

NAPIER UNIVERSITY
ACCOUNTS FOR THE YEAR TO 31 JULY 2002

CONTENTS

	Page
General Information	2
Court Membership	3
Report by the Chairman of Court	4
Corporate Governance	5
Responsibilities of the University Court	7
Report of the Auditors	9
Statement of Principal Accounting Policies	11
Consolidated Income & Expenditure Account	14
Balance Sheets	15
Consolidated Cash Flow Statement	17
Statement of Consolidated Total Recognised Gains & Losses	17
Notes to the Accounts	18

Napier University
General Information

Chancellor	Rt Hon Viscount Younger of Leckie KT KCVO TD DL FRSE
Chairman of Court	A Cubie CBE FRSE LLD (Glasgow) DUniv (Edinburgh) DBA (QMUC) LLB Hons WS
Principal and Vice-Chancellor FRSE	Professor J Mavor DSc (Eng) FEng
Secretary	G C Webber BA DPhil MBA
Director of Finance & Commercialisation Services	D Robertson LLB CA MBA
External Auditors	Ernst & Young Ten George Street Edinburgh EH2 2DZ
Internal Auditors	Deloitte & Touche 39 George Street Edinburgh EH2 2HZ
Bankers	Royal Bank of Scotland Plc 206 Bruntsfield Place Edinburgh EH10 4DF
Solicitors	Anderson Strathern WS 48 Castle Street Edinburgh EH2 3LX
Actuaries	Hymans Robertson 221 West George Street Glasgow G2 2ND

Napier University

Court Membership

The following persons served as members of Court during the year to 31 July 2002. In the case of those who became or ceased to be members during the year, the appropriate dates are shown.

	Date of Appointment	Date of Retirement	Category
Mr T N Aitchison			Non-Executive
Mr A Anderson	October 2001		Non-Executive ++
Professor G C Borthwick			Non-Executive (+++)
Mrs A Brobbel			Non-Executive ++
Dr L Burley	October 2001		Non-Executive
Mr D Campbell			Staff
Dr A Cubie (Chairman)			Non-Executive ++ (+++)
The Rt Hon Lord Cullen			Non-Executive (+++)
Dr T Fernandes	October 2001		Staff
Mr G Garvie	October 2001		Non-Executive +
Baroness Goudie			Non-Executive
Ms M Greenwood			Non-Executive ++
Mr H Hall	October 2001		Non-Executive +
Baroness Linklater	November 2001		Chancellor's Assessor
Dr K Lyall	October 2001		Non-Executive ++
Mr P Mackay			Non-Executive +
Professor J Mavor			Principal & Vice-Chancellor ++
Ms A Mitchell	October 2001		Student
Lady Rifkind		July 2002	Non-Executive
Professor A Sibbald		July 2002	Staff
Professor M Thorne		November 2001	Vice-Principal ++
Mr A Thomson	October 2001		Student
Ms E Thomson	October 2001		Non-Executive
Professor G Tucker	November 2001		Vice-Principal ++
Mr D Wise			Graduates' Association
Mr P Wilson			Non-Executive +
Mr H Wollman			Staff

+ Member of Audit Committee

++ Member of Finance & Commercialisation Committee

(+++)
Member of Remuneration Committee

Napier University

Report by the Chairman of Court

Scope of the Accounts

The Accounts for the year ended 31 July 2002 comprising the results of the University and that of its subsidiaries follow the same format as that for the previous year. They are prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and the accounting requirement of the Scottish Higher Education Funding Council.

Results of the Year

The Consolidated Income & Expenditure Account is presented on page 14 of the Accounts. The University is pleased to be able to report a surplus in excess of £3.5m. Total income has increased by almost £2.9m particularly in Funding Council Grants and Tuition Fees and Education Contracts.

Operating expenditure has increased by £1.8m. Staff restructuring costs were £0.55m less than last year, and previous early retirements have enabled our Staff Costs increase to be restricted to £0.8m. Other Operating Expenditure has increased by £1.4m.

Balance Sheet

This year we have reduced Net Current Assets, including a £1.9m decrease in bank balances. This is the result of Fixed Asset additions of £7.5m, mainly at the Craiglockhart Campus redevelopment. This redevelopment also involved the impairment of fixed assets which were demolished, with a resultant loss after release of corresponding Deferred Capital Grants of £940k. The accelerated release of Deferred Capital Grants has contributed to a reduction in Total Funds of £2.5m.

Creditors Payment Policy

It is the University's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the University and its suppliers, providing that all trading terms and conditions have been complied with. As at 31 July 2002, the University had an average of 40 days purchases outstanding in trade creditors.

Future Developments

The University will continue with the redevelopment of the Craiglockhart Campus, over the next year to provide substantial new teaching accommodation. The University has negotiated a loan of up to £15.5m with the Clydesdale Bank, in connection with this redevelopment project.

University systems have again been reviewed, and following the implementation of a new personnel and payroll package, work has now begun to replace the accounting system over the next two years.

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.

Napier University

Corporate Governance

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary includes a description of the manner in which the University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. The University adheres, with minor exceptions, to the Guide for Members of Governing Bodies of Scottish Higher Education Institutions and Good Practice Benchmarks. The purpose of this summary is to help the reader of the financial statements understand how the principles have been applied.

Napier University was established by a Statutory Instrument entitled "The Napier University (Scotland) Order of Council 1993". The Order makes provision regarding the constitution, functions and powers of the University Court, and the arrangements to be adopted by it in discharging its functions. The Order provides that the Court shall be the Governing Body of the University and have overall responsibility for the governance of the University, including all aspects of strategic planning and management of all resources.

The composition of the Court is prescribed by the Statutory Instrument and comprises non-executive members, *ex officio* members, academic and non-academic members of staff and representatives of the Students' Association and the Graduates' Association. The non-executive members of the Court must always remain in the majority. The Chancellor is the titular head of the University with power to confer degrees. The Principal and Vice-Chancellor is the Chief Executive Officer of the University with delegated authority to deal with the organisation and management of the University, and the appointment, promotion and discipline of staff. The Chairman and Vice Chairman of the Court are appointed from the non-executive Court members and accordingly the roles of Chancellor, Principal and Vice-Chancellor and Chairman of Court are separated and clearly established.

The Court met four times during 2001/02 and has a number of committees to which it delegates particular areas of responsibility. The decisions and recommendations of these committees are formally reported to Court. The Committees include a Finance and Commercialisation Committee, a Remuneration Committee, a Nominations Committee and an Audit Committee. All of these Committees are formally constituted with terms of reference. They comprise mainly lay members of the Court, one of whom is the Chair.

In respect of its strategic and development responsibilities, the University Court during the year 2001/02 received recommendations and advice from the Finance and Commercialisation Committee. This Committee *inter alia* recommended to the Court the University's annual revenue and capital budgets and monitored performance in relation to the approved budgets.

The Remuneration Committee, which comprises entirely non-executive members, determines the annual remuneration of the most senior staff, including the Vice-Chancellor.

The Nominations Committee considers nominations to fill vacancies of lay members of Court and recommends specific individuals for approval by Court.

The Audit Committee which consists entirely of non-executive members of the Court meets four times a year, with the University's external and internal auditors in attendance. The Committee receives regular reports from the internal auditors with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the Scottish Higher Education Funding Council as they affect the University's business and monitors adherence to the regulatory requirements. Whilst the Principal and University Secretary attend meetings of the Audit Committee they are not members of the Committee and once a year the Committee meets both the External and Internal Auditors on their own for independent discussions. During the year the Audit Committee reviewed the code of conduct for members of public bodies issued by the Scottish Executive. Although the code does not formally apply to universities the Committee agreed that certain of its principles should be

Napier University

Corporate Governance

reflected in revised guidance for Court Members and incorporated in the Court Handbook issued annually to all Court members.

The Corporate Management Team (CMT) made up of the eight most senior officers of the University receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units which receive risk awareness training.

At its December 2001 meeting, the Court received the annual report of the Audit Committee for the year ended 31 July 2001 by considering documentation and taking account of events since 1 August 2000. At its June 2002 meeting the Court received the Annual Report of the Health and Safety team which reviewed the health, safety and environmental procedures and controls within the University for the twelve month period ending April 2002.

The University Court completed in June 2001 a year-long exercise to review its governance arrangements. Two new committees, namely the Nominations Committee and the Estates Committee, have been established and the Finance and General Purposes Committee has been restructured into a Finance and Commercialisation Committee. These new arrangements came into effect as from August 2001 and are working well. The University Court is currently taking stock of the first year's working and no major changes are expected.

As part of its strategic and operational responsibilities the 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. The Audit Committee has overseen the introduction of a risk management matrix which identifies major risks and allocates responsibility for the management of such risks to the Court and CMT.

The Court is of the view that the introduction of the new Committee structure from 1 August 2001 has, *inter alia*, facilitated a process, principally through the Audit Committee, the Finance and Commercialisation Committee and the Operational Risk Management Group of senior University managers of identification, evaluation and management of the University's significant risks. The Court is therefore making good progress towards compliance with the internal control guidance for directors on the Combined Code, and will be fully compliant during 2002/03.

Napier University complies with the Guide for Members of Governing Bodies of Scottish Higher Education Institutions and Good Practice Benchmarks apart from the following three exceptions:

The size of an institution's Governing Body should not normally exceed 25 members, subject to the institution's constitution. The size of the Court of Napier University in its constitution is 26 members as defined in Statutory Instrument 1993/557 (clause 3(2)).

The term of office of members of a Governing Body other than for members by virtue of their office should not be more than three years and members should not normally serve for a consecutive period of more than nine years. The constitution of Napier University provides for a term of office of four years with a maximum period of 12 years in office (clause 3(7)).

Members, other than members who are members by virtue of their office, should not normally serve for more than one complete term beyond the State retirement age which is assumed to be 65 years of age. The constitution of Napier University provides that member of Court who has attained 70 years of age shall not be eligible thereafter to take office for a first or subsequent term (clause 3(8)).

Napier University

Responsibilities of the University Court

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

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Accounts;
- Accounts 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 Accounts.

The Court has taken reasonable steps to:

- ensure that funds from the Scottish Higher Education Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions 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 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 level two budget holders and heads of department;
- 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;

Napier University

Responsibilities of the University Court

- monthly 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 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.

Napier University

Independent Auditors' Report to the Court of Napier University

Year to 31 July 2002

Independent Auditors' Report to the Court of Napier University

We have audited the Accounts for the year ended 31 July 2002 which comprise the Consolidated Income and Expenditure Account, Group and University Balance Sheets, Consolidated Cash Flow Statement, Statement of Consolidated Recognised Gains and Losses and the related notes 1 to 25. These Accounts have been prepared under the historical cost convention as modified by the revaluation of certain assets and on the basis of the accounting policies set out in the Statement of Principal Accounting Policies.

Respective Responsibilities of the Court and Auditors

As described in the Statement of Responsibilities of the University Court, the Court is responsible for the preparation of the Accounts in accordance with the University's statutory instrument, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and other applicable United Kingdom law and accounting standards.

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

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

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

We read the other information contained in the Report by the Chairman of Court and Corporate Governance statement and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Accounts.

Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board and the Code of Audit Practice issued by the Scottish Higher Education Funding Council. An audit includes examination, on a test basis, of evidence relevant to the amount and disclosures in the Accounts. It also includes an assessment of the significant estimates and judgements made by Court in the preparation of the Accounts, and of whether

the accounting policies are appropriate the circumstances of the University and its subsidiaries (the group), consistently applied and adequately disclosed.

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

Napier University

Independent Auditors' Report to the Court of Napier University

Year to 31 July 2002

Opinion

In our opinion:

- the Accounts give a true and fair view of the state of affairs of the University and the Group at 31 July 2002 and of the Group's income and expenditure for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice: Accounting in Further and Higher Education Institutions;
- funds from the Scottish Higher Education Funding Council, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received;
- income has been applied in accordance with the Charter and Statutes governing the University and, where appropriate, with the Financial Memorandum dated 1 August 1996 (incorporating 1998 Revisions) with the Scottish Higher Education Funding Council.

Ernst & Young LLP
Registered Auditor
Edinburgh

9 December 2002

Napier University

Statement of Principal Accounting Policies

Year to 31 July 2002

Basis of Preparation and Accounting

The Accounts 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 Institutions and applicable accounting standards. They conform to guidance published by the Scottish Higher Education Funding Council (SHEFC).

Basis of Consolidation

The Consolidated Accounts consolidate the Accounts of the University and all its subsidiary undertakings in accordance with the provisions of Financial Reporting Statement No 2. In accordance with FRS2, the activities of the Students' Union have not been consolidated because the University does not exercise control over these activities.

Recognition of Income

Recurrent grants from SHEFC and Scottish Executive are recognised in the period in which they are receivable. Income from Endowments and Donations, Research Grants, Contracts and Other Services Rendered is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. All income from short-term deposits is credited to the Income & Expenditure Account in the period in which it is earned.

Maintenance of Premises

The University has a ten year rolling maintenance plan which is reviewed on an annual basis. The cost of long-term and routine corrective maintenance is charged to the Income & Expenditure Account as it is incurred.

Foreign Currency Translations

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.

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 Earnings-Related Pension Scheme.

Napier University

Statement of Principal Accounting Policies

Year to 31 July 2002

The STSS is a statutory, contributory, final salary scheme administered by The Scottish Public Pensions Agency, an executive agency of the Secretary of State for Scotland. This is an unfunded scheme, which operates under the Teachers' Superannuation (Scotland) Regulations.

The LGPS is also a contributory, final salary scheme administered by the City of Edinburgh Council. The scheme is a funded scheme operating under the Local Government Pension Scheme (Scotland) Regulations 1998.

The University's contributions to these schemes are charged to the Income and Expenditure Account so as to achieve the accounting objective of recognising the costs of providing pensions on a systematic and rational basis over the period during which the University benefits from the employees' services.

The University's contributions are determined from periodic valuations of the schemes carried out by qualified actuaries, for the STSS using the entry age method and, for the LGPS, every three years using the projected unit method.

The University is funding directly certain pension costs for employees who have taken early retirement. A provision has been established for these liabilities as determined by an annual actuarial valuation conducted by the University's actuaries Hymans Robertson.

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 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.

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	- Project life - 2 years generally	
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.

Napier University
Statement of Principal Accounting Policies
Year to 31 July 2002

Leases

Payments in respect of operating leases are charged in the Income & Expenditure Account. There are no assets held under finance leases.

Investments

Investments and Endowment Assets Investments are included in the Balance Sheet at valuation. Where investments are not listed on a recognised stock exchange they are carried at historical cost less any provision for impairment in their value.

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.

Taxation

The University is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the 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 which is charged to the Income & Expenditure Account.

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.

Napier University
Consolidated Income & Expenditure Account
Year to 31 July 2002

	Notes	2001-02 £000s	2000-01 £000s
Income			
Funding Council Grants	1	33,189	31,758
Tuition Fees and Education Contracts	2	20,683	18,635
Research Grants and Contracts	3	2,822	2,769
Other Operating Income	4	8,276	8,796
Endowment and Investment Income	5	445	578
		<hr/>	<hr/>
Total Income		65,415	62,536
		<hr/>	<hr/>
Expenditure			
Staff Costs	6	38,188	37,349
Staff Restructuring Costs	8	931	1,481
Other Operating Expenditure	7	19,663	18,278
Depreciation	8	1,895	1,852
Interest Payable	8	229	73
		<hr/>	<hr/>
Total Expenditure	8	60,906	59,033
		<hr/>	<hr/>
Operating Surplus		4,509	3,503
		<hr/>	<hr/>
Loss on Disposal of Assets	9	6,626	470
Release of Deferred Capital Grants	9	5,686	-
		<hr/>	<hr/>
Loss on Disposal of Assets, Net of Release		940	470
		<hr/>	<hr/>
Surplus after Disposal of Assets		3,569	3,033
		<hr/> <hr/>	<hr/> <hr/>

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

Areas shaded throughout these Accounts denote that the figures have been consolidated with those of the University's subsidiaries.

Napier University
Consolidated Balance Sheet
At 31 July 2002

	Notes	2002 £000s	2001 £000s
Consolidated			
Fixed Assets			
Tangible Fixed Assets	11	41,656	42,701
Investments	12	1,611	1,652
		<hr/>	<hr/>
		43,267	44,353
Endowment Asset Investments	13	198	213
Current Assets			
Stocks	14	36	56
Debtors	15	12,240	10,530
Cash at Bank and in Hand		5,149	7,019
		<hr/>	<hr/>
		17,425	17,605
Creditors due within one year	16	15,604	14,756
		<hr/>	<hr/>
Net Current Assets		1,821	2,849
		<hr/>	<hr/>
Total Assets less Current Liabilities		45,286	47,415
	17	(12,365)	(11,964)
Provisions for Liabilities and Charges		<hr/>	<hr/>
		32,921	35,451
		<hr/>	<hr/>
Total Net Assets			
Represented by:			
Reserves	18	20,243	26,332
	19	198	213
Deferred Capital Grants	20	12,480	8,906
Endowment Funds		<hr/>	<hr/>
Reserves		32,921	35,451
		<hr/>	<hr/>
Total Funds			

The Accounts on pages 11 to 32 were approved by the University Court on 9 December 2002 and were signed on its behalf by: DR A CUBIE, Chairman; PROFESSOR J MAVOR, Accounting Officer; MRS D ROBERTSON, Director of Finance and Commercialisation Services

Napier University

Balance Sheet

At 31 July 2002

	Notes	2002 £000s	2001 £000s
Fixed Assets			
Tangible Fixed Assets	11	37,065	39,498
Investments	12	1,607	1,649
		<hr/>	<hr/>
		38,672	41,147
Endowment Asset Investments	13	198	213
Current Assets			
Stocks	14	36	56
Debtors	15	5,106	3,538
Cash at Bank and in Hand		9,728	9,995
		<hr/>	<hr/>
		14,870	13,589
Creditors due within one year	16	8,121	7,325
		<hr/>	<hr/>
Net Current Assets		6,749	6,264
		<hr/>	<hr/>
Total Assets less Current Liabilities		45,619	47,624
	17	(12,365)	(11,964)
Provisions for Liabilities and Charges		<hr/>	<hr/>
		33,254	35,660
		<hr/>	<hr/>
Total Net Assets			
Represented by:			
Reserves	18	20,071	26,324
	19	198	213
	20	12,985	9,123
Deferred Capital Grants			
Endowment Funds			
Reserves		<hr/>	<hr/>
		33,254	35,660
		<hr/>	<hr/>
Total Funds			

The Accounts were approved by the University Court on 9 December 2002 and were signed on its behalf by:

DR A CUBIE, Chairman; PROFESSOR J MAVOR, Accounting Officer; MRS D ROBERTSON, Director of Finance and Commercialisation Services

Napier University
Consolidated Cash Flow Statement
Year to 31 July 2002

	Notes	2002 £000s	2001 £000s
Net cash inflow from operating activities	22	5,071	2,241
Returns on investment and servicing of finance			
	10		11
Income from Endowments	443		575
Other Interest Received	(229)		-
Interest Paid	39		42
Investment Income Received		-----	-----
		263	628
Net cash inflow from returns on investment and servicing of finance			
Investing activities			
Payments to Acquire Tangible Fixed Assets	(7,476)	(6,810)	
Receipts from Sale of Tangible Fixed Assets	-	1,108	
Payments to Acquire Investments	-	-	
Receipts from Sale of Investments	56	-	
Deferred Capital Grants Received	216	718	
Endowments Received	-	2	
		-----	-----
Net cash outflow from investing activities		(7,204)	(4,982)
Net cash outflow before financing		(1,870)	(2,113)
Net cash inflow from financing		-	-
	23	-----	
Decrease in cash		(1,870)	(2,113)
		=====	=====

Statement of Consolidated Total Recognised Gains and Losses

Surplus	3,569	3,033
Depreciation of Endowment Asset Investments	(23)	(5)
Appreciation/(Depreciation) of Fixed Asset Investments	5	(44)
Endowment Income retained for year	8	8
New Endowments	-	2
	-----	-----
	3,559	2,994
	=====	=====

Napier University

Notes to the 2001-02 Accounts

	2001-02 £000s	2000-01 £000s
1. Scottish Higher Education Funding Council Grants		
	31,848	30,063
Recurrent Grant	837	728
Specific Grants		
Released from Deferred Capital Grants	420	813
- Buildings	84	154
- Equipment		
	<u>33,189</u>	<u>31,758</u>
2. Tuition Fees and Education Contracts		
Home/EU	8,811	7,687
Overseas	2,364	1,886
Part-Time	2,278	1,977
Examination Fees	26	28
Education Contracts	7,204	7,057
	<u>20,683</u>	<u>18,635</u>
3. Research Grants and Contracts		
Grants (SHEFC)	954	958
Contracts	1,868	1,811
	<u>2,822</u>	<u>2,769</u>
4. Other Operating Income		
Consultancy and Fee Income	2,028	1,967
Residences and Catering	3,605	3,686
Other Services Rendered	1,096	1,776
Released from Deferred Capital Grants	115	88
Other Income	1,432	1,279
	<u>8,276</u>	<u>8,796</u>

Napier University

Notes to the 2001-02 Accounts

	2001-02 £000s	2000-01 £000s
5. Endowment and Investment Income		
Transferred from Specific Endowments	2	3
Other Interest Receivable	443	575
	<u>445</u>	<u>578</u>
6. Staff Costs		
Wages and Salaries	32,980	32,305
Social Security Costs	2,291	2,353
Pension Costs	2,917	2,691
	<u>38,188</u>	<u>37,349</u>
Emoluments of the Principal and Vice-Chancellor	<u>145</u>	<u>138</u>

The emoluments of the Principal and Vice-Chancellor are shown on the same basis as for other higher paid staff. The Vice-Chancellor's emoluments are settled by the Remuneration Committee. These emoluments contain an element of performance related pay. The University's pension contributions to STSS are paid at the same rates as for other academic staff, and amounted to £ 6,705 (2000-01 - £6,434).

Average Staff Numbers by Major Category:	2001-02 Number	2000-01 Number
Academic	529	538
Administrative/Clerical	689	675
Technical	118	127
Research	81	58
	<u>1,417</u>	<u>1,398</u>
Remuneration of higher paid staff, excluding employer's pension contributions:		
£50,000 - £59,999	27	15
£60,000 - £69,999	1	2
£70,000 - £79,999	3	3
£80,000 - £89,999	1	-
£90,000 - £99,999	-	1
£100,000 - £109,999	-	-
£110,000 - £119,999	-	-
£120,000 - £129,999	-	1
£130,000 - £139,999	-	-
£140,000 - £149,999	1	-

Napier University

Notes to the 2001-02 Accounts

	2001-02 £000s	2000-01 £000s
7. Other Operating Expenditure		
Supplies and Maintenance	4,579	3,982
Residences and Catering	3,131	3,317
Napier University Ventures Limited	1,626	1,415
Property Maintenance	975	841
Other Expenses	3,296	1,819
Heat, Light and Power	778	871
Rent, Rates and Insurance	460	888
Early Retirement	407	767
Library Books and Services	611	670
Staff Development and Conferences	1,057	1,059
Hospitality	274	294
Postages and Telephone	567	607
Travel	580	545
Students' Association	312	300
Fees	74	68
Recruitment Costs	331	274
Advertising	314	373
Transport	203	129
External - Audit Services	34	29
Auditors - Other Services	29	4
Internal - Audit Services	25	26
Auditors		
	19,663	18,278
	19,663	18,278

8. Analysis of 2001-02 Expenditure by Activity

	Staff Costs £000s	Other Operating Expenditure £000s	Deprecia tion £000s	Interest Payable £000s	Total £000s
Academic Departments	23,628	3,562	260	-	27,450
Academic Services	5,778	3,246	543	-	9,567
Central Administration	5,436	3,154	66	-	8,656
Property	799	2,346	817	229	4,191
Research Grants and Contracts	1,935 612	747 3,131	12 139	-	2,694 3,882
Residences and Catering	-	1,633	58	-	1,691
Consultancy Expenditure	-	1,844	-	-	1,844
Other Expenditure	931	-	-	-	931
Staff Restructuring Costs					
	39,119	19,663	1,895	229	60,906
	39,119	19,663	1,895	229	60,906

Napier University

Notes to the 2001-02 Accounts

9. Release of Deferred Capital Grants

The Estates strategy and redevelopment of the Craiglockhart Campus involved the impairment of fixed assets which were demolished. The resultant loss on disposal of £6.6m represents the Net Book Value of these demolished assets.

There has been a corresponding release of Deferred Capital Grant associated with these impaired assets amounting to £5.7m. This results in a net charge of £0.9m to the Income and Expenditure Account for the year to 31 July 2002.

10. Residences and Catering Operations

	Residenc es	Catering	Total	Residenc es	Caterin g	Total
	← 2001-02		→	← 2000-01		→
	£000s	£000s	£000s	£000s	£000s	£000s
Income	2,236	1,369	3,605	2,365	1,321	3,686
Cost of Goods Sold	-	459	459	-	505	505
Gross Profit	2,236	910	3,146	2,365	816	3,181
Remuneration Costs	19	593		63		
Depreciation	124	15	612	124	599	662
Other Costs	2,508	164	139	2,677	19	143
	2,651	772	2,672	2,864	136	2,813
			3,423		754	3,618
Surplus/(Deficit)	(415)	138		(499)		
			(277)		(62)	(437)

Catering Gross Profit

66.5%

61.8%

Napier University

Notes to the 2001-02 Accounts

11. Tangible Fixed Assets - Consolidated	Land and Buildings £000s	Equipment £000s	2002 £000s	2001 £000s
Cost				
At 1 August	45,544	6,195	51,739	47,269
Additions	6,043	1,433	7,476	6,810
Disposals	(7,633)	(870)	(8,503)	(2,340)
At 31 July	43,954	6,758	50,712	51,739
Depreciation				
At 1 August	4,708	4,330	9,038	8,358
Depreciation for the Year	788	1,107	1,895	1,852
Disposals	(1,007)	(870)	(1,877)	(1,172)
At 31 July	4,489	4,567	9,056	9,038
Net Book Value at 31 July	39,465	2,191	41,656	42,701
Tangible Fixed Assets - University	Land and Buildings £000s	Equipment £000s	2002 £000s	2001 £000s
Cost				
At 1 August	42,343	6,093	48,436	46,585
Additions	4,740	1,294	6,034	3,690
Disposals	(7,633)	(840)	(8,473)	(1,839)
At 31 July	39,450	6,547	45,997	48,436
Depreciation				
At 1 August	4,696	4,242	8,938	7,773
Depreciation for the Year	790	1,051	1,841	1,836
Disposals	(1,007)	(840)	(1,847)	(671)
At 31 July	4,479	4,453	8,932	8,938
Net Book Value at 31 July	34,971	2,094	37,065	39,498

Napier University

Notes to the 2001-02 Accounts

	Cost £000s	Valuation 2002 £000s	Valuation 2001 £000s
12. Investments			
CVCP Properties - 31,876 Ordinary Shares of £1 each	32	32	32
Scottish Knowledge - 16,877 Ordinary Shares of £1 each	17	17	17
£25,500 2 ^{1/2} % Index-Linked Treasury Stock 2001	46	-	55
£9,700 2 ^{1/2} % Index-Linked Treasury Stock 2003	18	21	21
£93,000 4 ^{3/8} % Index-Linked Treasury Stock 2004	107	124	123
£72,400 2% Index-Linked Treasury Stock 2006	133	180	171
£34,800 2 ^{1/2} % Index-Linked Treasury Stock 2009	57	76	75
£49,700 2 ^{1/2} % Index-Linked Treasury Stock 2011	84	115	113
£81,100 2 ^{1/2} % Index-Linked Treasury Stock 2013	113	157	156
£103,300 2 ^{1/2} % Index-Linked Treasury Stock 2016	154	220	218
£77,300 2 ^{1/2} % Index-Linked Treasury Stock 2020	109	164	163
£137,200 2 ^{1/2} % Index-Linked Treasury Stock 2024	164	251	252
£141,300 4 ^{1/8} % Index-Linked Treasury Stock 2030	166	250	252
* Unlisted Investments	36	4	4
	<u>1,236</u>	<u>1,611</u>	<u>1,652</u>
* Held by Napier University Ventures Limited			
	Cost	Valuation	Valuation
	£	2002	2001
		£	£
13. Endowment Asset Investments			
Fixed Interest Stocks:			
£25,000 8% Treasury Stock 2002/2006	24,091	25,183	25,813
£9,547 5 ^{1/2} % Treasury Stock 2008/2012	5,200	9,918	9,788
£5,520 2 ^{1/2} % Index-Linked Treasury Stock 2011	12,764	12,787	12,596
	<u>42,055</u>	<u>47,888</u>	<u>48,197</u>
Equities:			
1,500 BT Group 5p Ordinary Shares	3,948	3,022	7,320
2,120 Scottish Power 50p Ordinary Shares	7,323	7,420	10,388
1,000 Land Securities £1 Ordinary Shares	5,823	8,200	8,780
1,000 GlaxoSmithKline 25p Ordinary Shares	6,255	12,430	20,270
1,000 P & O £1 Deferred Stock	2,742	2,140	2,605
1,000 P & O Princess Cruises US\$ 0.50 Ordinary Shares	3,315	4,380	3,722
2,800 BP US\$ 0.25 Ordinary Shares	5,848	13,916	16,338
12,297 JP Morgan Fleming Income and Capital Trust 1p Ordinary Shares	9,835	9,469	13,906
1,000 Allied Domecq 25p Ordinary Shares	4,184	3,960	-
800 Associated British Foods 5.68p Ordinary Shares	4,032	4,680	-
875 Smith & Nephew 12.22p Ordinary Shares	3,751	2,940	-
600 British American Tobacco 25p Ordinary Shares	3,914	4,314	-
1,600 Tesco 5p Ordinary Shares	4,084	3,500	-
1,500 MMO2 0.1p Ordinary Shares	1,143	675	-
	<u>66,197</u>	<u>81,046</u>	<u>83,329</u>
Bank Balances		69,265	81,542
Investment Debtors		53	120
		<u>198,252</u>	<u>213,188</u>

Napier University

Notes to the 2001-02 Accounts

	Consolidated		University	
	2002	2001	2002	2001
	£000s	£000s	£000s	£000s
14. Stocks				
Stocks for Resale	34	34	34	34
Other Stocks	2	22	2	22
	<u>36</u>	<u>56</u>	<u>36</u>	<u>56</u>
15. Debtors				
Trade Debtors	3,142	2,114	2,506	1,589
Other Debtors	7,453	7,155	338	160
Prepayments and Accrued Income	1,161 484	841 420	1,063 484	751 420
Research	-	-	715	618
Subsidiary Undertakings				
	<u>12,240</u>	<u>10,530</u>	<u>5,106</u>	<u>3,538</u>
16. Creditors due within one year				
	2,724	2,340	1,465	1,729
Trade Creditors	1,391	1,438	1,292	1,354
Taxation and Social Security	5,695 4,901	6,387 3,656	144 4,187	11 3,243
Other Creditors	893	935	893	935
Accruals and Deferred Income	-	-	140	53
Research				
Subsidiary Undertakings	<u>15,604</u>	<u>14,756</u>	<u>8,121</u>	<u>7,325</u>

Napier University

Notes to the 2001-02 Accounts

17. Provisions for Liabilities and Charges

Unfunded Pension Liability

The University obtains an independent actuarial valuation, on an annual basis, of the future costs associated with staff who have been granted early retirement. This is used to establish the level of provision required for the unfunded pension liability at the year end and has been calculated on the SSAP24 basis, consistent with previous years. The main financial assumption made for valuation purposes was that the expected future pension payments were discounted at an investment return, net of expected future price inflation, of 2.4% per annum. Movements in the provision are shown below:

	2002 £000s	2001 £000s
Balance at 1 August	11,964	10,495
Income from Investments	39	42
Early Retirement Pensions	(674)	(651)
Transfer from Income & Expenditure Account	1,036	2,078
Balance at 31 July	<u>12,365</u>	<u>11,964</u>

On the FRS 17 basis, the balance at 31 July 2002 would have been £10.913m (2001 - £10.559m).

Pension Schemes

There are two main pension schemes operated for University staff, as noted below:

For the year ended 31 July 2002 the University has accounted for these schemes under SSAP24 and the required disclosures are made at (a) below. FRS17 - Retirement Benefits has yet to become fully effective for the University and for the current year to 31 July 2002 transitional arrangements apply.

(a) SSAP24

The Scottish Teachers Superannuation Scheme ("STSS") is the principal scheme for University academic staff. It is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pensions Scheme ("SERPS"). The cost of contributions to the STSS during the year was £1.163m. The University is one of many employers who participate in the scheme.

The STSS is a notionally funded scheme as all benefits are paid by the Exchequer and as such, no specific assets are held to fund pension liabilities. Fund assets are defined as notional investments held at the valuation date plus estimated future contributions. Liabilities of the fund are calculated as current pension costs plus the estimated cost of future benefits.

The most recent actuarial valuation was performed for the five year period to 31 March 1996. For valuation purposes, notional assets were deemed to be invested at current market prices in government securities. Liabilities were valued using a prospective benefits valuation method. The following assumptions were made for notional valuation purposes:

Gross Rate of Interest	8.5%
Future Price Increases	5.0%
Earnings Increases	6.5%

This resulted in a total assets valuation of £6,890m, a total liabilities valuation of £7,120m and a balance of liability of £230m. Employer contributions are currently 7.15% of salary and will rise to 7.40% of salary effective 1 April 2003.

Napier University

Notes to the 2001-02 Accounts

17. Pension Schemes (Cont'd)

Transitional guidance applies to the STSS for the five year period to 31 March 1996, such that an alternative valuation was established for a notional fund which took account of pension increases. This was performed using a standardised portfolio approach such that the notional assets were deemed to be invested in a portfolio equivalent to an average portfolio of a large pension fund. This valuation produced a recommended employer contribution rate of 10.10% of salaries.

As the alternative contribution rate is higher, it does not impact on current recommendations for employer contributions. Actuarial valuations for periods after 1 April 1996 will be performed on the alternative valuation basis.

The Local Government Pension Scheme ("LGPS") is the principal scheme for non-academic staff of the University. It is a defined benefit scheme, which is externally funded and contracted out of SERPS. The cost of contributions to the LGPS during the year was £1.754m. 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 1999 using the projected unit method. The following assumptions were made for actuarial valuation purposes:

Investment Returns	-	6.3%
Equities		5.1%
Investment Returns	-	4.3%
Bonds		2.8%
Pay Increases		
Price		
Inflation/Pension		
Increases		

The market value of the assets at the valuation date was £1,610m with an actuarial valuation of £1,483m. The liabilities of the scheme have been valued at £1,571m resulting in a deficit of £89m. On the basis of actuarial recommendations, employer contributions were 225% of employee contributions for the period to 31 March 2001, rising to 250% and 275% from 1 April 2001 and 1 April 2002 respectively.

(b) FRS17

The **STSS** is a multi employer scheme and it is not possible to identify each employee's share of the underlying notional assets and liabilities of the scheme.

In these circumstances, FRS17 provides for contributions to the scheme to be accounted for as if it were a deferred contribution scheme and as such the cost recognised in the University's Income & Expenditure Account will be equal to the contributions payable to the scheme.

The valuation at 31 March 1996 revealed a balance of liability of £230m for the scheme as a whole. The University's contribution of 7.40% of salaries includes a supplementary contribution of 0.75% established to eliminate this balance over a period of 40 years commencing 1 April 2002 on the basis of actuarial assumptions made.

The **LGPS** is a multi employer scheme for which the University has been unable to identify its share of the underlying assets and liabilities of the scheme. In these circumstances, FRS17 provides for contributions to the scheme to be accounted for as if it were a deferred contribution scheme and as such the cost recognised in the University's Income & Expenditure Account will be equal to the contributions payable to the scheme.

The valuation at 31 March 1999 revealed a deficit of £89m for the scheme as a whole. The recommended employer contributions have been established to fund this deficiency over a period of 15 years.

Napier University

Notes to the 2001-02 Accounts

	SHEFC £000s	Other £000s	Total £000s
18. Deferred Capital Grants - Consolidated			
Balance at 1 August 2001			
Buildings	23,493	2,450	25,943
Equipment	381	8	389
	<hr/>	<hr/>	<hr/>
	23,874	2,458	26,332
Received during year			
Buildings	-	-	-
Equipment	-	216	216
	<hr/>	<hr/>	<hr/>
	-	216	216
Released to Income & Expenditure Account			
Buildings *	5,482	688	6,170
Equipment	84	51	135
	<hr/>	<hr/>	<hr/>
	5,566	739	6,305
Balance at 31 July 2002			
Buildings	18,011	1,762	19,773
Equipment	297	173	470
	<hr/>	<hr/>	<hr/>
	18,308	1,935	20,243
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

* Includes the release of £5.7m (note 9) in relation to buildings demolished as part of the Estates Strategy and redevelopment of Craiglockhart which were grant funded.

Napier University

Notes to the 2001-02 Accounts

	SHEFC £000s	Other £000s	Total £000s
18. Cont'd			
Deferred Capital Grants - University			
Balance at 1 August 2001			
Buildings	23,493	2,450	25,943
Equipment	381	-	381
	<hr/>	<hr/>	<hr/>
	23,874	2,450	26,324
	<hr/>	<hr/>	<hr/>
Received during year			
Buildings	-	-	-
Equipment	-	-	-
	<hr/>	<hr/>	<hr/>
	-	-	-
	<hr/>	<hr/>	<hr/>
Released to Income & Expenditure Account			
Buildings	5,482	688	6,170
Equipment	83	-	83
	<hr/>	<hr/>	<hr/>
	5,565	688	6,253
	<hr/>	<hr/>	<hr/>
Balance at 31 July 2002			
Buildings	18,011	1,762	19,773
Equipment	298	-	298
	<hr/>	<hr/>	<hr/>
	18,309	1,762	20,071
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Napier University

Notes to the 2001-02 Accounts

	Consolidated and University		
	Specific £000s	General £000s	Total £000s
19. Endowment Funds			
At 1 August 2001	213	-	213
Additions	-	-	-
Depreciation of Endowment Asset Investments	(23)	-	(23)
Income for Year	10	-	10
Transferred to Income & Expenditure Account	(2)	-	(2)
	<hr/>	<hr/>	<hr/>
At 31 July 2002	198	-	198
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Endowment Funds:	2002 £	2001 £
Clark Bequest - Narrower Range	58,992	56,348
Clark Bequest - Wider Range	85,947	103,953
James Dick Memorial	1,362	1,295
Heriot-Watt College Prize	969	926
Heriot-Watt College Printing Prize	380	360
Heriot-Watt College Frank P Restall	525	497
Blyth & Blyth Service Co Fund	501	472
J B Scott Memorial	268	258
John Napier Memorial	354	341
David McMillan Memorial	219	211
R A Farmer Memorial	952	917
Karen Fretwell Memorial	5,902	5,979
Lloyd's of London Press Prize	347	335
Lothian College of Health Studies - Amenities Fund	1,166	1,123
Lothian College of Health Studies - Educational Development Fund	29,755	28,659
Lothian College of Health Studies - Marion	8,979	8,649
MacDonald Trust Fund	738	711
Steven Spooner Memorial	(204)	327
James Hunt Fund	1,100	1,827
Heather Bell Fund	<hr/>	<hr/>
	198,252	213,188
	<hr/> <hr/>	<hr/> <hr/>

Napier University

Notes to the 2001-02 Accounts

20. Reserves

	Consolidated		University	
	2002 £000s	2001 £000s	2002 £000s	2001 £000s
Income & Expenditure Account				
Balance at 1 August	8,457	5,424	8,674	5,531
Surplus for Year	3,569	3,033	3,857	3,143
Balance at 31 July	12,026	8,457	12,531	8,674
Revaluation Reserve				
Balance at 1 August	449	449	449	449
Appreciation/(Depreciation) of Investments	5	(44)	5	(44)
Balance at 31 July	454	493	454	493
Total Reserves	12,480	449	12,985	449
		8,906		9,123

Napier University

Notes to the 2001-02 Accounts

21. **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.

The Company's Profit and Loss Account is detailed below:

	2001-02 £000s	2000-01 £000s
Turnover	2,647	2,456
Consultancy Expenses	1,669	1,414
	<hr/>	<hr/>
Gross Profit	978	1,042
Administrative Expenses	21	25
	<hr/>	<hr/>
Operating Profit	957	1,017
Interest Receivable	40	62
	<hr/>	<hr/>
Profit on ordinary activities before taxation	997	1,079
	1,053	1,095
Deed of Covenant to Napier University	<hr/>	<hr/>
	(56)	(16)
	<hr/> <hr/>	<hr/> <hr/>
Loss for year		

Napier University

Notes to the 2001-02 Accounts

	2001-02 £000s	2000-01 £000s
22. Reconciliation of Surplus to Net Cash Flow from Operating Activities		
Surplus	3,569	3,033
Depreciation of	1,895	1,852
Tangible Fixed Assets	(6,305)	(1,055)
Deferred Capital Grants	(453)	(588)
Released to Income	229	-
Investment Income	6,626	60
Interest Payable	(10)	-
Loss on Sale of	20	(22)
Tangible Fixed Assets	(1,710)	(70)
Gain on Realisation of	848	(2,396)
Investments	362	1,427
(Increase)/Decrease in	-----	-----
Stocks		
Increase in Debtors	5,071	2,241
Increase/(Decrease) in	=====	=====
Creditors		
Increase in Provisions		
Net cash inflow from operating activities		
23. Reconciliation of Net Cash Flow to Movements in Net Funds	(1,870)	(2,113)
	-	-
Decrease in Cash	-----	-----
Cash Inflow from		
Increase in Debt	(1,870)	(2,113)
	7,019	9,132
	-----	-----
Movement in Net Funds		
Net Funds at 1 August	5,149	7,019
	=====	=====
24. Capital Commitments		
Net Funds at 31 July		
As at 31 July the University had capital commitments contracted for, amounting to £19.9m.		
25. Hardship/MSB Funds		
Balance at 1 August	75	17
SAAS Grants Received	477	532
Interest Earned	14	16
	-----	-----
	566	565
Disbursed to Students	(467)	(490)
	-----	-----
Balance at 31 July	99	75
	=====	=====

Hardship/MSB 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.