

UWS Financial Statements

for the year ended 31st July 2019



UNIVERSITY OF THE
WEST of SCOTLAND
UWS

Introduction from the Principal & Vice-Chancellor



Professor Craig Mahoney
Principal & Vice Chancellor

Welcome to the 2018/19 Financial Statements and thank you for taking an interest in the University of the West of Scotland (UWS). The past year has seen the University continue its recent successes with more great achievements linked to students, staff, teaching, research and global engagement. The University continues to live by its nine truths, and is committed to delivering a student centred, research informed curriculum that helps to transform lives.

It is essential that we continue to provide leading-edge teaching, contemporary and inspirational learning environments, and invest in research so that we can enhance our pedagogy and prepare UWS students for a rewarding future. Our three clear thematic aspirations in Student Success; Research and Enterprise; and Global Engagement enable us to do this and are strengthened by a focus on people, sustainability, and technology to support learning, research and partnerships.

In 2018/19 our status and position in rankings has continued to improve. We were rated in The Times and Sunday Times Good University Guide as Scotland's highest-ranked modern university and as a top 100 UK university. We climbed into the next category in the Times Higher Education's World University Rankings, identified by them as being in their top 500 universities globally. We have also risen ten places to 104th in The Complete University Guide rankings for 2020, as well as eight places to 106th in the Guardian University Guide. UWS is one of the most notable



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climbers this year, which is deserved recognition for the great strides we have made in enhancing the student experience, supporting students to continue their studies to a successful outcome and the success our graduates have in attaining graduate level employment or further study on departure.

UWS is, without question, a sector leader in widening participation and makes an enormous contribution to ensuring the Scottish Government delivers on its ambitions for equality in higher education.

We lead the way in enabling more people from disadvantaged and non-traditional backgrounds have the opportunity to attend university to make a positive difference to their lives. The introduction of free gym memberships for all students at UWS-operated fitness facilities from 2019 is a sector-leading development, being the first of all Scottish universities to offer this. This unique move aims to remove barriers to entry to ensure all students are able to get active and pursue a healthy lifestyle, supporting our commitment to positive mental health and wellbeing. We are hugely proud to open up opportunities and provide positive routes for students to come onto programmes that they are capable of succeeding at, and to make going to university a reality for everyone, irrespective of their background.

The new Lanarkshire campus, finished in 2018, continues to be at the forefront of modern learning environments, providing technology-rich, innovative learning and social spaces to enrich the educational journey of our students. It has been a huge success and recognised nationally; recently being crowned winner of the prestigious 2019 Guardian University Award which recognises the most sustainable

and inspiring higher education buildings in the UK. Sustainability is at the heart of the campus which is powered by 100% renewable energy, making it one of the UK's greenest educational environments. We were delighted to see the campus officially opened by the Rt Hon Nicola Sturgeon MSP, First Minister of Scotland in June 2019.

Through our various global and trans-national education (TNE) partnerships, we are delivering UWS higher education in more parts of the world than ever before, and I remain committed to us becoming one of the largest providers of Scottish higher education across the globe. In the past year new TNE programmes have been delivered in the Seychelles and Malaysia, further expanding our global reach.

These latest financial statements demonstrate our continued investment and growth that will ensure our academic excellence and student success long into the future. However, these are challenging times and UWS must face these head on. We must work hard to ensure that we seek out, and take advantage of, innovative approaches to partnership, and develop new and sustainable income streams to support the mission of the institution. Through the hard work of colleagues and partners, UWS is creating a significant impact on the communities it serves and I am confident that progress will continue in the coming years.

Strategic Report

Dream, Believe & Achieve 2017-2020

The UWS Corporate Strategy 2017-2020 sought to dream, believe and achieve.

Our Purpose	Our purpose is to change lives, transform communities and encourage enterprise through outstanding, distinctive and progressive higher education. Our focus is on personalised learning experiences supported by internationally recognised research. UWS graduates will be work-ready and contribute locally and globally.		
UWS Truths	We are here for our students.	We are a knowledge-rich organisation.	Our teaching is our passion, and it reaches to the future.
	We understand that a graduate career is important to our students.	We believe in partnership with business (private, public and global).	We are an international university.
	UWS is a great place to work and study.	We are an inclusive organisation that welcomes and values diversity.	UWS is a university that dares to be different.
We will do this by:	<ul style="list-style-type: none"> • Providing student-centred, personalised and distinctive learning and teaching experiences underpinned by professionally relevant research, knowledge exchange and enterprise. 		
	<ul style="list-style-type: none"> • Fostering the resilience and learning skills of our students by providing a supportive, encouraging and inspirational learning environment. 		
	<ul style="list-style-type: none"> • Developing a culture where our people are supported to be highly motivated, creative and collaborative. 		
	<ul style="list-style-type: none"> • Making a difference to the communities we serve - in Scotland and across the globe. 		
	<ul style="list-style-type: none"> • Taking managed, intelligent risks to benefit our student experience and organisational performance. 		
	<ul style="list-style-type: none"> • Being a proudly different university where ambition and success are at the heart of what we do. 		
Strategic Priorities	Student Success	Research Enterprise & Engagement	Global Reach
Enablers	People	Financial Sustainability	Learning & Research Environment

UWS highlights of 2018-19...

TOP 150

THE Young University Rankings



- *Top in Scotland*
- *4th in the UK*

TOP 500

THE World University Rankings



- *In 2019 UWS was recognised in the top 500 universities worldwide*

£955 million

UWS delivered £955m gross value added to the UK economy in 2017-18, from teaching, research, knowledge exchange, employment

95.5%

95.5% of UWS graduates in work or further study 6 months after graduating (DLHE 2016/17)

89.6%

Overall student satisfaction at UWS was 89.6% in the 2018 iGraduate survey

SCOPE AND SCALE:

19,900 Students

(HEADCOUNT)

2,514 in Ayr / 402 in Dumfries

4,184 in Lanarkshire

8,298 in Paisley

1,332 in London

1,385 Staff

(HEADCOUNT)

Recognised in the TOP 100 universities and ranked in the TOP 3 Scottish universities for teaching excellence (Times/Sunday Times Good University Guide 2019)

THE TIMES
THE SUNDAY TIMES

GOOD
UNIVERSITY
GUIDE
2019



LAUNCH OF NEW LANARKSHIRE CAMPUS:

GUARDIAN AWARD FOR SUSTAINABLE BUILDINGS THAT INSPIRE

FUJITSU

Creation of Fujitsu Innovation Hub



MISSION DISCOVERY PROGRAMME DELIVERED in partnership with the International Space School Education Trust (ISSET)

£1.5m

novosound: £1.5 million investment in UWS spin-out

140

NATIONALITIES ACROSS OUR FIVE CAMPUSES

3,500

INTERNATIONAL STUDENTS

5 CAMPUSES

4 campuses in the heart of west central Scotland in Ayr, Dumfries, Paisley & Lanarkshire and 1 campus in central London

Strategic Report

Dream, Believe, Achieve

Dreaming, Believing, Achieving marks the progress of the University of the West of Scotland in 2018-19 against corporate aims and aspirations, and preparations for focused activity in 2019-20.

The Corporate Strategy was refreshed in 2017 in recognition of the significant changes in the external environment since the creation of the 2014 strategy.

Throughout this period the University's ambition has not changed and the focus on excellence in delivery and growth has been met.

During 2018-19, the University undertook a comprehensive rebalancing exercise to ensure that the University allocated the resources necessary to fully deliver on the ambitions in the Corporate Strategy. Like many universities, UWS faced significant pressures in relation to inflation, wage increases, a 7% real terms decrease in SFC grant funding since 2014/15 and as yet unmet non-government income growth targets. The rebalancing project focussed on reviewing structures and staffing to align functions and activities with priorities to improve efficiency. Through these changes, the number of schools were reimagined to four from five and some professional services departments were consolidated. The other significant focus of rebalancing was on driving income growth.

During 2018-19, the structure and focus of the International Centre was overhauled to reinvigorate non-EU student recruitment. The Centre deepened partnerships with key recruitment agents including embedding a key agent partner at the UWS Paisley Campus and increasing engagement with international embassies and consulates in a revised set of key international markets. There is already evidence of an impact from this with applications increasing by 25% and offers increasing by 38% year-on-year.

To increase the attractiveness of the UWS academic portfolio, a portfolio review was launched in 2018 identifying initially undergraduate programmes which were not meeting intake targets, expectations on student satisfaction or delivering the high graduate outcomes expected. A number of programmes were removed or refreshed following this review and a similar exercise will be conducted for postgraduate taught provision in 2019-20.

2018-19 also saw the culmination of the Lanarkshire Campus project with the campus welcoming students in September 2018. The campus represents not just significant investment in the University's presence in Lanarkshire, but a commitment to cutting-edge pedagogy and evidence of the impact of enhancement in learning and teaching styles and spaces which can be replicated across the rest of the University's campuses.

The University has seen the realisation of its dreams and beliefs in the creation of a new campus, international recognition in its excellence and growth in the size and diversity of our student and academic portfolio.



Strategic Report

Performance

The Corporate Strategy Refresh 2017-20 set three thematic aspirations: student success, global engagement and research and enterprise.

Over the period of the Corporate Strategy, progress has been made across each of these themes – at times meeting and exceeding key performance indicators.

At August 2019, UWS has exceeded 2019 milestone targets for three KPIs, has made positive progress on three KPIs and has not met four KPI targets.

AREAS OF SUCCESS

The key success indicators to 2019 are:

- **Graduate outcomes:**

UWS creates successful graduates. UWS graduates secure professional-level employment or gain entry to further study upon graduation. In 2018, the Destination of Leavers in Higher Education survey reported that 85.7% of UWS graduates had secured a positive outcome in professional or managerial employment or study, an increase from 77.1% in 2014-15 and exceeding the KPI target of 81.5%.

- **Global recognition:**

UWS is recognised as one of the best universities in the world. In 2019, the Times Higher Education World University Ranking ranked UWS as amongst the 500 best universities in the world, demonstrating rapid improvement from 2016 when UWS was recognised in the top 800 in the world. Nationally, the Times/Sunday Times Good University Guide 2019 ranked UWS as 92nd in the UK, with UWS the highest ranked post-92 in Scotland. UWS also rose 8 and 10 places respectively in the Guardian University Guide 2020 and Complete University Guide 2020.

- **Engagement with business and industry:**

the University exceeded targets for engagement with business and industry in 2018-19, establishing formal partnerships with 37 businesses. Since 2018, there has been a dramatic increase in the number of Knowledge Transfer Partnerships led by UWS. From an average of 3 KTPs initiated per year between 2013 and 2015, UWS launched 9 KTPs in 2019 and currently supports 25 partnerships (worth £5m).

- **Global engagement:**

While UWS has not met its strategic targets for 17% of students at UK campuses to be international, there has been strong progress towards the stretch-targets non-EU recruitment set in the corporate strategy. At August 2019, the number of non-EU students at UK campuses was 1575FTE. This represented an increase of 95% since 2015-16 (807FTE). The refocused approach to international recruitment for 2019-20 has begun to impact and the September 2019 intake to Scottish campuses was 70% higher than 2018.

Strategic Report

Performance / Areas for progress

- **London Campus:** The London Campus has grown and diversified since its launch in 2015. In 2018-19, over 1,200 students were studying on six programmes across four schools. While predominantly recruiting non-EU students, 8% of students at the London campus were from the UK.
- **Enterprising growth:** In 2018-19, UWS secured £10.0m of new research and enterprise awards, an increase of 41% on the previous year (£7.01m) and just short of the Corporate Strategy target of £10.2m. Particular success in the growth of KTPs and success in securing funded graduate apprenticeships has boosted the award value. This income will flow through over the next (up to) 4 years.
- **Income generation:** Critical to UWS's success is generating increased income from non-governmental sources, particularly from student tuition fees, business partnerships and transnational education. While there are areas of growth, non-governmental income of £42.9m in 2018-19 was slightly down on previous year (2017-18: £43.3m).
- **Research income:** Research income is £3.3m for 2018-19. Awards for pure research have reduced from £2.57m in 2017-18 to £1.97m in 2018-19, indicating that research income will reduce through 2019-20.
- **Retention and progression:** In reporting year 2018/19, 82.9% of UWS students were forecast to receive a degree or successfully transfer to another institution to continue their studies. Whilst there has been considerable improvement in retention and progression at UWS, this was a 1% reduction on 2017/18 and below the target of 83.8%

AREAS FOR PROGRESS

While there have been many areas of success and growth, there remain a number of priorities for improvements, including the following four indicators:

- **Student satisfaction:** In NSS 2019, 84.2% of respondents were satisfied with their experience at UWS. This failed to meet the institutional KPI (92.5%) and was a slight reduction on the 84.9% satisfaction achieved in 2018. The UWS satisfaction equalled the Scottish sector average of 84.2%. While student satisfaction increased for students studying at the new Lanarkshire Campus (88.6% of students at Lanarkshire were satisfied with their experience), satisfaction dropped at Paisley (84.3%) and Dumfries (80.8%) and remained very low at Ayr (77.4%). A more targeted approach to improving student satisfaction will be launched in 2019.





Strategic Report

Achieving it / Priorities for 2019-20

To continue to deliver against the Corporate Strategy objectives in 2019-20, UWS will focus on a suite of strategic priorities. A focused approach will enable the University to overcome the significant challenges faced in the external and funding environment and to remain true to the University's corporate purpose, aims and truths.

In 2020, UWS will launch its new Corporate Strategy 2020-2025. The strategy has been developed through 2018-19 in an iterative, consultative approach with engagement across staff and students at each campus to shape the direction of the organisation.

In line with the current Corporate Strategy 2017-20, the priority actions will fall within the three thematic aspirations.

STUDENT SUCCESS

- Student-facing systems review: UWS currently has a suite of student-facing systems including Moodle, Banner, MyJourney and MyDay. In 2019-20, a cross-institution project will be led to develop more effective, efficient, student-friendly processes and system interfaces to improve the student experience.
- Digital Experience: A Digital Experience Group was established in 2019 to create a learning environment within the University where the digital capabilities of staff and students can develop and flourish; where technology solutions are provided to enhance the student experience; and staff are sufficiently skilled to exploit the features of the available technologies to enhance learning. This group will oversee the significant overhaul of the virtual learning environment in 2019, the introduction of a 'Digital Skills module for delivery to students in all Schools, greater continuing professional development in digital skills including the Fujitsu Ambassador programme, and the introduction of a Certificate of HE in Digital Learning Design from October 2019.
- Student recruitment growth from the rest of the UK (RUK): A project was launched in 2019 to review UWS's approach to recruitment of students from the rest of the UK. This project will be implemented in 2019-20 and will take a student-centred approach to student recruitment. Student Ambassadors will lead recruitment events, meet potential applicants and mentor prospective students. This approach will seek to increase recruitment of undergraduate students from across the rest of the UK and to improve the student experience.
- Enhancement-led Institutional Review (ELIR): 2019 is the UWS Year of ELIR, an externally-led review of the University's quality and standards. The University has prepared and submitted a self-evaluative reflective analysis and will host an external review team in October and November 2019 to assess the institutional performance in maintaining academic standards and enhancing the student learning experience.

Strategic Report

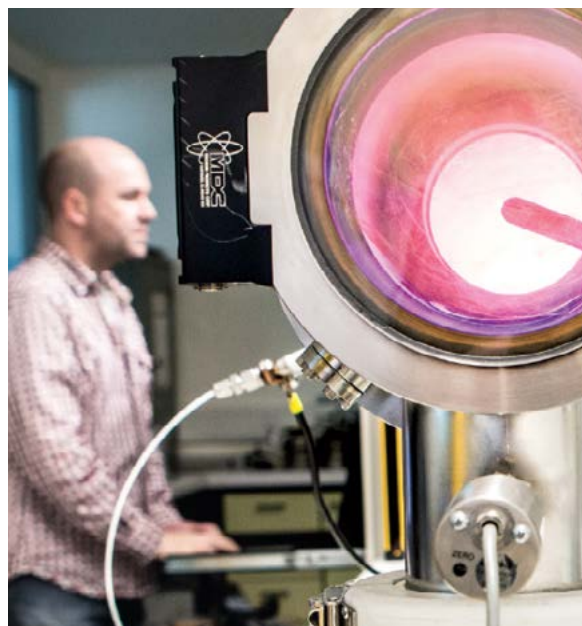
Priorities for 2019-20

RESEARCH AND ENTERPRISE

- **Continuing Professional Development (CPD):**
A project was launched in 2019 to evaluate and implement the optimal approach to generate a significant income stream from CPD activities in 2019-20. During 2019-20, a project team led by the Vice Principal Academic will deliver an additional £500,000 contribution from CPD through implementation of a software platform for online CPD, develop engagement with China's State Administration for Foreign Expert Affairs (SAFEA) as an official training partner, and develop a suite of high-value CPD offerings.
- **Knowledge Transfer Partnership (KTP) Centre:**
In 2019, UWS will establish a KTP Centre and assume all pre - and post - award responsibility. This will ensure the University can continue to grow and support the extent of knowledge transfer partnership activity and become the largest provider of KTPs in Scotland. This Centre will also provide scope for UWS to supply services to other universities as further income generation.
- **REF2021:** In preparation for the Research Excellence Framework (REF) assessment 2021, UWS will undertake a suite of staff engagement sessions, initiate a drive on research publications, and support REF Unit of Assessment Leads in developing effective impact and environment statements.

GLOBAL ENGAGEMENT

- **Interdisciplinary masters:** UWS will launch a suite of industry-focused, employment-driven interdisciplinary masters aimed at increasing international student recruitment to the Scottish campuses. The masters programmes will launch in 2020 to provide opportunities for upskilling in biotechnology and music industries. These areas have been identified as growth opportunities, and an innovative delivery model, based around a common core of business and management modules including finance, people, strategy, operations management, marketing and leadership, (all with an industry focused specialism and placement) are intended to appeal to international markets.
- **London Campus:** In 2019-20, UWS will select a new delivery partner to support the recruitment to and running of the UWS London Campus. This new partnership will provide the opportunity for enhanced learning spaces, improved efficiencies, and the delivery of an excellent student experience.



Strategic Report

External environment and managing strategic risk

The University faces a number of strategic risks which could affect its academic, professional and commercial ambitions. The identification and mitigation of risk is a responsibility of all across the University, with effective considerations of risk appetite at each level.

Risk is an accepted element in the conduct of all of the University's activities and is driven by both internal and external factors. Formal consideration of risk appetite and the Corporate Risk Register is monitored by the Vice Chancellor's Executive Group, the Audit and Risk Committee and the University Court are important elements of ensuring the risks taken are commensurate with the University's ambition and mitigating actions are taken.

In 2019-20, institutional risk is heavily influenced by external events and this document identifies some of the actions that will be taken during 2019-20 to help mitigate these risks.

SFC AND SCOTTISH GOVERNMENT FUNDING

UWS receives 64% percent of its overall funding from the Scottish Funding Council. This places UWS at particular risk of changes in government funding priorities.

Since 2014-15, funding for universities from the SFC has reduced by 7% in real terms, and universities recovered only 92.4% of the full economic cost of publicly-funded teaching (a reduction from 94.2% in 2014-15 and 93.1% in 2016-17).

UWS has secured an above-average increase in income from the SFC, representing an uplift of £1.5m or 2% in 2019-20, however this is not commensurate with the annual increase in costs in salary uplifts and pension contributions.

The University also has a substantial number of Scottish students deemed as 'fees only'.

These students attract only the SAAS tuition fee (£1,820) and the University do not receive the SFC teaching grant for these students. In 2018-19, c. 12% of the Scottish student population was enrolled on a fees-only basis, equating to a loss of income of c. £6.5m if these students were fully-funded. The UWS fees-only student population contributes significantly to the achievement of Scottish government targets for increasing recruitment of widening access students, but places considerable challenges on UWS resources and capacity to deliver.

In 2019-20, the University will need to carefully balance the commitment to supporting Scottish government priorities within its corporate planning activities.

REBALANCING

A rebalancing resources project was launched in 2018 to ensure that the University allocated the resources necessary to fully deliver on the ambitions of the Corporate Strategy in a changing environment.

There were a number of key drivers for this work: the pressures of inflation, wage increases, the challenges associated with grant funding, the high proportion of fees-only students at UWS, uncertainty around Brexit and the increased costs in respect of pension funds.

Taken together, these challenges mean that in order to maintain and invest in the student experience, UWS must reduce costs across all areas of expenditure while maintaining efforts on growing income. A prudent and long term

Strategic Report

External environment and managing strategic risk

approach to financial planning, and rebalancing of costs will enable UWS to continue to thrive, grow and deliver exceptional learning, teaching, research, and innovation opportunities for our students and communities.

The rebalancing review agreed savings from the recalibration of services and schools, adjustments to staffing numbers, and adoption of alternative processes to secure savings from operational expenditure.

BREXIT AND UNREGULATED STUDENT RECRUITMENT

The UK departure from the EU places significant risks on the higher education sector. The unpredictability of the Brexit negotiations and the risk of the UK leaving the EU with no deal risks instability.

UWS has sought to prepare for a no-deal scenario by preparing staff and student communications and a review of travel guidance, insurance and visa regulations.

Colleagues across UWS engaged with post-Brexit planning through the annual operational planning process, supported by workshops looking at the potential impact of Brexit on domestic student recruitment, research partnerships and international collaboration.

During the period since the Brexit referendum, the number and percentage of EU students studying at a UWS UK campus has increased from 1,166 (7.8%) in 2016-17 to 1408 (8.9%) in 2018-19. The EU population is forecast to decrease in 2019-20, however, with a smaller intake of EU students in 2019-20.

The announcement from the Scottish Government on the guarantee of continued support for EU students who enter in 2020 and the UK government's commitment to under-writing engagement with the European

Research Councils are welcomed, however there remains longer-term uncertainty. EU students are currently treated as equivalent to Scottish-domiciled students for SFC funding purposes and c. £90m per year of SFC funding supports EU students studying at Scottish universities. There are considerable risks of this funding being reallocated from universities post-Brexit. EU recruitment to UWS Scottish campuses equates to c. £4m of SFC income. If the SFC retain this funding and maintain the number of funded places, competition amongst Scottish universities to recruit and fill these places from Scottish-domiciled students could also pose a risk to UWS's ability to meet the intake targets. UWS has sought to strengthen partnerships with EU universities throughout 2018-19 and to bolster the marketing and recruitment service through the process of rebalancing.

UWS has considerable ambitions for non-EU, unregulated student recruitment. The removal of EU students from SFC-funded places presents the opportunity to recruit these students from a new, potentially lucrative market for international student growth. The UK government has also adopted a more positive tone on attracting international students to study in the UK.

The UK government has set an ambition for the number of international students studying in the UK to grow to 600,000 by 2030 in its International Education Strategy. The Strategy, launched in March 2019, has been seen as a turnaround in UK Government rhetoric towards international students after nine years of an expressly negative policy environment. Analysis by the HE Policy Institute forecast that the reduction of the value of the pound since the Brexit vote in 2016 had also made Britain a more attractive destination for international study, and that 20,000 more non-EU students (+9%) and EU students (+10%) each year would study in the UK.

Strategic Report

Sustainability / Equality & Diversity

The UWS Social Responsibility Statement describes the UWS commitment to making a difference to the social and economic well-being of our communities through our teaching, research, public events and activities. We want to make a difference where we can and to inspire our students and staff to contribute to a sustainable and socially responsible environment at the University and beyond.

UWS is committed to institutional sustainability through promoting healthy approaches to travel, environmentally-friendly decisions for catering, preparing for climate change and adopting sustainability as a key criteria in developing infrastructure.

Reduce carbon emissions by 20%
Achieved 3 years ahead of schedule

UWS is committed to reducing its carbon footprint. The University achieved its corporate target to reduce carbon emissions by 20% (compared with the 2012/13 baseline) three years ahead of the target date of 2020. UWS's carbon footprint was 8,254 tonnes of CO₂e in 2017/18, a 4.6 percentage point reduction from last year and 25.5 percentage point reduction from the baseline.

One of the most environmentally damaging activities is developing new physical infrastructure. In line with the University's carbon and sustainability commitments, the new Lanarkshire Campus was designed with several sustainability features:

- The campus is 100% carbon neutral for energy;
- A partnership with First Bus provides state of the art public transport directly to campus;
- Extensive cycling infrastructure with parking for 100 bikes including a secure compound, showers and lockers;

- All pool cars will be 100% electric; and
- Electric vehicle charging posts are on site.

The Lanarkshire Campus was recognised in 2019 as an exceptional example of sustainability in practice, winning the 'Sustainable Buildings That Inspire' award at the Guardian University Awards 2019.

Equality and Diversity

The University policy on Equality and Diversity outlines our commitment to and approach to promoting equal opportunities for both students and staff with protected characteristics, including disabled persons. The University aims to:

- Promote equality of opportunity for all staff and students;
- Promote understanding between those who share a protected characteristic and those who do not; and
- Prevent discrimination in employment and in the provision of the University's services

UWS welcomes the opportunity to make a difference in how we deliver equality and diversity in Scotland and supporting those individuals with protected characteristics to ensure that they have the same opportunities as others to be free of any form of unlawful discrimination.

Strategic Report

UWS is committed to improving the gender balance throughout the organisation from governing body through to the student population. There has been significant progress in this: in 2019, 55% of all University Court members were females and the University Leadership Team had reached 50%, a significant increase from 35% in 2014-15.

There has been progress in establishing support networks and raising the profile of staff with protected characteristics during 2018, including the launch of the LGBT+ staff network (UWSLiberty) who have helped drive partnership work with Stonewall to integrated best-practice approaches and represented the University at public events such as pride.

We have achieved recognition in our work with widening participation, developing family friendly policies and ensuring that we have a safe campus for staff and students. We strive to ensure that all protected characteristics are supported at the University.

To support diversity in the student body, UWS published a Gender Action Plan seeking to reduce gender imbalances in some key subject areas. There has been some progress in attracting more male students to study teacher training, to reduce the gender imbalance in the teaching population. In 2018-19, the proportion of males studying teacher training increased from 7.6% to 16.3%.

UWS is committed to supporting students with care experience to enter higher education, and in 2018-19 welcomed 55 new entrants to the University, an increase of over 10%. This is supported and enabled by a contextual approach to admissions and a commitment to the University's Corporate Parenting responsibilities.

As we continue to develop as a 21st century University, we will embed further examples of good practice to ensure that we support our staff and students to be free of discrimination, harassment and victimisation. We continue to support a culture of diversity and inclusion as well as embedding equality and diversity in our institutional policy framework.

Disability

The University is committed to promoting opportunities for both students and staff with disabilities.

As part of the University's Public Sector Equality Duties, UWS committed to being fully inclusive for disabled people. A key element of this is assessing the campuses against the 'AccessAble' framework, a good-practice guide.

The development of the new Lanarkshire Campus was a significant support to this, providing a modern, flexible and fully-accessible learning, teaching, research and social space which is benefitting staff, students and stakeholders who can utilise our facilities.

The University provides a range of services to assist and support students with identified disabilities to enable them to pursue their studies. Around 10% of UWS students declare a disability during their studies. Students with disabilities are supported in their studies and in wider-integration and support at university through the Disability Service and support services embedded across the schools. This integrated set of support is having a positive impact, with retention rates for students with disabilities increasing to 89% (matching the University average) in 2018. This was an increase of 3.7% points from the previous year.

UWS is recognised as a Disability Confident Employer. Our policies cover the recruitment and selection processes, training, awareness and support for applicants and our employees.



Financial Performance Review of the Year

Key Financial Highlights

The results for the year ended 31 July 2019 are summarised below:

	2018/19 £m	2017/18 £m
Income	120.2	112.3
Expenditure	128.6	115.6
Operating (deficit) before other gains	(8.5)	(3.3)
Other items	0.6	0.7
(Deficit) for the year	(7.9)	(2.6)
Cash at bank	16.2	16.3

Results for the year

Overall, UWS remains in a stable financial position despite challenging times and the volatility of international student markets for the whole of the Higher Education sector. The core business activities supporting our Corporate Strategy and the delivery of high quality services to our students continued during 2018/19. Total student numbers in 2018/19 increased slightly on previous year, maintaining income levels, whilst a planned review of the number of Schools and the redesign of Professional Service Departments resulted in reduced costs of delivering services.



Financial Performance Review of the Year

Results for the year

	MANAGEMENT ACCOUNTS	FRS 102 PENSION	FIXED ASSET IMPAIRMENTS	REALLOCATIONS	FINANCIAL STATEMENTS
	£'m	£'m	£'m	£'m	£'m
Total Income	114.9		3.2	2.0	120.2
Salaries	(69.8)	(5.8)	-	0.8	(74.8)
Non-Staff	(34.6)	0.3	-	(0.8)	(35.1)
Depreciation	(10.2)	-	-	(2.5)	(12.7)
Impairment	-	-	(6.0)	-	(6.0)
Total Expenditure	(114.6)	(5.5)	(6.0)	-	(128.6)
Operating Surplus/(Deficit) before other gains	0.3	(5.5)	(2.8)	(0.5)	(8.5)
Gain on asset disposal	-	-	-	-	0.3
Unrealised surplus on investment	-	-	-	-	0.3
Deficit for the year	-	-	-	-	(7.9)

The table above shows the University, as reported in its management accounts (operational financial performance), has an underlying £0.3m surplus, and the adjustments required by FRS102 Financial Reporting Standards are applied to arrive at the £7.9m deficit per the financial statements.

It is important to note, the financial results have been adversely affected by the effect of several one-off planned asset transactions, arising from the revitalised Estates Strategy which aims to deliver a high calibre quality infrastructure, suitable for supporting the teaching, learning and research environment for our students at UWS. Work progressed on proposals for the future use of the now vacant Hamilton Campus site.

This campus site was replaced by a new state of the art campus building in Lanarkshire which became operational for the 2018/19 academic year. An impairment charge of £6.0m (2017/18 £nil) has been recognised this year in respect of three buildings and faulty windows which are in the process of being replaced with the £0.6m cost covered by the contractor, with this £0.6m included in other income. The total impairment charge was offset by the release in year of £3.2m deferred capital grant, resulting in a net impairment charge of £2.8m.

In addition to this there was a non-cash accounting charge of £6.3m (2018: £5.1m) recognised in the SOCI in respect of the Strathclyde Pension Fund.

Financial Performance Review of the Year

Key Financial Highlights

Total income grew by £7.8m (7.0%) to £120.2m (2018: £112.3m). Total income comprises funding council grants, tuition fees and education contracts, research grants, other income, investment income and donations and endowments. Included in Total Income is an additional release of deferred capital grants of £3.2m in respect of the three buildings that were impaired during the year.

Total income represents £96,201 per FTE staff member (2018: £85,226).

- **SFC GRANT INCOME +12.0%**
- **SCOTTISH & EU TUITION FEES +4.7%**
- **OTHER INCOME +2.1%**
- **NON EU TUITION FEES - 7.8%**
- **RESEARCH & CONTRACT INCOME -19.7%**

The University's main source of income is from teaching activities. Scottish Funding Council (SFC) grants recognised in the financial statements reflect the allocations announced in the SFC funding outcome agreements for Universities. In 2018/19 funding council grants of £68.3m were received which represents 56.9% of the University's total income. The University also received a capital maintenance allocation of £1.3m which has been fully recognised in year as it has been utilised for the purchase of capital items below the capitalisation threshold as well as to fund ongoing estates maintenance works.

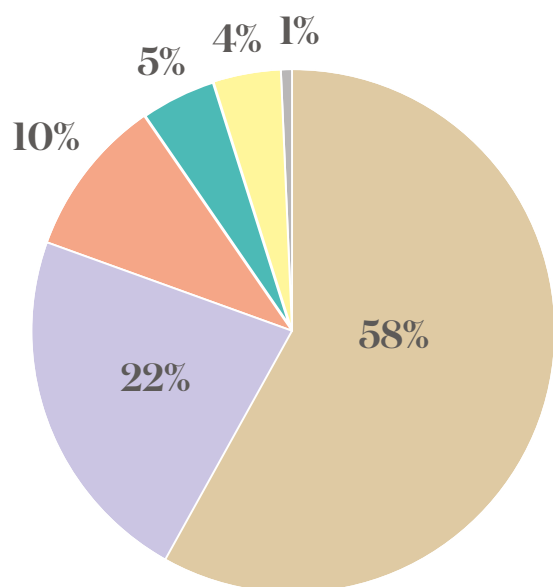
Total tuition fee and education contract income increased by 0.8% from £30.5m in 2018 to £30.7m at 31 July 2019. This reflects the increasingly competitive market for home and overseas students and the government funding arrangements for Scottish and EU students.

Scotland & EU student fee income increased by £0.8m (4.7%) reflecting an improvement in retention of students. Transnational Education (TNE) contracts continue to grow, up 94% to £0.8m (2018: £0.4m), whilst our income from students from the rest of the UK (RUK) remained steady at £1.8m.

Income decreased slightly from non-EU tuition fees, down £0.7m (7.8%) from £8.8m in 2018 to £8.1m in 2019. Income received from Education Contracts decreased 21% from £1.1m in 2018 to £0.9m in 2019.

The level of research grant and contract income decreased by 19.7% from £4.1m in 2018 to £3.3m in 2019. Metrics on application and awards to measure and monitor and improve this important strategic activity are reviewed at each meeting of the Research and Enterprise Advisory Committee.

Financial Performance Review of the Year



Expenditure

Overall University expenditure has increased by £13.0m (11.2%) to £128.6m (2018: £115.6m). Expenditure comprises staffing, restructuring, interest and financing costs, other operating expenses, depreciation of fixed assets and impairment of fixed assets.

- Staff costs
- Other operating expenses
- Depreciation
- Impairment of fixed assets
- Interest and other finance costs
- Exceptional restructuring costs

Staff Costs

Staff costs are the largest element of expenditure for the University and an important resource to ensure the University can provide the right balance between excellent teaching, research and professional support. In the year, expenditure represented 62% of Income (2018: 66%).

Staff costs for the financial year were £74.7m (2018: £73.9m) an increase of 1.1% against an average employee base of 1,249 (2018: 1,318). The overall increase in staff costs reflects legislative increases to employer pension contributions and annual pay and increment awards. In addition, pensions for the year includes the Strathclyde Pension Fund total service costs of £10.0m (2018: £8.0m).

Staff voluntary severance costs in the financial year were £0.8m (2018: £0.9m). The University will continue to manage the cost base and rebalance resource allocations to meet the requirements of the University's future sustainability plans while still delivering the aims of the Corporate Strategy 2020.

Other Operating Expenses

Other operating expenditure increased by 7.2% to £28.9m (2018: £26.9m). The majority of Schools and Departments managed to deliver services within budgetary expectations, reflecting the commitment to financial sustainability and the generation of efficiencies to support the ongoing investment in key resources to secure the growth in income.

However there were unavoidable costs incurred during the year which contributed to the increase in expenditure. These include the additional costs associated with the wind-down of the old Hamilton Campus site, increased utility costs and planned spend on activities which are expected to deliver future income generation.

Interest and other finance costs

Finance interest costs increased by £1.8m in year reflecting the finance leasing costs associated with the Lanarkshire Campus.

Financial Performance Review of the Year

Statement of Financial Position

The University has total net assets of £61.9m as at 31 July 2019 (2018: £87.4m). The decrease in net assets of £25.6m can largely be attributed to the University share of the accounting liability in the Strathclyde Pension Scheme increasing by £20.7m in year to £34.0m (2018: £13.3m) and the impairment of building assets of £9.3m, of which £6.0m was charged to the SOCI and £3.3m was released from the relevant revaluation reserve.

The impairment of buildings follows a management review of current carrying values of land and buildings as part of the Estate Strategy at the Statement of Financial Position date. This review identified three non-operational assets where there was evidence of impairment. The most significant building asset is located at the former Hamilton Campus site, which is currently being redeveloped. Accordingly these asset values were reduced to reflect Management's estimation of their existing market value at the Statement of Financial Position date.

Treasury

Cash at bank and deposits invested at 31 July 2019 was £16.2m (2018: £16.3m). This is after a further drawdown of £5.0m from our revolving credit facility. All treasury decisions are taken within the framework of the University's Treasury Management procedures. The underlying principle is that the University operates a medium-risk approach in managing its investments and liquidity. All funds are placed with bodies agreed by the University and monitored against minimum credit rating criteria and return on performance. Our fund managers ensure compliance with our Ethical Investment procedure, in which the University recognises its responsibility to operate in an ethical manner and to take account of social, environmental and ethical considerations in all activities including financial investment. At 31 July 2019, the University had net liquidity days of 56 (2018: 56) and a liquidity ratio of 0.94 (2018: 0.99), which is in line with expectations given the significant levels of investment.



Financial Performance Review of the Year

Capital Investment / Estates and Facilities

During 2018/19, £15.6m was spent on capital additions. Expenditure on furniture and fittings (£3.7m) relates to the upgrading of IT system and equipment. A further £6.1m was spent on equipping the Lanarkshire Campus building and improving the classroom provision and student areas of other campus buildings as part of ongoing capital projects of the estate and infrastructure. The £6.25m work in progress includes on-going works to the fit out of the science labs at the Lanarkshire Campus and improvements and refurbishment of various campus buildings.

Payment of Creditors

It is the University's policy to obtain the best terms of business from creditors, and thus there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavours to include and abide by specific payment terms. UWS is committed to dealing fairly and professionally with all of our suppliers. We aim to pay at least 95% of invoices within 30 days of receipt of a valid invoice. During 2018/19, 84.7% of invoices were paid within the 30 day target. The amount of interest paid in the year under the Late Payment of Commercial Debts (Interest) Act 1998 was nil.

Pensions

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

The University accounts for the SPF using full defined benefit accounting in accordance with the requirements of FRS 102. Within total net assets is the pension liability in relation to the University's share of assets and liabilities in the SPF. In 2018/19 the liability increased from £13.3m to £34.0m. This reflects an increase in the present value of funded liabilities and past service costs.

The University continues to take the exemption permitted under FRS 102 to disclose the STSS Scheme as a defined contribution scheme as information is not available in order to calculate individual employers' share of the overall deficit. A liability is recognised within provisions for the UWS share of the obligation to fund past deficits within the USS scheme.

The effect of increasing employer pension contributions for each of the Schemes will impact on the staffing cost obligation met by the University. The USS Scheme will see employer contributions increase from 19.5% in 2019 to 24.9% by April 2020. Contributions to the USS Scheme will increase from 17.2% to 23% in September 2019. Whilst the implications of these costs will have an immediate effect on the cost of academic staff in coming years, they have been recognised within financial planning and budget setting processes.

Financial Performance Review of the Year

Financial Sustainability

The fundamental aim of the financial approach within UWS is to ensure the University's long term financial sustainability. The approach ensures financial resources are directed towards priorities, that risks are effectively managed, that value for money is achieved and that UWS is and remains a financially sound and robust University. Aligned with the key Enabling Plans, this financial approach will enable the University to achieve the aims of the Corporate Strategy 2020.

The key performance indicators (KPI) included in the Corporate Strategy 2020 inform the financial forecasts of the University. Our progress and achievements in delivering the KPIs has a direct influence on the financial performance of the University which is measured through regular monitoring and review of the key financial metrics of the University relating to: staffing, income and income sources, surplus generation, cash flow, borrowings and cost control.

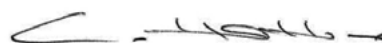
FUTURE DEVELOPMENTS

UWS is financially sustainable but takes full cognisance of the future challenges that lie ahead for the Higher Education sector in Scotland and beyond.

The University is committed to maintaining its growth in income over future years. These targets have been developed to reflect the ambitions of the Corporate Strategy 2020, but whilst these are recognised as challenging, they are believed to be both realistic and achievable. Our refreshed Corporate Strategy 2020–2025 will continue to develop these themes.

UWS is clearly able to demonstrate its ability to grow income from new sources, although this is arguably far more challenging for post-92 universities in Scotland than for older institutions. Overcoming this challenge combined with rigorous cost containment and a strong financial reporting framework will underpin the University's long term financial sustainability.

However, UWS is not complacent and acknowledges that there are a number of risks and uncertainties, identified earlier, which can impact on the future achievement of corporate objectives.



Waiyin Hatton
Chair of Court

Date: 20 November 2019



Statement of Corporate Governance

Introduction

The University Court of the University of the West of Scotland ('Court') is committed to best practice in all aspects of corporate governance, including the principles set out in the Scottish Code of Good Higher Education Governance.

STATEMENT OF COMPLIANCE

In the opinion of the Governing Body, the University complied with all the principles and provisions of the 2017 Scottish Code of Good Higher Education Governance through the year.

EXTERNAL REGULATORY FRAMEWORK

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

Governing Body Structures

The University of the West of Scotland is formed as a "body corporate" under the terms of a statutory instrument. The University's constitutional basis is contained within the University of the West of Scotland (Amendment to the University of Paisley (Scotland) Order of

Council 1993) Order of Council 2015. A new Order of Council was developed during the 2018/2019 academic year and comes into effect on 1st October 2019.

The University is also a registered charity in Scotland with the Office of the Scottish Charity Regulator (SC002520).

UNIVERSITY COURT

The Court of the University is the supreme governing body of the University, collectively responsible for overseeing the institution's activities, determining its future direction and fostering an environment in which the institutional mission is achieved and the potential of all learners is maximised. Court met four times in 2018/19.

PRIMARY RESPONSIBILITIES OF THE COURT

The Primary Responsibilities of Court reflect the requirements of the revised Scottish Code of Good HE Governance:

- To protect the reputation and values of the institution;
- To ensure, in conjunction with the Senate, the quality of the institution's educational provision and adequate provision for the general welfare of students;

Statement of Corporate Governance

- To approve the mission and strategic vision of the Institution, its strategic plan, key performance indicators (KPIs) and annual budgets, ensuring that they have due regard to the interests of students, staff and other stakeholders, and monitoring performance in terms of these;
- To appoint the Principal & Vice-Chancellor as the Chief Executive Officer of the University and put in place suitable arrangements for monitoring his performance;
- To appoint the Secretary to the governing body; and
- To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk management, means of evaluating the governing body's own performance and clear procedures for handling internal grievances and "whistleblowing" complaints and for managing conflicts of interest.

The maintenance and integrity of the University's website is the responsibility of Court; the work carried out by the auditor does not involve consideration of these matters, and accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Committee Structures

In executing its powers, at its meeting in April 2019, Court approved a refreshed Scheme of Delegation outlining which matters are reserved for Court and those which can be formally delegated to its Committees. The University Court retains ultimate responsibility for the conduct of the University, however much of the detailed work is delegated to the following standing committees of Court:

The Policy and Resources Committee met four times in 2018/19. The Policy and Resources Committee oversees the strategic policy, people and financial responsibilities of Court, makes recommendations to Court on the University's annual review and capital budgets and monitors performance in relation to approved budgets. It ensures compliance with the SFC Financial Memorandum and maintains an oversight of student numbers and people resource monitoring.

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

The Audit and Risk Committee met four times in 2018/19. The Audit and Risk Committee oversees the audit arrangements for the University, including the appointment of the external auditor and is responsible for monitoring the effectiveness of both internal and external audit.

Statement of Corporate Governance

Committee Structures

The Committee considers detailed reports on the University's systems of internal control which support core business activities including governance arrangements; risk management; financial management; organisational and service performance, including value for money, as well as the audit of the University's annual financial statements.

The Remuneration Committee met four times in 2018/19. The Remuneration Committee has delegated responsibility from Court for approving the remuneration of the Principal and Vice-Chancellor and all members of the Vice-Chancellor's Executive Group. Details of the remuneration of higher-paid staff are set out in Note 7 to the financial statements.

The work of the Remuneration Committee is governed by a clear remuneration framework, approved annually by Court and is informed by benchmarking data and comparator information on salaries and other benefits and conditions of service in the HE sector.

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

The Governance & Nominations Committee met three times in 2018/19. The Governance & Nominations Committee has responsibility for maintaining oversight of corporate governance

arrangements and considers nominations for vacancies in the Court membership having regard to the balance of skills, experience and attributes required.

The Governance & Nominations Committee keeps the balance of diversity, skills and experience of Court members under review and maintains a skills matrix. The Committee reviews the skills matrix at least annually to identify any gaps and to ensure that the breadth and depth of skills and experience, which Court requires to discharge its responsibilities effectively, continues to be reflected in its membership.

Attendance of Court members is reviewed annually by the Governance & Nominations Committee. An analysis of attendance during 2018/19 is set out at page 35.

The Health, Safety and Sustainability Committee met three times in 2018/19. The Health, Safety and Sustainability Committee advises the Court on all matters relating to health and safety and environmental management within the University and promotes an evolving and proactive culture in health and safety and sustainability and environmental management throughout the University.

Statement of Corporate Governance

Key Governance Activities of Court during 2018/19

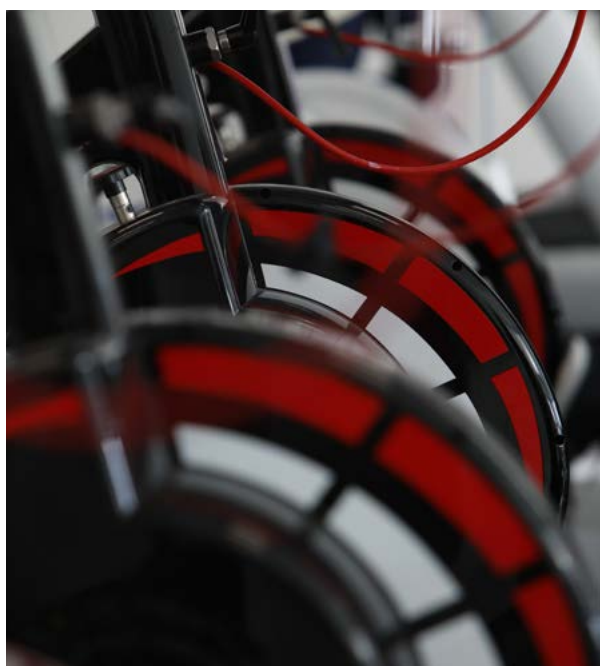
SENATE

The Court delegates powers to the Senate in relation to the academic matters of the University.

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

Senate is also able to establish and delegate authority to sub committees of Senate for a number of areas of its work.

Senate is accountable to Court and submits regular reports on its work to Court during the course of the year. Members of Court are invited to attend meetings of Senate as observers.



KEY GOVERNANCE ACTIVITIES OF COURT DURING 2018/19

Court held a workshop to consider the development of a new UWS Corporate Strategy and a strategic residential event.

During the 2018/2019 financial year, the University Court engaged with a number of key governance activities including:

- Approval of a new University of the West of Scotland Order of Council;
- Revised Standing Orders of Court;
- Revised Standing Orders of Senate;
- Revised Scheme of Delegation;
- Process for the appointment of Trade Union Representation on Court;
- Process for the appointment of a Chair of Court; and
- Revised Financial Regulations.

In line with good practice, and an expectation of the Code, a range of activities are undertaken to review the effectiveness of the Court, including members' self-evaluation, 1-1 meetings with the Chair and a review of the overall effectiveness of Court. An externally facilitated review of effectiveness will be undertaken early in the 2019/2020 academic year.

Statement of Corporate Governance

Key Officers of the University

CHANCELLOR

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

THE CHAIR OF COURT

The Chair of Court is responsible for the leadership of the governing body and is ultimately responsible for its effectiveness. The Chair's responsibilities are set out in the Court Handbook and in the role description, which are published on the University's website.

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

The Chair of Court meets with the Chairs of the Court Standing Committees in advance of each meeting of Court which enables the Chairs to raise any issues about the conduct of their committees' business. There is a Vice Chair of Court and an independent intermediary member who is a point

of contact for governors in the event that a Court member wishes to raise an issue regarding the Chair of Court. This is in addition to the annual appraisal process for the Chair of Court.

The Secretary to Court meets regularly with the Chair of Court to ensure that the conduct of Court business is carried out in accordance with the Standing Orders, meetings are properly clerked and that minutes are produced timeously. Court minutes are published on the University website. (www.uws.ac.uk/about-uws/governance/court/meeting-minutes/).

PRINCIPAL AND VICE-CHANCELLOR

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



Statement of Corporate Governance

Governor Development

LEADERSHIP AND MANAGEMENT

The Vice-Chancellor's Executive Group is responsible for the day-to-day management of the University. Each member of the Executive has clearly defined, functional roles contributing to strategic policy and decision making relating to all areas of the University. Teaching and Research are grouped into Academic Schools and are supported by a number of Professional Service Departments.

The Schools are the cornerstones of academic life at the University, offering high quality programmes, professional training courses, research opportunities and consultancy services. The Schools also host the research excellence of individuals and groups to consolidate the University's success in attracting major grants, further develop collaborations across the University and with partners within and outside Scotland, and work with end-users in the public and private sectors.

MEMBERS OF VICE-CHANCELLOR'S EXECUTIVE GROUP

The members of the Vice Chancellor's Executive Group consist of: Professor C Mahoney (Principal and Vice Chancellor), D McMillan (University Secretary & Registrar), T Gabriele (Chief Finance Officer), Professor E Mesbahi (Vice Principal and PVC (Academic)), K Wittneben (Vice Principal & PVC (Advancement)), J Maguire (Executive Director of HR), Professor S Olivier (Provost & Deputy Vice-Chancellor), M Ross (Executive Director of Strategic Planning and Marketing, Recruitment & Engagement).

GOVERNOR DEVELOPMENT

The members of Court consist of lay members, students and staff. The University is committed to governor development and sees it as an important part of the infrastructure to sustain high quality governance.

As part of induction arrangements for new members of Court and continuous professional development for existing members, 5 sessions are held supported by a range of institutional leads covering:

- The role of members of Court;
- Strategic Planning and Finance;
- Academic Quality, Academic Life and the Student Experience;
- Legal Compliance and Equality & Diversity; and
- Research and Enterprise and International Recruitment.

A development training session for members of Court on Unconscious Bias was also held during the 2018/2019 academic year.

To help with the familiarisation process in their first year on Court, governors are also offered the opportunity to be paired with an experienced member of Court to assist them to transition into the role.

Details of courses and governance briefings for the induction and further development of members of Court run by Advance HE are communicated to members, along with other appropriate events, in the regular communications with Court.

Other arrangements designed to keep members of Court up to date with University developments and throughout the sector include strategic presentation and discussion items, Campus Showcase events and the staff e-bulletin.

Statement of Corporate Governance

Governor Development

CORPORATE STRATEGY

A dynamic and comprehensive strategic planning process underpins the development of the University's Corporate Strategy and subsequent monitoring of progress towards delivery of the agreed Key Performance Indicators. The University's Court is involved in that process – from early inception, through development to final approval. The process involves workshops, presentations and digital engagement and extends beyond Court to include the University Executive, colleagues, students and key external stakeholders.

The University's Executive and the Court receive regular reports on progress towards delivery of the Strategy's Key Performance Indicators against an agreed reporting schedule. The associated financial plan is also reviewed within that reporting schedule.

Work has commenced during the year to develop a new Corporate Strategy for the University which will take UWS beyond 2021.



Risk management and internal control

RISK MANAGEMENT ARRANGEMENTS

The University takes a systematic approach to managing risk at corporate, school, department and project levels. The levels of risk the University is seeking to take, or willing to accept are key elements within these arrangements and feature in discussions between Executive Officers and with Members of Court.

Underpinning this is a risk management framework embedded throughout the University which incorporates an institutional risk procedure, guidance, and managed arrangements for recording, reviewing and escalating risk information.

High level risks to the University achieving the Corporate Strategy are managed closely and documented on the Corporate Risk Register. Reflecting the importance of these corporate risks, each has been assigned an owner from the Vice Chancellor's Executive Group with executive responsibility for managing that risk. These risks are reviewed quarterly with the Corporate Risk Register submitted periodically to the Audit and Risk Committee and Court.

SYSTEM OF INTERNAL CONTROL

Court is responsible ensuring the University's system of internal control are in place 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.

Statement of Corporate Governance

Risk management and internal control

Court maintains oversight of the control environment and key risks by considering reports from the Executive and the Audit and Risk Committee throughout the year. Reports include progress against key performance indicators contained within the Corporate Strategy, financial performance, risk management and developments in key business activities. The Scheme of Delegation is designed to ensure that high value / high risk decisions are approved at the most appropriate level.

The Audit and Risk Committee maintains an overview of the institutional risk management policy and reports to Court accordingly.

REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROL

The Audit and Risk Committee conducts an annual assessment of the effectiveness of the system of internal control and reports to Court. UWS has an in-house Internal Audit function which provides an independent assessment of the University's system of internal control. The Head of Internal Audit agrees an annual plan of work which includes an assessment of governance and risk management arrangements, performance and value for money. The Audit and Risk Committee considers the annual report by the Head of Internal Audit and reports by the University's external auditor on the audit of the annual financial statements in reaching a conclusion.

GOING CONCERN

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

CONCLUSION

Court considers that an adequate and effective system of internal control has been established and that there are appropriate processes in place for identifying, evaluating and managing the University's significant risks for the year ended 31 July 2019 and up to the date of approval of the Financial Statements.



Statement of the University Court's Responsibilities for Accounting and the Financial Statements

In accordance with the University's formal governance arrangements, the Court is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Court considers that the University has adequate resources to continue its operations for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

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 University's Order of Council, the Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant accounting standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In addition, within the terms and conditions of the Financial Memorandum agreed between the Scottish Funding Council and the University Court, the Court, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the accounts 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; and
- accounts are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

The Court has taken all reasonable steps to:

- ensure that funds from the Scottish 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 which the Scottish 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; and
- secure the economical, efficient and effective management of the University's resources and expenditure.

Membership of Court

The following were members of Court for all or part of the year ended 31 July 2019 or the period between the year end and the date of approval of these financial statements.

Court Member	Date of Appointment	Date of Retirement	Category of Membership
Ms L Barjonas			Lay
Mrs M Curran			Lay
Mr C Devlin			Lay
Mr R J Dinning		31/12/18	Lay
Ms M Gibson OBE			Lay
Ms A Gifford		30/09/18	Senate
Mr A Gordon			Lay
Dr W Hatton			Lay (Chair)
Mr H Henry			Lay
Ms M Hill		30/06/19	Student
Ms C Hunter	01/07/19		Student
Mr F Jacob	01/07/19		Student
Professor C Mahoney			Principal and Vice-Chancellor
Mr A Munro			Lay
Professor C MacDonald			Lay (Vice Chair)
Ms M McCusker	01/11/18		Elected by All Other Staff
Ms A McKechin			Lay
Ms T O'Donnell			Lay
Professor S Olivier			Provost & Deputy Vice-Chancellor
Mr K Quinlan			Lay
Ms E Shotter		30/06/19	Student
Professor K Sloman			Elected by Academic Staff
Mr W Smith			Lay
Dr J Thompson			Senate



Attendance at Court and Committee meetings for the year to July 2019

	COURT COMMITTEES MEMBERSHIP							
	COURT MEETINGS	STRATEGIC THEMED EVENT	RESIDENTIAL EVENT	PRC met 4 times	ARC met 4 times	REM met 4 times	GOV met 3 times	HS&S met 3 times
Ms L Barjonas	4 of 4	1 of 1	1 of 1		4 of 4		3 of 3	
Ms L Connolly	N/A	1 of 1	N/A			1 of 1		
Mrs M Curran	3 of 4	1 of 1	1 of 1		2 of 4			
Mr C Devlin	3 of 4	1 of 1	1 of 1		3 of 4			
Ms M Gibson OBE	3 of 4	1 of 1	1 of 1	2 of 4				
Mr A Gordon	4 of 4	1 of 1	1 of 1	4 of 4		3 of 3		3 of 3
Dr W Hatton	4 of 4	1 of 1	1 of 1	4 of 4		4 of 4	3 of 3	
Mr H Henry	4 of 4	0 of 1	1 of 1		4 of 4			
Professor C Mahoney	4 of 4	1 of 1	1 of 1	4 of 4			3 of 3	
Mr A Munro	4 of 4	1 of 1	0 of 1		4 of 4			
Professor C MacDonald	4 of 4	1 of 1	1 of 1	4 of 4		4 of 4	2 of 3	
Ms M McCusker	3 of 4		1 of 1					
Ms A McKechin	4 of 4	0 of 1	1 of 1					
Ms T O'Donnell	3 of 4	1 of 1	1 of 1	1 of 1			3 of 3	
Professor S Olivier	4 of 4	1 of 1	1 of 1	4 of 4			3 of 3	
Mr K Quinlan	2 of 4	0 of 1	1 of 1					
Ms E Shotter	4 of 4	1 of 1	1 of 1	4 of 4			3 of 3	
Professor K Sloman	4 of 4	1 of 1	1 of 1	1 of 1				
Mr W Smith	4 of 4	0 of 1	1 of 1	4 of 4		4 of 4		
Dr J Thompson	4 of 4	1 of 1	1 of 1	4 of 4			3 of 3	

- **PRC** = Policy & Resources Committee;
- **ARC** = Audit & Risk Committee,
- **REM** = Remuneration Committee;
- **GOV** = Governance and Nomination Committee
- **HS&S** = Health, Safety & Sustainability Committee

Independent Auditor's Report to the Court of the University of the West of Scotland

OPINION

We have audited the financial statements of The University of the West of Scotland (the 'University') for the year ended 31 July 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

IN OUR OPINION, THE FINANCIAL STATEMENTS:

- give a true and fair view of the state of the University's affairs as at 31 July 2019 and of its income and expenditure, recognised gains and losses, and statement of cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation; and
- have been prepared in accordance with the requirements of the Charities and Trustee

Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the University Court's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the University Court has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt

Independent Auditor's Report to the Court of the University of the West of Scotland

about the University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The University Court is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



OPINION ON OTHER MATTERS PRESCRIBED BY THE SCOTTISH FUNDING COUNCIL'S FINANCIAL MEMORANDUM WITH THE UNIVERSITY

In our opinion, in all material respects:

- the requirements of the Scottish Funding Council's accounts direction have been met;
- funds from whatever source administered by the University for specific purposes have been applied properly to those purposes and, if relevant, managed in accordance with relevant legislation, and any other terms and conditions attached to them; and
- funds provided by the Scottish Funding Council have been applied in accordance with the requirements of the Scottish Funding Council Financial Memorandum with Higher Education Institutions.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- the information given in the financial statements is inconsistent in any material respect with the Court's Report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Independent Auditor's Report to the Court of the University of the West of Scotland

RESPONSIBILITIES OF THE UNIVERSITY COURT

As explained more fully in the Statement of the University Court's Responsibilities for Accounting and the Financial Statements set out on page 32, the University Court (who are Trustees for the purposes of charity law) is responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the University Court determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the University Court is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the University Court either intend to liquidate the University or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

USE OF OUR REPORT

This report is made solely to the University Court, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the University Court, as a body, those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University Court, as a body, for our audit work, for this report, or for the opinions we have formed.

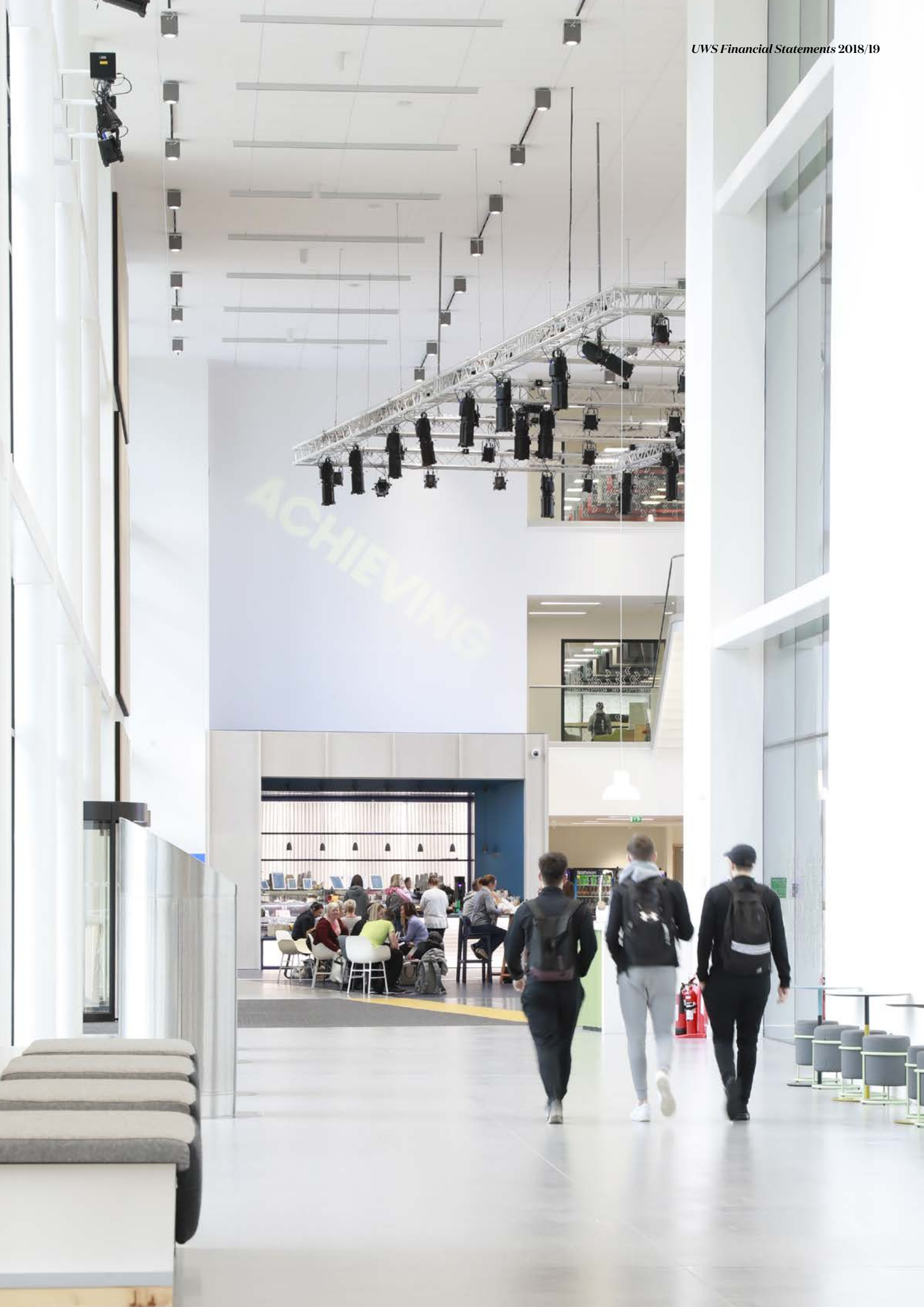


Scott Moncrieff
Statutory Auditor

Scott-Moncrieff is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

25 Bothwell Street
Glasgow
G2 6NL

Date: 20 November 2019



Statement of Comprehensive Income for the year ended 31 July 2019

	NOTE	2019	2018
		£'000	£'000
INCOME			
Tuition fees and education contracts	1	30,717	30,485
Funding body grants	2	77,289	69,037
Research grants and contracts	3	3,326	4,140
Other income	4	8,630	8,458
Investment income	5	134	149
Donations and endowments	6	60	59
TOTAL INCOME		120,156	112,328
EXPENDITURE			
Staff costs	7	74,747	73,945
Exceptional restructuring costs	7	835	938
Interest and other finance costs	8	5,436	3,615
Other operating expenses	9	28,879	26,947
Depreciation	10	12,740	10,202
Impairment of fixed assets	10	5,979	-
TOTAL EXPENDITURE		128,616	115,647
DEFICIT BEFORE OTHER GAINS LOSSES		(8,460)	(3,319)
Gain on disposal of fixed assets		323	332
Unrealised Surplus on revaluation of investments		273	404
DEFICIT FOR THE YEAR		(7,864)	(2,583)
Actuarial (loss) / gain on pension plan	16	(14,476)	43,394
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(22,340)	40,811

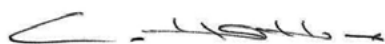
Statement of Changes in Reserves for the year ended 31 July 2019

	INCOME & EXPENDITURE UNRESTRICTED £'000	REVALUATION RESERVE £'000	TOTAL RESERVES £'000
Balance as at 1 August 2017 as restated	6,903	39,695	46,598
Deficit for the year	(2,987)	404	(2,583)
Other Comprehensive Income	43,394	-	43,394
Excess of Depreciation on revaluation	1,431	(1,431)	-
BALANCE AS AT 31 JULY 2018 AS RESTATED	48,741	38,668	87,409
Deficit for the year	(8,137)	273	(7,864)
Other Comprehensive Income	(14,476)	-	(14,476)
Exchange gain adjustment	103	-	103
Reversal of Revaluation gain	-	(3,318)	(3,318)
Excess of Depreciation on revaluation	1,431	(1,431)	-
BALANCE AS AT 31 JULY 2019	27,662	34,192	61,854

Statement of Financial Position as at 31 July 2019

	NOTE	2019	2018
		£'000	£'000
NON CURRENT ASSETS			
Tangible assets	10	234,118	241,192
Investments	11	7,423	6,285
		241,541	247,477
CURRENT ASSETS			
Stock		69	72
Trade and other receivables	12	6,381	6,076
Cash and cash equivalents	13	16,179	16,263
		22,629	22,411
Creditors: amounts falling due within one year	14	(24,138)	(22,710)
Net Current Liabilities		(1,509)	(299)
TOTAL ASSETS LESS CURRENT LIABILITIES		240,032	247,178
Creditors: amounts falling due after more than one year	15	(136,566)	(139,118)
PROVISIONS			
Pension provision	16	(41,129)	(20,018)
Other provisions	17	(483)	(633)
		(41,612)	(20,651)
TOTAL NET ASSETS		61,854	87,409
RESERVES			
Income and expenditure reserve	18	27,662	48,741
Revaluation Reserve	18	34,192	38,668
TOTAL RESERVES		61,854	87,409

The Financial Statements on pages 40 to 63 were approved by Court on 20 November 2019 and were signed on its behalf by:



Waiyin Hatton
Chair of Court



Professor Craig Mahoney
Principal & Vice Chancellor

Statement of Cash Flows for the year ended 31 July 2019

	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES	£'000	£'000
Deficit for the year	(7,864)	(2,583)
ADJUSTMENT FOR NON-CASH ITEMS		
Staff service cost adjustment for SPF	5,807	3,252
Unrealised surplus on revaluation of investments	(273)	(404)
Depreciation	12,740	10,202
Impairment of fixed assets	5,979	-
Release of deferred capital grants	(8,961)	(3,483)
Decrease in stocks	3	7
(Increase)/decrease in debtors	(305)	611
Increase in creditors	1,416	410
Increase in pension provisions	377	1,343
Decrease in other provisions	(150)	-
ADJUSTMENT FOR INVESTING OR FINANCING ACTIVITIES		
Investment income	(134)	(149)
Interest payable	5,436	2,174
Gain on disposal of fixed assets	(323)	(332)
NET CASH INFLOW FROM OPERATING ACTIVITIES	13,748	11,048
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of fixed assets	948	2,600
Investment income	134	149
Payments made to acquire fixed assets	(12,168)	(17,261)
Movement in non-current asset investments	(840)	(1,047)
TOTAL CASH OUTFLOW FROM INVESTING ACTIVITIES	(11,926)	(15,559)
Interest paid	(1,439)	(1,376)
Interest element of finance lease	(3,545)	(798)
New long term loan	5,000	5,000
Repayment of long term loans	(885)	(844)
Capital grants received	1,265	1,116
Capital element of finance lease	(2,302)	(1,219)
TOTAL CASH (OUTFLOWS)/INFLOWS FROM FINANCING ACTIVITIES	(1,906)	1,879
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS IN THE YEAR	(84)	(2,632)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	16,263	18,895
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16,179	16,263

Notes to the Financial Statements

1. TUITION FEES AND EDUCATION CONTRACTS

	2019	2018
	£'000	£'000
Tuition Fees – Scotland and EU	18,685	17,842
Tuition Fees – RUK	1,772	1,713
Tuition Fees – Non- EU	8,096	8,779
Transnational Education	846	436
Short Course Fees	419	576
Total Fees paid by or on behalf of individual students	29,818	29,346
Nursing Education contract	899	1,139
	30,717	30,485

2. RECURRENT GRANT FROM SCOTTISH FUNDING COUNCIL

	2019	2018
	£'000	£'000
Teaching	64,495	62,336
Research	3,012	2,795

STRATEGIC FUNDS	821	723
SUB TOTAL SFC GRANT INCOME RECEIVED IN YEAR	68,328	65,854

DEFERRED CAPITAL GRANT RELEASED IN YEAR		
Buildings	6,873	1,733
Equipment	2,088	1,450
	77,289	69,037

3. RESEARCH GRANTS AND CONTRACTS

	2019	2018
	£'000	£'000
Research Council	562	394
European Commission	1,084	1,693
UK Charities	354	394
Other grants & contracts	1,326	1,659
	3,326	4,140

Notes to the Financial Statements

4. OTHER INCOME	2019	2018
	£'000	£'000
Residences, catering and conferences	5,166	4,928
Other services rendered	438	683
Released from deferred capital grants	-	300
Other income	3,026	2,547
	8,630	8,458

5. INVESTMENT INCOME	2019	2018
	£'000	£'000
Interest receivable	88	83
Dividends receivable	46	66
	134	149

6. DONATIONS	2019	2018
	£'000	£'000
Unrestricted donations	60	59
	60	59

7. STAFF COSTS	2019	2018
	£'000	£'000
Wages and salaries	54,292	56,286
Social security costs	5,489	5,607
Pension costs (note 16)	14,966	12,052
	74,747	73,945
Exceptional restructuring cost *	835	938

* 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.

Notes to the Financial Statements

7. STAFF COSTS CONT.	2019	2018
AVERAGE STAFF NUMBERS BY MAJOR CATEGORY	Average number of Staff	
Academic & Research	566	543
Administrative	511	551
Other Including Clerical and Manual	117	178
Technical	55	46
	1,249	1,318
STAFF COSTS BY MAJOR CATEGORY	£'000	£'000
Academic & Research	44,497	44,225
Administrative	23,979	23,313
Other Including Clerical and Manual	3,525	4,226
Technical	2,746	2,179
	74,747	73,945
EMOLUMENTS OF THE PRINCIPAL & VICE CHANCELLOR	£'000	£'000
Salary	231	226
Performance related payment	-	7
	231	233
Emoluments in lieu of pension contributions	32	31
Employers pension contributions	5	5
	268	269

The Principal and Vice-Chancellor is a member of one of the pension schemes supported by UWS and employer contributions are standard. The payment in lieu of pension contributions is in line with the agreed UWS policy for any staff who are eligible.

The ratio of the remuneration of the Principal to the median salary of a University staff member is 5.7 (2018: 6.02).

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling activities of the University: this comprises the members of the Vice Chancellor's Executive.

Notes to the Financial Statements

7. STAFF COSTS CONT.

2019

2018

KEY MANAGEMENT PERSONNEL (EXCLUDING PRINCIPAL AND VICE-CHANCELLOR)

The total compensation for key management personnel (excluding the Principal & Vice Chancellor) for the year ended 31 July 2019 was as follows:

	£'000	£'000
Salary	853	958
Compensation for loss of office (KMP only)*	88	-
Employers' NI contributions	109	153
Employers' pension contributions	157	162
	1,207	1,273

*The total compensation for loss of office paid to key management personnel **and** higher paid staff during the year was £111k (2018: £nil).

The number of key management personnel and higher paid staff who received compensation for loss of office during the year was 3 (2018: nil).

REMUNERATIONS OF HIGHER PAID STAFF (EXCLUDING EMPLOYERS' NI AND PENSION CONTRIBUTIONS)

	MEMBERS OF KEY PERSONNEL	OTHER STAFF	TOTAL 2019	MEMBERS OF KEY PERSONNEL	OTHER STAFF	TOTAL 2018
£100,000 - £109,999	1	-	1	1	3	4
£110,000 - £119,999	1	3	4	3	1	4
£120,000 - £129,999	2	-	2	1	-	1
£130,000 - £139,999	-	-	-	1	-	1
£160,000 - £169,999	1	-	1	-	-	-
	5	3	8	6	4	10

COURT MEMBERS

The University Court members are the trustees for the charitable law purposes. Due to the nature of the University's operations and the compositions of the council, being drawn from local public and private sector organisations, it is inevitable that the transactions will take place with organisations in which a member of Court may have an interest. All transactions involving organisations in which

a member of Court may have an interest are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures. The register of interests for Court members is made available to the public via our website. The total expenses paid to or on behalf of the Court members was £2,764 (2018: £2,867).

Notes to the Financial Statements

8. INTEREST AND OTHER FINANCE COSTS	2019	2018
	£'000	£'000
Bank interest	1,439	1,376
Finance lease interest	3,545	798
Net charge on pension scheme	452	1,441
	5,436	3,615

9. OTHER OPERATING EXPENDITURE BY ACTIVITY	2019	2018
	£'000	£'000
Academic Departments	7,832	8,490
Academic Services	3,615	3,014
Research Grants and Contracts	1,210	2,163
Residences, Catering and Conferences	1,658	1,406
Premises	4,753	4,086
Administration	9,515	7,417
Other services rendered	296	371
	28,879	26,947

OTHER OPERATING EXPENSES INCLUDE

Auditor's Remuneration: External Audit – Audit Services inc VAT	41	41
Auditor's Remuneration: External Audit – Tax Services inc VAT	1	1
Operating lease costs	331	171

Notes to the Financial Statements

10. FIXED ASSETS

	FREEHOLD LAND	LEASEHOLD BUILDINGS	FREEHOLD BUILDINGS	FIXTURES, FITTING & EQUIPMENT	ASSETS IN COURSE OF CONSTRUCTION	TOTAL
COST						
At 1 August 2018	7,579	63,600	168,060	77,251	16,971	333,461
Additions	-	-	6,161	3,686	5,756	15,603
Impairment	(66)	-	(11,792)	-	-	(11,858)
Disposals	(52)	-	(1,444)	-	-	(1,496)
Transfers	-	-	16,129	348	(16,477)	-
AT 31 JULY 2019	7,461	63,600	177,114	81,285	6,250	335,710

DEPRECIATION						
At 1 August 2018	-	294	31,005	60,970	-	92,269
Charge for year	-	1,767	5,908	5,065	-	12,740
Disposals	-	-	(821)	(36)	-	(857)
Impairment	-	-	(2,560)	-	-	(2,560)
AT 31 JULY 2019	-	2,061	33,532	65,999	-	101,592

NET BOOK VALUE						
AS AT 31 JULY 2019	7,461	61,539	143,582	15,286	6,250	234,118
Assets held under finance leases included in the total above	-	61,539	-	6,813	-	68,352

NET BOOK VALUE						
As At 31 July 2018	7,579	63,306	137,055	16,281	16,971	241,192
Assets held under finance leases included in the total above	-	63,306	-	4,598	-	67,904

During the year, Management undertook a review of the carrying values of building assets. As a result of this review, three buildings were identified where there was evidence of impairment as well as faulty windows. These buildings are surplus non-operational assets. Consequently the carrying values of freehold buildings were

reduced by £9.3m. £3.3m of this impairment represented a reversal of a previously recognised revaluation and thus this element of the impairment was charged to the revaluation reserve. The remainder of the impairment charge, £6.0m, was charged to the Statement of Comprehensive Income in the year.

Notes to the Financial Statements

11. INVESTMENTS	LISTED	UNLISTED	2019	2018
	£'000	£'000	£'000	£'000
Balance at 1 August	6,257	28	6,285	4,833
Additions to Investments	1,770	500	2,270	1,007
Disposal of Investments	(941)	-	(941)	(573)
Realised gains on disposal	107	-	107	119
Unrealised (loss) on revaluation	(618)	-	(618)	(114)
Net Cash Movement	320	-	320	1,013
Balance at 31 July	6,895	528	7,423	6,285

12. TRADE AND OTHER RECEIVABLES	2019	2018
	£'000	£'000
Amounts falling due within one year:		
Trade Debtors	2,371	62
Other Debtors	55	30
Prepayments and accrued income	3,955	5,984
	6,381	6,076

£1.387m of student payments in advance were netted off within the 2018 trade debtors figure rather than included within accruals and deferred income. In 2019, the student payments in advance have been included within accruals and deferred income and thus the trade debtors disclosed is the gross total. If the same treatment was applied

in 2018, trade debtors and accruals and deferred income would be £1.387m higher.

Financial instrument assets comprise: Trade debtors, other debtors and accrued income totalling £2.703m (2018: £1.492m).

13. CASH AND CASH EQUIVALENTS	2019	2018
	£'000	£'000
Bank Deposits	-	601
Cash equivalents	16,179	15,662
	16,179	16,263

Notes to the Financial Statements

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

2019

2018

	£'000	£'000
Unsecured loan	919	884
Obligations under finance leases	1,938	1,412
Trade payables	2,710	3,482
Other creditors and deposits	1,521	1,585
Social security and other taxation payable	1,690	1,604
Accruals and deferred income	12,681	10,515
Deferred capital grants	2,679	3,228
	24,138	22,710

All current finance leases reflect investment relating to IT equipment and the new campus in Lanarkshire.

15. CREDITORS: AMOUNTS DUE AFTER ONE YEAR

	OBLIGATION UNDER FINANCE LEASE £'000	LOAN REPAYMENT £'000	DEFERRED CAPITAL GRANT £'000	TOTAL 2019 £'000
Due between one and two years	1,707	971	2,661	5,339
Due between two and five years	2,274	12,772	5,486	20,532
Due after five years	63,707	16,154	30,834	110,695
	67,688	29,897	38,981	136,566

	OBLIGATION UNDER FINANCE LEASE £'000	LOAN REPAYMENT £'000	DEFERRED CAPITAL GRANT £'000	TOTAL 2018 £'000
Due between one and two years	1,510	919	2,094	4,523
Due between two and five years	2,105	3,048	5,897	11,050
Due after five years	63,559	21,850	38,136	123,545
	67,174	25,817	46,127	139,118

Notes to the Financial Statements

15. CREDITORS: AMOUNTS DUE AFTER ONE YEAR CONT.

The University has a loan facility of up to £39.5 million, £34.5 million of which has been drawn down. Interest is charged at rates of:

- £10.0m 5.04 % Fixed for 20 years
- £10.0m 5.52 % Fixed for 20 years
- £ 4.5m 3.94 % Fixed for 10 years
- £5.0m 2.85 % variable for 3 to 5 years
- £5.0m 2.67% variable for 3 to 5 years

The total loan interest charged in the year was £1.258m (2018: £1.376m).

Financial instrument liabilities comprise: unsecured loans, obligations under finance leases, trade payables, other creditors and deposits and accruals totalling £109.476m (2018: £104.877m).

16. PENSION PROVISIONS

	SPF LIABILITY £'000	ENHANCED PENSIONS £'000	USS DEFICIT £'000	TOTAL £'000
As at 1 August 2018	13,260	6,632	126	20,018
Utilised in year	(4,186)	(772)	(10)	(4,968)
Additions in year	24,920	682	477	26,079
AS AT 31 JULY 2019	33,994	6,542	593	41,129

ENHANCED PENSIONS

This is a provision by the University for University pensioners. The scheme will be required to cover the liability of existing membership only as no new members will be added.

arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of the provision.

USS DEFICIT

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the Contractual obligation with the pension scheme for total payments relating to benefits

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

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

16. TOTAL PENSION COSTS

2019

2018

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

	£'000	£'000
SPF current and past service cost	9,992	8,021
STSS contributions paid	4,374	3,951
USS contributions paid	600	80
	14,966	12,052

Notes to the Financial Statements

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 scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The employers' contribution rate was 17.2% in year ended 31 July 2019 and the employee contribution rate ranged between 7.4% and 11.7% based on salary. The latest valuation of the STSS has recently concluded and was based on scheme data as at March 2016. The valuation has set the rate payable for the scheme for the period 1 September 2019 to 31 March 2023 and that rate is 23%.

The University has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme.

THE UNIVERSITIES SUPERANNUATION SCHEME

There are also academic staff in the Universities Superannuation Scheme (USS), which is a defined benefit scheme, contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees. During the year the University contributed 18% up to 31 March 2019. This rate increased from 1 April 2019 to 19.5%. Employee contributions were 9.6%. Further increases are planned in the future which will see the employer contribution percentage increase to 22.5% (1 October 2019) and to 24.9% (1 April 2020).

STRATHCLYDE PENSION FUND

This scheme, a multi employer defined benefit scheme, covers both past and present employees. A FRS102 valuation of the University's benefit obligations has been estimated by a qualified actuary as at 31 July 2019. The employer contribution rate for the period 1 August 2018 to 31 July 2019 was 19.3% of pay. The employee contribution is dependent upon their actual pay and contribution rates range between 5.5% and 12% of pay. There were no outstanding pension contributions at the year end.



Notes to the Financial Statements

16. PENSION PROVISIONS CONT.

2019

2018

CATEGORY OF PLAN ASSETS AS A PERCENTAGE OF TOTAL PLAN ASSETS

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

Equities	65%	64%
Bonds	24%	22%
Property	10%	11%
Cash	1%	3%

INVESTMENT RETURNS

Actual Returns from 1 July 2018 to 30 June 2019	6.4%	7.2%
Total Returns from 1 August 2018 to 31 July 2019	7.6%	8.5%

FINANCIAL ASSUMPTIONS

Discount rate	2.1%	2.8%
Pensionable salary growth	3.6%	3.6%
Pension increase rate	2.4%	2.4%

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and long term rates of 1.5% p.a. for males and 1.25% p.a. for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	MALES	FEMALES
Current Pensioners	20.7 years	22.9 years
Future Pensioners	22.2 years	24.6 years

Notes to the Financial Statements

16. PENSION PROVISIONS CONT.

2019

2018

The following amounts at 31 July 2019 were measured in accordance with the requirements of FRS 102:

OPENING ASSETS AND LIABILITIES	£'000	£'000
Fair value of plan assets	194,494	181,038
Present value of funded liabilities	(203,652)	(228,257)
Present value of unfunded liabilities	(4,102)	(4,370)
NET LIABILITY AT START OF YEAR	(13,260)	(51,589)
Current service cost	(7,652)	(7,986)
Past service cost	(2,340)	(35)
TOTAL SERVICE COST	(9,992)	(8,021)
Interest income on plan assets	5,456	4,903
Interest on defined benefit obligation	(5,908)	(6,344)
TOTAL NET INTEREST	(452)	(1,441)
TOTAL DEFINED BENEFIT COST RECOGNISED IN PROFIT/(LOSS)	(10,444)	(9,462)
Cashflow from employer contributions	3,926	4,135
Contributions in respect of unfunded benefits	260	262
Expected closing position	(19,518)	(56,654)
Changes in financial and demographic assumptions	(23,890)	15,303
Other experience	(32)	20,919
Return on assets excluding amounts included in net interest	9,446	7,172
TOTAL RE-MEASUREMENTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	(14,476)	43,394
NET LIABILITY AT END OF YEAR	(33,994)	(13,260)
COMPRISING:		
Fair value of plan assets	210,395	194,494
Present value of funded liabilities	(240,402)	(203,652)
Present value of unfunded liabilities	(3,987)	(4,102)
NET LIABILITY AT END OF YEAR	(33,994)	(13,260)

Notes to the Financial Statements

17. PROVISIONS FOR LIABILITIES

	TUPE LIABILITY £'000	DILAPIDATION £'000	TOTAL £'000
As at 1 August 2018	150	483	633
Provision written back	(150)	-	(150)
AS AT 31 JULY 2019	-	483	483

TUPE LIABILITY

This is for a group of staff who transferred from the NHS Mental Health Service and the University has provided for NHS terms and conditions. There are no longer any employees affected by the conditions giving rise to the liability being established. Therefore this provision has been written back in the current year.

DILAPIDATION

This is a provision for lease dilapidation costs associated with building used on the Dumfries & Galloway Campus.

18. RESERVES

INCOME AND EXPENDITURE UNRESTRICTED RESERVE

This reserve includes all current and prior year retained surpluses or deficits.

REVALUATION RESERVE

The revaluation reserve consists of unrealised gains in respect of investments and the revaluation of properties at the point of transition to FRS 102 on 1 August 2014. These property valuations were used as deemed cost using the transitional exemption made available. At 31 July 2019 the revaluation reserve in respect of properties was £34,191k (2018: £38,667k) and in respect of investments was £1k (2018: £1k).

19. CAPITAL COMMITMENTS

The University has no capital commitments as at 31 July 2019 (2018: £nil).

Notes to the Financial Statements

20. OPERATING LEASE COMMITMENTS

2019

2018

At 31 July 2019 the total future minimum payments on operating leases were as follows:

Due within 1 year	98	169
Due between 1 and 2 years	98	169
Due between 2 and 5 years	40	281
	236	618

21. CHILDCARE, DISCRETIONARY AND NURSING AND MIDWIFERY FUNDS

	2019			2018		
	£'000	£'000	£'000	£'000	£'000	£'000
	CF	DF	NMF	CF	DF	NMF
Funds Brought Forward from previous year	-	-	-	-	-	-
Refunded to SAAS	(48)	-	(2)	(4)	(25)	-
Funds Received in Year	870	857	131	866	938	91
Expenditure	(696)	(983)	(129)	(773)	(1,002)	(91)
Virements	(126)	126	-	(89)	89	-
Funds Carried Forward at 31 July 2019	-	-	-	-	-	-

The Childcare (CF) and Discretionary Funds (DF) are available solely for students and are provided by the Students Award Agency Scotland. The Nursing and Midwifery Fund (NMF) is provided by the Scottish Government specifically for the

support of nursing and midwifery students. The University acts only as paying agents. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

22. PRIOR YEAR ADJUSTMENT

During the year, it was identified that the revaluation reserve created for the valuation of properties and investments at the date of transition to FRS 102 in 2014, has previously been netted off within the income and expenditure reserve. The disclosures within the financial

statements have been updated to recognise this separately and comparative information has also been updated. This adjustment has no impact on total comprehensive income or net assets for either 2019 or 2018.

Statement of Principal Accounting Policies

1. Basis of Preparation

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

These financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Accounts Direction issued by the Scottish Funding Council and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2015). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The presentation currency is pounds sterling and the financial statements are rounded to the nearest £000. The University is a registered charity in Scotland, and its registered number is SCO02520.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets. The effect of events relating to the year ended 31 July 2019, which occurred before the date of approval of the financial statements by the University Court have been included in the financial statements to the extent required to show a true and fair view of the state of affairs as at 31 July 2019 and the results for the year ended on that date. The accounting policies of the University are set out below.

The preparation of financial statements in compliance with FRS102 requires the use of certain material accounting estimates. It also

requires the Court to exercise judgement in applying the University's accounting policies as described below.

2. Basis of consolidation

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

3. Going Concern Policy

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

4. Income recognition

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

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

Investment income is credited to the Statement of Comprehensive Income on a receivable basis.

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

GRANT FUNDING

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

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

CAPITAL GRANTS

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

DONATIONS

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

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

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

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

5. Accounting for retirement benefits

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

For accounting treatment purposes, STSS and USS are still treated as defined contribution schemes. For the SPF, the actuary provides a valuation of the institution's share of the underlying assets and liabilities which has been reflected in these financial statements in accordance with FRS 102.

DEFINED CONTRIBUTION PLAN

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions in defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

DEFINED BENEFIT PLAN

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets.

The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. The contributions paid by the employer are set by the Fund Actuary at each triennial actuarial valuation, the most recent being as at 31 March 2017.

6. Employment benefits

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

7. Finance leases

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

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

8. Operating leases

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

9. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

10. Borrowing costs

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

11. Fixed assets

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

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

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

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives. Leasehold buildings are depreciated over the length of the lease.

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

EQUIPMENT

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

DEPRECIATION

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

Asset Type	Expected Useful Life
Academic Property (dependent upon FRS 102 revaluation)	15-60
Residences	50
Leasehold improvements	10
Equipment Short life	4
Medium life	10
Long life	20
Fixtures	10
Computer Short life	4
Long life	8
Cars	4
Vans and buses	8
Other	15

12. Heritage assets

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

13. Investments

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

14. Stock

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

15. Debtors

Short term debtors are measured at transaction price, less any impairment.

16. Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

17. Cash and cash equivalents

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

18. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

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

19. Taxation

UWS is an exempt charity within the meaning of the Charities and Trustee Investment (Scotland) Act 2005 and, as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue & Customs and is recorded on the index of charities maintained by the Office of Scottish Charity Regulator. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478–488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

20. Financial instruments

Financial instruments are recognised in the Statement of Financial Position when the University becomes party to the contractual provisions of the instrument. All of the University's financial instruments are classified as 'basic' in accordance with Chapter 11 of FRS 102. All of the University's financial instruments are initially measured at transaction price. At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest rate method.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the University has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

21. Judgements in applying policies and key sources of estimation uncertainty

In preparing the financial statements, the Court is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Court are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

- Value/Impairment of building: appropriate independent and professional advice has been sought on the assessment of impairment to the carrying value of assets. In conducting this review, reference has been made to relevant market transactional data in determining the revised valuation.
- Useful life of buildings: The remaining useful lives of buildings are considered as part of the independent professional valuation process.

- Pension obligations: Independent professional valuation carried out annually to estimate the Universities liabilities in relation to the Strathclyde Pension Fund and any liabilities relating to Enhanced Pension Provisions. Underlying assumptions used in these valuations are reviewed to ensure they are reasonable.
- Accruals, prepayments, accrued income and deferred income: based on the proportion of invoices, contracts and funding receipts for each income and expenditure stream that relate to the year end.



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At UWS, we believe in our students' future.

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