



**REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2004**

UNIVERSITY OF PAISLEY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2004

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FINANCIAL HIGHLIGHTS

	2004	2003
	<u>£'000</u>	<u>£'000</u>
Summary Income and Expenditure Account		
Funding Council Grants	30,302	27,719
Tuition Fees and Education Contracts	16,339	15,157
Research Grants and Contracts	1,527	1,583
Other Income Including Gain on Disposal	<u>7,927</u>	<u>6,943</u>
Total Income	56,095	51,402
Total Expenditure	<u>55,077</u>	<u>51,693</u>
Surplus/(Deficit)	<u><u>1,018</u></u>	<u><u>(291)</u></u>
Summary Balance Sheet		
Fixed Assets	39,275	38,950
Net Current Assets/(Liabilities)	3,324	(3,490)
Long Term Creditors and Provisions	<u>(14,765)</u>	<u>(8,123)</u>
Net Assets	<u><u>27,834</u></u>	<u><u>27,337</u></u>
Represented by:		
Deferred Capital Grants	18,802	19,293
Reserves	<u>9,032</u>	<u>8,044</u>
	<u><u>27,834</u></u>	<u><u>27,337</u></u>
Summary Cashflow		
Net Cash Inflow from Operating Activities	2,403	2,143
Capital Expenditure and Financial Investment	2,379	2,603
Increase/(Decrease) in Cash	5,856	(44)
Other Key Statistics		
Student and Staff Numbers		
	2004	2003
Student Numbers - full time equivalent	7,534	7,552
Staff Numbers – headcount basis	1,181	1,224

REPORT OF THE COURT

Scope of the Financial Statements

The Financial Statements presented to the Court refer to the University only.

Results for the Year

The University's results for the year ended 31 July 2004 are summarised in the Financial Highlights on page 1. The operating surplus of £1M is a substantial improvement on the previous year's deficit position. Total income has risen by 9% with significant increases in funding council grants, overseas tuition fees and other income. In addition a non-recurrent gain on the disposal of assets has been secured. Despite the increase in salary costs arising primarily from employer related costs and a required uplift in pension provisions for former and existing employees, the rise in expenditure was 7%. The surplus generated in the year therefore contributed to a growth in Net Assets and as anticipated a position of Net Current Assets is shown as at 31 July 2004. This reversal from the previous year is attributable in part to the conversion of a credit facility to a long-term loan under the existing arrangement with the Bank of Scotland and improved working capital balances.

Investment Funds Performance

The University's portfolio of Listed Investments in stocks and shares has been managed by Gerrard Limited, and at the year-end had a market value of £890,000.

In reviewing the performance of Gerrard Limited, reference has been made to the return on UK Government Securities Index (negative 1.4%). The returns on elements of the portfolio, (interest and early retrieval) of negative 2.6% and negative 0.9% respectively were therefore viewed as satisfactory.

Cash Flow

The year-end balances show a significant increase in cash during the year of £6M, with the draw down of a loan of £5.9M as mentioned above. During the year the University spent a net sum of £2.4M in acquiring tangible fixed assets.

Capital Expenditure

The planned relocation of staff from the School of Engineering and Science, to accommodate staff and students within the School of Health, Nursing and Midwifery onto the Paisley Campus commenced in the last quarter of the year and investment in a new Students Information System continued throughout the year.

Treasury Management

The University actively manages its cash flow. Available funds are deposited in a variety of Treasury accounts.

Creditor's Payment Policy

It is the University's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the University and its suppliers, provided that all trading terms and conditions have been complied with. The University investigates where suppliers claim that payment is outwith their credit terms.

At 31st July 2004, the University had trade creditors outstanding of £777,000 which represents an average of 16 days purchases outstanding (2003 – 26 days).

Future Developments

Capital expenditure will continue in 2004/2005 as staff and students of the School of Health, Nursing and Midwifery are relocated onto the Paisley campus and the development of the Student Information System continues. Review of a potential merger with Bell College is an ongoing activity, as is the updating and finalisation of the Estates Strategy.

Staff and Students with Disabilities

The University has a policy for promoting opportunities for students and staff with disabilities. For staff, this covers recruitment criteria, appraisal and training opportunities, support, awareness training for other staff, implementation and monitoring and a complaints procedure.

For students, the University endeavours to create an environment where students with special needs are not simply integrated but are welcomed, accepted, involved, supported, and viewed as equals by staff and students alike.

Employee Involvement

The University places value on the involvement of its employees and on good communication with them. The University publishes an official newsletter that is made available to all staff and separate supplements are published when the need arises. Staff are encouraged to participate in formal and informal consultation at University, School and Departmental level.

Conclusion

Within the Financial Strategic Plan, the University had anticipated a small financial surplus in 2003/2004 and a significant improvement against this forecast was secured. The University remains in a position of financial stability and strives to increase its reserves to underpin the current financial strategy. This can only be achieved through the efforts of all University staff and the University Court wishes to thank them for their continued efforts.

Miss C Asher OBE
Chairman of Court
30 November 2004

CORPORATE GOVERNANCE

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose is to help the reader of the accounts understand how the principles have been applied.

The University's Court is responsible for the University's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Court is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks that has been in place for the year ended 31 July 2004 and up to the date of approval of the annual report and Financial Statements. This process is regularly reviewed by the Court and accords with the internal control guidance for Directors on the Combined Code as amended by the British Universities Finance Directors Group.

The University Court comprises lay and academic persons appointed in terms of the University of Paisley (Scotland) Order in Council 1993. The majority of members are non-executive. The roles of Chairman and Vice Chairman of the Court are separated from the role of the University's Chief Executive, the Principal and Vice Chancellor. The matters specially reserved to the Court for decision are set out in the University of Paisley (Scotland) Order in Council 1993, by the detailed regulation of Court and under the Financial Memorandum with the Scottish Higher Education Funding Council. The Court holds to itself the responsibilities for the ongoing strategic direction of the University, approval of major developments, Health and Safety, and the receipt of regular reports from Officers of the University on the day-to-day operations of its business.

The University Court is required to meet at least four times per year and has met four times in the year to 31 July 2004. Court has several committees, including a Policy and Resources Committee, covering finance, general policy, human resources and estates issues, a Student Affairs Committee, a Nominations Committee, a Remuneration Committee and an Audit Committee. All of these Committees have remits and memberships formally constituted by resolutions of Court. All Court Committees have lay members of Court as the majority memberships.

Under the University's Order in 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.

In respect of its strategic and development responsibilities the Court receives recommendations from the Policy and Resources Committee. The Policy and Resources Committee receives recommendations from other Committees including the Financial Monitoring Committee, the Commercialisation Board and, where appropriate, the Academic Development Committee.

The Policy and Resources Committee recommends to the Court the University's annual revenue and capital budgets. The Policy and Resources Committee monitors performance in relation to approved budgets. The detailed work on this is undertaken by the Financial Monitoring Committee.

The Student Affairs Committee is a consultative committee with membership drawn from staff, student and lay members of Court. The Committee reports both to Court and to Senate on matters relating to students.

The Nominations Committee considers nominations for vacancies in the Court membership in terms of the University of Paisley (Scotland) Order in Council 1993. In terms of the Order the majority of its members are lay members appointed by Court itself on the recommendation of its Nominations Committee for such periods as the Order in Council and the policies adopted by Court prescribe.

The Remuneration Committee determines the remuneration of the senior staff, including the Principal and Vice-Chancellor.

The Audit Committee meets at least three times per year, and in the year to 31 July 2004 met six times, with the University's external and internal auditors in attendance as appropriate. The Committee complies with the Code of Auditing Practice issued by SHEFC 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 Funding Council as they affect the University's business and monitors adherence to the regulatory requirements. Whilst senior officers attend meetings of the Audit 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 (who are external to the University) on their own for independent discussions.

The Financial Monitoring Committee receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms that are embedded within the operational units. The Senior Management Team and the Audit Committee also receive regular reports from the internal auditors, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Court's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2004 meeting, the Court carried out the annual assessment for the year ended 31st July 2004 by considering a report from the Audit 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 2004.

Court also has established a University Health and Safety Committee that meets four times a year and produces an annual report for approval by Court at one of its statutory meetings.

The Court assesses the effectiveness of Court, and of the University on a tri-annual basis and completed its last assessment at its November 2004 meeting.

The University Court having considered in 2002 the Guide for Members of Governing Bodies of SHEFC Institutions and Good Practice Benchmarks affirmed its principles. Court adopted the Guide as an integral part of Court's Policies and Procedures as set out in the University Court Handbook. Court confirmed the University's conformity to the benchmarks within the parameters set by the University of Paisley (Scotland) Order in Council 1993.

Court Membership as at 31 July 2004

Chairman of Court

Miss C Asher

Ex Officio

Principal and Vice-Chancellor
Professor J Macklin

Vice-Principal Professor S McDaid

President, Students' Association
Miss S McIver (retired June 2004)
Ms J Little (appointed July 2004)
Depute President, Students' Association (Ayr)
Ms K McIntyre (retired June 2004)
Ms M Woodhouse (appointed July 2004)

Co-opted

Provost R Burns
Mrs P Paterson
Dr J W McGinty

Appointed by Court

Professor R Beaty

Mr R Blackburn
Ms E K Cameron (retired March 2004)
Mr D Lawrence

Dr D R Mill

Mrs E McCann

Mr D MacDonald

Ms L McMillan
Mr A J Smith
Dr W Speirs
Mr J Wardrop
Mr N Walker
Mr G Watson
(appointed January 2004)

Membership of Principal Committees of Court

Chair of Remuneration Committee, Member of Policy & Resources Committee, Student Affairs Committee and Nominations Committee.

Member of Policy & Resources Committee, Student Affairs Committee, Commercialisation Board, Nominations Committee.

Member of Policy & Resources Committee, Student Affairs Committee, Nominations Committee, Commercialisation Board and Building Procurement Committee.

Member of Policy & Resources Committee, and Student Affairs Committee.

Member of Student Affairs Committee.

Member of Students Affairs Committee.

Chair of Student Affairs Committee,
Chair of Students' Union Advisory Board
Member of Policy & Resources Committee.

Vice Chair of Court, Chair of Commercialisation Board, Member of Policy & Resources Committee, Student Affairs Committee and Nominations Committee.

Member of Audit Committee.

Member of Audit Committee.

Chair of Policy & Resources Committee. Member of Student Affairs Committee, Building Procurement Committee, Remuneration Committee.

Member of Policy & Resources Committee, Remuneration Committee.

Member of Policy and Resources Committee, Buildings Procurement Committee.

Member of Policy & Resources Committee, Remuneration Committee, Student Affairs Committee, Commercialisation Board.

Member of Audit Committee.

Chair of Audit Committee.

Member of Audit Committee.

Member of Audit Committee.

Member of Students' Union Advisory Board.

Appointed by Senate

Professor C MacDonald (retired November 2003)

Dr T Clarke (retired November 2003)

Professor P Bartos (appointed December 2003)

Professor A Godfrey (appointed December 2003)

Depute Chair of Student Affairs Committee. Member of Policy & Resources Committee, Commercialisation Board. Member of Policy & Resources Committee, Student Affairs Committee.

Member of Policy & Resources Committee.

Member of Policy & Resources Committee.

Elected by Staff from Academic Staff

Dr P Mileham

Member of Policy & Resources Committee.

Elected by Staff from Non-Academic Staff

Mrs S MacArthur

Member of Student Affairs Committee.

RESPONSIBILITIES OF THE UNIVERSITY'S COURT

In accordance with the University of Paisley (Scotland) Order in Council 1993, the Court is responsible for the administration and management of the affairs of the University, including an effective system of internal control, and is required to present audited financial statements for each financial year.

The Court is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Statement of Recommended Practice on Accounting in Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Higher Education Funding Council and the Court of the University, the Court, through its designated Accounting Officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Court is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Court has taken reasonable steps to:

- ensure that funds from the Scottish Higher Education Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions that the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure.

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by Court;
- comprehensive Financial Regulations, detailing financial controls and procedures;
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by Court and whose head provides Court with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.

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

INDEPENDENT AUDITORS' REPORT TO THE UNIVERSITY COURT OF THE UNIVERSITY OF PAISLEY

We have audited the Financial Statements for the year ended 31 July 2004 which comprise the Income and Expenditure Account, Statement of Recognised Gains and Losses, Balance Sheet, Cash Flow Statement, and the related notes 1 to 28. These Financial Statements have been prepared on the basis of the accounting policies set out in the Statement of Principal Accounting Policies.

This report is made solely to the University Court as a body. 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 the University and the University 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 described in the Statement of Responsibilities of the University Court, the Court is responsible for the preparation of the financial statements in accordance with the University's Charter, the Statement of Recommended Practice: Accounting for Further and Higher Education and other applicable United Kingdom law and accounting standards.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been applied for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Scottish Higher Education Funding Council.

We also report to you if, in our opinion, the Report of the Court is not consistent with the financial statements, if the University has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Report of the Court and Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board and the Code of Audit Practice issued by the Scottish Higher Education Funding Council. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Court in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the University's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion:

- i) the Financial Statements give a true and fair view of the state of affairs of the University as at 31 July 2004 and of the surplus for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- ii) income from the Scottish Higher Education Funding Council, grants and income for specific purposes and from other restricted funds administered by the University have been applied for the purposes for which they were received; and
- iii) income has been applied in accordance with the Further and Higher Education (Scotland) Act 1992 governing the University and, where appropriate, with the Financial Memorandum dated 1 August 1996 (incorporating 1998 revisions) with the Scottish Higher Education Funding Council.

Registered Auditor
George House
50 George Square
GLASGOW
G2 1RR

Date: 30 November 2004

UNIVERSITY OF PAISLEY

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies of the University are as set out below.

The policies have remained unchanged from the previous year.

1. **Basis of preparation**

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

2. **Basis of accounting**

The financial statements are prepared under the historical cost convention modified by the revaluation of certain Fixed Asset Investments.

3. **Recognition of Income**

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Recurrent grants from the Funding Councils are recognised in the period in which they are receivable.

Non-recurrent grants from Funding Councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

4. **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.

5. **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 there are related forward foreign contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

6. **Pension Schemes**

Retirement benefits for most employees of the University are provided by the Scottish Teachers Superannuation Scheme (STSS), the Strathclyde Pension Fund (SPF) and the Universities Superannuation Scheme (USS). These are defined benefit schemes, which are externally funded and contracted out of the State Earning Related Pension Scheme.

Contributions to the schemes are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll. In principle, variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals. The funds are valued regularly by professionally qualified actuaries, the rates of contributions payable being determined on the advice of the actuaries.

7. **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, which is held freehold, is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over their expected useful lives of up 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.

Finance costs which are directly attributed to the construction of land and buildings are capitalised as part of the cost of those assets.

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. 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 microcomputers and software, costing less than £3,000 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 4 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.

8. **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.

9. **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.

10. **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.

11. **Taxation Status**

The University is an exempt charity 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.

12. **Liquid resources**

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

13. **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.

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2004

		Year Ended 31 July 2004	Year Ended 31 July 2003
	Note	<u>£000</u>	<u>£000</u>
INCOME			
Funding Council Grants	1	30,302	27,719
Tuition Fees and Education Contracts	2	16,339	15,157
Research Grants and Contracts	3	1,527	1,583
Other Income	4	7,049	6,432
Investment Income	5	<u>458</u>	<u>511</u>
Total Income		<u>55,675</u>	<u>51,402</u>
 EXPENDITURE			
Staff Costs	6	34,097	32,255
Other Operating Expenses	7	17,712	16,190
Depreciation	10	2,926	2,793
Interest Payable	8	<u>342</u>	<u>455</u>
Total Expenditure	9	<u>55,077</u>	<u>51,693</u>
 Surplus/(Deficit) on Continuing Operations after Depreciation of Tangible Fixed Assets at Cost			
Gain on Disposal of Fixed Assets	10	<u>420</u>	<u>(291)</u>
 Surplus/(Deficit) on Continuing Operations after Depreciation of Tangible Fixed Assets at Cost, Disposal of Assets and before and after Tax			
		<u>1,018</u>	<u>(291)</u>

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2004

	Note	Year Ended 31 July 2004	Year Ended 31 July 2003
		<u>£000</u>	<u>£000</u>
Surplus/(Deficit) on Continuing Operations after Depreciation of Assets at Cost, Disposal of Assets and Tax		1,018	(291)
Unrealised (Depreciation)/Appreciation of Investments	17	<u>(30)</u>	<u>23</u>
Total Recognised Gains/(Losses) Relating to the period		<u>988</u>	<u>(268)</u>
RECONCILIATION			
Opening Reserves		8,044	8,312
Total Recognised (Losses)/Gains Relating to the Year		<u>988</u>	<u>(268)</u>
Closing Reserves		<u>9,032</u>	<u>8,044</u>

BALANCE SHEET
FOR THE YEAR ENDED 31 JULY 2004

	Note	Year Ended 31 July 2004 <u>£000</u>	Year Ended 31 July 2003 <u>£000</u>
FIXED ASSETS			
Tangible Assets	10	38,385	37,905
Investments	11	<u>890</u>	<u>1,045</u>
		<u>39,275</u>	<u>38,950</u>
CURRENT ASSETS			
Stock		40	41
Debtors	12	1,446	1,546
Cash at Bank and in Hand		<u>7,120</u>	<u>1,102</u>
		8,606	2,689
CREDITORS:			
Amounts Falling Due Within One Year	13	<u>(5,282)</u>	<u>(6,179)</u>
Net Current Assets/(Liabilities)		<u>3,324</u>	<u>(3,490)</u>
Net Assets Less Current Liabilities		42,599	35,460
CREDITORS:			
Amounts Falling Due After More Than One Year	14	(6,367)	(660)
Provisions for Liabilities and Charges	15	<u>(8,398)</u>	<u>(7,463)</u>
Net Assets		<u>27,834</u>	<u>27,337</u>

BALANCE SHEET - CONTINUED
FOR THE YEAR ENDED 31 JULY 2004

	Note	Year Ended 31 July 2004 <u>£000</u>	Year Ended 31 July 2003 <u>£000</u>
DEFERRED CAPITAL GRANTS	16	<u>18,802</u>	<u>19,293</u>
Reserves			
Revaluation Reserve	17	261	291
General Reserve	18	<u>8,771</u>	<u>7,753</u>
		<u>9,032</u>	<u>8,044</u>
TOTAL		<u><u>27,834</u></u>	<u><u>27,337</u></u>

The Financial Statements on pages 14 to 32 were approved by the Court on 30 November 2004 and were signed on its behalf by:

_____ Miss C Asher, Chairman of the Court

_____ Professor Seamus McDaid, Acting Accounting
Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2004

		Year Ended 31 July 2004	Year Ended 31 July 2003
	Note	£000	£000
Cash Inflow from Operating Activities	19	2,403	2,143
Returns on Investments and Servicing of Finance	20	138	27
Capital Expenditure and Financial Investment	21	(2,379)	(2,603)
Financing	22	<u>5,856</u>	<u>(44)</u>
Increase/(Decrease) in Cash in the Year		<u><u>6,018</u></u>	<u><u>(477)</u></u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

		Year Ended 31 July 2004	Year Ended 31 July 2003
	Note	£000	£000
Increase/(Decrease) in Cash in the Year		6,018	(477)
Change in Net Debt resulting from Cash Flows		<u>(5,856)</u>	<u>44</u>
Movement in Net Funds in Year		162	(433)
Net Funds at 1 August 2003	23	<u>398</u>	<u>831</u>
Net Funds at 31 July 2004	23	<u><u>560</u></u>	<u><u>398</u></u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2004

1. FUNDING COUNCIL GRANTS

	Year Ended 31 July 2004	Year Ended 31 July 2003
	<u>£000</u>	<u>£000</u>
Recurrent Grant from SHEFC		
Teaching	26,899	24,735
Research	893	863
Specific Grants from SHEFC		
Greater Opportunities for Access and Learning with Schools (GOALS) And West of Scotland Wider Access Regional Forum (WoSWARF)	1,607	1,204
Strategic Change	188	75
Science Research Infrastructure	93	62
Research Development	54	96
Other	12	277
Deferred Capital Grants Released in Year		
Buildings	474	325
Equipment	<u>82</u>	<u>82</u>
	<u>30,302</u>	<u>27,719</u>

2. TUITION FEES AND EDUCATION CONTRACT

	Year Ended 31 July 2004	Year Ended 31 July 2003
	<u>£000</u>	<u>£000</u>
Full Time Students – Home and EU	5,693	6,654
Full Time Students – Overseas	1,657	1,191
Part Time Fees	2,224	1,528
Short Course Fees	<u>484</u>	<u>416</u>
Total Fees Paid by or on Behalf of Individual Students	10,058	9,789
Education Contract	<u>6,281</u>	<u>5,368</u>
	<u>16,339</u>	<u>15,157</u>

NOTES TO THE ACCOUNTS - Continued
FOR THE YEAR ENDED 31 JULY 2004

3. **RESEARCH GRANTS AND CONTRACTS**

	Year Ended 31 July 2004	Year Ended 31 July 2003
	<u>£000</u>	<u>£000</u>
Research Council	450	294
European Commission	280	316
Other Grants Contracts	397	399
Releases from Deferred Capital Grants	<u>400</u>	<u>574</u>
	<u>1,527</u>	<u>1,583</u>

4. **OTHER INCOME**

	Year Ended 31 July 2004	Year Ended 31 July 2003
	<u>£000</u>	<u>£000</u>
Residences, Catering and Conferences	1,799	1,729
Other Services Rendered	2,931	1,581
Released from Deferred Capital Grants	140	57
Other Income	774	1,740
Rent Receivable in Respect of Operating Leasing from Library Trust	357	335
Library Trust Other Services	<u>1,048</u>	<u>990</u>
	<u>7,049</u>	<u>6,432</u>

5. **INVESTMENT INCOME**

	Year Ended 31 July 2004	Year Ended 31 July 2003
	<u>£000</u>	<u>£000</u>
Interest Receivable	<u>458</u>	<u>511</u>

NOTES TO THE ACCOUNTS - Continued
FOR THE YEAR ENDED 31 JULY 2004

6. STAFF COSTS

	Year Ended 31 July 2004	Year Ended 31 July 2003
	Number	Number
Average Staff Numbers by Major Category:		
Academic	415	413
Technical	76	77
Administrative	146	138
Other, Including Clerical and Manual	544	596
	<u>1,181</u>	<u>1,224</u>

	Year Ended 31 July 2004	Year Ended 31 July 2003
	£000	£000
Staff Costs for the Above		
Wages and Salaries	28,676	27,958
Social Security Costs	2,274	2,014
Other Pension Costs (Note 24)	3,147	2,283
	<u>34,097</u>	<u>32,255</u>
Emoluments of Vice Chancellor	<u>145</u>	<u>136</u>

The emoluments of the Vice Chancellors exclude employer's pension contributions of £23,000 (2002/03 £21,000)

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

	Year Ended 31 July 2004	Year Ended 31 July 2003
	Number	Number
£50,000 - £59,999	23	19
£60,000 - £69,999	6	1
£70,000 - £79,999	0	0
£80,000 - £89,000	1	1

The figures shown in the table above include fees earned in respect of work performed for external bodies. Payments in respect of compensation for loss of office are provided in the Financial Statements in the year of termination of office. Amounts provided in respect of compensation for loss of office of Higher Paid Staff totalled £nil (2003 nil).

NOTES TO THE ACCOUNTS - Continued

7. OTHER OPERATING EXPENSES

	Year Ended 31 July 2004	Year Ended 31 July 2003
	<u>£000</u>	<u>£000</u>
Repairs and General Maintenance	1,077	1,126
Utilities and Insurance	1,620	1,577
Pension Provision Uplift	1,398	1,049
General Running Costs	4,103	4,190
Professional Fees	1,921	1,359
Books, Periodicals and Subscriptions	1,106	1,129
Residences, Catering and Conferences	1,068	946
Travel, Fellowships and Scholarships	724	836
Grant to Student Union	493	428
Fee Waivers and Discounts	434	282
Library Trust Payments	1,439	1,370
SHEFC Specific Grants	1,869	1,398
Research Grant Expenses	<u>460</u>	<u>500</u>
	<u>17,712</u>	<u>16,190</u>

Other Operating Expenses Include:

Auditors' Remuneration: External Audit - Audit Services	30	47
External Audit - Non Audit Services	95	51
Internal Audit - Audit Services	37	35
Internal Audit - Non-Audit Services	0	0

8. INTEREST PAYABLE

	Year Ended 31 July 2004	Year Ended 31 July 2003
	<u></u>	<u></u>
On Bank Loan repayable wholly or partly in more than 5 years.	<u>342</u>	<u>455</u>

NOTES TO THE ACCOUNTS - Continued
FOR THE YEAR ENDED 31 JULY 2004

9. ANALYSIS OF 2003/2004 EXPENDITURE BY ACTIVITY

	Staff Costs £000	Other Operating Expenses £000	Depreciation £000	Interest Payable £000	Total £000
Academic Departments	21,082	4,778	545	-	26,405
Academic Services	3,989	2,758	519	-	7,266
Research Grants and Contracts	667	460	400	-	1,527
Residences, Catering and Conferences	555	1,068	269	342	2,234
Premises	2,145	1,542	742	-	4,429
Administration	4,266	4,016	370	-	8,652
Other Services Rendered	1,282	1,563	81	-	2,926
Other Expenses	<u>111</u>	<u>1,527</u>	<u>-</u>	<u>-</u>	<u>1,638</u>
Total Expenditure	<u>34,097</u>	<u>17,712</u>	<u>2,926</u>	<u>342</u>	<u>55,077</u>

The depreciation charge has been funded by:

Deferred Capital Grants Released (Note 16)	1,098
General Income	<u>1,828</u>
	<u>2,926</u>

NOTES TO THE ACCOUNTS - Continued
FOR THE YEAR ENDED 31 JULY 2004

10. TANGIBLE ASSETS

	Residences Freehold Land and Buildings £000	Academic and Sportsgrounds Freehold Land and Buildings £000	Equipment £000	Total £000
Cost				
At 1 August 2003	9,932	30,923	22,997	63,852
Additions	280	1,335	1,862	3,477
Disposals	<u>(3)</u>	<u>(82)</u>	<u>-</u>	<u>(85)</u>
At 31 July 2004	<u>10,209</u>	<u>32,176</u>	<u>24,859</u>	<u>67,244</u>
Depreciation				
At 1 August 2003	1,581	4,498	19,868	25,947
Charge for Year	269	837	1,820	2,926
Disposals	<u>(1)</u>	<u>(13)</u>	<u>-</u>	<u>(14)</u>
At 31 July 2004	<u>1,849</u>	<u>5,322</u>	<u>21,688</u>	<u>28,859</u>
Net Book Value				
At 31 July 2004	<u>8,360</u>	<u>26,854</u>	<u>3,171</u>	<u>38,385</u>
At 1 August 2003	<u>8,351</u>	<u>26,425</u>	<u>3,129</u>	<u>37,905</u>

The figures above include assets held for use in operating leases as follows:

	Year Ended 31 July 2004 £000	Year Ended 31 July 2003 £000
Cost	9,254	9,131
Accumulated Depreciation	<u>(885)</u>	<u>(586)</u>
	<u>8,369</u>	<u>8,545</u>

Three properties were sold during the year, giving rise to a gain on disposal of £420,000.

Buildings with a net book value of £16 million and cost of £20 million have been funded by Treasury sources. Should these particular buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum of the Scottish Higher Education Funding Council.

One building with a net book value of £155,081 and a cost of £172,322 has been identified as not being in use and being available for sale.

NOTES TO THE ACCOUNTS - Continued
FOR THE YEAR ENDED 31 JULY 2004

11. INVESTMENTS

	Year Ended 31 July 2004		Year Ended 31 July 2003	
	<u>£000</u>		<u>£000</u>	
Listed Investments	890		920	
Other Unlisted Investments	<u>-</u>		<u>125</u>	
	<u>890</u>		<u>1,045</u>	
	Listed	Unlisted	Total	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Balance at 1 August 2003	920	125	1,045	
Additions	-	-	-	
Provision	-	(125)	(125)	
Appreciation/(Depreciation) on Revaluation	<u>(30)</u>	<u>-</u>	<u>(30)</u>	
Balance at 31 July 2004	<u>890</u>	<u>0</u>	<u>890</u>	
Investments at Cost	<u>629</u>	<u>0</u>	<u>629</u>	

In anticipation of the wind-up of the University Quarter Regeneration Company Ltd, the University has fully provided for this investment of £125,000.

12. DEBTORS

	Year Ended 31 July 2004		Year Ended 31 July 2003	
	<u>£000</u>		<u>£000</u>	
Amounts Falling Due Within One Year:				
Trade Debtors	718		826	
Other Debtors	17		48	
Prepayments and Accrued Income	<u>711</u>		<u>672</u>	
	<u>1,446</u>		<u>1,546</u>	

Included within prepayment and accrued income is an amount of £nil (2003 £nil) which is due after more than one year.

NOTES TO THE ACCOUNTS - Continued
FOR THE YEAR ENDED 31 JULY 2004

13. CREDITORS

	Year Ended 31 July 2004	Year Ended 31 July 2003
	<u>£000</u>	<u>£000</u>
Amounts Falling Due Within One Year		
Bank Loan	193	44
Trade Creditors	285	382
Other Creditors and Deposits	57	487
Social Security and Other Taxation Payable	69	821
Accruals and Deferred Income	<u>4,678</u>	<u>4,445</u>
	<u><u>5,282</u></u>	<u><u>6,179</u></u>

14. CREDITORS

	Year Ended 31 July 2004	Year Ended 31 July 2003
	<u>£000</u>	<u>£000</u>
Amounts Falling Due After More Than One Year:		
Bank Loans Repayable After More Than One Year	<u><u>6,367</u></u>	<u><u>660</u></u>

Bank Loans are Repayable as Follows:

Within One Year	193	44
After One and Within Two Years	339	44
After Two and Within Five Years	1,017	132
After Five Years	<u>5,011</u>	<u>484</u>
	<u><u>6,560</u></u>	<u><u>704</u></u>

The University has a bank loan of £660,000 at 31 July 2004 which is payable in quarterly instalments of £11,000 to year 2019. This loan is at the London Inter Bank Offered Rate plus 1.016% which is secured by standard security over the University buildings as situated at 3, 5, 7, 9 and 11 Christie Street, Paisley.

The University has a second bank loan of £5,900,000 at 31 July 2004 which is payable in quarterly instalments of £73,750 to year 2025. This loan is at a fixed rate of 5.64% for three years and is secured by a negative pledge prohibiting the University from selling or assigning its assets (except those sold in the ordinary course of business).

NOTES TO THE ACCOUNTS - Continued
FOR THE YEAR ENDED 31 JULY 2004

15. PROVISIONS FOR LIABILITIES AND CHARGES

The university has an obligation in respect of former employees who had 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. The principal assumption is a real discount rate of 2.03% in excess of inflation (2003 2.03%). A liability in respect of employees who transferred to the University in 1996 under TUPE was identified in 2003/2004.

Pensions	£000
At 1 August 2003	7,463
Utilised in Year	(463)
Transfer from Income and Expenditure Account for former employees	956
Transfer from Income and Expenditure Account for employees who transferred in 1996	<u>442</u>
At 31 July 2004	<u>8,398</u>

16. DEFERRED CAPITAL GRANTS

	Funding Council	Other Grants and Benefactions	Total
	<u>£000</u>	<u>£000</u>	<u>£000</u>
At 1 August 2003			
Buildings	12,527	6,009	18,536
Equipment	<u>246</u>	<u>511</u>	<u>757</u>
Total	<u>12,773</u>	<u>6,520</u>	<u>19,293</u>
Cash Received			
Buildings	-	202	202
Equipment	<u>-</u>	<u>454</u>	<u>454</u>
Total	<u>-</u>	<u>656</u>	<u>656</u>
Released to Income and Expenditure			
Buildings	474	191	665
Equipment	<u>82</u>	<u>400</u>	<u>482</u>
Total	<u>556</u>	<u>591</u>	<u>1,147</u>
At 31 July 2004			
Buildings	12,053	6,020	18,073
Equipment	<u>164</u>	<u>565</u>	<u>729</u>
Total	<u>12,217</u>	<u>6,585</u>	<u>18,802</u>

NOTES TO THE ACCOUNTS - Continued
FOR THE YEAR ENDED 31 JULY 2004

17. REVALUATIONS

	Year Ended 31 July 2004	Year Ended 31 July 2003
	<u>£000</u>	<u>£000</u>
Revaluations		
At 1 August	291	268
(Depreciation)/Appreciation of Investments in Year	<u>(30)</u>	<u>23</u>
At 31 July	<u><u>261</u></u>	<u><u>291</u></u>

18. GENERAL RESERVE

	Year Ended 31 July 2004	Year Ended 31 July 2003
	<u>£000</u>	<u>£000</u>
Income and Expenditure Account Reserve		
Balance at 1 August	7,753	8,044
Surplus/(Deficit) after Depreciation of Assets at Cost and Tax	<u>1,018</u>	<u>(291)</u>
	<u><u>8,771</u></u>	<u><u>7,753</u></u>

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

		Year Ended 31 July 2004	Year Ended 31 July 2003
	Note	<u>£000</u>	<u>£000</u>
Surplus/(Deficit) Before Tax		1,018	(291)
Depreciation	10	2,926	2,793
Deferred Capital Grants Released to Income	16	(1,147)	(1,038)
Profit on disposal of tangible fixed Assets		(246)	
Interest Paid		335	431
Interest Received		(473)	(458)
Decrease in Stocks		1	7
Decrease/(increase) in Debtors		100	(426)
(Decrease)/increase in Creditors		(1,046)	753
Increase in Provisions		<u>935</u>	<u>372</u>
Net Cash Inflow from Operating Activities		<u><u>2,403</u></u>	<u><u>2,143</u></u>

NOTES TO THE ACCOUNTS - Continued
FOR THE YEAR ENDED 31 JULY 2004

20. RETURN OF INVESTMENTS AND SERVICING OF FINANCE

	Year Ended 31 July 2004	Year Ended 31 July 2003
	<u>£000</u>	<u>£000</u>
Other Interest Received	473	458
Interest Paid	<u>(335)</u>	<u>(431)</u>
Net Cash Inflow from Returns on Investments and Servicing of Finance	<u>138</u>	<u>27</u>

21. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS

	Year Ended 31 July 2004	Year Ended 31 July 2003
	<u>£000</u>	<u>£000</u>
Purchase of Tangible Fixed Assets	(3,477)	(3,773)
Sales of Tangible Fixed Assets	442	
Purchase of Investments	-	(50)
Receipts from Sales of Investments	-	7
Deferred Capital Grants Received	<u>656</u>	<u>1,213</u>
Net Cash outflow from Capital Expenditure and Financial Investment	<u>(2,379)</u>	<u>(2,603)</u>

22. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Year Ended 31 July 2004	Year Ended 31 July 2003
	<u>£000</u>	<u>£000</u>
Debt Due Beyond a Year:		
New Secured Loans Repayable by 2025	5,900	0
Repayments of Amounts Borrowed	<u>(44)</u>	<u>(44)</u>
Net Cash Inflow/(Outflow) from Financing	<u>5,856</u>	<u>(44)</u>

23. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2003	Cash Flows	At 31 July 2004
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Cash at Bank and in Hand	1,102	6,018	7,120
Debt Due within One Year	(44)	(149)	(193)
Debt Due after One Year	<u>(660)</u>	<u>(5,707)</u>	<u>(6,367)</u>
Net Funds	<u>398</u>	<u>162</u>	<u>560</u>

NOTES TO THE ACCOUNTS - Continued

FOR THE YEAR ENDED 31 JULY 2004

24. PENSION SCHEMES

The University participates in three multi-employer defined benefits schemes. It accounts for its pension schemes under Statement of Standard Accounting Practice 24: Accounting for Pension Costs (SSAP 24).

Strathclyde Pension Fund

The Strathclyde Pension Fund provides benefits based on final pensionable salary for employees of local government and some other institutions. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus for the year in the income and expenditure account is equal to the contributions payable to the scheme for the year.

The assets of the Fund are held in a separately administered fund and the latest actuarial valuation of the fund was at 31 March 2002. The assumptions which have the most significant effect of the results of the valuation are those relating to the returns on investments inflation, rates of mortality, early retirements, staff turnover, and the rates of increase in salaries and pensions. For the valuation at 31 March 2002, it was assumed that the overall anticipated long term return for equities would be 6.5% and 5.2% from gilts and bonds. It was further assumed salary scale increases would be 1.5% per annum in real terms and that pensions would increase by 0% per annum in real terms.

At the date of the 2002 actuarial valuation which was carried out using the projected unit method, the market value of the assets of the Fund was £6,040M and the actuarial value of assets was sufficient to cover 108% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The employer's contribution rate payable by the University was 13.8% of the members' salaries until 31 March 2004 and 14.4% until 31 March 2005. The employer's contribution rate payable by the University will be 15% for the year to 31 March 2006. Pension costs in respect of the Fund for the year ended 31 July 2004 were £1,409,000 (2003: £1,213,000).

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 7.4% of members' salaries until 30 September 2003 and 12.5% thereafter and the pension costs to the University in respect of STSS for the year ended 31 July 2004 were £1,706,000 (2003: £1,044,000). 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, a defined benefit scheme which 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. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus for the year in the income and expenditure account is equal to the contributions payable to the scheme for the year.

NOTES TO THE ACCOUNTS - Continued
FOR THE YEAR ENDED 31 JULY 2004

24. PENSION SCHEMES - continued

The latest actuarial valuation of the scheme was at 31 March 2002. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investment (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 5.0% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.0% per annum, including an additional investment return assumption of 1% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. The valuation was carried out using the projected unit method.

At the valuation date the value of the assets of the scheme was £19,938 million and the value of the past service liabilities was £19,776 million leaving a surplus of assets of £162 million. The assets therefore were sufficient to cover 101% of the benefits which had accrued to members after allowing for expected future increase in earnings.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the institution contribution rate will be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years from the date of the valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £82.5 million of the surplus. This left a past service surplus of £79.5m (including the Supplementary Section) to be carried forward.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. The next formal actuarial valuation is due as at 31 March 2005 when the above rates will be reviewed.

The total pension cost for the University for the year ended 31 July 2004 was £32,000 (2003: £26,000). The contribution rate payable by the institution was 14% of pensionable salaries.

25. POST BALANCE SHEET EVENTS

There are no Post Balance Sheet Events to disclose.

26. CAPITAL COMMITMENTS

	Year Ended 31 July 2004	Year Ended 31 July 2003
	£000	£000
Commitments Contracted at 31 July 2004	<u>5,396</u>	<u>82</u>

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 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 normal procurement procedures.

NOTES TO THE ACCOUNTS - Continued
FOR THE YEAR ENDED 31 JULY 2004

28. **MATURE STUDENTS' BURSARY FUND (MSBF) AND HARDSHIP FUNDS (HF)**

	Year Ended 31 July 2004		Year Ended 31 July 2003	
	£000		£000	
	MSBF	HF	MSBF	HF
Funds Brought Forward from Previous Year-	53	41	22	72
Funds Received in Year	412	192	251	220
Expenditure	(230)	(317)	(124)	(347)
Funds Repayable to Funding Body	-	-	-	-
Virements	<u>(142)</u>	<u>142</u>	<u>(96)</u>	<u>96</u>
Funds Carried Forward as at 31 July 2004	<u>93</u>	<u>58</u>	<u>53</u>	<u>41</u>

Mature Students' Bursary Funds and Hardship 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.