



University for the Common Good



# Annual Financial Statements

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Year ended 31 July 2020



## Contents

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

## University's Professional Advisors

### Bankers

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

### External Auditor

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

### Tax Advisors

PwC  
Chartered Accountants  
141 Bothwell Street, Glasgow G2 7EQ

### Internal Auditor

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

### Solicitors

Thorntons Law LLP  
13 Melville Street, Edinburgh EH3 7PE

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

### Registered Charity No:

SC021474

## Introduction from the Principal and Vice-Chancellor



Academic year 2019/20 was a truly unique year for the University and for the higher education sector as a whole due to the challenges faced from the Covid-19 pandemic. Despite these unprecedented times, the University delivered an underlying operating surplus of £3.7m for financial year 2019/20,

which will assist us as we move forward into meeting the challenges of 2020/21.

Our University community has responded magnificently to these very unique and challenging times. We ensured that our students continued their learning in a seamless online environment. We advanced our research work and delivered new research in relation to the Covid 19 pandemic. We also supported our local community, health and other public services and crucially supported one another in accomplishing as much as we possibly could, whilst managing different ways of working.

We have achieved a tremendous amount, swiftly moving to remote learning, making quick decisions in relation to the refund of student accommodation costs, adopting a 'no detriment' approach to assessments, providing campus security and security to students at Caledonian Court and delivering regular and effective communications to our community directing them to relevant advice and guidance.

We successfully started our new academic term on 5th October 2020, welcoming small numbers of students back to campus. Whilst, the majority of teaching will continue online, some socially distanced campus based teaching has resumed where appropriate and approximately only 10% of our student population will be on campus each day. Colleagues are working across the University to ensure we deliver the best learning experience possible as we enhance our digital capabilities and support our students in embracing a blended model of learning.

Aside from the unexpected activities due to the Covid 19 pandemic, the University delivered many successes this past year in learning and teaching. We continue to be recognised as a sector leader for widening access to education for all, we improved our student metrics in the National Student Survey results and we continued to co-create valuable, work-based learning at home and overseas.

Last academic year, the University also bolstered its reputation for social innovation and impact from our research. In adopting the United Nations' Sustainable Development Goals as the basis for our research framework in 2017, we built upon that foundation and were recognised once again as one of the top 50 universities in the world for social impact in the THE University Impact Rankings. We were also awarded Champion of the Year at

the UK Social Mobility Awards and hosted the inaugural World Forum on Climate Justice at our Glasgow campus.

Our research profile, output and impact has gone from strength to strength and just a few highlights include the development of an HPV vaccine, assisting Health Protection Scotland's work on infection control and contributing towards new HIV prevention techniques and treatment.

Throughout the epidemic our research teams and work in our research laboratories has continued, especially our vital research in relation to Covid-19. Many of our esteemed research staff have been members of Covid advisory groups to government and the scientific community.

Last year we also strengthened our international partnerships. We graduated our second cohort from the African Leadership College in Mauritius, our third cohort of students from Glasgow Caledonian New York College and we celebrated the graduation of the employees at South Africa's Transnet Freight Rail, who for the first year were celebrating attaining Honours and Masters level qualifications. We also continued to support the newly formed National University of Science and Technology in Oman which was formerly the Caledonian College of Engineering with whom we have worked for 22 years.

There are many examples of our University colleagues at our Glasgow and London campuses continuing to truly live our mission for the Common Good, particularly during recent times where we have contributed to the communities that we serve in order to support the most vulnerable individuals during the Covid-19 pandemic. We have also sought to address the longer term economic and societal impacts of the outbreak through developing new models of teaching and learning, applying our research and working closely with business and the education sector to protect our valuable resources.

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

**Professor Pamela Gillies CBE, FRSE**

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

**Principal and Vice-Chancellor**



## Highlights of 2020

### Income (£'000)

2020	125,305
2019	124,326
2018	119,821

### Underlying operating surplus (£'000)

2020	3,682
2019	2,745
2018	765

### Cash at bank (£'000) as at 31 July 2020

2020	24,289
2019	20,674
2018	19,402

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

2020	5,437
2019	3,285
2018	3,980

### Student numbers (headcount) as at 31 July 2020

2020	17,550
Represented by:	
• Scottish full-time first degree	10,600
• Taught Postgraduate	2,930
• Research Postgraduate	460
• Other	3,560
2019	16,860
2018	16,450

# 80.7%

80.7% degree completion, ensuring positive outcomes for our students and graduates.

# Top 50

Ranked within top 50, achieving 43rd in the world in the Times Higher Education impact rankings.

# 22.6%

22.6% of GCU's full-time Scottish first degree entrants were from the 20% most deprived postcodes.

# 8.8%

8.8% growth in taught postgraduate full person equivalent in 2019/20.

## Strategic Report

The strategic report reflects the University's performance in 2019/20. It is the final report of performance against the 2020 Strategic Indicators, representing the last year of the Strategy 2020 planning horizon.

Indicator	2020 target	2019/20 performance
Maintain a leading position for widening access with quality	In the Top 3 in Scotland	✓
Achieve excellent student satisfaction	90% National Student Survey (NSS) satisfaction	↑
	90% International Student Barometer (ISB) satisfaction	↔
Ensure positive outcomes for our students and graduates	80% degree completion	✓
	7% non-continuation	↑
	95% employment PI*	—
	75% graduate prospects*	—
Diversify our student population, growing the proportion of postgraduate and international students	20% postgraduate students <sup>^</sup>	↑
	15% international students <sup>^</sup>	↑
	5,000 TNE students	↓
Enhance the global impact of our research, focussing on its reach and significance	£8M pa research income	↑
Increase income from research, commercial and knowledge exchange activities by 20%	£7.3M	↔
Enhance staff engagement and grow the proportion of our academic staff holding doctoral and postgraduate qualifications	80% staff engagement	↑
	55% doctorate	✓
	85% postgraduate	✓
Ensure financial sustainability	3% underlying operating surplus-	↑
Be recognised as a leading university for environmental sustainability	Improved carbon footprint*	↑
	EcoCampus Platinum	✓

↑ On track and strong performance in 2019-20      ✓ KPI achieved      ↔ On track and maintained performance in 2019-20

↑ Improved performance with further growth required      ↑ ↓ Progress needed

— \* Graduate Outcomes employment and previously HESA PI are not directly comparable, new PI to be published in Autumn 2020.  
<sup>^</sup> HESA student data return validations in progress, as such data is draft at this point. International student as a proportion of the total population has been impacted by the growth in home student numbers.  
 - Finance data for 2019-20 is draft and subject to final audit.  
 • 2018-19 emissions reduction over 2014-15 baseline – a notable reduction is expected for 2019-20 due to the Covid-19 pandemic impact.

## Strategy 2020

### Our Mission

Glasgow Caledonian University is a University for the Common Good. Our University's heritage dates back to 1875, and our Coat of Arms incorporates the motto of one of our founding institutions For The Common Weal. Established as a University in 1993, our commitment to the common good underpins everything we do.

### Our Vision

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

### Our Values

Our core values are shared by staff and students and they underpin what we do and how we do it. They are the foundations upon which we build collaborative relationships with like-minded partners to deliver our social mission for the common good.

Our values are:

Integrity

Creativity

Responsibility

Confidence

GCU's Strategy 2020 goals are as follows:

### 1 Transforming lives through education

We will deliver excellence in learning and 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.

### 2 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.

### 3 Innovating for social and economic impact

We will provide solutions to real-world problems through applied research and development, working in partnership with business, the public and voluntary sectors.

### 4 Engaging globally: As a globally networked University

We will harness our campuses in Glasgow, London and New York and our educational offerings in Oman, Bangladesh and Africa to extend our global reach and impact, engaging in new ways with learners, partners and communities at home and overseas.

### 5 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 For the Common Good mission to deliver social benefit and impact.

### Performance in 2019/20

Strategy 2020 supported by our foundational purpose and mission 'For the Common Good' and our values-led approach, has continued to guide the University through the unprecedented circumstances that we found ourselves operating in academic year 2019/20 due to the impact of the Covid-19 pandemic. The University performed strongly in a challenging external environment and a number of our 2020 KPI outcomes were exceeded or maintained, in this the final year of Strategy 2020.

The University achieved an outstanding result in the 2020 Times Higher Education Impact Rankings. The Impact Rankings are the only global performance tables that assess universities against the UN Sustainable Development Goals (SDGs). The Rankings were first published in 2019, and the 2020 submissions saw a far greater number of universities participating, an increase of almost 60% (+286). GCU was ranked forty-third overall in the world out of 766 universities and second in Scotland, out of five Scottish universities. Of note, the University ranked very highly in some key areas of importance in terms of supporting economic and social recovery from the pandemic - 12th in the world for SDG 5 Gender Equality; joint 13th in the world for SDG 8 Decent Work and Economic Growth; 20th in the world for SDG 10 Reduced Inequalities; and joint 40th in the world for SDG 3 Good Health and Wellbeing.



The University is committed to widening access with quality. GCU currently exceeds the Commission on Widening Access 2030 target, as 22.6% of our Scottish full-time first degree entrants are from Scotland's most deprived areas (SIMD20). A total of 96.7% of young first-degree entrants are from state school or college. The University's performance in attracting widening access students is matched by above average retention rates for students from SIMD20 backgrounds. GCU's retention rate to year two for those from SIMD20 areas (89.6%) is ahead of the sector rate (86.8%).

GCU performed well in the 2019 HESA Performance Indicators relating to projected learning outcomes. Projected degree completion at GCU is 80.7%, exceeding the GCU Strategy 2020 target of 80% and our 'drop-out' rate is 7.8%.



Academic year 2019/20 was the first session of our Care-Experienced Student Representation Group supported by our Care-Experienced Student Officer. This year we introduced staff training sessions on Care Day and expanded our mentoring initiative, which involves matching care-experienced students with a staff mentor to help support progression through GCU. Through 2019/20, GCU has worked with partners, including the SFC, to develop a national module to train Higher Education staff on Corporate Parenting, which was facilitated by the Open University Scotland.

In July 2020, GCU received the prestigious Employer Recognition Scheme Gold Award by the Ministry of Defence in recognition of its outstanding support of the Armed Forces community.

GCU is committed to delivering an outstanding student experience. The 2020 National Student Survey results saw an improvement in overall satisfaction increasing to 85%, and the university maintained positive performance in relation to key areas such as assessment and feedback, student voice and organisation and management. Eleven of GCU's subject areas are placed first in Scotland for student satisfaction. Overall satisfaction of international students is high, as demonstrated by the results of the International Student Barometer survey, at 89%.



Graduate Outcomes replaces the Destination of Leavers from Higher Education (DLHE), surveying graduates who completed a higher education course in the UK after August 2017. 91% of GCU graduates are in all modes of employment and / or further study, above the Scottish sector rate of 89%. 77% of GCU graduates who are in employment were in highly skilled occupations.

# Strategic Report

GCU has harnessed its substantial experience of industry-focused programmes and co-creation to pioneer a number of new Graduate Apprenticeship programmes, resulting in growth in student numbers as well as raising our profile with Skills Development Scotland (SDS) and industry partners. The University holds UK Apprenticeship Training Providers registration for Degree Apprenticeship provision.

The number of taught postgraduate students at GCU has grown by 9% in 2019-20 compared to 2018-19, and now constitutes 16% of GCU's students in the UK. The University's postgraduate research student numbers reduced marginally, and accounts for 3% (557 students) of GCU's overall student population in the UK. Overall, postgraduate students represent 19.7% of GCU's student population in the UK, an increase compared to 2018-19. (Note: data validation is ongoing).

In 2019-20, the proportion of international students at GCU's UK campuses, remained relatively static at 8% of total students. This is due in part to growth in home student numbers through Graduate Apprenticeships.

GCU has been at the forefront of transnational education (TNE) for many years and continues to apply a partnership approach to TNE development based on our University values. TNE numbers have increased by 17% since 2013-14, to a total of c4,075 in 2019-20.

Amongst the many achievements of our students was the first student-led Glasgow Caledonian Cyber Convention (G3C) held on campus in October 2019. More than 100 delegates attended the event, bringing together individuals from industry and academia, as well as those with a general interest in cyber security. In addition, large numbers of GCU nursing and paramedic students joined the NHS on the pandemic frontline.

The University is proud that more than 500 student nurses and 95 BSc Paramedic Science students responded to NHS Scotland's call to work in hospitals across the country.

In 2019/20, there was an increase in the proportion of academics holding a doctorate or a postgraduate qualification on the previous year and, at 57% and 85% respectively, the 2020 KPI targets have been exceeded.

The University continued to focus on leveraging strategic research collaborations, strengthening its research culture, and attracting high-calibre researchers. In 2019/20, research income was maintained at close to £6m. Building on our research reputation, the University was well positioned to focus new research on Covid-19 and its impacts. Examples include Professor Claudia Estcourt, who is Clinical Professor of HIV and Sexual Health at GCU, is

providing expert opinion to the Scottish Parliament, Public Health England and the HM Government's Chief Scientific Advisor on National Security on contact tracing for Covid-19. Leading physical activity researchers, respiratory experts, and sport and exercise psychologists at GCU have launched the world's largest study to find out if physical activity can boost Covid-19 immunity. In June 2020, vision scientists at GCU launched a survey to find out if Covid-19 affects the eyes. It is believed to be the first survey of its kind in the UK and is being rolled out across other countries including China, US and Australia.

Almost **90%** of our research in Allied Health Professions are classed as internationally excellent or world leading (REF, 2014)

GCU also continued to focus on sustainable development and the climate emergency. Principal Professor Pamela Gillies joined the leaders of more than 150 businesses and civil society organisations, to call on the Prime Minister to use the Sustainable Development Goals to create a socially just and green recovery from the Covid-19 pandemic. GCU's Centre for Climate Justice will undertake a four-month project with the Pan African Climate Justice Alliance to explore the impact of Covid-19 by compiling case studies from Kenya, South Africa, Ivory Coast, Nigeria, Ethiopia, Gabon and Morocco. The study will focus on the way the pandemic may affect the implementation of the Nationally Determined Contributions (NDCs) of the Paris Agreement, a global pact aimed at alleviating the impact of climate change while building resilience of countries and communities.

GCU's Environmental Management System (EMS) was successfully re-certified EcoCampus Platinum in March 2020. GCU remains the only University in Scotland to operate an EMS with this level of certification.

Scotland's first EcoCampus Platinum university



## Risk and risk management

High-quality risk management is a positive process which supports and enhances business management. During 2019/20 the University further embedded its risk management procedures and structures including a refreshed Risk Management Policy 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. In addition an annual workshop was undertaken in June 2020 involving the entire University Court in reviewing the corporate risk register.

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

The main risks facing the University are:

**Covid-19:** The ongoing Covid-19 pandemic represents the greatest risk to the University both in the short-term, given the impact both financially and on staff and student health and wellbeing, combined with the uncertainty of the duration of the pandemic, and also in the long-term given the impact on the Higher Education landscape and the economic and societal impact. The scale of the Covid-19 risk is such that it will have an impact on all of the other risks facing the University and all current University operations are engaged in mitigating the risks.

**Government policy and political landscape:** This is a significant risk as funding from government, through the Scottish Funding Council, is the University's main source of income. Covid-19 will clearly place additional pressure on Scottish Government funding. There will be a limit to the Higher Education sectors ability to absorb recurrent real-term reductions in funding.

**UK withdrawal from the EU:** While the full terms and implications of the UK withdrawal from the EU are still uncertain, the higher- education sector will be impacted in many ways, including recruitment of EU students and staff, income associated with EU-funded research projects and the general economic impacts associated with such a significant political and economic change.

**Financial sustainability:** Cost inflation, rising pay and pension costs and the challenges resulting from Covid-19 for the recruitment of international students all impact

the financial sustainability of the University. The market volatility, increasing net liabilities and employee/employer affordability relating to pension schemes, which the University participates in, remain a concern.

**Investment in People:** The University's largest investment and primary asset is its staff. The University continues to focus on the associated risks ensuring that the University has the correct skill mix of staff appropriately deployed to deliver a high quality student experience while being cognisant of future sustainability challenges, the challenges of adapting to a rapid shift to online learning and Covid-19 changes to the working environment.

**IT infrastructure, Cyber and information security:** The University continues significant investment in its major IT systems and supporting network infrastructure and recognises the risks inherent in large and complex projects. 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 General Data Protection Regulation (GDPR) has understandably raised the bar in terms of requirements, and represents a key financial and reputational risk to the University, particularly with staff and students studying and working off campus during the pandemic.

## Estates and facilities

The University continued to invest in its physical estate carrying out a £0.8m programme of Legislative Compliance Projects. As a result of the financial and practical impacts of Covid-19 the University paused the planned next phase of the Classroom Transformation project which will see our Learning and Teaching Estate being re-energised and which will enhance both student and staff experience.

Estates and Facilities assisted and delivered several key projects, for Schools and departments including; the renaming of Saltire Centre to Sir Alex Ferguson Library, a refit and modernisation of the Student Wellbeing space which introduced new consulting rooms and the formation of Data Driven Futures /Cyber Security Laboratory within the School of Computing, Engineering and Built Environment.

During the year the University extended the lease of its London Campus at Fashion Street for a period of 10 years until 2030.

## 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 University's EMS was successfully re-certified EcoCampus Platinum (against ISO 14001:2015) in March 2020 by external auditors appointed by EcoCampus. GCU remains the only University in Scotland to operate an EMS with this level of certification.

During 2019/20, we continued to develop existing initiatives and supported a number of student projects in the three Schools. We also note the following highlights from 2019/20:

- In recognition of the University's commitment to serve healthier, fresher and more ethical food, the on-campus catering operations were certified Soil Association Food for Life Served Here (Bronze).
- The Fashion Detox Challenge, a collaboration with a PhD candidate in GSBS, attracted 320 participants and was featured in a number of high-profile UK and international media outlets.
- SCEBE's Environmental Management students coordinated a group of volunteers to plant 120 broadleaf and 20 fruit trees across our Estate and establish GCU's Forest for the Future and Urban Orchard under the auspices of the Woodland Trust's the Big Climate Fightback.
- Our campus in Glasgow was re-certified as Cycle Friendly by Cycling Scotland.
- We donated 15 bikes that had been abandoned on our premises to Bikes for Refugees (Scotland).

Finally, whilst we are not yet able to report on our carbon footprint for 2019/20, we are delighted to report a downward trend in our greenhouse gas emissions, with emission in 2018/19 being 31.5% lower than the 2014/15 baseline.

## Equality and diversity

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

We continued to make positive progress on implementing our Equality Outcomes 2017/21, which help to fulfil our duties under the Equality Act 2010, by embedding equality and diversity across all University functions, projects and activities. The outcomes are focused on ensuring that our people have the right knowledge and skills to support and promote an inclusive working and learning environment, that we are accessible and welcoming, and that we provide people, who have protected characteristics, with the same opportunities as others to achieve positive work and study outcomes.

The outcomes also support our Dignity at Work and Study Policy, which outlines the rights and responsibilities associated with these commitments, as well as our zero tolerance approach to any form of unlawful discrimination, including harassment, victimisation, racism, sexism, homophobia or any other unacceptable behaviour towards any member of our community. We implement this through student and staff training and engagement, including the embedding of equality, diversity, dignity and respect into student and staff induction, and communicating our success and good practice through internal and external channels and campaigns.

The University continued to advance gender equality through participation in Advance HE's Aurora programme and implementation of Athena SWAN commitments at University and School level.

Our Tackling Racism Short Life Working Group developed recommendations for the University to implement during academic year 2020-21, and we actively contributed to a project led by Advance HE and Scottish Funding Council to develop a sector wide campaign and resources aimed at tackling racism and racial harassment.

The University was awarded Carer Positive 'Engaged' status by Carers Scotland to recognise our commitment to supporting staff and students with caring responsibilities by creating a working environment in which carers are valued and supported.

The University has been recognised by the Ministry of Defence for our outstanding support for Armed Forces veterans and their families. We achieved the Employer Recognition Scheme Silver Award for our work in recognising the transferable skills of men and women leaving the Forces and welcoming them into our workforce and student communities.

## Disability

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

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

The University continues to take a proactive approach to supporting positive staff mental health through the implementation of our action plan and development of an intranet area as a one-stop for resources, guidance and training to support their own mental health as well as the mental health of colleagues and students.

Throughout this challenging time we continually work to provide online resources to support staff to cope with the changing circumstances. Supporting our staff and student's mental health and wellbeing is a strategic priority for the University and we are working in partnership with the Scottish Association for Mental Health on a range of initiatives to ensure we build the capacity of staff to support students affected by mental health conditions, increase the emotional resilience of staff and students, as well as supporting GCU to establish a mentally healthy community across its campus.

# Financial Review

## Scope of the financial statements

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

## Results for the year

The Coronavirus (Covid-19) pandemic represents a unprecedented time for the University and the Higher Education sector as a whole, both in the UK and overseas. Despite these challenges faced by the sector and the wider economy, the University has achieved an operating surplus of £3.7m for the financial year 31 July 2020.

Whilst this report is focussing on the 2019/20 outturn, it should be recognised that the University has in place a financial recovery plan, with mitigating steps, to manage the continued challenges of the pandemic. It is understood that this plan will require to adapt with the fast changing environment.

For the year ended 31 July 2020, the University generated an underlying operating surplus, 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 significant, non-cash pension charges and restructuring costs, which are not influenced by the day to day operation of the University, the consolidated underlying operating surplus was £3.7m (2018/19: £2.7m).

Consolidated	2019/20 £'000	2018/19 £'000
<b>Deficit for the year</b>	<b>(2,786)</b>	(8,115)
Add back:		
Other Items (including gains/losses, taxation and JV)	529	241
Restructuring costs and other exceptional provisions	1,072	1,626
Non-cash FRS 102 pension costs	4,868	8,993
<b>Underlying operating surplus</b>	<b>3,683</b>	2,745

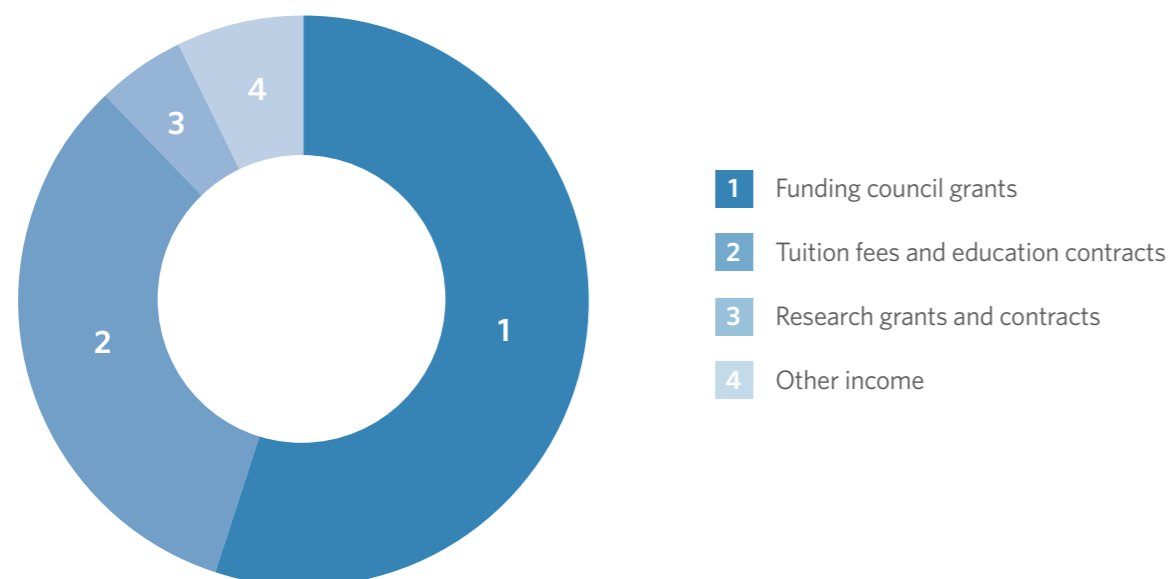
The University is reporting a consolidated deficit for the year, before other comprehensive income, of £2.8m (2018/19: £8.1m). As in previous years, the deficit includes a significant combined non-cash charge of £4.9m (2018/19: £8.9m) in respect of the accounting for both the Strathclyde Pension Fund current service staff costs and net interest charge and for the USS pension deficit provision adjustments. Such non-cash charges are being experienced nationally.

## Income

Total Income has increased in 2019/20 to £125.3m (2018/19: £124.3m). Total income comprises funding council grants, tuition fees and education contracts, research grants, other income, investment income and donations and endowments. The composition of income in 2019/20 is:

## Income

Total income has increased by 0.8% in 2019/20 to £125.3m (2018/19: £124.3m).



## Scottish Funding Council (SFC) grants

The University received £69.2m (2017/18: £68.3m) 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 SFC research and innovation grants and capital maintenance grants. Overall, grants have increased by £0.9m, with an increase in funding for teaching of £0.5m. This is materially driven by the increase in government funding for additional nursing students. Strategic funding streams increased by £0.5m relating to assistance with increased Scottish Teachers Superannuation Scheme pension contributions.

## Tuition fees and education contracts

Core tuition income for 2019/20 has largely been unaffected by Covid-19. Tuition fees and education contract income in the year was £41.6m (2018/19: £39.8m). The increased tuition income was mainly generated from additional Scotland and EU students across the University's taught undergraduate portfolio (£1.3m), Graduate Apprenticeships' income increased (£0.8m), and international taught post graduate (£0.3m).

## Research grants and contracts

Although many research projects faced disruption from Covid-19, research income for 2019/2020 was maintained at £5.8m (2018/19: £5.8m). The University has played an active part in the nations Covid-19 response and additional research projects have contributed to research income levels.

## Other income

The University received £7.9m (2018/19: £9.7m) in other income. The decrease of £1.8m was mainly driven by Catering, Accommodation, Sports & Recreation and Conferences being reduced to almost nil from March as a result of minimising campus activities in response to Covid-19 pandemic. Accommodation income was heavily impacted (£1.7m) as the University released students from contracts as the impacts of lockdown were felt.

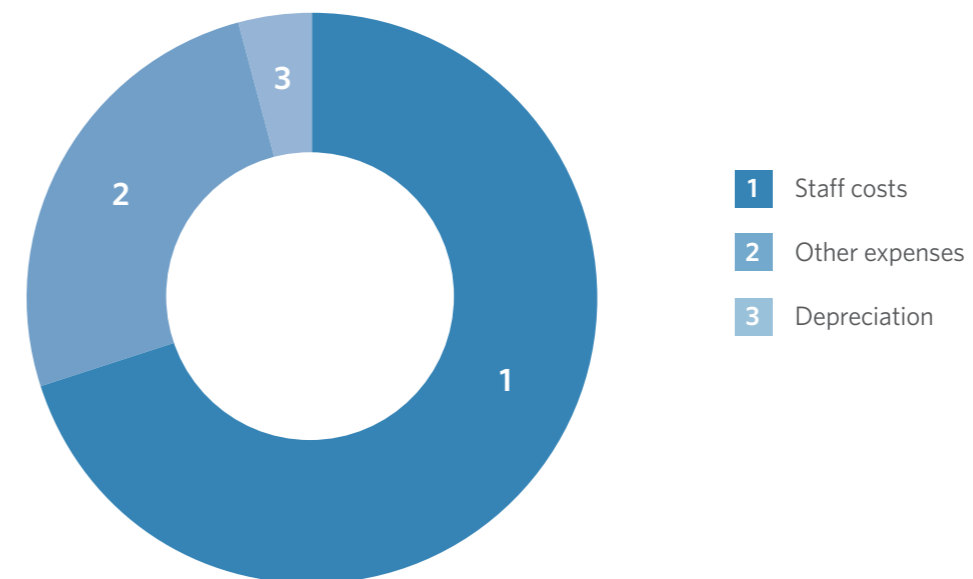
## Expenditure

Total expenditure has decreased to £127.6m (2018/19: £132.2m). This has primarily resulted from lower campus operating costs as a result of home working and travel restrictions and the implementation of additional cost controls.

Expenditure comprises staff cost, other operating costs, the depreciation of fixed assets and interest and finance costs. The composition of expenditure in 2019/20 is:

## Expenditure

Total expenditure has decreased by £4.6m to 127.6m (2018/19: £132.2m).





# Financial Review

## Staff investment

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

Staff	2020	2019
Staff costs £'000	88,900	90,100
FTE's	1,398	1,372

Pension costs of £16.9m (2018/19: £17.2m) for the year are represented by:

Underlying Pension Costs	2020 £'000	2019 £'000
Pension Costs	16,925	17,216
<b>Less FRS102 Effects</b>		
LGPS	4,495	6,885
Underlying Pension Costs	12,430	10,331

## Other operating costs

Other costs have decreased by £2.6m to £32.1m (2018/19: £34.7m). The majority of the cost reductions were experienced in travel (£0.9m), catering services (£0.7m), staff development (£0.3m), utilities (£0.3m) and hospitality (£0.2m). This was in part due to the Covid-19 pandemic, as the University experienced significant changes in its operations in the last quarter of 2019/20.

## Procurement

The University is committed to obtaining best value in all of its transactions and, in conducting its daily business, considers its wider responsibilities in terms of legal, moral, social, economic and environmental impact.

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

Procurement led initiatives, using competitive tendering, resulted in value for money savings of approximately £0.5m. In addition and as part of cost control measures introduced in the last quarter the Procurement team delivered, through negotiation with suppliers, over £0.2m of additional savings to existing contracts.

During the year a number of projects have been undertaken, which contributed to the savings achieved. These include Corporate Wear, Workwear & PPE, Taxi Services and Waste Management Services.

Service contracts including Waste Management, Catering and Water Dispensers have delivered ongoing sustainability initiatives, contributing to the University's mission for the Common good.

The Waste Management agreement promotes reuse and recycling, 100% diversion of waste from landfill, offers training on waste management and recycling initiatives and uses local suppliers.

The Catering supplier uses locally sourced products, provides recyclable cups, promotes reusable containers and maintains a sustainable food policy.

The University contract for Water Dispensers has helped improve the lives of people living in a remote Zimbabwean village by facilitating the installation of a fresh-water pump. Other savings were achieved through access to collaborative framework agreements with Advanced Procurement for Universities and Colleges (APUC) and other UK Purchasing Consortia.

It is the University's policy to obtain the best terms of business from creditors, and thus there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavours to include and abide by specific payment terms.

## Balance Sheet

Total net assets have decreased by £46.6m to £96.3m as at 31 July 2020 (2018/19: £142.9m). The decrease in net assets is primarily attributable to the increase of £48.9m in the University's share of the accounting liability in the Strathclyde Pension Fund as at 31 July 2020. The increased liability is the result of extremely volatile investment returns over the latter part of the period as a result of the Covid-19 pandemic, coupled with a significantly lower net discount rate compared to 31 July 2019. This increases the value placed on the past service obligations, which has significantly outweighed the asset performance.

## Treasury

The University decreased short term investments by £4m to £7m (2018/19: £11m). The liquid cash available at 31 July 2020 was £17.2m (2018/19: £9.6m).

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 institutions agreed by Finance & General Purposes Committee and managed using minimum credit rating criteria.

## Borrowing

During the year repayments were made towards the initial £10m loan facility with Lloyds Banking Group, backed by the European Investment Bank. As at 31 July 2020, £6.7m remained outstanding (2018/19: £7.4m). There have been no other movements in net debt in the year.

## Asset Impairment

The University has in place a public benefit concessionary loan arrangement to fund Glasgow Caledonian New York College (GCNYC). As in previous years and in line with the requirements of accounting standards consideration has been given as to whether an impairment of the loan value has occurred. As part of the 2018/19 year-end process, the University agreed an acceptable loan recovery period of 30 years. A payback model, based on the latest business plan, indicates a repayment period of 39 years which is in excess of the previously agreed recovery period. Given that the University has agreed that 30 years is an acceptable payback period, the University has impaired any amounts not forecast to be received within the 30 year period using an undiscounted value in use model.

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

## Capital investments

Following the transition off campus, all infrastructure projects were paused and reassessed for priority and impact against the University's new and evolving operational requirements. The University continued to prioritise the Student Information Systems Project (SIMS), and the first release is due to go live October 2020. This continues to be accounted for through Assets Under Construction and project capitalisation was £1.5m in year. 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.

## Financial strategy

The key financial metrics in the Financial Strategy, an enabling strategy to the University's Strategy 2020, support the University's commitment to ensuring a sustainable future in the short, medium and long term in the face of significant external volatility.

Key Financial Metrics:

	2020 Target	2020 Actual	2019 Actual
Total Income £'000	123,000	125,305	124,326
*Underlying operating surplus / (deficit) as % of income	3.0	2.3	2.1
Net cash inflow from operating activities as a % of income	4.0	4.3	2.6
*Staff costs as a % of income	60.0	67.0	66.0
SFC grants as a % of income	53.0	55.0	55.0
Gearing: external borrowing to total funds	Maximum 0.5	0.07	0.05

\*Excludes severance and non-cash FRS 102 pension costs

With prior year metrics demonstrating the challenges faced by the University, the latter part of 2019/20 has impacted, both positively and negatively, on performance against key financial metrics.

The University will be launching a new strategy, which will be supported by a Finance Plan 2030. The planning and budget setting process, based on the plan, takes into consideration the University's commitment to growth while allowing for a challenging external landscape including Covid-19, Brexit, volatile pension environment and pay award pressure.

Given the continuing nature of the uncertainties and financial pressures forecast throughout the planning horizon, there remains a clear focus on maintaining and building the University's cash reserves through identifying and delivering income growth, actively managing costs and generating surpluses to enable investment in the University's digital and physical infrastructure.

## Pensions

The University participates in three separate multi-employer defined benefit pension schemes, the Strathclyde Pension Fund (SPF), the Scottish Teachers Superannuation Scheme (STSS) and the Universities Superannuation Scheme (USS). Details of the accounting policies are set out on Pages 33-34 and further disclosures are set out in note 27.

The University accounts for the SPF in accordance with the requirements of FRS 102. Within total net assets is the pension liability in relation to the University's share of liabilities in the SPF. In 2019/20 the liability has increased from £26.4m to £75.2m. This is mainly due to the volatility in net asset values as a result of the pandemic and an increase in future liabilities, due to the reduction in the discount rate which is determined from the downward movement in the UK Corporate Bond yields on which it is based.

The University continues to take the exemption permitted under FRS 102 to disclose the USS Scheme as defined contribution, as it is unable to calculate individual employers' share of the overall deficit. A liability is recognised however within provisions for GCU's share of the obligation to fund past deficits within the USS scheme. The calculation of GCU's share of the funding deficit as at 31 July 2020 has been based on the USS 2018 Deficit Recovery Plan. This has resulted in a c£1m reduction in the USS provision to £1.8m (£2.8m 2018/19).

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

## Looking forward

The University has faced unprecedented challenges in 2019/20 and looking ahead dynamic financial forecasting in the coming year will be vital to manage potential future impacts and uncertainties within the sector created by the pandemic. A budget for 2020/21 was approved by University Court in June 2020 and this will be regularly monitored and flexed through the year.

The Risk Management Forum, comprising senior management from across the University, assess the risks and challenges that the University faces in the external environment, including emerging Covid-19 impacts, student recruitment and increasing pension costs. Brexit continues to be a focus for the University, with contingency plans and actions in place to help mitigate the impacts if they arise. Although the full extent remains unknown and is dependent upon both Scottish and UK governmental policies, the University has taken steps to prepare for possible outcomes.

Our financial plans continue to centre on growing and diversifying income streams while actively managing all aspects of the cost base.

## Introduction

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

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

## Statement of full compliance

A revised Scottish Code of Good Higher Education Governance (the Code) was published in 2017 and reflects the requirements of the Higher Education (Scotland) Governance Act 2016. There has been a period of transition as the University amends its Statutory Instrument to reflect the new legislation and associated elements of the Code. The deadline for full compliance of the legislation is 31st December 2020 and the Amendment Order to the Statutory Instrument comes into force on 1st October 2020.

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

## Governing body

### Court

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

Court met six times in 2019/20. 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.

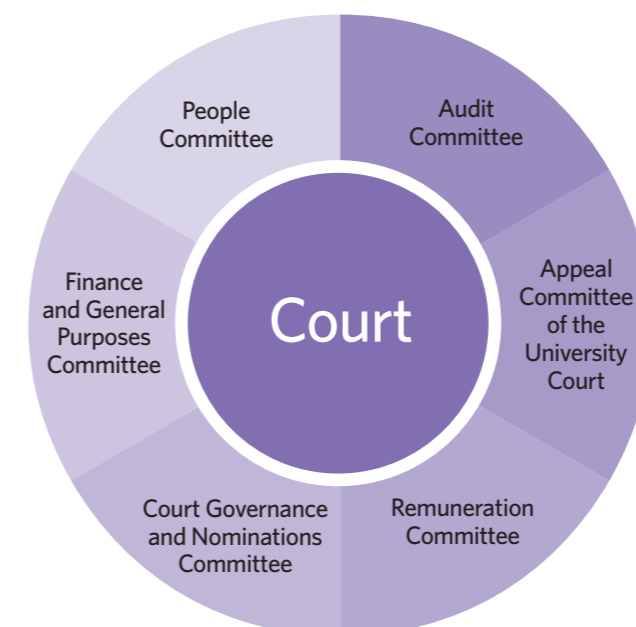
Court and Senate have agreed procedures for reviewing their effectiveness. An externally facilitated review of Court's effectiveness is carried out at least every five years, as set out in the Code and there are interim arrangements to keep effectiveness under constant review.

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

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

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

## Court committees



# Corporate Governance Statement

Court has agreed procedures for appraising annually the performance of the Chair of Court, and a review of his performance took place in September 2019.

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. There is an annual appraisal scheme for all Court members, which also serves as an annual effectiveness review of the Court. Court members are asked to complete a questionnaire, which evaluates the performance of Court, the way it operates and the contribution of the individual member. This is followed by a conversation between each Court member and the Chair of Court. The Vice Chair of Court, a role which currently incorporates the role of Intermediary under the 2017 Code, is a point of contact for governors in the event that a Court member wishes to raise an issue regarding the Chair of Court.

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

The Chair of Court is responsible for ensuring that the University has due regard to the interests of all stakeholders in carrying out its business. The University has various initiatives to ensure it is well-connected with its stakeholders and continues to develop these. It held its inaugural formal event for stakeholders, including external stakeholders, in line with the 2017 Code in February 2020.

Court delegates the co-ordination, development and supervision of the academic work of the University to Senate, subject to the general control and direction of Court. Senate met four times in 2019/20. All lay Court members are expected to attend at least one meeting of Senate per year.

Fundamental to the University's leadership in promoting the Common Good and the delivery of its mission is the commitment to embedding equality and diversity. The University receives an annual report and has a duty under the Equality Act 2010 to publish a Public Sector Equality Duty Report in the Spring every two years, describing its progress on mainstreaming equality and delivering equality outcomes. The University's last Public Sector Equality Duty Report 2019 was approved by Court at its meeting in May 2019.

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

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

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

## Audit Committee

The Audit Committee met four times in 2019/20 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.

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

The Committee reviews the Annual Financial Statements of the University and its subsidiary companies and recommends these to Court for approval. Prior to doing so the Committee liaises with the Finance and General Purposes Committee, which also reviews the Annual Financial Statements, to share insights.

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

## Remuneration Committee

The Remuneration Committee met twice in 2019/20. The Committee sets the parameters for the remuneration of senior staff, determines the remuneration of members of the Executive and other senior staff earning £100,000 per annum or more, and recommends the remuneration of the Principal and Vice-Chancellor to the University Court. The committee also reviews the objectives of the Vice-Chancellor for the following year before their submission to the Court for approval. Information on the remuneration of senior staff for the year ended 31 July 2020 is set out in note 7 to the financial statements. The membership of the Committee is predominantly lay, but includes a staff and a student governor.

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

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

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

time to inform its decisions, and it consults with staff and student representatives in preparation for its annual deliberations.

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

The Remuneration Committee delegates responsibility to the Remuneration Panel (composed of the Executive Board with the Chair of the Remuneration Committee) for determining the remuneration of Professorial and Senior Management staff earning below the £100,000 threshold. The Remuneration Committee received a report on the outcomes of the work of the Remuneration Panel and its decisions about the remuneration of relevant staff for 2019/20.

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 (UCEA's) annual survey of senior remuneration arrangements across the sector. The comparator groups used are:

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

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.

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

\* Although the University is not a member of the University Alliance, its information continues to be included for 2019/20 as this benchmark data is a useful comparator given the nature of institutions within the Alliance.

# Corporate Governance Statement

## Court Governance and Nominations Committee

The Court Governance and Nominations Committee met three times in 2019/20 and oversaw, but delegated to a smaller group, the task of searching for new lay governors. The Committee reviewed the group's proposals and made recommendations to Court on filling the vacancies.

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

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

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

The gender balance of lay governors on Court for 2019/20 was 52% male and 48% female.

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

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

The Committee has aimed to ensure that Court is no bigger than necessary to secure the range of skills and experience needed to undertake its responsibilities effectively and to manage succession planning or any unforeseen change in Court membership. In doing so, the Committee takes

cognisance of the continuing requirement for lay members to be in the majority on the governing body.

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

## Finance and General Purposes Committee

The Finance and General Purposes Committee met six times in 2019/20. It recommends to Court the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets. The Committee also reviews major investment decisions prior to presentation to, and final approval by, Court.

As part of its responsibility for the financial oversight of the University, the Committee reviews the annual financial statements, both the consolidated University statements and those of its subsidiary companies, and provides comment on them for the Audit Committee and Court. In 2020 the Committee held a joint meeting with the Audit Committee to review the annual financial statements for 2019/20.

## People Committee

The People Committee met three times in 2019/20. It reports to Court on the development, implementation and monitoring of the people strategy and staff policies that support the University Strategy, on legislative and regulatory requirements and on staff consultative processes. It also has oversight of the management of all activities of the University as they relate to the duties and responsibilities in respect of equality and diversity and the health and wellbeing of staff, students and visitors.

## Glasgow Caledonian University Stakeholder Event

The inaugural Glasgow Caledonian University Stakeholder Event was held on Wednesday 19th February 2020. The event was advertised through the university website and was attended by the public, Governors, and over 100 staff, students, alumni, honorary graduates and external stakeholders. The attendees heard from the Principal, the Chair of Court, the Student President and Professor Andrew McAuley on his ground-breaking research on HIV and injecting drug use. A comparable event for staff and students was held on the University's London campus, which included an engaging presentation by Dr Zhi Wang on Thursday 12 March 2020.

## Corporate Strategy

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

Through an extensive process of consultation and stakeholder involvement, workshops and other meetings, Court members were involved in developing the University's Strategy for 2030. Court considered and agreed the University's 2030 Strategic mission, values and goals in the course of the year. The impact of the Coronavirus pandemic has delayed the planned launch of the University's Strategy 2030, which is now scheduled for launch in early 2021. Court is engaged with the ongoing work to develop 2030 enabling strategies and plans and associated key performance indicators.

## 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 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 Executive Board and the relevant Court standing committees also receive reports with due management information on major strategic developments, staff-related issues and health and safety.

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

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

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

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

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

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

## Corporate Governance Statement

Accordingly, Court considers that there is a robust process for identifying, evaluating and managing the University's significant risks which has been in place throughout the year ended 31 July 2020 and up to the date of approval of the Annual Financial Statements. This process is reviewed by Court and accords with the Turnbull guidance, as applicable to the higher education sector.

### Impact of Covid-19

In response to the Coronavirus pandemic, the University Court and its Committees held their meetings from the start of lockdown in March 2020 using online conferencing facilities. An additional Court Briefing meeting, an additional Finance and General Purposes Committee meeting, and two-weekly meetings between the Chair of Court, Committee Chairs and Executives of the University were convened, written communications to the whole Court, in order to keep Governors fully informed of the actual and potential effects of the pandemic on the University and how these were being managed and pre-empted. The University also moved to a two-weekly rolling forecast for 2019/20 which was issued to the members of the Finance and General Purposes Committee to keep them updated about the financial impact of the pandemic on the University. The fact that the Court and its Committees were already fully functioning in a paperless boardroom, using an electronic paper and meeting management system, facilitated a smooth transition.

### Going concern

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

The University has prepared cash flow forecasts for a period of 13 months from the date of approval of these financial statements. After reviewing these forecasts, the Court is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19 the University will have sufficient funds to meet its liabilities as they fall due over the period of at least 12 months from the date of approval of the financial statements (the going concern assessment period).

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

### Conclusion

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



**Mr Rob Woodward**  
Chair of University Court

## Statement of Primary Responsibilities of Court

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

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

### Staff and students

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

### Financial responsibilities

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

5. To ensure the solvency of the University and to safeguard its assets;
6. The preparation and approval of the University's annual accounts and report;
7. 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;
8. To approve the annual operating plans and budgets and to ensure that these reflect the University's strategic plan and strategic risk assessment;
9. To select suitable accounting policies and then apply them consistently;
10. To make judgements and estimates that are reasonable and prudent;
11. To state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
12. To assess the group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
13. To use the going concern basis of accounting unless the Court intends to liquidate the group or the University or to cease operations, or have no realistic alternative but to do so;

### Strategic responsibilities

14. 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;
15. To approve all substantive policies of the University;

### Controls

16. To ensure that the University operates in accordance with the University's Statutory Instrument as well as all applicable legislation;
17. 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;
18. To ensure that systems are in place for the assessment and management of risk;
19. To ensure the existence and integrity of financial control systems and to monitor these through the Audit Committee;
20. 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

21. To monitor the University's performance against its strategic plan and agreed key performance indicators;
22. To monitor and review the performance and effectiveness of the Court and its standing committees;
23. 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

Mr Peter Baguley *Lay Governor*  
Dr Douglas Chalmers *Academic Staff Elected Governor*  
Ms Susan Docherty *President of the Students' Association ex officio (from 01.06.20)*  
Dr Morag Ferguson *Senate Elected Governor*  
Mr Campbell Fitch *Lay Governor*  
Ms Sylvie Freund Pickavance *Lay Governor*  
Miss Eilidh Fulton *President of the Students' Association ex officio (to 31.05.20)*  
Mr Daniel Gallacher *Lay Governor*  
Professor Pamela Gillies *Principal and Vice-Chancellor ex officio*  
Dr Bill Gunnyeon *Lay Governor (to 31.07.20)*  
Mr David Halliday *Professional and Support Staff Elected Governor*  
Mr Asif Haseeb *Lay Governor*  
Mr J Gordon Jack *Lay Governor*  
Mr Ian Kerr *Lay Governor*  
Ms Sharon Lowrie *Lay Governor*  
Ms Meg Lustman *Lay Governor*  
Mrs Neena Mahal *Lay Governor*  
Professor Ann Priest *Lay Governor*  
Ms Lesley Thomson *Lay Governor (to 31.07.20)*  
Mr Alistair Webster *Lay Governor*  
Mr Rob Woodward *Chair of Court*  
Ms Stephanie Young *Lay Governor and Vice Chair of Court*

## Members of Audit Committee

Mr Alistair Webster *Committee Chair*  
Miss Eilidh Fulton *(to 31.05.20)*  
Mr Daniel Gallacher  
Mr David Halliday  
Mr Asif Haseeb  
Ms Lesley Thomson *(to 31.07.20)*

## Members of Remuneration Committee

Ms Stephanie Young *Committee Chair*  
Dr Douglas Chalmers  
Ms Susan Docherty *(from 01.06.20)*  
Mr Campbell Fitch  
Miss Eilidh Fulton *(to 31.05.20)*  
Mr Gordon Jack  
Mr Rob Woodward

## Members of Governance and Nominations Committee

Mr Rob Woodward *Committee Chair*  
Ms Susan Docherty *(from 01.06.20)*  
Dr Morag Ferguson  
Ms Sylvie Freund Pickavance  
Miss Eilidh Fulton *(to 31.05.20)*  
Professor Pamela Gillies  
Mr Ian Kerr  
Ms Stephanie Young

## Members of Finance and General Purposes Committee

Mr Ian Kerr *Committee Chair*  
Mr Peter Baguley  
Ms Susan Docherty *(from 01.06.20)*  
Dr Morag Ferguson  
Miss Eilidh Fulton *(to 31.05.20)*  
Professor Pamela Gillies  
Mr Gordon Jack  
Ms Sharon Lowrie  
Mrs Susan Mitchell

## Members of People Committee

Mrs Neena Mahal *Committee Chair*  
Dr Douglas Chalmers  
Mr Campbell Fitch  
Miss Eilidh Fulton *(to 31.05.20)*  
Professor Pamela Gillies  
Dr Bill Gunnyeon *(to 31.07.20)*  
Mr David Halliday  
Ms Meg Lustman  
Ms Stephanie Young

## Governor Development

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

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

There is a programme of ongoing development for governors which includes presentations and briefings on areas of the University's work, sector updates and a subscription to the Times Higher Educational Supplement. During 2019/20 governors attended an annual risk management seminar.

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

## University Court and Committee Meetings

Attendance at University Court and Committee Meetings for the year to 31 July 2020

Member	Date from / to	Court 6 in year	Audit 4 in year	Remuneration 2 in year	Court Governance and Nominations 3 in year	Finance and General Purposes 6 in year	People 3 in year
Professor Pamela Gillies <i>Principal and Vice-Chancellor</i>		4			3	5	
Mr Peter Baguley		5				4	
Dr Douglas Chalmers <i>Academic Staff Elected Governor</i>		5		1			3
Ms Susan Docherty <i>Student President</i>	From 01/06/20	1*			1*	2*	1*
Dr Morag Ferguson <i>Senate Elected Governor</i>		5			3	6	
Mr Campbell Fitch		6		2			3
Ms Sylvie Freund Pickavance		5			3		
Miss Eilidh Fulton <i>Student President</i>	To 31/05/20	6	3	1		5	1
Mr Daniel Gallacher	1	6	4				
Dr Bill Gunnyeon	To 31/07/20	6					2
Mr David Halliday <i>Professional and Support Staff Elected Governor</i>		5	3				3
Mr Asif Haseeb		5	3				
Mr J Gordon Jack		4		1		5	
Mr Ian Kerr		5			3	6	
Ms Sharon Lowrie		6				6	
Ms Meg Lustman		5					3
Mrs Neena Mahal		6					3
Mrs Susan Mitchell						6	
Professor Ann Priest		4					
Ms Lesley Thomson	To 31/07/20	5	4				
Mr Alistair Webster		6	4				
Mr Rob Woodward <i>Chair of Court</i>		6		2	2		
Ms Stephanie Young <i>Vice Chair of Court</i>		6		2	3		1

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

\*Attendance reflects appointments made to/resignation from Court/Committee during the year. The University Secretary and Vice Principal (Governance) is in attendance at Court and all Committee meetings. The Deputy Vice-Chancellors, Pro Vice-Chancellors, Chief Operating Officer and members of senior management as appropriate, are in attendance at Court.

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

### 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 2020 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheet, the Consolidated Statement of Cash Flows and 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 2020 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 2019 *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

The University Court of Glasgow Caledonian University has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the University Court's conclusions, we considered the inherent risks to the Group's business model, and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University will continue in operation.

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

### Other information

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

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

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

We have nothing to report in these respects.

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

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

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

We have nothing to report in these respects.

### The University Court's responsibilities

As explained more fully in their statement set out on pages 24, 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](http://www.frc.org.uk/auditorsresponsibilities).

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

### 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 of the Glasgow Caledonian University Order of Council 2010, 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.



### Michael Wilkie (Senior Statutory Auditor)

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

319 St Vincent Street  
Glasgow  
G2 5AS

18 December 2020



# Statement of Accounting Policies

## Basis of preparation

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

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

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

The University has prepared cash flow forecasts for a period of 13 months from the date of approval of these financial statements. After reviewing these forecasts the Court is of the opinion that, taking account of severe but plausible downsides, including factors such as reductions in forecast accommodation revenue and international student fees due to the anticipated impact of COVID-19 the University will have sufficient funds to meet its liabilities as they fall due over the period of at least 12 months from the date of approval of the financial statements (the going concern assessment period).

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

## 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 2019 SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

## Land and buildings

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

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

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

## Equipment, plant and furniture

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

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

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

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

# Statement of Accounting Policies

## 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:

- (a) The University has a present obligation (legal or constructive) as a result of a past event;
- (b) 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 retiral.

### Strathclyde Pension Fund

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

### Scottish Teachers Superannuation Scheme

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

### Universities Superannuation Scheme

With effect from 1 October 2016, USS changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the

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

## Taxation

The University is an exempt charity within the meaning of the Trustee Investment and Charities (Scotland) Act 2005 and, as such, is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue & Customs and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity No. SC021474). It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gain Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

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

## Financial instruments

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

Trade and other debtors and creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured

at amortised cost, less any impairment losses in the case of trade debtors. Other financial assets include non-current asset and current asset investments and cash and cash equivalents, the accounting treatment for which is covered in the Investments and Cash and cash equivalents accounting policies.

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

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

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

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

## Public Benefit Concessionary Loans

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

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

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

## Reserves

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

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

# Financial Statements

## Consolidated Statement of Comprehensive Income and Expenditure For the year ended 31 July 2020

	Note	Consolidated 2020 £000	University 2020 £000	Consolidated 2019 £000	University 2019 £000
<b>Income</b>					
Funding Council grants	1	69,237	69,237	68,270	68,270
Tuition fees and education contracts	2	41,593	40,265	39,813	38,203
Research grants and contracts	3	5,817	5,711	5,765	5,420
Other income	4	7,878	7,683	9,694	9,847
Investment income	5	211	176	245	196
Donations and endowments	6	569	569	539	531
<b>Total income</b>		<b>125,305</b>	<b>123,641</b>	<b>124,326</b>	<b>122,467</b>
<b>Expenditure</b>					
Staff costs	7	88,843	87,081	90,074	88,036
Severance costs	7	176	176	622	622
Other operating expenses		32,056	38,775	34,743	30,452
Depreciation	11	5,428	5,276	6,089	5,845
Interest and other finance costs	8	1,057	1,057	672	672
<b>Total expenditure</b>	9	<b>127,560</b>	<b>132,365</b>	<b>132,200</b>	<b>125,627</b>
<b>(Deficit) before other gains and share of deficit in joint venture</b>		<b>(2,255)</b>	<b>(8,724)</b>	<b>(7,874)</b>	<b>(3,160)</b>
Loss on disposal of non-current asset investments					
Loss on endowment investments	20	(29)	(29)	16	16
Share of operating deficit in joint venture	13	(458)	-	(178)	-
<b>(Deficit) before tax</b>		<b>(2,742)</b>	<b>(8,753)</b>	<b>(8,036)</b>	<b>(3,144)</b>
Taxation	10	(44)	(44)	(79)	(79)
<b>(Deficit) for the year</b>		<b>(2,786)</b>	<b>(8,797)</b>	<b>(8,115)</b>	<b>(3,223)</b>
Unrealised (loss)/ gain on investments		(41)	(41)	275	275
Actuarial loss in respect of pension schemes	27	(43,768)	(43,768)	(12,824)	(12,824)
Currency translation differences on foreign currency net investment		(22)	-	(42)	-
<b>Total comprehensive income</b>		<b>(46,617)</b>	<b>(52,606)</b>	<b>(20,706)</b>	<b>(15,772)</b>
<b>Represented by:</b>					
Endowment comprehensive income for year		(101)	(101)	(29)	(29)
Restricted comprehensive income for year		19	19	(120)	(120)
Unrestricted comprehensive income for year		(44,517)	(50,528)	(18,835)	(13,943)
Revaluation reserve comprehensive income for the year		(1,996)	(1,996)	(1,680)	(1,680)
Foreign currency translation reserve		(22)	-	(42)	-
<b>Comprehensive income for the year</b>		<b>(46,617)</b>	<b>(52,606)</b>	<b>(20,706)</b>	<b>(15,772)</b>

## Consolidated Statement of Comprehensive Income and Expenditure (continued) For the year ended 31 July 2020

	Consolidated 2020 £000	University 2020 £000	Consolidated 2019 £000	University 2019 £000
<b>Deficit for the year attributable to:</b>				
University	(2,786)	(8,797)	(8,115)	(3,223)
<b>Total comprehensive loss for the year attributable to:</b>				
University	(46,617)	(52,606)	(20,706)	(15,772)

All items of income and expenditure arise from continuing operations.

Consolidated and University Statement of Changes in Reserves  
For the year ended 31 July 2020

Consolidated	Income and expenditure reserve					
	Endowment £000	Restricted £000	Unrestricted £000	Foreign currency translation reserve £000	Revaluation reserve £000	Total £000
<b>Balance at 1 August 2018</b>	559	674	85,687	104	76,567	163,591
Surplus/(deficit) from the income and expenditure account	28	145	(8,288)	-	-	(8,115)
Other comprehensive income	-	-	(12,824)	(42)	275	(12,591)
Transfer of amount equivalent to additional depreciation of fixed assets	-	-	1,955	-	(1,955)	-
Release of restricted funds spent in year	(57)	(265)	322	-	-	-
<b>Total comprehensive income for the year</b>	(29)	(120)	(18,835)	(42)	(1,680)	(20,706)
<b>Balance at 1 August 2019</b>	530	554	66,852	62	74,887	142,885
Surplus/(deficit) from the income and expenditure account	(22)	207	(2,971)	-	-	(2,786)
Other comprehensive income	-	-	(43,768)	(22)	(41)	(43,831)
Transfer of amount equivalent to additional depreciation of fixed assets	-	-	1,955	-	(1,955)	-
Release of restricted funds spent in year	(79)	(188)	267	-	-	-
<b>Total comprehensive income for the year</b>	(101)	19	(44,517)	(22)	(1,996)	(46,617)
<b>Balance at 31 July 2020</b>	429	573	22,335	40	72,891	96,268

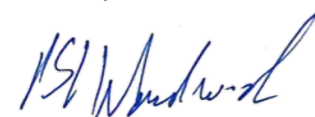
Consolidated and University Statement of Changes in Reserves (continued)  
For the year ended 31 July 2020

University	Income and expenditure reserve					
	Endowment £000	Restricted £000	Unrestricted £000	Foreign currency translation reserve £000	Revaluation reserve £000	Total £000
<b>Balance at 1 August 2018</b>	559	674	100,830	-	76,567	178,630
Surplus/(deficit) from the income and expenditure account	28	145	(3,396)	-	-	(3,223)
Other comprehensive income	-	-	(12,824)	-	275	(12,549)
Transfer of amount equivalent to additional depreciation of fixed assets	-	-	1,955	-	(1,955)	-
Release of restricted funds spent in year	(57)	(265)	322	-	-	-
<b>Total comprehensive income for the year</b>	(29)	(120)	(13,943)	-	(1,680)	(15,772)
<b>Balance at 1 August 2019</b>	530	554	86,887	-	74,887	162,858
Surplus/(deficit) from the income and expenditure account	(22)	207	(8,982)	-	-	(8,797)
Other comprehensive income	-	-	(43,768)	-	(41)	(43,809)
Transfer of amount equivalent to additional depreciation of fixed assets	-	-	1,955	-	(1,955)	-
Release of restricted funds spent in year	(79)	(188)	267	-	-	-
<b>Total comprehensive income for the year</b>	(101)	19	(50,528)	-	(1,996)	(52,606)
<b>Balance at 31 July 2020</b>	429	573	36,359	-	72,891	110,252

Consolidated and University Balance Sheet  
As at 31 July 2020

	Note	Consolidated 2020 £000	University 2020 £000	Consolidated 2019 £000	University 2019 £000
<b>Non-current assets</b>					
Fixed assets	11	183,364	182,216	187,356	185,963
Investments	12	3,520	3,880	3,829	4,539
		<b>186,884</b>	<b>186,096</b>	191,185	190,502
<b>Current assets</b>					
Stocks		236	236	204	204
Trade and other receivables	14	12,925	25,898	11,577	30,371
Investments	15	7,053	7,000	11,057	11,000
Cash and cash equivalents	22	17,236	16,264	9,617	8,739
		<b>37,450</b>	<b>49,398</b>	32,455	50,314
Less: Creditors: amounts falling due within one year	16	(28,935)	(25,957)	(28,700)	(25,752)
<b>Net current assets</b>		<b>8,515</b>	<b>23,441</b>	3,755	24,562
<b>Total assets less current liabilities</b>		<b>195,399</b>	<b>209,537</b>	194,940	215,064
Creditors: amounts falling due after more than one year	17	(13,912)	(13,912)	(15,136)	(15,136)
<b>Provisions</b>					
Pension provisions	19	(82,844)	(82,844)	(34,652)	(34,652)
Other provisions	19	(2,375)	(2,529)	(2,267)	(2,418)
<b>Total net assets</b>		<b>96,268</b>	<b>110,252</b>	142,885	162,858
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment reserve	20	429	429	530	530
Income and expenditure reserve - restricted reserve	21	573	573	554	554
<b>Unrestricted reserves</b>					
Income and expenditure reserve - unrestricted reserve		22,335	36,359	66,852	86,887
Foreign currency investment translation reserve		40	-	62	-
Revaluation reserve		72,891	72,891	74,887	74,887
<b>Total</b>		<b>96,268</b>	<b>110,252</b>	142,885	162,858

The financial statements on pages 35 to 65 were approved by the University Court on 18 December 2020 and signed on its behalf by:



Mr Rob Woodward  
Chair of University Court



Professor Pamela Gillies CBE, FRSE  
Principal and Vice-Chancellor

Consolidated Statement of Cash Flows  
For the year ended 31 July 2020

	Note	2020 £000	2019 £000
<b>Cash flow from operating activities</b>			
Deficit for the year		(2,786)	(8,115)
<b>Adjustment for non-cash items</b>			
Depreciation	11	5,428	6,089
Pension costs less contribution payable		5,516	6,849
Loss/(Gain) on investments		27	(16)
(Increase) in stock		(32)	-
(Increase) in debtors		(1,699)	(947)
Increase/(decrease) in creditors		134	(2,162)
(Decrease)/increase in pension provision		(706)	1,531
(Decrease)/increase in other provisions		(260)	1,180
Share of operating deficit in joint venture	13	458	178
<b>Adjustment for investing or financing activities</b>			
Deferred capital grants released to income	18	(493)	(493)
Investment income	5	(211)	(245)
Interest and other finance costs	8	1,057	672
Capital grant income		(995)	(1,236)
<b>Net cash inflow from operating activities</b>		<b>5,438</b>	<b>3,285</b>
<b>Cash flows from investing activities</b>			
Disposal of non-current asset investments		-	-
Decrease/(increase) in deposits		4,004	(6,003)
Investment income		171	147
Payments made to acquire fixed assets		(1,652)	(2,481)
New non-current asset investments		-	-
Capital grant income		1,288	1,365
<b>Total cash flows from investing activities</b>		<b>3,811</b>	<b>(6,972)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(340)	(378)
Repayments of amounts borrowed		(696)	(663)
Loans advanced		(450)	-
<b>Total cash flows from financing activities</b>		<b>(1,486)</b>	<b>(1,041)</b>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<b>7,763</b>	<b>(4,728)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>9,617</b>	<b>14,348</b>
<b>Effects of foreign currency translation on cash and cash equivalents</b>		<b>(144)</b>	<b>(3)</b>
<b>Cash and cash equivalents at end of the year</b>		<b>17,236</b>	<b>9,617</b>

Notes to the Financial Statements  
For the year ended 31 July 2020

1	Funding Council grants	Consolidated	University	Consolidated	University
		2020	2020	2019	2019
		£000	£000	£000	£000
<b>Recurrent grants</b>					
	General Fund - Teaching	62,515	62,515	62,018	62,018
	General Fund - Research and Knowledge Exchange	4,003	4,003	3,827	3,827
<b>Specific grants</b>					
	Strategic Funding	1,231	1,231	696	696
	Release of deferred capital grants (note 18)	493	493	493	493
	Capital Maintenance grants	995	995	1,236	1,236
		<b>69,237</b>	<b>69,237</b>	<b>68,270</b>	<b>68,270</b>
2	Tuition fees and education contracts	Consolidated	University	Consolidated	University
		2020	2020	2019	2019
		£000	£000	£000	£000
	Scottish and EU fees	26,747	26,747	24,962	24,962
	Rest of UK fees	1,820	1,820	1,642	1,642
	Non-EU fees	10,013	9,195	9,407	8,443
	Research training support grants	67	67	97	97
	Non-credit bearing course fees	1,111	1,051	1,354	1,255
	Education contracts	1,835	1,385	2,351	1,804
		<b>41,593</b>	<b>40,265</b>	<b>39,813</b>	<b>38,203</b>
3	Research grants and contracts	Consolidated	University	Consolidated	University
		2020	2020	2019	2019
		£000	£000	£000	£000
	Research councils	101	101	253	253
	Research charities	629	628	477	465
	Government (UK and overseas)	4,664	4,595	4,617	4,465
	Industry and commerce	420	384	390	209
	Other	3	3	28	28
		<b>5,817</b>	<b>5,711</b>	<b>5,765</b>	<b>5,420</b>

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

Notes to the Financial Statements (continued)  
For the year ended 31 July 2020

4	Other income	Consolidated	University	Consolidated	University
		2020	2020	2019	2019
		£000	£000	£000	£000
	Residences, catering and conferences	3,601	3,601	5,306	5,306
	Other income	4,277	4,082	4,388	4,541
		<b>7,878</b>	<b>7,683</b>	<b>9,694</b>	<b>9,847</b>
5	Investment income	Consolidated	University	Consolidated	University
		2020	2020	2019	2019
		£000	£000	£000	£000
	Investment income on endowments	7	7	12	12
	Other investment income	204	169	233	184
		<b>211</b>	<b>176</b>	<b>245</b>	<b>196</b>
6	Donations and endowments	Consolidated	University	Consolidated	University
		2020	2020	2019	2019
		£000	£000	£000	£000
	Donations with restrictions	207	207	145	145
	Unrestricted donations	362	362	394	386
		<b>569</b>	<b>569</b>	<b>539</b>	<b>531</b>
7	Staff costs	Consolidated	University	Consolidated	University
		2020	2020	2019	2019
		£000	£000	£000	£000
	Salaries	65,796	64,265	64,131	62,346
	Social security and other taxes	7,177	7,048	6,884	6,722
	Movement on USS provision	(1,055)	(1,055)	1,843	1,843
	Other pension costs	16,925	16,823	17,216	17,125
		<b>88,843</b>	<b>87,081</b>	<b>90,074</b>	<b>88,036</b>
<b>Emoluments of the Principal and Vice-Chancellor</b>				<b>2020</b>	<b>2019</b>
				£000	£000
Salary				234	230
Payments in lieu of pension contributions				33	33
Performance related payment				-	-
Benefits in kind				3	1
				<b>270</b>	<b>264</b>

The remuneration of the Principal in the academic year 2019/20 was 5.2 times the median remuneration of the workforce, which was £45,361. In 2018/19 the median remuneration of the workforce was £43,267 and the Principal's remuneration was 5.3 times the median.

7 Staff costs (continued)

Remuneration of other higher paid staff, excluding employers' pension contributions where applicable

	2020	2019
£100,000 - £109,999	4	7
£110,000 - £119,999	2	2
£120,000 - £129,999	1	1
£130,000 - £139,999	-	1
£140,000 - £149,999	3	1
£150,000 - £159,999	5	3
£160,000 - £169,999	-	1
£170,000 - £179,999	-	2
£180,000 - £189,999	-	1
£240,000 - £249,999	-	1

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

Average staff numbers by major category	2020 Number	2019 Number
Academic	692	668
Administrative	564	564
Technical	53	52
Others	89	88
	<b>1,398</b>	<b>1,372</b>

Severance costs

The severance costs paid during the year were:

	2020 £000	2019 £000
Academic	7	380
Administrative	166	109
Technical and Others	-	115
Associated costs (non-payroll)	3	18
	<b>176</b>	<b>622</b>

7 Staff costs (continued)

Key management personnel

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

	2020 £000	2019 £000
Key management personnel remuneration (excluding Principal and Vice-Chancellor as disclosed separately)	<b>1,077</b>	<b>1,246</b>

Court Members

No Court member has received any remuneration relating to their membership of Court from the University during 2019/20 (2018/19: none).

The total expense paid to or on behalf of Court members was £25k (2018/19: £50k). This represents training and development, travel and subsistence costs incurred in attending Court, Committee meetings and events in their official capacity.

8 Interest and other finance costs	Consolidated	University	Consolidated	University
	2020 £000	2020 £000	2019 £000	2019 £000
Loan interest	340	340	371	371
Net charge on pension scheme (note 27)	669	669	276	276
Finance expense USS	48	48	25	25
	<b>1,057</b>	<b>1,057</b>	<b>672</b>	<b>672</b>

9 Analysis of total expenditure by activity	Consolidated	University	Consolidated	University
	2020 £000	2020 £000	2019 £000	2019 £000
Academic and related services	76,467	74,126	75,315	73,077
Administration and central services	23,756	23,316	22,335	21,359
Premises	13,397	11,580	14,538	12,671
Residences, catering and conferences	2,634	2,634	3,416	3,416
Research grants and contracts	5,968	5,810	5,976	5,700
Other expenses	5,338	14,899	10,620	9,404
	<b>127,560</b>	<b>132,365</b>	<b>132,200</b>	<b>125,627</b>

9 Analysis of total expenditure by activity (continued)

Other operating expenses (including VAT) include:

	Consolidated 2020 £000	University 2020 £000	Consolidated 2019 £000	University 2019 £000
<b>Auditor's remuneration</b>				
External auditor's remuneration in respect of audit services	96	90	64	60
External auditor's remuneration in respect of subsidiaries (non-KPMG)	39	-	39	-
External auditor's remuneration in respect of non-audit services	2	2	83	82
Internal auditor's remuneration in respect of audit services	114	114	150	150

10 Taxation

As an exempt charity the University is potentially exempt from taxation in respect of income or capital gains received within categories covered 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

	2020 £000	2019 £000
Current tax expense	56	68
Adjustment in respect of previous years	(12)	11
<b>Total tax charge</b>	<b>44</b>	<b>79</b>

11 Fixed assets

Consolidated Cost or valuation	Land & Buildings £000	Assets under Construction £000	Plant & Equipment £000	Fixtures, Fittings & Furniture £000	Total £000
At 1 August 2019	205,725	2,408	20,110	6,067	234,310
Exchange movement	(140)	-	(40)	(10)	(190)
Additions	-	2,252	-	-	2,252
Disposals	-	-	(94)	-	(94)
Transfers	-	(723)	-	-	(723)
<b>At 31 July 2020</b>	<b>205,585</b>	<b>3,937</b>	<b>19,976</b>	<b>6,057</b>	<b>235,555</b>
<b>Depreciation</b>					
At 1 August 2019	26,321	-	15,571	5,062	46,954
Exchange movement	(49)	-	(38)	(10)	(97)
Charge for year	4,320	-	922	186	5,428
Disposals	-	-	(94)	-	(94)
Transfers	-	-	-	-	-
<b>At 31 July 2020</b>	<b>30,592</b>	<b>-</b>	<b>16,361</b>	<b>5,238</b>	<b>52,191</b>
<b>Net Book Value</b>					
<b>At 31 July 2020</b>	<b>174,993</b>	<b>3,937</b>	<b>3,615</b>	<b>819</b>	<b>183,364</b>
At 31 July 2019	179,404	2,408	4,539	1,005	187,356



11 Fixed assets (continued)

	Land & Buildings £000	Assets under Construction £000	Plant & Equipment £000	Fixtures, Fittings & Furniture £000	Total £000
<b>University</b>					
<b>Cost or valuation</b>					
At 1 August 2019	203,634	2,408	19,502	5,917	231,461
Additions	-	2,252	-	-	2,252
Disposals	-	-	(94)	-	(94)
Transfers	-	(723)	-	-	(723)
<b>At 31 July 2020</b>	<b>203,634</b>	<b>3,937</b>	<b>19,408</b>	<b>5,917</b>	<b>232,896</b>
<b>Depreciation</b>					
At 1 August 2019	25,584	-	15,004	4,910	45,498
Charge for year	4,190	-	900	186	5,276
Disposals	-	-	(94)	-	(94)
Transfers	-	-	-	-	-
<b>At 31 July 2019</b>	<b>29,774</b>	<b>-</b>	<b>15,810</b>	<b>5,096</b>	<b>50,680</b>
<b>Net Book Value</b>					
<b>At 31 July 2020</b>	<b>173,860</b>	<b>3,937</b>	<b>3,598</b>	<b>821</b>	<b>182,216</b>
At 31 July 2019	178,050	2,408	4,498	1,007	185,963

At 31 July 2020, land and buildings included £12.3m (2019: £12.3m) in respect of the net book value of freehold land and is not depreciated.

Buildings with a deemed cost of £1.7m (2019: £1.7m) and accumulated depreciation of £487k (2019: £418k) 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 £43m have been funded from Treasury sources: should these particular buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Scottish Funding Council.

12 Non-current investments

Consolidated	Subsidiary companies £000	Investments in spinouts £000	Other fixed asset investments £000	Total £000
At 1 August 2019	-	-	3,829	3,829
Additions	-	-	33	33
Disposals	-	-	(275)	(275)
Decrease in market value of investments	-	-	(67)	(67)
<b>At 31 July 2020</b>	<b>-</b>	<b>-</b>	<b>3,520</b>	<b>3,520</b>

12 Non-current investments (continued)

University	Subsidiary companies £000	Investments in spinouts £000	Other fixed asset investments £000	Total £000
At 1 August 2019	710	-	3,829	4,539
Additions	450	-	33	483
Disposals	-	-	(125)	(125)
Decrease in market value of investments	(950)	-	(67)	(1,017)
<b>At 31 July 2020</b>	<b>210</b>	<b>-</b>	<b>3,670</b>	<b>3,880</b>

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

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

The University's subsidiary companies are:

The University owns 100% of Glasgow Caledonian University Company Limited, which is regarded as a subsidiary undertaking. It was incorporated to develop and control the commercial exploitation of certain non-recurrent grant activities relating mainly to consultancy assignments and short courses. Costs incurred by the University in respect of work undertaken by the subsidiary undertaking are recharged to the company. The investment in this subsidiary undertaking represents 110,000 £1 ordinary shares in Glasgow Caledonian University Company Limited. At 31 July 2020 £102k Gift Aid is payable by the Company to the University (2019: £236k).

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

The University owns 100% of GCU Academy Limited. The company was established to operate courses, designed specifically for individual organisations, which lead to a university-level qualification. This investment represents 100,000 £1 ordinary shares. Costs incurred by the University in respect of work undertaken by the subsidiary undertaking are recharged to the company. At 31 July 2020 £28k Gift Aid is payable by GCU Academy to the University (2019: £185k).

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

Notes to the Financial Statements (continued)  
For the year ended 31 July 2020

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

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

13 **Investment in Joint venture**

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

On 28 May 2008 GCU INTO Limited entered into a loan agreement to lend up to £350k to INTO Scotland LLP, at an interest rate of 2% above the base lending rate of Bank of Scotland plc. This loan agreement was subsequently amended during 2019/20 and the new principal amount was set at £800k. At 31 July 2020 £800k of the loan had been drawn down (2019: £350k). HMRC have confirmed that the investment is a qualifying investment for tax purposes, as it is always to be used to advance Education.

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

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

	£000	2020 £000	£000	2019 £000
<b>Income and expenditure account</b>				
Income		2,613		1,439
Deficit before tax		(458)		(178)
<b>Balance sheet</b>				
Fixed assets	247		210	
Current assets	719		643	
		966		853
Creditors: amounts due within one year	(1,564)		(1,442)	
Creditors: amounts due after more than one year	(800)		(350)	
		(2,364)		(1,792)
		(1,398)		(939)

Notes to the Financial Statements (continued)  
For the year ended 31 July 2020

14 **Trade and other receivables**

	Consolidated 2020 £000	University 2020 £000	Consolidated 2019 £000	University 2019 £000
Amounts falling due within one year:				
Other trade receivables	8,822	8,504	7,113	6,409
Other receivables	92	92	397	40
Provision for bad and doubtful debts	(2,768)	(2,768)	(1,774)	(1,774)
Prepayments and accrued income	6,779	6,542	5,841	5,664
Amounts due from subsidiary companies	-	131	-	421
Amounts falling due after more than one year	-	13,397	-	19,611
	12,925	25,898	11,577	30,371

The University has entered into a loan agreement to lend a maximum aggregate of \$30.7m to GCNYC. At 31 July 2020 \$28.1m (£21.4m) (2019: \$23.9m (£19.5m)) of this loan had been drawn down and is payable after more than one year. Following an impairment review carried out in the year, the University has taken the decision to impair the loan value, based on the amounts not forecast to be received within agreed 30 year payback period. The impairment value reflects any amounts not forecast to be received within the 30 year period using an undiscounted value in use model. Within the University view of the 2019/20 financial statements, an impairment amount of c\$10.6m (£8.1m) has been recognised which is eliminated on consolidation. The full loan amount remains payable by GCNYC.

15 **Current investments**

	Consolidated 2020 £000	University 2020 £000	Consolidated 2019 £000	University 2019 £000
Short term deposits	7,053	7,000	11,057	11,000

Deposits, held with banks and building societies operating in the London financial market and authorised by the Financial Services Authority, which 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 2020 the weighted average interest rate of these fixed rate deposits was 0.97% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 51 days. The fair value of these deposits was not materially different from the book value.

16 **Creditors: amounts falling due within one year**

	Consolidated 2020 £000	University 2020 £000	Consolidated 2019 £000	University 2019 £000
Unsecured loans	941	731	693	693
Trade payables	2,862	2,655	3,421	3,170
Social security and other taxation payable	1,807	1,807	1,768	1,768
Amounts owing to subsidiary companies	-	3	-	-
Accruals and deferred income	23,325	20,761	22,818	20,121
	28,935	25,957	28,700	25,752

Included in accruals and deferred income are deferred capital grants to be released within one year of £493k (2018/19: £493k).

Notes to the Financial Statements (continued)  
For the year ended 31 July 2020

17 Creditors: amounts falling due after more than one year	Consolidated	University	Consolidated	University
	2020	2020	2019	2019
	£000	£000	£000	£000
Unsecured loans	5,964	5,964	6,694	6,694
Deferred income - deferred capital grants	7,948	7,948	8,442	8,442
	<b>13,912</b>	<b>13,912</b>	<b>15,136</b>	<b>15,136</b>
	Consolidated	University	Consolidated	University
	2020	2020	2019	2019
	£000	£000	£000	£000
<b>Analysis of unsecured loans:</b>				
<b>Due within one year (Note 16)</b>	<b>941</b>	<b>731</b>	<b>693</b>	<b>693</b>
Due between one to two years	767	767	731	731
Due between two and five years	2,532	2,532	2,413	2,413
Due in five years or more	2,665	2,665	3,550	3,550
<b>Due after more than one year</b>	<b>5,964</b>	<b>5,964</b>	<b>6,694</b>	<b>6,694</b>
<b>Total unsecured loans</b>	<b>6,905</b>	<b>6,695</b>	<b>7,387</b>	<b>7,387</b>

An unsecured bank loan of £10m (2019: £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
<b>At 1 August 2019</b>			
Funding Council	6,770	2,165	<b>8,935</b>
	<b>6,770</b>	<b>2,165</b>	<b>8,935</b>
<b>Cash receivable</b>			
Funding Council	-	-	-
	-	-	-
<b>Released to income and expenditure account</b>			
Funding Council	(305)	(188)	<b>(493)</b>
<b>At 31 July 2020</b>			
Funding Council	6,465	1,977	<b>8,442</b>
	<b>6,465</b>	<b>1,977</b>	<b>8,442</b>

Notes to the Financial Statements (continued)  
For the year ended 31 July 2020

19 Provisions for liabilities	USS pension	Defined benefit obligation	Early retirement pension	Total Pension provisions	Total Other provisions
	£000	(note 27) £000	£000	£000	£000
<b>Consolidated</b>					
At 1 August 2019	2,788	26,354	5,510	<b>34,652</b>	<b>2,267</b>
Utilised in year	(1,054)	48,898	(481)	<b>47,363</b>	<b>(320)</b>
Additions in year	51	-	-	<b>51</b>	<b>428</b>
Unused amounts reversed in year	-	-	778	<b>778</b>	-
<b>At 31 July 2020</b>	<b>1,785</b>	<b>75,252</b>	<b>5,807</b>	<b>82,844</b>	<b>2,375</b>
	USS pension	Defined benefit obligation	Early retirement pension	Total Pension provisions	Total Other provisions
	£000	(note 27) £000	£000	£000	£000
<b>University</b>					
At 1 August 2019	2,788	26,354	5,510	<b>34,652</b>	<b>2,418</b>
Utilised in year	(1,054)	48,898	(481)	<b>47,363</b>	<b>(320)</b>
Additions in year	51	-	-	<b>51</b>	<b>431</b>
Unused amounts reversed in year	-	-	778	<b>778</b>	-
<b>At 31 July 2020</b>	<b>1,785</b>	<b>75,252</b>	<b>5,807</b>	<b>82,844</b>	<b>2,529</b>

**USS pension**

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

**Early retirement pension**

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

	%
Discount rate	<b>1.4</b>
Inflation	<b>2.1</b>

**Other provisions**

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

Notes to the Financial Statements (continued)  
For the year ended 31 July 2020

20 Endowment Reserves

	Restricted permanent endowments £000	Unrestricted permanent endowments £000	Expendable endowments £000	2020 £000	2019 £000
At 1 August					
Capital	307	8	170	485	467
Accumulated income	8	-	37	45	92
	<b>315</b>	<b>8</b>	<b>207</b>	<b>530</b>	<b>559</b>
Investment income	6	-	2	8	12
Expenditure	-	-	(80)	(80)	(57)
Decrease in market value of investments	(28)	-	(1)	(29)	16
<b>Total endowment comprehensive income for the year</b>	<b>(22)</b>	<b>-</b>	<b>(79)</b>	<b>(101)</b>	<b>(29)</b>
<b>At 31 July</b>	<b>293</b>	<b>8</b>	<b>128</b>	<b>429</b>	<b>530</b>
<b>Represented by:</b>					
Capital	279	8	79	366	485
Accumulated income	14	-	49	63	45
	<b>293</b>	<b>8</b>	<b>128</b>	<b>429</b>	<b>530</b>
<b>Analysis by purpose:</b>					
Scholarships and bursaries				165	243
Prize funds				256	279
Other				8	8
				<b>429</b>	<b>530</b>
<b>Analysis by asset:</b>					
Non-current asset investment				318	437
Cash and cash equivalents				111	93
				<b>429</b>	<b>530</b>

Notes to the Financial Statements (continued)  
For the year ended 31 July 2020

21 Restricted reserves

	2020 £000	2019 £000
At 1 August	554	674
New donations	207	145
Expenditure	(188)	(265)
<b>Total restricted comprehensive income for the year</b>	<b>19</b>	<b>(120)</b>
<b>At 31 July</b>	<b>573</b>	<b>554</b>
<b>Analysis by purpose:</b>		
Scholarships and bursaries	540	515
Prize funds	-	5
Other	33	34
	<b>573</b>	<b>554</b>

22 Cash and cash equivalents

	At 1 August 2019 £000	Cash flows £000	At 31 July 2020 £000
<b>Consolidated</b>			
Cash and cash equivalents	9,617	7,619	17,236

23 **Capital and other commitments**

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

	Consolidated	University	Consolidated	University
	2020	2020	2019	2019
	£000	£000	£000	£000
Commitments contracted for	6,562	6,562	3,486	3,486
Authorised but not contracted for	1,162	1,162	724	724
	<b>7,724</b>	<b>7,724</b>	<b>4,210</b>	<b>4,210</b>

24 **Lease obligations**

Total rentals payable under operating leases:

	Land and buildings	Plant and machinery	Other leases	2020	2019
	£000	£000	£000	£000	£000
<b>Payable during the year</b>	<b>2,406</b>	<b>152</b>	<b>27</b>	<b>2,585</b>	<b>2,617</b>
<b>Future minimum lease payments due:</b>					
Not later than one year	1,677	147	5	<b>1,829</b>	2,202
Later than one year and not later than five years	11,910	-	-	<b>11,910</b>	5,793
Later than five years	7,511	-	-	<b>7,511</b>	8,051
	<b>21,098</b>	<b>147</b>	<b>5</b>	<b>21,250</b>	<b>16,046</b>

25 **Events after the reporting period**

Following this year end the University has put in place an additional £5m rolling credit facility with Bank of Scotland utilising the Government backed Coronavirus Large Business Interruption Loan Scheme (CLBILs) scheme.

Subsequent to the year end, University Court has taken the decision to cease the Joint Venture partnership with INTO University Partnership Limited.

26 **Subsidiary undertakings**

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

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

27 **Pension schemes**

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

GCNYC participates in a 401k defined contribution retirement plan.

The University contribution rates on eligible salary costs for the year to 31st July 2020 are:

	%
STSS to 30 August 2019	17.2
STSS from 1 September 2019	23.0
SPF	19.3
USS to 30 September 2019	19.5
USS from 1 October 2019	21.0

27 Pension schemes (continued)

	2020 £000	2019 £000
The total pension costs for the year were:		
Normal contribution to:		
STSS – contributions paid	6,452	4,755
SPF – charge to income and expenditure account	9,432	11,605
USS – contributions paid	852	652
401K plan - Contributions paid	25	29
	<b>16,761</b>	<b>17,041</b>

With the exception of the Strathclyde Pension Fund (SPF), 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.

As at 31 July, the allowance made last year for the McCloud judgement was reduced to reflect the recent proposed changes to McCloud judgement eligibility. This reduction of £1m is shown as a Past Service Gain within the income and expenditure statement for SPF.

**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 2019 valuation results, rolled forward onto the FRS 102 assumptions at 31 July 2019.

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:

	2020	2019
Pension increase (RPI)	3.1%	3.4%
Pension increase (CPI)	2.1%	2.3%
Rate of increase in salaries	2.7%*	3.6%**
Rate of increase of pensions	2.2%	2.4%
Discount rate	1.4%	2.3%

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

\*\* Composite salary increase assumption of 3.6% as at 31 July 2019 (3.0% p.a. until 31 July 2020 and reverting to a long term assumption of 3.9% p.a. thereafter), taking account of the average term to retirement.

27 Pension schemes (continued)

**The Strathclyde Pension Fund (continued)**

**Mortality assumptions**

The life expectancies used to determine benefit obligations are:

	Male	Female
Current pensioners	20.7 years	22.9 years
Future pensioners	22.2 years	24.6 years

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

The assets in the scheme were:

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Equities	127,112	132,339	119,202	120,719	107,352
Bonds	50,441	48,864	40,976	23,804	23,529
Property	22,194	20,360	20,488	18,703	16,176
Cash	2,018	2,035	5,587	6,801	-
	<b>201,765</b>	<b>203,598</b>	<b>186,253</b>	<b>170,027</b>	<b>147,057</b>

	2020	2019	2018	2017	2016
Weighted average expected long term rate of return	1.4%	2.3%	2.9%	2.8%	2.6%

27 Pension schemes (continued)

The Strathclyde Pension Fund (continued)

	2020 £000	2019 £000
<b>Analysis of the amount shown in the balance sheet for SPF:</b>		
Scheme assets	201,765	203,598
Scheme funded liabilities	(276,675)	(229,593)
Scheme unfunded liabilities	(342)	(359)
<b>Deficit in the scheme - net pension liability</b>	<b>(75,252)</b>	<b>(26,354)</b>
Current service costs	(10,487)	(8,413)
Past service costs (including curtailments)	1,055	(3,192)
<b>Total operating charge</b>	<b>(9,432)</b>	<b>(11,605)</b>
<b>Analysis of the amount charged to interest payable for SPF:</b>		
Interest cost	(5,387)	(5,717)
Expected return on assets	4,718	5,441
<b>Total net interest</b>	<b>(669)</b>	<b>(276)</b>
<b>Analysis of other comprehensive income for SPF:</b>		
Change in demographic assumptions	-	9,213
Change in financial assumptions	(35,036)	(30,901)
Other experience	868	(42)
Return on assets	(9,600)	8,906
<b>Total other comprehensive income before deduction for tax</b>	<b>(43,768)</b>	<b>(12,824)</b>
	2020 £000	2019 £000
<b>Cumulative actuarial loss recognised as other comprehensive income:</b>		
Cumulative actuarial (losses)/gains recognised at the start of the year	(17,382)	4,558
Cumulative actuarial (losses) recognised at the end of the year	(26,386)	(17,382)
	2020 £000	2019 £000
<b>Analysis of movement in deficit:</b>		
<b>Deficit at beginning of year</b>	<b>(26,354)</b>	<b>(6,405)</b>
Contributions or benefits paid by the University	4,937	4,720
Contributions in respect of unfunded benefits	34	36
Current service cost	(10,487)	(8,413)
Past service costs (including curtailments)	1,055	(3,192)
Other finance charge	(669)	(276)
Gain recognised in other comprehensive income	(43,768)	(12,824)
<b>Deficit at end of year</b>	<b>(75,252)</b>	<b>(26,354)</b>

27 Pension schemes (continued)

The Strathclyde Pension Fund (continued)

	2020 £000	2019 £000
<b>Analysis of movement in the present value of SPF liabilities:</b>		
<b>At 1 August</b>	<b>229,952</b>	192,658
Current service cost (net of member contributions)	10,487	8,413
Past service costs (including curtailments)	(1,055)	3,192
Interest cost	5,387	5,717
Actual member contributions	1,706	1,645
Actuarial losses	34,168	21,730
Unfunded benefits paid	(34)	(36)
Actual benefits paid	(3,594)	(3,367)
<b>At 31 July</b>	<b>277,017</b>	<b>229,952</b>
	2020 £000	2019 £000
<b>Analysis of movement in the fair value of scheme assets:</b>		
<b>At 1 August</b>	<b>203,598</b>	186,253
Expected return on assets	4,718	5,441
Actuarial (Loss)/gain on assets	(9,600)	8,906
Actual contributions paid by the University	4,937	4,720
Actual contributions in respect of unfunded benefits	34	36
Actual member contributions	1,706	1,645
Unfunded benefits paid	(34)	(36)
Actual benefits paid	(3,594)	(3,367)
<b>At 31 July</b>	<b>201,765</b>	<b>203,598</b>

The University expects to contribute £4,937k to the Strathclyde Pension Fund in 2020/21. There were no outstanding contributions at the balance sheet date (2019: nil).

**The Scottish Teachers Superannuation Scheme**

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

The total cost charged to the profit and loss account is £6,452 (2019: £4,755k). Contributions outstanding at the balance sheet date were nil (2019: £650k).

27 Pension schemes (continued)

**Universities Superannuation Scheme**

The total cost charged to the income and expenditure account is £852k (2019: £652k). There were no outstanding contributions at the balance sheet date (2019: nil).

Deficit recovery contributions due within one year for the institution are £85.3k (prior year: £68.6k).

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

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

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

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

2020	
Pension increases (CPI)	<b>Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.</b>
Discount rate (forward rates)	<b>Years 1-10: CPI + 0.14% reducing linearly to CPI - 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21+: CPI + 1.55%</b>

27 Pension schemes (continued)

**Universities Superannuation Scheme (continued)**

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

	2018 valuation	2017 valuation
Mortality base table	<b>Pre-retirement:</b>	Pre-retirement:
	71% of AMCO0 (duration 0) for males and 112% of AFC00 (duration 0) for females	71% of AMCO0 (duration 0) for males and 112% of AFC00 (duration 0) for females
	<b>Post retirement:</b>	Post retirement:
	97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females	96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2018 valuation	2017 valuation
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

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

	2020	2019
Discount rate	1.30%	2.44%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.10%	2.11%



28 **Disclosure of related party transactions**

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

29 **Access funds**

	Childcare fund £000	Hardship fund £000	Nursing fund £000	Total £000
At 1 August 2019	8	-	-	8
Allocation received in year	485	796	96	1,377
20/21 Allocations received in advance	371	529	-	900
Expenditure	(320)	(942)	(96)	(1,358)
Repaid by clawback	(1)	-	-	(1)
Institution contribution to funds (bank interest)	1	1	-	2
Virements	(150)	150	-	-
<b>At 31 July 2020</b>	<b>394</b>	<b>534</b>	<b>-</b>	<b>928</b>
<b>Repayable as clawback</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Retained for students</b>	<b>394</b>	<b>534</b>	<b>-</b>	<b>928</b>

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

Additional funding was provided in 2020 in response to the Covid pandemic with revised guidance to allow any unspent funds at the end of the financial year to be retained by the University and disbursed in the following financial year.

30 **Financial instruments**

**Risk management**

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

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

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

30 **Financial instruments (continued)**

**Credit risk**

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

At 31 July 2020, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet. The credit risk of liquid funds and financial instruments is limited because the counterparties are banks with investment grade ratings assigned by international credit-rating agencies. The University's exposure and the credit ratings of its counterparties are monitored regularly. The credit exposure is limited by counter party limits and minimum counter party credit ratings set within the Treasury Management Policy. Student and commercial debtors are reviewed on an on-going basis and a bad debt provision is made if recovery becomes uncertain. If a debtor is deemed irrecoverable it is written off. The concentration of risk is limited due to a large number of diverse customers across both student and commercial customer populations.

**Liquidity risk**

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

At 31 July 2020, the group is holding cash deposits, none of which have a maturity period greater than 12 months.

**Foreign currency risk**

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

At 31 July 2020 the group is exposed to currency risks from its activities conducted overseas but does not enter into any hedge arrangements. The principal foreign currency exposure is to the US dollar and euro.

**Interest rate risk**

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

At 31 July 2020 balance sheet values of deposits and cash at bank and in hand are not materially exposed to changes in interest rates. The interest rate attached to the loan facility is fixed over the term.

30 **Financial instruments (continued)**

**Financial instruments – fair values**

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

	<b>Consolidated</b>	<b>University</b>	Consolidated	University
	<b>2020</b>	<b>2020</b>	2019	2019
	<b>£000</b>	<b>£000</b>	£000	£000
Trade debtors and other receivables	<b>12,925</b>	<b>25,898</b>	11,577	30,371
Cash and cash equivalents	<b>17,236</b>	<b>16,264</b>	9,617	8,739
Current investments	<b>7,053</b>	<b>7,000</b>	11,057	11,000
Trade creditors and other payables	<b>(42,847)</b>	<b>(39,869)</b>	(43,836)	(40,888)
	<b>(5,633)</b>	<b>9,293</b>	(11,585)	9,222



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