



FINANCIAL STATEMENTS

YEAR
ENDED
31 JULY
2015

FINANCIAL STATEMENTS

for the year ended 31 July 2015

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INTRODUCTION BY THE PRINCIPAL

University of the West of Scotland has embarked on a transformational journey that will see it develop and thrive as it changes lives, transforms communities and encourages enterprise through outstanding, distinctive and progressive higher education at home and overseas.

In 2014 we launched our new corporate strategy which set an ambitious trajectory of change. During 2015 changes were made to support the delivery of the corporate strategy, designed to provide a sharper focus on implementation and key work, such as improving retention, building on the success of our REF, modernising our curriculum, embedding technology and diversifying our income. These changes will focus our senior leadership on the three areas of step-change identified through the strategy – enhancing academic quality and technology and growing our internationalisation activities – while maintaining strong emphasis on the University’s core commitment to the student experience, widening access, research and partnership working.

These financial statements demonstrate that we continue to invest and grow to ensure academic excellence and student success. We have made significant investment in new, interactive learning spaces across our campuses, facilities that allow our teaching colleagues to move towards a more inclusive and collaborative style of learning. This allows us to work with students in new and exciting ways, moving beyond a focus on ‘what to learn’ to a broader, more complete ‘how to learn’ collaborative and participative learning journey. Through this model students become stronger independent learners, are more resilient and develop individual learning networks.

Of course, our innovative approach goes beyond formal learning spaces. On our campuses we seek to create informal, touch-down, technology-rich spaces for students to carry out their independent learning and development. The University, in 2014, launched a £12million investment programme to ensure we provide our students with the very best technology throughout their time as students with UWS. We have also carried out extensive work to create a more impactful and attractive environment for our students, including recent work on a new High Street reception and atrium area at Paisley Campus, and commencement of work on the Paisley Campus Storie Street Gateway project to enhance the social and catering spaces for our students and the wider University community.

We are in the initial stages of our development journey, but already we are seeing significant early successes: these will be captured in wider informal benchmarking exercises and contribute to a recognisable re-positioning of UWS, whilst maintaining the financial stability of the University. We want students to come to UWS from Scotland 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 provide an excellent foundation to continue our absolute commitment to delivering the most outstanding learning for students and ambitions around research, enterprise, global reach, our people and our infrastructure. Through leading-edge teaching and the provision of contemporary and inspirational learning environments, our person-centred approach to learning will prepare UWS students for a rewarding future.



Professor Craig Mahoney
Principal and Vice-Chancellor

OPERATING AND FINANCIAL REVIEW

OVERVIEW

The University of the West of Scotland came into being on 30th November 2007, having had a presence in Paisley since 1896 in the Gardner Building, which originates from the Paisley Technical School.

The University has just over 15,000 students and is unique in its multi-campus set up with four Scottish campuses across the west in Ayr, Dumfries, Hamilton and Paisley. Degree, postgraduate and research study is offered across a wide range of vocationally focused subjects in business, computing, creative industries, education, engineering, health, science, social sciences and sport.

Through leading-edge teaching and the provision of contemporary and inspirational learning environments, our person-centred approach to learning will prepare UWS students for a rewarding future. We understand that academic learning is only part of the experience of university life, and the availability of extra-curricular opportunities such as sport, volunteering and citizenship will help equip UWS graduates with the life-skills to make their mark across the globe and be advocates for the UWS learning experience.

The UWS international research presence and our partnership working with business will inform and propel our learning provision. We will foster a culture of enterprise that will support economic growth locally and globally.

Our 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.

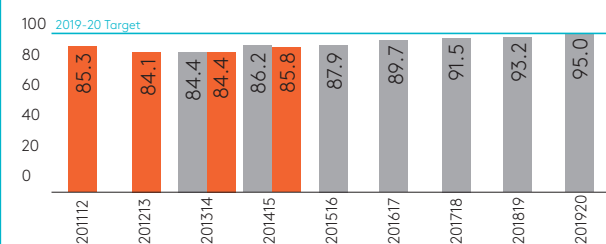
STUDENT SUCCESS

At UWS we are here for our students. Their success is central to everything that we do and we are committed to providing personalised and transformative higher education that ensures our students enjoy a rounded experience. In 2014-15 the University achieved the domestic (Scottish/EU) student population required to fulfil our agreement with the Scottish Funding Council with 8,030 full-time equivalent (FTE) Scottish and EU students enrolled against a population target of 7,710 FTE.

In the National Student Survey for Overall Satisfaction UWS achieved 85.8 per cent in 2014-15 which was an improvement of 1.4 percentage points on the 2013-14 score (84.4 per cent).

% students expressing 'overall satisfaction'

Improvement target Performance

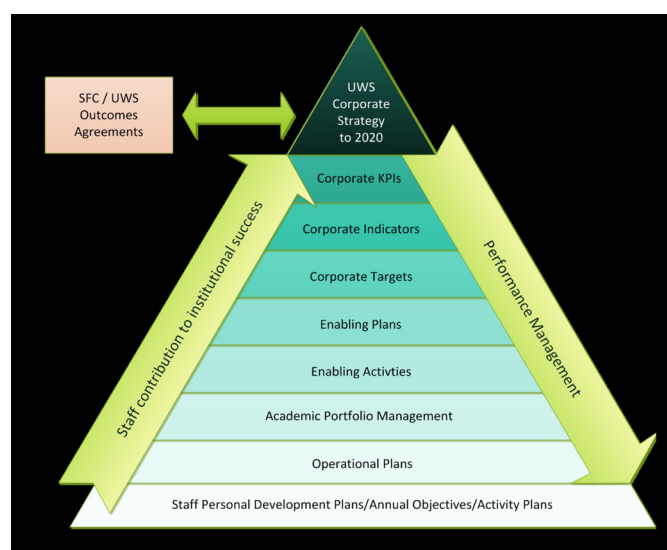


OPERATING AND FINANCIAL REVIEW

OUTCOME AGREEMENT 2014-15

Academic year 2014-15 has been a significant year for the University as we developed and launched our new Corporate Strategy to 2020 and associated Key Performance Indicators (KPIs). The Strategy aims to build on our existing strengths and achievements to improve student satisfaction, graduate destinations and our knowledge exchange activities whilst introducing a more global outlook to the institution.

The Scottish Funding Council (SFC) Outcome Agreement has been presented as a positioning document that clearly sets out UWS ambition in the context of the new Corporate Strategy. As the Strategy was in development during the year, UWS and SFC agreed that the 2014-15 Outcome Agreement would cover a one-year period. From 2015-16, UWS will seek to negotiate a three-year Outcome Agreement that reflects the ambition set out in the Corporate Strategy 2014-2020 and the Enabling Plans that support its delivery.



The priorities identified in the UWS Corporate Strategy are reflected in seven aims that SFC have set out and against which UWS will map the KPIs and other performance measures identified in the new Corporate Strategy. In some of these priorities UWS is already a sector leader.

UWS is widely recognised as one of Scotland's leading institutions in widening participation in higher education. In 2014-15, 28.3 per cent of Scottish-domiciled undergraduate entrants at UWS (982 students) were from the 20 per cent most deprived postcodes, and 50.6 per cent (1,747 students) were

from the 40 per cent most deprived postcodes. In the Outcome Agreement, UWS committed to at least maintain AY2012-13 rates and the 2014-15 figures show increases of 2.1 and 3.1 percentage points, respectively, on the previous year. These increased percentages demonstrate our continued strong commitment to, and record of, widening access to higher education.

UWS is a partner in many initiatives to encourage people from the widest possible range of backgrounds to access higher education. For example, articulation is one of UWS' key strengths; we are the leading university for articulating students from other institutions, having eight formal partnerships with colleges within the South West Articulation Hub which helped us to deliver on our 2014-15 commitment to provide 1,000 places for articulating students. In 2014-15 1,015 students articulated from college to degree level courses with advanced standing at UWS. This is almost 30 per cent of all Scottish-domiciled learners enrolling at UWS.

The diversity of the UWS student population also shows our commitment to widening access from the widest possible range of backgrounds. In 2014-15 62.1 per cent of Scottish-domiciled undergraduate entrants were female, and 37.9 per cent were male. We remain leaders in attracting over-21s to higher education; in 2014-15 55 per cent of Scottish-domiciled undergraduate entrants were over 21, an increase of 5.4 per cent from 2013-14. Ten per cent of UWS entrants reported some form of disability in 2014-15 compared to 8.5 per cent in 2013-14, and the proportion of care leavers remained steady at 0.4 per cent.

ENABLING PLANS

During 2014-15 the first three Enabling Plans have been brought forward and implemented:

- Research, Enterprise and Engagement
- Global Reach
- Education

In all cases, Deans are challenged to ensure that their Schools contribute fully across the spread of Corporate Strategy goals. Whilst there will be variations in how our Schools contribute it will not be acceptable for any School to fail to contribute significantly across all areas of our corporate goals. Leaders of the recently reorganised Professional Support Departments will be challenged equally.

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Establishing the Enabling Plans has informed the development of a new Operational Planning process that has been overseen by the Director of Strategic Planning and Development. The ongoing development of management information provision, and the associated 'Strategy Map', will underpin the setting and monitoring of targets and will provide readily available information to all staff to enable them to act knowingly in planning and implementing new developments. There shall therefore be a clear 'line of sight' between executive, corporate and individual contributions towards the fulfilment of the Corporate Strategy, underpinned by regular and improved data flows.

RESEARCH, ENTERPRISE AND ENGAGEMENT

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 and broaden income streams. 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 grow significantly both to demonstrate the applicability of our work, and also to grow income. Engagement will drive further productive relationships with partner colleges, alumni and other stakeholders. Looking towards our student body, our Graduate School will increase 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 the 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.

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- **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 create headroom to upgrade our facilities and support new ventures.

Research Excellence Framework (REF)

UWS has been recognised across the world as a provider of high quality fundamental and applied research, outputs and impact, whose staff and students make a global contribution to knowledge.

The University's investment in previous years in academic development has seen over 30 early career researchers recruited, whose work has enhanced the University's standing in these assessments. With over 25% of the University's REF submission coming from early career researchers, the University is extremely positive about its future research.

The REF is grouped into 36 broad subject areas for research known as Units of Assessment (UoA), with each UoA split into three assessment categories – Outputs, Impact and Environment. The University made submissions to nine UoA across all areas of our curriculum and almost doubled the number of staff submitted since the last research assessment exercise.

Overall the University saw its research recognised at 'international' standing in terms of its originality, significance and rigour. The University's research Outputs were particularly highly rated, with more than half of the submissions being ranked at three to four star; with four star signifying 'world-leading' research.

It is hugely satisfying to see us build on what we achieved in 2008, in the then Research Assessment Exercise (RAE). The 2014 REF, which saw 122 colleagues make submissions compared to 70 in 2008, has seen us take significant strides forward in terms of quality.

These results give us a solid platform on which to enhance and develop our research base, and have resulted in an increase of £115k in UWS' share of the SFC Research Excellence Grant.

International University

UWS will develop an international reputation for world class research, impact and enterprise engagement with business which strengthens its brand and contributes to the offer to students, whether studying in Scotland or at one of our international partner campuses.

GLOBAL REACH

The University of the West of Scotland Corporate Strategy 2014-20 describes UWS as an international university that provides a springboard for all its learners to contribute globally. In order to achieve that aim we will deliver an academic portfolio that provides our students with globally relevant skills, is internationally attractive and contributes to global reach. Global Reach is one of the four main themes of the Corporate Strategy 2014-20 and it is inextricably linked to each of the other themes of student success; research, enterprise and engagement; and people, money and infrastructure. Internationalisation activities will be embedded across the University and will be visible in the plans of all Schools, Departments and the Students Association. The newly formed UWS International Centre will act 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

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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

Key performance indicators identified in the Corporate Strategy 2014-20 are that by the end of academic year 2019-20:

- 20% of the total student population enrolled at our domestic campuses will be non-EU students
- 3,000 students will be enrolled on UWS degrees through Transnational Education or online arrangements
- 80% of undergraduate and taught postgraduate students will be undertaking a scholarly, professional or service international experience
- 80% of UWS staff will be undertaking scholarly or professional international experience

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.

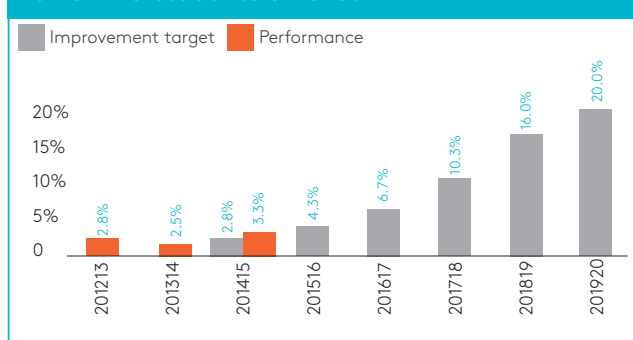
- **Providing the opportunity for students to develop language skills and to undertake an international experience**

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.

% non-EU students enrolled



EDUCATION

Our Education Enabling Plan starts and ends with the experiences and success of our students. This 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 proposes 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. This Enabling Plan makes the Strategy real

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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, as set out in this Plan, 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

COMMUNITY IMPACT

A key element of the UWS Purpose is to transform communities, and the University engages with its communities in a wide variety of contexts. This

engagement is continually growing and expanding.

While our strategy defines community in its broadest sense, with impact at local, national and global levels, the University has a significant social and economic impact on the West of Scotland, and the recently commissioned report from Biggar Economics examines this impact in terms of current activity and future potential.

Community Engagement

The University’s overarching approach to engagement is to develop partnerships that will inform and propel our learning provision and create an enterprise culture that will support the development of communities and economic growth locally and globally.

The intention is to build a strategic partnership portfolio based on key sectors (public, private and global). The focus is on partnerships that will enable us to enhance the student experience, develop our research culture and knowledge exchange capacity and place the University as a key partner at the centre of our communities.

Engagement in the Health Sector

UWS engages with NHS Boards in Scotland at high level through strategic partnership agreements which include the designation of Ayr and Crosshouse Hospitals as University Hospitals. This designation involves joint appointments that enhance research and clinical practice, support for UWS initiatives such as the Institute of Healthcare Associated Infection and more generally joint staff development activities and increased opportunities for students.

The strategic partnership approach extends beyond the NHS Boards, and UWS partners with other health sector organisations to support applied research that will have a direct benefit to the local and global community. Examples of this include the designation of Ayrshire Hospice as a University Hospice, again with the benefit of joint appointments and research activities and the creation of the Alzheimer Scotland Centre for Policy and Practice, part of the major UWS engagement with research into and support for dementia.

An example of the impact of UWS engagement with dementia research is the securing by the Alzheimer

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Scotland Centre for Policy and Practice of Erasmus+ funding for a project that will see the creation of a range of social participatory and practice-based learning resources to equip qualified practitioners from all health (including physicians) and social care disciplines with the skills and knowledge to champion improvements to extended palliative dementia care in their workplace. This project is Europe-wide, involves a number of partner universities and is a direct result of the strategic partnership with Alzheimer Scotland. UWS partnerships with the healthcare sector are well established and continue to develop. The activity noted in this section is a small sample of current developments. This is a rapidly expanding area that forms one of the core elements of our community impact. Discussions are under way to create a second University Hospice relationship and the School of Business and Enterprise is involved in the support of a project to use social business models to support therapeutic activity for mental health patients in Ayrshire.

Social Services

UWS has also established a partnership with the Scottish Social Services Council (SSSC), which provides a platform for collaborative working across a number of mutually beneficial areas. The Memorandum of Understanding builds on and formalises the University's extremely close links with the SSSC, which is the regulatory body for the social service workforce in Scotland. These links involve the accreditation of a range of degree courses. This partnership will see UWS and SSSC working on a range of projects embracing joint research and knowledge transfer activity, as well as education and training programmes for SSSC's social service workforce.

Cultural Sector

UWS strategy on community engagement and impact is characterised by an active relationship with partners that centres on applied research and student opportunity backed up by high visibility and the embedding of UWS staff and students within the community. The recently launched partnership with Ayr Gaiety Theatre to create the country's first learning theatre is a good example of this approach.

It is worth quoting the Theatre's Chief Executive, Jeremy Wyatt, on the benefits of the partnership:

"This partnership is an exciting step forward for young people and audiences throughout Ayrshire."

It will bring a greater diversity of performances for our audiences and showcase new talent on the Gaiety stage. More than that, we will be working with UWS to provide new types of support for our local community and more opportunities across the creative industries. The Gaiety team will be involved in teaching on the new Technical Theatre degree and UWS students will eventually be working alongside our team in the community as well as in the theatre. It's the most important step we have made since reopening the theatre 21 months ago"

As well as the Technical Theatre degree, the University's Musical Theatre degree and other performance degrees will be delivered via the learning theatre, which will also provide opportunities for research. The Gaiety Theatre project has a high profile within the community and UWS involvement at this level sends a clear message to local partners that the University is a key part of the local landscape.

UWS is also closely involved in projects such as the Paisley Heritage Asset Strategy, where staff from the School of Media, Culture and Society are assisting with funding bids and research projects towards the development of Paisley as a leading centre for the study of textiles and design. This project also involves University staff in plans to develop the public realm and to develop new facilities for business incubation. The School of Media, Culture and Society also delivers services such as courses in cultural planning to local authorities and facilitates evaluation of cultural events.

A significant project over the past year has been the Digital Commonwealth project associated with the Commonwealth Games which has delivered schools workshops, community media workshops, workshops in film-making, creative writing and song-writing and created websites to host and curate community responses to the Games. The team has disseminated its work extensively to both academic and non-academic communities. Digital Commonwealth was selected as a case study in the Creative Citizens Variety Pack and presented at the Creative Citizens conference in 2014.

UWS-Oxfam Partnership

The UWS-Oxfam Partnership is a good example of a strategic partnership that has strong community impact at all levels. The Partnership brings together UWS academic expertise, Oxfam's internationally recognised social justice and anti-poverty advocacy and

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campaigning, and a wide range of other inputs from other collaborating partners, to conduct research, inform policy and strategy, and to help campaign for a more equitable and sustainable Scotland. The Partnership also provides a number of volunteering and placement opportunities for UWS students.

A key feature of the partnership for broader community engagement is that it has provided connections with a number of local organisations including the Linwood Community Development Trust, Clydebank Independent Resource Centre, The GalGael Trust and Sunny Govan Radio.

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.

Regional Engagement

UWS maintains a wide range of relationships at regional level, many of which lead either to specific projects or to opportunities for students, while some are primarily focussed on raising awareness of the University and its courses and research interests. This includes representation on community planning partnerships and their sub-groups, chambers of commerce, local lifelong learning partnerships and connections to third sector interface bodies. At campus level this can also involve support for specific local groups, such as the hosting of the Ayrshire Schools Public Speaking Competition at Ayr and the Renfrewshire Associated Schools Programme that brings a large number of school pupils to the University for practical activities and familiarisation with higher education. The partnership with Renfrewshire Schools also extends to a student ambassadors programme and an annual careers fair.

A further example of UWS engagement is the highly successful Dumfries Enterprise Challenge in which the School of Business and Enterprise works with a number of local schools. The University has engaged with business through facilitated discussions in Ayr and Paisley which

will feed into work on how UWS can deliver support to the business sector to enhance the local economy, deliver the skills that businesses need and help them to be competitive in the global marketplace. After the first meeting in Ayr a discussion paper is under development that will underpin further engagement and the development of practical projects for business support.

In Ayrshire the University has also been asked to participate in the Prestwick Airport Stakeholders Group which is working with the Scottish Government to build the future business plan for the airport.

Volunteering

UWS encourages student volunteering through a range of routes. Opportunities are promoted through the Careers and Employability Service, and the Volunteering Academy was launched in 2013 with support from the Moffatt Trust. The Academy provided opportunities for students to work with members of the community to develop IT and related skills in Hamilton in 2013-14 and extended this model to Ayr in 2014-15.

Volunteering is a key element of developing an ethos of service to the community in students and staff that will have an on-going and transformative impact not only on the communities directly served by UWS but on the communities that our students will be part of wherever their work takes them after graduation.

Economic Impact

The work done by 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. This highlights the role of UWS in improving health and wellbeing by training professionals, working in partnership to deliver training and health interventions and through the focus on dementia training and research.

The key economic challenges in South Lanarkshire, South Ayrshire and Renfrewshire are reducing unemployment,

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improving the skills base and increasing participation in higher education. In Dumfries and Galloway these challenges are exacerbated by the out-migration of economically active individuals and a decline in the number of private sector jobs. The importance of the role of a local University is highlighted by all our local authority partners in their economic development strategies. Our students have an impact on the local community in a number of ways: their spending, their availability for part-time work, their engagement in volunteering, their participation in placement with local businesses and ultimately their increased productivity from gaining a degree (the graduate premium).

Knowledge exchange is noted as a key impact factor from the University's engagement with businesses, and UWS is shown to be one of the most active institutions in Scotland in terms of knowledge transfer partnerships (KTPs). The role of UWS in widening access, through providing opportunities for students from areas of multiple deprivation and developing learner pathways in collaboration with Colleges is a key feature within our economic and social impact.

The activities demonstrate the depth and breadth of community engagement that support the impacts described in the Biggar Economics report. While only a sample of activities have been provided they give a sense of the potential range and reach of UWS both within its local communities and beyond. The implementation of the Corporate Strategy and the refocusing of Schools and Professional Services Departments will allow for significant expansion of these activities and impacts. The measurement and evaluation of activity will be increased and there will be greater coordination of key activities to ensure that their development is supported and encouraged while avoiding duplication and unnecessary bureaucracy. An environment will be created that maximises the opportunities for the University and its communities while utilising our resources for maximum impact and value in line with the UWS purpose to change lives, transform communities and encourage enterprise. This has been encapsulated in the enabling plans developed in 2014-15.

OUR CAMPUSES

University of the West of Scotland's Paisley Campus is the largest of the four UWS campuses, located in the centre of Paisley - Scotland's largest town. The campus occupies over 20 acres and is home to around 10,000 students.

The UWS Hamilton Campus is well-integrated with the existing fabric of the town and has a more urban feel than the more rural locations of Dumfries and Ayr. Cafes and bars are located a stones' throw from the University making the campus a sociable place to study.

University of the West of Scotland's Ayr Campus creates a truly innovative learning environment for students. The campus, which was developed by UWS in partnership with Scotland's Rural College (SRUC), is situated on the Craigie Estate, next to the River Ayr. Developed in consultation with Historic Scotland, Scottish Natural Heritage and the Scottish Wildlife Trust, the Campus provides Ayrshire with one of the UK's most modern, environmentally friendly and sustainable Higher Education learning environments. The campus design was inspired by the area's woodland surroundings and offers students a stunning space for study.

Dumfries Campus is a unique multi-institution campus set in the beautiful Crichton estate and offers a range of flexible full and part-time study opportunities in the heart of Dumfries and Galloway.

New London Campus

Over the past months UWS has been working with a strategic partner to establish a presence in London, and as part of the Global Reach plan the official opening took place in September 2015.

Given our ambitions to be an international university that provides a springboard for all our learners to contribute globally, the opportunity to enhance our reputation through a 'shop window' in London will be of great value. It will give the opportunity for us to expand our international student base and to potentially attract UK based students to niche programmes run in a UWS London Campus.

Having a UWS campus in London will also provide the opportunity for UWS students in Scotland and those participating in our transnational education (TNE) arrangements to undertake part of their programmes in London through campus exchange. Such a development also has the potential to open up additional employment and professional experience opportunities for our students and to extend staff experience through involvement in the London Campus.

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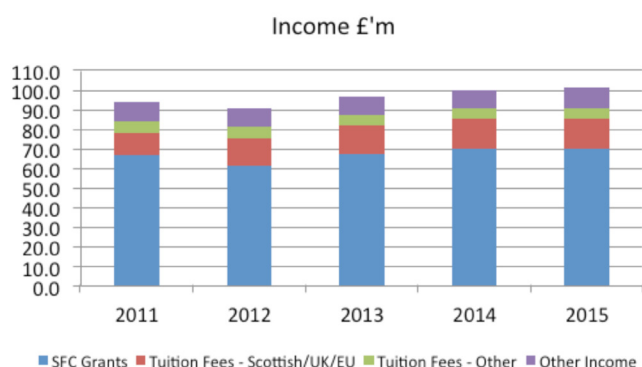
FINANCIAL HIGHLIGHTS

	2014-15 £m	2013-14 £m
Income	104.3	101.5
Total Expenditure	(104.3)	(95.9)
Surplus Before Profit on Sale of Fixed Assets	-	5.6
Profit on Sale of Fixed Assets	2.4	-
Surplus on Continuing Operations	2.4	5.6
Net Assets	70.3	77.5

Income

The University's income increased by 2.7% (4.2% 2013-14) from £101.5m to £104.3m.

During 2014-15, the University benefited from an increase in research income of 21.4% (£0.7m), investment income of 30.7% (£0.3m) and other income 19.6% (£1.3m). Tuition fees increased by 1.5% to £20.8m whilst the main funding grants increased slightly.



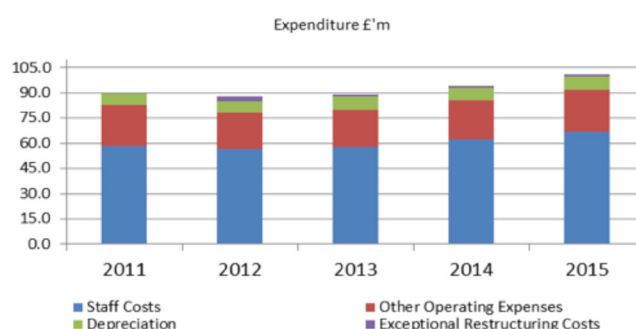
Expenditure

Total expenditure for the year was £104.3m which is an increase of 8.7% on the previous year (£95.9m 2013-14). Staff costs increased to £66.9m (£62.1m 2013-14) which is 64.2% of total income (61.2% 2013-14).

The increase in staff costs of 7.8% is a result of the

increased numbers of staff recruited through 2013-14 and the inflationary and incremental pay awards made 2014-15.

Other operating costs increased by £3.7m (14.7%) to £28.7m (£25m 2013-14) with specific investment made in the year in academic areas and further strategic investment aimed at increased internationalisation, establishing our London campus and increased academic services.



Surplus

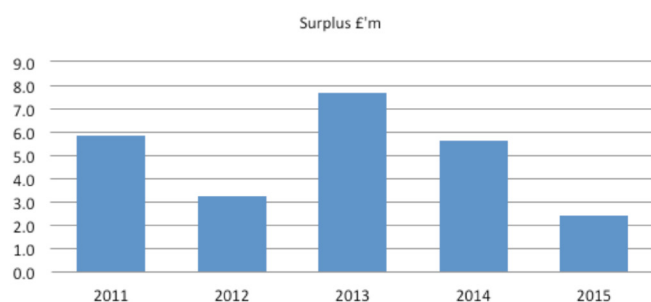
The operating results remain in line with the 5-year financial plan, delivering a surplus in 2014-15 of £2.4m (£5.6m 2013-14) on total income of £104.3m. There were some non-recurring costs for the year, which were charged against the surplus.

	£'000
Operating results surplus	3,187
SFC Clawback provision	(1,300)
Exceptional write-off of development costs	(1,130)
FRS17 Pension adjustment	(770)
Profit on Sale of Fixed Assets	2,407
Surplus on Continuing Operations	2,394

Exceptional re-structuring costs of £0.7m (£0.8m 2013-14) were incurred that relate to the voluntary severance and voluntary retirement scheme as the University reorganises academic schools and support services aligned to the new Corporate Strategy.

OPERATING AND FINANCIAL REVIEW

In the year £1.1m of spend on development costs for the new Lanarkshire Campus, previously held in work-in-progress, was written off, and the University recognised a profit of £2.4m on the sale of land at the Ayr Campus.



Balance Sheet

Tangible Fixed Assets reduced slightly during the year, by £3.0m to £129.3m (£132.3m 2013-14) due to the depreciation charge for the year of £6.8m (£8.0m 2013-14) being greater than the capital additions in the year, the write off of £1.1m development costs held in work in progress, sale of land at Ayr and a further amount of work in progress being expensed during the year.

The depreciation figure fell by £1.1m (14.3%) partially due to a change in the estimated asset lives within the depreciation policy, which better reflects the useful life of each category of asset used by the University.

Net Assets decreased in the year by £7.2m to £70.3m (£77.5m in 2013-14). The majority of which is as a result of the change in the pension liability detailed below.

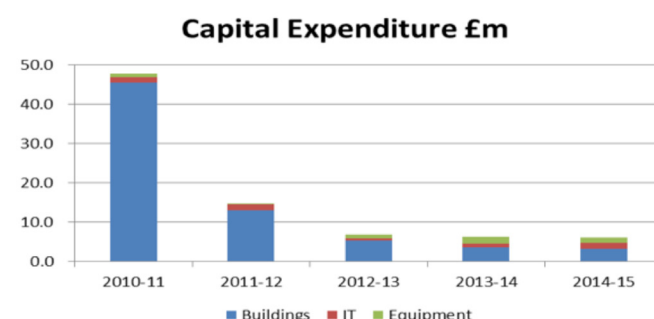
One of the changes in the balance sheet position in 2014-15 was due to the increase in the pension liability. The discount rate applied by the Actuary to the Strathclyde Pension Fund under FRS17, moved to 3.6% (4.0% 2013-14). The University's overall funded liability increased to £179.7m (£160.9m 2013-14). The return on the assets in the pension fund improved in year resulting in the total asset value increasing to £137.1m (£125.4m 2013-14). The net effect being a £7.1m increase in the deficit position.

Capital Expenditure

Capital expenditure in the year totalled £5.5m (£6.2m 2013-14) and covered some major improvements to the Paisley Campus and the start of the IT 'Connected Campus' project. In 2014-15 the University Court approved a £12m strategic investment in information technology to bring the transformation desired to

teaching, learning and the research environment, and to significantly improve the student and staff technology experience at UWS. The majority of the building and IT projects are long-term projects spanning more than one year, and a significant amount is held in work in progress at the year end.

Investment was also made in a new fixed asset register system and a review of the asset base is currently being carried out. In March 2015 the University sold 2.8 hectares of land to South Ayrshire Council for £2.6m.



Cash and Treasury Management

The cash and bank balances increased in the year by £1.6m (£5.2m increase 2013-14) to £24.3m (£22.7m 2013-14). 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 £24.5m drawn down specifically for the residences development, with fixed interest rates on £20m of the capital for a period of 30 years and on the remaining £4.5m of capital for 10 years. The total amount outstanding at the year end was £23.8m (£24.2m 2013-14).

An additional £1.0m was placed with a new 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.

There are a number of bank covenants to be met on an on-going basis, compliance with which is monitored regularly and reported on to University committees. The University has met all of the covenants to date.

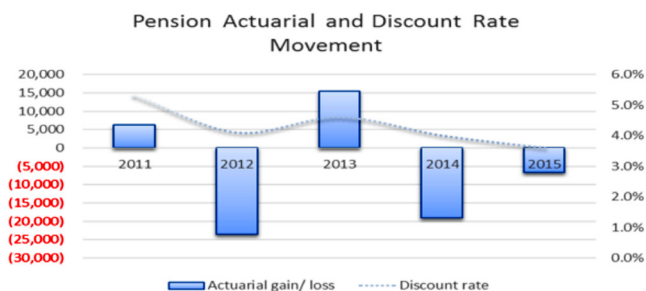
OPERATING AND FINANCIAL REVIEW

The University's new Corporate Strategy has highlighted the need for a re-energised Estate. The outcomes of the Estates Master Planning started in 2014-15 will need a clear funding package in place to ensure the delivery of this exciting initiative.

Impact of Pension Liability and FRS17

The University's pension liability relating to the local government pension scheme is actuarially re-valued for FRS17 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.

The overall pension liability now amounts to £42.6m (£35.4m 2013-14). This represents a fall in reserves of £7.1m in 2014-15.



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.

OPERATING AND FINANCIAL REVIEW

Five Year Financial Performance and Financial Indicators

A summary of the financial indicators reported on to the Scottish Funding Council over a five year period is shown below:

Financial Review		2010-11	2011-12	2012-13	2013-14	2014-15	
Staff numbers	FTE	1,398	1,317	1,363	1,402	1,408	
Growth			(5.79)%	3.49%	2.86%	0.43%	
Student numbers	FTE	11,187	11,262	12,585	13,800	15,512	
Growth			0.67%	11.75%	9.65%	12.41%	
Turnover	£000's	95,743	91,017	97,466	101,526	104,251	
Growth			(4.94)%	7.09%	4.17%	2.68%	
Surplus	£000's	5,852	3,246	7,684	5,620	2,394	
Growth			(44.53)%	136.72%	(26.86)%	(57.40)%	
Staff costs	£000's	58,458	56,630	58,042	62,111	66,946	
Growth			(3.13)%	2.49%	7.01%	7.78%	
Performance							
ROCE		4.64%	2.42%	5.52%	3.88%	1.65%	
Operating surplus %		6.11%	3.57%	7.88%	5.54%	2.30%	
Total income per FTE	£000's	68.49	69.11	71.51	72.42	74.04	
Increase/ decrease			0.91%	3.47%	1.27%	2.25%	
Liquidity measures							
liquidity ratio		0.84	0.91	1.25	1.84	2.10	:1
Days cash to expenditure		55.32	52.61	71.16	86.50	85.12	
Solvency measures							
Interest cover		-	8.63	7.62	4.57	1.97	x
Gearing (reserves to debt)		2.36	0.40	1.56	0.73	0.57	:1
EBITDA	£000's	7,840	6,081	12,082	10,093	6,910	

Conclusion

The University remains financially stable, with surplus and cash flows as planned. This continued financial performance is essential to enable the University to deliver its new 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.

Ian Welsh

Chair of Court

10 November 2015

CORPORATE GOVERNANCE

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) 2015. The 2015 Order of Council amends the 1993 Order following a review by the University of its constitutional and governance arrangements, against the Scottish Code of Good HE Governance published in July 2013, to fully align with the Scottish Code of Good HE Governance and to address some internal organisational matters. 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 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. In summary, the recent governance enhancements taken forward through Court have included the implementation of the Code of Good HE Governance, revisions to the University's Order of Council noted above and a review and approval of the revised terms of reference of the Policy and Resources Committee of Court. An effectiveness review of Senate is about to report and an effectiveness review of Court is currently ongoing.

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 2014-November 2015), four new lay members and one new staff member 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, eleven 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 health and safety was held at the annual residential event.

University of the West of Scotland is Scottish Charity No 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.

CORPORATE GOVERNANCE

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 2015. 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 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.

A revised remit for the committee was approved by Court in September 2014 to make more explicit the responsibility of the committee for monitoring the financial monitoring and people resource monitoring carried out by the University Executive.

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 December meeting.

In November 2014, the name of the **Health, Safety and Environmental Committee** was changed to the Health, Safety and Sustainability Committee. The Health, Safety and Sustainability Committee advises the University Court on all matters relating to health and safety within the University. The Health, Safety and Sustainability Committee normally meets three times per year and produces an annual report for the Court.

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

CORPORATE GOVERNANCE

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 development process for development of the University's Corporate Strategy is an inclusive one that seeks to actively engage the widest range of colleagues, students, governors and stakeholders in the drafting and development process. The draft Corporate Strategy was considered through the formal governance processes within the University, culminating in approval by Court.

In advance of Court, the draft Strategy was discussed at School Executive Committees, at Senate, at the International Advisory Committee, at the Academic Planning Group, and at the Research and Knowledge Transfer Committee. The University Executive Group then considered feedback from these bodies prior to the Strategy being submitted to Policy and Resources Committee then by the full Court.

The Court monitors the progress towards meeting the targets and KPIs in the Strategy at each meeting. The University Executive 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.

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 University 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 confined to 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 2015 meeting, the Court carried out the annual assessment for the year ended 31 July 2015 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 2015.

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 2015 and up to the date of approval of the Annual Report and 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.

Ian Welsh

Chair of Court

Professor Craig Mahoney

Principal and Vice-Chancellor

MEMBERSHIP OF COURT AND PRINCIPAL COMMITTEES OF THE UNIVERSITY COURT

COURT MEMBERS

Chair of Court

Mr I Welsh

Ex Officio

Principal and Vice-Chancellor
Professor C Mahoney

Depute Principal
Professor P Martin

President, Students' Association
Mr J Douglas

Appointed by the Students' Association

Depute President, Education and Welfare
Ms L Miller (July 14 - 15)
Mr J Black (appointed July 2015)

Appointed lay members

Ms L Barjonas
Mr D Boyd (retired October 2014)
Ms E Connolly
Ms M Curran
Mr C Devlin
Mr R J Dinning
Ms M Gibson (appointed January 2015)
Mr A Gordon
Mr A Haseeb
Dr W Hatton
Professor C MacDonald (appointed January 2015)
Mr J McDougall (appointed to PRC January 2015)
Mr A Muir (appointed January 2015)
Mr J G Peterkin
Mr W Smith (appointed July 2015)

Appointed by Senate

Professor A McGillivray
Ms A Gifford

Elected by Staff from Academic Staff

Mr T Duff

Elected by All Other Staff

Mr K Galbraith (retired May 2015)
Mr D Johnston (appointed June 2015)

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; Governance and Nominations
Audit and Risk
Policy and Resources (Chair)
Audit and Risk

Policy and Resources

Health, Safety & Sustainability
Audit and Risk
Policy and Resources

Audit and Risk; Policy and Resources

Audit and Risk (Chair); Policy and Resources

Policy and Resources
Policy and Resources

Governance and Nominations

Policy and Resources

INDEPENDENT AUDITOR'S REPORT

to the Court of the University of the West of Scotland

We have audited the financial statements of the University of the West of Scotland for the year ended 31 July 2015, which comprise the Income and Expenditure Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University Court of 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 18 to 21, 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 Financial Highlights, Operating and Financial Review and Corporate Governance Statement and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

INDEPENDENT AUDITOR'S REPORT

to the Court of the University of the West of Scotland

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 2015, and of the surplus of income over expenditure and the cash flows for the year then ended;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- 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 Operating and Financial Review 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

10 November 2015

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

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 JULY

		2015 £000	2014 £000
INCOME	Note		
Funding Council Grants	2	70,142	70,054
Tuition Fees/ Education Contracts	3	20,760	20,451
Research Grants and Contracts	4	3,825	3,151
Other Income	5	8,204	6,860
Investment Income	6	1,320	1,010
Total Income		<u>104,251</u>	<u>101,526</u>
EXPENDITURE			
Staff Costs	7	66,946	62,111
Exceptional Restructuring Cost	7	672	801
Other Operating Expenses	8	28,674	25,009
Exceptional write-off of development costs		1,130	-
Depreciation	9	6,842	7,985
Total Expenditure		<u>104,264</u>	<u>95,906</u>
(Deficit) / Surplus before Profit on Sale of Fixed Assets		(13)	5,620
Profit on Sale of Fixed Assets		<u>2,407</u>	-
Surplus on Continuing Operations		<u>2,394</u>	<u>5,620</u>

The income and expenditure of the University is related wholly to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 JULY

	Note	2015 £000	2014 £000
Surplus on Continuing Operations after Depreciation of Assets at Cost, Disposal of Assets and Tax		2,394	5,620
Unrealised Appreciation of Investments	10	42	16
Actuarial (Loss) in Pension Plan (FRS17)	25	<u>(6,663)</u>	<u>(19,064)</u>
Total Recognised (Losses) Relating to Period		<u>(4,227)</u>	<u>(13,428)</u>
RECONCILIATION			
Opening Reserves		18,111	31,539
Total Recognised (Losses) Relating to Period		<u>(4,227)</u>	<u>(13,429)</u>
Closing Reserves		<u>13,884</u>	<u>18,111</u>

BALANCE SHEET as at 31 JULY

	Note	2015 £000	2014 £000
FIXED ASSETS			
Tangible Assets	9	129,268	132,303
Investments	10	<u>2,179</u>	<u>1,016</u>
		131,447	133,319
CURRENT ASSETS			
Stock		79	92
Debtors	11	2,437	2,306
Cash at Bank and in Hand	12	<u>24,316</u>	<u>22,728</u>
		26,832	25,126
CREDITORS			
Amounts Falling Due Within One Year	13	<u>(12,759)</u>	<u>(13,651)</u>
Net Current Assets		14,073	11,475
Net Assets Less Current Liabilities		145,520	144,794
CREDITORS			
Amounts Falling Due After More Than One Year	14	(23,352)	(23,835)
Provisions for Liabilities and Charges	15	<u>(9,238)</u>	<u>(7,991)</u>
Net Assets Excluding Pension Liability		112,930	112,968
Pension Liabilities	25	<u>(42,620)</u>	<u>(35,450)</u>
Net Assets including Pension Liability		<u>70,310</u>	<u>77,518</u>
DEFERRED CAPITAL GRANTS	16	56,426	59,407
RESERVES			
Income and Expenditure Account excluding Pension Reserve	18	56,090	53,189
Pension Reserve	19	<u>(42,620)</u>	<u>(35,450)</u>
Income and Expenditure Account including Pension Reserve		13,470	17,739
Revaluation Reserve	17	<u>414</u>	<u>372</u>
Total Reserves		13,884	18,111
Total Funds		<u>70,310</u>	<u>77,518</u>

The Financial Statements on pages 25 to 45 were approved by Court on 10 November 2015 and were signed on its behalf by:

Ian Welsh
Chair of Court

Professor Craig Mahoney
Principal and Vice Chancellor

CASH FLOW STATEMENT

for the year ended 31 JULY

	Note	2015 £000	2014 £000
Cash Inflow from Operating Activities	20	5,671	7,057
Returns on Investments and Servicing of Finance	21	(994)	(892)
Capital Expenditure and Financial Investment	22	(2,715)	(5,148)
Financing	23	<u>(373)</u>	<u>4,208</u>
Increase in Cash in the Year		<u>1,589</u>	<u>5,225</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS			
Increase in Cash in the Year		<u>1,589</u>	5,225
Cash flow in Relation to Financing	23	<u>373</u>	<u>(4,208)</u>
Movement in Net Funds in the Year		1,962	1,017
Net Debt at 1 August		<u>(1,480)</u>	<u>(2,497)</u>
Net Funds/ (Debt) at 31 July	24	<u>482</u>	<u>(1,480)</u>

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

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.

Basis of Preparation and Change in Accounting Policy

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable Accounting Standards. They conform to guidance published by the Scottish Funding Council.

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed asset investments.

Recognition of Income

Funding Council block grants are accounted for in the period to which they relate.

Fee income is credited to the Income and Expenditure Account over the period in which students are studying.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned. Any payments received in advance of such performance are recognised on the Balance Sheet as liabilities.

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

Any increase in value arising on the revaluation of fixed asset investments are carried in the revaluation reserve, via the statement of total recognised gains and losses.

Maintenance of Premises

The University has a long-term maintenance plan,

which forms the basis of the ongoing maintenance of the estate. The cost of long term and routine corrective maintenance is charged to the Income and Expenditure Account as incurred.

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling, either at year-end rates or, where these are related to forward foreign contracts, at contract rates. The resulting exchange differences are dealt with in the determination of Income and expenditure for the financial year.

Pension Schemes

The Scottish Teachers Superannuation Scheme (STSS), the Strathclyde Pension Fund (SPF) and the Universities Superannuation Scheme (USS) provide retirement benefits for 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 FRS17.

Tangible Fixed Assets

The fundamental objective of depreciation is to reflect, in the Income and Expenditure account, the cost of the use of the tangible fixed assets. Assets are depreciated in the month after they are capitalised.

As part of the on-going review of the University's systems, the fixed asset register and asset lives were reviewed in a more detailed categorisation of assets, reflecting their planned usage by the University.

Land and Buildings

Land and buildings are stated at cost less depreciation and, where appropriate, any provisions for estimated losses on disposal.

Land held freehold is not depreciated, as it is considered to have an indefinite useful life. Buildings are depreciated over

NOTES TO THE FINANCIAL STATEMENTS

their expected useful lives up to 100 years and leasehold land over the life of the lease. Alterations and additions to buildings are depreciated over the expected useful life of the work carried out, or the life of the building if shorter.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Buildings under construction are accounted for at cost, based on the value of architect's certificates and other direct costs incurred to 31 July. Buildings are not depreciated until they are brought into use.

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

Equipment

Equipment, including computers and software, costing less than £5,000 per individual item or group of related items is expensed in the Income and Expenditure Account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated in annual instalments over its expected useful life, within the range 4 to 20 years depending on the type of equipment.

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated as above, with the related grant being credited to a deferred capital grant account and released to the Income and Expenditure Account over the expected useful economic life of the related equipment.

Leased Assets

Where the University is a lessor of operating leases, the assets are included in Tangible Fixed Assets. Rents receivable under operating leases are accounted for on the straight-line basis over the period of the leases and are included in Other Operating Income.

Investments

Listed investments are included in the balance sheet at market value. Unlisted investments are included in the balance sheet at the lower of their original cost and net realisable value.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, a provision is made for obsolete, slow moving and defective stocks.

Taxation Status

The University is an exempt charity (SC 002520) within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the ICTA1988 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.

Liquid Resources

Liquid resources include sums on short-term deposits with recognised banks.

Provisions

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

Agency Arrangements

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

Key Estimations and Assumptions

The University has used estimates and assumptions in arriving at certain figures within the financial statements. The resulting accounting estimates may not equate with the actual results, which will only be known in time. The most significant estimation is the pension valuation, with further details of the assumptions used disclosed in the notes.

NOTES TO THE FINANCIAL STATEMENTS

2 FUNDING COUNCIL GRANTS

	2015 £000	2014 £000
Recurrent Grant from SFC		
Teaching	63,102	62,433
Research	2,425	2,337
Specific Grants from SFC		
Focus West	99	112
Dumfries Campus Strategic Funding	529	529
Other Research	109	175
Other	157	212
Deferred Capital Grant released in Year		
Buildings	2,026	2,085
Equipment	<u>1,695</u>	<u>2,171</u>
	<u>70,142</u>	<u>70,054</u>

3 TUITION FEES AND EDUCATION CONTRACTS

	2015 £000	2014 £000
Full Time Students – Scotland and EU	13,902	15,038
Full Time Students – RUK	462	405
Full Time Students – RUK (old fee rates)	55	82
Full Time Students – non-EU	2,492	1,635
Part Time Fees	2,304	2,046
Transnational Education	25	0
Short Course Fees	<u>396</u>	<u>255</u>
Total Fees Paid by or on Behalf of Individual Students	19,636	19,461
Nursing Education Contracts	<u>1,124</u>	<u>990</u>
	<u>20,760</u>	<u>20,451</u>

NOTES TO THE FINANCIAL STATEMENTS

4 RESEARCH GRANTS AND CONTRACTS

	2015 £000	2014 £000
Research Council	665	512
European Commission	372	458
UK Based Charities	519	394
Other Grants Contracts	2,238	1,693
Released from Deferred Capital Grants	<u>31</u>	<u>94</u>
	<u>3,825</u>	<u>3,151</u>

5 OTHER INCOME

	2015 £000	2014 £000
Residences, Catering and Conferences	4,992	5,045
Other Services Rendered	397	705
Released from Deferred Capital Grants	618	404
Other Income	<u>2,197</u>	<u>706</u>
	<u>8,204</u>	<u>6,860</u>

6 INVESTMENT INCOME

	2015 £000	2014 £000
Interest Receivable	219	338
Dividends Receivable	32	15
Net Return on Pension Scheme Liability	<u>1,069</u>	<u>657</u>
	<u>1,320</u>	<u>1,010</u>

NOTES TO THE FINANCIAL STATEMENTS

7 STAFF COSTS

	2015 number	2014 number
Average FTE Staff Numbers by Major Category:		
Academic	586	597
Technical	56	60
Administrative	198	195
Other, Including Clerical and Manual	568	550
	<u>1,408</u>	<u>1,402</u>

	2015 £000	2014 £000
Staff costs for the above:		
Wages and Salaries	52,753	49,838
Social Security Costs	4,449	4,143
Pension Costs (note 25)	9,744	8,130
	<u>66,946</u>	<u>62,111</u>

Exceptional Restructuring Cost	<u>672</u>	<u>801</u>
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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.

Emoluments of the Principal and Vice Chancellor	224	214
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The emoluments of the Principal and Vice Chancellor exclude employer's pension contributions of £35k (2013-14 £34k).

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

	2015 number	2014 number
£70,000 - £79,999	20	21
£80,000 - £89,999	9	3
£90,000 - £99,999	4	2
£100,000 - £109,999	-	-
£110,000 - £119,999	3	3
£120,000 - £129,999	-	-
£130,000 - £139,999	-	1
£140,000 - £149,999	1	-

NOTES TO THE FINANCIAL STATEMENTS

8 OTHER OPERATING EXPENSES

	2015 £000	2014 £000
Academic Departments	6,507	6,599
Academic Services	6,816	3,182
Research Grants and Contracts	2,327	2,268
Residences, Catering and Conferences	1,881	1,446
Premises	4,746	4,601
Administration	6,239	6,481
Other Services Rendered	<u>158</u>	<u>433</u>
	28,674	25,010
Other Operating Expenses Include:		
Auditors' Remuneration: External Audit - Audit Services	<u>47</u>	<u>47</u>
Loan Interest Payable	<u>1,213</u>	<u>1,230</u>

9 TANGIBLE ASSETS

	Freehold Buildings Residences	Freehold Buildings Academic and Sports Grounds	Land	Equipment	Work in progress	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 August 2014	33,852	125,518	1,840	60,363	2,274	223,847
Additions	39	487	10	2,678	2,321	5,535
Transfers	-	944	-	(79)	(865)	-
Disposals	-	(65)	(190)	(216)	(1,538)	(2,009)
At 31 July 2015	33,891	126,884	1,660	62,746	2,192	227,373
Depreciation						
At 1 August 2014	7,030	35,539	-	48,975	-	91,544
Charge for Year	973	3,700	-	2,169	-	6,842
Disposals	-	(65)	-	(216)	-	(281)
Transfers	-	94	-	(94)	-	-
At 31 July 2015	8,003	39,268	-	50,834	-	98,105
Net Book Value						
At 31 July 2015	25,888	87,616	1,660	11,912	2,192	129,268
At 31 July 2014	26,822	89,979	1,840	11,388	2,274	132,303

NOTES TO THE FINANCIAL STATEMENTS

	2015 £000	2014 £000
The depreciation charge has been funded by:		
Deferred Capital Grants Released (Note 16)	4,369	4,754
General Income	<u>2,473</u>	<u>3,231</u>
	<u>6,842</u>	<u>7,985</u>

	2015 £000	2014 £000
The figures above include assets held for use in operating leases as follows:		
Cost	3,532	3,532
Accumulated Depreciation	<u>(1,677)</u>	<u>(1,554)</u>
Net Book Value	<u>1,855</u>	<u>1,978</u>

Treasury Sources have funded buildings with a Net Book Value of £39m and cost of £57m. Should these particular buildings be sold, the University would have to either surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum of the Scottish Funding Council. Capital Work in Progress at the year-end £2.2m (£2.3m 2013-14) relates to costs incurred on a number of on-going projects including the IT, equipment replacement and a number of building projects.

10 INVESTMENTS

	Listed £000	Unlisted £000	2015 £000	2014 £000
Balance at 1 August	1,016	-	1,016	987
Purchase of Investments	1,111	28	1,139	-
Re-investment of dividends	28		28	13
(Depreciation) on valuation	(46)	-	(46)	-
Appreciation on revaluation	<u>42</u>	<u>-</u>	<u>42</u>	<u>16</u>
Balance at 31 July	<u>2,151</u>	<u>28</u>	<u>2,179</u>	<u>1,016</u>

11 DEBTORS

	2015 £000	2014 £000
Amounts Receivable Within One Year:		
Trade Debtors	766	543
Other Debtors	13	34
Prepayments and Accrued Income	<u>1,658</u>	<u>1,728</u>
	<u>2,437</u>	<u>2,305</u>

NOTES TO THE FINANCIAL STATEMENTS

12 CASH AND BANK

	2015 £000	2014 £000
Cash	8	7
Short term deposits	18,970	21,449
Bank	<u>5,338</u>	<u>1,272</u>
	<u>24,316</u>	<u>22,728</u>

13 CREDITORS

	2015 £000	2014 £000
Amounts Falling Due Within One Year:		
Trade Creditors	976	1,217
Other Creditors and Deposits	1,309	372
Social Security and Other Taxation Payable	1,355	1,409
Accruals and Deferred Income	8,636	10,280
Loan repayments	<u>483</u>	<u>373</u>
	<u>12,759</u>	<u>13,651</u>

14 CREDITORS

	2015 £000	2014 £000
Amounts Falling Due After More than One Year:		
Bank loan:		
After One and Within Two Years	806	483
After Two and Within Five Years	2,647	2,650
After Five Years	<u>19,899</u>	<u>20,702</u>
Bank Loans Repayable After More Than One Year	<u>23,352</u>	<u>23,835</u>

The University has a loan facility of £24.5 million, of which £20m has an interest rate fixed for 30 years and £4.5m an interest rate fixed for 10 years. £24.5m has been drawn down as at 31 July 2015.

Interest is charged at a rate of:

- £10.0m 5.03971 %,
- £10.0m 5.51971 %
- £ 4.5m 3.94 %

The total interest charged in the year was £1,213k.

NOTES TO THE FINANCIAL STATEMENTS

15 PROVISIONS FOR LIABILITIES AND CHARGES

The University has an obligation in respect of former employees, who have retired and for whom an enhanced pension, has been provided. This liability is assessed, annually at the year-end, by independent actuarial valuation (Hymans Robertson) and continues throughout the retirement period.

A liability in respect of employees who transferred to the University in 1996 under TUPE was identified in 2003-2004 and continues to be provided for.

At 31 July 2015, a clawback provision has been made for an element of the SFC main grant for 2013-14 that may be repayable of £1.3m (£0m 2013-14).

Provision is retained for dilapidation costs at the Dumfries Campus, and for residences at Ayr, Hamilton and Paisley Campuses.

	Unfunded Pension £000	SFC Clawback £000	Campus Dilapidation £000	Total £000
At 1 August 2014	7,508	-	483	7,991
Expenditure in the year	(570)	-	-	(570)
Additional provision required	(3)	1,300	-	1,297
Transfer to Income & Expenditure Account	<u>520</u>	<u>-</u>	<u>-</u>	<u>520</u>
At 31 July 2015	<u>7,455</u>	<u>1,300</u>	<u>483</u>	<u>9,238</u>

16 DEFERRED CAPITAL GRANTS

	Funding Council £000	Other Grants & Benefactions £000	Total £000
At 1 August 2014			
Buildings	41,283	9,923	51,206
Equipment	8,166	35	8,201
Total	<u>49,449</u>	<u>9,958</u>	<u>59,407</u>
Cash Received			
Buildings	866	-	866
Equipment	523	-	523
Total	<u>1,389</u>	<u>-</u>	<u>1,389</u>
Released to Income & Expenditure			
Buildings	(2,026)	(618)	(2,644)
Equipment	(1,695)	(31)	(1,726)
Total	<u>(3,721)</u>	<u>(649)</u>	<u>(4,370)</u>
At 31 July 2015			
Buildings	40,123	9,305	49,428
Equipment	6,994	4	6,998
Total	<u>47,117</u>	<u>9,309</u>	<u>56,426</u>

NOTES TO THE FINANCIAL STATEMENTS

17 REVALUATION RESERVE

	2015 £000	2014 £000
Revaluations:		
Balance at 1 August	372	356
Appreciation/(Depreciation) of Investments in Year	<u>42</u>	<u>16</u>
Balance at 31 July	<u>414</u>	<u>372</u>

18 INCOME AND EXPENDITURE ACCOUNT RESERVE

	2015 £000	2014 £000
Balance at 1 August	53,189	47,798
Surplus after Depreciation of Assets at Cost and Tax	2,394	5,621
Transfer (To)/From Pension Reserve	<u>507</u>	<u>(230)</u>
Balance at 31 July	<u>56,090</u>	<u>53,189</u>

19 PENSION RESERVE

	2015 £000	2014 £000
Balance at 1 August	(35,450)	(16,616)
Actuarial (Loss) on Pension Scheme Liability	(6,663)	(19,064)
Transfer From/(To) Income and Expenditure Account	<u>(507)</u>	<u>230</u>
Balance at 31 July	<u>(42,620)</u>	<u>(35,450)</u>

NOTES TO THE FINANCIAL STATEMENTS

20 RECONCILIATION OF OPERATING SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

		2015 £000	2014 £000
	Note		
Operating Surplus before Tax		2,394	5,619
Pension costs less contributions payable		454	(63)
Profit on sale of fixed assets		(2,407)	-
Depreciation	9	6,842	7,985
Loss on valuation of investments		46	-
Released Deferred Capital Grants	15	(4,370)	(4,754)
Interest Paid		1,213	1,230
Interest Received		(219)	(338)
Fixed Assets written off		1,538	-
(Increase)/decrease in Stocks		13	(12)
(Increase)/decrease in Debtors		(131)	65
Increase/(decrease) in Creditors		(1,002)	(2,623)
Increase/(decrease) in Provisions		<u>1,300</u>	<u>(53)</u>
Net Cash Inflow from Operating Activities		<u>5,671</u>	<u>7,057</u>

21 RETURN OF INVESTMENTS AND SERVICING OF FINANCE

	2015 £000	2014 £000
Other Interest Received	219	338
Interest Paid	<u>(1,213)</u>	<u>(1,230)</u>
Net Cash Outflow from Returns on Investments and Servicing of Finance	<u>(994)</u>	<u>(892)</u>

22 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS

	2015 £000	2014 £000
Purchase of Tangible Fixed Assets	(5,535)	(6,196)
Proceeds from sale of Fixed assets	2,598	0
Purchase of Investments	(1,139)	0
Re-investment of dividends	(28)	(13)
Deferred Capital Grants Received	<u>1,389</u>	<u>1,062</u>
Net Cash outflow for capital Expenditure and Financial Investment	<u>(2,715)</u>	<u>(5,147)</u>

NOTES TO THE FINANCIAL STATEMENTS

23 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	2015 £000	2014 £000
Amounts borrowed in year	-	4,500
Amounts repaid in year	<u>(373)</u>	<u>(292)</u>
Net Cash Inflow from Financing	<u>(373)</u>	<u>4,208</u>

24 ANALYSIS OF CHANGES IN NET FUNDS

	1 August 2014 £000	Cash flows £000	31 July 2015 £000
Cash at Bank and in Hand	22,728	1,589	24,317
Due within one year	(373)	(110)	(483)
Debt Due after one Year	<u>(23,835)</u>	<u>483</u>	<u>(23,352)</u>
Net Funds/(Debt)	<u>(1,480)</u>	<u>1,962</u>	<u>482</u>

25 PENSION SCHEMES

The University participates in three multi-employer defined benefits schemes. The two principal pension schemes for the majority of the staff are the Strathclyde Pension Fund (SPF) and the Scottish Teachers Superannuation Scheme (STSS).

There are also two academic staff in the Universities Superannuation Scheme (USS).

The total pension cost to the University under these schemes was (Note 7):

	2015 £000	2014 £000
SPF Contributions Paid & FRS17 Adjustments	5,611	4,168
STSS Contributions Paid	4,079	3,910
USS Contributions Paid	<u>54</u>	<u>52</u>
Total	<u>9,744</u>	<u>8,130</u>

STRATHCLYDE PENSION FUND

Under the definitions set out in FRS17, the Strathclyde Pension Fund (SPF) is a multi-employer defined benefit pension scheme. It is valued every three years by professionally qualified independent actuaries using the project unit method. The latest triennial valuation undertaken was at 31 March 2014.

In the intervening years, the actuary reviews the progress of the scheme and makes assumptions to undertake a valuation at the balance sheet date, under FRS17.

The employer's contribution rate payable on members' pensionable salaries has remained unchanged since 31 March 2011 at 19.3%.

NOTES TO THE FINANCIAL STATEMENTS

The pension costs for the University for the year ended 31 July 2015 were £5,597m (£4.168m 2013-14). This is comprised of contributions paid of £3,758m (£3.568m 2013-14) and FRS17 adjustment of £1.839m (£0.6m 2013-14).

The Financial Reporting Standard 17 (FRS17), implemented by the University, is designed to produce a net pension asset or liability calculated according to a prescribed method of valuation. In particular, the discount rate applied to pension scheme liabilities, differs from that used in normal actuarial valuations to determine, inter alia, the scheme's required funding rate, and generally produces a higher value for scheme liabilities.

The Strathclyde Pension Fund moved forward the adoption of the CPI as opposed to the RPI as the inflation measure for the Local Government Pension Scheme (LGPS) from April 2011.

As a result of the adoption of FRS17, the surplus on continuing operations has been decreased by £0.770m (£0.012m 2013-14) and the Pension reserve increased by £7.156m (2013-14 £18.834m).

The assumptions used by the scheme actuary to undertake a valuation under FRS17 as at 31 July 2015 were as follows:

Financial Assumptions

	2015 %	2014 %
Pension Increase Rate	2.6	2.7
Salary Increase Rate	4.5	5.0
Expected Return on Assets	3.6	6.0
Discount Rate	3.6	4.0

Mortality Assumptions

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectancies at age 65 are unchanged from last year and are summarised below. They are based on the PMA92/PFA92 year of birth tables:

	Male	Female
Current pensioners	22.1 years	23.6 years
Future pensioners	24.8 years	26.2 years

The assets in the SPF scheme and the expected rate of return by category were:

	2015 Long Term Rate of Return %	Value £000	2014 Long Term Rate of Return %	Value £000
Equities	5.5	102,831	6.6	95,306
Bonds	3.3	16,453	3.5	15,048
Property	3.7	16,453	4.7	8,778
Cash	2.8	1,371	3.6	6,270
		137,108		125,402

NOTES TO THE FINANCIAL STATEMENTS

The following amounts at 31 July 2015 were measured in accordance with the requirements of FRS17:

Analysis of the Amount Shown in the Balance Sheet

	2015 £000	2014 £000
University's Estimated Asset Share	137,108	125,402
Present Value of University's Scheme Funded Liabilities	(175,287)	(156,650)
Present Value of University's Scheme Unfunded Liabilities	<u>(4,441)</u>	<u>(4,202)</u>
Deficit in Scheme – Net Pension Liability	<u>(42,620)</u>	<u>(35,450)</u>

Analysis of Amount Recognised in the Income and Expenditure Account

Interest Cost on pension Scheme Liabilities	(6,485)	(6,168)
Expected Return on pension Scheme assets	<u>7,554</u>	<u>6,825</u>
Net Return/(Cost) - Note 6	<u>1,069</u>	<u>657</u>

Amount Recognised in the Statement of Total Recognised Gains and Losses

Actuarial gain/(loss)	<u>(6,663)</u>	<u>(19,064)</u>
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The total movement in the deficit in the year is made up as follows:

Deficit 1 August	(35,450)	(16,616)
Current service costs	(5,654)	(4,235)
Employers contributions	3,903	3,554
Unfunded contributions	264	254
Past service costs	(89)	-
Interest costs	(6,485)	(6,168)
Net return on assets	7,554	6,825
Actuarial gains/(losses)	<u>(6,663)</u>	<u>(19,064)</u>
Deficit 31 July	<u>(42,620)</u>	<u>(35,450)</u>

Analysis of the movement in the Fair Value of the Scheme Assets

Value 1 August	125,402	116,566
Expected return on assets	7,554	6,825
Contributions by members	1,313	1,233
Contribution by employers	3,903	3,554
Contribution unfunded benefits)	264	254
Actuarial gain/(loss)	2,948	593
Unfunded benefits paid	(264)	(254)
Benefits paid	<u>(4,012)</u>	<u>(3,369)</u>
Value 31 July	<u>137,108</u>	<u>125,402</u>

NOTES TO THE FINANCIAL STATEMENTS

Analysis of the Movement in the Present Value of the Scheme Liabilities	2015	2014
	£000	£000
Value 1 August	160,852	133,182
Current service costs	5,654	4,235
Interest costs	6,485	6,168
Contributions by members	1,313	1,233
Actuarial (gain)/loss	9,611	19,657
Past service costs	75	0
Losses on curtailments	14	0
Contribution unfunded benefits	(264)	(254)
Benefits paid	<u>(4,012)</u>	<u>(3,369)</u>
Value 31 July	<u>179,728</u>	<u>160,852</u>
Net pension Liability	<u>(42,620)</u>	<u>(35,450)</u>

History of Experienced Gains & Losses	Jul-15	Jul-14	Jul-13	Jul-12
	£000	£000	£000	£000
Present Value of Defined Benefit liability	(179,728)	(160,852)	(133,182)	(127,833)
Fair Value of assets	<u>137,108</u>	<u>125,402</u>	<u>116,566</u>	<u>96,616</u>
Deficit in scheme	<u>(42,620)</u>	<u>(35,450)</u>	<u>(16,616)</u>	<u>(31,217)</u>
Gain/(Loss) on Assets	2,948	593	14,200	(2,637)
	2.2%	0.5%	12.2%	(2.7%)
Gain/(Loss) on Liabilities	1,382	125	(41)	(7,434)
	(0.8%)	(0.1%)	0.0%	5.8%
Actuarial Gain/(Loss)	<u>(6,663)</u>	<u>(19,064)</u>	<u>15,504</u>	<u>(23,547)</u>
Cumulative Actuarial Gain/(loss)	<u>(31,016)</u>	<u>(24,353)</u>	<u>(5,289)</u>	<u>(20,793)</u>

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 2015. The pension costs to the University in respect of STSS for the current year were £4.079m (£3.91m 2013-14). This is the full and total extent of the University's liability in respect of this scheme.

UNIVERSITIES SUPERANNUATION SCHEME

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme that is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. The institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as permitted by FRS17. As a result of this, the amount charged to the Income and Expenditure

NOTES TO THE FINANCIAL STATEMENTS

Account represents the contributions payable to the scheme in respect of the accounting period.

The latest formal triennial actuarial valuation was carried out in 31 March 2011. The total pension cost for the year ended 31 July 2015 was £54k (£52k 2013-14). The contribution rate payable by the institution was 16% of pensionable salaries.

26 CAPITAL COMMITMENTS

	2015 £000	2014 £000
Commitments Contracted at 31 July	4,233	2,389

27 RELATED PARTY TRANSACTIONS

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

28 CHILDCARE FUND (CF) AND DISCRETIONARY FUND (DF)

	2015 £000	2015 £000	2014 £000	2014 £000
	CF	DF	CF	CF
Funds Brought Forward from previous year	-	-	2	-
Refunded to SAAS	-	-	(2)	-
Funds Received in Year	817	878	744	875
Expenditure	(548)	(1,147)	(525)	(1,094)
Virements	<u>(269)</u>	<u>269</u>	<u>(219)</u>	<u>219</u>
Funds Carried Forward at 31 July 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 Income and Expenditure Account.

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