



Annual Financial Statements

Year ended 31 July 2017



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Introduction from the Principal and Vice-Chancellor



As these financial statements demonstrate we significantly improved our financial outcome in 2016/17 through a range of measures including efficiency savings and cost control, with the result that we achieved an operational surplus overall despite a projected operational deficit.

Academic year 2016/17 has therefore, in my view, been a better one for the University than the previous year on a number of counts, but most significantly in our achievement in winning research funding for initiatives delivering social innovation and sustainability.

We improved many of our student experience and learning metrics and our widening access data continues to impress, as does the success of our Advanced Higher Hub. Our graduate employment statistics improve year on year and our drop-out rate remains low.

Our home undergraduate recruitment targets for Scottish students were met, but there was a small and disappointing 10% drop in our international student income, reflecting the downturn of the attractiveness of the UK as a destination for international students. The implementation of new recruitment and conversion processes in 2016/17 appears to have halted the declining trend in our international student numbers, but considerable growth must be delivered in 2017/18. I am confident that we can advance this with a refreshed attractive portfolio of professionally accredited programmes, a welcoming body of staff and students and a modern city centre campus which has benefited from £32m of investment. In addition to providing outstanding learning facilities, our campus continues to lead the way in terms of sustainability. This academic year we retained our Eco Campus Platinum Award, sent no waste to landfill and gained a First Class Award in the People and Planet League table making us second in Scotland for sustainability.

Our transnational work remains strong with new partnerships achieved overseas that will deliver future educational development as well as revenue. The Digital Strategy and online offer progressed satisfactorily and research income and performance was, as noted above, extremely good.

One of the outstanding achievements of the year was to finally receive the charter to award our degrees in New York. A world first for an international University, this will, in the longer term, provide new revenue streams for our University going forward.

Overall, I believe our University reputation and esteem has been enhanced further in 2016/17. With so many good stories to tell about our University, there will be a concerted focus on doing so in the coming year.

Professor Pamela Gillies CBE, FRSE
BSc, PGCE, MEd, MMedSci, PhD, FRSA, FFPH,
FAcSS, Hon FRCPS (Glasg), DSc
Principal and Vice-Chancellor



Key Financial Highlights

The consolidated results for the year ended 31 July 2017 are summarised below:

	2016/17 £000	2015/16 £000
Income	116,161	116,285
Expenditure excluding restructuring and non-cash FRS 102 pension costs	114,313	117,598
Underlying operating surplus/(deficit)	1,848	(1,313)
Restructuring costs	(1,577)	(1,350)
Non-cash FRS 102 pension costs	(3,068)	(2,186)
Deficit before other gains and share of deficit in joint venture	(2,797)	(4,849)
Other Items (including gains/losses, taxation and JV)	(247)	(348)
Deficit for the year*	(3,044)	(5,197)
Cash at bank including non-current investments	17,907	18,882
Unrestricted reserves	64,173	63,701
Net assets	144,234	146,012
Cash flow from operating activities	1,318	505

*Before other comprehensive income

Strategic Report

Scope of the financial statements

The financial statements have been prepared on a consolidated basis and include the results for the University and its subsidiary companies as set out within Note 27.

Corporate review

The University

Glasgow Caledonian University (GCU) is a vibrant, innovative and multi-award winning University for the Common Good. With campuses in Glasgow, London and New York, and partners in Oman, Bangladesh and Africa, we are extending our global impact and engaging in new ways with learners and communities.

The University aims to contribute to society in a manner that embraces yet goes beyond the traditional role of a university. GCU's 'For the Common Good' commitment is brought to life and delivered by students and staff across academic schools and departments.

Study and Research are grouped into Academic Schools and Research Institutes and are supported by a number of Professional Support Departments. The Schools are the cornerstones of academic life at the University, offering high-quality programmes, professional training courses, research opportunities and consultancy services. Our applied research addresses three major societal challenges, enabling communities in the UK and internationally to build inclusive societies and live healthy lives in sustainable environments. Research is supported by Research Centres in areas of expertise that reflect our commitment to the Common Good, including the Yunus Centre for Social Business and Health, the Centre for Living and the Centre for Climate Justice.

Constitution, governance and regulation

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

The appointed governor membership consists of a minimum of nine and a maximum of 18 members and is drawn from people who have experience of, and have shown capacity in, industrial, commercial or employment matters or in the practice of any profession. The appointed governor membership must maintain an overall majority on the University Court. The Principal and Vice-Chancellor and the President of the Students' Association are

Governors ex officio. Three staff governors are elected: one by Senate from among the members of Senate; one by the academic staff from among the members of such staff; and one by the non-academic staff from among the members of such staff.

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

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



Professor Rohinton Emmanuel heads up GCU's BEAM research Centre, which focuses on sustainable environments, one of the University's three societal challenges.

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

GCU is also a regulated charity in Scotland, with the Office of the Scottish Charity Regulator under number SC021474.

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

Strategy 2020: University for the Common Good

Strategy 2020 sets out the University's distinctive vision to achieve a global reputation for delivering social benefit and impact through education, research and innovation.

As the University for the Common Good, GCU has five overarching strategic goals:

Goal one | Transforming lives through education

We will deliver excellence in learning and an outstanding student experience which equips students with the employability and entrepreneurial skills to succeed as global citizens, and enables them to make a positive impact within their communities, transforming their lives and the lives of others.

Goal two | Enriching cities and communities through research

We will build on our key areas of research excellence in inclusive societies, healthy lives and sustainable environments to address societal challenges and enrich cities and communities.

Goal three | Innovating for social and economic impact

We will innovate for social and economic impact, providing social solutions through applied research and development, and working in partnership with business, the public and voluntary sectors.

Goal four | Engaging globally

We will harness our campuses in Glasgow and London, the Glasgow Caledonian New York College, and educational offerings in Oman and Bangladesh, to extend our global reach and impact, providing opportunities to engage in new ways with learners, partners and communities at home and overseas.

Goal five | Aligning for the Common Good

We will develop and deepen our strategic relationships with local and global thought leaders, aligning with others to champion social justice and promote our mission For the Common Good.

Staff, students and partners are central to the delivery of Strategy 2020. The Strategy is underpinned by a suite of cross-cutting strategies in learning, research, internationalisation, and development of our people, digital capabilities and learning environments.

Strategic indicators and monitoring framework

The University has developed a set of 2020 Strategic Indicators, approved by the University Court, which set ambitious outcomes for measuring progress against the 2020 goals:

- Maintain a leading position for widening access
- Achieve excellent student satisfaction
- Ensure positive outcomes for our students and graduates
- Diversify our student population, growing the proportion of postgraduate and international students
- Enhance the global impact of our research, focussing on its reach and significance in addressing societal challenges
- Increase income from research, knowledge exchange and commercial activities
- Enhance staff engagement and grow the proportion of our academic staff holding doctoral and postgraduate qualifications
- Ensure financial sustainability
- Be recognised as a leading university for environmental sustainability

The University Court monitors the sustainability of the University through an annual Strategic Report which provides a full account of institutional performance against the 2020 Indicators. In addition, Court and its Committees receive regular monitoring reports throughout the academic year in relation to key elements of Strategy 2020 and the supporting strategies.

Highlights of the year

In 2016/17 the University's achievements continued to be recognised in many national and international forums. Highlights include:

- GCU was ranked in the world's top 150 in the Times Higher Education's 200 under 50 Rankings 2017. In the listing of the best universities in the world under the age of 50, GCU features with a position of '101 - 150'. This is the first time GCU has appeared in these rankings.

The performance indicators are grouped into five areas, spanning teaching, research, citations, international outlook and industry income, with the 2017 ranking using the same performance indicators as the flagship THE World University Rankings.

- The University refreshed its 2020 Research Strategy in 2016/17, applying the United Nations Sustainable Development Goals as the architecture within which sit our three societal challenges - Inclusive Societies, Healthy Lives and Sustainable Environments. In addressing these challenges, the University has had a record year in terms of research income from competitive grant funders (£6m). GCU is the number one university in the UK, and number two in Europe, for funding from the European Commission's Erasmus+ Programme, with income in 2016/17 of €2.1m.
- Pupils at GCU's Advanced Higher Hub achieved an outstanding pass rate of 92% in this year's Scottish Qualifications Authority (SQA) examination diet against a national pass rate in our eight Advanced Higher subjects of 79%, with four subjects achieving 100% pass rates.

Business Management, English, History and Physics all achieved the maximum. The widening access initiative celebrates the fourth year of its partnership with Glasgow City Council (GCC) and The Scottish Funding Council (SFC).

- In a ground-breaking move, GCU was awarded a provisional charter by New York State Education Department (NYSED) to become a degree-granting body in New York - the first foreign higher-education institution to achieve this. In New York, a city renowned for its global role in business and fashion, research indicated an industry demand for the University's portfolio of research-based Masters programmes in these subjects, with a core focus on sustainability and ethical business.

The staff in New York have been engaged in research, conferences and other events since the campus opened in 2013. They have secured research funding commitments including \$1.25m from bodies such as the Rockefeller Foundation and the United Nations. More than 30 global brands have been inspired to work with the GCU Fair Fashion Center in New York to research fashion as an instrument of sustainability and ethical business.



First students welcomed to Glasgow Caledonian New York College

- GCU rolled out the first of its Graduate Level Apprenticeship programmes, delivered by an innovative partnership with national agency Skills Development Scotland and leading sector-related companies. Graduate Level Apprentices are recruited and employed by one of the participating companies and study part time towards a four-year honours degree at GCU. The degrees are delivered over three semesters rather than two and a large element of the learning is accomplished through work-based activities.



GCU rolled out its innovative Graduate Level Apprenticeship programmes.

- One year after the launch of the pioneering educational partnership with the African Leadership College (ALC), which brings together students from 30 African countries, GCU has reached a milestone in the ground-breaking initiative to develop a new generation of ethical leaders across the continent. More than 170 students have now progressed onto GCU-led undergraduate honours degree programmes following completion of their leadership, innovation and ethics-focused foundation year. GCU is delivering programmes at ALC to develop leadership and entrepreneurial thinking, creating



'Stellar performance' from first cohort at the ALC.

graduates with the knowledge and skills to help shape the future success of the continent and address significant skills shortages in key areas.

ALC Mauritius is the first in a network of African higher-education institutions planned by African Leadership Unleashed, adopting new and innovative approaches to higher education, closely linked with employers from across the globe. Its Ambassador Chancellor is Dr Graça Machel, former First Lady of Mozambique and South Africa. Fred Swaniker, African Leadership College Founder and CEO, said: "We are proud of the stellar performance of the first cohort of the ALC and excited to see them commence their undergraduate honours degree programmes, facilitated by GCU."



The Caledonian Club demonstrated "continual and positive impact".

- The Caledonian Club, GCU's long-running widening-access programme, was reaccredited by Business in the Community's Responsible Business Awards to celebrate Responsible Business Week. GCU was the first university to win the Education Award category in the Business in the Community (BITC) Awards, which were established as part of the Prince's Responsible Business Network to create a fairer society and more sustainable future.

The Caledonian Club has, over the past eight years, worked with more than 14,600 nursery, primary and secondary school pupils and their parents to raise basic life skills and the aspirations of those from the most disadvantaged communities in Glasgow. The initiative has also been running for the past five years for children and parents in the Tower Hamlets area of London, near the GCU London campus.

The student experience

GCU is committed to providing students with a truly outstanding experience, supporting them to achieve their full potential. The student experience encompasses all aspects of student life, both inside and outside the classroom – academic, social, welfare, student support – and we strive to continually improve all areas that feature in student life at GCU.

GCU's approach to enhancing the student experience recognises that creating an excellent student experience takes time and involves every aspect of university business and every member of staff. The Enhancing the Student Experience Steering Group, led by the Deputy Vice Chancellor Academic, has representation from staff across the University and the Students' Association and is responsible for guiding the Student Experience 2020 Action Plan.

The Plan focuses on four themes which were identified as a result of extensive staff and student consultation and a systematic review of student feedback results, including NSS:

- Student Engagement and a Sense of Belonging
- Programme Organisation and Management
- Assessment and Feedback
- Wider Student Experience

A mix of cross university and local actions are all mapped to these four overarching themes. This central and distributed model provides a co-ordinated, strategic approach with clear lines of responsibility and accountability.

Partnership working is key to the successful delivery of the Plan and this is reflected in our 2020 student partnership Agreement, 'The GCU Community: Working Together in Partnership', which has been developed in collaboration with our Students' Association. The agreement reinforces GCU's view of staff and students working as partners as central to the delivery of excellence in learning and an outstanding student experience.

Progress against the objectives of the Student Experience 2020 Action Plan are measured against a number of KPIs including the Strategy 2020 strategic indicators and the NSS, overseen by the Executive Board, the Enhancing the Student Experience Steering Group, Academic Policy and Practice Committee and Senate.

Student recruitment

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

The University's total student population, expressed as full time equivalents (FTE), was:

	2016/17	2015/16
Undergraduate	11,923	11,907
Postgraduate Taught	1,399	1,203
Postgraduate Research	333	319
Total FTE - Glasgow and London including INTO	13,655	13,429

The student number statistics above show that over the year student numbers increased across all cohorts in 2016/17. GCU's undergraduate students are a critical cohort as it represents a significant majority of our students and is subject to a consolidation limit imposed by the SFC. Postgraduate taught students increased from last year by 16% and Postgraduate research student numbers also increased by 5% in the year.

The FTE based on domicile groupings was:

	2016/17	2015/16
Scottish	11,542	11,361
Rest of UK (RUK)	517	515
EU non UK	684	611
Non EU	912	942
Total FTE - Glasgow and London including INTO	13,655	13,429

Risk and risk management

High-quality risk management is a positive process which supports and enhances business management. As detailed in the Corporate Governance statement, the University has robust risk-management procedures and structures embedded in its business processes. These include: a Risk Management Strategy and Risk Appetite and Tolerance statements, which guide the management of risk across the University; a Risk Management Forum, comprised of senior management from across the University to ensure that risks are identified and managed effectively; and a programme of staff development workshops.

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

The main risks facing the University are:

Government policy and political landscape: This is a significant risk as funding from government, through the Scottish Funding Council, is the University's main source of income. It is likely further real-term reductions in this income will be experienced as a consequence of reductions in spending across the Higher Education sector.

EU referendum: The 2016 EU referendum outcome has been the subject of significant focus since the UK voted to leave the EU. While the full implications of the vote to leave remain unclear, the UK higher-education sector is impacted in many ways, including recruitment of EU students and staff, income associated with EU-funded research projects and the general economic impacts associated with such a significant political and economic change.

Financial sustainability: Cost inflation, rising pay and pension costs and the challenges facing the recruitment of international students all impact the financial sustainability of the University. Risks around pensions are linked to USS pension liabilities now on the balance sheet as well as revaluations in the Universities Superannuation Scheme (USS) scheme. Local government pension schemes have also experienced volatility in net liabilities due to general economic factors and the EU referendum outcome. Recruitment of international students, due to the difficulties faced by such students obtaining visas for study as well as general market competition, remains a concern.

Organisational change and transformation programmes: Directly linked to the Strategy 2020, the University has in place a structured programme of works that shapes key aspects of the University's operational model. These programmes vary and include organisational structure and reporting lines, curriculum development and digital developments. Assurance over these change programmes is an important part of managing risk, given their importance to delivering strategies and interdependencies with many areas of the institution.

Cyber and information security: The risks around information and cyber security have increased in recent years, illustrated by a number of cyber attacks which have impacted organisations across the world. The new General Data Protection Regulation (GDPR), which will apply from May 2018, has raised the bar in terms of requirements, and carries a maximum fine of 4% of total revenue for non-compliance, representing a key financial and reputational risk to the University.

Estates and facilities

2016/17 saw the completion of the University's flagship Heart of Campus project, a £32million investment in the student experience which has changed the face of the estate and has introduced inspiring new teaching spaces and social areas.

The campus was further enhanced in December 2016 with the completion of the £3.5million overcladding and windows project in the Hamish Wood building. With its new highly insulated envelope, the building is now contributing to significant energy and carbon savings across the campus as a part of the University's award-winning sustainability programme.

Estates and Facilities Management have been successfully working in partnership with the Academic Registrar to enhance the teaching accommodation and to ensure there is enough provision for increasing class sizes.

In April 2017 the University Court approved the Estates and Facilities Strategy 2016–2020 which sets out the University's plans for the development of the campus until 2020 and beyond. The Strategy sets out the following five key goals and priorities for implementation:

- To enhance the student experience
- To enhance the staff experience
- Provide enhanced focus for research excellence
- Enhance the environmental sustainability and security of the estate
- Achieving best value of the estate and facilities

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

Sustainability

GCU's commitment to embedding sustainability into its operations is underpinned by an Environmental Management System (EMS) that provides a robust framework for identifying risk and opportunities and putting in place measures that drive the University's environmental performance.

The EMS is audited annually and, in March 2017, GCU was re-certified EcoCampus Platinum/ISO 14001. Further, in recognition of the University's environmental and sustainability commitments, People & Planet awarded a First Class Award and ranked GCU 29th in its University League.



GCU completed its £32 million redevelopment.

During 2016/17 the University continued to promote sustainable travel and Cycling Scotland supported the University with a Campus Cycling Officer internship. Improvements were also made in its recycling performance; waste composition analysis was carried out by students, food waste collections were made available to all kitchens and pantries and recycled paper was introduced across the new fleet of multi-functional printing devices.

In support of the Sustainability Team's engagement activities, students from the Glasgow School for Business and Society were commissioned to produce a short video to encourage other students to adopt six simple environmental behaviours. This video is available on the new 'Sustainability at GCU' YouTube Channel, which also includes a two-minute guide to recycling and a series of short videos to encourage more recycling. These initiatives and milestones help raise awareness of the University's commitments and help improve GCU's environmental performance.

Equality and diversity

Our newly developed Equality Outcomes 2017-2021 support our vision of a culture at GCU that is inclusive of all sections of society and responsive to the needs of individuals, and ultimately our commitment as the University for the Common Good. The outcomes are focused on ensuring that our people have the right knowledge, we are accessible and welcoming, and we provide people who have protected characteristics with the same opportunities as others to achieve positive work and study outcomes.

Our Equality Outcomes 2017-2021 help to fulfil our duties under the Equality Act 2010 by embedding equality and diversity across all University functions, projects and activities. The outcomes also support our GCU Values, and our Dignity at Work and Study Policy, which outlines the rights and responsibilities associated with this commitment

and our Zero Tolerance approach to any form of unlawful discrimination, including harassment, victimisation, racism, sexism, homophobia or any other unacceptable behaviour towards any member of our community.

Disability

The University gives equal consideration to all applications for employment. Where a candidate with a disability is the best person for the job and is appointed, full consideration is given to what reasonable adjustments are necessary to ensure that the person is not placed at a disadvantage, and is supported so that the requirements of the job can be fulfilled.

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

Financial performance review

Results for the year

The University is reporting a consolidated deficit for the year, before other comprehensive income, of £3.0m. The deficit includes a significant combined non-cash charge of £3.1m in respect of the accounting for the Strathclyde Pension Fund current service staff costs and net interest charge and for the USS pension deficit provision adjustments. Such non-cash pension charges are being experienced nationally due to the sharp drop in discount rates between 2015 and 2016 following the EU referendum. The deficit for the year also includes voluntary restructuring costs of £1.6m.

The consolidated results also include the effect of the depreciation of Sterling to a 30 year low following the EU referendum. This has impacted income and expenditure as a consequence of the translation of overseas results into Sterling.

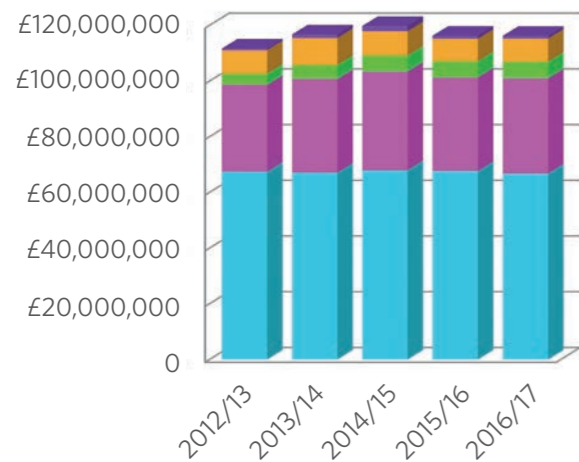
Underlying operating surplus is defined as the surplus generated from normal activities and is the measure used by management throughout the year to measure the University's performance. Removing the effects of the non-cash pension charges and restructuring costs, which are not influenced by the day to day operation of the University, the consolidated underlying operating results have improved from a deficit of £1.3m in 2015/16 to a surplus of £1.8m in 2016/17.

The operating results are summarised below:

Consolidated:	2016/17 £'000	2015/16 £'000
Underlying operating surplus/ (deficit)	1,848	(1,313)
Restructuring costs	(1,577)	(1,350)
Non-cash FRS 102 pension costs	(3,068)	(2,186)
Deficit before other gains and share of deficit in joint venture	(2,797)	(4,849)
Other Items (including gains/ losses, taxation and JV)	(247)	(348)
Deficit for the year	(3,044)	(5,197)

Income

Total Income remained relatively flat in 2016/17 at £116.2m (2015/16: £116.3m) in an increasingly competitive environment. Total income comprises funding council grants, tuition fees and education contracts, research grants, other income, investment income and donations and endowments. The distribution of income over the past five financial years is as follows:



- Investment income, donations and endowments
- Other income
- Research grants and contracts
- Tuition fees and education contracts
- Funding council grants

Scottish Funding Council (SFC) grants

The University received £66.7m (2015/16: £67.7m) in grant funding from the SFC, reflecting the allocations announced in the SFC funding outcome agreements for universities.

While the largest element of this funding is the recurrent main teaching grant, it also includes research and innovation grants and capital maintenance grants.

Tuition fees and education contracts

Tuition fees and education contract income in the year was £34.1m (2015/16: £33.6m). While there has been a fall in non-EU fees for students studying in the UK, Transnational Education (TNE) contracts continue to deliver for the University, reflecting a continued increase in student numbers and activity with international businesses and collaborative institutions.

Research grants and contracts

Research income of £6.0m (2015/16: £5.9m) has increased in the year by £0.1m or £0.8m when the one-off benefit from the government's Research and Development Expenditure Credits of £0.7m that was received in 2015/16 is excluded. The largest increase in income relates to central and local government (UK and Overseas) funded research, which grew by 27% (£0.9m).

Other income

The University received £8.3m (2015/16: £8.0m) in other income. Residence, catering and conference income was £3.6m. The balance totalled £4.6m, comprising a variety of income streams including but not limited to rental income, graduation income, sports income and consultancy.

Investment Income

Overall investment income has reduced in the year to £0.2m (2015/16: £0.3m). Income from endowment investments was £15k. Other interest receivable was £150k, down by £108k on last year, due to reduced bank interest rates and overall reduction on funds invested.

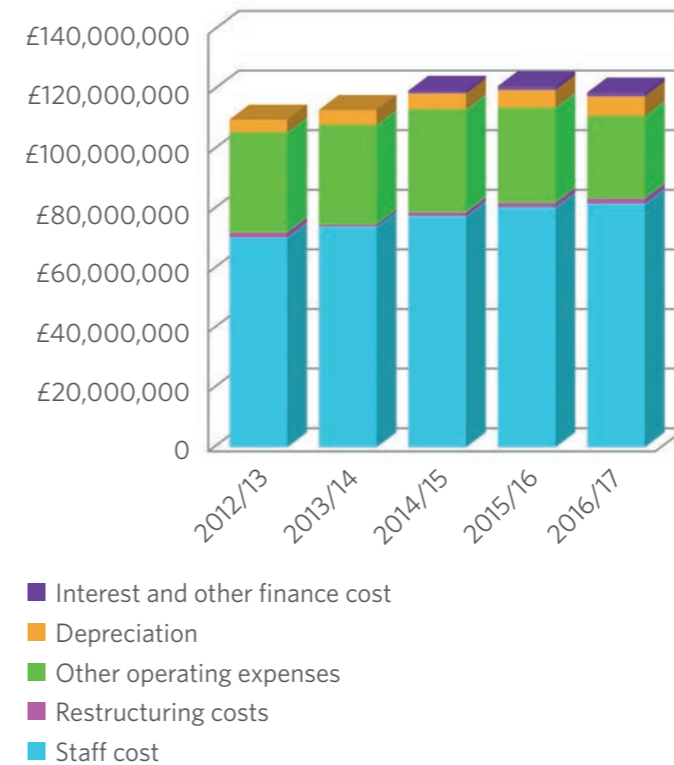
Donations and endowments

Revenue recognition rules mean that we include income from new donations and endowments accepted in year, instead of deferring in the balance sheet. This means we recognise restricted income immediately, regardless of when it is spent. In 2016/17 this represents income received from new donations in the year.

Expenditure

Total expenditure has reduced by £2.2m to £119.0m (2015/16: £121.1m). The reduction is the result of a significant effort across the University to drive productivity and focus on efficiency by reducing staffing, discretionary and infrastructure costs. Expenditure comprises staffing, restructuring, other operating costs,

the depreciation of fixed assets and interest and finance costs and is split as follows over the past five financial years:



Staff costs

Staff is one of the University's most important assets and costs in relation to this resource were £81.8m (2015/16: £80.5m) against an average employee base of 1,436 (2015/16: 1,454). Salary costs include the 1.1% pay increase approved by the University and College Employers Association (UCEA) and awarded from 1 August 2016 and the progression of staff incremental pay scales. The Apprenticeship Levy was payable from 6 April 2017 and is reflected in the increase in social security costs and other taxes.

Pensions are a significant staff benefit at £12.2m (2015/16: £11.1m). Pension costs for the year include the non-cash Strathclyde Pension Fund current service costs, of £2.3m (2015/16: £1.5m). Excluding the non-cash costs the cost of providing pensions increased by £0.3m on 2015/16.

Staff voluntary severance costs in the financial year were £1.6m (2015/16: £1.4m). Staff severances are aimed at readjusting the cost base and repositioning resource allocations to meet the requirements of the University's future sustainability plans within the Strategy 2020.

Other operating costs

Other costs, which include expenditure on subsidiary company activities, student accommodation, scholarships, premises costs and library services, have decreased to £27.8m (2015/16: £32.1m) reflecting efficiencies gained throughout the year and in previous years. Importantly, the efficiencies bring recurrent savings to the University's overall cost base.

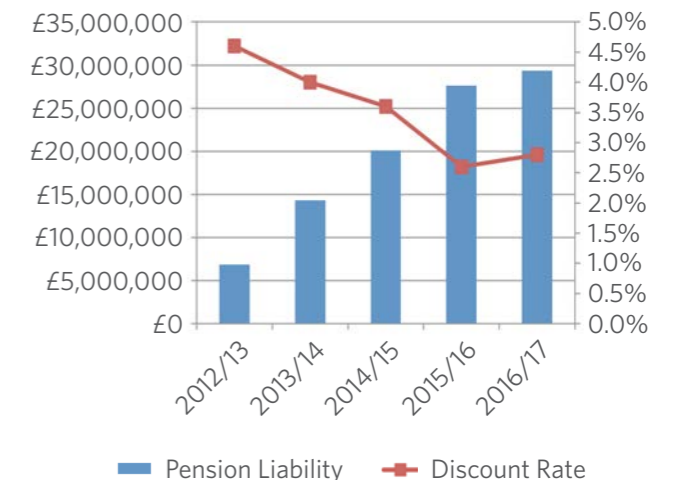
Procurement

The University continues to look for savings and value for money opportunities to make most effective use of resources through tendering activity undertaken and the University's use of collaborative agreements.

It is the University's policy to obtain the best terms of business from creditors, and thus there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavours to include and abide by specific payment terms. As at 31 July 2017 the University's outstanding payments represented approximately 38 days purchases. The amount of interest paid in the year under the Late Payment of Commercial Debts (Interest) Act 1998 was nil.

Balance Sheet

The University has total consolidated net assets of £144.2m as at 31 July 2017 (2015/16: £146.0m). The reduction in net assets is directly related to the increase of £1.8m in the University's share of the accounting liability in the Strathclyde Pension Fund as at 31 July 2017. The increase in liability is due to the impact of the discount rate applied by the Actuary to the Strathclyde Pension Fund under FRS 102, which moved to 2.8% (2015/16: 2.6%) offset by an increase in inflation. The impact of the movement in discount rate on the pension liability is illustrated below.



Treasury

Cash at bank and deposits invested at 31 July 2017 was £17.9m (2015/16: £18.9m).

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

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

Financial strategy

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

The targets of the Strategy 2020 reflect the Financial Strategy aims and objectives. Our progress and achievements in delivering the Financial Strategy, as outlined on page 60, is measured through monitoring of internal strategic performance indicators and Key Financial Measures in the Strategy relating to surplus generation, cash flow, borrowings, income sources and cost control.

Capital investments

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

During 2016/17, £6.1m was spent on capital investment in our estate and infrastructure, combining strategic academic investments alongside routine refurbishment projects.

Pensions

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

The University accounts for the SPF in accordance with the requirements of FRS 102. Within total net assets is the pension liability in relation to the University's share of assets and liabilities in the SPF. In 2016/17 the liability has increased from £27.6m to £29.4m.

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

Future developments

The University is aware of the sectoral, national and global challenges and uncertainties which make the continued delivery of a strong financial performance all the more necessary. Taking account of the financial, regulatory and operational demands on finances, the University remains financially stable, and, with a strong financial framework, there are robust financial planning targets in place to implement the proposals in the Strategy 2020.

The University takes full cognisance of the challenges in growing and diversifying its income over future years and, with a focus on productivity, continues in its delivery of the best possible student experience to compete successfully in the domestic and global market for students.



GCU is committed to the best possible delivery of student experience.

Corporate Governance Statement

Introduction

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

This Statement describes the manner in which the Court has applied the principles set out in the Scottish Code of Good Higher Education Governance issued in July 2013 as directed by the Scottish Funding Council's Accounts Direction. It has taken due regard of the Turnbull Committee Guidance on Internal Control and the Guide for Members of Higher Education Governing Bodies in the UK as issued by the Committee of University Chairs. Its purpose is to help the reader of the financial statements understand how these principles have been applied.

Statement of full compliance

In the opinion of the Court, the University has complied with the provisions of the 2013 Scottish Code of Good Higher Education Governance and it has complied throughout the year ended 31 July 2017.

Governing body

Court

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

In accordance with the Scottish Code of Good Higher Education Governance (the Code), Court has a Statement of Primary Responsibilities outlining which matters are reserved to be considered by the Court and which can be formally delegated by the Court to its committees. The Responsibilities are shown in full on page 22. This is one of the key documents against which the effectiveness of the Court is measured. The Statement of Primary Responsibilities is subsidiary to the Glasgow Caledonian University Order of Council 2010. Court reviews its Statement of Primary Responsibilities at the first meeting of the academic session.

Court met five times in 2016/17. Court also holds a strategic planning event early in each session and is fully involved in discussions on the development of the University's Corporate Strategy.

Court and Senate have agreed procedures for reviewing their effectiveness. The review of Court's effectiveness is carried out not less than every five years as set out in the Code.

Court last undertook an externally facilitated review of its effectiveness in June 2017. A review of Senate's effectiveness was initiated in spring 2017. This was overseen by a Senate Effectiveness Review Steering Group chaired by a lay member of Court. The composition of the Group reflected different categories of Senate membership.

The outcomes of the reviews are considered by Court and Senate respectively with a view to the findings and actions being published thereafter.

The Chair of Court is responsible for the leadership of the governing body and is ultimately responsible for its effectiveness. The Chair's responsibilities are set out in section 2.5 of the Governors' Handbook and in the job description for the role of Chair of Court, the latter being consulted upon with staff and students and which is published on the University website.

Court has agreed procedures for appraising the performance of the Chair of Court. The most recent review was conducted at the beginning of session 2016/17 with the outcome of the review being reported to Court at its meeting on 22 September 2016. An appraisal of the Chair of Court also formed part of the review of Court's effectiveness.

In addition to the five - yearly review, Court keeps its effectiveness under annual review through various measures. At the first meeting of the academic session, Court reviews and affirms its Statement of Primary Responsibilities and the Chair of Court meets regularly with the Chairs of the standing committees allowing the Chairs to raise any issues about the conduct of their committees' business. The Chair also meets with all the governors individually on an annual basis. The Vice Chair of Court is a point of contact for governors in the event that a Court member wishes to raise an issue regarding the Chair of Court.

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

The Chair of Court is responsible for ensuring that the University has due regard to the interests of all stakeholders in carrying out its business. The University has developed various initiatives to ensure it is well-connected with its stakeholders and continues to develop these.

Court delegates the co-ordination, development and supervision of the academic work of the University to Senate provided that those functions are carried out subject to the general control and direction of Court. Senate met four times in 2016/17. All Court members are routinely invited to attend Senate.

Fundamental to the University's leadership in promoting the Common Good and the delivery of its 2020 Vision is the commitment to embedding equality and diversity. The Equality & Diversity Committee reports to both Senate and Court. Two lay members of Court, one elected governor and one ex officio governor are members of the Committee. The University has a duty under the Equality Act 2010 to publish a Public Sector Equality Duty Report describing its progress on mainstreaming equality and delivering equality outcomes. Court approved and published a report in April 2017. In addition, the Equality & Diversity Committee prepares an annual report for consideration and discussion by Court and Senate.

Although the University Court is ultimately responsible for the conduct of the University, much of the detailed work is delegated to Court's standing committees. There are six committees, each of which has formally constituted terms of reference. Each committee reviews its terms of reference annually and submits these along with its objectives for the year ahead to Court for approval normally at the first meeting of the academic session. The Court undertakes an annual review of the effectiveness of each of its committees and their success in meeting their objectives. These committees are an Audit Committee, a Remuneration Committee, a Court Membership Committee, a Finance and General Purposes Committee, a Health and Safety Committee and a Staff Policy Committee.

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

Audit Committee

The Audit Committee met four times in 2016/17 with the

University's external and internal auditors in attendance. The Audit Committee advises the University on the appointment of the internal and external auditors and the auditors' remuneration and assesses the effectiveness of the auditors annually. The Chair of Audit liaises with the internal auditors and the Committee meets privately with either or both of the internal and external auditors annually 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 the internal auditors undertake periodic follow-up reviews to ensure that such recommendations have been implemented. The Audit Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. It monitors adherence to regulatory and funding requirements.

The committee reviews the Annual Financial Statements and recommends these to Court for approval.

The Principal and Vice-Chancellor, the Chief Financial Officer and Vice Principal (Infrastructure) and the University Secretary and Vice Principal (Governance), routinely attend meetings of the Audit Committee but they are not members of the committee. Other senior staff attend as necessary.

Remuneration Committee

The Remuneration Committee met twice in 2016/17 and sets the parameters for the remuneration of senior staff, determines the remuneration of members of the Executive and recommends the remuneration of the Principal and Vice-Chancellor to the University Court. Information on the remuneration of senior staff for the year ended 31 July 2017 is set out in note 7 to the financial statements.

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

- Transparent Communication
- Non-discriminatory practices
- Internal equity

- External parity
- Performance-driven remuneration
- Affordability

The philosophy is shaped by internal and external considerations, including the size and scale of the organisation, its performance and the need to position the University competitively. The Committee draws on comparative data and considers wider political and economic factors as appropriate. The Committee also seeks independent advice from time to time to inform its decisions.

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

The Remuneration Committee delegates responsibility to the Remuneration Panel (composed of the Executive Board with the Chair of the Remuneration Committee) for determining the remuneration of Professorial and Senior Management staff. The Remuneration Committee was advised of the outcomes of the work of the Remuneration Panel and its decisions about the remuneration of relevant staff for 2016/17.

In setting the salary bands for the Principal and members of the Executive, the Committee reviews benchmark data based on the data from the Universities and Colleges Employers' Association's annual survey of senior remuneration arrangements across the sector.

The comparator groups used are:

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

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

**Although the University is not a member of the University Alliance, its information continues to be included for 2016/17 as this benchmark data is a useful comparator given the nature of institutions within the Alliance*

Court Membership Committee

The Court Membership Committee met three times in 2016/17. Several members of the Court Membership Committee (not including the Chair of Court), along with the Chairs of Finance and General Purposes and Audit Committees, in addition to an independent external member, sat on the Nominations Committee which met twice and oversaw the process for appointing a new Chair of Court. Committee members, including staff and student members, participated in Chair of Court and lay governor recruitment interviews.

The composition of the Court Membership Committee includes both a staff governor and a student governor.

The Court Membership Committee's terms of reference require it to keep Court's membership under review and meet to consider nominations for vacancies in Court membership. Court has a robust process for appointing governors, which is based on the principles of transparency and inclusiveness. The process encompasses a wide range of methods to allow Court Membership Committee the flexibility to employ whichever recruitment methods are most appropriate to securing the skills sought and the diversity of the membership of Court.

The Committee has worked to make the recruitment process visibly open, fair and rigorous and has due regard to the principles of equality and diversity. The Court Membership Committee has received unconscious bias training.

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

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

In the course of the year, and following a rigorous recruitment and search process which took close account of the wish to ensure equality of opportunity and membership diversity, Court appointed four new lay

governors. The governors take up office with effect from 1 August 2017.

The gender balance of lay governors on Court in 2016/17 was 57% male and 43% female. The gender balance of total Court membership was 47% male and 53% female.

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

The Court Membership Committee reviews the extent to which the size of Court remains fit for purpose and contributes to maintaining a coherent and effectively functioning governing body. The Committee does this within the prescriptions and constraints of the Higher Education Governance (Scotland) Act 2016. The University's Statutory Instrument will duly be amended to conform to the requirements of the Act.

The Court Membership Committee has aimed to ensure that Court is no bigger than necessary to secure the range of skills and experience needed to undertake its responsibilities effectively and speedily and to manage succession planning or any unforeseen change in Court membership without being so large that it becomes unwieldy. In doing so, the Committee takes cognisance of the continuing requirement of the legislation for lay members to be in the majority on the governing body.

Court's size now needs careful monitoring to ensure it complies with legislative requirement while remaining within the limits of workability.

Finance and General Purposes Committee

The Finance and General Purposes Committee met five times in 2016/17. It recommends to Court the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets. The committee also reviews major investment decisions prior to final approval by Court.

As part of its responsibility for the financial oversight of the University, the Committee reviews the Annual Financial Statements and may provide comment on them for the Audit Committee and Court.

Health and Safety Committee

The Health and Safety Committee met twice in 2016/17. The terms of reference of the Health and Safety Committee are to ensure that safety, health and wellbeing and environmental policies/procedures are in order to ensure that the University meets all legislative requirements and best practice standards, and promotes and monitors effective implementation of those policies. The Committee is supported by the Director of People and Chief Finance Officer who have joint responsibility for health and safety arrangements within the University.

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

Staff Policy Committee

The Staff Policy Committee met three times in 2016/17. The main purpose of the Staff Policy Committee is to oversee the development and implementation of the People Strategy to support the University's strategic plan, to recommend the strategy to Court, to report to Court on progress in implementing the strategy, to keep under review arrangements for monitoring staff attitudes and opinions and to advise Court accordingly and to ensure that policies, procedures and practices relating to staffing matters remain current and comprehensive and comply with all relevant employment legislation.

Corporate Strategy

The University has a comprehensive strategic planning process in place which is characterised by both short and medium term strategic objectives, SMART targets and key performance indicators. Court members are fully involved in the deliberations on strategic development and Court, as a whole, receives the final Strategic Plan, including financial estimates from the University Executive Board, for approval. The University's supporting Five Year Financial Plan is reviewed and updated on an annual basis.

Through an extensive process of consultation and stakeholder involvement, workshops and other meetings, Court members were involved in developing the University's

Strategy 2020. Court agreed the University's 2020 Strategic mission, values, goals and key performance indicators in 2015. The Strategy 2020 has been developed together with the creation of a strategic framework to support the delivery of institutional goals.

Risk management and internal control

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

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

The University Executive Board and the Chair of Finance and General Purposes Committee receive monthly reports on budgetary matters with outturns monitored against targets. In addition, quarterly financial reports are presented to the Finance and General Purposes Committee and to Court. The University Executive Board and the relevant Court standing committees also receive reports on major strategic developments, staff-related issues and health and safety.

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

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

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

The University recognises that it has a responsibility to manage its internal and external risks as a key component of good corporate governance and is committed to embedding risk management to help achieve the University's strategic and operational objectives. A Risk Management Forum oversees the development and implementation of the University's Risk Management Strategy including the Risk

Appetite and Tolerance Framework. The Strategy supports institutional decision-making and monitoring of a portfolio of activities in different business areas, by establishing risk statements and tolerance metrics for each of the main areas of risk that the University faces. The Risk Appetite and Tolerance Framework includes thresholds in terms of operational, financial and reputational impact.

The corporate risk register includes impact analysis and mitigating actions and is reviewed annually by Court, biannually by the Audit Committee and Finance and General Purposes Committee and quarterly by the University Executive Board. Risk management is embedded within the daily operations of the University from strategy formulation through to business planning and processes.

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

Accordingly, 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 2017 and up to the date of approval of the annual financial statements. This process is reviewed by Court and accords with the Turnbull guidance, as applicable to the higher education sector.

Going concern

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

Conclusion

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

HAZEL BROOKE MBE

Statement of Primary Responsibilities of the Court

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

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

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

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

Court's Primary Responsibilities are detailed as follows:

Staff and Students

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

Financial responsibilities

4. To ensure the solvency of the University and to safeguard its assets.
5. The preparation and approval of the University's annual financial statements.
6. To ensure the proper use of public funds awarded to the University and to ensure that the terms of the Financial Memorandum with the Funding Council are observed.
7. To approve the annual operating plans and budgets and to ensure that these reflect the University's strategic plan and strategic risk assessment.

Strategic responsibilities

8. To approve the mission statement of the University and its strategic plan and to ensure that these articulate the University's goals and meet the interests of the stakeholders.
9. To approve all substantive policies of the University.

Controls

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

Monitoring performance and effectiveness

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

Membership of Court and Key Committees

University Court Members

Professor Pamela Gillies
Principal and Vice-Chancellor
Mrs Hazel Brooke *Chair*
Mr Kevin Campbell
President of the Students' Association (from 19/06/17)
Dr Douglas Chalmers
Mr John Chapman (to 31/07/17)
Dr Morag Ferguson
Mr Daniel Gallacher (from 01/08/17)
Ms Laura Gordon
Dr Bill Gunnyeon (from 01/08/17)
Mr Tom Halpin
Mr Asif Haseeb (from 01/08/17)
Mr J Gordon Jack
Mr Ian Kerr
Mr Austin Lafferty
Mrs Neena Mahal
Dr Neil Partlett
Professor Ann Priest
Ms Lauren Ramage
President of the Students' Association (to 17/06/17)
Ms Davena Rankin
Mr Paul Reynolds
Ms Caroline Stuart
Ms Lesley Thomson (from 01/08/17)
Mr Alistair Webster
Mr Rob Woodward (from 28/09/17)
Professor Stephanie Young *Vice-Chair*

Members of Audit Committee

Dr Morag Ferguson
Ms Laura Gordon (to 28/09/17)
Mr Tom Halpin
Mr Asif Haseeb (from 28/09/17)
Mr Austin Lafferty
Mrs Neena Mahal
Mr Alistair Webster *Chair*

Members of Remuneration Committee

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

Members of Court Membership Committee

Mrs Hazel Brooke *Chair*
Mr Kevin Campbell (from 19/06/17)
Dr Morag Ferguson
Professor Pamela Gillies
Ms Laura Gordon
Mr Tom Halpin (from 23/02/17)
Mr Ian Kerr
Ms Lauren Ramage (to 17/06/17)
Professor Stephanie Young

Members of Finance and General Purposes Committee

Mr Kevin Campbell (from 19/06/17)
Mr John Chapman (to 31/07/17)
Mr Daniel Gallacher (from 28/09/17)
Professor Pamela Gillies
Mr J Gordon Jack (*Chair* to 28/09/17)
Mr Ian Kerr (*Chair* from 28/09/17)
Professor James Miller (from 23/11/17)
Mr Gerry Milne (to 23/11/17)
Dr Neil Partlett
Professor Ann Priest (to 28/09/17)
Ms Lauren Ramage (to 17/06/17)
Mr Paul Reynolds
Ms Caroline Stuart
Ms Lesley Thomson (from 28/09/17)

Members of Health and Safety Committee

Mr Kevin Campbell (from 19/06/17)
Dr Douglas Chalmers
Mr John Chapman *Chair* (to 31/07/17)
Dr Bill Gunnyeon (from 28/09/17)
Mr Alex Killick
Mrs Neena Mahal (*Chair* from 28/09/17)
Professor James Miller (from 23/11/17)
Mr Gerry Milne (to 23/11/17)
Ms Lauren Ramage (to 17/06/17)
Ms Davena Rankin

Members of Staff Policy Committee

Dr Douglas Chalmers
Professor Pamela Gillies
Mr Alex Killick
Mr Austin Lafferty
Ms Davena Rankin
Mr Paul Reynolds
Professor Stephanie Young *Chair*

Governor Development

Soon after they are appointed, governors attend an induction session at GCU. This induction includes information on the general responsibilities of Court, information on the HE Landscape, GCU's strategic direction, governance and finance and they are also given the opportunity to meet members of the University Executive. To help with the familiarisation process in their first year on Court, governors are offered the opportunity to be paired with an experienced member of Court.

The University is strongly committed to governor development and sees it as an important part of the infrastructure to sustain high quality governance. Governors are therefore given the opportunity to attend events run by the LFHE - Leadership Foundation for Higher Education - which provides a Governor Development Programme with a range of courses from governor induction to knowledge and skills development. During the 2016/17 session, governors attended events on "Governor Development: Scotland", "Student as a Governor", "Student, Staff and New Governors Scotland" and "Rethinking Governance".

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

Attendance at University Court and Committee Meetings for the year to 31 July 2017

Member	Date from/to	University Court 5 in year	Audit 4 in year	Remuneration 2 in year	Court Membership 3 in year	Finance & General Purposes 5 in year	Health & Safety 2 in year	Staff Policy 3** in year
Professor Pamela Gillies, <i>Principal and Vice-Chancellor</i>		5		2	2	5		1
Mrs Hazel Brooke, <i>Chair of Court</i>		5		2	3			
Mr Kevin Campbell	From 19/06/17	1*			0*	1*	0*	
Dr Douglas Chalmers		4					2	2
Mr John Chapman	To 31/07/17	4				4	2	
Dr Morag Ferguson		4	3		3			
Ms Laura Gordon		4	2		1			
Mr Tom Halpin		3	3	2	2			
Mr J Gordon Jack		5		1		4		
Mr Ian Kerr		5			1	4		
Mr Alex Killick							2	2
Mr Austin Lafferty		4	4					1
Mrs Neena Mahal		5	4				2	
Mr Gerry Milne						4	1	
Dr Neil Partlett		4				4		
Professor Ann Priest		5				2		
Ms Lauren Ramage	To 17/06/17	4			2	3	0	
Ms Davena Rankin		4					2	2
Mr Paul Reynolds		4				3		0
Ms Caroline Stuart		3				3		
Mr Alistair Webster		4	4					
Professor Stephanie Young		5		1	2			2

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

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

* Attendance reflects appointment made to Committee mid-year

** The 3rd meeting of the Staff Policy Committee was via an email distribution. The paperwork was sent to all Committee members who were given the opportunity to comment.

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

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of Glasgow Caledonian University ("the University") for the year ended 31 July 2017 which comprise the Consolidated and University Statements of Comprehensive Income and Expenditure, the Consolidated and University Statements of Changes in Reserves, the Consolidated and University Balance Sheets, the Consolidated Statement of Cashflows and the related notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2017 and of the Group's and the University's income and expenditure, gains and losses and changes in reserves and of the Group's cash flows for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

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

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The University Court of Glasgow Caledonian University is responsible for the other information, which comprises of Key Financial Highlights, Strategic Report, Corporate Governance Statement and Membership of Court and Key Committees. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

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

University Court of Glasgow Caledonian University responsibilities

As explained more fully in their statement set out on page 22, the University Court of Glasgow Caledonian University is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Report On Other Legal And Regulatory Matters

We are required under the terms of our engagement to report on the following matters.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation and any other terms and conditions attached to them;
- funds provided by the Scottish Funding Council have been applied in accordance with the Financial Memorandum with Higher Education Institutions.

The Purpose Of Our Audit Work And To Whom We Owe Our Responsibilities

This report is made solely to the University Court of Glasgow Caledonian University in accordance with paragraph 6(3) of part IV of the Glasgow Caledonian University (Scotland) Order of Council 1993 and, in the University Court's role as charity trustees, in accordance with section 44(1)(c) of the Charity and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the University Court of Glasgow Caledonian University those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University Court of Glasgow Caledonian University for our audit work, for this report, or for the opinions we have formed.

Andrew Shaw

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS
24 November 2017

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Statement of Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, Regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with applicable accounting standards. They also conform to guidance published by the Scottish Funding Council. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets).

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

Basis of consolidation

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

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

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

Income recognition

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

Fee income

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of

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

Grant funding

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

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

Capital grants

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

Donations and endowments

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

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

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

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

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

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

Employment benefits

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

Leases

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

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

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction.

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

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

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

Fixed assets

Fixed assets are stated at cost/ deemed cost less accumulated depreciation. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

Land and buildings

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

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

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

Equipment, plant and furniture

Equipment (including computers and software), plant and furniture costing less than de-minimus £20,000 per individual item or group of related items,

are recognised as expenditure. All other items are capitalised.

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

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

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

Borrowing costs

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

Investments

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

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

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

Stock

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

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

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

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

(c) A reliable estimate can be made of the amount of the obligation.

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

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

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

Retirement benefits

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

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.

Strathclyde Pension Fund

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

reduced contributions in the future or through refunds from the scheme.

Scottish Teachers Superannuation Scheme

The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the schemes' assets are not attributed to individual institutions and scheme-wide contribution rates are set. The University is, therefore, exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and, therefore, as required by Section 28 of FRS 102 'Employee benefits', the University accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Universities Superannuation Scheme

With effect from 1 October 2016, USS changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the schemes' assets are not attributed to individual institutions and scheme-wide contribution rates are set. The University is, therefore, exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and, therefore, as required by Section 28 of FRS 102 'Employee benefits', the University accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent they relate to the deficit) and therefore an expense is recognised.

Taxation

The University is an exempt charity within the meaning of the Trustee Investment and Charities (Scotland) Act 2005 and, as such, is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue & Customs and is recorded on the index of

charities maintained by the Office of the Scottish Charity Regulator (Charity No. SC021474). It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gain Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

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

Reserves

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

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

Financial Statements

Consolidated Statement of Comprehensive Income and Expenditure

For the year ended 31 July 2017

	Note	Consolidated 2017 £000	University 2017 £000	Consolidated 2016 £000	University 2016 £000
Income					
Funding Council grants	1	66,713	66,713	67,699	67,699
Tuition fees and education contracts	2	34,144	33,797	33,601	33,083
Research grants and contracts	3	6,034	5,724	5,914	5,580
Other income	4	8,257	8,048	7,988	8,042
Investment income	5	165	151	274	263
Donations and endowments	6	848	848	809	809
Total income		116,161	115,281	116,285	115,476
Expenditure					
Staff costs	7	81,795	80,797	80,547	79,471
Restructuring costs	7	1,577	1,555	1,350	1,350
Other operating expenses		27,850	25,415	32,084	28,758
Depreciation	11	6,504	6,233	5,890	5,637
Interest and other finance costs	8	1,232	1,232	1,263	1,263
Total expenditure	9	118,958	115,232	121,134	116,479
(Deficit)/surplus before other gains and share of deficit in joint venture		(2,797)	49	(4,849)	(1,003)
Gain on disposal of non-current assets investments		4	4	132	132
Gain/(loss) on endowment investments	20	31	31	(14)	(14)
Share of operating deficit in joint venture	13	(256)	-	(60)	-
(Deficit)/surplus before tax		(3,018)	84	(4,791)	(885)
Taxation	10	(26)	(26)	(406)	(406)
(Deficit)/surplus for the year		(3,044)	58	(5,197)	(1,291)
Unrealised gain on investments		5	5	179	179
Actuarial gain/(loss) in respect of pension schemes	28	1,307	1,307	(5,366)	(5,366)
Currency translation differences on foreign currency net investment		(46)	-	130	-
Total comprehensive income		(1,778)	1,370	(10,254)	(6,478)
Represented by:					
Endowment comprehensive income for year		(7)	(7)	(48)	(48)
Restricted comprehensive income for year		51	51	123	123
Unrestricted comprehensive income for year		472	3,574	(8,683)	(4,777)
Revaluation reserve comprehensive income for the year		(2,248)	(2,248)	(1,776)	(1,776)
Foreign currency translation reserve comprehensive income for the year		(46)	-	130	-
		(1,778)	1,370	(10,254)	(6,478)

Consolidated Statement of Comprehensive Income and Expenditure (continued)

For the year ended 31 July 2017

	Consolidated 2017 £000	University 2017 £000	Consolidated 2016 £000	University 2016 £000
(Deficit)/surplus for the year attributable to:				
University	(3,044)	58	(5,197)	(1,291)
Total comprehensive income for the year attributable to:				
University	(1,778)	1,370	(10,254)	(6,478)

All items of income and expenditure arise from continuing operations.

Consolidated and University Statement of Changes in Reserves

For the year ended 31 July 2017

Consolidated	Income and expenditure reserve			Foreign currency translation reserve £000	Revaluation reserve £000	Total £000
	Endowment £000	Restricted £000	Unrestricted £000			
Balance at 1 August 2015	726	517	72,384	90	82,549	156,266
Surplus/(deficit) from the income and expenditure account	1	370	(5,568)	-	-	(5,197)
Other comprehensive income	-	-	(5,366)	130	179	(5,057)
Transfer of amount equivalent to additional depreciation of fixed assets	-	-	1,955	-	(1,955)	-
Release of restricted funds spent in year	(49)	(247)	296	-	-	-
Total comprehensive income for the year	(48)	123	(8,683)	130	(1,776)	(10,254)
Balance at 1 August 2016	678	640	63,701	220	80,773	146,012
Surplus/(deficit) from the income and expenditure account	45	372	(3,461)	-	-	(3,044)
Other comprehensive income	-	-	1,307	(46)	5	1,266
Transfer of amount equivalent to additional depreciation of fixed assets	-	-	1,955	-	(1,955)	-
Cumulative revaluation written back on non-current asset investments	-	-	298	-	(298)	-
Release of restricted funds spent in year	(52)	(321)	373	-	-	-
Total comprehensive income for the year	(7)	51	472	(46)	(2,248)	(1,778)
Balance at 31 July 2017	671	691	64,173	174	78,525	144,234

Consolidated and University Statement of Changes in Reserves (continued)

For the year ended 31 July 2017

University	Income and expenditure reserve			Foreign currency translation reserve £000	Revaluation reserve £000	Total £000
	Endowment £000	Restricted £000	Unrestricted £000			
Balance at 1 August 2015	726	517	77,403	-	82,549	161,195
Surplus/(deficit) from the income and expenditure account	1	370	(1,662)	-	-	(1,291)
Other comprehensive income	-	-	(5,366)	-	179	(5,187)
Transfer of amount equivalent to additional depreciation of fixed assets	-	-	1,955	-	(1,955)	-
Release of restricted funds spent in year	(49)	(247)	296	-	-	-
Total comprehensive income for the year	(48)	123	(4,777)	-	(1,776)	(6,478)
Balance at 1 August 2016	678	640	72,626	-	80,773	154,717
Surplus/(deficit) from the income and expenditure account	45	372	(359)	-	-	58
Other comprehensive income	-	-	1,307	-	5	1,312
Transfer of amount equivalent to additional depreciation of fixed assets	-	-	1,955	-	(1,955)	-
Cumulative revaluation written back on non-current asset investments	-	-	298	-	(298)	-
Release of restricted funds spent in year	(52)	(321)	373	-	-	-
Total comprehensive income for the year	(7)	51	3,574	-	(2,248)	1,370
Balance at 31 July 2017	671	691	76,200	-	78,525	156,087

Consolidated and University Balance Sheet

As at 31 July 2017

	Note	Consolidated 2017 £000	University 2017 £000	Consolidated 2016 £000	University 2016 £000
Non-current assets					
Fixed assets	11	194,479	192,689	195,117	193,071
Investments	12	3,746	4,256	3,681	4,191
		<u>198,225</u>	<u>196,945</u>	<u>198,798</u>	<u>197,262</u>
Current assets					
Stocks		217	217	145	145
Trade and other receivables	14	8,325	20,351	11,102	20,723
Investments	15	9,053	9,000	10,538	10,500
Cash and cash equivalents	22	8,854	8,175	8,344	7,308
		<u>26,449</u>	<u>37,743</u>	<u>30,129</u>	<u>38,676</u>
Less: Creditors: amounts falling due within one year	16	(25,628)	(23,637)	(30,198)	(28,352)
Net current (liabilities)/assets		<u>821</u>	<u>14,106</u>	<u>(69)</u>	<u>10,324</u>
Total assets less current liabilities		<u>199,046</u>	<u>211,051</u>	<u>198,729</u>	<u>207,586</u>
Creditors: amounts falling due after more than one year	17	(17,479)	(17,479)	(17,210)	(17,210)
Provisions					
Pension provisions	19	(36,737)	(36,737)	(35,166)	(35,166)
Other provisions	19	(596)	(748)	(341)	(493)
Total net assets		<u>144,234</u>	<u>156,087</u>	<u>146,012</u>	<u>154,717</u>
Restricted reserves					
Income and expenditure reserve - endowment reserve	20	671	671	678	678
Income and expenditure reserve - restricted reserve	21	691	691	640	640
Unrestricted reserves					
Income and expenditure reserve - unrestricted reserve		64,173	76,200	63,701	72,626
Foreign currency investment translation reserve		174	-	220	-
Revaluation reserve		78,525	78,525	80,773	80,773
Total reserves		<u>144,234</u>	<u>156,087</u>	<u>146,012</u>	<u>154,717</u>

The financial statements on pages 32 to 59 were approved by the University Court on 23 November 2017 and signed on its behalf by:

Mrs Hazel Brooke MBE
Chair of University Court

Professor Pamela Gillies CBE, FRSE
Principal and Vice-Chancellor

Consolidated Statement of Cash Flows

For the year ended 31 July 2017

	Note	2017 £000	2016 £000
Cash flow from operating activities			
Deficit for the year		(3,044)	(5,197)
Adjustment for non-cash items			
Depreciation	11	6,504	5,890
Pension costs less contribution payable		2,298	1,437
(Gain)/loss on investments		(31)	14
Increase in stock		(72)	(23)
Decrease in debtors		178	608
(Decrease)/increase in creditors		(3,951)	376
Decrease in pension provision		(217)	(312)
Decrease in other provisions		(1)	(979)
Share of operating deficit in joint venture	13	256	60
Adjustment for investing or financing activities			
Deferred capital grants released to income	18	(622)	(586)
Investment income	5	(165)	(274)
Interest and other finance costs	8	1,232	1,263
Profit from sale of non-current asset investments		(4)	(132)
Loss on disposal of asset under construction		238	-
Capital grant income		(1,281)	(1,640)
Net cash inflow from operating activities		<u>1,318</u>	<u>505</u>
Cash flows from investing activities			
Disposal of non-current asset investments		823	215
Withdrawal of deposits		1,500	10,500
Investment income		185	294
Payments made to acquire fixed assets		(4,014)	(21,794)
New non-current asset investments		(942)	-
Capital grant income		2,673	887
Total cash flows from investing activities		<u>225</u>	<u>(9,898)</u>
Cash flows from financing activities			
Interest paid		(439)	(467)
Repayments of amounts borrowed		(602)	(575)
Total cash flows from financing activities		<u>(1,041)</u>	<u>(1,042)</u>
Increase in cash and cash equivalents in the year		<u>502</u>	<u>(10,435)</u>
Cash and cash equivalents at beginning of the year		<u>8,344</u>	<u>18,787</u>
Effects of foreign currency translation on cash and cash equivalents		<u>8</u>	<u>(8)</u>
Cash and cash equivalents at end of the year		<u>8,854</u>	<u>8,344</u>

Notes to the Financial Statements

For the year ended 31 July 2017

1	Funding Council grants	Consolidated	University	Consolidated	University
		2017	2017	2016	2016
		£000	£000	£000	£000
Recurrent grants					
	General Fund - Teaching	60,901	60,901	61,479	61,479
	General Fund - Research and Knowledge Exchange	3,112	3,112	2,655	2,655
Specific grants					
	Strategic Funding	828	828	1,371	1,371
	Release of deferred capital grants (note 18)	591	591	554	554
	Capital Maintenance grants	1,281	1,281	1,640	1,640
		<u>66,713</u>	<u>66,713</u>	<u>67,699</u>	<u>67,699</u>
2 Tuition fees and education contracts					
	Scottish and EU fees	20,947	20,947	20,726	20,726
	Rest of UK fees	1,266	1,266	1,197	1,197
	Non-EU fees	8,081	8,081	8,811	8,811
	Research training support grants	266	266	253	253
	Non-credit bearing course fees	1,647	1,550	987	929
	Education contracts	1,937	1,687	1,627	1,167
		<u>34,144</u>	<u>33,797</u>	<u>33,601</u>	<u>33,083</u>
3 Research grants and contracts					
	Research councils	388	388	447	447
	Research charities	515	515	542	541
	Government (UK and overseas)	4,368	4,295	3,432	3,369
	Industry and commerce	642	405	627	358
	Release of deferred capital grants (note 18)	31	31	32	32
	Other	90	90	834	833
		<u>6,034</u>	<u>5,724</u>	<u>5,914</u>	<u>5,580</u>

This sum includes Industrial and Government-funded research grants and contracts. It excludes SFC funding for research shown in note 1. In 2015/16 other grants and contract income includes research and development expenditure credits received from HMRC for the period from 1 April 2013 to 31 July 2015 of £696k.

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

4	Other income	Consolidated	University	Consolidated	University
		2017	2017	2016	2016
		£000	£000	£000	£000
	Residences, catering and conferences	3,643	3,643	3,263	3,263
	Other income	4,614	4,405	4,725	4,779
		<u>8,257</u>	<u>8,048</u>	<u>7,988</u>	<u>8,042</u>
5 Investment income					
	Investment income on endowments	15	15	16	16
	Other investment income	150	136	258	247
		<u>165</u>	<u>151</u>	<u>274</u>	<u>263</u>
6 Donations and endowments					
	Donations with restrictions	372	372	370	370
	Unrestricted donations	476	476	439	439
		<u>848</u>	<u>848</u>	<u>809</u>	<u>809</u>
7 Staff costs					
	Salaries	62,998	62,096	63,545	62,566
	Social security costs	6,652	6,598	5,994	5,943
	Movement on USS provision	(28)	(28)	(83)	(83)
	Other pension costs	12,173	12,131	11,091	11,045
		<u>81,795</u>	<u>80,797</u>	<u>80,547</u>	<u>79,471</u>
Emoluments of the Principal and Vice-Chancellor				2017	2016
				£000	£000
	Salary			226	223
	Payments in lieu of pension contributions			36	36
	Performance related payment			-	6
	Benefits in kind			1	1
				<u>263</u>	<u>266</u>

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

7 Staff costs (continued)

Remuneration of other higher paid staff, excluding employers' pensions contributions where applicable	2017 Number	2016 Number
£100,000 - £109,999	5	7
£110,000 - £119,999	-	1
£120,000 - £129,999	3	1
£130,000 - £139,999	-	-
£140,000 - £149,999	3	2
£150,000 - £159,999	2	4
£160,000 - £169,999	2	2
£170,000 - £179,999	1	-
£180,000 - £189,999	-	-
£190,000 - £199,999	-	-
£200,000 - £209,999	-	-
£210,000 - £219,999	-	-
£220,000 - £229,999	-	1
£230,000 - £239,999	-	-
£240,000 - £249,999	-	-
£250,000 - £259,999	1	-

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

Compensation for loss of office payable to senior post holders	2017 £000	2016 £000
Compensation payable	-	54

The compensation payable in 2016 was to 1 person.

Average staff numbers by major category	2017 Number	2016 Number
Academic	699	720
Administrative	569	561
Technical	58	60
Others	110	113
	<u>1,436</u>	<u>1,454</u>

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

Restructuring costs

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

	2017 £000	2016 £000
Academic	813	902
Administrative	702	403
Technical	42	27
Associated costs (non payroll)	20	18
	<u>1,577</u>	<u>1,350</u>

7 Staff costs (continued)

Key management personnel

Key management personnel are those persons in addition to the Principal and Vice-Chancellor having authority and responsibility for planning, directing and controlling the activities of the University. The University considers its Executive Board as key management personnel. Staff costs include compensation paid to key management personnel. Compensation consists of salary and benefits including employer's pension contributions, where applicable.

	2017 £000	2016 £000
Key management personnel compensation (excluding Principal and Vice-Chancellor as disclosed separately)	<u>1,207</u>	<u>1,153</u>

Court Members

No Court member has received any remuneration/ waived payments from the University during the year (2016: none).

The total expense paid to or on behalf of Court members was £8k (2016: £13k). This represents training & development, travel and subsistence costs incurred in attending Court, Committee meetings and events in their official capacity.

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

8	Interest and other finance costs	Consolidated	University	Consolidated	University
		2017	2017	2016	2016
		£000	£000	£000	£000
	Loan interest	434	434	462	462
	Net charge on pension scheme (note 28)	748	748	749	749
	Finance expense USS	50	50	52	52
		<u>1,232</u>	<u>1,232</u>	<u>1,263</u>	<u>1,263</u>
9	Analysis of total expenditure by activity	Consolidated	University	Consolidated	University
		2017	2017	2016	2016
		£000	£000	£000	£000
	Academic and related services	74,482	74,072	73,893	73,427
	Administration and central services	17,561	16,012	20,661	19,395
	Premises	15,261	13,645	16,333	14,931
	Residences, catering and conferences	1,613	1,613	1,707	1,707
	Research grants and contracts	5,994	5,776	5,614	5,342
	Other expenses	4,047	4,114	2,926	1,677
		<u>118,958</u>	<u>115,232</u>	<u>121,134</u>	<u>116,479</u>
Other operating expenses (including VAT) include:					
		Consolidated	University	Consolidated	University
		2017	2017	2016	2016
		£000	£000	£000	£000
Auditor's remuneration					
	External auditor's remuneration in respect of audit services	94	56	89	56
	External auditor's remuneration in respect of non-audit services	78	66	108	102
	Internal auditor's remuneration in respect of audit services	123	123	151	151

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

10	Taxation	2017		2016		
		£000	£000	£000	£000	
	As an exempt charity the University is potentially exempt from taxation in respect of income or capital gains received within categories covered 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.					
	Current tax expense includes overseas tax in relation to the University's collaboration activities in Oman with the Caledonian College of Engineering Oman (CCEO) for which Corporation Tax is due. 2015/16 includes UK Corporation tax payable (£150k) in respect of Research and Development Expenditure Credit grants receivable by the University which was one off in nature.					
	Current tax	42		406		
	UK Corporation Tax on RDEC income	(16)		-		
	Total tax charge	<u>26</u>		<u>406</u>		
11	Fixed assets	Consolidated				Total £000
		Land & buildings £000	Assets under construction £000	Plant & equipment £000	Fixtures, fittings & furniture £000	
Cost or valuation						
	At 1 August 2016	187,618	13,479	17,691	5,250	224,038
	Exchange movement	14	-	4	1	19
	Additions	3,236	1,846	598	409	6,089
	Disposals	-	(238)	(303)	-	(541)
	Transfers	14,311	(14,830)	269	250	-
	At 31 July 2017	<u>205,179</u>	<u>257</u>	<u>18,259</u>	<u>5,910</u>	<u>229,605</u>
Depreciation						
	At 1 August 2016	12,674	-	11,876	4,371	28,921
	Exchange movement	2	-	2	-	4
	Charge for year	4,735	-	1,515	254	6,504
	Disposals	-	-	(303)	-	(303)
	At 31 July 2017	<u>17,411</u>	<u>-</u>	<u>13,090</u>	<u>4,625</u>	<u>35,126</u>
Net Book Value						
	At 31 July 2017	<u>187,768</u>	<u>257</u>	<u>5,169</u>	<u>1,285</u>	<u>194,479</u>
	At 31 July 2016	174,944	13,479	5,815	879	195,117

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

11 Fixed assets (continued)

University	Land & buildings £000	Assets under construction £000	Plant & equipment £000	Fixtures, fittings & furniture £000	Total £000
Cost or valuation					
At 1 August 2016	185,690	13,479	17,132	5,111	221,412
Additions	3,236	1,846	598	409	6,089
Disposals	-	(238)	(303)	-	(541)
Transfers	14,311	(14,830)	269	250	-
At 31 July 2017	203,237	257	17,696	5,770	226,960
Depreciation					
At 1 August 2016	12,381	-	11,656	4,304	28,341
Charge for year	4,605	-	1,402	226	6,233
Disposals	-	-	(303)	-	(303)
At 31 July 2017	16,986	-	12,755	4,530	34,271
Net Book Value					
At 31 July 2017	186,251	257	4,941	1,240	192,689
At 31 July 2016	173,309	13,479	5,476	807	193,071

At 31 July 2017, land and buildings included £9.7m (2016: £9.7m) in respect of the net book value of freehold land and is not depreciated.

Buildings with a deemed cost of £1.7m (2016: £1.7m) and accumulated depreciation of £279k (2016: £209k) are held for use in an operating lease. The institution is acting as a lessor to British Transport Police.

Buildings with a net book value of £46.6m have been funded from Treasury sources: should these particular buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Scottish Funding Council.

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

12 Non-current investments

Consolidated	Subsidiary companies £000	Investments in spinouts £000	Other fixed asset investments £000	Total £000
At 1 August 2016	-	-	3,681	3,681
Additions	-	123	922	1,045
Disposals	-	-	(1,009)	(1,009)
Increase in market value of investments	-	-	29	29
At 31 July 2017	-	123	3,623	3,746
University	Subsidiary companies £000	Investments in spinouts £000	Other fixed asset investments £000	Total £000
At 1 August 2016	510	-	3,681	4,191
Additions	-	123	922	1,045
Disposals	-	-	(1,009)	(1,009)
Increase in market value of investments	-	-	29	29
At 31 July 2017	510	123	3,623	4,256

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

Other fixed asset investments are stated at market value and include treasury index linked stocks earmarked to provide the enhanced element of the pensions to those employees who retired in 1995/96 under the Scottish Higher Education Funding Council "New Blood" scheme. The historical cost of these investments was £2.2m. Also included in other fixed asset investments are equity investments held for endowments (note 20).

The University's subsidiary companies are:

The University owns 100% of Glasgow Caledonian University Company Limited, which is regarded as a subsidiary undertaking. It was incorporated to develop and control the commercial exploitation of certain non-recurrent grant activities relating mainly to consultancy assignments and short courses. Costs incurred by the University in respect of work undertaken by the subsidiary undertaking are recharged to the company. The investment in this subsidiary undertaking represents 110,000 £1 ordinary shares in Glasgow Caledonian University Company Limited. At 31 July 2017 £423k Gift Aid is payable by the Company to the University (2016: £334k).

The University owns 100% of GCU INTO Limited established to operate the joint venture arrangements of INTO Scotland LLP. This investment represents 100 £1 ordinary shares and 299,900 £1 redeemable preference shares. The Company made a profit of £3k in the year to 31 July 2017 (2016: £3k). At 31 July 2017 £3k Gift Aid is payable by GCU INTO Limited to the University (2016: nil).

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

12 Non-current investments (continued)

The University owns 100% of GCU Academy Limited. The company was established to operate courses, designed specifically for individual organisations, which lead to a university-level qualification. This investment represents 100,000 £1 ordinary shares. Costs incurred by the University in respect of work undertaken by the subsidiary undertaking are recharged to the company. At 31 July 2017 £24k Gift Aid is payable by GCU Academy to the University (2016: £214k).

The University controls 100% of GCU-NYC, Inc. This non-stock corporation was incorporated in February 2013 and through the GCU New York Centre delivers executive training and short courses. The University has entered into a loan agreement to lend a maximum aggregate of \$16.5m to GCU-NYC, Inc., at an interest rate for each advance being the lesser of 2.5% or the highest rate permitted by applicable law. At 31 July 2017 \$15.8m (£12.0m) (2016: \$12.55m (£9.5m)) of this loan had been drawn down. In September 2013 GCU agreed a Standby Letter of Credit for \$2.25m in respect of the leasehold property in New York.

The University controls 100% of Glasgow Caledonian New York College (GCNYC). This non-stock corporation was incorporated in June 2017 after the Board of Regents of NYSED granted a provisional charter allowing it to operate as a college in the State of New York. The organisation has the authority to offer programs that will lead to the Master of Science (M.S.) degree qualification.

13 Investment in Joint venture

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

On 28 May 2008 GCU INTO Limited entered into a loan agreement to lend up to £350k to INTO Scotland LLP, at an interest rate of 2% above the base lending rate of Royal Bank of Scotland plc. At 31 July 2017 £100k of the loan had been drawn down (2016: £100k). HMRC have confirmed that the investment is a qualifying investment for tax purposes, as it is always to be used to advance Education.

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

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

13 Investment in Joint venture (continued)

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

	£000	2017 £000	£000	2016 £000
Income and expenditure account				
Income		<u>1,527</u>		<u>1,645</u>
Deficit before tax		<u>(256)</u>		<u>(60)</u>
Balance sheet				
Fixed assets	<u>150</u>		127	
Current assets	<u>900</u>		<u>820</u>	
		<u>1,050</u>		<u>947</u>
Creditors: amounts due within one year	<u>(1,504)</u>		(1,145)	
Creditors: amounts due after more than one year	<u>(100)</u>		<u>(100)</u>	
		<u>(1,604)</u>		<u>(1,245)</u>
		<u>(554)</u>		<u>(298)</u>

14 Trade and other receivables

	Consolidated 2017 £000	University 2017 £000	Consolidated 2016 £000	University 2016 £000
Amounts falling due within one year:				
Other trade receivables	4,427	4,231	4,995	4,865
Other receivables	148	48	3,649	3,545
Provision for bad and doubtful debts	(1,428)	(1,421)	(2,564)	(2,556)
Prepayments and accrued income	5,178	4,984	5,022	4,774
Amounts due from subsidiary companies	-	477	-	595
Amounts falling due after more than one year	-	12,032	-	9,500
	<u>8,325</u>	<u>20,351</u>	<u>11,102</u>	<u>20,723</u>

The University Court of Glasgow Caledonian University and INTO Glasgow LP contracted in 2008 to design, build and construct a bespoke international college on land owned by the University. Building permission was granted in September 2011. A lease premium of £3.5m was payable upon practical completion which was contracted to be no later than 1 January 2017. As the college build did not commence within this time frame the land reverted to the ownership of the University during 2016/17.

The University has entered into a loan agreement to lend a maximum aggregate of \$16.5m to GCU-NYC, Inc. At 31 July 2017 \$15.8m (£12.0m) (2016 \$12.55m (£9.5m)) of this loan had been drawn down and is payable after more than one year. With the provisional charter being granted in the year, Management consider this loan to be fully recoverable.

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

15 Current investments	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£000	£000	£000	£000
Short term deposits	<u>9,053</u>	<u>9,000</u>	<u>10,538</u>	<u>10,500</u>

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

At 31 July 2017 the weighted average interest rate of these fixed rate deposits was 0.69% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 43 days. The fair value of these deposits was not materially different from the book value.

16 Creditors: amounts falling due within one year	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£000	£000	£000	£000
Unsecured loans	632	632	602	602
Trade payables	2,813	2,687	5,153	5,134
Social security and other taxation payable	1,732	1,732	1,732	1,732
Amounts owing to subsidiary companies	-	-	-	92
Accruals and deferred income	<u>20,451</u>	<u>18,586</u>	<u>22,711</u>	<u>20,792</u>
	<u>25,628</u>	<u>23,637</u>	<u>30,198</u>	<u>28,352</u>

Included in accruals and deferred income are deferred capital grants to be released within one year of £548k (2016: £584k).

17 Creditors: amounts falling due after more than one year	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£000	£000	£000	£000
Unsecured loans	8,051	8,051	8,683	8,683
Deferred income - deferred capital grants	<u>9,428</u>	<u>9,428</u>	<u>8,527</u>	<u>8,527</u>
	<u>17,479</u>	<u>17,479</u>	<u>17,210</u>	<u>17,210</u>

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

17 Creditors: amounts falling due after more than one year (continued)	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£000	£000	£000	£000
Analysis of unsecured loans:				
Due within one year (Note 16)	632	632	602	602
Due between one to two years	663	663	632	632
Due between two and five years	2,191	2,191	2,087	2,087
Due in five years or more	<u>5,197</u>	<u>5,197</u>	<u>5,964</u>	<u>5,964</u>
Due after more than one year	8,051	8,051	8,683	8,683
Total unsecured loans	8,683	8,683	<u>9,285</u>	<u>9,285</u>

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

18 Deferred capital grants	Consolidated & University		
	Buildings	Equipment	Total
	£000	£000	£000
At 1 August 2016			
Funding Council	6,198	2,851	9,049
Other	-	62	62
	<u>6,198</u>	<u>2,913</u>	<u>9,111</u>
Cash receivable			
Funding Council	1,487	-	1,487
Other	-	-	-
	<u>1,487</u>	<u>-</u>	<u>1,487</u>
Released to income and expenditure account			
Funding Council	(305)	(286)	(591)
Other	-	(31)	(31)
	<u>(305)</u>	<u>(317)</u>	<u>(622)</u>
At 31 July 2017			
Funding Council	7,380	2,565	9,945
Other	-	31	31
	<u>7,380</u>	<u>2,596</u>	<u>9,976</u>

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

19 Provisions for liabilities

Consolidated	USS	Defined	Early	Total	Total
	pension	benefit	retirement	pension	other
	£000	(note 28)	pension	provisions	£000
		£000	£000	£000	£000
At 1 August 2016	1,039	27,638	6,489	35,166	341
Utilised in year	(28)	-	(412)	(440)	(43)
Additions in year	50	1,739	222	2,011	298
At 31 July 2017	1,061	29,377	6,299	36,737	596

University	USS	Defined	Early	Total	Total
	pension	benefit	retirement	pension	other
	£000	(note 28)	pension	provisions	£000
		£000	£000	£000	£000
At 1 August 2016	1,039	27,638	6,489	35,166	493
Utilised in year	(28)	-	(412)	(440)	(43)
Additions in year	50	1,739	222	2,011	298
At 31 July 2016	1,061	29,377	6,299	36,737	748

USS pension

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

Early retirement pension

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

	%
Discount rate	2.70
Inflation	2.40

Other

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

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

20 Endowment Reserves

	Restricted permanent endowments £000	Unrestricted permanent endowments £000	Expendable endowments £000	2017 £000	2016 £000
At 1 August					
Capital	245	14	353	612	715
Accumulated income	13	1	52	66	11
	258	15	405	678	726
Investment income	7	-	7	14	16
Expenditure	-	(7)	(45)	(52)	(50)
Increase/(decrease) in market value of investments	15	-	16	31	(14)
Total endowment comprehensive income for the year	22	(7)	(22)	(7)	(48)
At 31 July	280	8	383	671	678
Represented by:					
Capital	260	8	278	546	612
Accumulated income	20	-	105	125	66
	280	8	383	671	678
Analysis by purpose:					
Scholarships and bursaries				419	440
Prize funds				244	223
Other				8	15
				671	678
Analysis by asset:					
Non-current asset investment				502	565
Cash and cash equivalents				169	113
				671	678

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

21 Restricted reserves	Donations	Donations
	2017	2016
	£000	£000
At 1 August	640	517
New donations	372	370
Expenditure	(321)	(247)
Total restricted comprehensive income for the year	51	123
At 31 July	691	640
Analysis by purpose:		
Scholarships and bursaries	674	612
Prize funds	-	14
Other	17	14
	691	640

22 Cash and cash equivalents

Consolidated	At 1	Cash	At 31
	August		July
	2016	flows	2017
	£000	£000	£000
Cash and cash equivalents	8,344	510	8,854

23 Capital and other commitments

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

	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£000	£000	£000	£000
Commitments contracted for	150	150	1,342	1,342
Authorised but not contracted for	7,540	7,540	2,543	2,543
	7,690	7,690	3,885	3,885

24 Contingent liabilities

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

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

25 Lease obligations

Total rentals payable under operating leases:

	Land and buildings	Plant and machinery	Other leases	2017	2016
	£000	£000	£000	£000	£000
Payable during the year	2,155	238	30	2,423	2,724
Future minimum lease payments due:					
Not later than one year	2,107	241	23	2,371	2,293
Later than one year and not later than five years	6,644	196	14	6,854	7,830
Later than five years	8,764	-	-	8,764	10,074
	17,515	437	37	17,989	20,197

26 Events after the reporting period

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

27 Subsidiary undertakings

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

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

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

28 Pension schemes

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

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

The University contribution rates on eligible salary costs are:

	1/8/2016 to 31/7/2017	
STSS		17.2%
SPF		19.3%
USS		18.0%

	2017 £000	2016 £000
The total pension costs for the year were:		
Normal contribution to:		
STSS - contributions paid	4,846	4,764
SPF - charge to income and expenditure account	6,662	5,672
USS - contributions paid	650	643
401K plan - Contributions paid	15	12
	12,173	11,091

With the exception of the Strathclyde Pension Fund, the University has utilised the provisions of FRS 102 whereby the contributions to the schemes be accounted for as if they were defined contribution schemes. As such, the costs recognised within the University's income and expenditure account will be equal to the contributions payable to the schemes in the year.

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

28 Pension schemes (continued)

The Strathclyde Pension Fund

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

A valuation of the University's benefit obligations in respect of its members has been estimated by a qualified independent actuary based on the 31 March 2014 valuation results, rolled forward onto the FRS 102 assumptions at 31 July 2017.

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

Financial assumptions

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

	2017	2016
Pension increase (RPI)	3.5%	2.9%
Pension increase (CPI)	2.4%	1.8%
Rate of increase in salaries	3.6%*	3.2%**
Rate of increase of pensions	2.4%	1.8%
Discount rate	2.8%	2.6%

*composite salary increase assumption of 3.6% as at 31 July 2017 (2.5% p.a. until 31 July 2018, 3.0% p.a. until 31 July 2022 and reverting to a long term assumption of 4.0% p.a. thereafter), taking account of the average term to retirement.

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

Mortality assumptions

The life expectancies used to determine benefit obligations are:

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

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

28 Pension schemes (continued)

The Strathclyde Pension Fund (continued)

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

The assets in the scheme were:

	2017 £000	2016 £000	2015 £000
Equities	120,719	107,352	94,502
Bonds	23,804	23,529	15,120
Property	18,703	16,176	15,120
Cash	6,801	-	1,260
	<u>170,027</u>	<u>147,057</u>	<u>126,002</u>

	2017	2016	2015
Weighted average expected long term rate of return	2.8%	2.6%	3.6%

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

	2017 £000	2016 £000
Scheme assets	170,027	147,057
Scheme funded liabilities	(198,993)	(174,249)
Scheme unfunded liabilities	(411)	(446)
Deficit in the scheme - net pension liability	<u>(29,377)</u>	<u>(27,638)</u>

Current service costs	(6,662)	(5,672)
Total operating charge	<u>(6,662)</u>	<u>(5,672)</u>

Analysis of the amount charged to interest payable for SPF:

Interest cost	(4,605)	(5,329)
Expected return on assets	3,857	4,580
Total net interest	<u>(748)</u>	<u>(749)</u>

Analysis of other comprehensive income for SPF:

Change in financial assumptions	(14,980)	(20,806)
Other experience	14	1,450
Return on assets	16,273	13,990
Total other comprehensive income before deduction for tax	<u>1,307</u>	<u>(5,366)</u>

Notes to the Financial Statements (continued)

For the year ended 31 July 2017

28 Pension schemes (continued)

The Strathclyde Pension Fund (continued)

	2017 £000	2016 £000
Cumulative actuarial loss recognised as other comprehensive income:		
Cumulative actuarial losses recognised at the start of the year	23,945	18,579
Cumulative actuarial losses recognised at the end of the year	<u>22,638</u>	<u>23,945</u>

	2017 £000	2016 £000
Analysis of movement in deficit:		
Deficit at beginning of year	(27,638)	(20,084)
Contributions or benefits paid by the University	4,329	4,194
Contributions in respect of unfunded benefits	35	39
Current service cost	(6,662)	(5,672)
Other finance charge	(748)	(749)
Gain/(loss) recognised in other comprehensive income	1,307	(5,366)
Deficit at end of year	<u>(29,377)</u>	<u>(27,638)</u>

	2017 £000	2016 £000
Analysis of movement in the present value of SPF liabilities:		
At 1 August	174,695	146,086
Current service cost (net of member contributions)	6,662	5,672
Interest cost	4,605	5,329
Actual member contributions	1,540	1,444
Actuarial losses	14,966	19,356
Unfunded benefits paid	(35)	(39)
Actual benefits paid	(3,029)	(3,153)
At 31 July	<u>199,404</u>	<u>174,695</u>

	2017 £000	2016 £000
Analysis of movement in the fair value of scheme assets:		
At 1 August	147,057	126,002
Expected return on assets	3,857	4,580
Actuarial gain on assets	16,273	13,990
Actual contributions paid by the University	4,329	4,194
Actual contributions in respect of unfunded benefits	35	39
Actual member contributions	1,540	1,444
Unfunded benefits paid	(35)	(39)
Actual benefits paid	(3,029)	(3,153)
At 31 July	<u>170,027</u>	<u>147,057</u>

The University expects to contribute £4,329k to the Strathclyde Pension Fund in 2017/18. There were no outstanding contributions at the balance sheet date (2016: nil).

For the year ended 31 July 2017

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

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

The total cost charged to the profit and loss account is £4,846k (2016: £4,764k). There were no outstanding contributions at the balance sheet date (2016: nil).

Universities Superannuation Scheme

The total cost charged to the income and expenditure account is £650k (2016: £643k).

The latest available full actuarial valuation of the scheme was at 31 March 2014 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway.

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

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

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

	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.41%	2.2%

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

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

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

For the year ended 31 July 2017

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

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8

	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

29 Disclosure of related party transactions

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

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

30 Childcare and hardship fund

	Childcare fund £000	Hardship fund £000	Nursing fund £000	Total £000
At 1 August 2016	-	-	-	-
Allocation received in year	634	919	64	1,617
Expenditure	(333)	(1,214)	(34)	(1,581)
Institution contribution to funds (bank interest)	1	1	-	2
Virements	(294)	294	-	-
At 31 July 2017	8	-	30	38
Repayable as clawback	8	-	-	8
Retained for students	-	-	30	30

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

Key Financial Metrics

For the year ended 31 July 2017

The key financial metrics in the Financial Strategy, as set out below, support the University's commitment to ensuring a sustainable future in the short, medium and long term in the face of significant external volatility.

	2017 Actual	2016 Actual	2020 Target
Total Income £'000	116,161	116,285	123,000
*Underlying operating surplus/(deficit) as % of income	2%	(1%)	3%
Net cash inflow from operating activities as a % of income	1%	0.4%	4%
*Staff costs as a % of income	68%	68%	60%
SFC grants as a % of income	57%	58%	53%
			Maximum
Gearing: external borrowing to total funds	0.06	0.06	0.5

*Excludes restructuring and non-cash FRS 102 pension costs

Notes



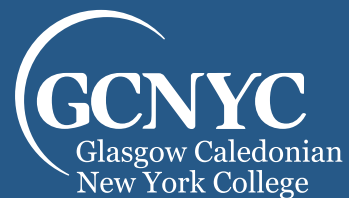
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