



UNIVERSITY OF
GIBRALTAR

ANNUAL REPORT & FINANCIAL STATEMENTS 2018/2019







**ANNUAL REPORT
& FINANCIAL
STATEMENTS**
2018/2019

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FOREWORD BY THE CHAIRMAN OF THE BOARD OF GOVERNORS

This year's Annual Report and Financial Statements highlight the numerous ways in which the University of Gibraltar is realising its goal of becoming an internationally recognized higher education centre.

Professor Catherine Bachleda, who had been operating in an acting capacity, was permanently appointed as Vice-Chancellor on 1st June 2019.

Since taking up office she has been focussing on delivering and meeting our Strategic Plan; its overarching theme being building excellence. It is designed to ensure that we invest in excellence and opportunity.

The past year has seen the University grow into a more focussed organisation. It is very well positioned for the future and we are currently on track to achieving the goals laid out in our 2020 strategic goals and targets.

We listen to the market and continue to launch new relevant programmes. This year we have added an MBA and PGCE. We also have additional programmes in development, including an MA in Leadership and Management, and a BSc in Nursing as well as Responsible Gaming courses.

In addition, the Gibraltar Maritime Academy, established this year and which is part of the University of Gibraltar will also be offering four Maritime degrees as from September 2020.

Furthermore, important steps have been taken towards the establishment of a Centre of Excellence in Responsible Gaming, which will undertake evidence-based research in responsible gaming. This research will guide the development of cutting edge, industry-based, responsible gaming initiatives.

We have also provided facilities for courses, research and learning into distributed ledger technologies operations. It is pleasing to see that the University of Gibraltar is leading the way in blockchain education.

We operate in a challenging and competitive environment and shall continue to be adaptive and agile to respond to these and make the most of future opportunities.

The University is now also able to offer student accommodation. This consists of two blocks with 144 purpose-built student rooms. These are available to local students and most importantly will allow us to



Albert D Langston MBE, GMD
Chairman of the Board of Governors

attract international students to the University. This is a key part of our development allowing us to expand as an internationally recognised higher education centre.

It has likewise been an effective year for the Board of Governors. I am extremely pleased with the collaborative atmosphere we have created and our adherence to best practices which has permitted us to make progress on so many fronts. The members sitting on the Board are all committed to making the University a place of excellence.

I firmly believe that the Board's ability to guide the University depends on the quality and dedication of its members and I would like to thank all those sitting, as well as Dr Joey Britto, for their continued involvement and support.

I wish to congratulate Professor Clive Finlayson MBE, on his election as one of our Beacon Professors. These prestigious appointments are unique to our University.

I would also like to thank Ruth Parasol and the Parasol Foundation Trust as well as the Kishin Alwani Foundation for their generosity and support.

I also would like to thank HM Government of Gibraltar and the Hon Gilbert Licudi QC, MP, Minister responsible for the University, for the continued support which the University receives.

I also wish to extend my thanks to our Chancellor Lord Luce for his continued support.

It is not possible to include everything within this document, but the following pages highlight some of the achievements and excellent work undertaken during the past year.

On behalf of the Board I would like to thank students, all academic and support staff, the Vice-Chancellor Professor Catherine Bachleda and the Executive Team for their hard work and commitment over the past year.

Albert D Langston MBE, GMD

Chair of the Board of Governors

19 December 2019

VICE-CHANCELLOR'S EXECUTIVE SUMMARY

It has been another exciting year for the University of Gibraltar and I am delighted to be able to share some of the key academic highlights for the 2018/19 period.

Adding to our Bachelor of Business Administration with Honours (BBA Hons) and MSc in Marine Science and Climate Change, this year saw the Academic Board approving two new programmes; the Master of Business Administration (MBA) and the Post Graduate Certificate of Education (PGCE). Both programmes were developed in line with the UK Quality Assurance Agency (QAA) Quality Code and included a review by a Validation Panel comprised of external experts. Notably for the PGCE, the expert panel commented that the programme was “innovative and high quality” and likely to “enhance the education of children in Gibraltar.” The two new programmes were successfully launched in September 2019, and have been particularly attractive to local students, with Gibraltar’s professionals and graduates taking advantage of the option to study for these qualifications at our University rather than via distance learning.

Looking ahead, we will launch a further four programmes at the start of the 2020/21 academic year: a MA in Leadership and Management (offered both part-time and full-time), a BSc (Hons) Maritime Science (Engineering) with cadetship, a BSc (Hons) Maritime Science (Nautical) with cadetship programme, and a BSc (Hons) Adult Nursing. All programmes are being developed in collaboration with either well-known UK universities or UK industry experts. As a result, we anticipate that our numbers of international students will continue to grow in the 2020/21 academic year, aided by an active regional and international recruitment campaign and the recent availability of University student accommodation.

Our PhD programme continues to flourish, now with 16 PhD research students, mainly local, all of whom are conducting meaningful research that will benefit the wider community. This year also saw the enrolment of the University’s first two full time Commonwealth Scholarship PhD students. All of our PhD students are supported by one of our Research Institutes; the Institute of Life and Earth Sciences, headed by Beacon Professor Clive Finlayson, the Institute of Education, headed by Dr Joey Britto, and the Institute for Gibraltar and Mediterranean Studies, headed by Dr Jennifer Ballantine, as well as a host of researchers within the Institutes who so generously give of their time and expertise.



Prof Catherine Bachleda
Vice-Chancellor

This past year also saw growing numbers of students attending our professional courses, particularly those that link closely with the Gibraltar economy. The Professional Certificates in Law and Taxation, together with other professional courses such as CILEx (law), CII (insurance), AAT (accounting), and short courses such as Digital Innovation, Business Improvement, and Financial and Management Accounting all continued to be popular, as did the Professional Certificate of Competence in Blockchain and Smart Contracts which was launched towards the end of the academic year, in direct response to requests from industry.

In recognition of the quality of many of our industry focussed short courses, the University received full membership of the CPD Certification Service providing recognised independent Continuous Professional Development accreditation compatible with global CPD principles. In addition, the University was licensed by ACCA as a computer-based examination centre, allowing external examination candidates to sit their professional accountancy examinations online from the University. Another highlight of the year came in the form of the University’s Europa Point Language Centre receiving the coveted Approved Provider Centre status from Cambridge Assessment English.

During the year, the University appointed a Director of Academic Quality & Learning to ensure that all University of Gibraltar degrees continue to be aligned to UK quality standards and simultaneously support

VICE-CHANCELLOR'S EXECUTIVE SUMMARY (CONT.)

the University's efforts of continuously enhancing the student experience. The University's standards were also recognised internationally with the UK Higher Education representative body, 'GuildHE' describing the University as "small by design, strong links to local business, and committed to high-quality provision"; the influential UK Higher Education publication, 'Wonkhe', stating that "the regulatory structures surrounding the University of Gibraltar are fascinating. It's like the English system drawn in miniature"; and a recent visit by the UK Quality Assurance Agency providing positive feedback about the quality processes the University has in place.

Looking forward, Brexit will no doubt continue to have implications for student and staff recruitment and research funding. However, the University will continue to prepare for these challenges by focusing on its strengths and taking advantage of the opportunities that also lie ahead.

In closing, I would like to highlight that the achievements of the University detailed in this Annual Report are ultimately due to the commitment to excellence and professionalism of all the Unigib team in everything they do and for which I am very grateful.

I would also like to thank Ruth Parasol and the Parasol Foundation Trust, whose generous donations to the University have enabled the expansion of our academic portfolios through curriculum development funding, the establishment of the University Library, and the life-changing opportunity provided to four BBA students who without support would not have had the opportunity to attend University.

My gratitude also extends to our Chancellor Lord Luce, who sadly will be stepping down this year after four years in office, the local and international

academics that form part of our Academic Board and its subcommittees, and our Board of Governors all of whom have continued to provide unwavering support and guidance to the University this past year.

Finally, on behalf of the University community, I want to thank HM Government of Gibraltar, and in particular the Hon Gilbert Licudi QC, MP, for their significant commitment, which continues to enable us to create a modern higher education institution that supports innovative, inspiring and participative modern learning.

Professor Catherine Bachleda

Vice-Chancellor

19 December 2019

OPERATING REVIEW

A Year of Consolidation and Progress

The 2018/19 academic year saw continued progress by the University in courses offered, tuition fees received, and students enrolled.

	Academic year 2018/19	Academic year 2017/18	Academic year 2016/17
Academic Programmes*	30	19	18
Professional Courses and Certificates*	175	157	151
Short Courses	137	123	108
Total	342	299	277

*Academic Programmes do not include students enrolled with GHA School of Health Studies who received some tuition at the University. Academic credit is awarded by Kingston University, London, and St George's University, London.

Research Presence

The University's flagship PhD programme, involving 16 researchers at various stages in their individual research projects, continued to flourish.

New submissions of PhD Research proposals for the 2019/20 academic year, involving Gibraltar and/or Mediterranean-related subjects, were also invited. Researchers include two Commonwealth Scholars who receive financial support for their PhD studies, including University fees, some travel, and a monthly allowance for a 3-year full-time period of study.

The research presence of the University's Institute of Life and Earth Sciences, and Institute for Gibraltar and Mediterranean Studies, both locally and abroad, saw further development over the past year. The University also once again hosted the annual Calpe Conference; the September 2019 conference focused on 'Archaeological and Heritage Research in Gibraltar: the past thirty years'.

In addition, the University's Parasol Library, financed by the Parasol Foundation Trust, has continued to expand the range of the online resources available, with particular emphasis on expanding the research areas most needed by the University's PhD students and other academic programmes.

Academic Programmes (Continuing)

The Bachelor of Business Administration (Hons) programme (BBA) commenced in September 2018 with its first cohort of students, including the first two students funded by Parasol Scholarships. Developed in line with the UK Quality Assurance Agency Quality Code, and commended by an external validation panel of experts, this industry-focused degree includes an important placement component that has allowed students to gain first class industry experience.

The Master of Marine Science and Climate Change programme also commenced in September 2018 with its first cohort of students, all part-time and locally based. Industry focused, this programme has also been commended by an external validation panel of experts.

Academic Programmes (New)

The following were progressed during the year:

- Building on the successful launch of the Bachelor of Business Administration, in 2018, a Master in Business Administration programme was launched in September 2019.
- Development work continued during the year for a Post Graduate Certificate in Education, which was successfully validated, and subsequently launched in September 2019.
- Development work commenced during the year on four new Maritime Science degree programmes. The new programmes, which will be launched from September 2020, were announced in June 2019 by the Minister with responsibility for the University, Minister Gilbert Licudi, at the Gibraltar Maritime Week opening which was hosted at the University.

Other Academic and Research News

In June 2019, Professor Catherine Bachleda was appointed as Vice-Chancellor to the University for a three-year term. Professor Bachleda had previously been serving in an acting capacity.

In September 2019, Professor Clive Finlayson was appointed as a Beacon Professor. Beacon Professors are unique to the University of Gibraltar and the title is symbolic of their role to spread the light of knowledge, to inspire students and illuminate their life paths. Professor Finlayson is the third individual to receive a Beacon professorship at the University and further

OPERATING REVIEW (CONT.)

details will appear in the next annual report.

Professional Development and Continuing Education Courses

Existing professional courses included:

- The Association of Accounting Technicians courses (AAT).
- The Professional Skills Course as determined by the Solicitors Regulatory Authority.
- The Chartered Institute of Legal Executives (CILEx) Level 3 Professional Diploma in Law and Practice
- Chartered Insurance Institute (CII) Fast-Track Certificate

New professional courses included Professional Certificate of Competence in Blockchain & Smart Contracts in consultation with RSK Smart Contracts as well as the University's New Technologies in Education Key Advisory Group. It is no exaggeration to say that Gibraltar is becoming globally recognised for educational initiatives within the new technologies space.

A new offering for the Professional Certificate of Competence in Sport Management had been expected to commence in January 2019 but was postponed due to low student enrolment.

The Professional Certificate of Competence in Gibraltar Law, and the Professional Certificate of Competence in Gibraltar Tax, again proved highly popular.

The University obtained accreditation by the Continuous Professional Development (CPD) Certification Service. Three short courses were submitted and obtained recognised independent continuous professional development accreditation compatible with global CPD principles. These were: Digital Innovation; Business Improvement Workshop and Introduction to Financial and Management Accounting.

The Sports Coaching Award was successfully run for the first time in September 2018. This 11-week course combines theory and practice to give a unique insight into the contemporary sports coaching industry.

The University remains an accredited centre for various professional bodies, such as AAT, CII, CILEX and ACCA, hosting handwritten or computer-based exams, and it has provided examination facilities for

several UK universities as well as other international universities. The University was also licensed by ACCA as a computer-based examination centre this year, thus allowing external examination candidates to sit their professional accountancy examinations online from the University.

The University was also awarded Approved Learning Provider status for Enhanced Learning Credit Scheme (ELCAS) for those transitioning from MOD life to Civilian life.

Language Courses

The Europa Point Language Centre continued to provide a variety of courses. In addition to conversational language courses, these courses included English for academic purposes, English for specific or professional purposes, and Spanish for business purposes.

During the year the Centre received Approved Provider Centre status for Cambridge Assessment English.

Strategic Plan

The University's Strategic Plan was updated and published in March 2019 and a progress report covering the first year of the Plan was published in November 2019. For further details please refer to Strategic Planning and Reporting.

Local and International Partnerships

The University has prioritised the development of international relationships that reinforce its international standing and provide opportunities for its students. These have included agreements and discussions with the Network of Universities of Small Countries and Territories, an MoU with the University of North Carolina (Wilmington), more recently, signing an agreement with Broward College, Florida, to facilitate the transfer of students from Broward to the University, and joining the Association of Commonwealth Universities (ACU) as an Educational Affiliate Member. Commonwealth universities are able to network extensively and effectively through the ACU, sharing problems, solutions, and good practice in a variety of higher education environments.

The University has recently taken on the presidency of the Mediterranean Studies Association (MSA). The MSA is an organisation that promotes the scholarly study of the Mediterranean region in all aspects and

OPERATING REVIEW (CONT.)

disciplines. The presidency will be for a year, ending with Gibraltar hosting the MSA conference during the last week of May 2020.

2018/19 saw the collaborative ClimACT project draw to a close. Over the past three years, the local ClimACT tripartite has facilitated a series of workshops for teachers in order to discuss and exchange ideas around the topic of Education for Sustainable Development. Because of these seminars, teachers themselves have shaped the aim, structure and operation of the framework for Gibraltar, this being the inception of Sustainable Schools Gibraltar.

Several Erasmus+ staff exchanges also took place during the year.

Physical Infrastructure Developments

Student residential accommodation

It would not be possible to attract international students, and some local students, without the availability of reasonably priced student accommodation. Therefore, the completion by HM Government of Gibraltar of two residential student blocks, providing 144 residential units for students and visiting faculty, which became available from the start of September 2019, is an important milestone for the University that will greatly assist its recruitment drive.

St Christopher's School

Discussions have continued with HM Government of Gibraltar regarding the transfer and refurbishment of St. Christopher's School, which is expected to house the University's future Maritime Academy.

Legal and Regulatory

Academic Governance

The University of Gibraltar (Academic Board) Regulations 2018 were published on 24 September 2018. These Regulations were then adopted as the Terms of Reference for the University's Academic Board in October 2018 during its first meeting as a re-constituted Academic Board.

The University recruited a Director of Quality and Learning to ensure all University of Gibraltar degrees continue to be aligned to UK quality standards, and to ensure this can be demonstrated to the satisfaction of

the UK's national quality agency the Quality Assurance Agency for Higher Education (QAA).

For further details please refer to Report of the Board of Governors and Corporate Governance Statement.

Inaugural Chancellor's Lecture

The University of Gibraltar's Chancellor, The Rt Hon. Lord Luce hosted the inaugural Annual Chancellor's Lecture in May 2019. The talk, which was titled 'The Crown and The Commonwealth' was delivered by The Rt Hon Lord Geidt GCB GCVO OBE QSO PC. Lord Geidt's lecture called on his illustrious career and experience which began with military service in the British Army, and included serving for a decade as the Queen's Private Secretary.

Lord Luce will retire in late 2019 as Chancellor of the University after four years in office. Lord Luce has been a great friend of Gibraltar, and the University as its first Chancellor. Further details will follow in the next annual report.

Donor Relationships and Fundraising

The University continues to benefit from key donor relationships which are a vital source of revenue for most modern universities.

The relationship with the Parasol Foundation Trust, announced in October 2017, involving the donation of £600,000 over a period of three years, continues to evolve and this remains the University's foremost donor relationship to date. These funds will be invested mainly to commission, acquire or develop educational resources, software and curriculum development, and on the University's Parasol Library (<https://www.unigib.edu.gi/library/>) in accordance with explicit donor requirements as stated in the deed of donation.

In October 2018 the Parasol Foundation Trust announced a further generous donation in the form of the Parasol Scholarship Fund. The new scholarship fund provides up to £50k per annum over a three-year period and its main purpose is to finance tuition fees for five full time Bachelor of Business Administration (Hons) students who would not otherwise have been able to afford to study at university. Two new students were awarded Parasol Scholarships in September 2019, joining the first two Parasol Scholars who received their scholarships in October 2018.

OPERATING REVIEW (CONT.)

Another important donor relationship, announced in April 2018, with the Kishin Alwani Foundation provided funding in the sum of £42k to completely refurbish the students' common room, which has become known as The Kishin Alwani Foundation Student Common Room. This common room is designed to enrich the student experience by providing an informal space where students can build connections and collaborate, and it has become very popular with students.

These, and future major donor relationships, will enable the University to pursue specific projects of interest to donors.

Community Events

The University launched the latest series of its popular Gibraltar History Lectures which featured a wide variety of guest speakers.

The University regularly participates in various community events and initiatives supporting local charities and organisations, such as Clean Up The World. In January 2019, as part of the Gibraltar International Chess Festival, a three-day seminar for some 16 young chess players from Gibraltar was held at the University.

Community Involvement

As in previous years, to the extent that the University's student and educational priorities permit, use of the University Campus is frequently made available to a variety of community groups and charities, such as Cyber Centurion. The University also made its facilities available during the Island Games, including providing rooms for a polyclinic and media communications centre.

In April 2019, three courageous University employees participated in a sky dive for the benefit of two local charities.

Campus Venue Hire

The University must seek to maximise the return from its Campus and facilities in order to further its goal of progress towards self-financing and it regularly hires out Campus space for public and private sector events. Further details appear in Financial Review.

Student Experience and Recruitment

The University's Student Experience Office (SEO) has worked hard to ensure students receive the best possible experience whilst at the University. Students are offered a structured induction and orientation programme covering key areas such as campus facilities, wellbeing and counselling services, access to an individually tailored Student Experience portal, library access and resources, and ICT services. The SEO strives to give students a personal touch to ensure there is a good communication link with the University. This is vital in order to detect early signs of any problems and additionally creates an improved environment for students at the University.

Close links have also been maintained and enhanced during the year with visa and immigration authorities to ensure the University is able to provide excellent support to prospective international students throughout their application process. Prospective students receive timely correspondence and support throughout the application process with the assistance of a newly adopted CRM system enabling the team to monitor and track leads.

International students, as well as local students, receive tailored student handbooks which provide them with vital information to ensure they maximise their experience during their journey at the University. These handbooks, together with the launch of a Student Experience Portal which hosts vital information on University services and upcoming student events, have proved effective with a marked increase in activity on the portal.

The University appointed three independent student recruitment agents during the year to assist with recruitment for its growing number of programmes. As part of its international recruitment strategy, the University has also participated in a number of international student recruitment fairs.

ICT Developments

ICT developments during 2018/19 included works related to a major VMWare upgrade and restructure, a new network monitoring project, video/lecture storage management solutions, and lecture room infrastructure enhancement.

- VMware is a virtualization product that makes it possible to partition a single physical server

OPERATING REVIEW (CONT.)

into multiple virtual machines. The upgrade and restructure was necessary to maintain quality ICT services running for both staff and students alike.

- Network Monitoring Project – the installation provided complete visibility of the status and performance of applications, network devices and servers in the cloud or on-premises.
- Video/Lecture storage – the adoption of a system as a video sharing platform by a group of filmmakers. The University is using this platform in conjunction with its virtual learning environment to store and share video content, delivering a quality system to users.
- Feedback from staff and student surveys indicated that the infrastructure in lecture rooms was proving sluggish and not responding adequately. There were two possible solutions; replace the units, or increase memory, which would hopefully increase response times and offer a more sustainable and less costly solution. The latter option was taken and performance will be reviewed in 2019/20.

STRATEGIC PLANNING AND REPORTING

Mission

The University's objectives are contained within its principal mission, which is to respond to current societal needs as well as shape personal and professional futures through the pursuit of education, training, and research. To attain these objectives the University is committed to high quality teaching and learning, world-leading research, academic freedom, as well as to the sustainable development of Gibraltar and its importance in the Mediterranean region. Partnerships with business, government, charitable foundations, healthcare and educational institutions lie at the heart of the University's mission.

Strategic Plan - Realising our 2022 Vision

In March 2019 the University issued its Strategic Plan for the period 2019-2022. The University considers the preparation and periodic review of its Strategic Plan to be an essential process that will provide greater clarity of direction and also map the development and growth of the University over the term of the Strategic Plan period.

Based on the University's mission, the underpinning legislative framework provided by the University of Gibraltar Act 2015, consideration of domestic, regional and international environments, and the contribution of stakeholders that include HM Government of Gibraltar, Board of Governors, Academic Board and its sub-committees, Key Advisory Groups, research, teaching, administrative and management staff, associates, and most importantly our students, six strategic priorities have been identified for 2022. These are:

- Our Curriculum Portfolio
- Our Research and Research education
- Our Learning
- Our Campus
- Our Student Support
- Our Corporate Governance

For each strategic priority, the Strategic Plan establishes strategic goals, and KPIs to assist with monitoring progress towards these goals. For example, the strategic priority Curriculum Portfolio identifies as a strategic goal the need to increase the current provision of taught degrees that align with the University of Gibraltar Act 2015 and respond to local, regional and/or international needs. Progress towards this strategic goal is measured by the number of new

taught degrees that are successfully established.

The Strategic Plan will continue to be subject to at least annual review and further updates will be made if appropriate.

The complete Strategic Plan may be downloaded from the University's website at; https://www.unigib.edu.gi/wp-content/uploads/2019/06/Uni_Strategic_Plan.pdf

An executive summary of progress made during the first year of the Strategic Plan, based on achievement of set milestones for the academic year ending 2019 (1 August 2018 to 31 July 2019), is also available online.

Brexit

As noted in the 2017/18 annual report the ongoing challenges and uncertainties posed by Brexit continue to be important considerations. The University has maintained close liaison with HM Government of Gibraltar, including participation in Brexit resilience planning in the event of a 'no deal' scenario, in order to try to anticipate Brexit related risks as far as possible, and to try to benefit from new opportunities that could result from Brexit.

For further details regarding Brexit please refer to Financial Risk Management.

New programmes and courses

As noted in previous annual reports the early years of the University's establishment require continuing significant investment in developing curriculum material for the new programmes and courses the University has commenced, or plans to roll out over the following twelve months and beyond. The new Bachelor of Business Administration (Hons) and MSc Marine Science and Climate Change programmes commenced in September 2018 and are expected to remain core University programmes for the foreseeable future. The Master of Business Administration and Post Graduate Certificate in Education have recently started in September 2019. Looking further ahead, work is already advanced for new undergraduate degrees in Adult Nursing, and in Maritime Science – with Nautical and Engineering variants, each also including cadetship programmes – and for an MA Leadership and Management, all of which will commence from September 2020.

STRATEGIC PLANNING AND REPORTING (CONT.)

There will be continuing significant investment in the University's Parasol Library to cater for the new programmes, and also continuing ones such as the University's flagship PhD programme, and also continuing expansion of activities of the University's Europa Point Language Centre which was launched in the 2017/18 academic year.

From a professional education perspective, the University's Professional Certificate of Competence in Blockchain and Smart Contracts will commence in February 2020, and new short courses in Digital Marketing and Introduction to Management are scheduled to be delivered in 2020. Well-established professional courses including AAT, CILEx, CII and the professional certificates for Law and Tax will also continue.

Marketing and student recruitment

In order for the University to be able to progress as required towards greater self-financing it is critical that new and established programmes are successful at a commercial level, as well as meeting rigorous academic or professional standards. Investment in marketing and promotion of the new programmes, including participation at selected international student recruitment fairs and events, which may involve physical attendance or virtual attendance online, has therefore been given and will continue to receive a high priority. This investment is essential as the University seeks to raise its profile and promote its USPs in a competitive international student market. As part of this promotional activity, a small number of international student recruitment agents have also been appointed.

The University continues to work closely with Borders and Coastguard Agency, Department of Employment, and other HM Government of Gibraltar departments to ensure international students are made welcome at the University, including allowing them the possibility of gaining valuable work experience, subject to meeting all required conditions.

Donor relationships

Existing strategic donor relationships have been built upon during 2018/19, and new relationships continue to be explored.

The relationship with the Parasol Foundation Trust, which enabled the University to invest in the

University's Parasol Library, and also to fast track the roll out of some key academic programmes, was further strengthened with the establishment of a new scholarship fund that will pay University tuition fees, and some related expenses, for up to five Parasol Scholars. Two Parasol Scholars commenced their studies in 2018/19, and they have been joined by a further two Parasol Scholars in September 2019. All Parasol Scholars are enrolled on the University's Bachelor of Business Administration (Hons) programme.

Discussions are also at an advanced stage for a major new strategic donor relationship that is expected to finance the establishment of a University Chair for Responsible Gaming. Further details will be announced as soon as possible and this new relationship will be covered in next year's annual report.

The University will continue to seek new private funding partnerships, and to reinforce existing donor partnerships, to support its curriculum development ambitions as well as fund facilities to enhance the student experience. The University appreciates that private donor organisations must be satisfied their donations to the University fully achieve donor organisations' charitable objects and ambitions, which align with the University's own mission, and the University will spare no effort in liaising with donors to this end. For further details of the University's donor relationships please refer to Operating Review.

Physical infrastructure

Two major developments will provide essential physical infrastructure to secure conditions needed for the University to continue to grow for the foreseeable future, and are critical for the University to progress towards greater self-financing.

The construction by HM Government of Gibraltar during 2018/19 of two student residential blocks with a total of 144 self-catering student apartments marked another important milestone in the University's development. The student accommodation is managed and maintained by independent managers appointed by HM Government of Gibraltar, and has been made available by HM Government of Gibraltar to University students and visiting faculty. Student rents have been benchmarked with those of comparable student accommodation in UK (outside London), and this facility is expected to be a major boost to student recruitment efforts. The accommodation is available to local and international students of the University.

STRATEGIC PLANNING AND REPORTING (CONT.)

As reported in the previous annual report, the Campus footprint will approximately double in size with the transfer of the St. Christopher's School site. The manner in which this exciting addition to the University's physical estate takes place is under consideration by the University and HM Government of Gibraltar. Extensive refurbishment of this site is likely to be needed to ensure it matches the standards, and can be properly integrated with existing technical infrastructure, of the present Campus.

Partnerships

The University will continue to seek to extend its international partnerships, including signing Memoranda of Understandings (MoUs) with suitable Universities in the UK and elsewhere as opportunities arise. Strategic partnerships include UK universities involved with the development of degree programmes, including BSc Adult Nursing, PGCE, and MA Leadership and Management. They may also include partnerships for delivery of some professional courses, for example Professional Skills Course (Law).

For further details of the University's development and performance throughout the financial year and position at the end of the financial year, and its future prospects, please refer to Financial Review.

For a description of the principal risks and uncertainties faced by the University please refer to Financial Risk Management.

FINANCIAL REVIEW

The University's wholly owned subsidiary, The University of Gibraltar Limited, a company limited by guarantee and having a share capital, is the University's main operational entity. Other than ownership of the Campus land and buildings, and a limited amount of EU grant funding, the bulk of the University's activities are conducted via this subsidiary company.

The financial statements for the 2018/19 financial year have been presented under Gibraltar Financial Reporting Standard 102 (GFRS102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2015 (issued by the Further and Higher Education SORP Board, recognised by the UK Financial Reporting Council Codes and Standards Committee as the SORP making body for further and higher education).

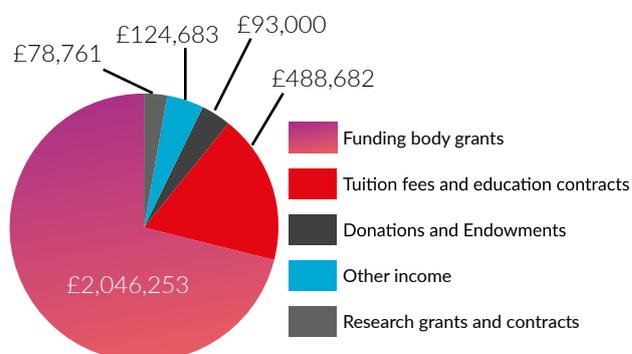
Annual Income and Surplus/ Deficit

The University's Consolidated Statement of Comprehensive Income for the year ended 31 July 2019 is summarised below, reflecting increased activity in the University's fourth academic year of operation.

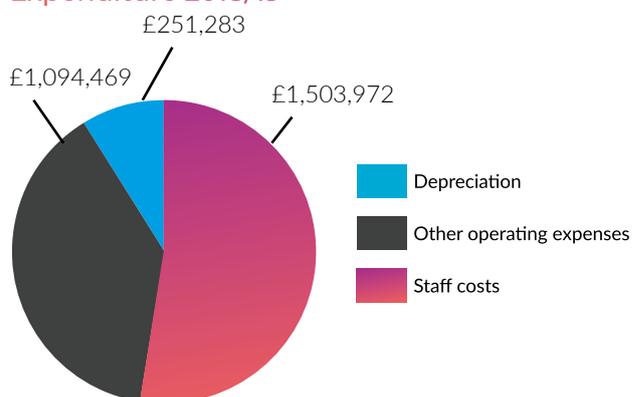
	Year ended 31 July 2019	Year ended 31 July 2018
	£	£
Income	2,738,379	1,934,711
Donations and Endowments	93,000	456,000
Expenditure	(2,849,724)	(2,490,686)
Loss on disposal of fixed assets	(1,356)	-
Deficit for the year	(19,701)	(99,975)

Total income for the year was £2.8m (2018: £1.9m) and total expenditure of £2.8m (2018: £2.5 m) as follows:

Income 2018/19



Expenditure 2018/19



All significant movements in income and expenditure are further explained below.

Donations and Endowments reduced in 2018/19 compared to the previous year due to the generous donation received from the Parasol Foundation Trust in November 2017 in the sum of £450,000. Donations in 2018/19 comprise a further £50,000 received from the Parasol Foundation Trust and £42,000 received from the Kishin Alwani Foundation for the refurbishment of the University student common room. The donations are recognised in the Statement of Comprehensive Income under Donations and Endowments on entitlement to the income in accordance with relevant accounting standards. The balance of unexpended restricted donation funds held as at 31 July 2019 in the sum of £156,605 (2018: £296,331) in respect of donations with restrictions is shown as part of restricted reserves on Note 17.

FINANCIAL REVIEW (CONT.)

Income

Consolidated Income Analysis	Year ended 31 July 2019	Year ended 31 July 2018	Change in year
	£	£	%
Tuition fees and education contracts	488,682	372,770	31%
Funding body grants	2,046,253	1,423,265	36%
Research grants and contracts	78,761	44,027	79%
Other income	124,683	94,649	31%
Total income before endowments and donations	2,738,379	1,934,711	35%

The University again achieved significant growth in tuition fees compared to the previous year and this trend is expected to continue with increased course provision and student enrolments. Further details on student enrolments can be found in Operating Review but the following summary illustrates the steady increase over the past four academic years since commencement;

- 2015/16: 253
- 2016/17: 277
- 2017/18: 299
- 2018/19: 342

Overall tuition fee income increased to £489k, an increase of 31% from the previous year. Tuition fee income includes income from undergraduate, post graduate (including research awards), professional courses, language and short courses.

During the academic year 2018/19 the University enrolled its first full time students and launched the first two academic taught award programmes, the Bachelor of Business Administration and MSc Marine Science and Climate Change. Fees received for the flagship PhD research programme accounted for £104k (2017/18: £93k) or 21% of total tuition fee income (2017/18: 25%). The PhD programme includes two full time Commonwealth Scholarship Award students.

Tuition fees are typically benchmarked by reference to comparable course fees in UK and, where appropriate, to comparable local fees.

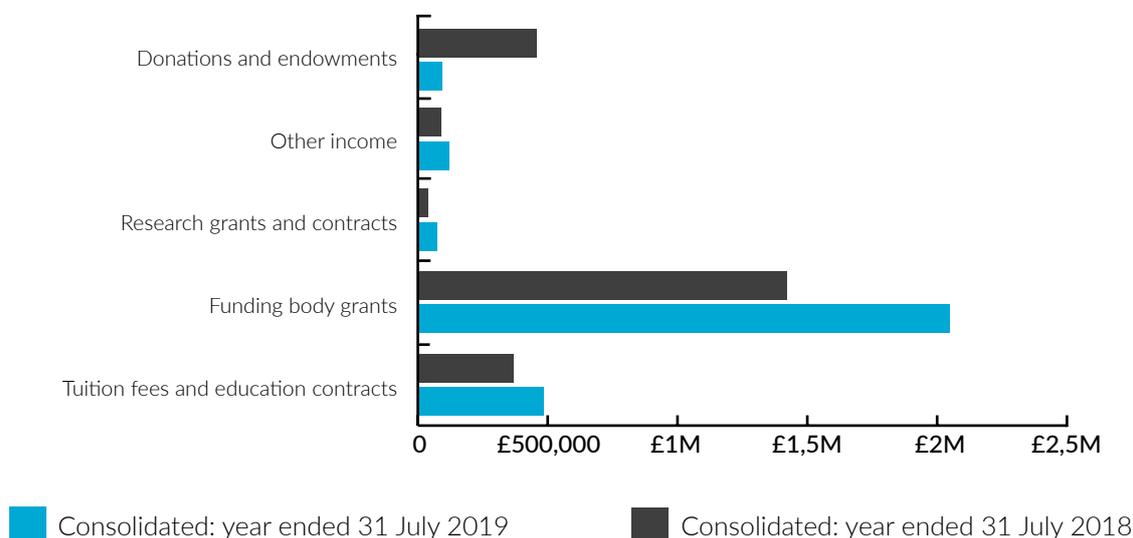
The University continued to receive ERASMUS funding for staff and student mobility and funding from the ClimACT research project which commenced in July 2016 and came to an end in June 2019.

Other income is comprised mainly of amounts received from venue hire, conferences and examination centre fees, which increased to £84k (2017/18: £72k) and additionally the increase in restaurant income to £31k (2017/18: £17k) from the Bistro Point restaurant, which opened in late 2017, therefore reflects a full year of operation in 2018/19.

The main source of income during the financial period continued to be direct grant funding from HM Government of Gibraltar in the sum of £2.0M (2017/18: £1.4M). There has been an increase in the grant received during the year mainly due to timing since five quarterly tranches of income were received during the financial year instead of four. The annual funding confirmed by HM Government of Gibraltar for the financial years ending 31 March 2019 and 31 March 2020 was £1.5M in each year. The University expects direct grant funding to continue although this is expected to decrease over time, as tuition fees and other sources of income increase and the University progresses towards greater self-financing as required by the University of Gibraltar Act. The HM Government of Gibraltar grant received was mainly utilised for recurring and non-recurring operational expenses, with some of the funding also used for the capital items purchased during the year. The grant is recognised as income for the period in line with the accounting policy.

FINANCIAL REVIEW (CONT.)

Income Split in 2018/19 and 2017/18



Expenditure

	Year ended 31 July 2019	Year ended 31 July 2018	Change in year
	£	£	%
Staff costs	1,503,972	1,312,708	15%
Other operating expenses	1,094,469	937,790	17%
Depreciation	251,283	240,188	5%
Expenditure	2,849,724	2,490,686	

Staff costs continued to be the most significant expense item and this has increased by 15% from 2017/18 (35% increase previous year). The University has applied cost of living pay increases in line with the Gibraltar public sector and the remaining increase is principally due to increases in the staff complement. The average number of staff during the financial year has increased to 39, which includes full-time as well as part-time tutors and administrative staff (2017/18: average staff 30). This expenditure component is expected to continue to rise, although at a significantly lower rate. Staff costs as a percentage of total expenditure have remained in line with the previous year at 53% (2017/18: 53%).

Other operating expenses have increased as expected and will continue to increase broadly in line with

University activity. An analysis of other operating expenses for the current and previous financial year is shown in the graph overleaf. The main increase in this category continues to be Academic and related expenditure in the sum of £424k (2017/18: £337k) reflecting increased investment in the development of the University's academic curriculum and infrastructure. This expenditure is expected to continue as the University increases its academic offering.

The University has not relied on any external loan finance and therefore has not incurred any resulting interest costs.

Balance Sheet

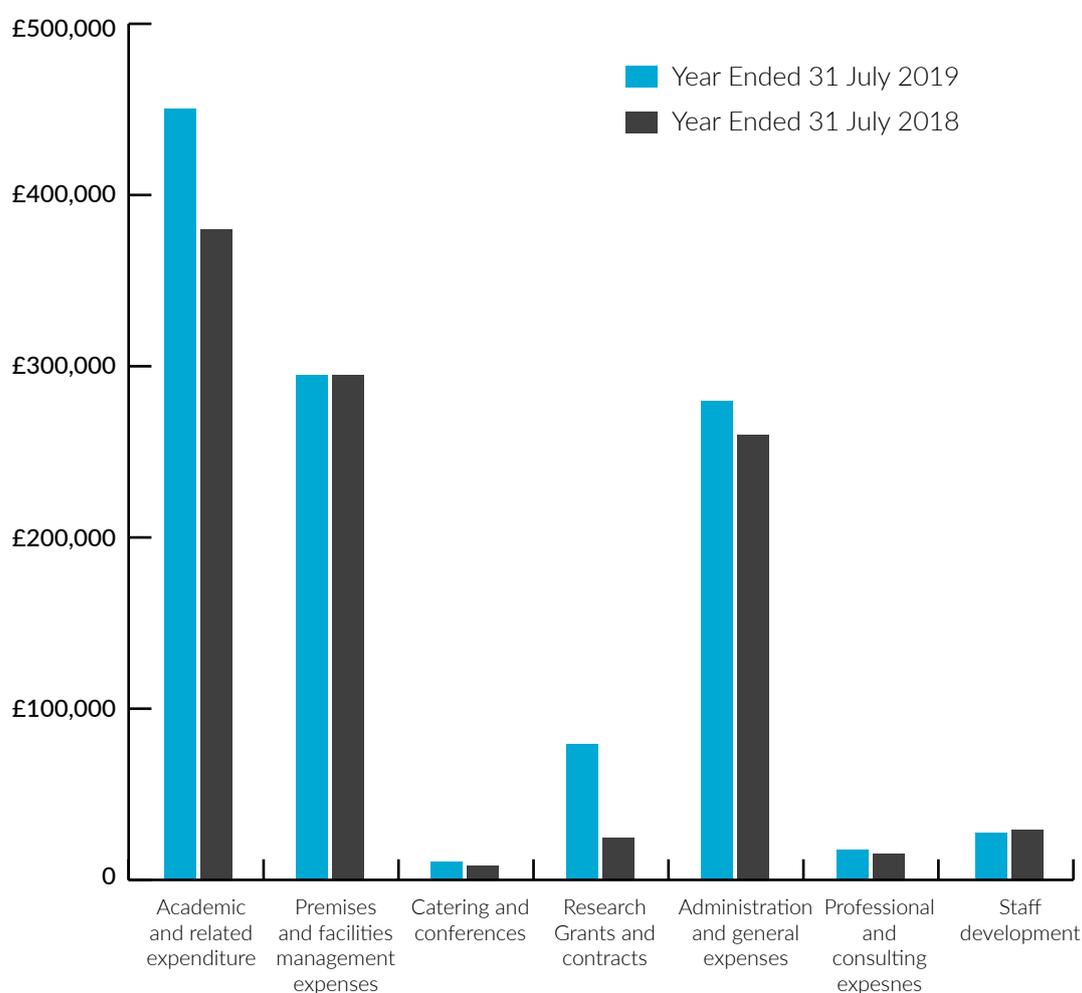
Tangible fixed assets form the largest part of the balance sheet total with building refurbishment accounting for 83% of the total, and relating to building construction and refurbishment costs prior to opening to convert the University building to its present use.

Fixed asset additions during the year totalled £75k (2017/18: £102k) and mainly comprised of Computer Equipment and Software (£31k) and Fixtures, Fittings and Equipment (£33k). The Fixtures, Fittings and Equipment was mainly due to the refurbishment of the Kishin Alwani Foundation Student Common Room.

The bulk of the trade and other receivables sum of £163k (2017/18 £131k) relates to prepayments and accrued income and is comprised of University annual licenses and subscriptions.

FINANCIAL REVIEW (CONT.)

Analysis of other operating expenses 2018/19 and 2017/18



Creditors include mainly trade payables, accruals and deferred income. Deferred income includes a total of £62k in relation to ERASMUS+ funding received for the period up to 31 May 2020, and scholarships in respect of students enrolling in September 2019. Deferred income deriving from tuition fees is £12k (2017/18 £12k) and relates to cross-session courses spanning two academic years. Deferred income within Creditors over one year relates entirely to HM Government of Gibraltar grant income which has been used for capital expenditure (as further explained in Notes 15 and 16 to the Financial Statements).

The University's consolidated Balance Sheet reflects a total net asset figure of £1.3m (2018: £1.3m), including net current assets of £553k (2018: £579k)

and a current asset ratio of 2.1 (2018: 2.5). Net current assets include accumulated tuition fee income and donations received which are reflected in bank balances held at the year end.

Cash flows

The balances of cash and cash equivalents of £897k, reflect similar levels of cash compared to the closing position at 31 July 2018 (£839k). However, the amount as at 31 July 2019 includes the additional funding body grant tranche received before the year end and a sum of £157k which relates to donations with restrictions (2018: £296k). It is anticipated that cash balances will reduce as major investments in curriculum and resource development are pursued for the launch of new programmes in the following academic years.

FINANCIAL REVIEW (CONT.)

Looking ahead

The University expects that HM Government of Gibraltar funding will continue at a significant level over the term of the University's Strategic Plan in order to support the University's long-term establishment. During this time the University will continue to explore all appropriate measures to become and remain self-financing as it is required to do under section 35(2) of the University of Gibraltar Act. The measures taken along this road include the following:

- The University's budgeted expenditure for the year to 31 July 2020 will be kept within budgeted levels of grant income plus tuition fees and other income received or receivable. No general borrowing, which would require approval from the Minister under s.37 of the Act, or short-term borrowing, which would require approval of the Board under s.38, is anticipated.
- There will continue to be a high priority given to achieving cost savings on routine recurring expenditure wherever possible, always bearing in mind the need to ensure the University is able to maintain quality and achieve the aims set out in its Strategic Plan. The bulk of the University's facilities management services, including equipment maintenance, caretaker services, cleaning, and security, are provided by independent contractors, with the large majority of expenditure being on short-term contracts. These arrangements will continue to be monitored to ensure the University receives value for money.
- Staff recruitment has been and will continue to be pursued on a prudent basis with a view to essential development of courses, marketing, support of core services, and provision of courses.
- For the near-term University tutors and lecturers will continue, where possible, to be engaged on short-term contracts and paid a fixed total sum or hourly on the basis of agreed fixed rates in order to ensure cost effectiveness of tuition fees expenses. The employment of adjunct faculty will also be explored where needed. All University courses require preparation of detailed costings in order to identify any courses that may not cover at least direct costs.
- The University continues to market itself as an events venue to develop this important source of revenue, which is expected to grow modestly in 2019/20, and maximise the use of its physical facilities.
- The University has been successful in obtaining research funding and employs a full time Research and Partnerships Officer (Funding) in order to identify and pursue funding opportunities. There will be a continuing focus in 2019/20 on identifying potential sources of research funding and investing time to submit competitive applications.
- During the year the University invested in international student recruitment events and online portals. These initiatives to continue to invest more effectively in international recruitment campaigns to increase student recruitment will continue in 2019/20.
- The University anticipates continued strong growth in student numbers and tuition fees for the remaining term of its Strategic Plan. This will require further investment in developing new programmes, which include four new Maritime Science degrees (two online, two F2F), an Adult Nursing degree, and a Masters in Leadership and Management, all from 2020/21.
- Availability of residential accommodation for University students from August/ September 2019 onwards will assist the University to achieve student recruitment targets. Since many of these students would only study in Gibraltar provided there is reasonably priced student accommodation, the availability of this accommodation will contribute significantly towards becoming self-financing.
- Private sponsorship funding has been and will continue to be sought from reputable donors wherever possible and to the extent that this aligns with the University's Strategic Plan. Funding provided by the Parasol Foundation Trust, which committed to provide £600,000 over a three year period from October 2017, has been and will continue to be used to support curriculum development in areas such as Business and Management, Nursing, Marine Science, Education, Mediterranean studies and New Technologies (i.e. blockchain and distributed ledger technologies), and also expenditure directly connected with the University's Parasol Library. Additional private sponsorship is also being sought from local businesses to fund students who have

FINANCIAL REVIEW (CONT.)

good grades, and wish to study at the University, but are financially disadvantaged. The first such sponsorship agreement was reached with Parasol Foundation Trust in January 2019 for additional funding in the sum of £150,000 to provide for up to five financially disadvantaged students over a three-year period. Further sponsorships with other organisations are currently being pursued.

- Discussions continue with a view to funding being provided to the University for the establishment and development of a Centre of Excellence in Responsible Gaming. Further details are expected to follow in a subsequent report.
- The University published its Strategic Plan 2019-2022 in early 2019 and this maps the University's direction and priorities over the period of the Plan. For further details of the University's Strategic Plan please refer to Strategic Planning and Reporting.

FINANCIAL RISK MANAGEMENT

The University considers the following to manage its financial risk:

Brexit

Brexit continues to give rise to important financial risks that the University will need to manage, including the possible impact on visas for EEA students and also potential issues for existing EU students.

Brexit may also give rise to issues in relation to tuition fees for EU students. This may affect the University's potential to attract EU students.

Other Brexit related risks include concerns over continued access to Erasmus+ exchange programmes, and to EU research grants under Horizon 2020/ EISF. The University has had significant success in accessing EU research funds and whilst UK Universities will have access to funding via the new UK Research Office, the University of Gibraltar does not currently have access to new EU grants.

The University continues to liaise with HM Government of Gibraltar on the above issues.

Price risk

Tuition fees are generally influenced by market indicators and also by local community needs. Comparable UK tuition fees are monitored by the University prior to launching any new courses, and fees will typically be set approximately in line with UK university fees for comparable courses. For example, the fees for the provision of undergraduate degrees in England are currently capped at £9,250 for Home (UK) and EU based students, therefore this will influence comparable University of Gibraltar fees. Account is also taken of fees charged by other local institutions where these may be relevant.

Market trends in pricing are continually monitored by the University Finance team and reviewed to amend pricing policy should the need arise, e.g. as a result of competitors' actions or change in the UK market.

Other income is made up largely of venue hire services managed by the Campus and Events team. The pricing of these services is mainly influenced by market forces in the local environment.

Credit risk

This is generally very low. Tuition fee income is made up of a comparatively large number of transactions, which from the perspective of the University are individually non material. The potential for significant financial risk is therefore kept to a minimum. Tuition fees are often due from the Department of Education, which further reduces any credit risk.

Finance staff are also proactive with regard to credit control and follow up on outstanding debts quickly to avoid significant debt problems developing.

Cash flow and liquidity risk

The University has not required any external loan finance so far and there are no plans for this to change for the foreseeable future.

The University expects that HM Government of Gibraltar will continue as a principal source of funding, whilst it progresses over time towards becoming self-financing as required by the University of Gibraltar Act 2015.

REPORT OF THE BOARD OF GOVERNORS AND CORPORATE GOVERNANCE STATEMENT

Chancellor *

The Rt Hon. the Lord Luce KG GCVO DL

Vice-Chancellor

Prof. Catherine Bachleda
appointed 24/05/2018 (Acting Vice-Chancellor until
3 June 2019)

Board of Governors *

Albert Langston MBE GMD, Chairman
appointed 24/09/2018

Prof. Catherine Bachleda
appointed 24/05/2018, ex officio member

Paul Bowling
appointed 24/09/2015, ex officio member

Francis Carreras OBE GMD
appointed 19/11/2015, appointed for second term
24/09/2018

Prof. Clive Finlayson
appointed 23/05/2018

Louise Garcia
elected staff representative member appointed
14/08/2018

Ernest Gomez
appointed 24/09/2015, term of appointment ended
24/09/2018

Darren Grech
appointed 24/09/2018

Jacqueline Mason
appointed 4/06/2018, ex officio member

Peter Montegriffo
appointed 24/09/2015, term of appointment ended
24/09/2018

Prof. Ian Peate
appointed 23/05/2018

Jose Julio Pisharello,
appointed 24/09/2015, term of appointment ended
24/09/2018

* The office of the Chancellor is an honorary role and is not remunerated. Members of the Board of Governors are also not remunerated for acting on the Board, save for Prof. Catherine Bachleda and Paul Bowling who are executive Board members.

Principal address

Europa Point Campus
Europa Point
Gibraltar

Independent Auditor

Deloitte Limited
Merchant House
22/24 John Mackintosh Square
Gibraltar

Bankers

Gibraltar International Bank Limited
PO Box 1375
Ince's House
310 Main Street
Gibraltar

Natwest
PO Box 707
57 Line Wall Road
Gibraltar

REPORT OF THE BOARD OF GOVERNORS AND CORPORATE GOVERNANCE STATEMENT (CONT.)

Values

The Board of Governors is committed in its policy and practice to the Core Values and Primary Responsibilities as set out in its internally adopted Code of Practice, which are in keeping with the University's mission and responsibilities. Inter alia, each Member of the Board is committed to:

- a) Act always in the best interests of the University as a whole, recognising that this responsibility over-rides any duty s/he may owe to those electing/appointing him or her;
- b) Act in good faith, honestly and for a proper purpose;
- c) Exercise appropriate care and diligence;
- d) Not improperly use their position to gain an advantage for themselves or someone else; and
- e) Disclose and avoid conflicts of interest.

Legal Status

The University of Gibraltar is a statutory body created by the University of Gibraltar Act 2015. It is also registered under the Charities Act (registered charity number 273).

The University's wholly owned subsidiary, The University of Gibraltar Limited, was incorporated at Companies House as a limited company (registered number 111953) on 18 August 2014, and changed its legal status on 31 July 2017 to a company limited by guarantee. The results of The University of Gibraltar Limited are fully consolidated in these financial statements.

Regulatory Framework

Under the University of Gibraltar (Regulation and Accountability) Regulations 2018 ('the Regulations'), which were issued in accordance with the University of Gibraltar Act 2015 ('the Act') and which came into force on 31 May 2018, the Gibraltar Regulatory Authority (GRA) was appointed as the University's regulator on 31 May 2018. Also in accordance with the above mentioned Regulations, the GRA issued a Memorandum of Regulation ('the Memorandum'), which came into force on 1 June 2018, setting out how;

- (a) the quality and standards of education in the University shall be monitored;
- (b) compliance by the University with its functions, duties and obligations under the Act shall be monitored;

- (c) the use by the University of its funds including any public funds provided to it shall be monitored;
- (d) other aspects of the University's performance are monitored;
- (e) the University is expected to demonstrate effective governance and accountability; and
- (f) the University's autonomy and academic freedom are maintained.

Overall, this Memorandum requires the University to:

- (a) Give an annual assurance on quality and standards informed by an annual report from the University's Academic Board;
- (b) Arrange periodic external quality assurance reviews and share outcomes with the GRA;
- (c) Share data on student recruitment, retention, completion, destinations and complaints;
- (d) Submit audited accounts to the GRA, complete with a corporate governance statement, statement of primary responsibilities and confirmation that HM Government of Gibraltar funds have been used for the purposes intended;
- (e) Give an annual assurance of compliance by the University with the 2015 Act;
- (f) Share long-term financial forecasts (business plan) with the GRA;
- (g) Submit an annual budget for approval by the Minister;
- (h) Produce - and share with the GRA - annual Audit Committee assurances on internal control and risk management;
- (i) Arrange periodic independent reviews of Board of Governors and Audit Committee effectiveness and share the reports and action plans with the GRA;
- (j) Notify the GRA of any unforeseen material adverse developments that concern quality and standards, finance or internal control; and
- (k) Alert the GRA to any threats to the University's autonomy and academic freedom.

During the reporting period the GRA established an advisory body, the University Advisory Board (UAB), whose membership includes persons with extensive experience at senior level within the UK HE sector, and whose role includes advising GRA on the operation of the regulatory framework and the Memorandum of Regulation, and reviewing the GRA's annual risk assessment of the University. The UAB met on two occasions during the reporting period.

During the reporting period the University of Gibraltar (Academic Board) Regulations 2018 ('the Academic

REPORT OF THE BOARD OF GOVERNORS AND CORPORATE GOVERNANCE STATEMENT (CONT.)

Board Regulations¹) were issued in accordance with the Act, and came into force on 24 September 2018. The Academic Board Regulations established an Academic Board as an autonomous committee of the University with responsibility to the Board of Governors. Its duties involve undertaking the academic governance functions of the University.

International Quality Review

The University is committed to upholding the highest standards, and policies and quality assurance processes have been designed using external reference points such as the European Standards and Guidelines (ESG) and the Quality Assurance Agency for Higher Education (QAA) UK.

As part of this commitment, the University has commenced the process of an International Quality Review (IQR). Considered essential for the success of the University's strategy for student enrolment from local and international sources, this review will assist the University in its development and in its commitment to providing a high-quality educational experience whilst simultaneously maintaining academic standards that are in line with UK standards. An IQR offers institutions outside UK the opportunity to be reviewed by the UK's QAA. The review benchmarks institutions' quality assurance processes against international quality assurance standards set out in Part 1 of ESG.

It is expected that the QAA IQR seal of approval will effectively reinforce and convey the University's commitment to quality to all current and prospective students, prospective employers and the community.

The QAA was formally engaged by the University shortly after the year end and carried out an initial scoping visit in November 2019 with the full review expected to follow in 2021.

During 2018/19 the University engaged a Director of Academic Quality and Learning whose responsibilities include ensuring that all University of Gibraltar degrees continue to align with UK HE quality standards, and liaising with the QAA as they carry out the IQR.

Board of Governors

The Board is the supreme governing body of the University and is therefore collectively accountable for all institutional activities, taking final decisions where required and after full consultation with the

Vice-Chancellor on matters of fundamental concern within its remit. It consists at present of nine members, comprising the Vice-Chancellor, the Director of Education, the University's financial comptroller, three members appointed by the Minister with responsibility for the University, the elected staff representative, and two other members appointed by the Board.

The Board is obliged to meet at least once every three months and three members constitute a valid quorum. The following Board meetings were held during the year;

- 29 August 2018
- 18 September 2018
- 3 October 2018
- 28 November 2018
- 20 December 2018
- 22 January 2019
- 19 March 2019
- 26 April 2019
- 21 May 2019
- 16 July 2019

The Board has established an Audit Committee that reports directly to it.

Audit Committee

The Audit Committee is required to have at least two formal meetings in each financial year. The external auditors or any member of the Board may request a meeting of the Audit Committee if they consider it necessary. The Chair of the Audit Committee is required to be a member of the Board who is neither a member of staff nor a student. Other Audit Committee members comprise at least one but not more than two other members of the University Board who are neither members of staff nor students, plus at least one but not more than two committee members who are not members of the Board.

The Audit Committee's responsibilities are set out in their detailed Terms of Reference. These include inter alia;

- advising the Board of Governors on the terms of engagement, fees, and any questions of resignation or dismissal of the external or internal auditors;
- engaging with the external and internal auditors in relation to the nature and scope of the audit;
- discussing with the external and internal auditors any issues arising from their audit;

REPORT OF THE BOARD OF GOVERNORS AND CORPORATE GOVERNANCE STATEMENT (CONT.)

- keeping under review the effectiveness of the risk management, control and governance arrangements, and considering the annual risk management report to the Board of Governors;
- reviewing the University's risk assessment and strategy;
- reviewing the external auditors' management letter, and the annual report to the Minister as required under s.44 of the University of Gibraltar Act;
- monitoring annually the performance and effectiveness of external auditors;
- reviewing the internal auditors' risk assessment, strategy and programme, considering major findings and management response;
- promoting co-ordination between internal and external auditors;
- reviewing the annual financial statements of the University and its wholly owned subsidiary in order to be able to recommend these for adoption by the Board of Governors; and,
- reporting to the Board of Governors on any matter which the Audit Committee considers may have an adverse effect on the solvency of the University or the security or integrity of the University's assets.

Governance Responsibilities

The Vice-Chancellor is the chief executive officer who sets the strategic direction of the University, with the approval of the Board of Governors, and provides it with academic leadership. The Vice-Chancellor recommends to the Board appointments, promotions and removal of members of the teaching and administrative staffs and the officers and employees of the University.

The Academic Board has been established to provide academic governance for the University. Leadership of all aspects of the academic activity of the University rests with the Vice-Chancellor, who develops both strategy and policy, and manages operational aspects of this area of work through the executive team and the academic and administrative staff; however, oversight and governance for this activity rests with the Academic Board. While ultimate responsibility for all matters remains with the Board of Governors in accordance with practice in most universities, the Board of Governors delegates this responsibility to the Academic Board, which also reflects accepted international practice.

The University of Gibraltar Act provides for institutional

autonomy and academic freedom for the University. The Act requires that the University, its Board and other constituent bodies shall be free from interference from external bodies, and that principles of freedom of inquiry and research, teaching and expression shall be respected.

The University of Gibraltar Act also requires that the University shall use its best endeavours to become and remain self-financing.

Autonomy and Academic Freedom

As required by the University of Gibraltar (Regulation and Accountability) Regulations 2018, the University duly confirms in this Corporate Governance Statement that it has been able to operate throughout the reporting period without undue interference from external bodies.

Statement of Responsibilities of the Board of Governors

The University of Gibraltar Act vests the management, administration and control of the property, revenue and business of the University, in the Board. This includes receiving from the Vice-Chancellor and adopting budgets for operating and capital expenditure, setting fees and entering into agreements. It must at all times manage the expenditures of the University prudently. The Board must arrange for an audit of the University's annual accounts and, with the Vice-Chancellor, must provide an annual report to the Minister with responsibility for the University, which must include a balance sheet and a statement of revenue and expenditure, and the results of the annual audit.

The consolidated financial statements are prepared in accordance with Gibraltar Financial Reporting Standard 102 (GFRS 102), the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015, and applicable laws and regulations.

The Board should not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs, and the statement of comprehensive income for that period, of the University. When preparing the University's consolidated financial statements, the Board will;

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

REPORT OF THE BOARD OF GOVERNORS AND CORPORATE GOVERNANCE STATEMENT (CONT.)

- ensure applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in operation; and
- ensure there is no relevant audit information of which the company's auditors are unaware.

In addition, the Board has taken reasonable steps to:

- ensure that funds received from HM Government of Gibraltar or private donations and endowments are used only for the purposes for which they have been given;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- secure the economic and effective management of the University's resources and expenditure.

The Board is also responsible for ensuring that the University observes its charitable objects.

Statement on Disclosure of Information to the Auditors

So far as the Board of Governors is aware, there is no relevant audit related information of which the University's auditors are unaware.

Statement on Public Benefit

The University is a public benefit entity as defined by GFRS 102. It is a registered charity whose charitable objects are to further its principal mission to respond to current societal needs as well as shape personal and professional futures through the pursuit of education, training, and research. The University's main beneficiaries are its students who are engaged in learning and research. Other beneficiaries may include employers, industry, any party that may benefit from research facilitated by the University, and the community of Gibraltar.

Statement on Public Benefit

The Board of Governors is responsible for maintaining, and reviewing as appropriate, a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding public and other funds and assets for which it is responsible. This is done in accordance with the responsibilities placed on the Board by the University of Gibraltar Act,

including powers to receive from the Vice-Chancellor and adopt with or without modifications the budgets for operating and capital expenditure, and to set fees. The Act imposes restrictions on general and short term borrowing and obliges the Board at all times to manage the expenditures of the University prudently.

The system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on an on-going process, in accordance with the University's risk management policy, designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. It also takes account of the small size of the University of Gibraltar and the close involvement of the Vice-Chancellor and senior management team with daily operations. Risk is considered regularly by the Vice-Chancellor, senior management team and Board of Governors in decision making.

The Board of Governors meets regularly to consider strategic, policy and oversight matters, and also annual reports. The Vice-Chancellor and the senior management team are responsible for the day to day management of the University, including supervision of risk management, and management and achievement of value for money in their respective areas of operation.

The Audit Committee is required to review the University's risk assessment and strategy, and to ensure that the resources made available for internal financial control are sufficient to meet the University's needs. For further information regarding the Audit Committee's responsibilities please refer to 'Audit Committee' section above.

As indicated in last year's report, the Board, acting through the Audit Committee, has recently appointed independent internal auditors. EY were appointed as the University's first internal auditors shortly after the financial year end and their report on key areas of the University's internal financial controls has been submitted directly to the Audit Committee, who considered the report to be satisfactory whilst noting possible areas for improvement. The internal auditors' involvement will assist the Audit Committee in its monitoring of the University's financial health, by monitoring the implementation of the University's

REPORT OF THE BOARD OF GOVERNORS AND CORPORATE GOVERNANCE STATEMENT (CONT.)

approved strategy with regard to key financial matters, reviewing and testing internal controls, and monitoring arrangements for safeguarding the University's assets.

The Operating and Financial Review set out on pages 10 to 24 was approved by the Board of Governors on 19 December 2019 and signed on its behalf on that date by:

Albert D Langston MBE, GMD

Chairman of the Board of Governors

Prof. Catherine Bachleda

Vice-Chancellor

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Deloitte.

Opinion

In our opinion the financial statements of the University of Gibraltar (the 'University'):

- give a true and fair view of the state of the University's affairs as at 31 July 2019 and of its deficit for the year then ended; and
- have been properly prepared in accordance with Gibraltar Financial Reporting Standards.

We have audited the financial statements which comprise:

- the consolidated and University statement of comprehensive income;
- the consolidated and University statement of changes in reserves;
- the consolidated and University balance sheet;
- the consolidated cash flow statement;
- the statement of principal accounting policies; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law in Gibraltar and Gibraltar Financial Reporting Standards.

Basis for Opinion

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

We are independent of the University in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

Responsibilities of the Board of Governors for the Financial Statements

The Board of Governors are responsible for the preparation of financial statements that give a true and fair view in accordance with applicable law in Gibraltar and Gibraltar Financial Reporting Standards, and for such internal control as the Board of Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Governors are responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the University intends to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTD.)



these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the University.
- Conclude on the appropriateness of the University's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the University regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Board of Governors. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Reshma Bhambhwani

For and on behalf of Deloitte Limited

Merchant House
22/24 John Mackintosh Square
Gibraltar

19 December 2019

CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 July 2019

	Notes	Year ended 31 July 2019		Year ended 31 July 2018	
		Consolidated	University	Consolidated	University
		£	£	£	£
Income					
Tuition fees and education contracts	1	488,682	-	372,770	-
Funding body grants	2	2,046,253	-	1,423,265	-
Research grants and contracts	3	78,761	78,761	44,027	44,027
Other income	4	124,683	-	94,649	-
Total income before endowments and donations		2,738,379	78,761	1,934,711	44,027
Donations and endowments	5	93,000	-	456,000	-
Total income		2,831,379	78,761	2,390,711	44,027
Expenditure					
Staff costs	6	1,503,972	-	1,312,708	-
Other operating expenses	7	1,094,469	80,481	937,790	20,261
Depreciation	9	251,283	5,455	240,188	5,454
Total expenditure		2,849,724	85,936	2,490,686	25,715
Deficit before other gains or losses		(18,345)	(7,175)	(99,975)	18,312
Loss on disposal of fixed assets		(1,356)	-	-	-
Deficit before tax		(19,701)	(7,175)	(99,975)	18,312
Taxation	8	-	-	-	-
Deficit for the year and total comprehensive income for the year		(19,701)	(7,175)	(99,975)	18,312
Represented by:					
Endowment comprehensive income for the year	16	(5,455)	(5,455)	(5,455)	(5,455)
Restricted comprehensive income for the year	17	(139,726)	-	296,331	-
Unrestricted comprehensive income for the year		125,480	(1,720)	(390,851)	23,767
		(19,701)	(7,175)	(99,975)	18,312

All items of income and expenditure relate to continuing activities.

CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES

Year Ended 31 July 2019

Consolidated	Income and expenditure account			Total
	Endowment	Restricted	Unrestricted	
	£	£	£	£
Balance at 31 July 2017	529,546	-	913,461	1,443,007
Surplus / (Deficit) from the income and expenditure statement	-	474,312	(574,287)	(99,975)
Transfers between endowment and unrestricted income	(5,455)	-	5,455	-
Transfers between restricted and unrestricted income	-	(177,981)	177,981	-
Total comprehensive income/ (deficit) for the year	(5,455)	296,331	(390,851)	(99,975)
Balance at 31 July 2018	524,091	296,331	522,610	1,343,032
Surplus / (Deficit) from the income and expenditure statement	-	50,000	(69,701)	(19,701)
Transfers between endowment and unrestricted income	(5,455)	-	5,455	-
Transfers between restricted and unrestricted income	-	(189,726)	189,726	-
Total comprehensive income/ (deficit) for the year	(5,455)	(139,726)	125,480	(19,701)
Balance at 31 July 2019	518,636	156,605	648,090	1,323,331

University	Income and expenditure account			Total
	Endowment	Restricted	Unrestricted	
	£	£	£	£
Balance at 31 July 2017	529,546	-	20,142	549,688
Surplus / (Deficit) from the income and expenditure statement	-	18,312	(5,455)	12,857
Transfers between endowment and unrestricted income	(5,455)	-	5,455	-
Transfers between restricted and unrestricted income	-	(18,312)	18,312	-
Total comprehensive income/ (deficit) for the year	524,091	-	18,312	12,857
Balance at 31 July 2018	524,091	-	38,454	562,545
Deficit from the income and expenditure statement	-	(7,175)	-	(7,175)
Transfers between endowment and unrestricted income	(5,455)	-	5,455	-
Transfers between restricted and unrestricted income	-	7,175	(7,175)	-
Total comprehensive Deficit for the year	(5,455)	-	(1,720)	(7,175)
Balance at 31 July 2019	518,636	-	36,734	555,370

CONSOLIDATED AND UNIVERSITY BALANCE SHEET

As at 31 July 2019

	Notes	As at 31 July 2019		As at 31 July 2018	
		Consolidated	University	Consolidated	University
		£	£	£	£
Non-current assets					
Fixed assets	9	5,395,187	518,637	5,572,364	524,092
Investments	10	-	1,000	-	1,000
		5,395,187	519,637	5,572,364	525,092
Current assets					
Stock	11	3,783	-	5,182	-
Trade and other receivables	12	163,389	41,953	131,249	38,159
Cash and cash equivalents	13	897,529	-	838,872	-
		1,064,701	41,953	975,303	38,159
Creditors: amounts falling due within one year	14	(511,289)	(6,220)	(396,550)	(706)
Net current assets		553,412	35,733	578,753	37,453
Total assets less current liabilities		5,948,599	555,370	6,151,117	562,545
Creditors: amounts falling due after more than one year	15	(4,625,268)	-	(4,808,085)	-
Total net assets		1,323,331	555,370	1,343,032	562,545
Restricted Reserves					
Income and expenditure reserve - restricted reserve	17	156,605	-	296,331	-
Income and expenditure reserve - endowment reserve	16	518,636	518,636	524,091	524,091
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		648,090	36,734	522,610	38,454
Total Reserves		1,323,331	555,370	1,343,032	562,545

The financial statements on pages 33 to 47 were approved by the Board of Governors on 19 December 2019 and were signed on its behalf on that date by:

Albert D Langston MBE, GMD
Chairman of the Board of Governors

Prof. Catherine Bachleda
Vice-Chancellor

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 July 2019

	Notes	Year ended 31 July 2019	Year ended 31 July 2018
		£	£
Cash flow from operating activities			
Deficit for the year		(19,701)	(99,975)
Adjustment for non-cash items			
Depreciation	9	251,283	240,188
Decrease in stock	11	1,399	1,629
(Increase) / decrease in debtors	12	(32,139)	53,695
Decrease in creditors	14, 15	(68,079)	(143,470)
Loss on the sale of fixed assets	9	1,356	-
Adjustment for investing or financing activities			
Release of donations with restrictions to restricted reserve		(50,000)	(456,000)
Other donations received		(43,000)	-
Net cash inflow/ (outflow) from operating activities		41,119	(403,933)
Cash flows from investing activities			
Payments made to acquire fixed assets	9	(75,462)	(102,408)
Withdrawal in current asset investments		-	200,000
Net cash (outflow)/ inflow from investing activities		(75,462)	97,592
Cash flows from financing activities			
Donations received		93,000	456,000
Increase in cash and cash equivalents in the year		58,657	149,659
Cash and cash equivalents at beginning of the year	13	838,872	689,213
Cash and cash equivalents at end of the year	13	897,529	838,872

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Year Ended 31 July 2019

A. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Gibraltar Financial Reporting Standard (GFRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit disclosure requirements of GFRS 102. The financial statements are prepared in accordance with the historical cost convention.

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

B. Basis of consolidation

The consolidated financial statements include the University and its wholly owned subsidiary The University of Gibraltar Limited for the financial year to 31 July 2019. The subsidiary has been consolidated using merger accounting and intra-group transactions are eliminated on consolidation.

As required by the SORP, a separate Statement of Comprehensive Income, Balance Sheet and Statement of Changes in Reserves for the University are presented.

C. Income recognition

Income from the sale of goods, including merchandise sold by the University gift shop or services, including tuition fees, examination fees and venue hire charges, is credited to the Statement of Comprehensive Income when the goods or services are supplied to external customers or the terms of the contract have been satisfied.

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount.

Income from research grants, contracts and other services rendered is included to the extent of completion of the contract or service concerned. Amounts received in relation to EU research projects are recognised as income on a systematic basis in the period to which it relates.

Investment income is credited to the statement of income and expenditure on a receivable basis.

Grant funding

Government revenue grants including research grants are recognised as income over the periods in which the University recognises the related costs for which the grant is intended to compensate. HM Government of Gibraltar grant income is recognised on an accruals basis and is used for capital and operational expenditure as necessary. Government grants used for capital expenditure are recognised in income over the expected useful life of the asset.

Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income.

Donations and endowments

Donations and endowments with donor imposed restrictions are recognised as income when the University is entitled to the funds.

Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations and endowments with no restrictions are recognised as income when the University is entitled to the funds.

The transfer of the land and buildings to the University by HM Government of Gibraltar at fair value has been recorded as endowment income. This takes account of restrictions on the permitted use of the land and buildings which must be for the pursuit of education, training and research.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT.)

Year Ended 31 July 2019

D. Accounting for retirement benefits

The University does not offer its own pension scheme but it may contribute to two defined contribution occupational pension schemes administered by HM Government of Gibraltar which are available to eligible staff, the Guaranteed Superannuation Fund (GSF) and the Gibraltar Provident Trust No 2 (GPT2). Contributions are charged as an expense to the Statement of Comprehensive Income where already paid by the year-end, or are recognised as a liability where they are due but not paid by the year-end.

E. Employment benefits

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

F. Foreign currency

Foreign currency transactions are translated into the functional currency (GBP) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

G. Fixed assets

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

Capitalised equipment is stated at cost and depreciated on a straight line basis over its expected useful life as follows:

Training Kitchen & Lab Equipment	5 years
Fixtures, Fittings & Equipment	10 years
Computer Equipment & Software	5 years
Other fixed assets	10 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Leasehold Land and Buildings

Leasehold land and building fixed assets were transferred to the University on the 1st September 2015 on a 99 year lease. They are now carried at fair value. Any subsequent additions to land and buildings are to be included at cost. Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the Statement of Comprehensive Income in the period it is incurred.

Land and buildings are depreciated on a straight line basis over their expected useful lives as follows:

Leasehold land and buildings	99 years
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Building refurbishment

Building refurbishment is based on the cost of the extensive refurbishment which took place prior to the University's inauguration.

The refurbishment is stated at cost and depreciated over its expected useful life as follows:

Building refurbishment	100 years
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Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

H. Stocks

Stocks are held at the lower of cost and net realisable value, and are measured using an average cost formula.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT.)

Year Ended 31 July 2019

I. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within twenty four hours without penalty.

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

J. Investments

Investments are carried at cost less impairment in the University's accounts.

K. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the University has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

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

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

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

The University believes there are no provisions, or contingent assets or liabilities, that currently require disclosure, following consideration and review by management.

L. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a restricted fund and will be recognised on entitlement to income, with movements to unrestricted reserves if appropriate.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 July 2019

	Year Ended 31 July 2019		Year Ended 31 July 2018		
	Notes	Consolidated £	University £	Consolidated £	University £
1. Tuition fees and education contracts					
Full-time home and EU students		27,750	-	-	-
Full-time international students		9,250	-	-	-
Part-time home and EU students		451,682	-	372,770	-
		488,682	-	372,770	-
2. Funding body grants					
Government Grant					
HM Government of Gibraltar		2,046,253	-	1,423,265	-
		2,046,253	-	1,423,265	-
<p>The total HM Government of Gibraltar grant funding for the period from commencement in August 2014 to the 31 July 2019 is £12,750,000. This amount is on a cash spent basis and therefore differs from the Consolidated Statement of Comprehensive Income and Consolidated Balance Sheet which are stated on an accruals basis.</p> <p>The HM Government of Gibraltar tranche due in July 2018 was received in August 2018 and therefore is included in the amount received for the year ended 31 July 2019.</p>					
3. Research grants and contracts					
EU research projects		78,761	78,761	44,027	44,027
		78,761	78,761	44,027	44,027
4. Other income					
Venue hire, examination centre and conferences		83,674	-	72,427	-
Restaurant income		31,489	-	17,235	-
Student shop income		768	-	1,029	-
Other income		8,752	-	3,958	-
		124,683	-	94,649	-
5. Donations and endowments					
Donations with restrictions		50,000	-	456,000	-
Unrestricted donations		43,000	-	-	-
		93,000	-	456,000	-

During the financial year the main donations received were from the Alwani Trust Foundation (£42,000) and Parasol Trust Foundation (£50,000). All donations with restrictions are applied in accordance with the donor agreements.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year Ended 31 July 2019

	Year Ended 31 July 2019		Year Ended 31 July 2018	
	Consolidated	University	Consolidated	University
Notes	£	£	£	£
6. Staff Costs				
Staff Costs :				
Salaries	1,313,924	-	1,162,836	-
Social security costs	65,838	-	46,004	-
Other pension costs	110,442	-	93,481	-
Holiday pay accrual expense	13,768	-	10,387	-
	1,503,972	-	1,312,708	-

	Year Ended 31 July 2019
Total remuneration of the head of the institution	£
Basic salary	89,230
Bonus	5,000
Employer's Pension cost	11,154
	105,384

The Vice-Chancellor reports to the Chair of the Board of Governors, who undertakes an annual review of her performance against the University's overall strategic objectives using both qualitative and quantitative measures of performance.

The Vice-Chancellor was acting from August 2018 until June 2019 when she was formally appointed.

Relationship of the Vice-Chancellor to all other employees expressed as a pay multiple: **2019**

No.

Vice-Chancellor's basic salary to employees' median **2.63**

Vice-Chancellor's total remuneration to employees' median **2.75**

Remuneration of the Vice-Chancellor and other higher paid staff, excluding employer's pension contributions has been included below:

	Year Ended 31 July 2019	Year Ended 31 July 2018
	No.	No.
£70,000-£79,999	2	5
£80,000-£89,999	2	-
£90,000-£99,999	1	1
	5	5
Average staff numbers by major category :	No.	No.
Academic & research (including part-time teaching staff)	17	14
Central Administration	19	13
Campus	3	3
	39	30

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year Ended 31 July 2019

6. Staff costs (continued)

Key management personnel

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

The Key management personnel are the Vice-Chancellor and the University Executive team. Compensation consists of salary and benefits including any employer's pension contribution.

	Year Ended 31 July 2019	Year Ended 31 July 2018
	£	£

Key management personnel compensation	529,418	513,727
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	Year Ended 31 July 2019		Year Ended 31 July 2018	
	Consolidated	University	Consolidated	University
	£	£	£	£

7. Analysis of other operating expenses

Academic and related expenditure	424,443	-	337,376	-
Premises and facilities management expenses	247,283	-	247,971	-
Catering and conferences	6,928	-	4,565	-
Research grants and contracts	85,481	80,481	30,690	20,261
Administration and general expenses	283,836	-	266,882	-
Professional and consulting expenses	21,534	-	19,659	-
Staff development	24,964	-	30,647	-
	1,094,469	80,481	937,790	20,261

Other operating expenses include:

External auditors remuneration in respect of audit services	15,895	-	6,505	-
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8. Taxation

In accordance with the University of Gibraltar Act 2015, unless otherwise provided in an Act, any University income and property are exempt from taxation.

This exemption extends to any subsidiary company of the University.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year Ended 31 July 2019

9. Fixed assets							
Consolidated	Leasehold Land & Buildings	Building Refurbishment	Training Kitchen & Lab Equipment	Fixtures, Fittings & Equipment	Computer Equipment & Software	Other fixed assets	Total
	£	£	£	£	£	£	£
Cost or valuation							
At 1 August 2018	540,000	4,641,098	439,353	227,693	371,636	33,578	6,253,358
Additions	-	-	10,733	32,918	30,491	1,320	75,462
Disposals	-	-	-	-	(2,292)	-	(2,292)
Transfers	-	-	-	-	-	-	-
At 31 July 2019	540,000	4,641,098	450,086	260,611	399,835	34,898	6,326,528
Depreciation							
At 1 August 2018	15,908	139,127	245,230	64,543	207,910	8,276	680,994
Charge for the year	5,455	46,411	90,017	26,061	79,849	3,490	251,283
Disposals	-	-	-	-	(936)	-	(936)
At 31 July 2019	21,363	185,538	335,247	90,604	286,823	11,766	931,341
Net book value							
At 31 July 2019	518,637	4,455,560	114,839	170,007	113,012	23,132	5,395,187
At 31 July 2018	524,092	4,501,971	194,123	163,150	163,726	25,302	5,572,364

University	Leasehold Land & Buildings	Building Refurbishment	Training Kitchen & Lab Equipment	Fixtures, Fittings & Equipment	Computer Equipment & Software	Other fixed assets	Total
	£	£	£	£	£	£	£
Cost or valuation							
At 1 August 2018	540,000	-	-	-	-	-	540,000
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At 31 July 2019	540,000	-	-	-	-	-	540,000
Depreciation							
At 1 August 2019	15,908	-	-	-	-	-	15,908
Charge for the year	5,455	-	-	-	-	-	5,455
At 31 July 2018	21,363	-	-	-	-	-	21,363
Net book value							
At 31 July 2019	518,637	-	-	-	-	-	518,637
At 31 July 2018	524,092	-	-	-	-	-	524,092

On the 1st September 2015 leasehold land and buildings were endowed by HM Government of Gibraltar to the University on a 99 year lease. The land and buildings were later valued for accounting purposes at £540,000 at the date of transfer which is the estimated fair value of the asset.

On the 15th June 2017 a 7 year sub-lease was granted to Lord Nelson Limited in respect of the restaurant area, which led to the opening of Bistro Point Restaurant on the 20th October 2017. The restaurant is independently operated by the Hunter Group in return for a turnover based rent.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year Ended 31 July 2019

10. Non-current investments

University	Subsidiary companies	Total
	£	£
At 1 August 2018	1,000	1,000
Additions	-	-
At 31 July 2019	1,000	1,000

The University holds all issued shares in the following company which has been incorporated in Gibraltar and whose results are consolidated into these financial statements.

Company	Principal Activity	Status
The University of Gibraltar Limited	Commercial and operational activity	100% owned and controlled

11. Stock

	As at 31 July 2019		As at 31 July 2018	
	Consolidated	University	Consolidated	University
	£	£	£	£
Finished goods	3,783	-	5,182	-
	3,783	-	5,182	-

12. Trade and other receivables

	As at 31 July 2019		As at 31 July 2018	
	Consolidated	University	Consolidated	University
	£	£	£	£
Amounts falling due within one year:				
Research grants receivable	41,953	41,953	38,159	38,159
Other receivables	51,315	-	35,308	-
Prepayments and accrued income	70,121	-	57,782	-
	163,389	41,953	131,249	38,159

13. Cash and cash equivalents

	At 1st August 2018	Cash Flows	At 31st July 2019
	£	£	£
Cash and cash equivalents	838,872	58,657	897,529

A total of £156,605 included in the balance of cash and cash equivalents as at the 31 July 2019 is in respect of restricted donations.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year Ended 31 July 2019

14. Creditors: amounts falling due within one year				
	As at 31 July 2019		As at 31 July 2018	
	Consolidated	University	Consolidated	University
	£	£	£	£
Trade payables	84,161	-	55,942	-
Other creditors	21,900	6,220	14,033	706
Unpaid share capital	-	-	-	-
Accruals and deferred income	405,228	-	326,575	-
	511,289	6,220	396,550	706

Deferred income

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	As at 31 July 2019	As at 31 July 2018
	£	£
Tuition fees	12,021	12,158
Deferred income - research grants & scholarships	62,187	28,905
Deferred HM Government of Gibraltar - capital expenditure	251,283	240,188
	325,491	281,251

15. Creditors: amounts falling due within one year				
	As at 31 July 2019		As at 31 July 2018	
	Consolidated	University	Consolidated	University
	£	£	£	£
Deferred income	4,625,268	-	4,808,085	-
	4,625,268	-	4,808,085	-

Deferred income

Deferred income relates entirely to HM Government of Gibraltar grant income which has been used for capital expenditure and is therefore recognised as income over the expected useful lives of the assets acquired, in accordance with fixed asset depreciation policies as described in the Statement of Principal Accounting Policies. Any such deferred income is allocated between creditors due within one year and due after more than one year as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year Ended 31 July 2019

16. Endowment reserves				
Restricted net assets relating to endowments are as follows: Consolidated and University		Restricted permanent endowments	Year ended 31 July 2019	Year ended 31 July 2018
			Total	Total
		£	£	£
Balance at 31 July 2018		524,091	524,091	529,545
Release of endowment charged in comprehensive income statement		(5,455)	(5,455)	(5,454)
At 31 July 2019		518,636	518,636	524,091
Represented by:	Capital	518,636	518,636	524,091
Analysis by type of purpose & asset class:	Leashold land and buildings		518,636	524,091
17. Restricted Reserves (consolidated)				
		Donations	Year ended 31 July 2019	Year ended 31 July 2018
		£	£	£
Balances at 1 August 2018		296,331	296,331	-
New donation		50,000	50,000	456,000
Expenditure		(189,726)	(189,726)	(159,669)
Restricted comprehensive income for the year		7,175	7,175	18,312
Transfers between restricted and unrestricted reserve		(7,175)	(7,175)	(18,312)
Total restricted comprehensive income for the year		(139,726)	(139,726)	296,331
At 31 July 2019		156,605	156,605	296,331
			Year ended 31 July 2019	Year ended 31 July 2018
			Total	Total
Analysis of other restricted funds /donations by type of purpose:			£	£
General			156,605	296,331
			156,605	296,331

University donations with restrictions with general purpose are to be used for curriculum development, the development of the library and other university activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year Ended 31 July 2019

18. Pension schemes

Eligible University staff can opt for either of two defined contribution pension schemes administered by HM Government of Gibraltar; Guaranteed Superannuation Fund (GSF) and the Gibraltar Provident Trust No 2 (GPT2). Most pensionable staff members opted for the GSF option.

	Notes	Year Ended 31 July 2019	Year Ended 31 July 2018
		Consolidated	Consolidated
		£	£
GPT2 contributions paid		17,559	-
GSF contributions paid		92,883	93,481
	6	110,442	93,481

The GSF being where the bulk of pension contributions are maintained is held in trust via a Government Special Fund - the Government Trusts Fund established under the Public Finance (Control and Audit) Act. The Scheme funds are invested in the Guaranteed Superannuation Fund Bond issued by the Gibraltar Savings Bank.

19. Related party transactions

Transactions with organisations related to Governors

Due to the nature of the University's operations and the composition of the Board of Governors, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and usual procurement practices.

Non-executive members of the Board of Governors do not receive remuneration in respect of their roles as Governors. As at 31 July 2019 a total of £5,000 (2018: £nil) was due to Clive Finlayson regarding an honorarium for his role as Director of the University's Institute of Life and Earth Sciences. No further amounts were due to any other Board members.

Relevant significant relationships held by non-executive members of the Board of Governors who served in the year are as follows. For full analysis of movements in the Board of Governors please refer to our Report of the Board of Governors and Corporate Governance Statement:

- i) Albert Langston MBE GMD is non- executive Chairman of Gibraltar International Bank.
- ii) Francis Carreras OBE GMD was Commissioner of Income Tax, HM Government of Gibraltar (retired)
- iii) Prof. Clive Finlayson is Director, Chief Scientist & Curator at the Gibraltar Museum
- iv) Darren Grech is Chief Secretary, HM Government of Gibraltar.
- v) Jackie Mason is Director of Education, HM Government of Gibraltar.
- vi) Prof. Ian Peate is Head of School of Health Studies at Gibraltar Health Authority.

ACADEMIC BOARD

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Professor David Abulafia
Dr Keith Bensusan
Dr Darren Fa
Dr Martin Hale
Professor John White
Mr Albert Gonzalez

Vice-Chancellor, chair AQSC
External member
Chair RRDC
Director of Academic Programmes and Research
Academic Staff representative
External member
Student Representative

UNIVERSITY BEACON PROFESSORS AND VISITING PROFESSORS

Professor David Abulafia
Professor John Cortes
Professor Clive Finlayson

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Professor Catherine Bachleda
Paul Bowling
Christian Celecia

Nadine Collado

Dr Darren Fa
Krystle Robba

Vice-Chancellor, chair Academic Board
Chief Financial and Operations Officer
Director of Information and Communication Technologies
Director of Professional Development & Continuing Education
Director of Academic Programmes and Research
Registrar

AUDIT COMMITTEE

Frank Carreras (Chair) OBE GMD
Albert Langston MBE GMD
Desiree McHard

Board of Governors, University of Gibraltar
Chair of Board of Governors, University of Gibraltar
Managing Director, BDO Gibraltar

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Kenneth Asquez
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Harry Murphy
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Tourism & Hospitality Key Advisory Group

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Mandy Gaggero
Nicky Guerrero
George Desoisa
Sixto Parody
John Paul Risso
Nadine Collado

New Technologies in Education Key Advisory Group

Nadine Collado (Chair)
Paul Astengo
Dr Joey Britto
David Parody
Keri Scott
Ian Torrilla
Dr Darren Fa
Professor Catherine Bachleda





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