



University for the Common Good



# Annual Financial Statements

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Year ended 31 July 2021





## Contents

|    |   |
|----|---|
| 3  | Introduction from the Principal and Vice-Chancellor   |
| 5  | Key Financial Highlights                              |
| 6  | Strategic Report                                      |
| 13 | Financial Review                                      |
| 18 | Corporate Governance Statement                        |
| 24 | Statement of Primary Responsibilities of the Court    |
| 25 | Membership of Court and Key Committees                |
| 27 | Attendance at University Court and Committee Meetings |
| 29 | Independent Auditor's Report                          |
| 32 | Statement of Accounting Policies                      |
| 37 | Financial Statements                                  |

## University's Professional Advisors

### Bankers

Bank of Scotland plc  
167-201 Argyle Street, Glasgow G2 8BU

### External Auditor

KPMG LLP  
Chartered Accountants and Registered Auditor  
319 St Vincent Street, Glasgow G2 5AS

### Tax Advisors

PwC  
Chartered Accountants  
141 Bothwell Street, Glasgow G2 7EQ

### Internal Auditor

Ernst & Young LLP  
Chartered Accountants  
G1 Building, 5 George Square, Glasgow G2 1DY

### Solicitors

Thorntons Law LLP  
13 Melville Street, Edinburgh EH3 7PE

Anderson Strathern LLP  
George House, 50 George Square, Glasgow G2 1EH

### Registered Charity Number:

SC021474

# Introduction from the Principal and Vice-Chancellor



This academic year was another exceptional year for the University as we continued to deal with the challenges of the Covid-19 pandemic. Despite these extraordinary times, the University delivered an underlying operating surplus of £7.5m for financial year 2020/21 with a healthy cash in bank

balance which ensures the financial sustainability of the organisation as we work towards a post-Covid landscape.

The strong performance of the University throughout the year in our core learning and teaching, widening participation and student outcome metrics underlined the dedicated commitment of our staff to providing learning and student experience of the best possible quality in a largely online environment. The University was delighted to achieve the highest possible assessment of our quality assurance and enhancement in our institutional ELIR by the QAA.

Staff commitment to the student experience was rewarded through the University out-performing the Scottish sector averages in key areas of the HESA data on degree completion and retention cementing our position as a leader in widening participation with excellent student outcomes. Our overall student satisfaction score was down compared to the previous year, however perhaps unsurprisingly NSS scores across the whole sector were depressed last year. GCU was nonetheless a joint top performing Scottish university with the University of Strathclyde for our Graduate Employment outcomes. We were also voted the 'best value for money' university in a student led survey called StudentCrowd.

Our Covid-related health and social research gained prominence for excellence throughout the year and the Scottish Government applauded the expertise in policy making and decision taking that our health-related staff provided on COVID issues. We are continuing to grow research strength in depth in our key areas of excellence in health and wellbeing, social care and social innovation. The overall impact of our research was evidenced by our extremely strong performance in the Times Higher Education Global Impact Rankings for the second year running. We were rated within the top 6% of Universities worldwide for our social impact and 5th in the world for our work on gender equality.

Other key successes this year included significantly increasing student recruitment, particularly in our international population. We achieved an Athena SWAN institutional silver award for gender equality being only the second institution in Scotland to do so alongside University of Edinburgh. Within our academic Schools there was a Silver award for the School for Computing, Engineering and the Built Environment, a Bronze award for the School of Health and Life Sciences and a Bronze award for the Glasgow School for Business and Society.

Our focus on staff and student mental health has been enhanced by our partnership with the Scottish Association for Mental Health and other important initiatives including the Student Minds Mental Health Charter.

The University's Mentoring Internship Networking and Talks (MINT) graduate scheme run by the GCU Foundation won a Gold Award from the Council for Advancement and Support of Education (CASE) and we achieved a Gold Award in the Armed Forces Employer Recognition Scheme.

In summary, the focus and dedication of GCU staff and students in the 2020/21 academic year, coupled with an extremely strong programme of student recruitment, has resulted in a very healthy financial position for the University going forward. It has, of course also produced strong learning outcomes for students, our usual high quality student experience and engagement and impactful research.

We will continue to be led by our values of integrity, creativity, responsibility and confidence in the coming year and with the ongoing support and commitment of our University community I have no doubt we will continue to flourish in these challenging times.

A handwritten signature in black ink, reading 'Pamela Gillies'. The signature is fluid and cursive, with a long horizontal line extending from the end.

**Professor Pamela Gillies CBE, FRSE**

BSc, PGCE, MEd, MMedSci, PhD, FRSA, FFPH, FAcSS, Hon FRCPS (Glasg), DSc

**Principal and Vice-Chancellor**



## Highlights of 2021

### Income (£'000)

|             |                |
|-------------|----------------|
| <b>2021</b> | <b>134,582</b> |
| 2020        | 125,305        |
| 2019        | 124,326        |

# 81%

81% degree completion, ensuring positive outcomes for our students and graduates (HESA 2021).

### Underlying operating surplus (£'000)

|             |              |
|-------------|--------------|
| <b>2021</b> | <b>7,543</b> |
| 2020        | 3,682        |
| 2019        | 2,745        |

# Top 70

Ranked within top 70, achieving 69th in the world in the Times Higher Education impact rankings (THE 2021).

### Cash at bank (£'000) as at 31 July 2021

|             |               |
|-------------|---------------|
| <b>2021</b> | <b>45,550</b> |
| 2020        | 24,289        |
| 2019        | 20,674        |

### Cashflow from operating activities (£'000)

|             |               |
|-------------|---------------|
| <b>2021</b> | <b>22,775</b> |
| 2020        | 5,438         |
| 2019        | 3,285         |

# 23%

23% of GCU's full-time Scottish first degree entrants were from the 20% most deprived postcodes (SFC 2021).

### Student numbers (headcount) as at 31 July 2021

|                                   |               |
|-----------------------------------|---------------|
| <b>2021</b>                       | <b>19,045</b> |
| Represented by:                   |               |
| ▪ Scottish full-time first degree | 11,640        |
| ▪ Taught Postgraduate             | 3,650         |
| ▪ Research Postgraduate           | 450           |
| ▪ Other                           | 3,305         |
| 2020                              | 17,540        |
| 2019                              | 16,860        |

# 26%

26% growth in international students full person equivalent in 2020/21.

# Strategic Report

## Strategy 2030

The University's ambitious new Strategy 2030 was created through a consultative process of staff and student engagement, and was launched in January 2021. Strategy 2030 has a distinctive vision that Glasgow Caledonian University will be recognised as a world leading University for social innovation, delivering transformative education and impactful research through purposeful partnerships as a globally connected University, with an engaged University community committed to the Common Good. We are led by our University Values of Confidence, Responsibility, Integrity, and Creativity. The Sustainable Development Goals provide the guiding framework for the delivery of our strategy.

## Implementing Strategy 2030

Strategy 2030 is supported by two core enabling strategies - 2030 Strategy for Learning and 2030 Research Strategy. The strategies were approved by the University Court in April 2021, and summaries are available publicly at Strategy at a glance | GCU. A suite of 2030 enabling plans for Finance, Infrastructure and People were also approved by Court in April 2021. The key themes of internationalisation and sustainability are embedded across the enabling strategies and plans.

The 2030 Sustainable Development Goals (SDGs) were endorsed by all 193 United Nations Member States in 2015 and launched in 2016. They focus global efforts and

attention on 17 pressing challenges, including gender equality, ending poverty, social inclusion and environmental sustainability. Although the SDGs are not legally binding, they have extensive buy-in and influence over the strategies and actions of governments, business and organisations. A Sustainable Development Goals Integration Group has been established at GCU with the aim of promoting the integration of the SDGs across the University in support of Strategy 2030 ambitions. Chaired by the PVC Research, early achievements include successful application for membership of the United Nations Academic Impact (UNAI) and submission of two case studies which were recognised by the United Nations as examples of SDG Good Practices:

- The centrality of the SDGs to the University's corporate strategy and institutional activities.
- The Fashion Detox Challenge, led by Dr Emma Kidd of the Glasgow School for Business and Society in collaboration with colleagues at GCU London.

Our University Community is at the heart of our Strategy 2030 and our staff and students each have a part of play in fulfilling our ambitions. The University has refreshed its integrated planning process to promote alignment with Strategy 2030, enable strategic investment in, for example, academic staff and GCU Going Digital initiatives, and to facilitate the cascade of strategic objectives through to individual and team objectives.

## Strategy 2030



Led by our values of confidence, responsibility, integrity, creativity and the Sustainable Development Goals

# Strategic Report

## Strategy 2030

| Strategic theme                           | Key Performance Indicator   | 2025 ambition                                | 2030 ambition                                | RAG status |
|---|---|--|--|------------|
| <b>World leading in social innovation</b> | Demonstrate our commitment to social innovation in support of the SDGs through the THE Impact Rankings        | Year-on-year score improvement               | Global top decile                            |            |
| <b>Transformative education</b>           | Consistently achieve a sector leading position for widening access as measured by SIMD20 intake and retention | 20%  | 20%  |            |
|   |   | 90%  | 90%  |            |
|   | Increase the proportion of our subjects in the UK upper quartile for NSS student satisfaction                 | 50%  | 70%  |            |
|   | Maintain high degree completion rates as measured by HESA   | 80%  | 83%  |            |
| <b>Impactful research</b>                 | Building on our strengths, improve performance in the Research Excellence Framework based on overall scores   | Achieve Scottish average                     | Exceed Scottish average                      |            |
|   |   | All subjects achieve 50% 3* 4* score         | All subjects achieve 60% 3* 4* score         |            |
| <b>Purposeful partnerships</b>            | Be recognised as a leading Civic University, achieving the Engage Watermark Award                             | Silver Engage Watermark Award                | Platinum Engage Watermark Award              |            |
|   | Grow the number of UK students joining GCU at taught postgraduate level                                       | 1,300  | 1,700  |            |
| <b>Globally connected</b>                 | Promote international mobility and grow the number of international students studying at GCU in the UK        | 750  | 850  |            |
| <b>University community</b>               | Enhance student engagement and work with colleagues to develop a new measure of staff engagement              | Staff Engagement TBC                         | Staff Engagement TBC                         |            |
|   |   | Student Voice 78%                            | Student Voice 80%                            |            |
|   | Drive our environment sustainability agenda and achieve carbon neutrality by 2040                             | -14% Scope 1<br>-80% Scope 2<br>-52% Scope 3 | -22% Scope 1<br>-98% Scope 2<br>-63% Scope 3 |            |
|   | Ensure financial sustainability to facilitate investment in support of our 2030 ambitions                     | 3% underlying operating surplus              | 3% underlying operating surplus              |            |

^ subject to change through HESA student return validation ° Subject to audit  
 ~ 2014-15 baseline: earlier baseline in line with sector practice + 2019-20 data



### University performance in 2020/21

The University was awarded the highest assessment of quality assurance and enhancement by the Quality Assurance Authority (QA) in our institutional ELIR in 2020/21.

GCU achieved an outstanding result in the 2021 Times Higher Education Impact Rankings. The Impact Rankings are the only global performance tables that assess universities against the Sustainable Development Goals. GCU retained its top 6% placing, despite an increase of nearly 45% in the number of participating institutions, with a ranking of 69th globally. Of note, the University ranked very highly in some key areas of importance in terms of supporting economic and social recovery from the pandemic - 5th in the world, and first in the UK, for SDG 5 Gender Equality, joint 10th in the world for SDG 12 Responsible Consumption and Production, and 24th in the world for SDG 8 Decent Work and Economic Growth.



The University is one of only two Scottish universities to be awarded the prestigious Athena SWAN Institutional Silver Award in recognition of its commitment to promoting gender equality among students and staff. The award, presented by Advance HE, builds on the Bronze award GCU received in 2015 and recognises our commitment to supporting and transforming gender equality in higher education and research. Our three Academic Schools have achieved Athena SWAN accreditation - The School of Computing, Engineering and Built Environment achieved a Silver award, the School for Health and Life Sciences achieved a Bronze award and the Glasgow School for Business and Society was awarded a Bronze in the first roll out of the award to business and social science schools and departments.



GCU has harnessed its substantial experience of industry-focused and co-created programmes to pioneer a number of new Graduate Apprenticeship offerings, supported by Skills Development Scotland (SDS) and industry partners. In 2020/21, we were allocated the highest number of new Graduate Apprenticeship places of any Scottish university. GCU takes an innovative approach to upskilling, as evidenced by our recent partnership with the Scottish Tech Army to provide flexible online study opportunities in IT Software Development for unemployed, furloughed and other mature learners looking to upskill to improve their career opportunities.

The University had an outstanding set of outcomes in the 2021 HESA Performance Indicators relating to projected learning outcomes. Projected degree completion at GCU is 80.6%, ahead of the Scottish university sector rate of 79.7%.

GCU performed very strongly in the 2018/19 HESA Graduate Outcomes survey published in July 2021. In total, 90% of our graduates are in employment and/or further study, placing GCU joint second in Scotland. In the key measure of skill level, 80% of GCU graduates who are in employment are in highly skilled occupations, an improvement of three percentage points on the previous year, and ahead of the Scottish sector rate of 78%.

90% of GCU graduates are in employment and/or further study compared to the Scottish sector average of 88% (HESA, 2021)

Recognising that the pandemic created the most challenging environment for new graduates for more than a generation, the University launched MINT (Mentoring, Internships, Networking and Talks) in a bid to give them the best possible chance of securing employment. The MINT programme has now successfully supported more than 1,400 graduates from the Class of 2020 and 2021 final-year students, pairing them with a relevant captain of industry, providing them with paid internships, or providing networking opportunities. The scheme won a Circle of Excellence Grand Gold Award from the Council for Advancement and Support of Education (CASE), a global non-profit association dedicated to educational advancement. MINT has also been shortlisted in the prestigious Times Higher Education Awards in the Outstanding Support for Students category.

# Strategic Report

The University has a long standing commitment to widening access with quality. GCU currently exceeds the Commission on Widening Access 2030 target, as over 22% of our Scottish full-time first degree entrants are from Scotland's most deprived areas (SIMD20). A total of 96% of young first-degree entrants are from state school or college. The University's performance in attracting widening access students is matched by above average retention rates for students from SIMD20 backgrounds.



The impact of the pandemic on the National Student Survey (NSS) was felt by all universities. GCU's overall satisfaction rate in the 2021 survey was 78%. The University outperformed the sector in the key area of learning resources, and achieved above sector scores in all of the questions relating to satisfaction with the University's management of Covid-19, showing substantially higher outcomes in terms of provision of useful information and timely information to students, access to learning resources, and delivery of learning and teaching. The University is committed to listening to feedback from our students to inform enhancements in learning and teaching, and we have had positive outcomes in our internal module evaluation and research postgraduate surveys in 2020/21.

GCU's Advanced Higher Hub was formed eight years ago as a bridging programme to give pupils from Glasgow schools the opportunity to study Advanced Highers on GCU's campus, and provide greater access to subjects required for high-demand undergraduate courses. In 2021, the Hub achieved an overall pass rate of 97%, with 53% achieving A grades and 82% A and B grades. During 2020/21, the Hub agreed a partnership with e-Sgoil, which will see it offer national Advanced Higher study support in five subjects: Biology, Chemistry, English, Maths and Modern Studies.

In 2020/21, the proportion of international students at GCU's UK campuses, grew by 26%, aided by flourishing international recruitment at GCU London while recruitment conditions have remained challenging for GCNYC during 2020/21. GCU has been at the forefront of transnational education (TNE) for many years and continues to apply a partnership approach to TNE development based on our University values. The number of taught postgraduate students at GCU has grown by 26% in 2020/21. The

University's postgraduate research student numbers in 2020/21 were on a par with 2019/20. Overall, postgraduate students represent 22% of GCU's student population in the UK.

The University continued to focus on leveraging strategic research collaborations, strengthening its research culture, and attracting high-calibre researchers. In 2020/21, research income was maintained at close to £5.5m. Building on our research reputation, the University was well positioned to focus new research on Covid-19 and its impacts, including Professor Sebastien Chastin's key role in developing new World Health Organization (WHO) guidelines on physical activity and sedentary behaviour launched in November 2020. GCU researchers conducted a systematic review and evidence synthesis on 'Effective interventions to support the resilience and mental health of frontline health and social care staff during a global health crisis and following de-escalation', and found that more needs to be done to support the mental health of Covid-19 frontline health and social care professionals.

Working alongside the Students' Association and SAMH (the Scottish Association for Mental Health), and supported by funding from Santander Universities, GCU is training 300 staff who work directly with students in mental health support. They will learn how to help students who are struggling with the 'new normal' of learning online, socialising while social distancing and virtual classrooms, as well as negative experiences of lockdown, anxiety around their livelihoods, health concerns and conditions such as agoraphobia.

GCU signed up to the charity Student Minds' Mental Health Charter Award programme, which launched in July 2021. GCU was one of just three UK universities selected by Student Minds in 2020 to trial the award, an accreditation scheme that recognises and benchmarks best practice in supporting mental health across the UK higher education sector.

GCU also continued to focus on sustainable development and the climate emergency. GCU's Principal and Vice-Chancellor Professor Pamela Gillies CBE FRSE presented at the 2021 EAUC Virtual Climate Conference which brought together academics, educational leaders, professionals and students from universities and colleges around the world with the aim of inspiring and coordinating the sector to address the climate emergency. During her presentation, Professor Gillies gave an overview of GCU's actions to help tackle climate change, covering our campus and built environment, education and research, and our collaborative partnerships and networks that we work with in Scotland and around the world to affect change.

GCU hosted the second World Forum on Climate Justice in September 2021, to discuss climate recovery in the wake of Covid-19 and the 26th UN Climate Change Conference of the Parties (COP26). The Forum's themes reflected on these topics and the need to incorporate climate justice into global climate governance and the post-Covid-19 recovery.

More than 500 pupils from six Glasgow primary schools took part in the first phase of the Caledonian Club's COP26 STEM Project. The pupils carried out experiments, collecting and reporting on their findings, and researched news sources on the different ways climate change is affecting different parts of the world. The project will continue to work with the same pupils and focus on the environmental impact of food.

GCU's Environmental Management System (EMS) was successfully re-certified EcoCampus Platinum in March 2021. GCU remains the only University in Scotland to operate an EMS with this level of certification.



### Risk and risk management

High-quality risk management is a positive process which supports and enhances business management. During 2020/21 the University further embedded its risk management procedures and structures governed by the Risk Management Policy and Risk Appetite and Tolerance statements, with governance from the Risk Management Forum, comprised of senior management from across the University to ensure that risks are identified and managed effectively.

As detailed in the Corporate Governance Statement, the University maintains a comprehensive corporate risk register with risk analysis and local risk registers embedded in its Schools, Professional Support Departments and research and commercial projects. The University also maintains a Risk Events Log to record incidents where a risk has materialised within the institution, and to ensure any relevant lessons are learned and communicated.

The main risks facing the University are:

**Covid-19:** The ongoing Covid-19 pandemic represents the greatest risk to the University both in the short-term, given the impact on staff and student health and wellbeing, combined with the uncertainty of the duration of the pandemic, and also in the long-term given the impact on the Higher Education landscape and the economic and societal impact. There is also the risk that the post Covid operational environment requires significant adaptations and the University fails to maximise the potential benefits of change. The scale of the Covid-19 risk is such that it impacts on all of the other risks facing the University and all University operations are impacted in mitigating these risks.

**Government policy and political landscape:** This is a significant risk as funding from government, through the Scottish Funding Council, is the University's main source of income. The risk for the University centres on capacity to absorb recurrent real-time reductions in funding via the unit of resource for teaching which has been further exacerbated by the recent revision to the teaching funding model.

**UK withdrawal from the EU:** While the long term implications of the UK withdrawal from the EU are still to be fully experienced, the higher- education sector has been impacted in many ways, including recruitment of EU students and staff, income associated with EU-funded research projects and the general economic impacts associated with such a significant political and economic change.

**Financial sustainability:** Cost inflation, rising pay and pension costs and the challenges resulting from Covid-19 for the recruitment of international students all impact the financial sustainability of the University. The market volatility, increasing net liabilities and employee/employer affordability relating to pension schemes, which the University participates in, remain a concern.

**Cyber Security:** The increase in cyber crime experienced by the UK Higher Education Sector, including GCU, during the financial year highlights the material impact that cyber crime can have, impacting the sector operationally, financially and reputationally.

# Strategic Report

## Estates and facilities

The University continued to invest in its physical estate carrying out a £0.5m programme of Legislative Compliance Projects.

Following the departure of INTO Scotland from the CEE Building, a £360k refurbishment was carried out on levels 1 and 2 with 16 classrooms now fully supporting a hybrid teaching model. Work also included full redecoration, furniture, roof replacement and installation of LED lighting throughout.

Estates and Facilities assisted and delivered several key projects, for Schools and departments including; the relocation of the Campus Life Desk, refurbishment of the Biological and Biomedical Sciences corridor, upgrade of restrooms at GCU London and the installation of the SafePod allowing remote access to sensitive or confidential datasets for research purposes.

Whilst utilising our existing contract base, the Directorate has played a pivotal role in facilitating a safe return to Campus for all users.

## Operational sustainability

The 2020/21 Academic year saw the continuation of restrictions introduced to control the pandemic and as a result several aspects of the University's operations were significantly curtailed.

The University's carbon footprint for 2019/20 (the 2020/21 data will be published early 2022), which includes 5 months of operations with covid restrictions, was 28,549 tCO<sub>2</sub>e or 16% lower than in 2018/19. It is anticipated that the carbon footprint for 2020/21 will be similarly suppressed due to lower levels of travel, energy consumption and procurement activity (the three categories responsible for 99% of emissions).

Whilst there was reduced activity on campus, the launch of Strategy 2030 re-affirmed the University's commitment to carbon neutrality and brought forward the target to 2040. The Strategy provides a catalyst to review the University's environmental plans and determine whether from operating during the pandemic could be used to enhance the University's environmental performance.

This work will be carried out under the auspices of the University's environmental management system which continues to be certified EcoCampus Platinum/ISO 14001 after another successful independent audit.

## Equality and diversity

As the University for the Common Good, equality, diversity and inclusion are at the heart of everything we do. Equality is embedded through our strategy, leadership and GCU Values and we continued to take a whole institution approach to promoting equality and diversity in the student and the staff experience, as well as our learning, teaching and research activities.

We developed and published our new Equality Outcomes 2021-2025, which build on the main themes of our previous (2017-2021) outcomes by establishing some new areas of focus that reflect recent and emerging priorities, informed by internal and external evidence.

The outcomes are focused on the key themes of: ensuring that our people have the right knowledge and skills to support an inclusive learning and working environment; our University is physically and virtually accessible to disabled people; Black, Asian and Minority Ethnic students and staff are confident that the University is taking action to prevent and tackle racism and racial inequalities; students and staff experience a supportive culture of positive mental health; our University promotes gender equality in its widest sense, including trans equality, by addressing barriers for students and staff.

The outcomes are aligned with our Strategy 2030 and mission as the University for the Common Good, they also ensure compliance with Equality Act 2010.

The outcomes also support our Dignity at Work and Study Policy, which outlines the rights and responsibilities associated with these commitments, as well as our zero tolerance approach to any form of unlawful discrimination, including harassment, victimisation, racism, sexism, homophobia or any other unacceptable behaviour towards any member of our community. We implement this through student and staff training and engagement, including the embedding of equality, diversity, dignity and respect into student and staff induction, and communicating our success and good practice through internal and external channels and campaigns. This approach is demonstrated by GCU's award winning, Erase the Grey campaign which challenges myths and stereotypes around gender-based violence (GBV). Developed by GCU students in partnership with the University's GBV Group, the campaign has continued to attract international acclaim – it has been made available under licence to others and has been adopted by Police Scotland and other higher and further education institutions across the UK, and has now reached around 200,000 staff and students.

The University was awarded the prestigious Athena SWAN institutional Silver Award for its commitment to promoting gender equality across different disciplines.

The School of Computing, Engineering and Built Environment was also awarded a School Silver award and the Glasgow School for Business and Society was awarded a School Bronze.

The implementation of our Tackling Racism Group's recommendations to tackle racial inequalities continues, supported by an action plan owned by Executive Board, and taken forward by a number of working groups. GCU contributed to the development of a set of resources for the further and higher education sectors through Advance HE's Tackling Racism on Campus project, and the Principal joined universities across Scotland in signing Advance HE's Declaration on Anti-Racism.

The University built on the successful attainment of the Carer Positive 'Engaged' employer award by supporting a number of events and activities during Carers Week, which aimed to 'making caring visible and valued' at GCU. A Staff Carers Network was formed to act as a supportive, safe and confidential space for staff carers to meet and share experiences, and also inform GCU policy and practice.

GCU was honoured with a prestigious Employer Recognition Scheme Gold Award by the Ministry of Defence in recognition of our outstanding support of veterans, reserves, Cadet Force Adult Volunteers, spouses and partners of those serving in the armed forces.

### **Disability**

The University is a Disability Confident 'Committed Employer' and strives to ensure that our recruitment processes are inclusive and accessible. The University gives equal consideration to all applications for employment. Where a candidate with a disability is appointed, full consideration is given to what reasonable adjustments are necessary to ensure that the person is not placed at a disadvantage, and is supported to succeed in the role.

Where existing employees develop a disability, it is the University's policy, wherever practicable, to support them in continuing employment by making reasonable adjustments where necessary. Members of staff, who have a disability, are employed under the same terms and conditions as their non-disabled colleagues and the University provides training, career development and promotion opportunities to all staff, regardless of their disability.

# Financial Review

## Scope of the financial statements

The financial statements have been prepared on a consolidated basis and include the results of the University and its subsidiary companies as set out within Note 26.

## Results for the year

Throughout 2020/21, the University continued to navigate its way through a year of financial, economic and social uncertainties brought by the global pandemic and Brexit. In response to the level of uncertainties' during the current year, together with the potential critical impacts on organisational financial sustainability there had been a proportionate need to prepare for, manage and mitigate downside risks. The University had in place an adaptable financial recovery plan, with such mitigating steps, to manage the continued challenges of the pandemic.

Despite the challenges faced during the year, the University generated an underlying operating surplus of £7.5m for the year ended 31 July 2021. Operating surplus can be defined as the surplus generated from normal activities and is the measurement used by management throughout the year to measure the University's performance. Removing the effects of the significant non-cash pension charges, which are not influenced by the day to day operation of the University, the consolidated underlying operating surplus was £7.5m (2019/20: £3.7m).

|   | 2020/21<br>£'000 | 2019/20<br>£'000 |
|---|------------------|------------------|
| <b>Consolidated</b>                                   |                  |                  |
| <b>Deficit for the year</b>                           | <b>(2,595)</b>   | (2,786)          |
| Add back:   |                  |                  |
| Other Items (including gains/losses, taxation and JV) | 436              | 529              |
| Restructuring costs and other exceptional provisions  | -                | 1,072            |
| Non-cash FRS 102 pension costs                        | 9,702            | 4,868            |
| <b>Underlying operating surplus</b>                   | <b>7,543</b>     | 3,683            |

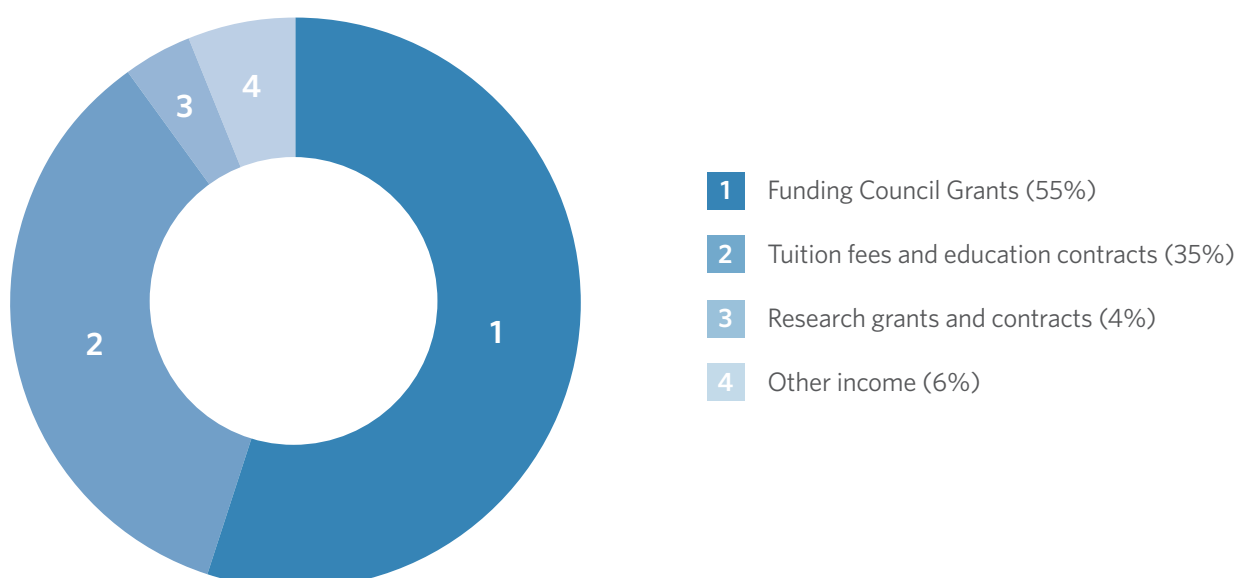
The University is reporting a consolidated deficit for the year, before other comprehensive income, of £2.6m (2019/20: £2.8m). As in previous years, the deficit includes a significant combined non-cash charge of £9.7m (2019/20: £4.9m) in respect of the accounting for both the Strathclyde Pension Fund current service staff costs and net interest charge and for the USS pension deficit provision adjustments. Such non-cash charges are being experienced nationally.

## Income

Total Income has increased in 2020/21 to £134.6m (2019/20: £125.3m). Total income comprises funding council grants, tuition fees and education contracts, research grants, other income, investment income and donations and endowments. The composition of income in 2020/21 is:

## Income

Total income has increased by 7.4% in 2020/21 to £134.6m (2019/20: £125.3m).



### Scottish Funding Council (SFC) grants

The University received £73.8m (2019/20: £69.2m) in grant funding from the SFC, reflecting the allocations announced in the SFC funding outcome agreements for universities and including additional funds allocated in response to the pandemic.

While the largest element of this funding is the recurrent main teaching grant, it also includes SFC research and innovation grants and capital maintenance grants. Overall, grants have increased by £4.6m, with an increase in funding for teaching of £3.9m and research of £0.4m. This is materially driven by additional funding for Nursing linked to increased numbers of £3.6m and £0.3m for paramedic education.

### Tuition fees and education contracts

Core tuition income for 2020/21 experienced a 13% increase in year despite the ongoing pandemic with tuition fees and education contract income in the year of, £47m (2019/20: £41.6m). This increase was mainly generated from a significant year on year growth in international recruitment which generated additional income of £3.5m. In addition, Scottish and EU students across the University's taught undergraduate portfolio generated an additional £2.6m from the previous year.

### Research grants and contracts

Research projects continued to face a level of disruption as a consequence of Covid-19. This has impacted on the delivery timescales of some research projects which in turn has impacted income recognition. 2020/21 declined by 7% to £5.4m (2019/20: £5.8m).

### Other income

The University generated £7.8m (2019/20: £7.9m) in other income. Whilst overall other income remained relatively static there was a significant reduction in commercial income related to student residences of £2.3m, directly related to lower occupancy as a result of Covid-19. This was largely offset by effects of the change in accounting for the funding of GCNYC from a loan to a grant. Upon consolidation this generates an increase in subsidiary other income of £3.5m, of which £3.2m related to GCNYC.

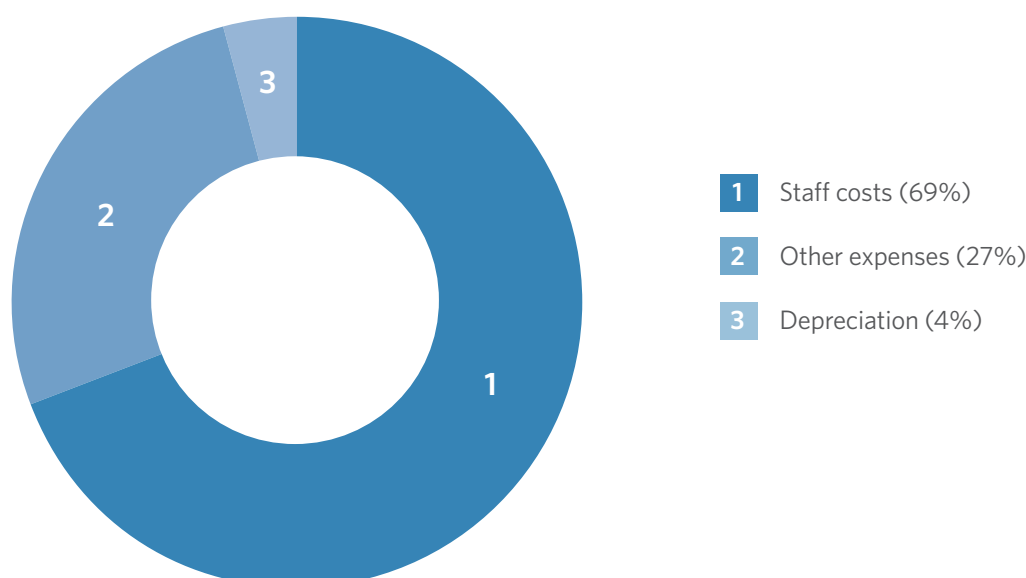
### Expenditure

Total expenditure has increased by £9.1m to £136.7m (2019/20: £127.6m).

Expenditure comprises staff, other operating costs, the depreciation of fixed assets and interest and finance costs. The composition of expenditure in 2020/21 is:

## Expenditure

Total expenditure has increased by £9.1m to £136.7m (2019/20: £127.6m).



# Financial Review

## Staff investment

Our people are our most important assets and our biggest area of investment, represented by:

| Staff                        | 2021   | 2020   |
|------------------------------|--------|--------|
| Staff costs £'000            | 94,735 | 88,843 |
| Less FRS 102 Pension Costs   | 8,827  | 4,495  |
| Underlying Staff costs £'000 | 85,908 | 84,348 |
| FTE's                        | 1,413  | 1,398  |

Pension costs of £21.5m (2019/20: £16.9m) for the year are represented by:

| Underlying Pension Costs   | 2021<br>£'000 | 2020<br>£'000 |
|----------------------------|---------------|---------------|
| Pension Costs              | 21,541        | 16,925        |
| <b>Less FRS102 Effects</b> |               |               |
| LGPS                       | 8,827         | 4,495         |
| Underlying Pension Costs   | 12,714        | 12,430        |

## Other operating costs

Other costs have increased by £2.8m to £34.9m (2019/20: £32.1m). In common with other institutions the University was able to realise c£2m from lower campus operating costs as a result of home working and travel restrictions and the implementation of additional cost controls. This has been partially offset by the effects of the change in accounting for the funding of GCNYC from a loan to a grant and in year this increased other expenditure by c£3.2m. The pandemic necessitated additional expenditure in support of teaching delivery as it transitioned online. Additional investment of £1.3m had been made in computer equipment and software, to enable the University to adopt remote working and teaching facilities.

## Procurement

The University is committed to obtaining best value in all of its transactions and, in conducting its daily business, considers its wider responsibilities in terms of legal, moral, social, economic and environmental impact. The University continues to look for savings and value for money opportunities to make most effective use of resources, through tendering and the University's use of collaborative agreements.

Procurement led initiatives, using competitive tendering, resulted in value for money savings of approximately £0.35m. Other savings were achieved through access

to collaborative framework agreements with Advanced Procurement for Universities and Colleges (APUC) and other UK Purchasing Consortia. 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 University has made a commitment to the Social Enterprise Scotland Corporate Challenge and during 2020/21 the University spent £113k with 22 Social Enterprises.

## Balance Sheet

Total net assets have increased by £21.5m to £117.8m as at 31 July 2021 (2019/20: £96.3m). The increase in net assets is primarily attributable to a £6m improvement in current assets coupled with the decrease of £14.2m in the University's share of the accounting liability in the Strathclyde Pension Fund as at 31 July 2021. This is mainly due to the higher discount rate of 1.6% in 2021 compared to 1.4% in 2020.

## Treasury

The year end position reflects an increased level of cash reserves held as investments £24m (£7m 2019/20) with these funds being held on short term deposit with a number of institutions. Liquid cash available as at year end was £21.5m (2019/20 £17.2m).

All treasury decisions are taken within the framework of the University's Treasury and Ethical Investment Policy. The underlying principle is that the University operates a low-risk approach in managing its investments and liquidity. All funds are placed with institutions agreed by Finance and General Purposes Committee and monitored against minimum credit rating criteria.

## Borrowing

During the year repayments were made towards the initial £10m loan facility with Lloyds Banking Group, backed by the European Investment Bank. As at 31 July 2021, £5.9m remained outstanding (2019/20: £6.7m).

As part of the set of measures approved as part of the University Budget 2020/21, the University secured additional borrowing facilities under the Government's Coronavirus Large Business Interruption Loan Scheme (CLBILS) as a contingency measure. This was in the form of a £5m rolling credit facility available for drawdown to the University for a period of three years from 15th December 2020. To date this facility has not been drawn down.

There have been no other movements in net debt in the year.



## Asset Impairment

The University has in place a public benefit concessionary loan arrangement to fund Glasgow Caledonian New York College (GCNYC). As in previous years and in line with the requirements of accounting standards consideration has been given as to whether an impairment of the loan value has occurred. Last year the University, following an internal assessment, recognised an impairment of the loan to GCNYC. This assessment was reperformed during 2020/21 and it is not further impaired. While there has been some improvement in the expected return, as this is based on early student numbers and forecasts, management considers there is no change to the level of impairment.

Within the University view of the Consolidated Statement of Comprehensive Income and Expenditure, through "Other operating expenses", there is included an impairment value of c\$10.61m (£8.1m) which is eliminated upon consolidation. Impairment does not affect the treatment within GCNYC and the full loan balance remains payable. Similarly, the University's decision to impair the loan balance does not affect GCNYC's ability to continue to operate.

## Capital investments

The University continued to prioritise the Student Information Systems Project (SIMS). The first release went live October 2020 and following a re-phase of the programme all remaining releases are scheduled to go live by August 2022.

The Infrastructure Group meets regularly to review, agree and prioritise the medium-term, rolling Infrastructure Plans for Information Services, Estates, Schools and Professional Support Departments. This ensures longer planning horizons are set, with the affordability of the programme being considered against the overall financial position of the University.

## Financial Plan

During 2021, the University launched its new Strategy 2030, with a vision that by 2030, Glasgow Caledonian University will be recognised as a world leading University for social innovation, delivering transformative education and impactful research through purposeful partnerships as a globally connected University with an engaged University community committed to the common good.

To support the strategy a Finance enabling plan has been created and will support its delivery. The finance plan has a number of key principles:

To generate surpluses which produce sufficient cash to support the University's strategic objectives and provide institutional sustainability

To sustainably grow and maximise income

To operate efficiently and effectively - managing the cost of operations and delivering VFM

To support the initiation, evaluation and management of approved capital and other strategic investment projects to deliver future financial benefit to the University

To assess and manage risk in all University growth, development and operational activities

To operate sound and robust Treasury Management

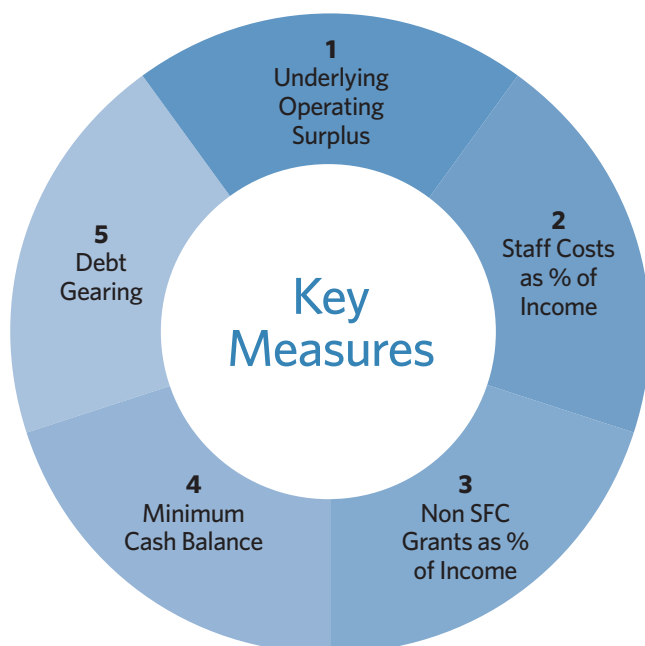
To look outward to closely monitor and respond to the external environment and its impact on the University

To effectively report and communicate the University's financial performance both internally and externally

Whilst the new strategy was only launched early 2021, the KPI results provide an early indication as to focus for the University through the duration.

# Financial Review

## KPIs



| KPI | 2021 Actual | Baseline | 2030 Target |
|-----|-------------|----------|-------------|
| 1   | 5.6%        | 2.30%    | 3.00%       |
| 2   | 64%         | 67%      | 63%         |
| 3   | 45%         | 45%      | 48%         |
| 4   | £40.6m      | £21.5m   | Min £15m    |
| 5   | 0.03        | 0.07     | Max 0.2:1.0 |

Whilst the new strategy 2030 was only launched early 2021, the KPI results provide an early indication as to focus for the University through the duration.

### Pensions

The University participates in three separate multi-employer defined benefit pension schemes, the Strathclyde Pension Fund (SPF), the Scottish Teachers Superannuation Scheme (STSS) and the Universities Superannuation Scheme (USS). Details of the accounting policies are set out on Pages 32-36 and further disclosures are set out in note 27.

The University accounts for the SPF in accordance with the requirements of FRS 102. Within total net assets is the pension liability in relation to the University's share of assets and liabilities in the SPF. In 2020/21 the liability has decreased from £75.2m to £61.1m. This is mainly due

to the total investment return achieved by the Fund over the accounting period of 22.1%, compared to an expected accounting return of 1.4%, which led to gain of around £42m on the balance sheet.

The University continues to take the exemption permitted under FRS 102 to disclose the USS Scheme as defined contribution, as it is unable to calculate individual employers' share of the overall deficit. A liability is recognised however within provisions for GCU's share of the obligation to fund past deficits within the USS scheme. The calculation of GCU's share of the funding deficit as at 31 July 2021 has been based on the USS 2018 Deficit Recovery Plan. The USS provision in 2020/21 remained consistent with prior year at £1.8m.

The University continues to take the exemption permitted under FRS 102 to disclose the STSS scheme as a defined contribution scheme, as it is unable to calculate individual employers' share of the overall deficit.

### Looking forward

While some uncertainty remains around the future financial and economic implications of the pandemic and Brexit, GCU's income streams from sustained high student demand and associated government funding remain resilient and have provided an opportunity and need for further targeted and managed reinvestment.

That being said cost inflation, rising pay and pension costs and the challenges resulting from Covid-19 for the recruitment of international students all have the potential to impact the financial sustainability of the University. The market volatility, increasing net liabilities and employee/ employer affordability relating to pension schemes, which the University participates in, remain a concern.

# Corporate Governance Statement

## Introduction

The University Court of Glasgow Caledonian University ("the Court") is committed to best practice in all aspects of corporate governance.

This Statement describes the manner in which the Court has applied the principles set out in the Scottish Code of Good Higher Education Governance, issued in July 2017, as directed by the Scottish Funding Council's Accounts Direction. It has taken due regard of the Turnbull Committee Guidance on Internal Control and the Guide for Members of Higher Education Governing Bodies in the UK as issued by the Committee of University Chairs. Its purpose is to help the reader of the financial statements understand how these principles have been applied.

## Statement of full compliance

A revised Scottish Code of Good Higher Education Governance (the Code) was published in 2017 and reflects the requirements of the Higher Education (Scotland) Governance Act 2016. There was a period of transition as the University amended its Statutory Instrument to reflect the new legislation and associated elements of the Code. The Amendment Order to the Statutory Instrument came into force on 1st October 2020.

In the opinion of the Court, the University has complied with the principles and provisions of the 2017 Scottish Code of Good Higher Education Governance.

## Governing body

### Court

In accordance with the Code, Court has a Statement of Primary Responsibilities outlining which matters are reserved for consideration by the Court and which can be delegated by the Court to its committees. The Responsibilities are shown in full on page 24. This is one of the key documents against which the effectiveness of the Court is measured. The Statement of Primary Responsibilities is subsidiary to the Glasgow Caledonian University Order of Council 2010 (as amended by the Glasgow Caledonian Amendment Order of Council 2020), Court reviews its Statement of Primary Responsibilities and how it has fulfilled them in the preceding year at the first meeting of the academic session.

Court met five times in 2020/21. Court also holds a strategic planning event early in each session and held a further strategy event in January 2021 as well as several on-line briefings and seminars. The Court was fully involved in discussions on the development of the University's Corporate Strategy, Strategy 2030, which was approved by Court in November 2020.

Court and Senate have agreed procedures for reviewing their effectiveness. An externally facilitated review of

Court's effectiveness is reviewed at least every five years, as set out in the Code. In addition there are internal arrangements to keep effectiveness under constant review including an annual effectiveness review. Court last undertook an externally facilitated review of its effectiveness in June 2017.

A review of Senate's effectiveness, chaired by a lay member of Court, was concluded in December 2017. This was overseen by a Senate Effectiveness Review Steering Group chaired by a lay member of Court. The composition of the Group reflected different categories of Senate membership.

The outcome of the review was considered by Court and Senate respectively, with a summary of the findings and actions published thereafter.

The Chair of Court is responsible for the leadership of the governing body and is ultimately responsible for its effectiveness. The Chair's responsibilities are set out in the Governors' Handbook and in the job description for the role of Chair of Court, the latter having been consulted upon with staff, court members and students and published on the University website. As the Chair's first term of office was scheduled to conclude in February 2021, the Court's Governance and Nominations Committee, sitting as the Selection Committee for the Chair of Court under the convenership of the Vice-Chair of Court, considered the future of the role. After due review and deliberation, the Committee recommended to Court the reappointment of the present Chair for a further three-year term. This was approved by the Court in June 2020 consistent with the 2020 Amendment Order.

## Court committees



# Corporate Governance Statement

Court has agreed procedures for appraising annually the performance of the Chair of Court, and reviews of his performance took place in September 2020 and 2021.

In addition to the five yearly externally facilitated effectiveness review, Court keeps its effectiveness under annual review through various measures. At the first meeting of the academic session, Court reviews its Statement of Primary Responsibilities and how it has fulfilled them, and affirms their continuing fitness. The Chair of Court meets regularly with the Chairs of the standing committees allowing the Chairs to raise any issues about the conduct of their committees' business. There is an annual appraisal scheme for all Court members, which also serves as an annual effectiveness review of the Court. Court members are asked to complete a questionnaire, which evaluates the performance of Court, the way it operates and the contribution of the individual member. This is followed by a conversation between each Court member and the Chair of Court. The Vice Chair of Court, a role which currently incorporates the role of Intermediary under the 2017 Code, is a point of contact for governors in the event that a Court member wishes to raise an issue regarding the Chair of Court.

The Chair ensures that Court fulfils its responsibilities as set out in the Statutory Instrument by means of its Statement of Primary Responsibilities, reserved powers, Standing Orders and the scheme of delegated authority.

The Chair of Court is responsible for ensuring that the University has due regard to the interests of all stakeholders in carrying out its business. The University has various initiatives to ensure it is well-connected with its stakeholders and continues to develop these. It held its second formal event for stakeholders, including external stakeholders, in line with the 2017 Code in February 2021. This was a virtual event which facilitated international reach and was well attended by a range of stakeholders both internal and external.

Court delegates the co-ordination, development and supervision of the academic work of the University to Senate, subject to the general control and direction of Court. Senate met five times in 2020/21. All lay Court members are expected to attend at least one meeting of Senate per year.

Fundamental to the University's leadership in promoting the Common Good and the delivery of its mission is the commitment to embedding equality and diversity. The Court receives an annual report and has a duty under the Equality Act 2010 to publish a Public Sector Equality Duty Report in the Spring every two years, describing its progress on mainstreaming equality and delivering equality outcomes. The University's Public Sector Equality Duty Report 2021 was approved by Court at its meeting in April 2021.

Although the University Court is ultimately responsible for the conduct of the University, much of the detailed work is delegated to Court's standing committees.

There are five standing committees: Audit Committee, Remuneration Committee, Court Governance & Nominations Committee, Finance and General Purposes Committee and People Committee, each of which has formally constituted terms of reference. Each committee reviews its terms of reference annually and submits these to Court for approval, normally at the first meeting of the academic session, and each committee reports regularly to Court on its work. In addition, there is a Court Appeal Committee which is the last internal stage of appeal in respect of student disciplinary cases. This Committee meets only as required.

The University Secretary meets regularly with the Chair of Court as part of the process governing the conduct of Court's business, to ensure that this is carried out in accordance with the legislative and regulatory framework and the Standing Orders. They are responsible for making arrangements to ensure that Court and its Committees are properly clerked and that minutes are produced timeously. Court minutes are published on the University website. A short report on the Court meeting is sent to all staff immediately after the meeting.

## **Audit Committee**

The Audit Committee met four times in 2020/21 with the University's external and internal auditors in attendance. Additionally, there was a joint meeting with the Finance and General Purposes Committee in October 2020 to consider the University's Financial Statements. 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 auditors annually. The Chair of the Audit Committee liaises with the internal auditors, and the Committee meets privately with either or both of the internal and external auditors annually.

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 work, and they report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations, and the internal auditors undertake periodic follow-up reviews to ensure that 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 monitors adherence to regulatory and funding requirements and the University's risk management, including its management of information security and governance.

The Committee reviews the Annual Financial Statements of the University and its subsidiary companies and recommends these to Court for approval. Prior to doing so the Committee liaises with the Finance and General Purposes Committee, which also reviews the Annual Financial Statements, to share insights. This is now done by means of an annual joint meeting.

The Principal and Vice-Chancellor, the Chief Operating Officer and the University Secretary and Vice Principal (Governance), routinely attend meetings of the Audit Committee, but they are not members of the Committee. Other senior staff attend as necessary. One Staff Governor and one Student Governor are among the membership.

### Remuneration Committee

The Remuneration Committee met only once in 2020/21 in light of the exceptional circumstances of the Covid 19 pandemic and the Court's decision when setting the 2020/21 budget not to award any pay increases in this year. The Committee sets the parameters for the remuneration of senior staff, determines the remuneration of members of the Executive and other senior staff earning £100,000 per annum or more, and recommends the remuneration of the Principal and Vice-Chancellor to the University Court. The Committee also reviews the objectives of the Vice-Chancellor for the following year before their submission to the Court for approval. Information on the remuneration of senior staff for the year ended 31 July 2021 is set out in note 7 to the financial statements. The membership of the Committee is predominantly lay, but includes a staff and a student governor and is chaired by the Vice-Chair of Court.

The Remuneration Committee's work is governed by a clear Remuneration Philosophy designed to attract, retain and incentivise senior staff with responsibility for ensuring the delivery of the University's objectives. The Committee reviews the Remuneration Philosophy annually to ensure it remains fit for purpose. The Remuneration Philosophy is submitted to Court annually for approval. The Philosophy is underpinned by the following principles:

|                                 |
|---------------------------------|
| Transparent Communication       |
| Non-discriminatory practices    |
| Internal equity                 |
| External parity                 |
| Performance-driven remuneration |
| Affordability                   |

The Philosophy is shaped by internal and external considerations, including the size and scale of the organisation, its performance and the need to position the University competitively. The Committee draws on extensive contextual and comparative data and considers wider political and economic factors as appropriate. The Committee also seeks independent advice from time to time to inform its decisions, and it consults with staff and student representatives in preparation for its annual deliberations.

In accordance with its operating principles and terms of reference, the Remuneration Committee is required to provide Court with an annual report, incorporating full details of the basis of all decisions about the salaries and terms and conditions of service for the Principal and other members of the Executive along with information concerning external comparators and any other background used by the Committee in reaching its decisions.

The Remuneration Committee delegates responsibility to the Remuneration Panel (composed of the Executive Board with the Chair of the Remuneration Committee) for determining the remuneration of Professorial and Senior Management staff earning below the £100,000 threshold. The Remuneration Committee received a report on the outcomes of the work of the Remuneration Panel and its decisions about the remuneration of relevant staff for 2020/21.

In setting the salary bands for the Principal and members of the Executive, the Committee reviews benchmark data collected through the Universities and Colleges Employers' Association's (UCEA's) annual survey of senior remuneration arrangements across the sector. The comparator groups used are:

|  |
|--|
| All institutions   |
| Post 92 Universities and Higher Education Colleges - (All)                 |
| Post 92 Universities and Higher Education Colleges - £110m to £160m income |
| Scotland - £70m to £202m income  |
| The University Alliance Group *  |

\* Although the University is not a member of the University Alliance, its information continues to be included as a useful comparator given the nature of institutions within the Alliance.

# Corporate Governance Statement

When appraising the Principal's performance, the Chair of Court consults lay, staff and student governors on the Principal's performance in relation to the objectives and the performance of the University and reports to the Remuneration Committee.

The Committee is chaired by the Vice-Chair of Court, and the Chair of Court is a member. The Principal is not a member of the Remuneration Committee but is invited to attend meetings. The Principal is not, however, present for any discussions of their own remuneration.

## **Court Governance and Nominations Committee**

The Court Governance and Nominations Committee met twice in 2020/21 and oversaw, but delegated to a smaller group, the task of searching for new lay governors. The Committee reviewed the group's proposals and made recommendations to Court on filling the vacancies.

The Court Governance and Nominations Committee keeps Court's membership under review, assesses the skills and experience needed within the Court membership, reviews nominations for vacancies in Court membership and advises Court on matters of Court governance. Court has a robust process for appointing governors, which is based on the principles of transparency and inclusiveness. The process encompasses a wide range of methods to allow the Committee the flexibility to employ whichever recruitment methods are most appropriate to secure the necessary skills and diversity of the Court membership.

The Committee has worked to make the recruitment process transparent, fair, inclusive and rigorous and has due regard to the principles of equality and diversity.

To help the University's commitment to promoting equality and valuing diversity, and in line with the recommendations in the Code, all governor applicants and subsequently all appointees are asked to complete and return an equality and diversity monitoring form. The Committee is mindful of its responsibilities arising from the Gender Representation on Public Boards (Scotland) Act 2018.

The gender balance of lay governors on Court for 2020/21 was 59% male and 41% female.

In keeping the balance of diversity, skills and experience under review the Committee maintains a skills matrix which it reviews at least annually. The Committee identifies any gaps and ensures that the breadth and depth of skills and experience, which Court requires to discharge its responsibilities effectively, continue to be reflected in its lay membership. All Court members are asked to review their information on the skills matrix annually to ensure it remains current. Court members are also required to register other interests, connections and commitments as

they arise and review their entries annually. Members are required to report any potential conflicts of interest.

The Committee reviews the extent to which the size of Court remains fit for purpose and contributes to maintaining a coherent and effectively functioning governing body. The Committee does this within the prescriptions and constraints of the Higher Education Governance (Scotland) Act 2016.

The Committee has aimed to ensure that Court is no bigger than necessary to secure the range of skills and experience needed to undertake its responsibilities effectively and to manage succession planning or any unforeseen change in Court membership. In doing so, the Committee takes cognisance of the continuing requirement for lay members to be in the majority on the governing body.

The Committee oversaw and advised Court on the amendment of the University's Statutory Instrument to bring it into conformity with the requirements of the 2016 Act, and The Glasgow Caledonian University Amendment Order of Council 2020 came into effect on 1 October 2020. The Committee has also reviewed reports and recommendations relating to university governance in the sector to evaluate what lessons may be drawn from them and consider whether any changes to the University's own policy or practices are required.

## **Finance and General Purposes Committee**

The Finance and General Purposes Committee met five times in 2020/21. It 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 presentation to, and final approval by, Court.

As part of its responsibility for the financial oversight of the University, the Committee reviews the annual financial statements, both the consolidated University statements and those of its subsidiary companies, and provides comment on them for the Audit Committee and Court. In 2020 the Committee contributed to the process following initiation of a joint annual meeting with the Audit Committee to review the annual financial statements for 2020/21.

## **People Committee**

The People Committee met four times in 2020/21. It reports to Court on the development, implementation and monitoring of the people strategy and staff policies that support the University Strategy, on legislative and regulatory requirements and on staff consultative processes. It also has oversight of the management of all activities of the University as they relate to the duties and responsibilities in respect of equality and diversity and the health and wellbeing of staff, students and visitors.

## Glasgow Caledonian University Stakeholder Event

The annual Glasgow Caledonian University Stakeholder Event took place on 2nd February 2021. The event was held virtually and was advertised through the university website and was attended by the public, Governors, and over 150 staff, students, alumni, honorary graduates and external stakeholders. The attendees heard from the Principal, the Chair of Court, the Student President and a level 4 student working in the NHS. The PVC Research and leading GCU researchers discussed the contribution that the University's research was making in helping society tackle the pandemic.

## Corporate Strategy

The University has a comprehensive strategic planning process which is characterised by 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 Court receives the final Strategic Plan, including financial projections from the University Executive Board, for approval. The University's supporting Five Year Financial Plan is reviewed and updated on an annual basis.

Through an extensive process of consultation and stakeholder involvement, workshops and other meetings, Court members were involved in developing the University's Strategy for 2030, its enabling strategies and plans and associated key performance indicators. Court considered and agreed the University's 2030 Strategic mission, values and goals in the course of the year. The impact of the Coronavirus pandemic delayed the launch of the University's Strategy 2030 until the spring of 2021.

## Risk management and internal control

Court is ultimately responsible for the University's system of internal control and, as the Chief Executive Officer, the Principal and Vice-Chancellor, is responsible for its effectiveness. Such a system mitigates rather than eliminates the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

There is a robust Court committee and Executive structure which operates effectively with remits, standing orders, reserved powers, minutes and action plans. There is a full scheme of delegated authority covering all university staff plus comprehensive financial procedures, an expenses policy and programmes of staff training in areas of key risk.

The University Executive Board and the Chair of Finance and General Purposes Committee receive monthly 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. The Executive Board and the relevant Court standing committees also receive reports with due management information on major strategic developments, staff and student-related issues and health and safety.

Project management is in place during the lifecycle of all major projects, with a nominated Executive member assigned to lead such projects.

Court's role is to set the overall policy for risk management within the University. This includes:

|  |
|--|
| Determining institutional risk appetite  |
| Approval of major decisions affecting the University's risk profile or exposure  |
| Review and approval of the corporate risk register as recommended by Audit Committee   |
| Review of the University's approach to risk management and approving changes or improvements to key elements of its processes and procedures |

The University recognises that it has a responsibility to manage its internal and external risks as a key component of good corporate governance and is committed to embedding risk management to help achieve the University's strategic and operational objectives. A Risk Management Forum oversees the development and implementation of the University's Risk Management Strategy including the Risk Appetite and Tolerance Framework. The Strategy supports institutional decision-making and monitoring of a portfolio of activities in different business areas, by establishing risk statements and tolerance metrics for each of the main areas of risk that the University faces. The Risk Appetite and Tolerance Framework includes thresholds in terms of operational, financial and reputational impact.

The corporate risk register includes impact analysis and mitigating actions and is reviewed annually by Court, biannually by the Audit Committee and Finance and General Purposes Committee and quarterly by the University Executive Board. Additionally, the Principal details any interim changes to risk identified by the Executive Board, in her report to Court. Risk management is embedded within the daily operations of the University from strategy formulation through to business planning and processes. The Court conducts a risk workshop, usually annually, in reviewing the risk register, and the Committees consider risks on the register in the context of their own remits.

# Corporate Governance Statement

All Schools and Professional Support Departments have operating plans which identify risks and issues. In addition, there is a University Business Continuity Plan which is reviewed annually. Each School and Professional Support Department has local plans which are kept under review. Where required, risk registers are amended to reflect any issues arising. As new legislation arrives, actions are taken by committees to ensure compliance, and committee papers must indicate how the actions proposed address compliance with key legislation. All policies are reviewed annually to ensure their legislative and/or regulatory compliance.

Accordingly, Court considers that there is a robust process for identifying, evaluating and managing the University's significant risks which has been in place throughout the year ended 31 July 2021 and up to the date of approval of the Annual Financial Statements. This process is reviewed by Court and accords with the Turnbull guidance, as applicable to the higher education sector.

## Impact of Covid-19

In response to the Coronavirus pandemic, the University Court and its Committees held their meetings from the start of lockdown in March 2020 using online conferencing facilities. This has continued of necessity throughout 2020/21. Court briefing meetings as well as written briefings, a joint meeting of the Audit and Finance and General Purposes Committees, and the increased frequency of meetings between the Chair of Court, Committee Chairs and Executives of the University have featured among the techniques deployed to keep Governors fully informed of the actual and potential effects of the pandemic on the University and how these were being managed and pre-empted. The fact that the Court and its Committees were already fully functioning in a paperless boardroom, using an electronic paper and meeting management system, facilitated the requirement forced by the pandemic of virtual meetings.

## Going concern

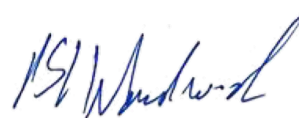
The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report which forms part of the Annual Report. The Financial Review describes the financial position of the institution, its cash flows, liquidity position and borrowing facilities.

The University has prepared cash flow forecasts for a period of 13 months from the date of approval of these financial statements. After reviewing these forecasts, the Court is of the opinion that, taking account of the plausible downsides and stress testing, the University will have sufficient funds to meet its liabilities as they fall due over the period of at least 12 months from the date of approval of the financial statements (the going concern assessment period). At the date of signing the university cash reserves were £54.6m.

Consequently, the Court is confident that the University will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## Conclusion

Finally, during a further year of unprecedented challenge and uncertainty due to the effects of the Covid-19 pandemic, I would like to thank all members of the University staff and the Court for their tireless dedication, resilience and continued support to secure the well-being and success of our students, to safeguard the same opportunities for future generations and to sustain the richness and relevance of our research.



**Rob Woodward**  
Chair of University Court



# Statement of Primary Responsibilities of Court

Under the terms of the Glasgow Caledonian University Order of Council 2010, Court is the governing body of the University and, as such, is responsible for overseeing the management and administration of the whole of the revenue and property of the University. Court exercises general control over the University and all its affairs, purposes and functions, taking all final decisions on matters of fundamental concern to the University.

Specifically, Court's Primary Responsibilities are detailed as follows:

## Staff and students

1. To appoint the Principal and Vice-Chancellor of the University, including the term and conditions of such appointment, and to put in place suitable arrangements for the monitoring of his/her performance;
2. To appoint a Secretary to the University Court
3. To ensure a safe working environment is provided for staff and students;
4. To make such provision as it thinks fit following consultation with the Senate, for the general welfare of its students;

## Financial responsibilities

The group and University's financial statements are required by law to give a true and fair view of the state of affairs of the group and the University and of the group's excess of expenditure over income for that period. In preparing these financial statements, the Court is required to:

5. Ensure the solvency of the University and to safeguard its assets;
6. Prepare and approve the University's annual accounts and report;
7. Ensure the proper use of public funds awarded to the University and to ensure that the terms of the Financial Memorandum with the Funding Council are observed;
8. Approve the annual operating plans and budgets and to ensure that these reflect the University's strategic plan and strategic risk assessment;
9. Select suitable accounting policies and then apply them consistently;
10. Make judgements and estimates that are reasonable and prudent;
11. State whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
12. Assess the group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
13. Use the going concern basis of accounting unless the Court intends to liquidate the group or the University or to cease operations, or have no realistic alternative but to do so;

## Strategic responsibilities

14. Approve the mission statement of the University and its strategic plan and to ensure that these articulate the University's goals and meet the interests of the stakeholders;
15. Approve all substantive policies of the University;

## Controls

16. Ensure that the University operates in accordance with the University's Statutory Instrument as well as all applicable legislation;
17. Ensure that in all the University's policies, procedures and actions, the University complies with the requirements of the law relating to equal opportunities as a provider of education and as an employer;
18. Ensure that systems are in place for the assessment and management of risk;
19. Ensure the existence and integrity of financial control systems and to monitor these through the Audit Committee;
20. Ensure that appropriate arrangements are in place for the proper management of health and safety in respect of students, staff and other persons on University premises or affected by university operations;

## Monitoring performance and effectiveness

21. Monitor the University's performance against its strategic plan and agreed key performance indicators;
22. Monitor and review the performance and effectiveness of the Court and its standing committees;
23. Ensure that the proceedings of Court are conducted in accordance with best practice in higher education corporate governance including the Scottish Code of Good HE Governance and with the principles of public life drawn up by the Committee on Standards in Public Life.

# Membership of Court and Key Committees

## University Court Members

Mr Peter Baguley *Lay Governor (sabbatical from 01.09.21)*  
Mr Amit Bhargava *Lay Governor (from 01.08.21)*  
Dr Douglas Chalmers *Academic Staff Elected Governor*  
Ms Susan Docherty *President of the Students' Association (to 31.05.21)*  
Dr Morag Ferguson *Senate Elected Governor*  
Mr Campbell Fitch *Lay Governor*  
Mrs Sylvie Freund-Pickavance *Lay Governor*  
Mr Daniel Gallacher *Lay Governor*  
Ms Ellen Gibson *TU Nominated Governor (from 01.10.20)*  
Professor Pamela Gillies *Principal and Vice-Chancellor ex officio*  
Mr David Halliday *Professional and Support Staff Elected Governor*  
Mr Asif Haseeb *Lay Governor*  
Mr J Gordon Jack *Lay Governor (to 31.07.21)*  
Mr Ian Kerr *Lay Governor*  
Ms Sharon Lowrie *Lay Governor*  
Ms Meg Lustman *Lay Governor and Vice Chair of Court (from 01.08.21)*  
Mr Bill McDonald *Lay Governor (from 01.09.20)*  
Dr Nick McKerrell *TU Nominated Governor (from 01.10.20)*  
Mrs Neena Mahal *Lay Governor*  
Ms Tabitha Nyariki *Student Association Nominated Governor (from 01.10.20)*  
Professor Ann Priest *Lay Governor*  
Mr Adil Rahoo *President of the Students' Association (from 31.05.21)*  
Mr Austin Sweeney *Lay Governor (from 01.09.20)*  
Mr Alistair Webster *Lay Governor (to 31.07.21)*  
Ms Jane Wilson *Lay Governor (from 01.06.21)*  
Mr Rob Woodward *Chair of Court*  
Stephanie Young *Lay Governor and Vice Chair of Court (to 31.07.21)*

## Members of Audit Committee

Mr Alistair Webster *Committee Chair (to 31.07.21)*  
Mr Bill McDonald *(member from 01.09.20) (Committee chair from 01.08.21)*  
Mr Amit Bhargava *(from 13.08.21)*  
Mr Daniel Gallacher  
Mr David Halliday  
Mr Asif Haseeb  
Ms Tabitha Nyariki *(from 01.10.20)*

## Members of Remuneration Committee

Ms Stephanie Young *Committee Chair (to 31.07.21)*  
Ms Meg Lustman *Committee Chair (from 01.08.21)*  
Dr Douglas Chalmers  
Ms Susan Docherty *(to 31.05.21)*  
Mr Campbell Fitch  
Mr Gordon Jack *(to 31.07.21)*  
Mr Adil Rahoo *(from 31.05.21)*  
Mr Rob Woodward

## Members of Governance and Nominations Committee

Mr Rob Woodward *Committee Chair*  
Ms Susan Docherty *(to 31.05.21)*  
Dr Morag Ferguson  
Mrs Sylvie Freund-Pickavance  
Professor Pamela Gillies  
Mr Ian Kerr  
Ms Meg Lustman *(from 01.08.21)*  
Mr Adil Rahoo *(from 31.05.21)*  
Mr Austin Sweeney *(from 19.01.21)*  
Stephanie Young *(to 31.07.21)*

## Members of Finance and General Purposes Committee

Mr Ian Kerr *Committee Chair*  
Mr Peter Baguley *(sabbatical from 01.09.21)*  
Mr Amit Bhargava *(from 13.08.21)*  
Dr Douglas Chalmers *(from 07.12.20)*  
Ms Susan Docherty *(to 31.05.21)*  
Dr Morag Ferguson  
Professor Pamela Gillies  
Mr J Gordon Jack *(to 31.07.21)*  
Ms Sharon Lowrie  
Ms Meg Lustman *(from 07.12.20)*  
Mrs Susan Mitchell  
Mr Adil Rahoo *(from 31.05.21)*  
Mr Austin Sweeney *(from 07.12.20)*

## Members of People Committee

Mrs Neena Mahal *Committee Chair*  
Dr Douglas Chalmers *(to 01.10.20)*  
Mr Campbell Fitch  
Mr Daniel Gallacher *(from 13.08.21)*  
Ms Ellen Gibson *(from 10.12.20)*  
Professor Pamela Gillies  
Mr David Halliday  
Ms Meg Lustman *(from 13.08.21)*  
Dr Nick McKerrell *(from 10.12.20)*  
Ms Tabitha Nyariki *(from 01.10.20)*  
Ms Jane Wilson *(from 13.08.21)*  
Stephanie Young *(to 31.07.21)*

### Governor Development

Soon after they are appointed, governors participate in induction at GCU. This induction includes information on the general responsibilities of Court, information on the HE Landscape, GCU's strategic direction, governance and finance and they also meet members of the University Executive and other senior postholders.

Lay governors participate in a link scheme whereby each governor is associated with a different School, professional services department or other significant focus of activity across the University as a method of promoting understanding and interaction between Court members and the wider University.

There is a programme of ongoing development for governors which includes presentations and briefings on areas of the University's work, sector updates and a subscription to the Times Higher Educational Supplement.

The University is committed to governor development and sees it as an important part of the infrastructure to sustain high quality governance. Governors are therefore given the opportunity to attend events run by the Advance HE - which provides a Governor Development Programme with a range of courses from governor induction to knowledge and skills development.

# University Court and Committee Meetings

## Attendance at University Court and Committee Meetings for the year to 31 July 2021

| Member  | Date from / to   | Court 5 in year | Audit 4 in year | Remuneration 1 in year | Court Governance and Nominations 2 in year | Finance and General Purposes 5 in year | People 4 in year | Joint Audit and Finance and General Purposes 1 in year |
|---|------------------|-----------------|-----------------|------------------------|--|--|------------------|--|
| Professor Pamela Gillies<br><i>Principal and Vice-Chancellor</i>            |                  | 5               |                 |                        | 2  | 4                                      | 4                | 1  |
| Mr Peter Baguley  |                  | 3               |                 |                        |  | 3                                      |                  | 1  |
| Dr Douglas Chalmers<br><i>Academic Staff Elected Governor</i>               |                  | 5               |                 | 1                      |  | 4*                                     | 1*               | 0*   |
| Ms Susan Docherty<br><i>Student President</i>                               | To<br>31/05/21   | 4*              |                 | 1                      | 2  | 5                                      |                  | 1  |
| Dr Morag Ferguson<br><i>Senate Elected Governor</i>                         |                  | 4               |                 |                        | 2  | 5                                      |                  | 1  |
| Mr Campbell Fitch   |                  | 5               |                 | 1                      |  |  | 4                |  |
| Ms Sylvie Freund Pickavance   |                  | 5               |                 |                        | 2  |  |                  |  |
| Mr Daniel Gallacher   |                  | 5               | 4               |                        |  |  |                  | 1  |
| Ms Ellen Gibson   | From<br>01/10/20 | 3               |                 |                        |  |  | 3*               |  |
| Mr David Halliday<br><i>Professional and Support Staff Elected Governor</i> |                  | 5               | 4               |                        |  |  | 3                | 1  |
| Mr Asif Haseeb  |                  | 5               | 3               |                        |  |  |                  | 1  |
| Mr J Gordon Jack  | To<br>31/07/21   | 5               |                 | 1                      |  | 5                                      |                  | 1  |
| Mr Ian Kerr   |                  | 5               |                 |                        | 2  | 5                                      |                  | 1  |
| Ms Sharon Lowrie  |                  | 5               |                 |                        |  | 4                                      |                  | 1  |
| Ms Meg Lustman  |                  | 5               |                 |                        |  | 4*                                     | 4                |  |
| Mrs Neena Mahal   |                  | 5               |                 |                        |  |  | 4                |  |
| Mr Bill McDonald  | From<br>01/09/20 | 5               |                 |                        |  |  |                  | 1  |
| Dr Nick McKerrell   | From<br>01/10/20 | 4               |                 |                        |  |  | 3*               |  |
| Mrs Susan Mitchell  |                  |                 |                 |                        |  | 5                                      |                  | 1  |
| Ms Tabitha Nyariki  | From<br>01/10/20 | 4               | 4               |                        |  |  | 4                | 1  |
| Professor Ann Priest  |                  | 4               |                 |                        |  |  |                  |  |
| Mr Adil Rahoo<br><i>Student President</i>                                   | From<br>31/05/21 | 1*              |                 |                        |  |  |                  |  |

# University Court and Committee Meetings (Continued)

## Attendance at University Court and Committee Meetings for the year to 31 July 2021

| Member   | Date from / to | Court 5 in year | Audit 4 in year | Remuneration 1 in year | Court Governance and Nominations 2 in year | Finance and General Purposes 5 in year | People 4 in year | Joint Audit and Finance and General Purposes 1 in year |
|--|----------------|-----------------|-----------------|------------------------|--|--|------------------|--|
| Mr Austin Sweeney                                | From 01/09/20  | 5               |                 |                        | 1*   | 4*                                     |                  | 0*   |
| Mr Alistair Webster                              | To 31/07/21    | 5               | 4               |                        |  |  |                  | 1  |
| Ms Jane Wilson                                   | From 01/06/21  | 1*              |                 |                        |  |  |                  |  |
| Mr Rob Woodward<br><i>Chair of Court</i>         |                | 5               |                 | 1                      | 2  |  |                  |  |
| Ms Stephanie Young<br><i>Vice Chair of Court</i> | To 31/07/21    | 5               |                 | 1                      | 2  |  | 4                |  |

Court members sit on one, and sometimes more, Court Committees. In some cases, professional and other commitments have prevented members attending all their Court or Committee meetings. In such circumstances appropriate communication and contribution has been provided to the Chair outwith the meeting.

\*Attendance reflects appointments made to/resignation from Court/Committee during the year.

The University Secretary and Vice Principal (Governance) is in attendance at Court and all Committee meetings.

The Deputy Vice-Chancellors, Pro Vice-Chancellors, Chief Operating Officer and members of senior management as appropriate, are in attendance at Court.

# Independent Auditor's Report to the University Court of Glasgow Caledonian University

## Opinion

We have audited the financial statements of the Glasgow Caledonian University ("the University") for the year ended 31 July 2021 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheet, the Consolidated Statement of Cash Flows and related notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group and University's affairs as at 31 July 2021 and of the Group and University's income and expenditure, gains and losses and changes in reserves and of the cash flows for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and with the 2019 *Statement of Recommended Practice - Accounting for Further and Higher Education*; and
- have been prepared in accordance with the requirements of Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## Basis for opinion

We have been appointed as auditor under section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with the regulations made under that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the University in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The University Court of the Glasgow Caledonian University have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease its operations, and as they have concluded that the Group and University's financial position means that this is realistic. They have also concluded that there are no material uncertainties

that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the University Court's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the University Court's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
- we have not identified, and concur with the University Court's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the University will continue in operation.

## Fraud and breaches of laws and regulations - ability to detect

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring the University Court, the audit committee, internal audit as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading University Court and audit committee minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants and regulatory performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that research income is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as pension assumptions.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group's wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected journal combinations.
- Assessing significant accounting estimates for bias.

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the University Court and other management (as required by auditing standards), and discussed with the University Court and other management the policies and procedures regarding compliance with laws and regulations.

As the University is regulated our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation, pensions legislation, specific disclosures required by higher education legislation and regulation, charities legislation and related legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: health and safety, data protection, employment, charity, and Higher Education legislation recognising the regulated nature of the Group and University's activities. Auditing standards limit the required audit procedures to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

# Independent Auditor's Report to the University Court of Glasgow Caledonian University (Continued)

## Other information

The University Court of the Glasgow Caledonian University are responsible for the other information, which comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Strategic Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

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

Under the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- the University has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

## The University Court's responsibilities

As explained more fully in their statement set out on page 24, the University Court of the Glasgow Caledonian University are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group and the University or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the University Court of the Glasgow Caledonian University, in accordance with paragraph 6 of the Glasgow Caledonian University Order of Council 2019, and in the University Court's role as charity trustees, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the University Court of the Glasgow Caledonian University those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University Court of the Glasgow Caledonian University, for our audit work, for this report, or for the opinions we have formed.



## Michael Wilkie

for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

319 St Vincent Street  
Glasgow  
G2 5AS

18 November 2021



# Statement of Accounting Policies

## Basis of preparation

The financial statements have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, Regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with applicable accounting standards. They also conform to guidance published by the Scottish Funding Council. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets).

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report which forms part of the Annual Financial Statements also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Court consider to be appropriate for the following reasons.

The University has prepared cash flow forecasts for a period of 13 months from the date of approval of these financial statements (the going concern period) which indicate that, taking account of severe but plausible downsides, including the impact of the Covid-19 pandemic, the University will have sufficient funds to meet their liabilities as they fall due for that period.

In reaching this conclusion, the Court has considered the cash flow forecasts covering the years 2021/22 to 2022/23, which have been stress tested and include plausible downsides in response to the most unpredictable and unprecedented period in recent history. These downside scenarios assumed, a nil intake for international and GCNYC in Tri B 2021/22, a £1m impact in delivery of Transnational income and a £1m income reduction from Accommodation and other campus activities. The forecasts show that the operational activities of the University are expected to emerge from 2020/21 in a robust position in terms of primary indicators of cash reserves of £54.6m at the date of signing and recurring underlying operating surpluses.

The Court believe the University have sufficient funding in place and expect the University to be in compliance with its debt covenants even in severe plausible downside scenarios.

Consequently, Court is confident that the University will have sufficient funds to continue to meet their liabilities

as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial period. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the Glasgow Caledonian University Students' Association as it is a separately constituted organisation in which the University has no financial interest nor does the University exert control or dominant influence over its policy decisions.

The University accounts for its share of joint ventures using the equity method. The University accounts for its share of transactions from joint operations in the Consolidated Statement of Comprehensive Income and Expenditure.

## Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

## Fee income

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment or fee waiver, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

## Grant funding

Government revenue grants, including funding council block grants and research grants, are recognised as income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year, as appropriate.

Grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as the conditions are met.

# Statement of Accounting Policies (Continued)

## Capital grants

Government capital grants are recognised as income over the expected useful life of the asset. Other capital grants are recognised as income when the University is entitled to the funds subject to any performance conditions being met.

## Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised as income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions, at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recorded as income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded as income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

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

## Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

## Leases

Leases, in which the University assumes substantially all the risks and rewards of ownership of the leased asset, are classified as finance leases. Leased assets, acquired by way of a finance lease and the corresponding lease liabilities, are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

## Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, (Sterling), at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity.

## Fixed assets

Fixed assets are stated at cost/ deemed cost less accumulated depreciation. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

## Land and buildings

Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives of 40 to 50 years, and in the case of new buildings a useful life of 50 years has been adopted.

No depreciation is charged on assets in the course of construction.

## Equipment, plant and furniture

Equipment (including computers and software), plant and furniture costing less than de-minimus £20,000 per individual item or group of related items, are recognised as expenditure. All other items are capitalised.

Capitalised equipment, plant and furniture are stated at cost and depreciated over their expected useful life as follows:

|                             |            |
|-----------------------------|------------|
| Computer equipment          | 3 years    |
| Plant and general equipment | 5-20 years |
| Furniture                   | 5-10 years |
| Fixtures and fittings       | 5-10 years |

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

## Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

## Investments

Non-current asset investments are held on the Balance Sheet at market value with movements recognised in the surplus or deficit.

Investments in jointly controlled entities and subsidiaries are carried at cost less impairment in the University accounts.

Current asset investments are held at fair value with movements recognised in the surplus or deficit.

## Stock

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

## Cash and cash equivalents

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.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

## Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- The University has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of economic benefits will be required to settle the obligations; and
- A reliable estimate can be made of the amount of the obligation.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

## Retirement benefits

The University participates in three defined benefit pension schemes; the Strathclyde Pension Fund (SPF), the Scottish Teachers Superannuation Scheme (STSS) and the Universities Superannuation Scheme (USS). All schemes are multi-employer pension schemes.

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 retirement.

# Statement of Accounting Policies (Continued)

## Strathclyde Pension Fund

SPF is accounted for as a defined benefit scheme. The University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University recognises a liability for its obligations under the scheme, net of scheme assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

## Scottish Teachers Superannuation Scheme

The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and scheme-wide contribution rates are set. The University 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 schemes on a consistent and reasonable basis and, therefore, as required by Section 28 of FRS 102 'Employee benefits', the University accounts for the scheme as if it were a wholly 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.

## Universities Superannuation Scheme

With effect from 1 October 2016, USS changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and scheme-wide contribution rates are set. The University 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. As required by Section 28 of FRS 102 'Employee benefits', the University therefore accounts for the scheme as if it were a wholly 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. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent they relate to the deficit) and an expense is recognised.

## Taxation

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). It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gain Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's UK subsidiaries are liable to Corporation tax in the same way as any other commercial organisation.

## Financial instruments

Financial instruments are recognised in the Balance sheet when the University becomes party to the contractual provisions of the instrument. All of the University's financial instruments are classified as 'basic' in accordance with Chapter 11 of FRS102.

Trade and other debtors and creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost, less any impairment losses in the case of trade debtors. Other financial assets include non-current asset and current asset investments and cash and cash equivalents, the accounting treatment for which is covered in the Investments and Cash and cash equivalents accounting policies.

Debt instruments that have no stated interest rate (and do not constitute financing transactions) and are classified as payable or receivable are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans, which meet the conditions mentioned above, are measured at cost (which may be nil) less impairment.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expires or when the University has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

### Public Benefit Concessionary Loans

Where loans are provided at below the prevailing market rate of interest, not repayable on demand and made for the purpose of furthering the objectives of the University, they are classified as concessionary loans.

The University's choice of policy is to measure at cost less impairment, as opposed to amortised cost.

Such loans are recognised in the statement of financial position and adjusted at the period end to reflect any accrued interest payable. Where a loan is interest free, no interest is charged in subsequent years.

### Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund, which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and the University is restricted in the use of these funds.

# Financial Statements

## Consolidated and University Statement of Comprehensive Income and Expenditure For the year ended 31 July 2021

|   | Note | Consolidated<br>2021<br>£000 | University<br>2021<br>£000 | Consolidated<br>2020<br>£000 | University<br>2020<br>£000 |
|---|------|------------------------------|----------------------------|------------------------------|----------------------------|
| <b>Income</b>   |      |                              |                            |                              |                            |
| Funding Council grants  | 1    | 73,819                       | 73,819                     | 69,237                       | 69,237                     |
| Tuition fees and education contracts  | 2    | 46,962                       | 46,075                     | 41,593                       | 40,265                     |
| Research grants and contracts   | 3    | 5,401                        | 4,925                      | 5,817                        | 5,711                      |
| Other income  | 4    | 7,764                        | 4,824                      | 7,878                        | 7,683                      |
| Investment income   | 5    | 159                          | 97                         | 211                          | 176                        |
| Donations and endowments  | 6    | 477                          | 477                        | 569                          | 569                        |
| <b>Total income</b>   |      | <b>134,582</b>               | <b>130,217</b>             | 125,305                      | 123,641                    |
| <b>Expenditure</b>  |      |                              |                            |                              |                            |
| Staff costs   | 7    | 94,735                       | 93,097                     | 88,843                       | 87,081                     |
| Severance costs   | 7    | 33                           | 33                         | 176                          | 176                        |
| Other operating expenses  |      | 34,850                       | 33,707                     | 32,056                       | 38,775                     |
| Depreciation  | 11   | 5,670                        | 5,532                      | 5,428                        | 5,276                      |
| Interest and other finance costs  | 8    | 1,440                        | 1,440                      | 1,057                        | 1,057                      |
| <b>Total expenditure</b>  | 9    | <b>136,728</b>               | <b>133,809</b>             | 127,560                      | 132,365                    |
| <b>Deficit before other gains<br/>and share of deficit in joint venture</b> |      | <b>(2,146)</b>               | <b>(3,592)</b>             | (2,255)                      | (8,724)                    |
| Gain on disposal of non-current asset<br>investments                        |      |                              |                            |                              |                            |
| Gain/ (loss) on endowment investments                                       | 12   | 17                           | 17                         | (29)                         | (29)                       |
| Share of operating deficit in joint venture                                 | 13   | (400)                        | -                          | (458)                        | -                          |
| <b>Deficit before tax</b>   |      | <b>(2,529)</b>               | <b>(3,575)</b>             | (2,742)                      | (8,753)                    |
| Taxation  | 10   | (66)                         | (66)                       | (44)                         | (44)                       |
| <b>Deficit for the year</b>   |      | <b>(2,595)</b>               | <b>(3,641)</b>             | (2,786)                      | (8,797)                    |
| Unrealised loss on investments  |      | (15)                         | (15)                       | (41)                         | (41)                       |
| Actuarial gain/(loss) in respect of<br>pension schemes                      | 27   | 24,074                       | 24,074                     | (43,768)                     | (43,768)                   |
| Currency translation differences on foreign<br>currency net investment      |      | 21                           | -                          | (22)                         | -                          |
| <b>Total comprehensive income</b>   |      | <b>21,485</b>                | <b>20,418</b>              | (46,617)                     | (52,606)                   |
| <b>Represented by:</b>  |      |                              |                            |                              |                            |
| Endowment comprehensive income for year                                     |      | (12)                         | (12)                       | (101)                        | (101)                      |
| Restricted comprehensive income for year                                    |      | (72)                         | (72)                       | 19                           | 19                         |
| Unrestricted comprehensive income for year                                  |      | 23,883                       | 22,837                     | (44,517)                     | (50,528)                   |
| Revaluation reserve comprehensive income for<br>the year                    |      | (2,335)                      | (2,335)                    | (1,996)                      | (1,996)                    |
| Foreign currency translation reserve  |      | 21                           | -                          | (22)                         | -                          |
| <b>Comprehensive income/(loss) for the year</b>                             |      | <b>21,485</b>                | <b>20,418</b>              | (46,617)                     | (52,606)                   |

The accompanying notes form part of these financial statements.

Consolidated and University Statement of Comprehensive Income and Expenditure (continued)  
For the year ended 31 July 2021

|   | Consolidated<br>2021<br>£000 | University<br>2021<br>£000 | Consolidated<br>2020<br>£000 | University<br>2020<br>£000 |
|---|------------------------------|----------------------------|------------------------------|----------------------------|
| <b>Deficit for the year attributable to:</b>                            |                              |                            |                              |                            |
| University  | (2,595)                      | (3,641)                    | (2,786)                      | (8,797)                    |
| <b>Total comprehensive income/ (loss) for the year attributable to:</b> |                              |                            |                              |                            |
| University  | 21,485                       | 20,418                     | (46,617)                     | (52,606)                   |

All items of income and expenditure arise from continuing operations.

Consolidated and University Statement of Changes in Reserves  
For the year ended 31 July 2021

| Consolidated   | Income and expenditure reserve |                    |                      | Foreign<br>currency<br>translation<br>reserve<br>£000 | Revaluation<br>reserve<br>£000 | Total<br>£000   |
|--|--------------------------------|--------------------|----------------------|---|--------------------------------|-----------------|
|  | Endowment<br>£000              | Restricted<br>£000 | Unrestricted<br>£000 |   |                                |                 |
| <b>Balance at 1 August 2019</b>  | <b>530</b>                     | <b>554</b>         | <b>66,852</b>        | <b>62</b>   | <b>74,887</b>                  | <b>142,885</b>  |
| Surplus/(deficit) from the<br>income and expenditure<br>account                | (22)                           | 207                | (2,971)              | -   | -                              | <b>(2,786)</b>  |
| Other comprehensive<br>income  | -                              | -                  | (43,768)             | (22)  | (41)                           | <b>(43,831)</b> |
| Transfer of amount<br>equivalent to additional<br>depreciation of fixed assets | -                              | -                  | 1,955                | -   | (1,955)                        | -               |
| Release of restricted funds<br>spent in year                                   | (79)                           | (188)              | 267                  | -   | -                              | -               |
| <b>Total comprehensive<br/>income for the year</b>                             | <b>(101)</b>                   | <b>19</b>          | <b>(44,517)</b>      | <b>(22)</b>   | <b>(1,996)</b>                 | <b>(46,617)</b> |
| <b>Balance at 1 August 2020</b>  | <b>429</b>                     | <b>573</b>         | <b>22,335</b>        | <b>40</b>   | <b>72,891</b>                  | <b>96,268</b>   |
| Surplus/(deficit) from the<br>income and expenditure<br>account                | 44                             | 109                | (2,748)              | -   | -                              | <b>(2,595)</b>  |
| Other comprehensive<br>income  | -                              | -                  | 24,074               | 21  | (15)                           | <b>24,080</b>   |
| Transfer of amount<br>equivalent to additional<br>depreciation of fixed assets | -                              | -                  | 1,955                | -   | (1,955)                        | -               |
| Cumulative revaluation<br>written back on<br>investments                       | -                              | -                  | 365                  | -   | (365)                          | -               |
| Release of restricted funds<br>spent in year                                   | (56)                           | (181)              | 237                  | -   | -                              | -               |
| <b>Total comprehensive<br/>income for the year</b>                             | <b>(12)</b>                    | <b>(72)</b>        | <b>23,883</b>        | <b>21</b>   | <b>(2,335)</b>                 | <b>21,485</b>   |
| <b>Balance at 31 July 2021</b>   | <b>417</b>                     | <b>501</b>         | <b>46,218</b>        | <b>61</b>   | <b>70,556</b>                  | <b>117,753</b>  |



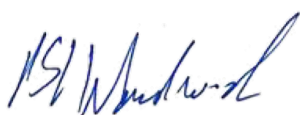
Consolidated and University Statement of Changes in Reserves (continued)  
For the year ended 31 July 2021

| University   | Income and expenditure reserve |                    |                      | Foreign<br>currency<br>translation<br>reserve<br>£000 | Revaluation<br>reserve<br>£000 | Total<br>£000   |
|--|--------------------------------|--------------------|----------------------|---|--------------------------------|-----------------|
|  | Endowment<br>£000              | Restricted<br>£000 | Unrestricted<br>£000 |   |                                |                 |
| <b>Balance at 1 August 2019</b>  | <b>530</b>                     | <b>554</b>         | <b>86,887</b>        | -   | <b>74,887</b>                  | <b>162,858</b>  |
| Surplus/(deficit) from the<br>income and expenditure<br>account                | (22)                           | 207                | (8,982)              | -   | -                              | <b>(8,797)</b>  |
| Other comprehensive<br>income  | -                              | -                  | (43,768)             | -   | (41)                           | <b>(43,809)</b> |
| Transfer of amount<br>equivalent to additional<br>depreciation of fixed assets | -                              | -                  | 1,955                | -   | (1,955)                        | -               |
| Release of restricted funds<br>spent in year                                   | (79)                           | (188)              | 267                  | -   | -                              | -               |
| <b>Total comprehensive<br/>income for the year</b>                             | <b>(101)</b>                   | <b>19</b>          | <b>(50,528)</b>      | -   | <b>(1,996)</b>                 | <b>(52,606)</b> |
| <b>Balance at 1 August 2020</b>  | <b>429</b>                     | <b>573</b>         | <b>36,359</b>        | -   | <b>72,891</b>                  | <b>110,252</b>  |
| Surplus/(deficit) from the<br>income and expenditure<br>account                | 44                             | 109                | (3,794)              | -   | -                              | <b>(3,641)</b>  |
| Other comprehensive<br>income  | -                              | -                  | 24,074               | -   | (15)                           | <b>24,059</b>   |
| Transfer of amount<br>equivalent to additional<br>depreciation of fixed assets | -                              | -                  | 1,955                | -   | (1,955)                        | -               |
| Cumulative revaluation<br>written back on<br>investments                       | -                              | -                  | 365                  | -   | (365)                          | -               |
| Release of restricted funds<br>spent in year                                   | (56)                           | (181)              | 237                  | -   | -                              | -               |
| <b>Total comprehensive<br/>income for the year</b>                             | <b>(12)</b>                    | <b>(72)</b>        | <b>22,837</b>        | -   | <b>(2,335)</b>                 | <b>20,418</b>   |
| <b>Balance at 31 July 2021</b>   | <b>417</b>                     | <b>501</b>         | <b>59,196</b>        | -   | <b>70,556</b>                  | <b>130,670</b>  |

Consolidated and University Balance Sheet  
As at 31 July 2021

|   | Note | Consolidated<br>2021<br>£000 | University<br>2021<br>£000 | Consolidated<br>2020<br>£000 | University<br>2020<br>£000 |
|---|------|------------------------------|----------------------------|------------------------------|----------------------------|
| <b>Non-current assets</b>                               |      |                              |                            |                              |                            |
| Fixed assets  | 11   | 179,526                      | 178,581                    | 183,364                      | 182,216                    |
| Investments   | 12   | 3,522                        | 3,882                      | 3,520                        | 3,880                      |
|   |      | <b>183,048</b>               | <b>182,463</b>             | 186,884                      | 186,096                    |
| <b>Current assets</b>                                   |      |                              |                            |                              |                            |
| Stocks  |      | 243                          | 243                        | 236                          | 236                        |
| Trade and other receivables                             | 14   | 13,467                       | 25,612                     | 12,925                       | 25,898                     |
| Investments   | 15   | 24,050                       | 24,000                     | 7,053                        | 7,000                      |
| Cash and cash equivalents                               | 22   | 21,500                       | 20,032                     | 17,236                       | 16,264                     |
|   |      | <b>59,260</b>                | <b>69,887</b>              | 37,450                       | 49,398                     |
| Less: Creditors: amounts falling due within one year    | 16   | (41,008)                     | (37,988)                   | (28,935)                     | (25,957)                   |
| Net current assets                                      |      | <b>18,252</b>                | <b>31,899</b>              | 8,515                        | 23,441                     |
| Total assets less current liabilities                   |      | <b>201,300</b>               | <b>214,362</b>             | 195,399                      | 209,537                    |
| Creditors: amounts falling due after more than one year | 17   | (12,724)                     | (12,724)                   | (13,912)                     | (13,912)                   |
| <b>Provisions</b>                                       |      |                              |                            |                              |                            |
| Pension provisions                                      | 19   | (67,993)                     | (67,993)                   | (82,844)                     | (82,844)                   |
| Other provisions  | 19   | (2,830)                      | (2,975)                    | (2,375)                      | (2,529)                    |
| <b>Total net assets</b>                                 |      | <b>117,753</b>               | <b>130,670</b>             | 96,268                       | 110,252                    |
| <b>Restricted reserves</b>                              |      |                              |                            |                              |                            |
| Income and expenditure reserve - endowment reserve      | 20   | 417                          | 417                        | 429                          | 429                        |
| Income and expenditure reserve - restricted reserve     | 21   | 501                          | 501                        | 573                          | 573                        |
| <b>Unrestricted reserves</b>                            |      |                              |                            |                              |                            |
| Income and expenditure reserve - unrestricted reserve   |      | 46,218                       | 59,196                     | 22,335                       | 36,359                     |
| Foreign currency investment translation reserve         |      | 61                           | -                          | 40                           | -                          |
| Revaluation reserve                                     |      | 70,556                       | 70,556                     | 72,891                       | 72,891                     |
| <b>Total funds</b>                                      |      | <b>117,753</b>               | <b>130,670</b>             | 96,268                       | 110,252                    |

The financial statements on pages 37 to 67 were approved by the University Court on 11 November 2021 and signed on its behalf by:



**Mr Rob Woodward**  
Chair of University Court



**Professor Pamela Gillies CBE, FRSE**  
Principal and Vice-Chancellor

Consolidated Statement of Cash Flows  
For the year ended 31 July 2021

|   | Note | 2021<br>£000    | 2020<br>£000   |
|---|------|-----------------|----------------|
| <b>Cash flow from operating activities</b>                                  |      |                 |                |
| Deficit for the year  |      | (2,595)         | (2,786)        |
| <b>Adjustment for non-cash items</b>  |      |                 |                |
| Depreciation  | 11   | 5,670           | 5,428          |
| Pension costs less contribution payable                                     |      | 8,793           | 5,516          |
| (Gain)/Loss on investments  |      | (17)            | 27             |
| Increase in stock   |      | (7)             | (32)           |
| Increase in debtors   |      | (542)           | (1,699)        |
| Increase in creditors   |      | 10,969          | 134            |
| Decrease in pension provision   |      | (156)           | (706)          |
| Decrease in other provisions  |      | (60)            | (260)          |
| Share of operating deficit in joint venture                                 | 13   | 400             | 458            |
| <b>Adjustment for investing or financing activities</b>                     |      |                 |                |
| Deferred capital grants released to income                                  | 18   | (457)           | (493)          |
| Investment income   | 5    | (159)           | (211)          |
| Interest and other finance costs  | 8    | 1,440           | 1,057          |
| Profit from sale of non-current asset investments                           |      | -               | -              |
| Loss on disposal of asset under construction                                |      | -               | -              |
| Capital grant income  |      | (504)           | (995)          |
| <b>Net cash inflow from operating activities</b>                            |      | <b>22,775</b>   | <b>5,438</b>   |
| <b>Cash flows from investing activities</b>                                 |      |                 |                |
| Disposal of non-current asset investments                                   |      | -               | -              |
| (Increase)/decrease in deposits   |      | (16,997)        | 4,004          |
| Investment income   |      | 62              | 171            |
| Payments made to acquire fixed assets                                       |      | (1,832)         | (1,652)        |
| New non-current asset investments   |      | -               | -              |
| Capital grant income  |      | 1,292           | 1,288          |
| <b>Total cash flows from investing activities</b>                           |      | <b>(17,475)</b> | <b>3,811</b>   |
| <b>Cash flows from financing activities</b>                                 |      |                 |                |
| Interest paid   |      | (301)           | (340)          |
| Repayments of amounts borrowed  |      | (731)           | (696)          |
| Loans advanced  |      | -               | (450)          |
| <b>Total cash flows from financing activities</b>                           |      | <b>(1,032)</b>  | <b>(1,486)</b> |
| <b>Increase in cash and cash equivalents in the year</b>                    |      | <b>4,268</b>    | <b>7,763</b>   |
| <b>Cash and cash equivalents at beginning of the year</b>                   |      | <b>17,236</b>   | <b>9,617</b>   |
| <b>Effects of foreign currency translation on cash and cash equivalents</b> |      | <b>(4)</b>      | <b>(144)</b>   |
| <b>Cash and cash equivalents at end of the year</b>                         |      | <b>21,500</b>   | <b>17,236</b>  |

The accompanying notes form part of these financial statements.

Notes to the Financial Statements  
For the year ended 31 July 2021

| 1 | Funding Council grants                         | Consolidated        | University        | Consolidated        | University        |
|---|--|---------------------|-------------------|---------------------|-------------------|
|   |  | 2021                | 2021              | 2020                | 2020              |
|   |  | £000                | £000              | £000                | £000              |
|   | <b>Recurrent grants</b>                        |                     |                   |                     |                   |
|   | General Fund - Teaching                        | 66,439              | 66,439            | 62,515              | 62,515            |
|   | General Fund - Research and Knowledge Exchange | 4,411               | 4,411             | 4,003               | 4,003             |
|   | <b>Specific grants</b>                         |                     |                   |                     |                   |
|   | Strategic Funding                              | 1,529               | 1,529             | 1,231               | 1,231             |
|   | Release of deferred capital grants (note 18)   | 457                 | 457               | 493                 | 493               |
|   | Capital Maintenance grants                     | 983                 | 983               | 995                 | 995               |
|   |  | <b>73,819</b>       | <b>73,819</b>     | <b>69,237</b>       | <b>69,237</b>     |
| 2 | <b>Tuition fees and education contracts</b>    | <b>Consolidated</b> | <b>University</b> | <b>Consolidated</b> | <b>University</b> |
|   |  | 2021                | 2021              | 2020                | 2020              |
|   |  | £000                | £000              | £000                | £000              |
|   | Scottish and EU fees                           | 28,711              | 28,711            | 26,747              | 26,747            |
|   | Rest of UK fees                                | 1,944               | 1,944             | 1,820               | 1,820             |
|   | Non-EU fees                                    | 13,521              | 13,050            | 10,013              | 9,195             |
|   | Research training support grants               | 89                  | 89                | 67                  | 67                |
|   | Non-credit bearing course fees                 | 1,295               | 880               | 1,111               | 1,051             |
|   | Education contracts                            | 1,402               | 1,401             | 1,835               | 1,385             |
|   |  | <b>46,962</b>       | <b>46,075</b>     | <b>41,593</b>       | <b>40,265</b>     |
| 3 | <b>Research grants and contracts</b>           | <b>Consolidated</b> | <b>University</b> | <b>Consolidated</b> | <b>University</b> |
|   |  | 2021                | 2021              | 2020                | 2020              |
|   |  | £000                | £000              | £000                | £000              |
|   | Research councils                              | 317                 | 317               | 101                 | 101               |
|   | Research charities                             | 564                 | 564               | 629                 | 628               |
|   | Government (UK and overseas)                   | 3,888               | 3,651             | 4,664               | 4,595             |
|   | Industry and commerce                          | 580                 | 341               | 420                 | 384               |
|   | Release of deferred capital grants (note 18)   | -                   | -                 | -                   | -                 |
|   | Other  | 52                  | 52                | 3                   | 3                 |
|   |  | <b>5,401</b>        | <b>4,925</b>      | <b>5,817</b>        | <b>5,711</b>      |

This sum includes Industrial and Government-funded research grants and contracts. It excludes SFC funding for research shown in note 1.

Notes to the Financial Statements (continued)  
For the year ended 31 July 2021

|   |  |                     |                   |               |               |
|---|--|---------------------|-------------------|---------------|---------------|
| 4 | <b>Other income</b>                                    | <b>Consolidated</b> | <b>University</b> | Consolidated  | University    |
|   |  | <b>2021</b>         | <b>2021</b>       | 2020          | 2020          |
|   |  | <b>£000</b>         | <b>£000</b>       | £000          | £000          |
|   | Residences, catering and conferences                   | 1,396               | 1,396             | 3,601         | 3,601         |
|   | Other income   | 6,368               | 3,428             | 4,277         | 4,082         |
|   |  | <b>7,764</b>        | <b>4,824</b>      | <b>7,878</b>  | <b>7,683</b>  |
| 5 | <b>Investment income</b>                               | <b>Consolidated</b> | <b>University</b> | Consolidated  | University    |
|   |  | <b>2021</b>         | <b>2021</b>       | 2020          | 2020          |
|   |  | <b>£000</b>         | <b>£000</b>       | £000          | £000          |
|   | Investment income on endowments                        | 7                   | 7                 | 7             | 7             |
|   | Other investment income                                | 152                 | 89                | 204           | 169           |
|   |  | <b>159</b>          | <b>96</b>         | <b>211</b>    | <b>176</b>    |
| 6 | <b>Donations and endowments</b>                        | <b>Consolidated</b> | <b>University</b> | Consolidated  | University    |
|   |  | <b>2021</b>         | <b>2021</b>       | 2020          | 2020          |
|   |  | <b>£000</b>         | <b>£000</b>       | £000          | £000          |
|   | Donations with restrictions                            | 109                 | 109               | 207           | 207           |
|   | Unrestricted donations                                 | 368                 | 368               | 362           | 362           |
|   |  | <b>477</b>          | <b>477</b>        | <b>569</b>    | <b>569</b>    |
| 7 | <b>Staff costs</b>                                     | <b>Consolidated</b> | <b>University</b> | Consolidated  | University    |
|   |  | <b>2021</b>         | <b>2021</b>       | 2020          | 2020          |
|   |  | <b>£000</b>         | <b>£000</b>       | £000          | £000          |
|   | Salaries   | 65,951              | 64,548            | 65,796        | 64,265        |
|   | Social security and other taxes                        | 7,243               | 7,119             | 7,177         | 7,048         |
|   | Movement on USS provision                              | (2)                 | (2)               | (1,055)       | (1,055)       |
|   | Other pension costs                                    | 21,543              | 21,432            | 16,925        | 16,823        |
|   |  | <b>94,735</b>       | <b>93,097</b>     | <b>88,843</b> | <b>87,081</b> |
|   | <b>Emoluments of the Principal and Vice-Chancellor</b> |                     |                   | <b>2021</b>   | 2020          |
|   |  |                     |                   | <b>£000</b>   | £000          |
|   | Salary   |                     |                   | <b>234</b>    | 234           |
|   | Payments in lieu of pension contributions              |                     |                   | <b>33</b>     | 33            |
|   | Performance related payment                            |                     |                   | -             | -             |
|   | Benefits in kind                                       |                     |                   | <b>4</b>      | 3             |
|   |  |                     |                   | <b>271</b>    | <b>270</b>    |

The remuneration of the Principal in the academic year 2020/21 remained consistent with the prior year of 5.2 times the median remuneration of the workforce which was £45,361. There had been no cost of living increase in August 2020 meaning that neither the Principal's salary, nor the median for other employees, has changed.

Notes to the Financial Statements (continued)  
For the year ended 31 July 2021

7 Staff costs (continued)

| Remuneration of other higher paid staff, excluding employers' pension contributions where applicable | 2021<br>Number | 2020<br>Number |
|--|----------------|----------------|
| £100,000 - £109,999  | 3              | 4              |
| £110,000 - £119,999  | 2              | 2              |
| £120,000 - £129,999  | 2              | 1              |
| £130,000 - £139,999  | 1              | -              |
| £140,000 - £149,999  | 2              | 3              |
| £150,000 - £159,999  | 3              | 5              |
| £190,000 - £199,999  | 1              | -              |

Included in the above table are amounts payable in foreign currencies that are retranslated to Sterling at rates applicable at the time of payment.

| Average staff numbers by major category | 2021<br>Number | 2020<br>Number |
|---|----------------|----------------|
| Academic                                | 695            | 692            |
| Administrative                          | 580            | 564            |
| Technical                               | 54             | 53             |
| Others                                  | 84             | 89             |
|   | <b>1,413</b>   | <b>1,398</b>   |

**Severance costs**

A number of staff left the University through severance agreements, the cost of which is as follows:

|                                | 2021<br>£000 | 2020<br>£000 |
|--------------------------------|--------------|--------------|
| Academic                       | -            | 7            |
| Administrative                 | 33           | 166          |
| Technical and Others           | -            | -            |
| Associated costs (non-payroll) | -            | 3            |
|                                | <b>33</b>    | <b>176</b>   |

Notes to the Financial Statements (continued)  
For the year ended 31 July 2021

7 **Staff costs (continued)**

**Key management personnel**

Key management personnel are those persons in addition to the Principal and Vice-Chancellor having authority and responsibility for planning, directing and controlling the activities of the University. The University considers its Executive Board, consisting of a maximum of six people during the year, as key management personnel. Staff costs include compensation paid to key management personnel. Compensation consists of salary and benefits including employer's pension contributions, where applicable and excludes payments for loss of office. The year on year reduction has been driven by staff turnover in the Executive Board team.

|   | <b>2021</b> | 2020  |
|---|-------------|-------|
|   | <b>£000</b> | £000  |
| Key management personnel compensation (excluding Principal and Vice-Chancellor as disclosed separately) | 782         | 1,077 |

**Court Members**

No Court member has received any remuneration relating to their membership of Court from the University during 2020/21 (2019/20: none).

The total expense paid to or on behalf of Court members was £1k (2020: £25k). This represents training and development, travel and subsistence costs incurred in attending Court, Committee meetings and events in their official capacity.

| 8 <b>Interest and other finance costs</b> | <b>Consolidated</b> | <b>University</b> | Consolidated | University |
|---|---------------------|-------------------|--------------|------------|
|   | <b>2021</b>         | <b>2021</b>       | 2020         | 2020       |
|   | <b>£000</b>         | <b>£000</b>       | £000         | £000       |
| Loan interest                             | 303                 | 303               | 340          | 340        |
| Net charge on pension scheme (note 28)    | 1,114               | 1,114             | 669          | 669        |
| Finance expense USS                       | 23                  | 23                | 48           | 48         |
|   | <b>1,440</b>        | <b>1,440</b>      | 1,057        | 1,057      |

| 9 <b>Analysis of total expenditure by activity</b> | <b>Consolidated</b> | <b>University</b> | Consolidated | University |
|--|---------------------|-------------------|--------------|------------|
|  | <b>2021</b>         | <b>2021</b>       | 2020         | 2020       |
|  | <b>£000</b>         | <b>£000</b>       | £000         | £000       |
| Academic and related services                      | 79,430              | 77,558            | 76,467       | 74,126     |
| Administration and central services                | 25,018              | 24,848            | 23,756       | 23,316     |
| Premises   | 14,131              | 12,441            | 13,397       | 11,580     |
| Residences, catering and conferences               | 1,665               | 1,665             | 2,634        | 2,634      |
| Research grants and contracts                      | 5,591               | 5,133             | 5,968        | 5,810      |
| Other expenses                                     | 10,893              | 12,164            | 5,338        | 14,899     |
|  | <b>136,728</b>      | <b>133,809</b>    | 127,560      | 132,365    |

Notes to the Financial Statements (continued)  
For the year ended 31 July 2021

9 **Analysis of total expenditure by activity (continued)**

**Other operating expenses (including VAT) include:**

|   | <b>Consolidated</b> | <b>University</b> | Consolidated | University |
|---|---------------------|-------------------|--------------|------------|
|   | <b>2021</b>         | <b>2021</b>       | 2020         | 2020       |
|   | <b>£000</b>         | <b>£000</b>       | £000         | £000       |
| <b>Auditor's remuneration</b>   |                     |                   |              |            |
| External auditor's remuneration in respect of audit services          | <b>87</b>           | <b>80</b>         | 96           | 90         |
| External auditor's remuneration in respect of subsidiaries (non-KPMG) | <b>38</b>           | -                 | 39           | -          |
| External auditor's remuneration in respect of non-audit services      | -                   | -                 | 2            | 2          |
| Internal auditor's remuneration in respect of audit services          | <b>117</b>          | <b>117</b>        | 114          | 114        |

10 **Taxation**

As an exempt charity the University is potentially exempt from taxation in respect of income or capital gains received within categories covered 478-488 of the Corporation Tax Act 2010 (CTA 2010) 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.

Current tax expense includes overseas tax in relation to the University's collaboration activities in Oman with the Caledonian College of Engineering Oman (CCEO) and in China with the University of Jinan for which Corporation Tax is due.

|   | <b>2021</b> | 2020 |
|---|-------------|------|
|   | <b>£000</b> | £000 |
| Current tax expense                     | <b>51</b>   | 56   |
| Adjustment in respect of previous years | <b>15</b>   | (12) |
| <b>Total tax charge</b>                 | <b>66</b>   | 44   |



Notes to the Financial Statements (continued)  
For the year ended 31 July 2021

11 Fixed assets

| Consolidated             | Land & buildings<br>£000 | Assets under construction<br>£000 | Plant & equipment<br>£000 | Fixtures, fittings & furniture<br>£000 | Total<br>£000  |
|--------------------------|--------------------------|-----------------------------------|---------------------------|--|----------------|
| <b>Cost or valuation</b> |                          |                                   |                           |  |                |
| At 1 August 2020         | 205,585                  | 3,937                             | 19,976                    | 6,057                                  | 235,555        |
| Exchange movement        | (109)                    | -                                 | (33)                      | (8)                                    | (150)          |
| Additions                | 48                       | 3,083                             | 447                       | -                                      | 3,578          |
| Disposals                | -                        | -                                 | -                         | -                                      | -              |
| Transfers                | -                        | (4,380)                           | 2,699                     | -                                      | (1,681)        |
| <b>At 31 July 2021</b>   | <b>205,524</b>           | <b>2,640</b>                      | <b>23,089</b>             | <b>6,049</b>                           | <b>237,302</b> |
| <b>Depreciation</b>      |                          |                                   |                           |  |                |
| At 1 August 2020         | 30,592                   | -                                 | 16,361                    | 5,238                                  | 52,191         |
| Exchange movement        | (46)                     | -                                 | (31)                      | (8)                                    | (85)           |
| Charge for year          | 4,278                    | -                                 | 1,222                     | 170                                    | 5,670          |
| Disposals                | -                        | -                                 | -                         | -                                      | -              |
| Transfers                | -                        | -                                 | -                         | -                                      | -              |
| <b>At 31 July 2021</b>   | <b>34,824</b>            | <b>-</b>                          | <b>17,552</b>             | <b>5,400</b>                           | <b>57,776</b>  |
| <b>Net Book Value</b>    |                          |                                   |                           |  |                |
| <b>At 31 July 2021</b>   | <b>170,700</b>           | <b>2,640</b>                      | <b>5,537</b>              | <b>649</b>                             | <b>179,526</b> |
| At 31 July 2020          | 174,993                  | 3,937                             | 3,615                     | 819                                    | 183,364        |

Notes to the Financial Statements (continued)  
For the year ended 31 July 2021

11 Fixed assets (continued)

| University               | Land & buildings<br>£000 | Assets under construction<br>£000 | Plant & equipment<br>£000 | Fixtures, fittings & furniture<br>£000 | Total<br>£000  |
|--------------------------|--------------------------|-----------------------------------|---------------------------|--|----------------|
| <b>Cost or valuation</b> |                          |                                   |                           |  |                |
| At 1 August 2020         | 203,634                  | 3,937                             | 19,408                    | 5,917                                  | 232,896        |
| Additions                | 48                       | 3,083                             | 447                       | -                                      | 3,578          |
| Disposals                | -                        | -                                 | -                         | -                                      | -              |
| Transfers                | -                        | (4,380)                           | 2,699                     | -                                      | (1,681)        |
| <b>At 31 July 2021</b>   | <b>203,682</b>           | <b>2,640</b>                      | <b>22,554</b>             | <b>5,917</b>                           | <b>234,793</b> |
| <b>Depreciation</b>      |                          |                                   |                           |  |                |
| At 1 August 2020         | 29,774                   | -                                 | 15,810                    | 5,096                                  | 50,680         |
| Charge for year          | 4,155                    | -                                 | 1,207                     | 170                                    | 5,532          |
| Disposals                | -                        | -                                 | -                         | -                                      | -              |
| Transfers                | -                        | -                                 | -                         | -                                      | -              |
| <b>At 31 July 2021</b>   | <b>33,929</b>            | <b>-</b>                          | <b>17,017</b>             | <b>5,266</b>                           | <b>56,212</b>  |
| <b>Net Book Value</b>    |                          |                                   |                           |  |                |
| <b>At 31 July 2021</b>   | <b>169,753</b>           | <b>2,640</b>                      | <b>5,537</b>              | <b>651</b>                             | <b>178,581</b> |
| At 31 July 2020          | 173,860                  | 3,937                             | 3,598                     | 821                                    | 182,216        |

At 31 July 2021, land and buildings included £12.3m (2020: £12.3m) in respect of the net book value of freehold land and is not depreciated.

Buildings with a deemed cost of £1.7m (2020: £1.7m) and accumulated depreciation of £557k (2020: £487k) are held for use in an operating lease. The institution is acting as a lessor to British Transport Police.

Buildings with a net book value of £41.8m 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.

12 Non-current investments

| Consolidated                            | Subsidiary companies<br>£000 | Investments in spinouts<br>£000 | Other fixed asset investments<br>£000 | Total<br>£000 |
|---|------------------------------|---------------------------------|---------------------------------------|---------------|
| At 1 August 2020                        | -                            | -                               | 3,520                                 | 3,520         |
| Additions                               | -                            | -                               | 742                                   | 742           |
| Disposals                               | -                            | -                               | (757)                                 | (757)         |
| Increase in market value of investments | -                            | -                               | 17                                    | 17            |
| <b>At 31 July 2021</b>                  | <b>-</b>                     | <b>-</b>                        | <b>3,522</b>                          | <b>3,522</b>  |

12 Non-current investments (continued)

| University                                 | Subsidiary<br>companies | Investments<br>in spinouts | Other<br>fixed asset<br>investments | Total        |
|--|-------------------------|----------------------------|-------------------------------------|--------------|
|  | £000                    | £000                       | £000                                | £000         |
| At 1 August 2020                           | 210                     | -                          | 3,670                               | 3,880        |
| Additions                                  | -                       | -                          | 742                                 | 742          |
| Disposals                                  | -                       | -                          | (757)                               | (757)        |
| Increase in market value<br>of investments | -                       | -                          | 17                                  | 17           |
| <b>At 31 July 2021</b>                     | <b>210</b>              | <b>-</b>                   | <b>3,672</b>                        | <b>3,882</b> |

Investments in subsidiary companies and investments in projects emanating from the University's research activities which are considered to merit commercial development (spin-out company investments) are stated at the lower of cost and net realisable value.

Other fixed asset investments are stated at market value and include treasury index linked stocks 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 £2.2m. Also included in other fixed asset investments are equity investments held for endowments (note 20).

The University's subsidiary companies are:

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 investment in this subsidiary undertaking represents 110,000 £1 ordinary shares in Glasgow Caledonian University Company Limited. At 31 July 2021 £401k Gift Aid is payable by the Company to the University (2020: £102k).

The University owns 100% of GCU INTO Limited established to operate the joint venture arrangements of INTO Scotland LLP. This investment represents 100 £1 ordinary shares and 949,900 £1 redeemable preference shares. A decision was taken by the University in 2019/20 to cease its relationship with the INTO JV partnership. As such the investment within GCU INTO Ltd of £950k was impaired; this represents the write-off of the investment (£150k) and the loan balance (£800k).

The University owns 100% of GCU Academy Limited. The company was established to operate courses, designed specifically for individual organisations, which lead to a university-level qualification. This investment represents 100,000 £1 ordinary shares. Costs incurred by the University in respect of work undertaken by the subsidiary undertaking are recharged to the company. At 31 July 2021 £83k Gift Aid is payable by GCU Academy to the University (2020: £28k).

The University controls 100% of Glasgow Caledonian New York College (GCNYC). This non-stock corporation was incorporated in June 2017 after the Board of Regents of NYSED granted a Provisional Charter allowing it to operate as a college in the State of New York. The organisation has the authority to offer programs that will lead to the Master of Science (M.S.) degree qualification. The University has entered into a loan agreement to lend a maximum aggregate of \$30.7m to GCNYC, at an interest rate for each advance being the lesser of 2.5% or the highest rate permitted by applicable law. At 31 July 2020 \$28.1m (£21.4m) (2019: \$23.9m (£19.5m)) of this loan had been drawn down. During 2019/20, the University took the decision to impair the loan value based on exceeding the agreed 30 year acceptable payback period. The impairment value reflects any amounts not forecast to be received within the 30 year period using an undiscounted value in use model. The impairment assumes grant income from the University of \$18m in the calculation. Within the University view of the Consolidate Statement of Comprehensive Income and Expenditure is an impairment amount of c\$10.6m (£8.1m) which is eliminated on consolidation, as at 31 July 2021 this amount remains unchanged. No adjustment has been made in GCNYC as the loan remains payable by GCNYC to GCU. During 2020/21 the University has made a grant award to GCNYC of c\$4.4m (c£3.2m).

Notes to the Financial Statements (continued)  
For the year ended 31 July 2021

12 **Non-current investments (continued)**

In September 2013 GCU agreed a Standby Letter of Credit for \$2.25m in respect of the leasehold property in New York. A further Standby Letter of Credit for \$410k was agreed in May 2019 in respect of the Title IV application with the Department of Education in New York.

13 **Investment in 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 £350k to INTO Scotland LLP, at an interest rate of 2% above the base lending rate of Bank of Scotland plc. This loan agreement was subsequently amended during 2019/20 and the new principal amount was set at £800k. At 31 July 2021 £800k of the loan had been drawn down (2020: £800k). HMRC have confirmed that the investment is a qualifying investment for tax purposes, as it is always to be used to advance Education.

INTO Scotland LLP, trading as INTO Glasgow Caledonian University operates from Glasgow Caledonian University's Glasgow campus. Its principal activity is the provision of English language and pre university foundation, diploma and pre master's courses. The arrangement is treated as a joint venture and is accounted for using the 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. The University's share in the joint venture is as follows:

|   | £000 | 2021<br>£000 | £000    | 2020<br>£000 |
|---|------|--------------|---------|--------------|
| <b>Income and expenditure account</b>           |      |              |         |              |
| Income  |      | 74           |         | 2,613        |
| Deficit before tax                              |      | (400)        |         | (458)        |
| <b>Balance sheet</b>                            |      |              |         |              |
| Fixed assets                                    | -    |              | 247     |              |
| Current assets                                  | -    |              | 719     |              |
|   |      | -            |         | 966          |
| Creditors: amounts due within one year          |      |              | (1,564) |              |
| Creditors: amounts due after more than one year | -    |              | (800)   |              |
|   |      | -            |         | (2,364)      |
|   |      | -            |         | (1,398)      |

Notes to the Financial Statements (continued)  
For the year ended 31 July 2021

| 14                                   | Trade and other receivables                  | Consolidated  | University    | Consolidated  | University    |
|--------------------------------------|--|---------------|---------------|---------------|---------------|
|                                      |  | 2021          | 2021          | 2020          | 2020          |
|                                      |  | £000          | £000          | £000          | £000          |
| Amounts falling due within one year: |  |               |               |               |               |
|                                      | Other trade receivables                      | 9,009         | 8,720         | 8,822         | 8,504         |
|                                      | Other receivables                            | 55            | 15            | 92            | 92            |
|                                      | Provision for bad and doubtful debts         | (2,695)       | (2,695)       | (2,768)       | (2,768)       |
|                                      | Prepayments and accrued income               | 7,097         | 6,852         | 6,779         | 6,542         |
|                                      | Amounts due from subsidiary companies        | -             | 527           | -             | 131           |
|                                      | Amounts falling due after more than one year | -             | 12,193        | -             | 13,397        |
|                                      |  | <b>13,466</b> | <b>25,612</b> | <b>12,925</b> | <b>25,898</b> |

The University has entered into a loan agreement to lend a maximum aggregate of \$30.7m to GCNYC. At 31 July 2021 \$28.1m (£21.4m) (2020: \$28.1m (£21.4m)) of this loan had been drawn down and is payable after more than one year. Following an impairment review carried out in 2019/20, the University took the decision to impair the loan value, based on the amounts not forecast to be received within agreed 30 year payback period. The impairment value reflects any amounts not forecast to be received within the 30 year period using an undiscounted value in use model. Within the University view of the 2019/20 financial statements, an impairment amount of c\$10.6m (£8.1m) was recognised which was eliminated on consolidation, as at 31 July 2021 this amount remains unchanged. The full loan amount remains payable by GCNYC. During 2020/21 the University has made a grant award to GCNYC of c\$4.4m (c£3.2m).

| 15 | Current investments | Consolidated  | University    | Consolidated | University   |
|----|---------------------|---------------|---------------|--------------|--------------|
|    |                     | 2021          | 2021          | 2020         | 2020         |
|    |                     | £000          | £000          | £000         | £000         |
|    | Short term deposits | <b>24,050</b> | <b>24,000</b> | <b>7,053</b> | <b>7,000</b> |

Deposits, held with banks and building societies operating in the London market and authorised by the Financial Services Authority, have more than three months maturity at the date of investment. The interest rates for these deposits are fixed for the duration of the deposit at the time of placement.

At 31 July 2021 the weighted average interest rate of these fixed rate deposits was 0.18% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 85 days. The fair value of these deposits was not materially different from the book value.

| 16 | Creditors: amounts falling due within one year | Consolidated  | University    | Consolidated  | University    |
|----|--|---------------|---------------|---------------|---------------|
|    |  | 2021          | 2021          | 2020          | 2020          |
|    |  | £000          | £000          | £000          | £000          |
|    | Unsecured loans                                | 898           | 766           | 941           | 731           |
|    | Trade payables                                 | 3,776         | 3,491         | 2,862         | 2,655         |
|    | Social security and other taxation payable     | 1,822         | 1,822         | 1,807         | 1,807         |
|    | Amounts owing to subsidiary companies          | -             | -             | -             | 3             |
|    | Accruals and deferred income                   | 34,512        | 31,909        | 23,325        | 20,761        |
|    |  | <b>41,008</b> | <b>37,988</b> | <b>28,935</b> | <b>25,957</b> |

Included in accruals and deferred income are deferred capital grants to be released within one year of £457k (2019/20: £493k).

Notes to the Financial Statements (continued)  
For the year ended 31 July 2021

| 17 | <b>Creditors: amounts falling due after more than one year</b> | <b>Consolidated</b> | <b>University</b> | <b>Consolidated</b> | <b>University</b> |
|----|--|---------------------|-------------------|---------------------|-------------------|
|    |  | <b>2021</b>         | <b>2021</b>       | <b>2020</b>         | <b>2020</b>       |
|    |  | <b>£000</b>         | <b>£000</b>       | <b>£000</b>         | <b>£000</b>       |
|    | Unsecured loans  | 5,198               | 5,198             | 5,964               | 5,964             |
|    | Deferred income – deferred capital grants                      | 7,526               | 7,526             | 7,948               | 7,948             |
|    |  | <b>12,724</b>       | <b>12,724</b>     | <b>13,912</b>       | <b>13,912</b>     |
|    |  | <b>Consolidated</b> | <b>University</b> | <b>Consolidated</b> | <b>University</b> |
|    |  | <b>2021</b>         | <b>2021</b>       | <b>2020</b>         | <b>2020</b>       |
|    |  | <b>£000</b>         | <b>£000</b>       | <b>£000</b>         | <b>£000</b>       |
|    | <b>Analysis of unsecured loans:</b>                            |                     |                   |                     |                   |
|    | <b>Due within one year (Note 16)</b>                           | <b>898</b>          | <b>766</b>        | <b>941</b>          | <b>731</b>        |
|    | Due between one to two years                                   | 804                 | 804               | 767                 | 767               |
|    | Due between two and five years                                 | 2,657               | 2,657             | 2,532               | 2,532             |
|    | Due in five years or more                                      | 1,737               | 1,737             | 2,665               | 2,665             |
|    | <b>Due after more than one year</b>                            | <b>5,198</b>        | <b>5,198</b>      | <b>5,964</b>        | <b>5,964</b>      |
|    | <b>Total unsecured loans</b>                                   | <b>6,096</b>        | <b>5,964</b>      | <b>6,905</b>        | <b>6,695</b>      |

An unsecured bank loan of £10m (2020: £10m) from the Lloyds Banking Group backed by the European Investment Bank is repayable in instalments between 16 February 2015 and 15 February 2028 and interest is charged at a fixed rate of 4.84%.

| 18 | <b>Deferred capital grants</b>                    | <b>Consolidated &amp; University</b> |                  |              |
|----|---|--------------------------------------|------------------|--------------|
|    |   | <b>Buildings</b>                     | <b>Equipment</b> | <b>Total</b> |
|    |   | <b>£000</b>                          | <b>£000</b>      | <b>£000</b>  |
|    | <b>At 1 August 2020</b>                           |                                      |                  |              |
|    | Funding Council                                   | 6,465                                | 1,977            | <b>8,442</b> |
|    | Other   | -                                    | -                | -            |
|    |   | <b>6,465</b>                         | <b>1,977</b>     | <b>8,442</b> |
|    | <b>Cash receivable</b>                            |                                      |                  |              |
|    | Funding Council                                   | -                                    | -                | -            |
|    | Other   | -                                    | -                | -            |
|    |   |                                      |                  |              |
|    | <b>Released to income and expenditure account</b> |                                      |                  |              |
|    | Funding Council                                   | (305)                                | (152)            | <b>(457)</b> |
|    | Other   | -                                    | -                | -            |
|    |   |                                      |                  |              |
|    | <b>At 31 July 2021</b>                            |                                      |                  |              |
|    | Funding Council                                   | 6,160                                | 1,825            | <b>7,985</b> |
|    | Other   | -                                    | -                | -            |
|    |   | <b>6,160</b>                         | <b>1,825</b>     | <b>7,985</b> |

Notes to the Financial Statements (continued)  
For the year ended 31 July 2021

19 Provisions for liabilities

| Consolidated                    | USS pension  | Defined benefit obligation | Early retirement pension | Total Pension provisions | Total Other  |
|---------------------------------|--------------|----------------------------|--------------------------|--------------------------|--------------|
|                                 | £000         | (note 27)<br>£000          | £000                     | £000                     | £000         |
| At 1 August 2020                | 1,785        | 75,252                     | 5,807                    | 82,844                   | 2,375        |
| Utilised in year                | (1)          | (14,167)                   | (441)                    | (14,609)                 | -            |
| Additions in year               | 21           | -                          | -                        | 21                       | 455          |
| Unused amounts reversed in year | -            | -                          | (263)                    | (263)                    | -            |
| <b>At 31 July 2021</b>          | <b>1,805</b> | <b>61,085</b>              | <b>5,103</b>             | <b>67,993</b>            | <b>2,830</b> |

| University                      | USS pension  | Defined benefit obligation | Early retirement pension | Total Pension provisions | Total Other  |
|---------------------------------|--------------|----------------------------|--------------------------|--------------------------|--------------|
|                                 | £000         | (note 27)<br>£000          | £000                     | £000                     | £000         |
| At 1 August 2020                | 1,785        | 75,252                     | 5,807                    | 82,844                   | 2,529        |
| Utilised in year                | (1)          | (14,167)                   | (441)                    | (14,609)                 | -            |
| Additions in year               | 21           | -                          | -                        | 21                       | 446          |
| Unused amounts reversed in year | -            | -                          | (263)                    | (263)                    | -            |
| <b>At 31 July 2021</b>          | <b>1,805</b> | <b>61,085</b>              | <b>5,103</b>             | <b>67,993</b>            | <b>2,975</b> |

**USS pension**

This represents the University's obligation to fund its share of the past deficit on the Universities Superannuation Scheme (USS). It arises from the contractual obligation with the pension scheme for the total payments relating to benefits arising from past performance. Management has assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

**Early retirement pension**

The assumptions for calculating the provision for pension enhancements on termination under FRS 102 are as follows:

|               |             |
|---------------|-------------|
|               | %           |
| Discount rate | <b>1.55</b> |
| Inflation     | <b>2.8</b>  |

**Other provisions**

The 'Other' provision represents obligations in respect of the University's investment in the joint venture and leasehold dilapidations representing the cost of restoring the leasehold building to its original condition.

Notes to the Financial Statements (continued)  
For the year ended 31 July 2021

20 Endowment Reserves

|  | Restricted permanent endowments<br>£000 | Unrestricted permanent endowments<br>£000 | Expendable endowments<br>£000 | 2021<br>£000 | 2020<br>£000 |
|--|---|---|-------------------------------|--------------|--------------|
| At 1 August  |   |   |                               |              |              |
| Capital  | 279                                     | 8   | 79                            | 366          | 485          |
| Accumulated income                                       | 14                                      | -   | 49                            | 63           | 45           |
|  | 293                                     | 8   | 128                           | 429          | 530          |
| Investment income  | 6                                       | -   | 1                             | 7            | 8            |
| Expenditure  | 31                                      | -   | (58)                          | (27)         | (80)         |
| Decrease in market value of investments                  | 7                                       | -   | 1                             | 8            | (29)         |
| <b>Total endowment comprehensive income for the year</b> | <b>44</b>                               | <b>-</b>                                  | <b>(56)</b>                   | <b>(12)</b>  | <b>(101)</b> |
| <b>At 31 July</b>  | <b>337</b>                              | <b>8</b>                                  | <b>72</b>                     | <b>417</b>   | <b>429</b>   |
| <b>Represented by:</b>                                   |   |   |                               |              |              |
| Capital  | 286                                     | 8   | 80                            | 374          | 366          |
| Accumulated income                                       | 51                                      | -   | (8)                           | 43           | 63           |
|  | 337                                     | 8   | 72                            | 417          | 429          |
| <b>Analysis by purpose:</b>                              |   |   |                               |              |              |
| Scholarships and bursaries                               |   |   |                               | 108          | 165          |
| Prize funds  |   |   |                               | 301          | 256          |
| Other  |   |   |                               | 8            | 8            |
|  |   |   |                               | 417          | 429          |
| <b>Analysis by asset:</b>                                |   |   |                               |              |              |
| Non-current asset investment                             |   |   |                               | 358          | 318          |
| Cash and cash equivalents                                |   |   |                               | 59           | 111          |
|  |   |   |                               | 417          | 429          |



Notes to the Financial Statements (continued)  
For the year ended 31 July 2021

21 **Restricted reserves**

|   | <b>2021</b>  | 2020  |
|---|--------------|-------|
|   | <b>£000</b>  | £000  |
| At 1 August   | <b>573</b>   | 554   |
| New donations   | <b>109</b>   | 207   |
| Expenditure   | <b>(181)</b> | (188) |
| <b>Total restricted comprehensive income for the year</b> | <b>501</b>   | 573   |
| <b>At 31 July</b>   | <b>501</b>   | 573   |
| <b>Analysis by purpose:</b>                               |              |       |
| Scholarships and bursaries                                | <b>467</b>   | 540   |
| Prize funds   | -            | -     |
| Other   | <b>34</b>    | 33    |
|   | <b>501</b>   | 573   |

22 **Cash and cash equivalents**

| <b>Consolidated</b>       | <b>At 1 August</b> | <b>Cash flows</b> | <b>At 31 July</b> |
|---------------------------|--------------------|-------------------|-------------------|
|                           | <b>2020</b>        | <b>2021</b>       | <b>2021</b>       |
|                           | <b>£000</b>        | <b>£000</b>       | <b>£000</b>       |
| Cash and cash equivalents | 17,236             | 4,264             | <b>21,500</b>     |

Notes to the Financial Statements (continued)  
For the year ended 31 July 2021

23 **Capital and other commitments**

Provision has not been made for the following capital commitments as at 31 July:

|                                   | <b>Consolidated</b> | <b>University</b> | Consolidated | University   |
|-----------------------------------|---------------------|-------------------|--------------|--------------|
|                                   | <b>2021</b>         | <b>2021</b>       | 2020         | 2020         |
|                                   | <b>£000</b>         | <b>£000</b>       | £000         | £000         |
| Commitments contracted for        | 2,210               | 2,210             | 6,562        | 6,562        |
| Authorised but not contracted for | 1,167               | 1,167             | 1,162        | 1,162        |
|                                   | <b>3,377</b>        | <b>3,377</b>      | <b>7,724</b> | <b>7,724</b> |

24 **Lease obligations**

Total rentals payable under operating leases:

|   | <b>Land and<br/>buildings</b> | <b>Plant and<br/>machinery</b> | <b>Other leases</b> | <b>2021</b>   | 2020          |
|---|-------------------------------|--------------------------------|---------------------|---------------|---------------|
|   | <b>£000</b>                   | <b>£000</b>                    | <b>£000</b>         | <b>£000</b>   | £000          |
| <b>Payable during the year</b>                    | <b>1,314</b>                  | <b>61</b>                      | <b>13</b>           | <b>1,388</b>  | <b>2,585</b>  |
| <b>Future minimum lease payments due:</b>         |                               |                                |                     |               |               |
| Not later than one year                           | 2,669                         | 298                            | 5                   | <b>2,972</b>  | 1,829         |
| Later than one year and not later than five years | 10,329                        | 672                            | -                   | <b>11,001</b> | 11,910        |
| Later than five years                             | 12,524                        | -                              | -                   | <b>12,524</b> | 7,511         |
|   | <b>25,522</b>                 | <b>970</b>                     | <b>5</b>            | <b>26,497</b> | <b>21,250</b> |

25 **Events after the reporting period**

Since the year end, following the completion of the 2020 actuarial valuation, a new dual rate schedule of contributions has been agreed with an effective date of 1 October 2021. Recalculating the USS provision on the basis of these contributions would result in an increased obligation to fund the deficit of £5m, an increase of £3.2m.

A further change to deficit recovery contributions will become applicable under the 2020 valuation if the Joint Negotiating Committee recommended deed on benefit changes has not been executed by 28 February 2022. In this scenario, higher deficit recovery contributions will commence from 1 October 2022 at 3% and then increase every 6 months until they reach 20% at 1 October 2025. They remain at this level until 31 July 2032. Negotiations continue and an increase to this level is considered remote.

If the Schedule of Contributions remains unchanged, the University's Financial Statements for the year ended 31 July 2022 will reflect these changes to the provision, subject to any other changes in financial and operational assumptions.

Notes to the Financial Statements (continued)  
For the year ended 31 July 2021

26 **Subsidiary undertakings**

The subsidiary companies, wholly-owned or effectively controlled by the University, are as follows:

| Company                                       | Principal Activity  | Status          | Registered   |
|---|---|-----------------|--------------|
| Glasgow Caledonian University Company Limited | The provision of training, consultancy and research   | 100% owned      | Scotland     |
| GCU Academy Limited                           | The provision of courses, designed specifically for individual organisations, which provide a university level education leading to a qualification | 100% owned      | Scotland     |
| GCU Nominee Company                           | Ownership of Heatherbank Museum assets  | 100% owned      | Scotland     |
| GCU INTO Limited                              | Holds University share in INTO Scotland LLP   | 100% owned      | Scotland     |
| Glasgow Caledonian New York College (GCNYC)   | The provision of Master of Science degree programs  | 100% controlled | New York, US |

27 **Pension schemes**

The University participates in three defined benefit schemes, the Universities Superannuation Scheme (USS), the Strathclyde Pension Fund (SPF) and the Scottish Teachers Superannuation Scheme (STSS). All schemes are subject to independent actuarial valuations.

GCNYC participates in a 401k defined contribution retirement plan.

The University contribution rates on eligible salary costs for the year to 31st July 2021 are:

|                          | %     |
|--------------------------|-------|
| STSS                     | 23.0% |
| SPF                      | 19.3% |
| USS to 30 September 2021 | 21.1% |

The total pension costs for the year were:

Normal contribution to:

|  | 2021<br>£000  | 2020<br>£000  |
|--|---------------|---------------|
| STSS - contributions paid                      | 6,653         | 6,452         |
| SPF - charge to income and expenditure account | 13,897        | 9,432         |
| USS - contributions paid                       | 891           | 852           |
| 401K plan - contributions paid                 | 31            | 25            |
|  | <b>21,472</b> | <b>16,761</b> |

27 **Pension schemes (continued)**

With the exception of the Strathclyde Pension Fund, the University has utilised the provisions of FRS 102 whereby the contributions to the schemes be accounted for as if they were defined contribution schemes. 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.

**The Strathclyde Pension Fund**

The Strathclyde Pension Fund provides benefits 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 2020 valuation results, rolled forward onto the FRS 102 assumptions at 31 July 2021.

The University has updated its approach to setting RPI and CPI inflation assumptions in light of the RPI reform proposals published on the 4th September 2019 by the UK Chancellor and UK Statistics Authority. The University has proposed that RPI inflation is to be set in line with market break even expectations less an inflation risk premium (IRP). They have proposed a change to how the IRP is set, resulting in a reduction in RPI compared with the prior year methodology of 15 basis points, reflecting an allowance for additional market distortions caused by the RPI reform proposals. The impact of the changes in approach when setting the CPI assumption is a reduction of £10.2m. For the CPI, the Fund Actuary has proposed reducing the long term gap between RPI and CPI, resulting in an increase in the resulting CPI assumption of 55 basis points compared with the prior year methodology to reflect increased clarity on the future of the RPI index. The impact of this change in assumptions has increased the DBO by approximately £37.4m.

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

**Financial assumptions**

The financial assumptions used to calculate scheme liabilities under FRS 102 are:

|                              | <b>2021</b>   | 2020    |
|------------------------------|---------------|---------|
| Pension increase (RPI)       | <b>3.35%</b>  | 3.10%   |
| Pension increase (CPI)       | <b>2.85%</b>  | 2.10%   |
| Rate of increase in salaries | <b>3.20%*</b> | 2.70%** |
| Rate of increase of pensions | <b>2.10%</b>  | 2.20%   |
| Discount rate                | <b>1.60%</b>  | 1.40%   |

The maturity profile of the defined benefit obligation is 22 years.

\*Composite salary increase assumption of 3.2% as at 31 July 2021 (3.0% p.a. until 31 July 2022 followed by 3.0% for the four years to 31 July 2026 and 3.35% p.a. thereafter), taking account of the average term to retirement.

\*\*Composite salary increase assumption of 2.7% as at 31 July 2020 (0.5% p.a. until 31 July 2021 followed by 2.0% for the four years to 31 July 2025 and 3.6% p.a. thereafter), taking account of the average term to retirement.

27 Pension schemes (continued)

**The Strathclyde Pension Fund (continued)**

**Mortality assumptions**

The mortality rate is based on publicly available mortality tables for the specific country. COVID-19 has caused a short-term increase in deaths in the UK but the excess deaths to date have not generally had a material impact on UK pension scheme liabilities. The future impact of COVID-19 on long term mortality improvements is currently uncertain with potential adverse implications of delayed medical interventions and “long COVID” along with potential positive implications if the surviving population is less “frail” or the pandemic causes improved healthcare initiatives and lifestyle changes. Overall, the University believes there is insufficient evidence to require an explicit adjustment to the mortality assumption for COVID-19 at this time.

The life expectancies used to determine benefit obligations are:

|                    | Male       | Female     |
|--------------------|------------|------------|
| Current pensioners | 19.8 years | 22.9 years |
| Future pensioners  | 21.2 years | 24.6 years |

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes (i.e. equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

The assets in the scheme were:

|          | <b>2021</b>    | 2020    | 2019    | 2018    | 2017    |
|----------|----------------|---------|---------|---------|---------|
|          | <b>£000</b>    | £000    | £000    | £000    | £000    |
| Equities | <b>161,690</b> | 127,112 | 132,339 | 119,202 | 120,719 |
| Bonds    | <b>58,796</b>  | 50,441  | 48,864  | 40,976  | 23,804  |
| Property | <b>22,048</b>  | 22,194  | 20,360  | 20,488  | 18,703  |
| Cash     | <b>2,448</b>   | 2,018   | 2,035   | 5,587   | 6,801   |
|          | <b>244,982</b> | 201,765 | 203,598 | 186,253 | 170,027 |

|  | <b>2021</b> | 2020 | 2019 | 2018 | 2017 |
|--|-------------|------|------|------|------|
| Weighted average expected long term rate of return | <b>1.6%</b> | 1.4% | 2.3% | 2.9% | 2.8% |

Notes to the Financial Statements (continued)  
For the year ended 31 July 2021

27 Pension schemes (continued)

The Strathclyde Pension Fund (continued)

|   | 2021<br>£000    | 2020<br>£000    |
|---|-----------------|-----------------|
| <b>Analysis of the amount shown in the balance sheet for SPF:</b>                             |                 |                 |
| Scheme assets   | 244,982         | 201,765         |
| Scheme funded liabilities   | (305,755)       | (276,675)       |
| Scheme unfunded liabilities   | (312)           | (342)           |
| <b>Deficit in the scheme - net pension liability</b>  | <b>(61,085)</b> | <b>(75,252)</b> |
| <br>  |                 |                 |
| Current service costs   | (13,897)        | (10,487)        |
| Past service costs (including curtailments)   | -               | 1,055           |
| <b>Total operating charge</b>   | <b>(13,897)</b> | <b>(9,432)</b>  |
| <br>  |                 |                 |
| <b>Analysis of the amount charged to interest payable for SPF:</b>                            |                 |                 |
| Interest cost   | (3,956)         | (5,387)         |
| Expected return on assets   | 2,842           | 4,718           |
| <b>Total net interest</b>   | <b>(1,114)</b>  | <b>(669)</b>    |
| <br>  |                 |                 |
| <b>Analysis of other comprehensive income for SPF:</b>  |                 |                 |
| Change in demographic assumptions   | 5,918           | -               |
| Change in financial assumptions   | (32,898)        | (35,036)        |
| Other experience  | 9,086           | 868             |
| Return on assets  | 41,968          | (9,600)         |
| <b>Total remeasurements recognised in other comprehensive income before deduction for tax</b> | <b>24,074</b>   | <b>(43,768)</b> |
| <br>  |                 |                 |
|   | 2021<br>£000    | 2020<br>£000    |
| <b>Cumulative actuarial loss recognised as other comprehensive income:</b>                    |                 |                 |
| Cumulative actuarial (losses) recognised at the start of the year                             | (26,386)        | (17,382)        |
| Cumulative actuarial gains / (losses) recognised at the end of the year                       | 50,460          | (26,386)        |
| <br>  |                 |                 |
|   | 2021<br>£000    | 2020<br>£000    |
| <b>Analysis of movement in deficit:</b>   |                 |                 |
| <b>Deficit at beginning of year</b>   | <b>(75,252)</b> | <b>(26,354)</b> |
| Contributions or benefits paid by the University  | 5,070           | 4,937           |
| Contributions in respect of unfunded benefits   | 34              | 34              |
| Current service cost  | (13,897)        | (10,487)        |
| Past service costs (including curtailments)   | -               | 1,055           |
| Other finance charge  | (1,114)         | (669)           |
| Gain recognised in other comprehensive income   | 24,074          | (43,768)        |
| <b>Deficit at end of year</b>   | <b>(61,085)</b> | <b>(75,252)</b> |

27 Pension schemes (continued)

The Strathclyde Pension Fund (continued)

|  | 2021<br>£000   | 2020<br>£000   |
|--|----------------|----------------|
| <b>Analysis of movement in the present value of SPF liabilities:</b> |                |                |
| <b>At 1 August 2020</b>  | <b>277,017</b> | 229,952        |
| Current service cost (net of member contributions)                   | 13,897         | 10,487         |
| Past service costs (including curtailments)                          | -              | (1,055)        |
| Interest cost  | 3,956          | 5,387          |
| Actual member contributions  | 1,754          | 1,706          |
| Actuarial losses   | 13,546         | 34,168         |
| Unfunded benefits paid   | (34)           | (34)           |
| Actual benefits paid   | (4,069)        | (3,594)        |
| <b>At 31 July 2021</b>   | <b>306,067</b> | <b>277,017</b> |

|   | 2021<br>£000   | 2020<br>£000   |
|---|----------------|----------------|
| <b>Analysis of movement in the fair value of scheme assets:</b> |                |                |
| <b>At 1 August 2020</b>   | <b>201,765</b> | 203,598        |
| Expected return on assets                                       | 2,842          | 4,718          |
| Actuarial gain on assets /losses                                | 37,620         | (9,600)        |
| Actual contributions paid by the University                     | 5,070          | 4,937          |
| Actual contributions in respect of unfunded benefits            | 34             | 34             |
| Actual member contributions                                     | 1,754          | 1,706          |
| Unfunded benefits paid  | (34)           | (34)           |
| Actual benefits paid  | (4,069)        | (3,594)        |
| <b>At 31 July 2021</b>  | <b>244,982</b> | <b>201,765</b> |

The University expects to contribute £5,070k to the Strathclyde Pension Fund in 2020/21. There were no outstanding contributions at the balance sheet date (2020: nil).

**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 total cost charged to the profit and loss account is £6,653 (2020: £6,452k). Contributions outstanding at the balance sheet date were nil (2020: nil).

27 Pension schemes (continued)

**Universities Superannuation Scheme**

The total cost charged to the income and expenditure account is £891k (2020: £852k). There were no outstanding contributions at the balance sheet date (2020: nil).

Deficit recovery contributions due within one year for the institution are £238.6k (prior year: £85.3k).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

| 2021                          |   |
|-------------------------------|---|
| Pension increases (CPI)       | Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.                                   |
| Discount rate (forward rates) | Years 1-10: CPI + 0.14% reducing linearly to CPI - 0.73%<br>Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21<br>Years 21 +: CPI + 1.55% |



27 Pension schemes (continued)

Universities Superannuation Scheme (continued)

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

| 2018                             |   |
|----------------------------------|---|
| Mortality base table             | <b>Pre-retirement:</b>  |
|                                  | 71% of AMCO0 (duration 0) for males and 112% of AFC00 (duration 0) for females  |
|                                  | <b>Post-retirement:</b>   |
|                                  | 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females   |
| Future improvements to mortality | CMI_2017 with a smoothing parameter of 8.5% and a long term improvement rate of 1.8% pa for males and 1.6% pa for females |

The current life expectancies on retirement at age 65 are:

|                                   | 2021 | 2020 |
|-----------------------------------|------|------|
| Males currently aged 65 (years)   | 24.6 | 24.4 |
| Females currently aged 65 (years) | 26.1 | 25.9 |
| Males currently aged 45 (years)   | 26.6 | 26.3 |
| Females currently aged 45 (years) | 27.9 | 27.7 |

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

|                           | 2021  | 2020 |
|---------------------------|-------|------|
| Discount rate             | 1.55% | 1.3% |
| Pensionable salary growth | n/a   | n/a  |
| Pension increases (CPI)   | 2.8%  | 2.1% |

Notes to the Financial Statements (continued)  
For the year ended 31 July 2021

28 **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's 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 may have an interest are conducted at arm's length and in accordance with the University financial regulations and normal procurement procedures.

29 **Access funds**

|   | Childcare<br>fund<br>£000 | Hardship<br>fund<br>£000 | Nursing<br>fund<br>£000 | Total<br>£000 |
|---|---------------------------|--------------------------|-------------------------|---------------|
| At 1 August 2020                                  | 394                       | 534                      | -                       | 928           |
| Allocation received in year                       | 530                       | 756                      | 93                      | 1,379         |
| 2021/22 Allocations received in advance           | (371)                     | (529)                    | -                       | (900)         |
| Expenditure                                       | (134)                     | (752)                    | (90)                    | (976)         |
| Repaid by clawback                                | 2                         | -                        | -                       | 2             |
| Institution contribution to funds (bank interest) | -                         | (1)                      | -                       | (1)           |
| Virements   | (30)                      | 30                       | -                       | -             |
| <b>At 31 July 2021</b>                            | <b>391</b>                | <b>38</b>                | <b>3</b>                | <b>432</b>    |
| <b>Repayable as clawback</b>                      | <b>391</b>                | <b>38</b>                | <b>3</b>                | <b>432</b>    |

Scottish Government grants are available solely for students. The University acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

30 **Financial instruments**

**Risk management**

The University carefully monitors and manages the credit, liquidity, foreign currency and interest rate risk associated with the group's activities. These financial risks are managed within parameters specified by relevant risk and treasury management policies.

The University's treasury management policy governs all treasury management activities and sets out relevant policy objectives and control measures. It is reviewed and approved annually.

The group's principal financial instruments are cash, short term deposits and loans. The core objective of these financial instruments is to meet financing needs of the University's operations and capital investment. Additionally, the University has other financial assets and liabilities arising directly from its operations i.e. trade debtors and creditors.

30 **Financial instruments (continued)**

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the University. The University's credit risk arises from bank balances, investments, student debtors and commercial organisations as customers. Management of credit risk is a prime objective of the Treasury Management Policy.

At 31 July 2021, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet. The credit risk of liquid funds and financial instruments is limited because the counterparties are banks with investment grade ratings assigned by international credit-rating agencies. The University's exposure and the credit ratings of its counterparties are monitored regularly. The credit exposure is limited by counter party limits and minimum counter party credit ratings set within the Treasury Management Policy. Student and commercial debtors are reviewed on an on-going basis and a bad debt provision is made if recovery becomes uncertain. If a debtor is deemed irrecoverable it is written off. The concentration of risk is limited due to a large number of diverse customers across both student and commercial customer populations.

**Liquidity risk**

Liquidity risk refers to the risk that the University will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities. Formal cash flow forecasts are developed, monitored and updated to ensure that adequate working capital is available and excess funds are invested to reduce the carrying cost of funds.

At 31 July 2021, the group is holding cash deposits, none of which have a maturity period greater than 12 months.

**Foreign currency risk**

Foreign currency risk refers to the risk that unfavourable movement in exchange rates may cause financial loss to the University. The group is exposed to currency risk on transactions and balances that are denominated in currencies other than sterling. Whenever practical, the University enters into agreements in its functional currency in order to minimise currency risks.

At 31 July 2021 the group is exposed to currency risks from its activities conducted overseas but does not enter into any hedge arrangements. The principal foreign currency exposure is to the US dollar and euro.

**Interest rate risk**

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of balance sheet items (i.e. price risk) or changes in interest income or expenses (i.e. re-investments risk).

At 31 July 2021 balance sheet values of deposits and cash at bank and in hand are not materially exposed to changes in interest rates. The interest rate attached to the loan facility is fixed over the term.

Notes to the Financial Statements (continued)  
For the year ended 31 July 2021

30 **Financial instruments (continued)**

**Financial instruments – fair values**

The fair values of each category of the University's financial instruments are the same as their carrying value in the balance sheet.

|                                     | <b>Consolidated</b> | <b>University</b> | Consolidated | University |
|-------------------------------------|---------------------|-------------------|--------------|------------|
|                                     | <b>2021</b>         | <b>2021</b>       | 2020         | 2020       |
|                                     | <b>£000</b>         | <b>£000</b>       | £000         | £000       |
| Trade debtors and other receivables | <b>13,467</b>       | <b>25,612</b>     | 12,925       | 25,898     |
| Cash and cash equivalents           | <b>21,500</b>       | <b>20,032</b>     | 17,236       | 16,264     |
| Current investments                 | <b>24,050</b>       | <b>24,000</b>     | 7,053        | 7,000      |
| Trade creditors and other payables  | <b>(53,732)</b>     | <b>(50,712)</b>   | (42,847)     | (39,869)   |
|                                     | <b>5,285</b>        | <b>18,932</b>     | (5,633)      | 9,293      |

## Notes



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