

Annual Report & Accounts

Year Ended: 31st July 2008





2007 – 2008

ANNUAL REPORT AND ACCOUNTS

YEAR ENDED: 31 JULY 2008

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UNIVERSITY'S PROFESSIONAL ADVISORS

Bankers

Royal Bank of Scotland plc

23 Sauchiehall Street
Glasgow G2 3AD

Loan Facility

Allied Irish Bank (GB)

227 West George Street
Glasgow G2 2ND

External Auditors

Grant Thornton UK LLP

Chartered Accountants and Registered Auditor
1-4 Atholl Crescent
Edinburgh EH3 8LQ

Internal Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditor
Kintyre House
West George Street
Glasgow

Solicitors

Brodies LLP

Solicitors
15 Atholl Crescent
EDINBURGH
EH13 8JA

Solicitors

MacRoberts

Solicitors
152 Bath Street
Glasgow
G2 4TB

Solicitors

Biggart Baillie

310 St Vincent Street
Glasgow
G2 5PR

GLASGOW CALEDONIAN UNIVERSITY ANNUAL OPERATING AND FINANCIAL REPORT 2008

MISSION AND VISION

Our Mission

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

Our 2015 Vision

Building on the cornerstones of excellence in learning and teaching and in research, our new vision is to become a distinctive, socially entrepreneurial University which is led by our values, focused on delivering our goals and committed to discharging our responsibility to promote social good.

Our University will be known for:

- **Social enterprise and social inclusion**
focusing on social enterprise wherever possible, delivering our social mission with an enhanced capacity to commercialise what we do with flair, harnessing all of the intellectual capital of the institution and, at the same time, engaging effectively with communities
- **Learning and teaching**
emphasising a modern, flexible and effective approach which makes the best use of information and communication technologies to deliver a broadly based and innovatively delivered curriculum reflecting our vision
- **Academic excellence in research**
focussing particularly on our current strengths in health, the environment, creative cultures, business and technologies and social justice, and committed to the widest dissemination of research findings
- **International outlook**
reaching outward internationally to enhance cultural understanding, diversify our curriculum and our staff and student body and advance our commitment to scholarship and learning, to social justice and equality of opportunity
- **Graduates**
developing global citizens, employable, entrepreneurial, mobile, practical and resourceful

- **Staff**
welcoming, professional, solutions-oriented, confident and engaging staff, with colleagues committed to leadership, career development and to enhancing the social and emotional capital of the University
- **How we do things**
creative, collaborative, inclusive, open, accessible, and action-oriented

EXECUTIVE SUMMARY

Contribution to Scotland and its Economic and Social Development

The University's mission, our strategic priorities and our academic strengths in, for example, social justice, health and wellbeing and the environment align closely with the strategic objectives of the Scottish Government. Our commitment to delivering our social mission, ensuring our graduates are equipped with the skills to contribute to the economic and social development of Scotland and our business development and community engagement activities, all contribute to meeting the Scottish Government's strategic objectives to be 'wealthier & fairer, smarter, healthier, safer & stronger and greener'.

The Joint Future Thinking Taskforce is currently undertaking a review of Scottish higher education to consider how the sector is best able to meet the challenges of the next twenty years. This review is likely to have wide-ranging impact both on funding and the structure of higher education. Glasgow Caledonian University is fully engaged in this debate and our Principal and Vice-Chancellor is a member of the Taskforce.

The Principal is the independent Chair of the newly-established Glasgow Health Commission, which met for the first time in June 2008. A joint initiative involving Glasgow City Council, NHS Greater Glasgow and Clyde and the Glasgow Centre for Population Health, the Commission is tasked with drawing together thinking on sustainable health improvement in Glasgow and making recommendations for the City's partners to reduce health inequalities in the immediate and longer term.

The University is also engaged in influencing policy in relation to international and economic development, most notably through the Principal's appointment to the Board of the Trustees of the British Council and as a member of CBI Scotland.

The Principal has also been appointed as a Trustee of the Board of the Saltire Foundation.

Summary of Our Performance in 2007-08

The University's corporate plan has seven strategic priority areas and supporting goals which take us towards our 2015 vision. Our review of performance over the last year is structured around these priority areas as follows:

Learning and teaching

The University has updated its Learning, Teaching and Assessment (LTAS) strategy, with the aim of moving from conventional forms of learning to embed learning innovation across all programmes. Our academic schools are working closely with the Caledonian Academy to implement the strategy and a range of initiatives and projects are now in place to support this.

Research, knowledge transfer and business development

In November 2007 the University submitted its response to the UK Research Assessment Exercise (RAE2008). The University has continued to attract funding for research from a diverse range of funding sources including UK science research councils and leading charities. It is focussing its activities on key strengths in health, the environment and social justice.

'The Applied Knowledge Exchange' was established in 2008 to provide a physical and virtual portal for commercial and social enterprise organisations to access the University's expertise and resources. Initial success in income generation is encouraging.

Social Enterprise and Social Inclusion

In 2007-08 the University established the 'Caledonian Club', to raise aspirations of pupils at local schools. Our previous success in widening participation led to us being appointed the articulation hub for Greater Glasgow. We continue to develop our community engagement strategy and work closely with the local community.

Internationalisation

In 2008 the University was voted top in the UK and second in the world for international student experience in the International Student Barometer Survey.

Following the continued success of the Caledonian College of Engineering in Oman, the University is energetically pursuing its strategy to provide graduates with experience of learning in different cultures.

The University has now signed agreements with the University of Jinan in Shandong Province, China to deliver Glasgow Caledonian courses locally.

The University is continuing to broaden its contacts with potential partners in India and the Middle East, to create similar arrangements.

INTO Scotland

The University has entered into the first Scottish joint venture with the INTO network to create an international foundation college to provide access for pre-University level students to English language and foundation courses. Students articulating from the college will have the right to enter an appropriate course at the University.

Finance

The University has effectively managed its resources in 2007/08 to maintain costs at affordable levels following the successful £6.6 million cost reduction programme in 2006/07. As well as retaining tight control over recurrent costs, strategic investments were prioritised and high priority projects pursued. The achievement of a £2.9 million surplus, after charging an



Our culture will be creative, collaborative, inclusive, open, accessible, and action-oriented.

exceptional item for a £1 million cost reduction programme, was in line with the requirement to pay back the 2006/07 investment within 12 months, and contributed to a sound basis for going forward to meet the challenges ahead.

Cash Flow and Funding

Grant funding in 2007/08 and improved operating cash flow provided cash for £6.9m bank deposits by the year end. Additionally, the University maintained its flexible £15 million facility with the Allied Irish Bank to provide significant resources to fund potential improvements in refreshing the academic base, services and infrastructure in line with student requirements.

Student Recruitment

The academic year 2007/08 has been challenging for the HE sector, with increased competition in a number of markets. This resulted in stable overall student numbers, but without the continued growth seen in previous years, particularly in international postgraduate student recruitment.

Our expectation is that further growth in existing markets will become increasingly difficult and the University has responded by schools reviewing their course content to ensure that they are still meeting student and stakeholder needs, as well as entering new markets in line with the international strategy.

Additional marketing resources have also been expended this year to maintain the current level of demand for its courses.

People and Culture

Our vision is that we will be known for welcoming, professional, solutions-oriented, confident and engaging staff, with colleagues committed to leadership, career development and to enhancing the social and emotional capital of the University. Our culture will be creative, collaborative, inclusive, open, accessible, and action-oriented.

Court approved the new People Strategy in July 2008, and a major programme of organisation development is underway across the University. Our new Dignity at Work policy was launched in October 2007.

Estates and Infrastructure

We are currently revising our estates and information management strategies in line with our essential academic and development priorities and the delivery of our 2015 vision. We are in the very early stages of exploring the feasibility of an ambitious and innovative initiative which could see us relocate to create a new type of University beside the Commonwealth Games village in the east end of Glasgow. In parallel with this activity we are assessing what changes would need to be made to our Cowcaddens Campus should we decide to redevelop our current location. We have continued a major programme of investment in our infrastructure including replacement of our student record system.

STRATEGIC DEVELOPMENTS

Learning and Teaching

This year the University updated its Learning, Teaching and Assessment (LTAS) strategy, with the aim of moving from conventional forms of learning to embed learning innovation across all programmes.

The objectives of the new LTAS, which was approved by Senate in April 2008, are:

1. To equip students with the knowledge, skills and attributes to operate as flexible, independent lifelong learners
2. To build students' competencies in the skills demanded by employers in a global knowledge economy
3. To develop and embed innovative and relevant learning and teaching based on sound research and scholarship

Our academic schools are working closely with the Caledonian Academy to implement the strategy and a range of initiatives and projects are now in place to support this, including beacon initiatives aligned to the three LTAS strategic goals: "RealWoRLD"/employability; "Moving Forward"/progression, "I-Learn"/Independent Learning and "Emergent Technologies for Learning" - exploring Web 2.0 and 3-D collaborative technologies-including Second Life.

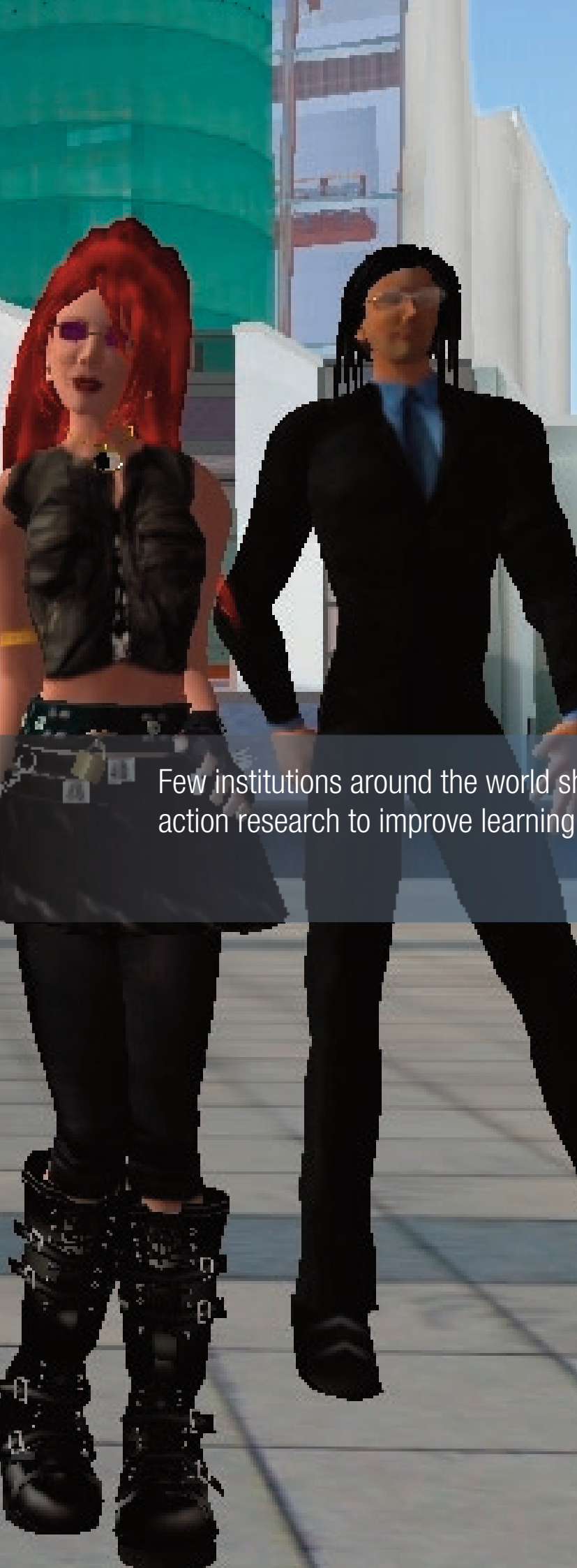
Our University on Second Life is promoting us on the web and features on YouTube. It provides an opportunity for our students to apply their leading edge technology skills in the development of a unique online representation of the campus.

Few institutions around the world share our ambitious aim of using action research to improve learning and teaching practice and this contributes to our corporate objective aim to be an international leader in learning innovation.

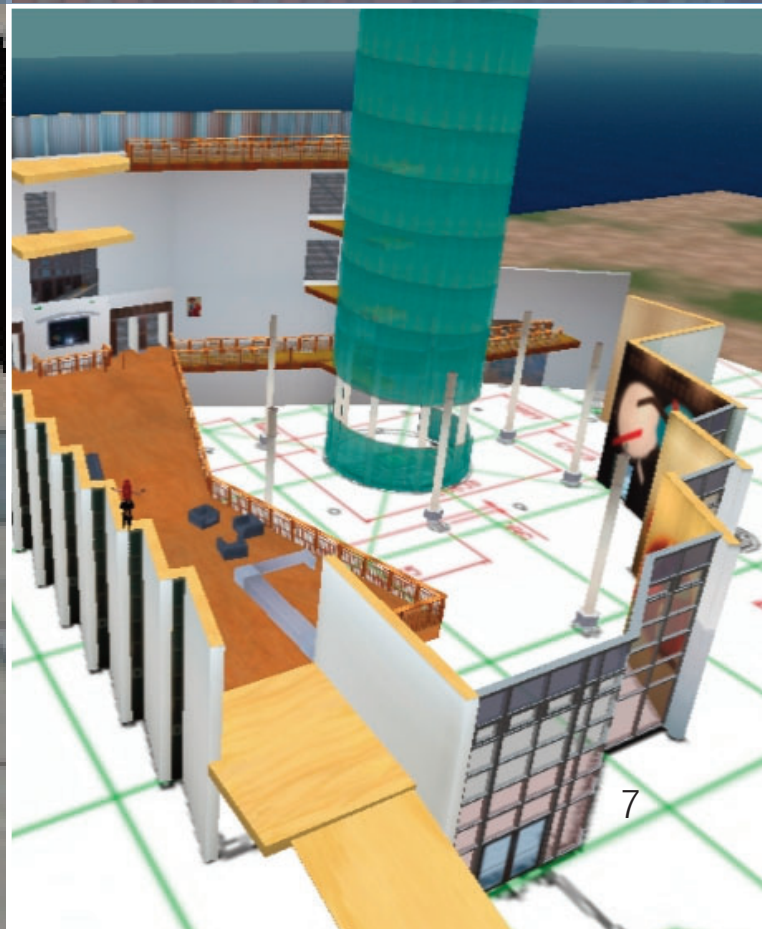
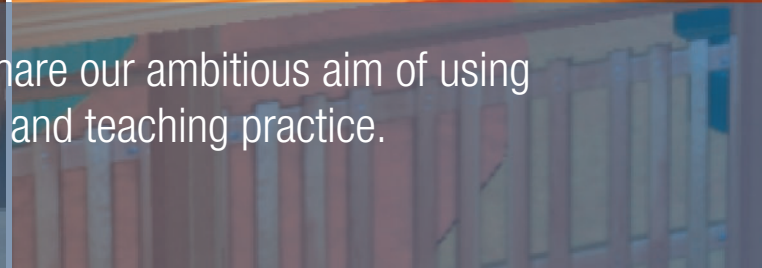
In the last year we created and filled the post of Head of Learning, Teaching and Quality in each of our seven academic schools to ensure there is clear leadership and co-ordination of learning and teaching issues at senior management level. They are supported by nine newly-appointed school-based academic developments tutors who provide pro-active and tailored student support from induction onwards. This is expected to make a significant impact on progression and retention across the University. HESA performance indicators show our continuation and completion rates have improved, as we target performance to achieve our benchmark.

In 2007 we participated in the National Student Survey for the first time. 83% of students indicated that they were satisfied with the overall quality of their course and the survey provided useful feedback to inform our ongoing quality enhancement processes.

The Students' Association (SA) moved into new purpose-built premises in September 2007. The Student Leaders programme has grown again for the third year in succession and this year delivered programmes at bronze, silver and gold level. The SA also organised a highly successful conference which provided a forum for students to debate a number of learning and teaching issues and discuss how to stimulate more student engagement. The Association took the decision during this academic year to



Few institutions around the world share our ambitious aim of using action research to improve learning and teaching practice.



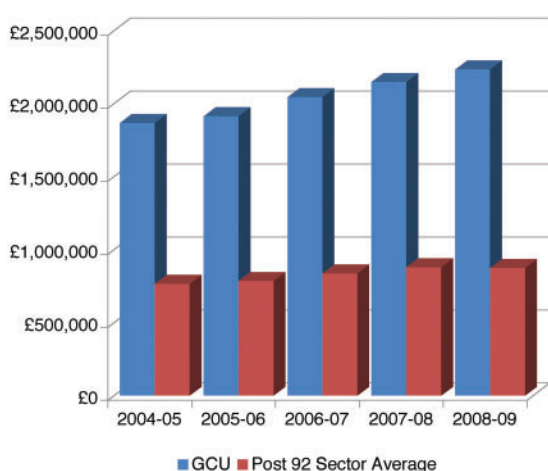
withdraw from their commercial activities in order to concentrate on their representational and democratic role. Commercial activities in the SA will be run by an external company from the beginning of the academic year 2008/09.

We have successfully achieved our aim of creating a range of professional development activities for all staff with a teaching role. These include the Caledonian Scholars and Associates Initiative, the Horizons Reading Group, Caledonian Learning Community events alongside masters and doctoral level study. A Continuing Professional Development Framework has also been created and approved by Senate.

Research, Knowledge Transfer and Commercialisation Research

The University's priorities in 2007-08 were to identify and prioritise for investment areas of strategic research strength; make a submission to the 2008 Research Assessment Exercise (RAE) of selected areas of research strength; to identify and prioritise for investment; and to increase research and knowledge transfer grants.

Main quality research grant income



The development of our RAE submission was underpinned by a rigorous process of review to identify strengths. Fourteen units of research assessment were included in the areas of Allied Health Professions, Biomedical and Vision Sciences, Applied Mathematics, General Engineering, Computer Science and Informatics, Architecture and the Built Environment, Accounting and Finance, Business and Management Studies, Law, Sociology, Psychology, Education, History, and Communication Cultural and Media Studies. The outcome of the RAE will be published in December 2008, and the Scottish Funding Council will announce the consequent research quality funding decisions in 2009.

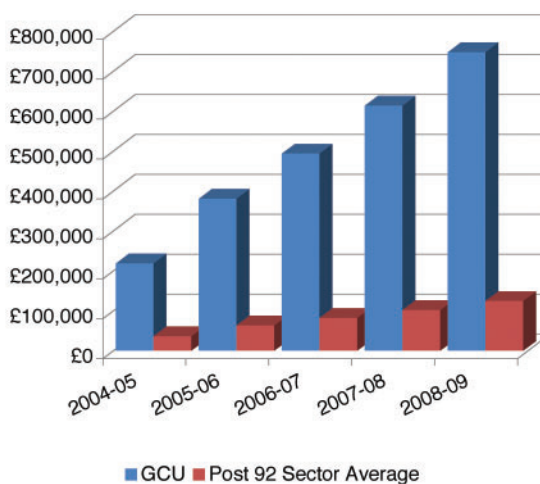
Although it is too early to predict the exact translation of RAE results into funding, we are cautiously optimistic for a favourable outcome.

The University has continued to attract funding for research going forward from a diverse range of funding sources

(including ESRC, NERC, The Royal Society, the Wellcome Trust, the Nuffield Foundation, the Alcohol Education and Research Council, the Cunningham Trust, the Arthritis Research Campaign, the British Heart Foundation, and the Carnegie Trust). In 2008-09 our priority will be to consolidate these strengths, through establishing up to three new cross-disciplinary Research Institutes. Two Institutes: Health and Wellbeing, and Society and Social Justice have already been agreed and will be operational in 2008/09.

European Framework Research Funding is a strategic priority and we have invested in specialist support to improve our success rate. The Scottish Enterprise Proof of Concept funded projects on "Covert Security Tagging of Paper Products" and "Particulate Solids Mass Flow Rate Measurement by Thermal Methods" got underway in 2008.

Knowledge transfer grant income



Business Development

The corporate plan sets out our aim to significantly raise the profile of our business development opportunities. Over the last twelve months, the University has put in place the groundwork for a successful business development function now branded as the Applied Knowledge Exchange, providing a physical and virtual portal to the University's expertise and resources.

The Applied Knowledge Exchange is staffed by a small team of account executives, supported by a new customer relationship management system which allows us to centrally track and manage our relationships with businesses. We have begun to build a database of company contacts reflecting our core strengths with which to target potential customers. This effort will be supported by a new business development website and a suite of case studies reflecting real live examples of where our academics are working for both public and private sectors.

We are on track in our aim to identify major partners for investment and development. We have already begun to engage with corporate Scotland and secured £150,000 from Scottish Enterprise to support our work with SMEs from which we believe we will also be able to deepen the relationships into areas like Knowledge Transfer Partnerships and consulting.



The University will deliver specialist operational training to Howden's engineering graduates from 16 countries.

There are approximately 30 activities of this type underway, ranging from preliminary discussions with possible commercial partners through to specific supply opportunities.

These include: The Applied Exchange Business Transformation Fund programme funded by Scottish Enterprise; consultancy and training opportunities with West Dunbartonshire District Council; the establishment of a SERCO training academy; and the development for IBM of a Second Life based call centre.

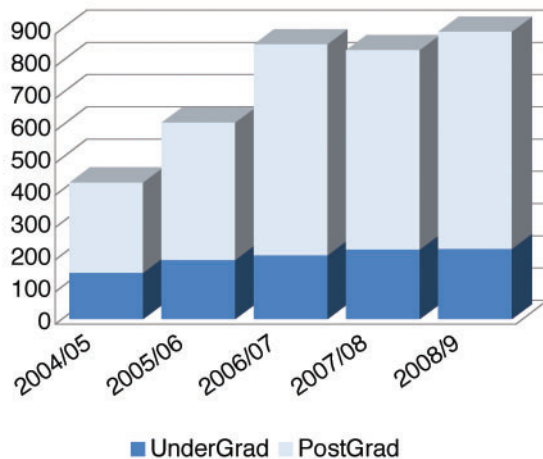
The School of Engineering and Computing has partnered with Howden (global suppliers of fans, rotary heat exchangers, compressors and gas cleaning equipment) to create Howden Academy – a new international post graduate programme based at the University which will deliver specialist operational training to Howden’s engineering graduates from 16 countries. Started in July 2008 and anticipated to run until 2011, the plan is to educate 3 cohorts of 40-50 engineers each year.

Revenue in the first year is expected to be around £0.5 million and the total value of the deal is projected to be in excess of £1million.

In January 2008, the Scottish Minister for Enterprise, Energy and Tourism inaugurated the University’s £500,000 Enterprise Fund, which will co-invest University staff time in support of social enterprises, as well as more traditional commercial University spin-out companies.

International Developments

International Student FTE



The University remains committed to expanding its international activities. In 2007/08 our aims were to continue to develop and foster international partnerships and alliances; to increase the number of international students and to enhance their experience; and to reach agreement on the establishment of an international and cultural centre on campus by 2010.

While growth in number has been modest this year, the positive experience enjoyed by our international students was recognised when the University was voted top in the UK and second in the world for international student experience in the International Student Barometer survey 2008.

The development of our International Student Talent Bank supported by the Scottish Government, builds on the career focus of our programmes to further enhance the employment prospects of international students.

During 2007-08 we continued to develop strategic partnerships to support student recruitment and exchange, to facilitate the delivery of programmes overseas and to strengthen research, knowledge transfer and consultancy. A key element of this involves the creation of a small number of substantial overseas collaborations which can act as regional hubs, drawing in students from around the world and providing exchange opportunities for home students. This commitment has seen growing numbers of students studying our programmes overseas. Our Caledonian College of Engineering in Oman (CCEO) has now been operating for over 12 years. This year over 1,500 students studied our programmes in Oman with a growth to 2,000 students planned over the coming two years, which makes CCEO the largest provider of UK Engineering qualifications in the region.

We intend to build on this long-term success by increasing our presence and reputation outside Scotland through the creation of additional overseas operations offering an extended range of programmes in China and India as well as the Middle East. While our initial aim to have two such developments by 2008/09 was too ambitious in a highly competitive marketplace, we have taken initial steps towards achieving this aim and, we will have to continue to develop our international campus partnerships in the years ahead.

This year we reached agreement with our partners in China on the business model and delivery approach for our longer term aim of opening a campus in China. While much still needs to be done before Chinese governmental approval is obtained, progress continues to be positive with full commitment from our Chinese partners, including the University of Jinan, in Shandong Province.

India currently provides the largest international market for the University. A priority for next year will be to investigate the feasibility of operating a campus in India.

It is clear that the University needs to be innovative in its approaches to international student recruitment in what is an increasingly competitive and dynamic global education market. New initiatives involving individual programme delivery in partnership with overseas institutions have emerged this year. In addition to the University of Jinan, the other partnership agreement signed this year was with the International University College of Technology Twintech in Malaysia. We have also established partnership arrangements with colleges in Scotland to recruit international students, for example through new programme developments in our School of Engineering and Computing in partnership with Glasgow College of Nautical Studies.


Initial investment in support of European student and staff exchange as well as European student recruitment has been made this year and during the coming years more emphasis will be placed on facilitating such activity to improve the number of our home students taking up opportunities for study abroad as part of our wider drive to broaden the student experience.

LEDONIAN COLLEGE OF ENGINEERING th GRADUATION & AWARDS CEREMONY



Our Caledonian College of Engineering in Oman (CCEO) has now been operating for over 12 years.



A large group of children, likely from a school, are shown from the chest up. They are all wearing light blue long-sleeved shirts and dark ties with thin green diagonal stripes. Many of the children have their arms raised high in the air, with their hands open, suggesting a moment of excitement, celebration, or participation in an activity. The children's faces are lit up with joy and enthusiasm. The background is dark, making the children stand out. The overall atmosphere is one of high energy and positive engagement.

The Caledonian Club project, working with pupils from local nursery, primary and secondary schools and their families.

INTO Scotland

It is clear that to attract more international students to Glasgow, particularly at undergraduate level, the University needs to develop pre-entry and foundation pathway programmes, involving English language and study skills, to properly prepare students for successful articulation to our degree programmes. This year we concluded negotiations to set up a Foundation College to provide a new suite of pathway programmes, increasing the accessibility of our education provision. This is a major and exciting development which broadens recruitment opportunities and means that we have met our target of establishing an international and cultural centre on campus by 2010. The new INTO Scotland joint venture development when fully operational will not only increase our volume of overseas students on campus, enhancing our cultural diversity, but will grow the brand presence of our University in a large number of new international markets.

The University is now part of a world-wide network of recruitment agents who provide invaluable in-market advice to prospective Glasgow Caledonian students in over 25 countries and enable our programme development activities to reflect international market requirements. A review of our agency network will be carried out next year with the possibility of investing in a small number of dedicated in-country offices as a possible next stage in developing our brand in key markets overseas.

Social Mission

Glasgow Caledonian University's mission has always been to deliver the highest quality education and research - and to promote the "common weal", or the common good. Put simply, that means to use our skills, facilities and knowledge to make a positive contribution to society.

We aim to achieve this by:-

- contributing to the social and economic regeneration of the communities we serve, by providing learning, teaching and research opportunities
- creating civic-minded, employable graduates, who want to use their skills to make a positive difference to society
- focusing more on raising GCU's profile and involvement in learning, teaching and research around the world
- helping more people to access the University, by getting more practically involved with the communities we serve

Our community engagement strategy, which will provide a more detailed focus for our aspirations, is still under development. In the past year we have appointed a Head of Widening Access and Community Engagement to co-ordinate and strengthen our links with the local community. The strategy will be agreed in early 2008-09.

We aimed to continue to improve access to learning and achieved two of our key targets in 2007-08:

- The establishment of the "Caledonian Club" project, working with pupils from local nursery, primary and secondary schools and their families. A key feature has been the involvement of students as mentors and role models for pupils. Staff have designed intellectually stimulating and fun activities that introduce pupils to University life, increase their confidence and knowledge and celebrate their achievements.
- The award of funding to develop innovative articulation routes, through a successful application for an SFC Strategic Change Grant to work with the University of Strathclyde and the Cathedral Street colleges to develop improved opportunities for articulation links. We were also chosen to be the Articulation Hub for Greater Glasgow and with our partners are developing a £900,000 programme of work. This will complement existing initiatives undertaken as part of our widening access retention project which aims to improve retention and progression across our student population in general, but with a particular focus on those from disadvantaged backgrounds.
- We are also working towards achieving the Frank Buttle Trust Quality Mark to indicate our support for students who enter University from a background of care.

We have been funded by the Council for Assisting Refugee Academics (CARA) to identify and provide opportunities for refugee academic mentoring and work experience programmes, including the development of good practice guidelines.

Community links include the involvement of local community organisation staff, volunteers and leaders in training programmes and events such as the CBS Masterclass series. We support staff and students to work directly with social enterprises and community organisations and to take up seconded placements. Some courses provide the opportunity for students to undertake research projects for community organisations and we have joint research programmes involving staff from units such as the Scottish Poverty Information Unit and joint conferences. We also support requests for conference, learning, sporting and cultural activities.

Development and Alumni Relations

In 2007-08 we completed the first year of an initial three-year start-up programme to professionalise our development activities and establish a best-practice alumni engagement and philanthropic fundraising programme.

While it takes time to build such programmes to a successful and sustainable level, and the first year has focused mainly on putting staff and infrastructure in place, there has already been progress. Total support for this first year, which includes all donations, sponsorships, in-kind gifts and pledges to GCU that have been recorded total over £600,000.



In 2008 the first Magnus Magnusson Awards were held, also 2008 marked the 15th – or Crystal – anniversary of the award of University status.



Not least has been the success of the Magnus Magnusson Fund, created in honour of our late Chancellor and launched in 2007. The fund raised over £160,000 against a £100,000 target. This was followed by the first awards in May 2008, after a successful fundraising campaign with responses from generous individual and corporate sponsors.

2008 marked the 15th – or Crystal – anniversary of the award of University status following the merger of the former Queen's College and Glasgow Polytechnic. April saw a range of activities and events, both on-campus and off, to celebrate this milestone and welcome back alumni and former staff.

The year also marked a decade of continuous and generous support by the Moffat Family Charitable Trust. Also of note, Dr Gordon Masterton has supported a new range of bursaries for undergraduate students in civil engineering.

In 2008-09 we will continue to develop our programme, including the launch of an initiative to raise significant donations for scholarships, bursaries and other forms of student financial aid, and a fundraising campaign focused on the Caledonian Club.

People and Culture

This year the University adopted an innovative people strategy, which identifies the key staff behaviour and attributes which the University will develop in support of the 2015 vision and specifically towards our aim to become an employer of first choice and to enhance the culture of our University by promoting our social capital.

Specific actions have included the organisational development team working as change consultants with the Executive, Deans and Heads of Departments to lead change and organisational renewal, and a pilot of a Talent Development strategy, including leadership competency framework, development centres and supporting secondments to industry and commerce. A survey of staff took place in 2007-08 and sets the benchmark against which progress will be measured.

Estates and Infrastructure

Our key aim in 2007-08 was to update our estates strategy. An interim strategy was completed in early 2008 and we continue to work on our estates master-planning to ensure that we have a campus which will be fit for purpose for delivering our 2015 vision. We are in the very early stages of exploring the feasibility of an ambitious and innovative initiative which could see us create a new type of University beside the planned Commonwealth Games village in the east end of Glasgow.

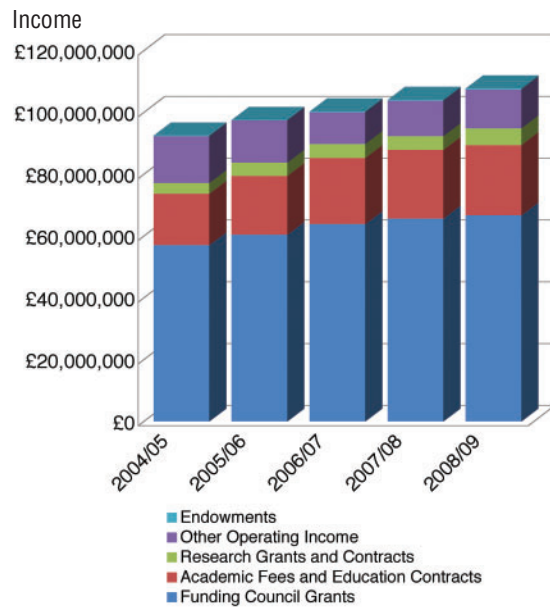
The development of our information services is ongoing. In 2007-08 the University appointed its first Chief Information Officer, who will take the lead in developing and embedding 21st century information management and library services across the University.

We have continued to invest in our learning and teaching infrastructure, replacing our student record system, and our Blackboard academic suite. In total we have invested £8 million

in our infrastructure, including essential estates maintenance. In the coming year we will re-launch University's website and begin the delivery of the first year of the new £16 million indicative triennial capital funding allocation.

FINANCE

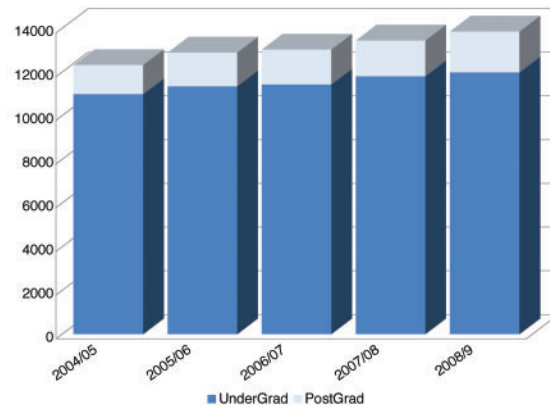
Income, Expenditure and Surplus



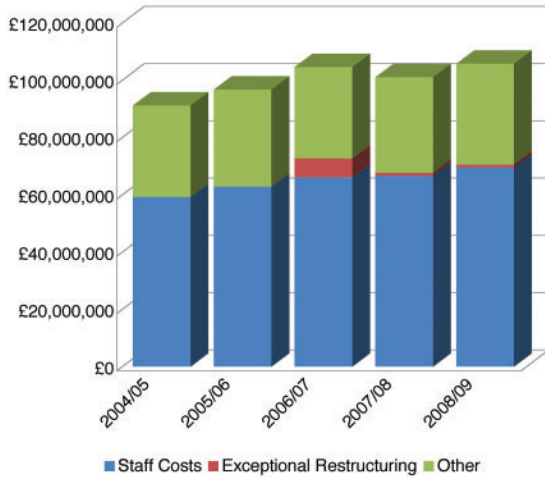
Income growth increased overall by 4% in 2008 but is forecast to fall slightly below this level in 2009. In 2008 increases were recorded in all categories except for research grants. This latter trend is expected to reverse in 2009 with a strong recovery whilst increases elsewhere are modest, with Funding Council grants increasing by only 2.4%.

Modest increases were recorded in 2008. The consolidation rather than continued growth of international students (see above) meant that we did not meet our growth target for full-time taught postgraduate students. Revised programmes and improved marketing will help to address this. Our aim in 2008-09 is to consolidate our current position in the increasingly competitive market.

Student FTE

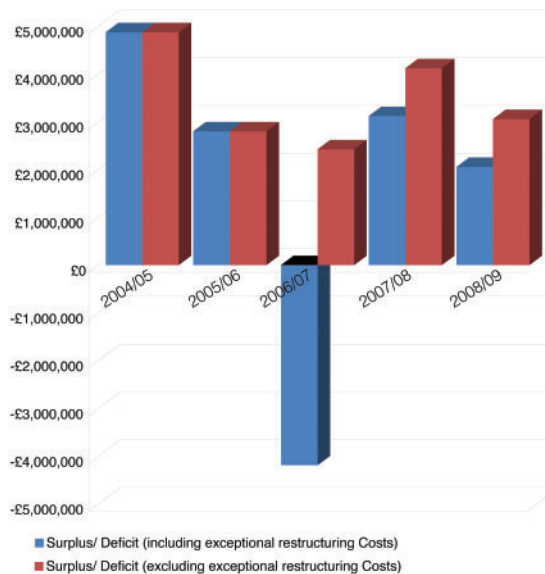


Expenditure



Costs have been contained tightly in the challenging markets in 2008, following the substantial reduction in the cost base in 2007. This is being mirrored by similar but lower level cost reductions in 2008 and 2009.

Surplus/deficit



In line with our corporate plan goal, the University is now generating small surpluses which we will invest to achieve further growth. Until new activities start to deliver new income sources, tight cost control will continue.

Funding

In addition to income and grants accumulated from its operating activities, the University has negotiated a flexible revolving credit facility with Allied Irish Bank for a total of £15million. At the year end it had deposits with a small range of high quality financial institutions. As the University is reviewing its estates strategy in 2008/09, we expect to re-appraise and increase its future borrowing requirements.

Looking Forward

The targets towards which we are focused for 2009 include:

- Becoming an international leader in learning innovation
 - *by the implementation of the new learning, teaching and assessment strategy;*
- Enhancing the student experience and access to learning
 - *by continuing our major project to address progression and retention issues*
 - *by addressing issues raised by the National Student Survey*
 - *by continuing outreach work through GOALS and other projects*
- Making a significant contribution to Glasgow's cultural and community development
 - *by implementation of our community engagement strategy and action plan*
- Investing in areas of strategic research strength
 - *by launching cross-disciplinary research institutes for Health and Wellbeing and Society and Social Justice in 2008/09*
- Continuing to increase research grant and knowledge transfer applications and successes
- Achieving an annual surplus of 3% of turnover before restructuring costs to invest strategically;
 - *by growing new income streams and reducing costs*
- Reconfiguring our existing accommodation and facilities to provide accommodation to meet the requirements of our 2015 vision
 - *by completing the review of our infrastructure requirements and updating our Estates Plan*
- Continuing to invest in and develop our information services
 - *by involving all Schools in determining priorities for development, expanding our virtual teaching environment, completing our new student record and procurement systems*
- Deepening our relationships with other relevant public and private sector organisations to seek out symbiotic opportunities for growth and investment
 - *by embedding the applied knowledge exchange and developing and building on relationships with SMEs and corporate Scotland*
- Developing and fostering international partnerships and alliances
 - *expanding our collaboration with partners and potential partners in the Middle East, India and China*

- Increase the number of international students
 - *by working with the wider network of agents to which we now have access*
 - *by recruiting students who successfully complete pathway programmes at INTO Scotland*

Management

The University's management was headed by the Principal and Vice-Chancellor, assisted by three Pro Vice-Chancellors, two Executive Directors, a University Secretary and seven Deans. In September 2008 the University made appointments to the posts of Pro-Vice Chancellors (Learning Innovation and International) and University Secretary. The latter will include a Director of Operations role.

Governance

The University installed a new Chancellor in October 2007, Lord MacDonald of Tradeston, a native of Glasgow with an outstanding career, in journalism, politics and commerce. In 2007, the Court agreed a set of KPIs which would help monitor performance and progress towards its 2015 Vision. The main areas covered include key targets set down in the corporate plan and ongoing trends at school and University level in the following areas: student numbers and income in key markets, progression and retention, widening access, and financial surplus. Details of the University's governance arrangements are set out in the following section.

Disability Policy

The University gives equal consideration to all applications for employment regardless of disability, and where a candidate with a disability is the best person for the job, full consideration is given to what reasonable adjustments are necessary to ensure the requirements of the job can be adequately fulfilled.

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

Equality and Diversity

Equality and diversity continues to be integrated across all University functions through a number of projects and activities, which aim to ensure that staff and students have knowledge of their rights and responsibilities, as well as relevant issues. The new Equality and Diversity Strategy (June 2008) further enhances the commitment to promoting equality and valuing diversity. The strategy responds to developments in legislation, and provides a framework to ensure that equality and diversity activities in schools and departments align with the 2015 Vision. It aims to ensure that the University is compliant, and establishes clear lines of responsibility and accountability, with

the ultimate goal of creating an environment which upholds dignity at work and study.

Risk Management

The University has a comprehensive corporate risk register and has embedded risk analysis and reporting in its schools. Elements of the top risks identified by the University are as follows:

1. Development, funding and delivery of the strategic plan
2. Providing attractive courses and support facilities to students
3. Achieving the INTO–Scotland business plan
4. Expanding international collaborations to provide students and staff with global academic and cultural experiences
5. Research Assessment Exercise 2008 outcomes
6. Future of student funding in Scotland and the potential impact of student tuition fee funding in England on Scottish HEIs competitive position
7. Maintaining adequate funding of pension liabilities

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.

The amount of interest paid in the year under the Late Payment of Commercial Debts (Interest) Act 1998 was nil.

RESPONSIBILITIES OF THE UNIVERSITY COURT

In accordance with the Glasgow Caledonian University (Scotland) Order of Council 1993, the Court of Glasgow Caledonian University is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Court is responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Glasgow Caledonian University (Scotland) Order of Council 1993, 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.

The Court has a responsibility to:

- ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Further and Higher Education (Scotland) Act 1992, the University's Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- ensure reasonable steps have been taken to secure the economical, efficient and effective management of the University's resources and expenditure; and

- ensure sound corporate governance and the proper conduct of the University's operations.

University Court Members

Mr G Martin F Cheyne
Chairman

Professor Pamela Gillies
Principal and Vice-Chancellor

Mr Antony Brian

Mrs Hazel Brooke (from 17.09.08)

Ms Alison Culpan (to 31.07.08)

Dr Dorothy Ferguson

Mr Pdraig Hastie (from 01.08.08)
President of the Students' Association

Mr John Maclean
Vice-Chairman

Dr Rajan Madhok

Mr Jordan Martindale (to 31.07.08)
President of the Students' Association

Mr Stephen McCafferty

Mr Malcolm McCaig (from 01.08.08)

Dr James A Miller

Mr Hugh O'Neill

Mr Henry Perfect

Mr Alexander O Pratt

Ms Davena Rankin

Mr Graham Scott

Mr Ian Smith (to 07.07.08)

Dr David Wallace

Mr Ken Zaremski

Members of Finance and General Purposes Committee

Mr Ken Zaremski
Chairman

Professor Pamela Gillies
Principal and Vice-Chancellor

Mr David Beeby
Executive Director of Finance

Mr Paddy Hastie (from 01.08.08)
President of the Students' Association

Mr Jordan Martindale (to 31.07.08)
President of the Students' Association

Mr Hugh O'Neill

Mr Henry Perfect (from 01.08.08)

Mr Alexander O Pratt

Mr David Wallace

Members of Audit Committee

Mr Antony Brian
Chairman

Mr John N Maclean

Dr Dorothy Ferguson

Mr Malcolm McCaig (from 01.08.08)

Dr James A Miller

Mr Henry Perfect (to 31.07.08)

Mr Ian Smith (to 07.07.08)

CORPORATE GOVERNANCE STATEMENT

Introduction

The University is committed to exhibiting best practice in all aspects of corporate governance. The summary describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code of Corporate Governance issued by the London Stock Exchange in June 1998, and has taken due regard of the Turnbull Committee guidance on internal control. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

Statement Of Full Combined Code Compliance

In the opinion of the Court, the University complies with all the provision of the Combined Code in so far as they apply to the higher education sector, and it has complied throughout the year ended 31 July 2008.

University Court

In 2007/08 the University Court met six times and has six standing committees through which it conducts its business. Each committee has formally constituted terms of reference. These committees are an Audit Committee, a Finance & General Purposes Committee, a Court Membership Committee, a Staff Policy Committee, a Remuneration Committee and a Health and Safety Committee. In addition, the Court has an Away Day which includes reviewing its own effectiveness.

The Finance and General Purposes Committee, among other things, recommends to the Court the University's annual revenue and capital budgets, and monitors performance in relation to approved budgets and the major capital programmes.

The Court Membership Committee considers nominations for vacancies in the Court membership. The University has a responsibility to ensure that appropriate training is given to Court members as required.

The Remuneration Committee determines the remuneration of members of the Executive, including the Principal. Details of the remuneration of senior postholders for the year ended 31 July 2008 are set out in note 6 to the financial statements and are reported for senior executives in full, in confidence to the whole Court.

In 2007/08 the Audit Committee met four times with the University's external and internal auditors in attendance. The Audit Committee advises the University on the appointment of the internal and external auditors and the auditors' remuneration, and assesses the effectiveness of the internal auditors. The Committee may meet privately with both the internal and external auditors if it wishes.

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

Senior executives attend meetings of the Audit Committee as necessary but they are not members of the committee.

Corporate Strategy

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

University Court Statement On Internal Control

The University's Court is ultimately responsible for the University's system of internal control and, as the chief executive officer, the Principal is responsible for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material mis-statement or loss.

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

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

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

The University installed a new Chancellor in October 2007, Lord MacDonal of Tradeston, a native of Glasgow with an outstanding career, in journalism, politics and commerce.



governance published by the Scottish Government.

All major projects require to be set up and run under formal project management arrangements. The University runs all major IT projects under PRINCE2 methodology, has a dedicated Executive member to lead the projects and employs an overall programme manager covering all IT projects.

The University has an established approach to the identification and management of risk. There is a strategic risk register which is reviewed annually by Court, Audit Committee and the University Executive Board and includes impact analysis and mitigating actions. As well as a University level risk register, all Schools and Departments have operating plans which identify risks following an evaluation of their own local risk registers.

The Business Continuity Plan has been developed this year and an exercise has been undertaken to test its effectiveness.

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 2008 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Court and accords with the Turnbull guidance, as applicable to the higher education sector.

Conclusion

Court is satisfied that the University is compliant with the Combined Code on Corporate Governance. I would like to thank the members of the University Court and University Staff for their continued support during the year.

MR MARTIN CHEYNE

INDEPENDENT AUDITORS' REPORT TO THE UNIVERSITY COURT OF GLASGOW CALEDONIAN UNIVERSITY

We have audited the consolidated financial statements of Glasgow Caledonian University for the year ended 31 July 2008 which comprise the consolidated income and expenditure account, the consolidated and University balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the University Court of Glasgow Caledonian University, in accordance with the charter and statutes of the University. Our audit work has been undertaken so that we might state to the University Court those matters we are required to state to it in an 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 as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Members of the University Court and auditors

The University Court's responsibilities for preparing the financial statements in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding councils, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received. In addition, we report to you whether, in all material respects, income has been applied in accordance with the statutes and, where appropriate, the financial memorandum with the Scottish Funding Council. We also report to you whether in our opinion the Operating and Financial Report is not consistent with the financial statements, if the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Operating and Financial Report and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements. We are not required to consider whether the statement of internal control (included as part of the Corporate Governance Statement) covers all risks and controls, or to form an opinion on the effectiveness of the institution's corporate governance procedures or its risk and control procedures.

Basis Of Opinion

We conducted our audit in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, and the Audit Code of Practice issued by the Scottish Funding Council. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the governing body in preparing the financial statements and whether the accounting policies are appropriate to the group and University's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the University and the group as at 31 July 2008 and of the surplus of income over expenditure for the year then ended;
- in all material respects, income from the Scottish Funding Council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2008 have been applied only for the purposes for which they were received;
- in all material respects, income during the year ended 31 July 2008 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the Scottish Funding Council.

GRANT THORNTON UK LLP

Chartered Accountants and Registered Auditors, Edinburgh
27 November 2008

The maintenance and integrity of the Glasgow Caledonian University website is the responsibility of the University Court, the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

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

Basis Of Consolidation

The consolidated accounts include the accounts of the University and subsidiary undertaking in accordance with the provisions of Financial Reporting Standard Number 2. In the Group Financial Statements, associates are accounted for using the equity method including the appropriate share of the results and reserves of each associate.

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

Recognition Of Income

Income from the Scottish Funding Council, revenue grants, tuition fees and other services rendered are credited to the Income and Expenditure Account and included on a receivable basis. Income from specific endowments and donations, research grants and contracts is matched to the expenditure incurred during the year, together with any related contributions towards overhead costs.

All income from short-term deposits is credited to the Income and Expenditure Account on a receivable basis.

Grants received for capital purposes are credited to the deferred grant account and released to match the depreciation or amortisation of the related expenditure.

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

Pension Schemes

The Institution contributes to the Scottish Teachers Superannuation Scheme (STSS), the Strathclyde Pension Fund (SPF) and the Universities Superannuation Scheme (USS). All schemes are defined benefit schemes and are available to staff of more than one employer. It is not possible to identify each institution's share of the underlying assets and liabilities of the

schemes on a consistent and reasonable basis. Accordingly, the University has utilised the provisions of FRS17 whereby the contributions to schemes be accounted for as if it were a defined contribution scheme. As such, the cost recognised within the University's Income and Expenditure account will be equal to the contribution payable to the schemes for the year.

The schemes are defined benefit schemes which are externally funded and contracted out of the State Earnings-Related Pension Scheme. The Funds are valued by Actuaries, the rates of contribution payable being determined by the trustees on the advice of the Actuaries. Pension costs are assessed on the latest actuarial valuations of the Schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the Institution benefits from the employee's services. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals.

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.

Land And Buildings

Freehold land and buildings are stated at valuation, less a provision for depreciation. The basis of valuation is depreciated replacement cost.

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

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

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

Equipment & Furniture

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

Capitalised equipment and furniture are stated at cost.

Depreciation is provided over the following periods:

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

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

Leases

Assets obtained under finance leases are capitalised in the Balance Sheet and are depreciated over the shorter of the estimated useful life of the asset or the term of the lease. The interest element of the rental obligations is charged to the Income and Expenditure Account evenly over the period of the lease.

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

Investments

Investments are included in the Balance Sheet at market value and are reviewed for impairment changes, with the exception of the investment in the subsidiary company and associated company undertakings which are stated at cost.

Investments that are not listed on the Stock Exchange are carried at historical cost.

Stocks

Stocks are stated at the lower of cost and net realisable value and exclude books and consumables in academic departments and laboratories.

Cash Flows And Liquid Resources

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

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

Maintenance Of Premises

The cost of routine corrective maintenance is charged to the Income and Expenditure Account as incurred.

Taxation Status

The University has been recognised as a charity by the Inland Revenue for the purposes of Section 505 Income and Corporation Taxes Act 1988 and is recorded on the index of charities

maintained by the Office of the Scottish Charity Regulator under the provisions of the Charities and Trustees Investment (Scotland) Act 2005 (Charity Number SCO21474). The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT is charged to the Income and Expenditure Account as it is incurred, and any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

The University's subsidiary company is subject to Corporation Tax and VAT in the same way as any commercial organisation.

Endowments

Charitable donations to the University which are restricted to particular objectives specified by the donor are accounted for as a restricted permanent endowment.

There are three main types:

- Restricted Permanent Endowments – The capital funds of Restricted Permanent Endowments are maintained and the income thereon is applied in accordance with the purposes specified by the donor.
- Unrestricted Permanent Endowments – these are expendable at the discretion of the University with no requirement that capital be maintained.
- Expendable Endowments – where the University has the power of discretion to convert endowed capital into income.

Consolidated Income and Expenditure Account

For the Year ended 31 July 2008

	Note	2007/08 £000	2006/07 £000
INCOME			
Funding Council Grants	1	64,737	63,921
Academic Fees and Education Contracts	2	23,214	21,993
Research Grants and Contracts	3	4,130	4,481
Other Operating Income	4a	10,934	9,735
Endowments Income and Interest Receivable	5	<u>536</u>	<u>316</u>
TOTAL INCOME		<u>103,551</u>	<u>100,446</u>
EXPENDITURE			
Staff Costs	6	67,034	66,133
Exceptional Restructuring Costs	6	1,051	6,613
Depreciation	10	4,847	4,290
Other Operating Expenses	7	27,502	27,541
Interest Payable	8	<u>88</u>	<u>54</u>
TOTAL EXPENDITURE	9	<u>100,522</u>	<u>104,631</u>
Surplus/(Deficit) after Depreciation of Assets at Valuation and before Tax		3,029	(4,185)
Share of operating loss in Joint Ventures	11	<u>(106)</u>	<u>-</u>
Surplus/(Deficit) after Depreciation of Assets at Valuation and Tax		<u>2,923</u>	<u>(4,185)</u>
Sale of Fixed Assets	4b	25	-
Surplus/(Deficit) on Continuing Operations after Depreciation of Assets at Valuation and Disposal of Assets and Tax		<u>2,948</u>	<u>(4,185)</u>
Surplus/(Deficit) for the Year Transferred to Accumulated Income in Endowment Funds		<u>(48)</u>	<u>(14)</u>
Surplus/(Deficit) for the Year Retained within General Reserves		<u><u>2,900</u></u>	<u><u>(4,199)</u></u>

The income and expenditure account is in respect of continuing activities

Statement of Historical Cost Surpluses

For the Year ended 31 July 2008

	Note	2007/08 £000	2006/07 £000
Surplus/(Deficit) after Depreciation of Assets at Valuation, Disposal of Assets and Tax		2,948	(4,185)
Historical Cost Depreciation difference on Buildings	18	<u>985</u>	<u>652</u>
Historical Cost (Deficit)/Surplus		<u>3,933</u>	<u>(3,533)</u>

Statement of Consolidated Total Recognised Gains and Losses

For the Year ended 31 July 2008

	Note	2007/08 £000	2006/07 £000
Surplus/(Deficit) after Depreciation of Assets at Valuation and Tax		2,948	(4,185)
Share of Loss in Joint Venture		(106)	-
Revaluation of Assets:			
Revaluation of Fixed Assets Buildings	18	31,475	-
Appreciation of Fixed Asset Investments		173	20
Appreciation on Endowment Asset Investments	12	<u>(48)</u>	<u>1</u>
Total Recognised (Losses)/Gains relating to the period		<u>34,442</u>	<u>(4,160)</u>
Reconciliation			
Opening Reserves and Endowments		90,910	95,050
Total Recognised Gains/(Losses) for the period		<u>34,442</u>	<u>(4,160)</u>
Closing Reserves and Endowments		<u>125,352</u>	<u>90,910</u>

	Note	Consolidated		University	
		2008 £000	2007 £000	2008 £000	2007 £000
Fixed Assets					
Tangible Assets	10	139,615	112,277	139,615	112,277
Investments	11	2,329	2,388	2,439	2,498
Investment in Joint Venture	11	44	-	-	-
		<u>141,988</u>	<u>114,665</u>	<u>142,054</u>	<u>114,775</u>
Endowment Assets	12	<u>117</u>	<u>116</u>	<u>117</u>	<u>116</u>
Current Assets					
Stocks		252	108	252	108
Debtors	13	9,522	5,948	9,968	5,672
Short Term Investments		3,000	-	3,000	-
Cash at Bank and in Hand		3,850	4,565	3,215	4,476
		<u>16,624</u>	<u>10,621</u>	<u>16,435</u>	<u>10,256</u>
Creditors: Amounts Falling Due Within One Year	14	(14,463)	(15,546)	(14,234)	(15,291)
Net Current Assets/(Liabilities)		2,161	(4,925)	2,201	(5,035)
Total Assets Less Current Liabilities		<u>144,266</u>	<u>109,856</u>	<u>144,372</u>	<u>109,856</u>
Creditors: Amounts Falling Due After more than one year	15	-	(5,200)	-	(5,200)
Less: Provision for liabilities	16	(6,870)	(7,762)	(6,870)	(7,762)
Net assets including pension asset/liability		<u>137,396</u>	<u>96,894</u>	<u>137,502</u>	<u>96,894</u>
Deferred Capital Grants	17	12,044	5,984	12,044	5,984
Endowment Funds					
Expendable	12	86	68	86	68
Permanent		31	48	31	48
		<u>117</u>	<u>116</u>	<u>117</u>	<u>116</u>
Reserves					
Revaluation Reserve	18	55,106	39,208	55,106	39,208
Income and Expenditure Account	18	70,129	51,586	70,235	51,586
		<u>125,235</u>	<u>90,794</u>	<u>125,341</u>	<u>90,794</u>
Total Funds		<u>137,396</u>	<u>96,894</u>	<u>137,502</u>	<u>96,894</u>

The accounts on pages 23 to 44 were approved by the University Court on 27 November 2008 and signed on its behalf by:

Mr Martin Cheyne
Chairman of University Court

Professor Pamela Gillies
Principal and Vice-Chancellor

Mr David Beeby
Executive Director of Finance

Consolidated Cash Flow Statement

For the Year ended 31 July 2008

	Note	2007/08 £000	2006/07 £000
Net Cash Inflow From Operating Activities	22	4,043	5,272
Returns on Investments and Servicing of Finance	23	486	241
Capital Expenditure and Financial Investment	24	3,003	(594)
Acquisitions and Disposals		-	-
Management of Liquid Resources		(3,000)	-
Financing	25	(5,200)	(300)
Increase in Cash in the year		<u>(668)</u>	<u>4,619</u>

Reconciliation of Net Cash Flow to Movement in Net Funds

For the Year ended 31 July 2008

	Note	2007/08 £000	2006/07 £000
(Decrease) in Cash in the Year		(668)	4,619
Increase in Short Term Deposits		3,000	-
Transfer of Debt		-	-
Decrease/(Increase) in Debt		5,200	300
Movement in Net Funds in the year		<u>7,532</u>	<u>4,919</u>
Net Funds at 1 August		(543)	(5,462)
Net Funds at 31 July	26	<u>6,989</u>	<u>(543)</u>

	2007/08 £000	2006/07 £000
1 Funding Council Grants		
Scottish Funding Council		
Recurrent Grant	56,340	54,433
Specific Grants		
Research	3,280	2,089
Other	2,056	1,440
Funding for Increased STSS Contributions	639	966
SRIF Grants	210	1,100
LTIF Funding	1,464	3,137
Deferred Capital Grants Released		
Buildings and Minor Works (Note 17)	121	123
Equipment (Note 17)	627	633
	64,737	63,921

The prior year (2006-07) has been restated to include income from Nursing Education Contracts formerly classified as Academic Fees and Education Contracts.

	2007/08 £000	2006/07 £000
2 Academic Fees and Education Contracts		
UK and EU Student Fees	13,803	13,355
Overseas Students (Non-EU)	5,515	5,389
Part Time Students	3,896	3,249
	23,214	21,993

The prior year (2006-07) has been restated due to the reclassification of short course income as Academic Fees and Education Contracts. (see note 4a)

	2007/08 £000	2006/07 £000
3 Research Grants and Contracts		
Grants and Contracts	4,130	4,481

This sum includes Industrial and Government-funded Research Grants and contracts. It excludes SFC funding for research shown in Note 1.

	2007/08 £000	2006/07 £000
4a Other Operating Income		
Residences, Catering and Conferences	2,680	2,457
Other University Services	3,944	4,274
Other Income	2,209	1,325
Subsidiary Undertaking	2,101	1,679
	10,934	9,735

The prior year (2006-07) has been restated due to the reclassification of short course income as Academic Fees and Education Contracts.

Notes to the Accounts

For the Year ended 31 July 2008

	2007/08 £000	2006/07 £000
4b Profit on Sale of Fixed Assets		
Net Gain on Land Lease of Dobbies Loan	<u>25</u>	<u>-</u>

	2007/08 £000	2006/07 £000
5 Endowment Income and Interest Receivable		
Income from Expendable Endowments	71	33
Income from Permanent Endowments	4	2
Other Interest Receivable	<u>461</u>	<u>281</u>
	<u>536</u>	<u>316</u>

	2007/08 £000	2006/07 £000
6 Staff Costs		
Wages and Salaries	56,046	55,407
Social Security Costs	4,427	4,522
Other Pension Costs	6,561	6,204
	<u>67,034</u>	<u>66,133</u>

	2007/08 £000	2006/07 £000
Analysed as:		
Staff on Permanent Contracts	53,796	51,605
Staff on Temporary Contracts	<u>13,238</u>	<u>14,528</u>
	<u>67,034</u>	<u>66,133</u>

Principal

Emoluments, including non-superannuable elements,
of the Principal and Vice-Chancellor

Benefits in Kind	188	171
Employers' Pension Contributions	<u>1</u>	<u>1</u>
	<u>23</u>	<u>22</u>

The base salary for 2007/08 was £169,728.

Average Staff Numbers by Major Category

	2007/08 Number	2006/07 Number
Academic	799	853
Technical	77	81
Administrative	556	568
Others	<u>114</u>	<u>116</u>
	<u>1,546</u>	<u>1,618</u>

	2007/08 £000	2006/07 £000
Remuneration of Other Higher Paid Staff, Including Non-Superannuable Elements, but Excluding Employer's pensions Contributions		
£70,000 - £79,999	16	4
£80,000 - £89,000	6	4
£90,000 - £99,999	2	4
£100,000 - £109,000	1	3
£110,000 - £119,999	-	1
£120,000-£129,999	1	-
£130,000-£139,999	1	-
£140,000-£149,999	-	-
£150000-£159,999	-	-
£160,000-£169,999	1	-

	2007/08 £000	2006/07 £000
Aggregate compensation for loss of office paid to former senior postholders/higher paid employees		
Compensation paid to former postholders	106	246
Estimated value of other benefits, including provisions for pension benefits	-	9
	<u>106</u>	<u>255</u>

	2007/08 £000	2006/07 £000
Exceptional Restructuring Costs		
During the year the University operated a Voluntary Early Release Scheme open to all staff. The breakdown of that scheme is as follows:		
Academic	452	4,571
Administrative	598	1,549
Technical	101	191
Others	18	48
Associated Costs (non payroll)	(118)	254
	<u>1,051</u>	<u>6,613</u>

Notes to the Accounts (Continued)

For the Year ended 31 July 2008

	2007/08 £000	2006/07 £000
7 Other Operating Expenses		
Repairs and General Maintenance	2,617	5,157
Consumables and Maintenance	3,116	3,088
Other Expenses (including Transport, Hospitality)	2,682	2,407
Rates, Heat, Light, Water and Power	1,645	1,529
Professional Fees	2,534	1,458
Computer and Other Equipment	1,149	1,435
Research Students	1,216	1,352
Books and Periodicals	1,583	1,265
Staff Development	974	1,069
Travel and Subsistence	964	945
Rentals and Leases	1,247	804
Staff Recruitment	575	721
Payment to External Bodies	507	491
Advertising Costs	414	490
Grants to Students' Association	736	489
Residences, Catering and Conferences	457	450
Printing & Stationery	450	417
Joint Courses	300	341
Overseas Recruitment	354	310
Glasgow Caledonian University Company Ltd	524	263
Student Placement Expenses	236	291
External Examiners	206	232
Postages	175	191
Furniture & Fittings	193	168
Bad Debt Write Off & Provision	71	157
Telephone	148	152
Childcare	137	144
Pension Provision	(121)	123
Financing Charges	18	25
Irrecoverable Assurance Costs	-	-
Auditor's Remuneration		
- External Auditors Remuneration	39	47
- Internal Auditors Remuneration	93	65
- Other Services from : External Auditors	25	13
Internal Auditors	-	-
Grant Assisted Works		
Building and Minor Works	659	283
Equipment	1,579	1,169
	<u>27,502</u>	<u>27,541</u>
	2007/08 £000	2006/07 £000
Other Operating Expenses Include:		
Hire of Plant and Machinery – Operating Leases	189	213
Hire of other Assets – Operating Leases	945	608
	<u>1,134</u>	<u>821</u>

	2007/08 £000	2006/07 £000
8 Interest and Other Finance Costs		
Loans not wholly repayable within five years	<u>88</u>	<u>54</u>

9 Analysis of Expenditure by Activity

	Staff Costs £000	Exceptional Operating Costs £000	Other Operating Expenses £000	Depreciation £000	Interest Payable £000	2007/08 Total £000	2006/07 Total £000
Academic Departments	40,330	-	4,143	576	-	45,049	41,739
Academic Services	6,518	-	4,630	708	-	11,856	10,445
Research Grants & Contracts	2,722	-	1,691	-	-	4,413	4,596
Residence Catering & Conferences	902	-	409	-	-	1,311	1,345
Premises	3	-	5,512	3,347	-	8,862	12,605
Administration	10,520	-	4,502	212	-	15,234	13,324
Other Expenses	5,020	1,051	6,091	4	88	12,254	19,369
GCJC	<u>1,019</u>	<u>-</u>	<u>524</u>	<u>-</u>	<u>-</u>	<u>1,543</u>	<u>1,208</u>
Total per I & E Account	<u>67,034</u>	<u>1,051</u>	<u>27,502</u>	<u>4,847</u>	<u>88</u>	<u>100,522</u>	<u>104,631</u>

10 Tangible Assets

Consolidated & University

At the year end the University instructed Ryden, LLP, Chartered Surveyors to carry out a valuation, this concluded that there would be an increase in the value of the University's buildings that were previously fully valued as at 8th September 2005.

	Freehold Land & Buildings £000	Assets Held for Disposal £000	Assets Under Construction £000	Fixtures & Fittings £000	Equipment & Furniture £000	Total £000
Valuation/Cost						
At 1 August 2007	111,346	189	289	1,392	11,664	124,880
Additions	209	3,500	82	80	340	4,211
Write off to I & E	-	-	-	-	-	-
Disposals	-	(3,500)	-	-	(10)	(3,510)
Transfers	-	-	(167)	-	167	-
Revaluation	24,032	-	-	-	-	24,032
As at 31 July 2008	135,587	189	204	1,472	12,161	149,613
Depreciation						
At 1 August 2007	(4,738)	(9)	-	(422)	(7,435)	(12,604)
Charge for year	(2,721)	(180)	-	(197)	(1,749)	(4,847)
Disposals	-	-	-	-	10	10
Revaluation	7,443	-	-	-	-	7,443
	(16)	(189)	-	(619)	(9,174)	(9,998)
NBV						
At 1 August 2008	135,571	-	204	853	2,987	139,615
At 1 August 2007	106,608	180	289	970	4,230	112,276

Buildings with a net book value of £39.9m have been funded from Treasury sources: should these particular buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Scottish Funding Council.

	Consolidated		University	
	2008 £000	2007 £000	2008 £000	2007 £000
11 Investments				
Treasury Index Linked Stocks	2,246	2,070	2,246	2,070
Subsidiary Undertakings at cost	-	-	110	110
Other Investments	83	212	83	212
	<u>2,329</u>	<u>2,282</u>	<u>2,439</u>	<u>2,392</u>

The Treasury Index Linked Stocks are earmarked to provide the enhanced element of the pensions to those employees who retired in 1995/96 under the Scottish Higher Education Funding Council "New Blood" scheme. The historical cost of these investments was £1.261m.

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

The above investment in this subsidiary undertaking represents 110,000 £1 ordinary shares in Glasgow Caledonian University Company Ltd. During the year to 31 July 2008 GCUC Ltd paid £582,000 Gift Aid to the University (2007, £489,000).

The University owns 100% of GCU Newco Limited established to operate the joint venture arrangements detailed in Note 11b. This investment represents £100 of issued ordinary shares and £149,000 of preference shares.

The "Other Investments" at 31 July 2008 represents an investment in Biopta Limited. Formed in 2002 as a spinout company of the University it provides *in vitro* pharmacology services and instruments. The "Other Investments" at 31 July 2007 represents an investment in a Britannic Unit Trust Saving Scheme which was sold in full during the year to 31 July 2008.

Joint Venture

On 28 May 2008 the University entered into a Limited Liability Partnership Agreement with INTO University Partnerships Limited. In anticipation of this the University established a new wholly owned subsidiary, GCU Newco Limited, on 21 April 2008. At 31 July 2008 GCU Newco Limited had an issued share capital of 1 ordinary £1 share and received an interest free loan for £150,000. Subsequent to the year end, on 12 August 2008, the University subscribed for 149,900 redeemable £1 preference shares and 99 £1 ordinary shares at par in GCU Newco Limited. GCU Newco Limited holds a 50% share of INTO Scotland LLP, a limited liability partnership. INTO Scotland LLP is a joint venture partnership with INTO University Partnerships Limited and the remaining 50% share is owned by Newincco821 Limited, a wholly owned subsidiary of INTO University Partnerships Limited.

On 28 May 2008 GCU Newco Limited entered into a loan agreement to lend up to £350,000 to INTO Scotland LLP, at an interest rate of 2% above the base lending rate of the Royal Bank of Scotland plc. At 31 July 2008 the loan had not been drawn down. HMRC have confirmed that the investment of £500,000 is a qualifying investment for tax purposes, as the £500,000 is always to be used to advance education.

INTO Scotland LLP was incorporated on 17 April 2008 and operates from Glasgow Caledonian University's campus. Its principal activity is the provision of English language and pre university foundation, diploma and pre masters' courses. The arrangement is treated as a joint venture and is accounted for using the gross equity method, such that 50% of the company's gross assets and liabilities are incorporated in the consolidated balance sheet of the University and 50% of its net income is reported in the University's consolidated income and expenditure account.

Both GCU and GCU Newco Limited and INTO Scotland LLP will have financial years that end on 31 July. The University's share in its joint venture is as follows:

	2007/2008 £000
Income and Expenditure Account	
Income	5
Deficit before and after tax	(106)
Balance Sheet	
Fixed Assets	40
Current Assets	195
	<u>235</u>
Liabilities : due within one year	(191)
Liabilities : due after more than one year	-
	<u>(191)</u>
Share of net assets	<u>44</u>

12 Endowments

	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2007-08 Total £'000	2006-07 Total £'000
Balances as at 1 August 2007						
Capital	13	32	45	52	97	75
Accumulated Income	-	3	3	16	19	6
	<u>13</u>	<u>35</u>	<u>48</u>	<u>68</u>	<u>116</u>	<u>81</u>
New Endowments	-	-	-	11	11	20
Investment Income	-	3	3	60	63	15
Expenditure	-	-	-	(27)	(27)	(1)
	<u>-</u>	<u>3</u>	<u>3</u>	<u>33</u>	<u>36</u>	<u>14</u>
(Decrease)/increase in market value of investments	-	(20)	(20)	(26)	(46)	1
	<u>13</u>	<u>18</u>	<u>31</u>	<u>86</u>	<u>117</u>	<u>116</u>
Represented by						
Capital	13	12	25	67	92	97
Accumulated income	-	6	6	19	25	19
	<u>13</u>	<u>18</u>	<u>31</u>	<u>86</u>	<u>117</u>	<u>116</u>

Represented by	
Investments revalued	59
Funds within University Bank Account	58
	<u>117</u>

Previous year balances have been restated, reanalysing them into the capital value of investments held and accumulated income unapplied.

Investments represent UK listed equities and gilts. The historic cost of the investments shown above is £17,044.

	Consolidated		University	
	2008 £000	2007 £000	2008 £000	2007 £000
13 Debtors: Amounts Falling Due Within One Year				
Trade Debtors	2,883	3,117	2,498	2,726
Other Debtors	814	880	964	880
Debtors due after more than one year	3,500	-	3,500	-
Subsidiary Undertakings	-	-	1,068	167
Prepayments and Accrued Income	2,325	1,951	1,938	1,899
	<u>9,522</u>	<u>5,948</u>	<u>9,968</u>	<u>5,672</u>

Included with Prepayments and Accrued Income is a balance of £372k in relation to monies recoverable from an insurance claim. A provision of £372k has been made against this balance due to a disputed item.

Debtors due after more than one year represent the amount due to the University under the long term lease agreement with INTO Scotland LLP for land. (see note 11, Joint Venture)

	Consolidated		University	
	2008 £000	2007 £000	2008 £000	2007 £000
14 Creditors: Amounts Falling Due Within One Year				
Trade Creditors	757	1,805	725	1,801
Social Security and Other Taxation Payable	1,588	1,495	1,588	1,495
Subsidiary Undertaking			82	
Prepayments and Accrued Income	12,118	12,246	11,839	11,995
	<u>14,463</u>	<u>15,546</u>	<u>14,234</u>	<u>15,291</u>

	Consolidated and University	
	2008 £000	2007 £000
15 Creditors: Amounts Falling Due After More Than One Year		
Loan Facility	-	5,200
	<u>-</u>	<u>5,200</u>

		Consolidated and University		
16	Provision for Liabilities and Charges	Pensions £000	Payroll £000	Total £000
	At 1 August 2007	7,207	555	7,762
	Expenditure in the Period	(445)	(555)	(1,000)
	Revaluation Adjustment	228	-	228
	Release of provision	(120)	-	(120)
	At 31 July 2008	<u>6,870</u>	<u>-</u>	<u>6,870</u>

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

The capital equivalent on future annual pension commitments has been based on actuarial valuation at 31 July 2008 by Hymans Robertson, Actuaries and Consultants.

The assumptions used for this calculation, under Financial Reporting Standard, 17, Retirement Benefits are as follows:

	31 st July 2008	31 st July 2007
Discount Rate	2.8%	2.2%
Inflation	<u>3.9%</u>	<u>3.3%</u>

17	Deferred Capital Grants University & Consolidated	Buildings £000	Equipment £000	Total £000
	At 1 August 2007			
	Funding Council	4,496	463	4,959
	Other	-	1,025	1,025
		<u>4,496</u>	<u>1,488</u>	<u>5,984</u>
	Receivable during the year			
	Funding Council	1,650	4,977	6,627
	Other	-	181	181
		<u>1,650</u>	<u>5,158</u>	<u>6,808</u>
	Released to Income and Expenditure Account			
	Funding Council	(121)	(231)	(352)
	Other	-	(396)	(396)
		<u>(121)</u>	<u>(627)</u>	<u>(748)</u>
	At 31 July 2008			
	Funding Council	6,025	5,209	11,234
	Other	-	810	810
		<u>6,205</u>	<u>6,019</u>	<u>12,044</u>

	Revaluation Reserve £000	Other Funds £000	Total £000
18 University & Consolidated Reserves			
Balance at 1 August 2007	39,208	51,586	90,794
Surplus for the year	-	2,900	2,900
Share of loss in Joint Venture	-	(107)	(107)
Cumulative depreciation written back on revaluation	(14,765)	14,765	-
Appreciation of Investments	173	-	173
Revaluation in year	31,475	-	31,475
Transfer of amount equivalent to additional depreciation of Fixed Assets	(985)	985	-
Balance as at 31 July 2008	<u>55,106</u>	<u>70,129</u>	<u>125,235</u>

19 Lease Obligations

	Consolidated and University	
	2008	2007
	£000	£000
Land and buildings		
Expiring within one year	153	1
Expiring within two to five years	792	945
Expiring in over five years	-	-
	<u>945</u>	<u>946</u>

	Consolidated and University	
	2008	2007
	£000	£000
Other		
Expiring within one year	140	152
Expiring within two to five years	100	65
Expiring in over five years	-	-
	<u>240</u>	<u>217</u>

	Consolidated and University	
	2008	2007
	£000	£000
20 Capital Commitments		
Land and buildings		
Commitments contracted	1,929	555
Authorised but not contracted	2,603	7,713
	<u>4,532</u>	<u>8,268</u>

21 Contingent Liabilities

As is normal within an institution such as the University, there are a number of potential legal claims outstanding. Based on the facts known at this point in time the University's Lawyers have advised that any potential liability would not be considered material in overall financial terms.

	2007/2008 £000	2006/2007 £000
22 Reconciliation of Consolidated Operating Surplus to Net Cash Inflow from Operation Activities		
Surplus/(Deficit) before tax	2,900	(4,199)
Depreciation	4,847	4,290
Deferred Capital Grants Released to Income	(748)	(756)
Share of Operating Loss in Joint Venture	107	-
Interest Payable	88	54
Interest Receivable	(461)	(280)
Gain on Disposal of Fixed Asset	(25)	-
(Decrease)/Increase in Stocks	(144)	(17)
(Decrease)/Increase in Debtors	(74)	474
(Decrease)/Increase in Creditors	(1,464)	5,398
(Decrease)/Increase in Provisions	(983)	308
Net Cash Inflow from Operating Activities	<u>4,043</u>	<u>5,272</u>
	2007/2008 £000	2006/2007 £000
23 Returns on Investments and Servicing of Finance		
Interest Paid	(95)	(54)
Income from Endowments (Note 5)	74	15
Other Interest Received	507	280
	<u>486</u>	<u>241</u>
	2007/2008 £000	2006/2007 £000
24 Capital Expenditure and Financial Investment		
Tangible Assets Acquired	(3,830)	(1,369)
Deferred Capital Grants Received	6,808	775
Disposal of Property	25	-
Insurance Compensation	-	-
	<u>3,003</u>	<u>(594)</u>

	2007/2008 £000	2006/2007 £000
25 Financing		
Repayments of amounts borrowed	(5,200)	(300)
Net (outflow) / cash inflow from financing	(5,200)	(300)

	At 1 August £000	Cash Flows £000	At 31 July £000
26 Analysis of Changes in Net Funds			
Short Term Investments	-	3,000	3,000
Cash at Bank and in Hand	4,657	(749)	3,908
Debt due after One Year	(5,200)	5,200	-
	(543)	7,451	6,908
Cash at Bank and In Hand Reconciliation			
Short Term Investments	-		3,000
Cash at Bank and in hand per Balance Sheet	4,565		3,850
Endowment Adjustment	92		58
	4,657		6,908

27 Pension Schemes

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

The University contribution rates on eligible salary and wages costs are:

Academic staff STSS	13.5%
Academic staff (USS)	14.0%
Administrative and Manual Staff SPF	16.2%

	STSS 31 March 2001	SPF 31 March 2005	USS 31 March 2005
Date of last actuarial review/valuation:			
Rate of return on investments in excess of rate of increase in salaries	2%	1.5%	3.9%
Rate of return on investments in excess of rate of increase in pensions	3.5%	3.4%	2.9%
Market value of assets at date of last valuation	£10,769m	£6,990m	£21,740m
Proportion of members benefits covered by actuarial valuation	100%	97%	77%

	2007/2008 £000	2006/2007 £000
The total pension costs for the year were:		
Normal contribution to:		
STSS	3,759	4,123
SPF	2,624	2,009
USS	211	72
Pension Provision	(121)	123
	<u>6,473</u>	<u>6,327</u>

The University has utilised the provisions of FRS17 whereby the contributions to schemes be accounted for as if it were a defined contribution scheme. As such, the cost recognised within the University's Income and Expenditure account will be equal to the contribution payable to the schemes for the year.

The Strathclyde Pension Fund

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

The assets of the Fund are held in a separately administered fund and the latest actuarial valuation of the Fund was at 31 March 2005. The assumptions which have the most significant effect on the results of the valuation are those relating to the returns on investments, inflation, rates of mortality, early retirements, staff turnover, and the rates of increase in salaries and pensions. Key financial assumptions underpinning the valuation at 31 March 2005 were that the nominal rate of return on investments was 6.3% (real rate 3.4%), the nominal rate of pay increases was 4.4% (real rate 1.5%) and that the nominal price inflation and pension increases were 2.9% (real rate 0.0%),

At the date of the 2005 actuarial valuation the market value of the assets of the Fund was £6,990m and the actuarial value of assets was sufficient to cover 97% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The employer's contribution rate payable by the University was 16.2%.

The Scottish Teachers Superannuation Scheme

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

The latest full actuarial valuation of the STSS received from the Scottish Public Pension Agency is as at 31 March 1996. However, an actuarial review as at 31 March 2001 was issued in June 2006 by the Government Actuary. This review shows assets of £10,769m and the review assumes that the investment rate of return would be 2% in real terms and that pensions would increase by 3.5% per annum in real terms.

The employer's contribution rate payable by the University was 13.5%.

Universities Superannuation Scheme (USS)

The Universities Superannuation Scheme provides benefits on final pensionable salary for staff within Higher Education. This is a defined benefit scheme which is externally funded and the assets of the scheme are held in a separate trustee administered fund.

The funds are valued every three years by professionally qualified independent actuaries, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years the actuaries review the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuaries, based on the latest actuarial valuation of the scheme and are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services. Unless it is considered prudent to recognise deficiencies over a shorter period, variations from regular cost are spread over the expected average remaining working lifetime of members of the scheme after making suitable allowances for future withdrawals.

The next formal triennial actuarial valuation was due as at 31 March 2008. The contribution rate will be reviewed as part of each valuation.

28 Related Party Transactions

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

Any other transactions with related parties are already disclosed elsewhere in the accounts.

29 Childcare and Hardship Fund	Childcare Fund £000	Hardship Fund £000	Total £000
Balance brought forward	21	69	90
Funds Received in Year	234	756	990
Expenditure	(90)	(891)	(981)
Repayable to funding body (clawback)	(14)	-	(14)
Virements	(129)	129	-
Balance carried forward	<u>22</u>	<u>63</u>	<u>85</u>

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

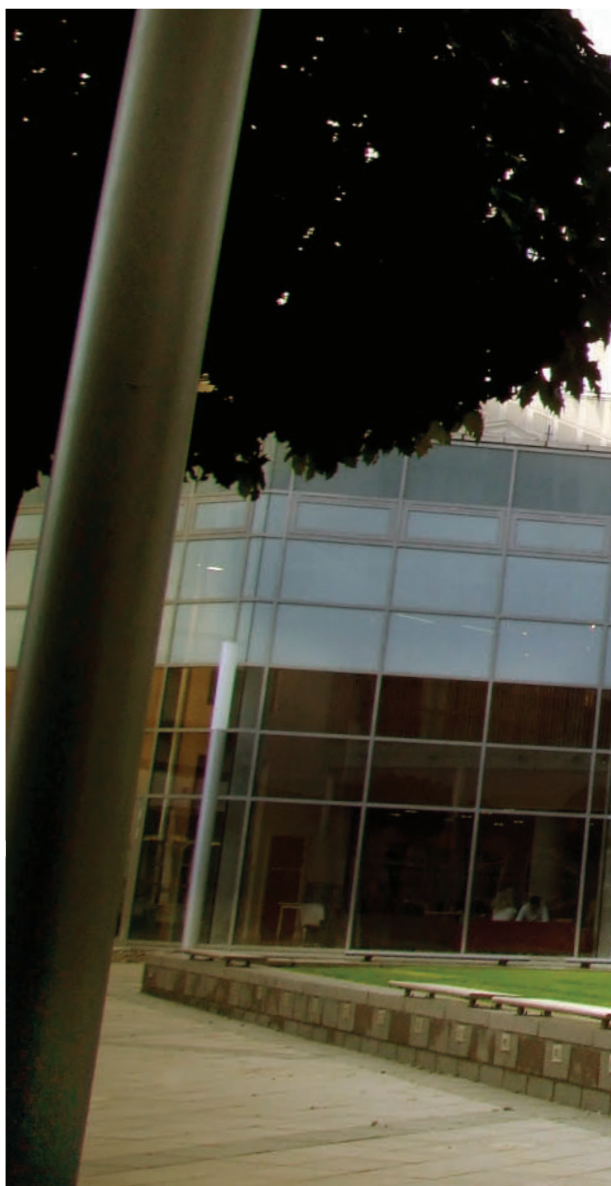
30 Post Balance Sheet Events

The University completed the purchase of land, for £1.6m, adjacent to the campus in November 2008.

31 Subsidiary Undertakings

The subsidiary companies (all of which are registered in Scotland) are as follows:

Company	Principal Activity
Glasgow Caledonian University Company Ltd	The provision of training, consultancy and research
GCU Nominee Company Ltd	Ownership of Heatherbanks Museum assets
GCU Newco Ltd	Holds University share of INTO Scotland LLP



Glasgow Caledonian University
Cowcaddens Road,
Glasgow G4 0BA,
Scotland, United Kingdom

T : 0141 331 3000
F : 0141 331 3005
www.caledonian.ac.uk



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