

ANNUAL ACCOUNTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY

HERIOT-WATT UNIVERSITY

Reports and Financial Statements

Year Ended 31st July 2009

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OPERATING AND FINANCIAL REVIEW

Strategic Positioning

Our strategic objectives were set out in “Focus on the Future”, a statement of the University’s strategic intent. Focus on the Future is an ambitious and decisive strategy to set our direction to 2015 and to place Heriot-Watt University at the forefront of research and research-led education in the UK and internationally. Its intention is to set the agenda to reshape the University and, in so doing, grow our academic base by 50% in ten years. It was first published in March 2008, before being formally launched in November 2008 and has formed the cornerstone on which the strategy development undertaken by the University this year has been built.

Heriot-Watt University has a special place in Edinburgh and Scottish higher education. We are a leading institution in science, technology and business and excel as Scotland’s most international university. We are already recognised to be in the world’s top 400 Universities (i.e. the top 5%) and steadily rising over the last three years. Our vision for the next decade is to become a world-leading University in our fields of excellence. To deliver this ambition, we are committed to growth and investment, both in academic and professional service staff and the physical infrastructure of our campuses.

If evidence were needed of our success in the last year, it is provided both by our results in recognised league tables and in the results of the Research Assessment Exercise 2008. In this year’s Guardian University League Table, the University gained an overall ranking of 22 out of 117 UK universities, ranking particularly highly in the ‘career prospects’ measure. Modern Languages at Heriot-Watt was ranked within the top 10 in the UK. Other high ranking Heriot-Watt subjects were Building and Town and Country Planning (top in Scotland), Art & Design, Physics and Sports Science.

The University maintained its strong position in the ‘employment’ measure in the 2009 publication of the Sunday Times University Guide, ranking fourteenth of all UK universities and second in Scotland. This measure is based on the proportion of students in employment within six months of graduation and the proportion of these in graduate-level jobs. Indeed Heriot-Watt continues to feature prominently across press league tables for graduate employment, typically in the UK top 20, particularly when the quality of such employment is taken into account.

Heriot-Watt also ranks in the top 10 for the proportion of international students studying at the University.

This year, for the first time, Heriot-Watt also entered the ranks of the top 400 universities of the world, which equates to the top 5%, in the influential THE-QS world University Rankings.

Heriot-Watt’s research strengths were demonstrated in the results of the Research Assessment Exercise, (RAE) announced at the end of 2008. We moved up nine places in The Times Higher Education ranking and more than doubled the proportion of Heriot-Watt research results which are rated as being internationally excellent, from 24% to 50%. Our outcomes are even better once one considers that we had one of the highest staff submission rates in Scotland. Taking into account both submission rates and RAE outcomes puts Heriot-Watt within the top 35 Universities in the UK.

Our overall positioning in terms of percentages of 3* and 4* ratings places us close to Glasgow, Aberdeen and Dundee Universities, and ahead of Stirling and Strathclyde. We are also particularly pleased with our subject rankings in Mathematics, through the Maxwell Institute jointly with the University of Edinburgh, Petroleum Engineering, Engineering overall, Physics and the Built Environment. It is particularly pleasing to see our results in Art and Design, where in terms of total percentages of 3* and 4* ratings we rank equally with the Glasgow School of Art and ahead of Edinburgh College of Art. In Physics, our RAE outcome matches that of Oxford.

As well as our particular success in Mathematics where we rank in the top places in the UK, Heriot-Watt’s Institute of Petroleum Engineering has maintained its leading position in the field and ranks just behind the ‘golden triangle’ of Oxford, Cambridge and Imperial College London.

Our research funding levels continue to increase strongly, building on the major step change of last year. This again supports our concentration on the interdisciplinary Themes of Focus on the Future and will enable us to continue to build and grow these groups, strengthen our presence in many areas of research and underpin our recruitment strategy

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We have made progress on the recruitment to the academic posts identified within our topical themes. In Energy, two new staff members have been appointed for the CAESAR (the Centre for Advanced Energy Storage and Recovery) and a new Professor in Energy Economics, has been appointed and will be joining the School of Management and Languages and the Energy Academy team in March 2010.

The Energy Academy released a short film promoting energy at Heriot-Watt University for inclusion in an Energy Institute initiative to promote education in energy. The Academy has also been holding lunchtime lectures in the new Postgraduate Centre.

The Environment and Climate Change theme made its first new appointment with the introduction of a world-renowned expert on deep-water coral reefs who will play a major role in the Centre for Marine Biodiversity and Biotechnology and in the University's activities in the new Research Pool (MASTS: Marine Alliance for Science and Technology, Scotland).

The Life-Physical Science Interface organised an internal call for multidisciplinary postgraduate research proposals which saw some 20 multidisciplinary teams submit high-quality proposals and highlights the broad range of relevant interests within the University. The theme will be running regular colloquia over the next academic year to provide a forum for interested researchers to interact and develop their multidisciplinary ideas.

Activities in the Infrastructure and Transport Theme progressed with the appointment of a lecturer in Transport Infrastructure, creating exciting new opportunities for research collaborations within Infrastructure and Transport and between other themes.

The University has progressed a Learning and Teaching strategy strengthening our approach and making us more confident, outward-looking, responsive and co-operative. We have established the four areas of Student Learning Experience; Employability; Academic Practice and Growth to achieve this.

Improvement of the student experience has always been a cornerstone of Heriot-Watt University and we have addressed this both in terms of the specific learning experience, where we have introduced an *Academic Enhancement Framework*, and the wider student experience.

Having restructured the academic year into semesters we now provide longer periods of study and support more intensive learning. As our community becomes increasingly international (with 30% of staff and students coming from outside the UK), we continue to adapt our educational provision of both subject content and development of graduate attributes in the light of all global priorities. The University has recently embarked on an ambitious five year strategic project to support the development of students as confident, independent learners and to enhance their learning experience overall.

Activities in Research Pooling continued strongly throughout the year, with highlights consisting of funding to Scottish Universities Physics Alliance, which since its launch in 2004, has established the SUPA Graduate School, attracted high-quality academic staff from around the world to Scotland, increased the volume of physics research in Scotland, and greatly enhanced the quality of Research Assessment Exercise submissions from physics researchers.

In Computing, Scottish Informatics and Computer Science Alliance (SICSA) reported a good first year, with Heriot-Watt University playing a major role. 75% of MACS/Computer Science academics were identified from the outset as having SICSA related research and we are now strongly engaged with all SICSA themes of Abstraction and Modelling, Complex Systems Engineering, Multi-Modal Interaction and Next Generation Internet. With 50% SICSA support, we have made two strong appointments at Reader and Lecturer, and have increased the number of PhD students.

As Scotland's international university, Heriot-Watt University is progressively fulfilling its ambitions and, in comparison with many competitors, our outreach is stronger and our presence more widely established throughout the world. Currently, we have over 10,000 learners studying outside the UK, and some 50% of Scottish degrees studied abroad are Heriot-Watt degrees. Our first overseas campus is in Dubai, with around 1,400 students. Our Dubai Campus provision has expanded significantly to include Masters courses in [Petroleum Engineering](#), [Construction](#), [Management](#), [Energy](#), [Information Technology \(Software Engineering\)](#), and the world-renowned [Edinburgh Business School MBA](#), and undergraduate degrees in [Management](#), [Construction](#), [Quantity Surveying](#), [Engineering](#), [Textiles and Fashion Design](#). We now offer a Degree Entry

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Programme, which provides students with a unique pathway into the Heriot-Watt undergraduate degree programmes at the Dubai Campus.

We intend to increase our global outreach further, by considering the development of more overseas campuses, developing the Dubai Campus into a regional education hub and extending our already established innovative network of learning partnerships which currently comprises 50 institutions in 30 countries. International activity is co-ordinated across the institution, ensuring a strategic approach to investigating, developing and delivering new courses in new territories and through different modes of study. This approach to transnational education benefits not only Heriot-Watt's students, staff and partner organisations, but also has great potential for enhancing Scotland's reputation for quality university education around the world.

Heriot-Watt's international success is founded on our commitment to providing learning and teaching solutions which enable students to experience high quality education wherever they chose to study. Our integrated *Flexibility* project is enabling us to build capacity, at an institutional level, in the development and delivery of flexible learning materials. We already have in place a University-wide framework and operational plans for developing flexible learning, using new technology and adopting the related educational practice.

Vision

Our vision captures our aspiration to make a positive impact on society and the economy through education and research, as evidenced by the success of our alumni in the organisations in which they now play leading roles around the world. Our vision provides a simple statement that our staff can relate to:

'Heriot-Watt will create the next generation of leaders who will advance global business and technological know-how.'

Mission

The mission of the University is to:

- Enable students and staff to fulfil their potential
- Enrich all the communities with which it engages
- Create and transfer knowledge

Fulfilling our mission is one of the key means by which Heriot-Watt fulfils the value for money obligations associated with it being awarded significant grants for both teaching and research activities.

Strategic Objective

Heriot-Watt University is a research-led university operating in an environment where the focus on performance is critically important. We wish to be recognised by our stakeholders as a high performing university achieving excellence in teaching and research. Our strategy is therefore to align our performance with that of the other research-intensive universities in the UK that demonstrate achievement of similar objectives.

Resources

The University has a combination of tangible and intangible resources that it will deploy in pursuit of its strategic objectives. Tangible resources include:

Campus Locations

- Edinburgh;
- Galashiels;
- Orkney;
- Dubai

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Approved Learning Partner Locations

Bahrain	Mauritius
China	Norway
Cyprus	Russia
Denmark	Saudi Arabia
Egypt	Singapore
Greece	Slovenia
Hong Kong	St Kitts & Nevis
India	Sweden
Indonesia	Switzerland
Iran	Syria
Ireland	Trinidad & Tobago
Israel	Uganda
Jamaica	UK
Libya	USA
Malaysia	Vietnam
Malta	Yugoslavia



Research Facilities

- Own specialist laboratories and research equipment
- Access to shared resources through collaborations with other universities
- Access to resources held by industrial partners

Physical Infrastructure

This year has seen exciting developments in physical infrastructure as we implement our Estate Strategy. Highlights include:

- Court approval to build new student residences is currently proceeding through the Court approval process. This £30million project would replace the accommodation in Galashiels and provide the first of two new blocks at the Edinburgh campus to replace the oldest accommodation.
- Agreement with our infrastructure partner in Dubai that they should plan for the construction of a new Campus to accommodate expanding student numbers.

Meanwhile, spring 2009 saw the completion of a major £31 million capital project with the opening in Galashiels of an innovative new campus, shared with Borders College, within which both Higher Education and Further Education provision is co-located.

Our new £7million postgraduate centre opened in January 2009.



Financial

At the year-end the University had net assets of £51 million, which is a reduction of £9million compared with the previous year. The group's net assets before pension liability increased by £3million. The pension liability increased by £12million.

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Further details are set out in the balance sheet on pages 21 to 22.

The group's £40 million revolving credit facility, agreed in 2007, has provided the group with the stability of having secure funding sources in place during a period of extraordinary turmoil in the financial markets. At the year-end drawings totalling £23 million had been made against this facility (£5million less than the previous year) and of these, £20 million were protected from financial market volatility by long term interest rate swaps.

People

An essential component of the strategy is the University's commitment to a sustained investment in new posts over the next ten years, as set out in Focus on the Future. This commenced during the year with a drive to recruit 25 new academic staff from November 2008. This will be the largest sustained recruitment initiative the University has undertaken and will provide new posts principally in our strategic theme areas of Energy, Environment & Climate Change, Life Sciences Interfaces, Risk & Modelling and Transport & Infrastructure. There was very strong interest in the new positions but to ensure that we recruit the highest standard we had only filled ten of these by 31st July.

During 2008/9 we operated a voluntary severance scheme, which aimed to reduce staffing in under-performing areas, with the resultant recurrent savings available for re-investment in the strategic priorities identified in the Focus on the Future strategy. By the year-end this scheme had been substantially completed, with 64 staff accepting the scheme offer, with a one-off cost of £3.4 million being charged to the income and expenditure account. Looking ahead the successful conclusion of this scheme represents an important milestone for the University, in releasing resources to invest in delivery of its strategy.

At the year-end the University employed 1,574 people (expressed as full time equivalents), of whom 420 were academics. The ratio of academic to total staff is 26.7%.

Reputation

Heriot-Watt's reputation for academic achievement is a core intangible asset on which our strategic ambition rests. We are consistently in the top 20 universities in the UK in terms of grants awarded by the Engineering and Physical Sciences Research Council (EPSRC). Following a very successful result in The Research Assessment Exercise 2008 at the end of 2008, the University was placed 33rd in the key ranking of research intensive Universities in the UK. During 2008 the University continued to progress in both domestic and international league tables including rising to 22nd in the UK in the ranking compiled by the Guardian newspaper.

In order to build our reputation, the University embarked on a branding exercise last year. The purpose of this was to speak to a varied group of stakeholders such as staff, students, alumni and business and industry, and inform ourselves of how these important groups perceived the University. The results showed a very strong brand proposition for Heriot-Watt, based on its distinctive portfolio, high quality research and learning and teaching, its capacity to engage with industry and its international reach. Work has started on implementing a strengthened brand, with the next year developing this further.

Risk and Uncertainty

The University has a risk management strategy that captures and monitors the main risks facing the University as it seeks to achieve its strategic plan. This is supported by a comprehensive risk management training programme to raise awareness of risk and to introduce a consistent way to assess, monitor and manage risk throughout the Schools, institutes and support service departments. The top ten risks identified in the strategy will probably feature in many university risk registers but articulation of the risks and agreement on their ranking for Heriot-Watt is critical to achieving shared understanding by the Planning & Management Executive and Court of the particular risks that the group is managing. There is regular representation by Court members at risk review meetings.

Throughout, the main focus of the University's management team and Court members is in identifying and managing risks to delivery of the strategic plan. Increasingly, this group is also considering the risk of not pursuing appropriate strategic opportunities. By better understanding our risk appetite we will be able to exploit opportunities that other universities might reject.

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Stakeholder Relationships

A University is a complex organisation with many stakeholders. There is not a single rank order of importance as priorities change depending on the particular context of issue management. However, it is possible to identify a sub-set of the stakeholder group that is consistently at the forefront of management focus.

These include:

- Students
- Staff
- Court (governing body)
- Government
- Public funding bodies (Scottish Funding Council, Research Councils and others)
- Private and commercial funders
- Business and industry
- Alumni
- The communities with which we engage

We continue to work to identify and meet the expectations and needs of our stakeholders; e.g. a dedicated team, the Student Experience Forum, is working to identify ways to enhance the student experience.

Key to satisfying our stakeholders is achieving our strategic aim of sustaining overall performance consistent with that of the 1994 Group of universities. To understand our current position, we have undertaken a performance review of all teaching and research activities at the level of the individual courses and research groups, determining the financial performance and academic profile of each, making comparisons with similar activities within the University and also against benchmark institutions (predominantly in the 1994 Group) as well as assessing trends. The academic profile has been measured using quantitative metrics that are widely used in the sector.

For undergraduate teaching, those metrics include: student entry qualifications, their progression rates, exit qualifications, employment statistics and measures of student satisfaction.

For research and knowledge transfer in many of our disciplines, appropriate metrics are input measures (peer-reviewed grants and contracts), training (numbers of PhD students) and outputs (mostly measured by bibliometry – numbers of papers published and citations).

Current Development, Performance and Operation of University Business

The University continues to make steady progress in implementing its strategy.

The implementation of our strategy requires a sustained increase in the surplus being generated to provide the necessary funds for future investments, in both major capital projects and new academic staff, which are critical to achieving success. The plan submitted to the Scottish Funding Council in June 2009 is based upon the University achieving this sustained improvement in its financial performance.

We achieved our intended voluntary severance scheme targets in one year rather than two. Consequently we have released investment capacity faster than planned. The timing of this is fortunate as we have recruited a record number of students this year (up 11.7% in headcount at 8.1% in FTE overall) and the additional resource available will allow us to make targeted investment in customer facing services such as student support, catering, learning space refurbishment and other estate improvement.

The reductions in staff costs will partly offset a 5% pay award in September 2008 and a 2% increase in employers' contributions to the University Staff pension funds (USS and LGPS). Energy cost trends continue to be of concern with a further £1million in costs added in 2008/09.

Scope of the financial statements

The financial statements which have been approved by the Court for the year-ended 31st July 2009 consolidate the transactions of the University and its subsidiary undertakings.

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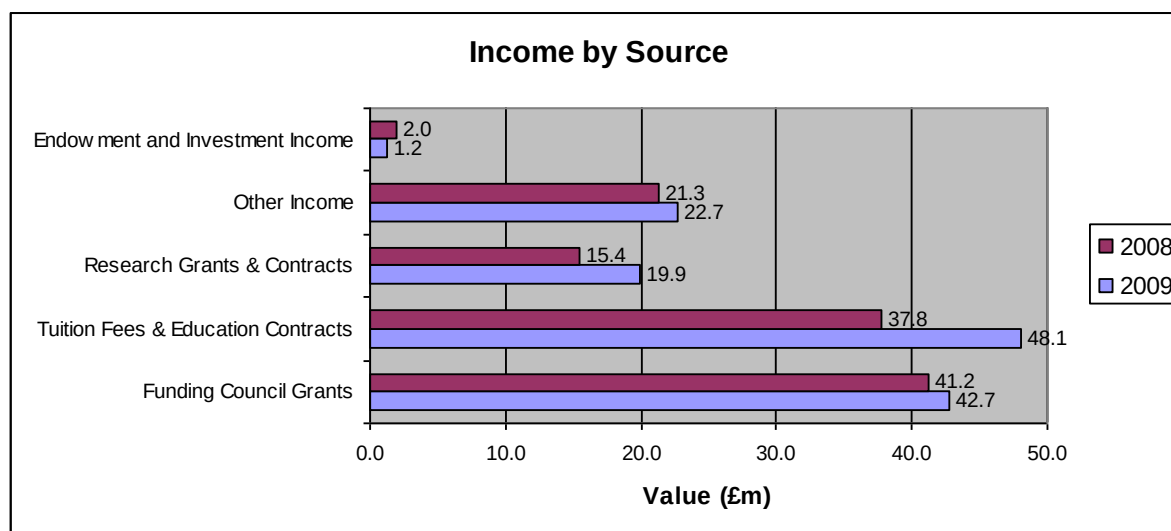
Results for the year

The group reported a surplus of £0.6 million for the year, which represents a decrease of £0.8 million compared to the prior year. However, this is an excellent result as it is £2 million better than budget, which was for a £1.4 million deficit and follows a 14% increase in income. The underlying surplus is particularly strong, given that it has been achieved despite absorbing a £3.4 million Voluntary Severance charge.

The table below summarises the consolidated income and expenditure reported for the last five financial years.

	2009	2008	2007	2006	2005
	£m	£m	£m	£m	£m
Income	134.5	117.8	110.7	99.5	94.6
<i>Year on year change</i>	<i>+14.2%</i>	<i>+6.4%</i>	<i>+11.3%</i>	<i>+5.2%</i>	<i>+4.1%</i>
Expenditure	(133.9)	(116.4)	(108.9)	(98.4)	(93.0)
<i>Year on year change</i>	<i>+15.0%</i>	<i>+6.9%</i>	<i>+10.7%</i>	<i>+5.8%</i>	<i>+3.8%</i>
Net surplus for the year	0.6	1.4	1.8	1.1	1.6
Underlying surplus excluding pension adjustment	0.2	0.6	1.0	1.2	1.7

In 2008-09 the University achieved income growth of 14.2% with total income increasing to £134.5 million. Positive income growth was recorded in almost all income categories, as set out in the table below.



The University's sources of funding are widely diversified, as shown in the table above, and Heriot-Watt uses the public funds made available from the Scottish Funding Council (SFC) efficiently, with its total income being almost three times greater than its core base funding. In 2008-09 the recurrent grants received from the SFC for teaching and research increased by 1.0% (2008: 1.0%) and 1.8% (2008: 14.2%) respectively.

The strong performance of tuition fees and education contracts achieved was due to income growth across all categories of students, which reflected both higher student numbers and higher fee levels.

Geographical Analysis of Income Growth

	2009	<i>Change</i>	2008	2007
	£m	%	£m	£m
UK and European Union students	11.6	10.5%	10.5	9.4
Non-European Union students	21.5	45.6%	14.8	13.3

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Considerable effort is continuing to be expended on developing new research proposals and this is having a positive impact in the number and value of the awards being made to the University. During the year the University won £22 million in new awards, exceeding its target for the year by 29%.

The third annual performance review commenced in September 2009. Significant reductions in the cost of proposed service functions were achieved in 2008-09, partly through use of the VS scheme, and 2009-10 will now see focussed investment in the priority areas and, in particular, those with student facing services.

The Edinburgh Business School had a successful financial year, producing results that were better than budget, with a particularly noteworthy increase in distance learning income which increased almost 29% as a result of a 25% increase in the number of students choosing to study at the school on these programmes. During the year EBS acquired Panmure House from Edinburgh City Council and, subject to planning permission, refurbishment work is expected to commence in May 2010.

The conference centre business improved during the year, but there was a shift from commercial to charitable activity. The residential and catering businesses associated with the conference centre business also improved. The Hospitality Services management team is developing a revised business plan to accommodate the new residences project.

Although income increased during the year, this was offset by increases in both staff costs and other operating costs. In particular, the group incurred a one-off cost from the voluntary severance scheme of £3.4 million during the year. Finance costs decreased slightly during the year due to improved treasury management of available cash balances to minimise drawings against the group's bank facility.

	2009	<i>Change</i>	2008	2007
	£m	%	£m	£m
Income	134.5	+14.2%	117.8	110.7
Staff Costs	73.4	+10.7%	66.3	62.0
Other Operating Expenses	50.3	+17.0%	43.0	39.6
Depreciation	7.5	+44.2%	5.2	5.5
Interest Payable	1.8	-5.2%	1.9	1.6

Cash flow management

The group's focus on cash flow has continued to ensure that cash is available as necessary for educational activities for implementation of the strategic plan.

Net debt decreased by £2.8 million during the year, to £13.5 million, with the repayment of bank loans due within one year of £5 million. This is attributable to continued strong underlying cash flows from operating activities, aided by a moderation in the rate of additions to tangible fixed assets, which was down £3.4 million to £10.9 million in the year.

Further detail as to the individual cash items comprising the group's cash flow statement can be found in notes 25 to 28 of the notes to the accounts on pages 45 and 46.

The net debt position for the group, before consolidation of the cash balances held by the Edinburgh Business School (which is a separately registered charity), is £20.2 million (2008: £24.7 million).

Unless special terms are agreed, it is group policy to pay invoices at the end of the month following the month in which the invoice is dated. At 31st July 2009 there were 28 days (2008 - 30 days) of purchases in trade creditors. No interest was payable under the terms of the Late Payment of Commercial Debts (Interest) Act 1998.

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Capital projects

The gross capital investment of £10.9 million was supported by deferred capital grant receipts of £8.3 million.

The principal focus of spend on capital investment during the year was on:-

- the completion of the new Postgraduate Centre
- the completion of the co-location project in Galashiels with Borders College
- further investment on the development of a new Student Administration service.

Further significant capital spend was also incurred to enhance existing research capabilities, funded by grants.

Fundraising

In the year to July the fundraising programme contributed significantly towards the cost of the University's new Postgraduate Centre and fundraising continues to support scholarships and other capital and academic initiatives.

Student Numbers

The University's student numbers, expressed as both total headcount and as full-time equivalents, for the current and the previous year were:

		Headcount		Full time equivalents	
On Campus (Scotland)		2009	2008	2009	2008
Home/EU	Undergraduate	5,044	4,947	4,993	4,862
	Postgraduate	953	857	786	773
International	Undergraduate	443	385	413	382
	Postgraduate	828	776	818	759
Total		<u>7,268</u>	<u>6,965</u>	<u>7,010</u>	<u>6,776</u>

		Headcount		Full time equivalents	
Transnational Programmes & Dubai Campus		2009	2008	2009	2008
	Undergraduate	3,465	3,039	1,675	1,360
	Postgraduate	10,705	9,190	2,220	1,950
Total		<u>14,170</u>	<u>12,229</u>	<u>3,895</u>	<u>3,310</u>

The above tables highlight the success the University has had in attracting international students, both to its Scottish campuses and its transnational degree programmes, with international and transnational students representing 48% (by full time equivalents) of the total student population.

Year end position of the University

During the year the group's net current liabilities increased by £1 million.

This increase is attributable to a number of changes in both the trading element of the group's working capital and movements in short term cash and debts balances.

The main changes in the trading element of working capital being:-

- Total trade and research debtors remained broadly static year on year, falling by only a modest 1%. However, this was against a background of an increase in turnover of over 14% and thus reflects the group's tighter management of its outstanding debts.
- Prepayments diminished by £0.7 million. The most significant reason being the commencement of the release of the £4.75 million held for the new co-located Galashiels campus, which is to be released over 17.5 years as from 1st February 2009.

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- Bank loans decreased during the year with the repayment of £5 million from the group's own resources.
- Accruals and deferred income increased by £2.5 million. This was attributable to the establishment of an accrual for £1.3 million with regard to commitments made before the year-end under the voluntary severance scheme and an additional £1.2 million in deferred income for training grants.

The SFC assessment of Financial Health based on Heriot-Watt's most recently submitted plan was SECURE in each of the three years.

Main trends and factors influencing future performance

The main trends and factors which are likely to affect the University's future development, performance and position, in addition to the specific conclusions of our strategic review, include:

Academic Profile

- Ability to attract and retain the high calibre academic staff key to delivering the Focus on the Future strategy.

External Factors

- Possible adverse development of public funding for Higher Education
- Government regulation (price and volume controls),
- The impact of the credit crunch and rising longevity on USS and LGPS pension scheme funding.
- Exchange rates (the competitiveness of Heriot-Watt's sterling denominated fees in other countries)
- Uncertainty over the trends in fuel and energy prices

Corporate Activity to improve financial sustainability

- Implementation of the Strategic Plan
- The positive impact from successful completion of the voluntary severance scheme
- Continued development of a consistent set of KPIs in line with the Strategic Plan
- Better alignment of debtor and creditor cash cycles to ensure cash to fund future expansion
- Implementation of our Estate strategy
- Continuing to implement process reviews to identify opportunities to improve our effectiveness and efficiency
- Delivering the efficiency and effectiveness improvements identified by the performance review via the implementation of agreed recovery plans
- Continued focus on strong governance

Employees

The implementation of the National Framework agreement was completed for the majority of the University's staff during the year.

The introduction of the new terms and conditions associated with the National Framework has resulted in the introduction of a pay and conditions framework that will support the University in the future in its implementation of its strategic plan. The University's Performance Development Review process had been successfully rolled out to all staff by the end of September 2009. A series of projects focussed on people and organisational development commenced during the year, including a staff survey that generated a 44% response and will be used to develop new plans. A new leadership development programme started and by the end of September a number of managers, including all senior managers of the University, had been through the first phase of the programme.

Staff have been kept up-to-date during the year with strategy development, implementation and financial and academic performance through a variety of communication channels.

Student Representation

The University has had a long and successful track record of involving its students in decision-making which influences the University's key areas of performance. Students are represented on the Court, several Committees of Court and on each of the main Boards established by the University's Planning and Management Executive, where their input is sought on matters affecting development of the University strategy. Two-way feedback and consultation is also provided by the Student Experience Working Group,

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which includes student representation and has a broad remit, encompassing many aspects of the student experience at Heriot-Watt. A key output from this group will be agreement on a series of projects to improve the provision of Services and the estate infrastructure.

The National Student Survey (NSS) is of growing national importance as a key indicator of students' satisfaction with their higher education learning experience. Heriot-Watt participated in the NSS for the third time in 2009 and we are currently vigorously addressing the disappointing results of the NSS 2009.

Donations

No donations in excess of £200 were made during 2008-09 to UK political organisations.

Insurance

The group has insurance policies in place for its officers and for potential claims against them in connection with their role in managing the organisation.

Pensions

The group's employees are members of one of four pension schemes, the Universities Superannuation Scheme (USS), the Lothian Pension Fund (LPF), Supplementary Pension Scheme (SPS) and the Scottish Teachers Superannuation Scheme (STSS). Of these the first three are still active, with members still employed by the group.

Details of the accounting policies are set out in note 1 on pages 25 and 26 and further disclosures are set out in note 30 on pages 47 to 56. All four schemes provide benefits to members based on final pensionable pay. For both the Lothian Pension Fund and the Supplementary Pension Scheme the underlying assets and liabilities of the University's share of the fund are identifiable and the disclosures required by Financial Reporting Standard 17 'Retirement Benefits' have been fully adopted.

During the year the group paid total employer contributions of £10.7 million, details of which are shown in the table below.

	2009	Change	2008	Change	2007
	£000	%	£000	%	£000
<u>Employer Contributions</u>					
Universities Superannuation Scheme	7,911	+39.2%	5,683	+ 25.1	4,542
Lothian Pension Fund	2,554	+17.4%	2,176	+ 14.0	1,908
Scottish Teachers Superannuation Scheme	106	-4.5%	111	+ 8.8	102
Supplementary Pension Scheme	89	+556%	16		16
Total	<u>10,660</u>	+33.5%	<u>7,986</u>	+ 21.6	<u>6,568</u>

In the year the total employer contributions for the three active schemes increased by more than the rate of inflation. This was driven primarily by:

- USS: the increase is substantially due to the transitional impact of introducing the Pension+Plus arrangement on 1st April 2008.
- LPF: the increase is attributable to the employer contribution rate being lifted from 21.4% to 25.9%, with effect from 1st April 2009
- SPS: the increase reflects the increase in the annual employer contribution being paid after the trustees decided to shorten the deficit recovery period from 10 to 5 years.

With the introduction of Pension+Plus the employees participating in this arrangement are no longer paying employee pension contributions in the usual way. They have agreed to a reduction in their salaries equal to their pension contributions and the University has increased its own pension contributions to cover both the employee and the employer elements. Both sides have benefited with reductions in employee and employer National Insurance contributions. The University has reinvested the savings it has made in new initiatives and the employees involved have benefited from an increase in take home pay.

OPERATING AND FINANCIAL REVIEW

Consequently, although the financial statements this year disclose a marked increase in employer pension contributions to USS, there is no net effect on total pension contributions as employee pension contributions have fallen by an equal and opposite amount.

Both USS and LPF published their latest triennial valuation reports, for which the reference date is 31st March 2008, in December 2008 and January 2009 respectively.

Post year-end the employer contributions for USS will be increasing by 2% to 16%, effective from 1st October 2009. The trustees of the scheme have also indicated that a further increase in the employer contribution rate, in the range 1-2% may prove to be required before the scheme's next triennial valuation falls due on 31st March 2011. The University has taken advice from professional firms of pension actuaries and lawyers on the options for action that would help to mitigate this growing liability. The conclusion was that HWU would not be able to make a material impact from unilateral action and therefore continued joint action with other universities in the HE sector is likely to generate the most effective solution.

Minority investments

The group has had, for a number of years, a policy for the commercialisation of its research base, in some cases through the creation of 'spin-out' companies, in which it retains a minority investment. As at 31st July 2009 there were twelve investments (2008 - twelve) in a range of different companies. The market value of these investments is not reflected in the group's financial statements.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of existing employees becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the recruitment, training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.



Prof. Stephen Chapman
Principal & Chief Accounting Officer



Lord George Penrose
Chairman of Court

Introduction

The University is committed to exhibiting best practice in all aspects of corporate governance and this statement describes the principal governance provisions which presently apply. The Court of the University keeps these provisions under review to take account of best practice from time to time including the principles set out in the Guide for Members of Higher Education Governing Bodies in the UK prepared by the Committee of University Chairmen (CUC). This incorporates internal control guidance for directors on the Combined Code as amended by the British Universities Finance Directors Group.

In the opinion of the Court, subject to the conclusion of the review being undertaken as to the governance arrangements for the Edinburgh Business School (a separate charitable limited company), the University complied with the Governance Code of Practice and General Principles and the provisions of the Code provided by the CUC throughout the year ended 31st July 2009. The Court also regularly reviews its governance provisions in line with both recommendations made by SFC and any changes made in the CUC Code.

Governing Body

The Court, which has twenty five members including the Chairman, who is always one of the lay members, is the ultimate decision taking body. Fifteen of the Court members are directly elected, seven are co-opted and three are ex officio. The Court has responsibility for the University's strategic direction, reputation, financial well-being, the well-being of staff and students and, in association with the Senate, establishing and maintaining high standards of academic conduct and probity.

To discharge these responsibilities:

- The Court met five times during the year including at an annual strategy review 'away day', and in addition, an extraordinary meeting was held in May 2009 to approve the appointment of the new Principal. The principal business of the Court is the consideration and approval of strategic plans and annual budgets, the monitoring of staffing, student, estates and finance issues, the setting and review of appropriate performance measures and ensuring that there is a clear definition of delegated powers and lines of accountability. At each meeting the Court receives a management report from the Principal as well as reports from its Committees. Members of the Planning and Management Executive attend Court meetings along with Deans to support engagement and communication with the University Community.
- The terms of reference of all of the Court Committees are agreed by the Court.
- The Court has a Remuneration Committee made up of lay members. The Principal and Secretary are in attendance if required but are not present when their personal remuneration is considered. There is also a Nominating & Review Committee of Court made up of lay members, the Principal and the Vice-Principal, with the lay members being in the majority. The Remuneration and Nominating Committees meet at least once per year under the convenorship of the Chairman of Court.
- The Court has an Audit Committee made up of lay members that met six times during the year, five of these with the External and Internal Auditors and one joint meeting with the Finance Committee. It receives and considers reports and recommendations for the improvement of internal controls along with management responses. It also reviews the University's annual reports and financial statements.
- The Court also has Finance, Estate Strategy, Staffing Strategy and University Collections Committees each of which has a different lay member of Court as convenor. An Endowments Committee, convened by the Vice-Principal, reports to the Court via the Finance Committee.
- There is an Emergency Committee of Court consisting of the Chairman of Court, the convenor of the Finance Committee, a member of Court, the Principal and Vice Principal ex officio, and three of the University's elected members of staff on Court. The Committee deals with emergency business which may arise between Court meetings.
- Where the University has commercial interests, the Court, through the University's management, appoints directors to the boards of companies appropriate to the nature and size of the University's shareholding.
- The University has taken necessary steps to ensure compliance with FRS8 on Related Party transactions and any interests which require to be disclosed to members of Court are recorded in the Court minutes. The Register of Interest for members of Court is maintained and updated annually.
- The Secretary of the University is the Clerk to the Court.

CORPORATE GOVERNANCE STATEMENT

Corporate Strategy

The University's strategy is documented in a plan which is reviewed and updated on an annual basis. The University's current strategic plan, Focus on the Future, was approved by Court in June 2008 and submitted to the SFC and was launched to the public in November 2008.

Statement of responsibilities of the University Court

The Court is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University, and enable it to ensure that the financial statements are prepared in accordance with the University's Charter, the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education, Accounts Directions from SFC and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the Court of the University, the 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.

The University acknowledges that the Court assumed new responsibilities in April 2006 when the Office of the Scottish Charity Regulator (OSCR) assumed its new statutory responsibilities and powers as a statutory non Ministerial Department. The University believes that the delivery of its mission by its charitable activities provides continuing public benefit. It aims to comply with OSCR's regulatory requirements as they are developed, including the requirement to maintain independent control by its trustees.

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

- they are prepared on the going concern basis in that the Court is satisfied that the University has adequate resources to continue in operation for the foreseeable future.
- suitable accounting policies are selected and applied consistently.
- judgements and estimates are made that are reasonable and prudent.
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the Accounts.

The Court has taken reasonable steps to:

- ensure that funds from SFC are used only for the purposes for which they have been given and in accordance with the Financial Memorandum and any other conditions which the Funding Council may from time to time prescribe. Under the terms of the Financial Memorandum the designated officer, who is required to ensure such compliance, is the Principal and Vice-Chancellor.
- ensure that there are appropriate financial and other internal controls in place to safeguard public funds and funds from other sources. This system of internal control is continuously reviewed and developed in line with current best practice.
- 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.
- ensure that the University management has an adequate system of internal control, and regularly monitors and reviews its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.
- maintain a safe and secure environment for the staff and students.

CORPORATE GOVERNANCE STATEMENT

Risk Management and Internal Controls

The University's system of internal financial control includes the following:

- definition of the responsibilities of, and the authority delegated to, heads of academic and administrative operating groups.
- A comprehensive planning process for each operating group, together with detailed annual income, expenditure, capital and cash flow budgets, overseen by the Deputy Principal (Strategy & Resources) together with the Director of Finance and the Director of Planning.
- Monthly reviews of financial results involving variance reporting and updates of forecast outturns and regular reviews of academic performance
- Clearly defined requirements for approval of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Court.
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Court.
- An Internal Audit function, contracted out to Scott Moncrieff, whose annual programme is approved by the Audit Committee and who reports to the Audit Committee. Considerable effort is made by management to ensure that, where possible, all recommendations from internal audit reports are implemented to agreed time plans.

By the year-end all recommendations made in prior years relating to the highest category, whether for external or internal audit, had been actioned. Good progress was made during the year towards achieving this objective, but there are still some serious actions to be completed. The Audit Committee continues to encourage the University's management to complete these at the earliest opportunity.

- Recommendations from the external auditors are also implemented, where possible, to the agreed time plans with priority allocated in accordance with the ranking set out in the audit reports.
- The strategic risk management group, comprising senior members of the management team, with lay members of Court in attendance, which identifies, evaluates and manages the University's significant risks.
- The Audit Committee on behalf of Court which, with the assistance of both external and internal audit, considers the wider aspects of internal control within the University. It also, with the assistance of internal audit, considers the issue of value for money within the University.

Over the last three years the University has successfully used its approach to risk management to focus its available audit resource to the best effect. This has generated a significant number of positive recommendations and good progress is being made in implementing these across the group, as shown in the table below.

Year	No. of external audit recommendations	Completed	No. of internal audit recommendations	Completed
2005-06	26	100%	66	95%
2006-07	15	100%	106	89%
2007-08	14	86%	117	81%
2008-09	12	33%	57	4%

Going Concern

The Court is satisfied that the University continues to operate as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNIVERSITY COURT OF HERIOT-WATT

We have audited the group and parent University financial statements of Heriot-Watt University for the year ended 31 July 2009 which comprise the consolidated Income and Expenditure Account, the consolidated and parent University Balance Sheets, the group Cash Flow Statement, the consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the University Court, in accordance with the Charter and Statutes of the University. Our audit work has been undertaken so that we might state to the University Court those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University Court, for our work, for this report, or the opinion we have formed.

Respective responsibilities of the University Court and Auditors

The University Court's responsibilities for preparing the Operating and Financial Review and the group and parent University financial statements in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Scottish Funding Council. We also report to you whether in our opinion the Operating and Financial Review is not consistent with the financial statements, if the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Operating and Financial Review and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Code of Audit Practice issued by the Scottish Higher Education Funding Council. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the University Court in the preparation of the financial statements and of whether the accounting policies are appropriate to the group and parent University's circumstances, consistently applied and adequately disclosed.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNIVERSITY
COURT OF HERIOT-WATT

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Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the group and parent University as at 31 July 2009 and of the group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- in all material respects, income from the Scottish Funding Council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2009 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2009 has been applied in accordance with the University's statutes and, where appropriate, with the Financial Memorandum with the Scottish Funding Council.



Grant Macrae
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

14 December 2009

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31st JULY 2009

	<i>Note</i>	<i>2009 £000</i>	<i>2008 £000</i>
Income			
Funding body grants	2	42,672	41,258
Tuition fees and education contracts	3	47,970	37,818
Research grants and contracts	4	19,876	15,423
Other income	5	22,765	21,271
Endowment and investment income	6	1,218	2,050
Total Income		<u>134,501</u>	<u>117,820</u>
Expenditure			
Staff costs	7	73,436	66,320
Other operating	8	50,345	42,930
Depreciation	10	7,534	5,164
Interest and other finance costs	9	1,751	1,886
Total Expenditure		<u>133,066</u>	<u>116,300</u>
Surplus on continuing operations after depreciation of tangible assets and before taxation		1,435	1,520
Loss on disposal of assets		(527)	-
Surplus on continuing operations after depreciation and disposal of assets but before taxation		<u>908</u>	<u>1,520</u>
Taxation		(33)	-
Surplus on continuing operations after depreciation and disposal of assets and taxation		<u>875</u>	<u>1,520</u>
Surplus for the year transferred to accumulated income in endowment and restricted funds		(251)	(127)
Net surplus for the year retained within general reserves	24	<u>624</u>	<u>1,393</u>

All transactions are in respect of continuing operations.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THIS YEAR ENDING 31st JULY 2009

	<i>Note</i>	2009 £000	2008 £000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		624	1,393
Depreciation of endowment asset investments	14	(762)	(1,073)
New endowments	14	192	222
Actuarial loss in respect of pension schemes		(12,717)	(4,416)
Total recognised losses relating to the year		<u>(12,663)</u>	<u>(3,874)</u>
 Reconciliation			
Opening reserves and endowments		22,822	26,696
Total recognised losses relating to the year		(12,663)	(3,874)
Closing reserves and endowments		<u>10,159</u>	<u>22,822</u>

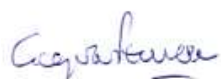
BALANCE SHEETS
AS AT 31st JULY 2009

		<i>Group</i>		<i>University</i>	
	<i>Note</i>	<i>2009</i> <i>£000</i>	<i>2008</i> <i>£000</i>	<i>2009</i> <i>£000</i>	<i>2008</i> <i>£000</i>
Fixed Assets					
Tangible assets	10	102,792	99,988	91,821	89,651
Intangible assets	11	151	232	-	-
Investments	12	4,439	2,430	10,161	7,161
Total Fixed Assets		<u>107,382</u>	<u>102,650</u>	<u>101,982</u>	<u>96,812</u>
Endowment Assets	14	<u>6,084</u>	<u>6,654</u>	<u>5,012</u>	<u>5,327</u>
Current Assets					
Stock		6	5	-	-
Debtors	15	21,541	22,623	20,378	24,942
Cash at bank and in hand		9,474	11,668	2,303	2,481
		<u>31,021</u>	<u>34,296</u>	<u>22,681</u>	<u>27,423</u>
Less: Creditors - amounts falling due within one year	16	(47,572)	(49,921)	(45,282)	(47,758)
Net Current Liabilities		<u>(16,551)</u>	<u>(15,625)</u>	<u>(22,601)</u>	<u>(20,335)</u>
Total Assets less current liabilities		96,915	93,679	84,393	81,804
Less: Creditors - amounts falling due after more than one year	17	(26,252)	(26,499)	(24,482)	(24,614)
Less: Provisions for liabilities	18	(591)	(373)	(591)	(373)
Net Assets Excluding pension liability		<u>70,072</u>	<u>66,807</u>	<u>59,320</u>	<u>56,817</u>
Pension liability	30	(19,499)	(7,123)	(19,281)	(7,123)
Net Assets Including Pension Liability		<u><u>50,573</u></u>	<u><u>59,684</u></u>	<u><u>40,039</u></u>	<u><u>49,694</u></u>

BALANCE SHEETS
AS AT 31st JULY 2009

		<i>Group</i>		<i>University</i>	
	<i>Note</i>	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Deferred capital grants	19	40,254	36,631	38,500	34,928
Endowment Funds					
Expendable	20	2,425	2,735	2,425	2,735
Permanent	20	3,659	3,919	2,587	2,592
		<u>6,084</u>	<u>6,654</u>	<u>5,012</u>	<u>5,327</u>
Reserves					
Income & expenditure account excl. pension reserve	24	23,574	23,291	15,808	16,562
Pension reserve	24	(19,499)	(7,123)	(19,281)	(7,123)
		<u>4,075</u>	<u>16,168</u>	<u>(3,473)</u>	<u>9,439</u>
Income & expenditure account incl. pension reserve					
Restricted funds	21	156	190	-	-
Investment reserve	22	4	43	-	-
Other reserve	23	-	(2)	-	-
		<u>50,573</u>	<u>59,684</u>	<u>40,039</u>	<u>49,694</u>
Total Funds					

The Financial Statements on pages 19 to 60 were approved by the University Court on 14th December 2009 and were signed on its behalf by:-



Lord George Penrose
Chairman of Court



Prof. Stephen Chapman
Principal & Chief Accounting Officer



Phil McNaul
Director of Finance & IS/IT

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDING 31st July 2009

	<i>Note</i>	<i>2009 £000</i>	<i>2008 £000</i>
Net cash inflow from operating activities	25	6,727	6,143
Returns on investment and servicing of finance	26	(1,043)	(159)
Capital expenditure and financial investment	27	(2,875)	(8,661)
Financing	28	(5,003)	4,129
(Decrease) / increase in cash in the year		<u>(2,194)</u>	<u>1,452</u>

Reconciliation Of Net Cash Flow To Movement In Net Debt

	<i>2009 £000</i>	<i>2008 £000</i>
(Decrease) / increase in cash in the year	(2,194)	1,452
Financing	5,003	(4,129)
Change in net funds	<u>2,809</u>	<u>(2,677)</u>
Net debt at 1 August	(16,335)	(13,658)
Net debt at 31 July	<u>(13,526)</u>	<u>(16,335)</u>

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

1. Principal Accounting Policies

Fundamental accounting concept

The financial statements have been prepared on the going concern basis, with the parent undertaking having agreed to provide adequate funds, if required, so that all the undertakings within the group may meet their liabilities as they fall due.

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards.

The group has implemented the requirements of Financial Reporting Standard 26 (Financial Instruments: recognition and measurement), for which full implementation is required for accounting periods beginning on or after 1st January 2009. The additional disclosures are shown in notes 15 and 37 to the financial statements.

Basis of accounting

The financial statements are prepared in accordance with the historical cost accounting convention as modified by the revaluation of endowment asset investments and listed investments.

Basis of consolidation

These financial statements, and associated notes, reflect the group income and expenditure account, statement of total recognised gains and losses and cash flow statement for the year ended 31 July. Balance sheets, and their associated notes, as at 31st July are prepared for the parent (Heriot-Watt University) and the group.

The group financial statements include the University and its subsidiaries, as detailed in notes 12 and 13, in compliance with FRS 2 'accounting for subsidiary undertakings' and FRS 9 'associates and joint ventures'. The results of subsidiaries acquired or disposed of during the year are included in the group income and expenditure account from the day of acquisition or up to the date of disposal.

All intra-group sales and profits are eliminated fully on consolidation.

In accordance with FRS 2 'accounting for subsidiary undertakings', the activities of the Heriot-Watt University Students' Union have not been consolidated, both on grounds of materiality and the fact that it is a separate legal entity in which the University has no financial interest and no control or significant influence over policy decisions.

Recognition of income

Income from tuition fees is recognised in the year for which it is received and includes all fees chargeable to students or their sponsors. The costs of any fees waived by the University and any scholarships given to students are included as expenditure.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

Income from donations is credited to the income and expenditure account in the year in which it is earned, unless specific restrictions apply.

All income from short-term deposits and endowments is credited to the income and expenditure account in the year in which it is earned.

Income from specific endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to specific endowments.

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements, which transfer to the group substantially all the benefits and risks of ownership of an asset, are treated as if the asset has 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.

Repairs and maintenance

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

Taxation

The University is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act (ICTA 1988).

Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The subsidiaries, excluding the Edinburgh Business School, transfer their annual profits to the University by gift aid. In certain circumstances Value Added Tax is recoverable, but where this is not possible the cost is included in the relevant expenditure.

EBS Americas is a corporate organisation in the USA and, as such, is liable to US taxation.

Retirement benefits

All new members of staff have the option of joining a pension scheme. The schemes currently open to new members of staff are the Universities Superannuation Scheme (USS) and the Lothian Pension Fund (LPF).

Existing employees are entitled to maintain their membership of the Scottish Teachers Superannuation Scheme (STSS) and the Supplementary Pension Scheme (SPS).

Full provision has been made for those pension costs which do not arise from externally funded defined benefit schemes.

The subsidiary undertakings do not operate any other pension schemes. Employees of the subsidiary undertakings are members of the University's pension schemes. The amount charged against profits represents either the contributions payable to the individual plans in respect of the year or the service cost expected to arise from employee service in the current year.

USS

Heriot-Watt participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. Because of the mutual nature of the scheme, Heriot-Watt is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement Benefits', accounts for the scheme as if it were a 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 year.

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

LPF

The LPF is a pension scheme providing benefits based on final pensionable pay. The assets and liabilities of the scheme are held separately from those of Heriot-Watt University. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Contributions to the Scheme are calculated so as to spread the cost of pensions over employees' working lives with the University. The Contributions are determined by an actuary on the basis of triennial valuations using the Age Attained Method. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes, after making allowances for future withdrawals. The amount charged to the statement of financial activities represents the service cost expected to arise from employee service in the current year.

STSS

Heriot-Watt University participates in the STSS pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of Heriot-Watt University. Heriot-Watt University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement Benefits', accounts for the scheme as if it were a 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 year.

SPS

The SPS is a pension scheme providing benefits based on final pensionable pay. The assets and liabilities of the scheme are held separately from those of Heriot-Watt University. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The Contributions are determined by an actuary on the basis of triennial valuations using the Age Attained Method. The amount charged to the statement of financial activities represents the service cost expected to arise from employee service in the current year.

Intangible Fixed Assets

Costs incurred by the Edinburgh Business School in the production of courses and in the translation of existing courses into non-English languages are recognised in the period in which they occur. Similar costs incurred by a third party and subsequently purchased by the Business School have been capitalised and are being written down on a straight line basis over a period of 4 years, the expected economic life of the course.

Goodwill arising from the purchase of third party shares in EBS Americas has been taken to the balance sheet and is being written down on a straight line basis over a period of 20 years, its expected useful economic life.

Tangible fixed assets

Land & Buildings

Freehold land is not depreciated.

Buildings are included in the balance sheet at historical cost and are depreciated on a straight line basis over their expected useful economic life as follows:

External fabric	50 years
Internal fabric	35 years
Mechanical & engineering	20 years

Where land and buildings are acquired or built with the aid of specific grants they are capitalised and depreciated as above.

Costs incurred after the initial purchase are capitalised to the extent that they increase the expected future benefits to the group from the existing asset beyond its previously assessed standard of performance; the cost of such enhancements being added to the gross carrying amount of the asset concerned.

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Equipment

Equipment costing less than £5,000 per individual item or group of related items is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost.

Depreciation

All assets are depreciated on a straight line basis over their expected useful economic life as follows:

General equipment	- 5 years
Computers	- 5 years
Furniture & fittings	- 5 years
Motor vehicles	- 4 years

Assets under construction are included in the balance sheet at cost.

EBS Americas:

Equipment owned by EBS Americas as at the date of the takeover (9th February 2007) was capitalised. Equipment purchased subsequently costing less than \$10,000 per individual item or group of related items is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost and depreciated on a straight line basis over its expected useful economic life.

Acquisition with the aid of specific grants

Where tangible fixed assets are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Investments

Listed investments held as fixed assets or endowment funds are shown at market value. Investments in subsidiary undertakings are shown at the lower of cost or net realisable value and investments in associates are shown in the consolidated balance sheet at attributable share of net assets.

Current asset investments, which may include listed investments, are shown at the lower of cost and net realisable value.

Stock

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank and money market deposits. No other investment, however liquid, is included as cash.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated at the rate 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 period in which they arise.

Research grants and contracts

Income from grants for sponsored research is included only to the extent of direct and indirect expenditure incurred on each project during the year.

Expenditure is written off in the year in which it is incurred except for equipment costing more than £5,000 which is capitalised in accordance with the group's capitalisation policy.

Other income received in advance is included in the balance sheet within creditors: amounts falling due within one year.

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Charitable donations

Endowment funds

All charitable donations received are accounted for as follows:

- Restricted expendable: both the capital and the income elements are retained on the balance sheet until they are expended for the purpose specified by the donor.
- Restricted permanent: both the capital and the income elements are retained on the balance sheet, the capital element on a permanent basis and the income element until it is expended for the purpose specified by the donor
- Unrestricted expendable: recognised as a donation in the income and expenditure account in the year received.

Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Gift Aid

Gift Aid payments and receipts are recognised in the income and expenditure account in the year in which they are made.

Financial Instruments

Financial assets

Classification

The University classifies its financial assets in the following categories: at fair value, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through the income and expenditure account

Financial assets at fair value through the income and expenditure account comprise derivatives. Assets in this category are classified as current assets. The University does not trade in derivatives and does not apply hedge accounting.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash at bank and in hand in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Recognition and measurement

Financial assets are recognised when the University becomes party to the contractual provisions of the financial instrument. Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the University has transferred substantially all risks and rewards of ownership.

a) Financial assets at fair value through surplus or deficit

Financial assets carried at fair value are initially recognised at fair value, and transaction costs are expensed in the income and expenditure account. Financial assets carried at fair value are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the income and expenditure account.

b) Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the loan and receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income and expenditure account. When a loan or receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the income and expenditure account.

c) Available-for-sale financial assets

Available-for-sale financial assets are initially recognised and subsequently carried at fair value. Changes in the fair value of financial assets classified as available for sale are recognised in reserves. When financial assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in reserves are included in the income and expenditure account.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment.

The University assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income and expenditure account – is removed from reserves and recognised in the income and expenditure account. Impairment losses recognised in the income and expenditure account on equity instruments are not reversed through the income and expenditure account.

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Financial Liabilities

Classification

The University classifies its financial liabilities in the following categories: at fair value through surplus or deficit, and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

a) Financial liabilities at fair value

Financial liabilities at fair value comprise derivatives. Liabilities in this category are classified as current liabilities. The University does not trade in derivatives and does not apply hedge accounting.

b) Other financial liabilities

Other financial liabilities are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities. The University's other financial liabilities comprise trade and other payables in the balance sheet.

Recognition and measurement

Financial liabilities are recognised when the University becomes party to the contractual provisions of the financial instrument. A financial liability is removed from the balance sheet when it is extinguished, that is when the obligation is discharged, cancelled or expired.

a) Financial liabilities at fair value

Financial liabilities carried at fair value are initially recognised at fair value, and transaction costs are expensed in the income and expenditure account. Financial liabilities carried at fair value are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the income and expenditure account.

b) Other financial liabilities

Other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE ACCOUNTS
For the year ending 31st July 2009

2. Funding Body Grants

	<i>Group</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Recurrent teaching grant	24,752	24,486
Funding for increased STSS contributions	-	33
Recurrent research grant	14,262	14,007
LTIF grants	129	160
SRIF grants	-	872
Release of deferred capital grants	2,608	887
Other grants	921	813
	<u>42,672</u>	<u>41,258</u>

3. Tuition Fees and Education Contracts

	<i>Group</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
UK Higher education students	8,976	8,041
European Union students (ex. UK)	2,617	2,456
Non European Union students	21,488	14,753
Higher education contracts	7,782	6,089
Research training support grants	3,687	3,274
Short course fees	1,111	1,236
Examination and graduation fees	2,309	1,969
	<u>47,970</u>	<u>37,818</u>

4. Research Grants and Contracts

	<i>Group</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Research councils	9,412	6,927
Charities	514	337
UK government	2,569	2,001
UK industry	3,445	2,865
EU Commission	1,029	1,012
Other sources	2,907	2,281
	<u>19,876</u>	<u>15,423</u>

NOTES TO THE ACCOUNTS
For the year ending 31st July 2009

5. Other Income

	<i>Group</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Residences, catering and conferences	10,529	9,611
Other services rendered	4,195	4,223
Royalties	46	12
Donations	805	965
Release of deferred capital grants	364	328
Other income	6,826	6,132
	<u>22,765</u>	<u>21,271</u>

6. Endowment and Investment Income

	<i>Group</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Income from specific endowment assets	679	491
Income from restricted funds	5	28
Net return on pension assets	-	628
Other investment income	-	4
Other interest receivable	534	899
	<u>1,218</u>	<u>2,050</u>

7. Staff Costs

	<i>Group</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Wages and salaries	55,884	54,049
Voluntary severance	3,415	-
Social security costs	4,434	4,446
Other pension costs	9,703	7,825
	<u>73,436</u>	<u>66,320</u>

	<i>Group</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Analysed between:		
Academic	28,889	26,431
Academic support	23,589	19,635
Other support	1,380	1,162
Administrative & central services	10,098	10,755
Estates	5,381	3,883
Catering and residences	4,099	4,377
Other	-	77
	<u>73,436</u>	<u>66,320</u>

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Staff Costs (continued)

The average monthly number of persons employed by the group during the year, expressed as full-time equivalents, was:

	<i>Number</i>	<i>Number</i>
Academic	420	435
Academic support	559	522
Other support	36	31
Administrative & central services	239	271
Estates	165	128
Catering and residences	155	199
Other	-	2
	<u>1,574</u>	<u>1,588</u>

The number of staff who received emoluments in the following ranges was:

	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
£70,001 - £80,000	35	11
£80,001 - £90,000	10	8
£90,001 - £100,000	5	8
£100,001 - £110,000	5	7
£110,001 - £120,000	2	3
£120,001 - £130,000	2	3
£130,001 - £140,000	-	1
£140,001 - £150,000	-	1
£150,001 - £160,000	1	2
£190,001 - £200,000	1	-
	<u>61</u>	<u>44</u>

The above emoluments include amounts payable to the Principal by Heriot-Watt University of:

	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Salary	199	160
Benefits in kind	9	8
	<u>208</u>	<u>168</u>
Pension contributions	<u>40</u>	<u>26</u>

The pension contributions are in respect of the Universities Superannuation Scheme (USS) and are paid at the same rate as for other employees.

Costs of £4,513 (2008: £1,109) were incurred by the Principal during the year in respect of overseas activities carried out in pursuance of the strategy approved by the governing body.

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

8. Other Operating Expenses

	<i>Group</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Other operating expenses include:		
* External auditors' remuneration - audit	47	46
External auditors' remuneration – non-audit services	50	17
** Internal auditors' remuneration	26	34
Loss on disposal of tangible fixed assets	527	-
Hire of other assets - operating leases - other	264	655
Finance lease charges	2	3
* Inc. £32,705 (2008: £31,752) for Heriot-Watt University		
** Inc. £25,755 (2008: £33,711) for Heriot-Watt University		

9. Interest and Other Finance Costs

	<i>Group</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Finance lease interest	2	3
On bank loans: repayable within 5 years, by instalments	-	-
On bank loans: repayable wholly or partly in more than 5 years	1,749	1,883
	<u>1,751</u>	<u>1,886</u>

NOTES TO THE ACCOUNTS
For the year ending 31st July 2009

10. Tangible Fixed Assets

	<i>Land & Buildings £000</i>	<i>Equipment £000</i>	<i>Work In Progress £000</i>	<i>Total £000</i>
Group				
Cost				
At 1 August 2008	127,067	27,851	15,574	170,492
Additions	355	2,063	8,491	10,909
Transfers	15,565	2,515	(18,080)	-
Disposals	(1,820)	(23)	(206)	(2,049)
At 31 July 2009	<u>141,167</u>	<u>32,406</u>	<u>5,779</u>	<u>179,352</u>
Depreciation				
At 1 August 2008	49,186	21,318	-	70,504
Charge for year	4,473	3,061	-	7,534
Disposals	(1,467)	(11)	-	(1,478)
At 31 July 2009	<u>52,192</u>	<u>24,368</u>	<u>-</u>	<u>76,560</u>
Net Book Value				
At 31 July 2009	<u>88,975</u>	<u>8,038</u>	<u>5,779</u>	<u>102,792</u>
At 1 August 2008	<u>77,881</u>	<u>6,533</u>	<u>15,574</u>	<u>99,988</u>
Analysed between:				
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Funded by capital grants	36,633	3,621	-	40,254
Own funded	52,342	4,417	5,779	62,538
At 31 July 2009	<u>88,975</u>	<u>8,038</u>	<u>5,779</u>	<u>102,792</u>

The net book value of the group's tangible fixed assets includes an amount of £nil (2008: £14,236) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £nil (2008: £18,824).

The land and buildings of Heriot-Watt Sports Village Ltd are subject to a first standard security in respect of the grants received from **sportscotland**.

Included in cost for the group is £5,779,000 (2008: £15,574,000) relating to assets in the course of construction, of which £1,877,000 (2008: £11,374,000) relates to freehold land and buildings and £3,902,000 (2008: £4,200,000) relates to equipment.

NOTES TO THE ACCOUNTS
For the year ending 31st July 2009

Tangible Fixed Assets (continued)

	<i>Land & Buildings £000</i>	<i>Equipment £000</i>	<i>Work In Progress £000</i>	<i>Total £000</i>
University				
Cost				
At 1 August 2008	115,350	26,800	15,514	157,664
Additions	354	1,860	7,596	9,810
Transfers	15,565	2,515	(18,080)	-
Disposals	(1,820)	(6)	(205)	(2,031)
At 31 July 2009	<u>129,449</u>	<u>31,169</u>	<u>4,825</u>	<u>165,443</u>
Depreciation				
At 1 August 2008	47,293	20,720	-	68,013
Charge for year	4,165	2,913	-	7,078
Disposals	(1,467)	(2)	-	(1,469)
At 31 July 2009	<u>49,991</u>	<u>23,631</u>	<u>-</u>	<u>73,622</u>
Net Book Value				
At 31 July 2009	<u>79,458</u>	<u>7,538</u>	<u>4,825</u>	<u>91,821</u>
At 1 August 2008	<u>68,057</u>	<u>6,080</u>	<u>15,514</u>	<u>89,651</u>
 Analysed between:				
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Funded by capital grants	34,981	3,519	-	38,500
Own funded	44,477	4,019	4,825	53,321
At 31 July 2009	<u>79,458</u>	<u>7,538</u>	<u>4,825</u>	<u>91,821</u>

The net book value of the University's tangible fixed assets funded by capital grants includes £9,312,000 (2008: £9,312,000) in cash received for assets either under construction or in the course of being purchased as at the year-end date.

Included in cost for the University is £4,825,000 (2008: £15,514,000) relating to assets in the course of construction, of which £994,000 (2008: £11,374,000) relates to freehold land and buildings and £3,831,000 (2008: £4,140,000) relates to equipment.

NOTES TO THE ACCOUNTS
For the year ending 31st July 2009

11. Intangible Fixed Assets

	<i>Group & University</i>		
	<i>Goodwill</i>	<i>Course materials</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost			
At 1 August 2008	172	524	696
Additions	-	-	-
At 31 July 2009	<u>172</u>	<u>524</u>	<u>696</u>
Amortisation			
At 1 August 2008	12	452	464
Charge for year	9	72	81
At 31 July 2009	<u>21</u>	<u>524</u>	<u>545</u>
Net Book Value			
At 31 July 2009	<u>151</u>	<u>-</u>	<u>151</u>
At 1 August 2008	<u>160</u>	<u>72</u>	<u>232</u>

12. Investments

	<i>Group</i>		<i>University</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Listed investments on the London Stock Exchange	4,383	2,374	-	-
Investment in subsidiary companies at cost	-	-	10,105	7,105
Minority investments in unquoted companies	56	56	56	56
	<u>4,439</u>	<u>2,430</u>	<u>10,161</u>	<u>7,161</u>

Minority investments in unquoted companies include investments made by the group in spin-out companies, which are stated at cost.

13. Subsidiary Undertakings

	Number of shares	Percentage owned
The group has major shareholdings in ordinary shares in the following companies incorporated in Scotland:		
Edinburgh Business School (Limited by Guarantee)	-	100%
EBS Americas LLC	450	100%
Edinburgh Conference Centre Limited	2,100,000	100%
¹ Heriot-Watt Properties Limited	2	100%
¹ Heriot-Watt Services Limited	2	100%
Heriot-Watt Sports Village Limited	5,000,100	100%
Heriot-Watt Trading Limited	5,000	100%
¹ Scottish College of Textiles Limited	6	100%
² SISTech Limited	250	50%

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Subsidiary Undertakings (continued)

The consolidated financial statements of the group include the transactions of the above companies, with the exception of those marked below.

¹ These companies are dormant.

² For SISTech Limited the figures are not consolidated as they are deemed to be insignificant.

14. Endowment Assets

	<i>Group</i>		<i>University</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Balance at 1 August	6,654	7,505	5,327	5,709
Increase in cash balances held	192	222	192	222
Depreciation of endowment asset investments	(762)	(1,073)	(507)	(604)
Balance at 31 July	<u>6,084</u>	<u>6,654</u>	<u>5,012</u>	<u>5,327</u>
Represented by:				
Equities (listed)	4,491	5,253	3,419	3,926
Cash balances	<u>1,593</u>	<u>1,401</u>	<u>1,593</u>	<u>1,401</u>
	<u>6,084</u>	<u>6,654</u>	<u>5,012</u>	<u>5,327</u>

15. Debtors

	<i>Group</i>		<i>University</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Amounts falling due within one year:				
Trade debtors	5,429	6,184	3,720	3,785
Research debtors	7,918	7,306	7,918	7,306
Loans by parent undertaking	-	-	-	3,000
Other debtors	31	-	-	-
Amounts owed by group undertakings	-	-	1,108	2,377
Prepayments and accrued income	<u>3,820</u>	<u>4,519</u>	<u>3,289</u>	<u>3,860</u>
	<u>17,198</u>	<u>18,009</u>	<u>16,035</u>	<u>20,328</u>
Amounts falling due after more than one year:				
Prepayments and accrued income	<u>4,343</u>	<u>4,614</u>	<u>4,343</u>	<u>4,614</u>
	<u>21,541</u>	<u>22,623</u>	<u>20,378</u>	<u>24,942</u>

Included in loans by parent undertaking is £nil (2008: £3,000,000) due by Edinburgh Conference Centre Ltd to Heriot-Watt University of which £nil (2008: £3,000,000) is due after more than one year. The loan is repayable in full within 3 months of a written demand from the parent undertaking and bears interest at a rate of 1% over the bank base rate.

Included in prepayments and accrued income is £4,343,000 (2008: £4,614,000) due after more than one year which constitutes deemed consideration received by Heriot-Watt University from Borders College for the sale of its Galashiels site to the College in return for 17.5 years rent-free occupation of part of the site, commencing from the 1st February 2008, the practical completion date for the redevelopment of the site.

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Debtors (continued)

	<i>Group</i>		<i>University</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade & research debt provision				
At 1 August	1,254	569	1,194	473
Provided for during the year	859	1,306	859	1,284
Utilised during the year	(852)	(621)	(801)	(563)
At 31 July	<u>1,261</u>	<u>1,254</u>	<u>1,252</u>	<u>1,194</u>

At 31st July 2009 debtors with a carrying value of £2,912,000 were impaired and provided for. The amount of the provision was £1,261,000. The aging of these debtors is as follows:

	<i>Group</i>	<i>University</i>
	<i>2009</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Between 3 to 6 months past due	850	847
Over 6 months past due	<u>2,062</u>	<u>2,059</u>
	<u>2,912</u>	<u>2,906</u>

The debtors assessed as individually impaired comprises student and commercial customers of £2,377,000 and research customers of £535,000 with whom it is judged there is an increased risk of default due to the age of the individual debts concerned.

Debtors that are less than three months past their due date are not considered impaired. As at 31st July 2009 debtors with a carrying value of £6,128,000 were past their due date but not impaired. The ageing of debtors which are past their due date but not impaired is as follows:

	<i>Group</i>	<i>University</i>
	<i>2009</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Less than 3 months past due	6,128	4,432
Between 3 to 6 months past due	-	-
Over 6 months past due	<u>-</u>	<u>-</u>
	<u>6,128</u>	<u>4,432</u>

The debtors assessed as past due but not impaired primarily relate to balances due from student and commercial customers of £4,296,000 and research customers of £1,832,000 with which there is no history of default recently.

All debtors are denominated in GB pounds. The carrying amount of short term receivables approximates their fair value. The effective interest rate on non-current debtors is nil.

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

16. Creditors: Amounts Falling Due Within One Year

	<i>Group</i>		<i>University</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loans	3,000	8,000	3,000	8,000
Obligations under finance leases	-	3	-	-
Grants in advance for research	12,446	12,204	12,445	12,204
Grants in advance from SFC	9,735	9,847	9,735	9,848
Other creditors	37	53	11	-
Trade creditors	3,626	4,019	3,346	3,736
Other taxation and social security	3,288	2,863	3,162	2,680
Accruals and deferred income	15,440	12,932	13,583	11,290
	<u>47,572</u>	<u>49,921</u>	<u>45,282</u>	<u>47,758</u>

All creditors are denominated in GB pounds. The carrying amount of short term payables approximates their fair value. The effective interest rate on non-current creditors, except bank loans, is nil.

17. Creditors: Amounts Falling Due After More Than One Year

	<i>Group</i>		<i>University</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loans	20,000	20,000	20,000	20,000
Deferred income	6,007	6,367	4,343	4,614
Other creditors	245	132	139	-
	<u>26,252</u>	<u>26,499</u>	<u>24,482</u>	<u>24,614</u>
The above loans are repayable as follows:				
In one year or less (note 17)	<u>3,000</u>	<u>8,000</u>	<u>3,000</u>	<u>8,000</u>
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	20,000	20,000	20,000	20,000
	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
	<u>23,000</u>	<u>28,000</u>	<u>23,000</u>	<u>28,000</u>

Bank loans comprise £3 million, repayable on 5th October 2009 at a rate of 2.016% and £20 million repayable between 2016 and 2037, at rates of between 5.05% and 5.62%.

NOTES TO THE ACCOUNTS
For the year ending 31st July 2009

18. Provisions For Liabilities And Charges

	<i>Pensions</i>	<i>Group and University</i>
	<i>£000</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>
At 1 August 2008	373	373
Provided for during the year	(35)	(35)
Utilised during the year	253	253
At 31 July 2009	591	591
To be spent before 31 July 2010	35	35

19. Deferred Capital Grants

	<i>Funding</i>	<i>Other</i>	<i>Total</i>
	<i>Council</i>	<i>Grants</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Group			
At 1 August 2008			
Buildings	22,055	10,702	32,757
Equipment	3,277	597	3,874
Total	25,332	11,299	36,631
Cash Received			
Buildings	6,276	370	6,646
Equipment	-	1,629	1,629
Total	6,276	1,999	8,275
Released to Income and Expenditure			
Buildings	(1,666)	(1,104)	(2,770)
Equipment	(415)	(1,467)	(1,882)
Total	(2,081)	(2,571)	(4,652)
At 31 July 2009			
Buildings	26,665	9,968	36,633
Equipment	2,862	759	3,621
Total	29,527	10,727	40,254

Cash received of £9,312,000 (2008: £9,312,000) is excluded from deferred capital grants and disclosed in creditors falling due within one year as it relates to grants received for which the matching tangible fixed asset was either still being constructed and/or was in the course of being purchased as at the year end date and so had not been capitalised.

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Deferred Capital Grants (continued)

University

At 1 August 2008

Buildings	21,997	9,057	31,054
Equipment	3,277	597	3,874
Total	<u>25,274</u>	<u>9,954</u>	<u>34,928</u>

Cash Received

Buildings	6,276	370	6,646
Equipment	-	1,521	1,521
Total	<u>6,276</u>	<u>1,891</u>	<u>8,167</u>

Released to Income and Expenditure

Buildings	(1,664)	(1,055)	(2,719)
Equipment	(415)	(1,461)	(1,876)
Total	<u>(2,079)</u>	<u>(2,516)</u>	<u>(4,595)</u>

At 31 July 2009

Buildings	26,609	8,372	34,981
Equipment	2,862	657	3,519
Total	<u>29,471</u>	<u>9,029</u>	<u>38,500</u>

20. Endowments

	<i>Restricted Expendable £000</i>	<i>Group Restricted Permanent £000</i>	<i>Total £000</i>	<i>Restricted Expendable £000</i>	<i>University Restricted Permanent £000</i>	<i>Total £000</i>
At 1 August 2008	2,735	3,919	6,654	2,735	2,592	5,327
Additions	-	57	57	-	57	57
Re-class to deferred grants	-	(150)	(150)	-	(150)	(150)
Transfers	(537)	537	-	(537)	537	-
Depreciation	(171)	(591)	(762)	(171)	(335)	(506)
Income for year	483	200	683	483	114	598
Expenditure for the year	(85)	(313)	(398)	(85)	(228)	(313)
At 31 July 2009	<u>2,425</u>	<u>3,659</u>	<u>6,084</u>	<u>2,425</u>	<u>2,587</u>	<u>5,012</u>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 August 2007	2,532	4,973	7,505	2,532	3,177	5,709
Additions	108	-	108	108	-	108
Depreciation	(99)	(974)	(1,073)	(99)	(505)	(604)
Income for year	408	83	491	408	-	408
Expenditure for the year	(214)	(163)	(377)	(214)	(80)	(294)
At 31 July 2008	<u>2,735</u>	<u>3,919</u>	<u>6,654</u>	<u>2,735</u>	<u>2,592</u>	<u>5,327</u>

NOTES TO THE ACCOUNTS
For the year ending 31st July 2009

21. Restricted Funds

	<i>Group</i>		<i>University</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Balance at 1 August	190	177	-	-
Income in the year	5	28	-	-
Expenditure in the year	(39)	(15)	-	-
Balance at 31 July	<u>156</u>	<u>190</u>	<u>-</u>	<u>-</u>

22. Investment Reserve

	<i>Group</i>		<i>University</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Balance at 1 August	43	258	-	-
Revaluation for the year	(39)	(215)	-	-
Balance at 31 July	<u>4</u>	<u>43</u>	<u>-</u>	<u>-</u>

23. Other Reserve

	<i>Group</i>		<i>University</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Balance at 1 August	(2)	(3)	-	-
Revaluation for the year	2	1	-	-
Balance at 31 July	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>-</u>

24. General Reserve

	<i>Group</i>		<i>University</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Balance at 1 August	16,168	19,191	9,439	14,220
Net surplus / (deficit) retained for the year	624	1,393	(437)	(393)
Transfer from reserves	(12,717)	(4,416)	(12,475)	(4,388)
Balance at 31 July	<u>4,075</u>	<u>16,168</u>	<u>(3,473)</u>	<u>9,439</u>

	<i>Group</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
The net surplus retained for the year is analysed as follows:		
University deficit	(437)	(393)
Gift Aid from subsidiaries	969	-
Surplus retained by subsidiaries	92	1,786
	<u>624</u>	<u>1,393</u>

NOTES TO THE ACCOUNTS
For the year ending 31st July 2009

General Reserve (continued)

Reconciliation:

	<i>Group</i>		<i>University</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Income and expenditure reserve	23,574	23,291	15,808	16,562
Pension reserve	(19,499)	(7,123)	(19,281)	(7,123)
Balance at 31 July	<u>4,075</u>	<u>16,168</u>	<u>(3,473)</u>	<u>9,439</u>

Represented by:

	<i>Group</i>		<i>University</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Income and expenditure account				
At 1 August	23,291	22,671	16,562	17,700
(Deficit) / surplus for the year	624	1,393	(437)	(393)
Transfer to pension reserve	(341)	(773)	(317)	(745)
At 31 July	<u>23,574</u>	<u>23,291</u>	<u>15,808</u>	<u>16,562</u>

	<i>Group</i>		<i>University</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Pension Reserve				
Deficit at 1 August	(7,123)	(3,480)	(7,123)	(3,480)
Current service cost	(1,754)	(1,849)	(1,726)	(1,806)
Employer contributions	2,619	1,979	2,562	1,926
Contributions in respect of unfunded benefits	14	15	14	15
Curtailments and settlements	(60)	-	(60)	-
Past service cost	(400)	-	(394)	-
Net return on assets	(78)	628	(79)	610
Actuarial losses	(12,717)	(4,416)	(12,475)	(4,388)
Deficit at 31 July	<u>(19,499)</u>	<u>(7,123)</u>	<u>(19,281)</u>	<u>(7,123)</u>

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

25. Reconciliation Of Surplus Before Tax To Net Cash Inflow From Operating Activities

	<i>Group</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
<u>Income & expenditure</u>		
Surplus on continuing operations after depreciation and disposal of assets and	875	1,520
Interest receivable	(534)	(916)
Interest payable	1,751	1,886
Taxation	33	-
	<u>2,125</u>	<u>2,490</u>
 <u>Fixed assets & deferred capital grants</u>		
Depreciation of tangible fixed assets	7,534	5,164
Amortisation of intangible fixed assets	81	80
Loss on disposal of tangible fixed assets	527	-
Deferred capital grants released to income	(4,652)	(2,756)
Transfer from deferred capital grants to creditors	-	(3,603)
	<u>3,490</u>	<u>(1,115)</u>
 <u>Endowments & pensions</u>		
Transfer from accumulated income to specific endowments	(285)	(114)
Transfer from accumulated income to restricted funds	34	(13)
Pension (income)	(341)	(773)
Net return on pension assets	78	(628)
	<u>(514)</u>	<u>(1,528)</u>
 <u>Working capital</u>		
(Increase) / decrease in fixed asset investments	(2,009)	176
(Increase) / decrease in stocks	(1)	-
Decrease / (increase) in debtors	1,082	(3,150)
Increase in creditors	2,407	9,504
Increase / (decrease) in provisions	218	(33)
	<u>1,697</u>	<u>6,497</u>
 <u>Reserves</u>		
(Decrease) / increase in restricted funds	(34)	13
(Decrease) in investment reserve	(39)	(215)
Increase in revaluation reserve	2	1
	<u>(71)</u>	<u>(201)</u>
	<u>6,727</u>	<u>6,143</u>
Net Cash Inflow from Operating Activities		

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

26. Returns On Investment And Servicing Of Finance

	<i>Group</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Income received on specific endowments	683	486
Expenditure paid on specific endowments	(398)	(303)
Interest received	535	899
Income received on restricted funds	5	28
Expenditure paid on restricted funds	(39)	(15)
Other investment income received	-	4
Interest paid	(1,751)	(1,886)
Net return on pension assets	(78)	628
Net Cash Outflow from Returns on Investment and Servicing of Finance	<u>(1,043)</u>	<u>(159)</u>

27. Capital Expenditure And Financial Investment

	<i>Group</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Purchase of tangible fixed assets	(10,909)	(14,317)
Proceeds on disposal of tangible fixed assets	44	-
Payments to acquire endowment assets	(192)	(291)
Deferred capital grants received	8,275	5,839
Endowments received	(93)	108
Net Cash Outflow from Capital Expenditure and Financial Investment	<u>(2,875)</u>	<u>(8,661)</u>

28. Financing

	<i>Group</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
New amounts drawn down	-	4,147
Repayment of amounts borrowed	(5,000)	-
Capital element of finance lease rentals paid	(3)	(18)
Net Cash (Inflow) / Outflow from Financing	<u>(5,003)</u>	<u>4,129</u>

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

29. Analysis Of Changes In Net (Debt) / Funds

	<i>At 1 August 2008 £000</i>	<i>Cash Flows £000</i>	<i>Non-cash Changes £000</i>	<i>At 31 July 2009 £000</i>
Cash at bank and in hand	11,668	(2,194)	-	9,474
	<u>11,668</u>	<u>(2,194)</u>		<u>9,474</u>
Debts due within one year	(8,000)	5,000	-	(3,000)
Debts due after one year	(20,000)	-	-	(20,000)
Finance leases	(3)	3	-	-
	<u>(16,335)</u>	<u>2,809</u>	<u>-</u>	<u>(13,526)</u>

Had the cash held under endowment asset investments been included above, the net cash outflow would have been £3,001,000 with net debt at 31 July 2009 of £11,933,000 (2008: £14,934,000). However, to reflect more accurately the restricted nature of the cash held for endowments the group considers the exclusion of this cash from the above figures gives a fairer view of the group's net debt.

30. Pension Schemes

The total pension charge in the financial statements reflects the costs incurred by the group during the year of £9,703,000 (2008 - £7,825,000).

	<i>Group</i>	
	<i>2009 £000</i>	<i>2008 £000</i>
The total pension charge is analysed as follows:		
Universities Superannuation Scheme	7,911	5,683
Lothian Pension Fund	1,686	2,047
Scottish Teachers Superannuation Scheme	106	111
Supplementary Pension Scheme	-	(16)
	<u>9,703</u>	<u>7,825</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The latest actuarial valuations of the USS and Lothian Pension Fund (LPF) schemes were on 31st March 2008, of the Scottish Teachers Superannuation Scheme on 31st March 2005 and of the Supplementary Pension Scheme (SPS) on 31st July 2004.

In accordance with FRS17 'Retirement Benefits' the total pension charges disclosed for both LPF and the SPS are the current service cost which represents the increase in the present value of the schemes' liabilities expected to arise from employee service in the current year.

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Pension Schemes (continued)

Universities Superannuation Scheme

Heriot-Watt participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustee is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trustee deeds and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest actuarial valuation of the scheme was at 31st March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt 'a statutory funding objective', to have sufficient and appropriate assets to pay its benefits as they fall due (the technical provisions).

The valuation was carried out using the projected unit method and the financial assumptions were derived from market yields prevailing at the valuation date.

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment returns over gilts of 2% per annum). An inflation risk premium' adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI, which corresponds broadly to 2.75% for RPI per annum).

Although the technical provisions relate essentially to the past service liabilities and funding levels, it was also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions, except that the valuation rate of interest assumed assets outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions), giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high.

The assumptions used (to which the valuation results were particularly sensitive) are shown in the table below.

	<i>2008 future service</i>	<i>2008 past service</i>
Investment return pre-retirement	6.1%	4.4%
Investment return post-retirement	6.1%	4.4%
Pension increases	3.3%	3.3%
Salary increases	4.3%	4.3%
Promotional salary increase	Scale	Scale + £1.35bn*
Retirement age (active members)	62	62
Pre-retirement mortality	PA92 medium cohort rated down 1 year for males	
Post-retirement mortality	PA92 medium cohort rated down 1 year for males	

* An additional allowance for increases in salaries due to age and promotion, reflecting historic Scheme experience, with a further cautionary reserve for past service liabilities.

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Pension Schemes (continued)

The further life expectancies for a male / female at age 65 are:

- Pre-retirement mortality (current age 45) : males 24.0 years / females 25.9 years
- Post-retirement mortality (current age 65) : males 22.8 years / females 24.8 years

At the valuation date, the value of the assets of the scheme was £28,842 million and the value of the scheme's technical provisions was £28,135 million, indicating a surplus of £707 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at 31st March 2008 (the valuation date).

- On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts), the funding level was approximately 71%.
- Under the Pension Protection Fund regulations, introduced by the Pensions Act 2004, the Scheme was 107% funded.
- On a buy out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 70% of the amount necessary to secure all the USS benefits with an insurance company.
- Using FRS 17, as if USS was a single employer scheme, and using an AA bond discount rate of 6.5% per annum, based on spot yields, the actuary estimated that the funding level was 104%.

The institution contribution rate required for future service benefits at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, has accordingly agreed to increase the institution contribution rate by 2% to 16% as from 1st October 2009.

Since 31st March 2008 global investment markets have fallen and at 31st March 2009 the actuary has estimated that the funding level under the technical provisions had fallen from 103% to 74%. This estimate is based on the funding level at 31st March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions.

Surpluses or deficits which arise at future valuations may impact on Heriot-Watt's future contribution commitment. A deficit may require additional funding in the form of higher contributions, whereas a surplus could be used to reduce contribution requirements.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Valuation rate of interest	Increase / decrease by 0.5%	Decrease / Increase by £2.2 billion
Rate of pension increases	Increase / decrease by 0.5%	Increase / decrease by £1.5 billion
Rate of salary growth	Increase / decrease by 0.5%	Increase / decrease by £0.7 billion
Rate of mortality	More prudent assumption (move to long cohort future improvements)	Increase by £1.6 billion

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

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Pension Schemes (continued)

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

The next formal triennial valuation is due as at 31st March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The total contribution made for the year ended 31st July 2009 was £8,161,000 (2008: £7,265,000), of which employer's contributions totalled £7,911,000 (2008: £5,683,000) and employee's contributions totalled £250,000 (2008: £1,582,000). The agreed contribution rates set are 16% (2008: 14%) for the employer and 6.35% (2008: 6.35%) for employees.

The employer's contributions include £98,000 (2008: £90,000) of outstanding contributions at the balance sheet date.

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Pension Schemes (continued)

Lothian Pension Fund

A full actuarial valuation was carried out at 31st March 2008 by a qualified independent actuary.

The major assumptions used by the actuary were:

	2009	2008
Price increases	3.7%	3.8%
Salary increases	5.2%	5.3%
Pension increases	3.7%	3.8%
Discount rate	6.0%	6.7%

The assets in the scheme and the expected rate of return at the last actuarial review date were:

	<i>Long term rate of return % p.a.</i>	<i>Assets at 31 July 2009 £000</i>	<i>Long term rate of return % p.a.</i>	<i>Assets at 31 July 2008 £000</i>
Equities	7.3%	37,054	7.8%	37,419
Bonds	5.3%	4,169	5.7%	4,485
Property	5.3%	4,169	5.7%	5,780
Cash	4.3%	926	4.8%	1,536
Total		<u>46,318</u>		<u>49,220</u>

The following amounts represent Heriot-Watt University's share of the scheme at 31st July 2009 and were measured in accordance with the requirements of FRS 17:

Reconciliation of employer assets

	2009	2008
	£000	£000
At 1 August	49,220	52,489
Expected return on assets	3,626	3,917
Contributions by members	681	578
Contributions by employer	2,544	1,978
Benefits paid	(2,233)	(1,148)
Actuarial losses	(7,520)	(8,594)
At 31 July	<u>46,318</u>	<u>49,220</u>

NOTES TO THE ACCOUNTS
For the year ending 31st July 2009

Pension Schemes (continued)

Reconciliation of present value of liabilities

	2009 £000	2008 £000
At 1 August	(56,283)	(55,755)
Current service cost	(1,754)	(1,849)
Interest cost	(3,693)	(3,270)
Contributions by members	(681)	(578)
Curtailements and settlements	(60)	-
Past service cost	(400)	-
Benefits paid	2,233	1,148
Actuarial (losses) / gains	(5,155)	4,021
At 31 July	<u>(65,793)</u>	<u>(56,283)</u>
Net pension liability (A-B)	<u>(19,475)</u>	<u>(7,063)</u>

Analysis Of Amount Charged To Operating Profit

	2009 £000	2009 % of payroll	2008 £000	2008 % of payroll
Amount charged to operating profit (A)				
Service cost	1,754	15.9%	1,849	19.1%
Past service cost	400	3.6%	-	-
Total Operating Charge (A)	<u>2,154</u>	19.5%	<u>1,849</u>	19.1%

Analysis Of Amount Credited To Other Finance Income

	2009 £000	2009 % of payroll	2008 £000	2008 % of payroll
Expected return on employer assets	3,626	32.9%	3,917	40.5%
Interest on pension scheme liabilities	(3,693)	(33.5)%	(3,270)	(33.8)%
Net Return (B)	<u>(67)</u>	0.6%	<u>647</u>	6.7%
Estimated net revenue account cost (A) – (B)	<u>2,221</u>	20.1%	<u>1,202</u>	12.4%

Analysis Of Amount Recognised In The Statement Of Total Recognised Gains And Losses (STRGL)

	2009 £000	2008 £000
Actual return less expected return on pension scheme assets	(7,520)	(8,594)
Experience gains / (losses) arising on the scheme liabilities	1,428	(12)
Changes in assumptions underlying the present value of the scheme liabilities	(6,583)	4,033
Actuarial loss in pension plan	<u>(12,675)</u>	<u>(4,573)</u>
Actuarial loss recognised in STRGL	<u>(12,660)</u>	<u>(4,539)</u>

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Pension Schemes (continued)

Movement In Deficit During The Year

	2009 £000	2008 £000
Deficit at start of the year	(7,063)	(3,266)
Current service cost	(1,754)	(1,849)
Employer contributions	2,530	1,963
Contributions in respect of unfunded benefits	14	15
Curtailments and settlements	(60)	-
Past service losses	(400)	-
Net return on pension assets	(67)	647
Actuarial losses	(12,675)	(4,573)
Deficit at end of the year	<u>(19,475)</u>	<u>(7,063)</u>

History Of Experience Gains And Losses

	2009 £000	2008 £000
Difference between expected and actual return on assets	(7,520)	(8,594)
Value of assets	46,318	49,220
<i>Percentage of assets</i>	<i>(16.2)%</i>	<i>(17.5)%</i>
Experience gains / (losses) on liabilities	1,428	(12)
Total present value of liabilities	65,793	56,283
<i>Percentage of the total present value of liabilities</i>	<i>2.2%</i>	<i>-</i>
Actuarial loss recognised in STRGL	(12,675)	(4,539)
Total present value of liabilities	65,793	56,283
<i>Percentage of the total present value of liabilities</i>	<i>(19.3)%</i>	<i>(8.1)%</i>

The total contribution made for the year ended 31st July 2009 was £3,220,000 (2008: £2,796,000), of which employer's contributions totalled £2,554,000 (2008: £2,176,000) and employee's contributions totalled £666,000 (2008: £620,000). The agreed contribution rates for future years are 25.9% (2008: 21.4%) for employers and 6.0% (2008: 6.0%) for employees.

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Pension Schemes (continued)

Scottish Teachers Superannuation Scheme

Heriot-Watt participates in the Scottish Teachers Superannuation Scheme (STSS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). STSS operates on a notionally funded basis. The latest actuarial valuation of the scheme was at 31st March 2005 and was carried out using the prospective benefit method.

The 2005 actuarial valuation date was carried out using an approach known as ‘superannuation contributions adjusted for past experience’ (SCAPE). Using SCAPE, with effect from 1st April 2001, the notional investments will earn a real rate of return (in excess of price increases) specified by the Government Actuary. In addition, the Teachers Superannuation (Scotland) Amendment Act 2003 states that, for the purposes of the actuarial review as at 31st March 2005, the balance in the account at that date shall be such that the value of the scheme’s assets equals the value of the scheme’s liabilities.

The assumptions used (to which the valuation results were particularly sensitive) are shown in the table below.

	Valuation
Gross rate of return	6.5%
Real rate of return in excess of prices	3.5%
Real rate of return in excess of earnings	2.0%
Rate of real earnings growth	1.5%
Mortality for new members	PA92 tables rated down 2 years for males and 1 years for females
Mortality for existing & deferred members	PA92 tables rated down 1.5 years for males and 0.5 years for females
Mortality for existing pensioners	PMA 92 tables rated down 1 year for males

The assumed life expectancy at age 60 of existing pensioners is 25.5 years for men and 27.5 years for women.

At the valuation date, the value of the assets of the scheme was £18.5 million and the present value of liabilities was £19.5 million, indicating a deficit of £1 million. Included within the scheme’s assets were notional investments of £13 million held in the SCAPE account.

The institution contribution rate required for future service benefits at the date of the valuation was 14.9% of pensionable salaries and, on the advice of the actuary, it was agreed to increase the institution contribution rate by 1.4% to 14.9% as from 1st April 2009.

Surpluses or deficits which arise at future valuations may impact on Heriot-Watt’s future contribution commitment. A deficit may require additional funding in the form of higher contributions, whereas a surplus could be used to reduce contribution requirements.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Rate of mortality	Active members of the scheme live for 1 year more or 1 year less	Standard contribution rate increases decreases by 0.25%

The next formal triennial valuation is due as at 31st March 2009.

The total contribution made for the year ended 31st July 2009 was £154,000 (2008: £163,000), of which employer’s contributions totalled £106,000 (2008: £111,000) and employee’s contributions totalled £48,000 (2008: £52,000). The agreed contribution rates for future years are 14.9% (2008: 13.5%) for employers and 6.4% (2008: 6.4%) for employees. The employer’s contributions include £13,000 (2008: £14,000) of outstanding contributions at the balance sheet date.

NOTES TO THE ACCOUNTS
For the year ending 31st July 2009

Pension Schemes (continued)

Supplementary Pension Scheme

A full actuarial valuation was carried out at 31st March 2007 by a qualified independent actuary.

The major assumptions used by the actuary were:

	2009	2008
Price increases	3.3%	3.8%
Pension increases	3.3%	3.8%
Discount rate	6.0%	6.7%

The assets in the scheme and the expected rate of return at the last actuarial review date were:

	<i>Long term rate of return % p.a.</i>	<i>Assets at 31 July 2009 £000</i>	<i>Long term rate of return % p.a.</i>	<i>Assets at 31 July 2008 £000</i>
Fixed interest & index linked securities	5.5%	1,061	4.7%	990
Total		<u>1,061</u>		<u>990</u>

The following amounts represent Heriot-Watt University's share of the scheme at 31st July 2009 and were measured in accordance with the requirements of FRS 17:

Reconciliation of employer assets

	2009	2008
	£000	£000
At 1 August	990	941
Expected return on assets	56	43
Contributions by employer	89	16
Benefits paid	(58)	(56)
Actuarial (losses) / gains	(16)	46
At 31 July	<u>1,061</u>	<u>990</u>

Reconciliation of present value of liabilities

	2009	2008
	£000	£000
At 1 August	(1,035)	(1,106)
Interest cost	(67)	(62)
Benefits paid	58	56
Actuarial (losses) / gains	(41)	77
At 31 July	<u>(1,085)</u>	<u>(1,035)</u>
Net pension liability (A-B)	<u>(24)</u>	<u>(45)</u>

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Pension Schemes (continued)

Analysis Of Amount Credited To Other Finance Income

	2009	2008
	£000	£000
Expected return on employer assets	56	43
Interest on pension scheme liabilities	(67)	(62)
Net Return	(11)	(19)
Estimated net revenue account cost	<u>(11)</u>	<u>(19)</u>

Analysis Of Amount Recognised In The Statement Of Total Recognised Gains And Losses (STRGL)

	2009	2008
	£000	£000
Actual return less expected return on pension scheme assets	(16)	46
Experience (losses) / gains arising on the scheme liabilities	(18)	29
Changes in assumptions underlying the present value of the scheme liabilities	(23)	48
Actuarial (loss) / gain in pension plan	<u>(57)</u>	<u>123</u>
Actuarial (loss) / gain recognised in STRGL	<u>(57)</u>	<u>123</u>

Movement In Deficit During The Year

	2009	2008
	£000	£000
(Deficit) at start of the year	(45)	(165)
Employer contributions	89	16
Net return on pension assets	(11)	(19)
Actuarial (losses) / gains	(57)	123
(Deficit) at end of the year	<u>(24)</u>	<u>(45)</u>

History Of Experience Gains And Losses

	2009	2008
	£000	£000
Difference between expected and actual return on assets	(16)	46
Value of assets	1,061	990
Percentage of assets	(1.5)%	4.6%
Experience (losses) / gains on liabilities	(18)	29
Total present value of liabilities	1,085	1,035
Percentage of the total present value of liabilities	(1.7)%	2.8%
Actuarial (losses) / gains recognised in STRGL	(57)	123
Total present value of liabilities	1,085	1,035
Percentage of the total present value of liabilities	(5.2)%	11.9%

The total contribution made for the year ended 31st July 2009 was £89,000 (2008: £16,000), of which employer's contributions totalled £89,000 (2008: £16,000) and employee's contributions totalled £nil (2008: £nil).

NOTES TO THE ACCOUNTS
For the year ending 31st July 2009

31. Post Balance Sheet Events

There are no material post Balance Sheet events.

32. Capital Commitments

Provision has not been made for the following capital commitments at 31st July 2009:

	<i>Group</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Commitments contracted	3,193	5,178
Authorised but not contracted	2,000	300
	<u>5,193</u>	<u>5,478</u>

33. Financial commitments

At 31st July 2009 there were annual commitments under non-cancellable operating leases as follows:

	<i>Group</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Other:		
Expiring within one year	148	277
Expiring between two to five years inclusive	131	52
Expiring in over five years	10	-
	<u>289</u>	<u>329</u>

34. Contingent Liability

There are no material contingent liabilities.

35. Related Party Transactions

There are no material related party transactions.

36. Access Funds

	<i>Group</i>		
	<i>Childcare</i>	<i>Hardship</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 August 2008	-	9	9
Funding Council grants	40	332	372
Disbursed to students	(38)	(321)	(359)
Balance unspent at 31 July 2009	<u>2</u>	<u>20</u>	<u>22</u>
Repayable to funding body	<u>-</u>	<u>-</u>	<u>-</u>

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

NOTES TO THE ACCOUNTS
For the year ending 31st July 2009

37. Financial Instruments

The University group has exposure to the following risks from the use of financial instruments:-

- Liquidity risk
- Credit risk
- Market risk

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The University's approach to managing liquidity is to ensure that it will have sufficient liquid funds to meet its liabilities as they fall due.

The group's key income sources are set out in notes 2 to 6 above. These income streams are considered by the University to be reliable and stress tests against the bank covenants in place show these income streams to be more than sufficient to satisfactorily service the existing level of debt.

Liquidity is managed by the use of the annual operating plan process and the monitoring of actual performance against budgets and forecasts.

The table below details the contractual maturities of financial liabilities.

	<i>Carrying amount</i>	<i>Contractual cashflows</i>	<i>Within one year</i>	<i>After more than one year</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Financial liabilities				
Trade creditors and other payables	29,377	-	29,377	-
Other financial liabilities	23,000	-	3000	20,000
	<u>52,377</u>	<u>-</u>	<u>32,377</u>	<u>20,000</u>

Credit risk

Credit risk is the risk of financial loss to the University group if a customer or counter party fails to meet its contractual obligations and arises from the trade receivables.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

The University operates a debt management process including monitoring, escalation procedures and recourse to court action to recover monies outstanding. Provision is made for doubtful receivables upon the age of the debt and experience of collecting overdue debts. Cash and cash equivalents are held with banks which are not expected to fail.

The maximum exposure to credit risk at the reporting date was:-

	<i>Carrying Amount</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Financial assets		
Trade debtors and other receivables	13,378	13,490
Cash and cash equivalents	9,474	11,668
	<u>22,852</u>	<u>25,158</u>

The movement in the impairment provision in respect of financial assets is set out in Note 15 above.

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Financial Instruments (continued)

Market risk

Market risk is the risk that market prices such as interest rates, foreign exchange rates and equity prices will affect income or the value of holdings in financial instruments.

Interest rate risk

The University holds the following fixed rate interest rate swap arrangements:

- A swap was entered into on 28th June 2002 for £10 million at 5.05%, expiring on 30th September 2016 and amortising on a straight line basis from 31st December 2008.
- A swap was entered into on 28th June 2002 for £5 million at 5.62%, expiring on 30th September 2016 and amortising on a straight line basis from 31st December 2008.
- A swap was entered into on 5th October 2007 for £5 million at 5.03%, rising to £18 million on 30th September 2016, expiring on 31st March 2037 and amortising on a straight line basis from 30th September 2014.

At the balance sheet date the market risk of the University group's interest bearing financial instruments was as follows:-

	Carrying Amount	
	2009	2008
	£000	£000
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	20,000	20,000
	<u>20,000</u>	<u>20,000</u>
	Carrying Amount	
	2009	2008
	£000	£000
Variable rate instruments		
Financial assets	-	-
Financial liabilities	3,000	8,000
	<u>23,000</u>	<u>28,000</u>

Currency risk

The University group is exposed to currency risk on transactions and balances that are denominated in currencies other than sterling. Whenever practical, the University enters into agreements in its functional currency in order to minimise currency risks. The University group is exposed to currency risks from its activities conducted overseas but does not enter into any hedge arrangements and does not consider currency risk to be material.

NOTES TO THE ACCOUNTS

For the year ending 31st July 2009

Financial Instruments (continued)

Fair values

The fair values, together with the carrying amounts of financial assets and liabilities in the balance sheet are as follows:-

	<i>Carrying amount</i>	<i>Fair value</i>	<i>Carrying amount</i>	<i>Fair value</i>
	<i>2009</i>	<i>2009</i>	<i>2008</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Financial assets held for sale	-	-	-	-
Trade debtors and other receivables	13,378	13,378	13,490	13,490
Cash and cash equivalents	9,474	9,474	11,668	11,668
Trade creditors and other payables	29,377	29,377	29,121	29,121
	<u>52,229</u>	<u>52,229</u>	<u>54,279</u>	<u>54,279</u>

Estimation of fair values

The following methods and assumptions were used to estimates fair values:-

Financial assets held for sale	Based on an assessment of recoverable amounts
Trade debtors and other receivables	Fair value deemed to be the same as book value
Cash and cash equivalents	Fair value deemed to be the same as book value
Trade creditors and other payables	Fair value deemed to be the same as book value

MEMBERS OF COURT

At 14th December 2009

Chancellor	Baroness Susan Greenfield ¹	CBE, MA, Dphil, DSc, FRCP
Chairman of Court	The Rt Hon Lord George Penrose ¹	MA, LLB
Principal & Vice-Chancellor	Professor Steve Chapman ⁵ <i>Professor Anton Muscatelli</i> ⁴	FRSE, FRSC <i>FRSA, FRSE, AcSS</i>
Vice-Principal	Professor Andrew C Walker	BA, MSc, PhD, CPhys, FInstP, FRSE
City of Edinburgh	Councillor Tim McKay ¹	BSc, FCA, ASIP
Convocation	Graeme Bissett ¹ Shonaig Macpherson ^{1,3} <i>Malcolm Durie</i> ^{1,2} <i>Judith McClure</i> ^{1,6}	BA, CA CBE, LIB, DUniv, FRSE <i>BSc, CEng</i> <i>CBE, MA, DPhil, FRSA, FSA</i>
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Staff	Professor Dugald Duncan Mr Allan Gray ³ Jane Queenan <i>James Maguire</i> ²	BSc, PhD LLB, MBA
Graduates	Mr Malcolm Durie ¹ Mr Gregor Colville ^{1,3} <i>Yvonne Savage</i> ^{1,2}	BSc, CEng MEng, MSc, DIC, CEng, FIES, MEI, MIEAust, AMICHEM, ProfGradMMM <i>BA</i>
Students Association	Mr Simon Eltringham ^{1,3} Mr Murray J. Hope ^{1,3} <i>Ruth Bush</i> ^{1,2} <i>Ewan Wood</i> ^{1,2}	MSc BArch, BSc <i>MSc</i>
Co-opted	Neil Fraser ¹ Mr Iain McLaren ^{1,3} Dr Alan Parsley ¹ Mr David Robinson ^{1,3} Ed Weeple ¹ (vacancy) <i>Andrew Muirhead</i> ⁷ <i>Ray Perman</i> ^{1,2} <i>David Woods</i> ^{1,2}	BA BA, CA BSc, PhD MA, FFA CB, MA <i>FCIBS, MBA</i> <i>BA, MBA</i> <i>MA MSc FIA</i>

¹ Lay Member of Court

² Member until 31st July 2009

³ Member from 1st August 2009

⁴ Member until 31st August 2009

⁵ Member from 1st September 2009

⁶ Member until 11 March 2009

⁷ Membership held in abeyance in 2008/9 and 2009/10

MEMBERSHIP OF COMMITTEES OF COURT

At 14th December 2009

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Mr J E Chambers
Dr A Parsley
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Mr D Woods (Convenor until 31 July 2009)¹

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MEMBERSHIP OF COMMITTEES OF COURT

At 14th December 2009

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Mr M Breaks (until 26 August 2009)
Professor S Chapman (from 1 September 2009)
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Professor G H O Palmer
Lord G Penrose
*Professor J Sawkins*¹
Mr B Stewart
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*Ms Ruth Bush*¹
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Professor R Craik
Ms A Edgar
Mr S Eltringham (from 1 August 2009)
Dr J Hansen (from 28 September 2009)
Professor A Harley (from 28 September 2009)
Ms A Jones
*Mr J Maguire*¹
Ms M McMillan
*Professor A Muscatelli*²
Dr A Myers (until 30 September 2009)
Professor G Palmer
Lord G Penrose
Mr M Timmins
*Mr E Weeple (Convenor until 31 July 2009)*¹

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Court members;
Professor S Chapman (from 1 September 2009)
*Professor A Muscatelli*²
Lord G Penrose
Professor A C Walker
Mr E Weeple

UCU representatives (membership ad-hoc for each meeting):

Professor R Aylett
Dr D Jamieson
Dr D McNeil
Mr I Black
Dr P Cumber
Dr G Rosair

EIS/ULA representatives (membership ad hoc for each meeting):

Dr A Fotheringham (Convenor)
Mr I McDonald
Mr M Parker
Mr M Timmins

¹ Member until 31 July 2009

² Member until 31 August 2009

Contact us

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