



ANNUAL REPORT & ACCOUNTS

YEAR ENDED : 31ST JULY 2007



2006 - 2007

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CONTENTS

An Introduction to Glasgow Caledonian University	1
Report from the Principal and Vice-Chancellor	2 - 4
Responsibilities of the University Court	5
Court Members	6
Corporate Governance Statement	7 - 8
Report of the Chairman of the Finance & General Purposes Committee	9 - 10
Report of the Auditors	11 - 12
Statement of Principal Accounting Policies	13 - 14
Consolidated Income and Expenditure Account	15
Balance Sheets	16
Consolidated Cash Flow Statement	17
Statement of Consolidated Total Recognised Gains and Losses	17
Notes to the Accounts	18 - 27

UNIVERSITY'S PROFESSIONAL ADVISORS

Bankers

Royal Bank of Scotland plc

23 Sauchiehall Street
Glasgow G2 3AD

Loan Facility

Allied Irish Bank (GB)

227 West George Street
Glasgow G2 2ND

External Auditors

Grant Thornton UK LLP

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

Internal Auditors

PricewaterhouseCoopers LLP

Chartered Accountants & Registered Auditor
209 West George Street
Glasgow G2 2LW

Solicitors

Mitchells Robertson

Solicitors
George House
36 North Hanover Street
Glasgow G1 2AD

Solicitors

MacRoberts

Solicitors
152 Bath Street
Glasgow G2 4TB

AN INTRODUCTION TO GLASGOW CALEDONIAN UNIVERSITY

Glasgow Caledonian University (GCU) is a modern university, with over 16,000 students with a further 1,200 at Caledonian College of Engineering in Oman studying for undergraduate, postgraduate and research degrees across its seven academic schools. Close links with employers ensure that programmes are highly relevant and that they help to equip students with the appropriate skills to be successful in their chosen careers. Growing research capacity ensures not only that the curriculum is fully informed by the latest research but that the University, through knowledge transfer and consultancy, can make a significant contribution to the economy of Scotland.

OUR MISSION

Our new Mission is to provide a high quality accessible, inclusive and flexible learning and teaching environment, enhanced by curiosity-driven research. We will apply our knowledge and skills for the social and economic benefit of the communities we serve in Scotland and around the world.

OUR VISION FOR 2015

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

We will be known for our: -

Social Entrepreneurship

We will engage in effective economic and social regeneration activities in the community, using our intellectual capital to commercialise what we do with flair.

Learning & Teaching

We will have a modern, flexible and effective approach to teaching and learning, making best use of information and communication technologies to deliver a broadly based curriculum, which reflects our vision.

Academic Excellence in Research

We will focus particularly on our areas of strength in: -

- Health
- The Environment
- Creative Cultures
- Business & Technologies
- Social Justice

Graduates

We will produce global citizens, who are employable, mobile, practical and resourceful.

Staff

We will develop a friendly, confident, problem-solving and accessible approach with colleagues, displaying commitment to leadership development and to enhancing GCU's social and emotional capital.

REPORT FROM THE PRINCIPAL & VICE-CHANCELLOR

In 2006 the University agreed its vision for the year 2015 and this has been encapsulated in the new corporate plan, and approved by Court for implementation in the following key areas:

THE STUDENT EXPERIENCE

The Saltire Centre had its first complete year of operation. It continues to attract awards and acclaim across the sector and has resulted in a high score for IT services in the international student satisfaction survey. The University participated in both national and international satisfaction surveys and has a policy of continuous improvement of the student experience.

We have continued to work with the Students Association to support their acclaimed Student Leaders Programme and to increase the level of involvement in community and voluntary activities. Student achievement has been recognised by the introduction of a Student of the Year award which is presented at one of the July graduation ceremonies. The Students Association has moved to a new purpose built facility which allowed all their activities to be co-located on campus for the first time.

Our commitment to supporting and enhancing Learning and Teaching continues with the appointment of a dedicated Pro Vice-Chancellor for the area. The Caledonian Academy's resources were also increased and initiatives such as the horizons reading group, the student learning skills forum and a programme of learning technology events are contributing to the goals of enhancing teaching quality and contributing to innovative research in learning and teaching. The University was pleased to be awarded additional funding from the Scottish Funding Council to enable more support to be given to help students progress and complete their studies. A special task group was established and an action plan has been produced and implemented to ensure that all students have the opportunity to reach their full academic potential. Key champions for learning and teaching have therefore been appointed in each School (Heads of Learning and Teaching) and additional resource allocated to enhanced learning support.

INTERNATIONAL ACTIVITIES

The University has approved a new and ambitious International Strategy. The University is committed to reaching outward in the coming years in a systematic and creative manner, to enhance cultural understanding, diversify the staff and student body, promote enterprise and entrepreneurship and to advance scholarship and learning, social justice and equality of opportunity.

In 2006 the University was very successful in international recruitment with the number of overseas students increasing by 40% from the previous year, with 937 overseas students on campus in Glasgow from over 70 countries across the globe. The University has targeted its promotional activities within key markets, to raise the profile of the University and its programmes. The University now has a world-wide network of recruitment agents which continues to grow and which provides invaluable in-market advice to prospective Caledonian students in over 40 countries and enables programme development activities to reflect international market requirements.

This year has seen record numbers of students studying our programmes overseas particularly in our Caledonian College of Engineering in Oman (CCEO) which has now been operating for over 11 years and enjoys an excellent reputation for the quality of education which it provides. Over 1,500 students are now studying within CCEO in Oman with the first intake to part time postgraduate programmes taking place. From September 2007, the new intake of students has exceeded 500 which will make this venture one of the most successful and popular in the region. This campus partnership with Galfar Engineering in Oman is an operational model which the University intends to build upon as part of its planned campus developments in India and China.

The University has continued to successfully deliver the third year of selected Caledonian Business School degree programmes in Singapore in partnership with the East Asia School of Business and has initiated discussions towards growing this relationship by expanding the range of programme offerings to satisfy student demand in the region.

The possibility of the delivery of selected programmes in Malaysia was also initiated and has led to a formal agreement in partnership with International University College of Technology Twintech which will lead to validation of the Bachelor of Optometry (Hons) programme next year with an anticipated market of 60 students per annum over the four years of the programme.

The University for the first time entered the International Student Barometer survey which involves a comprehensive survey of international students covering a wide range of areas related to their satisfaction with their study experience. The results were very positive, indicating that the University performed overall top of the eight Universities who participated in Scotland and overall 6th in the UK. This survey has also assisted in identifying opportunities for further enhancement which will be carried forward as an action plan next year as part of our drive to continuously improve the quality of the international student experience.

RESEARCH, KNOWLEDGE TRANSFER AND COMMERCIALISATION

The University aims to promote research and knowledge transfer activities that enhance its reputation as a centre of academic excellence, combining intellectual rigour with a practical focus that contributes to economic development, social improvement and better health care both nationally and internationally.

A new research strategy was approved by Senate in December 2006. The strategy focuses on maintaining and supporting areas of research that cross traditional subject or disciplinary boundaries, especially in the areas of health and healthcare, the environment, creative technologies and social justice. To implement the strategy the Research Committee has taken on the responsibility for all aspects of developing and sustaining a successful research culture, identifying new opportunities and sources of income and taking forward collaborations nationally and internationally. In 2006/07 the University also agreed a strategy for our submission to the UK Research Assessment Exercise 2008 based on selectivity and areas of externally-recognised strength.

The University has been successful in attracting support for research projects from a range of external agencies during 2006/07. Notable successes in bids for research funding made in the year include funding secured from the British Heart Foundation, Economic and Social Research Council, Unilever plc, NHS education for Scotland, International Fund for Agricultural Development, the European Union, Engineering, Physics and Science Research Council, Joseph Rowntree Foundation and the Arthritis Research Council.

The University continues to receive recognition and support from the Scottish Funding Council for its research excellence via the well-established HealthQWest consortium led by GCU, leadership of the research strand on violence and drug crimes within the Scottish Centre for Criminal Justice Research, the invitation to be a founding member of the Scottish Centre for Policing Research and membership of the research pool in Engineering.

The University's Graduate School, which is responsible for implementing the skills training of postgraduate research students and their supervisors in line with the recommendations of the Roberts review, was launched with an outstanding talk by Professor Sir Andrew Huxley, Nobel Laureate. The further development of our postgraduate research environment was assisted by the award of funding of £163K from the Scottish Funding Council for the provision of additional PhD studentships.

The University has continued to seek to commercialise the outcomes from its research during 2006/07. Two Scottish Enterprise funded projects successfully demonstrated "proof of concept" in the period - Optically Isolated Partial Discharge Sensor and Virtual Call Centre Software Agents. Plans are being developed for commercialisation as potential spin out companies. The University submitted further bids in the Scottish Enterprise proof of concept competition in 2006/07.

The University is committed to improving links to public and private organisations and in being recognised as a highly entrepreneurial institution whilst maintaining its long held socially inclusive mission.

This year saw the appointment of an Executive Director of Business Development and we have also invested in two experienced Corporate Development Executives to work closely with corporations and relevant public sector organisations. We have created a 'strategic investment fund' aimed at stimulating and supporting business ideas from staff, students and in appropriate cases certain community based organisations. We are also committed to working more closely with social enterprise organisations (SEOs). We hope to create an 'innovation exchange' which will offer businesses and the enterprise network the opportunity to tap into the intellectual and physical capital of the Institution to help accelerate the innovation, productivity and inclusion agendas of the enterprise network.

PEOPLE MANAGEMENT

In 2006/07 the University implemented a unified pay and grading structure which guarantees equal pay for work of equal value and has been commended in the HE sector as a model of good practice, including partnership working with trades unions. The HR 'Business Partner' model has been further embedded, with the ultimate aim of enabling schools and departments to develop local HR plans within the University's overarching Human Resources Strategic Framework.

In the health and wellbeing arena, the University implemented an alcohol and drugs policy and developed a revised smoking policy, enabling it to declare that the GCU campus became smoke-free in October 2007.

Organisational development has been working throughout the university to address strategic change and organisational renewal. A holistic programme has commenced to assist staff to deliver the 2015 vision. Building upon existing programmes of induction and leadership development, a performance development programme has been introduced together with coaching for leaders, action learning and a talent management programme. A bespoke framework of leadership behaviours has evolved, through consultation, to support development centres for use in the talent management process.

EQUALITY AND DIVERSITY

Equality and diversity continues to be mainstreamed across University functions through the implementation of the Equality and Diversity Policy and Strategy. A wide range of activities help to demonstrate the University's commitment to promoting equality of opportunity, and recognising and valuing diversity. A tailored approach to training with individual Schools and Departments has been developed to ensure that staff have appropriate knowledge and information on equality and diversity issues. The Disability Equality Scheme has been developed and informed by consultation with staff and students. Impact assessment of policies and procedures continue at School and Department level. A range of initiatives are being addressed, such as 'Dignity at work' and 'Work / Life balance' with supporting development. Impact assessment of policies and procedures continue at school and departmental level.

DISABILITY POLICY

The University gives equal consideration to all applications for employment regardless of disability, and where a candidate with a disability is the best person for the job, full consideration is given to what reasonable adjustments are necessary to ensure the requirements of the job can be adequately fulfilled. Where existing employees become disabled it is the University's policy, wherever practicable, to support employees in continuing employment by making appropriate adjustments where necessary. Members of staff who have a disability are employed under the same terms and conditions as their able-bodied colleagues and the University provides training, career development and promotion opportunities to all staff, regardless of their disability wherever appropriate.

FINANCE

This year the University appointed an Executive Director of Finance who will help deliver the proposed international developments as well as high quality financial, knowledge and information management. The new Executive Director took up his role in July 2007.

FUNDRAISING

The University's plans to build a significant and lasting institutional development programme began in earnest in early 2007 following the appointment of Colin McCallum to the newly-created post of Vice President, GCU Foundation and Director of Development. In common with most universities, GCU must diversify its income and raise much-needed funds to reach our published goals and additional resources are now being deployed. We have received generous gifts and benefactions over the years, not least the long-term support of the Moffat Charitable Trust.

Communication with our former students and other friends throughout the world is now beginning to be significantly increased. Following the death early in the year of University Chancellor Magnus Magnusson, the new Development and Alumni Relations Office launched a memorial appeal to help establish a special fund to support the new Magnusson Fellowship and Awards. The response of many individuals and companies has been outstanding and means that the University will be able to support a number of young people through a new awards scheme.

Support was also received during the year from the Hunter Foundation for a special schools project and as a result the Division of Fashion, Marketing and Retailing named The Hunter Room, which has been refurbished and equipped with the latest AV technology.

Our international activities have been supported by GCU honorary graduate Willie Haughey, enabling the provision of medical equipment bags for nurses in Tajikistan, a former Soviet Republic, which is one of the poorest countries in the world. We provided training for these nurses, and we realised that without additional equipment, their job would be much harder.

A CELEBRATION OF THE LIFE OF MAGNUS MAGNUSSON

A very special event was held in April in the Saltire Centre to mark the life of our late Chancellor, Magnus Magnusson. An evening of words, music and pictures saw performances by a number of Scotland's leading traditional musicians and performers, students from the Royal Scottish Academy of Music and Drama and the University Choir. Members of the Magnusson family also contributed to the programme. Several hundred friends and colleagues of Magnus attended the evening with many commenting that Magnus would have enjoyed it greatly.

PROFESSOR PAMELA GILLIES

Principal and Vice-Chancellor

18 December 2007

RESPONSIBILITIES OF THE UNIVERSITY COURT

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

The Court is responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Glasgow Caledonian University (Scotland) Order of Council 1993, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the Court of Glasgow Caledonian University, the University Court, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

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

The Court has a responsibility to:

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

UNIVERSITY COURT MEMBERS

Mr G Martin F Cheyne

Chairman

Professor Pamela Gillies

Principal and Vice-Chancellor

Mr Michael Bochel (to 31.07.07)

President of the Students' Association

Mr Antony Brian

Ms Alison Culpan

Dr Dorothy Ferguson

Ms Wilma Grosset (to 31.07.07)

Dr Pramod Jauhar (to 31.07.07)

Ms Marianne Keeney (to 31.05.07)

Mr Ralph M Leishman

Vice-Chairman (to 31.07.07)

Mr Michael Lennon (to 31.12.06)

Mr John N Maclean

Vice-Chairman (from 01.08.07)

Dr Rajan Madhok

Mr Jordan Martindale (from 01.08.07)

President of the Students' Association

Mr Stephen McCafferty

Mr John McGuigan (to 31.07.07)

Dr James A Miller (from 01.08.07)

Mr Hugh O'Neill

Mr Henry Perfect

Mr Alexander O Pratt

Mr John Queen (to 31.03.07)

Ms Davena Rankin (from 01.08.07)

Mr Graham Scott (from 01.08.07)

Mr Ian Smith

Dr Alison M Spaul (to 31.07.07)

Professor John R Tarrant (to 31.03.07)

Mr David Wallace (from 01.08.07)

Mr Ken Zaremski

MEMBERS OF FINANCE AND GENERAL PURPOSES COMMITTEE

Mr Ken Zaremski

Chairman

Professor Pamela Gillies

Principal and Vice-Chancellor

Mr David Beeby

Executive Director of Finance (from 01.08.07)

Mr Michael Bochel (to 31.07.07)

President of the Students' Association

Mr John Boyle

Director of Finance (to 30.06.07)

Dr Dorothy Ferguson (to 31.07.07)

Mr Ralph M Leishman (to 31.07.07)

Professor Cliff Hardcastle (to 31.01.07)

Mr John McGuigan (to 31.07.07)

Mr Hugh O'Neill

Mr Alexander O Pratt (from 31.01.07)

Mr Henry Perfect (to 31.01.07)

Mr David Wallace (from 01.08.07)

MEMBERS OF AUDIT COMMITTEE

Mr Antony Brian

Chairman (from 01.08.07)

Mr John N Maclean

Chairman (to 31.07.07, continuing member)

Professor Grete Birtwistle (to 31.01.07)

Dr Dorothy Ferguson (from 01.08.07)

Mr Michael Lennon (to 31.12.06)

Dr Rajan Madhok (to 31.01.07)

Dr James A Miller (from 01.08.07)

Mr Henry Perfect (from 31.01.07)

Mr Ian Smith

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

STATEMENT OF FULL COMBINED CODE COMPLIANCE

In the opinion of the Court, the University complies with all the provisions of the Combined Code in so far as they apply to the higher education sector, and it has complied throughout the year ended 31 July 2007.

UNIVERSITY COURT

In 2006/07 the University Court met five times and has six standing committees through which it conducts its business. Each committee has formally constituted terms of reference. These committees comprise a Finance and General Purposes Committee, an Audit Committee, a Court Membership Committee, a Staff Policy Committee, a Remuneration Committee and a Health and Safety Committee. In addition, the Court has an Away Day which includes reviewing its own effectiveness.

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

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

The Remuneration Committee determines the remuneration of members of the Executive, including the Principal. Details of the remuneration of senior postholders for the year ended 31 July 2007 are set out in note 6 to the financial statements and are reported for senior executives in full, in confidence to the whole Court.

In 2006/07 the Audit Committee met five times with the University's external and internal auditors in attendance. The Audit Committee advises the University on the appointment of the internal and external auditors and the auditors' remuneration, and assesses the effectiveness of the internal auditors. The Committee may meet privately with both the internal and external auditors if it wishes.

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

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

CORPORATE STRATEGY

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

UNIVERSITY COURT STATEMENT ON INTERNAL CONTROL

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

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

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

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

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

The University has an established approach to the identification and management of risk. There is a strategic risk register which is reviewed annually by Court, Audit Committee and the University Executive Board and includes impact analysis and mitigating actions. In addition, there is a Business Continuity Plan which continues to be developed. As new legislation arrives, actions are taken by internal committees to ensure compliance, and committee papers prepared must indicate how the actions proposed address compliance with legislation. All schools and departments have operating plans which identify risk and weakness. The process of further embedding formal risk management at school and departmental level has commenced with the preparation and evaluation of their own risk registers.

The Court is of a view that there is an ongoing process for identifying, evaluating and managing the University's significant risks that has been in place throughout the year ended 31 July 2007 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Court and accords with the Turnbull guidance, as applicable to the higher education sector.

CONCLUSION

The University is compliant with the Combined Code on Corporate Governance. The University takes risk management very seriously and continues to improve the system of risk management. It has risk registers in place at institutional level and in all schools. A process of regular risk review is also now in place to further embed good management practice throughout the University. Finally, I would like to thank the members of the University Court and University Staff for their continued support during the year.

MR MARTIN CHEYNE

Chairman of University Court
18 December 2007

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 undertaking. The subsidiary undertakes activities which, for legal or commercial reasons, are more appropriately channelled through a limited company. Its 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 FOR THE YEAR

The University's Consolidated Income, Expenditure and Results for the year to 31 July 2007 are summarised as follows:

	2006/07	2005/06
	£000	£000
Income	100,441	97,644
Sales of Fixed Assets	-	1,918
Expenditure	98,018	96,750
Exceptional Restructuring	6,613	-
Historical Cost Adjustments	652	652
Historical Costs (Deficit) Surplus	(3,538)	3,464

The underlying financial performance is considered to be satisfactory with decisive action taken to reduce the cost base through a voluntary release scheme. The deficit, funded through borrowings, will be repaid from cost savings within 12 months. This has enabled a reduction of 6% in future operating costs and smooth rationalisation of the academic portfolio.

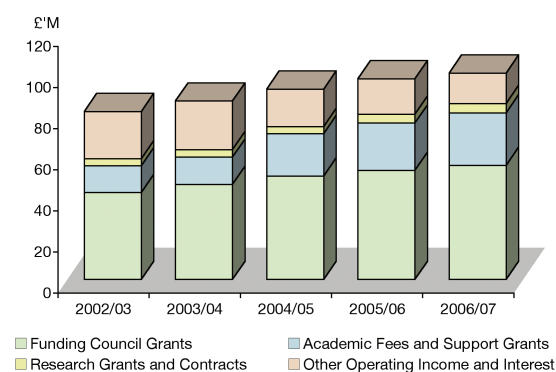
BUSINESS REVIEW

The University's income increased by 2.9% overall, with Expenditure and staff costs increasing by 1.3% and 5.3% respectively (excluding exceptional restructuring costs).

Student numbers continued to grow overall by 0.3%, although home undergraduate numbers were constrained again by the Funding Council's cap. International student growth was the main contributor to the growth, increasing by 40% overall.

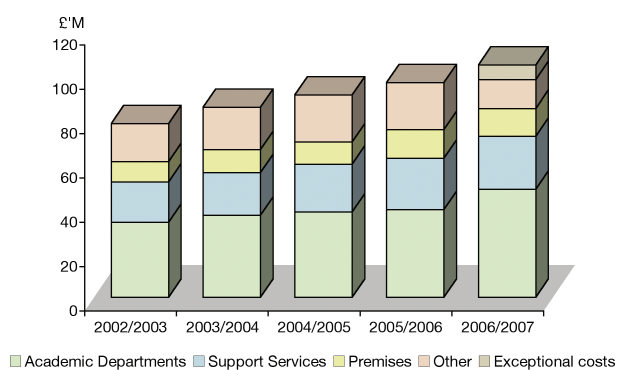
INCOME ANALYSIS

Growth in Income has been consistent across all categories reaching £100 Million overall.



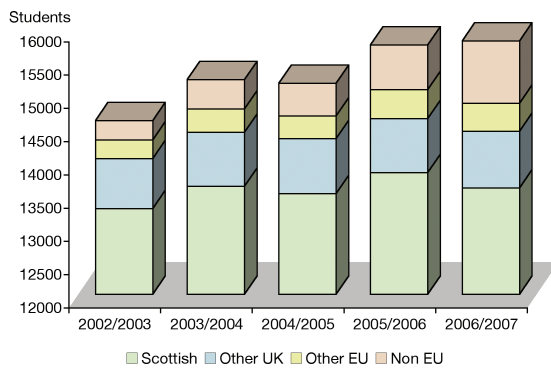
EXPENDITURE ANALYSIS

Academic Departments and Research represent over 45% of the University's expenditure. Staff costs have grown by 5.3% following the implementation of the National Framework Agreement.



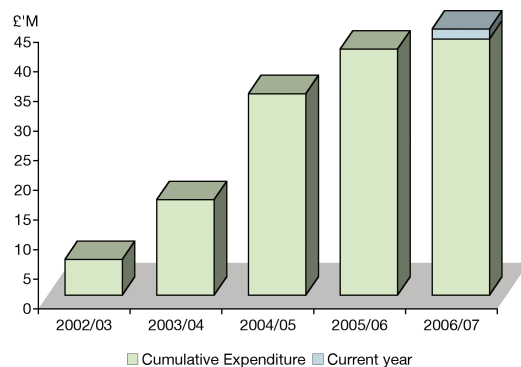
OVERALL STUDENT ANALYSIS

Student Growth reflects the focus on both home and international students across undergraduate and postgraduate courses.

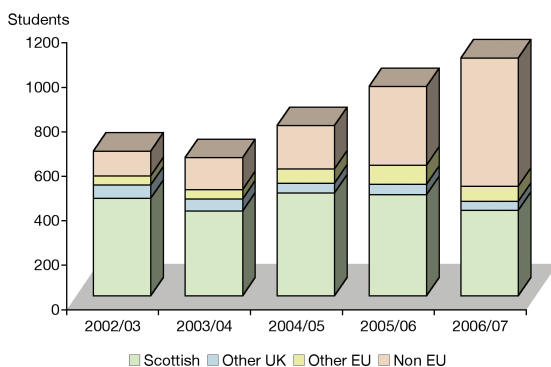


CAPITAL EXPENDITURE

The University has invested consistently in high quality infrastructure, with significant investments in new buildings during previous years, including the award winning Saltire Centre.



POSTGRADUATE STUDENT ANALYSIS



COMPLIANCE

The University is committed to following best practice in all aspects of corporate governance. This year's statement appears on pages 7 and 8.

CONCLUSION

The University Court continues to keep the longer-term financial position under review. Overall, good progress was made with the planned developments for 2006/07, and the University remains in a healthy financial position. This has been achieved through the efforts of all staff and I would like to thank them on behalf of the University Court for their continued efforts.

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

MR KEN ZAREMSKI

Chairman of the Finance & General Purposes Committee
18 December 2007

INDEPENDENT AUDITORS' REPORT TO THE COURT OF GLASGOW CALEDONIAN UNIVERSITY

We have audited the financial statements of Glasgow Caledonian University for the year ended 31 July 2007, which comprises the income and expenditure account, the balance sheet, the cashflow statement, the statement of recognised gains and losses and the related notes.

This report is made solely to the University Court. Our audit work has been undertaken so that we might state to the Court 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's Court, for our audit work, for this report or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF COURT AND AUDITORS

The University's Court is responsible for preparing the financial statements in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education institutions, applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), as described in the statement of responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions. We also report to you whether, in our opinion, in all material respects income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied for the purposes for which they were received and whether income has been applied in accordance with the University's financial memorandum with the Scottish Funding Council and any other terms and conditions attached to them.

We also report to you if, in our opinion, the Report by 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, if the accounting records do not agree with the financial statements or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Report by the Chairman of the Finance and General Purposes Committee and the Corporate Governance Statement.

OPINION

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the University and the Group as at 31 July 2007, and of its deficit for the year ended and have been properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education;
- in all material respects, income from the Scottish Funding Council, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received;
- in all material respects, funds provided by The Scottish Funding Council were applied in accordance with the financial memorandum and any other terms and conditions attached to them for the year ended 31 July 2007.

BASIS OF OPINION

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

GRANT THORNTON UK LLP

Chartered Accountants and Registered Auditors, Edinburgh

18 December 2007

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

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

BASIS OF CONSOLIDATION

The consolidated accounts include the accounts of the University and its subsidiary undertaking in accordance with the provisions of Financial Reporting Standard Number 2.

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

RECOGNITION OF INCOME

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

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

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

PENSION SCHEMES

The three principal pension schemes for the University's staff are the Scottish Public Pensions Agency (Teachers Section) and Strathclyde Pension Fund and the Universities Superannuation Scheme. 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 8 September 2005 was provided by Ryden, 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 40 to 50 years, and in the case of new buildings a useful life of 50 years has been adopted.

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

EQUIPMENT & FURNITURE

Equipment and furniture, including IT hardware and software, costing less than £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
Fixture & Fittings	5 - 10 years

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

LEASES

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

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

INVESTMENTS

Investments are included in the Balance Sheet at market value with the exception of the investment in the subsidiary company undertaking which is 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.

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 company is 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 2007

	Note	2006/2007 £000	2005/2006 £000
INCOME			
Funding Council Grants	1	55,476	53,130
Academic Fees and Education Contracts	2	25,582	23,026
Research Grants and Contracts	3	4,481	4,262
Other Operating Income	4a	14,561	17,123
Endowments Income and Interest Receivable	5	<u>341</u>	<u>103</u>
TOTAL INCOME		<u>100,441</u>	<u>97,644</u>
EXPENDITURE			
Staff Costs	6	66,133	62,826
Exceptional Restructuring Costs	6	6,613	-
Depreciation	10	4,290	4,259
Other Operating Expenses	7	27,541	29,532
Interest Payable	8	<u>54</u>	<u>133</u>
TOTAL EXPENDITURE	9	<u>104,631</u>	<u>96,750</u>
(Deficit) / Surplus after Depreciation of Assets at Valuation and Tax		(4,190)	894
Sale of Fixed Asset	4b	-	1,918
(Deficit) / Surplus after Depreciation of Assets at Valuation, Disposal of Assets and Tax		<u>(4,190)</u>	<u>2,812</u>
Transfer to Accumulated Income within Specific Endowments		<u>(43)</u>	<u>(12)</u>
(Deficit) / Surplus for the Year Retained within Reserves		<u>(4,233)</u>	<u>2,800</u>

The income and expenditure account is in respect of continuing activities.

STATEMENT OF HISTORICAL COST SURPLUSES

For the Year ended 31 July 2007

	Note	2006/2007 £000	2005/2006 £000
(Deficit) / Surplus after Depreciation of Assets at Valuation, Disposal of Assets and Tax		(4,190)	2,812
Historical Cost Depreciation difference on Buildings	18	<u>652</u>	<u>652</u>
Historical Cost (Deficit) / Surplus		<u>(3,538)</u>	<u>3,464</u>

BALANCE SHEETS

As at 31 July 2007

	Note	Consolidated		University	
		2007 £000	2006 £000	2007 £000	2006 £000
Fixed Assets					
Tangible Assets	10	112,277	114,864	112,277	114,864
Investments	11	2,282	2,262	2,392	2,372
		114,559	117,126	114,669	117,236
Endowment Asset Investments	12	429	380	429	380
Current Assets					
Stocks		108	91	108	91
Debtors	13	5,948	6,422	5,672	6,286
Cash at Bank and in Hand		4,334	61	4,245	-
		10,390	6,574	10,025	6,377
Creditors: Amounts Falling Due Within One Year	14	(15,546)	(10,131)	(15,291)	(10,044)
Net Current Liabilities		(5,156)	(3,557)	(5,266)	(3,667)
Total Assets Less Current Liabilities		109,832	113,949	109,832	113,949
Creditors: Amounts Falling Due After more than one year	15	(5,200)	(5,500)	(5,200)	(5,500)
Provisions for Liabilities and Charges	16	(7,762)	(7,434)	(7,762)	(7,434)
Total Net Assets		96,870	101,015	96,870	101,015
Deferred Capital Grants	17	5,984	5,965	5,984	5,965
Endowments					
Specific	12	429	380	429	380
Reserves					
Revaluation Reserve	18	39,208	39,834	39,208	39,834
Income and Expenditure Account	18	51,249	54,836	51,249	54,836
		90,457	94,670	90,457	94,670
Total Funds		96,870	101,015	96,870	101,015

The accounts on pages 13 to 27 were approved by the University Court on 18 December 2007 and signed on its behalf by:

Mr Martin Cheyne
Chairman of University Court

Mr Ken Zaremski
Chairman of Finance
and General Purposes Committee

Professor Pamela Gillies
Principal and Vice-Chancellor

CONSOLIDATED CASH FLOW STATEMENT

For the Year ended 31 July 2007

	Note	2006/2007 £000	2005/2006 £000
Net Cash Inflow from Operating Activities	22	5,238	2,322
Returns on Investments and Servicing of Finance	23	288	(28)
Capital Expenditure and Financial Investment	24	(594)	(2,810)
Acquisitions and Disposals		-	-
Management of Liquid Resources		-	-
Financing	25	(300)	1,000
Increase in Cash in the year		<u>4,632</u>	<u>484</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

For the Year ended 31 July 2007

	Note	2006/2007 £000	2005/2006 £000
Increase in Cash in the Year		4,632	484
(Decrease) in Short Term Deposits		-	-
Transfer of Debt		-	139
Decrease / (Increase) in Debt		300	(1,000)
Movement in Net Funds in the year		4,932	(377)
Net Funds at 1 August		(5,475)	(5,098)
Net Funds at 31 July	26	<u>(543)</u>	<u>(5,475)</u>

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES

For the Year ended 31 July 2007

	Note	2006/2007 £000	2005/2006 £000
(Deficit) / Surplus after Depreciation of Assets at Valuation and Tax		(4,190)	2,812
Revaluation of Assets:			
Revaluation of Fixed Assets Buildings	18	-	-
Appreciation of Fixed Asset Investments		20	107
Appreciation on Endowment Asset Investment	12	6	6
Total Recognised (Losses)/Gains relating to the period		<u>(4,164)</u>	<u>2,925</u>

	2006/2007 £000	2005/2006 £000
Reconciliation:		
Opening Reserves and Endowments	95,050	92,125
Total Recognised (Losses)/Gains for the period	(4,164)	2,925
Closing Reserves and Endowments	<u>90,886</u>	<u>95,050</u>

NOTES TO THE ACCOUNTS

For the Year ended 31 July 2007

	2006/2007	2005/2006
	£000	£000
1 Funding Council Grants		
Scottish Funding Council		
Recurrent Grant	45,988	44,231
Specific Grants		
Research	2,089	3,407
Other	1,440	1,614
Funding for Increased STSS Contributions	966	1,286
SRIF Grants	1,100	47
LTIF Funding	3,137	1,887
Deferred Capital Grants Released		
Buildings and Minor Works (Note 17)	123	119
Equipment (Note 17)	633	539
	<u>55,476</u>	<u>53,130</u>
2 Academic Fees and Education Contracts		
UK and EU Student Fees	11,278	11,657
Overseas Students (Non-EU)	5,859	4,007
Education Contracts - Nursing Contract	8,445	7,362
	<u>25,582</u>	<u>23,026</u>
3 Research Grants and Contracts		
Grants and Contracts	<u>4,481</u>	<u>4,262</u>
<p>This sum includes Industrial and Government-funded Research Grants and contracts. It excludes SFC funding for research shown in Note 1.</p>		
4a Other Operating Income		
Residences, Catering and Conferences	2,457	2,754
Other University Services	9,131	8,178
Rental Income	-	2,630
Other Income	1,294	1,794
Subsidiary Undertaking	1,679	1,767
	<u>14,561</u>	<u>17,123</u>
4b Profit on Sale of Fixed Assets		
Net Gain on Sale of Asset - Gibson Halls	-	1,918
	<u>-</u>	<u>1,918</u>
5 Endowment Income and Interest Receivable		
Transferred from Specific Endowments	62	33
Other Interest Receivable	279	70
	<u>341</u>	<u>103</u>

	2006/2007	2005/2006
	£000	£000
6 Staff Costs		
Wages and Salaries	55,407	52,836
Social Security Costs	4,522	4,291
Other Pension Costs	6,204	5,699
	<u>66,133</u>	<u>62,826</u>

Analysed as:	2006/2007	2005/2006
	£000	£000
Staff on Permanent Contracts	51,605	48,863
Staff on Temporary Contracts	14,528	13,963
	<u>66,133</u>	<u>62,826</u>

Principal

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

Benefits in Kind	1	-
Employers' Pension Contributions	22	11
	<u>23</u>	<u>11</u>

The base salary for 2006/07 was £157,000.

Average Staff Numbers by Major Category

	2006/2007	2005/2006
	Number	Number
Academic	887	841
Technical	86	90
Administrative	651	653
Others	115	128
	<u>1,739</u>	<u>1,712</u>

**Remuneration of Other Higher Paid Staff,
including Non-Superannuable Elements,
but Excluding Employers' Pension Contributions**

	2006/2007	2005/2006
	Number	Number
£70,000 - £79,999	4	6
£80,000 - £89,999	4	5
£90,000 - £99,999	4	2
£100,000 - £109,999	3	-
£110,000 - £119,999	1	-

**Aggregate compensation for loss of office paid to
former senior postholders/higher paid employees**

	2006/2007	2005/2006
	£000	£000
Compensation paid to former postholders	246	-
Estimated value of other benefits, including provisions for pension benefits	9	-
	<u>255</u>	<u>-</u>

Exceptional Restructuring Costs

During the year the University operated a Voluntary Early Release
Scheme open to all staff. The breakdown of that scheme is as follows;

	2006/2007	2005/2006
	£000	£000
Academic	4,571	-
Administrative	1,549	-
Technical	191	-
Others	48	-
Associated Costs (non payroll)	254	-
	<u>6,613</u>	<u>-</u>

NOTES TO THE ACCOUNTS

Continued

	2006/2007	2005/2006
7 Other Operating Expenses	£000	£000
Consumables and Maintenance	3,088	4,346
Rentals and Leases	804	3,554
Repairs and General Maintenance	5,157	2,688
Other Expenses	2,407	2,369
Professional Fees	1,458	1,551
Rates, Heat, Light, Water and Power	1,529	1,401
Books and Periodicals	1,265	1,254
Research Students	1,352	1,211
Staff Development	1,069	1,075
Travel and Subsistence	945	936
Computer and Other Equipment	1,435	815
Advertising Costs	490	707
Pension Provision	123	635
Bad Debt Write Off and Provisions	157	635
Grants to Students Association	489	532
Printing and Stationery	417	456
Payment to External Bodies	491	451
Subsidiary Undertaking	263	439
Joint Courses	341	379
Residences, Catering and Conferences	450	369
Postage Costs	191	284
Staff Recruitment	721	282
Furniture and Fittings	168	276
Telephone	152	224
External Examiners	232	217
Student Placements and Expenses	291	173
Overseas Recruitment	310	166
Irrecoverable Insurance Costs	-	128
Childcare	144	125
Financing Charges	25	34
Auditors' Remuneration:		
External Auditors' Remuneration	47	48
Internal Auditors' Remuneration	65	70
Other Services from External Auditors	13	-
Internal Auditors	-	4
Grant Assisted Works:		
Building and Minor Works	283	356
Equipment	1,169	1,342
	<u>27,541</u>	<u>29,532</u>
	2006/2007	2005/2006
Other Operating Expenses Include:	£000	£000
Hire of Plant and Machinery - Operating Leases	213	260
Hire of other Assets - Operating Leases	608	3,284
	<u><u>608</u></u>	<u><u>3,284</u></u>
	2006/2007	2005/2006
8 Interest Payable	£000	£000
Loans not wholly repayable within five years	54	133
	<u><u>54</u></u>	<u><u>133</u></u>

NOTES TO THE ACCOUNTS

Continued

	Staff Costs	Exceptional Operating Costs	Other Operating Expenses	Depreciation	Interest Payable	2006/2007 Total	2005/2006 Total
	£000	£000	£000	£000	£000	£000	£000
9 Analysis of Expenditure by Activity							
Academic Departments	36,896	-	4,223	620	-	41,739	35,324
Academic Services	5,659	-	4,161	625	-	10,445	10,835
Research Grants and Contracts	3,184	-	1,412	-	-	4,596	4,184
Residences, Catering and Conferences	895	-	450	-	-	1,345	1,202
Premises	-	-	9,800	2,805	-	12,605	12,823
Administration	8,963	-	4,067	240	54	13,324	12,416
Other Expenses	9,591	6,613	3,165	-	-	19,369	18,638
GCUC	945	-	263	-	-	1,208	1,328
Total per Income and Expenditure Account	66,133	6,613	27,541	4,290	54	104,631	96,750

	Freehold Land and Buildings	Fixtures & Fittings	Assets Under Construction	Equipment and Furniture	Total
	£000	£000	£000	£000	£000
10 Tangible Assets					
Consolidated & University					
Valuation/Cost					
At 1 August 2006: Valuation/Cost	111,535	1,392	131	10,586	123,644
Additions	-	-	289	1,414	1,703
Disposals	-	-	-	(466)	(466)
Transfers	-	-	(131)	131	-
At 31 July 2007: Valuation/Cost	111,535	1,392	289	11,665	124,881
Depreciation					
At 1 August 2006	(2,374)	(224)	-	(6,182)	(8,780)
Charge for Year	(2,374)	(197)	-	(1,719)	(4,290)
Disposal	-	-	-	466	466
At 31 July 2007	(4,748)	(421)	-	(7,435)	(12,604)
Net Book Value					
At 1 August 2007	106,787	971	289	4,230	112,277
At 1 August 2006	109,161	1,168	131	4,404	114,864

Buildings with a net book value of £35.7m have been funded from Treasury sources: should these particular buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Scottish Funding Council.

At the year end the University instructed Ryden LLP, Chartered Surveyors to carry out an interim valuation, this concluded that there would be no decrease in the value of the University's buildings that were previously fully valued as at 8th September 2005.

	Consolidated		University	
	2007	2006	2007	2006
	£000	£000	£000	£000
11 Investments				
Treasury Index Linked Stocks	2,070	2,072	2,070	2,072
Subsidiary Undertaking at cost	-	-	110	110
Other Investments	212	190	212	190
	2,282	2,262	2,392	2,372

11 Investments (continued)

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 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 2007 GCUC Ltd paid £489,000 Gift Aid to the University (2006, £457,000).

The "Other Investments" represents an investment in a Britannic Unit Trust Saving Scheme. This investment was originally intended to redeem an Alba Life Loan. This loan has since been repaid in full.

12 Endowments	£000
At 1 August 2006	380
Appreciation of Endowment Asset Investments	6
Income for the year	62
Transferred to income and expenditure account	(19)
	<u>429</u>
At 31 July 2007	<u>429</u>
Represented by	
Investments Revalued	106
Funds within University Bank Account	323
	<u>429</u>
At 31 July 2007 the endowments comprise:	
Fellowships and Chairs	1
Prizes and Scholarships	192
Books	12
Other Funds	224
	<u>429</u>

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

	Consolidated		University	
	2007	2006	2007	2006
13 Debtors: Amounts Falling Due Within One Year	£000	£000	£000	£000
Trade Debtors	3,117	3,351	2,726	2,735
Other Debtors	880	467	880	467
Subsidiary Undertakings	-	-	167	569
Prepayments and Accrued Income	1,951	2,604	1,899	2,515
	<u>5,948</u>	<u>6,422</u>	<u>5,672</u>	<u>6,286</u>

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

	Consolidated		University	
	2007	2006	2007	2006
14 Creditors: Amounts Falling Due Within One Year	£000	£000	£000	£000
Bank Overdraft	-	317	-	317
Trade Creditors	1,805	1,677	1,801	1,677
Social Security and Other Taxation Payable	1,495	1,434	1,495	1,423
Accruals and Deferred Income	12,246	6,703	11,995	6,627
	<u>15,546</u>	<u>10,131</u>	<u>15,291</u>	<u>10,044</u>

NOTES TO THE ACCOUNTS

Continued

	Consolidated & University	
	2007	2006
	£000	£000
15 Creditors: Amounts Falling Due After More Than One Year		
Loan Facility	5,200	5,500
	<u>5,200</u>	<u>5,500</u>

	Consolidated & University		
	Pensions £000	Payroll £000	Total £000
16 Provision For Liabilities and Charges			
At 1 August 2006	7,434	-	7,434
Expenditure in the Period	(431)	-	(431)
Revaluation Adjustment	140	-	140
Additional Provision Required in Year	64	555	619
	<u>64</u>	<u>555</u>	<u>619</u>
At 31 July 2007	<u>7,207</u>	<u>555</u>	<u>7,762</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 SFC new blood schemes 1994/95 and 1995/96 (£1.6m).

The capital equivalent of future annual pension commitments has been based on an actuarial valuation at 31 July 2007 by Hymans Robertson, Actuaries and Consultants.

	Buildings	Equipment	Total
	£000	£000	£000
17 Deferred Capital Grants			
University & Consolidated			
At 1 August 2006	4,619	1,346	5,965
Receivable during the year	-	775	775
Released to Income and Expenditure Account	(123)	(633)	(756)
	<u>(123)</u>	<u>(633)</u>	<u>(756)</u>
At 31 July 2007	<u>4,496</u>	<u>1,488</u>	<u>5,984</u>

	Revaluation	Other	Total
	Reserve £000	Funds £000	£000
18 University & Consolidated Reserves			
Balance at 1 August 2006	39,834	54,836	94,670
Deficit for the year	-	(4,233)	(4,233)
Transfer to Revaluation Reserve	6	(6)	-
Appreciation of Investments	20	-	20
Transfer of amount equivalent to additional depreciation of Fixed Assets	(652)	652	-
	<u>(652)</u>	<u>652</u>	<u>-</u>
Balance as at 31 July 2007	<u>39,208</u>	<u>51,249</u>	<u>90,457</u>

NOTES TO THE ACCOUNTS

19 Lease Obligations

At 31st July 2007 the University had annual commitments under non-cancellable operating leases as follows:

	Consolidated & University	
	2007	2006
	£000	£000
Land and buildings		
Expiring within one year	1	-
Expiring within two to five years	945	81
Expiring in over five years	-	945
	<u>946</u>	<u>1,026</u>

The University had an agreement with Glasgow Caledonian University Charitable Trust involving the lease and leaseback of the Library and the Govan Mbeki Health Building. This agreement ended during the year.

	Consolidated & University	
	2007	2006
	£000	£000
Other		
Expiring within one year	152	141
Expiring within two to five years	65	38
Expiring in over five years	-	39
	<u>217</u>	<u>218</u>

20 Capital Commitments

	Consolidated & University	
	2007	2006
	£000	£000
Commitments contracted	5,305	1,718
Authorised but not contracted	2,963	2,410
	<u>8,268</u>	<u>4,128</u>

Included in the 2007 'Commitments contracted' is £4.75m which represents amounts paid for the purchase of land adjacent to the campus for the construction of an International College.

21 Contingent Liabilities

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

22 Reconciliation of Consolidated Operating	2006/2007	2005/2006
Surplus to Net Cash Inflow from Operating Activities	£000	£000
(Deficit)/Surplus before tax	(4,233)	2,812
Depreciation	4,290	4,259
Deferred Capital Grants Released to Income	(756)	(659)
Write off expenditure previously capitalised	-	627
Interest Payable	54	113
Interest Receivable	(280)	(85)
Gain on Disposal of Fixed Asset	-	(1,918)
(Increase) / Decrease in Stocks	(17)	11
Decrease / (Increase) in Debtors	474	(2,031)
Increase / (Decrease) in Creditors	5,398	(1,020)
(Decrease) / Increase in Provisions	308	213
	<u>5,238</u>	<u>2,322</u>

23 Returns on Investments and Servicing of Finance	2006/2007	2005/2006
	£000	£000
Interest Paid	(54)	(113)
Income from Endowments (Note 5)	62	33
Other Interest Received	280	52
	<u>288</u>	<u>(28)</u>

24 Capital Expenditure and Financial Investment	2006/2007	2005/2006
	£000	£000
Tangible Assets Acquired	(1,369)	(7,300)
Deferred Capital Grants Received	775	132
Disposal of Property	-	1,918
Insurance Compensation	-	2,440
	<u>(594)</u>	<u>(2,810)</u>

25 Financing	2006/2007	2005/2006
	£000	£000
Debt due beyond a year:		
Draw down on revolving credit facility	-	1,000
Repayments of amounts borrowed	(300)	-
	<u>(300)</u>	<u>1,000</u>

26 Analysis of Changes in Net Funds	At 1 August	Cash Flows	At 31 July
	£000	£000	£000
Cash at Bank and in Hand	342	4,315	4,657
Debt due after One Year	(5,500)	300	(5,200)
Bank Overdraft	(317)	317	-
	<u>(5,475)</u>	<u>4,932</u>	<u>(543)</u>

Cash at Bank and In Hand Reconciliation

Cash at Bank and in hand per Balance Sheet	61	4,334
Endowment Adjustment	281	323
	<u>342</u>	<u>4,657</u>

27 Pension Schemes

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

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

Academic staff STSS (from 1 April 2007, 12.5% before)	13.5%
Academic staff (USS)	14.0%
Administrative and Manual Staff SPF (from 1 April 2007, 15.6% before)	16.2%

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

	2006/2007	2005/2006
The total pension costs for the year were:	£000	£000
Normal contribution to:		
STSS	4,123	3,825
SPF	2,009	1,863
USS	72	11
Pension Provision	<u>123</u>	<u>635</u>
	<u>6,327</u>	<u>6,334</u>

The Scottish Teachers Superannuation Scheme (STSS), the Strathclyde Pension Fund (SPF) and the Universities Superannuation Scheme (USS) are all 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 on a consistent and reasonable basis. Accordingly the University has utilised the provisions of FRS17 whereby the contributions to schemes be accounted for as if it were a defined contribution scheme. As such, the cost recognised within the University's Income and Expenditure account will be equal to the contribution payable to the schemes for the year.

The Strathclyde Pension Fund

The Strathclyde Pension Fund provides benefits on final pensionable salary for employees of local government and some other institutions. This scheme, a multi-employer defined benefits scheme covers past and present employees. It is not possible to identify the University's share of the underlying liabilities of this scheme on a consistent and reasonable basis and contributions to the scheme are therefore accounted for as if it were a defined contribution scheme. The cost recognised within the income and expenditure account is equal to the contributions payable to the scheme for the year.

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

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

The employer's contribution rate payable by the University was 15.6% of the members' salaries until 31 March 2007 and 16.2% thereafter.

27 Pension Schemes (continued)

The Scottish Teachers Superannuation Scheme

The Scottish Teachers Superannuation Scheme provides benefits based on final pensionable salary for Scottish Teachers. The fund is administered by Scottish Public Pensions Agency. It is not possible to identify the University's share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and contributions to the scheme are therefore accounted for as if it were a defined contribution scheme. The cost recognised within the income and expenditure account is equal to the contributions payable to the scheme for the year.

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

The level of contribution paid by employing institutions was 12.5% of members' salaries until 31 March 2007 and 13.5% thereafter. The total cost for 2006/07 is shown earlier in this note and this represents the full and total extent of the University's liability in respect of this scheme.

Universities Superannuation Scheme (USS)

The Universities Superannuation Scheme provides benefits on final pensionable salary for staff within Higher Education. This is a defined benefit scheme which is externally funded and the assets of the scheme are held in a separate trustee administered fund. It is not possible to identify each participating institution's share of the underlying assets and liabilities of the scheme and contributions to the scheme are therefore accounted for as if it were a defined contribution scheme. The cost recognised within the income and expenditure account is equal to the contributions payable to the scheme for the year.

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

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

28 Related Party Transactions

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

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

29 Childcare and Hardship Fund

	Childcare Fund	Hardship Fund	Total
	£000	£000	£000
Balance brought forward	21	67	88
Funds Received in Year	227	711	938
Expenditure	(79)	(777)	(856)
Repayable to funding body (clawback)	(65)	(15)	(80)
Virements	(83)	83	-
Balance carried forward	<u>21</u>	<u>69</u>	<u>90</u>

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

30 Post Balance Sheets Events

After the year end the University purchased land adjacent to the Campus for c£4.75m. This land is intended for the construction of an International College.



NOTES



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