



UNIVERSITY
of
ABERTAY DUNDEE

Annual Report and Financial Statements
for the year ended 31 July 2010



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Operating and Financial Review

Scope of the Financial Statements

The Financial Statements presented on pages 12 to 33 comprise the financial results of the University of Abertay Dundee for the year to 31 July 2010.

Results for the Year

The results for the year to 31 July 2010 are summarised as follows:

	2010	2009
	£000	£000
Income	36,252	37,811
Expenditure	35,816	36,979
	436	832
Surplus for the year before exceptional items	436	832
Loss on disposal of assets	(16)	-
Transfer from accumulated income within endowments	24	27
	444	859
Surplus for the year retained within general reserves		

The purpose of this section is to provide an overview of the University's operating and financial position, based on a comprehensive and balanced analysis of that position and in light of its mission, vision and values (University of Abertay Dundee Strategic Plan 2007-11, page 4). The context for establishing the University's strategic aims and corporate goals (op cit, page 8) is Scotland's higher education sector, and the Scottish Government's current funding and regulatory regimes.

The University of Abertay Dundee is a relatively small UK and Scottish higher education institution with a turnover of around £36m, making it approximately less than one half the size of the UK average figure, although it is larger than the Small Specialist Institutions (for example, Glasgow School of Art). However, unlike these specialist institutions, the University operates a full subject range of undergraduate and taught postgraduate programmes, and is fully committed to those areas of pure and applied research it has identified and developed (for example, environmental sciences, computer technology and computer arts, and the accounting for extractive industries).

The Strategic Plan 2007-11 examines the external environment and challenges faced by the institution (op cit, page 7). This analysis highlights the main regional, national and international factors and trends affecting the implementation of the Strategic Plan.

At a regional level, there are important demographic influences at work (with a projected decline in key population age groups over the next 15 years); and at a national level, there is at present much discussion at ministerial level regarding the future of funding for all of Scotland's 14 universities and also how the Public Sector cuts will affect the sector. Internationally, the University's competitive position in its traditional markets for recruiting postgraduate students (for example, India, China and Pakistan) is being disrupted by changes to the UK Government's student entry visa processing policies and practices.

During the past year we have been designated the UK's first National Centre of Excellence for Computer Games Education. We have been selected to host the new Scotland Food and Drink Skills Academy, and we are continuing our world-leading research in environmental sciences and engineering, and our nationally important research in mental health, counselling, policing and cancer modelling. We are developing new areas of expertise in energy accounting and finance, and we are growing a new digital security portfolio, including our well-established ethical hacking programme and new degrees in digital forensics, intelligence and security informatics.

Operating and Financial Review *(continued)*

Across the University, there are many examples of close partnership with other bodies, but two of the most significant are our close collaboration with NCR and our involvement as a full partner in the exciting project to bring a new outpost of London's Victoria and Albert Museum to Dundee.

Over the financial year 2009-10, the University has continued to make progress in relation to its corporate goals and targets (*op cit*, pages 10-25) across its main areas of operation: teaching and learning; portfolio development; research; regional impact; and management and governance. Such progress can be examined in terms of the 2009-10 income and expenditure position of the University.

As is the case with most other UK universities, 2009-10 has seen a continuation of significant cost pressures, including: the impact of previously nationally agreed staff pay increases; consequent pay bill impact arising from so-called "incremental drift"; high employers' pension scheme contribution rates caused by actuarial revaluations and scheme changes; and construction and commodities price increases well in excess of inflation allowances provided by the Scottish Government. The full extent of these cost pressures are clear in the 2009-10 results; for example, with reducing staff numbers (at around 513 full-time equivalents, a reduction of 2.5%), the pay bill has only reduced by 1.1% year-on-year. All other operating expenses have been kept under strict scrutiny and the University remains vigilant in this area of budgetary planning and control.

The Strategic Plan specifies a target for the University's operating surplus (*op cit*, page 23), comprising an average of 2% of turnover for the planning period, which equated to an overall target surplus for the 3 years of £2,205,000 and £2,172,000 has been achieved, only £33,000 adrift from target.

At the close of business on the 31 July 2010 the Abertay Student Centre Ltd, our wholly owned subsidiary, was transferred as a going concern to the University. The impact of this is reflected in these financial statements.

The University continues to take the exemption permitted under FRS17 "Retirement Benefits" to disclose the pension schemes as if they are defined contribution schemes and plans to continue taking this exemption for as long as the schemes are set up in the same manner which allows this treatment. However the University recognises the volatility it would bring to the Financial Statements if this were ever to change.

Risk Management

The University has recently revised its approach to risk management, introducing a comprehensive Risk Management Policy. This policy is modelled on the Office of Government Commerce Management of Risk Framework which offers the processes, tools and techniques capable of supporting the identification, evaluation and management of, amongst others, strategic, reputational, operational, and financial risks. The revised policy builds on the University's existing Risk Register that has allowed the introduction of effective risk management control measures in areas such as international student recruitment and capital project appraisal. With regard to the strategic risks identified by the Strategic Plan, the University has undertaken a comprehensive mapping of those risks (under each of the themes already stated: teaching and learning; portfolio; research; regional impact; and management and governance) to the existing entries and control measures in the Risk Register.

Future Strategy

Looking beyond the current financial year, the University has identified those factors and trends that will affect the institution's long-term economic sustainability. Public Sector cuts are at the forefront of that thinking and, as a consequence, a recurrent cost reduction programme is continuing. Although income growth strategies have been identified, maintaining the existing target of an operating surplus in the range of 1-3% of turnover is a major challenge as although we achieved this target over the past 3 years the greater surpluses were achieved in the earlier 2 years.

The University will continue to strive to grow and develop, and in September 2010 it opened a new Student Village with 500 high specification bed-spaces close to the main campus. It will also open a new national prototyping centre with a unique new business support programme for the games and creative industries.

Operating and Financial Review *(continued)*

Investment Performance

The Committee notes that the market value of listed investments held by the University has increased during the year by £812,000 at 31 July 2010.

Cash Flow

The Cash Flow Statement shows that there was a net cash outflow of £1,260,000 during the year.

Creditor Payment Policy

The University aims to pay all invoices from creditors within 30 days of the date of the invoice, in line with the CBI prompt payment policy. During 2009/10 the University paid 80% of invoices within 30 days, with no penalty interest incurred (2009:83%).

Employment Policy

Equal Opportunities - The University is committed to equal opportunities both as an employer and in the provision of education. As an employer its aim is to ensure that all employees are recruited on the basis of ability and the requirements of their posts and that they are employed and retained in a non-discriminatory manner.

Employment of Disabled Persons - The University employs disabled persons and gives full consideration to applications for employment by disabled persons, bearing in mind the aptitudes of the applicants. It provides facilities for disabled persons wherever possible, makes special arrangements to safeguard their health and safety at work, and seeks to ensure that the training and development of disabled persons so far as is possible is identical with that of other employees. In the event of existing employees becoming disabled every effort is made to ensure that their employment with the University continues and that appropriate training is arranged.

Disabled Students - The University welcomes applications from suitably qualified candidates, regardless of any physical or sensory disability. Students with special needs are encouraged to contact the University's Special Needs Adviser in advance of application to discuss the practical implications of studying at the University.

Employee Involvement - The University uses a wide variety of means to communicate with its employees. Court and Senate make their papers (other than those relating to reserved areas of business) freely available, and policy decisions are communicated to all concerned through the appropriate channels. Formal and informal machinery is maintained for consulting unions and staff who do not belong to a union, and opportunities exist within the School and Service structure for formal and informal participation. Internally, electronic media including the University Intranet and an electronic newsletter are also used to facilitate communication.

Charity Registration

The University of Abertay Dundee is a charity registered in Scotland, Charity Number SC016040.



Angus Macmillan Douglas OBE
Convenor
Finance, People & General Purposes Committee

References

University of Abertay Dundee Strategic Plan 2007 – 2011 available at:
<http://www.abertay.ac.uk/media/media,322,en.pdf>

Corporate governance statement

The University Court is the governing body of the University. The composition, functions and powers of the Court are set out in the University of Abertay Dundee (Scotland) Order of Council 1994, which incorporates parts of the Dundee College of Technology Scheme 1975. Under the Order, the objects of the University are to provide education, undertake and carry out research, make suitable and adequate provision for such activities, and conduct the affairs of the University in ways that promote its objects. The University is committed to exhibiting good practice in all aspects of corporate governance. This summary describes the manner in which the University has fully complied with the principles set out in Section 1 of the Combined Code on Corporate Governance issued in June 2006, in the Turnbull Guidance on Internal Control and in the Committee of University Chairs (CUC) *Guide for Members of Higher Education Governing Bodies in the UK* (March 2009).

As the Governing Body of the University, Court is responsible for the University's system of internal control, which includes internal audit; delegation of responsibilities within a regulatory framework, and reviewing its effectiveness. The system is designed to fulfil the University's responsibilities related to accountability, transparency and value for money inherent in good corporate governance practice. It emphasises the effective management of risk, using well thought-out and controlled risk-taking, leading to improved delivery of the University's objects, proper regard for organisational development, and ensuring the institution's long-term sustainability. However, any such system can only provide reasonable and not absolute assurance against material misstatement or loss.

Court undertakes a continuous review of the process used by the University to identify, measure and manage its key risks. These risks comprise both business and financial risk and derive from operating in the environment of the higher education sector. The main depository for the identification, measurement and management of risk is the University's Risk Management Framework. This process is reviewed by the Audit Committee of Court, and accords with the internal control guidance for directors on the Combined Code as amended by the British Universities Finance Directors Group. In line with the Code, we will for the first time show below attendance rates at Committees that have been suggested by the Code.

Court comprises lay core members, co-opted members, *ex officio* members and staff members. Lay core members have 'experience of industrial, commercial or employment matters or the practice of any profession' and remain an absolute majority, whilst the co-opted membership includes at least one person having experience in each of 'local government' and 'the provision of education'. Court has a total possible membership of 25 with 13 forming the lay core, a maximum of 6 being co-opted, 3 being *ex officio* (Principal, Vice-Principal, President of the Students' Association) and 3 representing academic and non-academic staff.

Court met five times in the year to 31 July 2010 and the aggregate attendance rate was 73%.

The membership of Court for the year to 31 July 2010 was as follows:

<i>Mr N Hawkins (Chair from 1 January 2010)</i>	<i>Mr A Macmillan Douglas OBE</i>
<i>Professor G Hewitt CBE (Chair until 31 December 2009)</i>	<i>Ms B Malone (from 17 February 2010)</i>
<i>Dr J J Morrow (Vice-Chair from 1 January 2010)</i>	<i>Ms A F Markham OBE</i>
<i>Dr T Abraham</i>	<i>Mrs L Martin CBE</i>
<i>Ms J Curran (from 1 January 2010)</i>	<i>Mr D McLaren</i>
<i>Mr D Currie (from 1 July 2010)</i>	<i>Mr J Nicholson</i>
<i>Mr K Cargill</i>	<i>Dr A Samuel</i>
<i>Mr R Doak</i>	<i>Mr I Simpson (from 1 January 2010)</i>
<i>Mr D Dorward (from 23 April 2010)</i>	<i>Professor N Terry (from 1 August 2009)</i>
<i>Dr D Douglas</i>	<i>Mr I Todd (until 30 June 2010)</i>
<i>Mr E Frizzell CB</i>	<i>Mr S Watt (until 31 December 2009)</i>
<i>Mr M Grossi (from 23 April 2010)</i>	<i>Mr I R Wilson CBE</i>
<i>Mrs S Halkerston</i>	<i>Professor E Wilson (from 24 April 2010)</i>
<i>Professor B King CBE</i>	<i>Sheriff K A Veal (until 31 December 2009)</i>
<i>Mr C Macdonald</i>	

Corporate governance statement *(continued)*

The Principal is the chief executive of the University with delegated powers to discharge the functions of Court relating to the management of the University and to discipline therein. Court holds at least five meetings a year and has formally constituted a number of Committees, all of which have clearly defined remits and the majority of which have a lay core member as Chair. The major Committees are: Audit Committee; Chairman's Committee, Finance, People & General Purposes Committee (which has three sub-committees: Estates & Campus Services, Health and Safety, and Equality and Diversity); Governance Committee; and the Remuneration Committee. Court delegates to Senate its functions relating to the overall planning, co-ordination, development and supervision of the academic work of the University. Senate has formally constituted a number of committees, all of which have clearly defined remits. In respect of its strategic and development responsibilities, the main committee of Senate is the Planning & Resources Committee.

The following individuals were members of Planning & Resources Committee for the year to 31 July 2010:

<i>Professor N Terry (Chair)</i>	<i>Professor J McLeod</i>
<i>Professor S Olivier (Vice-Chair)</i>	<i>Dr C Miller</i>
<i>Ms L Balfour</i>	<i>Dr L Natanson</i>
<i>Professor R Bateson (from 1 November 2010)</i>	<i>Mr J Nicholson</i>
<i>Mr K Coe</i>	<i>Dr C S Özveren</i>
<i>Mr D Currie (from 1 July 2010)</i>	<i>Professor J Palfreyman</i>
<i>Mr P Durrant</i>	<i>Professor A Russell (until 31 December 2009)</i>
<i>Dr C Fraser</i>	<i>Mr I Simpson</i>
<i>Mrs W Grant</i>	<i>Mrs S Stewart</i>
<i>Mr C Grethè</i>	<i>Professor H Tarbert (from 1 January 2010)</i>
<i>Dr M Hartnett</i>	<i>Mr I Todd (until 30 June 2010)</i>
<i>Dr J Leishman</i>	<i>Mr M Turpie (from 1 February 2010)</i>
<i>Mr R Lloyd</i>	<i>Mr S Watt (until 31 December 2009)</i>
<i>Professor L MacKinnon (until 31 January 2010)</i>	

The Estates & Campus Services Sub-Committee of Court oversees all matters relating to the Estate Strategy and to the maintenance, review, development and renewal of the University's property, services, fixtures and estate.

The members of the Estates & Campus Services Sub-Committee for the year to 31 July 2010 were:

<i>Mr E Frizzell CB (Chair)</i>	<i>Professor B King CBE</i>
<i>Professor R Bateson (from 1 November 2010)</i>	<i>Professor S Olivier</i>
<i>Mr K Cargill</i>	<i>Mr I Simpson</i>
<i>Mr D Currie (from 1 July 2010)</i>	<i>Professor N Terry</i>
<i>Mr N Hawkins</i>	<i>Mr I Todd (until 30 June 2010)</i>

The Finance, People & General Purposes Committee oversees and supervises the receipt, expenditure and control of all revenues. It advises Court on all strategic, financial and people matters and on other matters affecting Court's interests which are not referred to any other Committee. The Committee also supervises and reviews the financial administration of Court.

The members of Finance, People & General Purposes Committee for the year to 31 July 2010 were:

<i>Mr A Macmillan Douglas OBE (Chair)</i>	<i>Professor B King CBE</i>
<i>Professor R Bateson (from 1 November 2010)</i>	<i>Dr J J Morrow</i>
<i>Mr D Currie (from 1 July 2010)</i>	<i>Professor S Olivier</i>
<i>Mr E Frizzell CB</i>	<i>Professor N Terry</i>
<i>Mrs W Grant</i>	<i>Mr I Todd (until 30 June 2010)</i>
<i>Mr C Grethè</i>	<i>Mr I R Wilson CBE</i>

Corporate governance statement *(continued)*

The Audit Committee advises Court on all audit-related matters and assists Court in ensuring the discharge of its responsibilities for proper financial management. It is also responsible for the effectiveness of the internal control and management systems, for the efficiency and effectiveness of the University's financial activities for monitoring mechanisms designed to ensure value for money across all University activities. In carrying out those duties the Audit Committee has regard to the requirements of the Financial Memorandum issued by the Scottish Funding Council.

The Audit Committee met five times and the aggregate attendance was 65%. The members of the Audit Committee for the year to 31 July 2010 were:

<i>Mr D McLaren (Chair)</i>	<i>Mr I R Wilson CBE</i>
<i>Ms A F Markham OBE</i>	<i>Sheriff K A Veal (until 31 December 2009)</i>
<i>Mr I McDonald</i>	<i>Professor E Wilson (from 18 June 2010)</i>

The Governance Committee met twice during the reporting period. Its purpose is, *inter alia*, to consider and bring forward recommendations in relation to issues relating to good practice in institutional governance. The members of the Governance Committee to 31 July 2010 were:

<i>Mr K Cargill (Chair)</i>	<i>Mr I Simpson (from 1 March 2010)</i>
<i>Mr D Currie (from 1 July 2010)</i>	<i>Professor N Terry</i>
<i>Mr R Doak</i>	<i>Mr I Todd (until 30 June 2010)</i>
<i>Mrs L Martin CBE</i>	<i>Mr S Watt (until 31 December 2009)</i>

Chairman's Committee acts in the name of Court in cases of urgency, subject to any decision being reported to the next meeting of Court. It also acts as a Nominations Committee, considering recommendations for the appointment of lay and co-opted members to Court, which are then referred to Court. The Nominations Committee reviews nominees derived from the 2006 advertisement for lay members of Court and from invitations for nominees from members of Court and of staff. It met six times and the aggregate attendance 84%.

The members of the Chairman's Committee for the year to 31 July 210 were:

<i>Mr N Hawkins (Chair from 1 January 2010)</i>	<i>Professor B King CBE</i>
<i>Professor G Hewitt CBE (Chair until 31 December 2009)</i>	<i>Mr A MacMillan Douglas OBE</i>
<i>Mr K Cargill</i>	<i>Dr J J Morrow</i>
<i>Mr E Frizzell CB</i>	<i>Professor N Terry</i>

The Remuneration Committee, which met once in the reporting period with all members present, comprises lay core members of Court and considers and determines the levels of salary and terms and conditions of service of senior staff. The Remuneration Committee met once in the session and attendance of members was 100%. The members of the Remuneration Committee for the year to 31 July 2010 were:

<i>Mr N Hawkins (Chair from 1 January 2010)</i>	<i>Mr A MacMillan Douglas OBE</i>
<i>Professor G Hewitt CBE (Chair until 31 December 2009)</i>	<i>Mr D McLaren</i>
<i>Mr K Cargill</i>	<i>Dr J J Morrow</i>
<i>Mr E Frizzell CB</i>	

The Health & Safety Sub-Committee oversees all matters relating to the safety and occupational health of staff, students and other persons within the University environment. The following were members of the Health & Safety Sub-Committee for the year to 31 July 2010:

Corporate governance statement (*continued*)

Mrs S Stewart (Chair)
Dr A Adya
Mr M Black
Mr G Burke
Dr P Collier
Mr D Currie (from 1 July 2010)
Mr D Dalziel
Dr D Ellison
Mr P Forte
Mr C Grethè
Mr A Ingles
Mrs S Jeffrey
Professor B King CBE
Mr R Lloyd
Mr G Lund
Mr J McKinlay

Miss E McPhee
Dr C Miller
Dr L Natanson
Professor J Palfreyman
Mr A Payne
Mr C Rae
Mrs A Ross
Professor A Russell
Dr A Samuel
Mr I Simpson
Professor H Tarbert
Mr I Todd (until 30 June 2010)
Mr M Turpie (from 1 February 2010)
Mr S Watt (until 31 December 2009)
Mr D Williamson
Ms Y Wharton

The Equality & Diversity Sub-Committee is responsible for all aspects of the University's equal opportunities policies and procedures and reporting thereon. The members of the Equality & Diversity Sub-Committee for the year to 31 July 2010 were:

Mr J Nicholson (Chair)
Ms L Ballester (until May 2010)
Mr D Currie (from 1 July 2010)
Professor C Di Domenico
Dr C Fraser
Mr C Grethè
Mrs M Guild

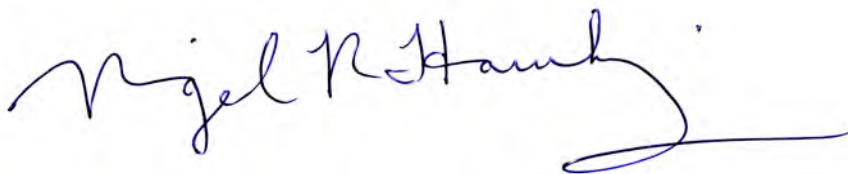
Mr A Milne
Mrs M Oduyemi
Dr K Oduyemi
Mr C Rae
Dr A Samuel
Mrs S Stewart
Mrs M Weldon-Johns (from May 2010)

The University Court, through its Governance Committee, carried out a follow-up review on the outcomes of the comprehensive evaluation of the effectiveness of the Court undertaken in session 2007/2008. The follow-up review, using semi-structured interviews with members of Court, focussed on those areas that had previously been identified as requiring enhancement. The overall consensus was that improvements in areas such as induction of new members had taken place. The next full effectiveness review is scheduled to take place in 2012.

The strategic development of the University involves development of a strategic plan; initially produced by the management group, then approved by Senate and, finally, by Court. Court holds regular conferences at which strategic development issues are discussed and receives regular updates on implementation of objectives. In the year to 31 July 2010, Court received regular updates from the senior management of the University on the implementation of the Strategic Plan 2007-11 and on plans for the development of the next Strategic Plan.

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

Signed by



Mr Nigel Hawkins
Chairman, University Court

The University Court would like to express its thanks to all those who have served on Court or as members of Committees of Court during the course of the year.

Responsibilities of the University Court

In accordance with the Further and Higher Education (Scotland) Act 2005, the Court of the University of Abertay Dundee is responsible for the administration and management of the affairs of the University, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Court is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, The Further and Higher Education (Scotland) Act 2005, Scottish Funding Council Accounts Direction and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the Court of the University of Abertay Dundee, the University Court, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Court is satisfied that it has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Court has a responsibility to:

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

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Court;

Responsibilities of the University Court (*continued*)

- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Finance, People and General Purposes Committee; and
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the Court. The Internal Audit team provides a report of internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.

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

The officers and members of the Court who held office at the date of approval of the Annual Report and Financial Statements confirm that, so far as they are each aware, there is no relevant audit information of which the University's auditors are unaware; and each officer and member of the Court has taken all the steps that he/she ought reasonably to have taken as an officer and member of the Court to make himself/herself aware of any relevant audit information and to establish that the University's auditors are aware of that information.

Independent auditors' report to the Court of the University of Abertay Dundee

We have audited the financial statements' of the University of Abertay and its group for the year ended 31 July 2010 which comprise the Consolidated Income and Expenditure Account, the University and Group Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Group Total Recognised Gains and Losses, the Statement of Historical Cost Surpluses, the Statement of Principal Accounting Policies and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

Respective responsibilities of the Court and auditors

The Court's responsibilities for preparing the financial statements in accordance with the Accounts Direction issued by the Scottish Further and Higher Education Funding Council, the Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of the Court's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the University Court in accordance with the financial memorandum with the Scottish Further and Higher Education Funding Council and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education, the Accounts Direction issued by the Scottish Further and Higher Education Funding Council and with United Kingdom Generally Accepted Accounting Practice.

We report to you whether in our opinion, income from the Scottish Further and Higher Education Funding Council, grants and income for specific purposes and from other restricted funds administered by the institution, have been applied in all material respects only for the purposes for which they were received, and whether income has been applied in all material respects in accordance with the Further and Higher Education (Scotland) Act 2005 and, where appropriate, with the financial memorandum with the Scottish Further and Higher Education Funding Council .

We also report to you if, in our opinion, the information given in the Operating and Financial Review is not consistent with those financial statements, if the institution has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and Financial Statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. This information comprises only the Operating and Financial Review and the Corporate Governance Statement.

We also review the Statement of Internal Control (included as part of the Corporate Governance Statement) and comment if the statement is inconsistent with our knowledge of the institution and group. We are not required to consider whether the statement of internal control covers all risks and controls, or to form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Independent auditors' report to the Court of the University of Abertay Dundee (continued)

Basis of audit opinion

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

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

Opinion

In our opinion:

- i. the financial statements give a true and fair view of the state of affairs of the university and the group as at 31 July 2010, the group's income and expenditure, recognised gains and losses, and statement of cash flows for the year then ended;
- ii. the financial statements have been properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education, the Accounts Direction issued by the Scottish Further and Higher Education Funding Council and with United Kingdom Generally Accepted Accounting Practice;
- iii. in all material respects, income from the Scottish Further and Higher Education Funding Council, grants and income for specific purposes and from other restricted funds administered by the university have been applied only for the purposes for which they were received; and
- iv. in all material respects, income has been applied in accordance with the Further and Higher Education (Scotland) Act 2005 and, where appropriate, with the Financial Memorandum dated January 2006 with the Scottish Further and Higher Education Funding Council.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Glasgow
17 December 2010

Statement of principal accounting policies

Basis of Preparation

These financial statements have been prepared in accordance with the statement of recommended practice (SORP): *Accounting in Further and Higher Education* and in accordance with applicable Accounting Standards. They conform to the Accounts Direction for Scotland's colleges and universities published by the Scottish Funding Council.

Basis of accounting

The financial statements are prepared on an accruals basis and using the historical cost convention, as modified by the revaluation of endowment investments, fixed asset investments and land and buildings. They have been prepared using the principal of "substance over form".

Basis of consolidation

The consolidated financial statements include the University and its subsidiary undertakings for the year ended 31 July 2010. Income for the year is included in Other Operating Income and expenditure is included in Other Operating Expenses in the Consolidated Income and Expenditure Account. The Balance Sheet reflects full consolidation.

The financial statements of the University do not include those of the University of Abertay Dundee Students' Association on the basis that the University has no significant influence over the Association's policy decisions.

Fixed Assets, Capital Grants and Depreciation

Land and buildings are stated at cost or 1994 valuation.

The basis of valuation is depreciated replacement cost and the valuation on 31 July 1994 was performed by Graham & Sibbald, Chartered Surveyors.

Finance costs which are directly attributable to the construction of land and buildings are capitalised as part of the costs of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Following the introduction of FRS15, the University has followed the transitional arrangements to retain the net book value of land and buildings which were revalued in 1994, and does not intend to carry out regular revaluations of these assets in the future. The main element of the cost of the buildings capitalised was funded from grants provided mostly by government which are treated as deferred capital grants. A Revaluation Reserve was created for the excess of the 1994 valuation over original cost. These amounts are released to income over the expected useful life of the assets. Grants in relation to subsequent land and buildings purchases are treated as deferred capital grants and released to income over the expected useful life of the land and buildings.

Equipment, furniture and coherent packages of equipment costing £10,000 or more have been capitalised and depreciation charged in accordance with agreed rates, except for research assets funded through specific external grants, where the threshold is £50,000. Any related grants are treated as deferred capital grants and released to income over the expected useful life of the equipment.

Straight-line depreciation has been provided from 1 August 1994 at the following rates:

Buildings	2% of cost or valuation
Equipment – general	20%
Equipment – computer/specialist	33%

Statement of principal accounting policies *(continued)*

The depreciation charged in respect of revalued buildings for the year to 31 July 2010 has been transferred from the Revaluation Reserve to the Income and Expenditure Account.

Maintenance of Premises

The University has a policy of carrying out routine corrective maintenance, which is charged to the Income and Expenditure Account as incurred. Major alterations, repair and/or maintenance works are met from recurrent grant.

Fixed Asset and Current Asset Investments

Fixed Asset Unlisted Investments are included at cost, except where there is evidence of a permanent diminution in value.

Current Asset Investments, which are entirely in the form of listed securities, are included in the Balance Sheet at the lower of their original cost or net realisable value.

Endowment Asset Investments

The heritable property and investments that form part of Endowment Assets are included in the Balance Sheet at market value, apart from the property held by the University which has not been revalued since 2004.

Endowment Funds

Where charitable donations are restricted to a particular objective specified by the donor or where the capital element must be maintained, these are accounted for as an endowment on the balance sheet. There are three main types:

Unrestricted Permanent Endowments – the donor prescribes that the capital element of the donation must be maintained but the income earned thereon is expendable with no restriction placed on its application by the University.

Restricted Permanent Endowments – the capital fund is maintained and the income thereon must be applied to a purpose specified by the donor.

Restricted Expendable Endowments – there is no requirement to maintain the capital element but the income received is only expendable against the objectives specified by the donor.

Where donations must be applied to the purchase and / or construction of tangible fixed assets then these are recognised as a deferred capital grant on the balance sheet.

Financial Instruments

Financial Instruments are recognised on the balance sheet when an obligation is identified and released as that obligation is fulfilled. Cash, debtors, creditors and borrowing are held at cost. Measurement of investments is discussed above.

Recognition of Income

Income from Research Grants, Contracts and Other Services Rendered is included to the extent of completion of the contract or service concerned. This is generally equivalent to the sum of the expenditure incurred during the year and any related contributions towards overhead costs.

All income from short-term deposits and general endowment asset investments is credited to the Income and Expenditure Account in the period in which it is earned.

Statement of principal accounting policies (*continued*)

Recurrent grants from the Funding Council are recognised in the period in which they are received. Non-recurrent grant from the Funding Council or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the asset.

Accounting for Charitable Donations

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

Charitable donations which are expendable with no restrictions placed on the University by the donor on the application of the donation are recognised as in the income and expenditure account during the year of receipt.

Leases

The University has no finance leases. Rental costs under operating leases are charged annually to expenditure, as adjusted by an annual cost of living review.

Foreign Currencies

Transactions denominated in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Pension Schemes

The two principal pension schemes for the University staff are:

- (i) The Scottish Teachers Superannuation Scheme
- (ii) The Tayside Local Government Pensions Fund.

Amounts charged to the income and expenditure account are calculated with actuarial advice and represent a proper charge to cover the accruing liabilities on a continuing basis. The Funds are valued by actuaries as indicated in Note 27.

Stock

Stocks of catering supplies and work in progress are valued at the lower of cost or net realisable value. Cost comprises materials and labour.

Cash Flows

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable if they are in practice available within 24 hours without penalty. Liquid resources comprise assets held as a readily disposable store of value. They include deposits, government securities and loan stock held as part of the University's treasury management activities.

Taxation

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

Consolidated income and expenditure account for the year ended 31 July 2010

	<i>Note</i>	2010 £000	2009 £000
Income			
Funding Council grants	<i>1</i>	21,715	21,260
Tuition fees and education contracts	<i>2</i>	8,607	8,240
Research grants and contracts	<i>3</i>	1,248	1,341
Other operating income	<i>4</i>	4,340	6,543
Endowment and investment income	<i>5</i>	342	427
		<hr/>	<hr/>
Total income		36,252	37,811
		<hr/>	<hr/>
Expenditure			
Staff costs	<i>6</i>	21,785	22,027
Other operating expenses	<i>7</i>	12,507	12,941
Depreciation	<i>8</i>	1,409	1,888
Interest payable	<i>9</i>	115	123
		<hr/>	<hr/>
Total expenditure	<i>8</i>	35,816	36,979
		<hr/>	<hr/>
Surplus on continuing operations after depreciation of fixed assets			
		436	832
Loss on disposal of assets		(16)	-
		<hr/>	<hr/>
Surplus on continuing operations after depreciation of fixed assets and disposal of assets			
		420	832
Surplus for the year transferred to accumulated income in endowment funds		24	27
		<hr/>	<hr/>
Surplus for the year retained within general reserves		444	859
		<hr/> <hr/>	<hr/> <hr/>

The income and expenditure account is in respect of continuing activities.

Statement of historical cost surpluses for year ended 31 July 2010

Surplus for the financial year	<i>21</i>	444	859
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount		107	107
		<hr/>	<hr/>
Historical surplus for the year		551	966
		<hr/> <hr/>	<hr/> <hr/>

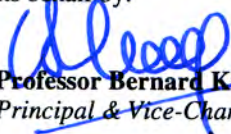
Consolidated statement of total recognised gains and losses
for the year ended 31 July 2010

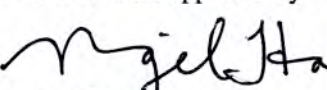
	<i>Note</i>	2010 £000	2009 £000
Surplus after depreciation of assets and disposal of assets		444	859
New endowments	<i>12</i>	-	-
Endowment income released for year	<i>12</i>	(24)	(26)
Appreciation/(Depreciation) of endowment asset investments	<i>12</i>	110	(26)
		<hr/>	<hr/>
Total recognised gains relating to the year		530	807
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation			
Opening reserves and endowments		16,202	15,395
Total recognised gains relating to the year		530	807
		<hr/>	<hr/>
Closing reserves and endowments		16,732	16,202
		<hr/> <hr/>	<hr/> <hr/>

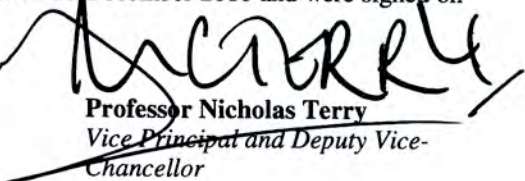
Balance sheets
at 31 July 2010

	<i>Note</i>	Group 2010 £000	University 2010 £000	Group 2009 £000	University 2009 £000
Fixed assets					
Tangible assets	<i>10</i>	30,618	30,617	25,609	22,458
Investments	<i>11</i>	25	25	25	25
		<hr/>	<hr/>	<hr/>	<hr/>
		30,643	30,642	25,634	22,483
Endowment asset investments	<i>12</i>	995	995	909	909
Long term debtor - loan to subsidiary	<i>14</i>	-	-	-	3,150
Current assets					
Stocks and work in progress	<i>13</i>	28	28	17	-
Debtors	<i>15</i>	3,062	3,090	3,084	3,410
Investments	<i>11</i>	5,324	5,324	5,101	5,101
Term deposits		49	49	54	54
Cash at bank and in hand		6,058	6,031	7,313	6,958
		<hr/>	<hr/>	<hr/>	<hr/>
		14,521	14,522	15,569	15,523
Creditors: amounts falling due within one year	<i>16</i>	(9,662)	(9,662)	(8,964)	(8,917)
		<hr/>	<hr/>	<hr/>	<hr/>
Net current assets		4,859	4,860	6,605	6,606
		<hr/>	<hr/>	<hr/>	<hr/>
Total assets less current liabilities		36,497	36,497	33,148	33,148
Creditors: amounts falling due after more than one year	<i>17</i>	(2,100)	(2,100)	(2,250)	(2,250)
Provisions for liabilities and charges	<i>18</i>	(2,603)	(2,603)	(2,338)	(2,338)
		<hr/>	<hr/>	<hr/>	<hr/>
Net assets		31,794	31,794	28,560	28,560
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Represented by:					
Deferred capital grants	<i>19</i>	15,062	15,062	12,358	12,358
Endowments					
Restricted	<i>20</i>	995	995	909	909
Funds and reserves					
Capital Revaluation reserve	<i>21</i>	3,819	3,819	3,926	3,926
Income and Expenditure reserve	<i>21</i>	11,918	11,918	11,367	11,367
		<hr/>	<hr/>	<hr/>	<hr/>
		15,737	15,737	15,293	15,293
		<hr/>	<hr/>	<hr/>	<hr/>
Total funds		31,794	31,794	28,560	28,560
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

These financial statements on pages 12 to 33 were approved by Court on 17 December 2010 and were signed on its behalf by:


Professor Bernard King
Principal & Vice-Chancellor


Mr Nigel Hawkins
Chairman, University Court


Professor Nicholas Terry
Vice Principal and Deputy Vice-Chancellor

Consolidated cash flow statement
for the year ended 31 July 2010

	<i>Note</i>	2010 £000	2009 £000
Cash inflow from operating activities	24	1,911	1,829
Returns on investments and servicing of finance			
Income from endowments		31	32
Income from current asset investments		203	262
Other interest received		25	133
Interest paid	9	(115)	(123)
Cash inflow from returns on investments and servicing of finance		144	304
Capital expenditure and financial investments			
Payments to acquire tangible fixed assets		(6,434)	(958)
Capital grants received		3,331	-
Endowments expenditure		(55)	(58)
Trust donation received		-	-
Cash outflow from capital expenditure and financial investments		(3,158)	(1,016)
Management of liquid resources			
Sale of current asset investments		658	2,484
Purchase of current asset investments		(665)	(2,474)
Cash (outflow)/inflow from management of liquid resources		(7)	10
Cash (outflow)/inflow before financing		(1,110)	1,127
Financing			
Repayment of loan		(150)	(150)
Cash outflow from financing		(150)	(150)
(Decrease)/Increase in cash	26	(1,260)	977

Notes

(forming part of the financial statements)

1 Grants from Scottish Funding Council

	2010	2009
	£000	£000
SFC Recurrent grant :		
Teaching Grant	16,867	16,530
Research Grant	992	1,217
Non-recurrent grants	3,578	3,348
Deferred capital grants released in year:		
Buildings (note 19)	120	88
Equipment (note 19)	158	77
	21,715	21,260
	21,715	21,260

2 Tuition fees and education contracts

	2010	2009
	£000	£000
UK student fees	5,567	4,777
EU student fees (excluding UK)	975	966
Non-EU student fees	1,986	2,432
Other fees	79	65
	8,607	8,240
	8,607	8,240

3 Research grants and contracts

	2010	2009
	£000	£000
Research councils	274	257
UK charities	413	329
UK government	213	400
UK industry	82	3
EU	41	27
KTP	225	322
Other	-	3
	1,248	1,341
	1,248	1,341

Notes (continued)

4 Other operating income

	2010	2009
	£000	£000
Residences and catering	1,548	1,431
Other income-generating activities	141	928
Other grant income	289	505
Releases from deferred capital grants	349	354
Increase in value of Current Asset Investments	133	3
Other income	728	2,432
	<hr/>	<hr/>
	3,188	5,653
Subsidiary companies	1,152	890
	<hr/>	<hr/>
	4,340	6,543
	<hr/> <hr/>	<hr/> <hr/>

5 Endowment and investment income

	2010	2009
	£000	£000
Income from endowment asset investments (note 20)	31	32
Income from current asset investments	203	262
Gain on disposal of current asset investments	83	-
Other interest receivable	25	133
	<hr/>	<hr/>
	342	427
	<hr/> <hr/>	<hr/> <hr/>

6 Staff numbers and costs

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

	2010	2009
	Number	Number
Senior management	11	10
Academic Departments	235	238
Academic Services	63	70
Research grants and contracts	23	29
Administration	115	114
Premises	39	39
Other	16	15
Catering and residences	11	11
	<hr/>	<hr/>
	513	526
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

6 Staff numbers and costs (continued)

Staff costs for the above persons:

	2010	2009
	£000	£000
Senior management	1,376	1,163
Academic Departments	10,614	10,929
Academic Services	2,144	2,542
Research grants and contracts	1,287	1,317
Administration	4,661	4,380
Premises	1,163	1,112
Other	355	405
Residences and catering	185	179
	<hr/>	<hr/>
	21,785	22,027
	<hr/> <hr/>	<hr/> <hr/>

Classified as:

Wages and salaries	17,763	18,065
Social security costs	1,372	1,374
Other pension costs	2,650	2,588
	<hr/>	<hr/>
	21,785	22,027
	<hr/> <hr/>	<hr/> <hr/>

Costs of higher-paid employees:

Remuneration paid to the Principal during the year including salary and other taxable benefits	221	211
Employer's contribution to pension	33	26
	<hr/>	<hr/>
	254	237
	<hr/> <hr/>	<hr/> <hr/>

Remuneration, excluding employer's contributions to National Insurance and superannuation schemes, paid to other staff:

	Number	Number
£70,001 - £80,000	3	4
£80,001 - £90,000	2	2
£90,001 - £100,000	-	1
£100,001 - £110,000	-	1
£120,001 - £130,000	1	-

Expenses payable to the Executive Team of the University for out of pocket expenses were as follows:

	£000	£000
Travel costs	3	3
Accommodation	1	1
Subsistence	<u>1</u>	<u>2</u>
	<u>5</u>	<u>6</u>

Compensation for loss of office payable to a senior post-holder:

Compensation	<u>77</u>	<u>45</u>
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Notes (continued)

7 Other operating expenses

	2010	2009
	£000	£000
Residences and catering	938	1,332
Equipment and consumables	3,234	3,715
Books and periodicals	450	446
Scholarships prizes and other endowment expenditure	31	32
Property costs including utilities	844	888
Repairs and general maintenance	358	996
University of Abertay Dundee Students' Association	147	146
External auditors' remuneration – external audit	39	39
External auditors' remuneration – other services	2	5
Internal auditors' remuneration	45	62
Provision for Loss on Current Asset Investments	-	11
Travel and staff training	640	652
Professional fees	955	922
Advertising, marketing and public relations	655	521
Administration costs	656	681
Other expenses	1,936	1,186
	<hr/>	<hr/>
	10,930	11,634
Subsidiary companies	1,577	1,307
	<hr/>	<hr/>
	12,507	12,941
	<hr/> <hr/>	<hr/> <hr/>

8 Analysis of expenditure by activity

	Staff costs	Depreciation	Other operating expenses	Total 2010	Total 2009
	£000	£000	£000	£000	£000
Academic departments	11,019	3	660	11,682	11,904
Academic services	2,144	27	1,112	3,283	3,730
Research grants and contracts	1,287	401	736	2,424	2,407
Residences and catering	185	76	939	1,200	1,591
Premises	1,163	770	2,402	4,335	5,606
Administration	5,632	-	4,053	9,685	7,683
Other	355	8	1,143	1,506	1,938
Subsidiary companies	-	124	1,577	1,701	2,120
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	21,785	1,409	12,622	35,816	36,979
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The depreciation charge has been funded by:

	2010	2009
	£000	£000
Deferred capital grant released	627	518
Revaluation reserve transferred	107	107
General income	675	1,263
	<hr/>	<hr/>
	1,409	1,888
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Interest payable

	2010	2009
	£000	£000
On bank loans:		
Repayable wholly or partly in more than 5 years	115	123
	115	123

10 Tangible fixed assets

	Freehold land and buildings £000	Short leasehold £000	General equipment £000	Computer specialist equipment £000	Total £000
(a) Group					
Cost or valuation					
<i>At 1 August 2009</i>					
Valuation – 1994	16,104	20	-	-	16,124
Cost	16,392	-	2,583	1,842	20,817
Additions at cost	8,712	-	266	555	9,533
Disposals at cost	(4,048)	(20)	(335)	(115)	(4,518)
	16,104	20	-	-	16,124
<i>At 31 July 2010</i>					
Valuation – 1994	16,104	-	-	-	16,104
Cost	21,056	-	2,514	2,282	25,852
	37,160	-	2,514	2,282	41,956
At 31 July 2010	37,160	-	2,514	2,282	41,956
Depreciation					
<i>At 1 August 2009</i>					
Charge for year	7,722	5	2,134	1,471	11,332
Impairment of assets	662	-	183	423	1,268
Eliminated in respect of disposals	141	-	-	-	141
	(1,083)	(5)	(200)	(115)	(1,403)
At 31 July 2010	7,442	-	2,117	1,779	11,338
Net book value					
At 31 July 2010	29,718	-	397	503	30,618
At 31 July 2009	24,774	15	449	371	25,609

Included within the fixed asset additions and disposals are amounts relating to the acquisition of the assets of Abertay Student Centre Limited, a group member at 1 August 2009. Abertay Student Centre Limited was transferred as a going concern at close of business on 31 July 2010, and the assets and liabilities at that point were acquired by the University.

Notes (continued)

10 Tangible fixed assets (continued)

	Freehold land and buildings £000	Short leasehold £000	General equipment £000	Computer specialist equipment £000	Total £000
(b) University					
Cost or valuation					
<i>At 1 August 2009</i>					
Valuation – 1994	16,104	20	-	-	16,124
Cost	12,344	-	2,387	1,842	16,573
Additions at cost	8,712	-	192	555	9,459
Disposals at cost	-	(20)	(67)	(115)	(202)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>At 31 July 2010</i>					
Valuation – 1994	16,104	-	-	-	16,104
Cost	21,056	-	2,512	2,282	25,850
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2010	37,160	-	2,512	2,282	41,954
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
<i>At 1 August 2009</i>					
Charge for year	6,705	5	2,058	1,471	10,239
Impairment of assets	596	-	125	423	1,144
Eliminated in respect of disposals	141	-	-	-	141
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2010	7,442	-	2,116	1,779	11,337
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 July 2010	29,718	-	396	503	30,617
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2009	21,743	15	329	371	22,458
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

There has been an impairment of £90,000 in the valuation of the 'Bread' public house which was purchased during the year, which is reflected above. Also, on 31 July 2010, the University acquired the assets of its former subsidiary and there has been an impairment on these assets acquired of £51,000.

Buildings with a net book value of £11,456,000 and cost of £15,386,000 have been funded mostly from Treasury sources. Should these particular buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Scottish Funding Council.

Notes (*continued*)

11 Fixed asset and current asset investments

	2010	2009
	£000	£000
Fixed Asset Investments		
Unlisted investment		
At 1 August	25	25
Additions	-	-
	25	25
At 31 July	25	25

Unlisted investments are included at cost less provision for permanent diminution in value. The cost of these were £25,000 and no diminution in value is deemed necessary. The investment is in CVCP Properties plc.

	2010	2009
	£000	£000
Current Asset Investments – listed securities		
At 1 August	5,101	5,119
Additions	665	2,474
Disposals	(575)	(2,484)
Loss on Disposals	-	(11)
Increase in value	133	3
	5,324	5,101
At 31 July	5,324	5,101

Notes (continued)

12 Endowment asset investments

	2010	2009
	£000	£000
At 1 August	909	961
Additions	-	-
Appreciation/(Depreciation) on disposals/revaluation (note 20)	110	(26)
Decrease in balances held by the University	(24)	(26)
	995	909
	995	909
At market value:		
Fixed interest stocks (listed)	-	-
Equities (listed)	758	648
Land and property	130	130
	888	778
Balances held by the University	107	131
	995	909
	995	909

The land and property included above relates to a property that was donated to the University. This property was revalued at 31 July 2004 on the advice of a firm of chartered surveyors.

13 Stocks

	Group	University	Group	University
	2010	2010	2009	2009
	£000	£000	£000	£000
Stock	28	28	17	-
	28	28	17	-
	28	28	17	-

14 Long term loan

	Group	University	Group	University
	2010	2010	2009	2009
	£000	£000	£000	£000
Loan to subsidiary company	-	-	-	3,150
	-	-	-	3,150
	-	-	-	3,150

The above represented a loan from the University to its wholly-owned subsidiary company Abertay Student Centre Ltd to fund the transfer of the Student Centre building. Although the loan was actually £4,160,000 we had written this down in our accounts to equate to a valuation of the property undertaken in 2009. The loan is then removed at 31 July 2010 when Abertay Student Centre Ltd is transferred as a going concern to the University.

Notes (continued)

15 Debtors: amounts falling due within one year

	Group 2010 £000	University 2010 £000	Group 2009 £000	University 2009 £000
Trade debtors	363	363	347	307
Debts due from students	52	52	121	121
Due from associated companies	-	28	-	366
Other debtors	194	194	313	313
Prepayments and accrued income	2,453	2,453	2,303	2,303
	<u>3,062</u>	<u>3,090</u>	<u>3,084</u>	<u>3,410</u>

16 Creditors: amounts falling due within one year

	Group 2010 £000	University 2010 £000	Group 2009 £000	University 2009 £000
Bank loans	150	150	150	150
Trade creditors	1,537	1,537	893	848
Other creditors	2,591	2,591	3,745	3,745
Social security and other taxation payable	462	462	448	446
Accruals and deferred income	4,922	4,922	3,728	3,728
	<u>9,662</u>	<u>9,662</u>	<u>8,964</u>	<u>8,917</u>

17 Creditors: amounts falling due after one year

	Group 2010 £000	University 2010 £000	Group 2009 £000	University 2009 £000
Bank loans	2,100	2,100	2,250	2,250

The above represents a bank loan used to part-finance the construction of the Student Centre, with a repayment period of 20 years commencing on 1 July 2005 and a floating interest rate linked to LIBOR. The finance costs in the year relating to this loan have all been charged to Income and Expenditure Account.

The above bank loans are repayable as follows:

	2010 £000	2009 £000
In one year or less	150	150
Between one and two years	150	150
Between two and five years	450	450
In five years or more	1,500	1,650
	<u>2,250</u>	<u>2,400</u>

Notes (continued)

18 Provisions for liabilities and charges

	2010	2009
	£000	£000
At beginning of year	2,338	2,339
Expenditure in period	(156)	(150)
Revaluation adjustment	421	149
	<hr/>	<hr/>
At end of year	2,603	2,338
	<hr/> <hr/>	<hr/> <hr/>

The provision is for enhanced pension benefits to former members of staff. The valuation of the pension provision has been updated at 31 July 2010 using tables supplied by the Scottish Funding Council.

19 Deferred capital grants

	Funding Council	Other grants	Total
	£000	£000	£000
Balance at 31 July 2009			
Buildings	3,512	8,591	12,103
Equipment	105	150	255
	<hr/>	<hr/>	<hr/>
Total	3,617	8,741	12,358
	<hr/>	<hr/>	<hr/>
Cash received			
Buildings	2,944	-	2,944
Equipment	387	-	387
	<hr/>	<hr/>	<hr/>
Total	3,331	-	3,331
	<hr/>	<hr/>	<hr/>
Released to income and expenditure account:			
Buildings (note 1)	120	226	346
Equipment (note 1)	158	123	281
	<hr/>	<hr/>	<hr/>
Total (note 8)	278	349	627
	<hr/>	<hr/>	<hr/>
Balance at 31 July 2010			
Buildings	6,336	8,365	14,701
Equipment	334	27	361
	<hr/>	<hr/>	<hr/>
Total	6,670	8,392	15,062
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

20 Endowments

	Restricted 2010 £000	Restricted 2009 £000
At 1 August	909	961
Appreciation/(Depreciation) of endowment asset investments (note 12)	110	(26)
Income for year (Note 5)	31	32
Expenses for year	(55)	(58)
	995	909
At 31 July	995	909
Representing:		
Scholarship funds	63	54
Prize funds	197	168
Other funds	735	687
	995	909

21 Funds and reserves

(a) Group

	Capital Revaluation reserve £000	Income and Expenditure reserve £000	Total £000
At 1 August 2009	3,926	11,367	15,293
Surplus for year	-	444	444
Revaluation transfer for year	(107)	107	-
	3,819	11,918	15,737
At 31 July 2010	3,819	11,918	15,737
At 1 August 2008	4,033	10,401	14,434
Surplus for year	-	859	859
Revaluation transfer for year	(107)	107	-
	3,926	11,367	15,293
At 31 July 2009	3,926	11,367	15,293

Notes (*continued*)

21 Funds and reserves (continued)

(b) University

	Capital Revaluation reserve £000	Income and Expenditure reserve £000	Total £000
At 1 August 2009	3,926	11,367	15,293
Surplus for year	-	444	444
Revaluation transfer for year	(107)	107	-
	<hr/>	<hr/>	<hr/>
At 31 July 2010	3,819	11,918	15,737
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 August 2008	4,033	10,445	14,478
Surplus for year	-	815	815
Revaluation transfer for year	(107)	107	-
	<hr/>	<hr/>	<hr/>
At 31 July 2009	3,926	11,367	15,293
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

22 Lease obligations

	2010 £000	2009 £000
<i>Commitments under non-cancellable operating leases expiring:</i>		
Land and buildings		
Within one year	-	58
Between two and five years	-	-
Over five years	190	190
	<hr/>	<hr/>
	190	248
	<hr/> <hr/>	<hr/> <hr/>

There were no equipment non-cancellable operating leases.

23 Capital commitments

	2010 £000	2009 £000
Contracted but not provided for	4,976	3,553
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

24 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2010	2009
	£000	£000
Surplus for the year	444	859
Interest receivable (note 5)	(25)	(133)
Interest payable (note 9)	115	123
Income from current asset investments	(203)	(262)
Depreciation charges	1,268	1,888
Impairment charge	141	-
(Profit)/Loss on disposal of current asset investments	(83)	11
Appreciation/(Depreciation) of endowments	110	(26)
(Appreciation)/Depreciation on disposals/revaluation of endowment asset investments	(110)	26
Decrease in balances held by the University of endowment asset investments	24	26
Loss on unlisted investments	-	7
Increase in value of current asset investments	(133)	(3)
Increase in stock and work in progress	(11)	(1)
Decrease in debtors	22	800
Increase/(Decrease) in creditors	698	(968)
Increase in provisions	265	1
Release of deferred grant (note 19)	(627)	(519)
Loss on disposal of fixed assets	16	-
	1,911	1,829
	1,911	1,829

25 Reconciliation of net cash flow to movement in net funds

	2010	2009
	£000	£000
(Decrease)/Increase in cash in year	(1,260)	977
Cash used to decrease liquid resources	(7)	(10)
Cash outflow from debt financing	150	150
	(1,117)	1,117
Change in net funds resulting from cash flows	(1,117)	1,117
Other non-cash change	230	(8)
	(887)	1,109
Movement in net funds in the year	(887)	1,109
Opening net funds	10,068	8,959
	9,181	10,068
Closing net funds	9,181	10,068

Notes (continued)

26 Analysis of changes in net funds

	At 1 August 2009 £000	Cash flow £000	Other non-cash change £000	At 31 July 2010 £000
Cash in hand	7,313	(1,255)	-	6,058
Term deposits	54	(5)	-	49
	<hr/>	<hr/>	<hr/>	<hr/>
	7,367	(1,260)	-	6,107
Debt due within one year	(150)	150	(150)	(150)
Debt due after one year	(2,250)		150	(2,100)
Current asset investments	5,101	(7)	230	5,324
	<hr/>	<hr/>	<hr/>	<hr/>
	10,068	(1,117)	230	9,181
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

27 Pension costs

The two principal pension schemes operated for the University's staff are the Scottish Teachers' Superannuation Scheme (STSS) and the Tayside Superannuation Fund (TSF). Both schemes are of a defined benefit type and are subject to independent actuarial valuations using the projected unit method. This determines the contribution rates payable by the University.

The latest actuarial valuation of the STSS received from the Scottish Public Pensions Agency (Formerly the Scottish Office Pensions Agency) is as at 31 March 2005. The valuation reveals assets of £18.5bn and liabilities of £19.5bn resulting in a deficit position of £1bn equating to notional investments. The valuation assumes that the rate of return will be 5.3% and that earnings will increase by 1.0% pa. The employers' contribution was 14.9% throughout the year. The employees' contribution was 6.4% throughout the year. Because the University is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement Benefits', the above scheme is accounted for as if it were a defined contribution scheme.

The last actuarial valuation of the TSF (as at 31 March 2008), was based on assumptions of a nominal 7.8% return on investments, a 5.2% rate of increase in salaries and a 3.7% rate of increase in pensions. The valuation revealed a market value of assets of £1.6bn. It also revealed liabilities of the fund of £1.6bn, indicating a net deficit in funding of £38.3m. Employer contributions were 18.5% throughout the year and employees contributions were variable based on salary. Because the University is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement Benefits', the above scheme is accounted for as if it were a defined contribution scheme. In addition to the Pension Schemes outlined above the University has also given commitments over the years to provide enhanced pension benefits to staff members. A valuation of this commitment was carried out in 2009. The valuation was based on assumptions of a 6.0% return on investments and a 3.6% rate of increase in pensions. The valuation revealed a total liability in respect of these enhanced pension arrangements of £2.3m.

During the year to 31 July the total cost of these pension arrangements for the University was:

	2010 £000	2009 £000
STSS	1,214	1,157
TSF	1,399	1,397
USS	37	34
Enhanced pension payments	106	196
	<hr/>	<hr/>
Total pension cost	2,756	2,784
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

28 Childcare and other student support funds

	Childcare Fund £000	Discre- tionary Fund £000	Total 2009-10 £000	Total 2008-09 £000
Balance brought forward	1	1	2	0
Allocation received in year	116	239	355	343
Expenditure	(117)	(239)	(356)	(341)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance carried forward	-	1	1	2
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

29 Post balance sheet events

Since the end of the financial year on 31 July 2010 there have been no significant post balance sheet events which would lead to adjustments or require disclosure within these accounts.

30 Contingent liability

There are no contingent liabilities at 31 July 2010.

31 Subsidiary Undertakings

The University owned 100% of the issued share capital of ordinary shares of the Abertay Student Centre Ltd. The principal activity of the company is providing a Student Centre to the students of Abertay Dundee. At close of business on 31 July 2010 Abertay Student Centre Ltd was transferred to the University as a going concern.

The University owns 100% of the issued share capital of ordinary shares of Add Knowledge Ltd. The principal activity of the company is software development. The accounting year end for Add Knowledge Ltd is 31 August.

The results of these are included in the consolidated accounts. All other subsidiary companies are dormant.

32 Related parties

The University of Abertay Dundee Library Trust falls within the definition of a related party by virtue of the fact that the Trustees of the University of Abertay Dundee Library Trust are appointed by the Court of the University of Abertay Dundee. On 24 August 2009 the University of Abertay Dundee Library Trust was formally wound up and an amount of £260,000 owed to University of Abertay was paid.

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

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