

# University for the Common Good

Annual Financial Statements

Year ended 31 July 2015



CGU

College of Graduate  
University

- William Hickey Building
- CPD Centre
- Sports Centre (ASC)
- Belmore Building
- Warren / Moxon Building
- Sabbath Centre
- George Moxon Building
- Cover Moxon Building
- Students' Association Building
- Occupational Health
- Eye Clinic
- Charles Oatley Building
- Carriage Lecture Theatre
- Teaching Block
- Museum
- Milton Street Building
- Helmery
- Christmas Court

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health  
research

Top 10  
for  
health



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## University's Professional Advisors

### **Bankers**

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

### **External Auditor/Tax Advisor**

KPMG LLP  
Chartered Accountants  
and Registered Auditor  
191 West George Street  
Glasgow  
G2 2LJ

### **Internal Auditor**

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

### **Solicitor**

Brodies LLP  
15 Atholl Crescent  
Edinburgh  
EH3 8HA

**Photo:** GCU's modern city-centre Glasgow campus provides an excellent learning environment for students from Scotland and around the world.

# Introduction from the Principal and Vice-Chancellor



This has been another incredibly positive year for our University, in which we made major strides in our ability to deliver for our students and on our social mission as the University for the Common Good. The platform for this success has been GCU's adherence to our sound and sustainable financial model.

The most visible example of the benefits of this careful financial planning, was the success of our ambitious £30m Heart of the Campus project. The project is on budget and on time, and successfully saw a major milestone delivered in the completion of our new University restaurant, and linking of the core buildings on campus. This is just the first step in a series of improvements in our estate that will transform our learning environment and student experience, with the project due for full completion in 2016.

Our financial diligence is reflected in GCU's conscientious approach to our environmental footprint. I was delighted that this focus meant GCU became the first Scottish University to receive an EcoCampus Platinum Award. We sent no waste to landfill for a second consecutive year, and our environmental sustainability will remain a priority.

We continued to diversify our income streams through our growing strength in transnational education. In October last year, I was delighted to lead the first graduation of 85 Transnet employees who had completed a BSc in Railway Operations Management, delivered by GCU in partnership with The University of Johannesburg and the Institution of Railway Operators. The positive impact of this 'learn in

work' programme has encouraged the company to commit to long-term investment to generate the skilled workforce it needs through high-quality higher education at an affordable cost. Up to 5000 employees are expected to graduate in the next five years, and this partnership is an example of our University generating valuable income, while also engaging in an initiative that realises practically our social mission as the University for the Common Good.

We remain aware of the challenges facing the higher education sector, and recognise that there are funding issues that could impact on our financial model in the near future. I believe, however, that we are moving forward from a position of stability and strength, having made significant efforts to ensure the sustainable footing of GCU and we will be in a position to invest for further growth. This gives me confidence, that even in an uncertain environment, GCU will successfully deliver our new Strategy 2020, as the University for the Common Good.

A handwritten signature in black ink, reading "Pamela Gillies". The signature is fluid and cursive, with a horizontal line underneath the name.

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



# Operating and Financial Review

## Key Financial Highlights

	2015 £000	2014 £000
Income	120,646	116,752
Movement in the year	3%	5%

Expenditure	118,592	113,151
Movement in the year	5%	3%

Surplus retained for the year*	2,064	3,753
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Cash at bank, deposits and endowments	39,819	35,761
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Net assets excluding pension liability	187,682	186,796
Net assets including pension liability	167,598	172,500

Cashflow from operations	7,277	9,143
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	2015	2014
Student FTE's	13,241	13,317
Staff FTE's	1,438	1,415

\*After share of operating profit in joint venture and transfer to endowment funds.

## Management

The University Executive is responsible for the day-to-day running of the University. Led by the Principal and Vice-Chancellor, the Executive team comprises the Deputy Vice-Chancellor, three Pro Vice-Chancellor and Vice Principals, the Chief Financial Officer and Vice Principal (Infrastructure), the University Secretary and Vice Principal (Governance) and the Vice President GCU New York.

The members of the Executive have clearly defined, functional roles contributing to strategic policy and decision making relating to all areas within their School or Professional Support Department and to the wider University.

Study and Research are grouped into Academic Schools and Research Institutes and are supported by a number of Professional Support Departments. The Schools are the cornerstones of academic life at the University, offering high-quality programmes, professional training courses, research opportunities and consultancy services. The Institutes bring together the research excellence of individuals and groups to consolidate the University's success in attracting major grants, further develop collaborations with partners outside Scotland, and work with end users in the public and private sectors.

School	Research Institute
The Glasgow School for Business and Society	Institute for Society and Social Justice
The School of Health and Life Sciences	Institute for Applied Health and Research
The School of Engineering and Built Environment	Institute for Sustainable Engineering and Technology Research

## Corporate Strategy

Glasgow Caledonian University is the University for the Common Good. Our commitment to the common good underpins everything we do.

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

We will achieve our vision by:

- Transforming lives through education
- Enriching cities and communities through research
- Innovating for social and economic impact
- Engaging globally
- Aligning for the common good

## Governance

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

The appointed governor membership consists of a minimum of nine and a maximum of 18 members and is drawn from people who have experience of, and have shown capacity in, industrial, commercial or employment matters or in the practice of any profession. The appointed governor membership must maintain an overall majority on the University Court. The Principal and Vice-Chancellor and the President of the Students' Association are Governors ex officio. Three staff governors are elected; one by Senate from among the members of Senate, one by the academic staff from among the members of such staff, and one by the non-academic staff from among the members of such staff. The University Court currently comprises 17 appointed governors; two governors ex officio and three staff governors.

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

Under the terms of the Statutory Instrument (SI), there are certain functions, duties and responsibilities which Court must reserve to itself. However, the SI makes provision for Court to delegate any of its functions, other than those reserved to itself, to standing committees

of Court. The composition of these committees, as determined by Court, comprises appointed governors, staff governors and governors ex officio together with any additional members who are not appointed governors whom Court considers to be specially fitted to assist the work of the committee.

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

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

### Highlights of the Year

In 2014/15 the University's achievements were recognised in many national and international forums. Highlights include:

- The BiGGAR Economic Impact 2013/14 report found that **GCU generates economic and social benefit worth nearly £1billion each year to the UK economy** while supporting 14,000 jobs. The independent report showed that the University contributes £560.6 million to the UK economy and when graduate productivity is included, the return to the UK economy rises to £990.2 million.
- **REF 2014** outcomes reflected our research excellence, rating GCU as the top modern University in Scotland for research power, allowing us to enrich cities and communities. The University is ranked in the top 20 in the UK for both health and built environment research impact at world-leading and internationally excellent standards and its social policy research impact at world-leading levels ranked GCU in the UK top 10.
- GCU is the first university in Scotland to achieve **Ashoka U** recognition of its global leadership role in promoting social innovation education and has joined a network of leading universities and colleges.
- Demonstrating that our commitment to growth is underpinned by an approach that is environmentally sustainable, the University won an **EcoCampus Platinum award** for sustainability and was ranked in the Top 10 in the UK with a '1st' in the People and Plant Green League which recognises environmental achievements such as sending no waste to landfills.
- The University has achieved re-accreditation of the **Unilever International Award**, part of the prestigious Responsible Business

Awards run by the Prince of Wales charity Business in the Community. GCU received the Unilever International Award in 2014 thanks to its work with the Grameen Healthcare Trust in co-founding the Grameen Caledonian College of Nursing (GCCN).

### Scope of Financial Statements

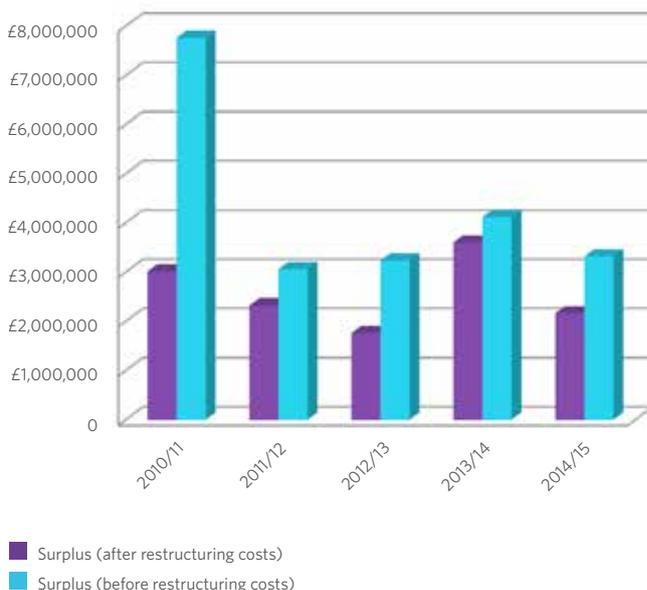
The financial statements have been prepared on a consolidated basis and include the results for the University and its subsidiary companies as set out within Note 31.

### Financial Performance

#### Overview

The results for the year are in line with the University's plan to ensure it has sufficient reserves to support its current and future infrastructure developments and to invest in the learning experience and environment to continue to improve the experience for our students. The University remains very well placed in terms of financial strength to continue to make significant investments in pursuit of its strategic goals.

The financial results for the year are positive with an operating surplus before restructuring of £3.2m and a retained surplus of £2.1m.



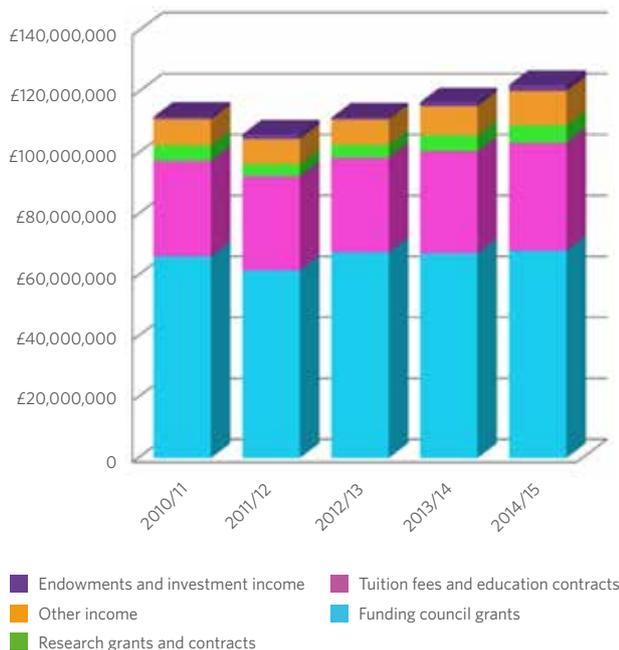
**Photo:** (1) GCU delivers excellence in learning which equips students with the employability and entrepreneurial skills to succeed as global citizens; (2) The University is ranked in the top 20 in the UK for health research at world-leading and internationally excellent standards; (3) The Unilever award-winning Grameen Caledonian College of Nursing (GCCN), co-founded by GCU as a social business, is helping to raise healthcare education provision in Bangladesh to an international standard.

The University finalised its £10m loan facility in the year and invested £15.4m in tangible assets while maintaining strong cash and short-term deposits at the year end. This has been achieved by consistent strong net cash inflow from operating activities, demonstrating the importance the University places on having sufficient positive cash flow to maintain and grow its operations. In 2014/15 the University delivered £0.9m of rolling maintenance projects due for 2015/16 contributing to the fall in net cash inflow from £9.1m to £7.3m. The five-year history of net cash inflows from operating activities is set out below. Further details on cash flow movements, including capital expenditure, are in Notes 21 to 26 of the Financial Statements.



### Income and Expenditure

Income grew by £3.9m (3%) to £120.6m. This growth has arisen across a number of categories. The University's income comes from a number of sources as shown below:



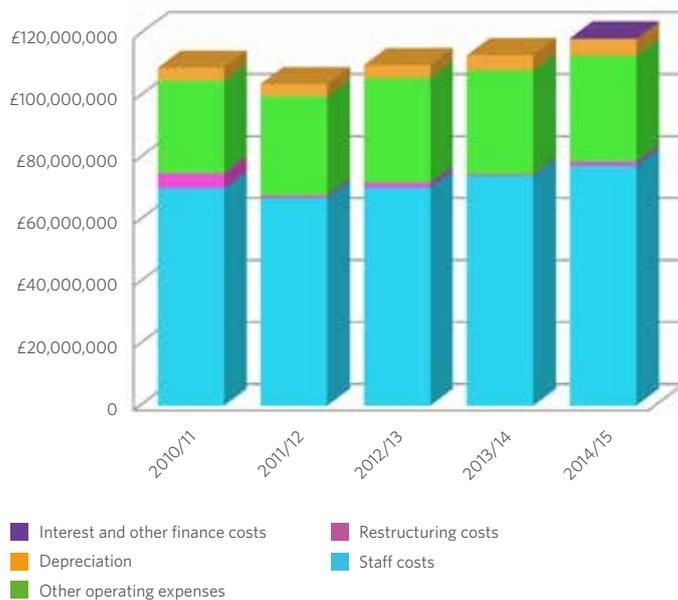
The University's main source of income is from teaching activities from which revenues from both Scottish Funding Council (SFC) grants and tuition fees and education contracts have increased.

SFC grants recognised in the financial statements increased by 1% to £68m and tuition fee income increased by £1.4m (4%) to £35.3m at 31 July 2015. While the increase is particularly driven by Home & EU fees and CPD income, it is especially satisfying to have achieved a growth in overseas fee income generated from transnational education (TNE) projects.

Research has increased to £5.8m in 2014/15. The increase includes projects funded by the Medical Research Council looking at social enterprises as a public health intervention, a clinical trial research project for the National Institute for Health Research and a project, funded by the Scottish Government, looking into sustainable light and water solutions for the developing world.

Endowment and investment income is largely attributable to the FRS 17 accounting adjustment for the Strathclyde Pension Fund (SPF), which reflects the difference between the expected return on scheme assets and the interest cost for the year. The net return on assets has increased the surplus for the year by £1.7m.

The University's expenditure is split as follows:



Total salary costs increased by £3.4m to £77.5m in the year. The growth in salaries is directly related to salary inflation and an increase in expenditure on research contract staff. The increase in pensions includes the year-on-year impact in the movement in the Strathclyde Pension Fund current service costs of £0.45m.

Other operating expenses increased by £0.8m year on year. During 2014/15 the University has continued to identify areas of activity which can be delivered more cost effectively ensuring value for money is achieved. It has also been in a position to bring forward £0.9m of projects planned for 2015/16 into 2014/15 attributing to the increase in other operating expenses.

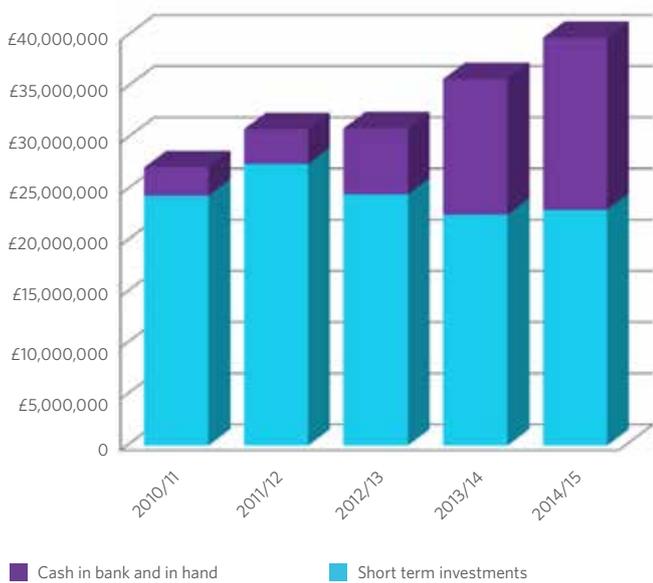
## Balance Sheet

The University had total consolidated net assets excluding the pension liability of £187.7m as at 31 July 2015 (2014: £186.8m). This reflects the strong liquidity position of the University and effective working capital management processes. Net assets including the pension liability, however, reduced to £167.6m from £172.5m. The fall is due to the net pension liability increasing due to falling real bond yields, offset in part by strong asset returns.

## Treasury Management

Cash at bank at 31 July 2015 was £39.6m (2014: £35.6m). During the year the £10m loan facility with Lloyds Banking Group backed by the European Investment Bank was drawn down and is reflected in the increase in the overall cash at bank position.

The five-year history of cash at bank and deposits is as follows:



The University actively manages its cash resources, funding requirements and the control of associated risks according to the Treasury Management Policy that is approved by the Finance and General Purposes Committee.

Funds are placed with approved counterparties up to a maximum limit and for a maximum period of time. Credit ratings are reviewed on a regular basis and reported to the Finance and General Purposes Committee.

## Financial Strategy

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

The Financial Strategy is reflective of the targets set out in the Strategy 2020. Our progress and achievements in delivering the Financial Strategy will be measured through monitoring of internal strategic performance indicators and Key Financial Measures in the Strategy relating to surplus generation, cash flow, borrowings, income sources and cost control.

## Capital Investments

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

Work on GCU's £30m Heart of Campus project progressed significantly in 2014/15 with construction work in the George Moore building at an advanced stage. The project will create state-of-the-art teaching and research spaces and inspiring social areas. The project incurred a total spend of £12.3m during the year.

Other capital works under construction at the year end includes the development of the William Harley building to create a new administrative hub within the Campus for Professional Service Departments including People Services, Finance, International Office and Marketing & Public Relations. The total cost of the project, to be completed in 2015/16 is £1.9m. Initial works in relation to the cladding of the Hamish Wood building were carried out in 2014/15. The project, with a total cost of £3.5m, is also scheduled to complete in 2015/16.

## Payment of Creditors

It is the University's policy to obtain the best terms of business from creditors, and thus there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavours to include and abide by specific payment terms. As at 31 July 2015 the University's outstanding payments represented approximately 37 days purchases. The amount of interest paid in the year under the Late Payment of Commercial Debts (Interest) Act 1998 was nil.



Photo: Work on GCU's £30 million Heart of Campus project is expected to finish next year.

## Pensions

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

The University accounts for the SPF in accordance with the requirements of FRS 17. The University's share of the scheme deficit as at 31 July 2015 was £20.1m (2014: £14.3m) and is included within reserves.

The University continues to take the exemption permitted under FRS 17 to disclose the STSS Scheme and the USS Scheme as defined contribution schemes as both schemes are not able to calculate individual employers' share of the overall deficit.

## Student Recruitment

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

	2014/15	2013/14
Undergraduate	11,505	11,472
Postgraduate	1,736	1,845
	13,241	13,317

The overall reduction in student numbers between the two years is mainly attributed to a decrease in part-time students, a challenge faced across the sector.

## Disability Policy

The University gives equal consideration to all applications for employment. Where a candidate with a disability is the best person for the job and is appointed, full consideration is given to what reasonable adjustments are necessary to ensure that the person

is not placed at a disadvantage, and is supported so that the requirements of the job can be fulfilled.

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

## Equality and Diversity

Equality and diversity have been embedded across all University functions through projects and activities which aim to ensure that staff and students have knowledge of their rights and responsibilities, and are aware of the importance of eliminating discrimination, promoting equality of opportunity, and fostering good relations in their day to day activities and interactions.

This is achieved through the implementation of our Equality Outcomes Framework, which sets out GCU's commitment to promoting equality and valuing diversity. The Framework ensures that the University is compliant with the Equality Act 2010. It also establishes clear lines of responsibility and accountability, creating an environment which supports dignity at work and study.

## Risk

High-quality risk management is a positive process which supports and enhances business management. The University has robust risk-management processes and structures embedded in its business planning. These include: a Risk Management Strategy and Risk Appetite and Tolerance statements, which guide the management of risk across the University; a Risk Management Forum, to support the senior management group by ensuring that University risks are managed effectively; and a programme of staff development workshops.



**Photo:** Our graduates benefit from an outstanding student experience underpinned by our mission, our vision and our values, all of which is reflected through our Corporate Strategy.



**Photo:** Our Chancellor Professor Muhammad Yunus provides leadership, advice and support to the University and has pledged his inspirational stewardship in support of GCU's undertaking to harness its intellectual, social and emotional capital and collaborate with others to find solutions to some of society's most pressing challenges.

The University maintains a comprehensive corporate risk register with risk analysis and local risk registers embedded in its Schools and Professional Support Departments.

The main risks facing the University are:

- **National and Global Economic Position** - Risk to funding streams both nationally and globally that would impact upon University quality and financial viability
- **International Income** - Major risk to budgeted growth of international income, which is required to reduce dependency on public sector funding
- **Globally Networked** - Risk that planned global activities do not meet expectations
- **System Integration & Support** - Risk that current systems are insufficient to fully support business requirements

### Financial Outlook

The University achieved a satisfactory financial performance in 2014/15, maintaining a position of financial strength while continuing to remain fully aware of the ongoing challenges and uncertainties within the sector. While the University faces considerable challenges in maintaining its level of income over future years, the University maintained a strong net cash inflow from operating activities and has developed robust financial planning targets over the next five years to implement the proposals in the Strategy 2020.

The current uncertainty in funding will be closely monitored in the coming months and years. The sector continues to face difficult economic conditions. However, these financial statements demonstrate the commitment to achieve the financial targets and to continue to operate in a financially sustainable manner.

# Corporate Governance Statement

## Introduction

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

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

## Statement of full compliance

In the opinion of the Court, the University complies with the provisions of the 2013 Scottish Code of Good Higher Education Governance and it has complied throughout the year ended 31 July 2015.

## Governing body

### Court

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

In accordance with the Scottish Code of Good Higher Education Governance, Court has a Statement of Primary Responsibilities outlining which matters are reserved to be considered by the Court and which can be formally delegated by the Court to its committees. The Responsibilities are shown in full on page 16. This is one of the key documents in relation to which the effectiveness of the Court is measured. The Statement of Primary Responsibilities is subsidiary to the Glasgow Caledonian University Order of Council 2010. Court reviews its Statement of Primary Responsibilities at the first meeting of the academic session.

Court met six times in 2014/15. Court holds a strategic planning event at the beginning of each session and is fully involved in discussions on the development of the University's Corporate Strategy.

Court has agreed procedures for reviewing its effectiveness. The review of Court's effectiveness is normally carried out not less than three-yearly (which exceeds the proposed frequency of not less than every five years set out in the Code).

Court last undertook an externally facilitated review of its effectiveness in 2012.

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

Court has agreed procedures for the annual appraisal of the Chair of Court. As there was a change in Chair in 2015 mid-session, the review of Court's effectiveness and the appraisal of the Chair of Court will be conducted around mid 2016.

In addition to the formal three-yearly review, Court keeps its effectiveness under annual review through various measures. At the first meeting of the academic session, Court reviews and reaffirms its Statement of Primary Responsibilities and the Chair of Court meets with the Chairs of the standing committees, which allows the Chairs to raise any issues about the conduct of their committees' business.

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

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

Court delegates the co-ordination, development and supervision of the academic work of the University to Senate provided that those functions are carried out subject to the general control and direction of Court. Senate met four times in 2014/15.

Fundamental to the University's leadership in promoting the Common Good and the delivery of its 2015 Vision is the commitment to embedding equality and diversity. The Equality and Diversity Committee reports to both Senate and Court. The University has a duty under the Equality Act 2010 to publish a Public Sector Equality Duty Report describing its progress on mainstreaming equality and delivering equality outcomes. This year Court approved and published the University's first report under this duty as required.

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

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

### **Audit Committee**

The Audit Committee met four times in 2014/15 with the University's external and internal auditors in attendance. The Audit Committee advises the University on the appointment of the internal and external auditors and the auditors' remuneration and assesses the effectiveness of the auditors. The Committee may meet privately with both the internal and external auditors if it wishes and does so at least once annually.

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

Senior executives, including the Principal and Vice-Chancellor, the Chief Financial Officer and Vice Principal (Infrastructure) and the University Secretary and Vice Principal (Governance), attend meetings of the Audit Committee as necessary but they are not members of the committee.

### **Remuneration Committee**

The Remuneration Committee met twice in 2014/15 and determines the remuneration of members of the Executive, including the Principal and Vice-Chancellor as well as setting parameters of remuneration for other senior staff. Information on the remuneration of senior post holders for the year ended 31 July 2015 is set out in note 6 to the financial statements.

The Remuneration Committee's work is governed by a clear remuneration philosophy, approved by Court, designed to attract, retain and incentivise key senior staff with critical responsibility for the delivery of the University's objectives. It also seeks to strengthen the link between remuneration and performance by means of performance related pay where appropriate. The philosophy is underpinned by the following principles:

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

The philosophy is shaped by internal and external considerations, including the size and scale of the organisation, its performance and the need to position the University competitively. The Committee draws on comparative data and considers wider political and economic factors as appropriate. The Remuneration Committee reviews the remuneration philosophy annually to ensure it remains fit for purpose and recommends its approval to Court.

In accordance with its operating principles and terms of reference, the Remuneration Committee is required to provide Court with an annual report incorporating full details of the basis of all decisions about the salaries and terms and conditions of service for the Principal

and other members of the Executive along with information concerning external comparators and any other background used by the Committee in reaching its decisions.

In setting the salary bands for the Principal and members of the Executive, the Committee reviews a range of benchmark data which has been based on the data from the Universities and Colleges Employers' Association's annual survey of remuneration arrangements across the sector. The comparator groups used are:

- All institutions
- Post 92 Universities and Higher Education Colleges - (All)
- Post 92 Universities and Higher Education Colleges - £75m to £153m income
- Scotland - £75m to £190m income
- The University Alliance Group.\*

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

*\*Although the University withdrew from membership of the University Alliance, its information continues to be included for 2014/15 as this benchmark data is a useful comparator given the nature of institutions within the Alliance.*

### **Court Membership Committee**

The Court Membership Committee's terms of reference require it to keep Court's membership under review and meet to consider nominations for vacancies in the Court membership. Court has a robust process for appointing governors, which is based on the principles of transparency and flexibility. The process encompasses a wide range of methods to allow the Court Membership Committee the flexibility to employ whichever recruitment methods are most appropriate to the circumstances. Vacancies on the Court are advertised on the Public Appointments website. The Court Membership Committee met three times in 2014/15, which included the completion of its work to identify and nominate a new Chair of Court and preparatory work for the governor recruitment and selection process. In addition Committee members participated in governor recruitment interviews.

The Court Membership Committee has an agreed strategy for recruiting lay governors, which is kept under review to ensure it remains relevant and fit for purpose. The Committee has worked to make the recruitment process visibly open, fair and rigorous and have due regard to the principles of equality and diversity. In addition to advertising in the national press, vacancies are widely advertised through social media and targeted websites. Direct approaches seeking nominations and dissemination of the vacancies are also made to professional bodies, organisations furthering the interests of equality and diversity and of people with a protected characteristic, Chambers of Commerce and other key business and related organisations. University alumni are also contacted.

In the course of this year, Court appointed six new governors with a gender balance of 50% male and 50% female.

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

As increasing the diversity of lay governors is an important aim in the recruitment process, unconscious bias training delivered by an external consultant was provided for the Court Membership Committee in 2015 as a matter of good practice.

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

#### **Finance and General Purposes Committee**

The Finance and General Purposes Committee held five ordinary meetings and one extraordinary meeting in 2014/15. It recommends to Court the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets. The committee also reviews major investment decisions prior to final approval by Court.

As part of its responsibility for the financial oversight of the University, the Committee reviews the annual financial statements, in conjunction with the Audit Committee, and recommends these to Court for approval.

#### **Health and Safety Committee**

The Health and Safety Committee met twice in 2014/15. The terms of reference of the Health and Safety Committee are to ensure that safety and environmental policies are in order to ensure that the University meets all legislative requirements and best practice standards, and promotes and monitors effective implementation of those policies.

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

#### **Staff Policy Committee**

The Staff Policy Committee met four times in 2014/15. The main purpose of the Staff Policy Committee is to oversee the development of a People Strategy to support the University's strategic plan, to recommend the strategy to Court, to report to Court on progress in implementing the strategy and to ensure that policies, procedures and practices relating to staffing matters remain current and comprehensive and comply with all relevant employment legislation.

#### **Corporate Strategy**

The University has a comprehensive strategic planning process in place which 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 financial estimates from the University Executive Board, for approval.

The University's supporting Five Year Financial Plan is reviewed and updated on an annual basis.

Through an extensive process of consultation and stakeholder involvement, workshops and other meetings, Court members were involved in developing the University's Strategy 2020. The Court agreed the University's 2020 Strategic mission, values, goals and key performance indicators in 2015. The Strategy 2020 has been developed together with the creation of a strategic framework to support the delivery of institutional goals.

#### **Risk management and internal control**

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

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

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

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

The Court is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks up to the date of approval of the annual financial statements. Court's role is to set the overall policy for risk management within the University. This includes:

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

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

metrics for each of the main areas of risk that the University faces. The Risk Appetite and Tolerance Framework includes thresholds in terms of operational, financial and reputational impact.

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

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

Accordingly, 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 2015 and up to the date of approval of the annual financial statements. This process is 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.

### **Conclusion**

Finally, I would like to acknowledge with grateful thanks the significant contribution of my predecessor Tony Brian, and to thank all members of the University staff and Court for their continued support and hard work during the year.

**HAZEL BROOKE MBE**

# Statement of Primary Responsibilities of the Court

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

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

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

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

Court's Primary Responsibilities are detailed as follows:

## Staff and Students

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

## Financial responsibilities

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

## Strategic responsibilities

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

## Controls

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

## Monitoring performance and effectiveness

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

# Membership of Court and Key Committees

## University Court Members

Mr Antony Brian *Chair* (to 05.02.15)  
Professor Pamela Gillies *Principal and Vice-Chancellor*  
Mrs Rhona Baillie (to 13.07.15)  
Mrs Hazel Brooke *Vice-Chair* (to 05.02.15) *Chair* (from 06.02.15)  
Dr Douglas Chalmers  
Mr John Chapman  
Dr Morag Ferguson (from 01.08.15)  
Ms Laura Gordon  
Mr Ian Gracie  
Mr Tom Halpin  
Mr J Gordon Jack  
Mr Ian Kerr (from 01.08.15)  
Mr Austin Lafferty  
Mrs Neena Mahal (from 01.08.15)  
Dr James A Miller (to 20.02.15)  
Dr Neil Partlett (from 01.08.15)  
Professor Ann Priest (from 01.08.15)  
Miss Davena Rankin  
Mr Paul Reynolds (from 01.08.15)  
Mr Michael Stephenson *President of the Students' Association*  
Mr Iain Stewart (to 31.07.15)  
Ms Caroline Stuart (from 01.08.15)  
Mr David Wallace  
Mr Alistair Webster  
Dr Bob Winter  
Professor Stephanie Young *Vice-Chair* (from 06.02.15)

## Members of Audit Committee

Dr Morag Ferguson (from 01.08.15)  
Ms Laura Gordon  
Mr Tom Halpin  
Mr Austin Lafferty  
Mrs Neena Mahal (from 01.08.15)  
Dr James A Miller *Chair* (to 20.02.15)  
Mr Iain Stewart (to 31.07.15)  
Mr Alistair Webster *Chair* (from 25.02.15)

## Members of Remuneration Committee

Mr Antony Brian (to 05.02.15)  
Mrs Hazel Brooke  
Professor Pamela Gillies  
Mr Tom Halpin *Chair*  
Mr J Gordon Jack (from 19.03.15)  
Professor Stephanie Young

## Members of Court Membership Committee

Mr Antony Brian *Chair* (to 05.02.15)  
Mrs Hazel Brooke *Chair* (from 06.02.15)  
Dr Morag Ferguson (from 01.08.15)  
Professor Pamela Gillies  
Ms Laura Gordon (from 19.03.15)  
Dr James A Miller (to 20.02.15)  
Mr Michael Stephenson  
Mr Iain Stewart (to 31.07.15)  
Professor Stephanie Young (from 06.02.15)

## Members of Finance and General Purposes Committee

Mrs Rhona Baillie (to 13.07.15)  
Mr John Chapman  
Professor Pamela Gillies  
Mr Ian Gracie  
Mr J Gordon Jack *Deputy Chair* (to 31.07.15) *Chair* (from 01.08.15)  
Mr Ian Kerr (from 01.08.15)  
Mr Gerry Milne  
Dr Neil Partlett (from 01.08.15)  
Mr Michael Stephenson  
Ms Caroline Stuart (from 01.08.15)  
Mr David Wallace *Chair* (to 31.07.15)

## Members of Health and Safety Committee

Dr Douglas Chalmers  
Mr John Chapman  
Mr Ian Gracie *Chair*  
Mr Alex Killick  
Miss Davena Rankin  
Mr Michael Stephenson

## Members of Staff Policy Committee

Dr Douglas Chalmers  
Professor Pamela Gillies  
Mr Alex Killick  
Mr Austin Lafferty (from 19.03.15)  
Dr James A Miller (to 20.02.15)  
Miss Davena Rankin  
Mr Paul Reynolds (from 01.08.15)  
Dr Bob Winter  
Professor Stephanie Young *Chair*

## Governor Development

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

The University is strongly committed to governor development and sees it as an important part of the infrastructure to sustain high quality governance. Governors are therefore given the opportunity to attend events run by the LFHE - Leadership Foundation for Higher Education - which provides a Governor Development Programme with a range of courses from governor induction to knowledge and skills development. During the 2014/15 session, governors attended events on Board Improvement and Effectiveness and A Toolkit for Effective Governance.

There is a programme of ongoing development for governors which includes visits to Schools, sector updates and a subscription to the Times Higher Educational Supplement. In addition, Court Membership Committee members participated in unconscious bias training carried out by an external agency.

# Attendance at University Court and Committee Meetings for the year to 31 July 2015

Member	Date from/to	University Court 6 in year	Audit 4 in year	Remuneration 2 in year	Court Membership 3 in year	Finance & General Purposes 6* in year	Health & Safety 2 in year	Staff Policy 4 in year
Mr Antony Brian, <i>Chair of Court</i>	To 05.02.15	3		1	1			
Professor Pamela Gillies, <i>Principal and Vice-Chancellor</i>		6		2	3	6		1
Ms Rhona Baillie	To 13.07.15	5				3		
Mrs Hazel Brooke, <i>Vice-Chair of Court/Chair of Court</i>		6		2	3			
Dr Douglas Chalmers		6					2	2
Mr John Chapman		6				5	2	
Ms Laura Gordon		4	2		1**			
Mr Ian Gracie		5				6	2	
Mr Tom Halpin		4	2	1				
Mr J Gordon Jack		5		1**		6		
Mr Alex Killick							2	4
Mr Austin Lafferty		5	2					2**
Dr James A Miller	To 20.02.15	3	2		2			2
Mr Gerry Milne						6		
Ms Davena Rankin		4					2	4
Mr Michael Stephenson		6			3	6	2	
Mr Iain Stewart	To 31.07.15	5	4		3			
Mr David Wallace		3				4		
Mr Alistair Webster		6	2					
Dr Bob Winter		5						3
Professor Stephanie Young		6		1	2			4

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

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

\*5 ordinary meetings and 1 extraordinary meeting

\*\*Attendance reflects appointment made to committee mid-year

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

We have audited the group and University financial statements (the "financial statements") of Glasgow Caledonian University for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Historical Cost Surpluses, the Statement of Consolidated Total Recognised Gains and Losses, the Statement of Principal Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University Court of Glasgow Caledonian University in accordance with paragraph 6(3) of part IV of the Glasgow Caledonian University (Scotland) Order of Council 1993 and, in the University Court's role as charity trustees, in accordance with section 44 (1)c of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the University Court of Glasgow Caledonian University those matters we are required to state to it 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 Court of Glasgow Caledonian University for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the University Court of Glasgow Caledonian University and auditor

As explained more fully in the Statement of Primary Responsibilities of the Court set out on page 16, the University Court of Glasgow Caledonian University is responsible for the preparation of financial statements which give a true and fair view. We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with the regulations made under that Act. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the University Court of Glasgow Caledonian University; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent

material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the affairs of the Group and University as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice - Accounting for Further and Higher Education; and
- Have been prepared in accordance with requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## Opinion on other matters prescribed by the terms of our engagement

In our opinion, in all material respects:

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

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

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) and the terms of our engagement require us to report to you if, in our opinion:

- The information given in the Operating and Financial Review is inconsistent in any material respect with the financial statements; or
- Adequate and proper accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for the audit.

## Andrew Shaw

### For and on behalf of KPMG LLP, Statutory Auditor

*KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006*  
191 West George Street  
Glasgow  
G2 2LJ

27 November 2015

# Statement of Principal Accounting Policies

## Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include land and buildings and investments at valuation, and in accordance with the Charities and Trustee Investment (Scotland) Act 2005, Regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards. They conform to guidance published by the Scottish Funding Council.

The financial statements continue to be prepared on a going concern basis as the governing body considers that the University has adequate resources to continue in operational existence for the foreseeable future.

## Change in accounting policy

There have been no changes in accounting policy during the year.

## Basis of consolidation

The consolidated financial statements bring together the financial statements of the University and its subsidiary undertakings in accordance with the provisions of FRS 2 Accounting for Subsidiary Undertakings and FRS 9 Associates and Joint Ventures. Investments in subsidiary undertakings are shown at the lower of cost or net realisable value. Intra-group transactions are eliminated on consolidation. The University's share of the results in its joint venture has been consolidated in the financial statements using the gross equity method.

The consolidated financial statements do not include the results 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.

## Income recognition

Income from the Scottish Funding Council in the form of recurrent grants are accounted for in the period to which they relate and credited direct to the income and expenditure account.

Tuition fees are credited to the income and expenditure account over the period to which they relate and are stated net of discounts and any fees waived by the University.

Income from grants, contracts and other services is accounted for on an accruals basis and included to the extent the expenditure is incurred on each project during the year. Any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from short term deposits, endowments and investments is credited to the income and expenditure account on a receivable basis.

Income from endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to endowments. Any realised gains or losses from dealing with endowment asset investments are retained within endowments on the balance sheet.

## Agency arrangements

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

## Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the balance sheet date. The resulting exchange differences are taken to the income and expenditure account in the year.

The results, cash flows and balance sheets of overseas operations are translated at the closing rates of exchange, using the closing rate method. Exchange differences arising are taken to reserves.

## Land and buildings

Freehold land and buildings are stated at valuation, less a provision for depreciation. The basis of valuation is depreciated replacement cost. Valuations are carried out by independent Chartered Surveyors. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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 and furniture

Equipment and furniture, including IT hardware and software, costing less than £20,000 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 is capitalised.

Capitalised equipment and furniture are stated at cost.

Depreciation is provided over the following periods:

Computer equipment	3 years
Plant & General equipment	5 - 20 years
Furniture	5 - 10 years
Fixtures & Fittings	5 - 10 years

Where equipment and furniture is acquired with the aid of specific grants, such assets 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.

### Repairs and maintenance

The cost of routine corrective maintenance to ensure that a tangible fixed asset maintains its previously recognised standard of performance is charged to the income and expenditure account in the year it is incurred.

### Investments

Listed investments are stated on the balance sheet at market value. Unlisted investments are stated at cost less any provision for impairment of their value.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses. A diminution in value is charged to the income and expenditure account to the extent that it is not covered by a previous revaluation surplus.

### Endowments and donations Unrestricted donations

Charitable donations are recognised in the financial statements when the charitable donation has been received or if before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

### Endowment funds

Where charitable donations are to be retained for the benefit of the University as specified by the donors, these are accounted for as endowments. There are three main types:

- Restricted permanent endowment – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.
- Unrestricted permanent endowment – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
- Restricted expendable endowment – the donor has specified a particular objective and the University can convert the endowed capital into income.

### Stocks

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

### 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 are short term investment 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.

### Taxation status

The University is an exempt charity within the meaning of the Trustee Investment and Charities (Scotland) Act 2005 and, as such, is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue & Customs and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity No. SCO21474). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

The University's subsidiary companies are not exempt from taxation. The charge for taxation is based on the taxable profit or loss for the year after the cost of any Gift Aid payment payable to the University.

### Accounting for Retirement Benefits

The University participates in a number of pension schemes providing benefits, the Scottish Teachers Superannuation Scheme (STSS), the Strathclyde Pension Fund (SPF) and the Universities Superannuation Scheme (USS). All schemes are available to staff of more than one employer, are contracted out of the State Earnings-Related Pension Scheme, and the assets of the schemes are held separately from those of the University. The Funds are valued by actuaries, the rates of contributions being determined by the trustees on the advice of the actuaries.

#### *Strathclyde Pension Fund*

Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Contributions to the Scheme are calculated so as to spread the cost of pensions over employees' working lives with the University. The amount charged to the income and expenditure account represents the service cost expected to arise from employee service in the current year. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between the income and expenditure account and, in the statement of total recognised gains and losses, actuarial gains and losses.

#### *Scottish Teachers Superannuation Scheme and Universities Superannuation Scheme*

While the University is a member of these defined benefit schemes, it is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme

as if it were a defined contribution scheme. As a result, the amount charged to the University's income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

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.

### **Provisions**

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **Leases**

Assets obtained under finance leases are capitalised on 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.

# Financial Statements

## Consolidated Income and Expenditure Account

For the year ended 31 July 2015

	Note	2015 £000	2014 £000
<b>Income</b>			
Funding council grants	1	68,056	67,119
Tuition fees and education contracts	2	35,332	33,951
Research grants and contracts	3	5,857	5,178
Other income	4	11,123	10,920
Endowment and investment income	5	2,055	1,258
<b>Total income</b>		<b>122,423</b>	118,426
Less: Share of income from joint venture	10	(1,777)	(1,674)
<b>Net income</b>		<b>120,646</b>	116,752
<b>Expenditure</b>			
Staff costs	6	77,484	74,097
Restructuring costs	6	1,153	516
Other operating expenses	7	34,419	33,594
Depreciation	9	5,318	4,944
Interest and other finance costs	8	218	-
<b>Total expenditure</b>	7	<b>118,592</b>	113,151
<b>Surplus after depreciation of tangible assets at valuation and before taxation</b>		<b>2,054</b>	3,601
Share of operating (loss)/profit in joint venture	10	(8)	142
<b>Surplus on continuing operations after depreciation of tangible assets at valuation and taxation</b>		<b>2,046</b>	3,743
Transfer from accumulated income within endowment funds	11	18	10
<b>Surplus for the year retained within general reserves</b>		<b>2,064</b>	3,753

All items of income and expenditure arise from continuing operations.

## Statement of Consolidated Historical Cost Surpluses

For the year ended 31 July 2015

	Note	2015 £000	2014 £000
Surplus on continuing operations before taxation		2,046	3,743
Difference between historical cost depreciation and the actual charge for the year on the revalued amount	17	1,955	1,955
<b>Historical cost surplus for the year before and after taxation</b>		<b>4,001</b>	<b>5,698</b>

## Statement of Consolidated Total Recognised Gains and Losses

For the year ended 31 July 2015

	Note	2015 £000	2014 £000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		2,046	3,743
Revaluation of fixed asset investments	17	109	(12)
New Endowments	11	722	-
Exchange difference on retranslation of net assets of foreign subsidiary	17	(193)	-
Actuarial loss in respect of pension scheme	27	(7,000)	(8,372)
<b>Total gains and losses recognised in the year</b>		<b>(4,316)</b>	<b>(4,641)</b>

### Reconciliation:

Opening reserves and endowments	162,217	166,858
Total gains and losses recognised in the year	(4,316)	(4,641)
<b>Closing reserves and endowments</b>	<b>157,901</b>	<b>162,217</b>

## Balance Sheets

As at 31 July 2015

	Note	Consolidated		University	
		2015 £000	2014 £000	2015 £000	2014 £000
<b>Fixed assets</b>					
Tangible assets	9	180,437	170,221	178,572	168,304
Investments	10	3,020	2,911	3,530	3,421
		<u>183,457</u>	<u>173,132</u>	<u>182,102</u>	<u>171,725</u>
Endowment assets	11	853	149	853	149
<b>Current assets</b>					
Stocks		122	98	122	98
Debtors	12	11,711	10,243	17,302	14,415
Short term investments		23,032	22,530	23,000	22,500
Cash at bank and in hand		16,610	13,082	15,397	11,086
		<u>51,475</u>	<u>45,953</u>	<u>55,821</u>	<u>48,099</u>
Creditors: amounts falling due within one year	13	(30,839)	(25,155)	(28,749)	(23,375)
<b>Net current assets</b>		<u>20,636</u>	<u>20,798</u>	<u>27,072</u>	<u>24,724</u>
<b>Total assets less current liabilities</b>					
		204,946	194,079	210,027	196,598
Creditors: amounts falling due after more than one year	14	(9,285)	-	(9,285)	-
Provisions for liabilities	15	(7,979)	(7,283)	(8,131)	(7,435)
<b>Net assets excluding pension liability</b>		<u>187,682</u>	<u>186,796</u>	<u>192,611</u>	<u>189,163</u>
Net pension liability	27	(20,084)	(14,296)	(20,084)	(14,296)
<b>Net assets including pension liability</b>		<u>167,598</u>	<u>172,500</u>	<u>172,527</u>	<u>174,867</u>
Deferred capital grants	16	9,697	10,283	9,697	10,283
<b>Endowments</b>					
Expendable	11	577	99	577	99
Permanent	11	276	50	276	50
		<u>853</u>	<u>149</u>	<u>853</u>	<u>149</u>
<b>Reserves</b>					
Income and expenditure account excluding pension reserve	17	94,776	91,969	99,512	94,336
Pension reserve	17	(20,084)	(14,296)	(20,084)	(14,296)
Income and expenditure account including pension reserve		74,692	77,673	79,428	80,040
Revaluation reserve	17	82,549	84,395	82,549	84,395
Foreign currency investment translation reserve	17	(193)	-	-	-
		<u>157,048</u>	<u>162,068</u>	<u>161,977</u>	<u>164,435</u>
<b>Total funds</b>		<u>167,598</u>	<u>172,500</u>	<u>172,527</u>	<u>174,867</u>

The financial statements on pages 23 to 49 were approved by the University Court on 26 November 2015 and signed on its behalf by:

**Hazel Brooke MBE**  
Chair of University Court

**Professor Pamela Gillies CBE**  
Principal and Vice-Chancellor

**Gerry Milne**  
Chief Financial Officer  
and Vice Principal (Infrastructure)

## Consolidated Cash Flow Statement

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For the year ended 31 July 2015

	<b>Note</b>	<b>2015</b>	2014
		<b>£000</b>	£000
Net cash inflow from operating activities	21	<b>7,277</b>	9,143
Returns on investments and servicing of finance	22	<b>225</b>	377
Capital expenditure and financial investment	23	<b>(13,304)</b>	(4,739)
Management of liquid resources	24	<b>(502)</b>	1,970
Financing	25	<b>9,860</b>	-
<b>Increase in cash in the year</b>		<b>3,556</b>	6,751

## Reconciliation of net cash flow to movement in net funds

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For the year ended 31 July 2015

	<b>Note</b>	<b>2015</b>	2014
		<b>£000</b>	£000
Increase in cash in the year		<b>3,556</b>	6,751
Increase/(decrease) in short term deposits		<b>502</b>	(1,970)
Movement in net funds in the year		<b>4,058</b>	4,781
Net funds at 1 August		<b>35,761</b>	30,980
<b>Net funds at 31 July</b>	26	<b>39,819</b>	35,761

## Notes to Financial Statements

For the year ended 31 July 2015

	<b>2015</b>	2014
<b>1 Scottish Funding Council grants</b>	<b>£000</b>	£000
General Fund - Teaching	<b>61,208</b>	60,596
General Fund - Research and Knowledge Exchange	<b>3,175</b>	3,643
Release of deferred capital grants (note 16)	<b>554</b>	628
Strategic Funding	<b>1,531</b>	1,453
Capital Maintenance grants	<b>1,588</b>	799
	<b>68,056</b>	67,119
	<b>2015</b>	2014
<b>2 Tuition fees and education contracts</b>	<b>£000</b>	£000
Scotland and EU fees	<b>21,325</b>	20,502
RUK (new fee rates)	<b>1,078</b>	727
Non-EU fees	<b>11,043</b>	10,851
Non-credit bearing course fees	<b>826</b>	1,129
Education contracts	<b>1,060</b>	742
	<b>35,332</b>	33,951
	<b>2015</b>	2014
<b>3 Research grants and contracts</b>	<b>£000</b>	£000
Grants and contracts	<b>5,825</b>	5,146
Deferred capital grants released: Equipment (note 16)	<b>32</b>	32
	<b>5,857</b>	5,178
<p>This sum includes Industrial and Government-funded Research Grants and contracts. It excludes SFC funding for research shown in note 1.</p>		
	<b>2015</b>	2014
<b>4 Other income</b>	<b>£000</b>	£000
Residences, catering and conferences	<b>3,237</b>	3,691
Other university services	<b>2,572</b>	2,279
Other income	<b>3,537</b>	3,276
Income from joint venture	<b>1,777</b>	1,674
	<b>11,123</b>	10,920

## Notes to Financial Statements (continued)

For the year ended 31 July 2015

	2015	2014
	£000	£000
<b>5 Endowment and investment income</b>		
Income from expendable endowments (note 11)	46	24
Income from permanent endowments (note 11)	-	1
Other interest receivable	312	270
Net return on pension scheme (note 27)	1,697	963
	<u>2,055</u>	<u>1,258</u>

	2015	2014
	£000	£000
<b>6 Staff costs</b>		
Wages and salaries	62,690	60,400
Social security costs	5,483	5,156
Other pension costs	9,311	8,541
	<u>77,484</u>	<u>74,097</u>

Analysed as:	2015	2014
	£000	£000
Academic	46,054	44,694
Administrative	26,223	24,406
Technical	2,599	2,481
Others	2,608	2,516
	<u>77,484</u>	<u>74,097</u>

	2015	2014
	£000	£000
<b>Emoluments of the Principal and Vice-Chancellor</b>		
Salary	221	213
Performance related payment	16	15
Payments in lieu of pension contributions	35	37
Benefits in kind	1	1

	2015	2014
	Number	Number
<b>Average staff numbers by major category</b>		
Academic	706	690
Administrative	561	556
Technical	57	56
Others	114	113
	<u>1,438</u>	<u>1,415</u>

For the year ended 31 July 2015

**6 Staff costs (continued)**

**Remuneration of other higher paid staff including non-superannuable elements, but excluding employers' pensions contributions where relevant**

	2015 Number	2014 Number
£70,000 - £79,999	40	26
£80,000 - £89,999	18	12
£90,000 - £99,999	7	7
£100,000 - £109,999	3	2
£110,000 - £119,999	-	1
£120,000- £129,999	3	4
£130,000- £139,999	3	1
£140,000- £149,999	4	3
£150,000- £159,999	-	1
£160,000- £169,999	-	-
£170,000- £179,999	1	-
£180,000- £189,999	-	2
£190,000- £199,999	-	-
£200,000- £209,999	-	-
£210,000- £219,999	1	-
£220,000- £229,999	1	-

**Compensation for loss of office payable to senior post holders**

	2015 £000	2014 £000
Compensation payable	<u>325</u>	<u>-</u>

The compensation payable in 2015 was to 6 people (2014: nil).

**Restructuring costs**

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

	2015 £000	2014 £000
Academic	464	(18)
Administrative	668	514
Technical	15	8
Associated costs (non payroll)	6	12
	<u>1,153</u>	<u>516</u>

For the year ended 31 July 2015

7 Analysis of Expenditure by activity

	Staff costs £000	Restructuring costs £000	Other operating costs £000	Depreciation £000	Interest and other finance £000	2015 Total £000	2014 Total £000
Academic departments	46,731	348	7,355	441	-	54,875	52,734
Academic services	9,677	380	7,646	327	-	18,030	17,400
Research grants & contracts	3,659	-	2,012	32	-	5,703	5,031
Residences, catering & conferences	400	-	1,171	331	-	1,902	1,485
Premises	3,742	46	8,412	3,874	-	16,074	16,105
Administration & central services	13,275	379	7,028	313	-	20,995	19,814
Other expenses	-	-	795	-	218	1,013	582
Total per I & E account	<u>77,484</u>	<u>1,153</u>	<u>34,419</u>	<u>5,318</u>	<u>218</u>	<u>118,592</u>	<u>113,151</u>

Other operating expenses (including VAT) include:

	2015 £000	2014 £000
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**Auditor's remuneration**

External auditors remuneration in respect of audit services	80	62
External auditors remuneration in respect of non-audit services	89	-
Internal auditors remuneration in respect of audit services	185	120
Internal auditors remuneration in respect of non-audit services	<u>36</u>	<u>20</u>

**Operating lease rentals**

	2015 £000	2014 £000
Land and buildings	2,313	2,144
Other	<u>180</u>	<u>198</u>

8 Interest and other finance costs

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Loans not wholly repayable within five years	<u>218</u>	<u>-</u>	<u>218</u>	<u>-</u>

For the year ended 31 July 2015

9 Tangible assets

Consolidated & University

At 31 July 2015, in accordance with FRS 11 'Impairment of Fixed Assets and Goodwill', the values of the buildings have been compared to their recoverable amounts, represented by their value in use to the University. Based on indicators available and given the specialised nature, use and size of the buildings, the University is satisfied that there has not been a fall in value that would result in an impairment loss. Further, in accordance with FRS 15 'Tangible Fixed Assets' a full valuation of the University's buildings using the depreciated replacement cost method was carried out as at 31 July 2013. There are no material changes in value and therefore the valuation has not been updated as at 31 July 2015.

The University does not hold any heritage assets in accordance with FRS 30 'Heritage Assets'.

Consolidated	Land & Buildings £000	Assets under Construction £000	Fixtures & Fittings £000	Plant, Equipment & Furniture £000	Total £000
<b>Valuation/Cost</b>					
At 1 August 2014	165,748	3,128	1,634	18,975	189,485
Exchange movement	124	-	9	29	162
Additions	980	12,416	23	1,958	15,377
Disposals	-	-	-	(524)	(524)
<b>At 31 July 2015</b>	<b>166,852</b>	<b>15,544</b>	<b>1,666</b>	<b>20,438</b>	<b>204,500</b>
<b>Depreciation</b>					
At 1 August 2014	4,344	-	1,304	13,616	19,264
Exchange movement	2	-	1	2	5
Charge for year	3,931	-	147	1,240	5,318
Disposals	-	-	-	(524)	(524)
<b>At 31 July 2015</b>	<b>8,277</b>	<b>-</b>	<b>1,452</b>	<b>14,334</b>	<b>24,063</b>
<b>Net Book Value</b>					
<b>At 31 July 2015</b>	<b>158,575</b>	<b>15,544</b>	<b>214</b>	<b>6,104</b>	<b>180,437</b>
At 31 July 2014	161,404	3,128	330	5,359	170,221

For the year ended 31 July 2015

9 Tangible assets  
Consolidated & University (continued)

University	Land & Buildings £000	Assets under Construction £000	Fixtures & Fittings £000	Plant, Equipment & Furniture £000	Total £000
<b>Valuation/Cost</b>					
At 1 August 2014	164,233	3,128	1,526	18,618	187,505
Additions	979	12,416	23	1,958	15,376
Disposals	-	-	-	(524)	(524)
<b>At 31 July 2015</b>	<b>165,212</b>	<b>15,544</b>	<b>1,549</b>	<b>20,052</b>	<b>202,357</b>
<b>Depreciation</b>					
At 1 August 2014	4,315	-	1,297	13,589	19,201
Charge for year	3,822	-	123	1,163	5,108
Disposals	-	-	-	(524)	(524)
<b>At 31 July 2015</b>	<b>8,137</b>	<b>-</b>	<b>1,420</b>	<b>14,228</b>	<b>23,785</b>
<b>Net Book Value</b>					
<b>At 31 July 2015</b>	<b>157,075</b>	<b>15,544</b>	<b>129</b>	<b>5,824</b>	<b>178,572</b>
At 31 July 2014	159,918	3,128	229	5,029	168,304

At 31 July 2015, land and buildings included £9.7m (2014: £9.7m) in respect of the net book value of freehold land and is not depreciated.

Buildings with a revalued cost of £1.7m (2014: £1.7m) and accumulated depreciation of £139k (2014: £70k) are held for use in an operating lease. The institution is acting as a lessor to British Transport Police.

Buildings with a net book value of £48.9m 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.

For the year ended 31 July 2015

10 Investments

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Treasury index linked stocks	2,937	2,828	2,937	2,828
Subsidiary undertakings at cost	-	-	510	510
Other investments	83	83	83	83
	<u>3,020</u>	<u>2,911</u>	<u>3,530</u>	<u>3,421</u>

The Treasury index linked stocks are earmarked to provide the enhanced element of the pensions to those employees who retired in 1995/96 under the Scottish Higher Education Funding Council “New Blood” scheme. The historical cost of these investments was £1.9m.

The University owns 100% of Glasgow Caledonian University Company Limited, which is regarded as a subsidiary undertaking. It was incorporated to develop and control the commercial exploitation of certain non-recurrent grant activities relating mainly to consultancy assignments and short courses. Costs incurred by the University in respect of work undertaken by the subsidiary undertaking are recharged to the company. The investment in this subsidiary undertaking represents 110,000 £1 ordinary shares in Glasgow Caledonian University Company Limited. At 31 July 2015 a payment of £441k under Gift Aid is payable by the Company to the University (2014: £393k).

The University owns 100% of GCU INTO Limited established to operate the joint venture arrangements of INTO Scotland LLP. This investment represents 100 £1 ordinary shares and 299,900 £1 redeemable preference shares. The Company made a profit of £3k in the year to 31 July 2015 (2014: loss of £2k).

The University owns 100% of GCU Academy Limited. The company was established to operate courses, designed specifically for individual organisations, which lead to a university-level qualification. This investment represents 100,000 £1 ordinary shares. Costs incurred by the University in respect of work undertaken by the subsidiary undertaking are recharged to the company. At 31 July 2015 a payment of £259k under Gift Aid is payable by GCU Academy to the University (2014: £214k).

The University controls 100% of GCU-NYC, Inc. This non-stock corporation was incorporated in February 2013 and through the GCU New York Centre will deliver executive training and short courses. The University has entered into a loan agreement to lend a maximum aggregate of \$15m to GCU-NYC Inc., at an interest rate for each advance being the lesser of 2.5% or the highest rate permitted by applicable law. At 31 July 2015 \$8.75m (£5.6m) (2014: \$6.5m, (£3.8m)) of this loan had been drawn down. In September 2013 GCU agreed a Standby Letter of Credit for \$2.25m in respect of the leasehold property in New York.

The “Other Investments” represents an investment in Biopta Limited and Glycologic Limited. Biopta Limited was formed in 2002 as a spinout company of the University and it provides in vitro pharmacology services and instruments. Glycologic Limited was formed in 1999 and its principal activity is the provision to industry of systems for the delivery of pharmaceuticals, clinical nutrients and drugs.

For the year ended 31 July 2015

10 Investments (continued)

**Joint Venture**

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

On 28 May 2008 GCU INTO Limited entered into a loan agreement to lend up to £350k to INTO Scotland LLP, at an interest rate of 2% above the base lending rate of Royal Bank of Scotland plc. At 31 July 2015 £100k of the loan had been drawn down (2014: £100k). HMRC have confirmed that the investment is a qualifying investment for tax purposes, as it is always to be used to advance Education.

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

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

	<b>2015</b>	2014
	<b>£000</b>	£000
<b>Income and Expenditure Account</b>		
Income	<b>1,777</b>	1,674
Share of operating (loss)/profit	<b>(8)</b>	142
<b>Balance Sheet</b>		
Fixed assets	<b>134</b>	99
Current assets	<b>864</b>	802
	<b>998</b>	901
Liabilities: due within one year	<b>(1,136)</b>	(1,031)
Liabilities: due after more than one year	<b>(100)</b>	(100)
	<b>(1,236)</b>	(1,131)
Share of net liabilities	<b>(238)</b>	(230)

In accordance with FRS 9 'Associates and Joint Ventures' the share in net liabilities as at 31 July 2015 has been disclosed in Note 15 Provisions for liabilities.

## Notes to Financial Statements (continued)

For the year ended 31 July 2015

### 11 Endowments

	Unrestricted permanent £000	Restricted permanent £000	Total permanent £000	Restricted expendable £000	2015 Total £000	2014 Total £000
At 1 August						
Capital	14	26	40	91	<b>131</b>	141
Accumulated Income	-	10	10	8	<b>18</b>	18
	<u>14</u>	<u>36</u>	<u>50</u>	<u>99</u>	<u><b>149</b></u>	<u>159</u>
New endowments	-	226	226	496	<b>722</b>	-
Income	-	-	-	46	<b>46</b>	25
Expenditure	-	-	-	(64)	<b>(64)</b>	(35)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18)</u>	<u><b>(18)</b></u>	<u>(10)</u>
Movement in market value of investments	-	-	-	-	-	-
At 31 July	<u>14</u>	<u>262</u>	<u>276</u>	<u>577</u>	<u><b>853</b></u>	<u>149</u>
Represented by:						
Capital	14	252	266	554	<b>820</b>	131
Accumulated income	-	10	10	23	<b>33</b>	18
	<u>14</u>	<u>262</u>	<u>276</u>	<u>577</u>	<u><b>853</b></u>	<u>149</u>
Represented by:						
Cash at bank held for endowment funds						177
Equities (listed)						<u>676</u>
						<u><u>853</u></u>

### 12 Debtors

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Amount falling due within one year:				
Debtors	<b>4,934</b>	4,293	<b>4,106</b>	3,973
Amounts owing from subsidiary companies	-	-	<b>878</b>	710
Prepayments and accrued income	<b>5,580</b>	4,808	<b>5,474</b>	4,694
Debtors falling due after more than one year	<b>3,500</b>	3,500	<b>9,147</b>	7,387
Provision for bad and doubtful debts	<b>(2,303)</b>	(2,358)	<b>(2,303)</b>	(2,349)
	<u><b>11,711</b></u>	<u>10,243</u>	<u><b>17,302</b></u>	<u>14,415</u>

For the year ended 31 July 2015

**12 Debtors (continued)**

The University Court of Glasgow Caledonian University and INTO Glasgow LP contracted in 2008 to design, build and construct a bespoke international college on land owned by the University. Building permission was granted in September 2011. The lease premium of £3.5m is payable upon practical completion which is contracted to be no later than 1 January 2017. This project had not commenced at 31 July 2015.

The University has entered into a loan agreement to lend a maximum aggregate of \$15m to GCY-NYC, Inc. At 31 July 2015 \$8.75m (£5.6m) (2014: \$6.5m (£3.8m)) of this loan had been drawn down and is payable after more than one year. Management expect GCU-NYC, Inc. to be granted an educational license and consider this loan fully recoverable.

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

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Unsecured loans	575	-	575	-
Trade creditors	5,208	3,984	5,112	3,934
Social security and other taxation payable	1,585	1,482	1,585	1,482
Amounts owing to subsidiary companies	-	-	2	1
Accruals and deferred income	23,471	19,689	21,475	17,958
	<u>30,839</u>	<u>25,155</u>	<u>28,749</u>	<u>23,375</u>

**14 Creditors: amounts falling due after more than one year**

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
<b>Analysis of unsecured loans:</b>				
Due within one year	575	-	575	-
Due between one and two years	602	-	602	-
Due between two and five years	2,719	-	2,719	-
Due in five years or more	5,964	-	5,964	-
	<u>9,860</u>	<u>-</u>	<u>9,860</u>	<u>-</u>
Due within one year	(575)	-	(575)	-
<b>Due after more than one year</b>	<u>9,285</u>	<u>-</u>	<u>9,285</u>	<u>-</u>

An unsecured bank loan of £10,000,000 (2014: £nil) from the Lloyds Banking Group backed by the European Investment Bank is repayable in instalments between 16 February 2015 and 15 February 2028 and interest is charged at a fixed rate of 4.84%.

For the year ended 31 July 2015

15 Provision for liabilities

	INTO Scotland LLP £000	Other £000	Early retirement pension costs £000	Total £000
<b>Consolidated</b>				
At 1 August 2014	230	687	6,366	7,283
Expenditure in the year	-	-	(437)	(437)
Additional provision required in the year	8	336	789	1,133
At 31 July 2015	<u>238</u>	<u>1,023</u>	<u>6,718</u>	<u>7,979</u>

		Other £000	Early retirement pension costs £000	Total £000
<b>University</b>				
At 1 August 2014		1,069	6,366	7,435
Expenditure in the year		-	(437)	(437)
Additional provision required in the year		344	789	1,133
At 31 July 2015		<u>1,413</u>	<u>6,718</u>	<u>8,131</u>

The INTO Scotland LLP provision represents the share of deficiency in net assets within a joint venture (see note 10).

The 'Other' provision represents possible payments due in respect of dilapidations on leases, obligations in respect of the CRC Energy Efficiency Scheme and the University's investment in the joint venture.

A valuation of the existing pension provision was carried out by Hymans Robertson LLP, an independent firm of actuaries at 31 July 2015. The net interest rate applied was 1.2% (2014: 1.5%). This is reflected in the above calculations.

For the year ended 31 July 2015

16 Deferred capital grants

	Consolidated & University		
	Buildings £000	Equipment £000	Total £000
At 1 August 2014			
Funding Council	6,734	3,423	10,157
Other	-	126	126
	<u>6,734</u>	<u>3,549</u>	<u>10,283</u>
Cash receivable			
Funding Council	-	-	-
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Released to income and expenditure account			
Funding Council	(268)	(286)	(554)
Other	-	(32)	(32)
	<u>(268)</u>	<u>(318)</u>	<u>(586)</u>
At 31 July 2015			
Funding Council	6,466	3,137	9,603
Other	-	94	94
	<u>6,466</u>	<u>3,231</u>	<u>9,697</u>

17 Reserves

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
<b>Income and expenditure reserve</b>				
At 1 August	77,673	80,337	80,040	80,337
Surplus retained	2,064	3,753	4,433	6,120
Transfer from revaluation reserve to income and expenditure account	1,955	1,955	1,955	1,955
Actuarial loss in pension scheme	(7,000)	(8,372)	(7,000)	(8,372)
At 31 July	<u>74,692</u>	<u>77,673</u>	<u>79,428</u>	<u>80,040</u>

## Notes to Financial Statements (continued)

For the year ended 31 July 2015

### 17 Reserves (continued)

Represented by:

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
<b>Income and expenditure account</b>				
At 1 August	91,969	87,192	94,336	87,192
Surplus retained	2,064	3,753	4,433	6,120
Transfer of amount equivalent to additional depreciation of fixed assets	1,955	1,955	1,955	1,955
Transfer to pension reserve	(1,212)	(931)	(1,212)	(931)
At 31 July	<u>94,776</u>	<u>91,969</u>	<u>99,512</u>	<u>94,336</u>
	2015 £000	2014 £000	2015 £000	2014 £000
<b>Pension reserve</b>				
At 1 August	(14,296)	(6,855)	(14,296)	(6,855)
Movement in year:				
Current service cost	(4,585)	(3,897)	(4,585)	(3,897)
Employer contributions	4,059	3,859	4,059	3,859
Contributions in respect of unfunded benefits	41	41	41	41
Past service cost	-	(35)	-	(35)
Net interest return on assets (note 5)	1,697	963	1,697	963
Transfer from income and expenditure reserve	1,212	931	1,212	931
Actuarial loss in pension scheme	(7,000)	(8,372)	(7,000)	(8,372)
At 31 July	<u>(20,084)</u>	<u>(14,296)</u>	<u>(20,084)</u>	<u>(14,296)</u>
	2015 £000	2014 £000	2015 £000	2014 £000
<b>Revaluation reserve</b>				
At 1 August	84,395	86,362	84,395	86,362
Transfer of amount equivalent to additional depreciation of fixed assets	(1,955)	(1,955)	(1,955)	(1,955)
Revaluation of fixed asset investments	109	(12)	109	(12)
At 31 July	<u>82,549</u>	<u>84,395</u>	<u>82,549</u>	<u>84,395</u>
	2015 £000	2014 £000	2015 £000	2014 £000
<b>Foreign currency investment translation reserve</b>				
At 1 August	-	-	-	-
Exchange differences on retranslation of net assets	(193)	-	-	-
At 31 July	<u>(193)</u>	<u>-</u>	<u>-</u>	<u>-</u>

For the year ended 31 July 2015

**18 Lease obligations**

Annual rentals under operating leases commitments are as follows:

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
<b>Land and buildings</b>				
Expiring within one year	262	-	262	-
Expiring within two to five years	540	749	540	749
Expiring over five years	1,118	1,503	-	450
	<u>1,920</u>	<u>2,252</u>	<u>802</u>	<u>1,199</u>

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
<b>Other</b>				
Expiring within one year	82	44	82	44
Expiring within two to five years	84	152	84	152
Expiring over five years	-	-	-	-
	<u>166</u>	<u>196</u>	<u>166</u>	<u>196</u>

**19 Capital and other commitments**

	Consolidated & University	
	2015 £000	2014 £000
Commitments contracted for	18,467	27,962
Authorised but not contracted for	6,000	2,321
	<u>24,467</u>	<u>30,283</u>

The above commitments include the capital investment in the Heart of Campus development.

**20 Contingent liabilities**

A contingent liability exists in relation to the USS pension recovery plan, since the University is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet.

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

## Notes to Financial Statements (continued)

For the year ended 31 July 2015

<b>21</b>	<b>Reconciliation of consolidated operating surplus to net cash inflow from operating activities</b>		
		<b>2015</b>	2014
		<b>£000</b>	£000
	Surplus after depreciation of assets, disposal of assets and taxation	<b>2,046</b>	3,743
	Depreciation	<b>5,318</b>	4,944
	Interest payable	<b>218</b>	-
	Pension costs less contribution payable	<b>485</b>	32
	Deferred capital grants released to income	<b>(586)</b>	(660)
	Share of operating loss/(profit) in joint venture	<b>8</b>	(142)
	Endowment & investment income	<b>(2,055)</b>	(1,258)
	Unrealised gain on revaluation	<b>(318)</b>	-
	(Increase)/decrease in stocks	<b>(24)</b>	62
	Increase in debtors	<b>(1,456)</b>	(823)
	Increase in creditors	<b>2,953</b>	3,091
	Increase in provisions	<b>688</b>	154
	<b>Net cash inflow from operating activities</b>	<b>7,277</b>	9,143
<b>22</b>	<b>Returns on investments and servicing of finance</b>		
		<b>2015</b>	2014
		<b>£000</b>	£000
	Income from endowments	<b>46</b>	25
	Other interest received	<b>300</b>	352
	Interest paid	<b>(121)</b>	-
	<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>225</b>	377
<b>23</b>	<b>Capital expenditure and financial investments</b>		
		<b>2015</b>	2014
		<b>£000</b>	£000
	Tangible assets acquired	<b>(13,316)</b>	(5,313)
	Endowment assets received	<b>46</b>	-
	Deferred capital grants	<b>(34)</b>	574
	<b>Net cash outflow in respect of capital expenditure and financial investment</b>	<b>(13,304)</b>	(4,739)
<b>24</b>	<b>Management of liquid resources</b>		
		<b>2015</b>	2014
		<b>£000</b>	£000
	(Increase)/decrease in short term deposits	<b>(502)</b>	1,970

For the year ended 31 July 2015

25 Financing

	2015 £000	2014 £000
New unsecured loans	10,000	-
Repayment of unsecured loans	(140)	-
Net cash inflow from financing	<u>9,860</u>	<u>-</u>

26 Analysis of changes in net funds

	At 1 August 2014 £000	Cash flows £000	At 31 July 2015 £000
Cash at bank and in hand	13,082	3,528	16,610
Endowment assets	<u>149</u>	<u>28</u>	<u>177</u>
	13,231	3,556	16,787
Short term investments	<u>22,530</u>	<u>502</u>	<u>23,032</u>
	<u>35,761</u>	<u>4,058</u>	<u>39,819</u>

27 Pension schemes

The University participates in three separate defined benefit schemes to provide retirement benefits to employees. 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 costs are:

	1/8/2014 to 31/7/2015
Academic staff STSS	14.9%
Administrative and Manual Staff SPF	19.3%
Academic staff USS	16.0%

	STSS 31 March 2012	SPF 31 March 2014	USS 31 March 2014
<b>Date of last actuarial review/valuation:</b>			
Market value of assets at date of last valuation	£19.6bn	£13.9bn	£41.6bn
Proportion of members benefits covered by actuarial valuation	-	94%	89%

For the year ended 31 July 2015

27 Pension schemes (continued)

	2015 £000	2014 £000
The total pension costs for the year were:		
Normal contribution to:		
STSS – contributions paid	4,109	3,966
SPF – charge to income and expenditure account	4,585	3,897
USS – contributions paid	617	678
	<u>9,311</u>	<u>8,541</u>

With the exception of the Strathclyde Pension Fund, the University has utilised the provisions of FRS 17 whereby the contributions to the schemes be accounted for as if they were defined contribution schemes. As such, the costs recognised within the University's income and expenditure account will be equal to the contributions payable to the schemes in the year.

**The Strathclyde Pension Fund**

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

A valuation of the University's benefit obligations in respect of its members has been estimated by a qualified independent actuary based on the 31 March 2014 valuation results, rolled forward onto the FRS 17 assumptions at 31 July 2015. The major assumptions used are shown below.

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

<b>Financial assumptions</b>	<b>2015</b>	2014
Pension increase	2.4%	2.5%
Salary increase rate	4.0%*	3.8%
Expected return on assets	3.6%	6.0%
Discount rate	3.6%	4.0%

\*Salary increase assumed to be 2% p.a. until 31 July 2020, reverting to the long term assumption shown thereafter.

**Mortality assumptions**

The life expectancies used to determine benefit obligations are as follows:

	<b>Male</b>	<b>Female</b>
Current pensioners	22.1 years	23.6 years
Future pensioners	24.8 years	26.2 years

For the year ended 31 July 2015

27 Pension schemes (continued)

The fair value of the plan assets and the return on those assets were as follows:

	2015		2014	
	Long term rate of return	Value £000	Long term rate of return	Value £000
Equities	3.6%	94,502	6.6%	85,732
Bonds	3.6%	15,120	3.5%	13,537
Property	3.6%	15,120	4.7%	7,896
Cash	3.6%	1,260	3.6%	5,640
		<u>126,002</u>		<u>112,805</u>

	2015 £000	2014 £000
Fair value of plan assets	126,002	112,805
Present value of funded defined benefit obligations	(145,612)	(126,642)
Present value of unfunded defined benefit obligations	(474)	(459)
Net liability	<u>(20,084)</u>	<u>(14,296)</u>

	2015 £000	2014 £000
<b>Movements in fair value of plan assets</b>		
At 1 August	112,805	103,550
Expected return on plan assets	6,836	6,102
Actuarial gains	3,893	530
Contributions by the employer	4,059	3,859
Contributions in respect of unfunded benefits	41	41
Contributions by members	1,422	1,339
Unfunded benefits paid	(41)	(41)
Benefits paid	(3,013)	(2,575)
At 31 July	<u>126,002</u>	<u>112,805</u>

	2015 £000	2014 £000
<b>Movements in present value of defined benefit obligations</b>		
At 1 August	127,101	110,405
Current service cost	4,585	3,897
Past service costs	-	35
Interest cost	5,139	5,139
Actuarial losses	10,893	8,902
Contributions by members	1,422	1,339
Estimated unfunded benefits paid	(41)	(41)
Benefits paid	(3,013)	(2,575)
At 31 July	<u>146,086</u>	<u>127,101</u>

For the year ended 31 July 2015

27 Pension schemes (continued)

	2015 £000	2014 £000
<b>Expense recognised in the income and expenditure account</b>		
Current service cost	4,585	3,897
Past service cost	-	35
Total operating charge	<u>4,585</u>	<u>3,932</u>
Expected return pension scheme assets	(6,836)	(6,102)
Interest cost	5,139	5,139
Total net finance return	<u>(1,697)</u>	<u>(963)</u>
<b>Total pension cost recognised in the income and expenditure account</b>	<u>2,888</u>	<u>2,969</u>
	2015 £000	2014 £000
<b>Statement of total recognised gains and losses (STRGL)</b>		
Actuarial losses	<u>(7,000)</u>	<u>(8,372)</u>

The cumulative actuarial losses recognised in the statement of total recognised gains and losses are £20,857k (2014: £13,857k).

The history of the plans for the current and prior periods is as follows:

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
<b>Balance sheet</b>					
Present value of scheme liabilities	(145,612)	(126,642)	(109,955)	(92,547)	(84,784)
Fair value of scheme assets	126,002	112,805	103,550	84,359	82,111
Present value of unfunded liabilities	(474)	(459)	(450)	(441)	(438)
Net liability	(20,084)	(14,296)	(6,855)	(8,629)	(3,111)
	2015 £000/%	2014 £000/%	2013 £000/%	2012 £000/%	2011 £000/%
<b>Experience adjustments</b>					
Experience adjustments on scheme liabilities	6,000	(62)	(171)	865	(181)
Percentage of scheme liabilities	4.12	0.05	0.15	0.93	0.21
Experience adjustments on scheme assets	3,893	530	12,509	(5,784)	2,929
Percentage of scheme assets	3.09	0.47	12.08	6.86	3.56

The University expects to contribute approximately £4,179k to the Strathclyde Pension Fund in 2015/16. There were no outstanding contributions at the balance sheet date (2014: nil).

For the year ended 31 July 2015

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.

The latest full actuarial valuation of the STSS received from the Government Agency's Department is as at 31 March 2012. A new employer contribution rate (17.2%) will apply from 1 September 2015 until 31 March 2019, at which point the rate will be revised in line with the outcome of the next scheme valuation, which will be as at 31 March 2016 and will be conducted during 2016 and 2017. There were no outstanding contributions at the balance sheet date (2014: nil).

**Universities Superannuation Scheme (USS)**

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees. In 2015, the percentage was 16% (2014: 16%). Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The total cost charged to the income and expenditure account is £617k (2014: £678k). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

For the year ended 31 July 2015

27 Pension schemes (continued)

**Universities Superannuation Scheme (USS) (continued)**

At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

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

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

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS 17 figures, for the 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

Existing benefits	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

For the year ended 31 July 2015

## 28 Disclosure of related party transactions

Due to the nature of the University's operations and the composition of the University Court (being drawn from 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.

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

Transactions in the year with Biopta Limited and Glycologic Limited, GCU spin out companies were reviewed and no material payments have been made to or received from the companies.

The University makes certain payments to and is re-imbursed for certain costs by Glasgow Caledonian University Students' Association (GCUSA). The University does not exercise day to day control over the affairs of Glasgow Caledonian University Students' Association.

## 29 Childcare and hardship fund

	<b>Childcare Fund £000</b>	<b>Hardship Fund £000</b>	<b>Total £000</b>
At 1 August 2014	24	16	40
Allocation received in year	551	983	1,534
Funds paid in 2013/14 refunded in the year	-	1	1
Expenditure	(308)	(1,230)	(1,538)
Repaid by clawback	(23)	(16)	(39)
Institution contribution to funds (bank interest)	1	2	3
Virements	(244)	244	-
<b>At 31 July 2015</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>Repayable as clawback</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>Retained for students</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

## 30 Post balance sheet events

There were no post balance sheet events which would require disclosure within these financial statements.

For the year ended 31 July 2015

**31 Subsidiary undertakings**

The subsidiary companies 100% owned or controlled by the University are as follows:

<b>Company</b>	<b>Principal Activity</b>	<b>Registered</b>
Glasgow Caledonian University Company Limited	The provision of training, consultancy and research	Scotland
GCU Academy Limited	The provision of courses, designed specifically for individual organisations, which provide a university level education leading to a qualification	Scotland
GCU Nominee Company	Ownership of Heatherbank Museum assets	Scotland
GCU INTO Limited	Holds University share in INTO Scotland LLP	Scotland
GCU-NYC, Inc.	The provision of executive training and short courses	Delaware, US

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Cowcaddens Road,  
Glasgow G4 0BA

[www.gcu.ac.uk](http://www.gcu.ac.uk)

**GCU London**

40 Fashion Street,  
London E1 6PX

[www.gculondon.ac.uk](http://www.gculondon.ac.uk)

**GCU New York**

64 Wooster Street,  
New York, NY 10012, USA

[www.gcunewyork.com](http://www.gcunewyork.com)