



CITY UNIVERSITY  
LONDON

# Financial Statements

for the year ended 31 July 2015

## Financial Statements for the year ended 31 July 2015

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**Membership of Council**.....

**Period 1 August 2014 to 27 November 2015**

**Chancellor**

The Right Honourable The Lord Mayor of London

**Pro-Chancellor and Chair of Council**

Mr R Woodward

**Deputy Pro-Chancellor and Deputy Chair of Council**

Mr R Bright

**Vice-Chancellor**

Professor P Curran

**Independent Members**

Sir B Barber

Professor Sir D Bone (until 31 December 2014)

Dame L Brindley

Mr A Friend

Professor I Gray

Mr A Halper (to 31 July 2015)

Mr A Haxby (from 1 February 2015)

Dr N Hodson (from 1 February to July 2015)

Ms P Hird

Ms J Legrand (from 1 August 2015)

Dr J Low

Mr K Murphy (to 31 July 2015)

Ms H Nouss

Ms C Regan (to 31 July 2015)

**Staff and Student Members**

Ms R Amin (to 30 June 2015)

Mr S Avery

Professor D Bolton

Ms I Cooke (from 1 July 2015)

Professor S Haberman

Ms M Luckiram

Professor S Newman

**Honorary Rectors (not a member of Council)**

The Hon. Mr A Bagri

Professor Sir D Bone (from 1 January 2015)

**Senior Elected Senator (not a member of Council)**

Dr O Kerr

**Vice-Chancellor and other Key Officers – current**

Professor P Curran, Vice-Chancellor

Professor D Bolton, Deputy Vice-Chancellor

Professor S Newman, Pro Vice-Chancellor, International (part time) (from 1 August 2014)

Professor J Fothergill, Pro Vice-Chancellor, Research & Enterprise

Professor R Verrall, Pro Vice-Chancellor, Strategy & Planning

Professor R Crouch, Dean, School of Mathematics, Computer Science and Engineering

Professor K Grattan, Dean, City Graduate School

Professor S Haberman, Dean, Cass Business School (to 31 October 2015)

Professor M Lewis, Dean, Cass Business School (from 1 November 2015)

Professor A Jones, Dean, School of Arts and Social Sciences

Professor C Stychin, Dean, City Law School

Professor S Newman, Dean, School of Health Sciences

Mr S Avery, Chief Financial Officer

Ms M Luckiram, Director of Human Resources

Mr F Toop, University Secretary (until 31 August 2015)

Dr W Jordan, University Secretary (from 1 September 2015)

## Operating and Financial Review (Chief Financial Officer's Report)

### Scope of the Financial Statements

The financial statements comprise the consolidated results of the University, its subsidiary and the Students Union.

### Results for the year

The consolidated income and expenditure account shows:

	2015 £M	2014 £M
Income	207.7	189.5
Expenditure	208.0	199.4
<b>Operating Deficit</b>	<b>(0.3)</b>	<b>(9.9)</b>
Transfer from accumulated income within endowments	1.8	2.2
<b>Surplus/(Deficit)</b>	<b>1.5</b>	<b>(7.7)</b>

The University is reporting a better than forecast overall surplus of £1.5M. This is in contrast to the deficit of £7.7M last year. The majority of the surplus this year is related to increased income and effective cost control, whilst still enabling the University's planned investments associated with the *Strategic Plan 2012-2016*, in particular the investment in new academic staff, estates, IT and Library infrastructure.

### Income

The table below further analyses income compared to the prior year:

	2015 £M	2014 £M
Funding Council grants	21.5	26.5
Tuition fees, excl. NHS contracts	143.0	122.8
NHS contracts	17.1	17.5
Research grants and contracts	13.1	10.1
Other income	13.0	12.6
<b>Total operating income</b>	<b>207.7</b>	<b>189.5</b>

Total operating income increased by £18.2M (9.6%) to £207.7M.

Funding Council grants (HEFCE) decreased by £5.0M to £21.5M largely related to the reduction in teaching grant consequent on the transition to the new fee regime and funding rate changes as advised by HEFCE. The majority of funding for new intake UK and EU undergraduates is now received as fee income rather than through the Funding Council grant. HEFCE grants continue to represent a diminishing proportion of our total income, now standing at 10.3%.

Tuition fee income (excluding NHS educational contracts) increased by £20.2M (16.4%), to £143M. Tuition fees from Home and EU students increased by £11.5M. This reflects increased student numbers and the final year of the transition to the new student funding regime. Overseas students increased by £8.5M, due to a combination of fee and student number increases. Income from other sources (including continuing professional development and executive education fees)

increased by £0.4M. Income received from contracts with the NHS fell by an expected £0.3M to £17.1M.

Income from research grants and contracts increased by £3.0M, to £13.1M and is reflective of the investment in new research excellent academic posts and increased focus in this area.

Endowment and investment income has decreased by £0.1M. This is due to depressed investment market returns, less cash being available to invest as a result of the *Strategic Plan 2012-2016* investments and the transfer of investments to institutions with a lower risk profile (and hence lower return) as per the University's Investment Policy.

### Expenditure

The table below analyses expenditure compared to the prior year:

	2015 £M	2014 £M
Staff costs (excluding restructuring)	118.5	115.2
Staff restructuring costs	1.2	2.1
Other operating expenses	70.5	67.7
Depreciation	17.8	14.4
<b>Total operating expenditure</b>	<b>208.0</b>	<b>199.4</b>

Staff costs, excluding restructuring, increased by £3.3M (2.9%), reflecting the investment in new academic posts and action taken to reduce the cost base through the Professional Services Review.

Other operating expenses, increased by £2.8M (4.1%) compared to the previous year, reflecting investment in implementing the *Strategic Plan 2012-2016* and the increased costs associated with the increase in teaching and research activities.

Depreciation for the year increased from £14.4M to £17.8M reflecting the strategic investment in estates and IT.

### Capital projects

The value of tangible fixed assets increased to £155.6M during the year with significant additions of £28.2M, of which £20.4M relates to building improvements and £7.8M relates to fixtures, fittings and equipment. This increase is indicative of the third year of investment in the University's estates strategy, which forms part of the University *Strategic Plan 2012-16*.

### INTO City LLP

INTO City LLP is a joint venture between the University and INTO University Partnerships Limited which began trading in January 2010. Its principal activity is the provision of pre-University education for international students, with the intention that a significant proportion of those students progress to degree level programmes at City University London. A 50% share of the gross assets and liabilities is included in the University's balance sheet and 50% of its net income is reported in the University's consolidated income and expenditure account. The

## Operating and Financial Review (Chief Financial Officer's Report)

accounting impact for the University's share of the joint venture's results in 2014/15 was a £0.2M loss.

### Cash flow

The University's balance sheet shows a balance of cash, short-term investments and endowment cash funds of £29.9M at the year end, a decrease of £17.3M over the previous year. The cash inflow from operating activities plus net investment returns was £7.4M, with an equivalent outflow of £24.7M for investment in capital and financial assets.

Despite these planned cash outflows, the University's cash position remains relatively healthy. Cash and short-term investment balances are expected to reduce in the coming year as the University continues to implement planned investments in information services and estates.

### Investments

The University's investments continue to be managed in accordance with its Investment Policy. The primary objectives of the policy are capital preservation and liquidity and the level of risk and yield are therefore low. At the year-end the University has £22.9M of its investments held in cash or cash equivalent deposits, with the remaining £7.0M in investment grade term deposits of up to one year with UK banks.

### Pensions

The University participates in two multi-employer defined benefit pension schemes, the Universities Superannuation Scheme (USS) and the local government scheme which in London is managed by the London Pensions Fund Authority (LPFA).

Nearly 80% of staff members are in the USS. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions. The University is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis and therefore, as required by FRS17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. The scheme was subject to a triennial valuation as at 31 March 2014 and changes to address the deficit are currently being implemented.

The University is continuing to monitor the progress of the sector wide USS consultation. Its impact on the University's finances will be reflected in future financial statements as soon as the consultation has concluded and also in line with new accounting practices arising from the adoption of FRS102 and HE SORP changes.

The LPFA scheme currently shows an FRS17 deficit of £32.1M for City University London, an increase of £7.4M from £24.7M at the previous year end. The present value of the fund's liabilities for City University London has increased by £10.0M to £79.6M and assets have increased in value by £2.6M to £47.5M. City University London's share of the LPFA scheme deficit is reflected in the balance sheet in accordance with FRS 17. This calculation reflects the position of the fund on one particular day based on a prescribed set of assumptions and does not determine the contributions that employers pay into the fund.

The contribution level is set based on the actuary's recommendation following the revaluation, which last took place in March 2013.

### Subsidiaries

The significant majority of activity is within the University. The University's only active wholly owned subsidiary is *City Foundations Limited*, which began trading in January 2010 and owns 50% of the joint venture with the INTO Group. The results for INTO City LLP have been incorporated into the consolidated income and expenditure account and the balance sheet.

### Financial Indicators

The University continues to monitor several key financial performance indicators, as indicated below:

	2015	2014	2013
Historical cost surplus/(deficit) as a % of total income	(0.2%)	(5.1%)	3.5%
Discretionary reserves excluding pension asset/(liability) as a % of total income	54.7%	58.6%	63.9%
External borrowing as a % of total income	0%	0%	0%
Net cash flow as a % of total income	3.2%	(4.7%)	5.0%
Net liquidity days	44	81	169
Staff costs as a % of total income	56.1%	60.3%	61.2%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	£16.7M	£4.5M	(£4.6M)
Current assets to current liabilities (current ratio)	0.9	1.1	1.7

The indicators show that the University continues to be financially strong with no borrowings required or utilised over the last year. The expected decline in cash flow and liquidity performance is consistent with the University's program of planned strategic investment in research excellent academic staff, estates and IT. These indicators are forecast to improve over time, as the University's income increases, relative to its expenditure.

### Risk Management

Risk management is currently addressed at strategic, operational and project level, and is periodically reviewed by the Council, Audit and Risk Committee, Executive Committee, School Executive Committees and Project Boards. The reviews consider the addition or deletion of risks and the reassessment

**Operating and Financial Review (Chief Financial Officer's Report)**.....

of impact and probability, as well as the adequacy of action being taken to mitigate risk.

The Audit and Risk Committee receives risk management reports and assures Council on the effectiveness of arrangements for risk management. The work carried out during the year has given particular recognition to the risks that will bear directly upon the ability of the University to achieve the City strategy for 2016.

**Financial strategy and future outlook**

The new funding regime for home and EU undergraduates came into effect for the 2012 intake. The shape of the government's reforms to tuition fees and student support is now clearer although further change is possible. The University has a relatively low dependence on government funding in comparison with the sector and it has a strong balance sheet with a good level of reserves and no borrowing. The University's dependency on government funding will reduce further as direct teaching funding continues to be replaced by tuition fees funded by student loans over the next year.

The University's *Strategic Plan 2012-2016*, was approved by Council in March 2012 and this was the third full year of implementation. The University's financial plan enables that plan by ensuring that resource is deployed where it is required to secure outcomes that are consistent with the Plan, while securing the short and medium-term sustainability of the institution. This has inevitably resulted in a period in which reserves are drawn-down in a planned manner, giving rise to an annual deficit in this year's income and expenditure account. Work on the University's new vision and strategy going through to 2026 has begun and will be finalised over the coming year.

**Going concern**

The Chief Financial Officer, on behalf of the Executive Committee, has conducted an assessment of whether the University is a going concern. This assessment has been conducted with reference to the guidance produced by the Financial Reporting Council in October 2009 'Going Concern and Liquidity Risk'. Particular note has been taken of the need to ensure the exercise is proportionate to the size and level of financial risk and complexity of the organisation. The review covers a 12 month period from the date of signing the financial statements and concludes that there are no material uncertainties that cast significant doubt about the ability of the University to continue as a going concern.

The University has a positive balance of cash and investments of £22.9M at the balance sheet date and no external borrowing. Sources of income for the year ahead have been largely secured through grant income from HEFCE, contract income from the NHS and tuition fees from registered students. The cash flow forecast for the next 12 months reveals positive cash balances throughout this period. The University has no external debt and no liabilities, contingent or otherwise, that would pose a threat to its operation in the coming year. The Statement of University Council's Responsibilities and the Corporate

Governance Statement summarise the arrangements in place for the on-going identification and management of risk. The University has therefore a reasonable expectation that adequate resources exist to continue operations for the foreseeable future and the going concern basis continues to be appropriate for preparing the annual financial statements.

Stephen Avery, Chief Financial Officer  
27 November 2015

## Corporate Governance Statement.....

The following statement is provided to enable readers of the Financial Statements to obtain a better understanding of the governance and legal structure of the University.

The University structures its governance arrangements in accordance with the recommendations of recent reviews of corporate governance, the seven Principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to Universities that has been provided by the Committee of University Chairmen (CUC) for members of Higher Education Governing Bodies in the UK (*The Higher Education Code of Governance*). The CUC operates the principle that the University should comply with the Code or provide an explanation for areas of non-compliance.

The University is an independent corporation granted the status of a University in 1966 by Royal Charter. It has charitable status (exempt from registration with the Charities Commission) and its charitable status is regulated by the Higher Education Funding Council for England.

The Charter and Statutes (amended by a supplemental Charter in 2006) prescribe the following components to City's governance:

- **Chancellor** - The Chancellor is the head of the University, who presides over the Court (Annual Stakeholders Meeting) and confers awards on behalf of the University. The Chancellor is ex-officio, the Lord Mayor of the City of London. The Chancellor is formally a member of the Council but does not attend meetings. The ceremonial and supportive role performed by the Chancellor is highly valued by the University.
- **Council** – is the supreme governing body, responsible for the affairs of the University, setting the University's strategic direction, ensuring effective management and control of the University's affairs, property and finances and determining the structure, staffing and overall composition of the University. It appoints the Vice-Chancellor, Pro-Chancellor, Deputy Pro-Chancellor and University Secretary. It has given significant delegated powers to the Vice-Chancellor through a delegations framework set out in Ordinances especially in respect of staffing and finance.
- **The Senate** – has delegated authority from Council for the enhancement of academic quality and assurance of academic standards.

### Council

Council consists of a maximum of 22 members: four members by virtue of office – the Chancellor, Pro-Chancellor, Deputy Pro-Chancellor and the Vice Chancellor; up to twelve additional independent members; and up to six members drawn from staff and students. There is a ratio of 2:1 of independent members to staff and student members. The University's Council comprised 21 members at 31<sup>st</sup> July 2015 (excluding the Lord Mayor of

London) of whom 14 were external independent members. The staff and student members include the Chief Financial Officer and the President of the Students' Union as ex-officio members of Council. Currently the remaining four staff and student members include the Deputy Vice-Chancellor, the Director of Human Resources and two Deans, one of whom is a Pro Vice-Chancellor.

Council is chaired by the Pro-Chancellor, The role of the Pro-Chancellor and Chair of Council is separate from the role of the University's Chief Executive, the Vice-Chancellor.

Council has five committees: Senate, an Audit and Risk Committee (ARC), a Corporate Governance and Nominations Committee (CGNC), a Remuneration Committee (RemCo), and a Strategy, Implementation and Performance Committee (SIPCo). All of these Committees are formally constituted with terms of reference. With the exception of Senate, each is chaired by an independent member of Council and their membership is normally limited to independent Council members, although the Vice-Chancellor is a member of CGNC and SIPCo. In some cases independent appointees are co-opted to serve on a Committee, because of their relevant expertise. There are no independent members on Senate though there is an open invitation for Council members to attend as observers. Senate is chaired by the Vice-Chancellor. Relevant members of the Executive attend the Committees as required. The independent members of Council are expected to sit on at least one Council Committee.

There are arrangements to allow the formation of a Redundancy Committee in the event of any compulsory redundancies being proposed. No Redundancy Committee met in 2014/15. However, Council had formed a Restructuring Committee for a limited duration to oversee the Professional Services Review on behalf of Council, chaired by Ms Philippa Hird. The Restructuring Committee was disestablished in July 2015.

The University normally uses executive search, (in 2014/15, this was Russell Reynolds) to assist in the appointment of members of Council and its sub-committees. It does not publicise vacancies widely as recommended in the *Higher Education Code of Governance*. The appointment process seeks to match individuals' skills and experience with the University's aims and the terms of reference and priorities of Committees. The process the University has followed seeks to strengthen Council's membership and improve the diversity of its membership.

Council members do not have service contracts or receive any payment for the work that they do for the University, apart from the re-imbursement of expenses. A term of office for a Council member is limited to three years or for such shorter period as Council may determine. Members are eligible for re-appointment but may not serve more than three terms of three years or nine years in total with the exception of a member who becomes Pro-Chancellor who can serve a further two terms of three years as Chair before then retiring from the Council. There

## Corporate Governance Statement.....

is an annual appraisal scheme for all Council members. The University maintains a Register of Interests of members of the Council, which may be viewed on the University's Governance web pages.

The appraisal scheme for Council members operates as an annual effectiveness review. The members and regular attendees of Council complete a short questionnaire which rates the performance of Council and the contribution of the individual member. It invites free text comment on the above and also the relationship between members and between the independent and executive members, where improvements could be made to existing arrangements and whether any personal development is required for the individual member. This is then followed by a meeting or telephone conversation between the member and the Pro-Chancellor. The process has been completed for 2015 and the Pro-Chancellor reported his view to the July Council on the process noting that in his view no governance changes were required. CGNC will review all the comments from the questionnaires as part of its role.

Council had six meetings in 2014/15, one of which was an away day. It had three plenary sessions on the evenings before the Council meeting and two informal dinners for the Chairs of Committees to which there is an open invitation for all independent members. The University's governance arrangements continue to seek to ensure that all Council members fully participate in all Council discussions and that there are constructive relationships between the Executive and the Council. Council's main focus continues to be monitoring and supporting the implementation of the Strategic Plan.

The University Secretary is responsible for managing the governance processes of the University and reports directly to the Pro-Chancellor. The minutes of Council appear on the governance public web pages following their approval by Council. A short report on the Council meeting is sent to all staff a day or so after the meeting and staff can access all the papers on the intranet except those that are closed. Very few papers are closed to staff as there is a classification "restricted", which allows papers to be closed to the public but open to staff on a confidential basis. The minutes and papers from Council's sub-committees are not available for staff, students, or the general public, with the exception of special arrangements for Senate.

### Audit and Risk Committee (ARC)

This Committee receives a report on the Financial Statements from the External Auditors. It reviews and scrutinises the Financial Statements and recommends their approval by Council after any necessary changes have been made. It meets in private with the external auditors. It reviews and approves the internal audit programme for the year and considers the adequacy of its resources. It considers detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with the Executive's response and implementation plans. It also has a role in reviewing the achievement of value for money within the institution and monitors the University's risk management

processes. The Committee receives reports from the Executive in order to inform its judgments – specifically an assurance from the Vice-Chancellor on Internal Controls and reports on Value for Money and Data Quality. Each year the Committee gives Council an opinion on the adequacy and effectiveness of the University's arrangements for: risk management, control, governance, value for money, and management & the quality of data submitted to HESA and HEFCE. The Committee monitors the University's compliance with the requirements of the UK Visas & Immigration department in respect of overseas students.

The Committee is chaired by an independent member of Council, Ms Hunada Nouss. The Committee membership does not include any staff members but includes two co-opted members appointed for their relevant expertise – Mr Hanif Barma and Mr James Friend. The internal and external auditors attend each meeting and the Committee regularly meets these without the Executive being present.

The Committee met four times in 2014/15. It regularly met the Vice-Chancellor without other members of the Executive or the auditors being present to discuss risk. During the year, the Committee met risk owners on a rolling programme to discuss the management of those risks in more detail. It also regularly received the risk register and commented on this before Council received the risk register, which it does on a bi-annual basis. The Committee reviews its own effectiveness and the effectiveness of the internal and external auditors on an annual basis.

### Corporate Governance and Nominations Committee (CGNC)

This Committee advises Council on matters concerning the University's corporate governance capability, structural arrangements and practices, membership of the Council and its Committees, and amendments to the Charter, Statutes and Ordinances. This Committee is also responsible for making recommendations to Council on nominations for honorary degrees. The Committee is chaired by a lay member of Council, Mr Roger Bright. The Vice-Chancellor is a member of Committee and the Deputy Chair of Senate is also a member.

CGNC met three times in 2014/15. It recommended for approval to Council: three new members of Council; the appointment of the University Secretary; the appointment of a second Honorary Rector, Professor Sir Drummond Bone; changes to Ordinances to revise the collective responsibilities of Council in light of the new Code of Practice; membership changes including the appointment of new Chairs of RemCo and SIPCo from 1<sup>st</sup> August 2015. The Committee will make recommendations to Council to revise the Charter and Statutes as the University takes forward membership of the University of London.

It reviewed the comments from the Council annual appraisal scheme. It also regularly approves the risk register in relation to governance risks.



## Corporate Governance Statement

### Remuneration Committee (RemCo)

The Committee determines the terms and conditions of the Vice-Chancellor, members of the University Executive team, the Deans, the University Secretary and the Director of Internal Audit. It also reviews and determines the remuneration for the above staff, taking into account recommendations from the Pro-Chancellor or the Vice-Chancellor, HEFCE guidance, market related factors, equal pay and other relevant legislation and the functional structure of the University. RemCo also has overall responsibility for and oversight of the remuneration of staff earning more than £100,000 though it has delegated significant powers in respect of this to the Vice-Chancellor. The Committee was chaired by an independent member of Council, Ms Carolyn Regan, in 2014/15. The Vice-Chancellor is not a member of the Committee. The Committee is advised by a Director from the Hay Group, Mr Peter Smith, and has one co-opted member, Mr Peter Blausten, appointed for his relevant expertise.

RemCo met three times in 2014/15 to consider the remuneration of senior staff. The Committee had reviewed Senior Staff Pensions' and Reward Strategy with the assistance of Aon Hewitt; received regular reports on Higher Paid Staff (i.e. earning more than £100k); and agreed a Performance Pay arrangement for Senior Staff.

### Strategy, Implementation and Performance Committee (SIPCo)

This Committee was established by Council in March 2012 for an initial three year period. In 2015 its remit was extended to allow oversight of the development of the New Vision and Strategy 2026. It gains assurance for Council on the progress of the Executive in implementing the new Strategic Plan approved by Council in 2012. The Committee also advises the Executive and Council on proposals to be brought to Council to enable the implementation of the Strategic Plan e.g., proposals for capital expenditure and financing or major structural change. The Committee keeps the Strategic Plan under review and recommends any necessary changes to Council in the light of developments within or outside the Higher Education sector. The governance objective for the Committee is to allow more scrutiny and support for the Strategic Plan but in a manner that ensures that the main responsibility continues to be held and clearly exercised by Council. The Chair of the Committee for 2014/15 was Mr Kieran Murphy. The Vice-Chancellor is the only Executive member. Council will review the role and effectiveness of the Committee in 2016. SIPCo receives a copy of the bi-annual risk register for information and can decide to review specific risks where it has concerns. It also approves the Annual Transparency Return (TRAC) to HEFCE on behalf of Council. SIPCo met six times in 2014/15 prior to each Council meeting.

### Senate

Senate has delegated authority from Council for the enhancement of academic quality and assurance of academic standards. It is chaired by the Vice-Chancellor. In 2014/15 the composition allowed 16 ex-officio positions and an equal number of members elected from the academic staff plus up to

five students and a member of staff elected from Visiting Academic Staff, making a potential total membership of up to 38. As it is possible for members of academic staff to hold more than one office, Senate in 2014/15 had a total membership of 36. Elected Members are appointed for a three year period and two elected members must be drawn from each Board of Studies Area. The elected members elect from their number a Senior Elected Senator (SES) (currently Dr Oliver Kerr) who, for a three year period, acts as a point of contact for Senate members and other academic staff if there are concerns that significant matters of academic quality and standards have not been appropriately addressed by Senate. The SES has the right to raise such matters directly with Council. The role ensures that there is an alternative route of communication to Council for members of Senate if they have concerns in respect of academic quality and/or standards that have not been addressed by the Vice-Chancellor and his/her team.

Senate delegates many of its responsibilities to the Vice-Chancellor and to other Committees. The key sub-committees are six Boards of Studies, Assessment Boards, Research Ethics Committee, Validation and Institutional Partnerships Committee and Academic Governance Committee.

Senate met six times in 2014/15. It has commenced a review of its effectiveness and discussed and agreed statements on its role and duties which Council has approved as revisions to Ordinances. It also agreed two regulations – (i) the role of Senate in major change projects and (ii) the way Senate operates. Internal Audit supports Senate in reviewing on a rolling basis processes agreed by Senate, to ensure they are operating appropriately.

Council has responsibility under the Financial Memorandum with HEFCE (replaced by a new Memorandum of Assurance & Accountability from 1<sup>st</sup> August 2014 – “HEFCE Memorandum”) for having effective arrangements to assure itself that the University has an effective framework to manage the quality of learning and teaching and to maintain academic standards. Senate provides Council with an annual assurance that the University's arrangements for the enhancement of academic quality and assurance of academic standards are adequate and effective together with a report covering its activity in the past year.

The minutes and papers are available to the public on the website although restricted papers are only available to staff and students. A short report on the Senate meeting is sent to all staff a day or so after the meeting.

### Vice-Chancellor

Council delegates authority and responsibility for the management of the institution to the Vice-Chancellor, who is the principal academic and chief executive officer of the University. He has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the HEFCE Memorandum of Assurance & Accountability, the Vice-Chancellor is the accountable officer of

**Corporate Governance Statement**.....

the University. The accountable officer is personally responsible for ensuring compliance with the HEFCE Memorandum and for providing HEFCE with clear assurances to this effect.

As Chief Executive of the University, the Vice-Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Vice-Chancellor is personally responsible for the exercise of the powers delegated to him in the delegations framework agreed by Council. The Vice-Chancellor is advised by an Executive Committee comprising the University Executive Team – (the Deputy Vice-Chancellors, Pro Vice-Chancellors, Chief Financial Officer and Director of Human Resources) – and the Deans and other key Professional Services Directors.

## Statement of the University Council's Responsibilities.....

In accordance with the University's Charter, the Council of City University London is responsible for the administration and management of City University London, including ensuring an effective system of internal control, and adopting audited financial statements for each financial year.

The Council is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of City University London and enable it to ensure that the financial statements are prepared in accordance with the University's Charter and Statutes, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of the Memorandum of Assurance & Accountability agreed between the Higher Education Funding Council for England (HEFCE) and City University London, and the HEFCE annual accounts direction, the University Council, through its designated office holder (the Vice-Chancellor), is required to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of City University London, and of the surplus or deficit and cash flows for that year. The University Council has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements, and
- it is appropriate that financial statements are prepared on the going concern basis, as the Council has satisfied itself that the University has adequate resources to continue in operation for the foreseeable future.

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance & Accountability of the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that funds relating to the contracts with the National Health Service have been properly expended on the purposes for which they have been provided;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud;

- secure the economical, efficient and effective management of the University's resources and expenditure;
- ensure that there are effective systems of risk identification and management that are based on a clearly articulated policy and approach and are aligned to the University's strategic objectives; and
- plan and conduct its financial and academic affairs to ensure that the University remains solvent.

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

- definitions of the responsibilities of, and the authority delegated to, Schools and Professional Services;
- a medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of financial results involving variance reporting and updates of forecast out-turns;
- defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to appraisal and review according to approval levels set by the University Council and the Vice-Chancellor;
- Financial Regulations, detailing financial controls and procedures;
- a professional Internal Audit Service whose annual programme is approved by the Audit and Risk Committee and is endorsed by the University Council. The Director of Internal Audit provides the University Council with an annual report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including risk management, corporate governance and value for money; and
- regular academic reviews carried out on behalf of Senate to assure academic quality and standards.

The key elements of the University's system of risk identification and management, which is designed to discharge the responsibilities, set out above, includes:

- the integration of planning, risk, KPIs and other performance indicators to provide an efficient reporting and control mechanism;

**Statement of the University Council's Responsibilities**.....

- the management of risk at strategic, school and project level to ensure that a full picture of risks is available and that significant risks are escalated to the appropriate level;
- business continuity and emergency management: ensuring plans are in place which would address any disaster and emergency situation;
- ensuring that all risks have appropriate ownership so that risks can be controlled appropriately; and
- reporting regularly to Audit and Risk Committee and then to Council on internal control and risk.

Any system of internal control or risk management is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against material misstatement or loss.

Having reviewed all available evidence, Council has satisfied itself with the adequacy of internal controls.

## Public Benefit Statement

### Introduction

City University London is an exempt charity under the terms of the Charities Act 1993. The Charity Commission requires that there must be clearly identified benefit related to the aims of the charity and that such benefits must not be unreasonably restricted by ability to pay or other considerations. In preparing this statement the trustees have had regard to this obligation and to the relevant guidance issued by the Charity Commission.

City University London's charitable purpose is to advance education, knowledge, wisdom and understanding by teaching and research, both within the University and in close association with business and the professions, for the benefit of individuals and society at large. The University, in pursuing these objects, provides benefits to a wide range of individuals and organisations and this statement offers a summary and some specific examples of such benefits. The beneficiaries include students, both undergraduate and postgraduate, charities and other philanthropic organisations, schools and colleges, the NHS, both local and national government and the local community.

### Financial support

The University is committed to providing financial support to all our students allocated on the basis of financial need and academic merit.

Support from the City Hardship Fund has been provided to over 280 students across all disciplines providing financial support to students in hardship, facing homelessness and considering withdrawing from Higher Education.

The University continues to run its undergraduate scholarship scheme, including the Lord Mayor of London Scholarships for Academic Excellence, which provides up to £3,000 per academic year to students who achieve ABB or higher in their 'A' levels and meet on-going progression criteria.

### Widening Access

The University's Access Agreement documents the many and various ways in which the University preserves and expands opportunities for access to the benefits available from its courses. These include outreach work targeted at underrepresented groups in local schools and colleges. The activities include mentoring for young people, tutoring, university visits, careers guidance, master classes and early engagement with primary school pupils.

A series of events took place in 2014/15 to celebrate contributions towards the local community. These included Volunteering Awards in March 2015, CityBuddies and Professional Mentoring Awards in August 2015 and Widening Participation Outreach Awards in June 2015, recognising achievements and commitment to CityOutreach initiatives, such as UniMentors, Taster Weeks, Visit Days from staff, students and local schools and colleges. Around 2,500 students contribute to the University and the local community through

schemes organised by the Student Development and Widening Participation Outreach teams.

The University has provided a series of commitments to enhance current provision and to develop new activity to support the progression of care leavers to Further and Higher Education and to support students during enrolment and throughout their studies.

An important part of Widening Access is Widening Participation Outreach.

### Widening Participation Outreach

The University's Widening Participation Outreach team has worked with local schools and colleges to deliver activities designed to promote a fairer society. They have supported over 7,000 young people from underrepresented backgrounds, helping them to make informed decisions about their future, raising aspirations and improving attainment. The intended beneficiaries are from low participation neighbourhoods, low socio-economic groups, children in care or leaving care and those with disabilities.

During the past year the team has delivered a range of initiatives at the University, including week long subject specific university taster weeks, visit days, taster days and Master Classes. Uniquely, City offered local schools and colleges the services of a qualified Career Advisor who provided independent advice and guidance to pupils aged 10–18. Our Rising Stars programme has enabled primary school students to attend a Visit Day, subject specific Spotlight Days and receive a tutor in school.

### Widening Education Provision

This year over 4,000 local residents and workers enrolled on short courses in business and law, computing, creative industries, languages and writing.

### Volunteering

City Volunteering supports staff and students to volunteer within the local community, providing a brokerage service which currently has over 2,000 students and over 450 organisations registered on the site. Taking an active part in London Student Volunteer Fortnight and National Student Volunteering Week, City arranges numerous one-off volunteering activities to allow students with limited time to have an impact in the local community.

Last year saw the introduction of a free legal advice service organised by The City Law School for members of the local community. Postgraduate law student volunteers working with qualified lawyers were on hand to offer free, confidential and independent legal advice to provide guidance on issues across the whole range of civil law, including personal injury claims, employment, small claims, landlord and tenant disputes and consumer rights. The initiative has enabled those who could not

## Public Benefit Statement

otherwise afford legal advice to receive a high-quality consultation.

### Research

The University undertakes research in a wide range of discipline areas, generating findings that are often of direct benefit to the public and to society. Below are just a couple of examples of significant contributions in 2014/15.

As debate on the future of the NHS continued in the lead up to the General Election, City's Dr Amanda Goodall wrote an article for *The Conversation* which argued that clinicians should be running hospitals. This was based on Dr Goodall's research which found that the best hospitals are run by doctors not managers.

Earlier this year Professor Les Mayhew's research into longevity was referenced in a BBC News article entitled *Gender gap: Will men ever live as long as women?*

### City of London Academy Islington

Together with the City of London, City University London co-sponsors the City of London Academy, Islington (COLAI). It has played a key role in the Academy's transformational journey.

The challenges facing the Academy are sharp. Typically, students enter COLAI with prior attainment levels significantly below national averages. The percentage of low attainers each year is approximately twice the national average and consistently around 36%. Approximately 57% of Academy students receive free school meals and 20% are "statemented" or on School Action Plus. Furthermore, 77% are eligible for the Pupil Premium, well above the national average of 27%. This reflects the high level of deprivation in St Peter's Ward Islington and the surrounding locality.

The Academy is now housed in a new building with a new Sixth Form. It has dramatically improved outcomes for students. GCSE results doubled from 2012 to 2013 and 2014 results were higher still, with 70% of students achieving the highest grades of 5 A\*-C passes including English and Mathematics. While the recent 2015 results did not reach these levels, the progress of students continues to exceed government expectations. The percentage of students making three levels of progress in English and Maths is outstanding and percentage of students making four levels of progress is good.

### City University London:

- Has four places on the Governing Body. University nominees take lead roles in chairing the Governing Body and its Committees. Ofsted reports recognise the Governing Body to be outstanding. University Governors are valued for their input and commitment to effective governance;
- Offers an imaginative range of partnership activities for the Academy, facilitated by a designated Partnership Officer;

- Annually deploys over 20 undergraduate student tutors who work with Academy pupils to help raise standards in mathematics. This innovative project contributes to improved levels of attainment. University students benefit from the experience of teaching mathematics and working in the community and are encouraged to consider teaching as a career.

In May 2015, the Academy received three awards from the Specialist Schools and Academies Trust recognising:

- The Academy's place in the top 20% of schools nationally for high attainment;
- The Academy's place in the top 10% nationally for progress made by pupils between key stage 2 and GCSE results;
- Success in enabling students to fulfil their potential.

The Academy is now recognised locally and nationally for the commitment to improving the lives of young people of Islington and serving the local community as a vibrant centre of learning with an unrelenting determination for students to succeed.

### Strengthening the non-profit sector

This year saw Cass Business School's Centre for Charity Effectiveness (Cass CCE) celebrate its tenth anniversary. Through the work of Cass CCE, the University ensures that non-profit organisations have the same level of access to specialised leadership, management and financial expertise as the corporate sector. Cass CCE focuses on driving positive change within the non-profit sector, enabling organisations and individuals to extend their reach into wider society. This is achieved through a mix of consulting assignments, professional development programmes and five specialist MScs.

2014/15 saw the launch of new initiative focused on Social Finance and Social Impact Investing. Cass CCE delivered over 80 consulting assignments and ran over 100 professional development courses and events which engaged with over 2,600 attendees. This included the development and delivery of the highly acclaimed Lord Mayor of London's Charity Leadership Programme. This programme connected the City's financial community with charities, encouraging attendees to consider taking on the role of a charity Chair and improving the effectiveness of existing chairs.

### Environmental sustainability

The University has an enduring commitment to improving the contribution it makes to environmental sustainability.

City was awarded a First Class Award in the People & Planet Green League 2014, the UK's only comprehensive and independent green ranking of universities. City's performance in the Green League is included as a Strategic Key Performance Indicator for the University. The rankings placed City in 5th position overall, and 1st amongst London universities.

## Public Benefit Statement.....

City has also shown a university-wide commitment to reducing environmental impacts by achieving ISO14001 internal standards for its Environmental Management System.

City's sustainability programme includes a range of measures and earlier in 2015 a rooftop bee hive was installed as part of the programme of work. The colony is being cultivated by the Urban Bee Keeping. Bees are a vital part of biodiversity but a decade ago their numbers were diminishing. Thanks to projects like City's, the UK's bee population has seen a resurgence. It is hoped that City's hive will produce up to 20kg of honey when it matures next year.

### **CitySport**

The new *CitySport* was opened in March 2015, having undergone a complete redevelopment which has resulted in a much-improved facility with an Olympic quality six-court sports hall, a 100 station fitness area, improved and spacious changing facilities, four multi-purpose studios and separate team changing areas. There is full disabled access and the venue is already providing a valuable resource for University students, staff and members of the public. This is powerful evidence of our increased level of investment in student, staff and community facilities. The opening with Olympic gold medal winning cyclist Dani King was a splendid occasion and received a considerable amount of media interest.

### **Local employment and economic growth**

City students benefit from an extensive programme of extra-curricular enterprise education activities with rapidly developing links to the Tech City start-up environment, with the aims of developing entrepreneurship, fostering start-ups and increasing employability.

The City Law School runs a student employability initiative which also supports early-stage Tech City companies. Start-Ed is a *pro bono* clinic which uses students in conjunction with staff from local legal firms to provide free legal advice to start-ups. Over 250 local start-up companies received advice in 2014/15 and five City law students were placed in funded internships with start-up companies or social enterprises through the Start-Ed Student Accelerator.

City's internal temping agency, Unitemps, continues to help students secure part-time and temporary work while they study, giving them the opportunity to develop the transferable skills that are in demand from employers and the ability to articulate these when looking for a graduate position. We are seeing an increasing number of local residents who register with the service to secure part-time work, as well as local small businesses that are keen to use Unitemps to fill their staffing needs.

All employees of the University are now paid above the London Living Wage (LLW), which is currently £8.80 per hour following

new cleaning and catering contracts that came into force in August 2014.

### **Supporting those in need**

The University collaborates with the Centre for London, a politically independent not-for-profit think tank focusing on the economic, social and environmental issues facing the capital. The University is also a member of the BIG Alliance, which works to connect businesses to local people alongside public and community partners, to drive the agenda for social, economic and infrastructural change for East London and Islington.

### **Cultural impact**

The University makes a significant contribution to cultural life in this vibrant area of London through shared use of our facilities and investment in the local area. For example, recently a local community group, Finsbury and Clerkenwell Volunteers, held a tea dance for elderly local residents at City University London in Northampton Square. Supported by 15 volunteers, the event was attended by 60 local residents.

**Independent Auditor's Report to the Council of City University London**.....

We have audited the group and University financial statements (the "financial statements") of City University London for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, the Group and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Group Total Recognised Gains and Losses, the Accounting Policies 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 Council of City University London, in accordance with the Charters and Statutes of the institution. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it 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 Council for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Council and auditor**

As explained more fully in the Statement of the University Council's Responsibilities set out on page 10 the Council is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Operating and Financial Review and the Corporate Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended; and

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's Accounts direction to higher education institutions for 2014-15 financial statements.

**Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992**

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes
- 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 corporate governance and internal control requirements of HEFCE's Accounts direction to higher education institutions for 2014-15 financial statements have been met.

Andrew Sayers  
For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London E14 5GL

27 November 2015



## Statement of Accounting Policies

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### 1 Basis of Preparation

These Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP): 'Accounting for Further and Higher Education' as modified for the effect of Financial Reporting Standard 17 'Retirement Benefits' which requires that the University's share of the surplus or deficit of the London Pensions Fund Authority Scheme (see Accounting Policy 5, below) is recognised as an asset or liability on the Balance Sheet. These Financial Statements have been prepared in accordance with applicable Accounting Standards. They comply with the Annual Accounts direction published by the Higher Education Funding Council for England (HEFCE).

### 2 Basis of Accounting

The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain Fixed Assets and Investments, and are prepared on the going concern basis.

### 3 Basis of Consolidation

The Financial Statements of the University are consolidated to include all its subsidiary undertakings, including the City University London Students' Union, for the financial year ended 31 July (the group accounts). Intra-group sales and profits are eliminated fully on consolidation. The Income and Expenditure Account of City University London is not presented separately within these consolidated Financial Statements.

### 4 Recognition of Income

Income from Research Grants, Contracts and other Services Rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

Income from specific endowments and specific donations is included to the extent of the completion of the relevant project concerned, together with any related contributions towards overhead costs.

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

Recurrent grants from HEFCE are recognised in the period in which they are receivable. HEFCE grants for specific projects are included to the extent of the completion of the contract or project concerned. Non-recurrent grants from HEFCE or other bodies received in respect of the acquisition or construction of fixed assets are treated as Deferred Capital Grants and released to income in line with depreciation over the life of the assets.

Fee income is credited to the income and expenditure account over the period in which students are studying. Where an

amount of the tuition fee is waived, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

### 5 Recognition of Expenditure

Expenditure on both goods and services is recognised in the period that it is incurred.

Where expenditure has been incurred but has not yet been invoiced for, that expenditure is accrued and a creditor for the relevant amount is recorded in the Balance Sheet.

Where expenditure has been incurred but that expenditure relates to a later period, the expenditure is deferred and a debtor for the relevant amount is recorded in the Balance Sheet.

Physical supplies related to retail activities are recorded as expenditure when they are sold. Where there is a gap between the date the supplies are received and their sale; they are carried as stock on the Balance Sheet.

### 6 Pension Schemes

The two main pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the London Pensions Fund Authority Scheme (LPFA). The schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P) Scheme. The Funds are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the latest actuarial valuations of the scheme and accounted for on the basis of FRS 17, except for USS, a multi-employee scheme for which contributions are charged directly to the income and expenditure account as if the scheme were a defined contribution scheme. The LPFA scheme's assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit method. The current service cost and any past service costs are included in the Income and Expenditure Account within operating expenses and the expected return on the scheme's assets is included within other interest receivable or payable. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses.

### 7 Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates for Balance Sheet purposes. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

## Statement of Accounting Policies

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### 8 Land and Buildings

Land and Buildings are shown at cost on acquisition as modified by the valuation of land acquired for the Cass Business School. As the revaluation of the land took place before the implementation of FRS 15, the University has taken advantage of the provisions within FRS 15 to freeze the value of the land at its existing valuation. Interest incurred on acquisition and construction expenditure to the date of commencement of occupation is capitalised. Improvements to buildings are capitalised where they are seen to increase the value or effective life of the building. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the University (up to 50 years) on a straight-line basis. Depreciation is provided on the cost of leasehold buildings on a straight-line basis over the period of the lease. Freehold building improvements are depreciated over their useful lives of up to 15 years. Leasehold improvements are depreciated over 15 years, or the period of the lease, if shorter.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs to 31 July. They are not depreciated until they are brought into use. Where buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a Deferred Capital Grants Account and are released to the Income and Expenditure Account over the expected useful economic life of the related asset, on a basis consistent with the depreciation policy.

Some of the University's land and buildings have been financed by government grants and are therefore inalienable, ie, they can only be disposed of in accordance with the rules set out in the Financial Memorandum with HEFCE. As noted above, all buildings and related grants are capitalised.

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.

### 9 Equipment

Equipment costing less than £10,000 per individual item or group of related items is written off to the Income and Expenditure Account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful life of three or five years. Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated as above. The related grant is credited to a Deferred Capital Grant Account and released to the Income and Expenditure Account over the expected useful life of the equipment, on a basis consistent with the depreciation policy.

### 10 Leased assets

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

### 11 Maintenance of premises

The cost of long term and routine corrective maintenance is charged to the income and expenditure account as incurred.

### 12 Investments

Endowment Asset Investments are included in the Balance Sheet at market value. The investment in University companies is stated at cost less provision for impairment in value. Current Asset Investments are included in the Balance Sheet at market value. They are managed by the University's Investment Managers. Other Investments include money on short-term deposit with a maturity date within one year of the balance sheet date.

### 13 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.

### 14 Cash at bank and in hand

Cash balances shown on the face of the balance sheet, include cash in hand, cash at bank and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid are included in cash.

### 15 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 obligation.

### 16 Reserves

The General Reserves represent all reserves, but excludes the Revaluation Reserve.

### 17 Taxation Status

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 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 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**Statement of Accounting Policies**.....

No tax charge has arisen in the year. No tax charge has arisen in any of the subsidiaries as any taxable profits are gifted to the University each year.

The University receives no similar exemption in respect of Value Added Tax. The University is a partially exempt organisation for VAT purposes and consequently input tax on its purchases is largely irrecoverable.

The subsidiary companies are subject to Corporation Tax and VAT in the same way as any commercial organisation.

**18 Joint venture entities**

The institution's share of income and expenditure in joint venture entities is recognized in the institution's income and expenditure account in accordance with FRS 9. The gross equity method is used when consolidating joint venture entities in accordance with FRS 9.

**Consolidated Income and Expenditure Account for the year ended 31 July 2015**

Note	2015	2014
	£000	£000
<b>Income</b>		
1 Funding Council Grants	21,450	26,482
2 Tuition Fees and Education Contracts	165,746	145,113
3 Research Grants and Contracts	13,146	10,145
4 Other Income	12,374	11,958
5 Endowment and Investment Income	533	660
Total Income	213,249	194,358
13 Less: share of income from Joint Venture	(5,589)	(4,856)
<b>Net Income</b>	<b>207,660</b>	<b>189,502</b>
<b>Expenditure</b>		
6 Staff Costs	118,512	115,185
6 Staff Costs - Exceptional Restructuring Costs	1,178	2,092
7 Other Operating Expenses	69,925	66,931
11 Depreciation	17,791	14,401
8 Interest Payable	391	572
<b>Total Expenditure</b>	<b>207,797</b>	<b>199,181</b>
Deficit after depreciation of assets at cost and before tax	(137)	(9,679)
13 Share of operating loss in Joint Venture	(228)	(175)
<b>Operating deficit</b>	<b>(365)</b>	<b>(9,854)</b>
10 Taxation	-	-
<b>Deficit after Depreciation of Assets at Cost and Tax</b>	<b>(365)</b>	<b>(9,854)</b>
Transfer from accumulated income within Endowments	1,880	2,120
22 <b>Surplus/(Deficit) met from General Reserves</b>	<b>1,515</b>	<b>(7,734)</b>

The Income and Expenditure Account is in respect of continuing activities.

There is no material difference between the surplus or deficit on a historical cost basis and the result for the year.

The notes on pages 22 to 38 form part of the financial statements.

**Balance Sheets as at 31 July 2015**

Note	Group 2015 £000	Group 2014 £000	University 2015 £000	University 2014 £000
<b>Fixed Assets</b>				
11 Tangible Assets	155,565	145,197	155,565	145,197
12 Investments in University companies	167	167	167	167
Other fixed asset investments	904	740	904	740
13 Investment assets - Joint Venture Loan	-	-	-	-
	156,636	146,104	156,636	146,104
14 <b>Endowment Assets</b>	12,550	11,742	12,550	11,742
<b>Current Assets</b>				
Stock	79	16	40	1
15 Debtors	14,742	11,147	14,747	11,151
16 Investments - short term deposits	-	8,508	-	8,508
Cash at bank and in hand	22,930	32,334	22,927	32,332
	37,751	52,005	37,714	51,992
17 <b>Creditors</b> - amounts falling due within one year	(43,099)	(46,510)	(43,134)	(46,534)
<b>Net Current Assets</b>	(5,348)	5,495	(5,420)	5,458
<b>Total Assets less Current Liabilities</b>	163,838	163,341	163,766	163,304
18 <b>Provisions for Liabilities and Charges</b>	(3,794)	(4,175)	(102)	(711)
<b>Net Assets excluding Pension Liability</b>	160,044	159,166	163,664	162,593
31 <b>Pension Fund Liability</b>	(32,143)	(24,715)	(32,143)	(24,715)
<b>Net Assets</b>	<b>127,901</b>	<b>134,451</b>	<b>131,521</b>	<b>137,878</b>
19 <b>Deferred Capital Grants</b>	27,586	29,535	27,586	29,535
<b>Endowments</b>				
20 Expendable	7,679	7,049	7,679	7,049
20 Permanent	4,871	4,694	4,871	4,694
	12,550	11,743	12,550	11,743
<b>Reserves</b>				
21 Revaluation Reserve	11,000	11,000	11,000	11,000
<b>Income and Expenditure Account</b>				
22 General Reserve excluding Pension Reserve	108,908	106,888	112,528	110,315
22 Pension Deficit Reserve	(32,143)	(24,715)	(32,143)	(24,715)
	76,765	82,173	80,385	85,600
<b>Total Funds</b>	<b>127,901</b>	<b>134,451</b>	<b>131,521</b>	<b>137,878</b>

The notes on pages 22 to 38 form part of the financial statements.

The financial statements on pages 19 to 38 were approved by Council on 27 November 2015 and signed on its behalf by:



Mr R Woodward  
Pro-Chancellor



Professor P Curran  
Vice-Chancellor

Financial Statements for the year ended 31 July 2015

**Consolidated Cash Flow Statement for the year ended 31 July 2015**

Note	2015 £000	2014 £000
23 Cash Inflow/(Outflow) from Operating Activities	6,852	(9,164)
24 Returns on Investments and Servicing of Finance	533	660
10 Taxation	-	-
25 Capital Expenditure and Financial Investment	(24,735)	(33,430)
Net Cash Outflow before use of Liquid Resources and Financing	(17,350)	(41,934)
26 Management of Liquid Resources	8,508	22,047
25 Financing	-	-
26 <b>Decrease in Cash in the Year</b>	<b>(8,842)</b>	<b>(19,887)</b>

**Reconciliation of Net Cash Flow to Movement in Net Funds**

Note	2015 £000	2014 £000
Decrease in Cash in the Year	(8,842)	(19,887)
26 Outflow from Liquid Resources	(8,508)	(22,047)
Movement in Net Funds in Year	(17,350)	(41,934)
Net Funds at 1 August	47,287	89,221
<b>Net Funds at 31 July</b>	<b>29,937</b>	<b>47,287</b>

**Statement of Total Recognised Gain and Losses for the year ended 31 July 2015**

Note	2015 £000	2014 £000
Deficit for the year	(365)	(9,854)
20 Gain in market value of investments	69	96
20 New Endowments	2,618	4,855
31 Actuarial loss in respect of LPFA Pension Scheme	(6,923)	(6,608)
<b>Total Recognised Losses Relating to the Year</b>	<b>(4,601)</b>	<b>(11,511)</b>
<b>Reconciliation</b>		
Opening Reserves and Endowments	104,916	116,427
Total Recognised Loss for the Year	(4,601)	(11,511)
<b>Closing Reserves and Endowments</b>	<b>100,315</b>	<b>104,916</b>

Notes on pages 22 to 38 form part of the financial statements.

**Notes to the Accounts for the year ended 31 July 2015****1 Funding Council Grants Receivable from the Higher Education Funding Council for England (HEFCE)**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Recurrent Grant</b>		
Teaching	7,214	11,894
Research	9,576	9,657
Matched Funding	-	-
	<b>16,790</b>	<b>21,551</b>
<b>Specific Grants</b>		
Higher Education Infrastructure Fund 2	1,675	1,842
National Scholarship Programme	247	459
Other Specific Grants	73	43
	<b>1,995</b>	<b>2,344</b>
<b>Release of Deferred Capital Grants</b>		
Buildings (Note 19)	2,665	2,587
	<b>2,665</b>	<b>2,587</b>
	<b>21,450</b>	<b>26,482</b>

**2 Tuition Fees and Education Contracts**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Home and EU Students	74,111	62,585
International Students	63,071	54,557
Education Contracts with National Health Service	17,118	17,458
Other Tuition Fees	11,446	10,513
	<b>165,746</b>	<b>145,113</b>

**3 Research Grants and Contracts**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Research Councils	4,001	3,089
UK Based Charities	1,999	1,215
UK Government and Health Authorities	2,137	1,609
UK Industry and Commerce	1,223	844
European Union	2,250	2,912
Other Sources	1,536	476
	<b>13,146</b>	<b>10,145</b>

**4 Other Income**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Catering and Conferences	2,465	2,323
Other Services Rendered	3,392	3,301
Donations	799	602
Release of Deferred Capital Grants (Note 19)	431	431
Other Income	5,287	5,301
	<b>12,374</b>	<b>11,958</b>

**5 Endowment and Investment Income**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Income from Endowments	311	250
Income from Other Investments	222	410
	<b>533</b>	<b>660</b>

**Notes to the Accounts** for the year ended 31 July 2015**6 Staff**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Staff Costs:		
Wages and Salaries	96,907	94,560
Social Security Costs	8,155	7,959
Pension Costs (Note 31)	13,450	12,666
	<b>118,512</b>	<b>115,185</b>
Exceptional Restructuring Costs	1,178	2,092
	<b>119,690</b>	<b>117,277</b>
Emoluments Vice-Chancellor, Professor P Curran		
Salary	294	280
Taxable Benefits in Kind	1	1
Performance Related Remuneration	16	20
Pension Contributions	47	45
	<b>358</b>	<b>346</b>

The emoluments shown have been independently determined by the Remuneration Committee, this includes performance related remuneration.

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Remuneration of higher paid staff, excluding employer's pension contributions and restructuring costs		
£100,001 - £110,000	35	31
£110,001 - £120,000	15	14
£120,001 - £130,000	12	15
£130,001 - £140,000	15	16
£140,001 - £150,000	7	12
£150,001 - £160,000	8	5
£160,001 - £170,000	2	7
£170,001 - £180,000	6	4
£190,001 - £200,000	-	1
£200,001 - £210,000	4	5
£210,001 - £220,000	1	-
£220,001 - £230,000	1	-
£230,001 - £240,000	1	-
£240,001 - £250,000	2	1
£250,001 - £260,000	-	2

The above include 14 members of staff who joined or left part way through the year and would have received remuneration in these bands in a full year (full-time equivalents).

Staff restructuring costs payable in respect of higher paid employees.	<b>£000</b>	<b>£000</b>
These costs are in respect of two staff members in 2014	-	137
Average staff numbers - full-time equivalents	<b>Number</b>	<b>Number</b>
Academic staff	862	850
Professional Services staff	1,016	1,003
	<b>1,878</b>	<b>1,853</b>

Independent Council members' expenses: Independent Council members received no remuneration (2014: £Nil). Independent Council members' expenses include out-of-pocket travel expenses. Nine of the 13 Council members received out-of-pocket travel reimbursements totaling £3,802 (2014: eight Independent Council members, £2,347) for expenses incurred directly.



**Notes to the Accounts for the year ended 31 July 2015**

<b>7 Other Operating Expenses</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Student Bursaries and Fee Remissions	10,180	8,644
Payments to Non Contract Staff and Agencies	7,786	7,360
Other Expenses	6,004	5,215
Books, Periodicals and Subscriptions	5,910	5,452
Purchase and Maintenance of Furniture, Equipment and Software	5,745	5,427
Rents, Rates and Insurance	5,895	5,231
Conference, Travel and Training Costs	4,775	4,606
Long-Term Maintenance	1,676	4,241
Publicity, Advertising and Staff Recruitment	4,238	3,990
Collaborative Partner Payments	4,074	3,150
Printing, Postage, Stationery and Telephones	2,534	2,569
Repairs and General Maintenance	1,738	2,399
Payments for Domestic and Security Contracts	2,901	2,248
Heat, Light, Water and Power	1,844	2,099
Catering and Conferences Operating Expenses	1,989	1,586
Other Professional fees	742	1,067
External Venue Hire	1,016	820
IT & Academic Consumables	582	400
Auditor's Remuneration in Respect of Other Services	132	340
Auditor's Remuneration in Respect of Other Audit Assurance Work	91	16
Auditor's Remuneration in Respect of Group UK Statutory Audits	73	71
	<b>69,925</b>	<b>66,931</b>
<b>8 Interest Payable</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Interest charge on pension benefit	391	572
	<b>391</b>	<b>572</b>

**Notes to the Accounts for the year ended 31 July 2015**

9 Analysis of Expenditure for the year ended 31 July 2015 by Activity	Staff	Other	Depreciation	Interest	Total
	Costs	Operating		Payable	
	£000	Expenses £000		£000	£000
Academic Departments	75,485	17,683	460	-	93,628
Academic Services	11,073	10,049	2,226	-	23,348
Administration	13,699	8,391	93	-	22,183
General Educational Expenditure	1,224	10,911	-	-	12,135
Student and Staff Services	6,657	1,335	47	-	8,039
Premises	4,733	14,823	14,796	-	34,352
Catering and Conferences	-	2,176	169	-	2,345
Research Grants and Contracts	6,020	3,137	-	-	9,157
Other Services Rendered	685	1,420	-	-	2,105
Other Expenditure - Pension cost adjustment	114	-	-	391	505
	<b>119,690</b>	<b>69,925</b>	<b>17,791</b>	<b>391</b>	<b>207,797</b>

The depreciation charge has been funded by:

Deferred Capital Grants Released	3,096
General Income	14,695
	<b>17,791</b>

Analysis of Expenditure for the year ended 31 July 2014 by Activity	Staff	Other	Depreciation	Interest	Total
	Costs	Operating		Payable	
	£000	Expenses £000		£000	£000
Academic Departments	73,628	16,089	371	-	90,088
Academic Services	11,245	10,533	1,802	-	23,579
Administration	13,826	6,675	76	-	20,577
General Educational Expenditure	1,203	10,779	-	-	11,982
Student and Staff Services	6,009	1,806	38	-	7,853
Premises	5,139	16,335	11,977	-	33,451
Catering and Conferences	-	1,547	137	-	1,683
Research Grants and Contracts	4,980	2,101	-	-	7,081
Other Services Rendered	751	1,066	-	-	1,816
Other Expenditure - Pension cost adjust	496	-	-	572	1,068
	<b>117,276</b>	<b>66,930</b>	<b>14,401</b>	<b>572</b>	<b>199,179</b>

The depreciation charge has been funded by:

Deferred Capital Grants Released	3,096
General Income	11,305
	<b>14,401</b>

**10 Taxation**

	2015	2014
	£000	£000
U.K. Corporation Tax Charge	-	-

The subsidiary undertaking consolidated within these accounts has no taxable profits.

**Notes to the Accounts** for the year ended 31 July 2015

	<b>Freehold Land and Buildings</b>	<b>Assets under construction</b>	<b>Leasehold Buildings</b>	<b>Equipment</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>11 Tangible Assets - Group and University Cost or Valuation</b>					
At 1 August 2014	174,785	15,064	17,812	16,537	224,198
Additions	-	20,424	-	7,735	28,159
Transfers	26,272	(29,179)	2,907	-	-
Elimination of fully depreciated items	(2,790)	-	(420)	(2,396)	(5,606)
<b>At 31 July 2015</b>	<b>198,267</b>	<b>6,309</b>	<b>20,299</b>	<b>21,876</b>	<b>246,751</b>
<b>Depreciation</b>					
At 1 August 2014	65,493	-	5,397	8,111	79,001
Charge for year	11,903	-	1,287	4,601	17,791
Elimination of fully depreciated items	(2,790)	-	(420)	(2,396)	(5,606)
<b>At 31 July 2015</b>	<b>74,606</b>	<b>-</b>	<b>6,264</b>	<b>10,316</b>	<b>91,186</b>
<b>Net Book Value at 31 July 2015</b>	<b>123,661</b>	<b>6,309</b>	<b>14,035</b>	<b>11,560</b>	<b>155,565</b>
<b>Net Book Value at 31 July 2014</b>	<b>109,292</b>	<b>15,064</b>	<b>12,415</b>	<b>8,426</b>	<b>145,197</b>

Included in the Freehold Tangible Assets is land acquired during the year ended 31 July 1999. The land was valued at £11,000,000 by Healey and Baker International Real Estate Consultants, as at 31 July 1999, on the basis of open market value and in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors.

Buildings and equipment that have been funded from Treasury sources amount to £19,425,784 (2014: £19,766,434). In the event that these were to be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the HEFCE Memorandum of Assurance and Accountability.

**12 Investments in University Companies**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Investment in University companies	167	167
	<b>167</b>	<b>167</b>

At 31 July 2015 the University owned the following subsidiary companies which are all registered in England and Wales.

<b>Company Name</b>	<b>Principle Activity</b>	<b>Class of Shares</b>	<b>Percentage Held %</b>	<b>Voting Rights %</b>
City Foundations Ltd	Member of INTO City LLP, which provides pre-University education to students	Ordinary	100	100
City Entrepreneurship Ltd	Manages the University's interest in an entrepreneurship fund created from a charitable donation – currently dormant	Ordinary	100	100

At 31 July 2015 City Foundations Ltd owned 50% of the ordinary shares in a joint venture – INTO City LLP (Note 13).

**Notes to the Accounts for the year ended 31 July 2015**

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At 31 July 2015 the University owned the following trade investments which are all registered in England and Wales, with the exception of Camineo SAS which is registered in France.

<b>Company Name</b>	<b>Principle Activity</b>	<b>Class of Shares</b>	<b>Percentage Held %</b>	<b>Voting Rights %</b>
Thomson Screening Solutions Ltd	Development of software to manage vision and hearing screening in schools	Ordinary	23	23
City Occupational Ltd	Provision of advanced vision and optometric tests	Ordinary	39	39
Heliex Power Ltd	Development of steam screw expanders to recover energy from industrial processes	Ordinary	5.8	6.2
Totempower Energy Systems Ltd	Provision of innovative solutions for domestic and community-scale wind turbines	Ordinary	25	25
Virtual Tutor	Suppliers of web-based programs providing virtual 'hands on' training in the use of intravenous devices	Ordinary	33	33
Ascending Power Ltd	Research and development on natural sciences and engineering	Ordinary	20	20
Resilsoft Ltd	Currently not trading	Ordinary	15	15
Camineo SAS	Development of software to deliver tourist information on a mobile phone	Ordinary	4	4
CVCP Properties Ltd	Owens the head office building of Universities UK	Ordinary	1	1
Warwick Advertising Ltd	Currently not trading	Ordinary	<1	<1

Companies in which the University holds significant influence have not been accounted for as associates, since their results are not material to the University.

**Notes to the Accounts for the year ended 31 July 2015****13 Investment in Joint Venture**

INTO City LLP is a joint venture between the University through its subsidiary company City Foundations Ltd and INTO University Partnerships Limited.

A 50% share of the LLP's gross assets and gross liabilities is included in the University's Group Balance Sheet and 50% of its net income is reported in the University's Consolidated Income and Expenditure Account. INTO City LLP's principal activity is the provision of academic and language courses, primarily to international students, through the operation of an International Student Centre in London. INTO City LLP has a financial year ended 31 July and its results are as follows:

	<b>2015</b> <b>(Unaudited)</b> <b>£000</b>	<b>2014</b> <b>(Unaudited)</b> <b>£000</b>
Income	11,178	9,712
<b>Loss before and after tax</b>	<b>456</b>	<b>350</b>
 Fixed Assets	 378	 360
 Current Assets	 4,641	 4,617
Liabilities due within one year	(10,423)	(9,925)
Net current liabilities	(5,782)	(5,308)
 Liabilities due after more than one year	 (1,980)	 (1,980)
<b>Total net liabilities</b>	<b>(7,384)</b>	<b>(6,928)</b>
		£000
Revolving loan to INTO City LLP at 31 July 2014 and 31 July 2015		990

This loan was advanced to INTO City LLP through City Foundations Limited.

In accordance with FRS 9 'Associates and Joint Ventures' the share in net liabilities as at 31 July 2015 has been disclosed in Note 18 Provision for Liabilities and Charges.

**14 Endowment Assets**

	<b>Group and University</b> <b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
Balance at 1 August	11,742	8,912
Endowments invested	177	902
Gain in market value of investments	69	96
Increase in cash balances held for endowment funds	562	1,832
<b>Balance at 31 July</b>	<b>12,550</b>	<b>11,742</b>
 Equity Accumulation Fund	 5,543	 5,297
Cash at bank and short term deposits held for endowment funds	7,007	6,445
<b>Total Endowment Asset Investments</b>	<b>12,550</b>	<b>11,742</b>

**Notes to the Accounts** for the year ended 31 July 2015

	<b>Group</b>	<b>Group</b>	<b>University</b>	<b>University</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>15 Debtors</b> - amounts due within one year				
Trade Debtors	4,852	3,989	4,851	3,988
Research and Other Uninvoiced Debtors	2,232	2,476	2,232	2,476
Amounts owed by Group Undertakings	-	-	6	5
Prepayments and Accrued Income	7,352	4,317	7,352	4,317
Other Debtors	306	365	306	365
	<b>14,742</b>	<b>11,147</b>	<b>14,747</b>	<b>11,151</b>

	<b>Group</b>	<b>Group</b>	<b>University</b>	<b>University</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>16 Investments</b> - short term deposits				
Deposits maturing :				
In one year or less	-	8,508	-	8,508
	<b>-</b>	<b>8,508</b>	<b>-</b>	<b>8,508</b>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority accessible within more than 24 hours without penalty at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement. As at 31 July 2015 all short term deposits were held as cash at bank or in hand.

	<b>Group</b>	<b>Group</b>	<b>University</b>	<b>University</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>17 Creditors</b> - amounts falling due within one year				
Trade Creditors	8,513	7,903	8,507	7,896
Amounts owed to Group Undertakings	-	-	36	28
Payments Received in Advance	3,566	5,581	3,566	5,581
Accruals and Deferred Income	29,174	28,090	29,174	28,090
Taxation and Social Security	454	3,180	459	3,183
Other Creditors	1,392	1,756	1,392	1,756
	<b>43,099</b>	<b>46,510</b>	<b>43,134</b>	<b>46,534</b>

**18 Provisions for Liabilities and Charges**

	<b>Group</b>	<b>University</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 August 2014	4,175	711
Utilised in year	(609)	(609)
Charge for the year	228	-
<b>Balance at 31 July 2015</b>	<b>3,794</b>	<b>102</b>

This provision is the estimated liability that will arise from agreed early retirements and voluntary severance of staff under the University's restructuring arrangements and from the Group share of deficiency in net assets within the INTO joint venture (see note 13).

**Notes to the Accounts for the year ended 31 July 2015****19 Deferred Capital Grants**

	<b>Group and University</b>		
	<b>Higher Education Funding Council for England</b>	<b>Other Grants</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balances at 31 July 2014			
Buildings	23,902	5,633	29,535
Equipment	-	-	-
	<u>23,902</u>	<u>5,633</u>	<u>29,535</u>
Cash Received			
Buildings	1,147	-	1,147
Equipment	-	-	-
	<u>1,147</u>	<u>-</u>	<u>1,147</u>
Released to Income and Expenditure			
Buildings	(2,665)	(431)	(3,096)
Equipment	-	-	-
	<u>(2,665)</u>	<u>(431)</u>	<u>(3,096)</u>
Released on Disposal of Asset			
Buildings	-	-	-
Equipment	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Balances at 31 July 2015			
Buildings	22,384	5,202	27,586
Equipment	-	-	-
	<u>22,384</u>	<u>5,202</u>	<u>27,586</u>

**20 Endowments - Group and University**

	<b>Unrestricted Permanent</b>	<b>Restricted Permanent</b>	<b>Total Permanent</b>	<b>Restricted Expendable</b>	<b>2015 Total</b>	<b>2014 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 August	147	4,547	4,694	7,049	11,743	8,912
Additions	-	1	1	2,617	2,618	4,855
Gain in market value of investments	1	60	61	8	69	96
Income for year	81	163	244	67	311	250
Expenditure for year	(41)	(88)	(129)	(2,062)	(2,191)	(2,370)
<b>At 31 July</b>	<b>188</b>	<b>4,683</b>	<b>4,871</b>	<b>7,679</b>	<b>12,550</b>	<b>11,743</b>
Represented by:						
Capital	89	4,570	4,659	7,588	12,247	11,466
Accumulated Income	99	113	212	91	303	277
<b>Total</b>	<b>188</b>	<b>4,683</b>	<b>4,871</b>	<b>7,679</b>	<b>12,550</b>	<b>11,743</b>

Set out below are details of material charitable funds.

	<b>Capital value at 31 July 2015</b>	<b>Opening accumulated income</b>	<b>Transfer from Capital</b>	<b>Investment income</b>	<b>Expenditure</b>	<b>Closing accumulated income</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Lord Mais Fund	925	-	-	31	-	31
HSBC Bank Chair	1,011	-	-	34	(34)	-
Sir J Cohen Chair	1,113	-	-	38	(38)	-
Shipping Fund	4,049	113	-	55	(127)	41
	<u>7,098</u>	<u>113</u>	<u>-</u>	<u>158</u>	<u>(199)</u>	<u>72</u>

**Lord Mais Fund**

This restricted permanent endowment was set up in 1975 as the International Banking and Finance Unit Appeal Fund under the sponsorship of Lord Mais, then Chancellor of the University and Lord Mayor of London. It supported the University's Centre for Banking and International Finance within the Cass Business School. The Fund, which was established as a Trust, has supported annual lectures and has contributed towards accommodation costs of the Department. From 1990 the Trustees agreed that the Fund would meet the cost of staff appointments in the Department and provide other support.

**Notes to the Accounts** for the year ended 31 July 2015**HSBC Bank Chair**

This restricted permanent endowment was set up in 1978 as the Midland Bank Chair. Costs of staff appointments within the Faculty of Finance are partly met from this endowment.

**Sir J Cohen Chair**

This restricted permanent endowment was set up in 1980 to support a chair in Consumer Studies. Costs of staff appointments within the Faculty of Management are partly met from this endowment.

**Shipping Fund**

This restricted expendable endowment was set up in 2007 as the Lloyds Register Educational Trust Chair in Shipping Trade and Finance. The objects of the Trust are the advancement of education, knowledge and research in all aspects of shipping, and if ancillary to shipping, all aspects of trade and finance. In addition to monies received from The Lloyds Register Educational Trust, endowments have been received from a wide range of personal and industrial donors.

21 Revaluation Reserve	Group and University	
	2015	2014
	£000	£000
<b>Balance at 31 July</b>	<b>11,000</b>	<b>11,000</b>

The Revaluation Reserve relates to land acquired for the Cass Business School.

22 Reserves - General	Group	University
	£000	£000
Balance at 1 August 2014	82,173	85,600
Movements in year	(5,408)	(5,215)
<b>Balance at 31 July 2015</b>	<b>76,765</b>	<b>80,385</b>

General Reserve	Balance at 1 August 2014	Movements	Balance at 31 July 2015
	£000		£000
General Reserve before LPFA Pension Scheme	106,888	2,021	108,908
Deficit on LPFA Pension Scheme (Note 31)	(24,715)	(7,428)	(32,143)
<b>Total</b>	<b>82,173</b>	<b>(5,407)</b>	<b>76,765</b>

**Reconciliation of reserve movements**

Income & Expenditure Account - deficit for the year	1,515
Actuarial loss in respect of LPFA Pension Scheme	(6,923)
	<b>(5,408)</b>

23 Reconciliation of Consolidated Operating Surplus to Net Cash Inflow from Operating Activities	2015	2014
	£000	£000
Deficit on continuing operations	(365)	(9,854)
Share of deficit in Joint Venture	228	175
Movements in respect of LPFA Pension Scheme	505	840
Depreciation (Note 11)	17,791	14,401
Deferred Capital Grant Released to Income (Note 19)	(3,096)	(3,018)
Endowment and Investment Income (Note 5)	(533)	(660)
(Increase)/Decrease in Stocks	(63)	8
Increase in Debtors	(3,595)	(262)
Decrease in Creditors	(3,411)	(8,927)
Decrease in Provisions	(609)	(1,867)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>6,852</b>	<b>(9,164)</b>



## Notes to the Accounts for the year ended 31 July 2015

24 Returns on Investments and Servicing of Finance	2015	2014
	£000	£000
Income from Endowments (Note 5)	311	250
Income from Other Investments (Note 5)	222	410
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>533</b>	<b>660</b>

25 Capital Expenditure and Financial Investment	2015	2014
	£000	£000
Purchase of Tangible Fixed Assets	(28,159)	(37,928)
Investment in Associates (Note 12)	-	(11)
Purchase of Other Fixed Asset Investments	(164)	(440)
Endowment funds (invested) (Note 14)	(177)	(902)
Deferred Capital Grants Received (Note 19)	1,147	996
Endowments Received (Note 20)	2,618	4,855
<b>Net cash outflow from returns on capital expenditure and financial investment</b>	<b>(24,735)</b>	<b>(33,430)</b>

26 Analysis of Changes in Net Funds	At 1 August	Cashflows	At 31 July
	2014		2015
	£000	£000	£000
Cash at Bank and in Hand	32,334	(9,404)	22,930
	<b>32,334</b>	<b>(9,404)</b>	<b>22,930</b>
Current Asset Investments			
Endowment assets	6,445	562	7,007
Other	8,508	(8,508)	-
	<b>47,287</b>	<b>(17,350)</b>	<b>29,937</b>

27 Financial Commitments at 31 July	Group and University	
	2015	2014
	£000	£000
Operating Lease Commitments on Leases Expiring:		
Within One Year	299	407
Between Two and Five Years	611	907
Over Five Years	3,179	2,405
	<b>4,089</b>	<b>3,719</b>
<b>Operating lease payments made</b>	<b>3,698</b>	<b>3,377</b>

28 Capital Commitments at 31 July	Group and University	
	2015	2014
	£000	£000
Expenditure Authorised and Contracted for	11,112	11,993
Expenditure Authorised but not Contracted for	4,400	12,702
	<b>15,512</b>	<b>24,695</b>

29 Access to Learning Funds	Group and University	
	2015	2014
	£000	£000
Funding Council Grants	-	176
Disbursed to Students	-	(176)
	<b>-</b>	<b>-</b>

Funding Council Access Grants have now ceased and the University received no grants for this purpose in 2015. Funding Council Access Grants were available solely for students. The University acted only as paying agent. The grants and related

**Notes to the Accounts for the year ended 31 July 2015**

disbursements were therefore excluded from the Income and Expenditure Account. In 2014, Access to Learning Funds were distributed as follows: £44,000 to 49 postgraduate students and £132,000 to 137 undergraduate students.

**30 Related Party Transactions**

During the year ended 31 July 2015 the University had transactions with a number of organisations which fell within the definition of Related Parties under FRS8 'Related Party Disclosures'. Transactions are disclosed where members of Council and other senior members of staff disclose an interest in a body with which the University undertakes transactions which are considered material to the University's financial statements and/or the other party. Due to the nature of the University's operations and the composition of Council it is inevitable that transactions in the normal course of business will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted in accordance with the University's financial regulations and normal procurement procedures.

Included in the financial statements are the following transactions between the University and related parties where a member of the University or senior officer was also a director or trustee of the related party.

	Income/(Expenditure)		Debtor/(Creditor) balance	
	2015	2014	2015	2014
	£000	£000	£000	£000
<b>Group Investments</b>				
Ascending Power Ltd	-	4	-	4
City Occupational Ltd	10	36	-	-
Heliex Power Ltd	381	269	870	510
Thomson Screening Solution Ltd	12	3	14	4
<b>Relationships with Lay Council Members</b>				
Arts & Humanities Research Council	150	-	(118)	-
HMRC	(35,177)	-	(2,863)	-
Innovate UK	189	-	-	-
Transport for London	465	331	192	88
The Leadership Foundation for Higher Education	(40)	(22)	(8)	-
UCL Hospital NHS Foundation Trust	(75)	-	(1)	-
<b>Relationships with Senior Executives</b>				
Homerton Hospital NHS Foundation Trust	59	(1)	(6)	-
University College London	153	-	-	-
Elsevier	(367)	(120)	12	(115)
HEFCE	21,450	26,482	-	-
City of London Academy Islington	(23)	-	-	-

**Notes to the Accounts** for the year ended 31 July 2015

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**31 Pension Schemes**

The two pension schemes for the University staff are the Universities Superannuation Scheme (USS) and the London Pensions Fund Authority Scheme (LPFA). The assets of the Schemes are held in separate trustee administered funds. The Schemes are defined benefit schemes, which are externally funded and are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. USS provides benefits to academic and related employees of all 'old' UK Universities and some other employers based on career average salary for new entrants on or after 1 October 2011 and final pensionable salary for other employees. LPFA provides similar benefits for other staff of the University. The pension costs are assessed using the projected unit method. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

	<b>USS</b>	<b>LPFA</b>
	<b>31 March 2011</b>	<b>31 March 2013</b>
Latest actuarial valuations		
Investment returns per annum (%)	6.1	3.1 - 5.9
Salary scale increases per annum (%)	4.4	4.5
Pension increases per annum (%)	3.4	2.7
Market value of assets at date of last valuation	£32,434m	£4,659m
Proportion of members' accrued benefits covered by the actuarial value of the assets (%)	92	91
Employers contribution rate (%)	16.0	20.1
Employers pension costs for current year	£9.4m	£1.4m
Employers pension costs for prior year	£9.9m	£1.5m

The market value of assets stated above relate to the total scheme assets. The USS contribution rate is standard for all institutions. It is not possible to identify the University's share of the underlying assets and liabilities in the USS scheme and hence, using the exemption under FRS 17 contributions to the scheme are accounted for as if it were a defined contribution scheme with the cost recognised in the Income and Expenditure account being equal to the contributions payable to the scheme.

**Notes to the Accounts** for the year ended 31 July 2015**Universities Superannuation Scheme**

A contingent liability exists in relation to the pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet.

The company participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The company is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014: 16%). The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £11,071,610 (2014: £10,676,231). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2011 ("the valuation date"), which was carried out using the projected unit method. At the time of USS issuing this note, the 2014 valuation is not yet finalised and is under consultation in order to agree a recovery plan which will include a reduction in future benefits and an increase in employer contributions. It is expected that employer contributions will increase to 18% from 1 April 2016.

The 2011 valuation was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £32.4 billion and the value of the scheme's technical provisions was £35.3 billion indicating a shortfall of £2.9 billion. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced for the using the following assumptions:

Assumption	2015	2014
Discount Rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	S1NA ["light"] YoB tables – No age rating
Female members' mortality	S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

**Notes to the Accounts** for the year ended 31 July 2015**London Pensions Fund Authority Scheme**

LPFA maintains a rate per institution related to assets and liabilities accruing to each individual institution. In order to comply with the requirements of Financial Reporting Standard 17, Retirement Benefits, the following additional information is disclosed in relation to the LPFA scheme.

<b>Financial Assumptions as at</b>	<b>31 July 2015</b>	<b>31 July 2014</b>
	% per annum	% per annum
Price increases - Retail Prices Index	3.5	3.5
Price increases - Consumer Prices Index	2.6	2.7
Salary increases	4.4	4.4
Pension increases	2.6	2.7
Discount rate	3.8	4.3

**Mortality**

	<b>Males</b>	<b>Females</b>
Current Pensioners	21.4 years	25 years
Future Pensioners	23.8 years	27.3 years

The assets of the LPFA scheme and the expected rates of return were:

	<b>Long Term</b>	<b>Assets at</b>	<b>Long Term</b>	<b>Assets at</b>	<b>Long Term</b>	<b>Assets at</b>
	<b>Return at</b>	<b>31 July 2015</b>	<b>Return at</b>	<b>31 July 2014</b>	<b>Return at</b>	<b>31 July 2013</b>
	<b>% per annum</b>	<b>£000</b>	<b>% per annum</b>	<b>£000</b>	<b>% per annum</b>	<b>£000</b>
Equities	6.7	21,001	6.7	19,780	6.4	21,453
Target return portfolio	6.1	9,227	6.1	12,875	4.9	13,237
Alternative Assets	n/a	-	n/a	-	5.4	6,847
Cash	3.2	6,130	3.2	6,232	0.5	456
LDI/Cashflow matching	3.4	6,867	3.4	2,749	3.4	3,652
Infrastructure	6.3	2,550	6.3	1,503	n/a	-
Commodities	6.1	213	6.1	479	n/a	-
Property	5.6	1,491	5.6	1,234	n/a	-
<b>Total</b>	<b>5.8</b>	<b>47,479</b>	<b>5.8</b>	<b>44,852</b>	<b>5.4</b>	<b>45,645</b>

**Analysis of the amount shown in the Balance Sheet**

	<b>31 July 2015</b>	<b>31 July 2014</b>	<b>31 July 2013</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fair Value of Employer Assets	47,479	44,852	45,645
Present Value of Funded Obligations	(79,622)	(69,567)	(62,912)
Present Value of Unfunded Obligations	-	-	-
Total Value of Liabilities	(79,622)	(69,567)	(62,912)
<b>Net Pension Liability</b>	<b>(32,143)</b>	<b>(24,715)</b>	<b>(17,267)</b>

**Revenue account costs**

<b>Analysis of the amount charged to operating surplus</b>	<b>31 July 2015</b>	<b>31 July 2014</b>
	<b>£000</b>	<b>£000</b>
Current Service Cost	2,235	2,230
<b>Total Operating Charge</b>	<b>2,235</b>	<b>2,230</b>

**Notes to the Accounts** for the year ended 31 July 2015

<b>Analysis of the amount charged to interest payable</b>	<b>31 July 2015</b>	<b>31 July 2014</b>
	<b>£000</b>	<b>£000</b>
Expected Return on Employer Assets	2,616	2,468
Interest Cost on Pension Scheme Liabilities	(3,008)	(3,039)
<b>Net charge</b>	<b>(392)</b>	<b>(571)</b>

<b>Analysis of Amount Recognised in Statement of Total Recognised Gains and Losses (STRGL)</b>	<b>31 July 2015</b>	<b>31 July 2014</b>
	<b>£000</b>	<b>£000</b>
Actual return less expected return on pension scheme assets	(646)	(1,700)
Experience gains and losses	-	3,161
Changes in assumptions underlying the present value of the scheme liabilities	(6,277)	(8,071)
Adjustment due to revision of prior year figures	-	-
<b>Actuarial (loss)/gain recognised in STRGL</b>	<b>(6,923)</b>	<b>(6,610)</b>

<b>Analysis of the movements in the present value of the scheme liabilities</b>	<b>31 July 2015</b>	<b>31 July 2014</b>
	<b>£000</b>	<b>£000</b>
At 1 August	69,567	62,912
Adjustment due to revision of prior year figures	-	-
Current Service Cost	2,235	2,230
Interest Cost	3,008	3,039
Contributions by Members	753	737
Unfunded Pension Payments	-	-
Estimated Benefits Paid	(2,217)	(2,164)
Actuarial Losses / (Gains)	6,276	2,813
<b>At 31 July</b>	<b>79,622</b>	<b>69,567</b>

<b>Analysis of the movements in the fair value of the scheme assets</b>	<b>31 July 2015</b>	<b>31 July 2014</b>
	<b>£000</b>	<b>£000</b>
At 1 August	44,852	45,645
Adjustment due to revision of prior year figures	-	-
Expected return on assets	2,616	2,468
Contributions by Members	753	737
Contributions by Employer	2,121	1,963
Estimated Benefits Paid	(2,217)	(2,164)
Actuarial (Losses) / Gains	(646)	(3,797)
<b>At 31 July</b>	<b>47,479</b>	<b>44,852</b>

<b>Amounts for the current and previous accounting periods</b>	<b>31 July 2015</b>	<b>31 July 2014</b>	<b>31 July 2013</b>	<b>31 July 2012</b>	<b>31 July 2011</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fair Value of Employer Assets	47,479	44,852	45,645	38,761	36,657
Present Value of Scheme Liabilities	(79,622)	(69,567)	(62,912)	(61,882)	(51,318)
Deficit	(32,143)	(24,715)	(17,267)	(23,121)	(14,662)
Experience (Losses) / Gains on Assets	(646)	(3,797)	5,276	(1,896)	529
Experience (Losses) / Gains on Liabilities	-	5,258	-	(1)	6,494
<b>Amount Recognised in Statement of Total Recognised Gains and Losses (STRGL)</b>					
Actuarial (Losses) / Gains	(6,610)	6,687	(7,995)	3,428	2,022
Cumulative Actuarial (Losses) / Gains	(13,308)	(6,698)	(13,366)	(5,387)	(8,800)

**Notes to the Accounts** for the year ended 31 July 2015

**Projected Pension Expense for the year to 31 July 2016**

**Year to  
31 July 2016**

**£000**

Service cost	2,628
Net interest of the defined liability (asset)	1,181
Administration expenses	71
<b>Total loss</b>	<b>3,880</b>

Employer contributions	2,129
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