

Glasgow Caledonian University

Annual Accounts

Year Ended : 31st July 2003

GLASGOW



CALEDONIAN
UNIVERSITY

2002 - 2003

ANNUAL ACCOUNTS

YEAR ENDED: 31 JULY 2003

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UNIVERSITY'S PROFESSIONAL ADVISORS

Bankers

Royal Bank of Scotland plc

23 Sauchiehall Street
Glasgow G2 3AD

External Auditors

Ernst & Young LLP

Registered Auditor
50 George Square
Glasgow G2 1RR

Internal Auditors

KPMG LLP

Chartered Accountants
24 Blythswood Square
Glasgow G2 4QS

Solicitors

Golds

Solicitors
8 Newton Terrace
Glasgow G3 7PY

MacRoberts

Solicitors
152 Bath Street
Glasgow G2 4TB

THE UNIVERSITY MISSION STATEMENT

Glasgow Caledonian University has a distinctive role in Scottish Higher Education:-

- Providing flexible life-long learning opportunities to students from a wide variety of backgrounds and at different stages of their lives.
- Working together with professional bodies, employers and others in education to support students to gain nationally-recognised qualifications, enhancing their skills and advancing their careers.
- Developing the capabilities of all staff, strengthening the University's profile nationally and internationally in research, scholarship and learning.
- Promoting the regeneration of the West of Scotland through the generation and transference of higher skill levels, partnering others in applied research and the commercial development of the regional knowledge base.

RESPONSIBILITIES OF THE COURT AND STATEMENT OF CORPORATE GOVERNANCE

1. THE UNIVERSITY COURT

The University Court is responsible for the administration and management of the University's affairs. This includes ensuring that the University's financial affairs are conducted within an overall system of corporate governance which recognises the importance of transparency and accountability as well as the need for ongoing scrutiny to ensure professional standards are continually reviewed and improved. The University Court is required to present audited accounts for each financial year which are prepared in accordance with the University's statutory instrument, the Statement of Recommended Practice (SORP) and other relevant accounting standards.

The University remains committed to best practice in all aspects of corporate governance. The most recent annual review of corporate governance - conducted in October 2003 - confirmed that the University continues to operate in accordance with the 'Good Practice Benchmarks' issued by SHEFC in January 1999.

2. STANDING COMMITTEES SUPPORTING THE WORK OF THE UNIVERSITY COURT

The University Court is assisted by the under-noted formally constituted Standing Committees:

- Audit Committee
- Finance and General Purposes Committee
- Court Membership Committee
- Health and Safety Committee
- Remuneration Committee
- Staff Policy Committee

Some information on the roles of the Audit Committee and the Finance and General Purposes Committee is provided below, as those Committees are closely involved with financial matters.

The Audit Committee works closely with the University's internal and external auditors to ensure that the various financial systems operate in accordance with guidance provided by SHEFC. That guidance comes mainly via the Code of Audit Practice, the Annual Accounts Direction and the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP). Account is also taken of other external authorities such as the Combined Code. The Audit Committee meets five times a year, with the internal and external auditors in attendance. The Committee considers detailed reports, including recommendations for improving the University's

systems of internal control, together with management's responses and implementation plans. The Audit Committee's role in these areas is confined to a high level review of the arrangements for internal financial control. The Committee also considers reports from SHEFC which impact on the University's business. In addition, it plays a key role in the University's procedure for identifying, measuring and managing risks. Senior executives attend meetings of the Audit Committee as necessary but are not members of the Committee. The Audit Committee may meet privately with both the internal and external auditors if it so wishes.

The Finance and General Purposes Committee regularly reviews financial information and is responsible for advising the University Court on the overall financial and estate management of the University. This includes recommending the annual revenue and capital budgets and the financial forecasts which are included as part of the annual Strategic Plan. The Committee has a special fiduciary brief including responsibility for ensuring compliance with the Financial Memorandum between the University and SHEFC. Under the 1994 Education Act, it is also responsible for monitoring the financial performance of the Students' Association.

3. EXECUTIVE SUPPORT FOR THE WORK OF THE UNIVERSITY COURT

The Principal and his senior management team provide the University Court and its Standing Committees with the expert advice and support that is needed. That underpinning is especially important with respect to the University's risk policy which was approved by the Audit Committee in March 2003. Supporting that policy is a procedure for identifying, measuring and managing risks. An existing risk register approach was further developed around the risk-jury methodology thus enabling the University to focus on strategic risks with high likelihood of occurrence and high impact. The resulting modified risk register (which included proposed avoiding/mitigating actions) was reviewed and approved by the Audit Committee and the University Court in June 2003. The overall control environment also includes a business continuity plan at institutional level as well as planning arrangements within Schools and Departments which encompass ongoing assessment of operating risks. Finally, arrangements are in place at institutional level to ensure that the University complies with changes in legislative requirements.

4. COMPLIANCE WITH THE COMBINED CODE

In the opinion of the University Court, the University complies with all of the provisions of the Combined Code insofar as they apply to the Higher Education sector. Full compliance was achieved from March 2003 with the adoption of a strengthened process for identifying, evaluating and managing significant risks.

5. INTERNAL FINANCIAL CONTROL

The University's system of internal financial control, is described below:

- clear definitions of the responsibilities of, and the authority delegated to, budget holders
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- regular reviews of key performance indicators and business risks, and monthly reviews of financial results involving variance reporting and updates of forecast outturns
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the University Court
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Finance & General Purposes Committee
- The external provider of the internal audit service carries out an annual plan of audit assignments agreed by the Audit Committee and endorsed by the University Court. The Audit Committee provides an annual report to the University Court confirming that in its opinion:
 - i) in overall terms, the control framework provides reasonable assurance regarding the effective and efficient achievement of the University objectives.
 - ii) the University Court's responsibilities, as set out in the SHEFC 1999 Code of Audit Practice, have been discharged satisfactorily.
 - iii) that the SHEFC 1999 Code of Audit Practice has been complied with.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

UNIVERSITY COURT MEMBERS

Miss Maria Stafford
Chairman
Dr Ian A Johnston, CB
Principal and Vice-Chancellor
Professor Pamela Abbott
Vice-Principal, Academic (to 31.03.03)
Ms Elaine Allen
Mr Antony Brian (from 01.01.03)
Mr G Martin F Cheyne
Ms Alison Culpan
Professor Gordon C A Dickson
Vice-Principal, Operations
Dr Neil Grant
Ms Wilma Grosset
Dr Pramod Jauhar
Mr Ralph M Leishman
Mr Michael J McKirdy (to 10.04.03)
Mr John N Maclean
Mr Stephen McCafferty (from 01.01.03)
Professor Prem C Misra
Mr Hugh O'Neill (from 01.02.03)
Dr Adrian Pierotti (from 18.10.02)
Mr Alexander O Pratt
Mr Danny Rafferty
Mr Ian Smith (from 01.01.03)
Dr Alison M Spaul
Mr Daniel Steel
President of the Students' Association
Professor John R Tarrant
Mr Ken Zaremski
Mr Peter V Burdon (to 20.09.02)
Professor Cliff Hardcastle (to 18.10.02)

MEMBERS OF FINANCE AND GENERAL PURPOSES COMMITTEE

Mr Ralph M Leishman
Chairman
Dr Ian A Johnston, CB
Principal and Vice-Chancellor
Professor Gordon C A Dickson
Vice-Principal, Operations
Mr Hugh O'Neill (from 11.02.03)
Dr Adrian Pierotti (from 18.10.02)
Mr Alexander O Pratt (to 19.11.02)
Ms Alison Rooney
Dr Alison M Spaul
Mr Daniel Steel
President of the Students' Association
Professor John Taylor
Mr Ken Zaremski
Professor Cliff Hardcastle (to 18.10.02)

MEMBERS OF AUDIT COMMITTEE

Mr John N Maclean
Chairman
Mr Antony Brian (from 01.01.03)
Dr Neil Grant
Dr Pramod Jauhar
Professor Michael Mannion
Mr Peter V Burdon (to 20.09.02)

REPORT OF THE CHAIRMAN OF THE FINANCE & GENERAL PURPOSES COMMITTEE

SCOPE OF THE ACCOUNTS

The accounts presented to the University Court comprise the consolidated results of the University and its subsidiary undertakings. The subsidiaries undertake activities which, for legal or commercial reasons, are more appropriately channelled through limited companies. Their principal activities are in the provision of training, consultancy and research.

The accounts have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education Institutions, and in accordance with applicable accounting standards.

RESULTS OF THE YEAR

The University's Consolidated Income, Expenditure and Results for the year to 31 July 2003 are summarised as follows:

	2002/2003	2001/2002
	£000	£000
Income	<u>81,679</u>	<u>76,430</u>
Expenditure	<u>78,227</u>	<u>74,040</u>
Surplus	<u>3,452</u>	<u>2,390</u>
Historical Cost Adjustments	<u>655</u>	<u>571</u>
Historical Costs Surplus	<u>4,107</u>	<u>2,961</u>

The financial performance is considered to be satisfactory with overall University budgets having been achieved. The total surplus will again be re-invested in the University.

INCOME

The Nursing Contract, with a turnover of £5.8m, made a significant contribution to the University's financial performance. Other restricted non-teaching activities generated a surplus of around £0.7m. The University achieved slightly more than its budgeted student number targets. However, it exceeded the Funding Council's upper threshold for eligible full time undergraduate numbers. As a consequence, the additional tuition fees received were offset by the Funding Council's grant penalty claw-back.

NET ASSETS

The consolidated Net Assets of the University at 31 July 2003 amounted to £79.2m. These assets were represented by Endowments £0.4m, Revaluations £29.6m, Income and Expenditure Account £43.3m and Deferred Capital Grants £5.9m.

CAPITAL PROJECTS

An eight year programme for Campus Development commenced in July 2002. The first phase involved the construction of a new Students' Association building. This building cost £4.1m and is now complete. Work is currently underway on site preparation for a new Learning Centre with an estimated cost of £20m. Construction will begin in February 2004 and the building is scheduled for completion in August 2005.

Other major work and a continuing programme of minor works were carried out on contracts costing £3.1m in total. This included the re-location of several Departments, the construction of a new lecture theatre, vision sciences clinic and modifications to existing buildings.

CASH FLOW

The net cash inflow arising from the year's operating activities was £6.1m. After spending £3.8m on the capital projects, there was a net cash inflow of £2.6m.

LONG TERM FINANCING AGREEMENTS

The University had loan facilities of £12m, provided by the Clydesdale Bank (£10m) and Alba Life Ltd (£2m). At 31 July 2003, only the Alba loan had been drawn down. Subsequent to the year-end the Clydesdale facility has been replaced by a £15M facility from Allied Irish Bank.

PAYMENT OF CREDITORS

It is the University's policy to obtain the best terms of business 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.

COMMENTARY ON FUTURE DEVELOPMENTS

The academic standards and quality of the University's work were confirmed by a Quality Assurance Agency quinquennial audit reporting in March 2001. The quality of the University's research was shown to have improved very significantly in the Research Assessment Exercise (2001) and this has led to a significant increase in SHEFC funding for research in 2002/03 and beyond. Selective investment in further developing research has been made with broadly 60% of the RAE funding directed towards the units which earned it and 40% to eight strategic projects.

The University's learning programmes, particularly those for full-time undergraduates, proved very popular in 2002/03 leading for a second year to small over-recruitment. Nevertheless, the University keeps its portfolio of programmes under continuous review and expects new programmes to come on stream and less popular ones to be discontinued. The new academic structure of eight Schools, which was fully operational in 2002/03, is intended to facilitate rapid adjustment in response to external, professional and labour market developments.

The University is, and intends to remain, very successful in widening access and social inclusion, and it will continue to focus resources and effort to improve progression and academic efficiency. Several of the projects, previously reported, to improve the C&IT (Computing & Information Technology) infrastructure have been completed. Work started on the new finance system and on a radical new approach to C&IT assisted student support services.

In 2001/2002, the University Court approved a major campus development strategy, the first main elements of which are the new building ultimately destined to be used as the Students' Association and a new lecture theatre. The lecture theatre was completed in time for a Semester A 2003/04 operational start, and the new Students' Associations building is now available. The second main element is the construction of a large modern learning centre on which design work has commenced, and for which contractors have been short listed.

EQUAL OPPORTUNITIES

Glasgow Caledonian University is committed to all aspects of equality, diversity and social justice. During the year, steady progress was made with respect to implementing the Equal Opportunities Policy and associated action plan. The University also appointed a dedicated Equality & Diversity Adviser, who is working with the institution's Equal Opportunities Group to achieve the aim of mainstreaming equality. Over the same period, the University participated in a Higher Education sector Race Relations Amendment Act Pilot Project, working alongside the Equality Challenge Unit and Commission for Racial Equality. Glasgow Caledonian University was one of only two Scottish Universities invited to participate.

DISABILITY POLICY

Glasgow Caledonian University is committed to meeting its duties under the Disability Discrimination Act 1995 and promoting good practice in relation to disability. As an employer, the University is committed to ensuring that applicants for employment and existing staff are not discriminated against on grounds of disability. The University will not give less favourable treatment to a disabled person for a reason relating to the disability, where it cannot be shown that the treatment is justified, and will make reasonable adjustments where appropriate. The University's Equal Opportunities Group and Equality and Diversity Adviser work together to implement the Equal Opportunities Policy and Action Plan, which outlines the University's activities on equality issues generally, but also specifically on disability issues.

VISION & VALUES

In formulating the University's new Strategic Plan 2002/03 - 2005/06, a statement of the Institution's vision was developed:

The vision of Glasgow Caledonian University is to be:

- *innovative in programmes, learning and research;*
- *inclusive of all sectors of society;*
- *responsive to the needs of individuals.*

This statement provides a context for the University's plans and actions and a baseline against which to judge performance. In addition to the vision, the University also drew up a set of values through an extensive consultation process. The values guide the University regarding the manner in which it achieves its mission and meets its objectives.

This enables the University Court and Senate to determine a vision for 2010. This is:

Glasgow Caledonian University will be entrepreneurial. We will change to be more actively focused on exploring and creating opportunities to become Scotland's most dynamic, confident, innovative, inclusive and responsive University, working in partnership with all our stakeholders in responding to shaping their demand for our learning, research and consultancy services. Thus we aim to be:

- *Entrepreneurial in approach*
- *Innovative in programmes, learning, research and knowledge transfer*
- *Inclusive of all sectors of society*
- *Responsive to the needs of individuals, employers and other stakeholders.*

This Vision, with associated key performance indicators, has been included in the medium-term strategic plan.

The University embarked on a major reappraisal of its mission and strategic positioning in this its tenth year as a University. In the autumn of 2002, a widespread consultation involving the University Court, Senate, Executive and the whole University community took place. Considerable thought was devoted to the unique contribution this University can make in the Scottish Higher Education context and how that contribution can be enhanced. Also Glasgow Caledonian University is a modern University that values:

- high levels of achievement by all of its students and staff;
- quality in its work; and
- openness and integrity in its operations.

The University uses a wide range of mechanisms to communicate its mission, vision and values, including the Strategic Plan, the Summary Strategic Plan, the University magazine 'The Caledonian', a system of team briefing, and its web site. It will be using key performance indicators and a balanced score card approach to monitor and progress with the 2010 vision.

STUDENT INVOLVEMENT

The President of the Students' Association is a member of the University Court and Senate. The Association has further representation on the Senate and its main Committees, including the School Boards. In addition to membership of all Programme Boards, student representatives meet with staff in student-staff consultative committees for each programme. Student views are regularly sought at module and programme level through structured questionnaires. The Students' Association began evaluating its strategic goals in mid 2003 with a view to moving its focus from a social hub to concentrate on promoting student engagement with academic programme and quality issues and of developing other student services.

CONCLUSION

2002/03 saw progress with many of the C&IT projects and with the campus development strategy. In academic organisations, the new eight school structure started to deliver. Increased research funding has led to significant new activity and there was again significant increases in non-Funding Council income streams. This last factor, combined with higher than budgeted demand for undergraduate places, led to a surplus for reinvestment in academic work, estates and C&IT to enable the 2010 vision.

MR R M LEISHMAN

Chairman of the Finance & General Purposes Committee

11 December 2003

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

We have audited the Financial Statements for the year ended 31 July 2003 which comprise the Consolidated Income and Expenditure Account, Consolidated Statement of Recognised Gains and Losses, Group and University Balance Sheets, Consolidated Cash Flow Statement, Statement of Principal Accounting Policies and the related notes 1 to 28. These Financial Statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the University Court of Glasgow Caledonian University, as a body, in accordance with its Financial memorandum.

Our audit work has been undertaken so that we might state to the University Court matters we are required to state to them in an auditors' 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 as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE UNIVERSITY COURT AND AUDITORS

The University Court is responsible for the preparation of the Financial Statements in accordance with the University's Statutory Instrument, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and other applicable United Kingdom law and accounting standards. Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Scottish Higher Education Funding Council.

We also report to you if, in our opinion, the Report of the Chairman of the Finance and General Purposes Committee is not consistent with the financial statements, if the University has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Report of the Chairman of the Finance and General Purposes Committee and Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board and the Code of Audit Practice issued by the Scottish Higher Education Funding Council. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Court in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

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

OPINION

In our opinion:

- the Financial Statements give a true and fair view of the state of affairs of the University and of the Group as at 31 July 2003, and of the surplus of the Group for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions;
- income from the Scottish Higher Education Funding Council, grants and income for specific purposes and from other restricted funds administered by the University have been applied for the purposes for which they were received; and
- income has been applied in accordance with the Further and Higher Education (Scotland) Act 1992 governing the University and, where appropriate, with the Financial Memorandum dated 1 August 1996 (incorporating 1998 revisions) with the Scottish Higher Education Funding Council.

ERNST & YOUNG LLP

Registered Auditor, Glasgow. 11 December 2003

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

BASIS OF CONSOLIDATION

The consolidated accounts include the accounts of the University and its subsidiary undertakings for the year ended 31 July 2003.

The profits and losses of the subsidiary undertakings are included within "other operating income" in the Consolidated Income and Expenditure Account. The Balance Sheet reflects full consolidation.

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

RECOGNITION OF INCOME

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

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

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

PENSION SCHEMES

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

The University also provides enhanced pensions to former employees who accepted early retirement and provision is made on an actuarial basis for the liability to those former employees at the time of their retirement.

LAND AND BUILDINGS

Freehold land and buildings are stated at valuation, less a provision for depreciation. The basis of valuation is depreciated replacement cost and the valuation as at 31 July 2002 was provided by James Barr & Son, Chartered Surveyors. Buildings under construction are included at cost.

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

Land is held freehold and is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over their expected remaining useful lives of 30 to 40 years, except in the case of new buildings where a useful life of 50 years has been adopted.

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

EQUIPMENT & FURNITURE

Equipment and furniture, including micro-computers and software, costing less than £10,000 per individual item or group of related items, are charged to the Income and Expenditure Account in the year of acquisition. All other equipment and furniture are capitalised.

Capitalised equipment and furniture are stated at cost or, in the case of specialised laboratory equipment, at valuation based on depreciated replacement cost.

Depreciation is provided over the following periods:

Computer equipment	3 years
General equipment	5 - 8 years
Furniture	5 - 10 years

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

LEASES

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

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

INVESTMENTS

Investments are included in the Balance Sheet at market value with the exception of the investments in the Subsidiary Company Undertaking and Alba Life which are stated at cost.

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

STOCKS

Stocks are stated at the lower of cost and net realisable value.

CASH FLOWS AND LIQUID RESOURCES

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

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

MAINTENANCE OF PREMISES

The cost of routine corrective maintenance is charged to the Income and Expenditure Account as incurred. The Development Fund is also available for minor capital works.

TAXATION STATUS

The University has been recognised as a charity by the Inland Revenue for the purposes of Section 505 Income and Corporation Taxes Act 1988. It is also entitled under Section 1(7) of the Law Reform (Miscellaneous Provisions)(Scotland) Act 1990 to describe itself as a Scottish Charity and its charity number is SC021474. The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT is charged to the Income and Expenditure Account as it is incurred.

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

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the Year ended 31 July 2003

	Note	2002/2003 £000	2001/2002 £000
Income			
Funding Council Grants	1	42,278	39,707
Academic Fees	2	12,999	12,971
Research Grants and Contracts	3	3,354	3,294
Other Operating Income	4	22,705	20,200
Endowments Income and Interest Receivable	5	<u>343</u>	<u>258</u>
Total Income		<u>81,679</u>	<u>76,430</u>
Expenditure			
Staff Costs	6	49,705	46,156
Depreciation	10	2,774	2,872
Other Operating Expenses	7	25,573	24,717
Interest Payable	8	<u>175</u>	<u>295</u>
Total Expenditure	9	<u>78,227</u>	<u>74,040</u>
Surplus after Depreciation of Assets at Valuation and Tax		<u>3,452</u>	<u>2,390</u>

STATEMENT OF HISTORICAL COST SURPLUSES

For the Year ended 31 July 2003

	Note	2002/2003 £000	2001/2002 £000
Surplus after Depreciation of Assets at Valuation and Tax		3,452	2,390
Historical Cost Depreciation difference on Buildings	18	591	571
Subsidiary Adjustments	18	<u>64</u>	<u>-</u>
Historical Cost Surplus		<u>4,107</u>	<u>2,961</u>

The consolidated income and expenditure of the University and its subsidiary undertakings includes GPE (Bulk Solids Handling) Ltd which has ceased trading.

BALANCE SHEETS

As at 31 July 2003

	Note	Consolidated		University	
		2003 £000	2002 £000	2003 £000	2002 £000
Fixed Assets					
Tangible Assets	10	83,600	80,425	83,600	80,350
Investments	11	1,966	1,847	2,076	1,957
		<u>85,566</u>	<u>82,272</u>	<u>85,676</u>	<u>82,307</u>
Endowment Asset Investments	12	<u>370</u>	<u>357</u>	<u>370</u>	<u>357</u>
Current Assets					
Stocks		95	108	95	108
Debtors	13	3,115	3,250	3,232	3,464
Cash at Bank and in Hand		9,187	6,589	8,827	6,066
		<u>12,397</u>	<u>9,947</u>	<u>12,154</u>	<u>9,638</u>
Creditors: Amounts Falling Due Within One Year	14	<u>(11,016)</u>	<u>(9,954)</u>	<u>(10,883)</u>	<u>(9,907)</u>
Net Current Assets/(Liabilities)		<u>1,381</u>	<u>(7)</u>	<u>1,271</u>	<u>(269)</u>
Total Assets Less Current Liabilities		<u>87,317</u>	<u>82,622</u>	<u>87,317</u>	<u>82,395</u>
Creditors: Amounts Falling Due After more than one year	15	<u>(2,000)</u>	<u>(2,139)</u>	<u>(2,000)</u>	<u>(2,000)</u>
Provisions for Liabilities and Charges	16	<u>(6,098)</u>	<u>(5,447)</u>	<u>(6,098)</u>	<u>(5,447)</u>
Total Net Assets		<u>79,219</u>	<u>75,036</u>	<u>79,219</u>	<u>74,948</u>
Deferred Capital Grants	17	<u>5,904</u>	<u>5,115</u>	<u>5,904</u>	<u>5,108</u>
Endowments					
Specific	12	<u>370</u>	<u>357</u>	<u>370</u>	<u>357</u>
Reserves					
Revaluation Reserve	18	29,644	30,299	29,644	30,235
Income and Expenditure Account	18	43,301	39,265	43,301	39,248
		<u>72,945</u>	<u>69,564</u>	<u>72,945</u>	<u>69,483</u>
Total Funds		<u>79,219</u>	<u>75,036</u>	<u>79,219</u>	<u>74,948</u>

The accounts on pages 8 to 23 were approved by the University Court on 11 December 2003 and signed on its behalf by:

Miss Maria Stafford
Chairman of University Court

Mr R M Leishman
Chairman of Finance
and General Purposes Committee

Dr I A Johnston, CB
Principal and Vice-Chancellor

CONSOLIDATED CASH FLOW STATEMENT

For the Year ended 31 July 2003

	Note	2002/2003 £000	2001/2002 £000
Net Cash Inflow from Operating Activities	21	6,040	6,758
Returns on Investments and Servicing of Finance	22	343	258
Capital Expenditure and Financial Investment	23	(3,785)	(2,548)
Acquisitions and Disposals		-	-
Management of Liquid Resources		-	-
Financing	24	-	-
Increase in Cash in the year		<u>2,598</u>	<u>4,468</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

For the Year ended 31 July 2003

	Note	2002/2003 £000	2001/2002 £000
Increase in Cash in the Year		2,598	4,468
(Decrease) in Short Term Deposits		-	-
Decrease in Debt		-	-
Movement in Net Funds in the year		<u>2,598</u>	<u>4,468</u>
Net Funds at 1 August		<u>4,710</u>	<u>242</u>
Net Funds at 31 July	25	<u>7,308</u>	<u>4,710</u>

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES

For the Year ended 31 July 2003

	Note	2002/2003 £000	2001/2002 £000
Surplus after Depreciation of Assets at Valuation and Tax		3,452	2,390
Revaluation of Assets:			
Impairment of Fixed Asset		-	-
Revaluation of Fixed Assets	18	-	1,548
Unrealised loss on Endowment Investment	12	<u>(5)</u>	<u>(7)</u>
		<u>3,447</u>	<u>3,931</u>

NOTES TO THE ACCOUNTS

For the Year ended 31 July 2003

	2002/2003	2001/2002
	£000	£000
1 Funding Council Grants		
Scottish Higher Education Funding Council Recurrent Grant	39,827	37,956
Specific Grants		
Research	943	822
Other	1,261	676
Deferred Capital Grants Released		
Buildings and Minor Works (Note 17)	129	128
Equipment (Note 17)	118	125
	<u>42,278</u>	<u>39,707</u>
	<u><u>42,278</u></u>	<u><u>39,707</u></u>
2 Academic Fees		
Full-Time Students	10,931	11,142
Part-Time Students	983	968
Overseas Students	1,085	861
	<u>12,999</u>	<u>12,971</u>
	<u><u>12,999</u></u>	<u><u>12,971</u></u>
3 Research Grants and Contracts		
Grants and Contracts	3,354	3,294
	<u>3,354</u>	<u>3,294</u>
	<u><u>3,354</u></u>	<u><u>3,294</u></u>
<p>This sum includes Industrial and Government-funded Research Grants and contracts. It excludes SHEFC funding for research shown in Note 1.</p>		
4 Other Operating Income		
Residences, Catering and Conferences	2,389	2,395
Nursing Contract	5,786	5,147
Other University Services	6,259	4,944
Rental Income	5,259	5,259
Other Income	3,012	2,455
	<u>22,705</u>	<u>20,200</u>
	<u><u>22,705</u></u>	<u><u>20,200</u></u>
5 Endowment Income and Interest Receivable		
Transferred from Specific Endowments	72	98
Other Interest Receivable	271	160
	<u>343</u>	<u>258</u>
	<u><u>343</u></u>	<u><u>258</u></u>

	2002/2003	2001/2002
	£000	£000
6 Staff Costs		
Wages and Salaries	42,705	40,483
Social Security Costs	3,069	2,838
Other Pension Costs	3,152	2,835
Pension Provision	<u>779</u>	<u>-</u>
	<u>49,705</u>	<u>46,156</u>
Emoluments, including non-superannuable elements, of the Principal and Vice-Chancellor	156	144
Benefits in Kind	1	1
Employers Pension Contributions	<u>11</u>	<u>10</u>

The above includes standard pension contributions of £7K to the STSS and £4K in respect of an Unapproved Unfunded Retirement Benefit Scheme (UURBS). At 31 July 2003 an actuarial valuation required additional provision of £99K which has been included in the pension provision above. UURBS provides the necessary funding to achieve the same pension benefits as for other staff. Also included are performance related payments. The base salary for 2002/03 was £153,000 compared with £139,000 for 2001/02.

There average weekly number of persons (including senior post-holders) employed by the University during the period, expressed as full-time equivalent was:

	2002/2003	2001/2002
	Number	Number
Academic	690	683
Technical	90	95
Administrative	436	415
Others	<u>138</u>	<u>135</u>
	<u>1,354</u>	<u>1,328</u>

	2002/2003	2001/2002
	Number	Number
Remuneration of Other Higher Paid Staff, including Non-Superannuable Elements, but Excluding Employers' Pension Contributions		
£50,000 - £59,999	30	23
£60,000 - £69,999	8	6
£70,000 - £79,999	1	7
£80,000 - £89,999	6	-
£180,000 - £189,999*	1	-

*Includes severance payment noted below.

	2002/2003	2001/2002
	£000	£000
Compensation for loss of office paid to a former senior post holder/higher paid employee		
Compensation paid and payable to former post-holder	102	-
Estimated value of other benefits, including provisions for pension benefits	-	-

The severance payment was approved by the University's Remuneration Committee and advised to SHEFC, as required.

NOTES TO THE ACCOUNTS

Continued

	2002/2003	2001/2002
	£000	£000
7 Other Operating Expenses		
Rentals and Leases	6,116	6,055
Other Expenses (including advertising, consultancy, bad debt, printing and stationery)	5,114	4,930
Consumables and Maintenance	3,783	2,802
Joint Courses	450	409
Computer and Other Equipment	1,307	891
Travel and Subsistence	801	868
Books and Periodicals	1,135	1,059
Residences, Catering and Conferences	629	762
Rates, Heat, Light, Water and Power	959	973
Professional Fees	689	480
Repairs and General Maintenance	764	1,507
Research Students	722	709
Staff Development	605	602
Grants to Students Association	419	354
Telephone	199	273
Financing Charges	43	43
Student Placements and Expenses	67	80
Childcare	127	99
Auditors' Remuneration:		
External Auditors' Remuneration	42	42
Internal Auditors' Remuneration	71	77
Other Services from either external or internal auditors	6	22
Grant Assisted Works:		
Building and Minor Works	483	506
Equipment	825	1,157
Development Fund Expenditure	217	17
	<u>25,573</u>	<u>24,717</u>

	2002/2003	2001/2002
	£000	£000
8 Interest Payable		
Loans not wholly repayable within five years	175	175
Other Interest	-	120
	<u>175</u>	<u>295</u>

	Staff Costs	Other Operating Expenses	Depreciation	Interest Payable	2002/2003 Total	2001/2002 Total
	£000	£000	£000	£000	£000	£000
9 Analysis of Expenditure by Activity						
Academic Departments	26,595	3,711	453	-	30,759	29,002
Academic Services	2,877	2,252	94	-	5,223	4,473
Research Grants and Contracts	1,796	1,206	-	-	3,002	3,199
Residences, Catering and Conferences	834	647	115	-	1,596	1,655
Premises	-	7,356	1,869	-	9,225	10,714
Administration	8,542	3,973	243	175	12,933	10,883
Other Expenses	9,061	6,428	-	-	15,489	14,114
Total per Income and Expenditure Account	<u>49,705</u>	<u>25,573</u>	<u>2,774</u>	<u>175</u>	<u>78,227</u>	<u>74,040</u>

The depreciation charge has been funded by:

Deferred Capital Grant Released - University (Note 17)	247
Revaluation Reserve Released (Note 18)	591
General Income	1,936
	<u>2,774</u>

	Freehold Land & Buildings £000	Assets Under Construction £000	Equipment and Furniture £000	Total £000
10 Tangible Assets				
Consolidated				
Valuation/Cost				
At 1 August 2002: Valuation	28,935	-	-	28,935
Cost	53,300	289	12,186	65,775
Additions	15	5,176	864	6,055
Disposals	(31)	-	(240)	(271)
Transfers	518	(518)	-	-
At 31 July 2003: Valuation	28,935	-	-	28,935
Cost	53,802	4,947	12,810	71,559
Depreciation				
At 1 August 2002	3,657	-	10,628	14,285
Charge for Year	1,866	-	983	2,849
Disposal	-	-	(240)	(240)
At 31 July 2003	5,523	-	11,371	16,894
Net Book Value				
At 31 July 2003	77,214	4,947	1,439	83,600
At 1 August 2002	78,578	289	1,558	80,425
University				
Valuation/Cost				
At 1 August 2002: Valuation	28,935	-	-	28,935
Cost	53,300	289	11,946	65,535
Additions	15	5,176	864	6,055
Disposals	(31)	-	-	(31)
Transfers	518	(518)	-	-
At 31 July 2003: Valuation	28,935	-	-	28,935
Cost	53,802	4,947	12,810	71,559
Depreciation				
At 1 August 2002	3,657	-	10,463	14,120
Charge for Year	1,866	-	908	2,774
At 31 July 2003	5,523	-	11,371	16,894
Net Book Value				
At 31 July 2003	77,214	4,947	1,439	83,600
At 1 August 2002	78,578	289	1,483	80,350

Buildings with a net book value of £24.8m have been funded from Treasury sources: should these particular buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Scottish Higher Education Funding Council.

Historical Cost depreciation charged in the year ended 31 July 2003 amounted to £2.2m (Year 2002: £2.3m).

	Consolidated		University	
	2003	2002	2003	2002
	£000	£000	£000	£000
11 Investments				
Treasury Index Linked Stocks	1,819	1,707	1,819	1,707
Subsidiary Undertaking at cost	-	-	110	110
Other Investments	147	140	147	140
	<u>1,966</u>	<u>1,847</u>	<u>2,076</u>	<u>1,957</u>

The Treasury Index Linked Stocks are earmarked to provide the enhanced element of the pensions to those employees who retired in 1994/95 under the Scottish Higher Education Funding Council "New Blood" scheme. The historical cost of these investments was £1.261m.

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

The above investment in the subsidiary undertaking represents 110,000 £1 ordinary shares in Glasgow Caledonian University Company Ltd. During the year to 31 July 2003 GCUC Ltd paid £160,000 Gift Aid to the University (2002, £177,000).

The "Other Investments" represents the £147,000 in the Britannic Unit Trust Saving Scheme. This investment is intended to redeem the Alba Life Loan in 2018.

During the year the company GPE (Bulk Solids Handling) Ltd, in which the University had a 50% holding, has ceased trading. As an interim measure the funds of the company have been transferred to the University. This amounts to £104,597 as at 31 July 2003 and is shown under the University Creditors.

The University also had a holding in Scottish Knowledge plc which was wound up in the year and the resulting loss of £3,898 was charged to revenue.

	Consolidated and University Specific
	£000
12 Endowments	
At 1 August 2002	357
Depreciation of Endowment Asset Investments	(5)
Reclassification	-
Income for the year	72
Transferred to income and expenditure account	<u>(54)</u>
At 31 July 2003	<u>370</u>
Represented by	
Investments Revalued	92
Funds within University Bank Account	<u>278</u>
	<u>370</u>
At 31 July 2003 the endowments comprise:	
Fellowships and Chairs	17
Prizes and Scholarships	148
Books	12
Other Funds	<u>193</u>
	<u>370</u>

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

	Consolidated		University	
	2003	2002	2003	2002
13 Debtors	£000	£000	£000	£000
Amounts falling due within one year:				
Trade Debtors	2,106	2,450	2,063	2,309
Other Debtors	15	53	15	53
Subsidiary Undertakings	-	-	321	383
Prepayments and Accrued Income	994	747	833	719
	<u>3,115</u>	<u>3,250</u>	<u>3,232</u>	<u>3,464</u>

	Consolidated		University	
	2003	2002	2003	2002
14 Creditors: Amounts Falling Due Within One Year	£000	£000	£000	£000
Bank Overdraft	-	-	-	-
Creditors	4,084	2,909	4,048	2,909
Subsidiary Undertakings	-	-	-	40
Social Security and Other Taxation Payable	876	987	876	987
Accruals and Deferred Income	6,056	6,058	5,959	5,971
	<u>11,016</u>	<u>9,954</u>	<u>10,883</u>	<u>9,907</u>

	Consolidated		University	
	2003	2002	2003	2002
15 Creditors: Amounts Falling Due After More Than One Year	£000	£000	£000	£000
Alba Life Ltd	2,000	2,000	2,000	2,000
Scottish Enterprise	-	139	-	-
	<u>2,000</u>	<u>2,139</u>	<u>2,000</u>	<u>2,000</u>

The amount due to Alba Life Ltd represents a loan to partly fund the estates capital projects. The loan is repayable in 2018 with interest fixed at 8.5% during the period of the loan. The University is investing in an open-ended unit trust savings scheme which was designed with the intent that the fund value would repay the loan in full on its maturity.

GPE (Bulk Solids Handling) Ltd ceased trading during the year and funds to repay the Scottish Enterprise loan have been transferred to the University and are shown under University Creditors.

	Consolidated and University Pensions	
	£000	
16 Provision For Liabilities and Charges		
At 1 August 2002		5,447
Charged during the year		(308)
Increase in Value of Investments		103
Credit from Income and Expenditure Account		856
		<u>6,098</u>
At 31 July 2003		<u>6,098</u>

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

The capital equivalent of future annual commitments has been based on an actuarial valuation at 31 July 2003 by Hymans Robertson, Actuaries and Consultants.

	Buildings £000	Equipment £000	Total £000
17 Deferred Capital Grants			
Consolidated			
At 1 August 2002	4,914	201	5,115
Receivable during the year	755	288	1,043
Released to Income and Expenditure Account	(129)	(125)	(254)
At 31 July 2003	<u>5,540</u>	<u>364</u>	<u>5,904</u>
University			
At 1 August 2002	4,914	194	5,108
Receivable during the year	755	288	1,043
Released to Income and Expenditure Account	(129)	(118)	(247)
At 31 July 2003	<u>5,540</u>	<u>364</u>	<u>5,904</u>

	University Reserves			Total £000
	Revaluation Reserve £000	Restricted Funds £000	General Funds £000	
18 University Reserves				
Balance at 1 August 2002	30,235	15,506	23,742	39,248
Surplus for the year	-	-	3,475	3,475
Inter-Fund Transfers	-	(635)	635	-
Endowment Adjustments	-	-	(13)	(13)
Transfer of amount equivalent to additional depreciation of Fixed Assets	(591)	-	591	591
Balance as at 31 July 2003	<u>29,644</u>	<u>14,871</u>	<u>28,430</u>	<u>43,301</u>

	Consolidated Reserves			Total £000
	Revaluation Reserve £000	Restricted Funds £000	General Funds £000	
Consolidated Reserves				
Balance at 1 August 2002	30,299	15,506	23,759	39,265
Surplus for the year	-	-	3,452	3,452
Inter-Fund Transfers	-	(635)	635	-
Endowment Adjustments	-	-	(13)	(13)
Subsidiary Adjustment	(64)	-	6	6
Transfer of amount equivalent to additional depreciation of Fixed Assets	(591)	-	591	591
Balance as at 31 July 2003	<u>29,644</u>	<u>14,871</u>	<u>28,430</u>	<u>43,301</u>

“Subsidiary Adjustments” refers to GPE (Bulk Solids Handling) Ltd which ceased trading in October 2002.

The University has grouped its Reserves into two categories as described below:

Restricted Funds may only be applied for the purpose for which they were established and comprise mainly of research grants, staff development and surpluses from short courses.

General Funds include the Recurrent and Reserve Funds, Caledonian Investment Fund and University departmental funds. These funds can be applied to any activity at the discretion of the University within its constitutional powers. Also included are the surplus/deficits carried forward in the University subsidiary undertakings.

	Consolidated		University	
	2003	2002	2003	2002
19 Lease Obligations	£000	£000	£000	£000
Operating lease commitments in respect of land and buildings for the financial year 2003/2004 on leases expiring:				
Within one year	-	-	-	-
Over 5 years	5,579	5,579	5,579	5,579
	<u>5,579</u>	<u>5,579</u>	<u>5,579</u>	<u>5,579</u>

The University has an agreement with Glasgow Caledonian University Charitable Trust involving the lease and leaseback of the Library and the Faculty of Health Building.

	Consolidated		University	
	2003	2002	2003	2002
20 Capital Commitments	£000	£000	£000	£000
Commitments contracted	3,797	4,282	3,797	4,282
Authorised but not contracted	740	690	740	690
	<u>4,537</u>	<u>4,972</u>	<u>4,537</u>	<u>4,972</u>

The amounts shown as authorised but not contracted at 31 July 2003 were in respect of costs relating to other "minor works".

21 Reconciliation of Consolidated Operating	2002/2003	2001/2002
Surplus to Net Cash Inflow from Operating Activities	£000	£000
Surplus before tax	3,452	2,390
Depreciation	2,609	2,898
Deferred Capital Grants Released to Income	(254)	(256)
Investment Income	(343)	(258)
Decrease in Stocks	13	6
Decrease in Debtors	135	186
(Decrease)/Increase in Creditors	(223)	2,023
Increase/(Decrease) in Provisions	651	(231)
Net Cash Inflow from Operating Activities	<u>6,040</u>	<u>6,758</u>

22 Returns on Investments and Servicing of Finance	2002/2003	2001/2002
	£000	£000
Income from Endowments (Note 5)	72	98
Other Interest Received	271	160
	<u>343</u>	<u>258</u>

	2002/2003	2001/2002
	£000	£000
23 Capital Expenditure and Financial Investment		
Tangible Assets Acquired	(4,828)	(2,905)
Endowment Asset Acquired	-	-
	<u>(4,828)</u>	<u>(2,905)</u>
Deferred Capital Grants Received	1,043	357
	<u>(3,785)</u>	<u>(2,548)</u>

	Loans
	£000
24 Analysis of Changes in Consolidated Financing During the Year	
Balance at 31 July 2002	2,139
Capital Repayments	-
	<u>2,139</u>

	At 1 August	Cash Flows	Non-Cash Flows	At 31 July
	£000	£000	£000	£000
25 Analysis of Changes in Net Funds				
Cash at Bank and in Hand	6,849	2,598	-	9,447
Short Term Deposits	-	-	-	-
Debt due after One Year	(2,139)	-	139	(2,000)
Debt due within One Year	-	-	(139)	(139)
	<u>4,710</u>	<u>2,598</u>	<u>-</u>	<u>7,308</u>

26 Pension Schemes

The University participates in three separate defined benefit schemes to provide retirement benefits to employees based on final pensionable salary. Academic staff are members of the Scottish Teachers Superannuation Scheme (STSS); non academic staff are members of the Strathclyde Pension Fund (SPF); and an Unapproved Unfunded Retirement Benefits Scheme (UURBS) exists for higher paid academic staff to provide the same level of pension benefits as afforded to other academic staff. All schemes are subject to independent actuarial valuations using the projected unit method and this determines the contribution rates payable by the University.

The University continues to account for these schemes in accordance with SSAP24 and the disclosures given in (a) are those required by that standard. FRS 17 (Accounting for) Retirement Benefits was introduced in November 2000 and will become fully effective for the University in the year ended 31st July 2005. Nevertheless, transitional arrangements continue to apply and these are dealt with in (b).

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

Academic staff (from 1 April 2003)	7.4%
Administrative and Manual Staff (from 1 April 2003)	13.7%

	STSS	SPF
Date of last actuarial valuation:	31 March 1996	31 March 2002
Rate of return on investments in excess of rate of increase in salaries	2%	2.5%
Rate of return on investments in excess of rate of increase in pensions	3.5%	4.0%
Market value of assets at date of last valuation	£4,209M	£6,050M
Proportion of members benefits covered by actuarial valuation	93%	108%

	2002/2003	2001/2002
	£000	£000
The total pension costs for the year were:		
Normal contribution to:		
STSS	1,841	1,590
SPF	1,311	1,245
Pension Provision	<u>779</u>	<u>-</u>
	<u>3,931</u>	<u>2,835</u>

26 Pension Schemes (continued)

(b) The Scottish Teachers Superannuation Scheme (STSS) and the Strathclyde Pension Fund are both available to staff of more than one employer and it is not possible to identify each institution's share of the underlying assets and liabilities of the scheme. In these circumstances, FRS17 provides for contributions to schemes to be accounted for as if it were a defined contribution scheme. As such, the cost recognised within the University's Income and Expenditure account will be equal to the contribution payable to the schemes for the year.

The Unapproved Unfunded Retirement Benefit Scheme (UURBS) is a defined benefit scheme for higher paid academic staff to provide pension benefits at the same rate as for other academic staff. The date of the most recent actuarial calculation of liabilities is 31 July 2003. This was carried out by a qualified independent actuary. The actuarial value of the liability is £120,000. Full provision for this has been made in the financial statements. This liability has been calculated assuming inflation of 2.6% per annum, investments return of 5.5% per annum and rate of increase in salary of 2% per annum in excess of inflation. To meet funding requirements the cash contributions will increase to 9.9% with effect from 1 August 2003.

The Strathclyde Pension Fund

The Strathclyde Pension Fund provides benefits on final pensionable salary for employees of local government and some other institutions.

The assets of the Fund are held in a separately administered fund and the latest actuarial valuation of the Fund was at 31 March 2002. The assumptions which have the most significant effect on the results of the valuation are those relating to the returns on investments, inflation, rates of mortality, early retirements, staff turnover, and the rates of increase in salaries and pensions. For the valuation at 31 March 2002, it was assumed that the investment returns would be 2.5% per annum in real terms and the pensions would increase by 4% per annum in real terms.

At the date of the 2002 actuarial valuation the market value of the assets of the Fund was £6,050M and the actuarial value of assets was sufficient to cover 108% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The employer's contribution rate payable by the University was 13.2% of the members' salaries until 31 March 2003 and 13.7% thereafter.

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.

An Interim report was carried out at 31 March 2001 but this has yet to be formally issued.

The latest actuarial valuation of the STSS received from the Scottish Public Pension Agency is as at 31 March 1996. The valuation shows assets of £4,209M and the valuation assumes that the investment rate of return would be 2.0% in real terms and that pensions would increase by 3.5% per annum in real terms.

The level of contribution paid by employing institutions was 7.15% of members' salaries until 31 March 2003 and 7.4% thereafter.

27 Mature Students Bursary and Hardship Fund	Mature Student Bursary	Hardship Fund
	£000	£000
Balance brought forward	42	31
Funds Received in Year	288	326
Expenditure	(154)	(383)
Repayable to funding body (clawback)	-	-
Virements	<u>(113)</u>	<u>113</u>
Balance carried forward	<u>63</u>	<u>87</u>

Grants are available solely for students. The University acts only as a paying agent.

28 Post Balance Sheets Events

During October 2003 the University sold land for around £1.7M and the proceeds will be re-invested in the Campus Development programme.

During November 2003 the contract for the construction of the new Learning Centre was awarded.



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