

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
31 JULY 2014

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DREAMING / BELIEVING / ACHIEVING

**£101.5M**

**TOTAL INCOME FOR 2014**

**4.2%** **INCOME**  
INCREASE IN YEAR

**£5.6M**

**SURPLUS FOR THE YEAR**

**13,800**

**STUDENT FTES**

**£112.9M**

**NET ASSETS EXCLUDING PENSION LIABILITIES**

**1,402** **STAFF**  
**FTES**

**15,375**

**STUDENT HEAD COUNT**

**£22.7M**

**CASH IN THE BANK**

# PRINCIPAL'S MESSAGE

“

We are clear on our absolute commitment to delivering the most outstanding learning for students and also have stretching ambitions around research, enterprise, global reach, our people and our infrastructure.

”



2013–14 was an important year for the University of the West of Scotland (UWS) as it began to lay strong foundations for the implementation of our new Corporate Strategy from 2014 onwards. These Financial Statements demonstrate that we are on a sound financial footing as we invest and grow to ensure academic excellence and student success.

Building on the University's proud history, the UWS Corporate Strategy launches the next exciting phase of UWS's development, which demonstrates that we understand the need for change and development in an increasingly competitive global market for university provision.

Our students are central to everything that we do and through leading-edge teaching and the provision of contemporary and inspirational learning environments, we will prepare our students for a rewarding future. Our planned investment in our learners and infrastructure will build upon recent encouraging results in the National Student Survey and ensure a first-class experience across our academic portfolio; we aim to achieve the highest overall satisfaction rating amongst all Scottish universities within the span of our new Corporate Strategy.

The University improved its research infrastructure with the development of its Graduate School and Research Institutes, along with continued investment in research-active and doctorally qualified academic staff.

We continued collaborative working with industry in research and development. In 2013–14, UWS became the third largest provider of knowledge transfer partnerships in Scotland with around 200 SMEs across the country – the lifeblood of Scotland's economy. We are now re-focusing and re-energising our business development, consultancy and knowledge exchange capacity with an increased focus on global profile and building strong partnerships with industry.

As a University, we understand the importance of diversifying our income and investing in staff with the relevant skills to enable the University to flourish. This year UWS also commenced the internationalisation of our academic portfolio to support increased international presence and recruitment. Going forward, UWS will recruit up to 20% of our students from outside the EU by 2020 and will seek to develop a number of strategic relationships / campuses overseas.

On this solid basis, UWS will now commence the delivery of our new Corporate Strategy. UWS is confidently embarking on a journey to become a leading and distinctive University of the future; agile, responsive to economic drivers, sensitive to business communities and, above all, with our students at the heart of everything we do.

As we move forward and build on our past achievements, we are clear on our absolute commitment to delivering the most outstanding learning for students and also have stretching ambitions around research, enterprise, global reach, our people and our infrastructure. Through our collective efforts, our ambitions can be realised, and it is with a sense of real excitement, anticipation and expectation that we enter this new academic year.

PROFESSOR CRAIG MAHONEY  
Principal and Vice Chancellor







# OPERATING AND FINANCIAL REVIEW

FOR THE YEAR ENDED  
31 JULY 2014

# OVERVIEW

The University was established on 1 August 2007 when the former University of Paisley merged with the former Bell College. On 30 November 2007 the name of the University changed to University of the West of Scotland (UWS). The University has just over 15,000 students and is unique in its multi-campus set up with four 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.

## OBJECTIVES

The University's Strategic Plan 2008-2015, committed the University to:

- improving Scotland's success and economic performance
- assisting Scotland and its regions in the west to avoid any major high-level skill shortages
- developing useful and used research and knowledge transfer for Scotland and beyond
- preparing confident, enterprising, creative graduates fully contributing to Scotland and the west's economic growth and prosperity
- developing educated, culturally aware, socially responsible, active and participating citizens throughout our regions
- building a reputation for UWS research, education and learning nationally and internationally
- encouraging wider and deeper participation in higher education by those in under-represented groups
- improving understanding of health behaviours and more effective healthcare in the west of Scotland and beyond
- developing a sustainable coherent UWS system, responsive to market demands and needs, which makes best use of public investment

- building an organisation of highly motivated, highly skilled individuals creating universally high-quality education, research and other services

The University's Corporate Strategy 2020 launched in October 2014 building on the key strategic drivers of our ongoing activity:

- UWS Student Success
- Research, Enterprise and Engagement
- UWS Global Reach
- UWS People
- UWS Money and Infrastructure

## UWS OUTCOME AGREEMENT

For 2013-14 the Outcome Agreement reached between Scottish Funding Council (SFC) and UWS was tailored to specific areas defined by SFC on focused outcomes in:

- Patterns of Participation and Learner Journey
- Patterns of Provision
- Research Competitiveness
- University and Industry Knowledge Exchange (KE) Collaboration

## UWS STUDENTS

Student recruitment was buoyant in 2013-14, with applications increasing from home market and EU students. International numbers saw a drop, due to a number of factors such as the impact of visa regulatory changes on the Indian market. The University has enhanced its resources for international recruitment and at the start of the 2014-15 session established an International Centre and created a suite of Regional Manager roles to take forward development plans for non-European Economic Area recruitment.

UWS welcomes, celebrates and values diversity to make a significant contribution to the widening of access to university education in Scotland. UWS attracts a higher proportion of students from the most challenged socio-economic groups than any other Scottish university. In 2013-14 25% of our student population was drawn from Scottish Index of Multiple Deprivation (SIMD20) areas, an increase on the previous year's figure of 22.9%. The proportion of entrants from Scottish Index of Multiple Deprivation (SIMD40) areas was 46.8%. The challenges for retention and support that this can bring are recognised and the University is working on a number of initiatives to enhance student progression, including the establishment of a number of Student Enhancement Developer posts across its academic schools. The projected completion rate for 2013-14 was 83%, representing a 3% improvement on the previous period.

UWS also has more college articulation students than any other university in Scotland. Students following appropriate college courses are able to transfer into UWS at an advanced level, avoiding repetition and achieving their goals earlier.

UWS continues to monitor and encourage participation in Higher Education irrespective of background. In 2013-14 60.5% of the student population was female, with 39.5% male. Black and Minority Ethnic students made up 8% of the overall population. 8.6% of our student population had noted some form of disability and 1.3% were care leavers. The University continued to hold the Buttle Quality Mark.

## UWS RESEARCH & ENTERPRISE

The University increased its number of Research Excellence Framework returned and Knowledge Exchange active staff through a targeted programme of staff recruitment in 2013-14, supporting the growth of research grant proposals. UWS increased its number of Research Excellence Framework returned staff over the number of Research Assessment Exercise staff from 72 in 2008 to 122 in 2014. Grant submission to research councils, charities and the European Commission rose by 100% from £11m in 2012-2013 to £22m in 2013-14.

UWS is highly active in the UK's Knowledge Transfer Partnerships (KTP) programme, which brings businesses and higher education together to share technology and skills to effect innovative change. With ten KTPs underway in 2013-14, UWS is the third most active university in Scotland in the programme. UWS is also a founding member of the Centre for Engineering Education and Development (CEED) - a community of academics and business people working together for mutual benefit.

Examples of current and recent collaborative projects include working on

- pet food nutrition with Mars
- software systems with Celestica
- management training with Honeywell, Diageo and Philips Lighting
- flexible displays with Dupont
- materials testing for Network Rail

## INNOVATION

In the Student Nursing Times Awards 2014 the University was shortlisted in the Teaching Innovation of the Year category for its Dementia: Through The Eyes of a Child project

The University won Best Educational Initiative at Scotland's Dementia Awards for 'preparing the nurses of the future'.

With Alzheimer Scotland, UWS is running the Dementia Champions programme, a key part of the Scottish Government's National Dementia Strategy. The positive impact of the programme was recognised in a major report published in 2014.

UWS Ayr Campus Library won a prestigious prize in the Society of College, National and University Libraries (SCONUL) Design Awards. The Library was commended for its innovative and flexible use of space.

# MANAGEMENT AND GOVERNANCE

## COURT

Court is the governing body of the University. It is responsible for the appointment of both the Chancellor and the Principal and Vice Chancellor. It oversees the general strategic direction of the University and is responsible for its administration, employment (including safety), financial, property and all legal matters. Court arranges for the Principal and Vice-Chancellor to discharge all functions relating to the organisation and management of the University.

Court is required to delegate to Senate certain functions relating to the academic work of the University. Court is assisted by its committees in discharging its functions under the University constitution and the Financial Memorandum with the SFC. The committees are: Policy and Resources; Governance and Nominations; Remuneration; Audit and Risk; Health, Safety and Environmental, and Honorary Awards.

## SENATE

Senate is constituted to discharge the functions of Court relating to the overall planning, co-ordination, development and supervision of the academic work of the University.

Court and Senate Office provides professional support and administration for Senate, the constitutions of university committees, the Regulatory Framework governing taught and research awards, graduation ceremonies and student appeals, complaints and discipline.

## GOVERNANCE

The University fully embraces the principles of good organisational and academic governance, and in so doing, embraces the purpose of governance as securing integrity, transparency, engagement and challenge.

# RISK MANAGEMENT

The University maintains a comprehensive institutional risk register with risk analysis embedded in its Schools and Services. A report on risk management issues is submitted to each meeting of the Audit and Risk Committee. To support this process, every School and Service Department maintains and updates a local risk register, which is reviewed on a six monthly cycle.

## KEY RISKS IDENTIFIED:

- Failure to grow income and increase the proportion which is generated from sources other than the Scottish Funding Council (SFC);
- Failure to achieve annual surplus target;
- Failure to develop our campuses in line with strategic aims;
- Failure to improve student progression and retention;
- Failure to adequately monitor attendance of our international students;
- Adverse changes to funding and/or funding regime for the Further and Higher Education sectors

The University has developed a Risk Management Policy and Framework, together with proposals for the definition and management of institutional risk appetite and will be introduced in 2014-15.



# DISABILITY POLICY, EQUALITY AND DIVERSITY

## DISABILITY

The University gives equal consideration, to all applications for employment, regardless of disability. Where a candidate has been appointed with a disability, full consideration is given to what reasonable adjustments are necessary to ensure that the person is not placed at a substantial disadvantage and is supported to fulfill the requirements of the job.

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

## EQUALITY AND DIVERSITY

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

The Equality and Diversity Strategy sets out UWS's commitment to promoting equality and valuing diversity. It ensures that the University is compliant with the Equality Act 2010 and establishes clear lines of responsibility and accountability, creating an environment which supports dignity at work and study.

The Equality Outcomes were developed through a process of staff and student consultation across the University. Senior managers will agree specific actions for their departments, the achievement of which will contribute to the overall attainment of these outcomes.

- The University has a culture where study and work is free from discrimination, bullying, harassment and hate crime and people feel confident about being part of the UWS community.
- Staff and students have opportunities to increase their knowledge and awareness of Equality Diversity and Human Rights and can demonstrate this knowledge by responding appropriately, knowledgeably and confidently to all members of the University community.
- The curriculum and the way in which we assess students are accessible and inclusive across UWS. It promotes equality of opportunity and advances understanding between diverse groups.
- Policies, practices and decisions take account of the impact on all members of the University community.
- There is greater understanding of the characteristics and needs of students and staff through improved quantitative and qualitative data collection and resultant analyses. Action, based on this analysis, is aimed at eliminating discrimination, promoting equality of opportunity and advancing understanding between diverse groups.
- University buildings and services have been adapted to meet the diverse needs of students and staff.

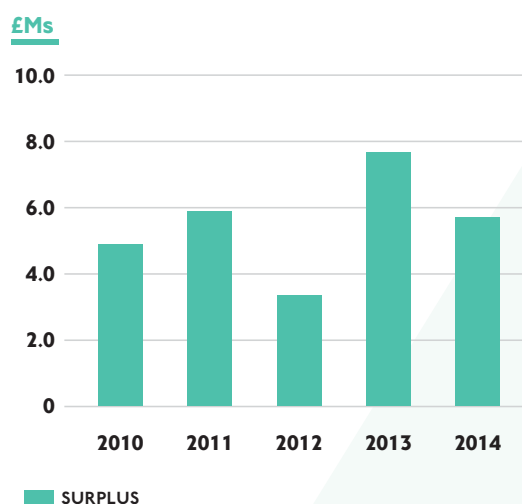
# FINANCIAL SUMMARY

## FINANCIAL HIGHLIGHTS

	2014 £Ms	2013 £Ms
INCOME	101.5	97.5
EXPENDITURE BEFORE RESTRUCTURING	95.1	89.2
SURPLUS BEFORE RESTRUCTURING COSTS	6.4	8.3
RESTRUCTURING COSTS	0.8	0.6
SURPLUS	5.6	7.7
NET ASSETS	77.5	94.6

## SURPLUS

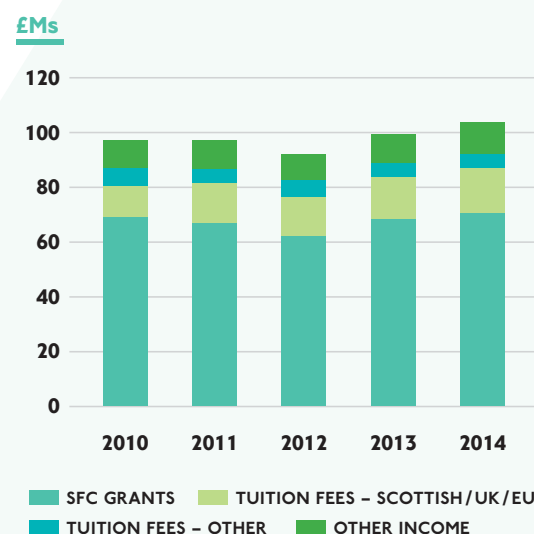
The operating results continued the positive trend of delivering a surplus in 2013-14, with the surplus for the year reported at £5.6m on total income of £101.5m. There were some non-recurring costs for the year, which were charged in the surplus. Exceptional re-structuring costs of £0.8m (£0.6m 2012-13) 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.



## INCOME

The University's income increased by 4.2% from £97.4m to £101.5m primarily due to the increase in the grant for teaching received from the SFC which increased by £2.7m to £70.1m (3.9%).

During 2013-14, the University benefited from an increase in residential income due to the Commonwealth Games held in Glasgow. This resulted in a £0.6m increase to £5.0m in residences, catering and conferences income. Research Grants and contracts also increased by £0.5m to £3.2m during the year.

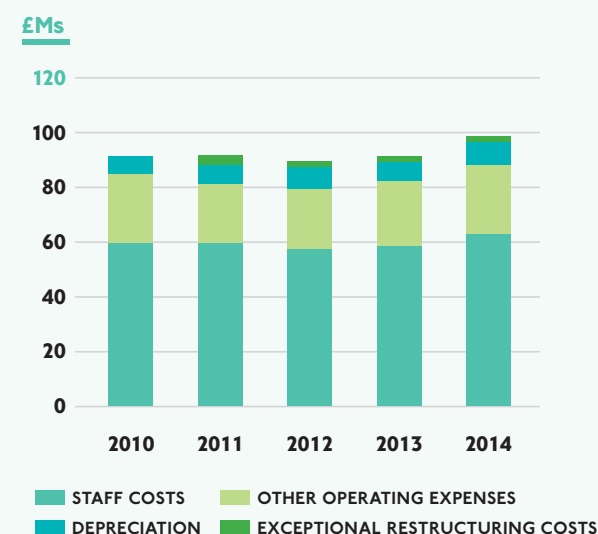


## EXPENDITURE

Total expenditure for the year was £95.9m (£89.8m 2012-13) which is an increase of 6.8% on the previous year. Staff costs amounted to £62.1m (£58.0m 2012-13) which is 61.2% of total income.

The increase in staff costs of 7.0% is a result of the increased numbers of staff recruited through the Academic Investment Programme in 2012-13 and the inflationary and incremental pay awards made in the year.

Other operating expenses increased by £1.4m to £25.0m (£23.6m 2012-13) with specific investment made in the year in academic areas and further investment in marketing and staff recruitment and development.



## BALANCE SHEET

Tangible Fixed Assets reduced by £1.8m in the year to £132.3m (£134.1m 2012-13) as the depreciation charge for the year of £7.9m (£7.5m 2012-13) was greater than the capital additions in the year.

The market value of the University's portfolio of listed investments in stocks and shares increased to £1.0m (£0.9m 2012-13).

Net Assets decreased in the year by £17.1m to £77.5m (£94.6 in 2012-13). The change in the balance sheet position in 2013-14 was primarily due to the increase in the pension liability. The most significant factor was a change to the discount rate applied by the Actuary to the Strathclyde Pension Fund under FRS17, moving it to 4.0% (4.6% 2012-13). This increased the University's overall liability to £156.7m (£129.0m 2012-13). The expected return on the assets in the pension fund improved in year resulting in the total asset value increasing to £125.4m (£116.6m 2012-13) see note 24.

## 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.



# FINANCIAL SUMMARY

## CASH AND TREASURY MANAGEMENT

The cash balances increased in the year by £5.2m to £22.7m. The majority of this related to the additional loan drawn down of £4.5m.

The University has no borrowings other than the amounts drawn down specifically for the residences development £26.5m (£20.0m 2012-13).

The University manages its cash flow to ensure it has sufficient funds to meet its immediate operating requirements.

Funds are invested in line with the University Treasury Management and Investment Policy after being considered and approved by the Executive Group and Court. Funds are spread and invested in fixed term deposits to reduce risks and achieve higher investment income.

## BANK LOAN FACILITY

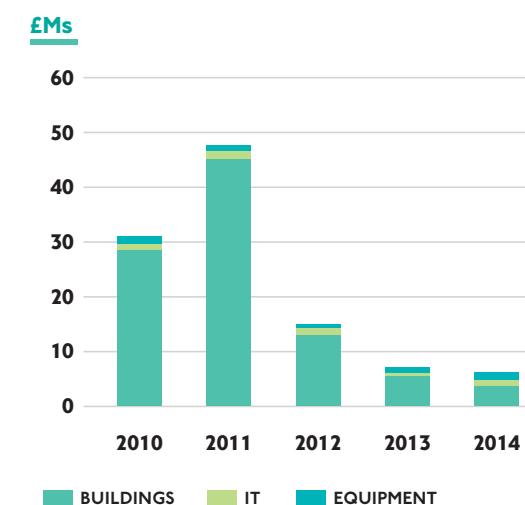
During the year the University changed the Facility Agreement with Santander Bank to £26.5m to fund the new build and refurbishment of student residences in Ayr and Paisley. £20.m has been drawn down for a period of 30 years and £4.5m for 10 years, both at fixed interest rates.

There are a number of bank covenants to be met on an on-going basis. The University monitors compliance with the covenants regularly and reports on progress and achievement to committees. The University has met all of the covenants to date and sees no reason for any of the covenants to be breached.

The University's new Corporate Strategy has highlighted the need for a re-energised Estate. As a result, there is a requirement to revisit the University's borrowing position. The outcomes of the Estates Master Planning starting in 2014-15, will need a clear funding package in place to ensure the delivery of this exciting initiative.

## CAPITAL EXPENDITURE

Capital expenditure in the year totalled £6.19m (£6.9m 2012-13). The main area of investment was the Paisley heating replacement, completed in the year at a total cost of £4.7m. Other capital expenditure included investment in laboratories and associated equipment, initial outlays towards major building improvement works currently held in work-in-progress, continued investment in computer equipment and investment in a mobile campus.



During the year the University disposed of a number of old assets which had reached the end of their useful lives and had nil book value. There was no sale value and therefore no profit or loss on disposal.

## CREDITOR'S PAYMENT POLICY

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

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

## CONCLUSION

The University remains in a position of financial stability, with a sound underlying surplus and Balance Sheet and with good cash flows. 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 the University's strong underlying financial position and cash generation is essential to ensure 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 UWS staff for their continued support for the University.

IAN WELSH  
Chair of Court  
University of the West of Scotland

Date: 9th December 2014

# CORPORATE GOVERNANCE

The University Court is the governing body of the University. The composition, functions and powers of Court are set out in The University of the West of Scotland Order of Council 2009.

The University is committed to best practice in all aspects of corporate governance.

This summary describes the manner in which the University has applied the principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council in June 2012 (updated September 2014) as far as it applies to universities. Following its publication in July 2013, Court adopted the Scottish Code of Good HE Governance, as an integral part of Court's Policies and Procedures as set out in the Court Handbook.



STATEMENT OF COMPLIANCE

It is the opinion of Court that the University complies with the requirements of the UK Corporate Governance Code in so far as they apply to the University sector and the Scottish Code of Good Higher Education (HE) Governance.

Following the introduction of the Scottish Code of Good HE Governance, a short life working group was established to consider and analyse alignment of the University’s governance arrangements with the Code. At its April 2014 meeting, Court considered a detailed report from the working group and was comfortable that the University broadly complied with the Main Principles of the Code. Amendments to existing practices were noted and agreed by Court.

UNIVERSITY COURT

Court is the governing body of the University. In April 2014, the University Court adopted the Statement of Primary Responsibilities as outlined within the Scottish Code of Good HE Governance.

The University Court comprises lay staff and student members appointed in terms of University of the West of Scotland Order of Council 2009. The majority of members are non-executive lay Governors. During 2013-14, four new lay members were appointed to Court.

The University Court is required to meet at least four times per year and met five times in the year to 31 July 2014. Court has several committees through which it manages its business, each having properly constituted remits and memberships:

- Policy and Resources Committee
- Governance & Nominations Committee
- Remuneration Committee
- Audit & Risk Committee
- Health, Safety & Environmental Committee
- Honorary Awards Committee

The Policy & Resources Committee oversees the strategic and development responsibilities of Court, makes recommendations to Court on the University’s annual revenue and capital budgets and monitors performance in relation to approved budgets. During the year, the Buildings Procurement Committee was wound up with its remit for property developments and major capital projects relating to the University’s Estate, being subsumed into that of the Policy & Resources Committee. In addition, the Financial Monitoring Committee was wound up with responsibility for monitoring financial matters, being transferred to the University Executive Group. In light of these changes, the remit of the Policy & Resources Committee will be reviewed during the financial year 2014-2015.

In June 2014, the remit of the Nominations Committee was expanded to include responsibility for maintaining oversight of corporate governance arrangements and the name of the Committee changed to the Governance & Nominations Committee. The Governance & Nominations Committee considers nominations for vacancies in the Court membership having regard to the balance of skills, experience and attributes required. All members of Court have been given the opportunity to attend governor development events and during the year, five members of Court attended events organised by the Leadership Foundation for Higher Education as part of their ongoing training. In addition, four new lay members of Court participated in University provided induction and briefing activity.

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.

To reflect more accurately its remit for risk management, the name of the Audit Committee was changed to the Audit & Risk Committee during the year. The Audit & Risk Committee meets at least three times per year and in the year to 31 July 2014 met five times, with the University’s external and internal auditors in attendance as appropriate. The Committee complies with the best practice guidance for members of Audit Committees in higher education and considers detailed reports together with recommendations for the improvement of the University’s systems of internal control and management’s responses and implementation plans. It also receives and considers reports from the SFC as they affect the University’s business and monitors adherence to the regulatory requirements.

Whilst senior officers attend meetings of the Audit & 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. A private meeting of members of the Audit & Risk Committee and the External Auditors is held annually at the conclusion of the December meeting.

The Health, Safety & Environmental Committee advises the University Court on all matters relating to the health and safety within the University. The Health, Safety & Environmental Committee normally meets three times per year and produces an annual report for approval by Court.

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

The University Court agreed that externally facilitated reviews of the effectiveness of Court would commence in 2015 the implementation of the Scottish Code of Good HE Governance, had been embedded. In line with the Scottish Code, externally facilitated reviews will be held every 5 years with annual internal reviews in the intervening years.

UNIVERSITY COURT STATEMENT  
OF INTERNAL CONTROL

The University 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. Court ensures adherence with the Scottish Funding Council’s Financial Memorandum and oversees the delivery of the Outcome Agreement.

The roles of Chair and Vice Chair of Court are separated from the role of the University’s Chief Executive the Principal and Vice Chancellor. Court has also approved a scheme of delegation, which determines those responsibilities of Court that cannot be delegated. 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 Strategic Plan targets. Court approves and monitors the key performance indicators and holds the Principal accountable for the effective management of the University.

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. University Executive Committee, Executive Group and the Audit & Risk Committee also receive regular reports from the internal auditors, which include recommendations for improvement. The Audit & 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. At its December 2014 meeting, Court carried out the annual assessment for the year ended 31 July 2014 by considering a report from the Audit & Risk Committee, a report from the University’s Internal Auditors, the University’s externally audited Financial Statements and any notification of any relevant events since 31 July 2014.

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 2014 and up to the date of approval of the Annual Report and Financial Statements and that is regularly reviewed by the Court. As a result, Court considers that the University has adequate resources to continue in operational existence as a going concern for the foreseeable future.

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 Senate.

UNIVERSITY EXECUTIVE COMMITTEE

The University Executive Committee chaired by the Principal was a formal group of the University’s senior management to provide strategic corporate oversight of the University as a coherent organisation. The Committee, which met monthly, reported to Senate and to Court if appropriate.

In February 2014, it was agreed that the University Executive Committee in its current form should be disbanded and a new Executive Group established, chaired by the Principal, as the executive decision-making body in the University. The Executive Group normally meets weekly. The Principal & Vice-Chancellor provides regular updates to Senate and Court on relevant issues arising from the Executive Group.

IAN WELSH  
Chair of Court

Date: 9th December 2014

PROFESSOR CRAIG MAHONEY  
Principal and Vice Chancellor

Date: 9th December 2014



COURT MEMBERS	COMMITTEES
CHAIR OF COURT	
Mr I. Welsh	Governance & Nominations (Chair); Remuneration (Chair); Policy & Resources
EX OFFICIO	
Principal and Vice-Chancellor Professor C. Mahoney	Policy & Resources; Governance & Nominations
Depute Principal Professor P. Martin	Policy & Resources; Governance & Nominations
President, Students' Association Mr B. Abercrombie	Policy & Resources
APPOINTED BY THE STUDENTS' ASSOCIATION	
Depute President, Education and Welfare Mr I. Shepherd	
APPOINTED	
Ms L. Barjonas (APPOINTED JANUARY 2014)	
Mr D. Boyd	Audit & Risk
Mr B. Clarke (RETIRED MARCH 2014)	Remuneration
Ms E. Connolly	Policy & Resources (Chair)
Ms M. Curran (APPOINTED JANUARY 2014)	
Mr C. Devlin (APPOINTED JANUARY 2014)	
Mr R. J Dinning	Policy & Resources
Mr A. Gordon (APPOINTED JANUARY 2014)	
Mr A. Haseeb	Audit & Risk
Dr W. Hatton	Policy & Resources
Mr J. McDougall	Audit & Risk; Policy & Resources
Mr J.G. Peterkin	Audit & Risk (Chair)
Professor C. Suckling OBE (RETIRED AUGUST 2013)	Policy & Resources
APPOINTED BY SENATE	
Professor A. McGillivray	Policy & Resources
Ms A. Gifford	Policy & Resources
ELECTED BY STAFF FROM ACADEMIC STAFF	
Mr T. Duff	
ELECTED BY ALL OTHER STAFF	
Mr K. Galbraith	Policy & Resources

- In line with the recommendations contained within the CUC Guide for Members of Higher Education Governing Bodies in the UK, Court has adopted the following as its Statement of Primary Responsibilities:
- To approve the mission and strategic vision of the University of the West of Scotland, its long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
  - To delegate authority to the Principal, as chief executive, for the academic, corporate, financial, estate and human resource management of the University, and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Principal.
  - To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
  - To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be, where possible, appropriately benchmarked against other comparable institutions.
  - To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
  - To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
  - To safeguard the good name and values of the University of the West of Scotland.
  - To appoint the Principal as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
  - To appoint a Secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
  - To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
  - To be the principal financial and business authority of the University to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
  - To ensure annual financial statements are prepared which give a true and fair view of the state of affairs of the University and of its surplus or deficit and cash flows for the year.
  - To be the University's legal authority and, as such, to ensure that systems are in place for meeting all of the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
  - To make such provision as it thinks fit for the general welfare of students.
  - To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
  - To ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.





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UWS ambitions are clearly articulated in the Corporate Strategy, which details what success will look like and how progress will be measured.

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# INDEPENDENT AUDITOR'S REPORT TO THE COURT OF 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 2014, 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 27. 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 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 AUDITORS

As explained more fully in the Statement of Responsibilities of the University Court set out on page 29, 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 auditors 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 the information contained in the introduction by the Principal & Vice-Chancellor, the operating and financial review, the corporate governance statement, membership of Court and principal committees and the responsibilities of the University Court 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.

## 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 2014, 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  
Registered auditor / Glasgow

Date: 9th December 2014

ERNST & YOUNG LLP IS ELIGIBLE TO ACT AS AN AUDITOR IN TERMS OF SECTION 1212 OF THE COMPANIES ACT 2006





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Our international research presence and our partnership with business will inform and propel our learning provision and create an enterprise culture that will support economic growth locally and globally.

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# INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 JULY 2014

	NOTE	2014 £000	2013 £000
<b>INCOME</b>			
Funding Council Grants	2	70,054	67,396
Tuition Fees / Education Contracts	3	20,451	20,579
Research Grants and Contracts	4	3,151	2,694
Other Income	5	6,860	6,433
Investment Income	6	1,010	364
<b>Total Income</b>		<b>101,526</b>	97,466
<b>EXPENDITURE</b>			
Staff Costs	7	62,111	58,042
Exceptional Restructuring Cost	7	801	631
Other Operating Expenses	8	25,009	23,580
Depreciation	9	7,985	7,529
<b>Total Expenditure</b>		<b>95,906</b>	89,782
Surplus on Continuing Operations after Depreciation of Tangible Fixed Assets at Cost, Disposal of Assets and Tax		5,620	7,684

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

There is no material difference between the surplus on a historical cost basis and the surplus for the year presented above.

# STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JULY 2014

	NOTE	2014 £000	2013 £000
Surplus on Continuing Operations after Depreciation of Assets at Cost, Disposal of Assets and Tax		5,620	7,684
Unrealised Appreciation of Investments	10	16	120
Actuarial (Loss) / Gain in Pension Plan (FRS17)	24	(19,064)	15,504
<b>Total Recognised (Losses) / Gains Relating to Period</b>		<b>(13,428)</b>	23,308
<b>RECONCILIATION</b>			
Opening Reserves		31,539	8,231
Total Recognised (Losses) / Gains Relating to Period		(13,428)	23,308
<b>Closing Reserves</b>		<b>18,111</b>	31,539



# BALANCE SHEET

## AS AT 31 JULY 2014

	NOTE	2014 £000	2013 £000
<b>FIXED ASSETS</b>			
Tangible Assets	9	132,303	134,092
Investments	10	1,016	987
		<b>133,319</b>	135,079
<b>CURRENT ASSETS</b>			
Stock		92	80
Debtors	11	2,306	2,370
Cash at Bank and in Hand		22,728	17,503
		<b>25,126</b>	19,953
<b>CREDITORS</b>			
Amounts Falling Due Within One Year	12	(13,651)	(15,900)
Net Current Assets		11,475	4,053
<b>Total Assets Less Current Liabilities</b>		<b>144,794</b>	139,132
<b>CREDITORS</b>			
Amounts Falling Due After More Than One Year	13	(23,835)	(20,000)
Provisions for Liabilities and Charges	14	(7,991)	(7,877)
<b>Net Assets excluding Pension Liability</b>		<b>112,968</b>	111,255
Pension Liabilities		(35,450)	(16,616)
<b>Net Assets including Pension Liability</b>		<b>77,518</b>	94,639
<b>DEFERRED CAPITAL GRANTS</b>			
	15	59,407	63,100
<b>RESERVES</b>			
Income and Expenditure Account excluding Pension Reserve	17	53,189	47,799
Pension Reserve	18	(35,450)	(16,616)
Income and Expenditure Account including Pension Reserve		17,739	31,183
Revaluation Reserve	16	372	356
<b>Total Reserves</b>		<b>18,111</b>	31,539
<b>Total Funds</b>		<b>77,518</b>	94,639

The Financial Statements on pages 35 to 36 were approved by Court on 9th December 2014 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 2014

	NOTE	2014 £000	2013 £000
Cash Inflow from Operating Activities	19	7,057	11,253
Returns on Investments and Servicing of Finance	20	(892)	(681)
Capital Expenditure and Financial Investment	21	(5,148)	(5,736)
Financing	22	4,208	-
<b>Increase in Cash in the Year</b>		<b>5,225</b>	4,836
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS</b>			
Increase in Cash in the Year		5,225	4,836
Cash Inflow in Relation to Financing	22	(4,208)	-
Movement in Net Funds in the Year		1,017	4,836
Net Debt at 1 August		(2,497)	(7,333)
<b>Net Debt at 31 July</b>	23	<b>(1,480)</b>	(2,497)

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The operating results continued the positive trend of delivering a surplus in 2013-14, with the surplus for the year reported at £5.6m on total income of £101.5m

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# 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.

The policies remain unchanged from the previous year.

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 stated gross and credited to the Income and Expenditure Account over the period in which students are studying. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income

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 as a credit to 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

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 their expected useful lives within the range 10 to 50 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.

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. Borrowing costs directly attributable to assets under construction are capitalised as part of the cost of that asset. The buildings are not depreciated until they are brought into use.

Buildings, which are 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, which has been taken as four years for all 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, 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.

**2 FUNDING COUNCIL GRANTS**

**Recurrent Grant from SFC**

Teaching	<b>62,433</b>	60,440
Research	<b>2,337</b>	2,084

**Specific Grants from SFC**

Focus West	<b>112</b>	193
Dumfries Campus Strategic Funding	<b>529</b>	529
Other Research	<b>175</b>	33
Other	<b>212</b>	142

**Deferred Capital Grant released in Year**

Buildings	<b>2,085</b>	1,925
Equipment	<b>2,171</b>	2,050
	<b>70,054</b>	<b>67,396</b>

**3 TUITION FEES AND EDUCATION CONTRACTS**

Full Time Students – Scotland and EU	<b>15,038</b>	14,933
Full Time Students – RUK	<b>405</b>	282
Full Time Students – RUK (old fee rates)	<b>82</b>	151
Full Time Students – non-EU	<b>1,635</b>	2,323
Part Time Fees	<b>2,046</b>	1,711
Short Course Fees	<b>255</b>	215
Total Fees Paid by or on Behalf of Individual Students	<b>19,461</b>	19,615
Nursing Education Contracts	<b>990</b>	964
	<b>20,451</b>	20,579

**4 RESEARCH GRANTS AND CONTRACTS**

Research Council	<b>512</b>	632
European Commission	<b>458</b>	404
UK Based Charities	<b>394</b>	103
Other Grants Contracts	<b>1,693</b>	1,461
Released from Deferred Capital Grants	<b>94</b>	94
	<b>3,151</b>	2,694

**5 OTHER INCOME**

Residences, Catering and Conferences	<b>5,045</b>	4,400
Other Services Rendered	<b>705</b>	836
Released from Deferred Capital Grants	<b>404</b>	463
Other Income	<b>706</b>	734
	<b>6,860</b>	6,433

**6 INVESTMENT INCOME**

Interest Receivable	<b>338</b>	328
Dividends Receivable	<b>15</b>	36
Net Return on Pension Scheme Liability	<b>657</b>	-
	<b>1,010</b>	364

**7 STAFF COSTS**

**Average FTE Staff Numbers by Major Category:**

	NUMBER	NUMBER
Academic	<b>597</b>	557
Technical	<b>60</b>	62
Administrative	<b>195</b>	209
Other, Including Clerical and Manual	<b>550</b>	535
	<b>1,402</b>	1,363

**Staff costs for the above:**

	£000	£000
Wages and Salaries	<b>49,838</b>	46,576
Social Security Costs	<b>4,143</b>	3,843
Pension Costs (note 24)	<b>8,130</b>	7,623
	<b>62,111</b>	58,042

**Exceptional Restructuring Cost**

	<b>801</b>	631
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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	<b>214</b>	235
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The emoluments of the Principal and Vice Chancellor exclude employer's pension contributions of £0.034m (2012-13 £nil).

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

	NUMBER	NUMBER
£70,000 – £79,999	<b>21</b>	14
£80,000 – £89,999	<b>3</b>	4
£90,000 – £99,999	<b>2</b>	1
£100,000 – £109,999	<b>-</b>	-
£110,000 – £119,999	<b>3</b>	2
£120,000 – £129,999	<b>-</b>	-
£130,000 – £139,999	<b>1</b>	1

**8 OTHER OPERATING EXPENSES**

	£000	£000
Academic Departments	<b>6,599</b>	6,397
Academic Services	<b>3,182</b>	2,657
Research Grants and Contracts	<b>2,268</b>	2,130
Residences, Catering and Conferences	<b>1,446</b>	1,503
Premises	<b>4,601</b>	4,703
Administration	<b>6,480</b>	5,314
Other Services Rendered	<b>433</b>	876
	<b>25,009</b>	23,580

**Other Operating Expenses Include:**

Auditors' Remuneration: External Audit – Audit Services	<b>47</b>	47
Loan Interest Payable	<b>1,230</b>	1,009

9 TANGIBLE ASSETS

	RESIDENCES FREEHOLD LAND AND BUILDINGS	ACADEMIC AND SPORTS GROUNDS FREEHOLD LAND AND BUILDINGS	CAPITAL WORK IN PROGRESS	EQUIPMENT	TOTAL
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 1 August 2013	33,852	126,479	4,207	55,544	220,082
Additions		879	2,769	2,548	6,196
Disposals	-	-	-	(2,431)	(2,431)
Transfers	-	-	(4,702)	4,702	-
<b>At 31 July 2014</b>	<b>33,852</b>	<b>127,358</b>	<b>2,274</b>	<b>60,363</b>	<b>223,847</b>
<b>Depreciation</b>					
At 1 August 2013	6,060	31,917	-	48,013	85,990
Charge for Year	970	3,622	-	3,393	7,985
Disposals	-	-	-	(2,431)	(2,431)
<b>At 31 July 2014</b>	<b>7,030</b>	<b>35,539</b>	<b>-</b>	<b>48,975</b>	<b>91,544</b>
<b>Net Book value</b>					
<b>At 31 July 2014</b>	<b>26,822</b>	<b>91,819</b>	<b>2,274</b>	<b>11,388</b>	<b>132,303</b>
At 31 July 2013	27,792	94,562	4,207	7,531	134,092
				<b>2014</b>	<b>2013</b>
				<b>£000</b>	<b>£000</b>
<b>The depreciation charge has been funded by:</b>					
Deferred Capital Grants Released (Note 15)				4,754	4,532
General Income				3,231	2,997
				<b>7,985</b>	<b>7,529</b>
<b>The figures above include assets held for use in operating leases as follows:</b>					
Cost				3,532	3,532
Accumulated Depreciation				(1,554)	(1,431)
<b>Net Book Value</b>				<b>1,978</b>	<b>2,101</b>

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 £2.3m (£4.2m 2012-13) relates to costs incurred on a number of on-going projects including the Hamilton Campus Redevelopment £1m.

10 INVESTMENTS

	2014 £000	2013 £000
Balance at 1 August	987	867
Purchase of Investments	13	-
Appreciation on Revaluation	16	120
<b>Balance of Listed Investments at 31 July</b>	<b>1,016</b>	<b>987</b>

11 DEBTORS

Amounts Receivable Within One Year:

Trade Debtors	543	1,161
Other Debtors	35	102
Prepayments and Accrued Income	1,728	1,107
	<b>2,306</b>	<b>2,370</b>

12 CREDITORS

Amounts Falling Due Within One Year:

Trade Creditors	1,217	761
Other Creditors and Deposits	372	1,282
Social Security and Other Taxation Payable	1,409	1,253
Accruals and Deferred Income	10,280	12,604
Loan repayments	373	-
	<b>13,651</b>	<b>15,900</b>

13 CREDITORS

Amounts Falling Due After More than One Year:

Bank loan:

After One and Within Two Years	483	-
After Two and Within Five Years	2,650	924
After Five Years	20,702	19,076
<b>Bank Loan</b>	<b>23,835</b>	<b>20,000</b>

The University has a loan facility of £26.5million of which £24.5m had been drawn down at the year end.

Draw down	1	2	3	Total
	£000	£000	£000	£000
Bank Loan Facility				26,500
Amount drawn down	10,000	10,000	4,500	24,500
Repaid 2013-14				292
Amount outstanding at end of 2013-14	10,000	10,000	4,208	24,208
Interest rate	5.03971	5.51971	3.9406	
Start date of repayments	14/06/2016	14/06/2016	16/12/2013	
End date of repayments	14/03/2041	14/03/2041	31/10/2023	
Repayable , 1 year				373
Repayable , 2+ years				23,835

The total interest charged in the year was £1,230k.



#### 14 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 2014, no clawback is anticipated for any element of the SFC main grant for 2013-14 that may be repayable.

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

	UNFUNDED PENSION	SFC CLAWBACK	CAMPUS DILAPIDATION	TOTAL
	£000	£000	£000	£000
<b>At 1 August 2013</b>	7,341	53	483	<b>7,877</b>
Expenditure in the year	(469)	-	-	<b>(469)</b>
Additional provision required	654	-	-	<b>654</b>
Reduction in Provision required in year for employees who Transferred in 1996	(18)	-	-	<b>(18)</b>
Transfer from Income & Expenditure Account	-	(53)	-	<b>(53)</b>
<b>At 31 July 2014</b>	<b>7,508</b>	<b>-</b>	<b>483</b>	<b>7,991</b>

#### 15 DEFERRED CAPITAL GRANTS

	FUNDING COUNCIL	OTHER GRANTS	TOTAL
	£000	£000	£000
<b>At 1 August 2013</b>			
Buildings	50,720	11,031	61,751
Equipment	1,114	235	1,349
<b>Total</b>	<b>51,834</b>	<b>11,266</b>	<b>63,100</b>
<b>Cash Received</b>			
Buildings	-	-	-
Equipment	1,061	-	1,061
<b>Total</b>	<b>1,061</b>	<b>-</b>	<b>1,061</b>
<b>Released to Income &amp; Expenditure</b>			
Buildings	2,085	404	2,489
Equipment	2,171	94	2,265
<b>Total</b>	<b>4,256</b>	<b>498</b>	<b>4,754</b>
<b>At 31 July 2014</b>			
Buildings	48,635	10,627	59,262
Equipment	4	141	145
<b>Total</b>	<b>48,639</b>	<b>10,768</b>	<b>59,407</b>

#### 16 REVALUATION RESERVE

Revaluations:

	2014 £000	2013 £000
Balance at 1 August	356	236
Appreciation / (Depreciation) of Investments in Year	16	120
<b>Balance at 31 July</b>	<b>372</b>	<b>356</b>

#### 17 INCOME AND EXPENDITURE ACCOUNT RESERVE

	2014 £000	2013 £000
<b>Balance at 1 August</b>	<b>47,798</b>	<b>39,212</b>
Surplus after Depreciation of Assets at Cost and Tax	5,621	7,684
Transfer (to) / from Pension Reserve	(230)	903
<b>Balance at 31 July</b>	<b>53,189</b>	<b>47,799</b>

#### 18 PENSION RESERVE

	2014 £000	2013 £000
<b>Balance at 1 August</b>	<b>(16,616)</b>	<b>(31,217)</b>
Actuarial (Loss) / Gain on Pension Scheme Liability	(19,064)	15,504
Transfer From / (To) Income and Expenditure Account	230	(903)
<b>Balance at 31 July</b>	<b>(35,450)</b>	<b>(16,616)</b>

#### 19 RECONCILIATION OF OPERATING SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

	2014 £000	2013 £000
Operating Surplus before Tax	5,621	7,684
Pension costs less contributions payable	(63)	409
Depreciation	7,985	7,529
Released Deferred Capital Grants	(4,754)	(4,532)
Interest Paid	1,230	1,009
Interest Received	(338)	(328)
Increase in Stocks	(13)	(22)
Decrease / (increase) in Debtors	64	(658)
Increase / (decrease) in Creditors	(2,622)	108
Increase / (decrease) in Provisions	(53)	54
<b>Net Cash Inflow from Operating Activities</b>	<b>7,057</b>	<b>11,253</b>

#### 20 RETURN OF INVESTMENTS AND SERVICING OF FINANCE

	2014 £000	2013 £000
Other Interest Received	338	328
Interest Paid	(1,230)	(1,009)
<b>Net Cash (Outflow) from Returns on Investments and Servicing of Finance</b>	<b>(892)</b>	<b>(681)</b>

#### 21 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS

	2014 £000	2013 £000
Purchase of Tangible Fixed Assets	(6,196)	(6,875)
Purchase of Investments	(13)	-
Deferred Capital Grants Received	1,061	1,139
<b>Net Cash outflow for capital Expenditure and Financial Investment</b>	<b>(5,148)</b>	<b>(5,736)</b>

	2014 £000	2013 £000
<b>22 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR</b>		
Amounts borrowed in year	4,500	-
Amounts repaid in year	(292)	-
<b>Net Cash Inflow from Financing</b>	<b>4,208</b>	-

**23 ANALYSIS OF CHANGES IN NET FUNDS**

	1 AUGUST 2013	CASH FLOWS	31 JULY 2014
	£000	£000	£000
Cash at Bank and in Hand	17,503	5,225	22,728
Due within one year	-	(373)	(373)
Debt Due after one Year	(20,000)	(3,835)	(23,835)
<b>Net Funds/(Debt)</b>	<b>(2,497)</b>	<b>1,017</b>	<b>(1,480)</b>

**24 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 was (Note 7):

SPF Contributions Paid & FRS17 Adjustments	4,168	3,966
STSS Contributions Paid	3,910	3,627
USS Contributions Paid	52	30
<b>Total</b>	<b>8,130</b>	7,623

**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 2011.

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%.

The pension costs for the University for the year ended 31 July 2014 were £4.2m (2012-13 £4m). This is comprised contributions paid of £3.6m (2012-13 £3.3m) and FRS17 adjustment of £0.6m (2012-13 £0.6m).

	2014	2013
<b>24 PENSION SCHEMES continued</b>		

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, interalia, 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 £0.012m (2013 – decrease of £1.182m) and the reserves have decreased to £35.450m (2013 -14 £16.616m).

The assumptions used by the scheme actuary to undertake a valuation under FRS17 as at 31 July 2014 were as follows:

	%	%
<b>Financial Assumptions</b>		
Pension Increase Rate	2.7	2.8
Salary Increase Rate	5.0	4.6
Expected Return on Assets	6.0	5.8
Discount Rate	4.0	4.6

**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	21.0 years	23.4 years
Future pensioners	23.3 years	25.3 years

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

		2014		2013
	LONG TERM RATE OF RETURN	VALUE	LONG TERM RATE OF RETURN	VALUE
	%	£000	%	£000
Equities	6.6	95,306	6.4	88,590
Bonds	3.5	15,048	3.8	16,319
Property	4.7	8,778	4.6	8,160
Cash	3.6	6,270	3.4	3,497
		<b>125,402</b>		116,566

## 24 PENSION SCHEMES

The following amounts at 31 July 2014 were measured in accordance with the requirements of FRS17:

### Analysis of the Amount Shown in the Balance Sheet

	2014 £000	2013 £000
University's Estimated Asset Share	125,402	116,566
Present Value of University's Scheme Funded Liabilities	(156,650)	(128,975)
Present Value of University's Scheme Unfunded Liabilities	(4,202)	(4,207)
<b>Deficit in Scheme – Net Pension Liability</b>	<b>(35,450)</b>	<b>(16,616)</b>

### Analysis of Amount Recognised in the Income and Expenditure Account

Interest Cost on pension Scheme Liabilities	(6,168)	(5,269)
Expected Return on pension Scheme assets	6,825	4,758
<b>Net Return / (Cost) – Note 6</b>	<b>657</b>	<b>(511)</b>

### Amount Recognised in the Statement of Total Recognised Gains and Losses

<b>Actuarial Gain/(Loss)</b>	<b>(19,064)</b>	<b>15,504</b>
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### The total movement in the deficit in the year is made up as follows:

Deficit 1 August	(16,616)	(31,217)
Current service costs	(4,235)	(3,985)
Employers contributions	3,554	3,390
Unfunded contributions	254	264
Past service costs	-	(61)
Interest costs	(6,168)	(5,269)
Net return on assets	6,825	4,758
Actuarial Gain/(Loss)	(19,064)	15,504
Losses on curtailments	-	-
<b>Deficit 31 July</b>	<b>(35,450)</b>	<b>(16,616)</b>

### Analysis of the Movement in the Fair Value of the Scheme Assets

Value 1 August	116,566	96,616
Expected return on assets	6,825	4,758
Contributions by members	1,233	1,174
Contribution by employers	3,554	3,390
Contribution unfunded benefits	254	264
Actuarial Gain/(Loss)	593	14,200
Unfunded benefits paid	(254)	(264)
Benefits paid	(3,369)	(3,572)
<b>Value 31 July</b>	<b>125,402</b>	<b>116,566</b>

### Analysis of the Movement in the Present Value of the Scheme Liabilities

Value 1 August	133,182	127,833
Current service costs	4,235	3,985
Interest costs	6,168	5,269
Contributions by members	1,233	1,174
Actuarial Gain/(Loss)	19,657	(1,304)
Past service costs	0	61
Contribution unfunded benefits	(254)	(264)
Benefits paid	(3,369)	(3,572)
Value 31 July	160,852	133,182
<b>Net pension Liability</b>	<b>(35,450)</b>	<b>(16,616)</b>

History of Experienced Gains & Losses	JUL-14	JUL-13	JUL-12	JUL-11
Present Value of Defined Benefit liability	(160,852)	(133,182)	(127,833)	(100,048)
Fair Value of assets	125,402	116,566	96,616	91,756
<b>Deficit in scheme</b>	<b>(35,450)</b>	<b>(16,616)</b>	<b>(31,217)</b>	<b>(8,292)</b>
Gain/(Loss) on Assets	593 0.5%	14,200 12.2%	(2,637) (2.7%)	3,283 3.6%
Gain/(Loss) on Liabilities	125 (0.1%)	(41) 0.0%	(7,434) 5.8%	9,154 (9.1%)
Actuarial (Loss)/Gain	(19,064)	15,504	(23,547)	12,437
<b>Cumulative Actuarial (Loss) / Gain</b>	<b>(24,353)</b>	<b>(5,289)</b>	<b>(20,793)</b>	<b>2,754</b>

### 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 2014. The pension costs to the University in respect of STSS for the current year were £3.910m (£3.627m 2012-13). 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 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 2014 was £52k (£30k 2012-13). The contribution rate payable by the institution was 16% of pensionable salaries.

2014 2013

25 CAPITAL COMMITMENTS

Commitments Contracted at 31 July

£000 £000  
2,389 2,779

26 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.

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

	2014		2013	
	£000	£000	£000	£000
	CF	DF	CF	CF
Funds Brought Forward from previous year	2	-	3	1
Refunded to SAAS	(2)	-	(3)	(1)
Funds Received in Year	744	875	703	853
Expenditure	(525)	(1,094)	(510)	(1,044)
Virements	(219)	219	(191)	191
Funds Carried Forward at 31 July	0	0	2	0

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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KEY  
PROFESSIONAL  
ADVISORS



“

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.

”







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