



Annual Financial Statements

Year ended 31 July 2016

University for the Common Good



Contents

- 04 Introduction from the Principal and Vice-Chancellor
- 06 Operating and Financial Review
- 14 Corporate Governance Statement
- 19 Statement of Primary Responsibilities of the Court
- 20 Membership of Court and Key Committees
- 22 Attendance at University Court and Committee Meetings for the year to 31 July 2016
- 23 Independent Auditor's Report
- 24 Statement of Accounting Policies
- 28 Financial Statements

University's Professional Advisors

Bankers

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

Solicitor

Thorntons Law LLP
13 Melville Street
Edinburgh
EH3 7PE

External Auditor/Tax Advisor

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

Anderson Strathern LLP

George House
50 George Square
Glasgow
G2 1EH

Internal Auditor

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

Photo: GCU's modern city-centre Glasgow campus provides an excellent learning environment for students from Scotland and around the world.

Introduction from the Principal and Vice-Chancellor



This has been a year in which the University has continued to make forward progress as we seek to grow as a globally networked institution and deliver our social mission at home and overseas. In Glasgow, we continue to provide access to quality higher education and 35% of our students are from disadvantaged backgrounds.

At 80%, our degree completion

rate is the highest of all modern Universities in Scotland. This, coupled with a very low drop-out rate and 96% of our graduates in employment or study six months after leaving us, underscores the effectiveness of our learning and teaching offer.

The successful delivery of our £32m Heart of the Campus project clearly illustrated the benefits provided by long term planning. This project has been delivered on time and on budget, and has fundamentally transformed our campus to deliver new learning and teaching facilities and vibrant green spaces to truly nurture the potential of the students at our Glasgow campus. The outstanding facilities our redeveloped campus offers are a substantial asset as we seek to recruit students to GCU Glasgow in this highly competitive international market. Last year was, however, a particularly challenging external environment which saw a downturn in the attractiveness of the UK as destination for international students.

Generating income from international opportunities is of vital importance as we develop distinct and diversified sources of income and continue to invest in our activities to widen access and enrich our students' experience. In the last academic year, we reached a major milestone in our transnational education, with over 4,000 transnational GCU students. In addition, we launched the African Leadership College (ALC) in Mauritius, in March 2016. ALC Mauritius was founded and is wholly funded by African Leadership Unleashed and is the first higher education institution established as part of the vision of global entrepreneur Fred Swaniker, founder of the highly successful African Leadership Academy. GCU is the founding academic partner for the ALC and will support African Leadership Unleashed, and its Chancellor, the humanitarian, Graca Machel, in developing

the Mauritius campus. This initiative will not only provide a sustainable form of income for GCU, but is an example of our social mission as the University for the Common Good in practice. Alongside work such as our capability enhancement with the University of Johannesburg and Transnet Freight Rail in South Africa, and our climate justice research in Malawi and Zambia, we now have a considerable footprint in Africa, a region which will experience considerable growth in the number of young people seeking tertiary education in the coming years.

Although we continue to grow as an institution, we are also committed to the principle of sustainability and carefully manage our environmental impact. Our combined heat and power unit continues to provide energy savings and this year we were re-certified for the Ecocampus Platinum Award, as our Glasgow campus continued to send no waste to landfill. We also made great strides in encouraging our staff to cycle to work and were recognised for our efforts when we were named the first 'Cycle Friendly Campus' by Cycling Scotland.

These Financial statements highlight the acute economic challenges that GCU, in common with all institutions within the higher education sector in Scotland and the UK, is currently confronting. We remain an effective institution with strong student metrics and significant research and business accomplishments. We nevertheless must look again at the efficiency of our organisation and our investments for our future to ensure that we maintain our status as a sustainable and successful University. Our capacity to confront the challenges we face has, however, been facilitated by the prudent and considered manner in which our University has been run over many years. It is this solid foundation that will allow us to confidently and positively move forward, to successfully deliver our 2020 Strategy, and flourish as the University for the Common Good.

Professor Pamela Gillies CBE, FRSE

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

Principal and Vice-Chancellor



Operating and Financial Review

Key Financial Highlights – Consolidated

The consolidated results for the year ended 31 July 2016 are summarised below:

	2015/16 £000	2014/15* £000
Income	116,285	119,808
Expenditure before non-cash defined benefit pension costs	118,948	118,528
Operating (deficit)/surplus	(2,663)	1,280
Non-cash defined benefit pension costs	(2,186)	(1,066)
Other items	(348)	(8)
(Deficit)/surplus for the year**	(5,197)	206
Cash at bank including non-current investments	18,882	39,819
Net assets	146,012	156,266
Cash flow from operating activities	505	5,779
	2015/16 Number	2014/15 Number
Student FTE	12,751	13,241
Staff FTE	1,454	1,438

*Restated for FRS 102 and 2015 SORP transition (note 31)

**Before other comprehensive income

Operating Review Leadership and Management

The University Executive is responsible for the day-to-day running of the University. Led by the Principal and Vice-Chancellor, the Executive team comprises the Deputy Vice-Chancellor (Academic), Deputy Vice-Chancellor (Strategy), two Pro Vice-Chancellor and Vice Principals, the Chief Financial Officer and Vice Principal (Infrastructure), the University Secretary and Vice Principal (Governance) and the Vice President GCU New York.

The members of the Executive have clearly defined, functional roles contributing to strategic policy and decision making relating to all areas of the University.

Study and Research are grouped into Academic Schools and Research Institutes and are supported by a number of Professional Support Departments. The Schools are the cornerstones of academic life at the University, offering high quality programmes, professional training courses, research opportunities and consultancy services. The Institutes bring together the research excellence of individuals and groups to consolidate the University's success in attracting major grants, further develop collaborations across the University and with partners within and outside Scotland, and work with end-users in the public and private sectors.

School	Research Institute
Glasgow School for Business and Society	Institute for Society and Social Justice Research
The School of Health and Life Sciences	Institute for Applied Health Research
The School of Engineering and Built Environment	Institute for Sustainable Engineering and Technology Research
GCU London and The British School of Fashion	-

These are supported by Research Centres in areas of expertise that reflect our commitment to the Common Good; including the Yunus Centre for Social Business and Health, the Centre for Living, and the Centre for Climate Justice.

Corporate Strategy: University for the Common Good

Glasgow Caledonian University is the University for the Common Good. Our commitment to the common good underpins everything we do.

The focus of the Strategy 2020 reflects our vision for 2020 and beyond. By 2020, Glasgow Caledonian University will have a global reputation for delivering social benefit and impact through education, research and social innovation. We will be recognised as a University for the Common Good that transforms lives, enriches cities and communities, innovates for social and economic impact, and engages globally and aligns with others in partnership and collaboration.

We will achieve our vision by:

- Transforming lives through education
- Enriching cities and communities through research
- Innovating for social and economic impact
- Engaging globally
- Aligning for the Common Good

Governance

The constitution of the University Court is set out in the Glasgow Caledonian University Order of Council 2010. The membership consists of appointed, ex officio and elected governors.

The appointed governor membership consists of a minimum of nine and a maximum of 18 members and is drawn from people who have experience of, and have shown capacity in, industrial, commercial or employment matters or in the practice of any profession. The appointed governor membership must maintain an overall majority on the University Court. The Principal and Vice-Chancellor and the President of the Students' Association are Governors ex officio. Three staff governors are elected; one by Senate from among the members of Senate, one by the academic staff from among the members of such staff, and one by the non-academic staff from among the members of such staff. The University Court currently comprises 14 appointed governors; two governors ex officio and three staff governors.

The University Court must hold at least four ordinary meetings a year but in practice meets more frequently and has drawn up a scheme of standing orders to regulate the conduct of its meetings.

Under the terms of the Statutory Instrument (SI), there are certain functions, duties and responsibilities which Court must reserve to itself. However, the SI makes provision for Court to delegate any of its functions, other than those reserved to itself, to standing committees of Court. The composition of these committees, as determined by Court, comprises appointed governors, staff governors and governors ex officio together with any additional members who are not appointed governors whom Court considers to be specially fitted to assist the work of the committee.

In addition, the University Court has delegated to Senate a number of its functions specifically relating to the overall planning, co-ordination, development and supervision of the academic work of the University and supervision of research and commercialisation work as well as other functions as shall be assigned to Senate by the University Court.

The full statement of corporate governance arrangements, Court's responsibilities and membership is detailed within these financial statements.

Highlights of the Year

In 2015/16 the University's achievements were recognised in many national and international forums. Highlights include:

- GCU is the founding academic partner for the African Leadership College (ALC) in Mauritius, an innovative higher education institution established by African Leadership Unleashed. The Campus was formally opened in March 2016. GCU's work with ALC to equip graduates with the skills and confidence to contribute towards the future success of Africa follows an established relationship with Transnet Freight Rail in South Africa to upskill employees in railway operations management.
- GCU was represented at the UN Global Compact (UNGC) Leaders' Summit in the USA in June 2016. In 2013, GCU became the first Scottish university to join the UNGC, the world's largest corporate sustainability initiative. GCU is also a signatory to the Principles for Responsible Management Education (PRME), embedding sustainability and ethics across its practices. The University has just published its 2015-16 PRME Progress Report and following the Summit, attended a PRME Champions Group workshop, where select business school representatives from across the world developed collaborative projects to showcase the contribution higher education institutions can make to achievement of the sustainable development goals.
- In May 2016, the GCU Fair Fashion Center convened global leaders at the prestigious Rockefeller Foundation's Bellagio Center, which supports organisations that are innovating to build resilience and advance more inclusive economies. GCU New York's Fair Fashion Center is proving the business case for sustainability by assisting companies in moving beyond corporate social responsibility (CSR), and embedding sustainable business practices that create economic value while striving for environmental stewardship, social equality and sound ethics. The Center's work is built upon the recognition that systemic change in the fashion industry requires an approach that is aligned to the industry's disciplines and reconciled to the bottom line.
- In September 2015, GCU was delighted to launch its Foundation with a generous donation from Sir Alex Ferguson CBE to deliver scholarship programmes for students from all backgrounds and across all disciplines. One of the most successful and respected managers in the history of football, and an Honorary Graduate of GCU, Sir Alex is donating £500,000 over the next 10 years through widening participation and mobility awards. The Glasgow Caledonian University Foundation will deliver and manage all of the University's philanthropic activities in support of our defining position as the University for the Common Good.

- One of the largest firefighting and rescue organisations in the world is sponsoring its officers through a specialist GCU London programme. London Fire Brigade officers are studying on the three-year part-time BEng (Hons) Fire Risk Engineering programme. The programme brings together the disciplines of fire science, structural fire protection and evacuation analysis in the context of performance-based fire-safety design and fire-risk assessment.
- In July, GCU was an official event partner in the Homeless World Cup 2016, held in Glasgow's George Square. Sixty-four teams, representing 52 countries, came together to celebrate and highlight the year-round, life-changing work of the Homeless World Cup National Partner network. As the event hub, GCU hosted hundreds of participants and helped kick off the event with a parade to George Square from campus. GCU students and graduates from physiotherapy and events management programmes were pitch-side during the week.
- Bryan Buchan, Chief Executive of Scottish Engineering, NHS Greater Glasgow and Clyde R&D Manager Dr Roma Armstrong, and social entrepreneur Mel Young, President of the Homeless World Cup, joined GCU researchers and guests for the University's annual celebration of research in June 2016. GCU's research addresses three major societal challenges, enabling communities in the UK and internationally to build inclusive societies and live healthy lives in sustainable environments. There was an exhibition showcase of work including:
 - Public health research and the management of long-term conditions such as stroke, arthritis, multiple sclerosis and diabetes;
 - The Yunus Centre for Social Business and Health, which is researching the impact of social business and microfinance provision on the health and wellbeing of disadvantaged communities in Scotland and internationally;
 - Research to improve urban environments and efficient systems, including with business partners such as SPT, ScotRail, Doble Engineering and EDF;
 - The WiSE Research Centre, which has significant impact in promoting and making visible women's contribution to boosting the economy;
 - The Moffat Centre for Travel and Tourism Business Development, which provides the leading visitor attraction monitor in the UK.

Overall, the University is top modern University in Scotland for research power, and is ranked in the top 20 in the UK for allied health research at world-leading and internationally

excellent standards. GCU research in the built environment also performs strongly, with impact in this area rated as top 20 in the UK combining world-leading and internationally excellent research. The University is in the top ten in the UK for world-leading social work and social policy research impact.

- In July 2016, GCU hosted a midwifery and nursing conference for global healthcare leaders and practitioners on behalf of the Global Network of World Health Organization (WHO) Collaborating Centres for Nursing and Midwifery. GCU has been a WHO Collaborating Centre for nursing and midwifery since 1993. With delegates registered from over 21 countries from around the world, the theme of the 11th Biennial Conference was 'Strategic Conversations: The contribution of Nursing & Midwifery towards Global Health'. The interactive conference presented an excellent opportunity for nursing and midwifery leaders to engage in discussion and debate on how to influence the direction of global health development.
- At the annual Responsible Business Gala in London in July, GCU won the Education Award for its long-running widening access programme, the Caledonian Club. GCU is the first University to win this category in the Business in the Community Awards, which were established as part of the Prince's Responsible Business Network to create a fairer society and more sustainable future. The Caledonian Club has worked with more than 14,000 nursery, primary and secondary school pupils and 3,500 of their parents, to raise basic life skills and the aspirations of those from the most disadvantaged communities in Glasgow. The initiative has also been running for the past five years for children and parents in London.

Student Recruitment

Recruitment of home and international students underpins important revenue streams of the University. A shortfall against student recruitment targets is a key risk that the University must manage.

Total student population, expressed as full time equivalents (FTE), was:

Total FTE - Glasgow and London including INTO	2015/16	2014/15
Undergraduate	11,127	11,505
Postgraduate	1,624	1,736
	12,751	13,241

A planned reduction in SFC eligible full-time undergraduate intake was successfully implemented in order to meet the SFC student targets whilst maintaining our widening access profile. There was an increase in part-time undergraduate students, as well as increases in Scottish and EU taught postgraduate and research postgraduate student numbers. The international recruitment position remained challenging in 2015/16, resulting in an overall reduction in both undergraduate and taught postgraduate international student numbers.

Estates and Facilities

2015/16 has been a year of transformation as construction continued on the Glasgow Campus. The landmark Heart of Campus project has been a major focus of activity within the Estates and Facilities Management Department and this ambitious two year redevelopment has truly revitalised the Campus as it reaches completion.

The Heart of Campus project has delivered other key targets from the Campus Masterplan, which, when published in 2010 identified the priorities, principles and projects that would drive the future development of the Campus.

The key targets achieved include:

- Creating a 'heart' at the centre of the Glasgow Campus, a new space for informal learning, frontline service delivery, networking and socialising
- Greening the Campus
- Defining the University entrance
- Creating better connection routes between buildings
- Developing sustainability infrastructure
- Vacating rented accommodation in Buchanan House

An over cladding and new windows project is underway on the Hamish Wood building. The refurbishment, which began in February 2016, will not only modernise the building, it will also reduce energy consumption and carbon emissions, improve heating and ventilation and extend its useful life. Work is scheduled for completion in December 2016.

To ensure the Campus complies with regulatory standards, the Estates team has continued to deliver throughout the year on the five year rolling programme of improvements and maintenance that is in place.

Sustainable Development

GCU is committed to embedding sustainability into every aspect of its operations and has in place an Environmental Management System (EMS) to help identify and prioritise environmental risks and opportunities. The EMS is audited externally once a year and GCU was the first University in Scotland to be certified EcoCampus Platinum/ISO 14001 (re-certified in June 2016).

During 2015/16 the focus was on encouraging more sustainable travel to the University, reducing the amount of waste the University produces and understanding how we might work with our suppliers to further our sustainability commitments. As a result of our sustainable travel initiatives (which includes the Cycle to Work Scheme and free travel advice for students at the start of term) the proportion of students and staff cycling to GCU doubled to 4% and 9% (respectively, from a 2012 baseline). In recognition of our efforts, Cycling Scotland named GCU Scotland's first Cycle Friendly Campus. Waste arisings have also reduced by 11% (since 2011) mostly through furniture re-use projects with a number of community projects, including a community centre in Easterhouse.

The Heart of Campus redevelopment has been used to explore ways to engage suppliers to further our sustainability objectives. We also sought to understand suppliers' sustainability aims and documented the socio and economic impact the project has had in and around Glasgow.

These achievements, together with other initiatives, provide a springboard for further engagement with our stakeholders in the delivery of our sustainability vision and values.

Equality and Diversity

Our Equality Outcomes Framework supports our vision of a culture at GCU that is inclusive of all sections of society and responsive to the needs of individuals, and ultimately our commitment as the University for the Common Good. The core themes of the Framework are focused on ensuring that we have the right: Leadership, Understanding, Environment, Communications and Data in relation to equality and diversity. The Framework helps to fulfil our duties under the Equality Act 2010 by embedding equality and diversity across all University functions, projects and activities.



Photo: Principal Professor Pamela Gillies CBE FRSE with African Leadership College Chancellor Graca Machel.

It also supports our Dignity at Work and Study Policy, which outlines the rights and responsibilities associated with this commitment and 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.

Disability

The University gives equal consideration to all applications for employment. Where a candidate with a disability is the best person for the job and 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 so that the requirements of the job can be fulfilled.

Where existing employees become disabled it is the University's policy, wherever practicable, to support employees 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 for the University and its subsidiary companies as set out within Note 27.

Overview

During the year the transition to Financial Reporting Standard (FRS) 102 and 2015 SORP was completed. This was the result of a great deal of hard work by the Finance team on this project. The most significant impacts from FRS 102 on the results are:

- income recognition in relation to new endowments and actuarial gains/losses in relation to the Strathclyde Pension Scheme, both previously included in the Statement of total recognised gains and losses, are now included within the Statement of comprehensive income and expenditure; and
- the accounting disclosure for deferred capital grants previously disclosed within total reserves on the Balance Sheet are now disclosed within total net assets.

The University is reporting a consolidated deficit for the year, before other comprehensive income, of £5.2m. The deficit includes a combined non-cash charge of £2.2m in respect of the accounting for the Strathclyde Pension

Fund current service costs and net interest charge of £1.5m and £0.7m respectively. It also includes voluntary restructuring costs of £1.35m, increased National Insurance costs and increased employer pension contributions in respect of the Scottish Teachers Superannuation Scheme.

The underlying financial performance in 2015/16 reflects a challenging year for the University. This is in the context of uncertainty and volatility in the International market that is impacting the Higher Education sector as a whole. The results for the year do continue to contribute to the University's plan to ensure it has sufficient reserves to support its capital investment commitments and to continue its investment in the learning environment for the direct benefit of its students. During the year there has been significant capital expenditure of £20.2m on Infrastructure projects evidenced by the budgeted reduction in closing cash and cash equivalent balances.

In 2015/16 there has been a budgeted fall in cash inflows from operating activities directly related to the fall in international income and increase in salary costs in the year arising from meeting the increased pension and National Insurance contributions due in the year. Further details on cash flow movements, including the significant capital expenditure in the year, are detailed in the Consolidated statement of cash flows.

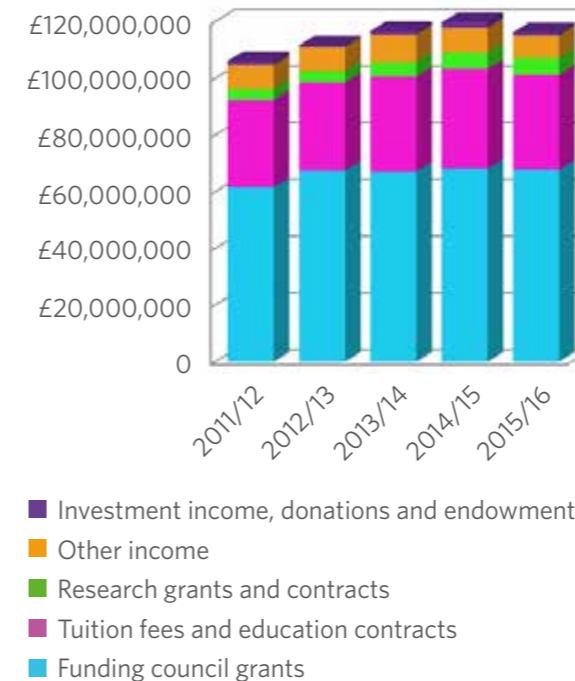


Photo: Dr Babakali Alkali, Assistant Head of Department, Mechanical Engineering, exhibiting at GCU's Annual Research Day.

The University has in place a structured programme of works that shapes key aspects of the University's overall operational model to enable achievement of its strategic indicators and to achieve efficiencies to mitigate the impact of volatility over income. The efficiency work undertaken to date has achieved recurrent reductions in both salary and other operating costs. The University remains well placed in terms of financial strength to continue to make significant investments in pursuit of its strategic goals articulated in the Strategy 2020.

Income

Income fell by £3.5m (3%) to £116.3m (2015:£119.8m). Total income comprises funding council grants, tuition fees and education contracts, research grants, other income, investment income and donations and endowments. The distribution of income over the past 5 financial years is as follows:



The University's main source of income is from teaching activities. SFC grants recognised in the financial statements reflect the allocations announced in the SFC funding outcome agreements for Universities. In 2015/16 funding council grants of £67.7m were received, a fall of £0.3m from 2014/15. This was mainly due to a fall in SFC Research Grant income recognised as a result of less corresponding spend in the year.

Tuition fee and education contract income decreased by 5% to £33.6m at 31 July 2016. As planned Home & EU fee income decreased to SFC funded numbers and income from

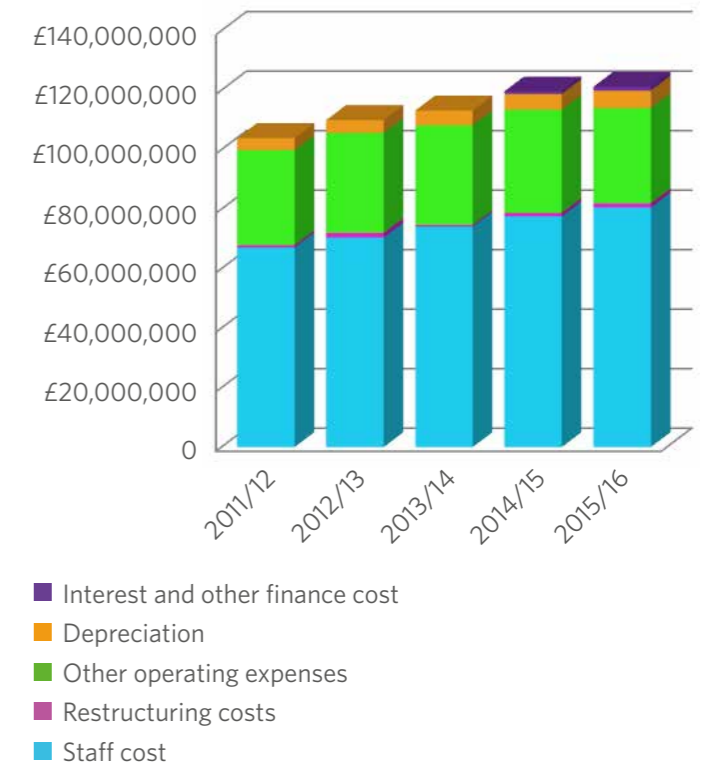
international students studying at GCU has decreased by £2m reflecting the challenges facing the Sector in light of the toughened changes to the student visa regime. Transnational Education (TNE) contracts continue to deliver for the University reflecting an increase in student numbers and activity with international collaborative institutions.

Research income has increased this year to £5.9m. The increase does include the one-off benefit from the governments Research and Development Expenditure Credits of £0.7m.

Investment income, donations and endowments have decreased in the year. This is largely attributable to £675k being recognised in 2014/15 in relation to new permanent endowments received in that year.

Expenditure

Overall University expenditure has increased by £1.5m (1%) to £121.1m (2015: £119.6m). Expenditure comprises staffing, restructuring, other operating costs, the depreciation of fixed assets and interest and finance costs and is split as follows over the past 5 financial years:



Staff costs for the financial year were £80.5m (2015: £77.6m) against an average employee base of 1,454 (2015: 1,438). The growth in headcount reflects recruitment to fill vacant roles included within the 2015/16 payroll budget and those funded by external projects. While salary costs within staff costs includes recurrent efficiency savings of £1.7m, the overall increase in staff costs reflects legislative increases to employer pension contributions, government changes to National Insurance contributions for contracted out State Earnings-Related Pension Schemes, the annual pay and increment awards and an increased headcount. In addition, pensions for the year includes the Strathclyde Pension Fund current service costs of £1.5m (2015: £0.5m).

Staff voluntary severance costs in the financial year were £1.35m (2015:£1.2m). Staff severances are aimed at readjusting the cost base and repositioning resource allocations to meet the requirements of the University's future sustainability plans within the Strategy 2020.

Other operating expenditure decreased by 7% to £32.1m reflecting efficiencies gained throughout the year. Importantly, the efficiencies bring recurrent savings to the University's overall cost base.

Balance Sheet

The University has total consolidated net assets of £146.0m as at 31 July 2016 (2015: £156.3m). The fall in net assets is directly related to the increase of £7.6m in the University's share of the accounting liability in the Strathclyde Pension Fund as at 31 July 2016. The 31 July 2016 accounting liability has arisen as a result of the volatility in discount rates experienced since June 2016.

Treasury

Cash at bank and deposits invested at 31 July 2016 was £18.9m (2015: £39.8m). The reduction in the cash balance is as forecast and reflects the continued investment in the University's estate with the Heart of Campus project completing in the year.

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

During the year repayments were made towards the £10m loan facility with Lloyds Banking Group backed by the European Investment Bank. There have been no other movements in net debt in the year.

Financial Strategy

The fundamental goal of the Financial Strategy is to ensure the University's long term financial sustainability. The Strategy ensures financial resources are directed towards priorities, that risks are effectively managed, that value for money is achieved and that we are a sound and robust University. Aligned with other key supporting Strategies and Plans, the Financial Strategy will ensure the University is best placed financially to achieve the overarching University Strategy 2020.

The targets of the Strategy 2020 reflect the Financial Strategy aims and objectives. Our progress and achievements in delivering the Financial Strategy is measured through monitoring of internal strategic performance indicators and Key Financial Measures in the Strategy relating to surplus generation, cash flow, borrowings, income sources and cost control.

Capital Investments

The Infrastructure Group meets regularly to review, agree and prioritise the medium term rolling Infrastructure Plans for Information Services, Estates, Schools and other appropriate 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.

During 2015/16, £20.2m was spent on capital investment in our estate and infrastructure combining strategic academic investments alongside routine refurbishment projects.

The £32m Heart of Campus project was completed in the financial year, delivering state-of-the-art teaching and research spaces and inspiring social areas.

Other capital works under construction at the year-end includes works in relation to the over cladding of the Hamish Wood building. The project, with a total cost of £3.5m, is scheduled to complete in 2016/17.

Payment of Creditors

It is the University's policy to obtain the best terms of business from creditors, and thus there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavours to include and abide by specific payment terms. As at 31 July 2016 the University's outstanding payments represented approximately 49 days purchases. The amount of interest paid in the year under the Late Payment of Commercial Debts (Interest) Act 1998 was nil.

Pensions

The University participates in three separate defined benefit pension schemes, which are the Strathclyde Pension Fund (SPF) for non-academic staff, the Scottish Teachers Superannuation Scheme (STSS) for academic staff and the Universities Superannuation Scheme (USS) for academic and academic related staff.

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 2015/16 the liability has increased from £20.1m to £27.6m due to the fall in real bond yields, offset in part by the strong asset returns.

The University continues to take the exemption permitted under FRS 102 to disclose the STSS Scheme and the USS Scheme as defined contribution schemes as both schemes are not able to calculate individual employers' share of the overall deficit. A liability is recognised within Provisions for GCU's share of the obligation to fund past deficits within the USS scheme.

Risk

High quality risk management is a positive process which supports and enhances business management. The University has robust risk management processes and structures embedded in its business planning. These include: a Risk Management Strategy and Risk Appetite and Tolerance statements, which guide the management of risk across the University; a Risk Management Forum, to support the senior management group by ensuring that University risks are managed effectively; and a programme of staff development workshops.

The University maintains a comprehensive corporate risk register with risk analysis and local risk registers embedded in its Schools and Professional Support Departments.

The main risks facing the University are:

- **National & Global Economic Position** - Risk of overreliance on national public sector funding streams and risk that cuts to such funding streams would impact upon University quality and financial viability. Risk to non SFC funding due to outcome of the EU Referendum and the wider international economic climate.
- **International student recruitment & income** - Risk that growth of international student recruitment and income is insufficient to ensure the necessary reduction in dependency on public sector funding moving forward.
- **Market competition** - Risk that the portfolio does not meet market demand from a domestic or international perspective, and this gap is exploited by local or international competitors.

Financial Outlook

The University is financially healthy but does take full cognisance of the future challenges that lie ahead for the Higher Education sector in Scotland. With a structured programme of works in place, action is being taken to address the impact of reductions in Scottish Government funding and the ability to grow income from other sources as well as the significant challenges to control increasing costs.

While the University does face considerable challenges in maintaining its level of income over future years, the University, underpinned by a strong financial framework, has maintained a net cash inflow from operating activities position and has developed robust financial planning targets over the next five years to implement the proposals in the Strategy 2020.



Photo: GCU was the first university to win the Education Award for its long-running widening access programme, the Caledonian Club, at the Business in the Community Awards.

Corporate Governance Statement

Introduction

The University Court of Glasgow Caledonian University ("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 2013 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

In the opinion of the Court, the University complies with the provisions of the 2013 Scottish Code of Good Higher Education Governance and it has complied throughout the year ended 31 July 2016.

Governing body

Court

The functions and powers of the University Court are set out in part 3 of the Glasgow Caledonian University Order of Council 2010. The Court is responsible for determining the overall strategic direction of the University. It establishes the budgetary framework, appoints the head of the institution and exercises general oversight over the University's performance and development.

In accordance with the Scottish Code of Good Higher Education Governance (the Code), Court has a Statement of Primary Responsibilities outlining which matters are reserved to be considered by the Court and which can be formally delegated by the Court to its committees. The Responsibilities are shown in full on page 19. This is one of the key documents in relation to which the effectiveness of the Court is measured. The Statement of Primary Responsibilities is subsidiary to the Glasgow Caledonian University Order of Council 2010. Court reviews its Statement of Primary Responsibilities at the first meeting of the academic session.

Court met five times in 2015/16. Court also holds a strategic planning event early in each session and is fully involved in discussions on the development of the University's Corporate Strategy.

Court has agreed procedures for reviewing its effectiveness. The review of Court's effectiveness is normally carried out not less than three-yearly (which exceeds the proposed frequency of not less than every five years set out in the Code).

Court last undertook an externally facilitated review of its effectiveness in 2012.

As there was a change in Chair in 2015 mid-session and as several new governors had been appointed in 2015, Court concluded it would be sensible to allow them time to settle into the role to enable them to give an informed view on Court's effectiveness. The next review of Court's effectiveness will incorporate a review of Senate as set out in the Code. It is proposed to start the process for reviewing Court and Senate effectiveness in January 2017.

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 section 2.5 of the Governors' Handbook and in the job description for the role of Chair of Court, which was consulted upon with staff and students and which is published on the University website.

Court has agreed procedures for the annual appraisal of the Chair of Court. The appraisal of the Chair of Court was conducted in Summer 2016 and reported to Court at its September meeting.

In addition to the three to five yearly review, Court keeps its effectiveness under annual review through various measures. At the first meeting of the academic session, Court reviews and reaffirms its Statement of Primary Responsibilities and the Chair of Court meets with the Chairs of the standing committees, which allows the Chairs to raise any issues about the conduct of their committees' business. The Chair also meets with all the governors individually on an annual basis. There is a Vice Chair of Court who is also 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 developed various initiatives to ensure it is well-connected with its stakeholders and continues to develop these.

Court delegates the co-ordination, development and supervision of the academic work of the University to Senate provided that those functions are carried out subject to the general control and direction of Court. Senate met four times in 2015/16. The Chair of Court normally attends Senate meetings and the invitation to attend is extended to all Court members.

Fundamental to the University's leadership in promoting the Common Good and the delivery of its 2020 Vision is the commitment to embedding equality and diversity. The Equality & Diversity Committee reports to both Senate and Court and two lay members of Court are members of the Committee. The University has a duty under the Equality Act 2010 to publish a Public Sector Equality Duty Report describing its progress on mainstreaming equality and delivering equality outcomes. In 2014/15 Court approved and published the University's first biennial report under this duty. In addition, the Equality & Diversity Committee prepares an annual report for consideration and discussion by Court and Senate.

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 six committees, each of which has formally constituted terms of reference. Each committee reviews its terms of reference annually and normally submits these to Court for approval at the last meeting of the academic session. The Court undertakes an annual review of the effectiveness of each of its committees and their success in meeting objectives which are set annually. These committees are an Audit Committee, a Remuneration Committee, a Court Membership Committee, a Finance and General Purposes Committee, a Health and Safety Committee and a Staff Policy Committee.

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 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.

Audit Committee

The Audit Committee met four times in 2015/16 with the University's external and internal auditors in attendance. The Audit Committee advises the University on the appointment of the internal and external auditors and the auditors' remuneration and assesses the effectiveness of the auditors. The Chair of Audit liaises with the internal auditors and the Committee meets privately with either or both of the internal and external auditors if it wishes.

The University's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with a risk based three-year strategic plan and a specific annual agreed plan of input, and report its 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 such recommendations have been implemented. The Audit Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. It monitors adherence to regulatory and funding requirements.

The Principal and Vice-Chancellor, the Chief Financial Officer and Vice Principal (Infrastructure) 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.

Remuneration Committee

The Remuneration Committee met three times in 2015/16 and determines the remuneration of members of the Executive, recommends the remuneration of the Principal and Vice-Chancellor to the University Court and sets the parameters for the remuneration of other senior staff. Information on the remuneration of management personnel and senior post holders for the year ended 31 July 2016 is set out in note 7 to the financial statements.

The Remuneration Committee's work is governed by a clear remuneration philosophy, approved by Court, designed to attract, retain and incentivise key senior staff with critical responsibility for the delivery of the University's objectives. 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 comparative data and considers wider political and economic factors as appropriate. The Committee also relies on independent advice from time to time to inform its decisions. The Remuneration Committee reviews the remuneration philosophy annually to ensure it remains fit for purpose and submits it to Court for approval.

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.

In setting the salary bands for the Principal and members of the Executive, the Committee reviews benchmark data based on the data from the Universities and Colleges Employers' Association'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.*

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

**Although the University withdrew from membership of the University Alliance, its information continues to be included for 2015/16 as this benchmark data is a useful comparator given the nature of institutions within the Alliance.*

Court Membership Committee

The Court Membership Committee met twice in 2015/2016.

The Court Membership Committee's terms of reference require it to keep Court's membership under review and meet to consider nominations for vacancies in the Court membership. Court has a robust process for appointing governors, which is based on the principles of transparency

and flexibility. The process encompasses a wide range of methods to allow the Court Membership Committee the flexibility to employ whichever recruitment methods are most appropriate to the circumstances, including the skills being targeted and increasing diversity in the membership of Court.

The Committee has worked to make the recruitment process visibly open, fair and rigorous and has due regard to the principles of equality and diversity. The Court Membership Committee receives unconscious bias training as a matter of good practice.

In addition to advertising in the national press, vacancies are widely advertised through social media and targeted websites including the Public Appointments website. Direct approaches seeking nominations and dissemination of the vacancies are also made to professional bodies, organisations furthering the interests of equality and diversity and of people with a protected characteristic, Chambers of Commerce and other business and related organisations. University alumni are also contacted.

To help the University's commitment to promoting equality and valuing diversity, and in line with the recommendations in the Scottish Code of Good HE Governance, all governor applicants are asked to complete and return an equality and diversity monitoring form.

The Court Membership Committee reviewed the recommendations made in the Equality Challenge Unit's Report: Governing Bodies, Equality & Diversity in Scottish HEIs and undertook a gap analysis of GCU's existing practices. The analysis demonstrated a high level of good practice which aligns with the recommendations set out in the ECU report. Some additional measures were implemented to support Court's objectives of achieving an enhanced gender balance and greater diversity on Court.

The gender balance of lay governors on Court in 2015/16 was 65% male and 35% female. The gender balance of total Court membership was 59% male and 41% female.

The Court Membership Committee keeps the balance of diversity, skills and experience under review and maintains a skills matrix. The Committee reviews the skills matrix at least annually to identify any gaps and to ensure that the breadth and depth of skills and experience, which Court requires to discharge its responsibilities effectively, continues to be reflected in its membership. Court members are asked to review their information on the skills matrix annually to ensure it remains current.

Finance and General Purposes Committee

The Finance and General Purposes Committee met four times in 2015/16. 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 final approval by Court.

As part of its responsibility for the financial oversight of the University, the Committee reviews the annual financial statements, in conjunction with the Audit Committee, and recommends these to Court for approval.

Health and Safety Committee

The Health and Safety Committee met twice in 2015/16. The terms of reference of the Health and Safety Committee are to ensure that safety, health and wellbeing and environmental policies/procedures are in order to ensure that the University meets all legislative requirements and best practice standards, and promotes and monitors effective implementation of those policies. The Committee is supported by the Director of People and Chief Finance Officer who have joint responsibility for health and safety arrangements within the University.

In addition to the Health and Safety Committee, the University has a Health and Safety Forum to improve the flow of information within the University. The Forum works in support of the University Safety, Health and Wellbeing Policy and procedures, sharing best practice, providing continuity to the planning process, promoting the desired health and safety culture and reporting to the Executive Board and the Health and Safety Committee as appropriate. The Forum is chaired by the Director of People and attended by the School/Professional Support Department health and safety committee chairs, the University Health and Safety Advisor and other specialist advisors where required and trade union representation.

Staff Policy Committee

The Staff Policy Committee met three times in 2015/16. The main purpose of the Staff Policy Committee is to oversee the development and implementation of the People Strategy to support the University's strategic plan, to recommend the strategy to Court, to report to Court on progress in implementing the strategy, to keep under review arrangements for monitoring staff attitudes and opinions and to advise Court accordingly and to ensure that policies, procedures and practices relating to staffing matters remain current and comprehensive and comply with all relevant employment legislation.

Corporate Strategy

The University has a comprehensive strategic planning process in place 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 the Court, as a whole, receives the final Strategic Plan, including financial estimates 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 2020. The Court agreed the University's 2020 Strategic mission, values, goals and key performance indicators in 2015. The Strategy 2020 has been developed together with the creation of a strategic framework to support the delivery of institutional goals.

Risk management and internal control

The 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 is designed to mitigate rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

There is a robust Court committee and Executive group 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 and an expenses policy.

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 University Executive Board and the relevant Court standing committees also receive reports on health and safety and staff-related issues plus any major strategic developments.

Formal project management arrangements are in place during the lifecycle of all major projects, with a dedicated Executive member assigned to lead such projects.

The Court is of the view that there is an ongoing process for identifying, evaluating and managing the University's

significant risks up to the date of approval of the annual financial statements. 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. Risk management is embedded within the daily operations of the University from strategy formulation through to business planning and processes.

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 localised 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 internal committees to ensure compliance, and committee papers prepared must indicate how the actions proposed address compliance with legislation.

Accordingly, the Court is of a view that there is an ongoing process for identifying, evaluating and managing the University's significant risks that has been in place throughout the year ended 31 July 2016 and up to the date of approval of the annual financial statements. This process is reviewed by the Court and accords with the Turnbull guidance, as applicable to the higher education sector.

Going concern

The Court considers that the University has adequate resources to continue in operational existence for the foreseeable future.

Conclusion

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

HAZEL BROOKE MBE

Statement of Primary Responsibilities of the Court

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

The Court is responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the Court of Glasgow Caledonian University, the University Court, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

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

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 ensure a safe working environment is provided for staff and students.
3. To make such provision as it thinks fit following consultation with the Senate, for the general welfare of its students.

Financial responsibilities

4. To ensure the solvency of the University and to safeguard its assets.
5. The preparation and approval of the University's annual financial statements.
6. To 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.
7. To approve the annual operating plans and budgets and to ensure that these reflect the University's strategic plan and strategic risk assessment.

Strategic responsibilities

8. To 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.
9. To approve all substantive policies of the University.

Controls

10. To ensure that the University operates in accordance with the University's Statutory Instrument as well as all Scottish, UK and EC legislation as applicable.
11. To 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.
12. To ensure that systems are in place for the assessment and management of risk.
13. To ensure the existence and integrity of financial control systems and to monitor these through the Audit Committee.
14. To 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

15. To monitor the University's performance against its strategic plan and agreed key performance indicators.
16. To monitor and review the performance and effectiveness of the Court and its standing committees.
17. To 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

Professor Pamela Gillies
Principal and Vice-Chancellor
Mrs Hazel Brooke *Chair*
Dr Douglas Chalmers
Mr John Chapman
Dr Morag Ferguson
Ms Laura Gordon
Mr Ian Gracie (to 31.07.16)
Mr Tom Halpin
Mr J Gordon Jack
Mr Ian Kerr
Mr Austin Lafferty
Mrs Neena Mahal
Dr Neil Partlett
Professor Ann Priest
Ms Lauren Ramage
President of the Students' Association (from 20.06.16)
Ms Davena Rankin
Mr Paul Reynolds
Mr Michael Stephenson
President of the Students' Association (to 19.06.16)
Ms Caroline Stuart
Mr David Wallace (to 31.07.16)
Mr Alistair Webster
Dr Bob Winter (to 31.07.16)
Professor Stephanie Young *Vice-Chair*

Members of Audit Committee

Dr Morag Ferguson
Ms Laura Gordon
Mr Tom Halpin
Mr Austin Lafferty
Mrs Neena Mahal
Mr Alistair Webster *Chair*

Members of Remuneration Committee

Mrs Hazel Brooke
Professor Pamela Gillies
Mr Tom Halpin *Chair*
Mr J Gordon Jack
Professor Stephanie Young

Members of Court Membership Committee

Mrs Hazel Brooke *Chair*
Dr Morag Ferguson
Professor Pamela Gillies
Ms Laura Gordon
Mr Ian Kerr (from 03.03.16)
Ms Lauren Ramage (from 20.06.16)
Mr Michael Stephenson (to 19.06.16)
Professor Stephanie Young

Members of Finance and General Purposes Committee

Mr John Chapman
Professor Pamela Gillies
Mr Ian Gracie (to 31.07.16)
Mr J Gordon Jack *Chair*
Mr Ian Kerr
Mr Gerry Milne
Dr Neil Partlett
Professor Ann Priest (from 22.09.16)
Ms Lauren Ramage (from 20.06.16)
Mr Paul Reynolds (from 22.09.16)
Mr Michael Stephenson (to 19.06.16)
Ms Caroline Stuart
Mr David Wallace (to 31.07.16)

Members of Health and Safety Committee

Dr Douglas Chalmers
Mr John Chapman *Chair* (from 01.08.16)
Mr Ian Gracie *Chair* (to 31.07.16)
Mr Alex Killick
Mrs Neena Mahal (from 22.09.16)
Ms Lauren Ramage (from 20.06.16)
Ms Davena Rankin
Mr Michael Stephenson (to 19.06.16)

Members of Staff Policy Committee

Dr Douglas Chalmers
Professor Pamela Gillies
Mr Alex Killick
Mr Austin Lafferty
Ms Davena Rankin
Mr Paul Reynolds
Dr Bob Winter (to 31.07.16)
Professor Stephanie Young *Chair*

Governor Development

Soon after they are appointed, governors attend an induction session 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 are also given the opportunity to meet members of the University Executive. To help with the familiarisation process in their first year on Court, governors are mentored by an experienced member of Court.

The University is strongly 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 LFHE - Leadership Foundation for Higher Education - which provides a Governor Development Programme with a range of courses from governor induction to knowledge and skills development.

There is a programme of ongoing development for governors which includes visits to Schools, sector updates and a subscription to the Times Higher Educational Supplement.

Attendance at University Court and Committee Meetings for the year to 31 July 2016

Member	Date from/to	University Court 5 in year	Audit 4 in year	Remuneration 3 in year	Court Membership 2 in year	Finance & General Purposes 4 in year	Health & Safety 2 in year	Staff Policy 3 in year
Professor Pamela Gillies, <i>Principal and Vice-Chancellor</i>		5		2	2	3		1
Mrs Hazel Brooke, <i>Chair of Court</i>		5		3	2			
Dr Douglas Chalmers		4					1	3
Mr John Chapman		5				3	2	
Dr Morag Ferguson		5	3		2			
Ms Laura Gordon		5	2		1			
Mr Ian Gracie	To 31.07.16	4				3	2	
Mr Tom Halpin		3	4	3				
Mr J Gordon Jack		4		2		4		
Mr Ian Kerr		4			1*	4		
Mr Alex Killick							2	3
Mr Austin Lafferty		4	1					3
Mrs Neena Mahal		5	3					
Mr Gerry Milne						4		
Dr Neil Partlett		5				3		
Professor Ann Priest		5						
Ms Lauren Ramage	From 20.06.16	1*			0*	0*	0*	
Ms Davena Rankin		4					2	3
Mr Paul Reynolds		5						3
Mr Michael Stephenson	To 19.06.16	4			2	4	1	
Ms Caroline Stuart		4				3		
Mr David Wallace	To 31.07.16	3				2		
Mr Alistair Webster		5	4					
Dr Bob Winter	To 31.07.16	5						3
Professor Stephanie Young		5		2	2			3

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.

The Principal and Vice-Chancellor is in attendance at Audit Committee. The Deputy Vice-Chancellor (Strategy) is in attendance at Court and the Finance & General Purposes Committee. The Chief Financial Officer & Vice Principal (Infrastructure) is in attendance at Court and Audit Committee. The University Secretary & Vice Principal (Governance) is in attendance at Court and all Committee meetings. Pro Vice-Chancellors and members of senior management are in attendance at Court.

Independent Auditor's report to the University Court of Glasgow Caledonian University

We have audited the financial statements of Glasgow Caledonian University for the year ended 31 July 2016 which comprise of the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, Consolidated and University Balance Sheet, the Consolidated Statement of Cash Flows, the Statement of Principal Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the University Court, in accordance with paragraph 6(3) of part IV of the Glasgow Caledonian University (Scotland) Order of Council 1993 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 (as amended). Our audit work has been undertaken so that we might state to the University Court of Glasgow Caledonian University those matters we are required to state to 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 Court of Glasgow Caledonian University for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the University Court of Glasgow Caledonian University and auditor

As explained more fully in the Statement of Primary Responsibilities of the Court set out on page 19 the University Court of Glasgow Caledonian University is responsible for the preparation of financial statements which give a true and fair view. 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. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the University Court of Glasgow Caledonian University; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2016, and of the Group's and University's income and expenditure, gains and losses and changes in reserves of the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice - Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the terms of our engagement

In our opinion, in all material respects:

- funds from whatever source administered by the Group and the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation; and
- funds provided by the Scottish Funding Council have been applied in accordance with the Financial Memorandum.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) and the terms of our engagement require us to report to you if, in our opinion:

- the information given in the Operating and Financial Review is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for the audit.

Andrew Shaw

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

25 November 2016

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 2015 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 financial statements have been prepared on a going concern basis as the governing body considers that the University has adequate resources to continue in operational existence for the foreseeable future, therefore well placed to manage its business risks despite the on-going changes in sector funding.

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.

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 2015 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 & 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

(c) 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.

Strathclyde Pension Fund

The University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more 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 Group should recognise a liability for its obligations under defined benefit plans net of plan 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 plan.

Scottish Teachers Superannuation Scheme and Universities Superannuation Scheme

Both the STSS and USS are multi-employer defined benefit pension schemes for which it is not possible to identify

the University's share of assets and liabilities due to the mutual nature of the schemes. The schemes are therefore accounted for as defined contribution retirement schemes. Contributions are recognised as an expense in the periods during which services are rendered by employees.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

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.

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.

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 therefore the University is restricted in the use of these funds.

Transition to 2015 SORP

The financial statements are being prepared in accordance with FRS 102 for the first time and consequently have applied the first time adoption requirements. An explanation of how the transition to 2015 SORP has affected the reported financial position and financial performance is provided in note 31.

Financial Statements

Consolidated Statement of Comprehensive Income and Expenditure

For the year ended 31 July 2016

	Note	Consolidated 2016 £000	University 2016 £000	Consolidated 2015 £000	University 2015 £000
Income					
Funding council grants	1	67,699	67,699	68,056	68,056
Tuition fees and education contracts	2	33,601	33,083	35,332	34,762
Research grants and contracts	3	5,914	5,580	5,857	5,429
Other income	4	7,988	8,042	8,659	8,479
Investment income	5	274	263	313	303
Donations and endowments	6	809	809	1,591	1,591
Total income		116,285	115,476	119,808	118,620
Expenditure					
Staff costs	7	80,547	79,471	77,575	76,397
Restructuring costs	7	1,350	1,350	1,153	1,153
Other operating expenses		32,084	28,758	34,702	32,258
Depreciation	11	5,890	5,637	5,318	5,108
Interest and other finance costs	8	1,263	1,263	846	846
Total expenditure	9	121,134	116,479	119,594	115,762
(Deficit)/surplus before other gains and share of deficit in joint venture		(4,849)	(1,003)	214	2,858
Gain on disposal of non-current assets investments	12	132	132	-	-
Loss on endowment investments	20	(14)	(14)	-	-
Share of operating deficit in joint venture	13	(60)	-	(8)	-
(Deficit)/surplus before tax		(4,791)	(885)	206	2,858
Taxation	10	(406)	(406)	-	-
(Deficit)/surplus for the year		(5,197)	(1,291)	206	2,858
Unrealised gain on investments		179	179	109	109
Actuarial loss in respect of pension schemes	28	(5,366)	(5,366)	(4,722)	(4,722)
Currency translation differences on foreign currency net investment		130	-	90	-
Total comprehensive income		(10,254)	(6,478)	(4,317)	(1,755)
Represented by:					
Endowment comprehensive income for year		(48)	(48)	676	676
Restricted comprehensive income for year		123	123	161	161
Unrestricted comprehensive income for year		(8,683)	(4,777)	(3,398)	(746)
Revaluation reserve comprehensive income for the year		(1,776)	(1,776)	(1,846)	(1,846)
Foreign currency translation reserve comprehensive income for the year		130	-	90	-
		(10,254)	(6,478)	(4,317)	(1,755)

Consolidated Statement of Comprehensive Income and Expenditure (continued)

For the year ended 31 July 2016

	Consolidated 2016 £000	University 2016 £000	Consolidated 2015 £000	University 2015 £000
(Deficit)/surplus for the year attributable to:				
University	<u>(5,197)</u>	<u>(1,291)</u>	<u>206</u>	<u>2,858</u>
Total comprehensive income for the year attributable to:				
University	<u>(10,254)</u>	<u>(6,478)</u>	<u>(4,317)</u>	<u>(1,755)</u>

All items of income and expenditure arise from continuing operations.

Consolidated and University Statement of Changes in Reserves

For the year ended 31 July 2016

Consolidated	Income and expenditure reserve			Foreign currency translation reserve £000	Revaluation reserve £000	Total £000
	Endowment £000	Restricted £000	Unrestricted £000			
Balance at 1 August 2014	50	356	75,782	-	84,395	160,583
Surplus/(deficit) from the income and expenditure account	676	432	(902)	-	-	206
Other comprehensive income	-	-	(4,722)	90	109	(4,523)
Transfer of amount equivalent to additional depreciation of fixed assets	-	-	1,955	-	(1,955)	-
Release of restricted funds spent in year	-	(271)	271	-	-	-
Total comprehensive income for the year	676	161	(3,398)	90	(1,846)	(4,317)
Balance at 1 August 2015	726	517	72,384	90	82,549	156,266
Surplus/(deficit) from the income and expenditure account	1	370	(5,568)	-	-	(5,197)
Other comprehensive income	-	-	(5,366)	130	179	(5,057)
Transfer of amount equivalent to additional depreciation of fixed assets	-	-	1,955	-	(1,955)	-
Release of restricted funds spent in year	(49)	(247)	296	-	-	-
Total comprehensive income for the year	(48)	123	(8,683)	130	(1,776)	(10,254)
Balance at 31 July 2016	678	640	63,701	220	80,773	146,012

Consolidated and University Statement of Changes in Reserves (continued)

For the year ended 31 July 2016

University	Income and expenditure reserve			Foreign currency translation reserve £000	Revaluation reserve £000	Total £000
	Endowment £000	Restricted £000	Unrestricted £000			
Balance at 1 August 2014	50	356	78,149	-	84,395	162,950
Surplus from the income and expenditure account	676	432	1,750	-	-	2,858
Other comprehensive income	-	-	(4,722)	-	109	(4,613)
Transfer of amount equivalent to additional depreciation of fixed assets	-	-	1,955	-	(1,955)	-
Release of restricted funds spent in year	-	(271)	271	-	-	-
Total comprehensive income for the year	676	161	(746)	-	(1,846)	(1,755)
Balance at 1 August 2015	726	517	77,403	-	82,549	161,195
Surplus/(deficit) from the income and expenditure account	1	370	(1,662)	-	-	(1,291)
Other comprehensive income	-	-	(5,366)	-	179	(5,187)
Transfer of amount equivalent to additional depreciation of fixed assets	-	-	1,955	-	(1,955)	-
Release of restricted funds spent in year	(49)	(247)	296	-	-	-
Total comprehensive income for the year	(48)	123	(4,777)	-	(1,776)	(6,478)
Balance at 31 July 2016	678	640	72,626	-	80,773	154,717

Consolidated and University Balance Sheet

For the year ended 31 July 2016

	Note	Consolidated 2016 £000	University 2016 £000	Consolidated 2015 £000	University 2015 £000
Non-current assets					
Fixed assets	11	195,117	193,071	180,437	178,572
Investments	12	3,681	4,191	3,696	4,206
		<u>198,798</u>	<u>197,262</u>	<u>184,133</u>	<u>182,778</u>
Current assets					
Stocks		145	145	122	122
Trade and other receivables	14	11,102	20,723	11,711	17,302
Investments	15	10,538	10,500	21,032	21,000
Cash and cash equivalents	22	8,344	7,308	18,787	17,574
		<u>30,129</u>	<u>38,676</u>	<u>51,652</u>	<u>55,998</u>
Less: Creditors: amounts falling due within one year	16	(30,198)	(28,352)	(31,990)	(29,900)
Net current (liabilities)/assets		<u>(69)</u>	<u>10,324</u>	<u>19,662</u>	<u>26,098</u>
Total assets less current liabilities		<u>198,729</u>	<u>207,586</u>	<u>203,795</u>	<u>208,876</u>
Creditors: amounts falling due after more than one year	17	(44,848)	(44,848)	(38,480)	(38,480)
Provisions					
Pension provisions	19	(7,528)	(7,528)	(7,788)	(7,788)
Other provisions	19	(341)	(493)	(1,261)	(1,413)
Total net assets		<u>146,012</u>	<u>154,717</u>	<u>156,266</u>	<u>161,195</u>
Restricted reserves					
Income and expenditure reserve - endowment reserve	20	678	678	726	726
Income and expenditure reserve - restricted reserve	21	640	640	517	517
Unrestricted reserves					
Income and expenditure reserve - unrestricted reserve		63,701	72,626	72,384	77,403
Foreign currency investment translation reserve		220	-	90	-
Revaluation reserve		80,773	80,773	82,549	82,549
Total reserves		<u>146,012</u>	<u>154,717</u>	<u>156,266</u>	<u>161,195</u>

The financial statements on pages 28 to 65 were approved by the University Court on 24 November 2016 and signed on its behalf by:

Mrs Hazel Brooke MBE
Chair of University Court

Professor Pamela Gillies CBE, FRSE
Principal and Vice-Chancellor

Gerry Milne
Chief Financial Officer and Vice Principal
(Infrastructure)

Consolidated Statement of Cash Flows

For the year ended 31 July 2016

	Note	2016 £000	2015 £000
Cash flow from operating activities			
(Deficit)/surplus for the year		(5,197)	206
Adjustment for non-cash items			
Depreciation	11	5,890	5,318
Pension costs less contribution payable		1,437	485
Loss on investments		14	-
Increase in stock		(23)	(24)
Decrease/(increase) in debtors		608	(1,456)
Increase in creditors		376	2,816
(Decrease)/increase in pension provision		(312)	406
(Decrease)/increase in other provisions		(979)	336
Share of operating deficit in joint venture	13	60	8
Adjustment for investing or financing activities			
Deferred capital grants released to income	18	(586)	(586)
Investment income	5	(274)	(313)
Interest and other finance costs	8	1,263	846
Endowment income	6	-	(675)
Profit from sale of non-current asset investments	12	(132)	-
Capital grant income	1	(1,640)	(1,588)
Net cash inflow from operating activities		<u>505</u>	<u>5,779</u>
Cash flows from investing activities			
Disposal of non-current asset investments		215	-
Withdrawal of deposits		10,500	1,498
Investment income		294	302
Payments made to acquire fixed assets		(21,794)	(13,316)
Capital grant income		887	1,554
Total cash flows from investing activities		<u>(9,898)</u>	<u>(9,962)</u>
Cash flows from financing activities			
Interest paid		(467)	(121)
Endowment cash received		-	-
New unsecured loans		-	10,000
Repayments of amounts borrowed		(575)	(140)
Total cash flows from financing activities		<u>(1,042)</u>	<u>9,739</u>
Increase in cash and cash equivalents in the year		<u>(10,435)</u>	<u>5,556</u>
Cash and cash equivalents at beginning of the year		<u>18,787</u>	<u>13,231</u>
Effects of foreign currency translation on cash and cash equivalents		<u>(8)</u>	<u>-</u>
Cash and cash equivalents at end of the year		<u>8,344</u>	<u>18,787</u>

Notes to the Financial Statements

For the year ended 31 July 2016

1	Funding body grants	Consolidated	University	Consolidated	University
		2016	2016	2015	2015
		£000	£000	£000	£000
Recurrent grants					
	General Fund - Teaching	61,479	61,479	61,208	61,208
	General Fund - Research and Knowledge Exchange	2,655	2,655	3,175	3,175
Specific grants					
	Strategic Funding	1,371	1,371	1,531	1,531
	Release of deferred capital grants (note 18)	554	554	554	554
	Capital Maintenance grants	1,640	1,640	1,588	1,588
		<u>67,699</u>	<u>67,699</u>	<u>68,056</u>	<u>68,056</u>
2 Tuition fees and education contracts					
		Consolidated	University	Consolidated	University
		2016	2016	2015	2015
		£000	£000	£000	£000
	Full-time home and EU students	17,550	17,550	18,371	18,371
	Full-time RUK students	1,041	1,041	949	949
	Full-time international students	8,578	8,578	10,674	10,674
	Part-time students	3,565	3,565	3,264	3,264
	Research Training Support Grant	253	253	188	188
	Non-credit bearing course fees	987	929	826	706
	Education contracts	1,627	1,167	1,060	610
		<u>33,601</u>	<u>33,083</u>	<u>35,332</u>	<u>34,762</u>
3 Research grants and contracts					
		Consolidated	University	Consolidated	University
		2016	2016	2015	2015
		£000	£000	£000	£000
	Research councils	447	447	440	440
	Research charities	542	541	597	588
	Government (UK and overseas)	3,432	3,369	4,081	4,065
	Industry and commerce	627	358	654	272
	Release of deferred capital grants (note 18)	32	32	32	32
	Other	834	833	53	32
		<u>5,914</u>	<u>5,580</u>	<u>5,857</u>	<u>5,429</u>

This sum includes Industrial and Government-funded research grants and contracts. It excludes SFC funding for research shown in note 1. Other grants and contract income includes research and development expenditure credits received from HMRC for the period from 1 April 2013 to 31 July 2015 of £696k.

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

4	Other income	Consolidated	University	Consolidated	University
		2016	2016	2015	2015
		£000	£000	£000	£000
	Residences, catering and conferences	3,263	3,263	3,237	3,237
	Other income	4,725	4,779	5,422	5,242
		<u>7,988</u>	<u>8,042</u>	<u>8,659</u>	<u>8,479</u>
5 Investment income					
		Consolidated	University	Consolidated	University
		2016	2016	2015	2015
		£000	£000	£000	£000
	Investment income on endowments	16	16	1	1
	Other investment income	258	247	312	302
		<u>274</u>	<u>263</u>	<u>313</u>	<u>303</u>
6 Donations and endowments					
		Consolidated	University	Consolidated	University
		2016	2016	2015	2015
		£000	£000	£000	£000
	New endowments	-	-	675	675
	Donations with restrictions	370	370	220	220
	Unrestricted donations	439	439	696	696
		<u>809</u>	<u>809</u>	<u>1,591</u>	<u>1,591</u>
7 Staff costs					
		Consolidated	University	Consolidated	University
		2016	2016	2015	2015
		£000	£000	£000	£000
	Salaries	63,545	62,566	62,726	61,642
	Social security costs	5,994	5,943	5,483	5,425
	Movement on USS provision	(83)	(83)	55	55
	Other pension costs	11,091	11,045	9,311	9,275
		<u>80,547</u>	<u>79,471</u>	<u>77,575</u>	<u>76,397</u>
Emoluments of the Principal and Vice-Chancellor					
		2016	2015		
		£000	£000		
	Salaries	223	221		
	Performance related payment	6	16		
	Benefits in kind	1	1		
	Payments in lieu of pension contributions	36	35		
		<u>266</u>	<u>273</u>		

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

7 Staff costs (continued)

Total remuneration of other higher paid staff, excluding employers' pensions contributions where applicable	2016 Number	2015 Number
£100,000 - £109,999	7	3
£110,000 - £119,999	1	-
£120,000 - £129,999	1	3
£130,000 - £139,999	-	3
£140,000 - £149,999	2	4
£150,000 - £159,999	4	-
£160,000 - £169,999	2	-
£170,000 - £179,999	-	1
£180,000 - £189,999	-	-
£190,000 - £199,999	-	-
£200,000 - £209,999	-	-
£210,000 - £219,999	-	1
£220,000 - £229,999	1	1
Compensation for loss of office payable to senior post holders	2016 £000	2015 £000
Compensation payable	<u>54</u>	<u>151</u>

The compensation payable in 2016 was to 1 person (2015: 3 people).

Average staff numbers by major category	2016 Number	2015 Number
Academic	720	706
Administrative	561	561
Technical	60	57
Others	113	114
	<u>1,454</u>	<u>1,438</u>

Restructuring costs

A number of staff left the University through voluntary severance agreements as follows:

	2016 £000	2015 £000
Academic	902	464
Administrative	403	668
Technical	27	15
Associated costs (non payroll)	18	6
	<u>1,350</u>	<u>1,153</u>

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

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 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.

	2016 £000	2015 £000
Key management personnel compensation (excluding Principal and Vice-Chancellor as disclosed separately)	<u>1,153</u>	<u>1,281</u>

Court Members

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

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

No Court member has received any remuneration or waived payments from the University during the year (2015: none).

The total expense paid to or on behalf of Court members was £13k (2015: £5k). This represents travel and subsistence incurred in attending Court, Committee meetings and events in their official capacity.

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

8	Interest and other finance costs	Consolidated	University	Consolidated	University
		2016	2016	2015	2015
		£000	£000	£000	£000
	Loan interest	462	462	218	218
	Net charge on pension scheme (note 28)	749	749	581	581
	Finance expense USS	52	52	47	47
		<u>1,263</u>	<u>1,263</u>	<u>846</u>	<u>846</u>
9	Analysis of total expenditure by activity	Consolidated	University	Consolidated	University
		2016	2016	2015	2015
		£000	£000	£000	£000
	Academic and related services	73,893	73,427	72,989	72,226
	Administration and central services	20,661	19,395	20,759	19,201
	Premises	16,333	14,931	16,074	14,827
	Residences, catering and conferences	1,707	1,707	1,902	1,902
	Research grants and contracts	5,614	5,342	5,703	5,445
	Other expenses	2,926	1,677	2,167	2,161
		<u>121,134</u>	<u>116,479</u>	<u>119,594</u>	<u>115,762</u>
	Other operating expenses (including VAT) include:	Consolidated	University	Consolidated	University
		2016	2016	2015	2015
		£000	£000	£000	£000
	Auditor's remuneration				
	External auditors remuneration in respect of audit services	89	56	80	50
	External auditors remuneration in respect of non-audit services	108	102	89	84
	Internal auditors remuneration in respect of audit services	151	151	185	185
	Operating lease rentals				
	Land and buildings	2,597	1,352	2,313	1,213
	Other	127	127	180	180

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

10	Taxation	2016	2015
		£000	£000
	Current tax		
	UK Corporation Tax on RDEC income	150	-
	Overseas taxation	256	-
	Total tax charge	<u>406</u>	<u>-</u>

The UK Corporation tax is solely in respect of research and development expenditure credits receivable by the University as described in note 3, which is of a one off nature. The Overseas tax element is in relation to the University's collaboration activities in Oman with the Caledonian College of Engineering, Oman (CCEO) for which Corporation tax is due.

11	Fixed assets					Total
		Land & Buildings	Assets under Construction	Plant & Equipment	Fixtures, Fittings & Furniture	
		£000	£000	£000	£000	£000
	Consolidated					
	Cost or valuation					
	At 1 August 2015	166,852	15,544	17,703	4,401	204,500
	Exchange movement	288	-	68	21	377
	Additions	-	19,420	473	349	20,242
	Disposals	-	-	(1,081)	-	(1,081)
	Transfers	20,478	(21,485)	528	479	-
	At 31 July 2016	<u>187,618</u>	<u>13,479</u>	<u>17,691</u>	<u>5,250</u>	<u>224,038</u>
	Depreciation					
	At 1 August 2015	8,277	-	11,623	4,163	24,063
	Exchange movement	24	-	19	6	49
	Charge for year	4,373	-	1,315	202	5,890
	Disposals	-	-	(1,081)	-	(1,081)
	At 31 July 2016	<u>12,674</u>	<u>-</u>	<u>11,876</u>	<u>4,371</u>	<u>28,921</u>
	Net Book Value					
	At 31 July 2016	<u>174,944</u>	<u>13,479</u>	<u>5,815</u>	<u>879</u>	<u>195,117</u>
	At 31 July 2015	<u>158,575</u>	<u>15,544</u>	<u>6,080</u>	<u>238</u>	<u>180,437</u>

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

11 Fixed assets (continued)

University	Land & Buildings £000	Assets under Construction £000	Plant & Equipment £000	Fixtures, Fittings & Furniture £000	Total £000
Cost or valuation					
At 1 August 2015	165,212	15,544	17,318	4,283	202,357
Additions	-	19,420	367	349	20,136
Disposals	-	-	(1,081)	-	(1,081)
Transfers	20,478	(21,485)	528	479	-
At 31 July 2016	185,690	13,479	17,132	5,111	221,412
Depreciation					
At 1 August 2015	8,137	-	11,518	4,130	23,785
Charge for year	4,244	-	1,219	174	5,637
Disposals	-	-	(1,081)	-	(1,081)
At 31 July 2016	12,381	-	11,656	4,304	28,341
Net Book Value					
At 31 July 2016	173,309	13,479	5,476	807	193,071
At 31 July 2015	157,075	15,544	5,800	153	178,572

At 31 July 2016, land and buildings included £9.7m (2015: £9.7m) in respect of the net book value of freehold land and is not depreciated.

Buildings with a deemed cost of £1.7m (2015: £1.7m) and accumulated depreciation of £209k (2015: £139k) 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 £47.7m 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.

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

12 Non-current investments

Consolidated	Subsidiary companies £000	Investments in spinouts £000	Other fixed asset investments £000	Total £000
At 1 August 2015	-	83	3,613	3,696
Additions	-	-	345	345
Disposals	-	(83)	(480)	(563)
Increase in market value of investments	-	-	203	203
At 31 July 2016	-	-	3,681	3,681
University				
	Subsidiary companies £000	Investments in spinouts £000	Other fixed asset investments £000	Total £000
At 1 August 2015	510	83	3,613	4,206
Additions	-	-	345	345
Disposals	-	(83)	(480)	(563)
Increase in market value of investments	-	-	203	203
At 31 July 2016	510	-	3,681	4,191

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 2016 £334k Gift Aid is payable by the Company to the University (2015: £441k).

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 299,900 £1 redeemable preference shares. The Company made a profit of £3k in the year to 31 July 2016 (2015: £3k).

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 2016 £214k Gift Aid is payable by GCU Academy to the University (2015: £259k).

The University controls 100% of GCU-NYC, Inc. This non-stock corporation was incorporated in February 2013 and through the GCU New York Centre delivers executive training and short courses. The University has entered into a loan agreement to lend a maximum aggregate of \$15m to GCU-NYC, Inc., at an interest rate for each advance being the lesser of 2.5% or the highest rate permitted by applicable law. At 31 July 2016 \$12.55m (£9.5m) (2015: \$8.75m, (£5.6m)) of this loan had been drawn down. In September 2013 GCU agreed a Standby Letter of Credit for \$2.25m in respect of the leasehold property in New York.

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

12 Non-current investments (continued)

During the year the University sold its share of investment in Biopta Limited. The gain on sale of £132k is recognised in the consolidated statement of comprehensive income and expenditure. Biopta Limited was formed in 2002 as a spinout company of the University and provided in vitro pharmacology services and instruments. The University through Glasgow Caledonian University Company Limited has a nominal shareholding in Glycologic Limited. Formed in 1999 its principal activity is the provision to industry of systems for the delivery of pharmaceuticals, clinical nutrients and drugs.

Other fixed asset investments have been valued 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 £1.9m. Also included in other fixed asset investments are equity investments held for endowments (note 20).

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 Royal Bank of Scotland plc. At 31 July 2016 £100k of the loan had been drawn down (2015: £100k). 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 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.

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

13 Investment in Joint venture (continued)

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	2016 £000	£000	2015 £000
Income and expenditure account				
Income		<u>1,645</u>		<u>1,777</u>
Deficit before tax		<u>(60)</u>		<u>(8)</u>
Balance sheet				
Fixed assets	<u>127</u>		134	
Current assets	<u>820</u>		<u>864</u>	
		<u>947</u>		<u>998</u>
Creditors: amounts due within one year	<u>(1,145)</u>		(1,136)	
Creditors: amounts due after more than one year	<u>(100)</u>		<u>(100)</u>	
		<u>(1,245)</u>		<u>(1,236)</u>
		<u>(298)</u>		<u>(238)</u>

14 Trade and other receivables

	Consolidated 2016 £000	University 2016 £000	Consolidated 2015 £000	University 2015 £000
Amounts falling due within one year:				
Other trade receivables	4,995	4,865	4,837	4,013
Other receivables	3,649	3,545	97	93
Provision for bad and doubtful debts	(2,564)	(2,556)	(2,303)	(2,303)
Prepayments and accrued income	5,022	4,774	5,580	5,474
Amounts due from subsidiary companies	-	595	-	878
Amounts falling due after more than one year	-	9,500	3,500	9,147
	<u>11,102</u>	<u>20,723</u>	<u>11,711</u>	<u>17,302</u>

The University Court of Glasgow Caledonian University and INTO Glasgow LP contracted in 2008 to design, build and construct a bespoke international college on land owned by the University. Building permission was granted in September 2011. The lease premium of £3.5m is payable upon practical completion which is contracted to be no later than 1 January 2017. This project had not commenced at 31 July 2016.

The University has entered into a loan agreement to lend a maximum aggregate of \$15m to GCU-NYC, Inc. At 31 July 2016 \$12.55m (£9.5m) (2015: \$8.75m, (£5.6m)) of this loan had been drawn down and is payable after more than one year. Management expects GCU-NYC Inc. to be granted an educational license and consider this loan fully recoverable.

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

15	Current investments	Consolidated	University	Consolidated	University
		2016	2016	2015	2015
		£000	£000	£000	£000
	Short term deposits	<u>10,538</u>	<u>10,500</u>	<u>21,032</u>	<u>21,000</u>

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 2016 the weighted average interest rate of these fixed rate deposits was 0.68% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 127 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
		2016	2016	2015	2015
		£000	£000	£000	£000
	Unsecured loans	602	602	575	575
	Trade payables	5,153	5,134	5,209	5,112
	Social security and other taxation payable	1,732	1,732	1,585	1,585
	Amounts owing to subsidiary companies	-	92	-	2
	Accruals and deferred income	<u>22,711</u>	<u>20,792</u>	<u>24,621</u>	<u>22,626</u>
		<u>30,198</u>	<u>28,352</u>	<u>31,990</u>	<u>29,900</u>

Included in accruals and deferred income are deferred capital grants to be released within one year of £584k (2015: £586k).

17	Creditors: amounts falling after more than one year	Consolidated	University	Consolidated	University
		2016	2016	2015	2015
		£000	£000	£000	£000
	Unsecured loans	8,683	8,683	9,285	9,285
	Deferred income - deferred capital grants	8,527	8,527	9,111	9,111
	Net pension liability (note 28)	<u>27,638</u>	<u>27,638</u>	<u>20,084</u>	<u>20,084</u>
		<u>44,848</u>	<u>44,848</u>	<u>38,480</u>	<u>38,480</u>

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

17	Creditors: amounts falling after more than one year (continued)	Consolidated	University	Consolidated	University
		2016	2016	2015	2015
		£000	£000	£000	£000
	Analysis of unsecured loans:				
	Due within one year (Note 16)	602	602	575	575
	Due between one to two years	632	632	602	602
	Due between two and five years	2,087	2,087	1,988	1,988
	Due in five years or more	<u>5,964</u>	<u>5,964</u>	<u>6,695</u>	<u>6,695</u>
	Due after more than one year	8,683	8,683	9,285	9,285
	Total unsecured loans	9,285	9,285	<u>9,860</u>	<u>9,860</u>

An unsecured bank loan of £10m (2015: £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	Deferred capital grants	Consolidated & University		
		Buildings	Equipment	Total
		£000	£000	£000
	At 1 August 2015			
	Funding Council	6,466	3,137	9,603
	Other	-	94	94
		<u>6,466</u>	<u>3,231</u>	<u>9,697</u>
	Cash receivable			
	Funding Council	-	-	-
	Other	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
	Released to income and expenditure account			
	Funding Council	(268)	(286)	(554)
	Other	-	(32)	(32)
		<u>(268)</u>	<u>(318)</u>	<u>(586)</u>
	At 31 July 2016			
	Funding Council	6,198	2,851	9,049
	Other	-	62	62
		<u>6,198</u>	<u>2,913</u>	<u>9,111</u>

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

19 Provisions for liabilities

Consolidated	USS pension £000	Early retirement pension £000	Total pension provisions £000	Leasehold dilapidations £000	Other £000	Total other £000
At 1 August 2015	1,070	6,718	7,788	985	276	1,261
Utilised in year	(83)	(421)	(504)	(670)	(38)	(708)
Additions	52	192	244	-	103	103
Unused amounts reversed	-	-	-	(315)	-	(315)
At 31 July 2016	1,039	6,489	7,528	-	341	341

University	USS pension £000	Early retirement pension £000	Total pension provisions £000	Leasehold dilapidations £000	Other £000	Total other £000
At 1 August 2015	1,070	6,718	7,788	985	428	1,413
Utilised in year	(83)	(421)	(504)	(670)	(38)	(708)
Additions	52	192	244	-	103	103
Unused amounts reversed	-	-	-	(315)	-	(315)
At 31 July 2016	1,039	6,489	7,528	-	493	493

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	2.40
Inflation	1.80

Leasehold dilapidations

The provision represents the cost of restoring the leasehold building to its original condition.

Other

The 'Other' provision represents obligations in respect of the CRC Energy Efficiency Scheme and the University's investment in the joint venture.

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

20 Endowment Reserves

	Restricted permanent endowments £000	Unrestricted permanent endowments £000	Expendable endowments £000	2016 £000	2015 £000
At 1 August					
Capital	251	14	450	715	40
Accumulated income	10	1	-	11	10
	261	15	450	726	50
New endowments	-	-	-	-	675
Investment income	6	-	10	16	1
Expenditure	(3)	-	(47)	(50)	-
Decrease in market value of investments	(6)	-	(8)	(14)	-
Total endowment comprehensive income for the year	(3)	-	(45)	(48)	676
At 31 July	258	15	405	678	726
Represented by:					
Capital	245	14	353	612	715
Accumulated income	13	1	52	66	11
	258	15	405	678	726
Analysis by purpose:					
Scholarships and bursaries				440	485
Prize funds				223	226
Other				15	15
				678	726
Analysis by asset:					
Non-current asset investment				565	676
Cash and cash equivalents				113	50
				678	726

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

21 Restricted reserves	Donations	Donations
	2016	2015
	£000	£000
At 1 August	517	356
New donations	370	432
Expenditure	(247)	(271)
Total restricted comprehensive income for the year	123	161
At 31 July	640	517
Analysis by purpose:		
Scholarships and bursaries	612	483
Prize funds	14	14
Other	14	20
	640	517

22 Cash and cash equivalents

Consolidated	At 1	Cash	At 31
	August		July
	2015	flows	2016
	£000	£000	£000
Cash and cash equivalents	18,787	(10,443)	8,344

23 Capital and other commitments

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

	Consolidated	University	Consolidated	University
	2016	2016	2015	2015
	£000	£000	£000	£000
Commitments contracted for	1,342	1,342	18,467	18,467
Authorised but not contracted for	2,543	2,543	6,000	6,000
	3,885	3,885	24,467	24,467

The commitments at 31 July 2015 included the capital investment in the Heart of Campus development.

24 Contingent liabilities

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

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

25 Lease obligations

Total rentals payable under operating leases:

	Land and buildings	Plant and machinery	Other leases	2016	2015
	£000	£000	£000	£000	£000
Payable during the year	2,597	100	27	2,724	2,493
Future minimum lease payments due:					
Not later than one year	2,178	93	22	2,293	2,253
Later than one year and not later than five years	7,633	186	11	7,830	7,723
Later than five years	10,074	-	-	10,074	9,689
	19,885	279	33	20,197	19,665

26 Events after the reporting period

There were no events after the reporting period which would require disclosure within these financial statements.

27 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
GCU-NYC, Inc.	The provision of executive training and short courses	100% controlled	Delaware, US

For the year ended 31 July 2016

28 Pension schemes

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

GCU-NYC, Inc. participates in a 401k defined contribution retirement plan.

The University contribution rates on eligible salary costs are:

	1/9/2015 to 31/7/2016	1/8/2015 to 31/8/2015
Academic staff STSS	17.2%	14.9%
Administrative and Manual Staff SPF	19.3%	19.3%
Academic staff USS	16.0%	16.0%
	2016	2015
	£000	£000
The total pension costs for the year were:		
Normal contribution to:		
STSS – contributions paid	4,764	4,107
SPF – charge to income and expenditure account	5,672	4,585
USS – contributions paid	643	617
401K plan - Contributions paid	12	2
	11,091	9,311

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.

For the year ended 31 July 2016

28 Pension schemes (continued)**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 2014 valuation results, rolled forward onto the FRS 102 assumptions at 31 July 2016.

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:

	2016	2015
Pension increase (RPI)	2.9%	3.5%
Pension increase (CPI)	1.8%	2.4%
Rate of increase in salaries	3.2%*	3.4%**
Rate of increase of pensions	1.8%	2.4%
Discount rate	2.6%	3.6%

*composite salary increase assumption of 3.2% as at 31 July 2016 (2.5% p.a. until 31 July 2017, 3.0% p.a. until 31 July 2021 and reverting to a long term assumption of 3.4% p.a. thereafter), taking account of the average term to retirement.

**composite salary increase assumption of 3.4% as at 31 July 2015 (2.0% p.a. until 31 July 2020 and reverting to a long term assumption of 4.0% p.a. thereafter), taking account of the average term to retirement.

Mortality assumptions

The life expectancies used to determine benefit obligations are:

	Male	Female
Current pensioners	22.1 years	23.6 years
Future pensioners	24.8 years	26.2 years

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

28 Pension schemes (continued)

The Strathclyde Pension Fund (continued)

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:

	2016 £000	2015 £000	2014 £000
Equities	107,352	94,502	85,732
Bonds	23,529	15,120	13,537
Property	16,176	15,120	7,896
Cash	-	1,260	5,640
	<u>147,057</u>	<u>126,002</u>	<u>112,805</u>

	2016	2015	2014
Weighted average expected long term rate of return	2.6%	3.6%	5.95%

Analysis of the amount shown in the balance sheet for SPF:

	2016 £000	2015 £000
Scheme assets	147,057	126,002
Scheme funded liabilities	(174,249)	(145,612)
Scheme unfunded liabilities	(446)	(474)
Deficit in the scheme - net pension liability	<u>(27,638)</u>	<u>(20,084)</u>

Current service costs	(5,672)	(4,585)
Total operating charge	<u>(5,672)</u>	<u>(4,585)</u>

Analysis of the amount charged to interest payable for SPF:

Interest cost	(5,329)	(5,139)
Expected return on assets	4,580	4,558
Total net interest	<u>(749)</u>	<u>(581)</u>

Analysis of other comprehensive income for SPF:

Change in demographic assumptions	-	(10,719)
Change in financial assumptions	(20,806)	(6,174)
Other experience	1,450	6,000
Return on assets	13,990	6,171
Total other comprehensive income before deduction for tax	<u>(5,366)</u>	<u>(4,722)</u>

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

28 Pension schemes (continued)

The Strathclyde Pension Fund (continued)

	2016 £000	2015 £000
Cumulative actuarial loss recognised as other comprehensive income:		
Cumulative actuarial losses recognised at the start of the year	18,579	13,857
Cumulative actuarial losses recognised at the end of the year	<u>23,945</u>	<u>18,579</u>

	2016 £000	2015 £000
Analysis of movement in deficit:		
Deficit at beginning of year	(20,084)	(14,296)
Contributions or benefits paid by the University	4,194	4,059
Contributions in respect of unfunded benefits	39	41
Current service cost	(5,672)	(4,585)
Other finance charge	(749)	(581)
Loss recognised in other comprehensive income	(5,366)	(4,722)
Deficit at end of year	<u>(27,638)</u>	<u>(20,084)</u>

	2016 £000	2015 £000
Analysis of movement in the present value of SPF liabilities:		
At 1 August	146,086	127,101
Current service cost (net of member contributions)	5,672	4,585
Interest cost	5,329	5,139
Actual member contributions	1,444	1,422
Actuarial losses	19,356	10,893
Unfunded benefits paid	(39)	(41)
Actual benefits paid	(3,153)	(3,013)
At 31 July	<u>174,695</u>	<u>146,086</u>

	2016 £000	2015 £000
Analysis of movement in the fair value of scheme assets:		
At 1 August	126,002	112,805
Expected return on assets	4,580	6,836
Actuarial gain on assets	13,990	3,893
Actual contributions paid by the University	4,194	4,059
Actual contributions in respect of unfunded benefits	39	41
Actual member contributions	1,444	1,422
Unfunded benefits paid	(39)	(41)
Actual benefits paid	(3,153)	(3,013)
At 31 July	<u>147,057</u>	<u>126,002</u>

The University expects to contribute £4,194k to the Strathclyde Pension Fund in 2016/17. There were no outstanding contributions at the balance sheet date (2015: nil).

For the year ended 31 July 2016

28 Pension schemes (continued)**The Scottish Teachers Superannuation Scheme**

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

The latest full actuarial valuation of the STSS received from the Government Agency's Department is as at 31 March 2012. A new employer contribution rate (17.2%) was applied from 1 September 2015 until 31 March 2019, at which point the rate will be revised in line with the outcome of the next scheme valuation, which will be as at 31 March 2016 and will be conducted during 2016 and 2017. There were no outstanding contributions at the balance sheet date (2015: nil).

Universities Superannuation Scheme

The total cost charged to the profit and loss account is £643k (2015: £617k).

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Pension increases (CPI)	2.2%	2.2%

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

Male members' mortality	98% of S1NA ["light"] YoB tables - No age rating
Female members' mortality	99% of S1NA ["light"] YoB tables - rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

For the year ended 31 July 2016

28 Pension schemes (continued)**Universities Superannuation Scheme (continued)**

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7

	2016	2015
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%

29 Disclosure of related party transactions

Transactions in the year with Biopta Limited and Glycologic Limited, GCU spin out companies were reviewed and no material payments have been made to, or received from, the companies.

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

30 Childcare and hardship fund

	Childcare fund £000	Hardship fund £000	Total £000
At 1 August 2015	1	-	1
Allocation received in year	547	981	1,528
Funds paid in 2014/15 refunded in the year	-	-	-
Expenditure	(375)	(1,156)	(1,531)
Repaid by clawback	(1)	-	(1)
Institution contribution to funds (bank interest)	1	2	3
Virements	(173)	173	-
At 31 July 2016	-	-	-
Repayable as clawback	-	-	-
Retained for students	-	-	-

Funding Council 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.

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

31 Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing these financial statements the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following statements.

Consolidated Statement of Comprehensive Income and Expenditure

	Note	2007 SORP £000	STRGL items* £000	Effect of transition to 2015 SORP £000	2015 SORP £000
Income					
Funding body grants		68,056	-	-	68,056
Tuition fees and education contracts		35,332	-	-	35,332
Research grants and contracts		5,857	-	-	5,857
Other income (adjusted to exclude income from joint ventures)	3, 4	8,522	-	137	8,659
Investment income	1, 5	2,055	(1,697)	(45)	313
Donations and endowments	2, 5	824	722	45	1,591
Total income		<u>120,646</u>	<u>(975)</u>	<u>137</u>	<u>119,808</u>
Expenditure					
Staff costs	6, 7	77,484	-	91	77,575
Restructuring costs		1,153	-	-	1,153
Other operating expenses	8	34,419	-	283	34,702
Depreciation		5,318	-	-	5,318
Interest and other finance costs	1, 6	218	581	47	846
Total expenditure		<u>118,592</u>	<u>581</u>	<u>421</u>	<u>119,594</u>
Share of operating deficit in joint venture		(8)	-	-	(8)
Surplus before tax		<u>2,046</u>	<u>(1,556)</u>	<u>(284)</u>	<u>206</u>
Taxation					
Surplus after tax		<u>2,046</u>	<u>(1,556)</u>	<u>(284)</u>	<u>206</u>

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

31 Transition to FRS102 and the 2015 SORP (continued)

Consolidated Statement of Comprehensive Income and Expenditure (continued)

	Note	2007 SORP £000	STRGL items* £000	Effect of transition to 2015 SORP £000	2015 SORP £000
Transfer from accumulated income within Endowments	9	18	-	(18)	-
Surplus for the year		<u>2,064</u>	<u>(1,556)</u>	<u>(302)</u>	<u>206</u>
Unrealised gain on investments	10	-	109	-	109
Actuarial loss in respect of pension schemes	1	-	(4,722)	-	(4,722)
Currency translation differences on foreign currency net investments	8, 11	-	(193)	283	90
Total comprehensive income for the year		<u>2,064</u>	<u>(6,362)</u>	<u>(19)</u>	<u>(4,317)</u>

*This column represents items that were previously recorded within the Statement of Total Recognised Gains and Losses (STRGL) and are now recorded within the Statement of Comprehensive Income and Expenditure.

Notes to the reconciliation of surplus/(deficit)

- Adjustment to account for Strathclyde Pension Fund under FRS 102, previously included in the STRGL
- Adjustment to recognise endowment income in respect of the new endowments in the year, previously included in the STRGL; Expendable £496k and Permanent £226k
- Adjustment to reverse transition adjustments released from deferred income; (£207k)
- Release of deferred income as at 31 July 2015 in accordance with income recognition criteria; £344k
- Transfer of investment income now recognised as donations; £45k
- Adjustment to recognise the annual movement in USS pension provision; £55k net pension costs and £47k finance charge
- Adjustment to recognise the annual movement in the holiday pay accrual; £36k
- Consolidation adjustment as loan due to GCU-NYC, Inc. classed as net investment on consolidation; £283k
- Transfer movement in 2014/15 for endowments now classified as restricted reserves; £18k
- Adjustment to recognise unrealised gain on revaluation of non current asset investments, previously included in the STRGL; £109k
- Adjustment to recognise exchange difference on retranslation of net assets of foreign subsidiary, previously included in the STRGL; £193k

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

31 Transition to FRS102 and the 2015 SORP (continued)

University Statement of Comprehensive Income and Expenditure

	Note	2007 SORP £000	STRGL items* £000	Effect of transition to 2015 SORP £000	2015 SORP £000
Income					
Funding body grants		68,056	-	-	68,056
Tuition fees and education contracts		34,762	-	-	34,762
Research grants and contracts		5,429	-	-	5,429
Other income	3, 4	8,342	-	137	8,479
Investment income	1, 5	2,045	(1,697)	(45)	303
Donations and endowments	2, 5	824	722	45	1,591
Total income		<u>119,458</u>	<u>(975)</u>	<u>137</u>	<u>118,620</u>
Expenditure					
Staff costs	6, 7	76,306	-	91	76,397
Restructuring costs		1,153	-	-	1,153
Other operating expenses		32,258	-	-	32,258
Depreciation		5,108	-	-	5,108
Interest and other finance costs	1, 6	218	581	47	846
Total expenditure		<u>115,043</u>	<u>581</u>	<u>138</u>	<u>115,762</u>
Share of operating deficit in joint venture		-	-	-	-
Surplus before tax		<u>4,415</u>	<u>(1,556)</u>	<u>(1)</u>	<u>2,858</u>
Taxation					
Surplus after tax		<u>4,415</u>	<u>(1,556)</u>	<u>(1)</u>	<u>2,858</u>

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

31 Transition to FRS102 and the 2015 SORP (continued)

University Statement of Comprehensive Income and Expenditure (continued)

	Note	2007 SORP £000	STRGL items* £000	Effect of transition to 2015 SORP £000	2015 SORP £000
Transfer from accumulated income within Endowments	8	18	-	(18)	-
Surplus for the year		<u>4,433</u>	<u>(1,556)</u>	<u>(19)</u>	<u>2,858</u>
Unrealised gain on investments	9	-	109	-	109
Actuarial loss in respect of pension schemes	1	-	(4,722)	-	(4,722)
Total comprehensive income for the year		<u>4,433</u>	<u>(6,169)</u>	<u>(19)</u>	<u>(1,755)</u>

*This column represents items that were previously recorded within the Statement of Total Recognised Gains and Losses (STRGL) and are now recorded within the Statement of Comprehensive Income and Expenditure.

Notes to the reconciliation of surplus/(deficit)

1. Adjustment to account for Strathclyde Pension Fund under FRS 102, previously included in the STRGL
2. Adjustment to recognise endowment income in respect of the new endowments in the year, previously included in the STRGL; Expendable £496k and Permanent £226k
3. Adjustment to reverse transition adjustments released from deferred income; (£207k)
4. Release of deferred income as at 31 July 2015 in accordance with income recognition criteria; £344k
5. Transfer of investment income now recognised as donations; £45k
6. Adjustment to recognise the annual movement in USS pension provision; £55k net pension costs and £47k finance charge
7. Adjustment to recognise the annual movement in the holiday pay accrual; £36k
8. Transfer movement in 2014/15 for endowments now classified as restricted reserves; £18k
9. Adjustment to recognise unrealised gain on revaluation of non current asset investments, previously included in the STRGL; £109k

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

31 Transition to FRS102 and the 2015 SORP (continued)

Consolidated Balance Sheet

	Note	01/08/2014			31/07/2015		
		Effect of transition		2015	*Opening effect of transition		2015
		2007 SORP	to 2015 SORP		2007 SORP	to 2015 SORP	
		£000	£000	£000	£000	£000	£000
Non-current assets							
Tangible Fixed Assets		170,221	-	170,221	180,437	-	180,437
Investments	7	2,911	-	2,911	3,020	-	3,696
		<u>173,132</u>	<u>-</u>	<u>173,132</u>	<u>183,457</u>	<u>-</u>	<u>184,133</u>
Endowment assets	7	149	(149)	-	853	(149)	(704)
Current assets							
Stock		98	-	98	122	-	122
Trade and other receivables		10,243	-	10,243	11,711	-	11,711
Investments	10	22,530	-	22,530	23,032	-	(2,000)
Cash and cash equivalents	7, 10	13,082	149	13,231	16,610	149	2,028
		<u>45,953</u>	<u>149</u>	<u>46,102</u>	<u>51,475</u>	<u>149</u>	<u>28</u>
Less: Creditors: amounts falling due within one year	3, 8, 9	(25,155)	(1,252)	(26,407)	(30,839)	(1,252)	101
		<u>20,798</u>	<u>(1,103)</u>	<u>19,695</u>	<u>20,636</u>	<u>(1,103)</u>	<u>129</u>
Net current assets							
		<u>20,798</u>	<u>(1,103)</u>	<u>19,695</u>	<u>20,636</u>	<u>(1,103)</u>	<u>129</u>
Total assets less current liabilities		<u>194,079</u>	<u>(1,252)</u>	<u>192,827</u>	<u>204,946</u>	<u>(1,252)</u>	<u>101</u>
Creditors: amounts falling due after more than one year	6, 8	-	(23,993)	(23,993)	(9,285)	(23,993)	(5,202)
		<u>-</u>	<u>(23,993)</u>	<u>(23,993)</u>	<u>(9,285)</u>	<u>(23,993)</u>	<u>(5,202)</u>
Provisions							
Pension provisions	2	(6,366)	(968)	(7,334)	(6,718)	(968)	(102)
Other provisions		(917)	-	(917)	(1,261)	-	-
		<u>(6,366)</u>	<u>(968)</u>	<u>(7,334)</u>	<u>(6,718)</u>	<u>(968)</u>	<u>(102)</u>
Pension liability	6	(14,296)	14,296	-	(20,084)	14,296	5,788
		<u>(14,296)</u>	<u>14,296)</u>	<u>-</u>	<u>(20,084)</u>	<u>14,296)</u>	<u>5,788)</u>
Total net assets	7	<u>172,500</u>	<u>(11,917)</u>	<u>160,583</u>	<u>167,598</u>	<u>(11,917)</u>	<u>585</u>

Notes to the Financial Statements (continued)

For the year ended 31 July 2016

31 Transition to FRS102 and the 2015 SORP (continued)

Consolidated Balance Sheet (continued)

	Note	01/08/2014			31/07/2015		
		Effect of transition		2015	*Opening effect of transition		2015
		2007 SORP	to 2015 SORP		2007 SORP	to 2015 SORP	
		£000	£000	£000	£000	£000	£000
Deferred capital grants							
	8	10,283	(10,283)	-	9,697	(10,283)	586
		<u>10,283</u>	<u>(10,283)</u>	<u>-</u>	<u>9,697</u>	<u>(10,283)</u>	<u>586</u>
Restricted Reserves							
Income and expenditure reserve - endowment reserve	4	149	(99)	50	853	(99)	(28)
Income and expenditure reserve - restricted reserve	3, 4, 5	-	356	356	-	356	161
		<u>-</u>	<u>356</u>	<u>356</u>	<u>-</u>	<u>356</u>	<u>161</u>
Unrestricted Reserves							
Income and expenditure reserve - unrestricted	1, 2, 3, 5, 9, 11	91,969	(16,187)	75,782	94,776	(16,187)	(6,205)
Pension reserve	1	(14,296)	14,296	-	(20,084)	14,296	5,788
Foreign currency translation reserve	11	-	-	-	(193)	-	283
Revaluation reserve		84,395	-	84,395	82,549	-	-
		<u>84,395</u>	<u>-</u>	<u>84,395</u>	<u>82,549</u>	<u>-</u>	<u>-</u>
		<u>162,217</u>	<u>(1,634)</u>	<u>160,583</u>	<u>157,901</u>	<u>(1,634)</u>	<u>(1)</u>
Total reserves		<u>172,500</u>	<u>(11,917)</u>	<u>160,583</u>	<u>167,598</u>	<u>(11,917)</u>	<u>585</u>

*Opening adjustments relate to the Reconciliation of Reserves as at 1 August 2014.

For the year ended 31 July 2016

31 Transition to FRS102 and the 2015 SORP (continued)

Consolidated Balance Sheet (continued)

Notes to the reconciliation of reserves

1. Transfer Pension Reserve separately accounted for under UK GAAP to I&E reserve; at 1 August 2014 £14,296k and 31 July 2015 movement of £5,788k
2. Recognise the contractual obligation relating to USS pension scheme recovery plan; at 1 August 2014 £968k and movement in year to 31 July 2015 £102k
3. Release of deferred income to I&E unrestricted reserves in accordance with performance conditions; at 1 August 2014 £207k and 31 July 2015 £57k (net)
Release of deferred income to I&E restricted reserves in accordance with performance conditions; at 31 July 2015 £80k
4. Reallocation of expendable endowments to I&E restricted reserves; at 1 August 2014 £99k and 31 July 2015 £28k
5. Transfer donations with restrictions from I&E unrestricted reserves to I&E restricted reserves until such time as expenditure is incurred in accordance with restrictions; at 1 August 2014 £257k and 31 July 2015 £53k
6. Transfer of pension liability to retirement benefit obligation within creditors falling due after more than one year; at 1 August 2014 £14,296k and 31 July 2015 movement of £5,788k
7. Transfer of endowment assets to be disclosed within basic financial instruments; 1 August 2014 Cash £149k and 31 July 2015 Cash £177k and Investments £676k
8. Movement of deferred capital grants, shown as a liability within total net assets rather than within total reserves. At 1 August 2014 liability split between less than 1 year £586k and greater than 1 year £9,697k. At 31 July 2015 £586k is released from falling due after more than 1 year.
9. Adjustment to recognise the unused holiday pay accrual; at 1 August 2014 £873k and movement in year to 2015 £36k
10. Transfer of short term investment maturing within 3 months now classed as Cash; at 31 July 2015 £2,000k
11. Consolidation adjustment as loan due to GCU-NYC, Inc. classed as net investment on consolidation; at 31 July 2015 £283k

For the year ended 31 July 2016

31 Transition to FRS102 and the 2015 SORP (continued)

University Balance Sheet

	Note	01/08/2014		31/07/2015				
		2007 SORP £000	Effect of transition to 2015 SORP £000	2015 SORP £000	2007 SORP £000	*Opening effect of transition to 2015 SORP £000	Effect of transition to 2015 SORP £000	2015 SORP £000
Non-current assets								
Tangible Fixed Assets		168,304	-	168,304	178,572	-	-	178,572
Investments	7	3,421	-	3,421	3,530	-	676	4,206
		<u>171,725</u>	<u>-</u>	<u>171,725</u>	<u>182,102</u>	<u>-</u>	<u>676</u>	<u>182,778</u>
Endowment assets	7	149	(149)	-	853	(149)	(704)	-
Current assets								
Stock		98	-	98	122	-	-	122
Trade and other receivables		14,415	-	14,415	17,302	-	-	17,302
Investments	10	22,500	-	22,500	23,000	-	(2,000)	21,000
Cash and cash equivalents	7, 10	11,086	149	11,235	15,397	149	2,028	17,574
		<u>48,099</u>	<u>149</u>	<u>48,248</u>	<u>55,821</u>	<u>149</u>	<u>28</u>	<u>55,998</u>
Less: Creditors: amounts falling due within one year	3, 8, 9	(23,375)	(1,252)	(24,627)	(28,749)	(1,252)	101	(29,900)
Net current assets		<u>24,724</u>	<u>(1,103)</u>	<u>23,621</u>	<u>27,072</u>	<u>(1,103)</u>	<u>129</u>	<u>26,098</u>
Total assets less current liabilities		196,598	(1,252)	195,346	210,027	(1,252)	101	208,876
Creditors: amounts falling due after more than one year	6, 8	-	(23,993)	(23,993)	(9,285)	(23,993)	(5,202)	(38,480)
Provisions								
Pension provisions	2	(6,366)	(968)	(7,334)	(6,718)	(968)	(102)	(7,788)
Other provisions		(1,069)	-	(1,069)	(1,413)	-	-	(1,413)
Pension liability	6	(14,296)	14,296	-	(20,084)	14,296	5,788	-
Total net assets	7	<u>174,867</u>	<u>(11,917)</u>	<u>162,950</u>	<u>172,527</u>	<u>(11,917)</u>	<u>585</u>	<u>161,195</u>

For the year ended 31 July 2016

31 Transition to FRS102 and the 2015 SORP (continued)

University Balance Sheet (continued)

	Note	01/08/2014			31/07/2015			2015 SORP £000
		2007 SORP £000	Effect of transition to 2015 SORP £000	2015 SORP £000	*Opening effect of transition to 2015 SORP £000	Effect of transition to 2015 SORP £000	2015 SORP £000	
Deferred capital grants	8	10,283	(10,283)	-	9,697	(10,283)	586	-
Restricted Reserves								
Income and expenditure reserve - endowment reserve	4	149	(99)	50	853	(99)	(28)	726
Income and expenditure reserve - restricted reserve	3, 4, 5	-	356	356	-	356	161	517
Unrestricted Reserves								
Income and expenditure reserve - unrestricted	1, 2, 3, 5, 9	94,336	(16,187)	78,149	99,512	(16,187)	(5,922)	77,403
Pension reserve	1	(14,296)	14,296	-	(20,084)	14,296	5,788	-
Revaluation reserve		84,395	-	84,395	82,549	-	-	82,549
		164,584	(1,634)	162,950	162,830	(1,634)	(1)	161,195
Total reserves		<u>174,867</u>	<u>(11,917)</u>	<u>162,950</u>	<u>172,527</u>	<u>(11,917)</u>	<u>585</u>	<u>161,195</u>

*Opening adjustments relate to the Reconciliation of Reserves as at 1 August 2014.

For the year ended 31 July 2016

31 Transition to FRS102 and the 2015 SORP (continued)

University Balance Sheet (continued)

Notes to the reconciliation of reserves

1. Transfer Pension Reserve separately accounted for under UK GAAP to I&E reserve; at 1 August 2014 £14,296k and 31 July 2015 movement of £5,788k
2. Recognise the contractual obligation relating to USS pension scheme recovery plan; at 1 August 2014 £968k and movement in year to 31 July 2015 £102k
3. Release of deferred income to I&E unrestricted reserves in accordance with performance conditions; at 1 August 2014 £207k and 31 July 2015 £57k (net)
Release of deferred income to I&E restricted reserves in accordance with performance conditions; at 31 July 2015 £80k
4. Reallocation of expendable endowments to I&E restricted reserves; at 1 August 2014 £99k and 31 July 2015 £28k
5. Transfer donations with restrictions from I&E unrestricted reserves to I&E restricted reserves until such time as expenditure is incurred in accordance with restrictions; at 1 August 2014 £257k and 31 July 2015 £53k
6. Transfer of pension liability to retirement benefit obligation within creditors falling due after more than one year; at 1 August 2014 £14,296k and 31 July 2015 movement of £5,788k
7. Transfer of endowment assets to be disclosed within basic financial instruments; 1 August 2014 Cash £149k and 31 July 2015 Cash £177k and Investments £676k
8. Movement of deferred capital grants, shown as a liability within total net assets rather than within total reserves. At 1 August 2014 liability split between less than 1 year £586k and greater than 1 year £9,697k. At 31 July 2015 £586k is released from falling due after more than 1 year.
9. Adjustment to recognise the unused holiday pay accrual; at 1 August 2014 £873k and movement in year to 2015 £36k
10. Transfer of short term investment maturing within 3 months now classed as Cash; at 31 July 2015 £2,000k



Cowcaddens Road,
Glasgow G4 0BA

www.gcu.ac.uk

GCU London

40 Fashion Street,
London E1 6PX

www.gculondon.ac.uk

GCU New York

64 Wooster Street,
New York, NY 10012, USA

www.gcunewyork.com