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University of Strathclyde Glasgow

Report & Financial Statements 2012

officers of the university

Chancellor
The Rt Hon the Lord Hope of Craighead BA MA LLB PC FRSE HonLLD

Principal and Vice-Chancellor
Professor Sir James McDonald FREng FRSE FIET FInstP

Convener of Court
Richard J A Hunter BA CA

Vice-Principal
Professor Kenneth Miller LLB LLM PhD

Chief Financial Officer
David Coyle MA FCMA

Chief Operating Officer
Hugh Hall MBA CPFA

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principal's report

Strathclyde: delivering success

Strathclyde's focus on a distinctive strategy as an International Technological University continues to drive up our global reputation and, through this past year, secure significant successes across our core priorities in the pursuit of excellence in education, research, knowledge exchange, internationalisation and organisation & operations.

Our continued attraction of competitively won research grants, across all four of our Faculties, has led to increased funding to support our fundamental studies as well as the translational research activities so necessary to increase our impacts on industry, society and policy. At the heart of this is the calibre of our people; academic, research, technical and administrative and, of course, our students. Our commitment to the development of our staff and the creation of an environment that explicitly creates a "One Strathclyde" approach to delivery is an essential element of our strategic plan.

This year we have had two unusual events that have demonstrated our resilience and staff qualities and engagement: the unprecedented logistical challenge of relocating some 500 staff and 2,500 students from Jordanhill to the Anderson campus; and, the major fire incident in the James Weir Building. In each situation – in one case planned for over two years and in the other a traumatic unexpected event - the successful management and operational effectiveness required to deal with the consequences were tangible evidence of Strathclyde at its best. Our staff and students worked together to ensure institutional continuity and minimal disruption to our teaching, research and operations. We can be justifiably proud of the professionalism and team working of all 'Strathclyders' involved.

As a leading international technological university, this institution is working with Government to inform policy development and support its implementation – not just in high profile areas such as energy, low carbon technologies, and high-value manufacturing, but in law, social work and education. Our leading researchers in health technologies are working closely with the NHS, and enhancing the quality of life by developing innovative therapies for some of the world's killer diseases.

As an institution, we have recognised that society's needs are greater than ever, and we have redoubled our efforts in recent years to meet those needs. As a consequence, the University of Strathclyde has become increasingly sought after as a partner by multi-national companies, by the Governments in Edinburgh and London, and by world-leading academic institutions in the United States, Europe and Asia.

Every large organisation today is operating in an economic environment which is unprecedented in modern times. Our twin-track approach seeks to: drive down unnecessary costs; and, to boost income and increase our productivity. By doing this we are creating the conditions for long-term sustainable growth. This Operating and Financial Review sets out the University's approach, and confirms that we are delivering on our key objectives while reducing our cost base.

In the context of the University's financial sustainability, we were pleased to achieve a small surplus before exceptional items are taken into consideration – the most significant exceptional item was the £3 million on staff restructuring which helped to address staff alignment in a way which best supports our strategic ambitions. Salary savings will repay this investment over a short period, allowing us to reinvest in our academic and business activities.

Our bottom line was helped by the development of new income streams. Diversifying our income base is a primary objective for us. In 2011/12 our recurrent grant funding from the Scottish Funding Council (SFC) reduced by more than 9%. SFC grants now represent some 38% of total income – some 3% down on the previous year. Universities will increasingly have to attract income from sources other than Government, and Strathclyde is well placed to do this.

Our capital programme – one of the most significant in Scotland at the present time – will provide us with the infrastructure to capitalise on our already strong relationships with Government and industry. Work has started on our landmark Technology and Innovation Centre (TIC) in Glasgow's Merchant City. Supported by the SFC, Scottish Enterprise and the European Regional Development Fund, it will be the cornerstone of the Scottish Enterprise International Technological Renewable Energy Zone (ITREZ), and the site of the UK Headquarters of the Fraunhofer Institute. During the year, Fraunhofer also announced Strathclyde would host the first UK Fraunhofer Centre in the area of Applied Photonics.

Other major initiatives include the creation of our Power Networks Demonstration Centre – a first for Europe - and the doubling in size of our Advanced Forming Research Centre through major TSB (BIS) funding as part of the UK Catapult Centre in High Value Manufacturing. The AFRC continues to be seen as a pivotal partner with major manufacturers such as Rolls-Royce, Boeing and TIMET. Also in this space is the welcome news from the UK Government that it has picked Strathclyde as a partner in its Catapult Centre for Offshore Renewable Energy. Catapults are the UK government's vehicle to invest in key areas of the economy.

Our global reputation as a prized business partner is clearly demonstrated by the South Korean Government's decision to appoint Strathclyde as its exclusive European partner for its global research and commercialisation programme. In a similar vein, our academic profile was recognised by the Chinese Government which chose Strathclyde as the home for the Confucius Institute for Scotland's schools, through which we will lead Chinese language and cultural awareness so central to our children being prepared to understand China and the rich opportunities it offers.

These are some of the initiatives which lie behind the figures within this report, and this is the evidence that Strathclyde is delivering for its students, its staff and for the wider society in Glasgow, Scotland and globally. Strathclyde has begun an exciting sequence in its journey as a locally grounded but internationally renowned institution. There is much yet to be achieved, but we benefit from our confidence, ambitions, focus and momentum. We seek to provide an excellent education and experience for our students and to contribute to the discovery and application of new knowledge. This will be underpinned by a sound financial performance and I commend these Financial Statements as firm evidence of that foundation for growth and success.

Professor Sir Jim McDonald
Principal and Vice-Chancellor
22 November 2012

financial review

Financial summary

	2012 £M	2011 £M
Summary		
Income	225.0	228.8
Expenditure before exceptional items	(224.5)	(221.2)
Surplus before exceptional items	0.5	7.6
Exceptional restructuring costs	(3.0)	(2.8)
Gains on disposal of fixed assets	0.1	1.0
Transfer from endowment funds	0.0	0.2
(Deficit)/surplus for the year	(2.4)	6.0
Cash and borrowings		
Cash and short term investments	78.8	90.5
Borrowings	(9.9)	(11.1)
	68.9	79.4
Capital expenditure	43.0	18.4

Overview

In 2011/12, the Higher Education sector faced very substantial cuts in funding for teaching. Despite this, the University generated a surplus before exceptional items of £0.5 million. The University also incurred £3.0 million on staff restructuring costs, which will result in salary savings in future years. Taking into account restructuring costs, the overall outturn for 2011/12 was a deficit of £2.4 million. This compares favourably with the forecast position which was for a deficit of £7.8 million. Throughout this period of considerable reductions in public funding, the University continues to invest significant sums in strategic staff appointments and in physical infrastructure.

After investing some £43 million in estate and infrastructure in 2011/12, at the year end the University's net funds totalled £74.1 million. The University is well placed in terms of financial strength to continue to enhance its estate and invest in strategic staffing appointments.

Income

The reduction in recurrent grant funding from the Scottish Funding Council was the most significant factor impacting income in 2011/12.

SFC grants recognised in the Financial Statements decreased by 9.3% to £85.7 million, most notably as a result of reductions of £6.6 million in the recurrent grant for teaching and £0.7 million in Scottish Government funding for Initial Teacher Education.

Growth in other sources of income, in particular tuition fees and research grants and contracts, has ensured that, despite SFC income declining by £8.8 million, the overall reduction in total income was restricted to £3.8 million. SFC grants now represent 38.1% of total income compared to 41.3% in 2010/11.

Tuition fee income increased by £1.3 million (1.9%) to £70.8 million. Fee income from non-EU students has risen by 2.0% to £27.6 million. Income from non-credit bearing courses increased by £0.6 million.

Research Grant and Contract income increased by 5.8% to £42.5 million. This was driven by continuing growth in awards resulting in higher income from the European Commission (£1.1 million), UK Industry and Commerce (£0.8 million) and Scottish/UK Government departments (£0.5 million).

Expenditure

Overall, salary costs decreased by £0.2 million. Staff leaving during 2011 and 2012 by means of early retirement/voluntary severance resulted in a reduction in salary costs of £2.4 million in 2011/12. This was offset, in part, by salary inflation, an increase in expenditure on research contract staff and investment in strategic staffing appointments.

Other operating expenses increased by 5% to £72.9 million, largely attributable to additional premises costs and non-salary expenditure in academic departments.

Investments in infrastructure

In December 2009 Court approved a £350 million investment plan to develop a modern and environmentally sustainable campus. The creation of four academic quarters – Engineering, Business, Science and Humanities and Social Science will enable staff to pursue a more coordinated and multidisciplinary approach to teaching and research.

Following investment of £36.0 million in the Strathclyde Institute of Pharmacy and Biomedical Sciences (SIPBS), which opened in early 2010/11, the University has made further significant investments in its infrastructure in 2011/12.

In July 2012, staff and students in the faculty of Humanities and Social Sciences (HaSS) relocated from the Jordanhill Campus to the John Anderson Campus in the city centre. Students and staff in HaSS will benefit from a £38 million investment package to provide modern faculty accommodation, study space and specialised teaching facilities. Some £20 million was incurred in the Lord Hope and Curran buildings in 2011/12. The net book value of the Jordanhill Campus (£16.4 million) has now been transferred from Tangible Fixed Assets to Surplus Assets for Disposal.

The University's plans for a world leading research and technology centre for Glasgow have progressed during 2011/12. The Technology and Innovation Centre will revolutionise the way researchers in academia and industry collaborate and innovate together - up to 1200 researchers, engineers and project managers from academia and industry will work side by side in a state of the art building in the heart of Glasgow.

This £89 million project is Strathclyde's largest ever investment in its research capacity. The University's innovative approach has attracted financial backing from Scottish Enterprise, the Scottish Funding Council and the European Regional Development Fund.

Completion of this building is scheduled for early 2014. Site preparation works commenced in early 2012 with construction commencing in June, resulting in total costs of £5.1 million being incurred during the year.

A further £4.8 million has been invested in the Power Networks Demonstration Centre. This Centre, the first of its kind in Europe, is being created by the University of Strathclyde and leading energy companies including Scottish Power and SSE, with support from Scottish Enterprise and the Scottish Funding Council. It will be a world-class facility that will accelerate the adoption of new technologies, from advanced power grids to electric cars.

Net funds and cash flow

At 31 July 2012 net funds totalled £74.1 million (2011 £84.6 million). Some £4.0 million of cash was generated from operations. Further details on cash flow movements are given in Notes 23 to 29 of the Financial Statements.

Investment performance

The University's investment portfolio includes the investment of endowment funds shown in Note 20 and a general portfolio of investments that are intended to be held for use on a continuing basis in the activities of the University. The investment portfolios are all managed by professional fund managers under discretionary management arrangements. Investment performance is reviewed annually with the fund managers by reference to agreed benchmarks.

The valuations of fixed asset investments and endowment assets decreased by £0.4 million during the year as concerns about the Eurozone adversely impacted investor confidence. During the year, the University received £0.9 million of new endowments.

Treasury management

The University actively manages its cash balances according to the Treasury Management Code of Practice approved by Court. Credit ratings of approved counter-parties and deposit limits are reviewed regularly. Funds are deposited in a variety of Treasury accounts, ranging from overnight to six month deposits.

The University currently has relatively low levels of borrowing. Court considers future borrowing requirements during the annual planning process when rolling three year forecasts are prepared. These reflect the anticipated cash position of the University taking account of anticipated operating performance and planned developments within the Estates Strategy.

In 2010, the University negotiated a £90.0 million banking facility with the European Investment Bank which will assist in funding the Technology and Innovation Centre and in refurbishing a number of key campus locations.

Risks and uncertainties

Although the University's general approach is to minimise its exposure to risk, it recognises that, in pursuit of its mission and corporate objectives, it may choose to accept an increased degree of risk. It will do so, subject to always ensuring that the potential benefits and risks are fully understood before developments are authorised, and that robust measures to mitigate risk are established.

The University has identified a number of risks that Court believes could materially affect the University, its reputation, revenues, liquidity and capital resources. Significant risks faced by the University relate to:

- Achieving optimum results in the forthcoming Research Excellence Framework, which will have an impact upon both the reputation and finances of the University. Targeted investments and ongoing monitoring of performance will contribute to the management of this risk.
- Retaining, recruiting, motivating and developing the required calibre and number of staff to deliver on our ambitious strategy.
- Ensuring that major physical infrastructure projects, particularly the Technology and Innovation Centre, are delivered on time and within budget.
- Ensuring that Information Technology infrastructure and functionality keeps pace with the changing core business needs of the University.
- Achieving our internationalisation ambitions. This is key to the ongoing development of a competitive, high quality academic portfolio that is attractive to students and other stakeholders.

Strategic investment in our students, staff, partnerships and infrastructure is key to the University securing a sustainable financial future.

The nature of risk is such that other risks may arise, or risks not currently considered material may become so in future. The University has a University-wide risk management process to identify, evaluate and manage risk. Controls and actions are in place to mitigate risks identified. This process is outlined in the Statement of Corporate Governance and Internal Control on pages 7 and 8.

Other policies

Staff and students with disabilities

The University has a policy for promoting opportunities for staff and students with disabilities. This covers recruitment, appraisal and training opportunities, support, awareness training for staff, implementation and monitoring, and a complaints procedure. The University employs a Disability Manager and Diversity Specialists to assist in improving opportunities for staff and students with disabilities and to monitor progress towards that aim.

The University has an ongoing programme of expenditure to ensure it meets the requirements of the Disability Discrimination Act.

Payment of creditors

The University attempts to ensure good relations with suppliers by making payment within 30 days of the invoice date or receipt of goods, whichever is later. At the year end, the University had trade creditors outstanding of £15.5 million. Given that the University paid a total of £111.2 million to trade creditors during the year, the amount outstanding at the year end represents 51 days (2010/11 31 days). This higher than normal figure is not due to any delay in making payment to creditors but is attributable to a high level of capital creditors at 31 July. During the year no interest was paid in relation to the Late Payment of Commercial Debts (Interest) Act, 1998.

Looking to the future

Growth in non governmental income will be a key priority over the coming years and we have set ambitious growth targets for overseas tuition fee income and research grants and contracts. This growth in income will be facilitated by important investments we are making in strategic staffing appointments and physical and IT infrastructure. Central to these investments is the Technology and Innovation Centre, currently under construction, which will transform the way academics, business, industry and the public sector collaborate.

The University's financial strength provides an excellent platform from which to make such investments and to reinforce Strathclyde's position as a Leading International Technological University.

J S Perry	**D Coyle**
Treasurer	**Chief Financial Officer**
22 November 2012	**22 November 2012**

governance & internal control

Introduction

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has complied with and applied the principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council (FRC) in June 2010.

Role of Court and general outline of corporate governance

Under the terms of the University Charter and Statutes, Court is the Governing Body of the University and is responsible for overseeing the management and administration of the whole of the revenue and property of the University as well as academic-related matters, which are primarily devolved to Senate and its attendant committees and structures. Court exercises general control over the University and all its affairs, purposes and functions, taking all final decisions on matters of fundamental concern to the University.

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

Court has a majority of lay members and includes members of academic staff, non-teaching staff and a student member. The University Court has adopted a Code of Conduct for its members which is set out in the Handbook for Members of Court and maintains a register of interests of members of the Court.

Court has in place a range of financial and non-financial performance measures related to the University's strategic objectives. A detailed schedule of reports is in place to ensure that the main strands of University strategy are reviewed annually and in a consistent manner. In particular, there is an annual strategic meeting which is used to assess organisational performance against strategy.

In 2011/12 Court met five times. Much of its detailed work is initially handled by several committees, including a Staff Committee, a Remuneration Committee, a Court Business Group, a Court Membership Group, an Audit Committee and an Estates Committee. All of these committees are formally constituted, with terms of reference approved by Court, have lay members in their membership, and report formally to Court on a regular basis.

The Court Business Group considers the business coming forward to Court in order to ensure that Court receives the information it needs to take clear, effective decisions. It also considers strategic financial matters prior to their discussion at Court.

The Staff Committee is responsible for employment policy, staff development and wellbeing, and partnership working with recognised Trade Unions.

The Remuneration Committee determines the remuneration of the most senior staff, including the Principal, and is chaired by the Convener of Court.

The Court Membership Group is chaired by the Convener of Court and considers nominations for co-opted vacancies in Court's membership under Statute 2 of the University's Statutes, and also considers the matter of succession planning in relation to Court membership and in Court's representation on other University committees. A number of lay members are appointed to Court by external bodies.

The Audit Committee plays a key role in assisting Court review the arrangements for internal control and risk management. It meets normally six times a year including an annual Workshop event, with the Internal Auditors in attendance at all meetings and the External Auditors in attendance at two meetings per year. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members. Committee members meet on their own, with the Internal Auditors and with the External Auditors for independent discussions. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans.

It also receives and considers the Corporate Risk Register and reports from the Funding

Council and other bodies as they affect the University's business and monitors adherence to regulatory requirements.

The Estates Committee is responsible for all major property developments, and reports to Court on the implementation of the capital development programme.

The Executive Team is responsible for providing recommendations on the overall strategic direction of the University, for considering all major initiatives emerging and the resources required to support them, and for proposing these to Senate and Court as appropriate for final approval. It is chaired by the Principal and its membership comprises all the Senior Officers and Deans. In 2011/12 it met on a fortnightly basis.

Court has previously considered its operating practices and reviewed its own effectiveness. Its practices have been compared to those advocated by the Committee of University Chairmen Guide for Members of Higher Education Governing Bodies in the UK (published in November 2004 and updated in March 2009). Court is satisfied that the University has a high level of compliance with this Guide and has adapted its practices to meet them as far as its Statutes so permit.

The University views Risk Management as integral to the successful execution of its Strategic Plan. There is a process for identifying, evaluating and managing the University's significant risks which complies with the updated Turnbull Committee guidance on internal control. Risk registers are produced at Department/Divisional level and Faculty/ Directorate level where they are regularly reviewed and managed by the appropriate individuals/committees with regular reports being made from one level to the next in the structure.

At each stage the risks are evaluated and distilled leading to the production of the Corporate Risk Register which is reviewed and managed by the Executive Team. The information is also used to inform the strategic planning process. A Risk Group, chaired by the Chief Operating Officer, is responsible for supporting and advising the Executive Team, and through it Court, on the implementation and monitoring of the risk framework. The Corporate Risk Register was presented to Court at its June 2012 meeting, to enable Court to carry out its annual assessment, which also takes into account reports from its various committees and events that have occurred since 31 July 2011. The Audit Committee's role in this area is one of a high level review of the arrangements for internal control. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Court keeps issues of control and risk under review and receives reports thereon from both the Executive Team and the Audit Committee.

The Audit Committee, on behalf of Court, has reviewed the adequacy and effectiveness of the University's system of internal control and risk management and is satisfied with the University's arrangements in that regard. Any system of internal control can, however, only provide reasonable but not absolute assurance against material misstatement or loss.

Based on the above noted process, Court is of the view that there were adequate and effective internal controls in place and that there was an adequate and effective process for identifying, evaluating and managing the University's significant risks during the year ended 31 July 2012 and up to the date of signing the annual report and accounts.

Court also considers that the University has adequate resources to continue in operational existence for the foreseeable future.

Embracing best practice in corporate governance is intended to ensure stronger alignment with the mission and vision of the University, across all areas. This will also serve to deliver improvements in governance structures, decision-making processes, efficiency of operation and effectiveness in monitoring and control systems.

J S Perry
Treasurer
22 November 2012

statement of primary responsibilities of the university court

Under the terms of the University Charter and Statutes, Court is the Governing Body of the University. It has adopted a Statement of Primary Responsibilities which is available on the following web site www.strath.ac.uk/governance/. The Statement of Primary Responsibilities specifies the Court's main responsibilities which cover the areas of staff and students; financial responsibilities; strategic responsibilities; controls; and monitoring performance and effectiveness.

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

With regard to the Financial Statements, Court is required to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates that are made are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- the going concern basis is applied unless it is inappropriate to presume that the University will continue in operation.

Court has taken 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 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 hence to take reasonable steps to prevent and detect fraud;
- secure the economic, efficient and effective management of the University's resources and expenditure.

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and professional services departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with major investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Court;
- a suitably qualified Internal Audit team whose annual programme is approved by the Audit Committee.

independent auditors' report to the University Court of the University of Strathclyde

We have audited the financial statements of the University of Strathclyde for the year ended 31 July 2012 which comprise the Consolidated Income and Expenditure Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to *33*. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University Court of the University of Strathclyde, as a body, in accordance with the Charter and Statutes of the University; and in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and 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 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 Court of the University of Strathclyde as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the University Court and auditor

As explained more fully in the Statement of Primary Responsibilities of Court set out on page 9, the University Court is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under the Charter and Statutes of the University and also under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the University Court; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Principal's Report, Operating and Financial Review, Statement of Corporate Governance and Internal Control and Court Membership to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2012 and of the deficit of the Group's income over expenditure and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by applicable regulations

In our opinion:

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

Matters on which we are required to report by exception

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

- the information given in the Operating and Financial Review is inconsistent in any material respect with the financial statements; 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.

Ernst & Young LLP
Glasgow
22 November 2012

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

income and expenditure account

for the year ended 31 July 2012

	Note	2012 £000	Restated 2011 £000
Income			
Funding Council grants	2	85,745	94,530
Tuition fees and education contracts	3	70,782	69,460
Research grants and contracts	4	42,535	40,187
Other income	5	23,228	22,484
Endowment and investment income	6	2,675	2,107
Total income		224,965	228,768
Expenditure			
Staff costs	7	132,247	132,407
Exceptional restructuring costs	9	3,008	2,838
Other operating expenses	9	72,880	69,309
Depreciation	9	19,204	19,209
Interest and other finance costs	8	142	232
Total expenditure	9	227,481	223,995
Operating surplus before exceptional items		492	7,611
Exceptional items	10	(3,008)	(2,838)
(Deficit)/surplus after depreciation of assets at cost		(2,516)	4,773
Gain on disposal of fixed asset investments	10	46	968
(Deficit)/surplus after depreciation of assets at cost and disposal of assets		(2,470)	5,741
Transfer from accumulated income in endowment funds		26	288
(Deficit)/surplus for the year	21	(2,444)	6,029

The consolidated income and expenditure of the University and its subsidiaries relate wholly to continuing operations.

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

consolidated statement of total recognised

gains and losses for the year ended 31 July 2012

	Note	2012 £000	2011 £000
(Deficit)/surplus on continuing operations		(2,470)	5,741
Appreciation on revaluation of fixed asset investments	12, 21	14	320
(Depreciation)/appreciation of endowment assets	20	(450)	1,828
New endowments	20	868	773
Initial recognition of pension reserve		-	(18,348)
Actuarial (loss)/gain in respect of pension scheme	30	(23,177)	7,112
Total recognised losses relating to the year		(25,215)	(2,574)

Reconciliation

	2012 £000	2011 £000
Opening reserves and endowments	133,272	135,846
Total recognised losses for the year	(25,215)	(2,574)
Closing reserves and endowments	108,057	133,272

balance sheets as at 31 July 2012

	Note	Consolidated 2012 £000	Consolidated 2011 £000	University 2012 £000	University 2011 £000
Fixed assets					
Tangible assets	11	201,790	194,393	201,790	194,393
Investments	12	8,224	8,261	8,224	8,261
		210,014	202,654	210,014	202,654
Endowment assets	13	23,727	23,335	23,727	23,335
Current assets					
Surplus assets for disposal		16,765	412	16,765	412
Stock		246	258	246	258
Debtors	14	17,963	12,544	17,967	12,548
Investments	15	58,000	65,000	58,000	65,000
Cash at bank and in hand		20,767	25,499	20,761	25,493
		113,741	103,713	113,739	103,711
Creditors: amounts falling due within one year	16	(68,002)	(59,122)	(68,000)	(59,120)
Net current assets		45,739	44,591	45,739	44,591
Total assets less current liabilities		279,480	270,580	279,480	270,580
Creditors: amounts falling due after more than one year	17	(8,600)	(9,880)	(8,600)	(9,880)
Provisions for liabilities	18	(9,055)	(8,362)	(9,055)	(8,362)
Net assets excluding pension liability		261,825	252,338	261,825	252,338
Net pension liability	30	(35,619)	(13,619)	(35,619)	(13,619)
Net assets including pension liability		226,206	238,719	226,206	238,719

	Note	Consolidated 2012 £000	Consolidated 2011 £000	University 2012 £000	University 2011 £000
Deferred capital grants	19	118,149	105,447	118,149	105,447
Endowments					
Expendable	20	1,378	1,535	1,378	1,535
Permanent	20	22,349	21,800	22,349	21,800
		23,727	23,335	23,727	23,335
Reserves					
Income and Expenditure Account excluding pension reserve	21	118,985	122,318	118,985	122,318
Pension reserve	21	(35,619)	(13,619)	(35,619)	(13,619)
Income and Expenditure Account including pension reserve		83,366	108,699	83,366	108,699
Revaluation reserve	21	964	1,238	964	1,238
		84,330	109,937	84,330	109,937
Total Funds		226,206	238,719	226,206	238,719

The Financial Statements were approved by the University Court on 22 November 2012, and signed on its behalf by:

Professor Sir J McDonald
Principal and Vice-Chancellor

J S Perry
Treasurer

D Coyle
Chief Financial Officer

consolidated cash flow statement

for the year ended 31 July 2012

	Note	2012 £000	2011 £000
Net cash inflow from operating activities	23	3,970	9,198
Returns on investments and servicing of finance	24	1,661	1,535
Capital expenditure and financial investment	25	(16,140)	(3,435)
Management of liquid resources	26	7,000	-
Financing	27	(1,180)	(1,100)
(Decrease)/increase in cash in the year		(4,689)	6,198

Reconciliation of net cash flow to movement in net funds

	Note	2012 £000	2011 £000
(Decrease)/increase in cash in the year		(4,689)	6,198
Change in short term deposits	26	(7,000)	-
Change in debt	27	1,180	1,827
Change in net funds		(10,509)	8,025
Net funds at 1 August		84,623	76,598
Net funds at 31 July	28	74,114	84,623

1. Principal Accounting Policies

Basis of preparation
The Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education and in accordance with applicable Accounting Standards.

The Financial Statements are prepared under the historical cost convention modified by the revaluation of endowment asset investments and certain fixed asset investments.

Basis of consolidation
The consolidated Financial Statements consolidate the Financial Statements of the University and its subsidiary undertakings for the financial year to 31 July. The consolidated financial statements do not include those of the Students' Association because the University does not control its activities.

Changes in Accounting Policy
The accounting treatment for fee waivers has been amended to reflect recent guidance from the British Universities Finance Directors Group Financial Reporting Group. This results in some recategorisation within the 2011 Income and Expenditure account. Credit bearing tuition fee income in Note 3 is reduced by £1,248,000 and administration and central services expenditure in Note 9 decreases by an equal amount. This prior year adjustment has no impact on the net assets at 31 July 2011 or on the surplus for the year ended 31 July 2011.

Income recognition
Funding council block grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the Income and Expenditure Account over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Recurrent income from research grants, contracts and other services rendered is included to the extent of the related expenditure incurred during the year, together with any related donations received towards overhead costs. Any payments received in advance of such expenditure are recognised on the balance sheet as liabilities.

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

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

Endowment and investment income is credited to the Income and Expenditure Account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the Income and Expenditure Account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the Balance Sheet.

1. **Principal Accounting Policies** continued

Income recognition continued
Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the Statement of Total Recognised Gains and Losses. Any diminution in value is charged to the Income and Expenditure Account, to the extent that it is not covered by a previous revaluation surplus.

Increases or decreases in value arising on the revaluation or disposal of endowment assets is added to or subtracted from the funds concerned and accounted for through the Balance Sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the Statement of Total Recognised Gains and Losses.

Agency arrangements
Funds the University receives and disburses as paying agent on behalf of a funding body or other body, where the University is exposed to minimal risk or enjoys minimal economic benefit related to the receipt and subsequent disbursement of the funds, are excluded from the income and expenditure of the University.

Value Added Tax (VAT)
Any irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

Accounting for charitable donations

Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donations will be received and the value of the incoming resources can be measured with sufficient reliability.

Endowment funds
Where charitable donations are to be retained for the benefit of the University as specified by the donors, these are accounted for as endowments. There are three main types:

- Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.

- Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income.

- Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donation for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the Balance Sheet as a deferred capital grant. The deferred capital grant is released to the Income and Expenditure Account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

1. **Principal Accounting Policies** continued

Accounting for retirement benefits

The University contributes to the Universities Superannuation Scheme (USS), the Strathclyde Pension Fund (SPF) and the Scottish Teachers Superannuation Scheme (STSS). These are defined benefit schemes which are contracted out of the Second State Pension (S2P).

The assets of USS and STSS are held in separate trustee-administered funds. Because of the mutual nature of the schemes, the schemes' assets are not hypothecated to individual institutions and scheme wide contribution rates are set. The University is, therefore, exposed to actuarial risks associated with other scheme members and is unable to identify its share of the assets and liabilities of the scheme on a consistent and reasonable basis. As required by FRS17, the University accounts for these schemes as if they were defined contribution schemes. As a result, the amounts charged to the Income and Expenditure Account represent the contributions payable to the schemes in respect of the accounting period.

The expected cost of providing pension benefits to employees contributing to SPF is recognised in the Income and Expenditure Account on a systematic basis over their expected average lives. Pension scheme assets are measured using market value. Pension scheme liabilities are calculated on an actuarial basis using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is recognised in either the Income and Expenditure Account and the Statement of Total Recognised Gains and Losses.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, with all the resulting exchange differences being taken to the Income and Expenditure Account in the year in which they arise.

Land and buildings

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

Land which is held freehold is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated over their expected useful lives of up to 50 years. Leasehold land and buildings are amortised on the life of the lease up to a maximum of 50 years. Alterations and additions to buildings are depreciated over the expected useful life of the work carried out.

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

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

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

1. Principal Accounting Policies continued

Land and buildings continued

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the University from the existing tangible fixed asset beyond its previously assessed standard of performance. The cost of any such enhancement is added to the gross carrying amount of the tangible fixed asset concerned.

Equipment

Equipment, including personal computers and software, costing less than £10,000 per individual item or group of related items, 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 economic life, as follows:

General equipment	-	5 years
Equipment acquired for specific research projects	-	2 years

Where equipment is acquired with the aid of specific grants it is recognised and depreciated as above. The related grant is treated as a deferred capital grant and released to income over the expected useful life of the equipment.

Where equipment is part of a capital project, it may be depreciated over periods of between five and ten years.

Heritage assets

Works of art and items of historical interest are not recognised, since reliable cost information is not available for items acquired many years ago and significant costs are involved in arriving at valuations.

Surplus assets for disposal

Surplus assets for disposal are land and buildings which are no longer in use by the University and which the University is committed to sell and not replace. These assets are valued at the lower of carrying amount and net realisable value.

Repairs and maintenance

Expenditure to ensure that a tangible fixed asset maintains its previously assessed standard of performance is recognised in the Income and Expenditure Account in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

Investments

Fixed Asset Investments are included in the Balance Sheet at market value except for investments in spin-out companies which are held at the lower of cost and net realisable value.

Endowment Assets are those investments held for endowment funds where the income and/or capital of the funds require to be used for restricted or unrestricted purposes of the University as determined by the terms of the endowment. Endowment Asset Investments are included in the Balance Sheet at market value.

Current Asset Investments are shown at the lower of cost and net realisable value.

1. Principal Accounting Policies continued

Stock

Stocks for maintenance, catering, and central stationery are valued at the lower of cost and net realisable value. Departmental stocks are charged to the Income and Expenditure Account in the year of purchase.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the University has a present, legal, or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

Contingent assets are disclosed by way of a note, where there is a possible, rather than present asset arising from a past event.

Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Liquid resources comprise term deposits, government securities and loan stock held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

2. Funding Council grants

	2012	**2011**
	£000	£000
SFC Higher Education recurrent teaching grant	53,684	60,298
SFC recurrent research grant	19,186	19,470
SFC non-recurrent research grant	3,722	4,073
SEED Funding for Initial Teacher Education	446	1,126
Released from deferred capital grants	5,763	6,392
Other SFC grants	2,944	3,171
	85,745	94,530

3. Tuition fees and education contracts

	2012 £000	Restated 2011 £000
Scotland and EU fees	28,813	29,702
Rest of UK fees (old rates)	988	668
Non EU fees	27,566	27,027
Non credit bearing course fees	6,753	6,192
Education contracts	2,264	2,017
Other contracts	4,398	3,854
	70,782	69,460

4. Research grants and contracts

Research Councils	16,844	17,162
UK based charities	4,214	4,638
European Commission	5,934	4,799
Other grants and contracts	13,163	12,237
Released from deferred capital grants	2,380	1,351
	42,535	40,187

5. Other income

Residences and catering	9,531	9,074
Other services rendered	6,775	5,638
Released from deferred capital grants	1,215	1,946
Royalty income	474	229
Accommodation charges and rental income	181	177
Other departmental income	2,607	2,883
Donations and subventions	554	677
Other	1,891	1,860
	23,228	22,484

6. Endowment and investment income

Income from expendable endowments	8	8
Income from permanent endowments	708	686
Interest receivable	925	801
Investment income	244	242
Net return on pension scheme	790	370
	2,675	2,107

7. Staff costs

	2012 £000	2011 £000
Wages and salaries	107,605	107,115
Social security costs	9,082	8,781
Other pension costs (Note 30)	15,560	16,511
	132,247	132,407

Average staff numbers by major category:	2012 Number	2011 Number
Academic	863	917
Professional Services	1,099	1,120
Research	453	428
Operational	688	762
	3,103	3,227

	2012 £000	2011 £000
Remuneration, excluding employer's pension contributions, of the Principal and Vice-Chancellor was	250	250

Included within the figures are amounts in respect of benefits-in-kind. The University's contributions to USS are paid at the same rates as for other staff and amounted to £40,000 (2011 £40,000).

The number of staff, including senior postholders and the Principal, who received emoluments in the following ranges was:

	2012			2011		
	Senior	Other	Total	Senior	Other	Total
£70,001 - £80,000	-	71	71	-	50	50
£80,001 - £90,000	-	38	38	-	47	47
£90,001 - £100,000	-	21	21	-	17	17
£100,001 - £110,000	-	9	9	-	13	13
£110,001 - £120,000	-	2	2	3	1	4
£120,001 - £130,000	1	3	4	1	3	4
£130,001 - £140,000	1	2	3	1	-	1
£150,001 - £160,000	1	1	2	1	-	1
£160,001 - £170,000	-	1	1	-	-	-
£240,001 - £250,000	1	-	1	1	-	1

The figures shown in the table above include fees earned in respect of work performed for external bodies.

7. Staff costs continued

Payments in respect of compensation for loss of office are provided in the Financial Statements in the year of termination of office. Aggregate compensation for loss of office of staff whose earnings are more than £70,000 per annum or where the costs of all elements of a proposed arrangement amount to more than £100,000 comprised:

	2012 £000	**2011** £000
Pension benefits	439	455
Compensation paid	383	104
	822	559

8. Interest and other finance costs

Loans not wholly repayable within five years	142	232

9. Analysis of expenditure by activity

	Staff costs £000	**Other operating Expenses** £000	**Interest and other finance costs** £000	**2012 total** £000	**Restated 2011 total** £000
Academic departments	72,967	19,443	-	92,410	91,806
Academic services	10,529	4,841	-	15,370	15,720
Research grants and contracts	17,501	12,489	-	29,990	29,286
Administration and central services	14,741	6,354	-	21,095	21,823
Residences and catering	2,818	3,518	-	6,336	5,900
Premises	8,401	15,798	-	24,199	23,300
Other expenses	5,290	10,437	142	15,869	14,113
	132,247	72,880	142	205,269	201,948
Exceptional restructuring costs				3,008	2,838
Depreciation				19,204	19,209
Total per income and expenditure account				227,481	223,995

Exceptional restructuring costs of £3,008,000 (2011 £2,838,000) were incurred as a result of the Voluntary Early Release scheme introduced to reduce recurrent employment costs.

The depreciation charge has been funded by:		
Deferred capital grants released	9,358	9,689
General income	9,846	9,520
	19,204	19,209

Other operating expenses include:		
External auditors remuneration - audit services	57	67
External auditors remuneration - non-audit services	4	60

10. Exceptional items

	2012 £000	2011 £000
Gain on disposal of fixed asset investments	46	968
Restructuring costs	(3,008)	(2,838)

Fire in the James Weir Building

On 7 February 2012, the University experienced a fire in its James Weir Building. The fire resulted in significant smoke, water and other interior damage to the teaching and research facilities and equipment within the building.

As the University has insurance cover for its buildings, contents and the higher costs of continuing business in the aftermath of such an event, no financial loss is anticipated as a result of the fire. However, as negotiations regarding the claim are ongoing with the University's insurers and the likely level of proceeds is not yet determined, no gain has been recognised in the Financial Statements.

11. Tangible fixed assets

	Land and Buildings				
Group and University	**Freehold** £000	**Long leasehold** £000	**Assets under construction** £000	**Equipment** £000	**Total** £000
Cost					
At 1 August 2011	279,314	9,491	3,456	35,416	327,677
Additions	22,050	347	10,328	10,229	42,954
Transfers	147	-	(147)	-	-
Disposals	-	-	-	(2,621)	(2,621)
Transfer to surplus assets for disposal	(27,310)	-	-	-	(27,310)
At 31 July 2012	274,201	9,838	13,637	43,024	340,700
Depreciation					
At 1 August 2011	107,175	7,566	1,963	16,580	133,284
Charge for year	12,087	364	-	6,753	19,204
Disposals	-	-	-	(2,621)	(2,621)
Transfer to surplus assets for disposal	(10,957)	-	-	-	(10,957)
At 31 July 2012	108,305	7,930	1,963	20,712	138,910
Net book value at 31 July 2012	165,896	1,908	11,674	22,312	201,790
Net book value at 31 July 2011	172,139	1,925	1,493	18,836	194,393

11. Tangible fixed assets continued

Buildings with a net book value of £151,403,000 and cost of £250,691,000 have been funded in part or in whole from Treasury sources. Should these particular buildings be sold, the University would have to surrender the relevant proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Scottish Funding Council.

Heritage assets are not recognised in the Financial Statements. The University's heritage assets comprise over 1,000 works of art, around 400 historical scientific instruments, some 35 special collections of rare printed and manuscript materials, historical archives (including the University's own archives and some 30 other archive collections), and silverware and other ceremonial items. The age of the items range from the 15^{th} century to the present day.

The artwork collection is mainly displayed in University buildings across the campuses, while the historical scientific instrument collection is available for viewing by appointment. The book/manuscript collections and archives are used for consultation purposes. The ceremonial assets are used for occasions such as graduations. No material acquisitions occurred in the period, and there were no disposals.

12. Fixed asset investments

	Consolidated and University	
	2012 £000	**2011** £000
At 1 August	8,261	7,365
Additions	1,855	1,644
Disposals	(1,888)	(1,201)
Increase in market value of investments	14	320
(Decrease)/increase in cash balances	(18)	133
At 31 July	8,224	8,261
Represented by:		
Fixed interest investments (listed)	1,837	1,291
Equities (listed)	5,514	6,049
Cash at bank	496	514
Spin-out company investments	325	355
Other	52	52
	8,224	8,261

Investments are stated at market value apart from investments in projects emanating from the University's research activities and which are considered to merit commercial development (spin-out company investments). Such investments are stated at the lower of cost and net realisable value.

12. Fixed asset investments continued

The University's subsidiary undertakings are:

	% Holding	Main Activity	Year End
Strathclyde University Incubator Limited	100	Incubator for technology based business	31/7/12
University of Strathclyde Properties Limited	100	Dormant	31/7/12
Haleno Limited	100	Dormant	31/7/12
SGBS Limited	100	Dormant	31/7/12

13. Endowment assets

	Consolidated and University	
	2012	**2011**
	£000	£000
At 1 August	23,335	21,022
Additions	7,599	4,411
Disposals	(6,818)	(4,400)
(Decrease)/increase in market value of investments	(450)	1,828
Increase in cash balances held for endowment funds	61	474
At 31 July	23,727	23,335
Represented by:		
Fixed interest investments (listed)	4,318	3,021
Equities (listed)	14,481	15,443
Bank deposits	197	201
Cash at bank held for endowment funds	4,731	4,670
Total endowment assets	23,727	23,335
Fixed interest investments and equities at cost	15,839	14,778

14. Debtors

	Consolidated		University	
	2012	**2011**	**2012**	**2011**
	£000	£000	£000	£000
Debtors	14,243	10,355	14,243	10,355
Prepayments and accrued income	3,720	2,189	3,724	2,193
	17,963	12,544	17,967	12,548

15. Current asset investments

	Consolidated		University	
	2012 £000	2011 £000	2012 £000	2011 £000
Deposits maturing:				
in one year or less	58,000	65,000	58,000	65,000

Deposits are held with banks operating in the London market and licensed by the Financial Services Authority. These deposits have more than 24 hours maturity at the balance sheet date.

At 31 July 2012 the weighted average interest rate of these fixed deposits was 0.88% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 48 days. The fair value of these deposits was not materially different from the book value.

16. Creditors: amounts falling due within one year

	Consolidated		University	
	2012 £000	2011 £000	2012 £000	2011 £000
Unsecured loans	1,280	1,180	1,280	1,180
Creditors	15,800	15,747	15,798	15,745
Social security and other taxation payable	2,887	2,839	2,887	2,839
Accruals	14,815	7,927	14,815	7,927
Deferred income	33,220	31,429	33,220	31,429
	68,002	59,122	68,000	59,120

17. Creditors: amounts falling due after more than one year

	Consolidated and University	
	2012	**2011**
	£000	£000
Analysis of unsecured loans:		
Due within one year or on demand	1,280	1,180
Due between one and two years	1,380	1,280
Due between two and five years	4,800	4,460
Due in five years or more	2,420	4,140
	9,880	11,060
Due within one year or on demand	(1,280)	(1,180)
Due after more than one year	8,600	9,880

The unsecured bank loan of £9,280,000 (2011 £10,460,000) is repayable by instalments between 1 August 2012 and 31 July 2018 and interest is charged at 0.5% above the Base Rate. The University also has interest free loans totalling £600,000 (2011 £600,000) from Salix Finance Ltd which are partially repayable in five years or more. The dates and quantum of repayments are wholly dependent upon the timing of expenditure and savings related to various energy efficiency and renewable energy projects funded by these loans, which require matched funding by the University.

18. Provisions for liabilities

	Consolidated and University	
	2012	**2011**
	£000	£000
Pensions		
At 1 August	8,362	16,789
Transfer to pension liability	-	(2,448)
Expenditure in the year	(1,326)	(8,571)
Transfer from Income and Expenditure Account	839	2,294
Revaluation adjustment	1,180	298
At 31 July	9,055	8,362

The University has an obligation in respect of former employees who have retired and for whom an enhanced pension has been provided. Some £5,406,000 (2011 £4,782,000) of this liability continues throughout the retirement period and is assessed by independent actuarial valuation. The principal assumptions are a discount rate of 3.8% (2011 5.1%) and pension increases of 2.0% (2011 2.6%). The balance of £3,649,000 (2011 £3,580,000) relates to the estimated cost of enhanced benefits and strain costs which will be settled via future payments to the Universities Superannuation Scheme and the Scottish Teachers' Superannuation Scheme.

19. Deferred capital grants

Consolidated and University	Funding Council £000	Other grants and benefactions £000	Total £000
At 1 August 2011			
Buildings	63,672	28,015	91,687
Equipment	9,199	4,561	13,760
Total	72,871	32,576	105,447
Cash Receivable			
Buildings	8,109	6,455	14,564
Equipment	41	7,455	7,496
Total	8,150	13,910	22,060
Released to income and expenditure			
Buildings	4,221	1,207	5,428
Equipment	1,542	2,388	3,930
Total	5,763	3,595	9,358
At 31 July 2012			
Buildings	67,560	33,263	100,823
Equipment	7,698	9,628	17,326
Total	75,258	42,891	118,149

20. Endowments

Consolidated and University	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	2012 Total £000	2011 Total £000
At 1 August 2011						
Capital	3,488	16,099	19,587	-	19,587	17,714
Accumulated income	-	2,213	2,213	1,535	3,748	3,308
	3,488	18,312	21,800	1,535	23,335	21,022
New Endowments	6	862	868	-	868	773
Investment Income	113	595	708	8	716	694
Expenditure	(113)	(473)	(586)	(156)	(742)	(982)
	-	122	122	(148)	(26)	(288)
(Decrease)/increase in market value of investments	(131)	(310)	(441)	(9)	(450)	1,828
At 31 July 2012	3,363	18,986	22,349	1,378	23,727	23,335
Represented by:						
Capital	3,363	16,650	20,013	-	20,013	19,587
Accumulated income	-	2,336	2,336	1,378	3,714	3,748
	3,363	18,986	22,349	1,378	23,727	23,335

Major Endowments:

Restricted Permanent endowments include four major individual funds:

T B Hunter Charitable Trust – endowed to support the ongoing development of entrepreneurship education.

Sir David S Anderson Trust – Bequest to be used in the field of Science and Engineering by inviting distinguished persons from institutions in Europe or America to visit the University to take an active part in teaching and/or research or to send University staff abroad to acquire knowledge which might not be available in this country.

Glaxo – Endowed to provide monies to establish two “Jack Research Fellowships” for advance study in any field of science related to the discovery of new drugs.

Robertson Trust – Endowed to provide for a Chair of Bioprocessing Technology.

20. Endowments continued

The movement of these funds for the year were as follows:

	T B Hunter Charitable Trust £000	Sir David S Anderson Trust £000	Glaxo £000	Robertson Trust £000
At 1 August 2011	4,606	1,236	1,788	1,316
Investment income	226	30	68	50
Expenditure	(216)	(14)	(61)	(50)
Increase/(decrease) in market value of investments	93	(40)	(59)	(84)
At 31 July 2012	4,709	1,212	1,736	1,232

21. Reserves

	Income and Expenditure Account £000	Revaluation Reserve £000	Pension Reserve £000	Total £000
Consolidated and University				
At 1 August 2011	122,318	1,238	(13,619)	109,937
Deficit for the year	(2,444)	-	-	(2,444)
Revaluation of fixed asset investments	-	14	-	14
Realised revaluation gain on sale of investments	288	(288)	-	-
Actuarial loss	-	-	(23,177)	(23,177)
Surplus retained within reserves	(1,177)	-	1,177	-
At 31 July 2012	118,985	964	(35,619)	84,330

22. Capital commitments

	Consolidated and University	
	2012 £000	**2011** £000
Commitments contracted at 31 July	59,140	3,143

Of the above commitments, £22,443,000 (2011 £2,048,000) will be funded from external sources.

23. Reconciliation of operating surplus to net cash flow from operating activities

	2012 £000	2011 £000
(Deficit)/surplus after depreciation of assets at cost	(2,470)	5,741
Depreciation of tangible fixed assets	19,204	19,209
Deferred capital grants released to income	(9,358)	(9,689)
Investment income	(2,675)	(2,107)
Gain on disposal of fixed asset investments	(46)	(968)
Loss/(gain) on sale of investments	144	(98)
Interest payable	142	232
Decrease/(increase) in stocks	12	(2)
Increase in debtors	(4,808)	(90)
Increase in creditors	3,519	2,644
Increase/(decrease) in provisions	693	(5,979)
Pension costs less contributions payable	(387)	305
Net cash inflow from operating activities	3,970	9,198

24. Returns on investments and servicing of finance

Income from endowments	716	694
Interest received and investment income	1,077	1,074
Interest paid	(132)	(233)
Net cash inflow from returns on investments and servicing of finance	1,661	1,535

25. Capital expenditure and financial investment

Payments to acquire tangible fixed assets	(37,703)	(17,827)
Deferred capital grants received	21,541	13,471
Endowment assets acquired and received	(6,731)	(3,638)
Receipts from sale of endowment assets	6,818	4,400
Purchase of fixed asset investments	(1,855)	(1,644)
Receipts from sale of fixed asset investments	1,790	1,803
Net cash outflow for capital expenditure and financial investment	(16,140)	(3,435)

26. Management of liquid resources

Decrease in short term deposits	7,000	-

27. Financing

	2012 £000	2011 £000
Repayments of unsecured loans	(1,180)	(1,100)
Non-cash changes to debt	-	(727)
	(1,180)	(1,827)

28. Analysis of changes in net funds

	At 1/8/11 £000	Cash flow £000	Non-cash changes £000	At 31/7/12 £000
Investments	514	(18)	-	496
Endowment assets	4,670	61	-	4,731
Cash in hand and in bank	25,499	(4,732)	-	20,767
	30,683	(4,689)	-	25,994
Short-term investments	65,000	(7,000)	-	58,000
Debts due within one year	(1,180)	1,180	(1,280)	(1,280)
Debts due after one year	(9,880)	-	1,280	(8,600)
	84,623	(10,509)	-	74,114

29. Cash flows relating to exceptional items

Operating cash flows include an outflow of £2,742,000 (2011 £9,784,000) in respect of exceptional restructuring costs.

30. Pension schemes

The University participates in three defined benefit schemes, the Universities Superannuation Scheme (USS), the Strathclyde Pension Fund (SPF) and the Scottish Teachers Superannuation Scheme (STSS).

	2012 £000	2011 £000
The total pension costs for the year were:		
USS	12,681	12,700
SPF	2,777	3,670
STSS	102	141
	15,560	16,511

With the exception of the Strathclyde Pension Fund, the University has, as permitted by FRS 17, accounted for these schemes as though they were defined contribution schemes and the costs recognised within the University's Income and Expenditure Account is equal to the contributions payable to the schemes in the year.

	2012 £000	2011 £000
Outstanding contributions at 31 July were:		
USS	1,552	1,604
SPF	252	269
STSS	12	16
	1,816	1,889

30. Pension Schemes continued

Universities Superannuation Scheme

The University participates in USS, a defined benefit scheme which is 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 latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2012 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market implied inflation on account of the historically high level of inflation implied by Government bonds (particularly when compared to the Bank of England's target of 2.0% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for three years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follows:

Male members' mortality	S1NA ["light"] YoB tables – No age rating
Female members' mortality	S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The CMI 2009 projections with a 1.25% per annum long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	23.7 (25.6) years
Males (females) currently aged 45	25.5 (27.6) years

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

30. Pension Schemes continued

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis using a valuation rate of interest in respect of part service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustee has determined after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

- *New Entrants*
  Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

- *Normal pension age*
  The Normal pension age was increased for future service and new entrants, to age 65.

- *Flexible Retirement*
  Flexible retirement options were introduced.

30. Pension Schemes continued

- *Member contributions increased*
  Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

- *Cost sharing*
  If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

- *Pension increase cap*
  For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are cited as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below:

Assumption	*Change in assumption*	*Impact on shortfall*
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

30. Pension Schemes continued

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

At 31 March, USS had over 145,000 active members and the University had 2,068 active members participating in the scheme.

The contribution rate payable by the institution is 16% of pensionable salaries.

Strathclyde Pension Fund

The Strathclyde Pension Fund provides benefits based on final pensionable salary for employees of local government and some other institutions. The University believes that sufficiently robust information is now available to enable each institution's share of the underlying assets and liabilities of the scheme to be identified on a consistent and reasonable basis and hence from 2010/11 contributions to the scheme are accounted for as if it were a defined benefit scheme.

SPF is an externally funded, multi-employer, defined benefits scheme which is contracted out of the State Second Provision (S2P) Scheme. The last full valuation was carried out at 31 March 2011 by a qualified independent actuary. The FRS17 results below are based on rolling forward the previous valuation results to 31 July 2012.

30. Pension Schemes continued

The major assumptions used by the actuary at the beginning and end of the financial year were as follows:

	2012	2011
Rate of increase of salaries (see note a)	4.5% *	5.0% **
Rate of increase in pensions in payment (see note b)	2.2%	2.7%
Discount rate	4.1%	5.3%
Expected return on assets	4.9%	6.4%

(a) * The salary increase assumption is 1% for the year to July 2013, 2.5% for the 2 years to July 2015 and 4.5% thereafter.
** The salary increase assumption is 1% for the year to July 2012, 3% for the year to July 2013 and 5% thereafter.
(b) The rate of increase in pensions at 31 July 2012 is based on CPI.

The current mortality assumptions include a sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are as follows:

	At 31 July 2012	At 31 July 2011
Current Pensioners		
Males	21.0 years	20.6 years
Females	23.4 years	23.9 years
Future Pensioners		
Males	23.3 years	22.6 years
Females	25.3 years	26.0 years

The fair value of the University's share of the assets and liabilities in the scheme were measured in accordance with the requirements of FRS17 and the expected rates of return were as follows:

	31 July 2012		31 July 2011		31 July 2010	
	Long term rate of return	Value £000	Long term rate of return	Value £000	Long term rate of return	Value £000
Equities	5.5%	93,487	7.0%	104,496	7.2%	94,496
Bonds	3.3%	16,648	4.7%	17,874	4.8%	17,639
Property	3.7%	10,245	5.1%	8,250	5.3%	8,820
Cash	2.8%	7,684	4.0%	6,875	4.4%	5,040
Total market value of assets		128,064		137,495		125,995
Present value of scheme liabilities						
- Funded		(161,004)		(149,087)		(144,973)
- Unfunded		(2,679)		(2,027)		(1,818)
Deficit in the scheme		(35,619)		(13,619)		(20,796)

30. Pension Schemes continued

Movements in fair value of plan assets	2012 £000	2011 £000
At 1 August	137,495	125,995
Expected return on plan assets	8,743	8,257
Actuarial (losses)/gains	(16,403)	5,029
Contributions by the employer	2,987	3,181
Contributions in respect of unfunded benefits	177	184
Contributions by members	723	767
Unfunded benefits paid	(177)	(184)
Benefits paid	(5,481)	(5,734)
At 31 July	128,064	137,495

Movements in present value of defined benefit Obligations	2012 £000	2011 £000
At 1 August	151,114	146,791
Current service cost	2,586	2,735
Past service cost	-	10
Loss on curtailments	191	925
Interest cost	7,953	7,887
Actuarial losses/(gains)	6,774	(2,083)
Contributions by members	723	767
Estimated unfunded benefits paid	(177)	(184)
Benefits paid	(5,481)	(5,734)
At 31 July	163,683	151,114

Analysis of the amount charged to staff costs within operating deficit	2012 £000	2011 £000
Current service cost	2,586	2,735
Past service cost	-	10
Loss on curtailments	191	925
Total operating charge	2,777	3,670

Analysis of the amount credited to other finance income	2012 £000	2011 £000
Expected return pension scheme assets	(8,743)	(8,257)
Interest cost	7,953	7,887
Total net finance return	(790)	(370)

30. Pension Schemes continued

Analysis of amount recognised in the Statement of Total Recognised Gains and Losses (STRGL):	**2012** £000	**2011** £000
Actual return less expected return on scheme assets	(16,403)	5,029
Experience (losses)/gains on liabilities	(6,774)	2,083
	(23,177)	7,112
Initial recognition of pension reserve	-	(18,348)
Total loss recognised via STRGL during year	(23,177)	(11,236)

History of experience gains and losses	**2012** £000/%	**2011** £000/%
Difference between the expected and actual returns on assets	(16,403)	5,029
Percentage of scheme assets	(12.8%)	3.7%
Experience (losses)/gains on scheme liabilities	(6,774)	2,083
Percentage of scheme liabilities	(4.1%)	1.4%
Total amount recognised in STRGL	(23,177)	7,112
Percentage of scheme liabilities	(14.2%)	4.7%

The contribution rate payable by the University was 21.1% until 31 March 2012 and 21.3% thereafter (2011 21.1%) of pensionable salary.

Scottish Teachers Superannuation Scheme

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

The level of contribution paid by employing institutions is 14.9% (2011 14.9%) of members' salaries.

31. Taxation status

The University has charitable status and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity No. SC015263). The University is an exempt charity within the meaning of Part 1, Chapter 2, Section 7 of the Charities and Trustee Investment (Scotland) Act 2005, and is considered to pass the tests set out in Paragraph 1 of Schedule 6 to the Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation tax purposes.

31. Taxation status continued

Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 287 of the Corporation Tax Act 2009 and Sections 471 and 478 – 488 of the Corporation Tax Act 2010 (formerly enacted in Section 505 of the Taxes Act 1988) 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.

32. Related party transactions

Due to the nature of the University's operations and the composition of Court (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of 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 University makes certain payments on behalf of and is re-imbursed for certain costs by the Students' Association (USSA). The University does not exercise day to day control over the activities of USSA.

In line with the Committee of University Chairmen guidance, all members of Court are required to complete a register of interests to record any areas of potential conflict with the interests of the University. A register of interests is maintained for members of Court and no related party transactions of a material nature were reported during the year.

Membership of spin-out companies and other associated companies was reviewed and there is no significant University representation in these companies. No material payments have been made to these companies.

33. HE bursaries and other student support funds

	2012 HE Childcare £000	2012 HE Discretionary £000	2012 Total £000	2011 Total £000
Balance brought forward	28	67	95	42
Allocation received in the Year	491	1,005	1,496	1,520
Expenditure	(177)	(938)	(1,115)	(1,467)
Repaid to Funding Council as clawback	-	(31)	(31)	-
Virements	(50)	50	-	-
Balance carried forward	292	153	445	95
Repayable to Funding Council as clawback	292	153	445	-
Retained by University for students	-	-	-	95
	292	153	445	95

Funding Council grants are available solely for students. The University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

court membership 2011/12

Court Membership 2011/12	Membership of Principal Committees of Court
Convener of Court	
Dr J F Livingston (until 31/07/12) §	Convener of Court Membership Group, Remuneration Committee and Court Business Group. Member of Estates Committee
Ex Officio	
Principal and Vice-Chancellor Professor Sir J McDonald	Convener of Executive Team, Member of Estates Committee, Staff Committee, Court Membership Group and Court Business Group
Vice-Principal Professor K Miller	Convener of Staff Committee, Member of Executive Team, Court Membership Group and Court Business Group
Glasgow City Council	
Councillor J Findlay (until 31/07/12)	
Senate	
Professor J Fraser	
Dr C Prior (until 31/07/12)	
Dr S Tagg (until 31/07/12)	
Dr K O'Gorman (until 29/02/12)	
Dr L Woolfson	
Graduates Association	
Dr Rose-Mary Harley	
President of the Students Association plus Another Member of the Student Executive	
Mr C Singh (until 31/07/12)	Member of Court Business Group
Ms C Morton (until 31/07/12)	
Co-opted by Court (Lay Members)	
Mr R Cleland	Member of Staff Committee, Court Business Group and Court Membership Group
Mr R Crawford	Member of Audit Committee and Court Business Group
Mr J Fergus (until 31/07/12)	
Mr D Gray	Member of Court Business Group
Ms G Hastings	Member of Audit Committee
Dr P Hughes (until 31/07/12)	
Mr R J A Hunter	Member of Court Business Group and Court Membership Group
Convener, Dr J F Livingston (until 31/07/12)	See above
Ms M McGarry	Member of Audit Committee
Mr J S Perry (Treasurer)	Member of Estates Committee, Court Business Group and Court Membership Group
Dr G R Wilson (Vice-Convener of Court) (until 31/07/12)	Member of Staff Committee, Court Membership Group, Remuneration Committee, Court Business Group and Estates Committee
Mr M Wishart	Convener of Audit Committee and Member of Remuneration Committee
Non-Teaching Staff	
Mr Niall Sturrock	

The following individuals were not members of Court during the financial year to 31 July 2012 but were members of Court on the day the Financial Statements were approved:

Mr J Beeton, Dr A Bethel, Councillor S Curran, Ms R Maxwell-Stuart, Mr M Moir, Dr J Morgan, Professor N Nic Daeid, Dr V O'Halloran, Professor J Thomson and Ms M Venman

§ Mr R J A Hunter replaced Dr J F Livingston as Convener on 1 August 2012.

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