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**Scottish Charity Number – SC018373**

## **Edinburgh Napier University**

### **General Information**

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Chancellor	Tim Waterstone MA
Chairman of Court	The Very Revd Dr Graham Forbes CBE MA BD
Principal and Vice-Chancellor (to 30 June 2013)	Professor Dame Joan K Stringer DBE BA (Hons) CertEd PhD CCMI FRSA FRSE
Principal and Vice-Chancellor (from 1 July 2013)	Professor Andrea M Nolan OBE MVB MRCVS DVA PhD DiplECVA DipECVPT FRSE
Secretary	Dr Gerald C Webber BA (Hons) DPhil MBA MCMI AUA (Fellow)
Finance Director (to 24 February 2013)	Jacqueline T Mackenzie BA CA
Acting Finance Director (from 25 February 2013)	Colin J MacDonald CA
External Auditors	Ernst & Young LLP 10 George Street Edinburgh EH2 2DZ
Internal Auditors (to 31 July 2013)	Deloitte LLP 9 George Square Glasgow G2 1QQ
Internal Auditors (from 1 August 2013)	Scott-Moncrieff Exchange Place 3 Semple Street Edinburgh EH3 8BL
Bankers	Royal Bank of Scotland Plc 206 Bruntsfield Place Edinburgh EH10 4DF
Solicitors	Anderson Strathern LLP 1 Rutland Court Edinburgh EH3 8EY
Actuaries	Mercer Limited Alhambra House 45 Waterloo Street Glasgow G2 6HS

## Edinburgh Napier University

### Court Membership

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The following persons served as members of Court during the year to 31 July 2013, and up to the date of approval of these Financial Statements. In the case of those who became or ceased to be members during the year, the appropriate dates are shown.

Court Member	Date of Appointment	Date of Retirement	Category
Ms M Ali			Non-Executive
Mr N Ballantyne	1 October 2012		Non-Executive
Ms J Boyle	1 October 2012		Non-Executive (A)
Hon Lady Clark of Calton		31 July 2013	Non-Executive
Mr M Connarty			Non-Executive (A)(N)
Prof J Duffield			Vice-Principal (F)
Dr V Ellis	1 August 2012		Staff
The Very Revd Dr G Forbes	1 August 2012		Non-Executive (F)(R)(N)
Mr W Gallagher			Non-Executive (A)(R)
Mr R Hare			Non-Executive (F)
Ms S Jiwa	1 October 2012		Non-Executive
Mr R Kemmer			Staff (N)
Mr S Logie			Staff
Mr R MacLennan			Non-Executive (F)
Mr R Malcolm	1 August 2013		Student
Prof A Nolan	1 July 2013		Principal & Vice Chancellor (F)(N)
Mr B Rigby			Non-Executive (F)
Prof A Sambell			Vice-Principal
Ms L Sitali	1 August 2012	31 July 2013	Student
Mr D Smith	1 August 2013		Student
Ms M Stephenson		December 2012	Non-Executive (F)(R)(N)
Dr P Stollard			Non-Executive (F)
Prof Dame J K Stringer		30 June 2013	Principal & Vice-Chancellor (F)(N)
Mr R Sweetman			Non-Executive (F)
Ms P Woodburn			Non-Executive (A)(R)(N)
Mr T Zanelli		31 July 2013	Student

- (A) Member of Audit Committee
- (F) Member of Finance & Commercialisation Committee
- (N) Member of Nominations Committee
- (R) Member of Remuneration Committee

## **The University**

The University Court was established under The Further and Higher Education (Scotland) Act 1992 for the purpose of governing Edinburgh Napier University. The University is an exempt charity for the purposes of the Charities and Trustee Investment (Scotland) Act 2005 (No.SC018373). The University Court considers that the University meets the 'Charity Test' set out in Section 7 of the Charities and Trustee Investment (Scotland) Act 2005. It will take such actions as are necessary to ensure continued full compliance with the legislation and retention of charitable status. A copy of these Financial Statements can be obtained from the principal address of the University, which is 219 Colinton Road, Edinburgh, EH14 1DJ.

Professor Andrea Nolan took up the post of Principal & Vice-Chancellor of the University on 1 July 2013. Professor Nolan, formerly Senior Vice-Principal & Deputy Vice-Chancellor at the University of Glasgow, graduated as a veterinary surgeon from Trinity College Dublin, Ireland. After a short time in veterinary practice, Professor Nolan embarked on an academic career which took her to the Universities of Glasgow, Cambridge, Bristol and the Technical University of Munich.

Professor Nolan takes the place of Professor Dame Joan Stringer, who retired from the role of Principal after a decade in the post. Dame Joan was the first woman to become Vice-Chancellor of a Scottish University when she took up the post in January 2003.

## **Scope of the Financial Statements**

The Financial Statements for the year ended 31 July 2013, comprising the consolidated results of the University and those of its subsidiary undertakings, have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007, applicable law and relevant UK accounting standards.

## **Overview of achievements**

Study and research is grouped into three faculties which are made up of broadly related Schools and research Institutes. The faculties are:

- Faculty of Engineering, Computing and Creative Industries
- Faculty of Health, Life & Social Sciences
- The Business School

2012-13 was again a very successful year for the University which continues to build on the achievements of previous years to give a solid foundation from which to invest in strategically important areas for the future. The University achieved a modest rise in the 2012 admissions cycle and saw an additional small increase for the 2013 cycle – a period of on-going significant market perturbation due to changes in fee structures across the UK. Our total student population headcount was at an all-time high with continued growth in students studying on our programmes delivered overseas. In total 31% of the University's students were from overseas (August 2013), representing over 100 countries.

The University's headline graduate employment rate (in work or further study within 6 months of graduation) is 92.3%, above the University's benchmark (91.0%). Graduate employability remains a consistent strength.

Collaboration with Colleges makes a significant contribution to the University's success and will continue to be an important element of our strategy going forward and the University will continue to build on its success in widening access and articulation routes. By the end of the 2012-13 admissions cycle the University was on course to meet or exceed its articulation targets, with articulation from Scottish colleges of 486 FTE's.

The University has also continued to progress a major programme of investment in its estate. Work commenced on the Merchiston Campus Co-location project in 2012 and was completed in May 2013, the works have incorporated internal remodelling and refurbishment, as well as providing new build

multi-use space and a new build music area. Following the Co-location completion, works have commenced on an extensive window replacement roll out, modernisation of classrooms and general refurbishment works at the Merchiston campus. A new hospitality suite was also created at the Craiglockhart Campus.



New Music Block at Merchiston Campus

As well as the successful completion of the Merchiston Campus Co-location project, a new 778 bed student accommodation residence in the city centre has been completed.



Bainfield Student Accommodation

The University is currently developing an Environmental Management System (EMS) through the EcoCampus programme. Bronze EcoCampus status was gained in March 2013, with the ultimate goal of gaining ISO14001 and Platinum status by January 2015. The EMS is being used to pull together all aspects of environmental development, governance and carbon management. Between the University academic years 2006-07 and 2012-13 carbon emissions have reduced by 25%. For the fourth year running, the University gained a 1st Class

Award and ranked top in Scotland in the People & Planet Green League, the only independent UK assessment of Higher Education environmental performance.

Development activity has continued to be successful in 2012-13, securing funds for University priorities including local and international bursaries and scholarships, academic excellence, community engagement and capital developments. Specific activity made possible with external support include the leadership in Compassionate Care programme, Santander Internship Programme, Scottish Centre for Tagore Studies (SCoTS), Local and international scholarships and bursaries, Academic Research programmes and the Dame Joan Stringer International Fund.

### **Key Performance Indicators (reference A to E below)**

The University measures its performance and progress of its key Strategic Objectives relative to a set of Key Performance Indicators (KPIs). The University Court initially approved a range of KPIs during 2008-09 and there have been subsequent refinements to ensure they are useful and meaningful to both Court and management in highlighting the key elements of successful University performance, the factors which drive such performance and the areas where management action is required. These indicators address: being academically excellent, developing confident employable graduates, research & knowledge exchange, being an international university and achieving the highest organisational standards. These indicators are proving to be a useful governance tool. The University has introduced the concept of weighted effort this year to further focus the development of Faculty and Professional Service operational plans in a way which reflects the current operating environment and priorities for performance improvement, with a focus on increasing non-exchequer income.

**A) Academically Excellent** – The University believes that being academically excellent and ensuring a high quality student experience are critically important for its continued success.

To ensure Academic Excellence the University will continually review its academic portfolio to ensure it is contemporary, relevant and meets market demands. The University will expand interdisciplinary activity and flexibility and embed CPD opportunities in the curriculum. The University will also invest in new programmes and promote wider access to enrich the student experience and the development of our academic portfolio.

The National Student Survey in 2012-13 has placed Edinburgh Napier at an all-time high of 84%, which is an increase of 2% from 2011-12. Improving student satisfaction is one of the main foci in operational planning for the remainder of the strategic planning period.

The UCAS Tariff is a means of allocating points to compare post-16 qualifications used for entry to higher education and provides information to universities about a wide range of qualifications. The 2012-13 tariff has increased in the year, suggesting the University has attracted higher qualified students. The University anticipates a positive effect on retention rates going forward should this trend continue.

**B) Developing Confident Employable Graduates** – The University continues to develop its academic portfolio and support activities to reflect the changing needs of the economy and key SFC outcome agreement in graduate skills deliverables. This is reflected in the University's continued successful graduate employment rate (in work or further study within 6 months of graduation) of 92.3%.

The University has secured regional coherence funding of £1.8m over two years to further enhance student success and progression and has launched its employability investment 'STANDOUT' programme in 2012-13. This programme seeks to build on its established strengths in graduate-level employability, the numbers entering employment with SMEs and increasing the numbers of students engaging in outward mobility programmes.

**C) Research & Knowledge Exchange** – Preparations are nearing completion for the Research

Excellence Framework (REF), gathering information on research outputs, environment data and impact case studies with an effective date in October 2013.

The increased number and value of successful research awards applied for during the year were up 44.6% by value and is a positive sign for future research activity. There were 206 Research Post Graduates at the University in 2012-13 (2011-12; 194).

**D) Being an International University** – We have continued to invest in areas of potential growth and as a key strategic priority. The University has continued to build on its track record of international success in 2012-13 with particular focus on achieving substantial growth in our in-country presence in Hong Kong, India and Singapore. This year around 1,370 students graduated in Hong Kong with Edinburgh Napier qualifications and around 264 are expected to graduate following the year-end in India. Transnational education has increased by 236 FTE's in 2013 to 2,668. The University remains the largest UK-based provider of transnational higher education in Hong Kong.

**E) Increase Non-Exchequer Income** – During 2012-13, as in the previous year, the University and the higher education sector in general continued to operate against a backdrop of pressures on public funding, the impact of recession and the moving forward of key policies by governments in Scotland and the UK committed to change within education and higher education in particular. A major focus has continued to be on ensuring our long term financial stability and sustainability. Cost control and delivery of non-exchequer income growth has been a core feature for 2012-13 to enable us to operate in an increasingly competitive market both at home and overseas.

Total income has been growing steadily between 2005 and 2013 and the percentage of income that is from non-exchequer sources has also been rising, from 30.1% in 2005 to 36.6% in 2013. A major achievement of the year was therefore meeting those challenges and keeping the University on a sustainable financial footing.

**Results for the year**

The University is pleased to report a surplus for the year of £5.3m.

The results for each of the last three years were –

£m	2012-13	2011-12	2010-11
<b>Income</b>	107.9	104.0	106.2
<b>Expenditure</b>	102.3	98.1	105.6
<b>Surplus before exceptional items</b>	5.6	5.9	0.6
<b>Gain / (Loss) on disposal and other adjustments</b>	(0.3)	0.5	3.8
<b>Net surplus</b>	5.3	6.4	4.4

The continuing generation of retained surpluses demonstrates the University's commitment to ensuring its financial health and the sustainability of its activities thereby creating the environment necessary to support its ongoing development and the achievement of its key strategic goals to be one of the leading, modern, professional universities in the United Kingdom.

Total income increased by £3.9m to £107.9m which reflects the 7% increase in SFC funding during the year and a 2% increase in other income. Within the total, Tuition Fees increased slightly in difficult economic circumstances and grew by £895k (2.8%), supported by an overall increase in Scotland and EU fees of £1,254k (8.4%). Overall student numbers expressed as full time equivalents for each of the last three years were –

	2012-13	2011-12	2010-11
<b>Home and EU</b>	10,217	10,301	10,427
<b>Non EU</b>	3,786	3,727	3,972

Research grants and contracts income declined in the year by £848k (15.2%) in difficult economic conditions, as research funding applications become more competitive. The University has identified Research growth as a key weighted effort priority in 2013-14.

Total operating expenditure increased by £4.2m, predominantly an increase in staff costs which is

reflected in the increase in the average number of staff employed during the year from 1,236 to 1,272.

Cash flow for the year from operating activities continued to be strong, generating £12.7m. Cash balances at 31 July 2013 were £42.9m but offset by bank loans of £40m from Barclays Bank which are repayable in two tranches, the first by 2017.

During the year, the University invested £12.6m on works on its estates and infrastructures including Merchiston Campus and major items of faculty equipment, computer and information technology developments and facilities.

A valuation of pension schemes at 31 July 2013 has resulted in an actuarial gain of £10.4m which has decreased the pension liability to £18.3m, calculated under FRS 17 (as described in note 19). Net assets, excluding pensions, increased at 31 July to £97.4m. The University also has provisions of £21.2m for unfunded pensions, onerous leases costs and dilapidations relating to student accommodation.

It is the University's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the University and its suppliers, providing that all trading terms and conditions have been complied with. At 31 July 2013, there was an average of 31 days purchases (2012 - 48 days) outstanding in trade creditors. No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

The members of the Court of Edinburgh Napier University who held office at the date of approval of this report and financial statements confirm that, so far as they are each aware, there is no relevant audit information of which the University's auditors are unaware; each member has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the University's auditors are aware of that information.



Craiglockhart Campus

### **Future developments and factors influencing performance**

In 2006 the University adopted a revised estates strategy to 2016, which continues to be implemented across the University. Plans for the years ahead include:

- Works have commenced on an extensive window replacement roll out, modernisation of classrooms and general refurbishment works at our Merchiston campus;
- Two new student accommodation residences, delivering approximately 470 bed spaces in locations near the city centre.
- General improvements and upgrades to the Craiglockhart Campus, and some reconfiguration at the Sighthill Campus.

In addition and in line with the current corporate strategy the University continues to assess priorities for investment to underpin and deliver its growth objectives in key strategic areas.

The financial strategy and current financial plan underpinning the corporate strategy is designed to ensure the long term financial health of the University. The political and financial context in which the University operates in Scotland has changed in a number of respects in the last twelve months and there continues to be a significant risk that the environment in which the University operates could be affected by the wider economic situation.

Contributing factors continue to include:

- The pressure on resources available to Scottish Higher Education.
- Developments in Scottish Government policy on higher education funding and changes to the Scottish Funding Council's funding methodology together with the Scottish Government's vision and reform agenda for post-16 education
- The geographic variability of the recovery in the global economy, exchange rate volatility and the potential impact of immigration policy on student recruitment.

The University recognises that there is a continuing need to augment core public funding from the Scottish Funding Council and SAAS with a broader base of sustainable income streams and to control costs, particularly staff costs.

The University is taking a number of measures consistent with the strategy to reduce its costs and ensure that it is sustainable in the long term. The University continually reviews the efficiency of its internal processes as part of delivering its strategic objective of achieving the highest organisational standards.

The University is implementing measures to broaden its base of sustainable income streams and to increase the percentage of its income drawn from non-exchequer sources.

The University is diversifying its successful international activity both in terms of its geographic spread and in terms of increasing its presence and ability to deliver in-country in the key markets of Hong Kong, India and Singapore.

The University defines its commitment to academic excellence in terms of, *inter alia*, responding to changes in student demand informed by good market intelligence. The continued relevance of our academic portfolio, combined with flexible approaches to learning, initiatives to enhance student support and improved retention all provide us with a strong platform on which to continue to grow student numbers. The opportunity to build on the Edinburgh Napier brand adopted in 2009 provides an additional



means of raising the University's profile and ability to respond to uncertainty in the student recruitment market.

The University is on track to launch the public phase of a major revenue Campaign in 2014, aligned to the University strategy to 2020. The Campaign will encourage meaningful growth and integration across the University and in the wider community, engaging staff and students and communicating pride in the achievements and ambitions of the University. The Campaign will be a coordinated, collaborative effort with commitment and participation from every part of the University in a well-planned, synchronised set of activities in which everyone plays a critical role. Specifically the Campaign will seek to generate non-exchequer income from philanthropic, commercial and public sources, build institutional confidence to support key regional, national and international partnerships that can deliver academic and commercial objectives and support the development of academic-industry links and strategic business partnerships.

### **Disabled employees**

The University gives equal consideration to all applications for employment regardless of disability, and where a candidate with a disability is the best person for the job, full consideration is given to what reasonable adjustments are necessary to ensure the requirements of the job can be adequately fulfilled. Where existing employees become disabled it is the University's policy, wherever practicable, to support employees in continuing employment by making appropriate adjustments where necessary. Members of staff who have a disability are employed under the same terms and conditions as their able-bodied colleagues and the University provides training, career development and promotion opportunities to all staff, regardless of their disability wherever appropriate.



On behalf of the University Court,  
The Very Revd Dr Graham Forbes, CBE, Chairman  
16 December 2013



Atrium at Sighthill Campus



The Tower at Merchiston Campus

## **Introduction**

Edinburgh Napier University is committed to exhibiting good practice in all aspects of corporate governance, with one of our six strategic objectives being 'To achieve the highest organisational standards'. This summary describes the manner in which the University has applied the principles set out in the UK Corporate Governance Code, formerly the Combined Code, which was published in May 2010 by the Financial Reporting Council. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

## **Statement of full UK Corporate Governance Code 2010 Compliance**

In the opinion of the Court, the University complies with the provisions of the UK Corporate Governance Code 2010 and other subsequent relevant codes in so far as they apply to the higher education sector, and it has so complied throughout the year ended 31 July 2013. In June 2005, the Court also adopted the voluntary Governance Code of Practice published by the Committee of University Chairmen (CUC) in November 2004. Governance Reviews are conducted by the Court on a quinquennial basis, most recently in 2009-10, to ensure compliance with the CUC Code of Practice and to ensure appropriate ongoing enhancement of governance arrangements at the University.

## **University Court**

The University Court meets four times a year and has a committee structure through which it conducts its business. Each committee has formally constituted terms of reference and constitutions. These committees include: a Finance & Commercialisation Committee, a Nominations Committee, a Remuneration Committee and an Audit Committee.

The Finance & Commercialisation Committee, in its range of responsibilities recommends to the Court the University's annual revenue and capital budgets and monitors performance in relation to approved budgets. In parallel with the Audit Committee, it also reviews the financial statements and makes appropriate recommendations regarding their approval to the Court.

The Nominations Committee considers nominations for vacancies in the Court membership including those from public advertisement. The University fulfils its responsibility of ensuring that a process is in place to make appropriate training available to Court members as required. In the past year, a full induction to new members has been provided and members have been given the opportunity to attend governor development events run by the Leadership Foundation for Higher Education and other relevant externally organised development events. The University provides administrative and financial support to members to enable their attendance.

The Remuneration Committee determines the remuneration of the most senior staff, including the Principal. Details of the remuneration of senior post-holders for the year ended 31 July 2013 are set out in note 6 to the financial statements.

The Audit Committee meets four times a year, with the University's external and internal auditors in attendance. The Audit Committee advises the Court on the appointment of the internal and external auditors and the auditors' remuneration. In parallel with the Finance & Commercialisation Committee, it also reviews the financial statements and makes appropriate recommendations regarding their approval to the Court.

The University's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan, and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations and internal auditors undertake periodic follow-up reviews to ensure that such recommendations have been implemented. The Audit Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. It also receives and considers relevant reports from the Scottish Funding Council (the SFC) as they affect the University's business and monitors adherence to the regulatory requirements.

Whilst members of the University Leadership Team (previously Principal's Executive Group) attend meetings of the Audit Committee as necessary, they are not members of the committee and once a year the committee meets both the internal and external auditors on their own for independent discussions.

### **Corporate Strategy**

In respect of its strategic and development responsibilities, the Court receives recommendations and advice from members of the University Leadership Team. The Court holds an annual conference with the University Leadership Team and other senior managers to discuss strategic issues facing the University. It is the Court that approves the University Strategy and puts in place appropriate measures by which it can monitor progress.

### **University Court Statement on Internal Control**

The University Court is responsible for the system of internal control and has delegated to the Principal the review of its effectiveness, as the nominated officer responsible to the SFC for propriety and regularity in the use of public funding and for the economic, efficient and effective use of all available resources. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Court and University Leadership Team receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units and reinforced by risk awareness training. A review of key performance indicators was conducted following publication of the relevant CUC Report in November 2006 and further improvements were subsequently made to the institutional performance monitoring reports that have been provided for the Court since 1998. The University Leadership Team and the Court Committees also receive regular reports from internal audit and health, safety and environmental monitoring functions which include recommendation for

improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control.

The Court regularly considers risk and control and receives reports thereon from the University Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2012 meeting the Court received the annual report from the Audit Committee covering the period to 30 November 2012. At its June 2013 meeting, the Court considered the annual risk assessment for the year ahead by considering documentation from the University Leadership Team and internal audit, and taking account of events since 31 July 2012.

The Court is of a view that there is an ongoing process for identifying, evaluating and managing the University's significant risks that has been in place throughout the year ended 31 July 2013 and up to the date of approval of the annual report and financial statements. This process is reviewed regularly by the Court and accords with current good practice of governance in the higher education sector of the U.K.

### **Going Concern**

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

On behalf of the University Court,



The Very Revd Dr Graham Forbes, CBE, Chairman



Professor Andrea M Nolan, OBE,  
Principal and Vice-Chancellor  
16 December 2013

The University Court has unambiguous and collective responsibility for the oversight of the University's activities and determining its future direction. In addition, in accordance with its Statutory Instrument, the University Court is responsible for the administration and management of the affairs of the University including ensuring an effective system of internal control and is required to present audited financial statements for each financial year. The Court, however, ensures that its functions relating to the organisation and management of the University are discharged by the Principal and may delegate such other of its functions and powers as the Court may from time to time determine. In discharging such functions, the Principal is subject to the strategic direction and control of the Court, but otherwise the Principal has all the powers and duties of the Court in relation to the implementation of such strategy.

The Court is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University's Statutory Instrument, the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 and other relevant standards. In addition, within the terms and conditions of the Financial Memorandum agreed between the SFC and the Court of the University, the Court, through its designated 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 its surplus or deficit and cash flows for that year.

The Court takes proper account of the interests of stakeholders, including students, staff, alumni, the wider community and funding bodies.

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;

- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared which comply with the Charities and Trustee Investment (Scotland) Act 2005;
- financial statements are prepared on the going concern basis, unless it is inappropriate to presume that the University will continue in operation. The Court is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Court has taken reasonable steps to:

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

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

- clear definitions of the responsibilities of, and the authority delegated to, Senior Managers, Deans of Faculties and Directors of Professional Services, as set out in the University's Schedule of Delegated Authority which was updated and approved by the Court in October 2012;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks;
- periodic reviews of financial results involving variance reporting and periodic updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Court;
- comprehensive Financial Procedures and Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Finance and Commercialisation Committee;
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the Court and whose head provides the Court with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.

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



Morningside Road



Sighthill Campus

A handwritten signature in black ink, which appears to read 'Carl Forbes'.

On behalf of the University Court,  
The Very Revd Dr Graham Forbes, CBE, Chairman  
16 December 2013

We have audited the Consolidated and University financial statements for the year ended 31 July 2013 which comprise the Consolidated Income and Expenditure Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University Court of Edinburgh Napier University, as a body, in accordance with the Charter and Statutes of the University; and in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the University Court those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University Court of Edinburgh Napier University as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the University Court and auditor**

As explained more fully in the Statement of Responsibilities of the University Court set out on pages 12 and 13, the University Court is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2013 and of the surplus of the Group's income over expenditure and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

**Opinion on other matters prescribed by applicable regulations**

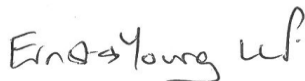
In our opinion:

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

**Matters on which we are required to report by exception**

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

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



Ernst & Young LLP  
Registered Auditor  
Edinburgh  
16 December 2013

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

**1 Basis of Preparation and Accounting**

The financial statements have been prepared under the historical cost convention, modified by the revaluation of investments and in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 and applicable accounting standards. They conform to guidance published by the Scottish Funding Council (SFC).

**2 Basis of Consolidation**

The Consolidated financial statements consolidate the financial statements of the University and its subsidiary undertakings in accordance with the provisions of Financial Reporting Standard No 2 (FRS2). Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS2, the activities of the Students' Union have not been consolidated because the University does not exercise control over these activities.

**3 Recognition of Income**

Recurrent grants from SFC are recognised in the period in which they are receivable. Tuition fee income is stated gross and credited to the Income & Expenditure Account over the period in which the students are studying. Where the amount of the tuition fee is reduced, income receivable is shown net of the discount. The cost of bursaries and scholarships are accounted for as expenditure, and included within other operating expenditure.

Income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the Balance Sheet as liabilities.

Grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. The grants are credited to deferred capital grants and an annual transfer made to the Income & Expenditure Account over the useful economic life of the asset at the same rate as the depreciation charge on the asset for which the grant was awarded.

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

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

Increases in value arising from the revaluation of fixed asset investments are carried as a credit to the Revaluation Reserve via the Statement of Total Recognised Gains and Losses; a diminution in value is charged to the Income & Expenditure Account as a debit, to the extent that it is not covered by a previous revaluation surplus.

Increases / decreases in value arising from the revaluation or disposal of endowment assets (i.e. the appreciation / depreciation of endowment assets) are added to or subtracted from the funds concerned and accounted for through the Balance Sheet by debiting or crediting the endowment fund and reported in the Statement of Total Recognised Gains and Losses.



#### **4 Agency Arrangements**

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

#### **5 Leases and Hire Purchase Contracts**

Costs in respect of operating leases are charged to the Income & Expenditure Account on a straight-line basis over the term of the lease.

Leasing agreements which transfer to the University substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the Income & Expenditure Account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

#### **6 Taxation**

The University is an exempt charity within the meaning of the Charities and Trustee Investment (Scotland) Act 2005 and as such is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the University is potentially exempt from taxation in respect of

income or capital gains received within categories covered by section 505 of the ICTA 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. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

#### **7 Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

#### **8 Liquid Resources**

Liquid resources comprise government securities and short-term deposits with recognised banks and building societies.

#### **9 Pension Schemes**

The two principal pension schemes operated for the University's staff are the Scottish Teachers' Superannuation Scheme ("STSS") and the Local Government Pension Scheme ("LGPS"). Academic staff join the STSS, whilst the LGPS provides similar benefits for other employees of the University. Both schemes are defined benefit schemes which are externally funded and contracted out of the State Second Pension Scheme.

**9 Pension Schemes (contd)**

Contributions to the STSS are charged to the income and expenditure so as to spread the cost of pensions over the period during which the University benefits from the employee's services. Variations from regular cost are spread over the expected average remaining working lifetime of members of the scheme after making allowances for future withdrawals. The contributions are determined by the Trustees on the basis of advice provided by qualified actuaries.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the University annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the University's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet based on pension payments made and changes in the annual actuarial valuation conducted by the University's actuaries.

**10 Accounting for Charitable Donations**

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

Where charitable donations are restricted to a particular objective specified by the donor, these are accounted for as an endowment.

**11 Tangible Fixed Assets**

**a. Land and Buildings**

The University's Land and Buildings are stated at cost. Buildings are depreciated over their expected useful life of 50 years and leasehold land and buildings over the life of the lease. Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the Income and Expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Certain items of infrastructure, including wiring and heating installations, are depreciated over their expected useful life of 25 years.

**11 Tangible Fixed Assets (contd)**

**b. Equipment**

Equipment, including computers and software, costing less than £10,000 per individual item or group of related items, is written off in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is stated at cost and is depreciated over its useful economic life as follows:

Non-Computer Equipment	10 years
Computer Equipment	3 years
Research equipment	2 years or project life
Furniture	10 years
Residences Furniture and Fittings	8 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy. The related grants are treated as deferred capital grants and released to income over the expected useful economic life of the related equipment.

**12 Investments**

Listed investments held as fixed assets or endowment assets are included in the Balance Sheet at market value. Unlisted investments are stated at the lower of cost or net realisable value.

**13 Stocks**

Stocks are valued at the lower of cost or net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks. No account is taken of stocks held in academic or service departments.

**14 Provisions**

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.

**Edinburgh Napier University**  
**Consolidated Income & Expenditure Account - Year to 31 July 2013**

		<b>2013 £000</b>	<b>2012 £000</b>
<b>Income</b>	<b>Notes</b>		
Scottish Funding Council grants	1	55,216	51,566
Tuition fees and education contracts	2	32,669	31,774
Research grants and contracts	3	4,718	5,566
Other income	4	14,727	14,438
Endowment and investment income	5	540	627
		<hr/>	<hr/>
<b>Total Income</b>		107,870	103,971
		<hr/>	<hr/>
<b>Expenditure</b>			
Staff costs	6	64,422	60,624
Other operating expenses	7	28,745	28,948
Depreciation	8	5,948	5,562
Interest and other finance costs	9	3,162	2,949
		<hr/>	<hr/>
<b>Total Expenditure</b>	8	102,277	98,083
		<hr/>	<hr/>
<b>Surplus before exceptional items</b>		5,593	5,888
<b>Exceptional items: continuing operations</b>			
Gain on disposal of fixed assets	10	-	475
		<hr/>	<hr/>
<b>Surplus on continuing operations after depreciation of fixed assets and disposal of assets</b>		5,593	6,363
Surplus for the year transferred (to) / from accumulated income in endowment funds		(266)	3
		<hr/>	<hr/>
<b>Surplus for the year retained within general reserves</b>		<b>5,327</b>	<b>6,366</b>
		<hr/> <hr/>	<hr/> <hr/>

The Income & Expenditure account is in respect of continuing activities.

There is no difference between the surplus stated above and its historical cost equivalent.

**Edinburgh Napier University****Statement of Consolidated Total Recognised Gains and Losses - Year to 31 July 2013**

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	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Surplus on continuing operations after depreciation of fixed assets and disposal of assets	5,593	6,363
Appreciation / (diminution) of investments	(3)	17
Appreciation / (diminution) of endowment asset investments	23	(4)
Actuarial gain / (loss) in respect of pension scheme	10,403	(12,668)
	<hr/>	<hr/>
<b>Total recognised gains / (losses) for the year</b>	<b>16,016</b>	<b>(6,292)</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation</b>		
Opening reserves and endowments	27,966	34,258
Total recognised gains / (losses) for the year	16,016	(6,292)
	<hr/>	<hr/>
<b>Closing reserves and endowments</b>	<b>43,982</b>	<b>27,966</b>
	<hr/> <hr/>	<hr/> <hr/>

**Edinburgh Napier University**  
**Balance Sheets - At 31 July 2013**

	Notes	Consolidated		University	
		2013 £000	2012 £000	2013 £000	2012 £000
<b>Fixed assets</b>					
Tangible fixed assets	11	124,427	117,752	127,097	120,492
Investments	12	1,830	1,821	1,804	1,810
		_____	_____	_____	_____
		126,257	119,573	128,901	122,302
<b>Endowment assets</b>	13	622	332	253	221
<b>Current assets</b>					
Stock	14	35	47	35	47
Debtors	15	5,871	6,596	3,463	4,463
Cash at bank and in hand		42,920	52,003	42,350	51,226
		_____	_____	_____	_____
		48,826	58,646	45,848	55,736
<b>Less: creditors - amounts falling due within one year</b>	16	(22,047)	(25,160)	(23,042)	(25,611)
		_____	_____	_____	_____
<b>Net current assets</b>		26,779	33,486	22,806	30,125
		_____	_____	_____	_____
<b>Total assets less current liabilities</b>		153,658	153,391	151,960	152,648
<b>Less: creditors - amounts falling due after more than one year</b>	17	(35,000)	(40,000)	(35,000)	(40,000)
<b>Less: provisions for liabilities</b>	18	(21,231)	(22,122)	(21,231)	(22,122)
		_____	_____	_____	_____
<b>Net assets excluding pension liability</b>		97,427	91,269	95,729	90,526
<b>Pension liability</b>	19	(18,319)	(27,862)	(18,319)	(27,862)
		_____	_____	_____	_____
<b>Net assets including pension liability</b>		<b>79,108</b>	<b>63,407</b>	<b>77,410</b>	<b>62,664</b>
		=====	=====	=====	=====

**Edinburgh Napier University**  
**Balance Sheets - At 31 July 2013 (continued)**

	Notes	Consolidated		University	
		2013 £000	2012 £000	2013 £000	2012 £000
<b>Deferred capital grants</b>	20	35,126	35,441	35,126	35,441
<b>Endowments</b>	21				
Permanent		615	325	246	214
Expendable		7	7	7	7
		-----	-----	-----	-----
		622	332	253	221
		-----	-----	-----	-----
<b>Reserves</b>					
Income and expenditure account excluding pension reserve		60,654	54,467	59,286	53,793
Pension reserve	19	(18,319)	(27,862)	(18,319)	(27,862)
		-----	-----	-----	-----
Income and expenditure account including pension reserve	22	42,335	26,605	40,967	25,931
Revaluation reserve	23	1,025	1,029	1,065	1,071
		-----	-----	-----	-----
		43,360	27,634	42,032	27,002
		-----	-----	-----	-----
<b>Total funds</b>		<b>79,108</b>	<b>63,407</b>	<b>77,410</b>	<b>62,664</b>
		=====	=====	=====	=====

The financial statements on pages 16 to 44 were approved by the University Court on 16 December 2013 and were signed on its behalf by:



The Very Revd Dr Graham Forbes, CBE, Chairman



Professor Andrea Nolan, OBE, Principal and Vice-Chancellor

**Edinburgh Napier University**  
**Consolidated Cash Flow Statement - Year to 31 July 2013**

	Notes	2013 £000	2012 £000
<b>Net cash inflow from operating activities</b>	26	<b>12,736</b>	<b>12,505</b>
<b>Returns on investment and servicing of finance</b>			
Income from endowments		8	3
Other interest received		249	370
Interest paid		(3,189)	(2,941)
		<u>          </u>	<u>          </u>
<b>Net cash outflow from returns on investment and servicing of finance</b>		<b>(2,932)</b>	<b>(2,568)</b>
		<u>          </u>	<u>          </u>
<b>Capital expenditure</b>			
Payments to acquire fixed assets		(14,791)	(4,750)
Proceeds from sale of fixed assets		-	610
Payments to acquire endowment assets		(7)	(15)
Proceeds from sale of endowment assets		5	18
Deferred capital grants received		912	1,227
		<u>          </u>	<u>          </u>
<b>Net cash outflow from capital expenditure</b>		<b>(13,881)</b>	<b>(2,910)</b>
		<u>          </u>	<u>          </u>
<b>Cash inflow / (outflow) before management of liquid resources and financing</b>		<b>(4,077)</b>	<b>7,027</b>
		<u>          </u>	<u>          </u>
<b>Management of liquid resources</b>			
Movement in endowment assets		(6)	(6)
		<u>          </u>	<u>          </u>
<b>Financing</b>	27	<b>(5,000)</b>	<b>2,000</b>
		<u>          </u>	<u>          </u>
<b>Increase / (decrease) in cash in the year</b>		<b>(9,083)</b>	<b>9,021</b>
		<u>          </u>	<u>          </u>
<b>Reconciliation of net cash flow to movements in net funds / (debt)</b>			
Increase / (decrease) in cash in the year		(9,083)	9,021
Change in debt		5,000	(2,000)
Net funds / (debt) at 1 August		7,003	(18)
		<u>          </u>	<u>          </u>
<b>Net funds at 31 July</b>	27	<b>2,920</b>	<b>7,003</b>
		<u>          </u>	<u>          </u>



**Edinburgh Napier University**  
**Notes to the 2012-13 Financial Statements**

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	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>1 Scottish Funding Council grants</b>		
Recurrent teaching grant	48,367	44,110
Research grant	1,992	2,469
Other grants	3,702	3,905
Released from deferred capital grants		
- Buildings	743	638
- Equipment	412	444
	<hr/>	<hr/>
	<b>55,216</b>	<b>51,566</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>2 Tuition fees and education contracts</b>		
Scotland and EU fees	16,157	14,903
Other UK fees	1,358	1,652
Non EU fees	13,358	13,668
Non-credit bearing course fees	1,796	1,551
	<hr/>	<hr/>
	<b>32,669</b>	<b>31,774</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>3 Research grants and contracts</b>		
Research councils and charities	584	445
Industry and commerce	1,260	1,268
Governmental	1,859	1,996
Other grants and contracts	1,015	1,857
	<hr/>	<hr/>
	<b>4,718</b>	<b>5,566</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>4 Other income</b>		
Consultancy and expert services	2,174	1,920
Residences and catering	5,954	5,898
Other services rendered	4,785	4,460
Released from deferred capital grants	72	71
Other income	1,742	2,089
	<hr/>	<hr/>
	<b>14,727</b>	<b>14,438</b>
	<hr/> <hr/>	<hr/> <hr/>

**Edinburgh Napier University**  
**Notes to the 2012-13 Financial Statements**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>5</b>		
<b>Endowment and investment income</b>		
Income from permanent endowments	12	7
Other interest receivable	528	331
Net pension credit (note 19)	-	289
	<u>540</u>	<u>627</u>
<b>6</b>		
<b>Staff costs</b>		
Salaries	52,105	49,644
Social security costs	4,293	4,043
Pension costs	8,024	6,937
	<u>64,422</u>	<u>60,624</u>
The above staff costs include amounts payable to the:		
Current Vice-Chancellor from 1 July 2013 of:		
Salary	16	-
Benefits in kind	-	-
Pension contributions	2	-
	<u>18</u>	<u>0</u>
Former Vice-Chancellor to 30 June 2013 of:		
Salary	230	207
Benefits in kind	2	2
Pension contributions	-	15
	<u>232</u>	<u>224</u>
The number of other higher paid staff who received emoluments in the following ranges was:		
	<b>2013</b>	<b>2012</b>
	<b>Number</b>	<b>Number</b>
£70,000 – £79,999	14	18
£80,000 – £89,999	7	5
£90,000 – £99,999	2	3
£100,000 - £109,999	1	2
£110,000 - £119,999	2	2
£120,000 - £129,999	2	-

**Edinburgh Napier University**  
**Notes to the 2012-13 Financial Statements**

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<b>6 Staff costs (contd)</b>	<b>2013 Number</b>	<b>2012 Number</b>
The average monthly number of persons, including senior post holders, employed by the University during the year, expressed as full-time equivalents, was:		
Academic departments	697	685
Academic services	200	193
Central administration	247	232
Property	25	25
Research	61	59
Residences and catering	42	42
	<hr/>	<hr/>
	<b>1,272</b>	<b>1,236</b>
	<hr/> <hr/>	<hr/> <hr/>
	<b>2013</b>	<b>2012</b>
<b>Compensation for loss of office of former senior post-holders</b>	<b>£000</b>	<b>£000</b>
Compensation paid to the former post-holders	135	177
Estimated value of other benefits, including provisions for pension benefits	-	-
	<hr/>	<hr/>
	<b>135</b>	<b>177</b>
	<hr/> <hr/>	<hr/> <hr/>

**Edinburgh Napier University**  
**Notes to the 2012-13 Financial Statements**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>7 Other operating expenses</b>		
Supplies and consumables	8,657	7,898
Residences and catering	5,287	5,206
Napier University Ventures Ltd	1,941	1,555
Property maintenance	1,082	2,116
Other expenses	2,597	3,111
Heat, light and power	1,498	1,446
Rent, rates and insurance	1,262	1,112
Early retirement	1,612	1,861
Library books and services	1,082	858
Staff development, conferences and travel	3,215	2,672
Postages and telephone	275	231
Students' association	423	411
Recruitment costs	91	94
Advertising	809	741
Transport	99	86
Auditors' remuneration	137	117
Restructuring costs	219	458
Provision for onerous leases (note 18)	(315)	(1,025)
Provision for dilapidations (note 18)	(1,226)	-
	<hr/>	<hr/>
	<b>28,745</b>	<b>28,948</b>
	<hr/> <hr/>	<hr/> <hr/>

**Other operating expenses include:**

External auditors – audit services	59	49
External auditors – other services	24	28
Internal auditors – audit services	78	68
Hire of buildings – operating leases	4,078	3,884
Hire of vehicles – operating leases	6	15
	<hr/>	<hr/>
	<b>4,245</b>	<b>4,044</b>
	<hr/> <hr/>	<hr/> <hr/>

**Edinburgh Napier University**  
**Notes to the 2012-13 Financial Statements**

**8 Analysis of 2012-13 expenditure by activity**

	Staff costs £000	Other operating expenses £000	Depreciation £000	Interest payable £000	2013 Total £000	2012 Total £000
Academic departments	30,921	4,162	622	-	35,705	36,380
Academic services	7,915	2,730	1,018	-	11,663	12,709
Central administration	11,206	6,078	11	-	17,295	14,835
Property	1,121	4,037	4,165	3,036	12,359	11,568
Research grants and contracts	7,196	4,200	106	-	11,502	8,225
Residences and catering Napier University	1,893	5,240	19	126	7,278	6,765
Ventures Ltd	4,170	1,941	7	-	6,118	5,394
Other expenditure	-	357	-	-	357	2,807
	<u>64,422</u>	<u>28,745</u>	<u>5,948</u>	<u>3,162</u>	<u>102,277</u>	<u>98,083</u>

**9 Interest and other finance costs**

On bank loans, overdrafts and other loans:

- repayable within one year	317	320
- repayable between one and two years	317	320
- repayable between two and five years	1,561	1,544
- repayable in more than five years	555	558
Unwinding of discount on dilapidations provision	126	207
Net pension charge (note 19)	286	-
	<u>3,162</u>	<u>2,949</u>

**10 Exceptional items**

Gain on disposal of fixed assets	-	475
	<u>-</u>	<u>475</u>

**Edinburgh Napier University**  
**Notes to the 2012-13 Financial Statements**

**11 Tangible Fixed Assets – Consolidated**

	Assets Under Construction £000	Land and Buildings £000	Vehicles and Equipment £000	Total £000
<b>Cost</b>				
At 1 August 2012	2,660	122,165	19,390	144,215
Additions	(2,647)	12,341	2,929	12,623
Disposals	-	-	(1,082)	(1,082)
	-----	-----	-----	-----
At 31 July 2013	13	134,506	21,237	155,756
	=====	=====	=====	=====
<b>Depreciation</b>				
At 1 August 2012	-	14,884	11,579	26,463
Additions	-	3,370	2,578	5,948
Disposals	-	-	(1,082)	(1,082)
	-----	-----	-----	-----
At 31 July 2013	-	18,254	13,075	31,329
	=====	=====	=====	=====
<b>Net book value at 31 July 2013</b>	<b>13</b>	<b>116,252</b>	<b>8,162</b>	<b>124,427</b>
	=====	=====	=====	=====
<b>Net book value at 31 July 2012</b>	<b>2,660</b>	<b>107,281</b>	<b>7,811</b>	<b>117,752</b>
	=====	=====	=====	=====
<b>Tangible Fixed Assets – University</b>				
<b>Cost</b>				
At 1 August 2012	2,660	125,436	19,377	147,473
Additions	(2,647)	12,341	2,918	12,612
Disposals	-	-	(1,082)	(1,082)
	-----	-----	-----	-----
At 31 July 2013	13	137,777	21,213	159,003
	=====	=====	=====	=====
<b>Depreciation</b>				
At 1 August 2012	-	15,406	11,575	26,981
Additions	-	3,435	2,572	6,007
Disposals	-	-	(1,082)	(1,082)
	-----	-----	-----	-----
At 31 July 2013	-	18,841	13,065	31,906
	=====	=====	=====	=====
<b>Net book value at 31 July 2013</b>	<b>13</b>	<b>118,936</b>	<b>8,148</b>	<b>127,097</b>
	=====	=====	=====	=====
<b>Net book value at 31 July 2012</b>	<b>2,660</b>	<b>110,030</b>	<b>7,802</b>	<b>120,492</b>
	=====	=====	=====	=====

**Edinburgh Napier University**  
**Notes to the 2012-13 Financial Statements**

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	Consolidated £000	University £000
<b>12 Investments</b>		
At 1 August 2012	1,821	1,810
Additions	13	-
Appreciation / (diminution) of investments	(4)	(6)
	_____	_____
<b>At 31 July 2013</b>	<b>1,830</b>	<b>1,804</b>
	=====	=====
<b>Represented by:</b>		
Index-linked stocks	1,772	1,772
Equities – listed	8	-
Equities – unlisted	50	32
	_____	_____
	<b>1,830</b>	<b>1,804</b>
	=====	=====
<b>13 Endowment Assets</b>		
At 1 August 2012	332	221
Additions	249	6
Disposals	(5)	(5)
Appreciation of investments	28	24
Increase in cash balances held	18	7
	_____	_____
<b>At 31 July 2013</b>	<b>622</b>	<b>253</b>
	=====	=====
<b>Represented by:</b>		
Equities – listed	227	214
Cash balances	394	38
Investment debtors	1	1
	_____	_____
	<b>622</b>	<b>253</b>
	=====	=====

**Edinburgh Napier University**  
**Notes to the 2012-13 Financial Statements**

	Consolidated		University	
	2013 £000	2012 £000	2013 £000	2012 £000
<b>14 Stocks</b>				
Stocks for resale	<b>35</b>	<b>47</b>	<b>35</b>	<b>47</b>
<b>15 Debtors</b>				
Trade debtors	2,472	2,579	702	937
Other debtors	918	1,240	780	1,094
Prepayments and accrued income	1,984	1,705	1,484	1,360
Research	497	1,072	497	1,072
	<b>5,871</b>	<b>6,596</b>	<b>3,463</b>	<b>4,463</b>
<b>16 Creditors - amounts falling due within one year</b>				
Trade creditors	2,439	5,481	2,439	5,481
Taxation and social security	1,280	1,292	1,280	1,292
Other creditors	1,572	496	1,387	202
Accruals and deferred income	9,291	10,373	7,168	8,442
Loans	5,000	5,000	5,000	5,000
Research	2,465	2,518	2,465	2,518
Subsidiary undertakings	-	-	3,303	2,676
	<b>22,047</b>	<b>25,160</b>	<b>23,042</b>	<b>25,611</b>
<b>17 Creditors – amounts falling due after more than one year</b>				
Unsecured loans repayable by 2017	25,000	30,000	25,000	30,000
Unsecured loans repayable by 2039	10,000	10,000	10,000	10,000
	<b>35,000</b>	<b>40,000</b>	<b>35,000</b>	<b>40,000</b>

Of the loans outstanding, £30m is fixed at a rate of 6.36%, and the remaining £10m is fixed at a rate of 5.55%



**Edinburgh Napier University**  
**Notes to the 2012-13 Financial Statements**

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	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>18 Provisions for liabilities – Consolidated and University</b>		
<b>Unfunded pension liability</b>		
At 1 August	14,116	13,137
Income from investments	38	39
Early retirement pensions	(979)	(921)
Transfer from income and expenditure account	1,612	1,861
	<hr/>	<hr/>
At 31 July	<b>14,787</b>	<b>14,116</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Onerous leases</b>		
At 1 August	1,640	2,665
Transfer to income and expenditure account	(315)	(1,025)
	<hr/>	<hr/>
At 31 July	<b>1,325</b>	<b>1,640</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Dilapidations</b>		
At 1 August	6,366	6,159
Transfer (to) / from income and expenditure account	(1,247)	207
	<hr/>	<hr/>
At 31 July	<b>5,119</b>	<b>6,366</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Total provisions for liabilities</b>	<b>21,231</b>	<b>22,122</b>
	<hr/> <hr/>	<hr/> <hr/>

A valuation of the unfunded pension liability was carried out at 31 July 2013, by Mercer Limited, an independent firm of actuaries.

**19 Pension schemes**

There are two pension schemes operated for University staff. These are the Scottish Teachers Superannuation Scheme ("STSS") and the Local Government Pension Scheme ("LGPS"). The total pension cost for the year was £8,024,000 (2012 - £6,937,000)

**Total pension cost for the year (note 6)**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
STSS – contributions paid	3,237	3,199
LGPS – charge to the income and expenditure account	4,787	3,738
	<hr/>	<hr/>
	<b>8,024</b>	<b>6,937</b>
	<hr/> <hr/>	<hr/> <hr/>

**The Scottish Teachers Superannuation Scheme** is the principal scheme for University academic staff. It is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purposes of determining contribution rates.

The pensions cost is assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2005
Actuarial method	Prospective Benefits
Investment returns per annum	6.5%
Salary scale increases per annum	4.5%
Actuarial value of the assets	£18,474m
Proportion of members' accrued benefits covered by the actuarial value of the assets	95.7%

The employer contribution rate was 14.9% of salary throughout the financial year.

**FRS 17**

Under the definitions set out in Financial Reporting Standard 17 (FRS 17) Retirement Benefits, the STSS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

**19 Pension schemes (contd)**

**The Local Government Pension Scheme** is the principal scheme for non- academic staff of the University. It is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The University is one of many employers who participate in the scheme.

The most recent actuarial valuation was performed for the three year period to 31 March 2011 using the projected unit method. The following assumptions were made for actuarial valuation purposes:

Gilt-based discount rate	4.3%
Funding basis discount rate	5.8%
Pay increases	5.1%
Price inflation / pension increases	2.8%

The market value of the assets at the valuation date was £3,477m. The past service liabilities of the scheme have been valued at £3,619m resulting in a deficit of £142m. This represents a funding level of 96%. On the basis of actuarial recommendations, employer contributions were 19.4% of pensionable pay for the year ended 31 March 2012, and are set at 15.8% of pensionable pay plus a fixed sum of £705,200 for each of the three years ending 31 March 2015.

Changes to the LGPS permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of the LGPS actuaries, an allowance has been made for exchanging part of the LGPS pension for additional cash, for retirements with effect from 6 October 2006 and for life expectancy improvements.

The following information is based upon the full actuarial valuation of the fund at 31 March 2011, updated to 31 July 2013 by a qualified independent actuary.

	<b>July 2013</b>	<b>July 2012</b>	<b>July 2011</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Rate of increase in salaries	5.1	4.5	5.0
Rate of increase in pensions	2.8	2.2	2.7
Discount rate	4.6	4.1	5.3
Inflation rate	2.8	2.2	2.7

In calculating the scheme assets and liabilities, the fund's actuaries had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes but it is possible that actual outcomes will differ from those included in the financial statements. Any differences between expected and actual outcomes are reported through experience gains and losses.

**Edinburgh Napier University**  
**Notes to the 2012-13 Financial Statements**

**19 Pension schemes (contd)**

	July 2013		July 2012		July 2011	
	Long-term rate of return %	Value £000	Long-term rate of return %	Value £000	Long-term rate of return %	Value £000
Equities	6.4	92,845	5.5	73,396	7.0	72,550
Bonds	3.8	8,124	2.9	8,579	4.6	8,265
Property	4.6	9,285	3.7	10,485	5.1	9,184
Cash	3.4	5,803	2.8	2,860	4.0	1,837
		-----		-----		-----
Fair value of assets		116,057		95,320		91,836
Present value of scheme liabilities		134,376		123,182		107,561
		-----		-----		-----
<b>Net pension deficit</b>		<b>(18,319)</b>		<b>(27,862)</b>		<b>(15,725)</b>
		=====		=====		=====

The following amounts at 31 July were measured in accordance with the requirements of FRS 17

**Analysis of the amount shown in the Balance Sheet**

	2013 £000	2012 £000
The University's estimated asset share	116,057	95,320
Present value of the University's scheme liabilities	(134,376)	(123,182)
	-----	-----
<b>Deficit in the scheme – net pension liability</b>	<b>(18,319)</b>	<b>(27,862)</b>
	=====	=====

**Analysis of the amount charged to the Income and Expenditure Account**

	2013	2012
Current service cost	4,738	3,738
Past service costs	49	-
	-----	-----
<b>Total operating charge</b>	<b>4,787</b>	<b>3,738</b>
	=====	=====

**19 Pension schemes (contd)**

**Analysis of the amount charged to Interest and other finance costs (note 9) and credited to Endowment and investment income (note 5)**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Expected return on pension scheme assets	4,827	6,050
Interest on pension scheme liabilities	(5,113)	(5,761)
	<u>          </u>	<u>          </u>
<b>Net (charge) / credit</b>	<b>(286)</b>	<b>289</b>
	<u>          </u>	<u>          </u>

**Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses (STRGL)**

Actual return less expected return on pension scheme assets	13,394	(5,128)
Changes in the assumptions underlying the present value of the scheme liabilities	(2,991)	(7,540)
	<u>          </u>	<u>          </u>
<b>Actuarial gain / (loss) recognised in the STRGL</b>	<b>10,403</b>	<b>(12,668)</b>
	<u>          </u>	<u>          </u>

**Analysis of movements in the present value of the scheme liabilities**

Balance at 1 August	123,182	107,561
Current service cost	4,738	3,738
Contributions	1,518	1,458
Past service costs / gains	49	-
Benefits paid	(3,215)	(2,876)
Interest costs	5,113	5,761
Curtailment and settlements	-	-
Actuarial loss	2,991	7,540
	<u>          </u>	<u>          </u>
<b>Balance at 31 July</b>	<b>134,376</b>	<b>123,182</b>
	<u>          </u>	<u>          </u>

**Edinburgh Napier University**  
**Notes to the 2012-13 Financial Statements**

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<b>19 Pension schemes (contd)</b>				<b>2013</b>	<b>2012</b>
				<b>£000</b>	<b>£000</b>
	<b>Analysis of movements in the market value of the scheme assets</b>				
Balance at 1 August				95,320	91,836
Contributions				5,731	5,438
Benefits paid				(3,215)	(2,876)
Expected return on assets				4,827	6,050
Actuarial gain / (loss)				13,394	(5,128)
				<hr/>	<hr/>
<b>Balance at 31 July</b>				<b>116,057</b>	<b>95,320</b>
				<hr/> <hr/>	<hr/> <hr/>
<b>History of experience gains and losses</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Difference between the expected and actual return on scheme assets	13,394	(5,128)	3,629	4,986	(12,471)
% of scheme assets	11.5%	(5.4%)	4.0%	6.3%	(18.9%)
Experience gains on scheme liabilities	-	3,546	-	-	4,728
% of the present value of the scheme liabilities	0.0%	2.9%	0.0%	0.0%	5.2%
Total amount recognised in statement of total recognised gains and losses	10,403	(12,668)	10,518	(418)	(17,883)
% of the present value of the scheme liabilities	7.7%	(10.3%)	9.8%	(0.4%)	(19.6%)

**Edinburgh Napier University**  
**Notes to the 2012-13 Financial Statements**

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	SFC £000	Other £000	Total £000
<b>20 Deferred capital grants – Consolidated and University</b>			
<b>At 1 August 2012</b>			
Buildings	30,544	2,987	33,531
Equipment	1,906	4	1,910
	-----	-----	-----
	<b>32,450</b>	<b>2,991</b>	<b>35,441</b>
	=====	=====	=====
<b>Received during the year</b>			
Buildings	641	199	840
Equipment	72	-	72
	-----	-----	-----
	<b>713</b>	<b>199</b>	<b>912</b>
	=====	=====	=====
<b>Released during the year</b>			
Buildings	743	72	815
Equipment	412	-	412
	-----	-----	-----
	<b>1,155</b>	<b>72</b>	<b>1,227</b>
	=====	=====	=====
<b>At 31 July 2013</b>			
Buildings	30,442	3,114	33,556
Equipment	1,566	4	1,570
	-----	-----	-----
	<b>32,008</b>	<b>3,118</b>	<b>35,126</b>
	=====	=====	=====

**Edinburgh Napier University**  
**Notes to the 2012-13 Financial Statements**

	Restricted Permanent £000	Restricted Expendable £000	Total £000
<b>21 Endowments – Consolidated</b>			
At 1 August 2012			
Capital value	273	7	280
Accumulated income	52	-	52
	-----	-----	-----
	325	7	332
Appreciation of endowment assets	36	-	36
Income for the year	258	-	258
Expenditure for the year	(4)	-	(4)
	-----	-----	-----
<b>At 31 July 2013</b>	<b>615</b>	<b>7</b>	<b>622</b>
	=====	=====	=====
Represented by:			
Capital value	557	7	564
Accumulated income	58	-	58
	-----	-----	-----
	<b>615</b>	<b>7</b>	<b>622</b>
	=====	=====	=====
<b>Endowments – University</b>			
At 1 August 2012			
Capital value	162	7	169
Accumulated income	52	-	52
	-----	-----	-----
	214	7	221
Diminution of endowment assets	24	-	24
Income for the year	12	-	12
Expenditure for the year	(4)	-	(4)
	-----	-----	-----
<b>At 31 July 2013</b>	<b>246</b>	<b>7</b>	<b>253</b>
	=====	=====	=====
Represented by:			
Capital value	188	7	195
Accumulated income	58	-	58
	-----	-----	-----
	<b>246</b>	<b>7</b>	<b>253</b>
	=====	=====	=====



**Edinburgh Napier University**  
**Notes to the 2012-13 Financial Statements**

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	Consolidated		University	
	2013	2012	2013	2012
	£000	£000	£000	£000
<b>22</b>	<b>Income and expenditure account</b>			
At 1 August	26,605	32,907	25,931	32,958
Surplus retained for the year	5,327	6,366	4,633	5,641
Actuarial gain / (loss) in respect of pension scheme	10,403	(12,668)	10,403	(12,668)
	-----	-----	-----	-----
<b>At 31 July</b>	<b>42,335</b>	<b>26,605</b>	<b>40,967</b>	<b>25,931</b>
	=====	=====	=====	=====
Represented by:				
Income and expenditure reserve	60,654	54,467	59,286	53,793
Pension reserve	(18,319)	(27,862)	(18,319)	(27,862)
	-----	-----	-----	-----
	<b>42,335</b>	<b>26,605</b>	<b>40,967</b>	<b>25,931</b>
	=====	=====	=====	=====
<b>23</b>	<b>Revaluation reserve</b>			
At 1 August	1,029	1,012	1,071	1,052
Appreciation / (diminution) of investments	(4)	17	(6)	19
	-----	-----	-----	-----
<b>At 31 July</b>	<b>1,025</b>	<b>1,029</b>	<b>1,065</b>	<b>1,071</b>
	=====	=====	=====	=====
<b>24</b>	<b>Post Balance Sheet Events</b>			

There were no post balance sheet events which require disclosure within these financial statements.

**Edinburgh Napier University**  
**Notes to the 2012-13 Financial Statements**

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**25 Subsidiary undertakings**

Napier University Ventures Limited, a company limited by guarantee, is not a legal subsidiary of the University. However as the University exercises a dominant influence, it is treated as a subsidiary for financial reporting and consolidated in these accounts.

Edinburgh Napier University Development Trust is not a legal subsidiary of the University. However, as the University exercises a dominant influence, it is treated as a subsidiary for financial reporting and consolidated in these accounts.

The following dormant subsidiary companies of the University were dissolved on 25 January 2013:

NUNIV Construction Limited, a company engaged in construction services.

NUNIV Developments Limited, a company engaged in property development.

<b>26 Reconciliation of surplus for the year retained within general reserves to net cash inflow from operating activities</b>	<b>2013 £000</b>	<b>2012 £000</b>
Surplus for the year retained within general reserves	5,327	6,366
Depreciation of tangible fixed assets	5,948	5,562
Deferred capital grants released to income	(1,227)	(1,205)
Investment income	(211)	(331)
Interest payable	3,162	2,949
Pension costs less contributions payable	860	(531)
Gain on disposal of tangible fixed assets	-	(475)
Decrease in stock	12	2
Decrease in debtors	725	1,658
Decrease in creditors	(931)	(1,612)
Increase / (decrease) in provisions	(929)	122
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>12,736</b>	<b>12,505</b>
	<hr/> <hr/>	<hr/> <hr/>

**Edinburgh Napier University**  
**Notes to the 2012-13 Financial Statements**

	At 1 August 2012 £000	Cashflows £000	Other changes £000	At 31 July 2013 £000
<b>27 Analysis of changes in net funds</b>				
Cash at bank and in hand	52,003	(9,083)	-	42,920
Debts due within one year	(5,000)	-	-	(5,000)
Debts due after more than one year	(40,000)	5,000	-	(35,000)
	<u>7,003</u>	<u>(4,083)</u>	<u>-</u>	<u>2,920</u>

**28 Capital commitments**

At 31 July 2013 the University and its consolidated subsidiaries had commitments contracted for amounting to £141,183 (2012 - £4,898,744).

**29 Financial commitments**

At 31 July the University had annual commitments under non-cancellable operating leases as follows:

	2013 £000	2012 £000
Land and Buildings:		
Expiring in less than one year	-	1,432
Expiring in one to two years	384	-
Expiring within two to five years inclusive	2,492	2,126
Expiring in over five years	90	200
Vehicles:		
Expiring in less than one year	5	1
Expiring in one to two years	-	5
	<u>2,971</u>	<u>3,764</u>

**Edinburgh Napier University**  
**Notes to the 2012-13 Financial Statements**

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30	Discretionary and Childcare funds			2013	2012
		Discretionary	Childcare	Discretionary & Childcare	Discretionary & Childcare
		£000	£000	£000	£000
	At 1 August	41	133	174	350
	SAAS grants received	569	267	836	876
	Transfers	96	(96)	-	-
	Interest earned	-	-	-	2
		-----	-----	-----	-----
		706	304	1,010	1,228
	Disbursed to students	(665)	(170)	(835)	(790)
	Repaid to SAAS	(41)	(134)	(175)	(264)
		-----	-----	-----	-----
	<b>At 31 July</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174</b>
		=====	=====	=====	=====

Discretionary and Childcare Funds are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the income & expenditure account.

**31 Related party transactions**

The University has taken advantage of the exemption available under FRS8, Related Party Transactions, not to disclose transactions with subsidiary companies that are eliminated on consolidation. No other related party transactions have occurred during the period.