



ANNUAL REPORT & ACCOUNTS

YEAR ENDED : 31ST JULY 2004

GLASGOW



CALEDONIAN
UNIVERSITY

2003 - 2004

ANNUAL REPORT AND ACCOUNTS

YEAR ENDED: 31 JULY 2004

CONTENTS

An Introduction to Glasgow Caledonian University	1
Report from the Principal and Vice-Chancellor	2 - 3
Responsibilities of the University Court	4 - 5
Corporate Governance Statement	6 - 7
Report of the Chairman of the Finance & General Purposes Committee	8 - 9
Report of the Auditors	10-11
Statement of Principal Accounting Policies	12-13
Consolidated Income and Expenditure Account	14
Balance Sheets	15
Consolidated Cash Flow Statement	16
Notes to the Accounts	17 - 26

UNIVERSITY'S PROFESSIONAL ADVISORS

Bankers

Royal Bank of Scotland plc

23 Sauchiehall Street
Glasgow G2 3AD

External Auditors

PricewaterhouseCoopers LLP

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

Internal Auditors

KPMG LLP

Chartered Accountants
24 Blythswood Square
Glasgow G2 4QS

Solicitors

MacRoberts

Solicitors
152 Bath Street
Glasgow G2 4TB

AN INTRODUCTION TO GLASGOW CALEDONIAN UNIVERSITY

Glasgow Caledonian University is a modern University, with over 15,000 students studying for undergraduate, postgraduate and research degrees across its eight academic schools. Close links with employers ensure that programmes are highly relevant and that they 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 the West of Scotland.

In 2002, the University agreed its vision for the year 2010:

GCU will be entrepreneurial. We will change to be 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 and 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.*

The University has agreed the following six strategic goals which will enable it to deliver the overall vision.

The University will be clearly differentiated from other Scottish universities through its distinctive combination of emphases on and being renowned for:

- *Enabling all our students to achieve their full potential (including life skills for the labour market and life long learning)*
- *Providing high quality applied research to contribute to the economic development of Scotland*
- *Being responsive in meeting the needs of employers and other key stakeholders in Scotland for Knowledge Transfer, including CPD and consultancy*
- *Being an employer of first choice*
- *Providing equality of opportunity and promoting social justice*
- *Increasing the percentage of non-SHEFC income.*

REPORT FROM THE PRINCIPAL & VICE-CHANCELLOR

In 2002 the University agreed its vision for the year 2010. In 2003-04, the focus turned to delivering that vision through the design and implementation of a range of strategic projects, through the development of the University's infrastructure - people, buildings and technology - and by ensuring that the University's external image accurately reflects the internal developments.

THE STUDENT EXPERIENCE

A major strategic project to improve the student experience and student engagement - *Partners in Delivery* - was developed in close partnership with the Students' Association throughout 2003-04 and launched in September 2004. The project includes a partnership agreement between the University and each student and aims to encourage student engagement through a student leaders programme. *Partners in Delivery* also aims to develop employability attributes in all Caledonian graduates.

The University is committed to using innovative approaches to learning and teaching. Extensive use is already made of a University-wide "Blackboard" managed learning environment. The Student Access to Services project will provide integrated and easily accessible support for students both in the Learning Centre and online. It will optimise IT provision of general information and advice to students so that relevant staff can focus on tailoring expert advice in person. The delivery of services will be concentrated in the new Learning Centre hub.

The University met its targets for undergraduate programmes in 2003-04 and applications for degree programmes remain buoyant, with an increase in applications for entry in 2004 of 3.4% on the previous year. 20% of undergraduate students are admitted to the University with advanced standing, usually the result of gaining a qualification in a FE college and the University maintains close links with local colleges. 26.3% of students in 2002-03 were from low participation areas which is well above our benchmark of 14.2% and the University's success at attracting students from areas of low participation in HE was recognised by SHEFC which awarded 90.9 FTE additional funded places in 2003-04.

The latest published data suggests that 76.5% of students who started in 2001-02 are expected to gain a degree but we know from our internal figures for more recent years that our student completion rate is continuing to improve. Over 90% of Caledonian graduates secure employment within 6 months of graduation.

INFRASTRUCTURE DEVELOPMENT

Improvements in the student experience are complemented by the campus development programme to enhance the physical environment for students and staff. The new North Hanover Street building, completed in November 2003, will eventually house the Students' Association and currently houses several professional support departments and staff social space. The 490-seater Carnegie lecture theatre was completed in October 2004.

In October 2003, Court confirmed its decision to proceed with a Learning Centre. Following a tendering process, the main construction work started on the site in December 2003, progressed according to schedule through the rest of the year and is on target for opening in September 2005. The Learning Centre will act as a hub on campus, connecting the two main teaching blocks, and providing a focus for the whole student experience and increasing the number of learning spaces available on campus to over 1800.

The University is continuing to develop its IT infrastructure through the replacement of management information systems, investment in telephony and resilience wiring and the expansion of laptop and wireless provision. A new library system was implemented in September 2004. Three of the main management information systems have faced delays and, consequently, the student records system may require to be re-scoped and re-started.

RESEARCH, KNOWLEDGE TRANSFER AND COMMERCIALISATION

The University's revised research, knowledge transfer and commercial development strategy seeks to maximise the contribution of research to teaching within the University and also to the local economy and will guide the University's response to external developments such as the RAE 2008. The University's research culture will be further strengthened by the development of a virtual graduate school which will provide support for the University's growing number of research students.

The Caledonian Futures project is bringing key academic leaders to the University to develop niche multidisciplinary centres for applied research, knowledge transfer, CPD and consultancy in behavioural aspects of health and disease, applied ethics and forensic investigation. This builds on the eight centres for applied research which the University decided to establish in early 2003 and which became a reality in 2003-04. These are in the following areas: Heritage, Biomedical and Nutritional Sciences, Indoor Climate and Health, Vision in Health, Risk and Governance, Gerontological Care, Criminal Violence and Sustainability.

Major grants awarded to the University include:

- West of Scotland Centre for Therapeutic Practice, with GCU leading a consortium of Glasgow, Stirling, Strathclyde and Paisley Universities and Bell College which has been awarded £3.2m by SHEFC and the Scottish Executive.
- a contract to deliver nurse-based education in Kosovo worth 944,373 Euro
- the £720k SpokenWord project in collaboration with the BBC and two US-based Universities

Research income is currently 6.4% of the University's total income, and Research, CPD and other Academic income is some 40% of the total Research, Teaching and other SHEFC grants, providing an indication of the significant contribution from non-SHEFC sources.

MEETING EMPLOYER NEEDS

The University is improving its responsiveness to employer needs by investing in an additional three Caledonian Business Development Managers and through the Caledonian Ambassadors project which will use GCU Alumni to actively promote GCU, its services and programmes. Over the year, the University has been developing a new marketing strategy which recognises the business sector, including the public and voluntary sectors, as a key target market segment.

INTERNATIONAL ACTIVITIES

Overseas student numbers rose significantly in 2003-04 and further expansion is planned. Building on the success of existing international collaborations (for example in Oman), the University is proactively seeking to expand and develop a range of new collaborations both in teaching and research.

PEOPLE FOR 2010

The University's Human Resources Strategy was approved in autumn 2003 and this encompasses a range of projects to create an environment in which staff can deliver the 2010 vision. This includes developing 'people for 2010' through leadership and management programmes and the pay and reward strategy, as well as developing process excellence in HR service delivery. The strategy will also enable the University to implement the national Framework Agreement for the Modernisation of Pay Structures by 2006 and the various projects designed to deliver this are being taken forward in partnership with the trade unions. The University is also revising its Health and Safety Strategy and the structure which supports this.

Glasgow Caledonian University is committed to the principles of promoting equality of opportunity, recognising and valuing diversity, and being inclusive of all sectors of society in all aspects of University life. In March 2004, Court approved a revised Equality and Diversity Policy and a new Equality and Diversity Strategy. These are being delivered through a strategic equality and diversity project including awareness raising activities such as the University's [ALLinclusive] campaign and the launch of an equality and diversity website. A programme of assessing all policies for their equal opportunities impact has begun. An equality and diversity index has been developed to assist the Equality and Diversity Group and the Court in monitoring the University community.

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 both applicants for employment and existing staff are not discriminated against on grounds of disability. The University will make reasonable adjustments where appropriate, and will not give less favourable treatment to a disabled person for a reason relating to their disability, unless such treatment is justified. The University's Equality and Diversity Group and Equality and Diversity Adviser work together to implement the University's Equality and Diversity Policy, Strategy and Project Plan, which outlines the University's activities on equality issues in general, and more specifically in relation to disability.

DR I A JOHNSTON, CB, DL

Principal and Vice-Chancellor

09 December 2004

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, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Court is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and 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 Higher Education 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 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;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Court is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Court also has responsibility for ensuring that funds from the Scottish Higher Education Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe.

There is a requirement on the Court to ensure there is a sound system of internal control in place to support the inclusion of a full corporate governance statement in the annual accounts.

To evaluate the effectiveness of internal control, the University uses the framework developed by the British Universities Finance Directors Group (BUFDG). This framework incorporates the necessary elements for a full corporate governance statement including risk management, the control environment, membership and operation of the Governing Body, corporate strategy, budgetary control, remuneration, audit and review of controls.

Annually, the Audit Committee receives a report in the form of an evidence matrix which details the evidence of activity against each of the elements of the BUFDG framework for the year just ended. It is by considering this evidence that the Audit Committee decides whether a full corporate governance statement can be included in the annual accounts.

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

UNIVERSITY COURT MEMBERS

Miss Maria Stafford
Chairman
Dr Ian A Johnston, CB
Principal and Vice-Chancellor
Ms Elaine Allen
Mr Antony Brian
Mr G Martin F Cheyne
Ms Alison Culpan
Professor Gordon C A Dickson (to 11.06.04)
Vice-Principal, Operations
Dr Neil F Grant
Ms Wilma Grosset
Dr Pramod Jauhar
Mr Ralph M Leishman
Mr John N Maclean
Mr Stephen McCafferty
Professor Prem C Misra
Mr Hugh O'Neill
Dr Adrian Pierotti
Mr Alexander O Pratt
Mr Danny Rafferty
Mr Ian Smith
Dr Alison M Spaul
Mr Daniel Steel (to 31.07.04)
President of the Students' Association
Professor John R Tarrant
Mr Ken Zaremski

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 (to 11.06.04)
Vice-Principal, Operations
Professor Cliff Hardcastle (from 20.04.04)
Mr Hugh O'Neill
Dr Adrian Pierotti
Ms Alison Rooney
Dr Alison M Spaul
Mr Daniel Steel (to 31.07.04)
President of the Students' Association
Professor John Taylor (to 20.04.04)
Mr Ken Zaremski

MEMBERS OF AUDIT COMMITTEE

Mr John N Maclean
Chairman
Professor Grete Birtwistle (from 05.10.04)
Mr Antony Brian
Dr Neil F Grant
Dr Pramod Jauhar
Professor Michael Mannion (to 01.06.04)

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 2004. There was, however, an internal weakness in relation to the control of Management Information Systems (MIS) projects. This weakness did not extend beyond the projects and specific actions have been taken to address the issues.

UNIVERSITY COURT

The University Court meets seven times a year and has several 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 post-holders for the year ended 31 July 2004 are set out in note 6 to the financial statements and are reported in full in confidence to the whole Court.

The Audit Committee meets five times a year, 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 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 Higher Education Funding Council as they affect the University's business and monitors adherence to the regulatory requirements.

Whilst senior executives attend meetings of the Audit Committee as necessary, 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. The University also has a comprehensive estates strategy which is reviewed regularly by the University Executive Board and Court, and which has been updated this year.

UNIVERSITY COURT STATEMENT ON INTERNAL CONTROL

The University's Court is ultimately responsible for the University's system of internal control and, as accountable 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 Resourcing Group receives monthly comprehensive reports on budgetary matters with out-turns 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 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 University has an established approach to the identification and management of risk which is based partly on the risk-jury methodology. There is a strategic risk register which is reviewed annually by Court, Audit Committee and the University Executive Board and which includes impact analysis and mitigating actions. In addition, there is a Business Continuity Plan which is being developed further. 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, and discussions are underway to convert such information into a more formal risk register approach.

All major projects require to be set up and run under formal project management arrangements. In year, however, an internal weakness occurred with the control of the new Management Information Systems (IT-based) project which resulted in the University not being able to proceed with the project as originally envisaged and hence having to terminate the supply contract and incur a financial loss. This was highlighted to the Court. The University commissioned its internal auditors to review the project and also engaged the services of an external IT expert to determine the best way forward in respect of the MIS developments. As a result of both of these pieces of work, the University has made substantial efforts to address many of the issues identified. These include the introduction of PRINCE2 methodology, a dedicated Executive member to lead the project and employment of an overall programme manager covering all IT projects.

The Audit Committee receives regular reports from the internal auditors. There is a three-year strategic audit plan which is developed using a risk-based and compliance approach. With the exception of the MIS project highlighted above, all reports to the Audit Committee had satisfactory outcomes with the number of recommendations falling overall this year. At its meeting on 5 October 2004, the Audit Committee reviewed the evidence matrix on internal control presented by the Executive Director of Resources and Administration and agreed that the evidence provided enabled a full corporate governance statement to be made in the 2003/04 annual accounts, subject only to the disclosure of the internal weakness on the MIS project, as detailed above.

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 2004 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.

GOING CONCERN

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

MISS MARIA STAFFORD

Chairman of University Court
09 December 2004

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 2004 are summarised as follows:

	2003/2004	2002/2003
	£000	£000
Income	86,846	81,679
Sales of Fixed Assets	1,473	-
Expenditure	85,605	78,227
Surplus	2,714	3,452
Historical Cost Adjustments	740	591
Subsidiary Adjustment	-	64
Historical Costs Surplus	3,454	4,107

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

INCOME

Total turnover has increased by 6% to £87m. The non-SHEFC income has increased by 4% over the previous year. Within this category, income from external activities within Schools has increased by 8% compared with the previous year. The University achieved its budgeted student number targets for 2003/4 keeping within the Funding Council's upper threshold for eligible full-time undergraduate students. The Nursing Contract, with a turnover of £6.4m, made a significant contribution to the University's financial performance.

KEY PERFORMANCE INDICATORS

- **Short-Term Liquidity**
(ratio of current Assets to current Liabilities)

2003/04	0.63
2002/03	1.12

The decrease is reflected in the reduction of the cash position due to funding the campus development programme from our own resources and repayment of the Alba Life Loan.
- **Long-Term Solvency**
(ratio of Long Term Debt to Total Assets)

2003/04	Nil
2002/03	0.025

With the repayment of the Alba Life Loan, the University is currently free of debt.
- **International Student Fee Income**

2003/04	£1.229m
2002/03	£1.085m

Reflects a significant increase in overseas students.
- **% RAE and Non-RAE Research Income to Total Income**

2003/04	6.4%
2002/03	5.3%

Small increase in this area.
- **% Commercial and Other Income to Total Income**

2003/04	26.5%
2002/03	27.8%

Although there has been an increase year on year, there has been a slight decrease in percentage terms to total turnover.

NET ASSETS

The consolidated Net Assets of the University at 31 July 2004 amounted to £88.6m. These assets were represented by Endowments £0.4m, Revaluations £35.8m, Income and Expenditure Account £46.5m and Deferred Capital Grants £5.9m. Although the value of the land and buildings has increased by around £7m since last year, the land value has reduced from £3.7m to £0.4m due to changing the valuation basis to educational use. This is based on the latest two-yearly revaluation prepared by professional surveyors.

CAPITAL PROJECTS

The £41.4m eight-year programme for campus development, which commenced in July 2002, is well underway and within budget. The major building investment, the £20m Learning Centre, is progressing according to plan and due for completion in July 2005. The North Hanover Street Building was completed, under budget albeit several weeks late.

Other projects such as the £1.1m Carnegie Lecture Theatre and the £0.7m Vision Science Clinic relocation have enhanced the learning experience for students as the University continues to invest in its infrastructure for the future.

During the year, there were further serious delays to the MIS projects which have resulted in revised timescales for the finance and HR projects. In addition, the University decided to terminate the student records system project.

CASH FLOW

The net cash inflow arising from the year's operating activities was £5.5m. After spending £9m on capital projects, repaying the Alba Life Ltd £2m loan and returns on investment of £0.3m, there was a net cash outflow of £5.2m. This reflects the University's strategy of funding, as far as possible, the major capital projects from within its own resources before resorting to the loan facility (see below).

LONG-TERM FINANCING AGREEMENTS

The University has a £15m rollover loan facility from the Allied Irish Bank which has not yet been drawn down. It is anticipated that it will be drawn down in part during 2004/05. The £2m Alba Life Loan was repaid during the year.

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.

LOOKING FORWARD

The recent Comprehensive Spending Review announcement by the Scottish Executive, in which the Higher Education sector as a whole is to receive a real increase of over 18% in overall funding, provides some comfort for the University as it moves forward with its 2010 vision and related developments. Of particular significance to the long-term financial strategy are the following developments:

- next phase of the campus development programme which involves a further newbuild on the campus
- conversion of the University to IP telephony and the associated wiring resilience and upgraded server room works
- implementation of the framework agreement involving full-scale job evaluation exercise and subsequent assimilation of staff onto a single pay spine
- the next Research Assessment Exercise in 2008 and the University's submission which will trigger funding for 2009 onwards
- joint Nursing School developments with Glasgow University
- replacement of the student records system and completion of current HR and finance system projects
- implementation of 2010 vision and the generation of non-SHEFC income.

CONCLUSION

The University Court continues to keep the long-term financial position under review. Overall, good progress was made with the planned developments for 2003/04 and the specific 2010 projects, 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.

MR RALPH M LEISHMAN

Chairman of the Finance & General Purposes Committee
09 December 2004

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

We have audited the financial statements which comprise the consolidated Income and Expenditure Account, the University and Group Balance Sheets, the consolidated Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out in the statement of accounting policies.

RESPECTIVE RESPONSIBILITIES OF THE UNIVERSITY COURT AND THE AUDITORS

As described in the Statement of Responsibilities of the Court, the University Court is responsible for the preparation of the financial statements in accordance with the University's Statutory Instrument, the Accounts Direction issued by the Scottish Higher Education Funding Council, the Statement of Recommended Practice - Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the University Court of Glasgow Caledonian University. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 Accounts Direction issued by the Scottish Higher Education Funding Council and the Statement of Recommended Practice - Accounting for Further and Higher Education. 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, 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 mis-statements or material inconsistencies with the financial statements. The other information comprises only the Report of the Chairman of the Finance and General Purposes Committee and Corporate Governance Statement.

We also review the statement on the system of internal control (included as part of the Corporate Governance Statement) and comment if the statement is inconsistent with our knowledge of the University. We are not required to consider whether the statement of internal control covers all risks and controls, or to form an opinion on the effectiveness of the University's corporate governance procedures or its risk and control procedures.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board and the Audit Code of Practice issued by the Scottish Higher Education Funding Council. An audit includes an 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 University Court in the preparation of the financial statements and 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 reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

OPINION

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the University and the Group as at 31 July 2004, and of the surplus of income over expenditure, recognised gains and losses and cash flows of the group for the year then ended, and have been properly prepared in accordance with the Accounts Direction issued by the Scottish Higher Education Funding Council and the Statement of Recommended Practice - Accounting for Further and Higher Education;
- in all material respects, 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
- in all material respects, 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.

PRICEWATERHOUSECOOPERS LLP

Chartered Accountants and Registered Auditor, Glasgow

09 December 2004

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 for the year ended 31 July 2004.

The profits and losses of the subsidiary undertaking 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 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 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 2004 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 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 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. 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 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 2004

	Note	2003/2004 £000	2002/2003 £000
Income			
Funding Council Grants	1	46,267	42,278
Academic Fees	2	13,183	12,999
Research Grants and Contracts	3	3,720	3,354
Other Operating Income	4a	23,390	22,705
Sale of Fixed Asset	4b	1,473	-
Endowments Income and Interest Receivable	5	286	343
Total Income		88,319	81,679
Expenditure			
Staff Costs	6	55,538	49,705
Depreciation	10	3,296	2,774
Other Operating Expenses	7	26,596	25,573
Interest Payable	8	175	175
Total Expenditure	9	85,605	78,227
Surplus after Depreciation of Assets at Valuation and Tax		2,714	3,452
Transfer from Accumulated Income within Specific Endowments		13	(13)
Surplus for the Year Retained within Reserves		2,727	3,439

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

STATEMENT OF HISTORICAL COST SURPLUSES

For the Year ended 31 July 2004

	Note	2003/2004 £000	2002/2003 £000
Surplus after Depreciation of Assets at Valuation and Tax		2,714	3,452
Historical Cost Depreciation difference on Buildings	18	740	591
Subsidiary Adjustments	18	-	64
Historical Cost Surplus		3,454	4,107

BALANCE SHEETS

As at 31 July 2004

	Note	Consolidated		University	
		2004 £000	2003 £000	2004 £000	2003 £000
Fixed Assets					
Tangible Assets	10	97,170	83,600	97,170	83,600
Investments	11	2,004	1,966	2,114	2,076
		<u>99,174</u>	<u>85,566</u>	<u>99,284</u>	<u>85,676</u>
Endowment Asset Investments	12	<u>357</u>	<u>370</u>	<u>357</u>	<u>370</u>
Current Assets					
Stocks		99	95	99	95
Debtors	13	3,650	3,115	4,113	3,232
Cash at Bank and in Hand		3,894	9,187	3,264	8,827
		<u>7,643</u>	<u>12,397</u>	<u>7,476</u>	<u>12,154</u>
Creditors: Amounts Falling Due Within One Year	14	<u>(12,038)</u>	<u>(11,016)</u>	<u>(11,981)</u>	<u>(10,883)</u>
Net Current (Liabilities)/Assets		<u>(4,395)</u>	<u>1,381</u>	<u>(4,505)</u>	<u>1,271</u>
Total Assets Less Current Liabilities		<u>95,136</u>	<u>87,317</u>	<u>95,136</u>	<u>87,317</u>
Creditors: Amounts Falling Due After more than one year	15	-	(2,000)	-	(2,000)
Provisions for Liabilities and Charges	16	<u>(6,499)</u>	<u>(6,098)</u>	<u>(6,499)</u>	<u>(6,098)</u>
Total Net Assets		<u>88,637</u>	<u>79,219</u>	<u>88,637</u>	<u>79,219</u>
Deferred Capital Grants	17	<u>5,887</u>	<u>5,904</u>	<u>5,887</u>	<u>5,904</u>
Endowments					
Specific	12	<u>357</u>	<u>370</u>	<u>357</u>	<u>370</u>
Reserves					
Revaluation Reserve	18	35,888	29,644	35,888	29,644
Income and Expenditure Account	18	46,505	43,301	46,505	43,301
		<u>82,393</u>	<u>72,945</u>	<u>82,393</u>	<u>72,945</u>
Total Funds		<u>88,637</u>	<u>79,219</u>	<u>88,637</u>	<u>79,219</u>

The accounts on pages 11 to 25 were approved by the University Court on 09 December 2004 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, DL
Principal and Vice-Chancellor

CONSOLIDATED CASH FLOW STATEMENT

For the Year ended 31 July 2004

	Note	2003/2004 £000	2002/2003 £000
Net Cash Inflow from Operating Activities	22	5,509	6,040
Returns on Investments and Servicing of Finance	23	286	343
Capital Expenditure and Financial Investment	24	(9,073)	(3,785)
Acquisitions and Disposals		-	-
Management of Liquid Resources		-	-
Financing	25	(2,000)	-
(Decrease)/Increase in Cash in the year		<u>(5,278)</u>	<u>2,598</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

For the Year ended 31 July 2004

	Note	2003/2004 £000	2002/2003 £000
(Decrease)/Increase in Cash in the Year		(5,278)	2,598
(Decrease) in Short Term Deposits		-	-
Decrease in Debt		2,000	-
Movement in Net Funds in the year		(3,278)	2,598
Net Funds at 1 August		<u>7,308</u>	<u>4,710</u>
Net Funds at 31 July	26	<u>4,030</u>	<u>7,308</u>

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES

For the Year ended 31 July 2004

	Note	2003/2004 £000	2002/2003 £000
Surplus after Depreciation of Assets at Valuation and Tax		2,714	3,452
Revaluation of Assets:			
Revaluation of Fixed Assets	18	6,984	-
Unrealised loss on Endowment Investment	12	(10)	(5)
		<u>9,688</u>	<u>3,447</u>

NOTES TO THE ACCOUNTS

For the Year ended 31 July 2004

	2003/2004	2002/2003
	£000	£000
1 Funding Council Grants		
Scottish Higher Education Funding Council Recurrent Grant	43,027	39,827
Specific Grants		
Research	1,958	943
Other	828	1,261
Deferred Capital Grants Released		
Buildings and Minor Works (Note 17)	313	129
Equipment (Note 17)	141	118
	<u>46,267</u>	<u>42,278</u>
	<u><u>46,267</u></u>	<u><u>42,278</u></u>
2 Academic Fees		
Full-Time Students	10,892	10,931
Part-Time Students	1,062	983
Overseas Students	1,229	1,085
	<u>13,183</u>	<u>12,999</u>
	<u><u>13,183</u></u>	<u><u>12,999</u></u>
3 Research Grants and Contracts		
Grants and Contracts	3,720	3,354
	<u>3,720</u>	<u>3,354</u>
	<u><u>3,720</u></u>	<u><u>3,354</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>		
4a Other Operating Income		
Residences, Catering and Conferences	2,211	2,389
Nursing Contract	6,407	5,786
Other University Services	6,141	6,259
Rental Income	5,259	5,259
Other Income	3,372	3,012
	<u>23,390</u>	<u>22,705</u>
	<u><u>23,390</u></u>	<u><u>22,705</u></u>
4b Profit on Sale of Fixed Assets		
Net Gain of Sale of Asset - Chesterfield Playing Fields	1,473	-
	<u>1,473</u>	<u>-</u>
	<u><u>1,473</u></u>	<u><u>-</u></u>
5 Endowment Income and Interest Receivable		
Transferred from Specific Endowments	52	72
Other Interest Receivable	234	271
	<u>286</u>	<u>343</u>
	<u><u>286</u></u>	<u><u>343</u></u>

	2003/2004	2002/2003
6 Staff Costs	£000	£000
Wages and Salaries	46,613	42,705
Social Security Costs	3,641	3,069
Other Pension Costs	4,692	3,152
Pension Provision	592	779
	<u>55,538</u>	<u>49,705</u>
Analysed as:	2003/2004	2002/2003
	£000	£000
Staff on Permanent Contracts	45,076	41,353
Staff on Temporary Contracts	9,870	7,573
Pension Provision	592	779
	<u>55,538</u>	<u>49,705</u>
Emoluments, including non-superannuable elements, of the Principal and Vice-Chancellor	160	156
Benefits in Kind	1	1
Employers' Pension Contributions	<u>23</u>	<u>11</u>

The above includes standard pension contributions of £14k to the STSS and £9k in respect of an Unapproved Unfunded Retirement Benefit Scheme (UURBS). At 31 July 2004 an actuarial valuation required additional provision of £32k 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 2003/04 was £160,250 compared with £153,000 for 2002/03.

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

	2003/2004	2002/2003
	Number	Number
Academic	705	690
Technical	90	90
Administrative	442	436
Others	143	138
	<u>1,380</u>	<u>1,354</u>

	2003/2004	2002/2003
Remuneration of Other Higher Paid Staff, including Non-Superannuable Elements, but Excluding Employers' Pension Contributions	Number	Number
£50,000 - £59,999	39	30
£60,000 - £69,999	8	8
£70,000 - £79,999	2	1
£80,000 - £89,999	4	6
£180,000 - £189,999*	-	1

*Includes severance payment noted below.

	2003/2004	2002/2003
Compensation for loss of office paid to a former senior post holder/higher paid employee	£000	£000
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

	2003/2004	2002/2003
	£000	£000
7 Other Operating Expenses		
Rentals and Leases	6,048	6,116
Other Expenses (including advertising, consultancy, bad debt, printing and stationery)	4,900	5,114
Consumables and Maintenance	3,948	3,783
Joint Courses	295	450
Computer and Other Equipment	1,413	1,307
Travel and Subsistence	929	801
Books and Periodicals	1,203	1,135
Residences, Catering and Conferences	311	629
Rates, Heat, Light, Water and Power	1,057	959
Professional Fees	1,079	689
Repairs and General Maintenance	1,577	764
Research Students	819	722
Staff Development	906	605
Grants to Students Association	424	419
Telephone	221	199
Financing Charges	22	43
Student Placements and Expenses	56	67
Childcare	69	127
Auditors' Remuneration:		
External Auditors' Remuneration	42	42
Internal Auditors' Remuneration	73	71
Other Services from external auditors	-	-
internal auditors	24	6
Grant Assisted Works:		
Building and Minor Works	506	483
Equipment	674	825
Development Fund Expenditure	-	217
	<u>26,596</u>	<u>25,573</u>

	2003/2004	2002/2003
	£000	£000
8 Interest Payable		
Loans not wholly repayable within five years	175	175
Other Interest	-	-
	<u>175</u>	<u>175</u>

	Staff Costs	Other Operating Expenses	Depreciation	Interest Payable	2003/2004 Total	2002/2003 Total
	£000	£000	£000	£000	£000	£000
9 Analysis of Expenditure by Activity						
Academic Departments	29,151	3,693	416	-	33,260	30,759
Academic Services	3,120	2,260	121	-	5,501	5,223
Research Grants and Contracts	2,091	1,552	-	-	3,643	3,002
Residences, Catering and Conferences	790	322	116	-	1,228	1,596
Premises	-	8,230	2,218	-	10,448	9,225
Administration	9,086	4,243	345	175	13,849	12,933
Other Expenses	11,300	6,296	80	-	17,676	15,489
Total per Income and Expenditure Account	<u>55,538</u>	<u>26,596</u>	<u>3,296</u>	<u>175</u>	<u>85,605</u>	<u>78,227</u>

	Freehold Land & Buildings £000	Assets Under Construction £000	Equipment and Furniture £000	Total £000
10 Tangible Assets				
Consolidated & University				
Valuation/Cost				
At 1 August 2003: Valuation	28,935	-	-	28,935
Cost	53,802	4,947	12,810	71,559
Additions	28	8,392	1,662	10,082
Disposals	(200)	-	-	(200)
Adjustment for Asset Write Off	-	-	(9,511)	(9,511)
Transfers	7,222	(7,222)	-	-
Revaluation	(757)	-	-	(757)
At 31 July 2004: Valuation	28,178	-	-	28,178
Cost	60,852	6,117	4,961	71,930
Depreciation				
At 1 August 2003	5,523	-	11,371	16,894
Charge for Year	2,218	-	1,078	3,296
Adjustment for Asset Write Off	-	-	(9,511)	(9,511)
Revaluation	(7,741)	-	-	(7,741)
At 31 July 2004	-	-	2,938	2,938
Net Book Value				
At 31 July 2004	89,030	6,117	2,023	97,170
At 1 August 2003	77,214	4,947	1,439	83,600

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 2004 amounted to £2.6m (Year 2003: £2.2m).

The adjustment of £9.5m under "Equipment and Furniture" represents the write off of assets that have been fully utilised. For the valuation as at July 2004 the basis of valuation for land changed. This resulted in the revaluation adjustment of £757k shown above.

	Consolidated		University	
	2004	2003	2004	2003
	£000	£000	£000	£000
11 Investments				
Treasury Index Linked Stocks	1,863	1,819	1,863	1,819
Subsidiary Undertaking at cost	-	-	110	110
Other Investments	141	147	141	147
	2,004	1,966	2,114	2,076

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 2004 GCUC Ltd paid £222,000 Gift Aid to the University (2003, £160,000).

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 was repaid in full during the year.

11 Investments (continued)

During 2002/2003 the company GPE (Bulk Solids Handling) Ltd, in which the University had a 50% holding, ceased trading. As an interim measure the funds of the company were transferred to the University. This amounts to £111k as at 31 July 2004 and is shown under the University Creditors.

	Consolidated and University Specific £000
12 Endowments	
At 1 August 2003	370
Depreciation of Endowment Asset Investments	(10)
Additions	19
Disposals	(18)
Income for the year	52
Transferred to income and expenditure account	<u>(56)</u>
At 31 July 2004	<u><u>357</u></u>
Represented by	
Investments Revalued	82
Funds within University Bank Account	<u>275</u>
	<u><u>357</u></u>
At 31 July 2004 the endowments comprise:	
Fellowships and Chairs	11
Prizes and Scholarships	142
Books	11
Other Funds	<u>193</u>
	<u><u>357</u></u>

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

	Consolidated		University	
	2004	2003	2004	2003
13 Debtors: Amounts Falling Due Within One Year	£000	£000	£000	£000
Trade Debtors	2,022	2,106	2,198	2,063
Other Debtors	288	15	288	15
Subsidiary Undertakings	-	-	668	321
Prepayments and Accrued Income	1,340	994	959	833
	<u>3,650</u>	<u>3,115</u>	<u>4,113</u>	<u>3,232</u>

	Consolidated		University	
	2004	2003	2004	2003
14 Creditors: Amounts Falling Due Within One Year	£000	£000	£000	£000
Bank Overdraft	-	-	-	-
Creditors	3,201	4,084	3,168	4,048
Subsidiary Undertakings	-	-	-	-
Social Security and Other Taxation Payable	2,093	876	2,093	876
Accruals and Deferred Income	6,744	6,056	6,720	5,959
	<u>12,038</u>	<u>11,016</u>	<u>11,981</u>	<u>10,883</u>

	Consolidated & University	
	2004	2003
	£000	£000
15 Creditors: Amounts Falling Due After More Than One Year		
Alba Life Ltd	-	2,000
	<u>-</u>	<u>2,000</u>
	<u>-</u>	<u>2,000</u>

The Alba Life Ltd loan was repaid in full during the year.

	Consolidated and University Pensions	
	£000	
16 Provision For Liabilities and Charges		
At 1 August 2003		6,098
Charged during the year		(405)
Increase in Value of Investments		44
Credit from Income and Expenditure Account		762
		<u>762</u>
At 31 July 2004		<u>6,499</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 2004 by Hymans Robertson, Actuaries and Consultants.

	Buildings	Equipment	Total
	£000	£000	£000
17 Deferred Capital Grants			
University & Consolidated			
At 1 August 2003	5,540	364	5,904
Receivable during the year	263	174	437
Released to Income and Expenditure Account	(313)	(141)	(454)
	<u>5,490</u>	<u>397</u>	<u>5,887</u>
At 31 July 2004	<u>5,490</u>	<u>397</u>	<u>5,887</u>

	Revaluation Reserve	University & Consolidated Reserves		
		Restricted Funds	General Funds	Total
	£000	£000	£000	£000
18 University & Consolidated Reserves				
Balance at 1 August 2003	29,644	14,871	28,430	43,301
Surplus for the year	-	-	2,727	2,727
Inter-Fund Transfers	-	527	(527)	-
Fund Transfers to Deferred Capital Grant	-	(263)	-	(263)
Revaluation of Tangible Fixed Assets	6,984	-	-	-
Transfer of amount equivalent to additional depreciation of Fixed Assets	(740)	-	740	740
	<u>35,888</u>	<u>15,135</u>	<u>31,370</u>	<u>46,505</u>
Balance as at 31 July 2004	<u>35,888</u>	<u>15,135</u>	<u>31,370</u>	<u>46,505</u>

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	
	2004	2003
	£000	£000
19 Lease Obligations		
Operating lease commitments in respect of land and buildings for the financial year 2004/2005 on leases expiring:		
Within one year	-	-
Over 5 years	5,579	5,579
	<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 Govan Mbeki Health Building.

	Consolidated & University	
	2004	2003
	£000	£000
20 Capital Commitments		
Commitments contracted	15,326	3,797
Authorised but not contracted	2,577	740
	<u>17,903</u>	<u>4,537</u>

Included within commitments contracted at 31 July 2004 were the balance due to work in progress for the Learning Centre and several modification projects.

The amounts shown as authorised but not contracted at 31 July 2004 were in respect of refurbishments, other minor works and a Telephony Project (£2.2m)

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.

	2003/2004	2002/2003
	£000	£000
22 Reconciliation of Consolidated Operating Surplus to Net Cash Inflow from Operating Activities		
Surplus before tax	2,714	3,452
Depreciation	3,296	2,609
Deferred Capital Grants Released to Income	(454)	(254)
Investment Income	(286)	(343)
Gain on Disposal of Fixed Asset	(1,473)	-
(Increase)/Decrease in Stocks	(4)	13
(Increase)/Decrease in Debtors	(535)	135
Increase/(Decrease) in Creditors	1,850	(223)
Increase in Provisions	401	651
	<u>5,509</u>	<u>6,040</u>
Net Cash Inflow from Operating Activities		

	2003/2004	2002/2003
	£000	£000
23 Returns on Investments and Servicing of Finance		
Income from Endowments (Note 5)	52	72
Other Interest Received	234	271
	<u>286</u>	<u>343</u>

	2003/2004	2002/2003
	£000	£000
24 Capital Expenditure and Financial Investment		
Tangible Assets Acquired	(9,710)	(4,828)
Endowment Asset Acquired	-	-
	<u>(9,710)</u>	<u>(4,828)</u>
Deferred Capital Grants Received	437	1,043
Disposal of Property	<u>200</u>	<u>-</u>
	<u>(9,073)</u>	<u>(3,785)</u>

	Loans
	£000
25 Analysis of Changes in Consolidated Financing During the Year	
Balance at 31 July 2003	2,139
Capital Repayments	<u>(2,000)</u>
Balance at 31 July 2004	<u>139</u>

	At 1 August	Cash Flows	Non-Cash Flows	At 31 July
	£000	£000	£000	£000
26 Analysis of Changes in Net Funds				
Cash at Bank and in Hand	9,447	(5,278)	-	4,169
Short Term Deposits	-	-	-	-
Debt due after One Year	(2,000)	2,000	-	-
Debt due within One Year	<u>(139)</u>	<u>-</u>	<u>-</u>	<u>(139)</u>
	<u>7,308</u>	<u>(3,278)</u>	<u>-</u>	<u>4,030</u>

The opening and closing "Cash at Bank and in Hand" figures include £260k and £275k respectively which is shown on the balance sheet under Endowment Asset Investment. This can be seen in note 12.

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); 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 October 2004)	12.5%
Administrative and Manual Staff (from 1 April 2004)	14.1%

	STSS	SPF
	31 March 1996	31 March 2002
Date of last actuarial valuation:		
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%

	2003/2004	2002/2003
	£000	£000
The total pension costs for the year were:		
Normal contribution to:		
STSS	3,184	1,841
SPF	1,508	1,311
Pension Provision	<u>592</u>	<u>779</u>
	<u>5,284</u>	<u>3,931</u>

27 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.

Unapproved Unfunded Retirement Benefit Scheme

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 2004. This was carried out by a qualified independent actuary. The actuarial value of the liability is £162,300. Full provision for this has been made in the financial statements. This liability has been calculated assuming inflation of 3% per annum, investments return of 5.7% per annum and rate of increase in salary of 2% per annum in excess of inflation.

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 retrials, 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 14.1% 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 7.4% of members' salaries until 30 September 2003 and 12.5% thereafter.

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.

29 Mature Students Bursary and Hardship Fund	Mature Student Bursary	Hardship Fund	Total
	£000	£000	£000
Balance brought forward	63	87	150
Funds Received in Year	514	312	826
Expenditure	(240)	(498)	(738)
Repayable to funding body (clawback)	(22)	(44)	(66)
Virements	<u>(202)</u>	<u>202</u>	<u>-</u>
Balance carried forward	<u><u>113</u></u>	<u><u>59</u></u>	<u><u>172</u></u>

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

30 Post Balance Sheets Events

There were no Post Balance Sheet Events.

GLASGOW CALEDONIAN UNIVERSITY

Cowcaddens Road
Glasgow G4 0BA

T: 0141 331 3000

W: www.caledonian.ac.uk

Designed and Printed by: Print Design Services, Glasgow Caledonian University
© Glasgow Caledonian University 2004

GLASGOW



CALEDONIAN
UNIVERSITY