

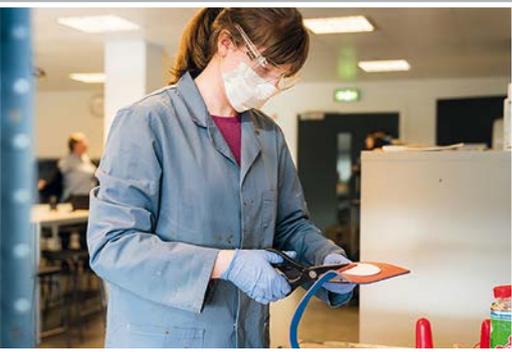


Queen Margaret University
EDINBURGH

Strategic Report and Financial Statements

FOR THE YEAR ENDED 31st July 2019

Registered No. SC007335
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CONTENTS

	<i>PAGE</i>
Principal's report	3
Strategic report	4 – 7
Directors' report	8 – 10
Corporate governance statement	11 – 14
Responsibilities of the University Court	15
Independent auditor's report	16 – 17
Statements of comprehensive income and expenditure	18
Statements of changes in reserves	19
Balance sheets as at 31 July 2019	20
Consolidated statement of cash flows	21
Statement of principal accounting policies	22 – 25
Notes to the financial statements	26 – 39

PRINCIPAL'S REPORT for the year ended 31 July 2019



I am delighted to take this opportunity to reflect on a challenging, but nonetheless successful, year for Queen Margaret University, and to thank everyone who has made me feel so welcome since taking up my role as Principal and Vice-Chancellor on 1 October 2019.

I recognise that I am joining Queen Margaret University at a time when all universities are experiencing significant financial challenges, as government funding stands still or reduces whilst costs continue to rise. In order to address these financial challenges and to protect our long-term financial sustainability, we undertook a transformation exercise during 2018/19, which resulted in an overall reduction in the size of our staffing complement. This exercise took place in parallel with the development and launch of new courses addressing the current and future needs of the creative industries, business and health sciences, following on from the major portfolio review project we undertook in 2017/18. This has enabled us to ensure that our courses continue to be focused on the changing needs of students, employers and society.

We also spent much of the year planning for our significant new venture into teacher education. From September 2019, we have offered a new undergraduate degree that will produce the next generation of primary school teachers in Scotland. We are also offering a postgraduate diploma in education in home economics, which will develop teachers who can fill vital posts in secondary schools and positively influence young people's knowledge and skills relating to food, nutrition and health. Over time, these developments will result in a significant (c.15%) increase in the number of students that we teach.

Having been awarded 30 graduate apprenticeships in Business Management last year, we welcomed our first cohort of students to the BA (Hons) Business Management course in September 2018. Building on this success, Skills Development Scotland awarded us a further 30 places for 2019. Skills Development Scotland, the national skills agency, has developed Graduate Apprenticeships in partnership with employers, universities and colleges. Under this scheme, students come to us through their employers and - combining work and study - will achieve a degree in four years.

We continue to focus our work on our flagship areas of health and rehabilitation, creativity and culture, and sustainable business. In research, this is achieved through our research and knowledge exchange centres, which have a steadily growing impact and profile. One example is Professor Alastair Ager's work on the use of 'child friendly spaces' in humanitarian crises, which was conducted in partnership with World Vision and Columbia Mailman School. Professor Brendan McCormack, working in collaboration with leaders from Life Changes Trust, Age Scotland and the University of Edinburgh, has played a central role in securing a £2.5million grant to fund work to empower people affected by dementia. The funding will be used to create a School of Leadership in Dementia and a National Forum for Dementia Policy and Practice. And in April

2019, as a result of work carried out by Professor Kirsty Forsyth and her research team, the Scottish Government announced that it will be increasing support for people with autism and aiming to improve public understanding of the condition. In partnership with QMU, a National Autism Implementation Team will work with children and adult services to improve the diagnosis process and care pathway for autism and other neurodevelopmental conditions, such as ADHD.

The keynote speaker at the "Biting Back" conference in March 2019, organised in collaboration with Children in Scotland, was our Chancellor, Prue Leith CBE. The Chancellor also spoke at our 'EntrepreNHER' event which, timed to coincide with International Women's Day, celebrated female entrepreneurs including our own graduate start-ups. We are lucky to have a Chancellor who is so willing to get involved in the life of the University and who is an impassioned advocate on a wide range of issues that resonate with our vision and values.

We moved up 15 places, to 82nd place, in the Times Good University Guide 2020, and are now ranked as the top modern university in Scotland. We are also ranked 29th out of the 73 modern universities in the UK. We were also ranked top modern university in Scotland in the Complete University Guide 2020. National statistics show that 97.1% of our undergraduate leavers go on to work or further study within 6 months, placing us third in Scotland on this measure. Early in July 2019, we received our National Student Survey 2019 results, and were pleased that there was further improvement in our scores in most questions. The survey includes subject level as well as institutional results, and we were delighted to score 100% satisfaction in a number of course areas

I wish to take this opportunity to make mention of my predecessor, Professor Petra Wend, who led the University with distinction for the last ten years. Petra leaves behind a university which has grown, not just in size, but in diversity and in confidence, and I am determined to work with colleagues to build upon her legacy.

Our activities over this last year demonstrate how Queen Margaret University is focused both on preparing for society's future needs and addressing pressing issues in the here and now. Through our various specialisms, and our teaching and research, we work to address inequalities, promote health and wellbeing, advance ethical business practices and develop cultural capital. This work, bolstered by our ongoing focus on change and adaptation, will ensure that we fulfil our potential as a university of ideas and influence – in Scotland, Europe and across the world.

Sir Paul Grice
Principal and Vice-Chancellor
November 2019

STRATEGIC REPORT

Status

Queen Margaret University, Edinburgh is an autonomous Scottish higher education institution. The University's governing instruments and arrangements are set out under the Queen Margaret University, Edinburgh (Scotland) Order of Council 2007, amended from 1 October 2019 through the Queen Margaret University, Edinburgh (Scotland) Amendment Order of Council 2019. The 2007 Order is made under section 45 of the Further and Higher Education (Scotland) Act 1992. The University is registered under the Companies Acts as a company limited by guarantee, with its registered office at Queen Margaret University Drive, Musselburgh, East Lothian, EH21 6UU. The University has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland.

Scope of the financial statements

The financial statements presented on pages 18 to 39 comprise the consolidated results of the University and its subsidiary company, QMU Enterprises Limited. QMU Enterprises Limited undertakes commercial consultancy work, utilising the expertise of the University's academic and technical staff, and also deals with vacation letting of the University's student accommodation.

The financial statements have been prepared on a going concern basis in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice – Accounting for Further and Higher Education 2015 (SORP 2015), with the Accounts Direction issued by the Scottish Funding Council (SFC) and with the United Kingdom Companies Acts.

Development of strategic plan

During 2018/19 the University Court undertook a review of the strategic plan, originally approved in December 2015, which had been developed in accordance with the QM150 strategy, details of which are accessible on the University's website. The QM150 strategy sets out the mission for the development of the University over a ten year period, culminating in the 150th anniversary of the founding of the institution in 2025. Whilst the University Court concluded that the nine overarching goals contained in the plan, which the University wishes to achieve in order to deliver the strategy by 2025, remain appropriate, it agreed that a fuller review should be undertaken during 2019/20, as set out in the section on future developments below. A key element of the plan remains the inclusion of key performance indicators which the University Court uses to monitor progress towards the achievement of the goals set out in the plan (both financial and non-financial). The plan also sets out the processes employed to manage the risks which might inhibit this achievement.

Results for the year

The Group's consolidated results for the year to 31 July 2019 are summarised as follows:-

	2018/19	2017/18
	£million	£million
Total income	39.5	37.0
Total expenditure	(45.5)	(42.4)
(Deficit) / surplus for the year	(6.0)	(5.4)
Actuarial gain /(loss) in respect of pension schemes	(7.4)	7.6
Unrealised surplus on revaluation of land and buildings	30.6	-
Total comprehensive income for the year	17.2	2.2

The main changes in the underlying outturn position compared to 2017/18 were:-

- An increase in educational contracts of £0.4 million;
- An increase in tuition fees of £0.6 million;
- An increase in the recurrent SFC grant of £0.5 million;
- An increase in staff costs of £2.2 million, £1.1 million of which was due to the transformation exercise, £2.7 million due to pension provision offset by savings made by the transformation exercise and turnover savings;
- An increase in depreciation of £0.6 million due mainly to the revaluation of the main campus in 2017/18;

QMU Enterprises Ltd generated a profit of £347,000 (2017/18: £247,000), which was passed to the University under deed of covenant.

STRATEGIC REPORT (continued)

Cash flows and liquidity

The result for the year, adjusted for the effect of non-cash items and interest, was a net cash inflow of £3.7 million on operating activities (2017/18, £3.5 million inflow). Overall cash balances decreased by £0.002 million (2017/18; £0.3 million). Cash balances at 31 July 2019 of £8.1 million (2018: £8.1 million) represented 74 days' expenditure (2018: 80 days).

Management of principal risks and uncertainties

In common with other universities, Queen Margaret University has to manage its activities whilst facing significant pressures on its funding as well as on its cost base. Significant risks facing the University include:-

- Funding from government through the Scottish Funding Council (SFC), the University's main source of income, is likely to suffer from further real-terms reductions over the next few years as a consequence of spending cuts throughout the public sector.
- Recruitment of international students continues to be challenging, largely as a result of difficulties faced by international students in obtaining visas to study in the UK, although this may be mitigated to some extent by the recent decision by the UK Government to reinstate the post-study work visa.
- Underlying assumptions contained in the future financial forecasts include an assumption that income from tuition fees and education contracts will increase significantly over the next three years. A review of the University's academic portfolio took place during 2017, which provides an indication that there is scope for the University to increase its income in this area, and progress will continue to be monitored carefully, with possible mitigating actions being planned for in the event that the increase in income is not achieved.
- Pressure on staff costs continues to build, both in terms of pay awards (where the University continues to participate in the UK-wide national negotiating framework) and also in terms of the cost of employers' pension contributions.
- The full implications of the decision for the UK to leave the European Union are still unclear. However, it is likely that this will have an adverse impact on engagement with both students and staff from EU member states, and will introduce additional hurdles in accessing EU funding for research and other activities.

The identification and management of risks is firmly embedded within the University's structure and processes. The institutional corporate risk register, which includes a description of actions undertaken to mitigate risks, is formally reviewed by the Executive Board and the Audit & Risk Committee as well as being discussed by the University Court. The Court also undertakes, from time to time, an exercise to agree its appetite for risk, and to ensure that residual risks, after the application of mitigating actions, sit within the agreed tolerance.

Financial sustainability and going concern

The University Court has made an assessment of a particular risk around the financial sustainability of the University. Having anticipated that the University was likely to breach the terms of a bank loan covenant measured against the 2018/19 financial statements, University management approached Barclays Bank plc, which provided a letter of variation confirming that it would not measure the particular covenant in respect of the year ended 31 July 2019, and that the measurement of this covenant would be varied in the subsequent three financial years, such that compliance with the covenant will be achieved so long as the University meets its financial forecasts.

In accordance with the recommendations from the Higher Education Financial Sustainability Strategy Group (FSSG), the University Court undertakes a formal annual assessment of the University's financial sustainability. This process involves reviewing a common set of financial indicators, which have been applied to the University's historical results and to the financial forecasts measured over a rolling five-year period, so as to reduce the impact of any one-off exceptional items arising in any year. The two key indicators which the University Court has agreed to focus upon to inform its considerations around financial sustainability are:-

1. Earnings before interest, taxation, depreciation and amortisation (EBITDA); and
2. Net cash flow from operating activities less interest payable as a percentage of turnover.

The second indicator has been adapted from the basket of financial indicators recommended by the FSSG as it is a more appropriate measure for the University, given its relatively high level of borrowings as a proportion of its turnover. The targets are also set at a level which will allow compliance with banking covenants. The results of the annual review undertaken in November 2019, based on a rolling five-year period, were as follows:-

Indicator	Target	Average
EBITDA	12%	11.2%
Net cash flow from operating activities less interest payable as a percentage of turnover	6%	8.5%

The University Court has also undertaken an assessment of going concern and liquidity risk, taking into account the principles and recommendations set out in the Sharman report into going concern and liquidity risks, as well as the key performance indicators used to measure financial sustainability set out above, and the letter of variation of covenant received from Barclays Bank plc. As a result of this exercise, the University Court has a reasonable expectation that the University has adequate resources to enable it to continue in operational existence for the foreseeable future, and that it is appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

STRATEGIC REPORT (continued)

Borrowings

Borrowings at 31 July 2019 amounted to £30.6 million, (31 July 2018, £32.1 million) relating entirely to a secured loan facility with Barclays Bank plc taken out to fund the campus development at Musselburgh.

Pension arrangements

The University is involved in three pension schemes, as follows:-

The Lothian Pension Fund, which is part of the Local Government Pension Scheme (LGPS), is a multi-employer defined benefit scheme. The scheme had a deficit at 31 July 2019. The Fund trustees have, in recent years, applied increases to the level of employers' and employees' contributions to the scheme in order to recover this deficit position. The University's share of the fund deficit, as calculated by the scheme actuary, has been shown as a liability at 31 July 2019.

The most recent actuarial review of the Scottish Teachers' Superannuation Scheme (STSS) was undertaken as at 31 March 2016. As a result of this review, the level of employers' contribution to this scheme was increased from 17.2% to 23.0% with effect from 1 September 2019. The valuation identified a notional shortfall of £1.3 billion, which is being repaid by a supplementary rate of 4.3% of employers' pension contributions over a 15-year period from 1 April 2019. This contribution is included in the 23.0% employers' contribution rate.

The Universities Superannuation Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 (Employee Benefits), the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised in the income and expenditure account.

Social inclusion

Queen Margaret University aims to promote entry to, and provide education at, undergraduate and postgraduate level to a diverse range of students, whatever their background. In assessing candidates for admission to the University, we are committed to the principles of fairness, transparency, and widening participation. Our Contextual Admissions Policy commits to making offers to identified groups where we recognise that a range of factors may have impacted on attainment. We offer a range of recruitment, outreach, pre and post entry activities to raise aspiration, encourage access and maximise retention from under-represented groups in line with our Student Experience strategy, Mainstreaming Report and Equality Outcomes, and underpinned by the University's Outcome Agreement with the Scottish Funding Council.

Student satisfaction

The University has participated in the National Student Survey (NSS) since 2010. The 2019 institutional results showed an overall satisfaction score of 82.3%, the same as in 2018. Particular highlights were increases in Learning Resources (up 4.7%), Assessment and Feedback (up 4.3%), Academic Support (up 3.9%) and Student Voice (up 3.4%).

Graduate employment

Our Employability Strategy brings together in a single document our approach to employability, with the primary objective of providing equitable employment and careers education to all students and graduates, and providing a public statement of our commitment to their success. We consider that our efforts are proving highly effective. Our HESA performance indicator for graduates entering employment or further study six months after graduation is 97.1%, which places us joint third in Scotland and joint 14th in the UK for this national indicator.

STRATEGIC REPORT (continued)

Student involvement

The University seeks to take account of the views of the student body. The Student President and Vice-President are full members of the University Court and the Senate. Under amended governance arrangements introduced in 2018-19, student membership on Senate increased to four, or 10% of the total membership. There is student representation on all other major committees of the University. Senior members of staff, including the Principal, engage with the Students' Union from time to time to explain aspects of the University's operations and plans and to answer questions from student representatives. The Deputy Principal, University Secretary and the SU Sabbatical Officers meet regularly as the Student Union Partnership Board to discuss issues of common concern and interest, and a Student Partnership Agreement has been put in place between the University and the Students' Union. The University also provides an annual grant to the Students' Union.

Environmental issues

The University has one of the "greenest" campuses in the UK, which received a BREEAM "excellent" rating. Sustainability remains at the heart of the University's activities, which has been recognised through a number of green awards.

Future developments

In order to address the risks set out above, and also to take advantage of further opportunities as they arise, the University is continuing to focus on ensuring that its academic, infrastructure, human resources and financial strategies are closely aligned. A review of the academic portfolio has been undertaken, the results of which continue to be used to ensure that the University is able to achieve the objectives set out in its strategic plan, which will allow the University to continue to generate an adequate level of cash in the short to medium term and to maintain an adequate level of reserves. The Court carries out regular monitoring of the University's financial sustainability, as described above.

The likely impact of the UK's exit from the European Union on the University's operations and financial plans remains uncertain. The University has identified a number of elements which it will require to monitor as the Brexit negotiations continue. These include:-

- the impact on tuition fees from EU students (and any consequential impact on EU student numbers choosing to study at Queen Margaret University);
- the ability to access research and other funding from EU institutions;
- the status of staff from within the remaining EU (and the University's ability to attract and retain such individuals); and
- the attractiveness of the University as a partner institution for collaborative work with Universities based in the remaining EU.

The funding environment for Scottish higher education institutions remains challenging, as the level of funds available to the Scottish Government and the Scottish Funding Council (and therefore the amount available for distribution to universities) continues to decline in real terms. The financial challenges facing the University are highlighted in the financial sustainability indicators set out above, and in particular the EBITDA indicator, for which the five-year average remains below the target level. The long term financial health of the University will continue to depend upon its ability to grow and diversify its income base, and to control costs. In order to facilitate this, the new Principal is leading a review of the University's current strategic plan, with a view to providing additional focus for the University's activities whilst at the same time creating an environment which will allow the development of further new and increased sources of income, as signalled through the review of the academic portfolio, to take place.

On behalf of the University Court

Dr Frances Dow, CBE
Chair
27 November 2019

DIRECTORS' REPORT

Directors' and officers' liability insurance

During the year the University maintained a Directors' and Officers' liability insurance policy to provide cover against any civil liability attaching to Court Members or Officers of the University in connection with their University activities.

Members' liability

The liability of each member of the University upon winding up of the Company is limited to 50p. Distributions to members are not permitted by the Articles of Association of the Company.

Employee involvement

The University recognises the benefits of keeping employees informed of its financial and academic performance. Information on matters of interest to employees is given through a staff newsletter, through staff briefing sessions and through regular communication from the Principal. The University operates a performance enhancement review scheme which is open to all staff.

Employment of disabled persons

The University's policy remains to afford equal opportunity to all, including disabled people whether registered or not, to apply for employment and, during employment, to receive the support and development they require to enable them to make a full contribution to the University.

Creditors' payment policy

Unless special terms are agreed, it is the University's policy to pay invoices 30 days from the date of the invoice (in accordance with the CBI prompt payment code). In agreements negotiated with suppliers, the University endeavours to include and abide by specific payment terms. At 31 July 2019, trade creditors represented 31 days of relevant expenditure (2018: 35 days). Interest paid under the Late Payment of Commercial Debts (Interest) Act 1998 was £nil (2017/18: £nil).

Going Concern

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report, which also includes information on cash flows and borrowing facilities. Demand from students for the University's courses remains strong. Consequently, the University Court believes that the University is well placed to manage its business risks successfully despite the ongoing, uncertain economic outlook. As noted above in the strategic report in the section on management of principal risks and uncertainties, the Court has assessed a particular risk around an anticipated breach of the terms of one of the bank loan covenants when measured against the 2018/19 financial statements, and has taken into account the receipt of a letter of variation from Barclays, received prior to the year end, confirming that it will not test this covenant at 31 July 2019 and that the measurement of this covenant will be varied in the subsequent three financial years, such that compliance with the covenant will be achieved so long as the University meets its financial forecasts. The Court has taken assurance from the provision of this letter in reaching its conclusion that the accounts should be prepared on a going concern basis.

In accordance with the recommendations from the Higher Education Financial Sustainability Strategy Group (FSSG), the University Court undertakes a formal annual assessment of the University's financial sustainability. The University Court has also undertaken an assessment of going concern and liquidity risk, taking into account the principles and recommendations set out in the Sharman report into going concern and liquidity risks. As a result of this exercise, the University Court has a reasonable expectation that the University has adequate resources to enable it to continue in operational existence for the foreseeable future, and that it is appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

DIRECTORS' REPORT (continued)

Membership Of The University Court

Name		Attendance record	
Dr Frances Dow CBE (Chair)	Appointed 17 March 2016	5/5	Former Vice Principal, University of Edinburgh
Linda McPherson (Vice-Chair)	Appointed 1 October 2014	5/5	Former Senior Director - Food and Drink, Tourism & Textile, Scottish Enterprise
Elaine Acaster, OBE	Appointed 28 June 2017	5/5	Former Vice Principal, Royal Veterinary College, University of London
Carolyn Bell	Appointed 1 October 2016	5/5	Solicitor
Dr Richard Butt	Appointed 1 September 2016	5/5	Deputy Principal <i>Ex Officio</i>
Professor Graham Caie, CBE	Appointed 1 December 2014	4/5	Former Chair, National Library of Scotland Governance Committee, Vice President of the Royal Society of Edinburgh
Colin Cox	Appointed 1 October 2019	0/0	Nominated Trade Union Member – Support Staff
Karen Cullen	Appointed 1 June 2019	1/1	Elected Support Staff Member
Colin Duffus	Appointed 1 June 2016 Retired 31 May 2019	4/4	Elected Support Staff Member
Dr Anthony Falconer, OBE	Appointed 1 October 2013 Retired 30 September 2019	5/5	Retired Consultant Obstetrician and Gynaecologist. Former President Royal College of Obstetricians and Gynaecologists.
Dr Maria Giatsi-Clausen	Appointed 1 October 2019	0/0	Nominated Trade Union Member – Academic Staff
Sir Paul Grice	Appointed 1 October 2019	0/0	Principal & Vice-Chancellor <i>Ex Officio</i>
Cynthia Guthrie	Appointed 1 December 2015	3/5	Joint Managing Director, Guthrie Group Limited
Dr Arturo Langa	Appointed 1 October 2019	0/0	Consultant Psychiatrist, NHS Lanarkshire
Francis Lennon, OBE	Appointed 1 October 2016	4/5	Former Head Teacher
Jacqueline Macdonald	Appointed 1 October 2013 Retired 30 September 2019	4/5	Partner, Small Green Spaces
Ruth Magowan	Appointed 11 December 2017	5/5	Staff member, Appointed by Senate
Ken McGarrity	Appointed 1 October 2016	3/5	Former Finance Director, Nairn's Oatcakes
Chiara Menozzi	Appointed 10 June 2019	1/1	Student President
Melanie Moreland	Appointed 1 January 2018	5/5	Senior Manager/Delivery Manager, Royal Bank of Scotland
Margaret O'Connor	Appointed 1 October 2014 Retired 3 April 2019	2/3	Chief Executive, Art in Healthcare
Robert Pattullo	Appointed 23 May 2018	5/5	Start-up Company Mentor. Former Vice-Chair Citizens' Advice Edinburgh.
Sarah Phillips	Appointed 28 June 2017	4/5	Solicitor
Elizabeth Porter	Appointed 1 October 2019	0/0	Chartered Management Accountant
Stewart Sands	Appointed 10 June 2017 Retired 9 June 2019	4/4	Student President
Dr Eurig Scandrett	Appointed 1 December 2016	5/5	Elected Academic Staff Member
Dr Andrew Scott	Appointed 28 June 2017	5/5	Director of Population Health, Scottish Government
Dr Laura Young, MBE	Appointed 1 October 2016	3/5	Founder of the Teapot Trust
Professor Petra Wend	Appointed 1 September 2009 Retired 31 July 2019	5/5	Principal & Vice-Chancellor <i>Ex Officio</i>
Andrew White	Appointed 10 June 2019	0/1	Student Vice-President
Rebecca Wilson	Appointed 10 June 2018 Retired 9 June 2019	4/4	Student Vice-President

DIRECTORS' REPORT (continued)

Membership of University Court Committees during the year to 31 July 2019

Audit and Risk Committee

Name	Attendance record
Professor Graham Caie Convener	4/4
Elaine Acaster	3/4
Carolyn Bell	4/4
Dr Anthony Falconer	3/4

Finance & Estates Committee

Name	Attendance record
Ken McGarrity Convener	4/4
Dr Richard Butt	4/4
Cynthia Guthrie	2/4
Linda McPherson	3/4
Robert Pattullo	4/4
Andrew Scott	3/4
Professor Petra Wend	4/4

Nominations Committee

Name	Attendance record
Dr Frances Dow Convener	4/4
Karen Cullen Appointed 1 June 2019	0/0
Colin Duffus Retired 31 May 2019	4/4
Dr Anthony Falconer	4/4
Jacqueline Macdonald	3/4
Linda McPherson	4/4
Chiara Menozzi Appointed 10 June 2019	0/0
Stewart Sands Retired 9 June 2019	3/4
Professor Petra Wend	3/4

Senior Management Remuneration Committee

Name	Attendance record
Linda McPherson Convener	1/1
Dr Frances Dow	1/1
Jacqueline Macdonald	1/1

Disclosure of information to auditors

The members of the University Court who held office at the date of approval of these 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 of the University Court has taken all the steps that he/she ought reasonably to have taken as a Member of Court to make himself/herself aware of any relevant audit information and to establish that the University's auditors are aware of that information.

On behalf of the University Court

Dr Frances Dow, CBE
Chair
27 November 2019

CORPORATE GOVERNANCE STATEMENT

Summary of the University's Structure of Corporate Governance

The University is committed to best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in the UK Corporate Governance Code, in so far as they apply to the higher education sector. The University has followed the internal control guidance for directors on the Code as amended by the British Universities Finance Directors Group, and has also aligned its practice fully against the principles set out in the Scottish Code of Good Higher Education Governance (Revised 2017). The purpose of this summary is to assist the reader of the financial statements to understand how the principles of good governance set out in both codes have been applied.

The University is not required to comply with the UK Corporate Governance Code. However, it has reported on its Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code that it considers to be relevant to the company and best practice, and it has done so throughout the year ended 31 July 2019. The University Court also considers that the University is compliant with the principles of the Scottish Code of Good Higher Education Governance 2017.

Consistent with Article 4(9) of the University's Statutory Instrument and the Scottish Code of Good Higher Education Governance (2017), the University Court has adopted a Statement of Primary Responsibilities which includes provisions relating to:

- determining the University's mission and strategic vision, its strategic plan, key performance indicators (KPIs) and annual budgets, fostering an environment in which the objects of the University are achieved with due regard to the interests of students, staff, and other stakeholders;
- appointing a Chancellor;
- appointing a Principal and Vice-Chancellor of the University, including the terms and conditions attaching to such appointment, and putting in place suitable arrangements for reviewing their performance;
- protecting the reputation and values of the University, and overseeing its activities;
- ensuring, in conjunction with Senate, the quality of institutional educational provision and adequate provision for the general welfare of students;
- ensuring that non-discriminatory systems are in place to provide equality and diversity of opportunity for staff and students;
- ensuring adherence to the funding requirements specified by the Scottish Funding Council in its Financial Memorandum and other funding documents;
- ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, clear procedures for handling internal grievances and "whistleblowing" complaints, and for managing conflicts of interest; and
- monitoring institutional performance against plans and approved KPIs which, where possible and appropriate, should be benchmarked against other comparable institutions.

The full Statement of Primary Responsibilities can be found as part of the Court Members' Handbook on the University website: <https://www.qmu.ac.uk/about-the-university/university-court/>

The University Court is responsible for the University's system of internal control, and for reviewing its effectiveness. This system relies on management informing the University Court of any potential internal control issues and proposing to the University Court any necessary remedial action. 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 mis-statement or loss.

The University Court is satisfied that there is an ongoing process for identifying, evaluating and managing the University's significant risks, which has been in place throughout the year ended 31 July 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the University Court, and accords with the Turnbull guidance, as applicable to the higher education sector. The University has in place a business continuity and risk management and policy framework for the whole organisation. In addition, each of the key areas within the institution, including the Executive Board, has in place local procedures detailing action to be taken in response to a potential or actual disaster. Risk management is a standing item on the agenda of the Executive Board and the Audit and Risk Committee, and regular reports are made to the University Court.

The University Court comprises lay and other categories of persons appointed under the University's Statutory Instrument. The majority are non-executive, and the roles of Chair and Vice-Chair of the University Court are separated from the role of the University's chief executive, the Principal and Vice-Chancellor. Under the 2007 Order of Council, the University Court delegates to the Principal and Vice-Chancellor the organisation, management and discipline of the University. In discharging these functions, the Principal and Vice-Chancellor is subject to the general control and direction of, and is accountable to, the University Court but otherwise has all powers and duties of the University Court in relation to these functions. The University maintains a register of interests of members of the University Court and senior officers, which is published on the University website.

CORPORATE GOVERNANCE STATEMENT (continued)

To assist members in the performance of their duties, members of the University Court were offered, and attended, several training and development opportunities during 2018-19. These included external training sessions, discrete development and planning away days, as well as presentations on strategic themes relevant to the work of the University at each Court meeting. Training and development opportunities offered to Court members in 2018/19 included:

- Leadership Foundation for HE (Advance HE) – New Governors Scotland module – 24 October 2018, Edinburgh
- Onboard Training - The Effective Audit and Risk Committee: 22 October, Edinburgh: 10 December, Stirling: 4 July 2019, Stirling
- On board Training - Essential governance training for Board Members and Audit Committee Members, 10 December, Stirling.
- Leadership Foundation for HE (Advance HE) - Governance in Scotland: What's changing? 20 February 2019
- Scott Moncrieff Non-Executive Directors Forum, ' Learning Lessons', 13 March, Glasgow
- Leadership Foundation for HE (Advance HE): Rethinking Governance online course.

New members also received a formal induction session supported by the Court Members' Handbook, published originally in October 2016 and updated annually. The current version may be found at:
<https://www.qmu.ac.uk/media/5415/court-members-handbook-october-2018.pdf>

In accordance with the Financial Memorandum with the Scottish Funding Council (SFC), the University Court is responsible for setting the strategic direction of the University, the approval of overall institutional budgets and major developments and the receipt of regular reports from executive officers on the day to day operation of its business and its subsidiary companies. The University Court has five Ordinary meetings per annum, and has provided delegated authority to a number of Committees, as set out below.

Each of the standing Committees of the University Court is formally constituted with published terms of reference, and with membership comprised mainly of lay members of the University Court, one of whom is the Convener. Lay members are represented on the Equality and Diversity Committee and the Health and Safety Committee, both of which report to the University Court.

The Audit & Risk Committee meets at least three times annually to discuss audit, risk and control matters, with the University's external and internal auditors in attendance as appropriate. The Committee considers detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management responses and implementation plans. It also receives and considers reports from the Scottish Funding Council where such reports impact on the University's business, and monitors adherence to the regulatory requirements. It reviews the University's annual financial statements. Senior executives attend the Audit & Risk Committee as necessary, but are not in membership. The Committee meets at least once a year with the external auditors for independent discussion in the absence of executive officers. The identification, assessment and management of risk is a standing item at each meeting of the Committee, and these matters are reported thereafter to the University Court.

The Finance & Estates Committee reviews and recommends to the University Court the University's financial strategy, as well as the annual revenue and capital budgets. It monitors performance in relation to approved budgets and borrowings through the use of key performance indicators, and through a review of quarterly and annual financial reports. The Committee also considers matters relating to the development of the University's estate.

The Nominations Committee makes recommendation to the University Court on appointment to vacancies in the University Court lay membership, and on appointment to vacancies in the standing committees of the Court in line with each respective committee's skills matrix. The Committee forms the Appointing Committee for the election and appointment of the Chair of the University Court, as provided for in the Queen Margaret University, Edinburgh (Scotland) Amendment Order of Council 2019. In assuming this role, the Committee acts in accordance with sections 3 to 8 of the Higher Education Governance (Scotland) Act 2016, and in line with the appointment process set out in Section 11 of the Standing Orders of the University Court approved by the University Court on 26 June 2019.

The Senior Management Remuneration Committee develops, on behalf of the University Court, senior management remuneration policies and processes for final determination by the University Court. The Committee determines and reviews the salaries and terms and conditions of the Principal and members of the Executive Board in line with agreed policies, and in accordance with good corporate and higher education governance. The Committee also reviews arrangements in place for determining the salaries of those senior staff with Professorial title.

The Executive Board comprises the Principal, the Deputy Principal and five senior officers of the University. It receives reports on key performance and risk indicators, and discusses any control issues brought to its attention. The Executive Board and the Audit & Risk Committee receive regular reports from the internal auditors, with the role of the Audit & Risk Committee in this area being confined to a high level review of the arrangements for internal financial control. The University Court receives reports on risk and control issues from management and the Audit & Risk Committee as appropriate.

CORPORATE GOVERNANCE STATEMENT (continued)

Higher Education Governance (Scotland) Act 2016

The Higher Education Governance (Scotland) Act 2016 (Commencement, Transitory, Transitional and Savings Provisions) Regulations 2016 were laid in Parliament on 24 November 2016, and came into force on 30 December 2016.

The University Court has engaged in detailed work on the University's compliance with the Act since the publication of the original Higher Education (Scotland) Governance Bill, with each provision of the Act being addressed in stages. The University Court assessed in full the impact of the key provisions of the Act on the University's governance arrangements, including those concerning the election of the senior lay member of the governing body, and the composition and size of the Court and the Senate. Detailed drafting of revisions to the 2007 Queen Margaret University Order of Council commenced with the Scottish Government Legal Directorate early in 2018, following approval of necessary revisions by the University Court and the Senate. Such revision included the insertion of provisions for the additional category of membership of '2 persons by nomination of a Trades Union'. The Queen Margaret University, Edinburgh (Scotland) Amendment Order of Council 2019 was laid before the Scottish Parliament on 18 June 2019, and came into force on 1 October 2019.

The requirements for membership of the academic board of a higher education institution have been met fully. The Order of Council 2007 does not set out in detail the composition of the Senate, but rather states simply that the Court 'shall establish a Senate which shall be constituted and regulated in a manner specified by the Court from time to time on the recommendation of the Principal'. Consequently, there was no requirement to amend the Order of Council to bring it in line with the legislation.

A revised Scottish Code of Good Higher Education Governance was published in 2017. The University Court completed a full mapping of its alignment with the updated requirements of the revised Code at the time of its publication, and completed a number of actions arising from that mapping during 2017-18. In the opinion of the University Court, the University complied with the principles and provisions of the 2017 Scottish Code of Good Higher Education Governance during the period 2018-2019.

Review of Effectiveness

The University Court has established as a Key Performance Indicator of the effectiveness of its performance, and of its Committees, 'Full alignment with the Scottish Code of Good Higher Education Governance'. The detailed work undertaken during 2018-19 on the revision of the Queen Margaret University Order of Council, and in particular the establishment of rules for the appointment of the Chair, provided the Court with the necessary assurance that the University is fully aligned with the Code. That is on the basis that the full mapping undertaken in 2017-18 identified the incorporation of such rules within a revised Order of Council as the one action outstanding.

The Court undertook its Annual Effectiveness Review in February 2019. The review was conducted by means of an online survey comprising Likert scale questions and opportunities for members to provide free text comments, and a session facilitated on 7 February 2019 (day 2 of the annual Court Away Days) by Professor Graham Caie, Convener of the Audit and Risk Committee. A significant majority of respondents 'strongly agreed' or 'agreed' that the elements necessary for effective governance identified in the questionnaire were in place. The review identified a number of areas where enhancement to a process or to information provided to members of the Court and its committees was suggested as beneficial. Those enhancements have been put in place for 2018-19.

Throughout 2018-19, the University Court reviewed a full suite of Key Performance Indicators (KPIs) that it has established as part of its wider assessment of its effectiveness.

Equality and Diversity

While responsibility for mainstreaming equality and diversity within the University rests with all staff and students, the University Court is, as a matter of law, responsible for ensuring compliance with the Equality Act 2010 and for ensuring that the University meets its public sector equality duty (PSED) and the specific duties relevant to Scotland. The University Court exercises such oversight through the Equality and Diversity Committee (EDC), which is responsible to the University Court for the development of the strategic framework for equality in service provision and in employment across the University.

CORPORATE GOVERNANCE STATEMENT (continued)

Equality and Diversity (continued)

Embedding equality and diversity in our governance structures and in our strategic planning process is critical to mainstreaming equality and diversity, as is defining responsibilities, setting performance measures and monitoring progress against those measures. The University's Mainstreaming Report and Equality Outcomes, which sets out progress on mainstreaming equality and establishes a number of outcomes for the period 2017-2021, was approved by the Court in April 2017. The report can be found at: <https://www.qmu.ac.uk/about-the-university/equality-and-diversity/>

The University's Gender Action Plan 2017-20 restates the University's commitment to ensuring that the University Court (Court), Senate and all committees and decision making bodies of the University are representative of its community. In particular, the University is committed to achieving the following goals and targets:

- Achieving practical gender balance amongst lay members of Court. Practical gender balance will be achieved where the lay membership of Court constitutes not less than 40% of either gender.
- Undertaking an annual review of the equality and diversity characteristics of the Court or as a specific need for review is identified.
- In undertaking any recruitment activity concerning the appointment of lay members of Court, the Court will have regard to equality and diversity characteristics of the Court and will take positive actions to increase the likelihood of applications being submitted from applicants that would enhance the representative character of the Court.

The outcomes established in these reports, and within the University's Outcome Agreement with the SFC, form the basis of the Equality and Diversity Committee Action Plan, updates to which were reported as part of the University's Public Sector Equality Duties in April 2019: <https://www.qmu.ac.uk/media/6803/mainstreaming-report-and-equality-outcomes-review.pdf>

At the time of writing, the gender balance of membership of Court sits at 53% female and 47% male. Equality Monitoring was extended to all Court members during 2017/18.

System of Internal Financial Control

The key elements of the Group's system of internal financial control include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic divisions and support units;
- a comprehensive medium and short-term planning process, supplemented by detailed monthly income and expenditure reports, and annual capital budgets;
- monthly review of financial results involving variance and KPI reporting and updates of forecast out-turns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving significant capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels;
- comprehensive financial regulations, detailing financial controls and procedures;
- an independent professional internal audit team whose annual programme is approved by the Audit & Risk Committee.

The Audit & Risk Committee, on behalf of the University Court, reviews the effectiveness of the Group's system of internal financial control as part of a rolling programme. The Committee has formed the opinion that the University's systems provide a reasonable basis for maintaining control and ensuring the achievement of economy, efficiency and effectiveness. In reaching its opinion, the Committee has taken into account the opinions of the internal and external auditors, as well as information and representations provided by University management to the Committee and to the University Court. The Committee has noted that University management is continuing to work towards further strengthening of the control environment with a particular focus on those areas of significant risk within the wider control framework. Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material mis-statement or loss.

On behalf of the University Court

Dr Frances Dow, CBE
Chair
27 November 2019

Sir Paul Grice
Principal & Vice-Chancellor

RESPONSIBILITIES OF THE UNIVERSITY COURT

In accordance with the Companies Act and the University's Statutory Instrument, the University Court is responsible for the strategic development of the University, and also for ensuring that the affairs of the University are administered and managed appropriately, including ensuring an effective system of internal control, and that audited financial statements are presented for each financial year.

The University Court is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the University and enable the University Court to ensure that the financial statements are prepared in accordance with the University's Articles of Association, the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the University Court, the University Court, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the University 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 on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The University Court is satisfied that the University 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 University Court has taken reasonable steps to:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNIVERSITY COURT OF QUEEN MARGARET UNIVERSITY, EDINBURGH

Opinion

We have audited the financial statements of Queen Margaret University, Edinburgh ('the parent institution') and its subsidiaries (the 'group') for the year ended 31 July 2019 which comprise the titles of Statements of Comprehensive Income and Expenditure, Statements of Changes in Reserves, Balance Sheets, Consolidated Statement of Cash Flows and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the group's and of the parent institution's state of affairs as at 31 July 2019 and of the group and parent institution's income and expenditure, recognised gains and losses, and statement of cash flow for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Strategic Report and Financial Statements, other than the financial statements and our auditor's report thereon. The University Court is responsible for the other information.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Financial Statements, which includes the directors' report and the strategic report prepared for the purpose of company law, for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the strategic report and the directors' report included within Strategic Report and Financial Statements have been prepared in accordance with applicable legal requirements.

Opinion on other matters prescribed by the Scottish Funding Council's Financial Memorandum with Higher Education Institutions

In our opinion, in all material respects:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNIVERSITY COURT OF QUEEN MARGARET UNIVERSITY, EDINBURGH (continued)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have identified no material misstatements in the strategic report or the directors' report included within the Strategic Report and Financial Statements.

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

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the parent institution financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of the University Court

As explained more fully in the Responsibilities of the University Court set out on page 15, the University Court (who are also the directors of the parent institution for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the University Court determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

Use of our report

This report is made solely to the University Court of Queen Margaret University, Edinburgh, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the University Court 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 Queen Margaret University, Edinburgh and the University Court as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Reid (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
13 December 2019

Notes:

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

STATEMENTS OF COMPREHENSIVE INCOME AND EXPENDITURE

For the Year Ended 31 July 2019

	Note	2018/19		2017/18	
		£000 Consolidated	£000 University	£000 Consolidated	£000 University
INCOME					
Tuition fees and education contracts	1	13,923	13,923	12,911	12,911
Scottish Funding Council grants	2	16,171	16,171	15,426	15,426
Research grants and contracts	3	2,192	2,167	1,954	1,917
Other income	4	6,842	6,463	6,477	6,258
Investment income	5	85	84	27	26
Donations and endowments	6	305	305	239	239
Total income		39,518	39,113	37,034	36,777
EXPENDITURE					
Staff costs	7	26,712	26,567	24,041	23,913
Other operating expenses	11	11,683	11,423	11,550	11,421
Depreciation	12	5,735	5,735	5,175	5,175
Interest and other finance costs	8	1,432	1,432	1,641	1,641
Total expenditure		45,562	45,157	42,407	42,150
Surplus / (deficit) before tax		(6,044)	(6,044)	(5,373)	(5,373)
Taxation	10	-	-	-	-
Surplus / (deficit) for the year		(6,044)	(6,044)	(5,373)	(5,373)
Unrealised surplus on revaluation of land and buildings		30,614	30,614	-	-
Actuarial (loss) /gain in respect of pension schemes		(7,359)	(7,359)	7,677	7,677
Total comprehensive income for the year		17,211	17,211	2,304	2,304

Represented by:-

Endowment comprehensive income for the year	77	77	74	74
Unrestricted comprehensive income for the year	(13,480)	(13,480)	2,230	2,230
Revaluation reserve comprehensive income for the year	30,614	30,614	-	-
	17,211	17,211	2,304	2,304

All items of income and expenditure relate to continuing activities.

STATEMENTS OF CHANGES IN RESERVES

For the Year Ended 31 July 2019

Consolidated
£000s

	Income & Expenditure Account		Revaluation reserve	Total
	Endowments	Unrestricted		
Balance at 1 August 2017	491	21,561	31,132	53,184
Surplus/ (deficit) from the income & expenditure statement	74	2,230	-	2,304
	74	2,230	-	2,304
Balance at 1 August 2018	565	23,791	31,132	55,488
Surplus/ (deficit) from the income and expenditure statement	77	(13,480)	-	(13,403)
Revaluation gain	-	-	30,614	30,614
Transfer between revaluation and income & expenditure reserves	-	334	(334)	-
Balance at 31 July 2019	642	10,645	61,412	72,699

BALANCE SHEETS AS AT 31 JULY 2019

	Note	Consolidated		University	
		2019 £000	2018 £000	2019 £000	2018 £000
FIXED ASSETS					
Tangible assets	12	127,961	102,071	127,961	102,071
Investments	13	-	-	-	-
		<u>127,961</u>	<u>102,071</u>	<u>127,961</u>	<u>102,071</u>
CURRENT ASSETS					
Trade and other receivables	14	1,709	1,711	1,825	1,982
Current asset investments		-	-	-	-
Cash at bank and in hand		8,082	8,084	7,754	7,594
		<u>9,791</u>	<u>9,795</u>	<u>9,579</u>	<u>9,576</u>
CREDITORS: amounts falling due within one year	15	(8,219)	(38,273)	(8,007)	(38,054)
NET CURRENT ASSETS / (LIABILITIES)		<u>1,572</u>	<u>(28,478)</u>	<u>1,572</u>	<u>(28,478)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>129,533</u>	<u>73,593</u>	<u>129,533</u>	<u>73,593</u>
CREDITORS :amounts falling due after more than one year	16	(37,418)	(8,889)	(37,418)	(8,889)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(19,416)	(9,216)	(19,416)	(9,216)
NET ASSETS		<u>72,699</u>	<u>55,488</u>	<u>72,699</u>	<u>55,488</u>
RESTRICTED RESERVES					
Income & expenditure reserve – endowment reserve	18	642	565	642	565
UNRESTRICTED RESERVES					
Income & expenditure reserve – unrestricted		10,645	23,791	10,645	23,791
Revaluation reserve	19	61,412	31,132	61,412	31,132
TOTAL RESERVES		<u>72,699</u>	<u>55,488</u>	<u>72,699</u>	<u>55,488</u>

Queen Margaret University, Edinburgh
Company registered in Scotland no. SC007335

The financial statements on pages 18 to 39 were approved by the University Court on 27 November 2019 and signed on its behalf by:

Dr Frances Dow, CBE
Chair

Sir Paul Grice
Principal and Vice-Chancellor

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 July 2019

	Note	2018/19 £000	2017/18 £000
Cash inflow from operating activities			
Surplus / (deficit) for the year		(6,044)	(5,373)
Adjustments for non-cash items			
Depreciation	12	5,735	5,175
Deferred capital grants released		(528)	(588)
Pension costs less contributions payable		2,143	1,629
(Increase) / decrease in operating debtors		2	1,234
Increase / (decrease) in operating creditors		524	398
Increase / (decrease) in pension provision		698	(207)
Adjustments for investing or financing activities			
Investment income and interest receivable		(85)	(27)
Interest payable		1,246	1,303
Net cash inflow / (outflow) from operating activities			
		3,691	3,544
Cash flows from investing activities			
Investment income		85	27
Payments made to acquire fixed assets		(1,011)	(1,233)
		(926)	(1,206)
Cash flows from financing activities			
Interest paid		(1,246)	(1,303)
Repayments of amounts borrowed		(1,521)	(1,492)
New unsecured loans in year		-	189
		(2,767)	(2,606)
Increase / (decrease) in cash and cash equivalents in the year			
		(2)	(268)
Cash and cash equivalents at beginning of the year		8,084	8,352
Cash and cash equivalents at end of the year		8,082	8,084
		(2)	(268)

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items, which are considered material in relation to the financial statements.

(A) Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 ("SORP 2015") and in accordance with Financial Reporting Standard (FRS) 102 and with the Accounts Direction issued by the Scottish Funding Council.

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings. The financial statements have been prepared on a going concern basis. Additional commentary on the process which the Court has undertaken in arriving at the view that the accounts should be prepared on a going concern basis is set out in the Strategic Report, under the section on Financial sustainability and going concern. The accounting policies have been applied consistently throughout the year. The functional currency of the University is pounds sterling, and the financial statements have been prepared to round £000s.

(B) Basis of consolidation

The consolidated financial statements include the University and its subsidiary undertaking for the financial year ended 31 July 2019. Details of QMU Enterprises are given in note 13. Intra-group transactions are eliminated on consolidation. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

The consolidated financial statements do not include the results of the Queen Margaret University Students' Union on the grounds that it is a separate legal entity in which the University has no financial interest and exerts no control or significant influence over policy decisions.

(C) Recognition of income

Tuition fee income is stated gross of any expenditure, which is not a discount and is credited to the Consolidated Statement of Comprehensive Income & Expenditure over the period during which students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and are not deducted from income.

Income from the sale of goods and services is credited to income in the year in which the goods or services are supplied to the customer or the terms of the contract have been satisfied.

Investment income is credited to income on a receivable basis.

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

Grant funding

Recurrent grants from the Scottish Funding Council are credited to income in the period in which they are receivable. Non-recurrent grants and donations are recognised when they are receivable and when performance conditions have been met. Income received in advance of performance conditions being met is included in creditors as deferred income. Where there are no performance conditions, income is recognised when it is receivable.

Donations and endowments

Donations and endowments with donor-imposed restrictions are recognised as income when the University is entitled to the funds. Income is retained within the restricted reserve until such time as it is utilised in line with such restrictions, at which point the income is released to the general reserve through a reserve transfer. Donations with no restrictions are recognised as income when the University is entitled to the funds.

Capital grants

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

(D) **Accounting for retirement benefits**

Retirement benefits for employees of the University are provided by the Local Government Pension Scheme (LGPS) through the Lothian Pension Fund, the Scottish Teachers' Superannuation Scheme (STSS) and the Universities Superannuation Scheme (USS). All three are defined benefit schemes.

Local Government Pension Fund

The Lothian Pension Fund is a funded multi-employer defined benefit scheme, with the assets held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The University recognises a liability for its share of obligations under the scheme net of its share of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The fund is valued every three years by professionally qualified independent actuaries using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover its share of the surplus, either through reduced contributions in the future or through refunds from the plan.

Scottish Teachers' Superannuation Scheme

The STSS is an unfunded multi-employer defined benefit scheme. Contributions are credited to the Exchequer, and the Exchequer effectively meets the costs of all benefits. The financing of the scheme is based on the standard methodology for unfunded public service pension schemes known as Superannuation Contributions Adjusted for Past Experience (SCAPE). Under SCAPE, an account is maintained ("the Account"), to which contributions from members and employers are credited and from which expenditure on benefits (including pension increases under the Pensions (Increase) Acts) is debited. The Account is also credited with interest at the long-term rate determined by HM Treasury from time to time, after taking advice from the Government Actuary. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has accounted for its contributions as if it were a defined contribution scheme. The University has no obligation for other employers' obligations to the multi-employer scheme.

Universities Superannuation Scheme

The Universities Superannuation Scheme is a hybrid scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 (Employee Benefits), the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised in the income and expenditure account.

Enhanced pension benefits

In a number of instances, the University has agreed to provide enhanced pension benefits in respect of members of staff taking early retirement. These additional benefits are unfunded and are charged, as and when they arise, against a provision established when members retire to meet this liability. This provision relates to former members of staff who are members of the STSS and a small number of staff in receipt of ex-gratia pension payments from the University.

(E) **Employment benefits**

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

(F) **Leases and hire purchase contracts**

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 and 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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

(G) Foreign currency translations

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, with all resulting exchange differences being taken to the income and expenditure account in the year in which they arise.

(H) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets which had been revalued to fair value on or prior to the date of transition to SORP 2015 are held on a basis of fair value cost, being the revalued amount at the date of that valuation. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and Buildings are stated at cost or valuation. Land and Buildings are externally valued every five years. The basis of valuation is depreciated replacement cost. In the period between external valuations the University Court reviews the value of the assets. Where the value of the Land and Buildings is considered to be below cost, either by external valuation or as a result of the Court's review, and this is considered to be a permanent diminution in value, the difference is charged to the income & expenditure account as an impairment charge. The most recent external valuation of the main campus was carried out at 31 July 2018 by Gerald Eve, Chartered Surveyors.

The heritable properties comprising the Queen Margaret University Student Village were valued as at 31 July 2019 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation - Global Standards (July 2017 edition) and Financial Reporting Standard 102 and the 2019 Statement of Recommended Practice 'Accounting for Further and Higher Education'. The valuation was undertaken on a Fair Value basis, equated to Market Value on the assumption of a continuation of the existing use.

Costs incurred in relation to a tangible fixed asset after its initial purchase or production are capitalised to the extent that they increase the expected future benefits to the University from the existing tangible fixed asset beyond its previously assessed standard of performance. The cost of routine maintenance is not capitalised, but is charged to the income and expenditure account in the year in which it is incurred.

Heritable land is not depreciated. Heritable buildings are depreciated on a straight line basis over their expected useful lives of between 10 and 50 years. No depreciation is charged on assets in the course of construction.

Equipment, including computer equipment 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 and depreciated on a straight line basis over periods ranging from three to five years, being its expected useful life. A full year's depreciation charge is made in the year of acquisition of the item of equipment.

(I) Investments

Investments in subsidiaries are shown at cost. Current asset investments are held at fair value with any movements recognised in the surplus or deficit.

(J) Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included as cash. Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, government securities and loan stock held as part of the University's treasury management activities.

(K) Provisions, contingent liabilities and contingent assets

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

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

A contingent asset arises where an event has taken place which entitles the University to a possible asset, the existence of which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed by way of a note.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

(L) **Taxation**

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

The University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT arising from expenditure on non-trading activities is charged to the income and expenditure account. Any irrecoverable VAT allocated to fixed assets is included in their cost.

(M) **Reserves**

Reserves are classified as either restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the purposes for which it may use these funds. The policy is to revalue the estate every 5 years, and any surplus arising is added to the revaluation reserve. A revaluation of the academic estate was carried out in 2017/18 and a revaluation of the student accommodation was undertaken in 2018/19.

(N) **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. It is the view of the directors that there are no significant or material accounting judgements. The following are the key sources of estimation uncertainty:

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 20 to the financial statements..

Valuation of land and buildings

The part of the University campus comprising the student accommodation was revalued at 31 July 2019 by Gerald Eve, Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation - Global Standards (July 2017 edition) and Financial Reporting Standard 102 and the 2019 Statement of Recommended Practice 'Accounting for Further and Higher Education'. The valuation was undertaken on a Fair Value basis, equated to Market Value on the assumption of a continuation of the existing use. This exercise resulted in a revaluation gain of £30.614 million, which has been reflected in the financial statements. The valuation included an allowance in respect of summer letting income, on the basis that the University has now demonstrated a track record in generating income from this source. Management has considered the basis used to undertake the valuation and has satisfied itself that the basis, and the resulting valuation, are reasonable.

The Court also considered the valuation of the main campus buildings, which had been the subject of a formal valuation in 2018. Having reviewed the relevant indices, management concluded that no revision was required to the valuation included in the financial statements as at 31 July 2019.

NOTES TO THE FINANCIAL STATEMENTS

1. TUITION FEES AND EDUCATION CONTRACTS (consolidated and university)

	2018/19	2017/18
	£000	£000
Scottish higher education students	5,858	5,892
Rest of UK students	1,040	1,221
European Union (excluding UK) students	2,585	2,111
Non-European Union students	2,582	2,232
Other fees and discounts	(337)	(301)
Education contracts	2,195	1,756
	13,923	12,911

2. SCOTTISH FUNDING COUNCIL GRANTS (consolidated and university)

	2018/19	2017/18
	£000	£000
Recurrent grant		
Teaching	12,558	12,080
Research	1,174	1,109
Specific grants		
Wider access retention premium	597	586
Regional Coherence - Academies programme	219	81
Disabled student premium	54	54
Knowledge exchange / University innovation fund	534	350
Scottish Drama Training Network	148	148
Capital maintenance grant released	359	297
Other miscellaneous grants	-	133
Deferred capital grants released (note 16)		
Land & buildings	528	588
Equipment	-	-
	16,171	15,426

3. RESEARCH GRANTS & CONTRACTS

	Consolidated		University	
	2018/19	2017/18	2018/19	2017/18
	£000	£000	£000	£000
Research councils	239	271	239	271
UK based charities	132	212	124	202
UK government and health authorities	1,497	1,270	1,484	1,256
UK private sector	7	20	-	7
European funding	81	-	81	-
Other grants & contracts	236	181	239	181
	2,192	1,954	2,167	1,917

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. OTHER OPERATING INCOME

	Consolidated		University	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Residences, catering and conferences	5,250	5,033	4,884	4,784
Other services rendered	829	611	469	397
Sports centre income	223	234	223	234
Other income	540	599	887	843
	6,842	6,477	6,463	6,258

5. INVESTMENT INCOME

	Consolidated		University	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Investment income on endowments	-	-	-	-
Other investment income	85	27	84	26
Net return on pension scheme	-	-	-	-
	85	27	84	26

6. DONATIONS AND ENDOWMENTS (consolidated and university)

	2018/19 £000	2017/18 £000
New endowments	-	-
Unrestricted donations	305	239
	305	239

7. STAFF COSTS

	Consolidated		University	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Staff costs				
Wages and salaries	17,855	18,046	17,710	17,925
Restructuring	1,101	-	1,101	-
Social security costs	1,923	1,799	1,923	1,795
Movement on USS provision	698	3	698	3
Other pension costs	5,135	4,193	5,135	4,190
	26,712	24,041	26,567	23,913

NOTES TO THE FINANCIAL STATEMENTS (continued)

Emoluments of the Principal and Vice-Chancellor

(who was also the highest paid Member of the University Court)

	2018/19 £000	2017/18 £000
Professor Petra Wend		
Salary	215	210
Employers' pension contributions	-	-
In lieu of employers' pension contribution	32	32
Benefits in kind	2	2
	249	244

There are no pension contributions for Professor Wend. The Principal opted out of the pension scheme in the previous year. Additional payments equivalent to pensions contributions foregone are included within emoluments. The head of the University's basic salary is 5.27 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University: this comprises the Executive Board. The total compensation for the year ended 31 July 2019 (including any employers' pension contributions) was £937,778 (year ended 31 July 2018, £915,390).

University Court members

The University Court members are the trustees for charitable law purposes and are also the directors of the company limited by guarantee for company law purposes. Due to the nature of the University's operations and the composition of the University Court (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the University Court may have an interest. All transactions involving organisations in which a member of the University Court may have an interest are conducted at arm's length, and in accordance with the University's financial regulations and normal procurement procedures. University Court members receive no remuneration in respect of their duties as members of the University Court. A number of members of the University Court, including the Principal and Vice-Chancellor, receive a salary in respect of their employment with the University. Detail of such remuneration is set out below.

	2018/19 £000	Re stated 2017/18 £000
Directors' emoluments (including pension contributions)		
Fees for services as members of University Court	-	-
Emoluments (i.e. salaries as members of staff)	568	558
Contributions paid to pension schemes	57	56
Benefits in kind	5	4
	630	618

These figures relate to 7 members of staff (2017/18: 7 as restated), including the Principal.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The number of members of staff, including the Principal, who received remuneration (including benefits and excluding pension contributions) in the following range was:-

	2018/19 Number	2017/18 Number
Senior postholders		
£100,001 to £110,000	2	1
£110,001 to £120,000	1	1
£240,001 to £250,000	1	1

	2018/19 £000	2017/18 £000
Compensation for loss of office		
Compensation payable in respect of senior post holders	-	-

	2018/19 FTE number	2017/18 FTE number
Average full time equivalent staff numbers by major category: (consolidated and university)		
Academic schools	194	195
Academic services	43	48
Research grants & contracts	33	36
Residences, catering & conferences	26	26
Premises	21	23
Administration & central services	108	113
	425	441

8. INTEREST PAYABLE AND OTHER FINANCE COSTS

	Consolidated		University	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Loan interest	1,246	1,303	1,246	1,303
Finance lease interest	-	-	-	-
Net charge on pension scheme	186	338	186	338
	1,432	1,641	1,432	1,641

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY

	Consolidated		University	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Academic schools	14,197	13,579	14,197	13,579
Academic services	5,177	5,162	5,177	5,162
Research grants & contracts	1,900	1,712	1,884	1,672
Other services rendered	508	464	236	307
Residences, catering and conferences	3,110	2,961	3,002	2,904
Premises	8,096	7,574	8,096	7,574
Administration & central services	7,845	8,457	7,836	8,454
Other expenses	4,729	2,498	4,729	2,498
Total per income and expenditure account	45,562	42,407	45,157	42,150

10. TAXATION (consolidated and university)

	2018/19 £000	2017/18 £000
UK Corporation Tax payable	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

11. OTHER OPERATING EXPENSES

	Consolidated		University	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
External auditors – audit fees	71	50	66	47
External auditors – non-audit fees	-	48	-	48
Internal audit	44	27	44	27
Grants to QMU Students Union	240	240	240	240
Other expenses	11,328	11,185	11,073	11,059
	<u>11,683</u>	<u>11,550</u>	<u>11,423</u>	<u>11,421</u>
	<u><u>11,683</u></u>	<u><u>11,550</u></u>	<u><u>11,423</u></u>	<u><u>11,421</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. TANGIBLE ASSETS

Consolidated and University

	Freehold land & buildings	Fixtures, fittings & equipment		TOTAL
	Owned	Owned	Held under finance leases	
	£000	£000	£000	£000
Cost or valuation:				
At 1 August 2018	107,486	9,841	1,271	118,598
Disposals at cost	-	(1,148)	-	(1,148)
Additions at cost	-	1,011	-	1,011
Revaluation of buildings	22,421	-	-	22,421
At 31 July 2019	129,907	9,704	1,271	140,882
Depreciation:				
At 1 August 2018	6,705	8,578	1,244	16,527
Written off on disposals	-	(1,148)	-	(1,148)
Written back due to revaluation	(8,193)	-	-	(8,193)
Provided during the year	4,950	758	27	5,735
At 31 July 2019	3,462	8,188	1,271	12,921
Net book amount at 31 July 2019	126,445	1,516	-	127,961
Net book amount at 1 August 2018	100,781	1,263	27	102,701
Analysis of net book amount at 31 July 2019				
Financed by capital grant	8,207	-	-	8,207
Other	118,238	1,516	-	119,754
	126,445	1,516	-	127,961

The valuation of the academic estate was carried out at 31 July 2018 by Gerald Eve, Chartered Surveyors. The basis of the valuation, which was carried out in accordance with guidelines issued by the Royal Institution of Chartered Surveyors, is depreciated replacement cost. Having reviewed the relevant indices, management has concluded that no revision is required to the valuation included in the financial statements as at 31 July 2019. The student accommodation was valued as at 31 July 2019, also by Gerald Eve LLP. This valuation was prepared in accordance with the requirements of the RICS Valuation - Global Standards (July 2017 edition) and Financial Reporting Standard 102 and the 2019 Statement of Recommended Practice 'Accounting for Further and Higher Education'. The valuation was undertaken on a Fair Value basis, equated to Market Value on the assumption of a continuation of the existing use.

Barclays Bank plc holds a standard security, dated 17 December 2014, over the student accommodation situated on the University campus.

The University has a modest collection of works of art and other items of historical interest. No value is included within fixed assets in respect of this collection as it is not considered to be material.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. INVESTMENTS

Subsidiary Undertaking

Name of undertaking	Country of incorporation and registration	Description of shares held	Proportion of nominal value of shares held	Cost at	
				1 August 2018 and 31 July 2019	£
QMU Enterprises Ltd	Scotland	Ordinary £1 shares	100		100
					<u>100</u>

QMU Enterprises Limited undertakes activities which, for legal or commercial reasons, are more appropriately channelled through a separate limited company. These activities include vacation letting, conferences and rendering of services (other than research) for a variety of commercial and other organisations. The results of QMU Enterprises Limited have been consolidated into the group financial statements.

14. TRADE AND OTHER RECEIVABLES

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	858	1,040	677	905
Prepayments and accrued income	851	671	784	671
Amounts due from subsidiaries	-	-	364	406
	<u>1,709</u>	<u>1,711</u>	<u>1,825</u>	<u>1,982</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
Secured loans (see note 16)	1,492	32,070	1,492	32,070
Trade creditors	1,886	2,070	1,885	2,015
Social security and other taxation payable	568	552	568	512
Accruals and deferred income	4,238	3,546	4,027	3,422
Unsecured loans	35	35	35	35
Finance lease commitments due within one year	-	-	-	-
	<u>8,219</u>	<u>38,273</u>	<u>8,007</u>	<u>38,054</u>

The secured long-term loan facility with Barclays Bank plc is £30.6 million, and has a final maturity date of 17 December 2024. The loan is secured over part of the campus site at Musselburgh. The University has entered into a fixed-rate arrangement in order to protect itself against any significant fluctuations in interest rates. The terms of this arrangement are commercially confidential. At 31 July 2018, as a result of an anticipated covenant breach, which was subsequently waived by Barclays Bank plc, the full amount of the outstanding loan was included within *Creditors: amounts falling due within one year* in line with FRS 102.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated and University	
	2019	2018
	£000	£000
Secured loans (see note 15)	29,086	-
Unsecured loans	125	154
Deferred capital grants	8,207	8,735
	37,418	8,889
Analysis of secured loans:-		
Due between one and two years	1,492	-
Due between two and five years	4,475	-
Due in five years or more	23,119	-
Total due after more than one year	29,086	-
Due within one year (note 15)	1,492	32,070
Total secured loans	30,578	32,070
Analysis of unsecured loans:-		
Due between one and two years	35	35
Due between two and five years	90	86
Due in five years or more	-	33
Total due after more than one year	125	154
Due within one year (note 15)	35	35
Total unsecured loans	160	189

Analysis of deferred capital grants

	Consolidated and University	
	2019	2018
	£000	£000
Opening balance : buildings	8,735	9,323
Opening balance : equipment	-	-
	8,735	9,323
Receivable : buildings	-	-
Receivable : equipment	-	-
Release : buildings	528	588
Release : equipment	-	-
	528	588
Closing balance : buildings	8,207	8,735
Closing balance : equipment	-	-
	8,207	8,735

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. PROVISIONS FOR LIABILITIES

Consolidated and University Pensions £000	Obligation to fund deficit on USS Pension £000	Pension enhancements £000	Defined Benefit Obligations LGPS £000	Total Pensions Provisions £000
At 1 August 2018	372	3,021	5,823	9,216
Utilised in year	(21)	(227)	-	(248)
Transfer (to)/from income & expenditure account	729	217	9,502	10,448
At 31 July 2019	1,080	3,011	15,325	19,416

The University has a liability to fund the past deficit on the Universities Superannuation Scheme (USS). This obligation arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. The University has assessed future staff levels within the USS scheme and salary inflation over the period of the contractual obligation in assessing the value of this provision. Further information is provided in note 20(C). Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed, of which more details are given in note 20(C). As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £0.593 million, a decrease of £0.486 million from the current year end provision.

The University also has a liability for pension enhancements payable to former members of staff who have taken early retirement in prior years. An actuarial valuation of the amount of this liability was carried out by Hymans Robertson, Actuaries, at 31 July 2019, on the basis of valuation prescribed by FRS 102, and using the same set of assumptions as are set out in note 20 in relation to the valuation of the Local Government Pension Scheme.

Detail of the movement in the Local Government Pension Scheme (LGPS) provision is set out in note 20(A).

18. ENDOWMENT RESERVES

	Consolidated and University				Total £000
	Unrestricted £000	Restricted Expendable £000	Restricted Permanent £000	Restricted Total £000	
Balance at 1 August 2018	-	518	47	565	565
Income for year	-	305	-	305	305
Expenditure for year	-	(228)	-	(228)	(228)
At 31 July 2019	-	595	47	642	642
Represented by:					
Capital value	-	-	35	35	35
Accumulated income	-	595	12	607	607
	-	595	47	642	642

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. REVALUATION RESERVE

	Consolidated and University	
	2019 £000	2018 £000
At 1 August	31,132	31,132
Revaluation Gains	30,614	-
Release to general reserve	(334)	-
At 31 July	61,412	31,132

20. PENSIONS AND SIMILAR OBLIGATIONS

The University's employees belong to three principal pension schemes, the Scottish Teachers Superannuation Scheme (STSS), the Local Government Pension Scheme (LGPS) and the Universities Superannuation Scheme (USS). The total pension cost for the year was £5,833,000 (2017/18: £4,196,000).

	Consolidated and University	
	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
<i>The total pension charge is analysed as follows:-</i>		
Lothian Pension Fund (LGPS)	3,211	2,493
Scottish Teachers Superannuation Scheme	1,642	1,437
Universities Superannuation Scheme	980	266
	5,833	4,196

Estimated employers' pension contributions for the year to 31 July 2020 are £3,615,000.

A) Local Government Pension Scheme (LGPS)

The Lothian Pension Fund is a funded multi-employer defined benefit scheme, with the assets held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the scheme after consultation with professional advisors.

The following information is based upon a full actuarial valuation of the fund at 31 March 2017 updated to 31 July 2019 by a qualified independent actuary, Hymans Robertson LLP.

Assumptions at	31 July 2019	31 July 2018	31 July 2017
Pension increase rate	2.4%	2.4%	2.5%
Salary increase rate	4.1%	4.1%	4.5%
Discount rate	2.1%	2.8%	2.7%

The fund is valued every three years by professionally qualified independent actuaries using the projected unit credit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the scheme actuary reviews the progress of the scheme. The actuary has indicated that the resources of the scheme are likely, in the normal course of events, to be sufficient to meet the liabilities as they fall due at the level specified by the scheme regulations. The currently agreed employer's contribution rate for the University is 19.5%. This is due to increase to 20.0% from 1 April 2020.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. PENSIONS AND SIMILAR OBLIGATIONS (continued)

A) Local Government Pension Scheme (LGPS) (continued)

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice. The current mortality assumptions, which are consistent with those used for the latest formal funding valuation, include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:-

	31 July 2019 No. of years	31 July 2018 No. of years
<i>Current pensioners</i>		
Males	21.7	21.7
Females	24.3	24.3
<i>Future pensioners</i>		
Males	24.7	24.7
Females	27.5	27.5

Analysis of the amount shown in the balance sheet

	Value at 31 July 2019 £000	Value at 31 July 2018 £000	Value at 31 July 2017 £000	Value at 31 July 2016 £000	Value at 31 July 2015 £000
Estimated employer assets (A)	63,223	57,343	57,322	50,644	40,901
Present value of scheme liabilities	(77,851)	(62,495)	(68,492)	(63,303)	(50,918)
Present value of unfunded liabilities	(697)	(671)	(701)	(769)	(804)
Total value of liabilities (B)	(78,548)	(63,166)	(69,193)	(64,072)	(51,722)
Net pension liability (A) – (B)	(15,325)	(5,823)	(11,871)	(13,428)	(10,821)

Analysis of movements in the present value of the scheme liabilities

	31 July 2019 £000	31 July 2018 £000
Opening defined benefit obligation	63,166	69,193
Current service cost	2,276	2,580
Interest cost	1,789	1,891
Contributions by members	437	424
Actuarial losses	11,019	(9,683)
Past service costs	1,074	-
Unfunded benefits paid	(49)	(48)
Benefits paid	(1,164)	(1,191)
Closing defined benefit obligation	78,548	63,166

Analysis of movement in the market value of the scheme assets

	31 July 2019 £000	31 July 2018 £000
Opening fair value of employer assets	57,343	57,322
Expected return on assets	3,660	(2,006)
Contributions by members	437	424
Contributions by employer	1,334	1,241
Contributions in respect of unfunded benefits	49	48
Actuarial (losses)/gains	1,613	1,553
Unfunded benefits paid	(49)	(48)
Benefits paid	(1,164)	(1,191)
Closing fair value of employer assets	63,223	57,343

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. PENSIONS AND SIMILAR OBLIGATIONS (continued)

A) Local Government Pension Scheme (LGPS) (continued)

Guaranteed minimum pension (GMP) was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits. As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers. The fund's actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the liabilities of Queen Margaret University for financial reporting purposes. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards. The estimate as it applies to Queen Margaret University is that total liabilities could be 0.23% higher as at 31 July 2019, an increase of approximately £174,000. This increased liability has been reflected in the revised accounting report as a past service cost. These numbers are approximate estimates based on employer data as at 31 March 2017 and will be revised at the upcoming valuation.

B) Scottish Teachers' Superannuation Scheme (STSS)

The STSS is an unfunded multi-employer defined benefit scheme. The Scheme is financed by contributions from employers and current members of the Scheme. The contributions paid to the Scheme fall into general government revenues. There is no actual fund of assets but an account is maintained of a notional fund made up of contributions paid by employers and members, supplemented by a return on the notional fund at a pre-determined rate and reduced by benefits as and when they are paid to retired and former members of the Scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has accounted for its contributions as if it were a defined contribution scheme. The University has no obligation for other employers' obligations to the multi-employer scheme.

The last full actuarial and funding valuation of the scheme was carried out at 31 March 2016. This valuation used the Projected Unit Methodology, and was carried out in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (as amended). As a result of this valuation, the employer contribution rate has increased from 17.2% to 23.0% with effect from 1 September 2019. Employee contributions are dependent upon the member's salary bracket. The notional fund at 31 March 2016 amounted to £21.5 billion, and total scheme liabilities for service amounted to £22.8 billion, giving a notional past service deficit of £1.3 billion, which is being repaid by a supplementary rate of 4.3% of employers' pension contributions over a 15-year period from 1 April 2019. This contribution is included in the 23.0% employers' contribution rate. As the scheme is unfunded, there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

C) Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme, which is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the consolidated Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme in respect of the accounting period.

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

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2017 (the valuation date), which was carried out using the projected unit method. As at the year end a valuation as at 31 March 2018 was underway but not yet complete. Since the University cannot identify its share of the assets and liabilities in the Retirement Income Builder section of the scheme, the following disclosures reflect those relevant for the section as a whole.

The 2017 valuation was the fourth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. PENSIONS AND SIMILAR OBLIGATIONS (continued)

C) Universities Superannuation Scheme (USS) (continued)

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 +: CPI + 1.7%

The main demographic assumption used relates to the mortality assumptions. The assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:-

2017 valuation

Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females Post retirement: 96.5% of SAPS SINMA "light" for males and 101.3% of RFV00 for females
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

The funding position of the scheme has been updated on an FRS102 basis:

Existing benefits	2019	2018
Scheme assets	£67.4 billion	£63.6 billion
Total scheme liabilities	£79.2 billion	£72.0 billion
FRS 102 total scheme deficit	£11.8 billion	£8.4 billion
FRS17 funding level	85%	88%

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit. In the prior year, the deficit payments were 2.1% of salaries up to March 2031. The provision figures have been produced using the following assumptions:

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth.	N/A	N/A
Pension increases (CPI)	2.11%	2.02%

This significant increase in deficit contributions has given rise to a substantial increase in the deficit provision which has increased from £0.372 million to £1.079 million as set out in note 17. £0.719 million of this increase is attributable to the change in the deficit contributions contractual commitment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

C) Universities Superannuation Scheme (USS) (continued)

The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion and a funding ratio of 95%. Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £0.593 million, a decrease of £0.486 million from the current year end provision.

D) Other pension liabilities

The University has a liability for pension enhancements payable to former members of staff who have taken early retirement in prior years. An actuarial valuation of the amount of this liability was carried out by Hyman Robertson, Actuaries at 31 July 2019 on the basis of valuation prescribed by FRS 102. The total provision in respect of this liability is £3.011 million (2018: £3.021 million).

21. FINANCIAL INSTRUMENTS

The University applies the provisions of Sections 11 and 12 of FRS 102 in full. The University's financial assets and liabilities all meet the criteria for basic financial instruments prescribed within FRS 102 – Section 11.8.

22. POST BALANCE SHEET EVENT

As set out in Note 20 in respect of the USS pension scheme, a new schedule of contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £0.486 million in the provision for the obligation to fund the deficit on the USS pension which would instead be £0.593 million. This adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2020.

23. HARDSHIP AND CHILDCARE FUNDS

	2018/19 £000	2017/18 £000
HARDSHIP FUND (undergraduate and postgraduate)		
Balance at 1 August	-	-
Amounts received from Student Awards Agency for Scotland	232	224
Amount vired (to)/from Childcare Fund	50	16
	<u>282</u>	<u>240</u>
Disbursed to students	(278)	(242)
Other costs	(3)	(6)
Refunded to Student Awards Agency for Scotland	(1)	8
	<u>-</u>	<u>-</u>
Balance unspent at 31 July	-	-
CHILDCARE FUND		
Balance at 1 August	-	-
Amounts received from Student Awards Agency for Scotland	140	138
	<u>140</u>	<u>138</u>
Disbursed to students	(90)	(111)
Amount vired (to)/from Hardship Fund	(50)	(16)
Refunded to Student Awards Agency for Scotland	-	(11)
	<u>-</u>	<u>-</u>
Balance unspent at 31 July	-	-

Amounts received from the Student Awards Agency for Scotland are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income and Expenditure.



Queen Margaret University

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