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UNIVERSITY OF THE
WEST of SCOTLAND
UWS

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
2016

DREAMING, BELIEVING, ACHIEVING

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University of the West of Scotland (UWS) continues a transformational journey to develop talent and support the economic growth of our nation. The University is proud of its status as a research-informed, teaching-led institution which changes lives, transforms communities and encourages enterprise through outstanding, distinctive and progressive higher education at home and overseas.

Since the launch of our most recent Corporate Strategy in 2014, the University has seen significant progress in areas of student performance, research outputs, brand recognition, reputation, international partnerships and business engagement. Developments including investment in IT, estate development, pedagogic change and new staff have enabled the University to make excellent progress towards highly ambitious targets to position UWS as a leader in the development of research, innovation, enterprise and teaching excellence. During 2015/16 the University has seen improvement across the institution including; retention, building on the success of our REF, modernising our curriculum, embedding technology and diversifying our income. In 2016/17 the University will review and refresh the Corporate Strategy to ensure we are responding to the changing landscape of effective higher education across Scotland, the UK and internationally. During the past year, the Executive and Senior Leadership have focused on the three areas of step-change identified through the Strategy – enhancing academic quality, technology and growing our global reach activities – while maintaining strong emphasis on the University’s core commitment to the student experience, research, widening access and partnership development.

We continue to make significant investment in new, interactive learning spaces across our campuses, creating informal, touch-down, technology-rich spaces for students to engage in independent learning and development. This serves to further demonstrate the extensive work already carried out, and planned for the future, to create a more impactful and attractive environment for our students. Our new Paisley Campus High Street Reception (the Atrium) and recently completed Paisley Student Hub, are wonderful examples of our desire to enhance the social learning and interactive spaces we will develop for all our students and the wider University community.

The project to develop our new Lanarkshire Campus is now well underway and will further enable us to work with our students in creative and innovative ways and developing the focus of ‘how to learn’ through a collaborative and participative learner journey.

The focus and investment UWS has given to the learner journey is beginning to provide successes which are captured in wider informal benchmarking exercises and contributes to a recognisable re-positioning of UWS as seen by our improvements in NSS, all UK newspaper league tables, awards won by the University, income diversification, student achievement, staff awards, research excellence and inclusion in the Times Higher World University Rankings for the first time, where UWS are positioned 64th of 91 UK universities and ranked in the top 5% of universities across the world. Throughout this metamorphosis we are determined to maintain and enhance our financial stability. These financial statements demonstrate that UWS will continue to invest and grow to ensure academic excellence and student success. UWS is committed to attracting students from Scotland, the UK and from around the world, to enjoy a transformative, international learning experience that impacts fundamentally on their lives and helps them achieve their ambitions for the future.

The University’s achievements over the past 12 months demonstrate our absolute commitment to delivering the most outstanding learning for our students and achieving our ambitions around research, innovation, enterprise, global reach, our people and our infrastructure. Through leading-edge teaching and research, together with the provision of contemporary and inspirational learning environments, our person-centered approach to learning will prepare UWS students for a rewarding and life changing future.



Professor Craig Mahoney
Principal and Vice Chancellor

	Year Ended 31-Jul-16 £m	Year Ended 31-Jul-15 £m
Results, cash flows, assets and reserves		
Tuition fees and education contracts	23.7	19.9
Funding body grants	70.9	69.7
Research grants and contracts	4.1	3.8
Other income	8.2	7.9
Investment income	0.2	0.2
Donations	0.1	0.2
Total income	107.2	101.7
Total expenditure	111.1	106.0
Gain on disposal of non current assets	0.0	0.3
Deficit for the year before taxation	(3.9)	(3.9)
Net cash flow from operating activities	4.0	5.4
Net cash flows from investing and financing activities	(10.1)	(3.8)
Net cash flow	(6.1)	1.6
Fixed assets	177.0	171.5
Net current assets	2.2	9.5
Total assets less current liabilities	179.2	181.0
Total reserves	44.0	52.6

Other key statistics

Total number of students	16,271	15,897
Total number of staff	1,441	1,408

The University of the West of Scotland came into being on 30th November 2007, having had a presence in Paisley since 1897 in the Gardner Building, which originates from the Paisley Technical School.

At UWS, we believe in our students' future. We have a proud record in delivering work-ready graduates and developing effective partnerships with business, industry and the public and voluntary sectors. With our cutting-edge courses, practical knowledge, and intelligent teaching, we help our students get ahead.

UWS, is one of Scotland's biggest modern universities with campuses in Ayr, Dumfries, Lanarkshire and Paisley, and is the local University for over 30% of the population of central Scotland. In late 2015 the UWS London Campus opened to further support the growing national and international reach strategy with an increased and diverse portfolio.

Through our innovative learning partnership we invest in people's potential to shape their future. Built on uniting students, professionals, industry and our communities, this partnership stretches from the West of Scotland around the world. We believe in the transformative power of active learning and engagement. We treat our students as Individuals; partners and potential leaders in their fields and professions, providing them with the globally relevant knowledge, skills and confidence to think critically and to challenge received wisdom. Through the strengthening of our academic excellence and application of our academic expertise, we will significantly increase turnover, broaden income streams and contribute to the international development of knowledge.

The University continues to remain focused on meeting the objectives of its Corporate Strategy whilst operating in challenging economic conditions and being subject to complex funding arrangements - difficulties that can only be exacerbated by the recent vote for 'Brexit'. However, student recruitment was ahead year on year and whilst the University reported a deficit in 2015-16 it is generating healthy underlying operating surpluses and a positive cash position that has enabled the University to continue the strategic investments in infrastructure and information technology to improve facilities and experience for its students. These financial statements are the first that have been prepared under the new accounting standard, FRS102. The prior year comparative data has been re-stated; further information appears on pages 51 and 52.

We are proud to have received local and national recognition for our work across a range of diverse areas, including the student experience and league table performance:

Key Achievements

- The Times Higher Education Student Experience Survey 2015/16 - 4th most improved UK University.
- The Times Good University Guide 2016 Education degree ranked 7th in the UK.
- University achieved 87.1% for overall student satisfaction in National Student Survey, while our courses in Aircraft Engineering, Community Education, Forensic Science, Sport and Exercise Science and Midwifery were rated top in the UK for overall student satisfaction, achieving 100%.
- Winner of the Herald Higher Education Awards 2016 in the 'Outstanding Employer Engagement' category.
- Athena SWAN Bronze Accreditation received - The Athena SWAN Charter was established in 2005 by the [Equality Challenge Unit](#) to encourage and recognise commitment to advancing the careers of women in science, technology, engineering, maths and medicine (STEMM) employment in higher education and research.
- Commercial Services secured "Customer First" UK accreditation.
- Awarded the European Commission HR Excellence Award.
- Renfrewshire Chamber of Commerce ROCCO Awards 2015 named Professor Craig Mahoney, Principal and Vice-Chancellor "Renfrewshire Business Leader of the Year".

League Table Performance

The University of the West of Scotland has improved considerably in the 2016 league tables:

- Improved 12 places in the Sunday Times/Times University Guide
- Improved 12 places in the Guardian University Guide
- Improved 8 places in the Complete University Guide
- University in the top 5% in the Times Higher Education World University Ranking for this first time since it was launched in 2004.

Other Notable Successes

- UWS London Campus opened 2015 to provide a base for delivery of UWS courses to a new market.
- Scotland's Dementia Awards, 2015 finalist for UWS & Alzheimer Scotland and for best acute care initiative: Scotland's National Dementia Champions Training Team.
- Finalist in the Herald Higher Education Awards 2016 in the 'Outstanding Contribution by a Student', and 'Outstanding Contribution to the Local Community' categories.
- The Times Higher Education Leadership and Management Awards 2016 - finalists in the Outstanding Finance Team and Outstanding Departmental Administration Team (Welcome Team) categories.

Scope of the Financial Statements

The Financial Statements comprise the consolidated results of the University only as the University has no trading subsidiary undertakings.

Constitution, Governance and Regulation

The University of the West of Scotland is formed as a "body corporate" under the terms of a statutory instrument. The University's constitutional basis is contained within the University of the West of Scotland Order of Council 2015. The Court of the University is, subject to the provisions of the Scottish Code of Good HE Governance, which is unambiguously and collectively responsible for overseeing the institution's activities, determining its future direction and fostering an environment in which the institutional mission is achieved and the potential of all learners is maximised. The Vice-Chancellor's Executive Group is the senior leadership and decision-making group within UWS that provides strategic direction to the institution, development and implementation of strategy and an oversight of operational planning and target setting whilst managing institutional performance. The University's corporate governance arrangements are described on pages 23 to 26, and the members of the University Court during the year ended 31 July 2016, who are the charity trustees, are listed on page 27 to 28.

The Scottish Funding Council (SFC) is the principal regulator of those higher education institutions (HEIs) in Scotland, is a Non-Departmental Public Body (NDPB) of the Scottish Government and undertakes its functions under the terms of the Further and Higher Education (Scotland) Act 2005 (the 2005 Act), as amended, including by the Post-16 Education (Scotland) Act 2013. In particular, SFC may make grants, loans or other payments to the governing bodies of institutions for the provision of further education, higher education, research and related activities.

The University of the West of Scotland is also a registered charity in Scotland, with the Office of the Scottish Charity Regulator under number SC002520.

The University's professional advisors are listed on page 54.

Formal Governance Structure

Two key bodies govern the University: the Court and the Senate.

University Court

The Court is the supreme governing body of the University. It is responsible for the appointment of the Chancellor, the Principal & Vice Chancellor and the Secretary to Court. The majority of Court are lay members and students and staff are represented in the membership. The main responsibilities of Court are set out in its [Statement of Primary Responsibilities](#).

Senate

The Senate is responsible for the overall planning, co-ordination, development and supervision of the academic work of the University, the maintenance of academic standards, the Regulatory Framework for academic awards and the promotion of academic development, research and scholarly activity.

Principal Officers of the University

Three significant positions are held within the University: the Chancellor, the Chair of Court and the Principal & Vice Chancellor.

Chancellor

The Chancellor is the titular head of the University with the power to confer degrees, diplomas and other academic distinctions. The current Chancellor of the University is the Rt. Hon. Dame Elish Angiolini DBE. QC. FRSA.

Chair of Court

The Chair of Court has responsibility for the leadership of the Court and plays a key role in relation to other business of the University by ensuring the effectiveness of Court in carrying out its function. The current Chair of Court is Dr Waiyin Hatton.

Principal & Vice Chancellor

The Principal & Vice Chancellor is the chief academic and administrative officer of the University. The Principal & Vice Chancellor is subject to the general control and direction of the Court. The Principal & Vice Chancellor is the Chairman of Senate and the Designated (Accounting) Officer under the terms of the Scottish Funding Council Financial Memorandum. The responsibility for the day to day running of the University rests with the Principal supported by a Senior Management Team who report to the Executive Group.

Mission and Strategy

Dreaming, Believing, Achieving

At this point in our development, University of the West of Scotland is well prepared to move into the future with a new sense of purpose and identity as a truly 21st century University. Our work will be guided by an ambitious [Corporate Strategy](#) based around three themes

Dreaming, Believing and Achieving

Dreaming is about our ambitions and aspirations, both for our University and for the individuals who study and work here.

Believing is how we deliver on those dreams through concrete plans and actions.

Achieving defines key performance indicators which will show us that we've done what we set out to do - precise figures in numbers and percentages, providing clear targets for us to work towards.

As our environment changes, the higher education sector must evolve, and as one of Scotland's newest universities we have an unprecedented opportunity to build a different kind of institution.

Our Purpose

University of the West of Scotland's purpose is to change lives, transform communities and encourage enterprise through outstanding, distinctive and progressive higher education. Our focus is on personalised learning experiences supported by internationally recognised research. UWS graduates will be work-ready and contribute locally and globally.

We will do this by:

- Providing student-centred, personalised and distinctive learning and teaching experiences underpinned by professionally relevant research, knowledge exchange and enterprise.
- Fostering the resilience and learning skills of our students by providing a supportive, encouraging and inspirational learning environment.
- Developing a culture where our people are supported to be highly motivated, creative and collaborative.
- Making a difference to the communities we serve - in Scotland and across the globe.
- Taking managed intelligent risks to benefit our student experience and organisational performance.
- Being a proudly different University where ambition and success are at the heart of what we do.

Strategic Objectives and Priorities

The University has three Enabling Plans which articulate the strategic objectives and priorities to 2020:

- Research, Enterprise and Engagement
- Global Reach
- Education

Deans are charged with ensuring that their Schools contribute fully across the spread of Corporate Strategy goals. Whilst there are variations in how our Schools contribute it is not acceptable for any School to fail to contribute significantly across all areas of our corporate goals. Leaders of Professional Support Departments are equally challenged to support the Deans to achieve these goals.

Enabling Plans inform the ongoing development and refinement of the Operational Planning process, overseen by the Director of Strategic Planning and Development to ensure there is a clear 'line of sight' between executive, corporate and individual contributions towards the fulfilment of the Corporate Strategy, underpinned by a regular transparent reporting to the University Court.

Research, Enterprise and Engagement Enabling Plan

The University of the West of Scotland Corporate Strategy 2014-20 identifies UWS as an institution where our international research presence, and our partnerships working with businesses, inform and propel our learning provision. Through the strengthening of our academic excellence and application of our expertise we will enhance the student experience, contribute to the international development of knowledge, broaden income streams and significantly increase revenue. We aim to foster a culture of research and enterprise that supports economic growth locally and globally and drives a substantial expansion of the University through a revitalised focus on income generation derived from our core activities of research, enterprise and teaching.

This ambition stems from our fundamental strengths, but requires a step-change in engagement. To drive this step-change, we have re-focussed the core staff within our professional support areas around Research, Enterprise and Engagement, including the Graduate School and Commercial Services. This re-organisation enables a clear management of the opportunities that emerge from the synergies between these functions, and promotes a close working with Schools and the International Centre to support the achievement of our corporate aims.

Research, Enterprise and Engagement are essential underpinnings of the University going forward. Research capacity and capability, as evidenced in national assessment exercises, is essential to the lifeblood of a successful and vibrant academic community. Enterprise activity describes the way we can translate this capability into productive economic impact outside the University, working with small to medium sized companies, social enterprises, the public sector and global organisations.

Enterprise activity needs to continue to grow significantly both to demonstrate the applicability of our work, and also to increase income. Engagement is driving further productive relationships with partner colleges, alumni and other stakeholders. Looking towards our student body, our Graduate School is tasked with increasing full-fee paying numbers following research degrees, while simultaneously improving the student experience. Commercial Services provides an essential underpinning to the efficient operation of the entire University, especially the student experience, and will also contribute to income growth.

Objectives

The specific objectives identified in the Enabling Plan that will support these ambitions are to:

- **Enhance the quality and quantity of UWS research as evidenced by the related outputs**
We will build on the success of our recent REF2014 result and engage more of our staff in high quality research and the accompanying outputs. We see these as essential University components that also underpin the quality of our student experience and our internationalisation agenda.

- **Increase the number of staff with Doctoral qualifications and ensure that our postgraduate research community is embedded in the life of the University**
We expect University academics to be both proficient teachers, as evidenced by Higher Education Academy recognition, as well as experts in their own discipline field, as demonstrated by their Doctoral qualification.
- **Promote a culture of student and staff enterprise and entrepreneurship that capitalises on our innovation and business opportunities**
To become the “go to” University for business and industry, we will create an environment that encourages and supports enterprise and entrepreneurship, and exploits our innovation for the benefit of all concerned. The University has set a target to create 15 new spinout and start-up companies by 2019-20.
- **Expand and intensify productive relationships with local and international partners and stakeholders**
We will build strong relationships with Schools and Colleges that support student recruitment and enable a continuity and coherence of the learner journey. Analogous partnerships with community and business stakeholders will promote mutually beneficial relationships as well as provide work experience opportunities for our students.
- **Increase the revenue generated from our research, enterprise and commercial activities**
Increased income will accelerate the expansion of our research and enterprise activities as well as creating headroom to upgrade our facilities and support new ventures.

Global Reach Enabling Plan

The University of the West of Scotland Corporate Strategy 2014-20 commits UWS as an international University that provides a springboard for all its learners to contribute globally. In order to achieve this we will deliver an academic portfolio that provides our students with globally relevant skills, is internationally attractive and contributes to global reach. Internationalisation activities will be embedded across the University and will be visible in the plans of all Schools, Departments and the Students Association. The UWS International Centre acts as the catalyst for this cross-University activity, facilitating coherence and reach and will also ensure that our ambitions take account of and inform local, regional and national imperatives.

The internationalisation of the University is vital if we are to achieve the aspirations stated in the Corporate Strategy and activity and measures of success can be summarised in four cross-cutting ambitions:

Global brand: UWS will be recognised across the world as a provider of high quality applied learning opportunities, whose students and staff make a global contribution.

Student experience: UWS will provide an international learning experience; students will gain globalised skills and learn within a curriculum that is informed by international practice.

International University: UWS will have an international student body, staff who have an international outlook and will encourage a culture in which we will all learn from each other.

Strategic partnerships: UWS will develop strong partnerships which will support our Global Reach ambitions.

Objectives

The Enabling Plan identifies the following specific objectives:

- **Increasing recruitment of international students to domestic campuses**
We will increase the number of international students learning on our domestic campuses through developing a global brand recognising UWS as a place offering flexible and innovative approaches to learning. A diverse student and staff body will contribute to developing an international culture on each of the campuses and within each School and Department.
- **Offering UWS degrees and professional development through a range of off-shore arrangements**
Through strong strategic partnerships, UWS will build a global brand, which will attract students to undertake our degrees and professional development opportunities. We will ensure that learning opportunities offered overseas reflect our commitment to innovative teaching and learning experiences.
- **Providing an internationalised curriculum**
All programmes at UWS will offer an international experience through a revised curriculum and extra-curricular opportunities.
- **Providing the opportunity for students to develop language skills and to undertake an international experience**
As part of our commitment to providing an international learning experience and to ensure that our students develop globalised skills, we will offer all students the opportunity to learn an additional language and to undertake an international experience through outward mobility.
- **Developing our staff to ensure we can meet our international ambitions**
The organisation will be configured to ensure that we are able to meet our international ambitions and staff will be supported and developed to ensure that we have the capacity and the culture to deliver.

Education Enabling Plan

Our Education Enabling Plan starts and ends with the experiences and success of our students. The plan outlines our approach to meeting the achievements for Student Success set out in the University of the West of Scotland Corporate Strategy 2014-20, which confirms an ambition to prepare graduates who are work-ready, have globally relevant skills and who can be employees of choice around the world because of their enthusiasm for learning and their ability to transfer their skills and knowledge into professional practice. Largely, this will be achieved by the innovative, personalised and transformative higher education experienced by our students during their association with us. However, the Strategy also outlines the need for wider experiences that include extra-curricular activities such as sport, volunteering and active citizenship. The Enabling Plan makes the Strategy real in the area of Education by taking responsibility for all levels, locations and modes of student engagements within UWS.

Student Success

The success of our students is both a continuous moral imperative for UWS and a vital requirement if we are to achieve the aspirations stated throughout the Corporate Strategy. Thus, the activities and measures of success necessary must be tested against the three cross-cutting “achievements” for Student Success approved in the Strategy:

- Transform opportunities for our students through the delivery of outstanding, distinctive and progressive higher education.
- Secure a substantial change in our students’ level of success.
- Ensure our graduates will be highly employable and able to make a difference locally and globally.

Objectives

To deliver the three cross-cutting achievements emphasised above and to deliver the targets embedded in the KPIs, the Education Enabling Plan now proposes and unpacks five main objectives intended to provide logic and coherence to the delivery of the Student Success and other sections of the Corporate Strategy:

- **Offer** inspirational and transformative learning within a flexible and personalised curriculum.
- **Ensure** transitions into, within and beyond UWS that raise the horizons for all stakeholders.
- **Maximise** staff and student engagement in a culture and environment of support and development.
- **Ensure** high quality information to support effective interventions in enhancement.
- **Ensure** that our graduates will be highly employable and able to make a difference locally and globally.
- **Industry Collaboration** UWS collaborates with industry through a wide range of formal and informal partnerships rooted in the teaching and research activities of the Schools. To give just one example, the University’s long-standing relationship with the Centre for Engineering Education and Development (CeeD) ranges from support for CeeD events such as the clinics series to a deep involvement with the development of new engineering courses, support for student placements and the application of UWS research expertise to support developments in engineering.

Student Profile

Total number of students

Table 1 - Student numbers

Student numbers 2015/16 (Count)

	Taught undergraduate	Taught postgraduate	Research postgraduate	Lifelong Learners	Total	Year on Year Movement
Scotland	10,234	1,518	240	1,699	13,691	-2%
Rest of the UK	219	75	42	16	352	26%
EU non-UK	698	118	74	334	1,224	15%
International	147	671	148	38	1,004	87%
Total	11,298	2,382	504	2,087	16,271	2%
Year-on-year Movement	1%	48%	4%	-20%	2%	
Proportion	69%	15%	3%	13%	100%	

Student numbers 2014/15 (Count)

	Taught undergraduate	Taught postgraduate	Research postgraduate	Lifelong Learners	Total
Scotland	10,266	1,300	246	2,203	14,015
Rest of the UK	164	64	38	14	280
EU non-UK	575	89	76	325	1,065
International	178	161	123	75	537
Total	11,183	1,614	483	2,617	15,897
Proportion	70%	10%	3%	17%	100%

Table 2 - Student demand profile

Applications for the academic year:	2016	2015
Undergraduate enrolments		
Total applications	19,880	20,216
Total enrolments	11,298	11,183
Applicants-to-places ratio	1.8	1.8
Postgraduate home and EU		
Total applications	6,926	5,711
Total enrolments	1,636	1,389
Applicants-to-places ratio	4.2	4.1

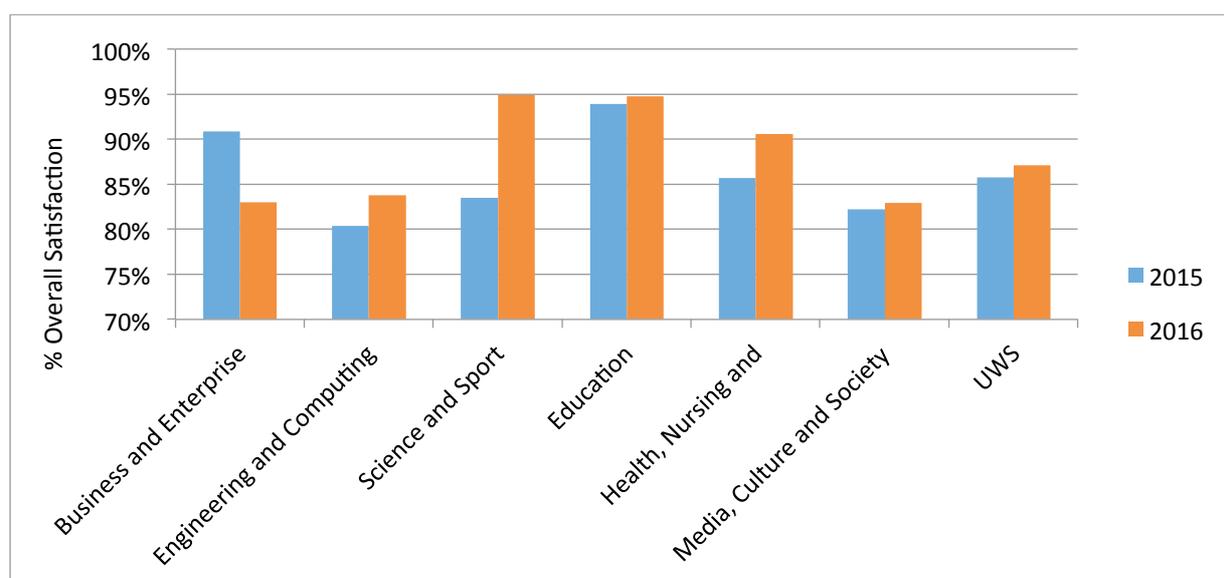
The student number statistics in table 1 show that over the year student numbers increased by 374 or 2 per cent to 16,271 in 2015/16. UWS's undergraduate students of 11,298 make up 69 per cent of its population, an increase of 1 per cent from last year. Postgraduate Taught students increased from last year by 48 per cent to 2,382 with notable growth in International student numbers to 671. Postgraduate research student numbers also increased by 4 per cent in the year to 504.

Despite a small reduction on students coming from Scotland of 2 per cent, Scottish students still represent the largest proportion of the student body at 84 per cent. Students from other destinations are up on last year with International students reported up by 87 per cent on last year, showing strong progress towards the objectives of the Global Reach enabling plan of the Corporate Strategy. Other notable increases in recruitment are from Rest of the UK up 26 per cent and students from the EU up 15 per cent. UWS will monitor the impact on future recruitment in light of "Brexit" and the challenges to international recruitment following the latest announcement by the Home Secretary to restrict students coming to the UK and tailor immigration rules "to the quality of the course and the quality of the educational institution."

Student Satisfaction

UWS' overall satisfaction of 87.1 per cent in the 2016 National Student Survey was 1.3 percentage points higher than in 2015. This increase continues the University's improvement in recent years, and UWS is now above the overall averages for both the Scottish HE sector (85.8 per cent) and the UK sector (86 per cent). UWS placed 48th out of 119 UK institutions in 2016, a rise of 16 places compared to 2015.

Overall satisfaction increased in five of UWS' six academic Schools. These improvements reflect the wide range of initiatives carried out by Schools and relevant departments (including the library and student support teams) to improve services for students.



UWS had the highest overall satisfaction rate in the UK for Aerospace Engineering, and Forensic and Archaeological Science. The University also had the highest overall satisfaction rate in Scotland for Chemical, Process and Energy Engineering, Forensic and Archaeological Science, Drama, Initial Teacher Training and Psychology.

The University aims to achieve 95 per cent overall satisfaction by 2019/20 and UWS has taken steps to continue the improvement in future NSS. We have identified areas of strong performance and will use these to learn lessons for other aspects of the survey. We held conferences for staff to discuss the NSS results in October 2015, and the conference report contained a number of recommendations to be addressed within the academic Schools and across the University as a whole to improve student satisfaction. These include reviewing the balance and timing of coursework, improving students' understanding of feedback, and greater recognition of improvement and achievement. The University has also established closer links with the UWS Students' Association, and has encouraged a number of student-led initiatives.

Widening Student Participation

UWS is widely recognised as one of Scotland's leading institutions in widening participation in higher education. We have a proud record of achievement in providing access to higher education, with over one fifth of our Scottish-domiciled under-21 students from areas of deprivation. This was more than twice the national average. Around a quarter of all Scottish-domiciled undergraduate entrants to UWS are from The Scottish Index of Multiple Deprivation (SIMD20) areas, and we aim to maintain this level of access over the period of the Outcome Agreement with the Scottish Funding Council.

Articulating students from other institutions into UWS

UWS is the lead University in Scotland for articulating students from other institutions. The University has eight formal partner colleges within the South West Articulation Hub (SWAH), and students from a further nine colleges articulate into our courses at either SCQF level 8 or level 9. Around 1,200 students have articulated into UWS courses from across the UK – this represents around 23 per cent of the total articulation numbers for the whole of Scotland.

Associate Student Scheme

The UWS Associate Student Scheme has been extended to allow all students studying on a course that is part of a UWS learner pathway to sign up. In 2015/16, around 700 students signed up to the scheme. The Associate Student Scheme allows students to access a range of UWS facilities, including the University library, sporting facilities, student unions, and the computer network and virtual learning environment. Students also have access to information and guidance on moving on to a degree programme at UWS, and receive academic support to help smooth the transition from HN to degree level study. This may take the form of in-college workshops with UWS staff or visits to a UWS campus.

Graduate prospects

UWS achieved a considerable increase in the percentage of graduates in professional employment based on the latest the Destination of Leavers from Higher Education (DLHE) survey published in July 2016, with 66.3 per cent of graduates in professional destinations six months after graduating. This was an increase of almost 7 percentage points compared to the previous year and 8 percentage points above the Scottish average. UWS placed 6th among 18 Scottish institutions, a climb of six places compared to the previous year. Among all UK institutions, UWS climbed 52 places to 51st in the latest survey. The University aims to achieve 80 per cent of graduates entering professional or managerial employment by 2019/20.

All six of UWS' academic Schools improved on their performance year on year (by between 3 and 9 percentage points).

UWS-St Mirren Partnership

In 2016, UWS continued its award winning partnership agreement with Scottish football club, St Mirren FC. This exciting agreement led to UWS supporting the Paisley-based club in the installation of a new giant scoreboard, while St Mirren provided the University with a number of sponsorship and partnership working opportunities.

This partnership has a wide range of benefits for both organisations and has led to a number of staff development opportunities; joint research studies; and opportunities for UWS students to participate in community coaching as well as other St Mirren community initiatives and club activities. UWS journalism, broadcast production and filmmaking students launched St Mirren TV, broadcasting live, online footage of the club's games to fans from around the world. This further complements St Mirren Radio which is also operated by our students. The radio and TV stations mix football content with features looking at the wider Paisley community.

Risk and Risk Management

The University of the West of Scotland is committed to the management of risk in order to achieve its strategic and operational objectives. Elements of risk are present in all organisational activities and will change in significance over time due to both internal and external environmental factors. The University has established policies and procedures with the objectives of monitoring and reporting operational and institutional risks and the responses in place to manage those risks.

The principal risks and uncertainties faced by the University are assessed by management and are presented to and discussed by the Audit & Risk Committee. Each of the principal risks is assigned to a member of executive management. Risks and risk appetites are also considered by Court.

The principal areas of risk being managed by the University include:

Campus Developments The University continues to invest to ensure that the facilities across each of its campuses are aligned to emerging learning, teaching and research requirements. Specific risks associated with these investments include failure to deliver projects on time, to budget and to an acceptable quality standard. Quality considerations include ensuring that the facilities are designed to be flexible and capable of being reconfigured to meet future needs, and are efficient to operate and maintain.

Risks are addressed through engagement with key stakeholders, and the adoption of robust project management disciplines, including executive management sponsorship and Court oversight.

Financial sustainability The University must sustainably develop and diversify its sources of income and ensure that its cost base remains controlled in order to support the level of investment required to enable its strategic goals.

Risks are addressed through monitoring performance against financial plans, targets and budgets at both a corporate and at operational levels, and through review of processes and activities to ensure that these are optimised for effective and efficient use of resources.

Legal and regulatory compliance The University operates within a complex and rapidly changing legal and regulatory environment spanning diverse areas including immigration, health and safety, environmental, consumer protection and data management. Risks of non-compliance with laws and regulations may include financial penalties, curtailment of operations and reputational damage.

Risks are addressed through the appointment of suitably qualified and experienced staff to advise and support colleagues, and to monitor regulated areas through periodic compliance checks. The University participates in sector wide networks to identify and assess the impact of emerging changes and contributes to consultations on proposed developments.

EU membership The outcome of the June 2016 referendum on the UK's membership of the European Union has generated significant uncertainties regarding the medium to long term position of staff and students from other EU countries, and for access to funding for research and international exchange programmes currently available through the EU.

The University is closely monitoring developments, identifying and assessing risks and opportunities as they emerge, and communicating with key stakeholders.

Sustainability

The Corporate Strategy articulates the need to transform learning environments, provide contemporary, student centred spaces, outstanding community space and modern staff areas. Therefore, it is essential we use this change as one of the key catalysts to secure the 20% reduction in CO2 emissions by 2020. The Estates masterplan will focus on improved space utilisation and resource efficiency, which will be the key to minimising our impact on the environment.

Mindful of the Scottish Government's objective to reduce the nation's carbon emissions, UWS is committed to decarbonising its estate.

UWS fosters a culture of global citizenship, supporting our staff and equipping our students with relevant sustainability education, embedded into academic learning, which will make them exceptional candidates in today's employment market.

Our courses are only part of the experience of university life and sustainability provides an ideal vehicle to enrich the student experience. The Community Gardens and Sustainability Hub, managed in partnership with the Students Association, create opportunities for students to get together and foster relationships with their peers, UWS colleagues and the wider community. The benefits of these initiatives are multifaceted improving health and wellbeing, reducing carbon and providing a valuable service to students in the provision of essential goods through the hub free shop.

Green Impact: Carbon Saving Initiative

UWS staff and students take part in the Green impact scheme which gives them the opportunity to surface ideas and provides support to help them take action to reduce environmental impacts. Students can be Green Impact Project Assistants (GIPAs) and volunteer to work with a staff team and support them to implement the actions of the online workbook to help maintain or improve their Green Impact accreditation. Students undergo training and supervision by the Green Impact Project Leader. Benefit is reaped both from students who gain valuable work experience, and staff who gain an extra team member's assistance.

Environmentally friendly heating solution

Replacement of inefficient boilers and distribution network at Paisley campus achieved significant reduction in carbon emissions and costs. Gas emissions at Paisley reduced by 600 tonnes of CO₂e, saving £78,833 in the first year.

Equality and Diversity

UWS acknowledges its responsibility to promote equality for all people and to promote the ideals set out on the Universal Declaration of Human Rights. We will implement all requirements of existing Equality and Human Rights legislation. The University is committed to providing an environment of equal opportunity in education and employment, free from discrimination for existing and prospective students and staff and recognises the benefits of a diverse and multicultural community. We celebrate and value the diversity of our student and staff populations and are committed to ensuring equality of opportunity for all staff. We encourage applications from potential students and potential staff irrespective of age, disability, political belief, race, religion or belief, sex, sexual orientation, social background or any other protected characteristic and ensure that no member of staff or applicant for employment with the University will be treated less favourably. The University is committed to ensuring best practice is followed in all of our recruitment and selection procedures and applications from candidates with disabilities are encouraged through the recruitment website. We ensure a welcoming environment which is free from any form of harassment and is built on the principles of

mutual respect, fairness and dignity and will take steps to remove prejudice where it exists and tackle the underlying causes of inappropriate behaviours. We will not tolerate any form of discrimination on any grounds or any bullying or harassment of any student, member of staff or visitor to the University and we will continue to develop a culture that embraces diversity and recognises the contribution of all staff, students and stakeholders to the success of the University.

Numerous actions and initiatives aimed at fostering a more inclusive culture that celebrates and benefits from diversity have been delivered. A few examples of initiatives are listed below and these include:

- Staff B-Heard student engagement survey is issued every two years.
- The formation of an Equality Diversity and Inclusivity Committee.
- The recruitment of a Head of Organisational Development specialising in Equality and an Equalities specialist.
- Delivery of Unconscious Bias training to the University's senior management team.
- Various statutory reports including a report charting our progress against our equality outcomes.
- Fostering closer links to the Equality Challenge Unit and hosting their steering group meetings.
- Support for the Aurora leadership programme (a women only leadership development programme).
- A series of "Inspiring Women," events for all staff and students.
- An annual legacy all-day development event based around the "Inspiring Women" concept.

At 31 July 2016, the gender breakdown of Court members and staff in the Schools and Professional Support Services was as follows:

	Employees		External		Total		Overall Total	Male Female %	
	Male	Female	Male	Female	Male	Female		Male	Female
Court Members	4	2	8	7	12	9	21	57%	43%
Schools	351	390			351	390	741	47%	53%
Professional Service Departments	242	462			242	462	704	34%	66%
Total	597	854	8	7	605	861	1466	41%	59%
% Male/Female	41%	59%	53%	47%	41%	59%	100%		

The University places considerable value on the involvement of its employees and on good communication with them. Staff are informed through regular "all staff" meetings hosted by the Principal & Vice Chancellor, the extensive University intranet, regular staff E bulletin newsletters, and other means. Staff are encouraged to participate in formal and informal consultation at University School and Service levels, and a number of staff are represented through membership of formal committees and informal working groups.

Economic Impact

The Biggar Economics on the economic impact of UWS looks at the Gross Value Added (GVA) measure of the monetary contribution of the University to the economy. The report states that the economic impact of UWS was £293.7 million GVA in Scotland with £191.8 million of that figure within the areas served by UWS campuses. This activity supported 5,197 jobs in Scotland with 3,066 of those jobs in the areas directly served by UWS. Adding the jobs to the initial impact figure, the report states that the total economic impact of UWS is £577 million GVA in Scotland and £271.8 million GVA in our local areas.

Financial Results for the Year

Income

Income increased by £5.5 million or 5.4% to £107.2 million

Tuition fee /Education Contracts income increased by £3.8 million or 19% to £23.7 million

The University received in tuition fee / education contracts £23.7 million, 22 per cent of total income. Total tuition fees received from Scottish and EU students totalled £16.3 million, 69 per cent. The University have over 1,000 students from the EU and the future certainty of funding post 2017 for these students remains uncertain as a consequence of the “Brexit” vote.

The University has a small but growing population of Rest of UK students up 26 per cent on last year to 352, tuition fees totalled £0.8m, 3 per cent. Tuition Fees from Non-European Union students totalled £4.5 million, 19 per cent. This is one of the most significant growth areas of the University linked to the aims of the Corporate Strategy and demonstrates positive movement towards this strategic objective; benefiting significantly from the opening of the London Campus; it is pleasing to report this income stream up by £2.5 million, 120 per cent on last year.

Funding council grants income increased by £1.3 million or 2% to £70.9 million

The University received £70.9m, 66 per cent of total income, the largest element is the recurrent teaching grants from Scottish Funding Council £64.3 million, 91 per cent, key elements of which include: £42.1 million for the main teaching grant, £3.7 million regional coherence funding to support widening participation, £18.5 million in controlled number funding made up of the pre-registration nursing and midwifery and initial teacher education. The year benefitted from the release of £1.1 million being the settlement with the Nursing and Midwifery Council on the holdback of funds from last year. The other Funding Council grants received by the University include the recurrent research grant £2.4 million, 3 per cent, £1.4 million, 2 per cent for strategic funds and £2.8 million, 4 per cent being the value of deferred capital grants released for buildings and equipment.

Research Grants and Contracts income increased by £0.3 million or 8% to £4.1million

The University received in research grants and contracts £4.1 million, 4 per cent of total income, although a relatively small contributor to overall income, this is another area linked to the aims of the Corporate Strategy and once again demonstrates positive movement towards this strategic objective, it is pleasing to report this income stream up by £0.3 million, 8 per cent on last year.

Other income

The University received in other income £8.1 million, 8 per cent of total income. Residences, Catering and Conferencing income totalled £4.5 million, 56 per cent. Other Income totalled £2.3 million, 28 per cent, made up over a variety of miscellaneous income streams including and most significantly sport centre income.

Investment income

Investment income remained stable at £0.2 million the same as last year.

Donations

Donations decreased by £0.1 million or 56 per cent to £0.1 million.

Expenditure

Total Expenditure increased by £5.1 million or 5% to £111.1 million

Overall expenditure increased by £5.1 million, which consists of £3.6 million increase in exceptional restructuring costs, £2.8 million increase in staffing costs and other operating expenses, interest and depreciation remaining flat year on year.

Staff costs increased by £2.8 million or 4% to £69.7 million

A University's most valuable resource is its staff and our salary and related costs to sustain this resource in 2015-16 was £69.7 million. Staff costs as a proportion of total income was down by 0.7 per cent to 65 per cent. Staff were awarded a 1 per cent pay increase on 1 August 2015. Salaries make up 76 per cent of total staff costs with pensions, National Insurance and other employer costs comprising 24 per cent. An increase of £2.0 million resulted from the increase costs of payments to the Universities pension schemes, and £0.8 million from annual pay awards, progression of staff incremental pay scales and changes to national insurance and pension rates.

Total exceptional restructuring costs increased by £3.6 million to £4.3 million

During the year the University formed a Transformation Project, with the remit to ensure the financial sustainability of the University by considering the funding implications of potential cuts to funding grants received from the Scottish Funding Council and to ensure the staffing resource to operate the University was both effective and efficient. UWS has a strong history of attracting a high proportion of its income from Government sources (82 per cent).

However this over reliance also means a more pronounced risk if this this funding is cut. In addition UWS has a staffing cost in the upper quartile of the sector at 65 per cent, the HEI sector in 2014/15 operated around 51 per cent. During the review a saving target of 7.5 per cent was identified of which staff costs of £4.3 million related to the reshaping of the University's staffing base through a University wide Voluntary severance/Voluntary early retirement scheme.

Other operating expenses costs increased by £0.1 million or 0.1% to £26.3 million

Other operating expenses, excluding depreciation and interest, remain consistent at £26.3 million up £0.1 million from £26.2 million in 2014-15. Academic Department and Services totalled £10.0 million, 38 per cent. Operating costs in respect of Research is £1.6 million, 6 per cent. Premises and Administration costs totalled £12.3 million, 47 per cent.

Deficit on Continuing Operations of £3.9 million compared to a deficit of £3.9 million last year

The results for the year include volatile items over which the University can exert little direct control, and items that are not influenced by the day to day operation of the University. The most significant is the impact of FRS102 in relation to the movement in the pension liability which created a charge of £3.4m in the year, removing the effects of this deficit provision and other significant one-off items the University has an underlying surplus of £3.5 million. The Operating results are summarised in the table below:

	£'000's
Underlying Operating Surplus	3,492
Exceptional Restructuring Cost	(4,273)
Operating Surplus	<u>(0,781)</u>
FRS102 Lease Adjustments	0,251
FRS102 Pension Costs in excess of Employer contributions	(3,403)
Deficit before other gains/losses	<u><u>(3,933)</u></u>

Balance Sheet

Tangible assets totalled £173.6 million at 31 July 2016, an increase of £4.2 million since 31 July 2015. The increase is a result of the investment in Paisley Campus and Strategic IT Investment, offset by the annual depreciation charge. The University cash holding at the balance sheet date is £18.2 million, £6.1 million lower than last year. Total Net Assets at the balance sheet date are £44 million; £8.6 million lower than the last year. The majority of which is as a result of the change in the pension liability which was predominately due to the impact of the discount rate applied by the Actuary to the Strathclyde Pension Fund under FRS102, which moved to 2.4 per cent (3.6 per cent 2014-15). The University's overall liability increased to £209.0 million (£179.7m 2014-15). The return on the assets in the pension fund improved in year resulting in the total asset value increasing to £158.0 million (£137.1 million 2014-15). The net effect being a £8.3 million (20 per cent) increase in the deficit position, to £51 million.

The University has taken advantage of the opportunity of the implementation of FRS102 and the revised SORP to undertake a one-off revaluation of its estate as at 31 July 2014. The balance sheet now reflects an increase in tangible assets of £39.9 million. This revaluation has also provided updated information on estimated remaining useful life of the buildings, with the depreciation charge adjusted accordingly the restated value is now considered to be deemed cost and therefore does not require a separate revaluation reserve.

Cash Flow

The University reported net cash inflow from operating activities of £4.0 million. While this is a reduction of £1.5 million compared to the previous year the University is generating a positive cash position from its operating activities. The University manages its cash flow to ensure it has sufficient funds to meet its immediate operating requirements.

The University has no borrowings other than the £24.5 million drawn down specifically for the residences development, with fixed interest rates on £20 million of the capital for a period of 30 years and on the remaining £4.5 million of capital for 10 years. The total borrowing outstanding at the year-end was £23.8 million (£24.3 million 2014-15).

An additional £1.0 million was placed into the investment fund in the year; these funds are invested in line with the University Treasury Management and Investment Policy after being considered and approved by the Executive team and Court. Cash Funds are spread and invested in fixed term deposits while investment funds are spread and invested in a diverse portfolio of stocks and bonds, to reduce risks and achieve higher investment income.

The University's Corporate Strategy has highlighted the need for a re-energised Estate. The progress of the Estates Master Planning which continued into 2015-16 will require an accessible new and innovative funding packages, particularly with reference to the ongoing development of proposals around the potential relocation of our Lanarkshire Campus. As a result, there is a requirement to revisit the University's capital financing position in 2016-17.

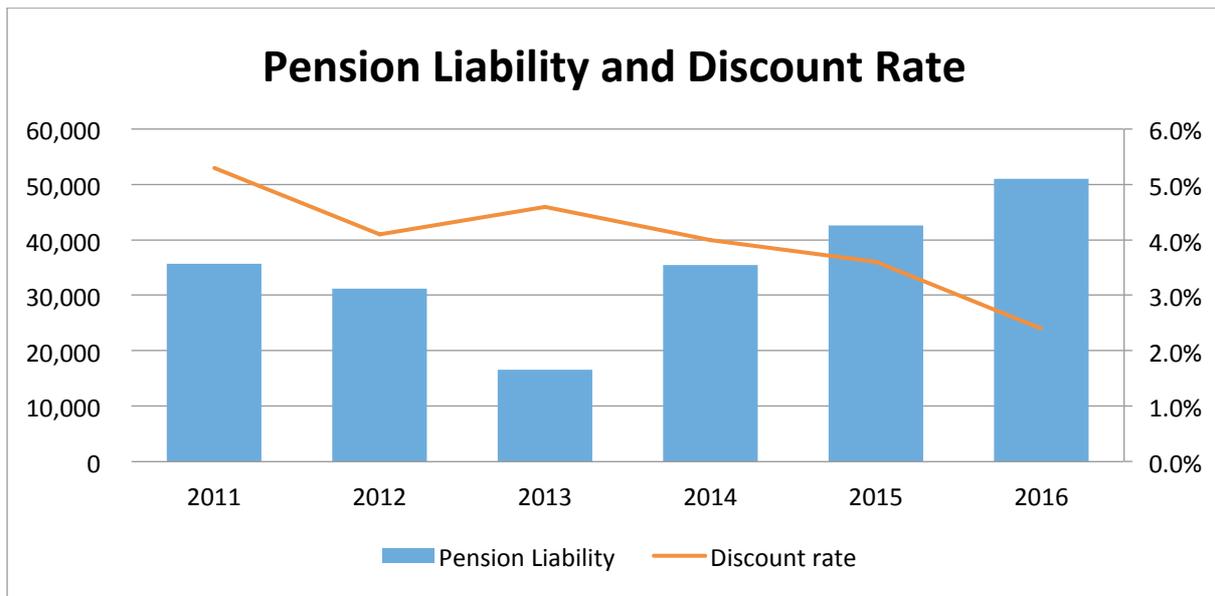
Capital Projects

During the year the University has spent £12.2 million on capital projects being the completion of the "Atrium", "The Hub" and the "Aspire" improvements on the Paisley Campus. It also includes £4.2 million which is a significant proportion of the Strategic IT Investment programme, providing a stable hardware and infrastructure platform from which the University can build its communication, network and software solutions.

Impact of Pension Liability and FRS102

The University’s pension liability relating to the local government pension scheme is actuarially re-valued for FRS102 purposes on an annual basis. The liability arises from the University’s share of the multi-employer scheme. The liability has been calculated based on actuarial estimates and assumptions and is affected by market conditions. The actuarial gains and losses, by year, can be seen below.

The discount factor is the main contributory factor affecting the liability each year, and has been on a downward trend since 2013.



Creditor’s Payment Policy

The University’s policy on paying suppliers is that payments are made in accordance with the terms and conditions agreed between the University and its suppliers, provided that suppliers have complied with all trading terms and conditions.

There are no matters to disclose under the Late Payment of Commercial Debts (Interest) Act.

Conclusion

The University remains financially stable, with underlying operating surplus and cash flows as planned. This continued financial performance is essential to enable the University to deliver the aims of the Corporate Strategy, particularly in terms of the planned Strategic Investment across all of its schools and services, which includes significant capital investment in its physical and IT infrastructure.

Maintaining a stable underlying surplus is critical to ensuring the University can adequately respond to the opportunities ahead. Key to achieving the objectives is the continuing commitment and effort of all staff of the University, which has been very evident in recent years. Court thanks the UWS staff for their continued support for the University.

Approved by Court on 14 November 2016 and signed on its behalf by:

Waiyin Hatton
 Chair of Court
 14 November 2016

Introduction

The University Court is the governing body of the University. The composition, functions and powers of the Court are set out in the University of the West of Scotland (Amendment to the University of Paisley Order of Council 1993) Order of Council 2015. Having received Privy Council approval, the 2015 Order of Council was made by the Scottish Ministers on 26 May 2015 and having then been laid in the Scottish Parliament came into force on 26 June 2015.

Statement of Compliance with Good Practice in Corporate Governance

The University is committed to best practice in all aspects of corporate governance. This statement describes the manner in which the University has applied the principles set out in the Scottish Code of Good HE Governance (2013), which the Court has adopted as an integral part of Court's Policies and Procedures as set out in the Court Handbook and follows the format for the corporate governance statement set out by the Scottish Funding Council (SFC) in August 2015. It is the opinion of the Court that the University of the West of Scotland complies with the Code. The University also complies with the SFC Financial Memorandum.

The Governance and Nominations Committee of Court is responsible for keeping under review the University's corporate governance arrangements and for making recommendations to Court accordingly. In so doing, it takes account of wider governance frameworks and good practice reports and undertakes effectiveness reviews.

An effectiveness review of Senate concluded in October 2015 that Senate maintained effective oversight of the University's academic provision. Recommendations made were aimed at enhancements to the performance of the effectiveness of Senate as an important academic voice in the University.

In line with good practice, and an expectation of the Code of Good HE Governance, Court reviewed its own effectiveness in the 2015/2016 academic year. This took the form of a 3 stage process namely – a self-evaluation questionnaire by members of Court, 1-1 meetings with the Chair of Court, and a further questionnaire to members on the effectiveness of the Court.

Members confirmed overall satisfaction with the effectiveness of the Court. Enhancements to processes and procedures highlighted during the review are being progressed in conjunction with the Chair of Court. These included amendments to the format and focus of the agendas for meetings of the Policy & Resources Committee, improvements to the induction arrangements for new members of Court and the introduction of a Strategic Insight Bulletin designed to provide Court with a further briefing on the issues affecting the University and the wider Higher Education Sector.

University Court

The University Court has adopted the model statement of primary responsibilities in the Scottish Code of Good HE Governance (2013). Its membership comprises lay members and ex-officio and elected staff and student members appointed in terms of the University of the West of Scotland Order of Council 2015. Of the maximum 25 members of Court, the majority of members are non-executive lay governors. During the period since the last corporate governance statement (December 2015-November 2016), two new lay members were appointed to the membership of Court.

All members of Court have been given the opportunity to attend governor development events and during the year, six members of Court attended events organised by the Leadership Foundation for Higher Education as part of their ongoing induction and training and an update workshop on equality, diversity and human rights was held at the annual residential event.

University of the West of Scotland is Scottish Charity Number SC 002520. All members of Court are charity trustees and advised of their responsibilities under the Office of the Scottish Charities Regulator (OSCR).

The Senate

Under the University's Order of Council, Court has constituted a Senate to which it has delegated academic business. Senate carries out the functions of Court that relate to the overall planning, co-ordination, development and supervision of the academic work of the University. The Principal and Vice-Chancellor, who is also a member of Court, chairs the Senate.

Court Committee Responsibilities

The University Court is required to meet at least four times per year and met five times in the academic year to 31 July 2016. The Court has several committees through which it manages its business, each having properly constituted remits and memberships which are detailed below:

- Policy and Resources Committee,
- Governance and Nominations Committee,
- Remuneration Committee,
- Audit and Risk Committee,
- Health, Safety and Sustainability Committee and,
- Honorary Awards Committee.

Attendance of Court members is monitored and reviewed annually by the Governance and Nominations Committee.

The **Policy and Resources Committee** oversees the strategic, policy and financial responsibilities of Court, makes recommendations to the Court on the University's annual revenue and capital budgets and monitors performance in relation to approved budgets. It ensures compliance with the SFC Financial Memorandum and maintains an oversight of student numbers and recruitment and people resource monitoring.

The **Governance and Nominations Committee** has responsibility for maintaining oversight of corporate governance arrangements and considers nominations for vacancies in the Court membership having regard to the balance of skills, experience and attributes required

The **Remuneration Committee** determines the remuneration of the Principal and the Principal's Direct Reports. Details of the remuneration of higher-paid staff are set out in Note 7 to the financial statements.

The **Audit and Risk Committee** oversees the arrangements for, and reports from the internal and external auditors. The University's external and internal auditors are in attendance at the meetings as appropriate. The 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 and receives regular reports on strategic risk management.

Whilst senior officers attend meetings of the Audit and Risk Committee as necessary, they are not members of the Committee and if requested by either party the Committee meets the External Auditors and / or the Internal Auditors on their own for independent discussions. An informal meeting of members of the Audit and Risk Committee and the External Auditors is held annually at the conclusion of the October meeting.

The **Honorary Awards Committee** considers nominations for potential recipients of honorary awards from the University against an agreed criterion for these award.

Statement of Court Responsibilities

In line with the Scottish Code of Good HE Governance, Court has adopted the following as its Statement of Primary Responsibilities:

1. To approve the mission and strategic vision of the University, long-term business plans, key performance indicators (KPIs) and annual budgets, and to ensure that these have due regard to the interests of stakeholders.
2. To appoint the Principal as Chief Executive Officer of the University and put in place suitable arrangements for monitoring his/her performance. Both the appointment and the monitoring of performance of the Principal shall include consultation with all members of Court.
3. To ensure the quality of Institutional educational provision.
4. To ensure adherence to the funding requirements specified by the Scottish Funding Council in its Financial Memorandum and other funding documents.
5. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, clear procedures for handling internal grievances and “whistleblowing” complaints, and for managing conflicts of interest.
6. To monitor institutional performance against plans and approved KPIs which, where possible and appropriate, should be benchmarked against other comparable institutions.

Corporate Strategy

The University’s Corporate Strategy 2014-20 was approved by Court in June 2014.

The Court monitors the progress towards meeting the targets and KPIs in the Strategy at each meeting. The Vice-Chancellor’s Executive Group and the University Court receive regular reports on progress against each of the University’s strategic KPIs.

A reporting calendar, designed to reflect the availability of robust data and collection systems for each of the KPIs has been approved by Court. In addition to formal reports at each Court meeting, the University provides live progress reports through a KPI dashboard system.

The dashboard gives the latest available information for all 23 KPIs and, where available, corresponding data for previous years and School-level information. Where appropriate, the dashboard also includes supporting measures to help monitor progress towards achieving relevant KPIs.

Following discussion and direction by the Court in February 2016, the University plans to refresh the strategy with the aim of reviewing corporate priorities and performance measures since 2014, including political and economic changes. As with the development of the Corporate Strategy 2014-20, the process for the refresh is an inclusive one. Sessions have been held for staff to engage with changes to the Strategy and share their thoughts on the strategic direction of the institution. Similar sessions are planned with the Leadership Forum and the Senate and a half day workshop was held with Court to enable members to discuss the most appropriate key performance areas and support areas and their inter-relationship. This session also discussed the most significant risks for successful delivery of each priority area, and the level of risk appetite to optimise chances of successful delivery. The refreshed Corporate Strategy will be submitted through formal governance processes prior to approval by the full Court in due course.

Risk Management and Statement of Internal Control

The University's Court is the principal strategic, financial and business authority of the University. It ensures proper accounts are kept, approves the strategic vision and corporate strategy, the annual budget and financial statements and has overall responsibility for the University's resources, assets, property and estate. The Court ensures adherence with the Scottish Funding Council's Financial Memorandum and oversees the delivery of the Outcome Agreement with the Scottish Funding Council.

The University Court is responsible for the University's system of internal controls and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide reasonable but not absolute assurance against material misstatement or loss. The Vice-Chancellor's Executive Group and the Audit and Risk Committee also receive regular reports from the internal auditors, which include recommendations for improvement. The Audit and Risk Committee's role in this area is focused on a high-level review of the arrangements for internal control. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

The Court retains the responsibilities for the ongoing strategic direction of the University, approval of major developments, health and safety, and the monitoring of progress against Corporate Strategy Targets. The Court approves and monitors the key performance indicators and holds the Principal accountable for the effective management of the University. The Audit and Risk Committee maintains an overview of the institutional risk management policy and reports to Court accordingly.

At its November 2016 meeting, the Court carried out the annual assessment for the year ended 31 July 2016 by considering a report from the Audit and Risk Committee, a report from the University's Internal Auditors, the University's externally audited Statements of Account and any notification of any relevant events since 31 July 2016.

The Court is of the view, that there is an on-going process for identifying, evaluating and managing the University's significant risks, which has been in place for the year ended 31 July 2016 and up to the date of approval of the Financial Statements. This process is regularly reviewed by the Court

Going Concern

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

Conclusion

In conclusion, the Court of UWS considers that appropriate and robust governance arrangements are in place to fulfil its responsibilities. The full membership of the Court is provided below.



Waiyin Hatton
Chair of Court



Professor Craig Mahoney
Principal and Vice Chancellor

Membership of Court and Principal Committees of the University of Court

Court Members

Chair of Court

Mr I Welsh OBE (retired January 2016)

Dr W Hatton (appointed February 2016)

Ex Officio

Principal and Vice Chancellor

Professor C Mahoney

Depute Principal

Professor P Martin

President, Students' Association

Mr J Douglas (retired June 2016)

Ms H Armstrong (appointed July 2016)

Appointed by the Students' Association

Depute President, Education and Welfare

Mr J Black

Appointed lay members

Ms L Barjonas

Ms E Connolly

Ms M Curran

Mr C Devlin

Mr R J Dinning

Committees

Governance and Nominations (Chair);
Remuneration;

Policy and Resources;

Honorary Awards

Policy and Resources;

Governance and Nominations;

Honorary Awards (Chair)

Policy and Resources;

Governance and Nominations

Honorary Awards

Policy and Resources

Governance and Nominations

Honorary Awards

Audit and Risk (Chair) (January 2016)

Governance and Nominations

Policy and Resources (Chair)
Remuneration (Chair – until June 2016)

Audit and Risk

Policy and Resources

Membership of Court and Principal Committees of the University of Court

Ms M Gibson	
Mr A Gordon	Health, Safety & Sustainability Audit and Risk
Mr A Haseeb	Audit and Risk
Professor C MacDonald	Remuneration (Chair – June 2016)
Mr J McDougall	Audit and Risk; Policy and Resources (appointed July 2016)
Ms A McKechin	
Mr A Muir	
Mr J G Peterkin (retired December 2015)	Audit and Risk (Chair); Policy and Resources
Mr W Smith	Remuneration (appointed June 2016)

Appointed by Senate

Professor A McGillivray	Policy and Resources
Ms A Gifford	Policy and Resources

Elected by Staff from Academic Staff

Mr T Duff	Governance and Nominations Policy and Resources
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Elected by All Other Staff

Mr D Johnston	
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We have audited the financial statements of the University of the West of Scotland for the year ended 31 July 2016, which comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Cash Flow Statement, Statement of Principal Accounting Policies and the related notes 1 to 19. 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) including FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland.

This report is made solely to the University Court of the University of the West of Scotland ("the University Court"), as a body, in accordance with the Financial Memorandum of the University; and in accordance with section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 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 those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Court as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the University Court and Auditor

As explained more fully in the Statement of Responsibilities of the University Court set out on pages 25, the University Court is responsible for preparing the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under the Financial Memorandum of the University and also under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with 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 University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the University Court; and the overall presentation of the financial statements.

We are also required to report to you whether, in our opinion, funds, from whatever source, administered by the University for specific purposes have, in all material respects, been properly applied to those purposes and managed in accordance with the terms and conditions attached to them and whether income has, in all material respects, been applied in accordance with the relevant legislation and with the Financial Memorandum with the Scottish Funding Council.

In addition, we read other information contained in the Introduction by the Principal and Vice-Chancellor, Financial Highlights, UWS Overview, Key Achievements, Strategic Report and Corporate Governance Statement 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. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the University's affairs as at 31 July 2016, and of the deficit of income over expenditure and the cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice: Accounting for Further and Higher Education and;
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by applicable regulations

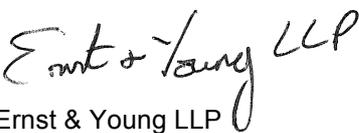
In our opinion;

- funds from the Scottish Funding Council, grants and income for specific purposes and from other restricted funds administered by the University have, in all material respects, been applied only for the purposes for which they were received; and
- income has, in all material respects, been applied in accordance with the Further and Higher Education (Scotland) Act 1992 and, where appropriate, with the Financial Memorandum with the Scottish Funding Council

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 (as amended) require us to report to you if, in our opinion:

- the information given in the Strategic Report is inconsistent in any material respect with the financial statements;
- proper accounting records have not been kept;
- 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 our audit.


Ernst & Young LLP
Statutory auditor
Glasgow
14 November 2016

Ernst & Young LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of Comprehensive Income and Expenditure for the year ended 31 July 2016

		2016 £'000	2015 £'000
INCOME	Note		
Tuition Fees / Education Contracts	1	23,722	19,938
Funding Council Grants	2	70,914	69,650
Research Grants and Contracts	3	4,128	3,825
Other Income	4	8,132	7,897
Investment Income	5	219	251
Donations and endowments	6	75	172
TOTAL INCOME		107,190	101,733
EXPENDITURE			
Staff Costs	7	69,722	66,888
Exceptional Restructuring Cost	7	4,273	672
Interest and other finance costs	8	2,847	2,694
Exceptional write-off of development costs	9	-	1,130
Other Operating Expenses	9	26,253	26,224
Depreciation	10	8,028	8,373
Total expenditure		111,123	105,981
DEFICIT BEFORE OTHER GAINS/LOSSES		(3,933)	(4,248)
Gain on Disposal of Fixed Assets		14	331
DEFICIT FOR THE YEAR		(3,919)	(3,917)
Actuarial Loss in Pension Plan		(4,964)	(4,145)
Unrealised surplus on revaluation of investments		244	42
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(8,639)	(8,020)

Statement of Changes in Reserves for the year ended 31 July 2016

	Income & Expenditure Unrestricted £'000	Revaluation Reserve £'000	Total £'000
Balance at 1 August 2014	60,242	372	60,614
Deficit for the year	(3,917)	-	(3,917)
Other Comprehensive Income	(4,145)	42	(4,103)
Balance at 1 August 2015	52,180	414	52,594
Deficit for the year	(3,919)	-	(3,919)
Other Comprehensive Income	(4,964)	244	(4,720)
Balance as at 31 July 2016	43,297	658	43,955

Balance Sheet as at 31 July 2016

	Note	2016 £'000	2015 £'000
NON CURRENT ASSETS			
Tangible Assets	10	173,555	169,370
Investments	11	3,463	2,179
		177,018	171,549
CURRENT ASSETS			
Stock		81	79
Trade and other Receivables	12	5,857	2,435
Cash and cash equivalents	13	18,238	24,316
		24,176	26,830
CREDITORS			
Amounts Falling Due Within One Year	14	(21,952)	(17,353)
Net Current Assets		2,224	9,477
Total Assets Less Current Liabilities		179,242	181,026
CREDITORS			
Amounts Falling Due After more than One Year	15	(76,208)	(76,521)
PROVISIONS			
Pension provisions	16	(50,987)	(42,620)
Other provisions	17	(8,092)	(9,291)
Total provisions		(59,079)	(51,911)
Total Net Assets		43,955	52,594
RESERVES			
Income and Expenditure Reserve	18	43,297	52,180
Revaluation Reserve		658	414
TOTAL RESERVES		43,955	52,594

The Financial Statements on pages 31 to 52 were approved by Court on 14 November 2016 and were signed on its behalf by:



Waiyin Hatton
Chair of Court



Professor Craig Mahoney
Principal and Vice Chancellor

Cash Flow Statement for the year ended 31 July 2016

	2016 £'000	2015 £'000
Cash flow from operating activities		
Deficit for the year	(3,919)	(3,917)
Adjustment for non-cash items		
Pension provisions	3,403	3,025
Profit on sale of fixed assets		
Depreciation	8,028	8,372
Released Deferred Capital Grants	(3,862)	(4,369)
Fixed Assets written off	0	1,538
(Increase)/ decrease in Stocks	(2)	13
(Increase)/ decrease in Debtors	(3,421)	(131)
Increase/(decrease) in Creditors	3,906	(1,001)
Increase/(decrease) in Provisions	(1,200)	1,247
Adjustment for investing or financing activities		
Investment income	(219)	(219)
Interest payable	1,280	1,213
Profit on sale of Fixed Assets	(14)	(331)
Net Cash Inflow from Operating Activities	3,980	5,440
Cash flows from investing activities		
Proceeds from the sales of Fixed Assets	14	2,594
Investment income	219	250
Payments made to acquire Fixed Assets	(8,006)	(5,536)
New non-current asset investments	(1,040)	(1,138)
Total cash flow from investing activities	(8,813)	(3,830)
Cash flows from financing activities		
Interest Paid	(1,201)	(1,245)
Interest element of finance lease	(79)	(18)
New Leases	-	221
Capital Grants Received	793	1,389
Repayments of amounts borrowed	(483)	(373)
Capital element of Finance Lease	(275)	0
Total cash flows from financing activities	(1,245)	(26)
(Decrease)/Increase in cash and cash equivalents in the year	(6,078)	1,584
Cash and cash equivalents at the beginning of the year	24,316	22,728
Cash and cash equivalents at the end of the year	18,238	24,316

1. Basis of Preparation

The principal accounting policies of the University are as set out below. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2015) and in accordance with applicable accounting standards. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets. The financial statements of the company for the year-ended 31 July 2016 have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland issued by the Financial Reporting Council. These are the University's first set of financial statements prepared in accordance with FRS 102.

2. Basis of consolidation

The financial statements do not include the income and expenditure of the Students' Association as the University does not exert control or dominant influence over policy decisions.

3. Income recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount.

Investment income is credited to the statement of income and expenditure on a receivable basis.

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

Grant Funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources, are recognised within the Statement of Comprehensive Income and Expenditure when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is deferred on the Balance Sheet and released to the Statement of Income and Expenditure in line with such conditions being met.

Donations

Non exchange transactions without performance related conditions are donations. Donations with donor imposed restrictions are recognised within the Statement of Comprehensive Income and Expenditure when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recorded within the Statement of Comprehensive Income and Expenditure when the University is entitled to the income.

Investment income is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms other restriction applied to the individual fund.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into Income.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Government Capital grants are recognised in income over the useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

4. Accounting for retirement benefits

The Scottish Teachers Superannuation Scheme (STSS), the Strathclyde Pension Fund (SPF) and the Universities Superannuation Scheme (USS) provide retirement benefits for the employees of the University. For employee purposes, these are defined benefit schemes and are contracted out of the State Earnings Related Pension Scheme.

For accounting treatment purposes, STSS and USS are still treated as defined contribution schemes. For the SPF, the actuaries provide a valuation of the institution's share of the underlying assets and liabilities and these have been incorporated in the accounts using FRS 102.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further

amounts. Obligations for contributions in defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. The contributions paid by the employer are set by the Fund Actuary at each triennial actuarial valuation, the most recent being as at 31 March 2014, the next valuation is expected to be March 2017.

5. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

6. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

7. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums are spread over the minimum lease term.

8. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at

fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

9. Fixed assets

Fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses.

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

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

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

Depreciation is not charged on assets in the course of construction.

Equipment

Equipment, including computers and software, costing less than £5,000 per individual item is written off in the year of acquisition. All other equipment is capitalised. Capitalised equipment is stated at cost and depreciated over its expected useful life.

Depreciation

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

Asset Type	Expected Useful Life
Academic Property	50
Residencies	50
Leasehold improvements	10
Equipment	
Short life	4
Medium life	10
Long life	20
Fixtures	10
Computer	
Short life	4
Long life	8
Cars	4
Vans and buses	8
Other	15

Borrowing costs

Borrowing costs are recognised as an expense in the Statement of Comprehensive Income and Expenditure in the period in which they are incurred.

10. Heritage assets

Works of art and other valuable artefacts valued at over £5,000 have been capitalised and recognised at their fair value where reasonably obtainable. Assets received as donations are initially recognised at fair value. Heritage Assets are not depreciated as their long economic life and high residual value means that any depreciation would not be material.

11. Investments

Non-current asset investments are held at market value with movements recognised in the Statement of Comprehensive Income and Expenditure.

12. Stock

Stock is held at the lower of cost and net realisable value.

13. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

14. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the University has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

15. Taxation

UWS 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 Scottish Charity Regulator. It is

therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable 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. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

16. Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted reserves include balances which the University which the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

17. Transition to SORP 2015

The University is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to the HE/FE SORP 2015 has affected the reported financial position, financial performance and cash flows of the results of the University is provided in note 18.

Application of first time adoption grants certain exemption from the full requirements of HE/FE SORP 2015 in the transition period. The following exemption has been taken into these financial statements: Fair value or revaluation as deemed cost as at 1 August 2014, fair value has been used for deemed cost for Academic properties and Freehold land.

1 Tuition Fees and Education Contracts

	2016	2015
	£'000	£'000
Tuition Fees – Scotland and EU	16,318	15,900
Tuition Fees – RUK	773	440
Tuition Fees – non-EU	4,515	2,053
Transnational Education	220	25
Short Course Fees	662	396
Total Fees Paid by or on Behalf of Individual Students	22,488	18,814
Nursing Education Contracts	1,234	1,124
	23,722	19,938

2 Funding Council Grants

	2016	2015
	£000	£000
Recurrent Grant from SFC		
Teaching	64,264	61,917
Research	2,404	2,425
Strategic funds	1,442	1,740
Deferred Capital Grant released in Year		
Buildings	1,302	1,542
Equipment	1,502	2,026
	70,914	69,650

3 Research Grants and Contracts

	2016	2015
	£'000	£'000
Research Council	594	665
European Commission	597	372
UK Based Charities	395	519
Other Grants Contracts	2,539	2,238
Released from Deferred Capital Grants	3	31
	4,128	3,825

4 Other Income

	2016	2015
	£000	£000
Residences, Catering and Conferences	4,544	4,992
Other Services Rendered	256	397
Released from Deferred Capital Grants	1,055	618
Other Income	2,277	1,890
	8,132	7,897

5 Investment Income

	2016 £'000	2015 £'000
Interest Receivable	164	219
Dividends Receivable	55	32
	219	251

6 Donations

	2016 £000	2015 £000
Unrestricted donations	75	172

7 Staff Costs

	2016 £'000	2015 £'000
Staff costs	£'000	£'000
Wages and Salaries	53,945	52,563
Social Security Costs	4,902	4,449
Pension Costs	10,875	9,876
	69,722	66,888
Exceptional Restructuring Cost	4,273	672

The exceptional restructuring cost relates to a Voluntary Severance and Voluntary Retirement scheme. The scheme was approved by the University's Remuneration Committee and Court.

	2016 £'000	2015 £'000
Emoluments of the Principal and Vice Chancellor	227	224
Pension Contributions	37	35
	264	259

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling activities of the University: this comprises of the members of the Vice Chancellor's Executive. The total compensation for the year ended 31 July 2016 (including any employer's pension contributions) was £1.04m (year end 31 July 2015, £0.984m)

Remuneration of other Higher Paid Staff Excluding Employers' NI and Pension contributions:

	2016 Number	2015 number
£100,000 - £109,999	3	-
£110,000 - £119,999	1	3
£120,000 - £129,999	3	-
£130,000 - £139,999	-	-
£140,000 - £149,999	-	1
£150,000 - £159,999	1	-

Average staff numbers by major category:

Academic	702	586
Administrative	477	198
Other including Clerical & Manual	210	568
Technical	52	56
	1,441	1,408

Court Members

The University Court members are the trustees for the charitable law purposes. Due to the nature of the University's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is inevitable that the transactions will take place with organisations in which a member of the Court may have an interest. All transactions involving organisations in which a member of Court may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures. The register of interests for Court Members is made available to the public via our website.

The total expenses paid to or on behalf of the 20 Court members was £8,327.

8 Interest and Other Finance Costs

	2016	2015
	£'000	£'000
Interest	1,201	1,213
Finance Lease Interest	79	32
Net charge on pension scheme	1,567	1,449
	2,847	2,694

9 Analysis of Total Expenditure By Activity

	2016	2015
	£'000	£'000
Academic Departments	6,913	7,072
Academic Services	3,033	3,080
Research Grants and Contracts	1,620	2,327
Residences, Catering and Conferences	1,861	1,881
Premises	4,352	4,599
Administration	7,933	8,237
Other Services Rendered	541	158
	26,253	27,354

Other Operating Expenses Include:

Auditors' Remuneration: External Audit - Audit Services	47	47
Exceptional write-off of development costs	-	1,130

10 Fixed Assets

	Freehold Land	Freehold Buildings	Fixtures, Fittings & Equipment	Assets in Course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 August 2015	9,524	159,154	62,746	2,192	233,616
Additions	323	3,274	2,166	6,448	12,211
Transfers	-	1,824	56	(1,880)	-
At 31 July 2016	9,847	164,252	64,968	6,760	245,827
Depreciation					
At 1 August 2015	-	13,411	50,833	-	64,244
Charge for Year	-	5,669	2,359	-	8,028
At 31 July 2016	-	19,080	53,192	-	72,272
Net Book Value					
As at July 2016	9,847	145,172	11,776	6,760	173,555
As at July 2015	9,524	145,741	11,913	2,192	169,370

11 Investments

	Listed	Unlisted	2016	2015
	£'000	£'000	£'000	£'000
Balance at 1 August	2,151	28	2,179	1,016
Purchase of Investments	1,000		1,000	1,139
Re-investment of dividends	40		40	28
Write down of investment				(46)
Gain on revaluation	244		244	42
Balance at 31 July	3,435	28	3,463	2,179

12 Trade and Other Receivables

	2016	2015
	£'000	£'000
Amounts Receivable Within One Year:		
Trade Debtors	1,198	764
Other Debtors	20	13
Prepayments and Accrued Income	4,639	1,658
	5,857	2,435

13 Cash and Cash Equivalents

	2016	2015
	£'000	£'000
Bank deposits	10,363	18,970
Cash equivalents	7,875	5,346
	18,238	24,316

14 Creditors: Amounts Falling Due Within One Year

	2016	2015
	£'000	£'000
Unsecured Loan	806	483
Obligations under finance leases	807	114
Trade payables	1,028	976
Other Creditors and Deposits	1,269	1,309
Social Security and Other Taxation Payable	1,983	1,355
Accruals and Deferred Income	12,522	9,254
Deferred Capital Grant	3,537	3,862
	21,952	17,353

15 Creditors: Amounts Due After One Year

	Obligation under Finance Lease	Loan Repayment	Deferred Capital Grant	2016
	£'000	£'000	£'000	£'000
Due Between One and Two Years	823	844	3,294	4,961
After Two and Within Five Years	2,521	2,774	7,395	12,690
After Five Years	-	18,927	39,630	58,557
	3,344	22,545	50,319	76,208
	Obligation under Finance Lease	Loan Repayment	Deferred Capital Grant	2015
	£'000	£'000	£'000	£'000
Due Between One and Two Years	69	806	3,537	4,412
After Two and Within Five Years	38	2,647	8,614	11,299
After Five Years	-	19,898	40,912	60,810
	107	23,351	53,063	76,521

The University has a loan facility of up to £24.5 million, all of which has been drawn down

Interest is charged at rates of:

- £10.0m 5.04 %, Fixed for 20 years
- £10.0m 5.52 %, Fixed for 20 years
- £ 4.5m 3.94 %, Fixed for 10 years

The total loan interest charged in the year was £1,201k.

16 Pension Schemes

The University participates in three multi-employer defined benefits schemes:

- Strathclyde Pension Fund (SPF)
- Scottish Teachers Superannuation Scheme (STSS)
- Universities Superannuation Scheme (USS)

The total pension cost to the University under these schemes was:

	2016	2015
	£'000	£'000
SPF current and past service cost	6,180	5,743
STSS contributions paid	4,655	4,079
USS contributions paid	40	54
	10,875	9,876

Scottish Teachers Superannuation Scheme

The Scottish Teachers Superannuation Scheme (STSS) provides benefits based on final Pensionable salary for Scottish Teachers. The fund is administered by the Scottish Public Pensions Agency.

The level of contribution paid by employing institutions was 14.9% of members' salaries for the year ended 31 July 2016.

The Universities Superannuation Scheme

There are also academic staff in the Universities Superannuation Scheme (USS), which is a defined benefit scheme, 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 2016, the percentage was 18% (2015: 16%).

Strathclyde Pension Fund

FRS 102 liability numbers have been produced for the Strathclyde Pension Fund using the following assumptions:

	2016	2015
Discount rate	2.4%	3.6%
Pensionable salary growth	3.9%	4.5%
Pension Increase Rate	1.9%	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's (CMI) S1NA tables as follows:

	Males	Females
Current Pensioners	22.1 years	23.6 years
Future Pensioners	24.8 years	26.2 years

16 Pension Schemes continued

The following amounts at 31 July 2016 were measured in accordance with the requirements of FRS102:

Year ended 31 July 2016

	2016	2015
	£'000	£'000
Opening assets and Liabilities		
Fair value of plan assets	137,108	125,402
Present value of funded liabilities	(175,287)	(160,852)
Present value of unfunded liabilities	(4,441)	
Net Liability at start of year	<u>(42,620)</u>	<u>(35,450)</u>
Current service cost	(6,133)	(5,654)
Past service cost	(47)	(89)
Total Service Cost	<u>(6,180)</u>	<u>(5,743)</u>
Interest income on plan assets	4,950	5,036
Interest on defined benefit obligation	(6,517)	(6,485)
Total net interest	<u>(1,567)</u>	<u>(1,449)</u>
Total deficit for the year	<u>(7,747)</u>	<u>(7,192)</u>
Cashflow employer contributions	4,078	3,903
Contributions in respect of unfunded benefits	266	264
Contributions in year	<u>(46,023)</u>	<u>(38,475)</u>
Changes in financial and demographic assumptions	(21,958)	(10,993)
Other experience	1,870	1,382
Return on assets excluding amounts included in net interest	15,124	5,466
Total re-measurements recognised in Other Comprehensive income	<u>(4,964)</u>	<u>(4,145)</u>
Fair value of plan assets	<u>157,990</u>	<u>137,108</u>
Present value of funded liabilities	(204,549)	(175,287)
Present value of unfunded liabilities	(4,428)	(4,441)
Net liability at end of year	<u>(50,987)</u>	<u>(42,620)</u>

17 Provisions for Liabilities

	USS Pension	Enhanced Pension Provision	TUPE Liability	Dilapidation	SFC Clawback	Total
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 August 2015	53	7,260	195	483	1,300	9,291
Utilised in year	-	(557)	(45)	-	(1,100)	(1,702)
Additions in year	-	503	-	-	-	503
As at 31 July 2016	53	7,206	150	483	200	8,092

Enhanced Pension Provision

This is a provision by the University for University pensioners.

The scheme will be required to cover the liability of existing membership only as no new members will be added.

TUPE Liability

This is for a group of staff transferred who from the NHS Mental Health and the University has provided for NHS terms and conditions.

Dilapidation

This is a provision for the Dumfries & Galloway campus.

SFC Clawback

This was a provision whilst clarity was sought about funding conditions.

USS deficit

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the Contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of the provision.

18 Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set in Note 1 have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102, SORP bases Statement of Financial Position; the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position, financial performance as set out in the following tables.

Reconciliation of balance sheet for the year		01-Aug-14			31-Jul-15		
		As previously stated £'000	Effect of transition £'000	FRS 102 (as restated) £'000	As previously stated £'000	Effect of transition £'000	FRS 102 (as restated) £'000
Fixed assets	1	132,303	43,646	175,949	129,269	40,101	169,370
Investments		1,016	-	1,016	2,179	-	2,179
		<u>133,319</u>	<u>43,646</u>	<u>176,965</u>	<u>131,448</u>	<u>40,101</u>	<u>171,549</u>
Current assets		25,126	-	25,126	26,832	-	26,832
Creditors falling due within one year	2.	(13,651)	(4,479)	(18,130)	(12,760)	(4,593)	(17,353)
Net current assets		<u>11,475</u>	<u>(4,479)</u>	<u>6,996</u>	<u>14,072</u>	<u>(4,593)</u>	<u>9,479</u>
Total assets less current liabilities		144,794	39,167	183,961	145,520	35,508	181,028
Creditors falling due after more than one year	3.	(23,835)	(56,012)	(79,847)	(23,352)	(53,171)	(76,523)
Provisions for liabilities		(43,441)	(59)	(43,500)	(51,858)	(53)	(51,911)
Net assets		<u>77,518</u>	<u>(16,904)</u>	<u>60,614</u>	<u>70,310</u>	<u>(17,716)</u>	<u>52,594</u>
I&E Reserve		17,739	(42,503)	60,242	13,470	38,710	52,180
DCG		59,407	(59,407)	0	56,426	(56,426)	0
Revaluation Reserve		372	-	372	414	-	414
Capital and reserves		<u>77,518</u>	<u>(16,904)</u>	<u>60,614</u>	<u>70,310</u>	<u>(17,716)</u>	<u>52,594</u>

1. Revaluation of academic buildings and land to deemed cost.
2. Deferred Capital Grant less than One year, Finance Leases Conversion and holiday pay accrual.
3. Deferred Capital Grant due more than One year, Finance Leases conversion and pension provided.

18 Transition to FRS102 and the 2015 SORP (Continued)

Reconciliation of surplus or deficit for the year		Year-ended 31 July 2015			FRS 102 (as restated) £'000
		As previously stated £'000	STRGL £'000	Effect of transition to 2015 SORP £'000	
Total income	1,6	104,251	(1,069)	(1,449)	101,733
Staffing costs	2	(67,618)	-	58	(67,560)
Other operating costs	3	(28,674)	-	2,450	(26,224)
Depreciation	4	(6,842)	-	(1,531)	(8,373)
Other exceptional costs		(1,130)	-	-	(1,130)
Interest payable and similar charges		0	(1,449)	(1,245)	(2,694)
Operating profit		(13)	(2,518)	(1,719)	(4,248)
Taxation		0			0
Deficit on ordinary activities		(13)	(2,518)	(1,719)	(4,248)
Gain on sale of fixed assets	5	2,407	-	(2,076)	331
Unrealised gain on valuation of quoted investments		42	-	-	42
Loss on pension fund valuation	6	(6,663)	2,518		(4,145)
Total Recognised Gains Relating to Period		(4,227)	0	(3,793)	(8,020)

1. The £1,449k is a combination of £957k discounts previously shown as an expense and now required to be allocated to income and £492k Deferred Capital Grant adjustment (DCG). This DCG adjustment is the result of assets being revalued and impact on depreciation and DCG.
2. Under FRS 102, any unused holiday must be accrued for in the accounts and the £58k represents the movement on the holiday pay accrual from the previous year.
3. The £2,450k is a combination of £1,449k pension interest charges previously shown in the STRGL and £1,245k in interest on loans and lease repayments.
4. This is a £1,531k adjustment to depreciation resulting from the application of revaluation to market value.
5. The £2,076k is the restated gain on disposal resulting from applying the revaluation of land at market value.
6. The £2,518k reduction in actuarial loss reflects the impact of the change in calculation basis of the expected return on pension scheme assets. This change results in the recognition of a net pension interest cost of £1,449k rather than the previous net pension interest income of £1,069k.

19 Childcare Fund (CF) and Discretionary Fund (DF)

	2016	2016	2015	2015
	£'000	£'000	£'000	£'000
	CF	DF	CF	DF
Funds Brought Forward from previous year	-	-	-	-
Refunded to SAAS	18	-	-	-
Funds Received in Year	840	903	817	878
Expenditure	(599)	(1,126)	(548)	(1,147)
Virements	(223)	223	(269)	269
Funds Carried Forward at 31 July 2016	-	-	-	-

The Childcare and Discretionary Funds are available solely for students and are provided by Students Award Agency Scotland. The University acts only as paying agents. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income and Expenditure.

Independent Auditors

Ernst & Young LLP, 5 George Square, Glasgow, G2 1DY

Bankers

Bank of Scotland, 110 St Vincent Street, Glasgow, G2 5ER

Santander UK plc, 301 St Vincent Street, Glasgow G2 5NB

Fund Managers

Barclays Bank, Donegall House, 7 Donegall Square North, BELFAST, BT1 5GB

Castlebay Investment Partners LLP, Registered Office 204 West George Street, Glasgow G2 2PQ

Solicitors

Anderson Strathern, 24 Blythswood Square, Glasgow, G2 4BG



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