



University of
Strathclyde
Glasgow

REPORT & FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

Officers of the University

Chancellor

The Rt Hon The Lord Smith of Kelvin KT CH

Principal and Vice-Chancellor

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Convener of Court

Richard J A Hunter BA CA

Vice-Principal

Professor Scott MacGregor BSc PhD SMIEEE CPhys

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David Coyle MA FCMA

Chief Operating Officer

Hugh Hall MBA CPFA (until 28/02/17)

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Dr Veronica O'Halloran BA (Hons) MA (Hons) PhD FRSA FSAS (from 01/06/17)

Associate Principals & Executive Deans

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Professor Douglas Brodie LLB PhD

Associate Principal and Executive Dean of the Faculty of Humanities and Social Sciences

Professor David Littlejohn BSc PhD FRSE CChem FRSC

Associate Principal and Executive Dean of the Faculty of Science

Professor Dimitris Drikakis MEng PhD CEng FRAeS SMAIAA

MASME MAPS, Associate Principal and Executive Dean of the Faculty of Engineering (until 30/06/17)

Professor Atilla Incecik BSc PhD CEng MRINA MSNAJ MSNAME

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Associate Principal (Learning and Teaching)

Professor Tim Bedford BSc MSc PhD FRSE FSaRS FIMA

Associate Principal (Research and Innovation)

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Principal's Report

The University of Strathclyde has had another outstanding year and I am pleased to be able to present to you our Financial Statements for 2017.

The year has seen the acceleration of our progress as a leading international technological university that augments its delivery of value through our historical commitment to being a socially progressive institution. We have gained momentum in this mission through advances in research, learning and teaching, innovation and partnerships with business, industry, government and public sector agencies – all underpinned by investment in our people and our campus.

As one of the UK's top 20 universities for research intensity, our world-class academics are continuing to find solutions to global challenges, help businesses compete on the world stage, and support our understanding of complex societal needs.

We have seen our research funding grow in every category, with our total underlying research income increasing by £8.3 million from last year, or 14.5%, to £65.6 million. This is a reflection of the confidence our funders have in: the quality, impact and reach of our research; and, our successes in attracting research funding in an increasingly competitive environment.

Together with our partners, we are recognised as being at the forefront of international research in our strategic theme areas of: Advanced Manufacturing & Materials; Energy; Health & Wellbeing; Innovation & Entrepreneurship; Society & Policy; Measurement Science & Enabling Technologies; and Ocean, Air & Space.

Our Technology and Innovation Centre (TIC) has become a beacon for innovation, attracting partners from across the globe to work side-by-side with our researchers. Fittingly, TIC is at the heart of Scotland's first Innovation District, a dynamic hub for networks of companies, organisations and academia to inform, exchange and generate new ideas. This is a prime example of how Strathclyde builds reputation and excellence founded on our core values of being people-centred, collaborative, innovative, ambitious and bold.

Meanwhile, our Advanced Forming Research Centre (AFRC) is playing a lead role in the development of a manufacturing innovation district near Glasgow Airport within the proposed establishment of the National Manufacturing Institute for Scotland. The Centre and its industry partners – including Rolls-Royce and Boeing – are setting new standards in manufacturing and design for an increasingly diverse range of sectors.

Our strong, collaborative links with business, industry and the public sector continue to inform our education portfolio and support our unparalleled employer engagement programme, enabling Strathclyders to graduate with a thorough understanding of employer needs with many of our students benefiting from sponsorship, scholarship and internships. We have also engaged strongly with innovative approaches to delivering a Strathclyde degree through our Graduate Level Apprenticeship programme and our Engineering Academy in partnership with Skills Development Scotland and the Scottish Funding Council (SFC).

Strathclyde students are also set to benefit directly from our campus developments, and particularly our new £60 million learning and teaching hub – our biggest single investment in a building project to date. The leading-edge facility will create an innovative and inspiring environment for learning, exciting new digital and physical infrastructure, a 'one-stop-shop' for student services, and a new home for our Students' Association.

Together with 'Strathclyde Sport' – our £31 million centre for health and wellbeing – we are investing almost £100 million in creating a first-class student experience. The sports facility is due to open in summer 2018 and will support our elite athletes, as well as encouraging physical activity at all levels for the entire University community.

At the same time, we are carrying out an extensive refurbishment of the Wolfson Building – supported by the Wolfson Foundation – to create leading-edge research and teaching facilities for the Department of Biomedical Engineering.



And the announcement of a £2 million joint investment – with the Chinese Hanban organisation – in the Ramshorn Theatre as a new base for our Confucius Institute for Scotland’s Schools will enable us to support more pupils and businesses across the country.

Our people are our most valuable asset and are central to all our activity. This year, we have been further building our talent base, actively recruiting high-calibre academics from around the world through our new Global Talent Programme. Over the past three years, we have made 87 appointments through our Chancellor’s Fellows and Global Talent programmes in areas of strategic priority; under our current Strathclyde Global Talent Programme, we have already made 13 appointments and are in the process of appointing up to 60 new world-leading professors and exceptional early career academics.

Good governance is essential to the performance of any institution and we were delighted this year to welcome Dame Sue Bruce as our newly-appointed Convener of Court. As the former Chief Executive of three Scottish local authorities – including two city councils – her vast experience and leadership skills are invaluable in supporting our plans for the future.

I am also delighted that we are making great strides in widening participation, ensuring more people, whatever their circumstances, can benefit from the life-changing opportunities studying at university can bring. SFC figures issued in February 2017 confirmed that Strathclyde is now Scotland’s leading research-intensive university for attracting widening access entrants to higher education. Indeed, in September 2017, we exceeded our 2020 widening access target three years ahead of schedule.

As a socially progressive university, we have introduced a wide range of measures to encourage applications from talented people with a diverse range of backgrounds. From the Engineering Academy and the Literacy Clinic to the Strathclyde Cares and Young Strathclyders programmes, these initiatives are designed to ensure that talent and ability – and not financial or social circumstances – determine participation. All of this reflects the ethos of Strathclyde as an international, innovative, progressive, forward-looking institution – qualities that are recognised by our staff, our students and our partners around the globe. I was particularly pleased to see our Strategic Planning team being recognised as outstanding at this year’s Times Higher Education Leadership and Management Awards, not least for their exceptional work in enabling us to widen access to higher education.

In the same awards, we were also named the UK higher education sector’s Workplace of the Year. As a people-oriented, values-driven university, we are committed to supporting staff at all levels, through initiatives such as the attainment of Living Wage Employer status, the removal of zero-hours contracts and the introduction of bespoke staff development programmes.

The news came just months after we were named Business School of the Year in the 2016 Times Higher Education Awards – our fourth major title in these awards in six years, and a testament to an internationally-renowned Faculty that is leading the way in teaching, research and innovation.

The support of staff, students and partners has been fundamental to the many successes we have enjoyed in the past year. On behalf of the entire University community, I would like to thank them for their continuing support, and I look forward to another successful chapter in the year ahead.

Professor Sir Jim McDonald
Principal and Vice-Chancellor
 30 November 2017



Strategic Report

VISION AND MISSION

Our collective vision for Strathclyde is of a leading international technological university inspired by its founding mission as ‘the place of useful learning’, that makes a positive difference to the lives of its students, to society and to the world.

Our commitment to useful learning shapes and defines our academic endeavour across research, knowledge exchange and the delivery of learning and teaching. In pursuit of this vision our five-year Strategic Plan includes ambitious targets structured around three strategic themes and two cross-cutting themes, as outlined in the diagram below.

Our Vision	A leading international technological university, inspired by its founding mission, that makes a positive difference to the lives of its students, to society and to the world				
Our Mission	From our foundation as ‘the place of useful learning’, we take it as our responsibility to research, teach and be of benefit to society – to reach outside the University to make the world better educated, prosperous, healthy, fair and secure				
Strategic Themes	Outstanding student experience		Internationally-leading research		World-leading innovation and impact
Cross-cutting Themes	Global engagement			Operational excellence	
Our Values	People-oriented	Bold	Innovative	Collaborative	Ambitious

Within our five-year Strategic Plan we refined and focused our targets in the form of 16 key performance indicators as we look to further drive our academic performance, consolidate and build upon our strong financial position and enhance and extend our global reputation. The information on performance measures provided below represents progress following two years of implementation. For some measures, a longer-term trajectory is provided, with the aim of providing an enhanced view of medium-term trend.



OUTSTANDING STUDENT EXPERIENCE

Strategic context

At Strathclyde we ensure a positive learner journey for all by focusing on successful transitions across all levels of education; we are committed to providing access to people from the widest possible range of backgrounds, to improving student retention and ensuring onward success. Our strategic ambitions focus on growing our postgraduate cohorts, diversifying our student population and creating flexible pathways, so that individuals from a variety of backgrounds can benefit from the distinctive student experience at

Strathclyde. The National Student Survey, the divergence in UK higher education policy and funding, and the growth of national and international rankings and establishment of the Teaching Excellence Framework have led to a highly competitive environment for student recruitment.

The delivery of a high-quality student experience, good retention rates and positive graduate outcomes are essential characteristics for a successful and attractive university.

Performance measures	Progress/activity
Achieve an annual intake of 1,000 Scottish domiciled undergraduates from SIMD 0-40 areas by 2020	The University has exceeded its annual milestones for the recruitment of Scottish-domiciled undergraduates from SIMD 0-40 areas. We remain the Scottish research-intensive university with the largest number of entrants from the 40% most deprived areas in Scotland. In 2017, Strathclyde admitted 982 SIMD 0-40 entrants, which maintained the level achieved in 2016, exceeds the milestone set for 2017 (929 headcount) and is 25% higher than in 2010/11. SIMD 0-40 now represents over 30% of our undergraduate entrant population which progresses the University significantly towards meeting Scottish Government Commission on Widening Access targets.
Maintain undergraduate retention from Year 1 to Year 2	Whilst our student population continues to change we have broadly maintained our high retention rate. Strathclyde's proportion of 2014/15 undergraduate entrants retained in 2015/16 was 90.6%, which is down by 1.9% year on year, this is however above the UK average by 0.3%. Taking into account a longer trajectory and year-to-year fluctuations for this data, Strathclyde has outperformed the Scottish sector by 0.8 percent on average over the last 3 years (91.7% of Strathclyde undergraduate entrants from 2012/13-2014/15 retained the year following entry compared with 90.9% across the sector).
Achieve Student Satisfaction (overall) of 90% or higher annually in the National Student Survey	Our performance in overall NSS satisfaction is unchanged on the previous year (87%), however our relative sector position for overall satisfaction has improved to 4th in Scotland and 37th in the UK. Assessment and feedback results remain an area for improvement and actions being taken forward are focused on Department-led activity and the enhanced use of NSS improvement plans, to be monitored through our senior Education committees and involving all Department/School leads.
Meet or exceed our HESA benchmark annually for the proportion of graduates in work or further study	Just under 96% of our graduates are in work or further study six months after their graduation, which is 0.9% higher than our HESA benchmark. We are 0.6% above the Scottish average and 1.5% above the UK average.
Increase our postgraduate taught (PGT) population to 3,100 FTE by 2020	The postgraduate taught population increased to 3,230 FTE in 2017. This represents a considerable increase on the baseline figure of 2,340 FTE and is ahead of the final target of 3,100 which was set for 2020.

Risks

It is critical that we maintain and continue to develop a high quality and cost effective academic portfolio and student experience that is attractive to future students, funders and key external stakeholders. To do so will attract applicants, enhance student satisfaction and increase opportunities for collaborative work with external partners. This in turn will increase revenue streams, the University's position in the NSS, graduates' chances of securing graduate-level employment and the University's reputation. To fail to do so will have adverse consequences across all these areas.



INTERNATIONALLY-LEADING RESEARCH

Strategic context

The University's ambition to increase its research quality and intensity is integral to its reputation as a leading international technological university. With ambitious targets in this area we have made significant progress over recent years in what is an increasingly competitive and challenging funding environment.

Our distinctive mission and our focus on partnership with industry and international partners have played a significant part in our recent success against a backdrop of declining real terms Scottish and UK public funding for research.

Performance measures	Progress/activity
Increase our total competitively won research income to £70 million by 2020	Following the University's success in the Research Excellence Framework exercise, recurring research income in 2017 totals £65.6 million, representing a year-on-year increase of £8.3 million (14.5%) and an overall increase of over 60% over a six-year period.
Achieve an overall field-weighted citation impact rate 50% greater than the world average by 2020	Our field-weighted citation impact (FWCI) rate has risen to 99% greater than the world average in 2016, which exceeds the final target and represents a significant increase on the 39% baseline figure set at the outset of the Strategic Plan and is above the final target set for achievement by 2020.
Increase our postgraduate research (PGR) population to 1,750 FTE by 2020	Aligned to our growth in research income and industry-sponsored activity, our postgraduate research student numbers have increased steadily over the past five years and our overall population in 2017 reached 1,970 headcount (1,430 FTE). Substantial growth in our population in recent years has made a significant contribution to our research intensification agenda. Strathclyde is well placed in terms of opportunities for continued growth in this area, although it is noted that growing intakes has become more challenging during 2017.

Risks

Whilst the University has had considerable success and the pipeline of income from research grants already won is strong, further growth in this area will undoubtedly require continued focus, particularly in the context of the UK's planned exit from the EU. Continuing our historically strong performance in securing EU framework programme funds in the short to medium term will be a key focus, whilst building up income streams from other sources and capitalising on opportunities arising through the UK Government's Industrial Strategy.

It has been widely reported that the quantum of public funding available to support research from within the UK is, at best, likely to decline in real terms and so the further development and expansion of our relationships with business and industry, and outwith the EU, will become increasingly important for the support of postgraduate research students as well as research income growth.

In light of this, the Strategic Plan 2015-2020 includes KPIs focusing both on research income and PGR numbers. Whilst the REF results brought financial benefit flowing from the Scottish Funding Council (SFC) via the University's Research Excellence Grant allocations, the previously noted risk of SFC's move away from formula funding for Knowledge Transfer activity (now funded via the University Innovation Fund) has resulted in negative financial implications for Strathclyde given the significant share of total funding that Strathclyde secured under the previous arrangements.

WORLD-LEADING INNOVATION AND IMPACT

Strategic context

Knowledge exchange and innovation are central to the University's mission to create useful learning of benefit to society and which can contribute to economic, social and cultural wellbeing. In a time of increasing global competition and where multinationals are able to shift research and development budgets between countries, our focus and unique collaborative approach of bringing together competing companies and supply chain partners to address industry challenges has proven critical to our work in this area.

Performance measures	Progress/activity
Increase our total income from licensing, gains on sales of spin out/spin off investments, CPD and consultancy to £30 million by 2020 (based on a two-year average figure)	Financially we have continued to develop our consultancy income, which totalled £11.6 million in 2017, whilst our CPD income totalled £12.1 million – combined our progress for the KPI is in line with the milestones required to achieve the target by 2020, with a total two-year average figure for income from licensing, gains on sales of spin out/spin off investments, CPD and consultancy of £23.4 million in 2017. Our broader successes in this area have seen us retain our position in the UK top five institutions undertaking Knowledge Transfer Partnerships with industry, retaining second position during 2017, with a portfolio of 30 such funded partnership awards.
Increase our total industry research income to £18 million by 2020	In line with our strategy we have had a continued focus on industry research income, as a subset of total research income, which now totals £11.9 million. We have maintained our income year on year and will require further significant success in future years if we are to achieve our 2020 target.

Risks

With companies continuing to face global competition and increasing options in terms of universities they partner with for research and development and CPD support, this remains a highly competitive area. Continuing to deliver and develop our innovative and highly successful industry cluster centre model – and apply this in new ways in other fields (e.g. public policy), such that we are in a position to secure longer-term contracts with multiple partners – will be critical to the development of relationships with a range of companies, supply chains, government and others.

GLOBAL ENGAGEMENT

Strategic context

The University of Strathclyde is committed to strengthening our reputation as a leading international technological university with our international outlook permeating everything we do.

This is reflected in the increasingly international and collaborative nature of our research, scholarship, knowledge exchange and innovation, but also in our drive to deliver a teaching and learning experience which equips our graduates with the necessary attributes to flourish in the global workplace.

Performance measures	Progress/activity
Increase our number of non-EU students to 2,650 FTE by 2020	Whilst the market is highly competitive, our international student population has grown significantly over the period of the Strategic Plan. In 2017 there were 2,580 FTE non-EU students registered at Strathclyde, an increase of over 170 (6%) year on year, which is well ahead of the annual milestone required to meet the target by 2020.
Monitor the proportion of non-EU students from beyond our five most well-represented countries	In 2017 the five largest sending countries accounted for 54% of this population as compared to 59% in 2012 when this KPI was first adopted by the University in order to complement considerations of non-EU student growth.
Monitor the proportion of our academic professional staff who are international	Just as our student population becomes more internationally diverse, so too does our staff body with 36% being international compared to 31% in 2012.

Risks

The UK's exit from the EU, increasing global competition for research and development funding, the significant investments growing economies are making in their higher education sectors, the rise of teaching in English across the world and the high degree of mobility of international students all represent significant risks to this strategic theme. The University's reputation and maintaining its relationships with leading universities will be critical in mitigating risk in this environment. In addition, significant changes to the student visa regime or the perceived attraction of Scotland/the UK as a destination for students and staff, particularly in the context of the EU referendum, represent a significant risk. Any of these could potentially have an adverse impact on staff recruitment and retention, student enrolments, student satisfaction, graduate employment and the University's reputation, with related financial consequences.

OPERATIONAL EXCELLENCE

Strategic context

Ensuring that we operate in the most effective and efficient way is vital to maximising the impact of the funding we receive. Efficiency and effectiveness represent a key area of focus for our funders with year on year efficiency gains specified in our teaching funding from the SFC. The annual efficiency returns required by the Scottish Government and the Diamond Review on 'Efficiency, effectiveness and value for money' provide a UK focus in this area. In this context, maximising the efficiency of the investments in our estate, our people and our systems is critical in order to create sufficient headroom for continued growth and investment.

Performance measures	Progress/activity
Submit for the silver Athena SWAN Institutional Award by 31 July 2020	Three new Bronze departmental awards were achieved during 2017, bringing the total number of departmental Athena SWAN awards to 12 (1 Silver, 11 Bronze). Preparations are underway for the University's November 2017 submission for its next institutional award.
Achieve an operating surplus annually of between 3-5%	Changes to financial reporting introduced in 2015/16, following the implementation of Financial Reporting Standard 102 (FRS 102) and the new Statement of Recommended Practice (SORP 2015), have resulted in greater volatility in surpluses/deficits. As a result, the University proposes to replace this performance measure with a new measure that offers a clearer focus on financial sustainability. The most appropriate measure is currently under consideration.
Reduce our carbon emissions by 25% by 2020	In 2017 the University's carbon emissions were 25,363 tonnes CO ₂ e, compared to 28,300 tonnes CO ₂ e in 2016. Work to install a Combined Heat and Power District Energy Network began during 2017: this project, once completed, will deliver significant further reductions in carbon emissions, as a key contributor to achieving the University's target.

Risks

Failure to improve effectiveness and efficiency will mean that we are not fully able to realise our strategic growth and investment plans. Failure to operate as effectively and efficiently as our competitors will lead to a relative competitive disadvantage and compromise our ability to demonstrate value for money, to generate sufficient funds for future investment and to secure third-party funding.



Disability policy

The University is committed to promoting opportunities for staff and students with disabilities. This covers recruitment, appraisal and training opportunities, support, awareness training for staff, implementation, monitoring, and a complaints procedure.

The University employs a Disability Service Manager and a team of disability advisers who work to improve access and inclusion of students with disabilities.

Equality and diversity policy

The equality and diversity policy outlines the University's commitment and approach towards promoting equal opportunities for staff and students with protected characteristics, including disabled people.

The University has an ongoing programme of expenditure to ensure it meets the requirements of the Public Sector Equality Duty and the Equality Act 2010. The University also employs an Equality and Diversity Manager who works to promote the equality of opportunities for staff and students with protected characteristics as defined by the Equality Act 2010.

FINANCIAL REVIEW

	2017	2017	2017	2016	2016	2016
	Operating	Other	Total	Operating	Other	Total
	activities	significant		activities	significant	
	£M	items	£M	£M	items	£M
	£M	£M	£M	£M	£M	£M
Summary Income and Expenditure						
Income (excl capital grants)	282.1	-	282.1	263.7	2.6	266.3
Capital grant income	13.8	-	13.8	14.6	-	14.6
Total Income	295.9	-	295.9	278.3	2.6	280.9
Expenditure (incl depreciation)	(288.1)	(3.7)	(291.8)	(270.8)	(3.1)	(273.9)
Surplus before other gains and losses	7.8	(3.7)	4.1	7.5	(0.5)	7.0
Gains on disposal of fixed assets	-	-	-	-	8.0	8.0
Gains on investments	-	3.3	3.3	-	2.4	2.4
Taxation	-	-	-	-	(0.6)	(0.6)
Surplus for the year	7.8	(0.4)	7.4	7.5	9.3	16.8
Cash generated from operations			34.6			21.1
Cash and borrowings						
Cash and cash equivalents			136.1			115.0
Loans			(91.8)			(94.1)
			44.3			20.9
Total assets less current liabilities			472.6			470.0
Total reserves			324.7			308.0



Overview

The University anticipated that 2017 would be a challenging year in financial terms as a result of cash reductions in recurrent teaching funding arising at the same time as significant staffing cost pressures attributable to higher pension costs and Government imposed increases in social security costs. Notwithstanding these challenges, the University generated a surplus, before one-off significant items not influenced by day-to-day operations, of £7.8 million (2016 £7.5 million).

The implementation of FRS 102 and SORP 2015 has resulted in the introduction of greater volatility in financial outcomes, most notably as a result of:

- The recognition of capital grants in income when the University is entitled to the funds as performance-related conditions are met. Previously such grants were deferred and then released over the life of the underlying asset.
- The need to make provision for the estimated cost of the deficit recovery plan for the Universities Superannuation Scheme (USS) with year-on-year changes to the University's liability arising from changes in discount rates and other actuarial assumptions.
- Unrealised gains and losses in the market value of investments now being recognised through the Statement of Comprehensive Income and Expenditure.

In addition to showing the overall financial performance for the University, the above table highlights the impact of a number of significant items included in the surplus for the year that are not influenced by day-to-day operations and the impact of capital grant income on the surplus for the year.

Despite constrained public funding, the University has succeeded in growing its recurring income by some 7.0% to £282.1 million (2016 £263.7 million). The University generated an overall surplus for the year of £7.4 million (2016 £16.8 million) and cash from operations of £34.6 million (2016 £21.1 million).

FINANCIAL REVIEW CONTINUED

Other significant items

Significant items included in the surplus for the year and the previous year that are not influenced by day to day operations include:

Capital grant income	Capital grant income has fallen from £14.6 million in 2016 to £13.8 million this year. Revenue and capital grants are recognised in full once performance conditions are met, resulting in variability in capital grant income year on year.
RDEC income	In its 2016 Financial Statements, the University recognised additional income of £2.6 million from the research and development expenditure credit Scheme (RDEC). This was offset by related tax charges totalling £0.6 million, which resulted in net receipts of £2.0 million. As all monies receivable from RDEC have now been received by the University, no comparable income has been recognised in 2017.
Gains on disposal of fixed assets	Gains on disposal of fixed assets totalling £8.0 million arose following the disposal of two properties in 2016. There were no significant tangible fixed asset disposals in 2017.
Gains on investments	Unrealised gains on the University's investments are now reflected within the Statement of Comprehensive Income and Expenditure and total £2.2 million this year (£2.4 million in 2016). In addition, the University realised gains of £1.0 million from the disposal of spin-out investments and £0.1 million from the disposal of general investments in 2017.
Restructuring costs	During the year, the University incurred £1.3 million (2016 £Nil) of one-off costs restructuring a number of its Departments and Schools. These costs are reflected within salary costs.
Project expenditure	During the year, the University incurred £3.4 million on the development of a new Student Information Management System. Expenditure of £1.7 million is included within salary costs and a further £1.7 million is included in other operating expenses.
USS pension deficit provision adjustments	Charges associated with the deficit in the Universities Superannuation Scheme (USS). The University's commitment to fund the deficit recovery contributions are now reflected in the Financial Statements as a liability. Even though the recovery contributions are expected to be at a fixed proportion of salary costs, this liability is likely to vary from year to year. The adjustment in 2017 was a credit of £1.0 million (2016 £3.1 million charge).

FINANCIAL REVIEW CONTINUED

Other factors impacting Total Comprehensive Income

Actuarial gain/ (loss) in respect of the pension scheme

The Total Comprehensive Income for the year of £16.7 million (2016 £12.6 million) on page 38 is after reflecting an actuarial gain of £9.3 million (2016 loss of £4.2 million) in respect of the Strathclyde Pension Fund.

Balance Sheet overview

Investment in estate

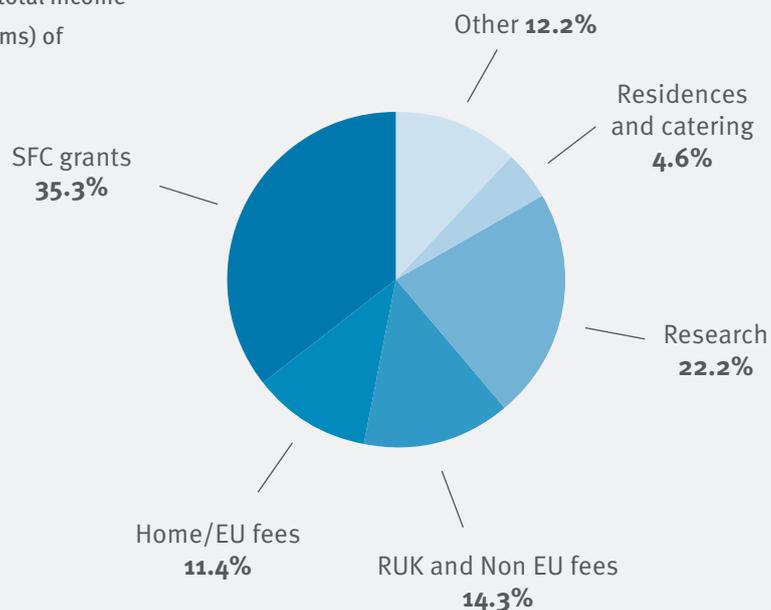
Investment in the University estate in 2017 totalled £21.7 million. Notwithstanding capital investment totalling £300 million in the past 10 years, the University's net funds totalled £44.3 million at the year end.

Improvement in total assets

The continued strength of the University's Balance Sheet can be seen from the improvement in total assets less current liabilities, which rose by 0.6% to £472.6 million, and in total reserves, which increased by 5.4% to £324.7 million. With cash balances of £136.1 million (2016 £115.0 million), the University remains well placed in terms of financial health to continue its planned programme of investments in pursuit of its strategic goals.

Income

Chart showing composition of total income (excluding other significant items) of £295.9 million



FINANCIAL REVIEW CONTINUED Income continued

SFC grant income up £2.6 million (2.6%)

Income from SFC grants totalled £104.3 million (2016 £101.7 million). Whilst recurrent revenue grant income decreased by £1.4 million, strategic and other earmarked grant income increased by £2.8 million (48.0%) and capital grant income increased by £1.2 million to £7.8 million.

The main teaching grant decreased by £1.5 million following a reduction of 2.9% in the unit of resource for teaching, and resources for knowledge exchange via the new Universities Innovation Fund (UIF) were also £0.7 million lower than in 2016. These reductions were mitigated in part by, an increase of £0.8 million in research funding. The University has benefited financially from its performance in the UK Research Excellence Framework 2014 (REF 2014). SFC is phasing in financial impact of the REF results over three transitional years and the benefit to Strathclyde in 2017 (the second transitional year) was an increase of £0.6 million.

The increase in strategic and other earmarked grant income is largely attributable to an increase of £2.4 million in strategic funding, largely due to funding for the Digital Health & Care Institute Innovation Centre (DHI), which transferred to Strathclyde in July 2016, and further growth in the Industrial Biotechnology Innovation Centre (IBioIC).

Capital grant income in 2017 included some £2.5 million of non-recurring additional capital funding for universities for the upgrade and maintenance of university estates and research infrastructure. This was offset by a reduction in project-specific capital grants.

Tuition fee income up £7.5 million (9.2%)

Tuition fee income has risen by 9.2% to £89.7 million. Income from credit-bearing courses has risen by £7.7 million with the most significant growth in income from non-EU students, which has risen by £4.8 million (14.0%). Income from Scotland and EU students has risen by £2.1 million (6.8%) with a further rise of £0.7 million (31.2%) in income from Rest of UK students.

Underlying research income up 14.5% to £65.6 million

The University has benefited from its investments in strategic staffing and research infrastructure, with underlying research income (excluding RDEC) increasing by £8.3 million compared to last year. All categories of research income are higher than in 2016, with the most notable increases arising from UK Government and European Commission.

FINANCIAL REVIEW CONTINUED Expenditure

Expenditure before one-off items has risen by £17.3 million to £288.1 million, an increase of 6.4%.

Key movements include:

Underlying salary costs up £11.2 million (7.4%)

Underlying salary costs have increased by £11.2 million to £162.4 million. Increases in wages and salaries are primarily attributable to nationally-negotiated pay awards, higher expenditure on staff funded by research contracts and SFC grants and investment in strategic staffing appointments.

In addition, there have been further increases in social security and pension costs, which have increased at a higher rate than underlying wages and salaries. The full-year impact of the UK Government's decision to move to a single tier pension scheme from April 2016 plus the introduction of an Apprenticeship levy from April 2017 have increased social security costs by an additional £2.0 million.

Pension costs rose at a higher rate than underlying wages and salaries due to the full-year impact of employer contributions to USS rising from 16% to 18% from 1 April 2016.

In addition to these increases, salary costs were also impacted by the restructuring costs, project expenditure and the USS deficit provision movement explained above.

Other operating expenses up £5.5 million (6.1%)

Other operating expenses before one-off items have increased by 6.1% to £96.0 million. This includes higher expenditure on research grants and contracts, SFC strategic grants and agent's commission attributable higher research and SFC strategic grant activity and the significant growth in non-EU tuition fee income.

Depreciation and amortisation up £1.1 million (4.3%)

The increase in depreciation and amortisation costs from £25.7 million to £26.8 million is attributable to buildings depreciation and equipment depreciation being £0.4 million and £0.7 million higher respectively following investments in infrastructure.

FINANCIAL REVIEW CONTINUED

Investments in infrastructure

In the past 10 years, we have invested some £300 million in transforming our estate. This has included new buildings such as the Strathclyde Institute of Pharmacy and Biomedical Sciences building, the Technology and Innovation Centre, the Advanced Forming Research Centre, the Power Networks Demonstration Centre and the John Anderson extension, all of which have added to the estate, and provided modern fit-for-purpose teaching and research accommodation.

The investment has also included significant refurbishment and transformation of existing buildings on campus to facilitate greater collaboration and enhance the student experience.

Our ability to deliver this ambitious programme is contingent on our continued operational performance and the achievement of improvements in cash generated from operations.



FINANCIAL REVIEW CONTINUED Investments in infrastructure continued

Capital investment in land and buildings in 2017 totalled £21.7 million – major projects included:

Centre for sports, health and wellbeing

The University's investment in a state-of-the-art sports and health facility confirms its commitment to the student experience and places health and wellbeing at the heart of Strathclyde's future direction. At a cost of £31 million, it will provide leading-edge facilities where sporting excellence can thrive, side-by-side with exercise and recreational sport.

The distinctive new building will deliver a combination of wet and dry sports facilities and academic facilities. This will provide a step change in the quality and range of facilities and activities provided by the University and will therefore significantly enhance the student experience, as well as helping to attract new students to the University.

Construction commenced on site in November 2016 and the building is forecast to be completed in June 2018. Some £5.8 million of additional costs were incurred during the year on this facility.

Combined heat and power and district energy network

Work is now underway on the installation of a state-of-the-art district energy system including a combined heat and power (CHP) engine, which will revolutionise the campus' energy production and efficiency, significantly cutting carbon emissions.

CHP technology will allow us to generate part of our electricity needs on site. We then use the heat derived from the generation process to heat the campus through a district heating network.

Significant site works commenced in June 2017, following delivery of large quantities of insulated pipework. This is a £20 million project, partly funded by a grant of £8 million from the Scottish Government. It is anticipated that the project will be completed in late 2018. Costs incurred during the year totalled £7.4 million.

Teaching and learning hub

Strathclyde students are set to benefit from a new £60 million teaching and learning hub at the heart of campus. The flagship facility is being designed by students and staff to provide leading-edge teaching facilities, as well as a new home for student support services and the Students' Union.

The project, which represents Strathclyde's biggest single investment in an estates project to date, will become a beacon for teaching and learning excellence. The new facility brings together the former Architecture and Colville buildings, placing student-facing services at the centre of the campus, and enabling new modes of teaching for the digital age. The new development will also meet the needs of our student population growing in size and diversity. Costs incurred during the year totalled £0.9 million.

FINANCIAL REVIEW CONTINUED

Net funds and cash flow

At 31 July 2017 net funds totalled £44.3 million (2016 £20.9 million). Some £34.6 million of cash was generated from operations. Further details on cash flow movements are given in the Statement of Cash Flows.

Treasury Management

The University has a £90.0 million loan from the European Investment Bank which has provided funding for a range of capital developments including the Technology and Innovation Centre and the new Centre for Sports, Health and Wellbeing.

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 forecast operating performance and completion of the projects set out in the 'Investments in Infrastructure' section above. They also take account of the need to finance planned developments within our estates strategy, including the refurbishment of the Wolfson Building for the Department of Biomedical Engineering, and consider future opportunities.

The University actively manages its cash balances in accordance with 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.



FINANCIAL REVIEW CONTINUED

Payment of Creditors

The University aims to pay all of its suppliers promptly and its financial systems and processes are configured to facilitate this. The University's current terms of payment are 30 days from the date of the invoice providing that all trading terms and conditions have been fulfilled. Specific terms and conditions can be agreed for certain suppliers if required.

At the year end, the University had trade creditors outstanding of £8.1 million. Given that the University paid a total of £106.8 million to trade creditors during the year, the amount outstanding at the year end represents 28 days (2016 26 days). During the year no interest was paid in relation to the Late Payment of Commercial Debts (Interest) Act, 1998.

Looking to the Future

The ongoing uncertainty around the UK Government's decision to trigger Article 50 and notify the European Council of its intention to withdraw from the European Union has potentially significant implications for the Higher Education Sector. The University is working hard to minimise any adverse impact on staff and students and is seeking to maximise any opportunities that might result from the UK's departure from the EU.

Our financial focus over the next few years will continue to be on increasing the level of surplus generated from operating activities in order to generate cash for future investment and to address increasing cost pressures, particularly in respect of staffing costs. In view of the ongoing pressures on public funding, increasing the level of non-governmental income remains a key priority, particularly by securing significant additional fee income from overseas students.

The strategic investments the University has made in staffing and infrastructure will enable us to further accelerate our progress as a leading international technological university. In particular, the new Centre for Sports, Health and Wellbeing and the proposed new teaching and learning hub will deliver a first-class student experience for our growing student population.

G Hastings

Treasurer

30 November 2017

D Coyle

Chief Financial Officer

30 November 2017

Statement of Corporate Governance and Internal Control

INTRODUCTION

The University's corporate governance arrangements are informed by best practice and by the Scottish Code of Good Higher Education Governance. Throughout 2016/17, the University has complied with the Main Principles of the Code. The University has also contributed constructively to an on-going review of the Scottish Code by a Steering Group established by the Committee of Scottish Chairs. During 2016/17, preliminary work was undertaken to assess the steps required to ensure compliance with the Higher Education Governance (Scotland) Act 2016, within the transitional period which followed the commencement of the Act. This will require amendment of the University's Charter and Statutes, which are subject to the approval of the Privy Council.

University governance and Court

The University of Strathclyde was established by Royal Charter in 1964. This document sets out the powers and functions of the University and makes specific provision for two major bodies within the University's governance structure: Court and Senate.

Under the terms of the University Charter and Statutes, Court is the Supreme 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.

The Court has 24 members drawn from the University's external and internal communities, a majority of whom are co-opted lay members (i.e. neither members of University staff nor students). Membership also includes academic and professional services staff, two Students' Association representatives, a representative appointed by Glasgow City Council, the Principal, and Vice-Principal.

In addition to the members of Court and the University Secretary, a number of senior officers of the University regularly attended meetings during 2016/17: The Chief Financial Officer, Associate Principals, Executive Deans, and Directors of Professional Services. The Head of Governance and Public Policy, who acts as Clerk to Court, is also in attendance at all meetings.

An induction session for new members was held in September 2016 and other training and development opportunities were made available to all Court members as appropriate throughout the year. This included an opportunity for Court members to attend and complete the 'Leading Safely' training course, developed by the Institute of Occupational Safety and Health (IOSH).

Court is committed to the Nolan Principles regarding the standards to be adopted in public life. It 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 its members and relevant senior officers which is publicly available for inspection on the University's website.

Court met on five occasions during 2016/17 and, between meetings, members were also kept informed by electronic means of any significant issues affecting the University. Court consults with Senate on any decisions affecting academic matters, and as required by the University Statutes.



Much of its detailed work is initially handled by several standing committees of Court, including a Remuneration Committee, a Court Business Group, a Court Membership Group, an Audit and Risk Committee, an Enterprise and Investment Committee, and a Statutory Advisory Committee on Safety & Occupational Health. 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.

In addition, the University has a range of Strategic and Compliance Committees which oversee strategic delivery in key areas of activity and report to Court or Executive Team, as required. These include an Estates Committee and a Staff Committee, both of which include Court members within their membership.

Court has overall responsibility for approving the University's Strategic Plan and monitoring its delivery. It was actively engaged in the development of the University's current Strategic Plan, which was adopted by the Court on 24 June 2015 and covers the period 2015-2020. There are in place a range of financial and non-financial Key Performance Indicators related to the University's strategic objectives and performance information is provided regularly to Court. A detailed schedule 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.

Review of effectiveness

During 2016/17, the University Court undertook a comprehensive and externally-facilitated review of its effectiveness. In addition to ensuring compliance with the requirements of the Scottish Code, this periodic review provided an opportunity for Court and its committees to reflect upon and consider potential enhancements to their effectiveness and efficiency. Subject to the approval of Court, relevant recommendations will be implemented during the course of academic year 2017/18.

Committee structure

The University's high-level committee structure provides clarity around the decision-making process and ensures the appropriate flow of information to Court. Each of the committees below is formally constituted with terms of reference and conducts its business through regular meetings.

COMMITTEE STRUCTURE CONTINUED

Standing Committees of Court

Court Business Group	The Court Business Group's role is to review the substantive 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 and financial matters prior to their discussion at Court.
Court Membership Group	The Court Membership Group's role is to consider and make recommendations to Court on the appointment of co-opted members of Court and its committees, as vacancies arise.
Remuneration Committee	The Remuneration Committee advises Court and oversees the preparation of policies in respect of remuneration and conditions of service (including severance arrangements) for the University's senior management including the Principal and to keep these under review.
Audit and Risk Committee	The Audit and Risk Committee's role is to review the effectiveness of the University's corporate governance arrangements, financial systems, internal control environment and risk management arrangements and provide appropriate assurance to Court on these areas.
Enterprise and Investment Committee	The Enterprise and Investment Committee's role is to review commercial investment proposals and make recommendations on investments in companies created by the University's staff and students, as well as license deals and other commercial joint ventures.
Statutory Advisory Committee on Safety and Occupational Health	The Statutory Advisory Committee on Safety and Occupational Health's role is to monitor and report to Court on the delivery of the University's Occupational Health, Safety and Wellbeing Strategy.

Strategic and Compliance Committees

Estates Committee	The Estates Committee is responsible for strategic oversight of the University estates strategy and ensuring that it is consistent with the overall University strategy. It provides appropriate assurance to Court and the Executive Team on these matters.
Staff Committee	The Staff Committee is responsible for the strategic oversight of strategy and policy in relation to staffing matters and for monitoring compliance with all relevant legislation. It provides appropriate assurance to Court and the Executive Team on these matters.
Information Strategy Committee	The Information Strategy Committee is responsible for all matters of corporate information strategy and for the strategic deployment of all information resources. It provides appropriate assurance to the Executive Team on these matters.

COMMITTEE STRUCTURE CONTINUED

Strategic and Compliance Committees continued

Research and Knowledge Exchange Committee	The Research and Knowledge Exchange Committee is responsible for oversight of strategy and policy in the area of research, knowledge exchange, and innovation. It provides appropriate assurance to Senate and the Executive Team on these matters.
Education Strategy Committee	The Education Strategy Committee is responsible for developing and monitoring the University’s strategy for learning, teaching and assessment and the enhancement of the Student Experience. It provides appropriate assurance to Senate and the Executive Team on these matters.
Quality Assurance Committee	The Quality Assurance Committee is responsible for the quality assurance of the University’s academic provision and of the academic standards of its awards. It provides appropriate assurance to Senate, through the Education Strategy Committee.

Executive Team

The Executive Team is chaired by the Principal and acts as a forum for discussion and decision-making on major initiatives and issues for the University. Where appropriate, it makes recommendations to Senate and Court for approval. Membership includes the major budget holders within the University and key senior staff who advise the Principal on senior management decisions, particularly on the allocation of resource to Faculties and Professional Services. Its members are responsible and accountable for all components of the University’s budget, both income and expenditure. As such, it plays an important part in the internal governance and academic operations of the University, and brings together the academic, financial, and human resource aspects of planning. It is responsible for managing the University’s performance and for assisting the Principal in the delivery of the University’s Strategy.

Risk management

The University views risk management as integral to the successful execution of its Strategic Plan. There is an established business process for identifying, evaluating and managing the University’s significant risks which complies with the Financial Reporting Council’s “Internal Control: Guidance for Directors”, (formerly the Turnbull Committee Guidance) as far as it is applicable to higher education institutions. Risk registers are produced at Department and Directorate level and these are regularly reviewed and managed by the appropriate areas with regular reports being made from one level to the next in the committee structure.

At each stage the identified risks are evaluated and distilled, leading to the production of the Corporate Risk Register, incorporating the University’s top risks, 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 University Secretary & Compliance Officer, is responsible for supporting and advising the Executive Team and, through it, the Audit and Risk Committee and Court on the implementation and monitoring of the risk framework.

During 2016/17, the Corporate Risk Register was reviewed by Court at its October 2016 and May 2017 meetings, to enable Court to carry out its periodic assessment, which also takes into account reports from its various committees and events that have occurred since 31 July 2016. The Audit and Risk Committee's role in this area is one of a high-level review of the arrangements for internal control, providing assurance in this area to Court. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Statement of internal control

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 keeps issues of control and risk under review and receives relevant reports from both the Executive Team and the Audit and Risk Committee. This includes reviewing quarterly Business Reports, which provide information on financial performance, receiving mid-year and annual progress reports on performance against the University's Key Performance Indicators, and reviewing mitigating actions and the selection of top risks within the Corporate Risk Register.

The Audit and Risk 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.

Going concern

The University has adequate financial resources and its current forecasts and projections show it to be well placed to manage its activities successfully, having taken account of any risks and uncertainties highlighted in the Annual Report and Financial Statements.

The University's activities and the factors likely to affect its future development, performance and position are set out in the Strategic Report. Its financial performance for the year to 31 July 2017, income and expenditure, assets, liquidity and cash flows are set out in more detail in the Strategic Report and Notes to the Financial Statements.

Court considers that the University has adequate resources to continue in operation for the next 12 months and for this reason the going concern basis continues to be adopted when preparing the Accounts.

Conclusion

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 2017 and up to the date of signing the Annual Report and Financial Statements.

G Hastings

Treasurer

30 November 2017



Statement of Primary Responsibilities of the University Court

General

Under the terms of the University Charter, 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. 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. Court is responsible for safeguarding the University's good name and values.

Audited Financial Statements

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 Court 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

Court's Primary Responsibilities, as approved by the University Court, are detailed as follows:

Staff and students

- To be the employing authority for all staff within the University and to make such provision as it thinks fit for their general welfare;
- To appoint the Principal and Vice-Chancellor of the University, including the term and conditions of such appointment, and to put in place suitable arrangements for the monitoring of his/her performance – both the appointment and monitoring of performance of the Principal shall include consultation with all members of Court;
- To appoint a University Secretary and to ensure that he or she has separate lines of accountability for the provision of services to the Court as University Secretary, for the administration of the University and for the fulfilment of managerial responsibilities within the institution;
- To ensure the quality of educational provision within the University;
- To make such provision as it thinks fit following consultation with the Senate, for the general welfare of its students;

Financial responsibilities

- To ensure the solvency of the University and to safeguard its assets;
- To act as trustee for any property, legacy endowment, bequest or gift in support of the work and welfare of the institution;
- To approve the University's annual financial statements;
- To ensure that proper books of accounts are kept in accordance with all relevant regulations and codes of conduct;

- To ensure the proper use of public funds awarded to the University and to ensure that the terms of the Financial Memorandum with the Funding Council are observed;
- To approve the main annual budgets within the University;
- To ensure appropriate arrangements for the economic, efficient and effective management of the University's resources and expenditure;

Strategic responsibilities

- To approve the mission statement of the University and all its strategic plans including its aims for the teaching and research of the institution and identifying the financial, physical and staff requirements required to achieve these, and for ensuring that these meet the interests of stakeholders;
- To approve a financial strategy for the University, as well as long-term business plan;
- To approve an estates strategy for the management, development and maintenance of the University land and buildings in support of institutional objectives;
- To approve a human resource strategy and to ensure that appropriate development and reward arrangements are in place for the employees and that these are appropriate to the needs of the institution;



Controls

- To ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name;
- To ensure compliance with the University's Charter, Statutes, Ordinances and Regulations, as well as all UK and EC legislation where applicable;
- To be responsible for the form, custody and use of the University's Common Seal;
- To make clear and to review regularly the executive authority and other powers delegated to the Convener of Court, the Principal and Vice-Chancellor, to other senior officers and to all bodies of the University including the Senate and committees of Court;
- To ensure that systems are in place for the assessment and management of risk, to regularly review such matters and to conduct an annual assessment;
- To establish and monitor effective systems of internal control and accountability throughout the University;
- To ensure that appropriate arrangements are in place for external and internal audit;
- To ensure that appropriate arrangements are in place for the proper management of health and safety in respect of students, staff and other persons on University premises or affected by University operations;

Monitoring performance and effectiveness

- To monitor the University's performance against its strategic plan and key performance indicators, and to benchmark the University's performance against other comparable institutions;
- To monitor and review the performance and effectiveness of the Court itself and other University committees;
- To ensure, through the appointment of lay members in accordance with the University Statutes, a balance of skills and expertise amongst the membership of Court, such as is required to meet its primary responsibilities;
- To ensure that the proceedings of Court are conducted in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life;
- To ensure that procedures are in place within the University for dealing with internal grievances, conflicts of interest and public interest disclosure.

Independent Auditor's Report to the University Court of the University of Strathclyde

We have audited the University of Strathclyde Financial Statements for the year ended 31 July 2017 which comprise the Statement of Principal Accounting Policies, Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK".

In our opinion the Financial Statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2017 and of the University's income and expenditure, recognised gains and losses, and the University's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting standard applicable in the UK";
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report below.

We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's

Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the University Court's use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the University Court has not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the University's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the Financial Statements are authorised for issue.

Other information

The other information comprises the information included in the Principal's report, the Strategic report, and the Statement of Governance and Internal Control, set out on pages 2 to 29, other than the Financial Statements and our auditor's report thereon. The University Court is responsible for the other information.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the terms of our engagement

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

- the information given in the Report of the University Court 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.

Responsibilities of the University Court

As explained more fully in the Statement of Primary Responsibilities of the University Court set out on pages 30 to 33, the University Court is responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the University Court determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

This report is made solely to the University Court of the University of Strathclyde, as a body, 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 of Strathclyde and the University Court as a body, for our audit work, for this report, or for the opinions we have formed.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Statutory Auditor
Glasgow

30 November 2017

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



Statement of Comprehensive Income and Expenditure

for the year ended 31 July 2017

	Note	2017 £000	2016 £000
Income			
Funding Council grants	2	104,330	101,724
Tuition fees and education contracts	3	89,717	82,187
Research grants and contracts	4	65,624	59,921
Other income	5	32,601	33,346
Investment income	6	1,585	1,645
Donations and endowments	7	2,008	2,044
Total income		295,865	280,867
Expenditure			
Staff costs	8	164,441	154,302
Other operating expenses	10	97,632	90,462
Depreciation and amortisation	10	26,833	25,717
Interest and other finance costs	9	2,856	3,418
Total expenditure	10	291,762	273,899
Surplus before other gains and losses		4,103	6,968
Gain on disposal of fixed assets		20	7,952
Gain on investments	12	3,258	2,430
Surplus before tax		7,381	17,350
Taxation	11	-	(558)
Surplus for the year		7,381	16,792
Actuarial gain/(loss) in respect of pension scheme	24	9,295	(4,217)
Total comprehensive income for the year		16,676	12,575
Represented by:			
Endowment comprehensive income for the year		2,232	1,966
Unrestricted comprehensive income for the year		14,444	10,609
		16,676	12,575

All income and expenditure of the University relates to continuing operations.

Statement of Changes in Reserves

for the year ended 31 July 2017

	Income and Expenditure Account		Total
	Endowment £000	Unrestricted £000	£000
Balance at 1 August 2015	28,894	266,518	295,412
Surplus from the income and expenditure statement	1,966	14,826	16,792
Actuarial loss in respect of pension scheme	-	(4,217)	(4,217)
Total comprehensive income for the year	1,966	10,609	12,575
Balance at 1 August 2016	30,860	277,127	307,987
Surplus from the income and expenditure statement	2,232	5,149	7,381
Actuarial gain in respect of pension scheme	-	9,295	9,295
Total comprehensive income for the year	2,232	14,444	16,676
Balance at 31 July 2017	33,092	291,571	324,663

Balance Sheet

as at 31 July 2017

	Note	2017 £000	2016 £000
Non-current assets			
Intangible assets	13	2,917	2,945
Tangible fixed assets	14	350,739	344,308
Investments	15	42,308	39,491
		395,964	386,744
Current assets			
Surplus assets for disposal	16	16,740	16,740
Stock		287	250
Debtors: amounts falling due within one year	17	18,011	27,940
amounts falling due after more than one year	17	-	2,729
Cash and cash equivalents	23	136,097	115,017
		171,135	162,676
Creditors: amounts falling due within one year	18	(94,459)	(79,447)
Net current assets		76,676	83,229
Total assets less current liabilities		472,640	469,973
Creditors: amounts falling due after more than one year	19	(87,005)	(91,832)
Pension provisions	20	(60,572)	(69,534)
Other provisions	20	(400)	(620)
Total net assets		324,663	307,987

Balance Sheet

as at 31 July 2017 continued

	Note	2017 £000	2016 £000
Represented by:			
Restricted reserves			
Income and Expenditure reserve – endowments	21	33,092	30,860
Unrestricted reserves			
Income and Expenditure reserve – unrestricted		291,571	277,127
Total reserves		324,663	307,987

The Financial Statements were approved by the University Court on 30 November 2017 and signed on its behalf by:

Professor Sir J McDonald
Principal and Vice-Chancellor

G Hastings
Treasurer

D Coyle
Chief Financial Officer

Statement of Cash Flows

for the year ended 31 July 2017

	2017 £000	2016 £000
Net cash inflow from operating activities		
Surplus for the year	7,381	16,792
Adjustment for non-cash items		
Depreciation	26,465	25,383
Amortisation	368	334
Gain on investments	(3,258)	(2,430)
Increase in stocks	(37)	(42)
Decrease in debtors	6,065	420
Increase/(decrease) in creditors	11,576	(1,122)
(Decrease)/increase in pension provision	(945)	2,663
(Decrease)/increase in other provisions	(220)	270
Adjustment for investing or financing activities		
Investment income	(1,585)	(1,645)
Interest payable	2,856	3,418
New endowments	(256)	(345)
Gain on disposal of fixed assets	(20)	(7,952)
Capital grant income	(13,826)	(14,604)
Net cash inflow from operating activities	34,564	21,140
Cash flows from investing activities		
Proceeds from sale of fixed assets	4,420	1,012
Proceeds from sale of non-current asset investments	10,979	12,323
Capital grant receipts	18,609	13,939
Investment income	1,596	1,645
Payments to acquire fixed assets	(34,634)	(25,255)
Payments to acquire intangible assets	(340)	(3,045)
New non-current investments	(10,538)	(12,906)
	(9,908)	(12,287)

Statement of Cash Flows

for the year ended 31 July 2017 continued

	Note	2017 £000	2016 £000
Cash flows from financing activities			
Interest paid		(1,524)	(1,696)
Endowment cash received		256	345
Repayments of amounts borrowed		(2,308)	(1,600)
		(3,576)	(2,951)
Increase in cash and cash equivalents in the year	23	21,080	5,902
Cash and cash equivalents at 1 August	23	115,017	109,115
Cash and cash equivalents at 31 July	23	136,097	115,017

Notes to the Financial Statements

1. Principal Accounting Policies

Basis of preparation

These Financial Statements have been prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education (2015 SORP), in accordance with applicable Accounting Standards and in accordance with the Accounts Direction issued by the Scottish Funding Council.

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

The University is a public benefit entity and has applied the relevant public benefit requirement of FRS 102.

The Financial Statements do not include those of the Students' Association because the University does not control its activities or hold dominant influence over policy decisions.

Income recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customer.

Tuition fees and education contracts

Fee income is stated gross of any expenditure and credited to the Statement of Comprehensive Income and Expenditure over the period in which students study. 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.

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

Grant funding

Grant funding including funding council block grant, research grants from government sources and grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance-related conditions have been met. Income received in advance of performance-related conditions being met is recognised as deferred income on the Balance Sheet and released to income when the conditions are met.

Donations and endowments

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

1. Principal Accounting Policies continued

Income recognition continued

Donations and endowments continued

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

- Restricted donations – the donor has specified that the donation must be used for a particular objective.
- 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 has the power to use the capital.
- 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.

Capital grants

Capital grants are recognised in income when the University is entitled to the funds subject to any performance-related conditions being met.

Accounting for retirement benefits

The University participates in the Universities Superannuation Scheme (USS), the Strathclyde Pension Fund (SPF) and the Scottish Teachers' Superannuation Scheme (STSS). With effect from 1 October 2016, USS changed from a defined benefit-only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The SPF and STSS are defined benefit schemes.

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 institutions' employees and is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and, as required by Section 28 of FRS 102 'Employee benefits', the University accounts for these schemes as if they were wholly defined contribution schemes. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme.

Since the University has entered into an agreement with USS (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

1. Principal Accounting Policies continued

Accounting for retirement benefits continued

SPF is accounted for as a defined benefit scheme. The University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University recognises a liability for its obligations under the scheme, net of scheme assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Employment benefits

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

Operating leases

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

Foreign currencies

Transactions denominated in foreign currencies are translated to sterling 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 Statement of Comprehensive Income and Expenditure in the year in which they arise.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated to sterling using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to sterling at foreign exchange rates ruling at the dates the fair value was determined.

Intangible assets

Software which is not integral to the operation of any hardware with which it has been purchased is recorded as an intangible asset and is amortised over 5 - 10 years representing the remaining useful economic life of the assets.

Research and development costs are written off to the Statement of Comprehensive Income and Expenditure as incurred.

1. Principal Accounting Policies continued

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. 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.

Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 SORP are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

Land and buildings

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 depreciated over 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.

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.

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.

Equipment

Equipment, including personal computers and software, costing less than £10,000 per individual item or group of related items, is recognised as expenditure 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 part of a capital project, it may be depreciated over periods of between five and 10 years.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

1. Principal Accounting Policies continued

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 Statement of Comprehensive Income and Expenditure in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

Investments

All investments are initially recognised at cost and subsequently measured at fair value at each Balance Sheet date. Where fair value cannot be reliably measured or investments are not publicly traded (spin-out companies), they are measured at cost less impairment.

All gains and losses on investment assets, both realised and unrealised, are recognised in the Statement of Comprehensive Income and Expenditure as they arise.

Stock

Stocks for maintenance, catering and central stationery are valued at the lower of cost and selling price less costs to sell. Departmental stocks are charged to the Statement of Comprehensive Income and Expenditure 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.

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

1. Principal Accounting Policies continued

Provisions, contingent liabilities and contingent assets continued

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the Notes to the Financial Statements.

Cash and cash equivalents

Cash includes cash in hand, cash at bank, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are available within 24 hours without penalty.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

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.

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.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as permanently restricted funds which the University must hold in perpetuity.

Accounting estimates and judgements

In the application of accounting policies, management are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1. Principal Accounting Policies continued

Accounting estimates and judgements continued

The following are the key assumptions and estimates that management have made in the process of applying the University's accounting policies and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Pensions liabilities – the key assumptions made in deriving these figures are explained in detail in Notes 20 and 24.
- Liability for holiday pay – this is calculated on the basis of a sample of holidays due but not taken by 31 July 2017 and then attributed across the total population of employees.
- Useful lives of assets – the accounting arrangements and key considerations are explained in detail in the accounting policies above.

Legal form

The University is a body corporate established in Scotland by Royal Charter in 1962.

2. Funding Council grants

	2017 £000	2016 £000
Recurrent grants		
General Fund – Teaching	64,460	65,923
General Fund – Research and Knowledge Exchange	23,306	23,247
Capital grants	7,787	6,622
Total recurrent grants	95,553	95,792
Specific grants		
Strategic funding	5,231	2,875
Ring-fenced grants funded by Scottish Government	1,901	1,616
Other SFC grants	1,645	1,441
Total specific grants	8,777	5,932
	104,330	101,724

3. Tuition fees and education contracts

	2017 £000	2016 £000
Scotland and EU fees	33,843	31,702
Rest of UK fees	3,058	2,330
Non-EU fees	39,155	34,353
Non-credit bearing course fees	5,392	5,391
Education contracts	1,461	1,658
Other contracts	6,808	6,753
	89,717	82,187

4. Research grants and contracts

	2017 £000	2016 £000
Research Councils	16,937	16,740
UK based charities	4,225	3,464
European Commission	6,668	5,652
Other grants and contracts: recurring	31,755	26,369
non-recurring (RDEC)	-	2,611
Other grants and contracts	31,755	28,980
Capital grants	6,039	5,085
	65,624	59,921

Non-recurring other grants and contract income in 2016 related to the balance of research and development expenditure credits due from HMRC for the period from 1 April 2013 to 31 July 2015.

5. Other income

	2017 £000	2016 £000
Residences and catering	13,556	11,702
Other services rendered	12,629	12,200
Capital grants	-	2,897
Royalty income	424	500
Accommodation charges and rental income	675	420
Other income	5,317	5,627
	32,601	33,346

6. Investment income

	2017 £000	2016 £000
Investment income on endowments	768	715
Other investment income	377	380
Interest receivable	440	550
	1,585	1,645

7. Donations and endowments

	2017 £000	2016 £000
New endowments	256	345
Donations with restrictions	421	785
Unrestricted donations	1,331	914
	2,008	2,044

8. Staff costs

	Note	2017 £000	2016 £000
Wages and salaries		131,098	122,027
Social security costs		12,629	10,271
Movement on USS provision	20	(971)	3,135
Other pension costs	24	21,685	18,869
		164,441	154,302
		2017 Number	2016 Number
Average staff numbers by major category			
Academic		1,047	976
Professional Services		1,300	1,283
Research		521	481
Operational		657	656
		3,525	3,396
		2017 £000	2016 £000
Total remuneration of the Principal and Vice-Chancellor including pension contributions was:			
Remuneration		299	295
Benefits in kind		13	13
		312	308
Other payments in lieu of employer's pension contribution		54	52
		366	360

The University's contributions to the Universities Superannuation Scheme in respect of the Principal's pension are paid at the same rates as for other staff. The Principal has ceased to pay pension contributions into the Universities Superannuation Scheme and the University's contributions to the pension scheme were paid to the Principal as salary on an equivalent basis.

8. Staff costs continued

The number of staff, including senior post holders other than the Principal, who received emoluments in excess of £100,000, excluding employer's pension contributions, are set out in the following table. The figures shown in the ranges below include fees earned in respect of work performed for external bodies and also include payments in lieu of pension contributions for individuals who have opted out of the Universities Superannuation Scheme.

	Senior	2017 Other	Total	Senior	2016 Other	Total
£100,001 - £110,000	1	15	16	1	10	11
£110,001 - £120,000	2	9	11	1	7	8
£120,001 - £130,000	2	2	4	-	4	4
£130,001 - £140,000	1	1	2	2	1	3
£140,001 - £150,000	1	2	3	-	1	1
£180,001 - £190,000	-	-	-	1	-	1
£190,001 - £200,000	1	-	1	-	-	-
£200,001 - £210,000	-	1	1	1	1	2
£210,001 - £220,000	1	-	1	-	-	-
£240,001 - £250,000	-	-	-	1	-	1
	9	30	39	7	24	31

Key management personnel: Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel.

	2017 £000	2016 £000
Key management personnel compensation	1,731	1,560

	2017 Number	2016 Number
Number of posts included in key management personnel	10	8

Key management personnel compensation includes remuneration and all employee benefits including employer pension contributions. Key management personnel are defined as members of the Executive Team. Membership comprises: the Principal and Vice-Chancellor, the Vice-Principal, the Executive Deans, the Associate Principals, the Chief Financial Officer and the University Secretary & Compliance Officer.

Payments in respect of compensation for loss of office are provided in the Financial Statements in the year of termination of office. There was no aggregate compensation for loss of office of staff whose earnings are more than £100,000 per annum or where the costs of all elements of a proposed arrangement amount to more than £100,000 in either year.

9. Interest and other finance costs

	2017 £000	2016 £000
Loan interest	1,579	1,699
Net charge on pension scheme	696	831
Finance charge of USS pension deficit	581	888
	2,856	3,418

10. Analysis of expenditure by activity

	Staff costs £000	Other operating expenses £000	Interest and other finance costs £000	2017 total £000	2016 total £000
Academic departments	89,322	16,841	-	106,163	96,915
Academic services	10,469	8,035	-	18,504	17,326
Research grants and contracts	23,731	18,833	-	42,564	37,375
Administration and central services	19,173	8,304	-	27,477	23,380
General educational expenditure	760	15,799	-	16,559	15,134
Residences and catering	3,561	4,754	-	8,315	7,058
Premises	9,353	15,919	-	25,272	27,459
Other expenses	8,072	9,147	2,856	20,075	23,535
	164,441	97,632	2,856	264,929	248,182
Depreciation				26,465	25,383
Amortisation				368	334
Total per income and expenditure account				291,762	273,899
Other operating expenses include:					
External auditor's remuneration – audit services				67	91
External auditor's remuneration – non-audit services				47	50

11. Taxation

	2017 £000	2016 £000
Current tax:		
UK Corporation tax at 19.7% (2016 20.0%)	-	558

As an exempt charity 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 Corporation tax charge is solely in respect of research and development expenditure credit grants receivable by the University as described in Note 4.

Factors affecting the current tax charge:

Reconciliation of current year UK corporation tax charge	2017 £000	2016 £000
Surplus after depreciation of assets at cost and before taxation	7,381	17,350
Surplus on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 19.7% (2016 20.0%)	1,454	3,470
Surplus falling within charitable exemption	(1,454)	(2,912)
	-	558

12. Other gains and losses

	2017 £000	2016 £000
Gain on disposal of land and buildings	20	7,952
Gain on investments:		
Gain on disposal of investments	1,068	15
Increase in market value of investments	2,190	2,415
	3,258	2,430

13. Intangible assets

	£000
Cost	
At 1 August 2016	3,337
Additions	340
At 31 July 2017	3,677
Depreciation	
At 1 August 2016	392
Amortisation charge	368
At 31 July 2017	760
Net book value at 31 July 2017	2,917
Net book value at 31 July 2016	2,945

14. Tangible fixed assets

	Land and buildings				Total £000
	Freehold £000	Long leasehold £000	Assets under construction £000	Equipment £000	
Cost					
At 1 August 2016	471,479	11,530	1,940	64,387	549,336
Additions	7,406	419	13,879	11,192	32,896
Disposals	-	-	-	(7,471)	(7,471)
At 31 July 2017	478,885	11,949	15,819	68,108	574,761
Depreciation					
At 1 August 2016	163,773	9,581	-	31,674	205,028
Charge for year	15,391	340	-	10,734	26,465
Disposals	-	-	-	(7,471)	(7,471)
At 31 July 2017	179,164	9,921	-	34,937	224,022
Net book value at 31 July 2017	299,721	2,028	15,819	33,171	350,739
Net book value at 31 July 2016	307,706	1,949	1,940	32,713	344,308

14. Tangible fixed assets continued

At 31 July 2017, freehold land and buildings included £30,450,000 (2016 £30,450,000) in respect of freehold land which is not depreciated.

Buildings with a net book value of £291,017,000 and cost of £456,240,000 have been funded in part or in whole from public funds. Should these particular buildings be sold, the University would have to surrender the relevant proceeds 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 ages of the items range from the 15th century to the present day.

The artwork collection is mainly displayed in University buildings across the campus, 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.

15. Fixed asset investments

	2017 £000	2016 £000
At 1 August	39,491	36,478
Additions	10,289	12,924
Disposals	(9,761)	(12,307)
Increase in market value of investments	2,190	2,415
Increase/(decrease) in cash balances	99	(19)
At 31 July	42,308	39,491
Represented by:		
Fixed interest investments (listed)	6,712	7,210
Equities (listed)	31,444	28,400
Cash at bank	2,173	2,074
Spin-out company investments	1,979	1,807
	42,308	39,491

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

The University's subsidiary undertakings are:

	%		Main	Year
	Holding		activity	end
Strathclyde University Incubator Limited	100	Incubator for technology-based business		31/07/17
University of Strathclyde Properties Limited	100		Dormant	31/07/17
Haleno Limited	100		Dormant	31/07/17
SGBS Limited	100		Dormant	31/07/17

The Financial Statements of these subsidiary undertakings have not been consolidated with those of the University on the basis that the amounts involved are not material.

16. Surplus assets for disposal

Surplus assets for disposal include land and buildings at Jordanhill. The University has obtained planning permission in principle for the erection of a residential development at Jordanhill.

The University concluded conditional missives with a developer on 1 April 2016 and is now working with the developer to purify the various terms and conditions within the missives with the aim of creating an unconditional contract for sale.

17. Debtors

	2017 £000	2016 £000
Amounts falling due within one year:		
Debtors	9,902	12,522
Prepayments and accrued income	8,109	15,418
	18,011	27,940
Amounts falling due after more than one year:		
Prepayments and accrued income	-	2,729
	18,011	30,669

18. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Unsecured loans	4,827	2,308
Creditors	20,351	18,532
Social security and other taxation payable	3,520	3,346
Accruals	17,106	14,179
Deferred income	48,655	41,082
	94,459	79,447

Deferred income

Included within deferred income are the following items of income which have been deferred until specific performance conditions have been met:

	2017 £000	2016 £000
Donations	1,492	1,048
Research grants received on account	18,845	16,199
Grant income	14,809	12,249
Other income	13,509	11,586
	48,655	41,082

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

	2017 £000	2016 £000
Analysis of unsecured loans:		
Due within one year or on demand	4,827	2,308
Due between one and two years	4,864	4,827
Due between two and five years	14,808	14,698
Due in five years or more	67,333	72,307
	91,832	94,140
Due within one year or on demand	(4,827)	(2,308)
Due after more than one year	87,005	91,832

An unsecured bank loan of £89,412,000 (2016 £90,000,000) from the European Investment Bank is repayable by instalments between 1 August 2017 and 5 March 2035 and interest is charged as follows:

- £20 million – 0.482% above the 6 month LIBOR rate
- £20 million – 0.333% above the 6 month LIBOR rate
- £20 million – 2.279% fixed rate until 5 March 2025
- £30 million – 2.512% fixed rate until 5 March 2035

The other unsecured bank loan of £1,820,000 (2016 £3,540,000) is repayable by instalments between 1 August 2017 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 (2016 £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.

20. Provisions for liabilities

	Obligation to fund deficit on USS pension £000	Pension enhancements £000	Defined benefit obligations (Note 24) £000	Total pension provisions £000	Other provisions £000	Total £000
At 1 August 2016	34,007	6,741	28,786	69,534	620	70,154
Utilised in year	-	(561)	-	(561)	(220)	(781)
Additions in year	-	138	-	138	-	138
Unwinding of discount	581	-	-	581	-	581
Unused amounts reversed in year	(971)	-	(8,149)	(9,120)	-	(9,120)
At 31 July 2017	33,617	6,318	20,637	60,572	400	60,972

Obligation to fund deficit on USS pension

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. The provision has been calculated by estimating future pension payments by the University and applying the deficit recovery contributions outlined in the USS deficit recovery plan published in June 2015. The weighted average discount factor over the remainder of the 17-year deficit recovery plan applied is 1.77% (2016 1.71%).

Pension enhancements

The University has an obligation in respect of former employees who have retired and for whom an enhanced pension has been provided. Some £6,303,000 (2016 £6,726,000) of this liability continues throughout the retirement period and is assessed by independent actuarial valuation. The principal assumptions are a discount rate of 2.5% (2016 2.4%) and pension increases of 2.1% (2016 1.7%). The balance of £15,000 (2016 £15,000) relates to the estimated cost of enhanced benefits and any 'strain' costs levied by pension schemes due to the early payment of pension benefits. These will be settled via future payments to the Universities Superannuation Scheme and the Scottish Teachers' Superannuation Scheme.

21. Endowments

	Unrestricted permanent £000	Restricted permanent £000	Total permanent £000	Restricted expendable £000	2017 total £000	2016 total £000
At 1 August						
Capital	5,163	22,080	27,243	-	27,243	25,270
Accumulated income	-	2,876	2,876	741	3,617	3,624
	5,163	24,956	30,119	741	30,860	28,894
New endowments	8	73	81	175	256	345
Investment income	137	397	534	234	768	715
Expenditure	(137)	(440)	(577)	(112)	(689)	(733)
	-	(43)	(43)	122	79	(18)
Increase in market value of investments	418	1,246	1,664	233	1,897	1,639
At 31 July	5,589	26,232	31,821	1,271	33,092	30,860
Represented by:						
Capital	5,589	23,399	28,988	-	28,988	27,243
Accumulated income	-	2,833	2,833	1,271	4,104	3,617
	5,589	26,232	31,821	1,271	33,092	30,860

21. Endowments continued

	Unrestricted permanent £000	Restricted permanent £000	Total permanent £000	Restricted expendable £000	2017 total £000	2016 total £000
Analysis by type of purpose						
Scholarship	1,777	7,852	9,629	271	9,900	9,266
Chair	-	1,771	1,771	-	1,771	1,635
Entrepreneurship	-	6,493	6,493	427	6,920	6,184
Lectureships	-	1,063	1,063	224	1,287	1,247
Prizes	-	1,322	1,322	-	1,322	1,282
Research support	-	6,215	6,215	232	6,447	6,194
General	3,812	1,516	5,328	117	5,445	5,052
	5,589	26,232	31,821	1,271	33,092	30,860

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 advanced study in any field of science related to the discovery of new drugs.
- Robertson Trust – Endowed to provide for a Chair of Bioprocessing Technology.

The movements 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 2016	6,020	1,503	2,130	1,584
Investment income	228	38	45	32
Expenditure	(228)	(10)	(45)	(32)
Increase in market value of investments	145	65	197	181
At 31 July 2017	6,165	1,596	2,327	1,765

21. Endowments continued

	2017 £000	2016 £000
Analysis by asset		
Current and non-current asset investments	27,232	25,322
Cash and cash equivalents	5,860	5,538
	33,092	30,860
Cash and cash equivalents comprise:		
Cash held at Investment Manager	2,011	1,686
Cash held at University	3,849	3,852
	5,860	5,538

22. Capital commitments

	2017 £000	2016 £000
Commitments contracted at 31 July	30,501	1,655

Of the above commitments £3,973,000 (2016 £398,000) will be funded from external sources.

23. Reconciliation of cash flow to statement of financial position

	At 1 August 2016 £000	Cash flow £000	At 31 July 2017 £000
Cash and cash equivalents	115,017	21,080	136,097
Loans	(94,140)	2,308	(91,832)
	20,877	23,388	44,265

24. 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).

	Note	2017 £000	2016 £000
The pension costs for the year were:			
USS		17,823	15,472
SPF		3,806	3,341
STSS		56	56
	8	21,685	18,869

With the exception of SPF the University has, as permitted by FRS 102, accounted for these schemes as though they were defined contribution schemes and the costs recognised within the University's Statement of Comprehensive Income and Expenditure is equal to the contributions payable to the schemes in the year.

		2017 £000	2016 £000
Outstanding contributions at 31 July were:			
USS		1,612	1,546
SPF		284	258
STSS		5	5
		1,901	1,809

24. Pension schemes continued

Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme (USS). With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees. In 2017, the percentage was 18% (2016 16% until 31 March 2016 and thereafter 18%). The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 'Employee benefits', accounts for the scheme as if it were a defined contribution scheme.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ('the valuation date'), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway.

Since the University is unable to identify its share of the underlying assets and liabilities of the scheme, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third 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. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion, indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Price inflation (CPI)	2.41%	2.2%

24. Pension schemes continued

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ("light") YoB tables – no age rating
Female members' mortality	99% of S1NA ("light") YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long-term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
Males currently aged 65	24.4 years	24.3 years
Females currently aged 65	26.6 years	26.5 years
Males currently aged 45	26.5 years	26.4 years
Females currently aged 45	29.0 years	28.8 years

	2017	2016
Existing benefits		
Scheme assets	£60.0bn	£49.6bn
FRS 102 liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

24. Pension schemes continued

Strathclyde Pension Fund

The University participates in the Strathclyde Pension Fund (SPF), a local government pension scheme, which provides benefits based on final pensionable salary for employees of local government and some other institutions including the University. The University believes that sufficiently robust information is 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 the scheme is accounted for as if it were a defined benefit scheme.

SPF is an externally funded, multi-employer, defined benefits scheme which, until 31 March 2016, was contracted out of the State Second Pension (S2P) Scheme. The last full valuation was carried out at 31 March 2014 by a qualified independent actuary. The results below are based on rolling forward the previous valuation results to 31 July 2017.

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

	2017	2016
Rate of increase of salaries (see Note a)	4.4%*	3.9%**
Rate of increase in pensions in payment (see Note b)	1.9%	1.9%
Discount rate	2.6%	2.4%

(a) * The salary increase assumption is 2.7% for the year to 31 July 2018, 2.3% for the year to 31 July 2019, 2.4% for the year to 31 July 2020 and 4.4% thereafter.

** The salary increase assumption is 1.8% for the year to 31 July 2017, 2.5% for the year to 31 July 2018, 2.8% for the year to 31 July 2019 and 3.9% thereafter.

(b) The rate of increase in pensions at 31 July 2017 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:

	2017	2016
Current Pensioners		
Males	22.1 years	22.1 years
Females	23.6 years	23.6 years
Future Pensioners		
Males	24.8 years	24.8 years
Females	26.2 years	26.2 years

24. Pension schemes continued

The fair values of the University's share of the assets and liabilities in the scheme were measured in accordance with the requirements of Section 28 of FRS 102 'Employee benefits' and the expected rates of return were as follows. The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes.

	2017 £000	2016 £000	2015 £000
Equities	145,522	133,777	122,300
Bonds	28,694	29,321	19,568
Property	22,546	20,158	19,568
Cash	8,198	-	1,631
	204,960	183,256	163,067

Weighted average long-term expected rate of return	2.6%	2.4%	3.5%
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	2017 £000	2016 £000
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Analysis of the amount shown in the Balance Sheet for SPF defined benefit obligation

Scheme assets	204,960	183,256
Scheme liabilities	(225,597)	(212,042)

Deficit in the scheme – defined benefit obligations (Note 20)	(20,637)	(28,786)
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Analysis of the amount included in operating expenditure

Current service cost	3,806	3,341
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Analysis of the amount charged to interest payable

Interest cost	5,056	6,480
Expected return on assets	(4,360)	(5,649)

Net charge to other finance income	696	831
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24. Pension schemes continued

	2017 £000	2016 £000
Analysis of Other Comprehensive Income for SPF pensions:		
Actual return less expected return on scheme assets	20,299	17,919
Losses on scheme liabilities	(11,004)	(22,136)
Total gain/(loss) recognised via Statement of Comprehensive Income and Expenditure during year	9,295	(4,217)

	2017	2016
History of experience gains and losses		
Difference between the expected and actual returns on assets (£000)	20,299	17,919
Percentage of scheme assets	9.9%	9.8%
Losses on scheme liabilities (£000)	(11,004)	(22,136)
Percentage of scheme liabilities	(4.9%)	(10.4%)
Total amount recognised in Other Comprehensive Income (£000)	9,295	(4,217)
Percentage of scheme liabilities	4.1%	(2.0%)

The contribution rate payable by the University was 22.7% of pensionable salary (2016 22.7%).

24. Pension schemes continued

	2017 £000	2016 £000
Movements in present value of defined benefit obligations		
Present value of obligations at 1 August	212,042	186,848
Current service cost (net of member contributions)	3,806	3,341
Interest cost	5,056	6,480
Actuarial losses	11,004	22,136
Contributions by members	598	620
Estimated unfunded benefits paid	(165)	(178)
Benefits paid	(6,744)	(7,205)
At 31 July	225,597	212,042

	2017 £000	2016 £000
Movements in fair value of plan assets		
At 1 August	183,256	163,067
Expected return on plan assets	4,360	5,649
Actuarial gains	20,299	17,919
Contributions by the employer	3,191	3,206
Contributions in respect of unfunded benefits	165	178
Contributions by members	598	620
Unfunded benefits paid	(165)	(178)
Benefits paid	(6,744)	(7,205)
At 31 July	204,960	183,256

24. Pension schemes continued

Scottish Teachers' Superannuation Scheme

The Scottish Teachers' Superannuation Scheme (STSS) provides benefits based on final pensionable salary for Scottish teachers.

The scheme is administered by the Scottish Public Pensions Agency and is financed by contributions from employers and current members of the scheme. The contributions paid into the scheme fall into general government revenues. There is no actual fund of assets but an account is maintained of a notional fund made up of contributions paid by employers and members, supplemented by a return on the notional fund at a pre-determined rate and reduced by benefits as and when they are paid to retired and former members of the scheme.

The UK Government's Public Service Pensions Act requires that a valuation of STSS must be undertaken every four years to measure the costs of benefits being provided. The first valuation of STSS under these new arrangements was carried out by the Government Actuary's Department on behalf of the Scottish Government based on scheme data as at 31 March 2012. The valuation was completed on 27 February 2015. The results were used to set employer contribution rates from 1 September 2015 to 31 March 2019 inclusive and to establish an employer cost cap against which future scheme costs will be compared in future quadrennial valuations.

The valuation showed total scheme liabilities for service to 31 March 2012 of £20.9 billion and notional assets of £19.6 billion, giving a notional past service deficit of £1.3 billion.

The level of contribution paid by employing institutions was 17.2% (2016 14.9% until 31 August 2015 and 17.2% thereafter) of members' salaries.

25. Financial instruments

	Note	2017 £000	2016 £000
Financial assets			
Measured at fair value through income and expenditure:			
Investments (fixed investments listed)	15	6,712	7,210
Investments (equities listed)	15	31,444	28,400
Investments (cash)	15	2,173	2,074
Measured at cost less impairment:			
Spin-out company investments	15	1,979	1,807
Measured at undiscounted amount receivable:			
Trade and other debtors	17	18,011	30,669
Financial liabilities			
Measured at undiscounted amount payable:			
Loans payable falling due within one year	18	4,827	2,308
Loans payable falling due after more than one year	19	87,005	91,832
Trade and other creditors	18	89,632	77,139

26. 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 arm's length and in accordance with the University's financial regulations and usual procurement procedures.

The University makes certain payments on behalf of and is reimbursed for certain costs by the Students' Association (USSA). The University does not exercise day to day control over the activities of USSA. In 2017, the University provided USSA with rent free accommodation and contributed £1,524,000 (2016 £1,633,000) as a grant towards its activities.

26. Related party transactions continued

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.

27. HE bursaries and other student support funds

	2017 HE Childcare £000	2017 HE Discretionary £000	2017 total £000	2016 total £000
Allocation received in the year	463	812	1,275	1,285
Expenditure	(588)	(686)	(1,274)	(1,284)
Virements	125	(125)	-	-
Balance carried forward	-	1	1	1
Repayable as clawback	-	1	1	1

These grants are available solely for students. The University acts only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income and Expenditure.



Court Membership 2016/17

Convener of Court

Dr R J A Hunter

Ex Officio

Principal and Vice-Chancellor
Professor Sir J McDonald

Vice-Principal Professor S MacGregor

Glasgow City Council

Councillor S Curran

Senate

Dr J Delafield-Butt
Dr A McLaren
Professor E Riis
Dr D Andriosopoulos
Dr V O'Halloran (until 31/05/17)*

Graduates Association

Dr A Goldsmith

President of the Students' Association plus another Member of the Student Executive

Mr R Jeyaraj

Mr G McDonnell

Co-opted by Court (Lay Members)

Mr J Beeton
Dr A Bethel
Mr R Cleland (Vice-Convener of Court and
Deputy Convener, Staff)
Ms A Culpan
Ms G Hastings

Dr R J A Hunter (Convener of Court)
Ms S Kelly
Ms K Alexander
Dr J Morgan
Dr J S Perry (Treasurer)

Mr M Roughead
Ms M Venman (Deputy Convener, Estates)

Professional Services Staff

Ms L McKean

Membership of Principal Committees of Court

Convener of Court Membership Group and Court Business Group,
Member of Remuneration Committee

Member of Estates Committee, Staff Committee, Court Membership
Group, Court Business Group, Enterprise & Investment Committee
and Remuneration Committee

Convener of Staff Committee and Estates Committee, Member of
Court Membership Group and Court Business Group

Member of Court Business Group and Court Membership Group

Member of Court Business Group, Estates Committee and
Court Membership Group

Member of Estates Committee
Member of Audit and Risk Committee
Member of Staff Committee, Court Business Group, Court
Membership Group and Convener of Remuneration Committee
Member of Staff Committee
Convener of Audit and Risk Committee, Member of Court Membership
Group and Enterprise & Investment Committee (observer status)
See above
Member of Staff Committee
Member of Audit and Risk Committee
Member of Audit and Risk Committee
Member of Court Business Group, Court Membership Group,
Enterprise & Investment Committee and Remuneration Committee
Member of Enterprise & Investment Committee
Member of Estates Committee, Court Business Group, Court
Membership Group and Remuneration Committee

The following individuals were appointed as members of Court on 1 August 2017. They were not members of Court during the financial year to 31 July 2017 but were members of Court on the day the Financial Statements were approved:

Dame S Bruce (Convener of Court); Mrs P Galloway (Convener of Audit and Risk Committee); Mrs A Corrigan; Dr K Hamilton; Ms G Pallis; Mr C Hepburn; Ms T Wong; Councillor D McDonald.

* Dr V O'Halloran was appointed as University Secretary & Compliance Officer on 1 June 2017. As a result, she demitted office from both Senate and Court.

Note: further information on Court members, including attendance rates and a register of interests, is available on the Court webpage, www.strath.ac.uk/whystrathclyde/universitycourt/

University of Strathclyde Glasgow G1 1XQ
www.strath.ac.uk

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