

**Birkbeck,  
University of London**

# **Financial Statements**

**for the year ended 31 July 2015**

**PRESIDENT**

Baroness Joan Bakewell DBE

**VICE-PRESIDENT**

The Right Honourable the Lord Mayor of London

**CHAIR OF GOVERNORS**

Mr Harvey McGrath

**SENIOR MANAGEMENT OF THE COLLEGE**

**MASTER**

Professor David Latchman

**VICE-MASTER**

Professor Matthew Innes

**PRO-VICE MASTERS**

PVM Academic and Community Partnerships: Professor Matthew Weait

PVM Enterprise and Innovation: Professor Philip Powell

PVM International Links: Professor Julian Swann (from January 2015)

PVM Learning and Teaching: Professor Sue Jackson

PVM Special Projects: Professor Philip Dewe

PVM Research: Professor Stephen Frosh

PVM Strategy: Professor Matthew Innes

PVM Strategic Engagement and Recruitment: Tricia King

**EXECUTIVE DEANS**

School of Arts: Professor Hilary Fraser

School of Business, Economics and Informatics: Professor Philip Powell

School of Law: Professor Patricia Tuitt

School of Science: Professor Nicholas Keep

School of Social Sciences, History and Philosophy: Professor Miriam Zukas

**SECRETARY AND CLERK TO THE GOVERNORS**

Mr Keith Harrison

**DIRECTOR OF FINANCE**

Mr Keith Willett

**ACADEMIC REGISTRAR**

Mr Fraser Keir

**DIRECTOR OF HUMAN RESOURCES**

Mr John Kempton

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## MEMBERSHIP OF COMMITTEES 2014/15

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### THE GOVERNING BODY

Chair	Mr Harvey McGrath
Deputy Chair	Dr Ruth Thompson
Academic Board governors:	Professor Costas Douzinas
	Professor Julian Swann
Academic staff governors:	Dr Rebecca Gumbrell-McCormick
	Dr Joanne Leal
Non-teaching staff governor	Mr Richard Abbott
Student governors:	Mr Charles-Michael Berry
	Mr John Lindner
Alumnus governor	Ms Caroline Luker
Independent governors:	Mr John Biggs
	Mrs Julia Collins
	Mr Hugh Ferrand
	Mrs Joy Manners
	Ms Liz Meek
	Mr Stuart Popham
	Mr Peter Zinkin
	Mr Robert Allison
Advisor to the governors	
Ex-Officio governors who are also officers of the College:	
The Master	Professor David Latchman
The Vice-Master	Professor Matthew Innes
In attendance:	
The College Secretary and Clerk to the Governors	Mr Keith Harrison
The Director of Finance	Mr Keith Willett
The Deputy College Secretary (Governance)	Mrs Katharine Bock
The Governance and Corporate Support Coordinator	Ms Roisin Lynch

### FINANCE AND GENERAL PURPOSES COMMITTEE

Chair	Mr Hugh Ferrand
The Master	Professor David Latchman
The Vice-Master	Professor Matthew Innes
The Chair of Governors	Mr Harvey McGrath
Academic governors:	Dr Rebecca Gumbrell-McCormick
	Professor Julian Swann
Non-teaching staff governor	Mr Richard Abbott
Student governor	Mr Charles-Michael Berry
Independent governors:	Mr Hugh Ferrand
	Dr Ruth Thompson
	Mr Peter Zinkin
	Mr Robert Allison
Co-opted external member	Mrs Gillian Broadley
Co-opted external member	

## MEMBERSHIP OF COMMITTEES 2014/15 (Continued)

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### FINANCE AND GENERAL PURPOSES COMMITTEE (Continued)

In attendance:

The College Secretary and Clerk to the Governors	Mr Keith Harrison
The Director of Finance	Mr Keith Willett
The Director of Human Resources	Mr John Kempton
The Academic Registrar	Mr Fraser Keir
The Deputy College Secretary (Governance)	Mrs Katharine Bock
The Deputy College Secretary (Operations)	Ms Megan Reeves
The Governance and Corporate Support Coordinator	Ms Roisin Lynch

### NOMINATIONS COMMITTEE

Chair	Mr Harvey McGrath
The Deputy Chair of Governors	Dr Ruth Thompson
The Master	Professor David Latchman
Academic governors:	Professor Julian Swann
	Dr Rebecca Gumbrell-McCormick
Student governor	Mr Charles-Michael Berry
Independent governors:	Mrs Joy Manners
	Ms Liz Meek
	Mr Stuart Popham

In attendance:

The College Secretary and Clerk to the Governors	Mr Keith Harrison
The Deputy College Secretary (Governance)	Mrs Katharine Bock
The Governance and Corporate Support Coordinator	Ms Roisin Lynch

### REMUNERATION COMMITTEE

#### Panel A – remuneration of the Master

Chair	Mr Harvey McGrath
The Deputy Chair of Governors	Dr Ruth Thompson
Chair of the Finance and General Purposes Committee	Mr Hugh Ferrand
Independent governor	Mr Stuart Popham
Co-opted member	Mr Drummond Leslie

In attendance:

The College Secretary and Clerk to the Governors	Mr Keith Harrison
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#### Panel B – remuneration of professorial and other senior postholders

Chair	Mr Harvey McGrath
The Deputy Chair of Governors	Dr Ruth Thompson
Chair of the Finance and General Purposes Committee	Mr Hugh Ferrand
Independent governor	Mr Stuart Popham
Co-opted member	Mr Drummond Leslie
The Master	Professor David Latchman

In attendance:

The Director of Human Resources	Mr John Kempton
Personal Assistant to Director of Human Resources	Ms Jackie Williams

## MEMBERSHIP OF COMMITTEES 2014/15 (Continued)

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### EQUALITIES COMMITTEE

Chair and College Diversity Champion	Professor Les Moran
The College Dean	Dr Kate MacKenzie Davey
School representatives:	
School of Arts	Mr Anthony Shepherd
School of Business, Economics & Informatics	Dr Rebecca Gumbrell-McCormick
School of Law	Ms Patricia Costall
School of Science	Ms Bryony Stewart-Seume
School of Social Sciences, History and Philosophy	Dr Silvia Posocco
The Academic Registrar	Mr Fraser Keir
The Disability Services Manager	Mr Mark Pimm
The Director of the Centre for Learning & Professional Development	Mr Steve Hiron
The Director of Human Resources	Mr John Kempton
The Human Resources Manager (Equalities)	Ms Patricia Crampton
The Chair of the Disability sub-committee	Mr Daniel Monk
College Trade Union representative	Ms Patricia Costall (UCU)
Representative from External Relations	Mr Garmon ap Garth
Student Union representative	Mr Joshi Sidhu
In attendance:	
Personal Assistant to the Director of HR	Ms Jackie Williams

### AUDIT COMMITTEE

Chair	Mrs Joy Manners
Independent governors:	Mrs Julia Collins
	Mr Stuart Popham
Co-opted member	Mr Clive Birch
By invitation:	
The Master	Professor David Latchman
In attendance:	
The College Secretary and Clerk to the Governors	Mr Keith Harrison
The Director of Finance	Mr Keith Willett
The Deputy College Secretary (Governance)	Mrs Katharine Bock
The Deputy College Secretary (Operations)	Ms Megan Reeves
The Internal Auditor (Knox Cropper)	Mr Kevin Lally
The External Auditor (KPMG)	Mr Neil Thomas
The Governance and Corporate Support Coordinator	Ms Roisin Lynch

**MEMBERSHIP OF COMMITTEES 2014/15 (Continued)**

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**STRATEGIC PLANNING COMMITTEE**

Chair	Professor David Latchman
The Vice-Master	Professor Matthew Innes
The Pro-Vice-Masters:	
Learning & Teaching	Professor Sue Jackson
Research	Professor Stephen Frosh
Strategy	Professor Matthew Innes
International Links	Professor Julian Swann
Strategic Engagement and Recruitment	Mrs Tricia King
Academic and Community Partnerships	Professor Matthew Weait
Special Projects	Professor Philip Dewe
The College Secretary and Clerk to the Governors	Mr Keith Harrison
The Director of Finance	Mr Keith Willett
The Director of Human Resources	Mr John Kempton
The Academic Registrar	Mr Fraser Keir
The Director of Planning and Business Systems	Mr Nick Head
By invitation:	
The Executive Deans:	
School of Arts	Professor Hilary Fraser
School of Business, Economics & Informatics	Professor Philip Powell
School of Law	Professor Patricia Tuitt
School of Science	Professor Nicholas Keep
School of Social Sciences, History and Philosophy	Professor Miriam Zukas
In attendance:	
The Deputy College Secretary (Governance)	Mrs Katharine Bock
The Governance and Corporate Support Coordinator	Ms Roisin Lynch

## MISSION STATEMENT

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The principal aims of Birkbeck are to:

- Provide flexible higher education courses which meet the changing educational, cultural, personal and career needs of adults; in particular those who live or work in the London region;
- Enable adult students from diverse social and educational backgrounds to participate in our courses;
- Maintain and develop excellence in research and provide the highest quality research training in all our subject areas;
- Make available the results of research, and the expertise acquired, through teaching, publication, partnerships with other organisations and the promotion of civic and public debate.

The key supporting objectives are to:

- Offer our students an integrated range of flexible, research-led courses across all levels of provision;
- Achieve and maintain strong research cultures in support of interdisciplinary work in each school and faculty;
- Ensure the College provides an inclusive working and learning environment for its students and staff so that all may develop to their full potential;
- Develop the College's capacity to respond rapidly to new and changing opportunities in higher and further education;
- Develop sustainable partnerships within the London region and beyond.



## OPERATING AND FINANCIAL REVIEW

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### Master's Report

#### The strategic direction of Birkbeck

During the year, the College updated its corporate plan to cover the period to 2020. This five year plan covers a period following recovery from significant turbulence in the HE sector. The impact of the 2012 funding policy changes to undergraduate fees and funding led to reductions of 40% in the numbers of new part-time and mature students nationally. Over the three years since 2012 our own part time degree intake has halved and we have taken concerted action to recover student numbers, most notably in the continuing expansion of intensive three year undergraduate degree provision. Demand for these programmes has increased significantly across all Schools as we ensure our course provision responds to changing student needs and capitalises fully on our reputation and brand position at the forefront of the part-time sector.



We positioned ourselves financially in anticipation of the impact of the 2012 changes, building upon the major transformation we delivered in successfully responding to the withdrawal of funding for ELQ (equivalent or lower qualifications) in 2009. Since then the College has intentionally built up the strength of its base operating position, returning operating surpluses between 6.5% and 9.2% between 2010/11 and 2014/15.

We are planning to deliver a similar performance in the future, putting us in a position to further invest in the development of academic provision, facilities, student support and research. While our financial forecasts reflect the income consequences of reduced part-time student intakes, they also include the positive contribution of the expanding three year intensive provision, the impact of improved student retention and the impact of continuing cost reduction, control and value for money initiatives.

A major area of growth over 2015-2020 will be the continuing expansion of demand and provision of intensive evening degrees for a younger body of students from the London area and beyond who wish to combine study with work and complete their degree in three or four years. We will develop and offer appropriate facilities and support to maintain a diverse body of younger students on these programmes.

We will also maintain our commitment to open, inclusive and flexible opportunities for all Londoners, by maintaining part-time pathways in all subject areas allowing people to combine evening study with work and other commitments. We will continue to ask for policy interventions to support this student body and ensure that lifelong learning is maintained; and we will continue to develop and offer a range of open, inclusive and low risk pathways into undergraduate study through our Certificate of HE programme, the largest in the country.

We are committed to maintaining a broad portfolio accessible to diverse student populations, both in terms of our mission and to mitigate the risk of unexpected policy and market changes.

## OPERATING AND FINANCIAL REVIEW (continued)

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In 2023 we will celebrate our 200<sup>th</sup> anniversary. In 1823 our philanthropist founder Dr George Birkbeck set out his vision:

*'Now is the time for the universal benefits of the blessings of knowledge'.*

This statement continues to underpin our mission and the connections we have made between, work, study, culture, research and society. In our third century we will continue to offer transforming educational opportunities, in the belief that there should be no barriers, financial, practical or otherwise, to the benefits of university education. We will maintain and develop our distinctive research culture and contribution to science and society and we will create more and better space and facilities for all of our activities.

### Awards

Birkbeck provides its unique learning and teaching environment in the context of a research intensive, outward facing and publically engaged institution. It is pleasing to be able to report that Birkbeck staff, students and alumni continue to be acknowledged for their contribution in various fields and this year has been no exception. The following are examples of awards received during the year:

Award-winning writer Marina Warner CBE, Professor of English and Creative Writing in the Department of English and Humanities in Birkbeck's School of Arts was made a Dame in the New Year Honours list. She was awarded a DBE for services to higher education and literary scholarship. Professor Warner joined Birkbeck in September 2014 and lectures on literature and creative writing.

In March 2015, Professor Warner was also awarded one of the world's most prestigious scholarly prizes, The Holberg Prize, beating over 70 nominees from universities across the globe. The award – worth approximately £380,000 – is presented annually to scholars who have made outstanding contributions to research in the arts and humanities, social science, law or theology. Professor Warner received this year's honour for her work on the analysis of stories and myths and how they reflect their time and place.

For the second time in three years a Birkbeck psychologist has been awarded the Spearman Medal. Dr Iroise Dumontheil, a Senior Lecturer at the Department of Psychological Sciences, was named as this year's recipient for her work investigating a region of the brain at the crossroads of executive control and social cognition. The Spearman Medal – inaugurated in 1965 and the oldest award of the British Psychological Society - is awarded annually to an early-career psychologist for outstanding published work in psychology, and has been won by many of the major figures in UK psychology.

Dr Mai Sato, Research Fellow in the Institute for Criminal Policy Research in Birkbeck's School of Law, was awarded the Young Criminologist 2014 prize by the Japanese Association of Sociological Criminology for her book *The Death Penalty in Japan: Will the Public Tolerate Abolition?* Dr Sato completed her PhD in 2011 which examined public attitudes to the death penalty in Japan. Dr Sato is currently funded by the UK, German and Norwegian embassies to conduct further empirical work on the death penalty in Japan.

## **OPERATING AND FINANCIAL REVIEW (continued)**

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Professor Leslie Moran was honoured as a “legal hero” by the Law Society of England and Wales, for his work putting Lesbian Gay Bisexual and Transgender (LGBT) issues on the legal research agenda. Professor Moran, Director LLM/MA in Criminal Law and Criminal Justice at Birkbeck’s School of Law, has been involved in a number of pioneering research projects focusing on sexuality in criminal justice contexts. Most recently his research has focused on hate crime.

A Birkbeck alumnus has been awarded the Légion d’Honneur for his involvement in the emancipation of France during World War II. Dr Tony Atcherley who is now 90 studied Philosophy at Birkbeck in the 1950’s at the College’s Faculty of Continuing Education. Dr Atcherley received the accolade – the highest decoration in France – in recognition of his service as a wireless operator in the Royal Corps of Signals. Dr Atcherley confirmed that the unique mission of Birkbeck was as true when he studied as it was when the College was founded in 1823. After receiving his award he stated: “Back then, it was difficult to go to university if you didn’t have the normal background of completing a grammar school education and so on. Getting on to the ladder was difficult. The only chance anyone had was Birkbeck. It had a fine reputation and some famous historians were there. It was full of very distinguished scholars.”

### **Research**

Maintaining and developing the research excellence of the College is, of course, central to our overall strategy ensuring that our unique population of students is taught by those at the cutting edge of their subject who apply research insights to their teaching.

The results of the 2014 Research Excellent Framework (REF) were released at the end of 2014 and convincingly demonstrated Birkbeck’s position as a high quality research intensive institution. Approximately three-quarters of the research submitted by the College was rated either ‘world leading’ (4\*) or ‘internationally excellent’ (3\*). This represents a considerable improvement on the results of the 2008 Research Assessment Exercise (RAE) when 56% of our research was rated 4\* or 3\*, paralleling the considerable improvement overall in the sector.

Part of this overall improvement in the sector was the result of strategic decisions of individual universities to submit a lower proportion of their staff for assessment. Most importantly, Birkbeck submitted 83% of eligible staff for assessment, well above the national average. This resulted in our appearing higher up in league tables which took into account percentage of staff submitted rather than simply overall grade point average of research. For example, the table in the Times Higher Education magazine on 1st January 2015 placed us 30th overall, above Russell group members such as Cardiff, Leeds, Liverpool, Queen Mary, Sheffield and York. Similarly, the College performed strongly in league tables based simply on percentage of 4\* research submitted indicating the very high quality of much of our research.

The College’s science submissions performed particularly well, with Psychological Sciences rated 5th in the UK and the two joint submissions with UCL – Earth Systems & Environmental Sciences, and Biological Sciences – rated 6th and 11th respectively. Birkbeck’s outstanding subjects in the Times Higher Education’s ‘research-intensity’ league tables include Law, ranked 6<sup>th</sup> overall and History, ranked 7<sup>th</sup>.

## OPERATING AND FINANCIAL REVIEW (continued)

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Although the final score for each submission was primarily determined by the quality of the research papers submitted, the overall score also contained assessments of research impact and research environment. The College did well in these specific areas with eight of our submissions (Psychology, Psychiatry & Neuroscience, Biological Sciences, Earth Systems & Environmental Science, Law, Modern Languages/Linguistics, English, History and Art & Design) achieving the highest ratings for research environment. This confirmed the College's status as one of the UK's leading institutions in which to conduct research. Similarly, three of these areas, Psychology, Psychiatry & Neuroscience, History and Art & Design also scored 100% in the impact area indicating the manner in which our research is applied to specific issues in the outside world.

Although the figures on research environment and research impact are good they lagged behind the scores for research publications. This indicated that it may be appropriate to provide further institutional support for research policy, strategy and infrastructure as well as continuing the College Anniversary Research Studentships.

Overall, this was an excellent performance made particularly impressive by the fact that the research being assessed was conducted whilst the College was passing through two major student funding crises (the removal of funding for students undertaking a second undergraduate degree and the increase in tuition fees to £9,000, both of which impacted significantly on part time student numbers) with College staff being strongly focused on teaching and student recruitment, potentially at the expense of their research activity.

We are now considering how to continue our improvement in research at a rate greater than the rest of the sector prior to the next REF. It is likely that this strategy will include a focus on career development which focuses on both teaching and research.

In the science area, creating career development opportunities were a key part of the £600,000 award to the College from the Wellcome Trust under the Institutional Strategic Support Fund (ISSF). The College was invited to compete for this award as one of the 25 UK Higher Education Institutions with the greatest funding from the Wellcome Trust. We were successful in this competitive process, with an application which emphasized our strengths not only in Biological Sciences but also in the Medical Humanities, an area also funded by the Wellcome Trust. The funding supported an appointment in the area of public understanding of science, several Fellowship appointments for young researchers to prepare for their first independent position and pump priming research funds for those who already held an independent position. A novel aspect of the scheme was to provide assistance to PhD students who have submitted their thesis but needed a further period of funding to complete their scientific publications ready for submission. Several of these funding schemes may be mimicked in future with College funds across areas outside the scope of the ISSF support.

In terms of the financial support for research, it is pleasing to report that despite an increasingly competitive environment for project-based research funding, the College's research income released to the Income and Expenditure Account remained relatively stable at £10.4 million in 2014/15 (2013/14: £11.1 million). The number of new grants awarded during the year was 49 totalling £7.6 million.

## OPERATING AND FINANCIAL REVIEW (continued)

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In December 2014 the Times Higher Education magazine produced a summary of research grant applications to the six UK research councils. The data showed that of those institutions submitting at least 10 bids in 2013/14, Birkbeck had the third highest success rate at 45%. In terms of the value of the funding awarded, Birkbeck was 47<sup>th</sup> out of 148 institutions. In the arts and humanities, the College received the fifth highest amount of funding among UK institutions from the Arts and Humanities Research Council (AHRC).

Our success in driving forward research directly contributes to a number of the public benefit criteria outlined in the Charities Act. Some of the grants which were awarded this year are summarised in the Public Benefit Statement starting on page 21.

The excellence of our staff and their research successes were responsible for our continuing good position in University League Tables. We were positioned 290<sup>th</sup> in the latest QS World University Rankings (up from 431<sup>st</sup> in 2014). This placed us 39<sup>th</sup> in the UK, and within London - which QS ranks as the third best student city in the world - Birkbeck was ranked 8<sup>th</sup> (2014: 10<sup>th</sup>). Moreover, for research the College was ranked 16<sup>th</sup> in the UK for citations per faculty. This table has become even more competitive as a greater number of universities, particularly from Asia, compete for recognition.

### Estates

It is of vital importance that we provide the very best facilities for our research, as well as ensuring that high quality teaching facilities are provided for students. Each year we put aside funding from our own resources to carry out a number of improvement projects (14/15 revenue budget £700,000; 15/16 revenue budget £500,000) on top of undertaking minor works and routine maintenance.

Although Government/HEFCE funding for capital facilities has been greatly reduced in recent years, we have been successful in obtaining matched funding of £650,000 from HEFCE for new Earth Sciences Laboratories. With a total development cost of £1.3 million, the laboratories will greatly enhance the research and teaching facilities available to the College and since they will also be used by UCL during the day, will further the close links between two academic departments which proved so successful in the recent REF. The new laboratory was opened at the end of September 2015 and includes an innovative interaction between PC and microscope which is believed to be the first of its kind in the UK.

The model of evening use of teaching facilities by Birkbeck and daytime use by a partner is of considerable significance for the future of the College. Following recent property transfers within our joint building with UEL in Stratford, much of the space is now used by UEL in the daytime and by us in the evening. Similarly, the SOAS development in the North Block of Senate House is predicated on our use of the facilities in the evening with SOAS being the users during the day.

This joint use of facilities provides us with an effective say in the management of the teaching facilities we are using whilst providing us with a partner to share the cost in their construction and running. Moreover, electronic signage allows the space to be identified as Birkbeck space from 6.00 pm, so providing our students with the feeling that they are studying in Birkbeck facilities rather in a random space which is available for rental during the evening.

## **OPERATING AND FINANCIAL REVIEW (continued)**

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Currently a significant proportion of our teaching activity is undertaken in premises which are rented from local providers in Bloomsbury. Some of the space is not of the high standard that we would like to offer all our students and in some cases operational challenges have been experienced. It is now a strategic objective that by our 200<sup>th</sup> anniversary in 2023 all Birkbeck students will be studying either in fully owned Birkbeck facilities or in shared facilities operating on a similar basis to the projects with UEL and SOAS.

We have been planning the development of a new building to house a Toddler Laboratory for the Department of Psychological Sciences, building on the great success of the Baby Laboratory in terms of identifying early markers of autism, potentially allowing much earlier interventions before the onset of the symptoms. Following the receipt of major donations from the Wohl Foundation (£1.3 million) and the Wolfson Foundation (£800,000), Governors made the decision to proceed with this project.

Our cash reserves have increased over the last few years and this has enabled the College to consider the opportunity to invest in major estates projects. With an estates strategy that focuses on research and the need to increase the amount of owned teaching space, the College commenced a process to find suitable freehold property in the locality of the main College buildings in Bloomsbury. Following an unsuccessful bid on one property we completed the acquisition of a property on the Euston Road between Warren Street and Great Portland Street tube stations.

Various indicative plans have been developed for the 1,100 square metre property and detailed plans for the various options will be drawn up over the coming months. The options under consideration range from simple refurbishment to demolition and construction. Uses could include research or office space. The building cost £15.4 million excluding fees and VAT to purchase.

### **Teaching excellence**

We are committed not only to teaching excellence, but to the innovative organization and flexible delivery of our teaching in ways that genuinely respond to the needs of our students.

The College's Strategy for Learning and Teaching Enhancement aims to deliver that commitment, providing a strategic framework for the development of learning and teaching at Birkbeck. It aims to ensure the best possible learning experience in higher education for the widest range of students, enabling our students to realise their full potential in an academic culture of developing and enhancing excellence in teaching. It aims to encourage, develop and enhance the pursuit of knowledge through an integrated, flexible and innovative approach to learning and teaching, working with new methodologies and new technologies in learning, teaching and assessment; and to develop and enhance our approaches to learning and teaching enhancement through awareness of student diversity and issues of equality.

## OPERATING AND FINANCIAL REVIEW (continued)

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Accelerated, flexible, evening study combined with daytime work is becoming a popular choice. Students can work or seek work during the day while finishing their degree in the same time as a conventional full-time student would. Our research indicates that this provision appeals more and more to younger prospective students from backgrounds where university study is not the norm and who would otherwise not go to university, as well as to students who want or need to work while studying and would prefer a more intensive evening model. In response to higher fees and difficult economic circumstances, these students have a preference to realise the benefits of completed study sooner rather than later, and to have a flexible study model that gives far greater scope, and far more explicit support, for interactions with the world of work whilst studying. Meanwhile for some young students, intensive evening study may become the only alternative to not studying at all

Just as significantly, this trend increasingly determines study preferences in the postgraduate market. A postgraduate qualification is seen as increasingly important in career advancement, yet at the postgraduate level there is clear under representation of certain groups of non-traditional students. Even with postgraduate student loans, which under current plans will not be available for mature students at all, such students may well see the intensive evening route as the only way to make study at Master's level affordable and accessible.

We will continue with our Catalyst programme (initially funded by HEFCE) to pioneer the development and delivery of innovative, flexible and accelerated evening provision at both undergraduate and postgraduate taught levels, building on our sector-leading expertise in supporting adult learning. We will further develop our flexible fee and enrolment infrastructure enabling flexibility in terms of programme structure, new course development and the speed and intensity at which students proceed and we will continue to develop provision that wraps meaningful work skills and experience around high-quality academic evening study in new and innovative ways that meet the needs of a variety of diverse non-traditional adult students.

In 2014/15 we introduced lecture recording facilities to our classrooms, enabling students to review material and catch up on missed classes in their own time. We will bring further innovation to the classroom, in the context of clearly changing student circumstances and needs, evaluate and, where appropriate, integrate into the College's course portfolio innovative teaching and learning practice and new delivery technologies, including expansion of online and distance learning provision, underpinned by both our own resources and by opportunities for collaboration and partnership where there is a strategic fit.

With a Teaching Excellence Framework under consideration by the government the College has always been committed to teaching excellence. In the most recent National Student Survey (NSS), staff in the School of Arts were rated top in the UK by students for key aspects of their teaching. Staff across all four departments in the School were top nationally in explaining concepts, conveying their enthusiasm for their subject and in making what they were teaching interesting to students. 100% of students surveyed in the School confirmed that they were satisfied with the style and approach of the teaching and that they found their course of study 'intellectually stimulating'.

## **OPERATING AND FINANCIAL REVIEW (continued)**

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Birkbeck's part-time students are also more likely to be in employment or further study six months after graduating than students from any other university in London according to Higher Education Statistics Agency's (HESA) analysis released in August 2015. Over recent years, the College has expanded a range of services dedicated to improving graduate employability including: setting up Birkbeck Talent which brings together businesses from across London who are looking for talented and committed graduates and Birkbeck students wanting meaningful employment whilst they study; and a popular "What Employers Want" series which provides students and recent graduates with an opportunity to get advice from Birkbeck alumni on their careers paths.

2014/15 was a very successful year for the College, both financially and academically. We are continuing with the academic and student support developments that are essential to creating the best possible environment for our students and we are developing a strategy for investment in the College estate, something which is essential for the long term sustainability and development of our teaching and research. On the back of a very strong performance in the 2014 REF we will implement our updated strategy for excellent and distinctive research. Looking further ahead, we will be defining our ambitions and vision for Birkbeck in 2023, when the College will celebrate its 200<sup>th</sup> anniversary.

**Professor David S. Latchman, CBE**  
Master



## OPERATING AND FINANCIAL REVIEW (continued)

### Financial Report of the Chair of Governors

The Financial Statements presented to the Governors comprise the consolidated results of the College and its subsidiary. The principal activities undertaken by the Group are teaching and research together with ancillary activities necessary to facilitate this. Additional activities include rendering academic services to a variety of educational, commercial and other organisations



### Results for the Year

The College's income and expenditure for the last three years can be summarised as follows:

	2012/13 £'000	2013/14 £'000	2014/15 £'000
Funding Council grants	27,681	24,522	22,758
Tuition fees and support grants	51,741	57,796	63,887
Research grants and contracts	9,157	11,050	10,400
Other operating income	6,780	7,441	8,375
Endowment income and interest receivable	903	654	684
<b>Total income</b>	<b>96,262</b>	<b>101,463</b>	<b>106,104</b>
Staff costs	(55,987)	(59,597)	(60,843)
Other operating expenses	(29,448)	(30,501)	(30,910)
Depreciation	(4,115)	(4,869)	(4,842)
<b>Total expenditure</b>	<b>(89,550)</b>	<b>(94,967)</b>	<b>(96,595)</b>
Transfer from accumulated income in endowment funds	24	126	290
<b>Surplus for the year</b>	<b>6,736</b>	<b>6,622</b>	<b>9,799</b>

Table 1: Income & Expenditure Account for the current and previous two years

The teaching grant from HEFCE fell by a further £2.0 million in 2014/15 to £9.3 million as an increasing proportion of our tuition fees are paid by student loans. Research grant from HEFCE also fell by £0.3 million to £9.8 million. These figures include an element of in-year reduction in funding which will flow through to 2015/16. Looking forward, the outcome of the UK Government Comprehensive Spending Review will be announced in November 2015. It is anticipated that this will have a significant effect on the budget of the Department for Business, Innovation and Skills although the impact on higher education is unknown. Contingencies have been included in the 2015/16 budget to help mitigate any cuts to funding.

**OPERATING AND FINANCIAL REVIEW (continued)**

As the following table indicates, although part-time student numbers continue to fall, income from this category remains stable. The continuing growth in our new full-time evening undergraduate programmes coupled with a third cohort of students paying the higher undergraduate fee, has increased our primary source of income. Income from tuition fees and support grants represents 60.2% of total income (2013/14: 57%).

	2013/14 headcount	2013/14 £'000	2014/15 headcount	2014/15 £'000
Full time students (number/income)	2,759	21,622	3,494	28,137
Part time students (number/income)	11,241	33,940	9,931	33,747
Support grant income	-	2,234	-	2,003
<b>Total</b>	<b>14,000</b>	<b>57,796</b>	<b>13,425</b>	<b>63,887</b>

Table 2: Student numbers and tuition income

Although the increasing study intensity chosen by students has resulted in an increase in income it has required only modest adjustments to our cost base this year and, therefore, an increased surplus. The following charts summarise expenditure by activity.

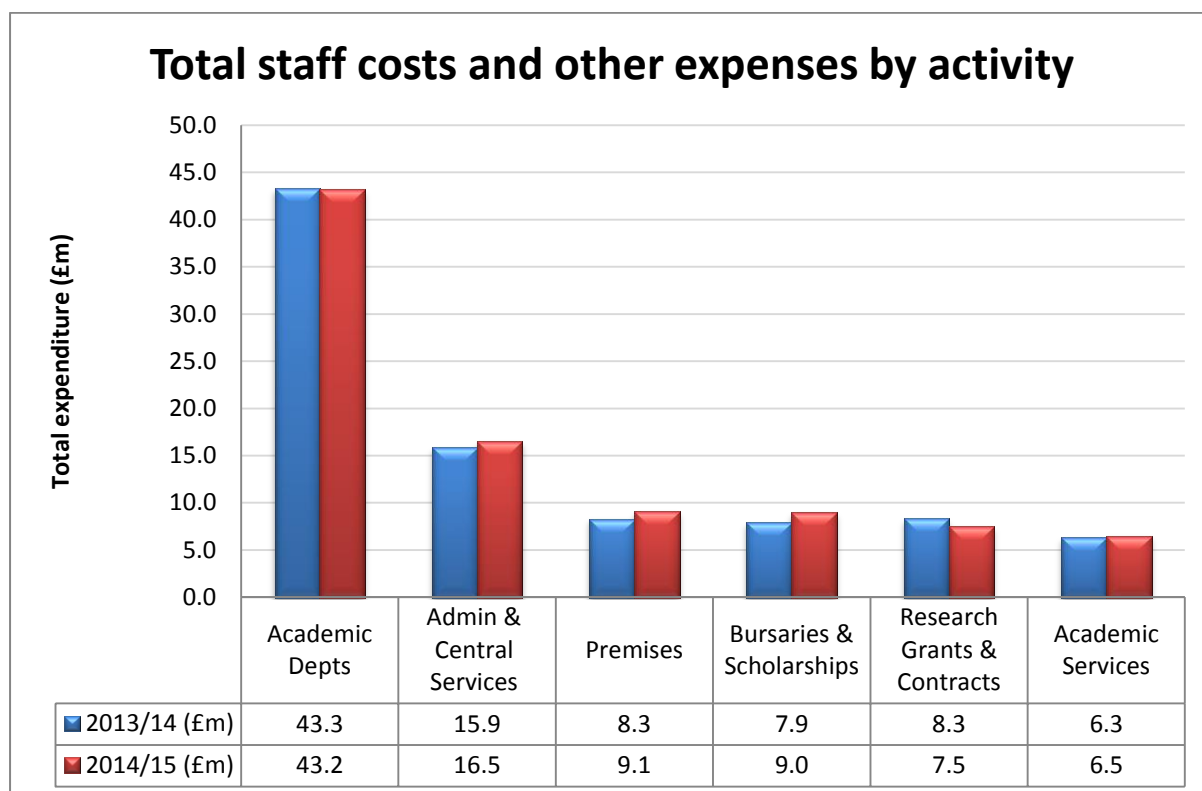


Chart 1: Staff costs and other expenses by activity

OPERATING AND FINANCIAL REVIEW (continued)

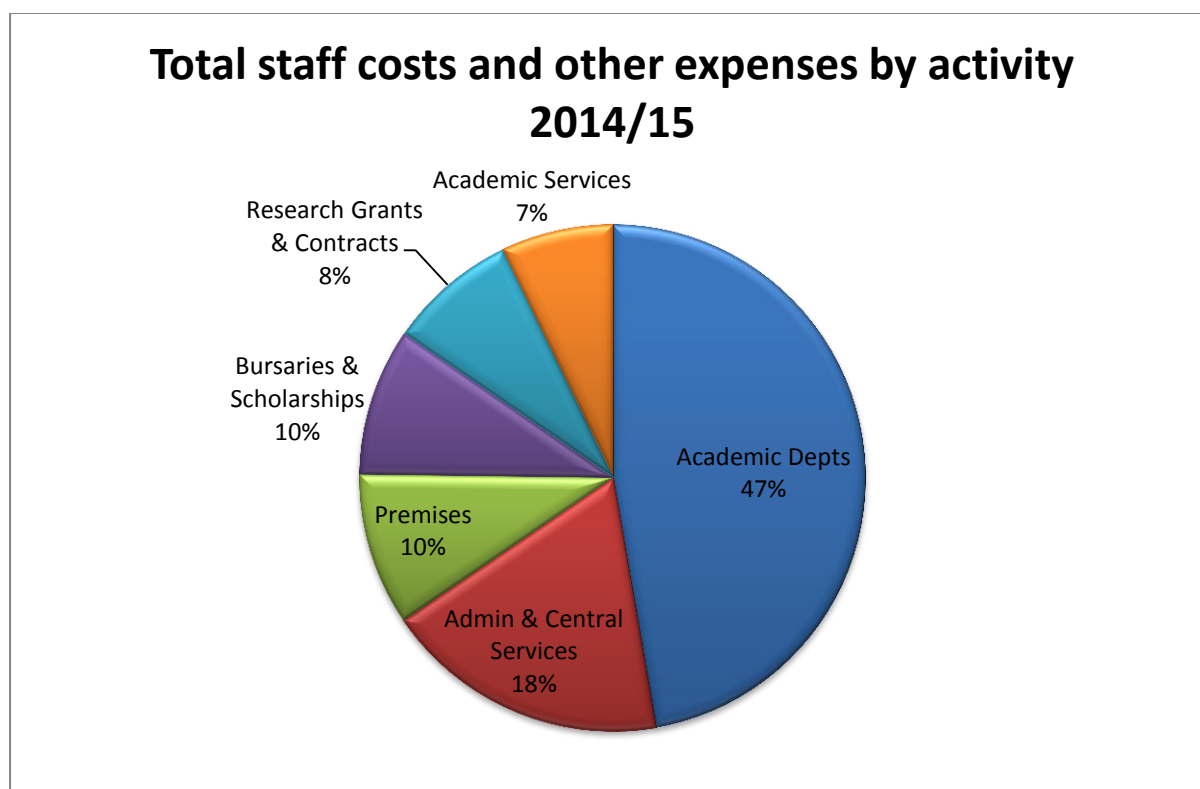


Chart 2: Staff costs and other expenses by activity

The analysis of expenditure confirms that the College continues to invest heavily in education and research with only 18% of total expenditure (excluding depreciation) spent on administration and other central services. The year on year increase in administration and central services costs of 3.8% is largely the result of further enhancements to student support.

A September 2015 Times Higher Education review of 2013/14 staff data submitted to the Higher Education Statistics Agency indicated that Birkbeck had one of the lowest percentages of support staff in the sector. 45% of staff at Birkbeck in 2013/14 were classified as support staff. Across the sector, 111 out of 157 higher education institutions had the majority of their staff providing support.

The surplus of 9.2% of turnover generated £11.2 million of cash from operating activities. This helped to facilitate the purchase of a building for £15.4 million which will contribute to our strategic objective to teach the majority of our students in space owned or jointly operated by the College. Generating cash from operating activities is a core financial objective as it will allow the College to continue to improve and expand infrastructure and the estate for the benefit of teaching and research. As a charity, it is also important for the College to maintain a level of cash to manage risk and uncertainty. Total cash reserves at the year end (excluding endowments and long term investments) totalled £41.6 million (2013/14: £41.7 million).

**OPERATING AND FINANCIAL REVIEW (continued)**

**Financial sustainability**

The following table brings together some key pieces of financial data for the Group from the last five years:

	2010/11	2011/12	2012/13	2013/14	2014/15
Total income (£'000)	88,614	93,606	96,262	101,463	106,104
Surplus for the year (£'000)	6,748	6,529	6,736	6,622	9,799
Surplus as a percentage of income	7.6%	7.0%	7.0%	6.5%	9.2%
Tangible assets plus long term investments (£'000)	68,791	69,622	73,838	72,711	79,829
Cash plus current investments (£'000)	26,780	34,488	32,583	41,696	41,597
Net cash inflow from operating activities (£'000)	7,399	8,857	3,813	10,448	11,235
Net liquidity days	124	152	139	169	165
Staff costs as a percentage of total income	62.7%	58.5%	58.2%	58.7%	57.3%

*Table 3: Key financial data 2010/11 to 2014/15*

The key message that can be deduced from this table is that the College has a sound financial basis on which it can plan and build for the future. Surpluses for the last five years have exceeded 6.5% of total income which in turn has resulted in an increase in cash and current asset investments of £14.8 million over the same period. £12.9 million (net after depreciation) has also been reinvested in fixed assets since 2010/11 and the College has limited exposure to long term loans (£48,000 at 31 July 2015).

A focus on strong financial management has kept costs in line with budget with staff costs as a percentage of total income falling from 68.3% in 2009/10 to a more sustainable 57.3% in 2014/15. The College contributed £6.7 million, 6.3% of total income, (2013/14: £6.6 million, 6.5% of total income) to pension schemes by way of employer contributions, a figure which will rise from April 2016. Triennial valuations from the two main pension schemes, SAUL and USS, have confirmed that both funds have a deficit of assets compared to an estimate of future liabilities. These increases will coincide with the introduction of an increase in the rate of employer's National Insurance contributions.

## OPERATING AND FINANCIAL REVIEW (continued)

HEFCE published a report titled Financial Health of the Higher Education Sector in March 2015 which considered a range of financial metrics based on the 2013/14 audited financial statements of institutions. The following table compares Birkbeck's position with sector averages.

	Birkbeck 2013/14	Sector average	Variance
Operating surplus as a percentage of income	6.5%	3.9%	+2.6%
Staff costs as a percentage of total income	58.7%	52.6%	(6.1%)
Cash flow from operating activities as a percentage of income	10.3%	8.4%	+1.9%
Net liquidity days	169	122	+47
External borrowings as a percentage of income	0.0%	26.3%	+26.3%

Table 4: Birkbeck comparison to sector

With the exception of the staff costs ratio, the comparison supports the statement that Birkbeck is in a financially sustainable position. As a research intensive institution based in London with no additional income from student residences, the College recognises the added importance of managing this metric. As noted earlier, the percentage has fallen from 68.3% in 2009/10 and the College has a target of not exceeding 60%.

### Purchase of subsidiary

During the year the College purchased the freehold for a building on the Euston Road. The building will be renovated to house scientific research or offices. Surveys are currently being undertaken to determine whether the sensitive equipment used by the researchers can be located in the building which has a close proximity to an underground line. In the event that this is not possible, administrative activity will be relocated, thereby freeing space in the main campus for development for teaching.

The building was previously owned by a special purpose company set up by a property developer. The building was the only asset of the company. Having taken professional advice, the College determined that purchasing the company was considered an appropriate mechanism to gain title to the building. The Financial Statements provide data on the financial affairs of the College and also the Group position after consolidating the new, wholly owned, subsidiary. The impact of the purchase on the Balance Sheets can be summarised as follows:

		2015 Group £000	2015 College £000	2014 College £000
	<b>Note</b>			
Tangible Assets		51,497	51,714	60,396
Purchase of new building		15,617	-	-
<b>Tangible Assets</b>	<b>8</b>	<b>67,114</b>	<b>51,714</b>	<b>60,396</b>
Investments		12,715	12,715	12,315
Purchase of new subsidiary		-	15,617	-
<b>Fixed Asset Investments</b>	<b>9</b>	<b>12,715</b>	<b>28,332</b>	<b>12,315</b>

Table 5: Extract from Group and College Balance Sheets

## OPERATING AND FINANCIAL REVIEW (continued)

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### Risk Management

An effective approach to risk management is seen by the College as an essential element of corporate governance. The College has adopted a financially prudent and conservative approach but is nevertheless committed to pursuing strategic opportunities linked to its core mission, provided that the potential benefits and risks are understood and that reasonable means to mitigate risks are put in place. Good progress has been made towards embedding risk management throughout the College. The College provided a full compliance statement on internal control last year and will continue to do so.

The College Risk Register is compiled by the risk management group consisting of senior academic and professional services staff. Significant current and potential future risks are identified and evaluated together with the controls in place to mitigate them. The Risk Register is considered by the Strategic Planning Committee and Audit Committee and approved by the Governors. The risks are grouped by themes, for which Key Performance Indicators linked to strategic objectives have been established. These will be monitored by Strategic Planning Committee, Audit Committee and Governors.

The College continues to monitor adherence to risk management procedures and processes to ensure that the Audit Committee and the Governors can be satisfied that risks are systematically recognised, assessed and managed. An annual review of effectiveness of internal control and the on-going identification and evaluation of significant risks is considered by the Strategic Planning Committee and Audit Committee.

The top three risks identified for the College for 2015/16 and a summary of the mitigating actions are as follows:

- **Financial sustainability:** one of the principal aims of our mission is to “provide flexible higher education courses which meet the changing educational, cultural, personal and career needs of adults; in particular those who live or work in the London region”. The continuing fall in the number of part time students across the sector has created budget uncertainty for the College for a number of years. Although we continue to lobby government to act to stem this reduction, the success of the introduction of three year full time undergraduate evening programmes has reduced the funding gap. Current financial forecasts assume a degree of growth in full time undergraduate recruitments but the removal of the Student Number Control in 2015/16 introduces a new uncertainty. Student funding for postgraduate programmes is widely expected to become more challenging for the sector once the first cohort of higher fee paying undergraduates graduate at the end of 2014/15. Tuition fee income remains the core element of our business and as such ensuring that we meet our targets will always be a risk requiring significant effort. In response to current demand trends, the College has scoped projects to improve and extend flexible evening study along with student and learning support, enabling students to better combine work and study.

In the short term we will continue to ensure that expenditure is robustly controlled such that forecast surpluses are maintained and reserves are enhanced to allow us to develop our infrastructure and estate. Prudent budgets will continue to include appropriate contingencies to help manage any income deficiencies and adjustments to spend plans will be made in year where required. In the medium term, provision will be expanded where there is demand and the academic portfolio will be flexibly developed to remain distinctive and attractive to our students. Regular reports on financial

## OPERATING AND FINANCIAL REVIEW (continued)

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management and performance are presented to budget managers, the Strategic Planning Committee and the Finance & General Purposes Committee along with a basket of metrics to monitor performance.

- **Student experience:** a key supporting objective of our mission is to “ensure [that] the College provides an inclusive working and learning environment for its students and staff so that all may develop to their full potential.” There are a multitude of factors which directly and indirectly contribute to a successful outcome for a student and improving all these facets is challenging. The National Student Survey (NSS) and metrics on retention, completion, achievement and employment provide vital data. The NSS is currently being revised and a new Teaching Excellence Framework (TEF) which is potentially linked to funding is being drafted by the government.

The College is contributing to the government consultation on the TEF to ensure that the notion of students reaching their “full potential” is appropriately measured. The Pro-Vice-Master for Learning and Teaching is overseeing a range of projects which aim to dissect the range of student satisfaction metrics with a view to introducing improvements and feedback is actively sought from students on a range of issues. The role of the Students’ Union in representation is being developed with the support of the Academic Registrar. A Student Engagement Strategy, drawing together services, initiatives and projects to improve student support and advice, access, communications, social engagement and career support will commence implementation during 2015/16.

- **Research standing:** a principal aim of our mission is to “maintain and develop excellence in research and provide the highest quality research training in all our subject areas.” Retaining our reputation as a world class research intensive institution is vital to our mission and is also a key aspect of why students choose to study with us and excellent academic staff wish to join us. An updated research strategy was approved in 2015 following publication of the Research Excellence Framework (REF) results in 2014 and preparation is already under way for the next REF with a focus on planning and leadership. The Pro-Vice-Master Research chairs regular meetings of a REF working group and leads of units of assessment have been appointed with a role description setting out responsibilities and expectations. Key Performance Indicators for research have been established and will be monitored by the Research Committee and as part of the overall KPI monitoring exercise by Strategic Planning Committee, Audit Committee and Governors.

Despite the persistent challenge of recruiting students in an extremely competitive market and the additional contributions we will need to make in respect of National Insurance and pensions, our financial strategy for the future is based on annual surpluses of at least 5% of total income. We believe that this is achievable, will allow us to invest in teaching and research and also provide cash to invest in capital assets including our estate.

On behalf of the Governing Body, I would like to thank all staff for their dedication and support in ensuring the success of Birkbeck and its unique mission as a research-led teaching institution with a strong commitment to flexible patterns of teaching.

## OPERATING AND FINANCIAL REVIEW (continued)

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### Public Benefit Statement

The College Charter dated 17 March 1926 states:

“The objects of the College shall be to promote for the public benefit and to provide for persons who are engaged in earning their livelihood during the daytime and other persons, education, instruction and means for research and such facilities as may be deemed appropriate, in all or any of the subjects comprised in the faculties of the University into which the College has been or may be admitted and any other subjects as the Governors may from time to time determine.”

As an exempt charity within the meaning of the Charities Act 2006 (updated 2011), we are required to demonstrate how our activities are of benefit to the public. The Governing Body has regard to the Charity Commission’s guidance on public benefit and meets these requirements in the following manner.

The College aims to provide higher education opportunities to people who would not otherwise have access, continuing the mission since its inception. The College’s founder, George Birkbeck, had a vision of the power of education to transform and improve lives, and this founding commitment to social change and widening access is a core strand of what still drives the College today. The College’s mission includes “enabling students from diverse social and educational backgrounds to participate”. As London’s only specialist provider of flexible evening higher education, Birkbeck has long encouraged applications from students without traditional qualifications or from disadvantaged and under-represented backgrounds.

We attract a very high proportion of students with low incomes. 45% of our undergraduate students were from households with an income of under £25,000, rising to 51% of full-time students. These students received a Birkbeck bursary to support their study. The ethnicity of our students demonstrates that we are attracting a very diverse student body, with 58% of our full-time undergraduate students from BME backgrounds.

Birkbeck has long aimed to offer opportunities to mature students. Mature and part-time students have been most affected by the increase in tuition fees in 2012, and are often overlooked by the university sector. As part of our commitment to supporting mature students, we have developed a free and impartial Information Advice and Guidance service, in partnership with University of East London, where mature students are able to receive the support required to make an informed decision. We also fund an innovative outreach programme of events to engage mature students and we offer Certificates of Higher Education that offer a supportive and lower risk entry to higher education to those without traditional entry qualifications. Birkbeck has a long-standing agreement with Unionlearn to give employed people the opportunity to increase their education level.

As well as the expenditure on financial support, we spend considerable amounts on ensuring that our students are successful while they are with us, and that they are well placed in the jobs market on graduation. Our evening provision uniquely enables students to combine study in the evening with meaningful work during the day. In order to support students to gain paid and meaningful job placements we have invested in our capacity to provide a particular type of careers support and a new service to create job brokerage called Birkbeck Talent.



## OPERATING AND FINANCIAL REVIEW (continued)

The following table highlights our commitment to providing targeted financial support to our students:

	2011/12	2012/13	2013/14	2014/15
Fellowships, scholarships and bursaries (£'000)	5,456	7,962	7,943	8,997
Spend as a percentage of total income	5.8%	8.3%	7.8%	8.5%

We will continue to invest significantly in activities which support student access, progression, success and employability.

The following table summarises our research income over the last three years:

	2012/13	2013/14	2014/15
Research income (£'000)	9,157	11,050	10,400
Income as a percentage of total income	9.5%	10.9%	9.8%

Our success in driving forward research directly contributes to a number of the public benefit criteria outlined in the Charities Act. The following paragraphs summarise some of the grants and donations which were awarded this year along with the charitable purpose that they make a significant contribution to:

### **The advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity**

In February 2015, Pears Foundation agreed to provide £1.4 million of funding for the Pears Institute for the Study of Antisemitism which is based at Birkbeck. The funding will run from 2015-2020 and represents an ongoing commitment from the Foundation to support the research carried out by the Institute. Pears Foundation previously donated £1.5 million to Birkbeck in 2010 which facilitated both the establishment of the Pears Institute for the Study of Antisemitism and the relocation of the Wiener Library to the Birkbeck campus.

The Pears Institute is the only centre in the UK, and one of just two in Europe, whose mission is to promote understanding of antisemitism. The Institute has gained an international reputation for its innovative approach to the study of antisemitism and to exploring the connections between antisemitism and other forms of racism and intolerance. The new funding supports the Institute's continued growth, with the creation of a new fully-funded post for a social sciences lecturer, to extend the Institute's teaching, and the continuation of the successful Pears Institute Early Career Fellowship scheme.

### **The advancement of the arts, culture, heritage or science**

The Andrew W. Mellon Foundation awarded Birkbeck a three-year grant of \$741,000 to cement and expand a new model for open-access publishing in the humanities disciplines. The Open Library of Humanities (OLH) platform, directed by Dr Martin Paul Eve and Dr Caroline Edwards - both faculty members in Birkbeck's School of Arts - will allow access to peer-reviewed scholarly journal articles without requiring readers to pay.

## **OPERATING AND FINANCIAL REVIEW (continued)**

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Unlike many emerging “gold” open-access models, the Open Library of Humanities does not charge authors to publish. Instead, it is funded by an international library consortium whose members recognise that the greatest benefit for the academy and society will only be realised when access to scholarly work is not based on an exclusionary pay-to-read system. Since opening for library partnerships earlier this year, over 80 institutions from around the world have already signed up to support the platform financially, many pledging multi-year support upfront. The grant will be used to build the sustainability model for the platform, to expand the number of journals published by the OLH and to build open-source and free XML typesetting and translation software.

### **The advancement of health or saving of lives**

A £500,000 grant from MQ: Transforming Mental Health (a charity formed to support research into mental health) has helped to fund a study led by scientists at Birkbeck to investigate whether computer-based intervention can improve attention control in infants at familial risk of Attention Deficit Hyperactivity Disorder (ADHD).

The project will take a new approach to developing early interventions for ADHD, a condition which affects up to 5% of the general population and can cause difficulties paying attention, controlling behaviour and hyperactivity. The researchers will undertake a trial of computer-based attention training for infants who are at increased risk for ADHD because they have an older sibling or parent with the condition. The training approach uses state of the art technology to link attention allocation to rewarding images on the screen. An eye tracker can tell exactly where an infant is looking on a computer screen and infants can control what they will see next by where they look. This approach has already been shown to strengthen concentration and attention in typically developing infants. The researchers are interested in whether these effects can also be seen in infants at risk for ADHD.

### **The prevention or relief of poverty**

During the year, the College was accredited as a London Living Wage employer by the Living Wage Foundation. The accreditation recognises the commitment of the College to paying staff – whether they are permanent employees or third-party contractors and suppliers – the London living wage.

## STATEMENT OF THE COLLEGE GOVERNORS' RESPONSIBILITIES

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In accordance with the College's Charter and Statutes, the Governors are responsible for exercising the powers of the College. Governors have oversight of the College's affairs and are responsible for ensuring effective administration, management and internal control. The Governing Body is required to present audited financial statements for each financial year.

The Governors act as the trustees of the College and are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the College; and to enable them to ensure that the financial statements are prepared in accordance with the College's Charter and Statutes, the Statement of Recommended Practice on Accounting for Further and Higher Education and United Kingdom Generally Accepted Accounting Practice. In addition, within the terms and conditions of the Memorandum of Assurance and Accountability agreed between the Governors of the College and the Higher Education Funding Council for England, the Governors, through the Master as designated office holder, are required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Governors have ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation; and
- they are satisfied that the College has adequate resources to continue in operation for the foreseeable future (for this reason the going concern basis continues to be adopted in the preparation of the financial statements).

The Governors have 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 and Accountability with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- 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 College and prevent and detect fraud; and
- secure the economical, efficient and effective management of the College's resources and expenditure.

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

- clear definitions of the responsibilities of, and the authority delegated to, Executive Deans, School Managers, Assistant Deans and Directors of Professional Services;

**STATEMENT OF THE COLLEGE GOVERNORS' RESPONSIBILITIES (continued)**

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- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets and forecasts;
- regular reviews of key performance indicators and business, operational, compliance and sustainability risks and reports of variance from the annual income and expenditure budget;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Governors;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Finance and General Purposes Committee; and
- a professional Internal Audit Service whose annual programme is approved by the Audit Committee. The Audit Committee receives reports on internal audit activity within the College. The Chair of Audit Committee provides the Governors with reports on internal audit activity and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

## CORPORATE GOVERNANCE STATEMENT

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### **Corporate governance and accountability arrangements**

Birkbeck College is a body incorporated by Royal Charter. Although the College does not have shareholders, and is not a listed company, the Governing Body is committed to achieving high standards of corporate governance, in line with accepted best practice. This summary describes the manner in which the College has applied the principles set out in Section 1 of the UK Corporate Governance Code (2014) insofar as they relate to universities. Its purpose is to help the reader of the accounts understand how the principles have been applied.

### **The Governing Body**

The Governing Body (“Governors”) comprises lay members, students, alumni and employees appointed under the Statutes of the College, the majority of whom are non-executive. There is a majority of lay members and the roles of Chair and Deputy Chair of the Governing Body are separate from the role of the College’s Chief Executive, the Master.

The matters specially reserved to the Governors for decision are set out in the Charter and Statutes of the College and the Governors’ Statement of Primary Responsibilities and under the Memorandum of Assurance and Accountability with the Higher Education Funding Council for England. The Governing Body is responsible for the ongoing strategic direction of the College, approval of major developments and the receipt of regular reports from Senior Management on the day to day operations of its business.

The Governing Body is responsible for the College’s system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Governing Body met four times during the year and has several committees, including Finance and General Purposes Committee, Audit Committee, Nominations Committee and Remuneration Committee. All of these committees are formally constituted with terms of reference. All lay members of the Governing Body are appointed to committees by the Governors on the recommendation of the Nominations Committee.

The Governing Body reviewed its effectiveness in 2013/14 in line with the expectations of HEFCE and the Committee for University Chairs for regular effectiveness reviews. The review concluded that the Governing Body, individually and collectively, is effective. The review put in place measures to improve new Governor selection and induction and to give Governors more opportunities for engagement with the College outside formal Governors’ meetings.

The Governing Body has reviewed Birkbeck’s governance system against the CUC’s HE Code of Governance and concluded that the College is compliant with the principles of the Code. It will keep under review its effectiveness and continue to seek to enhance governance processes and practices in line with the provisions of the Code. It has approved a set of Key Performance Indicators linked to College strategic objectives and will consider what target KPIs to set in 2015/16.

The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the College’s significant risks, linked to the achievement of strategic objectives, that the process has been in place for the year ended 31 July 2015 and up to the date of approval of the annual accounts, that it is regularly reviewed by the Governing Body and that it accords with the internal control guidance for directors in the UK Corporate Governance Code (2014) and the principles in the Committee of University Chairs’ HE Code of Governance.

## **CORPORATE GOVERNANCE STATEMENT (continued)**

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### **Academic Board and Academic Board Executive Committee**

On all academic matters the Governors must consider, but not necessarily follow, the advice of the Academic Board, which is responsible to the Governing Body for the academic work of the College. The Academic Board has a membership of around 150 drawn almost entirely from academic staff and the students of the College and chaired by the Master. It delegates some of its powers to its Executive Committee.

### **Finance and General Purposes Committee**

The Finance and General Purposes Committee (F&GPC) reviews and then recommends to the Governors the College's annual revenue and capital budgets and monitors performance in relation to the approved budgets. It reviews and then recommends to Governors the financial regulations and financial policies that are applied to management. It reviews the annual financial statements and considers financial strategy. In addition, the Investment Committee is responsible for the College investments on behalf of F&GPC.

The Finance and General Purposes Committee met three times during the year.

### **Nominations Committee**

The Nominations Committee considers nominations for lay member vacancies in the Governing Body membership under the relevant Statute and for Governing Body appointed vacancies on College Committees. Recommendations to the Governors take into account the balance of skills, knowledge and experience of members and are based on assessment against objective criteria. It also considers issues of succession planning and diversity within the Governing Body.

The Nominations Committee met once during the year.

### **Remuneration Committee**

The Remuneration Committee determines the annual remuneration of the Master and of professorial and senior administrative staff. Lay members of Governing Body receive no remuneration for their services although expenses incurred in attending meetings are met by the College. Members of the Governing Body who are employees of the College receive no additional remuneration for their services to the Governing Body. The cost of living salary increases for all staff are determined by national pay negotiations for all universities. The employee members have no involvement in determining their own salaries.

The Remuneration Committee met once during the year.

### **Equalities Committee**

The Equalities Committee promotes equality and diversity among staff and students across the College by:

- monitoring College policy on equal opportunities and diversity, recommending the introduction of new policy as appropriate and issuing guidelines on new initiatives;
- monitoring developments in legislation and making recommendations for any necessary changes required to policy and practice;
- developing and ensuring implementation of the College's Single Equality Strategy and other related policies.

The Committee makes an annual report on equal opportunities monitoring and developments in equality and diversity to the Governors.

The Committee met twice during the year.

## CORPORATE GOVERNANCE STATEMENT (continued)

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### Audit Committee

The Audit Committee comprises wholly lay members drawn from the Governing Body plus a co-opted member and so has no executive responsibility. Members have recent, relevant financial and other appropriate experience. The Audit Committee met four times during the year.

The Audit Committee relies substantially on the work of the internal and external auditors, on the information provided by management and the response of management to the questions it raises.

The remit of the Audit Committee includes:

- reviewing the effectiveness of the College's systems of internal control and risk management;
- satisfying itself and assuring the Governors that satisfactory arrangements are in place to promote economy, efficiency and effectiveness thereby securing value for money;
- reviewing and approving the remit of the internal audit function;
- advising the Governors, as necessary, on the appointment and remuneration of the internal and external auditors, and their quality, reliability and effectiveness;
- reviewing with the external auditors the scope and nature of the audit, including the report to Audit Committee written by the external auditors; and
- assessing compliance with the regulatory framework relating to audit issues.

The external and internal auditors have a standing arrangement to meet with the Audit Committee regularly without senior officers present. The auditors also attend meetings with senior officers to consider the items listed above, and to review plans for the audit process.

The College's internal audit function provides, by undertaking review, independent objective assurance to the Governing Body, through the Audit Committee, on the effectiveness of the risk management framework, and the design and effectiveness of the operation of internal controls that are intended to control critical business application risks. Internal audit also helps the College accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes and, by working with management, adding value through advice and guidance. All reviews undertaken by internal audit are considered with the management in the relevant operational unit. The reviews are also considered by the Master, College Secretary and Director of Finance and appropriate action confirmed to the Audit Committee. The head of the internal audit has unfettered access to the Audit Committee.

The internal audit work programme is drawn down from a risk-focused audit plan, which remains dynamic and is updated regularly to reflect changes in the College's risk profile. Internal audit monitors the progress made by operational units in implementing recommendations to ensure that they are addressed in a timely and effective manner, and reports regularly thereon to the Audit Committee.

## **CORPORATE GOVERNANCE STATEMENT (continued)**

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### **Audit Committee (continued)**

The senior management team and the Audit Committee receive regular reports, including value for money reports, from internal audit which include recommendations for improvement. The Audit Committee's role in this area is to carry out a high level review of the arrangements for internal financial control. The Audit Committee and the Strategic Planning Committee review risk and control during the annual compilation of the risk register and report to the Governing Body. The Audit Committee also reports on the effectiveness of the College's management of risks to the Governing Body each term. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its summer 2015 meeting, the Governing Body approved the risk management report for 2014/15 and the risk register for 2015/16, taking into account reports from College management and the Audit Committee. In November 2015 the Governing Body considered and approved the annual report of the Audit Committee on its work during 2014/15, including a report from the internal auditor.

### **Strategic Planning Committee**

The Strategic Planning Committee consists of College officers with strategic management responsibility. Its remit is to consider College-wide strategic issues and priorities and to advise Finance and General Purposes Committee and Governors accordingly. It is responsible for internal planning and resource allocation policy and procedures. It oversees the annual planning and budgeting process, giving feedback to Schools and professional services on developing plans and co-ordinates and integrates plans for presentation to Finance and General Purposes Committee. The Committee has established and regularly monitors Key Performance Indicators that measure performance against the objectives set. It is also responsible for fee levels and scholarship policy and advises Finance and General Purposes Committee and Governors accordingly.

The Strategic Planning Committee met six times during the year.

The membership of all of the above committees during the year is shown on pages 1-4.



## INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF BIRKBECK COLLEGE AND GROUP

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We have audited the Group and College financial statements (the "financial statements") of Birkbeck College for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, the Group and College Balance Sheet, the Consolidated Cash Flow Statement, the Statement of 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 Governing Body, in accordance with the Charters and Statutes of the College. Our audit work has been undertaken so that we might state to the Governing Body 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 Governing Body for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Governing Body and auditor**

As explained more fully in the Statement of the College Governors' Responsibilities set out on pages 24 and 25 the Governing Body 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 College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; 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 to identify material inconsistencies with the audited financial statements. 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 the College 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;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

**INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF BIRKBECK COLLEGE  
AND GROUP**

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**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
- 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.

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

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion, the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the Group and the College.

Neil Thomas  
For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
Canary Wharf  
London, E14 5GL

Date:

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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### **Basis of preparation**

The Financial Statements have been prepared in accordance with the statement of recommended practice (SORP): *Accounting for Further and Higher Education* and in accordance with applicable Accounting Standards.

### **Basis of accounting**

The Financial Statements are prepared under the historical cost convention modified by the revaluation of certain fixed assets and investments. Governors having regard to the College's overall financial position including cash flows and reserves, consider it appropriate that the financial statements be prepared on a going concern basis.

### **Basis of consolidation**

The consolidated financial statements include the College and its wholly owned subsidiary. Any intra group transactions are eliminated on consolidation.

In accordance with FRS2, the activities of the student union have not been consolidated into the Financial Statements because the College does not exercise significant influence or control over those activities.

### **Recognition of income**

Income from research grants, contracts and other services rendered is included to the extent of completion of the contract or service concerned when it is measurable and when there is certainty of receipt. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Income from specific endowments is included when it is earned. Income from donations is recognised when it is received.

Recurrent grants from the Funding Council are recognised in the period in which they are receivable.

Non-recurrent grants from the Funding Council or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

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

### **Pension schemes**

Retirements benefits for most employees of the College are provided by the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL). These are defined benefit schemes which are externally funded and contracted out of the State Second Pension Scheme. The assets of the schemes are held in separate trustee administered funds. Contributions to the schemes are determined by qualified actuaries on the basis of triennial valuations using the Projected Unit Method. Reviews of the scheme positions are carried out in the period between valuations.

It is not possible to identify the College's share of the underlying assets and liabilities of the schemes. Therefore contributions are accounted for as if the schemes were defined contribution schemes and pension costs are based on the contributions payable in the year. Differences between contributions payable and contributions paid are shown as either accruals or prepayments on the balance sheet.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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### Leased assets

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases. The College does not hold any finance leases.

### Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate 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. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

### Tangible fixed assets

#### a. Land and buildings

Freehold buildings are stated at cost and depreciated over 50 years. Long leasehold buildings are stated at cost and depreciated over the period of the lease.

Assets under the course of construction are capitalised to the extent the work is complete as at 31 July. On completion the assets are transferred to the appropriate categories and are depreciated according to the depreciation policy for that category.

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

#### b. Refurbishments

Expenditure on major refurbishment projects is capitalised and depreciated over 5 to 20 years based on useful economic life.

#### c. Equipment

Equipment costing less than £10,000 per individual item 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 economic life as follows:

Computer equipment	-	3 years
Other general equipment	-	5 years
Equipment acquired for research or other projects	-	project life

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy. The related grant is credited to a deferred capital grant account and released to the Income and Expenditure Account over the same period as depreciation is charged.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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### Investments

The College investment in the wholly owned subsidiary is stated at original cost. Other investments that form part of Fixed Assets and Endowment Assets are listed on a recognised stock exchange and included in the Balance Sheet at market value.

Current Asset Investments are included in the Balance Sheet at the lower of their original cost and net realisable value.

### Accounting for charitable donations

#### a. Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

#### b. Endowment funds

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:

1. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution;
2. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets and the institution can convert the donated sum into income;
3. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

#### c. Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the Income and Expenditure Account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

### Stocks

Stocks for re-sale are valued at the lower of cost and net realisable value.

### Maintenance of premises

The College has a five-year rolling long-term maintenance plan which forms part of the ongoing maintenance of the estate. The cost of long-term and routine corrective maintenance is charged to the Income and Expenditure Account as it is incurred.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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### **Liquid resources**

Liquid resources include sums on short-term deposits with recognised banks and building societies.

### **Taxation status**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation Tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 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.

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

The wholly owned subsidiary company is registered for VAT and is subject to UK Corporation Tax and VAT in the same way as any commercial organisation. The subsidiary and the College have not formed a VAT group.

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**for the Year Ended 31 July 2015**

	NOTE	2015 £000	2014 £000
<b>INCOME</b>			
Funding Council Grants	1	22,758	24,522
Academic Fees and Support Grants	2	63,887	57,796
Research Grants and Contracts	3	10,400	11,050
Other Operating Income	4	8,375	7,441
Endowment Income and Interest Receivable	5	684	654
<b>TOTAL INCOME</b>		<u>106,104</u>	<u>101,463</u>
<b>EXPENDITURE</b>			
Staff Costs	6	60,843	59,597
Other Operating Expenses	7	30,910	30,501
Depreciation	8	4,842	4,869
<b>TOTAL EXPENDITURE</b>		<u>96,595</u>	<u>94,967</u>
<b>Surplus on continuing operations after Depreciation</b>		<b>9,509</b>	<b>6,496</b>
Transfer from accumulated income in endowment funds		290	126
<b>Surplus for the year retained within General Reserves</b>		<u><b>9,799</b></u>	<u><b>6,622</b></u>

Income and expenditure relates wholly to continuing operations. The historical cost surplus is the same as the surplus noted above.

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
 for the Year Ended 31 July 2015**

	NOTE	2015 £000	2014 £000
Surplus on continuing operations after Depreciation (Depreciation)/Appreciation of Endowment Assets	15	9,509 (20)	6,496 59
New Endowments	15	1,673	445
Revaluation of Investments	16	124	24
<b>TOTAL RECOGNISED GAINS RELATING TO THE YEAR</b>		<u>11,286</u>	<u>7,024</u>
<b>RECONCILIATION</b>			
Opening Reserves and Endowments		62,260	55,236
Total Recognised Gains and Losses for the Year		11,286	7,024
Closing Reserves and Endowments		<u>73,546</u>	<u>62,260</u>

The notes from page 40 to 53 form part of these financial statements.



**GROUP AND COLLEGE BALANCE SHEET as at 31 July 2015**

	NOTE	2015 Group £000	2015 College £000	2014 College £000
<b>FIXED ASSETS</b>				
Tangible Assets	8	67,114	51,714	60,396
Investments	9	12,715	28,332	12,315
		<u>79,829</u>	<u>80,046</u>	<u>72,711</u>
<b>ENDOWMENT ASSET INVESTMENTS</b>	10	5,624	5,624	4,261
<b>CURRENT ASSETS</b>				
Stock		30	31	31
Debtors	11	11,796	11,796	14,590
Investments	22	-	-	15,500
Cash at Bank and in Hand	22	41,597	41,597	26,196
		<u>53,423</u>	<u>53,424</u>	<u>56,317</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>(22,309)</u>	<u>(22,496)</u>	<u>(23,987)</u>
<b>NET CURRENT ASSETS</b>		31,114	30,928	32,330
<b>CREDITORS: Amounts falling due after more than one year</b>	13	(16)	(16)	(48)
<b>NET ASSETS</b>		<u>116,551</u>	<u>116,582</u>	<u>109,254</u>
<b>DEFERRED CAPITAL GRANTS</b>	14	43,005	43,005	46,994
<b>ENDOWMENTS</b>				
Permanent	15	3,462	3,462	3,457
Expendable	15	2,162	2,162	804
		<u>5,624</u>	<u>5,624</u>	<u>4,261</u>
<b>RESERVES</b>				
Revaluation Reserve	16	2,289	2,289	2,165
Income and Expenditure Account Reserve	17	65,633	65,664	55,834
<b>TOTAL FUNDS</b>		<u>116,551</u>	<u>116,582</u>	<u>109,254</u>

The notes from page 40 to 53 form part of these financial statements.

Approved by Governors at their meeting on 17 November 2015, and signed on their behalf by:

Mr Harvey McGrath  
Chairman of Governors

Professor David Latchman  
Master

Mr Keith Willett  
Director of Finance

**CONSOLIDATED CASH FLOW STATEMENT**  
**for the Year Ended 31 July 2015**

	NOTE	2015 £000	2014 £000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>21</b>	<u>11,234</u>	<u>10,448</u>
<b>RETURNS ON INVESTMENTS</b>			
Income from Endowments	5	132	96
Income from Investments	5	546	550
<b>Net Cash Inflow from Returns on Investments</b>		<u>678</u>	<u>646</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible assets	8	(16,990)	(3,381)
Payments to acquire investments	9	(276)	(337)
Payments to acquire endowment asset investments	10	(129)	(101)
Proceeds from sale of fixed asset	8	3,481	-
Deferred Capital Grants received	14	1,516	1,796
Endowments received	15	1,673	445
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>		<u>(10,725)</u>	<u>(1,578)</u>
<b>NET CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES</b>		1,187	9,516
<b>MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>			
Decrease in Short Term Investments	22	15,500	7,500
Loans Repaid in the Year	22	(32)	(185)
<b>Net Cash Inflow from Management of Liquid Resources and Financing</b>		<u>15,468</u>	<u>7,315</u>
<b>INCREASE IN CASH</b>	<b>22</b>	<u><u>16,655</u></u>	<u><u>16,831</u></u>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>		<b>2015 £000</b>	<b>2014 £000</b>
<b>INCREASE IN CASH</b>	<b>22</b>	16,655	16,831
Decrease in Short Term Deposits	22	(15,500)	(7,500)
Loans repaid in the year	22	185	672
<b>INCREASE IN NET FUNDS</b>		<u>1,340</u>	<u>10,003</u>
Net Funds at Beginning of Year	22	<u>42,008</u>	<u>32,005</u>
<b>NET FUNDS AT THE END OF THE YEAR</b>	<b>22</b>	<u><u>43,348</u></u>	<u><u>42,008</u></u>

## NOTES TO THE ACCOUNTS

<b>1. FUNDING COUNCIL GRANTS</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Recurrent Grant:-		
Teaching	9,254	11,271
Research	9,795	10,114
Specific Grants:-		
Strategic Development Fund	(624)	(624)
Higher Education Innovation Funding	526	731
Collaborative Outreach	51	-
Catalyst	646	-
National Scholarship Programme	234	393
Deferred Capital Grants released in the year:-		
Buildings	2,876	2,637
	<u>22,758</u>	<u>24,522</u>
<b>2. ACADEMIC FEES AND SUPPORT GRANTS</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Full-time Students	21,680	15,622
Full-time Students charged Overseas Fees	6,457	6,000
Part-time Students charges Overseas Fees	1,232	1,232
Part-time Fees	32,515	32,708
Short Courses	57	15
Research Training Support Grants	1,659	1,929
Other Teaching Activities	287	290
	<u>63,887</u>	<u>57,796</u>
<b>3. RESEARCH GRANTS AND CONTRACTS</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Research Councils	4,117	5,029
UK Charities	2,524	2,396
UK Government	650	605
UK Industry	316	253
EU Government	2,601	2,532
Other	192	235
	<u>10,400</u>	<u>11,050</u>

**NOTES TO THE ACCOUNTS (Continued)**

<b>4. OTHER OPERATING INCOME</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Room Lettings & Catering Income	3,653	3,275
Other Services Rendered	1,507	1,661
Donations	717	542
Released from Deferred Capital Grants	456	456
Other income	2,042	1,507
	<u>8,375</u>	<u>7,441</u>
	<u>8,375</u>	<u>7,441</u>
<b>5. ENDOWMENT INCOME AND INTEREST RECEIVABLE</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Income from Expendable Endowments	40	19
Income from Permanent Endowments	92	77
Income from Investments	546	550
	<u>678</u>	<u>646</u>
Other Interest	6	8
	<u>684</u>	<u>654</u>
	<u>684</u>	<u>654</u>
<b>6. STAFF COSTS</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Wages and Salaries	50,075	48,380
Social Security Costs	3,917	3,756
Other Pension Costs (Note 23)	6,744	6,592
Restructuring Costs	107	869
	<u>60,843</u>	<u>59,597</u>
	<u>60,843</u>	<u>59,597</u>
	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Staff Costs by activity:		
Academic Departments	39,172	38,776
Academic Services	3,448	3,404
Research Grants & Contracts	5,056	5,078
Premises	2,158	2,407
Administration & Central Services	11,009	9,932
	<u>60,843</u>	<u>59,597</u>
	<u>60,843</u>	<u>59,597</u>

NOTES TO THE ACCOUNTS (Continued)

6. STAFF COSTS (continued)

Remuneration of the Master of the College:

	2015 £000	2014 £000
Emoluments	343	337
Pension Contributions to USS	52	51
	<u>          </u>	<u>          </u>

Remuneration of other higher paid staff, excluding employer's pension contributions:

	2015 Number	2014 Number
£100,001 - £110,000	1	1
£110,001 - £120,000	2	1
£120,001 - £130,000	2	3
£130,001 - £140,000	2	1

Average Full Time Equivalent (FTE) Staff Numbers by Major Category:

	2015 FTE	2014 FTE
Academic	563	556
Technical	15	20
Other (Clerical, Manual and Administrative)	490	469
	<u>          </u>	<u>          </u>
	<u>1,068</u>	<u>1,045</u>

Compensation for loss of office payable to a senior postholder:

	2015 £000	2014 £000
Compensation Payable	-	30
	<u>          </u>	<u>          </u>

The severance pay was approved by the College Remuneration Committee

NOTES TO THE ACCOUNTS (Continued)

7. OTHER OPERATING EXPENSES	2015 £000	2014 £000
Academic Departments	4,032	4,543
Academic Services	3,061	2,941
Research Grants & Contracts	2,460	3,256
Premises	6,905	5,892
Bursaries and Scholarships	8,997	7,943
Administration	5,455	5,926
	<u>30,910</u>	<u>30,501</u>

Other Operating Expenses include:

External Auditors Remuneration in respect of Audit Services	47	46
External Auditors Remuneration in respect of Other Services	87	-
Internal Auditors Remuneration in respect of Audit Services	30	33
Internal Auditors Remuneration in respect of Other Services	3	3
Operating Lease Rentals:		
Buildings	99	111
Hire of Equipment	31	39
Grants to the Students Union	234	210

8. TANGIBLE ASSETS

College	Assets in				
2014/15	Course of Construction £000	Freehold £000	Long Leasehold £000	Equipment £000	Total £000
<b>Cost</b>					
At 1 August 2014	165	15,115	67,900	7,836	91,016
Additions	260	15	1,006	309	1,590
Transfers	(165)	-	165	-	-
Disposals	-	(5,430)	-	(815)	(6,245)
At 31 July 2015	<u>260</u>	<u>9,700</u>	<u>69,071</u>	<u>7,330</u>	<u>86,361</u>
<b>Depreciation</b>					
At 1 August 2014	-	(917)	(23,368)	(6,335)	(30,620)
Charge for the Year	-	(192)	(4,095)	(555)	(4,842)
Eliminated on Disposal	-	-	-	815	815
At 31 July 2015	<u>-</u>	<u>(1,109)</u>	<u>(27,463)</u>	<u>(6,075)</u>	<u>(34,647)</u>
<b>Net Book Value</b>					
At 31 July 2015	<u>260</u>	<u>8,591</u>	<u>41,608</u>	<u>1,255</u>	<u>51,714</u>
At 1 August 2014	<u>165</u>	<u>14,198</u>	<u>44,532</u>	<u>1,501</u>	<u>60,396</u>
Financed by capital grant	-	8,591	34,040	374	43,005
Other	260	-	7,568	881	8,709
Net Book Value at 31 July 2015	<u>260</u>	<u>8,591</u>	<u>41,608</u>	<u>1,255</u>	<u>51,714</u>

NOTES TO THE ACCOUNTS (Continued)

8 TANGIBLE ASSETS (continued)

Group	Assets in Course of Construction £000	Freehold £000	Long Leasehold £000	Equipment £000	Total £000
<b>2014/15</b>					
<b>Cost</b>					
At 1 August 2014	165	15,115	67,900	7,836	91,016
Additions	15,660	15	1,006	309	16,990
Transfers	(165)	-	165	-	-
Disposals	-	(5,430)	-	(815)	(6,245)
At 31 July 2015	<u>15,660</u>	<u>9,700</u>	<u>69,071</u>	<u>7,330</u>	<u>101,761</u>
<b>Depreciation</b>					
At 1 August 2014	-	(917)	(23,368)	(6,335)	(30,620)
Charge for the Year	-	(192)	(4,095)	(555)	(4,842)
Eliminated on Disposal	-	-	-	815	815
At 31 July 2015	<u>-</u>	<u>(1,109)</u>	<u>(27,463)</u>	<u>(6,075)</u>	<u>(34,647)</u>
<b>Net Book Value</b>					
At 31 July 2015	<u>15,660</u>	<u>8,591</u>	<u>41,608</u>	<u>1,255</u>	<u>67,114</u>
At 1 August 2014	<u>165</u>	<u>14,198</u>	<u>44,532</u>	<u>1,501</u>	<u>60,396</u>
Financed by capital grant	-	8,591	34,040	374	43,005
Other	15,660	-	7,568	881	24,109
Net Book Value at 31 July 2015	<u>15,660</u>	<u>8,591</u>	<u>41,608</u>	<u>1,255</u>	<u>67,114</u>

During the year, there was a re-apportionment of University Square Stratford between the College and the University of East London. The part disposal of the asset is included in the above note and the associated transfer of deferred capital grant is included in Note 14. There was no profit or loss on the re-apportionment. The College retains a 15.6% share of the building.

NOTES TO THE ACCOUNTS (Continued)

9. INVESTMENTS - LONG TERM	2015 Group £000	2015 College £000	2014 College £000
Balance at 1 August	12,315	12,315	11,954
Additions	276	15,893	337
Revaluation	124	124	24
At 31 July	<u>12,715</u>	<u>28,332</u>	<u>12,315</u>

The above investments can be analysed as follows:

	2015 Group £000	2015 College £000	2014 College £000
Newton Real Return Fund:			
Bonds	3,638	3,638	3,040
Equities	6,690	6,690	7,244
Commodities	515	515	341
Derivatives	(1,869)	(1,869)	(16)
Cash Funds	740	740	638
Cash	2,577	2,577	687
Other	147	147	141
Other Investments:			
Equities	277	277	240
Birkbeck College (Cambridge House) Ltd	-	15,617	-
	<u>12,715</u>	<u>28,332</u>	<u>12,315</u>

With the exception of Birkbeck College (Cambridge House) Ltd (which is stated at original cost), other investments are listed on a recognised stock exchange and included in the Balance Sheet at market value.

During the year the College purchased a building via a special purpose company, Birkbeck College (Cambridge House) Ltd. The company is registered in England & Wales and the Financial Statements provide data on the financial affairs of the College and also the Group position after consolidating the new, wholly owned, subsidiary. The main business activity undertaken by the company is property development. The company is limited by shares with one ordinary share being issued. Birkbeck College owns 100% of the issued shares.

The College paid £15.4 million from reserves to acquire the company which had been created solely for the purpose of developing Cambridge House. The company had one asset at acquisition with a market value of £15.4 million and no liabilities.

10. ENDOWMENT ASSET INVESTMENTS	2015 Market Value £000	2014 Market Value £000
Investments		
Balance at 1 August	4,261	3,883
Purchases	129	101
(Depreciation)/Appreciation on Disposal/Revaluation	(20)	59
Increase in Cash Balances	1,254	218
Balance at 31 July	<u>5,624</u>	<u>4,261</u>
CAF Trust Fund	65	66
Newton Real Return Fund	3,760	3,650
Bank Balances	1,799	545
Total Endowment Asset Investments	<u>5,624</u>	<u>4,261</u>



NOTES TO THE ACCOUNTS (Continued)

<b>11. DEBTORS</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Trade Debtors	9,658	11,522
Research Expenditure Recoverable	1,312	1,858
Other Debtors	158	402
Prepayments & Accrued Income	668	808
	<u>11,796</u>	<u>14,590</u>

<b>12. CREDITORS: Amounts falling due within one year</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>Group</b>	<b>College</b>	<b>College</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade Creditors	3,081	3,081	2,825
Research Grants received in advance	2,374	2,374	2,883
Other Taxation and Social Security	1,318	1,318	1,292
Accruals and Deferred Income	15,504	15,691	16,802
Unsecured Loan	32	32	185
	<u>22,309</u>	<u>22,496</u>	<u>23,987</u>

<b>13. CREDITORS: Amount falling due after more than one year</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Unsecured Loan repayable in 1-2 years	16	32
Unsecured Loan repayable in 2-5 years	-	16
	<u>16</u>	<u>48</u>

NOTES TO THE ACCOUNTS (Continued)

14. DEFERRED CAPITAL GRANTS

	Funding Council £000	Other Grants & Benefactions £000	Total £000
At 1 August 2014			
Buildings	35,281	11,277	46,558
Equipment	-	436	436
<b>Total</b>	<b>35,281</b>	<b>11,713</b>	<b>46,994</b>
Cash Received			
Buildings	1,359	-	1,359
Equipment	-	157	157
<b>Total</b>	<b>1,359</b>	<b>157</b>	<b>1,516</b>
Released to Income and Expenditure			
Buildings	(2,837)	(498)	(3,335)
Equipment	-	(219)	(219)
<b>Total</b>	<b>(2,837)</b>	<b>(717)</b>	<b>(3,554)</b>
Transfer	(1,951)	-	(1,951)
At 31 July 2015			
Buildings	31,852	10,779	42,631
Equipment	-	374	374
<b>Total</b>	<b>31,852</b>	<b>11,153</b>	<b>43,005</b>

15. ENDOWMENTS

	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	2015 Total £000	2014 Total £000
At 1 August 2014						
Capital	1,362	1,400	2,762	-	2,762	2,785
Accumulated Income	1	694	695	804	1,499	1,098
	<b>1,363</b>	<b>2,094</b>	<b>3,457</b>	<b>804</b>	<b>4,261</b>	<b>3,883</b>
New Endowments	-	-	-	1,673	1,673	445
Investment Income	37	55	92	40	132	96
Expenditure	-	(29)	(29)	(394)	(423)	(222)
Increase in market value	(6)	(7)	(13)	(7)	(20)	59
	<b>1,394</b>	<b>2,113</b>	<b>3,507</b>	<b>2,116</b>	<b>5,623</b>	<b>4,261</b>
Represented By:						
Capital	1,357	1,348	2,706	-	2,706	2,762
Accumulated Income	37	719	756	2,162	2,918	1,499
At 31 July 2015	<b>1,394</b>	<b>2,067</b>	<b>3,462</b>	<b>2,162</b>	<b>5,624</b>	<b>4,261</b>

**NOTES TO THE ACCOUNTS (Continued)**

<b>16. REVALUATION RESERVE</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
At 1 August 2014	2,165	2,141
Revaluation in year	124	24
At 31 July 2015	<u>2,289</u>	<u>2,165</u>
<b>17. INCOME AND EXPENDITURE ACCOUNT RESERVE</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Group</b>		
Balance at 1 August 2014	55,834	49,212
Surplus for the year	9,799	6,622
Balance at 31 July 2015	<u>65,633</u>	<u>55,834</u>
<b>College</b>	65,664	55,834
<b>18. CAPITAL COMMITMENTS</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Commitments contracted at 31 July	<u>674</u>	<u>959</u>

**19. CONTINGENT ASSETS AND LIABILITIES**

A Contingent Asset exists if an economic benefit may arise from a past event. The College intends to make a claim to HMRC for Research and Development Tax Credits for possible qualifying expenditure for the financial years 2013/14 and 2014/15. The amounts were not known at the time the Financial Statements were produced.

With the exception of separate trustee administered pension funds the College had no Contingent Liabilities at either 31 July 2015 or 31 July 2014. The College is unable to separately identify its share of the assets and liabilities of the funds and accounts for them as if they were defined contribution schemes. Note 23 Pension Schemes provides further information.

NOTES TO THE ACCOUNTS (Continued)

20. LEASE OBLIGATIONS

Annual rentals under operating lease commitments:

	2015		2014	
	Land & Buildings £000	Other £000	Land & Buildings £000	Other £000
Operating Leases which expire:				
Within 1 year	-	9	22	9
In 2 to 5 years	66	16	43	25
	<u>66</u>	<u>25</u>	<u>65</u>	<u>34</u>

21. RECONCILIATION OF OPERATING SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

	2015 £000	2014 £000
Surplus after Depreciation	9,509	6,496
Depreciation (Note 8)	4,842	4,869
Deferred Capital Grants Released to Income (Note 14)	(3,554)	(3,319)
Endowments Released to Income (Note 15)	(132)	(96)
Investment Income (Note 5)	(546)	(550)
Decrease/(Increase) in Stock	1	(20)
Decrease in Debtors	2,794	2,657
(Decrease)/Increase in Creditors	(1,680)	410
Net Cash Inflow from Operating Activities	<u>11,234</u>	<u>10,448</u>

22. ANALYSIS OF CHANGES IN NET FUNDS

	2015 £000	Cashflows £000	2014 £000
Cash at Bank and in Hand	41,597	15,401	26,196
Cash included in Endowment Assets	<u>1,799</u>	<u>1,254</u>	<u>545</u>
	43,396	16,655	26,741
Short Term Deposits	-	(15,500)	15,500
Debts Due Within One Year	(32)	153	(185)
Debts Due After One Year	<u>(16)</u>	<u>32</u>	<u>(48)</u>
	(48)	(15,315)	15,267
	<u>43,348</u>	<u>1,340</u>	<u>42,008</u>

## NOTES TO THE ACCOUNTS (Continued)

### 23. PENSION SCHEMES

#### Universities Superannuation Scheme (USS)

Birkbeck, University of London 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 trustee-administered fund. Due to the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and 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 FRS17, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

#### Contingent Liabilities and Assets

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 associated receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised.

#### Pension costs

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 income and expenditure account is shown at the foot of this note. 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 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third 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 £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

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

	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%

**NOTES TO THE ACCOUNTS (Continued)**

**PENSION SCHEMES (continued)**

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:	<b>2015</b>	<b>2014</b>
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

Key financial data for the scheme at 31 July:	<b>2015</b>	<b>2014</b>
	<b>£ billion</b>	<b>£ billion</b>
Assets	49.0	41.6
Liabilities	(67.6)	(55.5)
Scheme deficit	<u>(18.6)</u>	<u>(13.9)</u>
FRS 17 funding level	72%	75%

NOTES TO THE ACCOUNTS (Continued)

PENSION SCHEMES (continued)

SAUL

Birkbeck, University of London participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme and is contracted-out of the Second State Pension. SAUL is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in SAUL, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation. A formal valuation of SAUL is carried out every three years by professionally qualified and independent actuaries using the Projected Unit method. Informal reviews of SAUL's position are carried out between formal valuations.

The College participates in a centralised defined benefit scheme for all qualified employees with the assets held in separate Trustee-administered funds. The College has now adopted FSR17 for accounting for pension costs. It is not possible to identify the College's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 8 - 12 of FRS17.

SAUL is subject to triennial valuations by professional qualified and independent actuaries. The last available valuation was carried out as at 31 March 2011 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings.

The main assumptions used to assess the technical provisions were:

	31 March 2011
Discount rate	
- pre-retirement	6.80% p.a.
- post-retirement	4.70% p.a.
General* Salary Increases	3.75% p.a. until 31 March 2014, 4.50% p.a. thereafter
Retail Prices Index Inflation ("RPI")	3.50% p.a.
Consumer Price Index Inflation ("CPI")	2.80% p.a.
Pension Increases in payment (excess over GMP)	2.80% p.a.
Mortality - base table	SAPS Normal (year of birth) tables with an age rating of +0.5 years for males and -0.4 years for females.
Mortality - future improvements	Future improvements in line with CMI 2010 projections with a long term trend of 1.25% p.a.

\*an additional allowance is made for promotional salary increases

## NOTES TO THE ACCOUNTS (Continued)

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### PENSION SCHEMES (continued)

The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £1,506 million representing 95% of the liability for benefits after allowing for expected future increases in salaries.

Based on the strength of the Employer covenant and the Trustee's long-term investment strategy, the Trustee and the Employers agreed to maintain Employer and Member contributions at 13% of Salaries and 6% of Salaries respectively following the valuation. The above rates will be reviewed when the results of the next formal valuation (as at 31 March 2014) are known.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed SAUL to be in deficit at the last formal valuation date (31 March 2011). As part of this valuation, the Trustee and Employer have agreed that no additional contributions will be required to eliminate the current shortfall.

The more material changes (the introduction of a Career Average Revalued Earnings, or "CARE", benefit structure) to SAUL's benefit structure will apply from 1 July 2012. As a consequence, the cost of benefit accrual is expected to fall as existing final salary members are replaced by new members joining the CARE structure. This will allow an increasing proportion of the expected asset return to be used to eliminate the funding shortfall. Based on conditions as at 31 March 2011, the shortfall is expected to be eliminated by 31 March 2021, which is 10 years from the valuation date.

The total pension cost for the College was:	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Contributions to USS	5,672	5,601
Contributions to SAUL	1,072	991
Total Pension Cost (Note 6)	<u>6,744</u>	<u>6,592</u>

### 24. DISCLOSURE OF RELATED PARTY TRANSACTIONS

College Governors did not receive any remuneration in their role as trustees in the current or prior year. Travel and subsistence expenses claimed by Governors amount to less than £1,000 in each year, payable to 20 trustees

The Students Union appoints Student governors to the Governing body. The College awarded the Students Union a grant of £234,000 in 2014/15 (£210,000 in 2013/14).