



An International
University
delivering excellence,
with a strong
commitment to
the common good





HRH Princess Anne opening the School of Health

2009 - 2010

Annual Report and Accounts

Year Ended: 31 July 2010

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University's Professional Advisors

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Solicitors

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Glasgow Caledonian University Annual Operating and Financial Report 2010

Mission and Vision

Our 2015 Vision

An international University delivering excellence, with a strong commitment to the common good.

Our Mission

Glasgow Caledonian University's mission is to provide a high quality accessible, inclusive and flexible learning and teaching environment which is enhanced by curiosity driven research and which applies its knowledge and skills for the social and economic benefit of the communities it serves in Scotland and around the world.

Looking forward

Building on progress and achievements over the period of its Corporate Plan 2007-10, the University is reviewing its strategic priorities and goals for 2011-15 in order to best position the University to succeed in an increasingly challenging external environment.

In considering its strategic priorities and goals, the University will focus on building on its strengths to secure its long-term sustainability so that it will continue to deliver a vibrant future for students, staff and partners. Our strategic priority areas include learning and teaching; research excellence; an international focus; working with business, industry and the professions; a people-centred approach; and our impact and commitment to the common good.

Executive Summary

This annual report covers a year in which Glasgow Caledonian University was recognised as making a distinctive contribution to the social and economic benefit of the communities we serve as an international University which delivers an educational mission of access and excellence.

An independent analysis by BIGGAR Economics found that the University boosts Scotland's economy by £406 million every year, an economic multiplier of over six to one for the £63 million which we received in government grants through the Scottish Funding Council. Out of the total, we contributed £230 million to our local community in the City of Glasgow.

Good progress has been made towards completing the priority areas and supporting goals and targets outlined in last year's report as set out in the outcomes discussed below. The University remains in surplus with no borrowings to date, and moves forward with confidence to face the challenges expected to arise in 2011 from the very substantial potential reductions in public funding for Scotland.

Ranked in the Top 10 of UK modern universities by the 2010 Sunday Times University Guide, the University continues to innovate in learning and teaching, preparing students for the professions through high quality research-led teaching and the use of the latest learning technologies. We are committed to enhancing the student experience and with the Students' Association we established new Student-led Teaching Awards to recognise and reward examples of excellence in teaching. We have deepened our partnerships with further education colleges, in particular through our leading role in the Greater Glasgow Articulation Hub. Our work with local nurseries, schools and families through our Caledonian Club was recognised by the Times Higher Education UK Widening Participation Initiative of the Year 2009 and the Herald Society Education Award 2009. We are pioneering new courses and innovate ways of meeting the needs of industry. For example we launched a Masters in TV Fiction Writing in collaboration with Shed Productions in 2009-10 with widespread support from the television industry. We are continuing to roll out our award-winning Business Academy model of learning partnerships; building on the success of our academy with Howden Engineering we established an academy with Clyde Union to deliver bespoke continuing professional development.

Following its strong showing in the 2008 Research Assessment Exercise, achieving outstanding success with areas of world-leading excellence in applied research, the University has created two new multidisciplinary research institutes – the Institute for Applied Health Research and the Institute for Society and Social Justice Research. The Institutes are working to create an environment which promotes cross-disciplinary alliances and builds critical mass and capability in the University's established and emerging areas of research strength. The University is working in partnership with Nobel Laureate Professor Muhammad Yunus and in 2010 it established the Yunus Chair and Research Centre in Social Business and Health at the University, which will investigate how the lives and health of disadvantaged communities in Glasgow and overseas can be improved. We continue to apply our research to support business and the public sector, and have maintained a strong Knowledge Transfer Partnership record within a portfolio which encompasses IT, electronics, business, environment and social enterprise.

We have a culturally diverse university community with over 1,500 international students from 100 countries, and we are ranked 1st in Scotland for international student support. As the global higher education sector expands and the competition increases, the longer-term financial strength of the institution will be grounded in developing internationally through well founded teaching, research and knowledge collaborations and partnerships. We reach out internationally through our Caledonian College of Engineering in Oman, our joint degrees in business and engineering with the University of Jinan in China, and our new Grameen Caledonian College of Nursing which was launched in Bangladesh in March 2010. We are also working closely with partners in India to develop research and teaching collaborations in a range of disciplines. We became a member of the prestigious Santander Universities Network in November 2009 which has facilitated student and staff exchange programmes with partner universities in South America, and in the USA we are working with universities in Boston and Chicago which share our mission and values.

We continue to grow and innovate and we will open a new campus in London, GCU London, in 2010-11. Other developments include the expansion of our Business Academies providing bespoke courses in conjunction with UK and international companies.

The University's work on environmental sustainability and the creation of a greener campus was recognised when it was awarded a '1st' in the People and Planet Green League of UK universities. Our Carbon Management Plan was approved by the Carbon Trust in April 2010, and we were the first university in Scotland to achieve silver in the EcoCampus Environmental Management and Awards scheme.

Our success is due to the enormous contributions made by our staff and students. Glasgow Caledonian University has firmly established its distinctiveness as an international university delivering access and excellence, with a strong commitment to the common good.

Other Contributions to Scotland and its economic and social development

The University has a strong tradition of volunteer activity with public sector bodies and with local community activities. Both University court members and staff undertake public service roles which contribute materially to Scotland's social and economic welfare.

Building on her contribution to partnership working to reduce health inequalities as independent Chair of the Glasgow Health Commission, Principal Professor Pamela Gillies was invited by the then Secretary of State for Scotland to Chair the Glasgow Taskforce on Welfare and Benefits. The Taskforce, which was established in January 2010, examined the welfare challenges within the city with a particular focus on generational poverty and benefit reliance and published its report and recommendations in March 2010.

Professor Gillies was inaugurated as a member of the Merchants House of Glasgow in November 2009. She sits on the Scottish Poverty and Truth Commission and was invited to participate in the International Festival of Thinkers in Abu Dhabi in November 2009.

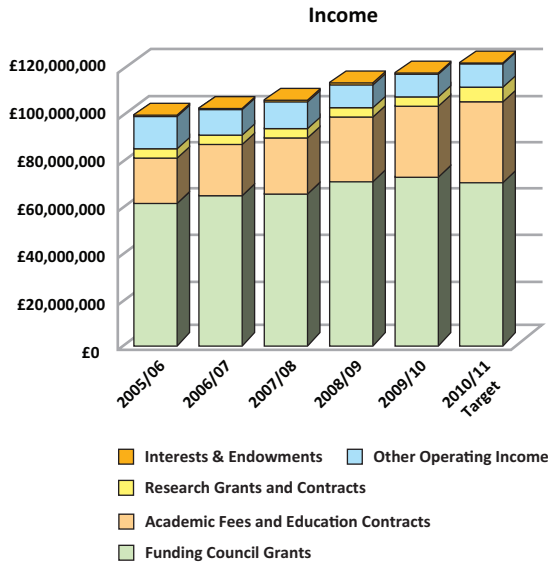
She became Chair of the Higher Education Leadership Forum for Scotland in January 2010, and continued in roles as a Trustee of the British Council and a Board member of the Saltire Foundation, CBI Scotland and Scottish Enterprise West Regional Advisory Board.

Mr Martin Cheyne, Chair of the University Court, has very recently completed his term as Convener of the Committee of Scottish Chairs, and he continues his external roles as non-executive director of NHS Ayrshire and Arran, Chairman of the Scottish Government Health and Wellbeing Portfolio Audit Committee, Member of the Education and Lifelong Learning Portfolio Audit Committee, Vice Chair of Lloyds TSB Foundation for Scotland, and Chief Executive of Ayrshire Chamber of Commerce and Industry.

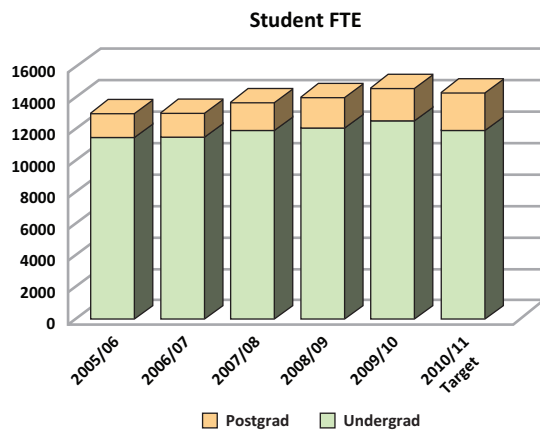
Highlights of 2009-2010

Finance

Income, Expenditure and Surplus

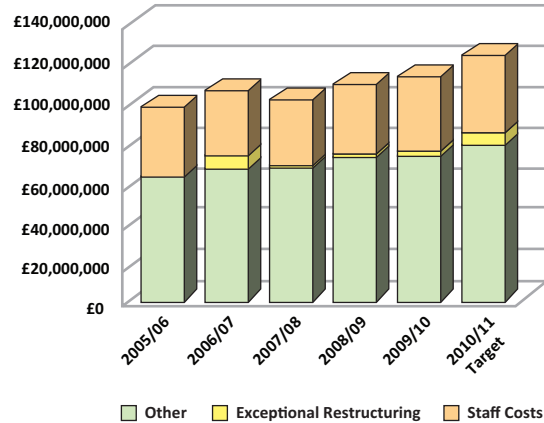


Income growth increased overall by 4% in 2009-10, less than last year's 7% growth. Factors include planned static home undergraduate student growth, heightened competition in international markets, research grants and contracts yet to benefit from recent awards, and falling deposit rates on investments.



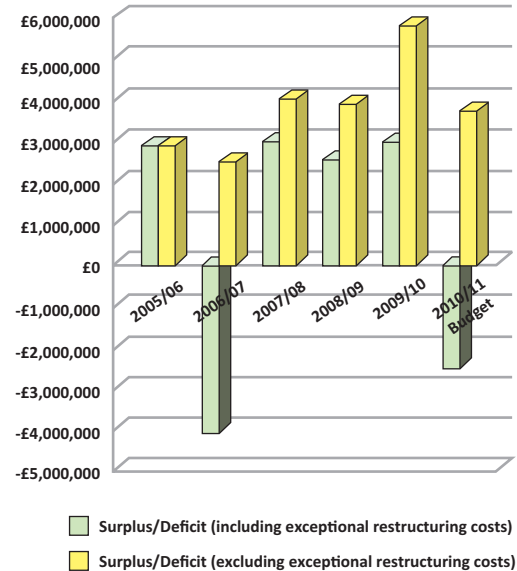
The overall increase in student numbers of 8.5% includes an increase of 4.4% in post graduate students, and a heartening 6.3% increase in undergraduate international students. We aim to continue to improve in these increasingly competitive markets.

Expenditure



Costs continued to be contained ahead of the expected reductions in public funding from 2011. The increase overall was 4%, including restructuring costs which were £3.3 million (2009: £1.3 million) and an exceptional credit for reductions in expected past pension service costs of £0.5 million (2009: £nil). Lower national pay settlements and the expected public and university sector pension reforms should continue to assist our cost controls.

Surplus/Deficit

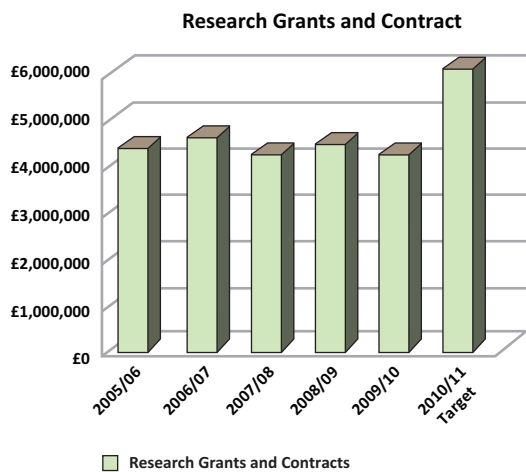


Surplus for this year has been affected by the following one-off items; purchase of land with Funding Council grant, which adds £0.7m to the surplus because the land will always hold value in the balance sheet; £0.5m surplus arising from a reduction in the liabilities of one of the pension schemes because of the effect of a Government decision to index future pensions by the consumer price index rather than retail price index; finally, the £3.4m costs this year of the Voluntary Early Release Scheme.

In line with our corporate plan goal, the University is still generating consistent modest surpluses which we will invest to increase our attractiveness to students and employers, achieve further growth and allow us to take a progressive and reflective response to the expected reductions in public funding. Focus is also on delivering growth from new activities, throughout the expected prolonged period in which the impact of the economic recession on public finances will be severe.

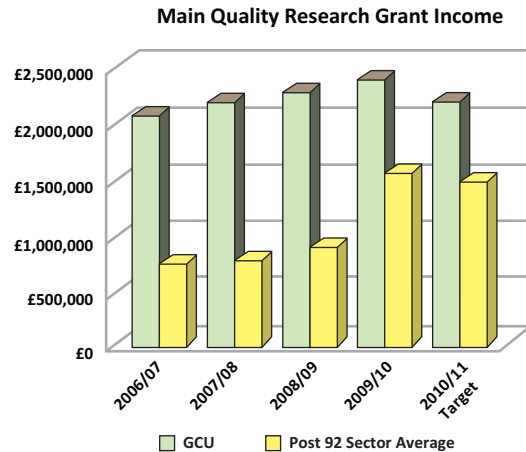
The University will maintain its focus upon access to higher education for students from economically disadvantaged and previously under represented areas of Scotland, whilst seeking to find additional income from a broader range of other sources.

Research, Knowledge Transfer and Business Development



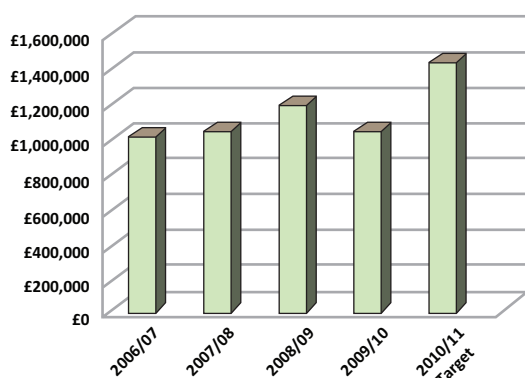
In an increasingly competitive environment for research funding the university has continued to build on its strategy of focusing on, and investing in, selected areas of excellence so as to maintain the quality of grant applications. In particular, following the RAE assessment that placed our applied research in the top 10 in the UK, the decision to consolidate strengths and critical mass in this area under the umbrella of a new Health Institute has already achieved notable grant success for projects from 'blue-chip' funders approved in the past year. These projects will increase research income substantially in 2010/11 and beyond which will start to achieve the increase in income necessary to support future research development. Within the field of musculoskeletal and neurological rehabilitation sciences, Professor Woodburn and his team have achieved an award of £3.3 million from the European Commission Framework 7 programme to develop, in collaboration with research and commercial partners, personalised orthotic devices. Their research also continues to be supported by grants from the Arthritis Research Council. Grants have been awarded to lead a clinical network in the field of recovery from stroke and to determine effective interventions to improve visual impairment, maintaining our strong reputation in the area of Vision Sciences. Vision research has received grants from key funders such as the College of Optometrists and the Visual Research Trust for projects including research on neo-natal sight, the treatment of dry-eye and a major two year study for

£220,000 funded by the Chief Scientist's Office on perceptual organisation in human amblyopia. In the increasingly important area of ageing and problems of later life, Professor Cheater is principal co-investigator on a £2 million programme grant from the prestigious National Institute of Health Research focused on delirium prevention for older people. Other significant grant awards, which show the range and depth of the University's applied health research, include £230,000 for the identification of transmission routes of the hepatitis E virus; £150,000 for a multi-centre randomised control trial of pelvic floor interventions and £400,000 for research in new models of parenting.



Despite the reduction in future grant funding for research, it remains vitally important for the University to sustain our focus in other research fields that will enable a broad submission to be made to the Research Excellence Framework (REF) assessment - scheduled for the end of 2013 - to improve upon our achievements in the RAE of 2008. Noteworthy achievements include: continuing grants from the Natural Environment Research Council on water pollution and from the Engineering and Physical Sciences Research Council on high voltage transmission; additional grants have been received for research on solar energy, biomass systems and carbon management; £100,000 from the European "INTERREG" programme to evaluate environmental impacts of livestock waste and £350,000 from the European Framework 7 programme to investigate mitigation strategies for the preservation of cultural heritage in times of climate change; the Wellcome Trust Centre for the History of Health has additional grants from the Wellcome Trust as well as the Royal Historical Society and the British Academy; new grants of £57,000 have also been obtained from the Lottery Fund to support research on pathways out of drug use; £165,000 from European Marie Curie programme for a project on intellectual capital, work and well-being, and lastly £51,000 from the Arts and Humanities Research Council for research on film drama.

Knowledge Transfer Grants & Contracts Income



The University's commitment to seek to apply its research, and to work with business and other partners to achieve this, chimes strongly with changes in thinking around the REF as well as from grant awarding bodies. The reorganisation and new leadership of the University's Research, Innovation and Enterprise office has substantially aided a strong performance in the area of knowledge transfer. In addition to the European grants already noted, the University is a partner in three European KT consortia utilising our expertise: "Maximum Fidelity Interactive User Display Systems" providing new design for car interior design; the "Mediterranean Innovation Alliance" to promote new forms of University-enterprise collaboration and "Innovate" which is providing regional authorities with models to promote economic change by boosting the relationship between skills, knowledge creation and economic development at a transnational level.

During 2009/10 we successfully concluded the previous cohort of Knowledge Transfer Partnerships (KTP's), with significant benefits evidenced for the companies concerned. We have been awarded ten new KTPs in the last year, to be delivered over the next three years across the range of the University's applied research expertise. These include research partnerships to provide new management systems for production control; a new mobile information security system to meet the requirements of UK police forces; the development of capability in hydraulic modelling; remote web access to improve diving inspection processes; new laboratory techniques to define the chemical and nutritional value of new strains of potato and the embedding of environmentally sustainable design.

Academies -Working in new ways with business and industry

The commitment to work with business and industry partners is exemplified by the continued development of the 'Business Academy' model which provides a structured partnership with global companies to deliver high-quality bespoke continuing professional development which develops workforce skills and leadership. Following the success of the award winning Howden Academy with our School of Engineering and Computing, our model for establishing Business Academies is now being rolled out in partnership with other organisations: a new Academy with Clyde Pumps, one of the leading specialised engineering companies in the world in the power and energy sector, was launched in 2009 providing a bespoke programme through our Business School, ClydeUnion Academy, open to all the company's global employees as well as suppliers; and further initiatives are being developed in the area of customer service with Scottish and Southern Energy and others.

Learning and Teaching

Glasgow Caledonian University continues to offer students an excellent academic experience and to support talented students from diverse backgrounds to maximise their potential. The University continues to achieve outstanding results in the International Student Barometer, and is ranked first in Scotland with regard to overall student satisfaction and students recommending the University as a first choice for study. In the 2009 UK National Student Survey, 84% of students reported they were satisfied with their experience and there was a significant improvement in the learning resources satisfaction score as compared to the previous year.

We are committed to enhancing our learning and teaching environment through the use of new learning technologies. During 2009-10, we established a new Blended Learning Team to work with academic staff and students to support the roll out of our virtual learning environment. This Team has been brought together with the work on Second Life into a Learning Technologies Unit within the Caledonian Academy. The role of Academic Development Tutor has now been established within each of the Schools, after a successful pilot period.

We remain committed to widening participation and engaging with schools. Our Caledonian Club for local children, young people and their families aims to raise aspirations and transform attitudes to universities. It also enhances the life skills of the volunteer student mentors, and enables University researchers to capture data on learning through life. The Club was recognised for 'breathing life into lifelong learning', winning the 2009 UK Times Higher Award for Widening Participation and the Herald Society Award for Education Initiative of the Year.

Supported by Scottish Funding Council funding, the Greater Glasgow Articulation Partnership (GGAP), for which the University is the hub, is developing apace and has put in place a set of clear partnership agreements with Further Education Colleges to facilitate student articulation and transition. GGAP assists the University to develop and manage articulation and support our commitment to access and articulation. We continue to be the leading University in Scotland for providing articulation routes and pathways to University. In 2009-10 we created the role of Head of Widening Participation and College Liaison which has supported our strategic relationships with College partners as well as closer working with our academic Schools and Student Recruitment and Admissions Office.

During 2009-10 the University restructured its Academic Policy Committee to take a more strategic approach, for example through the establishment of a revised process for the development and scrutiny of new programme proposals via the Academic Policy Committee and the Senate which includes a focus on the academic, business and marketing case. A fully coordinated approach is now being taken to both the Masters in Research programme and the Professional Doctorate which will in future both be managed through our Graduate School with specialist input from all Schools. We are currently reviewing our overall portfolio with a view to ensure that our offerings are both of the highest quality and sustainable.

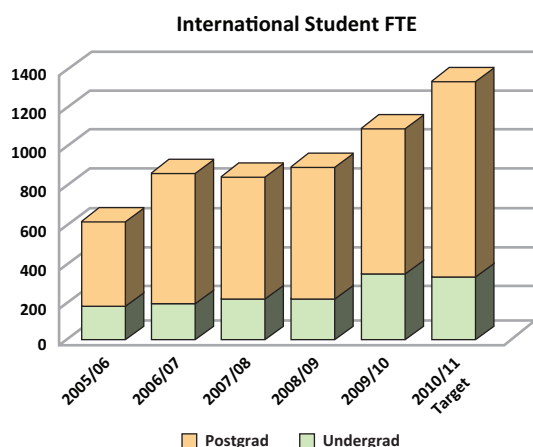
A major development this year has been Senate's agreement to restructure the academic year into three Trimesters with an earlier start in September and assessments to be undertaken before the winter break. This change in the pattern of the academic year is becoming increasingly common in the

Scottish HE sector. This proposal came initially from our Student Parliament and it is anticipated that the changes to the pattern of assessment, alongside a move away from formal exams for year 1 students, and the development of more innovative assessment methods across the board, will further improve retention and progression rates. We have introduced a Welcome Weekend and an integrated induction programme which will deliver induction activities at points throughout the student journey, in order to encourage enhanced student engagement with their courses and learning experience. As part of this holistic approach, new students will be encouraged to feel part of the University community before teaching begins as a result of access to online registration and student information from the time they have a confirmed place at the University.

The University continues to support staff to develop their skills in relation to learning, teaching and assessment through working with the Caledonian Academy and Organisational Development and especially via the Scholars and Associates scheme and the Postgraduate Certificate in Higher Education, and to recognise the importance of these developments in the promotions process.

We continue to have a well deserved reputation for excellent engagement with our students, and we enjoy a particularly strong working relationship between the University Executive and the Students' Association Executive. Our Students' Association has achieved a great deal over the year, for example it successfully campaigned for Senate's agreement to free Wednesday afternoons from programme based teaching in order to enable students to engage more fully in activities which will develop their employability and citizenship skills. As a result of student requests for a 24-hour learning facility the University has reconfigured the ground floor of the Student's Association Building to produce a state of the art learning technology hub. The Students' Association was part of the QAA Scotland pilot scheme promoting Student-led Teaching Awards and hosted a very successful awards event which raised the profile of high-quality teaching amongst students and staff and was commended by the National Union of Students. The Students' Association has also worked closely with academic staff as part of the Quality Assurance Agency enhancement theme focused on developing 'Graduates for the 21st Century'.

International Outlook



The University remains committed to expanding its international activities. In 2009-10 our aims were to continue to develop and foster international partnerships and alliances and to increase the number of international students and to enhance the experience of all students.

International and European FTEs 08/09 and 09/10

| | 2008/09 | | | 2009/10 | | |
|---------------|--------------------|-------------------|-------|--------------------|-------------------|-------|
| | Under Graduate FTE | Post Graduate FTE | Total | Under Graduate FTE | Post Graduate FTE | Total |
| International | 318 | 636 | 954 | 344 | 748 | 1092 |
| European | 356 | 158 | 514 | 303 | 126 | 429 |
| Total | 1468 | | | 1521 | | |

Students numbers from outside the UK grew for the fifth successive year, this time by 4% overall and now form 10.6% of the total student body. We now have over 100 countries represented on campus and we are proud of the cultural and ethnic diversity of our student body which enriches the experience of students and staff at Glasgow Caledonian University and the City of Glasgow. The total amount of income from all international activities including tuition fees, research, knowledge transfer, student exchange has similarly continued to increase and is now £8.5 million (7% of total revenue).

Income from International European Teaching and Research

| | 2006/07 | 2007/8 | 2008/09 | 2009/10 | Total |
|---------------|------------|------------|------------|------------|-------------|
| | £'m | £'m | £'m | £'m | £'m |
| International | 2.6 | 5.8 | 7.1 | 7.3 | 22.7 |
| European | 1.0 | 1.2 | 1.1 | 1.3 | 4.6 |
| Total | 3.5 | 7.0 | 8.2 | 8.5 | 27.3 |

The University continues to be innovative in its approaches to international student recruitment in what is an increasingly competitive and dynamic global education market. During 2009-10 we continued to develop strategic partnerships to support student recruitment and exchange, to facilitate the delivery of programmes overseas and to strengthen research, knowledge transfer and consultancy.

To drive forward our educational vision to develop our graduates as global citizens and as part of our wider drive to broaden the student experience, we invested in a range of study abroad and student exchange opportunities. The number of students engaged in this type of activity doubled to 400.

Caledonian College of Engineering in Oman (CCEO) has now been operating for over 14 years. Over 2500 students studied our programmes in Oman in 2009-10 with further growth planned over the coming years, which makes CCEO the largest provider of UK Engineering and Construction qualifications in the region. Building on this success, in February 2010 we started work for the Omani Government in partnership with the colleagues in the Omani Institute of Health Sciences to design and support the delivery of a four year honours physiotherapy course.

This year we received approval from China's Ministry of Education to collaborate with the University of Jinan in Shandong Province on the design and delivery of undergraduate programmes in engineering and business. These programmes began in September 2009 and met their target of 200 students. Recruitment is underway for a second cohort of 200 students on the current programmes and new programmes are being considered for 2011. Given the success of these offerings and the demand for such high-quality programmes, we are also considering delivering similar programmes with a small number of universities in other parts of China. Our own students visited Jinan in August 2009 to broaden their experience through academic and cultural activities.

India and Pakistan currently provide the largest international regional market for the University. To strengthen these markets we have signed partnership agreements with the University of Rajasthan and the University of Rajasthan Health Sciences in Jaipur, North Eastern Hill University in Shillong and the Bahauddin Zakariya University in Multan, Pakistan. We are also continuing discussions with potential partners following the publication of the Foreign Universities Bill in India.

In 2009 we joined the Banco Santander University network which will provide opportunities for funding for scholarships and academic collaborations, as well as raising our profile in the South American market. We have signed partnership agreements with two universities in Chile, Universidad Del Desarrollo in Santiago and Universidad Tecnica Federico Santa Maria in Valparaiso and we are progressing discussions on collaborative activities in a range of disciplines.

The second year of INTO Scotland, a joint venture between Glasgow Caledonian University and INTO University Partnerships, met its targets and reported excellent results. INTO Scotland provides pathway programmes and intensive English Language tuition that enables talented students to progress into Glasgow Caledonian University undergraduate and postgraduate programmes. At undergraduate level students successful completion of these programmes leads to entry to either the second or third year of University degree programmes. At postgraduate level the INTO Scotland programmes prepare students for entry to Masters Programmes. To date there have been pathway programmes in Business, Engineering and the Built Environment. These will be supplemented by programmes in Health during 2010-11.

People and Culture

Key appointments this year included the Yunus Chair in Social Business and Health - Professor Cam Donaldson; Director of Student Recruitment and Admissions - Robin Halley; Director of Library Services - Debbi Boden; and Director of Research, Innovation and Enterprise - Hamish Dingwall.

The success of Glasgow Caledonian University's vision for the future depends on the commitment, skills and experience of our staff and a review of employment policies is underway in the light of legislative changes and best practice, and to support the delivery of the University's vision.



Professor Pamela Gillies and Luis Juste signing the agreement for GCU to join the Santander network

The highlights of 2009-10 include delivery of programmes for Leadership Development - programmes for academic heads of department including development centre's with personal feedback, a needs analysis and using the leadership skills framework including financial management and budgeting skills; Preparing for Strategic Leadership programmes for senior lecturer and equivalent professional support staff; Leadership Development Series using external speakers to address organisational change; and talent development strategies to accompany the performance development and appraisal system for the development of key skills. Key objectives included helping to embed a performance development culture through working with departmental teams to improve individual performance; and embedding the International Strategy, through workshops, a web presence called International Horizons, International XChange, and a successful conference. The aim was to create cross-institutional involvement in implementing the strategy and development of action plans, including a development programme for cultural competences.

We achieved the award of Marketing Team of the Year in the Higher Education Information Services Trust (HEIST) Awards in recognition of our work on our student recruitment campaign for 2009 - 10 and our new brand and website.

Sustainability and Estates

The University has achieved great success with its environmental and sustainability agenda in the past year. We achieved a first class award in the People and Planet Environmental Audit, which measures the environment and performance of UK's Universities. We were also the only university in Scotland to be awarded a Silver Award in the Eco Campus Scheme. The Carbon Management Plan, developed with the Carbon Trust, has been pivotal in laying the foundations and framework for future initiatives. Sustainability is embedded in the recently approved Campus Master Plan and will drive the ambition to provide a modern sustainable campus of the future. Financed principally through the Scottish Funding Council capital investment funding allocation, the University has continued the upgrade programme for the exterior of the George Moore Building; upgraded a number of lecture theatres; refurbished and upgraded laboratories within the George Moore Building; demolished the former Students' Association building; purchased land adjacent to the University on which it plans in future to site a new building to assist with rationalising space and reducing rental costs elsewhere; upgraded research equipment and integrated research and KT support facilities; fitted out a leased building in Spitalfields in London for use as a London Campus from September 2010; developed a new 24-hour computing and IT lab within the Students' Association Building. This capital funding programme not only helps deliver an improved learning and teaching environment but addresses our Sustainability Agenda through increased focus on environmental issues.

Following extensive consultation throughout the University and with external stakeholders, the new Campus Master Plan has been completed in line with the 2015 vision and work is now underway to define more closely the core projects - bringing together the Business School, greening our campus with better energy utilisation, and a new 'heart of the campus' proposal. Funding priorities will be confirmed and it is expected that our banking facilities will be re-tendered in line with the new requirements.

Information Services Development and Support

The Information Services Department has now restructured its staffing for both IT and the Library. Across the department the new structures in place feature enhanced productivity, greater integration and increased accountability for single service points for students and staff as internal customers. The new Director of Library Services has introduced plans to support our research community, enhanced blended learning offerings, and our international strategy. Our Library is now working on further integrating our face to face customer services for students from the BASE, our "one stop shop for students" within the award winning Saltire Centre.

In line with the University's business continuity strategy, infrastructure improvements achieved include enhanced server resiliency for the email and internal Internet Protocol (IP) telephone system. Both services feature two separate installations of servers so that major disasters are less likely to interrupt these key communications services. The network was upgraded on campus to improve reliability and bandwidth. The higher capacity network links enable better download and transfer of multi-media content, both video and audio. The wireless network was upgraded concurrently to reduce black spots, increase bandwidth and generally improve the service. The wireless network in the student residences was also upgraded to a higher capacity wired network. Audio-visual and multimedia facilities in the teaching spaces were also further improved this year.

Core modules of the Integrated Student Information System (ISIS) have been implemented this year for student registrations and assessments. ISIS is now integrated with our virtual learning environment, Blackboard, allowing student information and module data to automatically appear in the learning management system. Work continues to improve the functionality of the system. Finally, eProcurement - a project to automate the purchasing authorisation and order process - was completed this year, and finally substantial numbers of student and staff workstations were replaced.

Development and Alumni Relations

In only its third year of operation the Development and Alumni Relations team was shortlisted in the 2010 Times Higher Education Leadership awards. The second active year of fundraising has secured £1.6 million in gifts and pledges, adding to a total support to date of £3.5 million. Student support, mainly through scholarships, attracted almost £1 million in new funding last year.

The University's development and alumni relations programme takes a holistic view of engagement with alumni and stakeholders. A range of valuable new relationships and partnerships have been formed, and almost 60,000 alumni are now regularly engaged with their university. Increasing numbers of former students are involved in activities such as student mentoring, lectures, workshops and careers advice. The Centenary edition of the famous Glasgow Cookery Book was published in 2009 with the support of Queen's College alumni. Income from the sale of the book has funded important preservation work on the Queen's College archives, student awards and equipment for teaching.



Sir Alex Ferguson prior to delivering his GCU Masterclass

Many donations help with student-focused activities of all kinds and enrich the student experience and the University's impact in the community. For example, thanks to generous donations, students who won Magnusson Awards this year have carried out a number of valuable projects here in Scotland and overseas; future students in construction engineering will be supported with scholarships and internships following the largest donation we have received to date from Alumni Achievement Award-winner Khalid Abdul Rahim (MSc Construction Management, 2005) whose £250,000 pledge will ensure that talented students can study here regardless of their background or circumstances; the new MA in television fiction writing has been supported in its first year by a number of industry scholarships from Dr Eileen Gallagher and Ann McManus, Shed media, MG Alba, the Writers' Room, Scottish Screen and Talkback Thames, all provided scholarships; The Moffat Charitable Trust continued its support of Moffat Scholarships in travel and tourism into their eleventh year; Dr Gordon Masterton, funded two bursaries for the second year, in Built and Natural Environment; the University joined the prestigious Santander Universities Network in late 2009, and £150,000 of funding supports staff and student exchange with member universities, especially in South America; The British Heart Foundation and Marie Curie Cancer Care provided £300,000 for posts in the School of Health; the Vision Sciences Department received a special diagnostic machine, valued at £100,000 given by Optos, £45,000 in equipment given by Birmingham Optical Group and £46,000 by Optical Express Group; £94,000 was donated by staff and alumni to support a wide range of small projects across the University. One gift allowed the Gymnastics Society to compete and be ranked top team in Scotland and seventh in the UK; Other gifts received during the year, include those from the Binks Trust, Christine Craik, Henry Simmons, Annabel McMannus, the AMW

Charitable Trust, The Bellahouston Bequest Fund and the Scottish Chartered Accountants' Trust for Education, among many others.

Public Benefit in support of our Charitable Status

A report by BiGGAR Economics provided an independent analysis of the University's contribution to Scotland as a generator of both economic and social outcomes. The report concluded that the University boosts Scotland's economy by £406 million every year.

In support of the University's commitment to 'the common weal' both staff and students are encouraged to engage in a range of voluntary and community activities. The Students Association's Student Leaders Programme is now well established, with 265 completing the programme in 2009/10.

The University's active public engagement programme includes a vibrant series of public lectures: During the year a number of prominent alumni and honorary graduates presented lectures on campus- including lectures by Lena Wilson (CEO Scottish Enterprise), Azeem Ibrahim (entrepreneur and philanthropist) who delivered the 2010 Trades House Lecture, Malcolm Hart (Managing Director of Aurigny Airlines) who presented the 2009 Moffat Lecture, Ian McLeod, (former CEO of Celtic Football Club and now CEO of Coles Stores in Australia), Mel Young (founder of the Big Issue and Homeless World Cup), Sir Jackie Stewart (former F1 World Champion), and Sir Alex Ferguson (Manager, Manchester United FC).

Guest lectures included Laser Refractive Surgery by alumnus Professor David Gartry and Grameen Banking and its Replication in Scotland by Professor Latifee, M.D. Grameen Trust, Dhaka.

Conferences and exhibitions held by the University included: British Sociological Association - Inequalities and Social Justice, Institute of Mechanical Engineers Annual Joint Institution Prestige Lecture, Caledonian Creates - an exhibition of University student design talent, the Caledonian Fashion Show - showcasing work by University students and Thistles in the Middle East - an event that told the story of the Pathways to Palestine team of student Eoghin Quinn and his friends who cycled from Ireland to Gaza to raise awareness of medical shortages there. Other events included a memorial concert for folk singer, actor, playwright and poet Ewan MacColl.

The University's social enterprise fund enables social enterprises such as Spruce Carpets, which recycles used carpets, to access our academic expertise to grow their business. We have established a Social Enterprise post graduate certificate which has been developed with the Scottish Social Enterprise Academy. This is being developed into an MSc as part of the Social Enterprise government pilot scheme, and distinguishes the University as a leader in developing social enterprises through practical skills.


Emma McLeod won the Student of the Year award for her outstanding commitment to volunteering within the University and the Students' Association. She was the Caledonian Business school officer and had a number of other roles such

as: Class Rep, Welfare Volunteer, Societies Policy Group, PASS leader, Student Mentor and also the Caledonian Business School Induction Leader.

University staff raised money for Children in Need and MacMillan Cancer Support and students raised money for Teenage Cancer Trust, CLIC Sergeant and National AIDS Trust to name a few. Students who took part in a summer school in China were sponsored by Martin Currie Investment Management and the Martin Currie Foundation and in exchange helped with one of the Foundation's charity projects in Scotland, the Princess Scottish Youth Business Trust. Students provided advice and mentoring to recipients of Trust grants and helped with a major event held at Glasgow City Chambers in support of the Trust.

Management

In 2009-10 the University's management was led by the Principal and Vice-Chancellor, assisted by Vice Principals - the three Pro Vice-Chancellors, Executive Director of Finance, University Secretary, and six Deans. The University is in process of restructuring and re-profiling its Schools around three larger groupings, mirroring its core strengths in Health and Life Sciences; Business, Law and Social Sciences, Engineering, Computing and the Built and Natural Environment. This will enhance our capability to sustain the University in the long-term and respond to the competitive and financial challenges ahead.



GCU Student of the year - Emma McLeod

Governance

The Court agreed a set of key performance indicators to monitor performance and progress towards its 2015 Vision. The main areas covered include key targets set down in the corporate plan and ongoing trends at school and University level in the following areas: student numbers and income in key markets; progression and retention; widening access, and financial surplus. Details of the University's governance arrangements are set out in the following section.

Disability Policy

The University gives equal consideration to all applications for employment regardless of disability, and where a candidate with a disability is the best person for the job, full consideration is given to what reasonable adjustments are necessary to ensure the requirements of the job can be adequately fulfilled. Where existing employees become disabled it is the University's policy, wherever practicable, to support employees in continuing employment by making appropriate adjustments where necessary. Members of staff who have a disability are employed under the same terms and conditions as their able bodied colleagues and the University provides training, career development and promotion opportunities to all staff, regardless of their disability wherever appropriate.

Equality and Diversity

Equality and diversity has been embedded across all University functions through a number of projects and activities, which aim to ensure that staff and students have knowledge of their rights and responsibilities, as well as relevant issues. The Equality and Diversity Strategy sets out our commitment to promoting equality and valuing diversity, ensures that University is compliant with legislation, and establishes clear lines of responsibility and accountability, creating an environment which supports dignity at work and study.

Risk Management

The University has a comprehensive corporate risk register and has embedded risk analysis and reporting in its schools and support departments. Elements of the key risks identified by the University are as follows: inability to manage consequences of substantial expected reductions in government funding; potential for disruption to industrial relations following pay and pension negotiations and failure to register international students and collect income, following failure of new immigration control systems.

Payment of Creditors

It is the University's policy to obtain the best terms of business from creditors, and thus, there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavors to include and abide by specific payment terms. The amount of interest paid in the year under the Late Payment of Commercial Debts (Interest) Act 1998 was nil.

Looking Forward

The targets towards which we are focused for 2011 include:

- Internationally networked
- Excellence in education
- Excellence in research
- Delivering for business and the public sector
- Valuing our people
- Committed to the common good

The University will rationalise and restructure its academic programmes to meet the changing needs of its stakeholders in the emerging economic environment. It will continue to grasp opportunities to innovate and focus our activities to remain in a sustainable position.

Responsibilities of the University Court

In accordance with the Glasgow Caledonian University Order of Council 2010, the Court of Glasgow Caledonian University is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Court is responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Glasgow Caledonian University Order of Council 2010, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the Court of Glasgow Caledonian University, the University Court, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Court has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgments and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis, unless it is inappropriate to presume that the University will continue in operation.

The Court has a responsibility to:

- ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Further and Higher Education (Scotland) Act 1992 and 2005, the University's Financial Memorandum 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;
- ensure reasonable steps have been taken to secure the economical, efficient and effective management of the University's resources and expenditure; and
- ensure sound corporate governance and the proper conduct of the University's operations.

University Court Members

Mr Martin Cheyne
Chairman
Professor Pamela Gillies
Principal and Vice-Chancellor
Mr Antony Brian
Vice-Chairman (01.08.10)
Mrs Hazel Brooke
Mrs Tracy Findlay (from 01.08.10)
Ms Laura Gordon (from 01.08.10)
Mr Rory Herron (from 01.08.10)
President of the Students' Association
Dr Azeem Ibrahim (from 01.08.10)
Professor Elaine McFarland
Mr John N Maclean (to 31.07.10)
Vice-Chairman
Mr John McNaught
Dr Rajan Madhok
Mr Stephen McCafferty
Mr Malcolm McCaig
Dr James A Miller
Mr Hugh O'Neill
Mr Henry Perfect
Ms Stephanie Pitticas (to 31.07.10)
President of the Students' Association
Ms Davena Rankin (to 31.07.10)
Mr Graham Scott
Ms Catherine Truel
Mr David Wallace

Members of Finance and General Purposes Committee

Professor Pamela Gillies
Principal and Vice-Chancellor
Mr David Beeby
Executive Director of Finance
Mr Rory Herron (from 01.08.10)
Dr Azeem Ibrahim (from 01.08.10)
Mr John McNaught
Mr Hugh O'Neill
Mr Henry Perfect
Chairman
Ms Stephanie Pitticas (to 31.07.10)
President of the Students' Association
Ms Catherine Truel
Mr David Wallace

Members of Audit Committee

Mr Antony Brian (to 31.07.10)
Chairman
Ms Laura Gordon (from 01.08.10)
Mr Malcolm McCaig
Chairman (from 01.08.10)
Professor Elaine McFarland
Mr John N Maclean (to 31.07.10)
Dr James A Miller

Members of Remuneration Committee

Mrs Hazel Brooke
Mr Martin Cheyne (from 29.04.10)
Professor Pamela Gillies
Mr John N Maclean (to 31.07.10)
Dr Rajan Madhok
Chairman
Mr Henry Perfect

Members of Court Membership Committee

Mr Martin Cheyne
Chairman
Professor Pamela Gillies
Professor Elaine McFarland
Mr John N Maclean (to 31.07.10)
Dr Rajan Madhok
Dr James A Miller

Members of Health and Safety Committee

Mr Mike Ellis
Mrs Tracy Findlay (from 01.08.10)
Mr Rory Herron (from 01.08.10)
Mr Stephen McCafferty
Mr Hugh O'Neill
Chairman
Ms Stephanie Pitticas (to 31.07.10)
Ms Davena Rankin (to 31.07.10)
Mr Keith Ross (from 26.05.10)
Mr David Wallace

Members of Staff Policy Committee

Mrs Hazel Brooke
Mr Mike Ellis
Mrs Tracy Findlay (from 01.08.10)
Professor Pamela Gillies
Mr Stephen McCafferty
Dr Rajan Madhok
Dr James A Miller
Chairman
Ms Davena Rankin (to 31.07.10)
Mr Keith Ross (from 26.05.10)
Mr Graham Scott
Ms Anne Sibbald (from 03.12.09)

Attendance at University Court and Committee Meetings for the year to 31 July 2010

| Member | Date from/to* | University Court 6 in year | Finance and General Purposes 6 in year | Audit 5 in year | Remuneration 3 in year | Court Membership 2 in year | Health and Safety 2 in year | Staff Policy 5 in year |
|---|---------------|-------------------------------|---|--------------------|---------------------------|-------------------------------|--------------------------------|---------------------------|
| Mr Martin Cheyne | | 6 | | | 2 | 2 | | |
| Professor Pamela Gillies Principal and Vice-Chancellor | | 6 | 5 | | 2 | 1 | | 2 |
| Mr John N Maclean | To 31.07.10 | 6 | | 4 | 1 | 2 | | |
| Mr Antony Brian | | 5 | | 4 | | | | |
| Mr David Beeby | | | 6 | | | | | |
| Mrs Hazel Brooke | | 5 | | | 3 | | | 4 |
| Mr Mike Ellis | To 26.05.10* | | | | | | 1 | 3 |
| Professor Elaine McFarland | | 6 | | 5 | | 2 | | |
| Mr John McNaught | | 4 | 5 | | | | | |
| Dr Rajan Madhok | | 5 | | | 3 | 1 | | |
| Mr Stephen McCafferty | | 4 | | | | | 2 | 4 |
| Mr Malcolm McCaig | | 3 | | 4 | | | | |
| Dr James A Miller | | 6 | | 4 | | 2 | | 5 |
| Mr Hugh O'Neill | | 4 | 4 | | | | 2 | |
| Mr Henry Perfect | | 6 | 6 | | 3 | | | |
| Ms Stephanie Pitticas | To 31.07.10 | 6 | 5 | | | | 1 | |
| Ms Davena Rankin | To 31.07.10 | 4 | | | | | | 4 |
| Mr Keith Ross | From 26.05.10 | | | | | | | 1 |
| Mr Graham Scott | | 3 | | | | | | 4 |
| Ms Anne Sibbald | From 03.12.09 | | | | | | | 4 |
| Ms Catherine Truel | | 4 | 2 | | | | | |
| Mr David Wallace | | 4 | 4 | | | | 1 | |

*Mr Mike Ellis's Committee membership was delegated to Mr Keith Ross on 26.05.10

In some cases professional and personal commitments have prevented members attending all their Committees. In such circumstances communication and contribution has been provided to the Chairman out with the meeting.

Pro Vice Chancellors are in attendance at Court. The University Secretary is in attendance at Court and all Committee meetings.

Corporate Governance Statement

Introduction

The University is committed to exhibiting best practice in all aspects of corporate governance. The summary describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code of Corporate Governance issued by the Financial Reporting Council in June 2008 and has taken due regard to the Scottish Funding Council Accounts Direction requirements and to the Turnbull Committee Guidance on Internal Control. Its purpose is to help the reader of the financial statements understand how these principles have been applied.

Statement of full combined compliance

In the opinion of the Court, the University complies with the provisions of the Combined Code in so far as they apply to the higher education sector, and it has complied throughout the year ended 31 July 2010.

University Court

In 2009/10 the University Court met six times and has six standing committees through which it conducts its business. Each committee has formally constituted terms of reference. These committees are an Audit Committee, a Finance & General Purposes Committee, a Court Membership Committee, a Staff Policy Committee, a Remuneration Committee and a Health and Safety Committee. In addition, the Court had an Away Day to consider the operating environment and future strategic direction. The Court undertakes an annual review of the effectiveness of each of its committees and their success in meeting objectives which are set annually.

The Finance and General Purposes Committee met six times and among other things, recommends to Court the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets. The committee also reviews major investment decisions prior to final approval by Court.

The Court Membership Committee's terms of reference require it to keep Court's membership under review and to meet only when it is necessary to consider nominations for vacancies in the Court membership. The Committee met twice during 2009/10 and also communicated by correspondence. The University has a responsibility to ensure that appropriate training is given to Court members as required.

The Remuneration Committee met three times and determines the remuneration of members of Senior Management, including the Principal. Information on the remuneration of senior post holders for the year ended 31 July 2010 is set out in note 6 to the financial statements.

The Health and Safety Committee met twice in 2009/10. The terms of reference of the Health and Safety Committee are to formulate safety and environmental policies in order to ensure that the University meets all legislative requirements and best practice standards, and promote and monitor effective implementation of those policies.

The Staff Policy Committee met five times in 2009/10. The main purpose of the Staff Policy Committee is to oversee the development of a People Strategy to support the University's strategic plan, to recommend the strategy to Court and to report to Court on progress in implementing the strategy and to ensure that policies, procedures and practices relating to staffing matters comply with all relevant employment legislation.

In 2009/10 the Audit Committee met five times with the University's external and internal auditors in attendance. The Audit Committee advises the University on the appointment of the internal and external auditors and the auditors' remuneration, and assesses the effectiveness of the internal auditors. The Committee may meet privately with both the internal and external auditors if it wishes.

The University's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with a risk based three-year strategic plan and a specific annual agreed plan of input, and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations and internal auditors undertake periodic follow-up reviews to ensure that such recommendations have been implemented. The Audit Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the Scottish Funding Council as they affect the University's business and monitors adherence to the regulatory requirements.

Senior executives, including the Principal, the Executive Director of Finance and the University Secretary, attend meetings of the Audit Committee as necessary but they are not members of the committee.

Corporate Strategy

The University has a comprehensive strategic planning process in place which delivers both short and medium term strategic objectives, SMART targets and key performance indicators. Court members are fully involved in the deliberations on strategic development and the Court, as a whole, receives the final Strategic Plan, including the financial estimates from the University Executive Board, for approval. Court agreed the University's 2015 Strategic Mission and Objectives in 2007 and is carrying out a periodic review in 2010. The University also has a comprehensive estates strategy which has been updated in 2010 by the University Executive Board and Court.

University Court statement on internal control

The University's Court is ultimately responsible for the University's system of internal control and, as the chief executive officer; the Principal is responsible for 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 mis-statement or loss.

There is a robust Court committee and Executive group structure which operates effectively via remits, standing orders, reserved powers, minutes and action plans. The main Executive Board receives monthly comprehensive reports on budgetary matters with outturns monitored against targets. In addition, quarterly financial reports are presented to the Finance and General Purposes Committee and to Court.

There is a full scheme of delegated authority covering all university staff plus comprehensive financial procedures and an expenses manual. The University Executive Board and the relevant Court sub-committees receive reports on health and safety and staff-related issues plus any major strategic developments.

The Court reviewed the effectiveness of its governance framework utilising the Committee of University Chairman Guidelines and relevant parts of the report on accountability and governance published by the Scottish Government.

All major projects require to be set up and run under formal project management arrangements. The University runs all major IT projects under PRINCE2 methodology, has a dedicated Executive member to lead the projects and employs an overall programme manager covering all IT projects. The University has an established approach to the identification and management of risk. There is a strategic risk register which is reviewed annually by Court, Audit Committee and the University Executive Board and includes impact analysis and mitigating actions. In addition, there is a Business Continuity Plan which is reviewed on a regular basis. As new legislation arrives, actions are taken by internal committees to ensure compliance, and committee papers prepared must indicate how the actions proposed address compliance with legislation. All Schools and Departments have operating plans which identify risk and weakness. The process of further embedding formal risk management at School and Departmental level has commenced with the preparation and evaluation of their own risk registers.

The Court considers that there is an ongoing process for identifying, evaluating and managing the University's significant risks that has been in place throughout the year ended 31 July 2010 and up to the date of approval of the annual report and accounts. This process is reviewed by the Court and accords with the Turnbull guidance, as applicable to the higher education sector.

Conclusion

The University is compliant with the Combined Code on Corporate Governance. It has risk registers in place at institutional level and in all Schools. A process of regular risk review is in place to further embed good management practice throughout the University.

Finally, I would like to thank all members of the University staff and Court for their continued support and hard work during the year.

MR MARTIN CHEYNE

Report by the Independent Auditors to the University Court of Glasgow Caledonian University

We have audited the Group and University financial statements of Glasgow Caledonian University for the year ended 31 July 2010 set out on pages 22 to 43. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the University Court of Glasgow Caledonian University, as a body, in accordance with paragraph 6 of part 3 of the Glasgow Caledonian University Order of Council 2010. Our audit work has been undertaken so that we might state to the University Court those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University Court for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the University Court and Auditors

The responsibilities of the University Court for preparing the Operating and Financial Review and the financial statements in accordance with the Accounts Direction issued by the Scottish Funding Council, the Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of Responsibilities of the University Court on page 14.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether, in all material respects, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Further and Higher Education (Scotland) Acts 1992 and 2005 and, where appropriate, with the Financial Memorandum with the Scottish Funding Council. We also report to you whether in our opinion the Operating and Financial Review is not consistent with the financial statements.

In addition, we report to you if, in our opinion, the University has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained within the Annual Report and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the University Court in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group and University's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group's and University's affairs as at 31 July 2010 and of the Group's surplus of income over expenditure for the year then ended;
- The financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- In all material respects, income from the Scottish Funding Council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2010 have been applied for the purposes for which they were received; and
- In all material respects, income during the year ended 31 July 2010 has been applied in accordance with the Glasgow Caledonian University Order of Council 2010 and the Further and Higher Education (Scotland) Acts 1992 and 2005 and, where appropriate, with the Financial Memorandum with the Scottish Funding Council.

S Reid
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
191 West George Street
Glasgow
G2 2LJ

4th November 2010

Statement of Principal Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include land and buildings and investments at valuation, and in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards. They conform to guidance published by the Scottish Funding Council.

Change in accounting policy

Up until 2008/09 the University accounted for its participation in the Strathclyde Pension Fund on a defined contribution basis under FRS 17. The University has changed its accounting policy during 2009/10 and is now accounting for the Strathclyde Pension Fund on a defined benefit basis. The change in accounting policy has been accounted for as a prior year adjustment and the comparative figures have been restated accordingly. The prior year adjustment decreased the 2009 surplus on continuing activities by £0.4m and decreased reserves by £12.9m. Details of the effect of adopting FRS 17 defined benefit accounting for the Strathclyde Pension Fund are given in notes 5, 6, 7, 14, 16 and 25.

Basis of consolidation

The consolidated financial statements bring together the financial statements of the University and subsidiary undertakings in accordance with the provisions of FRS 2 Accounting for Subsidiary Undertakings and FRS9 Associates and Joint Ventures. The University's share of the results in its joint venture has been consolidated in the financial statements using the gross equity method.

The consolidated financial statements do not include the results of Glasgow Caledonian University Students' Association as it is a separately constituted organisation in which the University has no financial interest, control or significant influence over policy decisions.

Income recognition

Income from the Scottish Funding Council in the form of recurrent grants are accounted for in the period to which they relate and credited direct to the income and expenditure account.

Tuition fees are credited to the income and expenditure account over the period to which they relate and are stated net of discounts. Any fees waived by the University are included as expenditure and not deducted from income.

Income from grants, contracts and other services is accounted for on an accruals basis and included to the extent the expenditure is incurred on each project during the year. Any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

All income from short-term deposits is credited to the income and expenditure account on a receivable basis.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to endowments. Any realised gains or losses from dealing with endowment asset investments are retained within endowments in the balance sheet.

Agency arrangements

Funds the University receives and disburses as a paying agent on behalf of a funding body or other body, where the University is exposed to minimal risk or enjoys minimal economic benefit related to the receipt and subsequent disbursement of the funds, are excluded from the income and expenditure account.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the balance sheet date. The resulting exchange differences are taken to the income and expenditure account in the year.

Land and buildings

Freehold land and buildings are stated at valuation, less a provision for depreciation. The basis of valuation is depreciated replacement cost. Valuations are carried out by independent Chartered Surveyors. The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Land and buildings considered surplus to requirements are shown at the lower of book value and market value.

Land is held freehold and is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over their expected remaining useful lives of 40 to 50 years, and in the case of new buildings a useful life of 50 years has been adopted.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to the income and expenditure account over the expected useful life of the asset concerned.

Equipment and furniture

Equipment and furniture including IT hardware and software, costing less than £20,000 per individual item or group of related items, are charged to the income and expenditure account in the year of acquisition. All other equipment and furniture are capitalised.

Capitalised equipment and furniture are stated at cost.

Depreciation is provided over the following periods:

| | |
|--------------------|--------------|
| Computer equipment | 3 years |
| General equipment | 5 – 8 years |
| Furniture | 5 – 10 years |
| Fixture & Fittings | 5 – 10 years |

Where equipment and furniture are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to the income and expenditure account over the expected useful life of the assets concerned.

Repairs and maintenance

The cost of routine corrective maintenance to ensure that a tangible fixed asset maintains its previously recognised standard of performance is charged to the income and expenditure account in the year it is incurred.

Investments

Listed investments are stated in the balance sheet at market value. Unlisted investments are stated at cost less any provision for impairment of their value.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses. A diminution in value is charged to the income and expenditure account to the extent that it is not covered by a previous revaluation surplus.

Endowments and Donations

Unrestricted donations

Charitable donations are recognised in the financial statements 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.

Endowment funds

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

- Restricted permanent endowment – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.
- Unrestricted permanent endowment – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
- Restricted expendable endowment – the donor has specified a particular objective and the University can convert the endowed capital into income.

Stocks

Stocks are stated at the lower of cost and net realisable value and exclude books and consumables in academic departments and laboratories. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included as cash.

Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, government securities and loan stock held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

Taxation status

The University is an exempt charity within the meaning of the Trustee Investment and Charities (Scotland) Act 2005 and, as such, is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue & Customs and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity No. SC021474). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

The University's subsidiary companies are not exempt from taxation. The charge for taxation is based on the taxable profit or loss for the year after the cost of any Gift Aid payment payable to the University.

Accounting for Retirement Benefits

The University participates in a number of pension schemes providing benefits based on final pensionable pay, the Scottish Teachers Superannuation Scheme (STSS), the Strathclyde Pension Fund (SPF) and the Universities Superannuation Scheme (USS). All schemes are available to staff of more than one employer, are contracted out of the State Earnings-Related Pension Scheme, and the assets of the schemes are held separately from those of the University. The Funds are valued by actuaries, the rates of contributions being determined by the trustees on the advice of the actuaries.

Strathclyde Pension Fund

Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between the income and expenditure account and, in the statement of total recognised gains and losses, actuarial gains and losses.

Scottish Teachers Superannuation Scheme and Universities Superannuation Scheme

While the University is a member of these defined benefit schemes, it 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. As a result, the amount charged to the University's income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The University also provides enhanced pensions to former employees who accepted early retirement and provision is made on an actuarial basis for the liability to those former employees at the time of their retiral.

Provisions

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

Leases

Assets obtained under finance leases are capitalised in the balance sheet and are depreciated over the shorter of the estimated useful life of the asset or the term of the lease. The interest element of the rental obligations is charged to the income and expenditure account evenly over the period of the lease.

Rental costs payable under operating leases are charged as expenditure in equal annual amounts over the period of the leases.

Consolidated Income and Expenditure Account

For the Year ended 31 July 2010

| | Note | 2010 £000 | 2009 £000 Restated |
|---|------|----------------|--------------------------|
| Income | | | |
| Funding council grants | 1 | 71,450 | 69,770 |
| Funding council grants - land | 1 | 700 | - |
| Tuition fees and education contracts | 2 | 28,961 | 26,942 |
| Research grants and contracts | 3 | 4,121 | 4,350 |
| Other income | 4 | 10,287 | 9,778 |
| Endowments and investment income | 5 | 343 | 663 |
| Total income | | 115,862 | 111,503 |
| Less: Share of income from joint venture | | (604) | (449) |
| Net income | | 115,258 | 111,054 |
| Expenditure | | | |
| Staff costs | 6 | 72,836 | 72,392 |
| Exceptional restructuring costs | 6 | 3,254 | 1,334 |
| Other operating expenses | 7 | 32,301 | 29,814 |
| Exceptional past service pension credit | 14 | (462) | - |
| Depreciation | 9 | 4,132 | 4,632 |
| Interest and other finance costs | 8 | 309 | - |
| Total expenditure | 7 | 112,370 | 108,172 |
| Surplus after depreciation of tangible assets at valuation and before taxation | | 2,888 | 2,882 |
| Share of operating profit/(loss) in joint venture | 10 | 13 | (335) |
| Surplus on continuing operations after depreciation of tangible assets at valuation and taxation | | 2,901 | 2,547 |
| Transfer from/(to) accumulated income within endowment funds | 11 | 38 | (88) |
| Surplus for the year retained within general reserves | | 2,939 | 2,459 |

All items of income and expenditure arise from continuing operations.

Statement of Consolidated Historical Cost Surpluses

For the Year ended 31 July 2010

| | Note | 2010 £000 | 2009 £000 Restated |
|--|------|---------------------|--------------------------|
| Surplus on continuing operations before taxation | | 2,888 | 2,882 |
| Difference between historical cost depreciation and the actual charge for the year on the re-valued amount | 16 | 985 | 985 |
| Historical cost surplus for the year before and after taxation | | <u>3,873</u> | <u>3,867</u> |

Statement of Consolidated Total Recognised Gains and Losses

For the Year ended 31 July 2010

| | Note | 2010 £000 | 2009 £000 Restated |
|---|------|------------------------|--------------------------|
| Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax | | 2,901 | 2,547 |
| Loss on endowment asset investments | 11 | - | (5) |
| Revaluation of fixed asset buildings | 9 | 9,970 | - |
| Revaluation of fixed asset investments | 10 | 181 | (37) |
| Actuarial gain/(loss) in respect of pension scheme | 25 | 8,391 | (9,318) |
| Total gains and losses recognised in the year | | <u>21,443</u> | <u>(6,813)</u> |
| Prior year adjustment | | <u>(12,929)</u> | |
| Total gains and losses recognised since last financial statements | | <u>8,514</u> | |
| Reconciliation | | | |
| Opening reserves and endowments as restated | | 115,312 | 122,125 |
| Total gains and losses recognised in the year | | 21,443 | (6,813) |
| Closing reserves and endowments | | <u>136,755</u> | <u>115,312</u> |

Balance Sheets

As at 31 July 2010

| | Note | Consolidated | | University | |
|--|------|-----------------|--------------------------|-----------------|--------------------------|
| | | 2010 £000 | 2009 £000 Restated | 2010 £000 | 2009 £000 Restated |
| Fixed assets | | | | | |
| Tangible assets | 9 | 147,179 | 137,125 | 147,179 | 137,125 |
| Investments | 10 | 2,474 | 2,293 | 2,884 | 2,703 |
| | | <u>149,653</u> | <u>139,418</u> | <u>150,063</u> | <u>139,828</u> |
| Endowment assets | 11 | <u>198</u> | <u>236</u> | <u>198</u> | <u>236</u> |
| Current assets | | | | | |
| Stocks | | 495 | 331 | 495 | 331 |
| Debtors | 12 | 10,372 | 9,633 | 10,488 | 9,597 |
| Short term investments | | 18,050 | 12,900 | 18,050 | 12,900 |
| Cash at bank and in hand | | 2,913 | 5,565 | 2,017 | 4,791 |
| | | <u>31,830</u> | <u>28,429</u> | <u>31,050</u> | <u>27,619</u> |
| Creditors: amounts falling due within one year | 13 | <u>(23,559)</u> | <u>(18,069)</u> | <u>(23,038)</u> | <u>(17,519)</u> |
| Net current assets | | <u>8,271</u> | <u>10,360</u> | <u>8,012</u> | <u>10,100</u> |
| Total assets less current liabilities | | <u>158,122</u> | <u>150,014</u> | <u>158,273</u> | <u>150,164</u> |
| Less: Provision for liabilities | 14 | <u>(6,458)</u> | <u>(7,152)</u> | <u>(6,609)</u> | <u>(6,861)</u> |
| Net assets excluding pension liability | | <u>151,664</u> | <u>142,862</u> | <u>151,664</u> | <u>143,303</u> |
| Net pension liability | 25 | <u>(4,973)</u> | <u>(13,271)</u> | <u>(4,973)</u> | <u>(13,271)</u> |
| Net assets including pension liability | | <u>146,691</u> | <u>129,591</u> | <u>146,691</u> | <u>130,032</u> |
| Deferred capital grants | 15 | <u>9,936</u> | <u>14,279</u> | <u>9,936</u> | <u>14,279</u> |
| Endowments | | | | | |
| Expendable | 11 | 149 | 188 | 149 | 188 |
| Permanent | 11 | 49 | 48 | 49 | 48 |
| | | <u>198</u> | <u>236</u> | <u>198</u> | <u>236</u> |
| Reserves | | | | | |
| Income and expenditure account excluding | | | | | |
| Pension reserve | 16 | 78,429 | 74,412 | 78,429 | 74,853 |
| Pension reserve | 16 | <u>(4,973)</u> | <u>(13,271)</u> | <u>(4,973)</u> | <u>(13,271)</u> |
| Income and expenditure account including pension reserve | | <u>73,456</u> | <u>61,141</u> | <u>73,456</u> | <u>61,582</u> |
| Revaluation reserve | 16 | 63,101 | 53,935 | 63,101 | 53,935 |
| | | <u>136,557</u> | <u>115,076</u> | <u>136,557</u> | <u>115,517</u> |
| Total funds | | <u>146,691</u> | <u>129,591</u> | <u>146,691</u> | <u>130,032</u> |

The financial statements on pages 22 to 43 were approved by the University Court on 4 November 2010 and signed on its behalf by:

Mr Martin Cheyne
Chairman of University Court

Professor Pamela Gillies
Principal and Vice-Chancellor

Mr David Beeby
Executive Director of Finance

Consolidated Cash Flow Statement

For the Year ended 31 July 2010

| | Note | 2010 £000 | 2009 £000 |
|---|------|----------------|--------------|
| Net cash inflow from operating activities | 20 | 7,699 | 9,983 |
| Returns on investments and servicing of finance | 21 | 334 | 554 |
| Capital expenditure and financial investment | 22 | (5,573) | 975 |
| Management of liquid resources | 23 | (5,150) | (9,900) |
| (Decrease)/Increase in cash in the year | | (2,690) | 1,612 |

Reconciliation of Net Cash Flow to Movement in Net Funds

For the Year ended 31 July 2010

| | Note | 2010 £000 | 2009 £000 |
|---|------|---------------|--------------|
| (Decrease)/Increase in cash in the year | | (2,690) | 1,612 |
| Increase in short term deposits | | 5,150 | 9,900 |
| Movement in net funds in the year | | 2,460 | 11,512 |
| Net funds at 1 August | | 18,701 | 7,189 |
| Net funds at 31 July | 24 | 21,161 | 18,701 |

Notes to the Accounts

For the Year ended 31 July 2010

| | 2010 £000 | 2009 £000 |
|--|---------------|---------------|
| 1 Scottish Funding Council grants | | |
| Recurrent teaching grants | 57,577 | 57,445 |
| Research grants | 2,978 | 3,914 |
| Other | 3,563 | 2,295 |
| Funding for increased Scottish Teachers Superannuation Scheme contributions | - | 322 |
| Capital Investment Funding | 6,486 | 4,980 |
| Deferred capital grants released: | | |
| Buildings (note 15) | 264 | 110 |
| Land | 700 | - |
| Equipment (note 15) | 582 | 704 |
| | <u>72,150</u> | <u>69,770</u> |
| | | |
| | 2010 £000 | 2009 £000 |
| 2 Tuition fees and education contracts | | |
| UK and EU fees | 17,433 | 15,279 |
| Non-EU students | 6,836 | 6,556 |
| Part-time students | 4,692 | 5,107 |
| | <u>28,961</u> | <u>26,942</u> |
| | | |
| | 2010 £000 | 2009 £000 |
| 3 Research grants and contracts | | |
| Grants and contracts | <u>4,121</u> | <u>4,350</u> |
| | | |
| <p>This sum includes Industrial and Government-funded Research Grants and contracts. It excludes SFC funding for research shown in note 1.</p> | | |
| | 2010 £000 | 2009 £000 |
| 4 Other income | | |
| Residences, catering and conferences | 2,425 | 2,283 |
| Other university services | 3,379 | 3,444 |
| Other income | 2,017 | 1,785 |
| Subsidiary undertaking | 1,862 | 1,817 |
| Income from joint venture | 604 | 449 |
| | <u>10,287</u> | <u>9,778</u> |

| | 2010 £000 | 2009 £000 |
|--|---------------|---------------|
| 5 Endowment and investment income | | |
| Income from expendable endowments | 63 | 106 |
| Income from permanent endowments | 1 | 3 |
| Other interest receivable | 279 | 432 |
| Net return on pension scheme (note 25) | - | 122 |
| | <u>343</u> | <u>663</u> |
| | | |
| | 2010 £000 | 2009 £000 |
| 6 Staff costs | | |
| Wages and salaries | 60,453 | 59,869 |
| Social security costs | 4,786 | 4,736 |
| Other pension costs | 7,597 | 7,787 |
| | <u>72,836</u> | <u>72,392</u> |
| | | |
| | 2010 £000 | 2009 £000 |
| Analysed as: | | |
| Academic | 46,803 | 46,511 |
| Administrative | 20,765 | 19,821 |
| Technical | 2,573 | 2,626 |
| Others | 2,695 | 3,434 |
| | <u>72,836</u> | <u>72,392</u> |
| | | |
| Emoluments of the Principal and Vice-Chancellor | | |
| Salary | 182 | 181 |
| Benefits in kind | 1 | 1 |
| | <u>183</u> | <u>182</u> |
| | | |
| Employers' pension contributions | <u>29</u> | <u>25</u> |

The Principal and Vice-Chancellor has elected to continue to forgo her Performance Related Pay bonus, 2009/2010 £22,772 (2008/09 elected to forgo £18,167).

Notes to the Accounts (Continued)

For the Year ended 31 July 2010

| | 2010 Number | 2009 Number |
|--|----------------|----------------|
| 6 Staff costs (continued) | | |
| Average staff numbers by major category | | |
| Academic | 780 | 782 |
| Administrative | 554 | 551 |
| Technical | 60 | 69 |
| Others | 118 | 118 |
| | <u>1,512</u> | <u>1,520</u> |
| | 2010 £000 | 2009 £000 |
| Remuneration of other higher paid staff including non-superannuable elements, but excluding employers' pensions contributions | | |
| £70,000 - £79,999 | 17 | 19 |
| £80,000 - £89,999 | 11 | 6 |
| £90,000 - £99,999 | 4 | 3 |
| £100,000 - £109,999 | 2 | 1 |
| £110,000 - £119,999 | 3 | 1 |
| £120,000 - £129,999 | - | 1 |
| £130,000 - £139,999 | 2 | - |
| £140,000 - £149,999 | 1 | - |
| £150,000 - £159,999 | - | - |
| £160,000 - £169,999 | - | 1 |
| £170,000 - £179,999 | - | - |
| £180,000 - £189,999 | 1 | - |
| | 2010 £000 | 2009 £000 |
| Aggregate compensation for loss of office paid to former senior post holders/higher paid employees | | |
| Compensation paid to former post holders | <u>133</u> | <u>-</u> |
| Exceptional restructuring costs | | |
| During the year the University operated a Voluntary Early Release Scheme open to all staff. The breakdown of that scheme is as follows: | | |
| | 2010 £000 | 2009 £000 |
| Academic | 2,380 | 822 |
| Administrative | 759 | 415 |
| Technical | 93 | 52 |
| Others | - | 1 |
| Associated costs (non payroll) | 22 | 44 |
| | <u>3,254</u> | <u>1,334</u> |

7 Analysis of total expenditure by activity

| | Staff costs £000 | Exceptional past service pension credit £000 | Exceptional restructuring costs £000 | Other operating expenses £000 | Depreciation £000 | Interest and Finance other costs £000 | 2010 Total £000 | 2009 Total £000 Restated |
|------------------------------------|---------------------|---|---|----------------------------------|----------------------|--|--------------------|--------------------------------|
| Academic departments | 41,837 | - | 2,714 | 4,299 | 423 | - | 49,273 | 47,751 |
| Academic services | 8,409 | - | 275 | 6,794 | 214 | - | 15,692 | 15,455 |
| Research grants & contracts | 2,266 | - | - | 2,036 | - | - | 4,302 | 4,759 |
| Residences, catering & conferences | 528 | - | - | 766 | - | - | 1,294 | 1,276 |
| Premises | 3,688 | - | - | 8,465 | 3,436 | - | 15,589 | 14,667 |
| Administration | 7,976 | - | 156 | 3,301 | 55 | - | 11,488 | 10,272 |
| Other expenses | 7,440 | (462) | 109 | 6,133 | 4 | 309 | 13,533 | 12,586 |
| Subsidiary undertakings | 692 | - | - | 507 | - | - | 1,199 | 1,406 |
| Total per I & E Account | 72,836 | (462) | 3,254 | 32,301 | 4,132 | 309 | 112,370 | 108,172 |

Other operating expenses include the following fees (including VAT) in respect of services provided for:

| | | |
|---|--------------|--------------|
| | 2010 £000 | 2009 £000 |
| Auditor's remuneration | | |
| External auditors remuneration in respect of audit services | 46 | 69 |
| External auditors remuneration in respect of non-audit services | - | - |
| Internal auditors remuneration in respect of audit services | 97 | 115 |
| Internal auditors remuneration in respect of non-audit services | - | 73 |
| | 143 | 267 |
| | 2010 £000 | 2009 £000 |
| Operating lease rentals | | |
| Land and buildings | 960 | 948 |
| Other | 208 | 235 |
| | 1,168 | 1,183 |
| 8 Interest and other finance costs | 2010 £000 | 2009 £000 |
| Net finance cost on pension scheme (note 25) | 309 | - |
| | 309 | - |

9 Tangible assets Consolidated & University

At 31 July 2010, in accordance with FRS 11 'Impairment of Fixed Assets and Goodwill' and FRS 15 'Tangible Fixed Assets' the University instructed Ryden LLP, Chartered Surveyors, to carry out a valuation of the University's buildings using the depreciated replacement cost method. The valuation concluded that given the specialised nature, use, size and the refurbishment programme applied to the buildings there was no impairment in value as at 31 July 2010 and that there would be an increase in the value of the University's buildings that were previously revalued as at 31 July 2008.

| | Land & buildings £000 | Assets under construction £000 | Fixtures & fittings £000 | Equipment & furniture £000 | Total £000 |
|---------------------------|--------------------------|-----------------------------------|-----------------------------|-------------------------------|-----------------|
| Valuation/Cost | | | | | |
| At 1 August 2009 | 137,298 | 26 | 1,472 | 12,665 | 151,461 |
| Additions | 3,714 | - | - | 502 | 4,216 |
| Disposals | - | - | - | (626) | (626) |
| Transfers | - | (26) | - | 26 | - |
| Revaluation | 4,459 | - | - | - | 4,459 |
| As at 31 July 2010 | 145,471 | - | 1,472 | 12,567 | 159,510 |
| Depreciation | | | | | |
| At 1 August 2009 | (2,723) | - | (856) | (10,757) | (14,336) |
| Charge for year | (2,947) | - | (237) | (948) | (4,132) |
| Disposals | - | - | - | 626 | 626 |
| Revaluation | 5,511 | - | - | - | 5,511 |
| As at 31 July 2010 | (159) | - | (1,093) | (11,079) | (12,331) |
| Net Book Value | | | | | |
| At 1 August 2010 | <u>145,312</u> | <u>-</u> | <u>379</u> | <u>1,488</u> | <u>147,179</u> |
| At 1 August 2009 | <u>134,575</u> | <u>26</u> | <u>616</u> | <u>1,908</u> | <u>137,125</u> |

At 31 July 2010, freehold land and buildings included £9.9m (2009: £9.9m) in respect of freehold land and is not depreciated.

Land and buildings with a cost of £2.5m (2009: nil) and accumulated depreciation of £0.07m (2009:nil) are held for use in an operating lease. The University is acting as a lessor to British Transport Police.

Buildings with a net book value of £45.5m have been funded from Treasury sources: should these particular buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Scottish Funding Council.

| | Consolidated | | University | |
|---------------------------------|--------------|--------------|--------------|--------------|
| | 2010 £000 | 2009 £000 | 2010 £000 | 2009 £000 |
| 10 Investments | | | | |
| Treasury index linked stocks | 2,391 | 2,210 | 2,391 | 2,210 |
| Subsidiary undertakings at cost | - | - | 410 | 410 |
| Other investments | 83 | 83 | 83 | 83 |
| | <u>2,474</u> | <u>2,293</u> | <u>2,884</u> | <u>2,703</u> |

10 Investments (cont.)

The Treasury index linked stocks are earmarked to provide the enhanced element of the pensions to those employees who retired in 1995/96 under the Scottish Higher Education Funding Council "New Blood" scheme. The historical cost of these investments was £1.436m.

The University owns 100% of Glasgow Caledonian University Company Limited, which is regarded as a subsidiary undertaking. It was incorporated to develop and control the commercial exploitation of certain non-recurrent grant activities relating mainly to consultancy assignments and short courses. Costs incurred by the University in respect of work undertaken by the subsidiary undertaking are recharged to the company.

The above investment in this subsidiary undertaking represents 110,000 £1 ordinary shares in Glasgow Caledonian University Company Limited. At 31 July 2010 £641k Gift Aid is payable by the Company to the University (2009 £427k).

The University owns 100% of GCU INTO Limited (formerly GCU Newco Limited) established to operate the joint venture arrangements, detailed below. This investment represents 100 £1 ordinary shares and 299,900 £1 redeemable preference shares.

The "Other Investments" at 31 July 2010 represents an investment in Biopta Limited. Formed in 2002 as a spinout company of the University it provides in vitro pharmacology services and instruments.

Joint Venture

On 28 May 2008 the University entered into a Limited Liability Partnership Agreement, INTO Scotland LLP, with INTO University Partnerships Limited. GCU INTO Limited holds a 50% share of INTO Scotland LLP. The remaining 50% share of INTO Scotland LLP is owned by Newincco821 Limited, a wholly owned subsidiary of INTO University Partnerships Limited.

On 28 May 2008 GCU INTO Limited entered into a loan agreement to lend up to £350,000 to INTO Scotland LLP, at an interest rate of 2% above the base lending rate of Royal Bank of Scotland plc. At 31 July 2010 £100,000 of the loan had been drawn down (2009 £150,000). HMRC have confirmed that the investment of £500,000 is a qualifying investment for tax purposes, as the £500,000 is always to be used to advance Education.

INTO Scotland LLP operates from the Glasgow Caledonian University's campus. Its principal activity is the provision of English language and pre university foundation, diploma and pre masters' courses. The arrangement is treated as a joint venture and is accounted for using the gross equity method, such that 50% of the company's gross assets and liabilities are incorporated into the consolidated balance sheet of the University and 50% of its net income is reported in the University's consolidated income and expenditure account.

GCU, GCU INTO Limited and INTO Scotland LLP have financial years that end on 31 July.

In line with planned projections of INTO Scotland LLP, the University's share in its joint venture is as follows:

| | 2010 £000 | 2009 £000 |
|--|--------------|--------------|
| Income and Expenditure Account | | |
| Income | 604 | 449 |
| Share of operating profit/(start up costs) | 13 | (335) |
| Balance Sheet | | |
| Fixed assets | 77 | 55 |
| Current assets | <u>802</u> | <u>388</u> |
| | 879 | 443 |
| Liabilities: due within one year | (1,057) | (583) |
| Liabilities: due after more than one year | <u>(100)</u> | <u>(151)</u> |
| | (1,157) | (734) |
| Share of net liabilities | <u>(278)</u> | <u>(291)</u> |

In accordance with FRS 9 'Associates and Joint Ventures' the share in net liabilities as at 31 July 2010 has been disclosed in Note 14 Provisions for liabilities.

Notes to the Accounts (Continued)

For the Year ended 31 July 2010

11 Endowments

| | Unrestricted Permanent £000 | Restricted Permanent £000 | Total Permanent £000 | Restricted Expendable £000 | 2010 Total £000 | 2009 Total £000 |
|---------------------------------------|-----------------------------------|---------------------------------|----------------------------|----------------------------------|-----------------------|-----------------------|
| At 1 August | | | | | | |
| Capital | 14 | 25 | 39 | 167 | 206 | 128 |
| Accumulated Income | - | 9 | 9 | 21 | 30 | 25 |
| | <u>14</u> | <u>34</u> | <u>48</u> | <u>188</u> | <u>236</u> | <u>153</u> |
| New Endowments | - | - | - | - | - | - |
| Income | - | 1 | 1 | 63 | 64 | 109 |
| Expenditure | - | - | - | (102) | (102) | (21) |
| | <u>-</u> | <u>1</u> | <u>1</u> | <u>(39)</u> | <u>(38)</u> | <u>88</u> |
| Loss on investments | - | - | - | - | - | (5) |
| At 31 July | <u>14</u> | <u>35</u> | <u>49</u> | <u>149</u> | <u>198</u> | <u>236</u> |
| Represented by: | | | | | | |
| Capital | 14 | 26 | 40 | 142 | 182 | 206 |
| Accumulated Income | - | 9 | 9 | 7 | 16 | 30 |
| | <u>14</u> | <u>35</u> | <u>49</u> | <u>149</u> | <u>198</u> | <u>236</u> |
| Represented by: | | | | | | |
| Cash at bank held for endowment funds | | | | | <u>198</u> | <u>236</u> |

Investments at 31 July 2009 represented UK listed equities and gilts that were sold in 2009.

| | Consolidated | | University | |
|--|---------------|--------------|---------------|--------------|
| | 2010 £000 | 2009 £000 | 2010 £000 | 2009 £000 |
| 12 Debtors | | | | |
| Amount falling due within one year: | | | | |
| Debtors | 4,121 | 3,662 | 3,574 | 3,293 |
| Amounts owing from subsidiary companies | - | - | 706 | 625 |
| Prepayments and accrued income | 2,751 | 2,320 | 2,708 | 2,179 |
| Debtors falling due after more than one year | 3,500 | 3,651 | 3,500 | 3,500 |
| | <u>10,372</u> | <u>9,633</u> | <u>10,488</u> | <u>9,597</u> |

| | Consolidated | | University | |
|--|--------------------------|---------------|--|------------------------------------|
| | 2010 £000 | 2009 £000 | 2010 £000 | 2009 £000 |
| 13 Creditors: amounts falling due within one year | | | | |
| Trade creditors | 3,838 | 2,655 | 3,802 | 2,655 |
| Social security and other taxation payable | 1,607 | 1,554 | 1,607 | 1,554 |
| Amounts owing to subsidiary companies | - | - | - | 38 |
| Accruals and deferred income | 18,114 | 13,860 | 17,629 | 13,272 |
| | <u>23,559</u> | <u>18,069</u> | <u>23,038</u> | <u>17,519</u> |
| | | | | |
| | Into Scotland £000 | Other £000 | Unfunded Pensions £000 Restated | Total £000 Restated |
| 14 Provisions for liabilities | | | | |
| Consolidated | | | | |
| As at 1 August 2009 as previously reported | 291 | - | 7,203 | 7,494 |
| Prior year adjustment | - | - | (342) | (342) |
| | <u>291</u> | <u>-</u> | <u>6,861</u> | <u>7,152</u> |
| As at 1 August 2009 as restated | 291 | - | 6,861 | 7,152 |
| Utilised in year | - | - | (435) | (435) |
| Transfer (to)/from income & expenditure account | - | 216 | (462) | (246) |
| Transfer to investments in joint venture | (13) | - | - | (13) |
| | <u>278</u> | <u>216</u> | <u>5,964</u> | <u>6,458</u> |
| At 31 July 2010 | | | | |
| | | | | |
| | | Other £000 | Unfunded Pensions £000 Restated | Total £000 Restated |
| University | | | | |
| As at 1 August 2009 as previously reported | | - | 7,203 | 7,203 |
| Prior year adjustment | | - | (342) | (342) |
| | | <u>-</u> | <u>6,861</u> | <u>6,861</u> |
| As at 1 August 2009 as restated | | - | 6,861 | 6,861 |
| Utilised in year | | - | (435) | (435) |
| Transfer (to)/from income & expenditure account | | 645 | (462) | 183 |
| | | <u>645</u> | <u>5,964</u> | <u>6,609</u> |
| At 31 July 2010 | | | | |

The Into Scotland LLP provision represents the share of deficiency in net assets within a joint venture (see note 10).

The Other provision represents a possible payment due on contracts following revised legislation and in respect of group payments.

The pension provision represents future pension liabilities in respect of former employees who retire under early retirement schemes. These include liabilities inherited from University pre-merger institutions (£2.5m) and SFC new blood schemes 1994/95 and 1995/96 (£1.6m).

A valuation of the existing pension provision was carried out by Hymans Robertson LLP, an independent firm of actuaries at 31 July 2010. The net interest rate applied was 2.8% (2009: 2.3%). Following the Chancellor's budget statement on 22 June 2010, the calculation of future pension increases has been linked to the Consumer Price Index (CPI) and not the Retail Price Index (RPI). The effect of this change comes through as a past service pension credit £462k in respect of the unfunded pension provision.

Notes to the Accounts (Continued)

For the Year ended 31 July 2010

| | Consolidated & University | | |
|--|---------------------------|-------------------|----------------|
| | Buildings £000 | Equipment £000 | Total £000 |
| 15 Deferred capital grants | | | |
| At 1 August 2009 | | | |
| Funding Council | 8,065 | 5,757 | 13,822 |
| Other | - | 457 | 457 |
| Total | 8,065 | 6,214 | 14,279 |
| Cash receivable | | | |
| Funding Council | 2,694 | 83 | 2,777 |
| Other | - | - | - |
| Total | 2,694 | 83 | 2,777 |
| Released to income and expenditure account | | | |
| Funding Council | (964) | (5,747) | (6,711) |
| Other | - | (409) | (409) |
| Total (note 1) | (964) | (6,156) | (7,120) |
| At 31 July 2010 | | | |
| Funding Council | 9,795 | 93 | 9,888 |
| Other | - | 48 | 48 |
| Total | 9,795 | 141 | 9,936 |

| | Consolidated | | University | |
|---|-----------------|--------------------------|-----------------|--------------------------|
| | 2010 £000 | 2009 £000 Restated | 2010 £000 | 2009 £000 Restated |
| 16 Reserves | | | | |
| Income and expenditure reserve | | | | |
| As at 1 August as previously reported | 74,070 | 70,093 | 74,511 | 70,199 |
| Prior year adjustment | (12,929) | (3,227) | (12,929) | (3,227) |
| As at 1 August as restated | 61,141 | 66,866 | 61,582 | 66,972 |
| Surplus retained | 2,939 | 2,459 | 2,498 | 2,794 |
| Transfer from Revaluation reserve to Income and Expenditure account | 985 | 985 | 985 | 985 |
| Cumulative revaluation written back on fixed asset investment disposals | - | 149 | - | 149 |
| Actuarial gain/ (loss) in pension scheme | 8,391 | (9,318) | 8,391 | (9,318) |
| As at 31 July | 73,456 | 61,141 | 73,456 | 61,582 |

| | Consolidated | | University | |
|--|--------------|--------------------------|--------------|--------------------------|
| | 2010 £000 | 2009 £000 Restated | 2010 £000 | 2009 £000 Restated |
| 16 Reserves (cont.) | | | | |
| Represented by: | | | | |
| Income and expenditure account | | | | |
| As at 1 August as previously reported | 74,070 | 70,093 | 74,511 | 70,199 |
| Prior year adjustment | 342 | 321 | 342 | 321 |
| As at 1 August as restated | 74,412 | 70,414 | 74,853 | 70,520 |
| Surplus retained | 2,939 | 2,459 | 2,498 | 2,794 |
| Cumulative revaluation written back on fixed asset investment disposals | - | 149 | - | 149 |
| Transfer of amount equivalent to additional depreciation of fixed assets | 985 | 985 | 985 | 985 |
| Transfer from pension reserve | 93 | 405 | 93 | 405 |
| As at 31 July | 78,429 | 74,412 | 78,429 | 74,853 |

| | Consolidated | | University | |
|---|--------------|--------------------------|--------------|--------------------------|
| | 2010 £000 | 2009 £000 Restated | 2010 £000 | 2009 £000 Restated |
| Pension reserve | | | | |
| As at 1 August | (13,271) | (3,548) | (13,271) | (3,548) |
| Movement in year: | | | | |
| Current service cost | (2,786) | (2,671) | (2,786) | (2,671) |
| Employer contributions | 3,198 | 2,875 | 3,198 | 2,875 |
| Contributions in respect of unfunded benefits | 27 | 29 | 27 | 29 |
| Past service cost | (56) | (696) | (56) | (696) |
| Loss on curtailments | (167) | (64) | (167) | (64) |
| Net interest return on assets (note 8 and 6) | (309) | 122 | (309) | 122 |
| Transfer to income and expenditure reserve | (93) | (405) | (93) | (405) |
| Actuarial gain/(loss) in pension scheme | 8,391 | (9,318) | 8,391 | (9,318) |
| As at 31 July | (4,973) | (13,271) | (4,973) | (13,271) |

| | Consolidated | | University | |
|--|--------------|--------------------------|--------------|--------------------------|
| | 2010 £000 | 2009 £000 Restated | 2010 £000 | 2009 £000 Restated |
| Revaluation reserve | | | | |
| As at 1 August | 53,935 | 55,106 | 53,935 | 55,106 |
| Cumulative revaluation written back on fixed asset investment disposals | - | (149) | - | (149) |
| Transfer of amount equivalent to additional depreciation of fixed assets | (985) | (985) | (985) | (985) |
| Revaluation of fixed asset buildings | 9,970 | - | 9,970 | - |
| Revaluation of fixed asset investments | 181 | (37) | 181 | (37) |
| As at 31 July | 63,101 | 53,935 | 63,101 | 53,935 |

17 Lease obligations

Annual rentals under operating leases commitments are as follows:

| | 2010 £000 | 2009 £000 |
|-----------------------------------|-------------------|---------------------|
| Land and buildings | | |
| Expiring within two to five years | - | 1,001 |
| Expiring over five years | <u>904</u> | <u>-</u> |
| | <u><u>904</u></u> | <u><u>1,001</u></u> |

Other

| | 2010 £000 | 2009 £000 |
|-----------------------------------|-------------------|-------------------|
| Expiring within two to five years | 76 | 84 |
| Expiring in over five years | <u>74</u> | <u>43</u> |
| | <u><u>150</u></u> | <u><u>127</u></u> |

18 Capital commitments

| | 2010 £000 | 2009 £000 |
|------------------------|---------------------|---------------------|
| Commitments contracted | <u><u>5,922</u></u> | <u><u>5,553</u></u> |

19 Contingent liabilities

Based on the facts known at this point in time there are no contingent liabilities or any potential liabilities that would be considered material in overall financial terms.

20 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

| | 2010 £000 | 2009 £000 |
|---|---------------------|---------------------|
| Surplus after depreciation of assets, disposal of assets and taxation | 2,901 | 2,547 |
| Depreciation | 4,132 | 4,632 |
| Pension costs less contribution payable | (216) | 527 |
| Exceptional past service pension credit | (462) | - |
| Deferred capital grants released to income | (1,546) | (814) |
| Share of operating profit loss in joint venture | (13) | 335 |
| Interest payable | 309 | 7 |
| Endowment & investment income | (343) | (663) |
| Loss on sale of investments | - | 15 |
| Increase in stocks | (164) | (79) |
| Increase in debtors | (719) | (410) |
| Increase in creditors | 4,051 | 3,574 |
| (Decrease)/Increase in provisions | (231) | 312 |
| Net cash inflow from operating activities | <u><u>7,699</u></u> | <u><u>9,983</u></u> |

| | 2010 £000 | 2009 £000 |
|--|--------------|--------------|
| 21 Returns on investments and servicing of finance | | |
| Income from endowments | 64 | 109 |
| Other interest received | 270 | 445 |
| Net cash inflow from returns on investment and servicing of finance | 334 | 554 |

| | 2010 £000 | 2009 £000 |
|---|----------------|--------------|
| 22 Capital expenditure and financial investments | | |
| Tangible assets acquired | (5,029) | (2,112) |
| Payments made to acquire fixed asset investments | - | (154) |
| Receipts from sale of investments | - | 192 |
| Deferred capital grants | (544) | 3,049 |
| Net cash (outflow)/inflow in respect of capital expenditure and financial investment | (5,573) | 975 |

| | 2010 £000 | 2009 £000 |
|--|----------------|----------------|
| 23 Management of liquid resources | | |
| Increase in deposits | (5,150) | (9,900) |
| | (5,150) | (9,900) |

| | At 1 August £000 | Cash Flows £000 | At 31 July £000 |
|--|---------------------|--------------------|--------------------|
| 24 Analysis of changes in net funds | | | |
| Cash at bank and in hand | 5,565 | (2,652) | 2,913 |
| Endowment assets | 236 | (38) | 198 |
| | 5,801 | (2,690) | 3,111 |
| Short term investments | 12,900 | 5,150 | 18,050 |
| | 18,701 | 2,460 | 21,161 |

25 Pension Schemes

The University participates in three separate defined benefit schemes to provide retirement benefits to employees based on final pensionable salary. Academic staff are members of the Scottish Teachers Superannuation Scheme (STSS) or the Universities Superannuation Scheme (USS); non academic staff are members of the Strathclyde Pension Fund (SPF). All schemes are subject to independent actuarial valuations.

The University contribution rates on eligible salary costs are:

| | 01/08/2009 to 30/09/2009 | 01/10/2009 to 31/03/2010 | 1/04/2010 to 31/07/2010 |
|-------------------------------------|--------------------------------|--------------------------------|-------------------------------|
| Academic staff STSS | 14.9% | 14.9% | 14.9% |
| Academic staff USS | 14.0% | 16.0% | 16.0% |
| Administrative and Manual Staff SPF | 17.3% | 17.3% | 18.2% |

| | STSS 31 March 2005 | SPF 31 March 2008 | USS 31 March 2008 |
|---|--------------------------|-------------------------|-------------------------|
| Date of last actuarial review/valuation: | | | |
| Rate of return on investments in excess of rate of increase in salaries | 2.0% | 1.5% | 4.3% |
| Rate of return on investments in excess of rate of increase in pensions | 3.5% | 2.5% | 3.3% |
| Market value of assets at date of last valuation | £13,030m | £9,479m | £28,843m |
| Proportion of members benefits covered by actuarial valuation | - | 95% | 71% |

| | 2010 £000 | 2009 £000 |
|--|--------------|--------------|
| The total pension costs for the year were: | | |
| Normal contribution to: | | |
| STSS – contributions paid | 4,346 | 4,058 |
| SPF – charge to income and expenditure account | 3,009 | 3,431 |
| USS – contributions paid | 411 | 316 |
| | <u>7,776</u> | <u>7,805</u> |

With the exception of the Strathclyde Pension Fund, the University has utilised the provisions of FRS 17 whereby the contributions to the schemes be accounted for as if it were a defined contribution scheme. As such, the costs recognised within the University's income and expenditure account will be equal to the contributions payable to the schemes in the year.

25 Pension Schemes (cont.)

The Strathclyde Pension Fund

The Strathclyde Pension Fund provides benefits on final pensionable salary for employees of local government and some other institutions. This scheme, a multi-employer defined benefits scheme covers past and present employees.

A valuation of the University's benefit obligations in respect of its members has been estimated by a qualified independent actuary based on the 31 March 2008 valuation results, rolled forward onto the FRS 17 assumptions at 31 July 2010. The major assumptions used are shown below.

Principal actuarial assumptions (expressed as weighted averages) at the end of the year were as follows:

Financial assumptions

| | 2010 | 2009 |
|---------------------------|--------------|-------|
| Pension increase | 2.90% | 3.45% |
| Salary increase rate* | 4.65% | 4.95% |
| Expected return on assets | 6.60% | 6.80% |
| Discount rate | 5.70% | 6.00% |

*The salary increase assumption is 1% p.a. for two years returning to each respective long term assumption detailed above thereafter.

In July 2010, the government announced that it intended for future increases in public sector and occupational pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The University has considered the Strathclyde Pension Fund scheme rules and associated members' literature and has concluded that, as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain of £2,599k recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). At the date of these financial statements, the Urgent Issues Task Force (UITF) has issued a draft abstract on 13th October 2010 and is in the process of consulting widely on the accounting treatment for this change and is expected to issue an Abstract towards the end of 2010. Should the Abstract call for a different accounting treatment it may be necessary to reflect any change in the financial statements for the following year.

Mortality assumptions

The life expectancies used to determine benefit obligations are as follows:

| | Male | Female |
|--------------------|------------|------------|
| Current pensioners | 20.3 years | 23.2 years |
| Future pensioners | 21.7 years | 24.6 years |

The fair value of the plan assets and the return on those assets were as follows:

| | 2010 Long term rate of return % | Value £000 | 2009 Long term rate of return % | Value £000 |
|---|---|---------------|---|-----------------|
| Equities | 7.2 | 53,863 | 7.3 | 44,769 |
| Bonds | 4.8 | 10,054 | 5.3 | 8,836 |
| Property | 5.3 | 5,027 | 5.3 | 4,123 |
| Cash | 4.4 | 2,873 | 4.3 | 1,178 |
| | | <u>71,817</u> | | <u>58,906</u> |
| | | | 2010 £000 | 2009 £000 |
| Fair value of plan assets | | | 71,817 | 58,906 |
| Present value of funded defined benefit obligations | | | (76,511) | (71,871) |
| Present value of unfunded defined benefit obligations | | | (279) | (306) |
| Net liability | | | <u>(4,973)</u> | <u>(13,271)</u> |

25 Pension Schemes (cont.)

| Movements in fair value of plan assets | 2010 | 2009 |
|---|----------------------|----------------|
| | £000 | £000 |
| At 1 August | 58,906 | 60,996 |
| Expected return on plan assets | 4,099 | 4,480 |
| Actuarial gains/(losses) | 5,994 | (9,152) |
| Contributions by the employer | 3,198 | 2,875 |
| Contributions in respect of unfunded benefits | 27 | 29 |
| Contributions by members | 1,179 | 1,067 |
| Unfunded benefits paid | (27) | (29) |
| Benefits paid | (1,559) | (1,360) |
| | <u>71,817</u> | <u>58,906</u> |
| At 31 July | <u>71,817</u> | <u>58,906</u> |
| | | |
| Movements in present value of defined benefit obligations | 2010 | 2009 |
| | £000 | £000 |
| At 1 August | 72,177 | 64,544 |
| Current service cost | 2,786 | 2,671 |
| Past service costs | 56 | 696 |
| Loss on curtailments | 167 | 64 |
| Interest cost | 4,408 | 4,358 |
| Actuarial (gains)/losses | (2,397) | 166 |
| Contributions by members | 1,179 | 1,067 |
| Estimated unfunded benefits paid | (27) | (29) |
| Benefits paid | (1,559) | (1,360) |
| | <u>76,790</u> | <u>72,177</u> |
| At 31 July | <u>76,790</u> | <u>72,177</u> |
| | | |
| Expense recognised in the income and expenditure account | 2010 | 2009 |
| | £000 | £000 |
| Current service cost | 2,786 | 2,671 |
| Past service cost | 56 | 696 |
| Loss on curtailments | 167 | 64 |
| | <u>3,009</u> | <u>3,431</u> |
| Total operating charge | <u>3,009</u> | <u>3,431</u> |
| Expected return pension scheme assets | (4,099) | (4,480) |
| Interest cost | 4,408 | 4,358 |
| | <u>309</u> | <u>(122)</u> |
| Total net finance charge/ (return) | <u>309</u> | <u>(122)</u> |
| Total pension cost recognised in the income and expenditure account | <u>3,318</u> | <u>3,309</u> |
| | | |
| | 2010 | 2009 |
| | £000 | £000 |
| Statement of total recognised gains and losses (STRGL) | | |
| Actuarial gains/ (losses) | <u>8,391</u> | <u>(9,318)</u> |

25 Pension Schemes (cont.)

The history of the plans for the current and prior periods is as follows:

| History of plans: | 2010 | 2009 | 2008 |
|--|-----------------------|-----------------|----------------|
| | £000 | £000 | £000 |
| Balance sheet | | | |
| Present value of scheme liabilities | (76,511) | (71,871) | (64,223) |
| Fair value of scheme assets | 71,817 | 58,906 | 60,996 |
| Present value of unfunded liabilities | (279) | (306) | (321) |
| Net liability | <u>(4,973)</u> | <u>(13,271)</u> | <u>(3,548)</u> |
| | | 2010 | 2009 |
| | | £000/% | £000/% |
| Experience adjustments | | | |
| Experience adjustments on scheme liabilities | | 10 | 13 |
| Percentage of scheme liabilities | | 0.01 | 0.02 |
| Experience adjustments on scheme assets | | 5,994 | (9,152) |
| Percentage of scheme assets | | 8.34 | 15.54 |

The University expects to contribute approximately £3,345k to the Strathclyde Pension Fund in the next financial year.

The Scottish Teachers Superannuation Scheme

The Scottish Teachers Superannuation Scheme provides benefits based on final pensionable salary for Scottish Teachers. The fund is administered by Scottish Public Pensions Agency.

The latest full actuarial valuation of the STSS received from the Scottish Public Pension Agency is as at 31 March 1996. However, an actuarial review as at 31 March 2005 was issued in June 2008 by the Government Actuary. This review shows assets of £13,030m and the review assumes that the investment rate of return would be 2% in real terms and that pensions would increase by 3.5% per annum in real terms.

Universities Superannuation Scheme (USS)

The University 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.

Because of 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 FRS 17 'Retirement Benefits', 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.

The latest triennial actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific 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. The actuary also carries out a review of the funding level each year between triennial valuations and details of the estimate of the funding level at 31 March 2010 are included in this note.

Universities Superannuation Scheme (USS) (cont.)

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

Standard mortality tables were used as follows:

| | |
|---------------------------|--|
| Male members' mortality | PA92 MC YoB tables – rated down 1 year |
| Female members' mortality | PA92 MC YoB tables – No age rating |

Use of the mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates.

At the valuation date, the value of the assets of the scheme was £28,843 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31st March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve have been included, in addition, on account of the variability mentioned above.

The scheme-wide contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, increased the institution contribution rate to 16% of pensionable salaries from 1st October 2009.

Since 31st March 2008 global investment markets have continued to fall and at 31st March 2010 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 91% (a deficit of £3,065million). This estimate is based on the funding level at 31st March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS17 basis, using an AA bond discount rate of 5.6% per annum based on spot yields, the actuary estimated that the funding level at 31st March 2010 was 80%. An estimate of the funding level measured on a buy-out basis at that date was approximately 57%.

Universities Superannuation Scheme (USS) (cont.)

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, 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 of the scheme.

The next formal triennial actuarial valuation is due as at 31st March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

26 Disclosure of related party transactions

Due to the nature of the University's operations and the composition of the University Court (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the University Court may have an interest. All transactions involving organisations in which a member of the University Court may have an interest are conducted at arm's length and in accordance with the University financial regulations and normal procurement procedures.

A review of the Register of Interests of Court Members was undertaken and no material interests were identified.

Transactions in the year with Biopta Limited, a GCU spin out company were reviewed and no material payments have been made to or received from the company. There is no significant University representation in the company.

The University makes certain payments to and is re-imbursed for certain costs by Glasgow Caledonian University Students' Association (GCUSA). The University does not exercise day to day control over the affairs of GCUSA.

| 27 Childcare and hardship fund | Childcare Fund £000 | Hardship Fund £000 | Total £000 |
|--------------------------------|------------------------|-----------------------|---------------|
| At 1 August 2009 | 22 | - | 22 |
| Allocation received in year | 222 | 893 | 1,115 |
| Expenditure | (112) | (855) | (967) |
| Repaid by clawback | - | (77) | (77) |
| Virements | (128) | 128 | - |
| At 31 July 2010 | <u>4</u> | <u>89</u> | <u>93</u> |

Grants are available solely for students. The University acts only as a paying agent. In the University's view the regular repayment of these funds is a consequence of the restrictive condition placed upon their distribution.

28 Post balance sheet events

There were no Post Balance Sheet Events which would require disclosure within these accounts.

29 Subsidiary undertakings

The subsidiary companies, all of which are registered in Scotland and are 100% owned by the University, are as follows:

| Company | Principal Activity |
|--|---|
| Glasgow Caledonian University Company Limited | The provision of training, consultancy and research |
| GCU Nominee Company | Ownership of Heatherbank Museum assets |
| GCU INTO Limited | Holds University share in INTO Scotland LLP |
| GCU Academy Limited (incorporated 5 August 2010) | The provision of closed courses which provide a university level education leading to a qualification |

NOTES: (This page is left intentionally blank)

