137
Interest on pension liabilities	<b>(1,079)</b>	(1,031)
<b>Net return on pension scheme (Note 5 and 8)</b>	<b>82</b>	106

The actual return on assets during the year was £1,690,000 (2014: £1,347,000).



## Notes to the Financial Statements (continued): Year ended 31 July 2015

### 18 Pensions (continued)

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

	2015 £'000	2014 £'000
<b>Amount recognised in the statement of total recognised gains and losses (STRGL)</b>		
Actual return less expected return on pension scheme assets	529	(1,101)
Experience adjustments and the effects of changes in the assumptions underlying the Scheme liabilities	(1,996)	(2,855)
<b>Actuarial (loss) recognised in STRGL</b>	<b>(1,467)</b>	<b>(3,956)</b>

<b>Analysis of the movement in the present value of the scheme liabilities and corresponding analysis</b>	2015 £'000	2014 £'000
Opening present value of the defined benefit obligation	26,576	22,185
<b>Movement in the year</b>		
Current service cost	1,058	906
Interest cost	1,079	1,031
Contributions by members	310	295
Actuarial (gains)/losses	1,996	2,855
Losses/(Gains) on curtailments	-	4
Estimated benefits paid	(540)	(700)
<b>Closing present value of the defined benefit obligation</b>	<b>30,479</b>	<b>26,576</b>

<b>Analysis of the movement in the fair value of the scheme assets</b>	2015 £'000	2014 £'000
Opening fair value of employer assets	20,358	19,597
<b>Movement in the year</b>		
Expected return on assets	1,161	1,137
Contributions by members	310	295
Contributions by employer	1,110	1,130
Actuarial gains/(losses)	529	(1,101)
Estimated benefits paid	(540)	(700)
<b>Closing fair value of employer assets</b>	<b>22,928</b>	<b>20,358</b>

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

<b>History of experience gains and losses</b>	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Defined benefit obligation	(30,479)	(26,576)	(22,185)	(21,943)	(18,025)
Plan assets	22,928	20,358	19,597	15,934	14,334
Deficit	(7,551)	(6,218)	(2,588)	(6,009)	(3,691)
Experience adjustment on plan liabilities	157	(856)	—	(168)	(816)
Experience adjustment on plan assets	529	(1,101)	1,917	(520)	(187)

## Notes to the Financial Statements (continued): Year ended 31 July 2015

### 19 Revaluation reserve

	Consolidated and University	
	2015 £'000	2014 £'000
At 1 August	14,431	14,431
<b>Contribution to depreciation:</b>		
Balance at 1 August	3,959	3,770
Released during the year	189	189
Balance at 31 July	4,148	3,959
<b>At 31 July</b>	<b>10,283</b>	<b>10,472</b>

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

	Notes	2015 £'000	2014 (restated) £'000
Surplus on continuing operations		3,006	3,666
Depreciation, impairment and write-offs	10	2,450	2,367
Deferred capital grants released to income	16	(315)	(350)
Interest receivable	5	(51)	(50)
Interest payable	8	263	328
Pension cost less contributions payable	18	(134)	(326)
(Increase) in stocks		-	(3)
(Increase) / decrease in debtors	12	191	(162)
(Decrease) in creditors		(364)	(942)
(Decrease) / increase in provisions	15	435	(60)
<b>Net cash inflow from operating activities</b>		<b>5,481</b>	<b>4,468</b>

### 20 (b) Management of liquid resources

	2015 £'000	2014 £'000
(Decrease) / increase in short term deposits	(363)	(1,566)

### 20 (c) Financing

	2015 £'000	2014 £'000
Capital Repayment	(1,130)	(1,084)



## Notes to the Financial Statements (continued): Year ended 31 July 2015

### 20 (d) Analysis of changes in net funds

	Notes	At 1 August 2014 £'000	Cash flows £'000	At 31 July 2015 £'000
Cash at bank and in hand		1,248	848	2,096
Bank overdraft	13	(34)	34	—
		1,214	882	2,096
Short term deposits		9,474	(363)	9,111
Debt due within one year	13	(1,131)	535	(596)
Debt due after one year	14	(3,988)	595	(3,393)
<b>Total net funds</b>		<b>5,569</b>	<b>1,649</b>	<b>7,218</b>

### 21 Operating lease commitments

	Consolidated and University	
	2015 £'000	2014 £'000
Annual commitments under operating leases were as follows:		
Commitments which expire within 12 months	43	7
Commitments which expire after 2 years but before 5 years	5	64
<b>Total commitments at 31 July</b>	<b>48</b>	<b>71</b>

### 22 Capital commitments

Provision has not been made for the following capital commitments at 31 July 2015.

	2015		2014	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted	711	711	779	779
Authorised but not contracted	2,540	2,540	4,407	4,407
<b>Total commitments at 31 July</b>	<b>3,251</b>	<b>3,251</b>	<b>5,186</b>	<b>5,186</b>

## Notes to the Financial Statements (continued): Year ended 31 July 2015

### 23 Access to discretionary support funds

	2015 £'000	2014 £'000
Balance unspent at 1 August	14	4
Funding Council grants	—	97
	14	101
Disbursed to students	(14)	(84)
Audit and administration costs	—	(3)
<b>Balance unspent at 31 July</b>	<b>—</b>	<b>14</b>

### 24 Training salaries

	2015 £'000	2014 £'000
Balance receivable at 1 August	175	11
Funding Council grants	(2,174)	(2,094)
Disbursed to students	2,224	2,258
<b>Balance receivable at 31 July</b>	<b>225</b>	<b>175</b>

### 25 National Scholarship Programme

	2015 £'000	2014 £'000
Balance owed at 1 August	—	—
Funding Council funds received	176	312
Disbursed to students	(176)	(312)
<b>Balance owed at 31 July</b>	<b>—</b>	<b>—</b>

### 26 Related party transactions

Grants were paid to St Mary's Students Union amounting to £230k (2014: £214k), an organisation in which the president Mr Ryan Jones was a member of the University Board of Governors during the financial year.

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

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



## Notes to the Financial Statements (continued): Year ended 31 July 2015

### 27 Prior Period Adjustments

Two adjustments have been made to the 2014 comparative figures which were not disclosed in the prior year financial statements:

- 1) The recognition of a liability reflecting the University's obligation to make continued payments to Strawberry Hill Trust for the maintenance of Strawberry Hill House. This has the effect on 2014 comparative figures of increasing total liabilities by £657,000, decreasing expenditure by £45,000.
- 2) The recognition of heritage assets held by the University which previously were not capitalised. This has the effect on 2014 comparative figures of increasing tangible fixed assets by £455,000.

The combined effect of both adjustments is a £45,000 increase to 2014 profit and a £202,000 decrease to 2014 closing reserves.

Both prior period adjustments have been made to the University. As such, the impact of the adjustments is the same on the Consolidated and University financial statements.

## Notes to the Financial Statements (continued): Year ended 31 July 2015

### 27 Prior Period Adjustments (continued)

The comparative figures have been restated as follows:

	<b>Consolidated</b>	
	<b>2014</b>	<b>2014</b>
	<b>£'000</b>	<b>(restated)</b>
		<b>£'000</b>
<b>Consolidated Income and Expenditure Account</b>		
Other Operating Expenses	11,267	11,187
Interest and other finance costs	293	328
Total Expenditure	<b>37,931</b>	<b>37,886</b>
<b>Surplus for the year retained within general reserves</b>	<b>3,621</b>	<b>3,666</b>
<b>Consolidated Statement of Group Historical Cost Surpluses and Deficits</b>		
Surplus on continuing operations before tax	3,621	3,666
Difference between historical cost depreciation and actual charge for the year on re-valued amount	189	189
<b>Historical cost surplus for the year before and after taxation</b>	<b>3,810</b>	<b>3,855</b>
<b>Consolidated Statement of Group Total Recognised Gains and Losses</b>		
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax	3,621	3,666
Actuarial (loss)/gain in respect of pension scheme	(3,956)	(3,956)
<b>Total recognised (loss)/gain relating to the year</b>	<b>(335)</b>	<b>(290)</b>
Opening Reserves and endowments	29,431	29,431
Prior period adjustments	-	(247)
Total recognised gains for the year	(335)	(290)
<b>Closing reserves and endowments</b>	<b>29,096</b>	<b>28,894</b>
<b>Consolidated Balance Sheet</b>		
Tangible fixed assets	40,171	40,626
Provision for liabilities and charges	(1,426)	(2,083)
<b>Total Net Assets including pension liability</b>	<b>35,034</b>	<b>34,832</b>
Income and expenditure account, including pension reserve	18,624	18,422
Revaluation Reserve	10,472	10,472
<b>Total Funds</b>	<b>35,034</b>	<b>34,832</b>
<b>Consolidated Cash Flow Statement</b>		
Net cash inflow from operating activities	<b>4,433</b>	<b>4,468</b>
Other interest received	50	50
Interest paid	(298)	(333)
<b>Net interest</b>	<b>(248)</b>	<b>(283)</b>