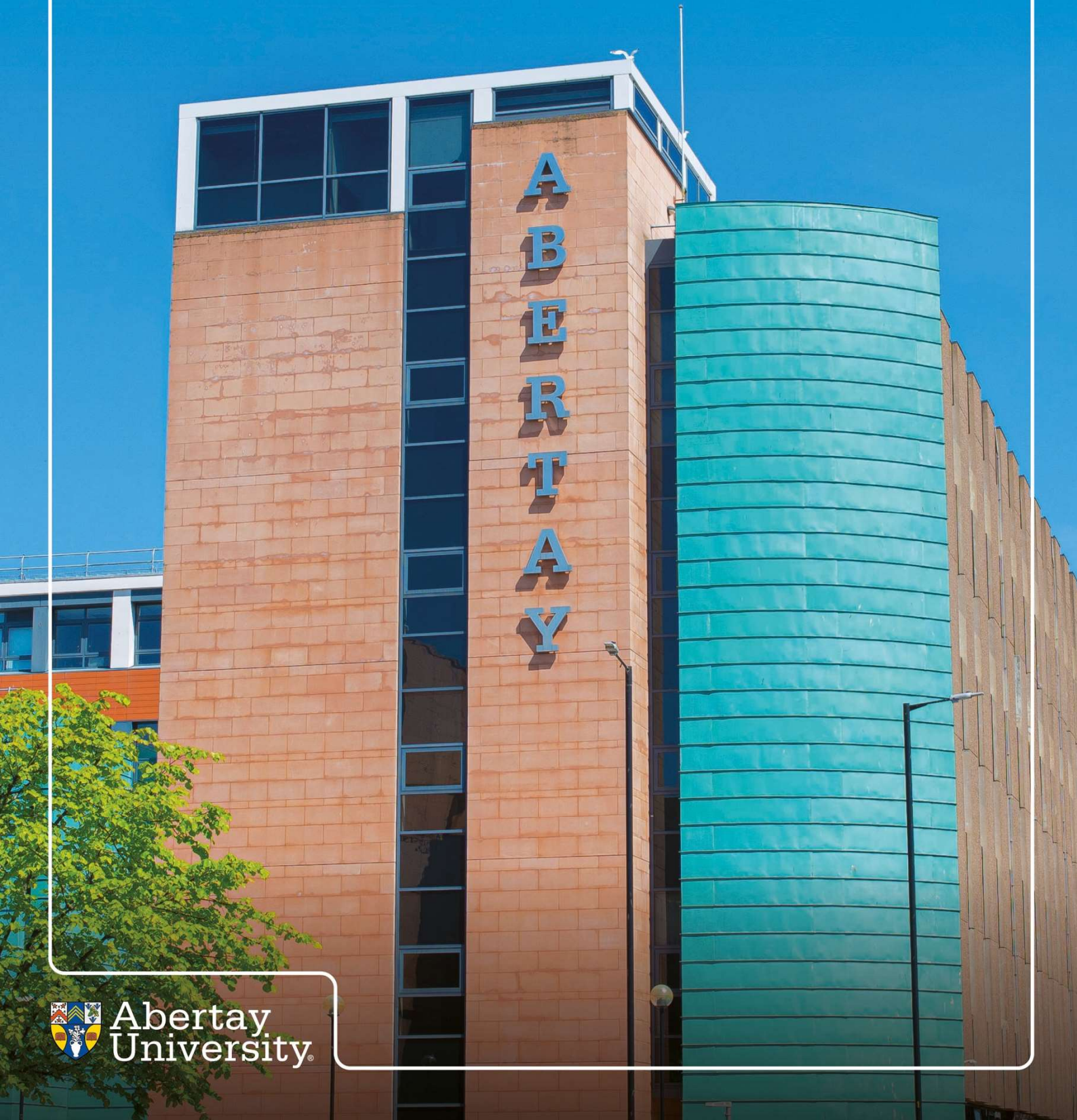
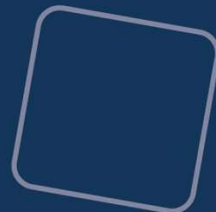


INTEGRATED REPORT

2023/24



CONTENTS



Contents

Principal's Introduction	4
Operating Review	6-16
Finance Review	18-19
Responsibilities of Court	21-22
Corporate Governance Statement	24-36
Independent Auditors' Report	38-40
Financial Statements	
Introduction to the Financial Statements	42
Statement of Accounting Policies	43-45
Statement of Comprehensive Income and Expenditure	46
Balance Sheet	47
Cash Flow Statement	48
Statement of Changes in Reserves	49
Analysis of Debt	49
Notes to the Financial Statements	50-72

INTRODUCTION



Introduction from the Principal

2023-24 has been another successful year for Abertay and I am proud of what my colleagues and our students have achieved. We are working hard to accelerate progress in key areas, including growing our TNE (Transnational Education) partnerships across the world, expanding the Abertay Online offer, investing in home, UK and international student recruitment, and embracing digital transformation for more effective working.

The 2024 National Student Survey once again confirmed the excellent experience offered by Abertay, with the results placing us as the top modern University in Scotland.

We have seen significant growth in our international partnerships, with an increasing number of students registered on Abertay degrees at our partner institutions, and several more partnerships due to come on stream in 2024-25. The number of programmes offered by Abertay Online doubled in 2023-24, with 15 programmes now being offered. While these activities are important to help us diversify our income and reduce reliance on the Scottish Funding Council, they also reflect Abertay's core purpose, to offer transformational opportunities to all those who can benefit.

Our excellence in research is reflected in the increased income and the award of prestigious research grants, such as our participation in the AHRC-funded CoSTAR project focusing on world-class research and development in screen and performance technology. Abertay leads the CoSTAR Realtime Lab based in Dundee as well as being a key partner in the CoSTAR National Network.

During 2023-24, we consulted with staff on a new structure for our academic schools, the outcome of which will be the introduction of two new faculties from 1 August 2024. These changes are intended to better align our provision and our resources with the future shape of the University, with an increasing focus on flexible learning and a range of routes to our degrees, both in Dundee and with partners elsewhere. I would like to thank my colleagues for the positive and constructive way in which they engaged with the consultation, and I am confident that the new structure will support our plans for growth.

The external funding environment remains extremely challenging. While our financial position remains solid and our plans for growth will ensure that we remain financially sustainable in the medium-term, the continued real-terms reduction in Scottish Government funding for universities is a significant risk and undermines our ability to provide the high-quality experience of which we are so proud.

I am confident that with our plans for growth and the talent and professionalism of colleagues across the University, we will continue to ensure that Abertay has a bright and successful future.

OPERATING REVIEW



Operating Review

Higher Education institutions in Scotland and throughout the UK continue to face an extremely challenging funding environment and the University is taking action to ensure long-term financial sustainability by reducing reliance on Scottish Government funding, diversifying our income streams, and generating operational efficiencies.

A focus on developing our Transnational Education (TNE) and investment in activities to support this has led to an increase in our active TNE partnerships from 4 in 2022-23 to 6 in 2023-24, and with further significant growth expected in 2024-25. We have doubled the number of our Abertay Online programmes in the last year and our on-campus recruitment has been supported by targeted campaigns in the Scottish, UK and international markets to maximise recruitment to Abertay degrees delivered through a range of routes.

During 2023-24 we consulted on a new structure for our academic activities, leading to the creation of two new faculties, and seven academic departments from 1 August 2024. This is intended to improve synergies across academic disciplines as well as freeing up staff capacity to support strategic priorities such as TNE and Abertay Online.

We continue to invest in our digital strategy to ensure that our digital and physical infrastructure supports delivery of our objectives and promotes collaboration and efficiency, including automation and the integration of artificial intelligence (AI) where possible.

As part of our commitment to deliver the best possible student experience, we are conducting a comprehensive review of our academic portfolio. This involves reviewing and refreshing our course offerings to ensure they remain relevant and engaging for students. This is expected to be completed by the end of 2024.

Our current strategic plan 2020-25 was formally agreed by Court in November 2019 and launched in February 2020 shortly before the Covid-19 pandemic. During 2023-24 we began the process to develop a refreshed strategic plan, and will continue this during 2024, consulting with staff and students as appropriate. We aim to have the refreshed strategic plan approved by Court in February 2025. We expect the refreshed strategic plan to be an evolution of our current strategy and priorities and to provide a framework for the way we wish to operate by 2030, recognising that international activities, online activities, partner activities, and on-campus activities are equally important. Each of the sub-strategies will be updated in Spring 2025, to ensure that they are consistent and aligned with the refreshed strategic plan

Student Recruitment

In 2023-24 we under-recruited to our non-controlled SFC funded places by 10% (332 FTE) and this shortfall is similar in 2024-25 (12% below places and 374 FTE). Several different factors contributed to this position, most importantly the fact that EU students are no longer funded by SFC and therefore the pool of eligible students reduced from 2021-22 onwards as EU students graduated and were not replaced. At the same time, the number of student places across the sector increased to mitigate the impact of the SQA results issues during the pandemic. This imbalance in the increased availability of places against a depleted supply of eligible applicants has intensified competition for recruitment of Scottish students as all institutions face a similar challenge.

In reviewing funding allocations for 2024-25, SFC removed some of the additional places introduced during the pandemic and redistributed the funding according to recruitment levels, leading to Abertay's number of places dropping by 76 FTE for 2024-25.

In response to this challenging environment, additional recruitment and marketing activity took place in year.

The number of students recruited from the rest of the UK has increased a little in 2024-25. After substantial growth from 2021-22 to 2022-23, international student numbers were relatively static in 2023-24 and have dropped slightly in 2024-25 however targeted investment in this area is expected to yield increased numbers in term 2 and in future years.

Learning and Teaching

Strategic partnerships

During 2023-24 we made significant progress in developing our international partnerships. The number of TNE partners who have enrolled students on Abertay degrees in has increased from 4 in 2022-23 to 6 in 2023-24 (Al Maktoum College in Dundee, Bucharest International School of Management in Romania, Caselldefels School of Social Sciences Business School, Spain, Copenhagen Academy of Digital Arts, Denmark, Nanyang Institute of Management, Singapore, and Westford University College, UAE.) We also have a long-standing partnership with the École Supérieure de Conduite de Travaux (ESCT) in France. We expect the number of partners and the range of programmes offered to continue to increase during 2024-25, with new partnerships expected to come onstream in China, Malaysia, Bulgaria, and Egypt.

During the development process, every proposed partnership is considered by University Executive, Senior Management Team and the Academic Leadership Group to examine financial viability, educational fit, regulatory constraints, ethical considerations, potential health and safety issues, and reputational risks, in line with our agreed approval processes.

Abertay Online

The introduction of [Abertay Online](#) in September 2022 was a key strand of activity to diversify our income, but was also intended to be an opportunity to make Abertay programmes accessible to a different audience of students, in line with our commitment to providing access to transformational opportunities.

Abertay Online has grown from 7 programmes in 2022-23 to 15 in 2023-24 and from 446 new and returning students (37 FTE) in 2022-23 to 1,031 new and returning students (104 FTE) in 2023-24. In collaboration with our partner, we intend to continue to expand the number of programmes and the breadth of subject areas offered by Abertay Online.

Research and Knowledge Exchange

As a continuing result of our outstanding performance in the 2021 Research Excellence Framework (REF), our Research Excellence Grant funding from the SFC increased by £169k (15%) in 2023-24 and will increase by a further £75k (6%) in 2024-25.

Abertay is now included in the new ESRC Doctoral Training Partnership (Scottish Graduate School for Social Sciences) and our first studentship will start September 2024.

Abertay is leading on the CoSTAR Realtime Lab as part of UKRI's Convergent Screen Technologies and performance in Realtime (CoSTAR) programme, supported by £75.6 million of government funding and £63 million of new industry investment, which will form the largest virtual production research and development network in Europe, with four other facilities across the country. The project is in the process of establishing the network infrastructure in Dundee (Water's Edge) and Edinburgh (First Stage Studios) and is working with industry partners to build the Realtime Cloud Lab that will support collaborative working and systems integration across locations. The Lab is scheduled to open in early November 2024 and will launch a number of funded Challenge Projects to promote industry engagement with R&D led innovation.

The Abertay cyberQuarter continues to bring together students, academics, and organisations to help solve global cybersecurity challenges. A series of high-profile events have been recently hosted at the

cyberQuarter, including Beyond Tech: Collaborative Strategies for Cyber Resilience in Scotland, a joint cyberQuarter-SICSA Scotland-wide meeting with invited speakers including Scottish Government.

We have extended our initial work with the Institute of Coding to support “Veterans into Cyber Security”, where Abertay leads a £700,000 project to deliver training to 500 veterans in penetration testing, cybersecurity governance and policy, and artificial intelligence.

The technical provision of the cyberQuarter has already been enhanced by two key labs: the MAL (MALware Lab) to explore mechanisms for effective containment of malware on devices and the HAL (Human Aspects Lab) that provides quantitative measures of human psychophysiological responses to stimuli, e.g., eye tracking when using user interfaces. Academics are already using the MAL to work on real-life malware problems with sector stakeholders. Going forwards, the cyberQuarter has adverts for 3 Research Fellows and is developing adverts for 9 PhD students to drive R&D.

Developing our campus

During 2023-24 we continued to implement our Estates Strategy to upgrade our campus, within the current resource constraints. The reinvestment of the proceeds of the sale of the residences has enabled a number of projects to take place, including upgrading of specialist teaching facilities and the planned relocation of the Students’ Association to the ground floor of the library in late 2024, providing a prominent site for their activities.

Considerable progress has been made on developing outline plans for an energy centre which would make a significant contribution to achieving the University’s net zero target and have a positive impact on Dundee.




Operational Planning




The financial environment remains extremely challenging, with a decrease in the number of Scottish undergraduate entrants coinciding with increases in energy costs, pensions, employers’ national insurance contributions and salary expectations within the labour market. Our assumption remains that future Scottish Government funding for higher education will at best be flat cash and therefore a significant and continued real-terms cut. The medium-term position is challenging. Resources are necessarily constrained, leading to difficult decisions in prioritising funding only for activities which directly support either student recruitment, income generation (e.g., through Abertay Online or international partnerships), or generating longer-term efficiencies.

This year’s planning round built on the operational plans agreed last year and focussed on ensuring that we can continue to deliver our strategic plan commitments while securing the financial sustainability of the University in the medium term.




Key Performance Indicators (KPIs)




Note that KPIs 4 and 5 are no longer calculated by HESA. KPI 5 has been removed as there has been no update since March 2022, whereas an alternative SFC measure has been included for KPI 4.


	KPI	Indicative 2025 target	Current position	RAG rating	Comment
01	% of Scottish-domiciled undergraduate entrants from the 20% most deprived postcodes	20%	19.1% (Dec 2023)		Dec 2023 position is above baseline and less than 1 percentage point from the 2025 target (hence it is rated amber). This is a return closer to the proportion seen in December 2021 and the highest level for this measure in the last 6 years.
02	% of Scottish-domiciled undergraduate entrants from disadvantaged backgrounds (<i>i.e. eligible to receive a contextual offer</i>)	20%	28.5% (Dec 2023)		This measure shows a 9-percentage point increase on 2022-23 and is 8.5 percentage points over 2025 target.
03	% of students satisfied with the overall quality of their course (National Student Survey)	89%	81.5% against benchmark 78% (2024)		This score places Abertay as fifth in Scotland on this measure and is 3.4 percentage points above the Scottish sector average (78.1%). However, it falls short of the target 89% (our score from 2020) and is hence rated amber. Note that the baseline of 89% in 2020 was an outlier and our 5-year average is 83%.

	KPI	Indicative 2025 target	Current position	RAG rating	Comment
04	% of full-time, all-age first degree undergraduate entrants still in higher education after one year (HESA PI)	To exceed benchmark	86% against Scottish Modern average 89% (2020-21 entrants, published July 2023)		From 2023 HESA no longer publish UK Performance Indicators for higher education providers. The statistic given for July 2023 is taken from the data published alongside SFC's Report on Widening Access ¹ . The Scottish Modern average has been given in place of the benchmark calculated by HESA.
06	% of graduate students employed in graduate level jobs (Graduate Outcomes survey)	71%	2021-22 cohort 63.7% (published June 2024)		This should be considered in context of the overall outcome of 94.4% of Abertay graduates in employment and/or further study which was in line with the overall Scottish position (96%). Improving employability remains a priority with actions underway to embed employability and increase impact within the curriculum, as well as the introduction of career planning microcredentials.
07	Number of online qualifications	5 new online qualifications by 2025	15 online programmes offered during 2023-24		The number of programmes remains steady for 2024-25 and growth can now be seen in the FTE registered on Abertay Online programmes which has increased from 37.2 in 2022-23 to 104 in 2023-24 and is forecast to more than double in 2024-25.

¹ <https://www.sfc.ac.uk/publications-statistics/statistical-publications/2023/SFCST052023.aspx>

	KPI	Indicative 2025 target	Current position	RAG rating	Comment
08	Income from new online and franchise provision	Additional income of at least £500k annually by 2025	£1.28m (2023-24)		This indicator demonstrates the significant increase in partnerships and students in 2023-24 resulting in increased income. We had 10 active partnerships running programmes in 2023-24 with a further 9 planned for 2024-25.
09	Research grant and contract income	Overall target: 25% increase for the 2020 – 2025 Strategic Plan period	£2.79m (2023-24) Updated five-year average: £2.61m		After a small drop from 2021-22 to 2022-23 research income has increased in 2023-24 and the ongoing impact of the large InGAME project means that 5-year average continues to rise, exceeding our 5% yearly increase target. Over 2024-25 and beyond income from the CoSTAR project will replace and exceed that from InGAME which came to a close during 2023-24.
10	Income from knowledge exchange activity	Overall target: 10% increase for the 2020 – 2025	£2.67m (2023-24) Five-year average £2.29m		The five-year average for 2023-24 represents an 14% increase on the previous year (£2.01m). There has been a small decrease (£180k) in 2023-24 income compared to 2022-23 however the increase in the 5-year average meets the 2% target for this KPI to be rated green.
11	Number of Scopus citations for Abertay affiliated staff	7.5% year on year increase	6811 (2023) -1.2% decrease		Number of citations has decreased for the first time in several years as competing workload demands have led to a decrease in the number of publications. This KPI is rated amber as it exceeds the 2018 baseline of 4430 but falls short of the target of 7410.

	KPI	Indicative 2025 target	Current position	RAG rating	Comment
12	Staff engagement: Aggregate measure on staff engagement from the biennial staff survey ('Average UCEA Employee Engagement Score')	Improvement	75.0% (2022 survey)		The most recent staff engagement survey commenced in September 2024 and engagement statistics will be updated in the next KPI update.
13	Staff: overall gender pay gap	Reduction	8.4% (average salary July 2024)		<p>The gender pay gap based on average salary has widened slightly (from 7.1%) after a significant drop in 2023, though the trend remains downward, with the 2024 figure well below the 14.5% baseline making this measure amber.</p> <p>However, the median pay gap has reduced from 5.6% in 2023 to 2.9%. The pay gap is driven by 'vertical occupational segregation', with more women in lower-paid roles overall. However, women in Grade 10 and above are, on average, paid more than men.</p> <p>The University aims to further address these disparities through initiatives like the Athena Swan charter and People Strategy.</p>
14	Increase in non-SFC, non-SAAS income (i.e. excluding SAAS-paid tuition fees)	Increase (on baseline)	£13.0m (2023-24) 31.7% of total income		<p>The baseline for this measure is £7.59m (2019) which was 22% of that year's total income.</p> <p>The amount of non-SFC income has increased by £753k from 2022-23 and as a percentage of total income has increased from 29% to 32%. These changes are mostly due to increases in Abertay Online and TNE income and a fall in SFC student income.</p>

	KPI	Indicative 2025 target	Current position	RAG rating	Comment
15	EBITDA as % of income	8-10%	6.31% (2023-24)		An EBITDA target range of between 6% and 8% for 2023-24 was agreed by Court in June 2023.

Risk and Opportunities

The University recognises that effective risk management is an important element of management and corporate governance and that it is essential in helping the University to achieve its strategic and operational objectives. Good risk management can make a positive contribution to success of and to the resilience of all aspects of the University. Therefore we integrate our consideration of risk into our operational planning processes. The risk management framework and policy has been reviewed during 2024 and the revised framework and policy was approved Court on 24 June 2024. This included agreement of a refreshed risk appetite statement which will be reviewed by Court on an annual basis.

A summary of the high-level strategic risks as at July 2024 is given below.

	Risk Description	Residual risk score	Risk Owner
1	We are not sufficiently financially sustainable to achieve our strategic objectives.	16 - High	Principal
2	Disruption to University operations arising from major incident, omission, failure or external attack.	12 - Medium	Director of FICS
3	We fail to comply with regulatory requirements.	12 - Medium	VP (Strat. and Gov.) and Univ. Secretary
4	Our operations are not efficient or effective enough to meet our strategic objectives.	12 - Medium	SMT led by the Principal
5	We do not deliver on our strategic commitments around civic mission and net-zero.	9 - Medium	SMT led by the Principal
6	We do not deliver on our commitments around student experience.	9 - Medium	Deputy Principal and Deputy VC
7	We do not deliver on our strategic commitments around research.	4 - Low	Dean of Research and the Graduate School

Equality, Diversity, and Inclusion

Equality of opportunity and inclusion are embedded in Abertay's ethos. The University values and promotes Equality, Diversity and Inclusion (EDI) for staff and students. The University believes that all employees and students have the right to expect, and that it has a responsibility to ensure, that no individual will be disadvantaged as a consequence of their age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.

The University benefits from having employees and students from many varied nationalities, cultures, and backgrounds. The University confirms its commitment to a policy of equal opportunities in its selection, recruitment and treatment of students and employees. The University aims to ensure that all individuals are treated with dignity and respect and is committed to fulfilling its obligations under the Public Sector Equality Duty to ensure an environment where unlawful discrimination is not tolerated; to tackle prejudice and to promote understanding and foster good relations between people from different groups, characteristics and backgrounds. The University publishes an [Equality Mainstreaming Report](#) every two years, setting out our outcomes, progress and equality data on staff and students.

The University's People Strategy includes EDI as one of the five strategic objectives and sets out our values, starting with 'inclusive and people centred'. EDI is also embedded in our updated Estate Strategy in which the Vision begins with Accessibility.

The University holds Bronze Awards under the Advance HE Athena Swan Charter, for the promotion of gender equality, and the Race Equality Charter. We are committed to continuous work to improve equality diversity and inclusion and an important aspect of this is our Lead Voices initiative, where staff volunteer to act as voices for the different protected characteristic groups – articulating staff views and contributing to equality impact assessment of University policies and decisions. In November 2023 we held our third annual 'Diversity Fest' exploring and celebrating EDI.

In relation to employment of disabled persons, in addition to the commitments above, the University's Equality and Diversity Policy sets out our commitment to ensure that all employees (and students) have equal access to University facilities where possible and to making reasonable adjustments where appropriate to ensure that this can be achieved. The University's Occupational Health service provides advice, information and support to disabled staff and to managers in support of disabled staff, including advice and assistance with reasonable adjustments and liaison with Access to Work. Similarly, the Student Advisory Service can implement a Support and Development Plan which has reasonable adjustments to support students within the teaching and learning environment. The University agreed a revised [British Sign Language Action Plan](#) in 2024.

Abertay has been awarded The Frank Buttle Trust Quality Mark for its efforts to support young people moving from local authority care to higher education and a range of specialist support is provided through our Student Services.

Fair Work practices

Abertay is an accredited Living Wage Employer. The University achieved a Scottish Health Working Lives Gold Award and has continued to apply the Healthy Working Lives principles since the award scheme was discontinued.

The University has recognition agreements with two trade unions, UCU and Unite, and meets regularly with the trade union representatives for consultation and collective bargaining, and to ensure that staff have an effective voice. The University undertakes full staff engagement surveys every two years and has established mechanisms for staff engagement action planning and progress at local and University levels. In addition, the University's Lead Voices for different equality protected characteristics ensure effective voice for our diverse community.

The University provides extensive access to training and professional development opportunities through People Services, AbLE, the Graduate School, the Technology Enhanced Learning Support team, IT and others. The University's Development Discussions scheme ensures that all staff have the opportunity to discuss their development annually.

The University offers flexible working and has a Hybrid Working Policy. The large majority of staff are salaried and have indefinite contracts, with zero hours and fixed-term contracts only used where appropriate. In June 2024, Court approved a revised Flexible Working Policy and new Carers Leave and Emergency Time Off for Dependents Policies.

The University does not use dismissal and re-engagement processes as part of its normal employment policy or practices. Any changes to contract terms would follow proper consultation and full legal processes to ensure fair work practices are being adhered to.

A reduction in the gender pay gap is a KPI for the University and we are engaged in a wide range of action to promote equality and an inclusive workplace, as outlined above.

Sustainable Development

The University's Sustainable Development Strategy 2023-2030 was approved by Court in June 2023 following widespread engagement and consultation across the University. It sets out the way in which the University will contribute to a sustainable future through four strands of activity centred around:

- Teaching, learning and students
- Research and knowledge exchange
- Responsible campus operations
- Community engagement activities

The strategy sets out our aim of achieving net-zero Greenhouse Gas emissions by 2038, notably through the development of an energy centre utilizing both public and private external finance.

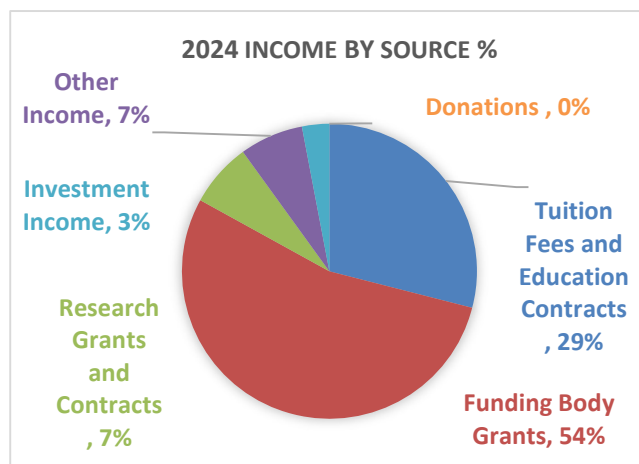
FINANCE REVIEW



Finance Review

Results for the year show a reported surplus of £136k, which includes adjustments in respect of USS and LGPS provisions of £179k and an EBITDA of £2,590k

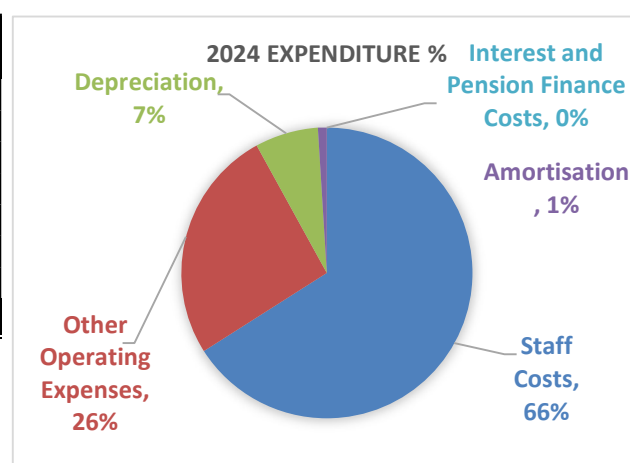
Income Overview	2023	2024
	£000	£000
Tuition Fees and Education Contracts	11,337	12,014
Funding Body Grants	22,671	22,212
Research Grants and Contracts	2,743	2,790
Other Income	2,955	3,029
Investment Income	1,187	1,038
Donations	35	8
Total Income	40,928	41,091



Total Income in 2024 is £41m up 0.5% from 2023, with variations in individual categories, but significant movements explained below.

- Funding Body Grants and Tuition Fees account for 83% of income.
- Investment income decreased by £149k in 2024. Whilst interest on cash holdings increased in the year, the change in pension assets caused a significant decline in net interest received on the pension scheme, resulting in an overall decrease in income this year.

Expenditure Overview	2023	2024
	£000	£000
Expenditure		
Staff Costs	25,579	27,271
Other Operating Expenses	10,883	11,047
Depreciation	3,006	3,088
Amortisation	221	230
Interest and Pension Finance Costs	22	31
Total Expenditure	39,711	41,667



Total Expenditure in 2024 is £41.7m, an increase of 5% from 2023.

- Staff Costs accounting for 65.45% of expenditure (64.40% 2023).
- Other Operating Expenses increased slightly in 2024.
- Interest and Pension Finance Costs increased by £9k as a result of the LGPS service cost increases.

EBITDA % has decreased from 2022/23 £3,817k (9.33%) to 23/24 £2,590k (6.3%) due to increased costs, as detailed above, only partially offset by higher tuition and commercial income.

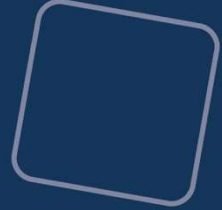
**Balance Sheet
at 31 July**

	2023	2024	at 31 July	2023	2024
	£000	£000	Non Current		
Non Current Assets - Fixed Assets	45,666	45,187	Assets	57,828	58,221
Non Current Assets - Intangible Assets	739	519	Current Assets	18,348	15,471
Non Current Assets - Listed Investments	11,423	12,515	Net Current Assets	10,041	8,767
Current Assets other than Cash	2,241	2,981	Net Assets	<u>53,850</u>	<u>53,986</u>
Current Assets Cash	16,107	12,490			
Trade and Other Payables: amounts falling due within 1 yr	(8,308)	(6,704)			
Creditors falling due after one year	(13,595)	(12,758)			
Pension Provisions	(423)	(244)			
Total Net Assets	53,850	53,986			
Restricted Reserves	591	577			
Unrestricted	53,259	53,409			
Total Funds	53,850	53,986			

Significant movements in the Balance Sheet are explained below.

- The USS pension valuation shows the scheme to no longer be in a deficit, therefore it is no longer required that we have provision for this, and therefore the provision was released in the year.
- The LGPS pension valuation shows the scheme to have a £244k liability, and therefore this has been provided for.
- The £500k reduction in Fixed Assets include £2.6m additions, £414k disposals and £3.1m depreciation charge.
- Additions of £2.6m include £1.3m in L&B for a new Competitive Games Lab and several room refurbishments, and £1.3m for equipment, which includes Wired Network Upgrade, IT replacement Equipment, Motion Capture and Digital Content capture Equipment.
- Disposals of £414k include IT Core & Edge Switches and various pieces of equipment.
- Current Assets Cash decreased by £3.6m with the large £2.6m fixed assets additions contributing to this, as well as the small deficit in the year.

RESPONSIBILITIES OF COURT



Financial Responsibilities of the University Court

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

Court is responsible for keeping proper accounting records that 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 Abertay University, Court, through its designated office holder, is required to prepare financial statements for each financial year that 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, 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.
- 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.

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.
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit & Risk Committee and Finance & Corporate Performance Committee.
- A professional Internal Audit team whose annual programme is approved by the Audit & Risk 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 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 auditor is unaware; and each officer and member of the Court has taken all the steps that they ought reasonably to have taken as an officer and member of the Court to make themselves aware of any relevant audit information and to establish that the University's auditor is aware of that information.

Going concern

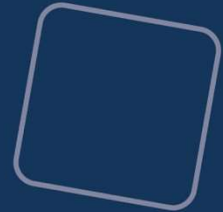
The University's activities and the factors likely to affect its future development, performance and position are set out in the Strategic Report. Its financial performance for the year to 31 July 2024, income and expenditure, assets, liquidity and cash flows are set out in more detail in the Notes to the Financial Statements.

The University has adequate financial resources and its current forecasts and projections show it able to manage its activities having taken account of risks and uncertainties highlighted in the Annual Report and Financial Statements. The University Court considers that the University has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted when preparing the Financial Statements.



Mr David Brew
Chair, University Court
Date: 6 December 2024

CORPORATE GOVERNANCE STATEMENT



Corporate Governance Statement 2023-24

The University is committed to exhibiting good practice in all aspects of corporate governance. As part of this commitment and as required by the Financial Memorandum with the Scottish Funding Council, the University reports compliance against the principles of good governance set out in the 2023 Scottish Code of Good Higher Education Governance and keeps these matters under review as part of the business of the Governance and Nominations Committee.

University Governance

The structure of the University's governance is set out in its statutory instrument, the Abertay University (Scotland) Order of Council 2019. The University is a Scottish Charity (SC016040) registered with the Office of the Scottish Charities Regulator.

Under the 2019 Order, the objects of the University are to provide education, undertake and carry out research, and to make suitable and adequate provision for teaching, learning, scholarship and research.

The 2019 Order sets out the power, functions and composition of the University's governing body, the **University Court** (hereafter referred to as Court), and the [Statement of Primary Responsibilities of Court](#) describes those responsibilities:

Court's Primary Responsibilities

The primary responsibilities of Court, as the governing body of the University, are

1. To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators (KPIs); to ensure that these meet the interests of stakeholders; and to ensure that there are opportunities for Court to provide strategic input in the development of key strategies and long-term plans such that their approval can be considered by Court without conflict of interest.
2. To appoint a Principal & Vice-Chancellor as chief executive, and to put in place suitable arrangements for monitoring their performance.
3. To appoint a secretary to Court and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.
4. To delegate authority to the Principal & Vice-Chancellor of the University, as chief executive, for the academic, corporate, financial, estate and personnel management of the University; and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Principal.
5. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and 'whistle-blowing' complaints and for managing conflicts of interest.
6. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions.
7. To establish processes to monitor and evaluate the performance and effectiveness of Court itself.
8. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
9. To safeguard the good name and values of the University.
10. To be the employing authority for all staff in the University and to approve a human resources strategy.
11. To ensure that non-discriminatory systems are in place to provide equality and diversity of opportunity for staff and students.

12. To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
13. To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name.
14. To make such provision as it thinks fit for the general welfare of students, in consultation with Senate.
15. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
16. To ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.
17. Court shall approve and keep under review a scheme of delegated authority to the Principal and other senior and committees.

Court has established the following committees to assist it in undertaking its work:

- Audit and Risk Committee
- Chair's Committee
- Finance and Corporate Performance Committee
- Governance and Nominations Committee
- People, Health, and Equality Committee (supported by the Health and Safety Sub-Committee); and
- Remuneration Committee.

The terms of reference and composition of all committees were reviewed and approved by Court during 2023-24 and are published on the [University's website](#). Committee business and recommendations are formally reported to Court at each meeting and any necessary authorisations by Court are obtained. The authority delegated by Court to these committees is set out in the [Scheme of Delegation](#).

The membership of the committees is overseen by the **Governance and Nominations Committee**, which receives an update at each meeting on the current position and is responsible for making recommendations to Court on committee membership and the appointment of committee chairs.

Court Membership

The composition of Court is set out in the 2019 Order.

Court comprises:

- independent (lay) members;
- *ex officio* members (i.e. those who have membership through holding a particular role at the University - specifically the Principal and Vice-Chancellor and the Deputy Principal and Deputy Vice-Chancellor);
- staff members (one elected from amongst academic staff, one elected from amongst support staff, and one nominated by Senate (from their elected academic membership);
- two student members nominated by the Students' Association; and
- two additional staff members nominated by the two Trade Unions resulting in a maximum membership of 25 members.

Breakdown of Court Member Types



This balance of members ensures that there is a clear majority of independent members on Court and that staff, students and the University's Executive are all represented, bringing a wide range of skills and experience to the functions of Court. When vacancies arise in the independent membership, the **Governance and Nominations Committee** ensures that an analysis of the skills and experience required is used to inform the recruitment of new members. The Abertay Students' Association President and Vice-President were nominated as the two student governors for the session, from 1 July 2023 to 30 June 2024, with the new postholders joining Court from 1 July 2024.

As at 31 July 2024, there were 15 lay members of Court (including the Chair and Vice-Chair). During the year, three new lay members joined Court in August 2023 with a fourth joining from January 2024. The overall balance between genders amongst all Court members was 46% female and 54% male (a change from 57% female and 43% male as of 31 July 2023). The gender balance for the independent members of Court was 47% female and 53% male (from 42% female and 58% male). Court continues to be committed to achieving the gender representation objective of the 'Gender Representation on Public Boards (Scotland) Act 2018' of achieving 50% non-executive/independent members who are women.

Key Court Roles

The role profiles for all the key Court roles were reviewed by the **Governance and Nominations Committee** and approved by Court during the year. These are published on the University's website.

Chair of Court, an independent member who is responsible for the leadership of Court. They are responsible for ensuring that the necessary business of Court is carried out efficiently, effectively, and in a manner appropriate for the proper conduct of public business. The position is currently held Mr David Brew.

Vice-Chair of Court, an independent member who acts as Chair in the Chair's absence. The position is currently held by Ms Heather Dunk OBE.

Court Intermediary, an independent member who serves as an intermediary for other Court members who might wish to raise concerns about the conduct of Court or effectiveness of the Chair; and annually, leads Court's appraisal of the Chair's effectiveness. The role is currently undertaken by Ms Veronica Lynch, who was appointed by Court from 1 January 2024 for her second two-year term of office.

Secretary to Court, an employee of the University who is appointed to this role by Court and has a direct reporting line to the Chair of Court. The Secretary ensures that Court acts within its powers and follows proper procedures, is the principal officer of Court and acts on the instructions of Court. Since 17 May 2022, this role has been undertaken by Ms Caroline Summers, Vice-Principal (Strategy and Governance) and University Secretary.

Principal and Vice-Chancellor, the University's Chief Executive with formal responsibilities for the leadership and management of the University as delegated by the University Court. The Principal has responsibility for the implementation of the relevant decisions of the University Court. The role has been held by Professor Liz Bacon since 1 May 2022.

Appointment of new Lay/Independent Members of Court

Court remains committed to improving the diversity of the lay membership of Court. The current skills matrix of members and the diversity profile informed Court's appointment of new lay members to fill current vacancies. Following a robust selection process including interviews, Court approved the appointment of one new lay member, Lt Col. Iain Davidson who joined Court from 1 January 2024. This was in addition to the three new members appointed by Court at the June 2023 meeting, who took up their appointments on 1 August 2023. A further recruitment process will be undertaken to replace two lay members of Court coming to the end of their periods of office in December 2024.

Election of a New Support Staff Member of Court

A vacancy in the elected support staff member post arose in year and following an election, Ms Kerith George-Briant was appointed from 1 November 2023.

Nomination of the Senate member to Court

A vacancy in the Senate nominated member of Court arose in the year and following an election process, Dr Scott Cameron was appointed from 1 September 2023.

Nomination of Trade Union Members of Court

The Unite nominated member of Court, Dr Alison Duffy's period of office came to an end on 14 February 2024 and Mr Thomas Sloan was duly nominated for a term of three years.

The UCU nominated member of Court, Dr Hadi Mehrpouya's first period of office ended on 30 June 2024, and he was duly nominated for a second term of three years.

Meetings of Court and its Committees

There were five meetings of Court in 2023-24. All meetings were held in-person with provision for members to join online depending on their individual circumstances. Court meetings are scheduled for three hours, normally commencing at 14:00, and are preceded by opportunities for Members to learn more about the work of the University and to meet staff or students.

The annual Court Conference took place in February 2024. This provided an opportunity for Court to meet with members of the University's Senior Management Team to discuss future planning priorities and key challenges, including the proposed academic restructuring. One of the five formal Court meetings took place as part of the conference.

In 2023-24, Court was able to engage with relevant staff on a range of topics including:

- a briefing on Risk Management;
- a briefing on Quality Assurance and Academic Governance; and
- a visit to academic facilities in food technology and games, with demos from academic colleagues

The Committees of Court met regularly in the course of the year (as noted below). Meetings were a mixture of online, hybrid, and face-to-face depending on the preferences and availability of each Committee.

The meetings of Court and its Committees are scheduled and approved in advance of the academic year. Agendas and papers are published on a committee portal one week in advance of meetings. Members of Court who are not members of a particular committee are welcome to observe the meeting on agreement with the Committee Chair as well as the meetings of Senate. The agenda for all meetings contains an item for declaration of potential conflicts of interest, if an individual has or raised a perceived conflict of interest, they are asked to leave the meeting for the appropriate agenda item(s) or they may be asked to remain in the meeting at the request of the Chair, and this is recorded in the minute. Approved Court minutes are published on the University's website along with the register of interests of each Court member, the Vice-Principal (Strategy and Governance) and University Secretary, the Director of Finance, Infrastructure and Corporate Services and the Director of People and Organisational Development.

Attendance at Court and its Committees

Members of Court and its Committees who served during the year 2023-24 until 31 July 2024 are detailed below.

Court

Court meets five times per year.

Status	Member	Meetings attended
Chair	David Brew	5 of 5
Vice-Chair	Heather Dunk OBE	4 of 5
Principal and Vice-Chancellor	Professor Liz Bacon	5 of 5
Deputy Principal and Deputy Vice-Chancellor	Professor Alastair Irons	5 of 5
Elected Staff Members	Nazhat Ahmed	1 of 1
	Professor Ruth Falconer	5 of 5
	Kerith George-Briant (from 1 November 2023)	4 of 4
Trade Union Representatives	Dr Alison Duffy (until 14 February 2024)	1 of 2
	Dr Hadi Mehrpouya	4 of 5
	Thomas Sloan (from 15 February 2024)	3 of 3
Student Representatives	Olivia Morgan (until 30 June 2024)	4 of 5
	Olivia Robertson (until 30 June 2024)	5 of 5
	Dounia Allaiouti (from 1 July 2024)	N/A
	Luke Webster (from 1 July 2024)	N/A
Nominated by Senate	Dr Scott Cameron	5 of 5
Independent/Lay Members*	Andrew Bailey	1 of 5
	John Barnett	3 of 5
	Liz Blackburn	5 of 5
	Lt Col. Iain Davidson (from 1 January 2024)	3 of 3
	Robyn Donoghue	4 of 5
	Lynne Hamilton	4 of 5
	Pam Herries	4 of 5
	Fraser Keir	3 of 5
	Veronica Lynch	5 of 5
	Jim MacGregor	4 of 5
	Ian McDonald (until 31 December 2023)	1 of 2

Status	Member	Meetings attended
	Antony Marks	4 of 5
	Professor Edith Sim	4 of 5
	Steven Traynor	5 of 5
Aggregate attendance in percentage		84%

Audit & Risk Committee

Audit and Risk Committee meets four times per year.

Status	Member	Meetings attended
Chair	John Barnett	4 of 4
Vice-Chair	Veronica Lynch	3 of 4
Lay member of Court	Liz Blackburn	4 of 4
	Iain Davidson (from 1 March 2024)	2 of 2
	Fraser Keir (until 28 February 2024)	1 of 2
	Ian McDonald (until 31 December 2023)	1 of 1
External member	Mairi Julier (from 1 January 2024)	2 of 3
	Chris Wilson (from 1 January 2024)	3 of 3
Aggregate attendance in percentage		87%

Chair's Committee

Chair's Committee met three times in 2023-24.

Status	Member	Meetings attended
Chair & Chair of Court	David Brew	3 of 3
Vice-Chair of Court & Chair of People, Health and Equality Committee	Heather Dunk OBE	3 of 3
Principal and Vice-Chancellor	Professor Liz Bacon	3 of 3
Deputy Principal & Deputy Vice-Chancellor	Professor Alastair Irons	3 of 3

Status	Member	Meetings attended
Chair of the Finance and Corporate Performance Committee	Antony Marks	3 of 3
Lay member of Court	Ian McDonald (until 31 December 2023)	2 of 2
	Lynne Hamilton (from 9 February 2024)	1 of 1
	Steven Traynor (from 20 February 2024)	0 of 0
Aggregate attendance in percentage		100%

Finance and Corporate Performance Committee

Finance and Corporate Performance Committee meets four times per year.

Status	Member	Meetings attended
Chair	Antony Marks	4 of 4
Vice-Chair	Lynne Hamilton	4 of 4
Vice-Principal (Strategy & Governance) and University Secretary	Caroline Summers	4 of 4
Director of Finance, Infrastructure & Corporate Services	Gordon Weir	4 of 4
Staff member of Court	Professor Ruth Falconer	3 of 4
Student member of Court	Olivia Robertson (until 30 June 2024)	4 of 4
Lay member of Court	Andrew Bailey	3 of 4
	Jim MacGregor	3 of 4
	Steven Traynor	4 of 4
Aggregate attendance in percentage		92%

Governance and Nominations Committee

Governance and Nominations Committee meets four times per year.

Status	Member	Meetings attended
Chair & Chair of Court	David Brew	4 of 4
Vice-Chair	Heather Dunk OBE (from 29 November 2023), previously lay member of Court	3 of 4
Principal & Vice-Chancellor	Professor Liz Bacon	4 of 4
Staff member of Court	Dr Alison Duffy (until 14 February 2024)	0 of 2
	Dr Hadi Mehrpouya (from 20 February 2024)	2 of 2
Student member of Court	Olivia Morgan	4 of 4
Vice-Principal (Strategy & Governance) and University Secretary	Caroline Summers	4 of 4
Lay member of Court	Veronica Lynch	2 of 4
	Antony Marks	2 of 4
Aggregate attendance in percentage		78%

People, Health, and Equality Committee

People, Health, and Equality Committee meets four times per year and had an extraordinary meeting in 2023-24.

Status	Member	Meetings attended
Chair	Heather Dunk OBE	5 of 5
Director of People and Organisational Development	Eilidh Fraser	5 of 5
Staff member of Court	Nazhat Ahmed (until 31 October 2023)	0 of 1
	Kerith George-Briant (from 1 November 2023)	3 of 4
Student member of Court	Olivia Robertson	5 of 5
Lay member of Court	Robyn Donoghue	3 of 5
	Pam Herries	3 of 5
	Professor Edith Sim	0 of 5
Aggregate attendance in percentage		69%

Remuneration Committee

Remuneration Committee normally meets twice per year. In 2023-24 an additional meeting was held in February 2024.

Status	Member	Meetings attended
Chair (from 1 March 2024)	Fraser Keir	1 of 1
Chair (until 29 February 2024) and Chair of Finance and Corporate Performance Committee	Antony Marks	2 of 3
Chair of Court	David Brew	3 of 3
Vice-Chair of Court	Heather Dunk OBE	3 of 3
Staff member of Court	Dr Scott Cameron	3 of 3
Student member of Court	Olivia Morgan	3 of 3
Lay member of Court	Ian McDonald (until 31 December 2023)	1 of 1
	Professor Edith Sim	3 of 3
Aggregate attendance in percentage		95%

Senate

Pursuant to the 2019 Order, Court has established **Senate** to provide a forum for consideration of academic matters in line with the authority delegated to it by Court (as set out in the [Scheme of Delegation](#)).

The composition of Senate conforms to the requirements of the Higher Education Governance (Scotland) 2016 Act with more than 50% of its membership being elected academic staff and students, with student members comprising more than 10% of the total membership. The work of Senate is supported by a number of committees including the Teaching & Learning Committee and the Research and Knowledge Exchange Committee. Court receives the minutes of Senate meetings at each meeting, along with a broader Academic Matters report which updates Court on a range of activities and achievements. In September 2023, Court, on the recommendation of the Teaching and Learning Committee and Senate, approved the submission of the Annual Report to the Scottish Funding Council on Quality for the previous year.

This year Senate undertook a review of its effectiveness and approved revised Terms of Reference for its standing committees (Learning and Teaching Committee, Partnerships and International Committee and Research and Knowledge Exchange Committee) which are effective from 1 September 2024.

Key Activities of Court and its Committees

Induction and Development

The induction and ongoing development of members of Court had been identified as a key priority and improved induction arrangements have been put in place.

A Court members' handbook was launched in 2023-24 in addition to an Abertay University Court Members' SharePoint site, which will provide members with useful information including links to key documents, contact information for the Governance Office, the calendar of Court and Committee dates as well as induction, training and development information.

Annual Review of Court's effectiveness

All boards and governing bodies should regularly review their effectiveness, and the Scottish Code of Good HE Governance requires the courts of universities to do so annually, and, in that context, both to measure compliance with the Code and performance against Court's Statement of Primary Responsibilities. Since 2015, Court has considered and approved an annual effectiveness report, which is then published on the University's website. The annual review of Court's effectiveness for this year was published in December 2023 after consideration by the **Governance and Nominations Committee** and approval by Court.

Strategic Development

Court regularly considers strategic development issues and receives regular updates on the implementation of objectives. During 2023-24, Court received regular updates on progress against planning assumptions and Court, directly and through its committees, maintains oversight of the Key Performance Indicators approved by Court. At the Court Conference, Court also considered the framework and focus for the development of the new strategic plan which will be developed during the second half of 2024.

Financial Performance and Capital Investment

Court, through its **Finance and Corporate Performance Committee**, oversees the financial performance of the University.

During the year, the Committee:

- Considered and recommended to Court the University's budget and operational plans for session 2024-25.
- Received regular financial update reports at each meeting monitoring performance against the 2023-24 budget.
- Received two presentations from the University's Investment Fund Managers
- Received updates on SFC funding and considered the SFC Outcome Agreement for 2023-24.
- Considered and recommended to Court the new Corporate Financial Integrity Policy and the revised Financial Regulations.
- Considered and recommended to Court the governance arrangements for the Estates masterplan.
- Approved the Insurance/Broker Arrangement.

In addition, the Committee received a number of reports including those on:

- Progress against the University's Key Performance Indicators.
- Capital investment projects and on digital transformation.
- Financial Strategy Monitoring Report.
- International and Partnership Activity.
- Annual Procurement Report.
- Annual Information Governance Report.
- Abertay Students' Association Finances.
- Relevant internal audit reports.
- Pension Schemes.
- Transparent Approach to Costing.

People, Health and Equality Committee

The **People, Health & Equality Committee** has oversight of the governance of all people matters on behalf of Court.

During the year, the Committee:

- Received an update on the People Strategy Implementation.
- Received regular updates on Equality, Diversity and Inclusion activities including the Embedding Equality, Diversity and Inclusion in the Curriculum 2022-2023 Programme Reports.
- Considered the Health & Safety; the Occupational Health, Learning and Development, Prevent Duty and Staff Engagement annual reports for 2022-23
- Considered the Complaints Annual Reports for 2022-23, which were approved by Court.
- Considered the Equality Report 2023-24 and the British Sign Language (BSL) Plan 2024-2029, which were approved for publication by Court.
- Conducted a review of several new and existing policies (Flexible Working Policy Capability Procedure, Pay Protection Policy, Sustainable Travel Policy, Student Code of Discipline: Non-Academic Misconduct, Market Supplement Policy, Carers Leave Policy, Emergency Time for Dependents Policy), which were approved by Court.
- Considered updates on Sickness Absence, Staff FTE/Headcount and Staff Turnover and Recruitment.
- Considered reports on Employee Relations and Exit Interviews.
- Reviewed risks relevant to the work of the Committee.

Governance

The **Governance and Nominations Committee** oversees, on behalf of Court, the implementation of effective processes concerning the management of the membership of Court and its Standing Committees. It ensures that there is an appropriate range of skills and expertise on Court and that there is effective succession planning. It also has responsibility for the effective operation of Court and its committees and for oversight of Court's performance. It reports to Court on the overall effectiveness of governance arrangements.

The Committee received regular updates on the membership of Court and its Committees. The Committee led a review of the terms of reference of all Committees and considered the Court and Committee meeting schedule for 2024-25 to 2027-28 which was subsequently approved by Court.

The Committee considered the Annual Review of the Effectiveness of Court for 2022-23 and received regular updates on the progress against recommendations noted within the report.

The Committee considered a light touch review of the Scheme of Delegation, which was subsequently approved by Court and agreed that a fuller review would be conducted in 2024-25.

Remuneration

The **Remuneration Committee**, comprising only non-executive independent members plus a non-executive staff member and a student member, met on three occasions in the session.

The Committee reviewed the University's Pay Policy and made decisions on the salaries of the Principal and other members of the Executive Group. In setting remuneration for senior officers, Court is mindful of the public interest and of the tight funding environment in which the University operates, as well as taking into account appropriate external benchmarking.

The Committee reviewed the expectations of the 2023 Scottish Code of Good Higher Education Governance and agreed to develop a Statement on Remuneration Committee Policies and Practices to document and codify the way in which the Committee makes decisions. This statement was approved by Court in 2024, ensuring continued compliance with the expectations set out in the Code.

The Committee reviewed the remuneration for the Chair of Court and Court agreed in June 2024 to delegate this to the Committee in future.

Audit and Risk Management and Internal Controls

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. However, any such system can only provide reasonable and not absolute assurance against material misstatement or loss.

Court's annual confirmation of the effectiveness of internal control is informed by 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 identification, measurement and management of risk are conducted through the University's Risk Management framework. This process is reviewed by the **Audit and Risk Committee** and accords with the internal control guidance for Directors in the UK Corporate Governance Code.

Delegation of responsibilities is articulated within the University's 'Scheme of Delegation', which sets out those authorities that are assigned by Court to its Committees; to the Principal and the Executive Group; and to Senate and its Committees in relation to matters of academic policy, regulation and development.

During the year, the Committee:

- Considered the annual integrated report and financial statements for the University for the year ending 31 July 2023.
- Considered the External Audit and Internal Audit Annual reports for 2022-23.
- Approved the Audit Planning Report for FY24.
- Agreed on a framework for the Review of the Effectiveness of External Audit.
- Approved the extension of the External Audit Contract.
- Considered reports arising from the internal audit plan for session 2022-23 - Business Continuity, Cyber Risk Governance, Research Finance Income and Risk Management.
- Approved the Strategic Internal Audit Plan 2023-24 to 2024-25.
- Considered internal audit scopes prior to commencement of fieldwork and received regular updates on progress of internal audits.
- Considered reports arising from the internal audit plan for session 2023-24 – Student Recruitment, Strategic Planning and Management, Data Governance and Student Experience, Engagement and Wellbeing.
- Considered updates on Risk Management at each meeting and received reports on Cyber Resilience, Cyber Insurance, Value for Money, Business Resilience and Continuity, and Self Evaluation of the Effectiveness of the Committee.
- Considered a report on cases of fraud/impropriety/cyber incidents and a status report on ongoing claims.
- Conducted a review of the Financial Regulations with the revised Regulations being subsequently approved by Court.
- Received a report on Pension Schemes.
- Agreed on the arrangements for External Assurance on Cybersecurity.
- Held a private meeting with the internal auditors and external auditors with no senior members of University staff present.

In the view of the internal auditors, based on the reviews undertaken during the period, and in the context of materiality:

“In our opinion, Abertay University has a framework of internal controls in place that provides reasonable assurance regarding the organisation's governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks.”

Sustainability of the University

As mentioned above, Court monitors the overall financial and strategic sustainability of the University through an agreed set of key strategic risks and associated mitigation.

The primary purpose of risk management within the University is to maintain an effective framework for taking informed decisions about the risks that affect the University's ability to deliver its Strategic Plan. The Risk Management Policy and Framework was reviewed, and a revised version approved by Court in June 2024. The strategic risks provided in the strategic risk register above are reviewed regularly by Audit and Risk Committee.

Stakeholder Engagement

A very successful and well attended Public Engagement Event was held on 24 April 2024, and included presentations from Chancellor, the Chair of Court, and the Principal and Vice-Chancellor. Court members were able to attend the Graduation Ceremonies held in November 2023 and July 2024.

Court receives an update report from the Abertay Students' Association at each meeting which has been well received and provides an insight into the work of the President, Vice-President, and the wider Association.

Conclusion

The range of activities described within this corporate governance statement reflect Court's commitment to delivering on its primary responsibilities and adopting an approach of continuous improvement in governance matters and increasing transparency and engagement with stakeholders.

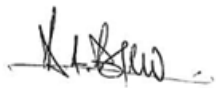
Going Concern

The University has adequate financial resources and its current forecasts and projections show it able to manage its activities having taken account of risks and uncertainties highlighted in the Annual Report and Financial Statements. The University Court considers that the University has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted when preparing the Financial Statements.

Compliance with the Scottish Code of Good Higher Education Governance

During 2023-24 Court undertook a review of the requirements of the revised Scottish Code of Good Higher Education Governance and ensured that action was taken to address any new requirements. In the opinion of the University Court, the University was fully compliant with all the principles and provisions of the Scottish Code of Good Higher Education Governance 2023 through the year.

Signed by



Mr David Brew
Chair, University Court
Date: 6 December 2024

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 year.

INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report to the Court of Abertay University

Opinion

We have audited the financial statements of Abertay University ('the institution' or 'the University') for the year ended 31 July 2024 which comprise the Statement of Comprehensive Income and Expenditure, Balance Sheet, Cash Flow Statement, Statement of Changes in Reserves, and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the University's state of affairs as at 31 July 2024 and of the income and expenditure, recognised gains and losses, changes in reserves, and of the University's statement of cash flows for the year for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the University Court's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The University Court is responsible for the other information. The other information comprises the information included in the annual report set out on pages 4-36, 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 this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Strategic Report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the University Court

As explained more fully in the Statement of Responsibilities of Court set out on page 21 and 22, the University Court is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the University Court determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the University Court is responsible for assessing the 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 Court either intend to liquidate the institution or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the University operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.

The laws and regulations we considered in this context were the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charity Accounts (Scotland) Regulations 2006 (as amended).

We identified the greatest risk of material impact on the financial statements from irregularities including fraud to be:

- Management override of controls to manipulate the institution's key performance indicators to meet targets;
- Income recognition for specific income streams; and
- Compliance with relevant laws and regulations which directly impact the financial statements and those that the University needs to comply with for the purpose of trading.

Our approach is as follows:

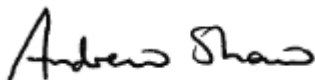
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage income and expenditure. Where this risk was considered higher, we performed audit procedures to address the risk of fraud and management override. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- We have performed analytical and/or substantive procedures over all significant revenue streams.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the University and determined that the most significant are FRS 102 and Statement of Recommended Practice for Further and Higher Education.
- We understood how the institution is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquires through our review of the Court minutes and papers provided to the Audit and Risk Committee, as well as consideration of the results of our audit procedures to either corroborate or provide contrary evidence which was then followed up;
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management, those charged with governance and those responsible for legal and compliance procedures; journal entry testing with a focus on journals indicating large or unusual transactions based on our understanding of the business and a review of Court minutes to identify any non-compliance with laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the University Court of Abertay University, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the University Court those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Abertay University and the University Court as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Shaw
for and on behalf of
Anderson Anderson & Brown Audit LLP
Statutory Auditor
81 George Street
Edinburgh
EH2 3ES

Date: 6 December 2024

Anderson Anderson & Brown Audit LLP is eligible to act as an auditor under section 1212 of the Companies Act 2006.

FINANCIAL STATEMENTS



Objective

The objective of financial statements is to provide information about the financial position, performance and cash flows of the institution that is useful for economic decision-making by a broad range of users who are not able to demand reports tailored to meet their particular information needs.

These users include:

- The governing body of the institution.
- The funding bodies.
- Charity regulators.
- Government and government departments.
- The institution's employees (past, present and future).
- The institution's students (past, present and future).
- Lenders and creditors.
- Other institutions, schools and industry.
- Grant-awarding bodies, donors and benefactors.
- The general public.

Funders and financial supporters may have differing needs in detail, but there are certain key characteristics of financial information which are applicable to all. The main objectives of the financial statements and related reports are, therefore, to provide the following information:

- A true and fair view of the financial position of the institution at the date of the Balance Sheet and of the income and expenditure, gains and losses, reserves and cash flows for the period then ended.
- Suitable analysis and appropriate disclosure of:
 - The income from all sources within the period of the account.
 - The expenditure on all activities within the period of the account.
 - The assets and liabilities of the institution, classified in suitable form.
 - Any known or probable circumstances which might significantly affect the institution's financial position.
 - How the institution is performing financially, including the adequacy of its working capital, its solvency (or insolvency), and its investment performance.
- Narrative disclosures to include:
 - An explanation of the corporate governance of the institution and an appropriate statement of responsibilities
 - A Strategic Report.

The accounting concepts and pervasive principles underlying the financial statements of entities are set out in section 2 of FRS 102. Institutions applying FRS 102 and this SORP must apply these concepts and principles.

Format

An institution's financial statements must include:

- A statement of principal accounting policies and estimation techniques.
- A Statement of Comprehensive Income presenting the financial performance during the accounting period.
- A Statement of Changes in Reserves.
- A Balance Sheet presenting the financial position at the end of the accounting period.
- A Statement of Cash Flows.
- Notes to the accounts.

Statement of Principal Accounting Policies

1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): *Accounting in Further and Higher Education 2019* and in accordance with Financial Reporting Standard 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102. The financial statements are prepared in accordance with the historical cost convention. The impact and continuing uncertainty as a result of Covid-19 on the future financial performance and cashflows of the University have been considered as part of the University's assessment and adoption of the going concern basis in these financial statements. The University has considered the risks and potential impact of these in producing its financial plans and forecasts. These financial statements have been prepared on a going concern basis which University management believe to be appropriate for the following reasons:

- At 31 July 2024 the University held cash and cash equivalents of £12.5 million, while net current assets were £8.8 million which includes external borrowings in the form of £0.7 million unsecured loan from the SFC. A total of £7.9m in unsecured loans are due to the SFC which are fully repayable between 10 and 20 years, the last repayment by 31 July 2041. The University Court has reviewed financial forecasts, including plans for future student recruitment, and after reviewing the assumptions utilised in the forecast scenarios, it is satisfied that the University is expected to be able to meet its commitments and obligations for at least the next twelve months from the date of the signing of this report, including under any plausible worst-case scenario for future University financial performance during this period.
- Through our operational planning process, we have developed a detailed income and expenditure budget for 2024-25 and outline budgets for 2025-26 and 2026-27. We have also developed our plans for capital expenditure over the same period. Our main financial metric is Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) and the University Court has determined that an EBITDA target of 4% is required to maintain our ability to invest in the campus and in digital technology. The University Court has agreed that a medium-term EBITDA plan is adopted in a way that supports investment in our capacity to develop and grow income streams in areas such as online and international activity. The approved EBITDA plan generates a 4% average EBITDA figure over three-year period to 2026-27. In our financial models to 2026-27, we have made prudent assessments of our income generation plans, forecasts of operating expenditure and capital investment plans and have carried out scenario planning to show the impact of changes to the significant underpinning assumptions. The medium-term nature of the operational plan and the scenario planning mean we will need to monitor the delivery of our financial plans closely and take action where variances are identified. Based on the above analysis, the University's view is that it remains entirely appropriate to prepare the financial statements on a going concern basis. It should be noted that the financial statements do not include the income and expenditure of the Students' Association as the University is not in a position to exert control or dominant influence to obtain benefit from its activities.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of accounting policies, management are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future period.

The following are the key assumptions and estimations that management have made in the process of applying the University's accounting policies and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Defined Benefit Pension Scheme – the key assumptions made in deriving these figures are explained in detail in notes 16-19
- Provisions – year end provisions are made based on best available information at the time of preparing the financial statements.
- Depreciation and useful economic lives of buildings – the key assumptions are explained in note 7.

3. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the financial statements when:

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

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

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.

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

4. Taxation

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

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Vat allocated to Fixed Assets is included in their costs.

5. Income Recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers, or the terms of the contract have been satisfied.

Grants (including Research Grants) from non-Government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

6. 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.

7. Related parties

There is a separate Students' Association at Abertay, and the University does not exercise control over it. The University makes an annual grant to support the Association's activities. Certain costs are recorded in the books of the University and reimbursed by the Association.

8. Stock

Stocks of catering supplies are valued at the lower of cost or net realisable value based on 'first in first out'. Where necessary, provision is made for slow-moving stock. The closing value was £28k (2023 £34k).

9. Supplier payments

It is the University's policy that payments to suppliers are made in accordance with the terms and conditions agreed between the University and its suppliers, providing that all trading terms and conditions have been complied with. Generally, the University aims to pay all invoices to suppliers within 30 days of the date of the invoice. The University has no matters to disclose under the Late Payment of Commercial Debts (Interest) Act 1998.

Further accounting policies are detailed on the appropriate notes to the Financial Statements.

Abertay University - Statement of Comprehensive Income and Expenditure (SOCI)

The SOCI is a statement of surplus / deficit and other comprehensive income for the financial year ended 31st July. Surplus or deficit is the total of income less expenses, excluding the components of other comprehensive income. Other comprehensive income comprises items of income and expense that are not recognised in the surplus or deficit (as required by the accounting rules). Total comprehensive income comprises all components of surplus or deficit and of other comprehensive income.

For the year ended 31 July	Note	2023 £000	2024 £000
Income			
Tuition Fees and Education Contracts	1	11,337	12,014
Funding Body Grants	2	22,671	22,212
Research Grants and Contracts	3	2,743	2,790
Other Income	4	2,955	3,029
Investment Income		1,187	1,038
Donations	7	35	8
Total Income		<u>40,928</u>	<u>41,091</u>
Expenditure			
Staff Costs	6	25,579	27,271
Other Operating Expenses		10,883	11,048
Depreciation	8	3,006	3,088
Amortisation	9	221	230
Interest and Pension Finance Costs		22	30
Total Expenditure	5	<u>39,711</u>	<u>41,667</u>
Surplus/ (Deficit) Before Other Gains/Losses		<u>1,217</u>	<u>(578)</u>
Gain/ (Loss) on Disposals of Fixed Assets		164	0
Gain/ (Loss) on Disposals of Investments		257	(37)
Unrealised (Loss)/ Gain on Non Current Asset Investments		(505)	1,129
		<u>(84)</u>	<u>1,092</u>
Surplus for the Year		<u>1,133</u>	<u>516</u>
Actuarial Loss in Respect of Pension Scheme		(14,785)	(382)
Other Comprehensive Expenditure		0	2
		<u>(14,785)</u>	<u>(380)</u>
Total Comprehensive Income for the Year		<u><u>(13,652)</u></u>	<u><u>136</u></u>
Represented by:			
Restricted Comprehensive Income for the Year		(1)	0
Unrestricted Comprehensive Income for the Year		(13,640)	150
Endowment Comprehensive Income for the Year		(13)	(14)
		<u><u>(13,652)</u></u>	<u><u>136</u></u>

Abertay University - Statement of Financial Position (Balance Sheet)

The Balance Sheet is the statement of assets, liabilities and reserves of an entity at a particular point in time, in this case as at 31st July. The Balance Sheet is comprised of two parts. The top part shows net assets (what is left over when you take the total liabilities away from the total assets). In a charity, the net assets are the charity's reserves. These are analysed out in the bottom part of the balance sheet.

	Note	2023 £000	2024 £000
Non-Current Assets			
Fixed Assets	8	45,666	45,187
Intangible Assets	9	739	519
Non-Current Investments	10	11,423	12,515
		<u>57,828</u>	<u>58,221</u>
Current assets			
Stock		34	28
Trade and Other Receivables	11	2,207	2,953
Cash and Cash Equivalents		16,107	12,490
		<u>18,348</u>	<u>15,471</u>
Less: Trade and Other Payables: amounts falling due within one year	12	(8,308)	(6,704)
Net Current Assets		<u>10,040</u>	<u>8,767</u>
Total Assets less current liabilities		<u>67,868</u>	<u>66,988</u>
Creditors due after one year – Loans			
Deferred Capital Grant	13	(4,932)	(4,849)
SFC Loan	13	(8,663)	(7,909)
		<u>(13,595)</u>	<u>(12,758)</u>
Provisions - Pensions	16	(423)	(244)
Total Net Assets		<u>53,850</u>	<u>53,986</u>
Restricted Reserves			
Endowment Reserve	7	515	501
Restricted Reserve	7	76	76
Unrestricted Reserves			
Income and Expenditure Reserve		53,259	53,409
Total Funds		<u>53,850</u>	<u>53,986</u>

The financial statements on pages 38 to 72 were approved by Court on 28th November 2024 and were subsequently signed on its behalf on 06 December 2024

by:



Professor Liz Bacon
Principal & Vice-Chancellor



Mr David Brew
Chair, University Court

The accompanying notes and policies on pages 48 to 72 form part of these financial statements.

Abertay University - Cash Flow Statement

Cashflow for year ended 31 July 2024

	2023	2024
	£000	£000
Cashflow from operating activities		
(Deficit)/Surplus for the year before tax	1,133	516
Adjustment for non cash items		
Depreciation and impairment charges	3,006	3,088
Amortisation	221	230
(Gain)/Loss on Disposals of Fixed Assets	(164)	0
(Gain)/Loss on disposal of investments	(257)	37
Unrealised (Gain)/Loss on Non Current Assets Investments	505	(1,129)
Decrease/(Increase) in stock	(18)	6
Decrease/(Increase) in debtors	(278)	(746)
(Decrease)/Increase in creditors	(11)	(1,660)
(Decrease)/Increase in pension provision	14,558	(179)
Other Comprehensive Income	(14,784)	(380)
Adjustment for investing or financing activities		
Investment Income	(848)	(366)
Endowment Income		
Interest Income	(338)	(672)
Capital Grant Income	(700)	(449)
Net cash (outflow)/inflow from operating activities	2,025	(1,704)
Cashflows from investing activities		
Investment income	848	366
Fixed asset additions	(2,810)	(2,609)
Intangible Asset additions	(100)	(10)
Proceeds from sale of fixed assets	2,669	0
Non-current investment (additions)	(3,041)	(2,156)
Income from disposal of current asset investments	3,299	2,170
Capital Grant Receipts	761	422
Cash inflow/(outflow) from returns on investments and servicing of finance	1,626	(1,817)
Cashflows from financing activities		
Interest Income	338	672
Repayments of Amounts borrowed	(716)	(754)
New Endowment	5	6
Endowment expenditure	(18)	(20)
Restricted donations	1	0
Cash outflow from capital expenditure and financial investments	(390)	(96)
Increase/(Decrease) in cash and cash equivalents in the year	3,261	(3,617)
Cash and cash equivalents at beginning of the year	12,846	16,107
Cash and cash equivalents at end of the year	16,107	12,490
Increase/(Decrease) in cash and cash equivalents in the year	3,261	(3,617)

Abertay University - Statement of Changes in Reserves

	Endowment Reserves	Restricted Reserves	Unrestricted Reserves	Total £000
Balance at 01 August 2022	528	75	66,899	67,502
Surplus/(Deficit) from the Statement of Comprehensive Income and Expenditure	(13)	1	1,145	1,133
Other Comprehensive Income	0	0	(14,785)	(14,785)
Total Comprehensive Income for the year	(13)	1	(13,640)	(13,652)
Balance at 31 July 2023	515	76	53,259	53,850

	Endowment Reserves	Restricted Reserves	Unrestricted Reserves	Total £000
Balance at 01 August 2023	515	76	53,259	53,850
Surplus/(Deficit) from the Statement of Comprehensive Income and Expenditure	(14)	0	530	516
Other Comprehensive Income	0	0	(380)	(380)
Total Comprehensive Income for the year	(14)	0	150	136
Balance at 31 July 2024	501	76	53,409	53,986

Analysis of Net Cash

	2023 £000	2024 £000
Cash and cash equivalents	16,107	12,490
Borrowings : amounts falling due within one year		
Unsecured Loans	738	738
Borrowings : amounts falling due after one year		
Unsecured Loans	8,663	7,909
	9,401	8,647
Net Cash	6,706	3,843

Reconciliation of Net Cash

	2023 £000	2024 £000
Net Cash 1 August	2,729	6,706
Movement in Cash and Cash Equivalents	3,261	(3,617)
Other Non Cash Changes	715	(217)
Net Cash 31 July	6,706	3,843
Change in Net Cash	3,977	(2,863)

Notes to the Financial Statements

Note 1: Income – Tuition Fee and Educational Contracts

a. Accounting policy

Fee Income is stated net of any expenditure which in effect reduces Tuition Fee and credited to the Statement of Comprehensive Income and Expenditure over the period of study. Any amount where the Tuition Fee is reduced by a discount for prompt payment or scholarship, income receivable is shown net of the discount, Bursaries are accounted for as expenditure and not deducted from Income.

b. Income reported in the Statement of Comprehensive Income and Expenditure

	2023	2024
	£000	£000
Scottish and EU Student Fees		
Undergraduate	5,832	5,472
Post Graduate Taught	608	785
Post Graduate Research	110	80
	6,550	6,337
RUK Student Fees		
Undergraduate	1,555	1,609
Post Graduate Taught	126	257
Post Graduate Research	16	22
	1,697	1,888
Non EU (International) Fees	3,035	3,648
Other Fees	55	141
	11,337	12,014

Supplementary analysis by full-time / part-time method of study:

	2023	2024
	£000	£000
Full Time		
Scottish and EU Students	5,905	5,543
RUK Students	1,560	1,643
Non EU (International Students)	2,942	3,413
	10,407	10,599
Part Time	930	1,415
Total Tuition Fee Income	11,337	12,014

Notes to the Financial Statements

Note 2: Funding Body Grants

a. Accounting policy

Funding Body Grants including block grants are recognised as income when the University is entitled to the income and performance related conditions have been met.

b. Income reported in the Statement of Comprehensive Income and Expenditure

	2023	2024
	£000	£000
SFC Recurrent Grants		
Teaching Grant	19,555	18,870
Research Grant	1,298	1,941
Regional Coherence	912	912
	<u>21,765</u>	<u>21,723</u>
SFC Specific Grants		
Capital Maintenance	442	100
Wider Access	371	284
Other	93	105
	<u>906</u>	<u>489</u>
Total Funding Body Grant Income	<u><u>22,671</u></u>	<u><u>22,212</u></u>

Notes to the Financial Statements

Note 3: Research Grant and Contract Income

a. Accounting policy

Research grants from government sources, grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met.

b. Research Grant and Contract Income in the Statement of Comprehensive Income and Expenditure

The table below analyses total research grant and contract income by type of funder.

	2023 £000	2024 £000
Arts and Humanities Research Council (AHRC)	792	248
Biotechnology & Biological Sciences Research Council (BBRC)	30	53
Economic and Social Research Council (ESRC)	134	(13)
Engineering and Physical Sciences Research Council (EPSRC)	0	-
Medical Research Council (MRC)	184	975
Royal Society, British Academy and Royal Society for Edinburgh (RSE)	5	75
UKRI	75	123
Research Council Total	1,220	1,461
EU	211	349
Other	20	33
UK Charities	410	470
UK Government	790	365
UK Industry	92	112
Total Research Grant and Contract Income	2,743	2,790

	2023 £000	2024 £000
Commercial Income including Catering sales and Residences Income	544	395
SFC Grant SPPA Pension Contribution	285	285
Release of Deferred Capital Grant	282	317
Other Income	1,844	2,032
Total Other Income	2,955	3,029

Notes to the Financial Statements

Note 5: Analysis of Total Expenditure by Activity

The table below summarises our total Expenditure according to our (Higher Education Statistics Agency) HESA categories, which collates and compares UK Higher education data.

£000	2023	Academic Staff Costs	Other Staff Costs	Total Staff Costs	Other Operating Expenses	Depreciation	Interest and Other Finance Costs	2024
Academic Departments	14,429	13,217	1,002	14,219	730	102	0	15,051
Academic Services	4,321		3,074	3,074	1,826	10	0	4,910
Administration & Central Services	11,504	103	7,040	7,143	4,817	808	22	12,790
Premises	6,091	0	1,295	1,295	2,272	2,398	0	5,965
Residences & Catering Operations	221	0	0	0	(10)	0	0	(10)
Research Grants & Contracts	2,744	739	638	1,377	1,413	0		2,790
Pension Cost Adjustment	404	0	(155)	(155)	0	0	8	(147)
Other	-3	0	318	318		0	0	318
	39,711	14,059	13,212	27,271	11,048	3,318	30	41,667
2023 Comparison		13,255	12,325	25,579	10,883	3,227	22	39,711

Other Operating Costs include:

External Auditor's remuneration in respect of audit services £62k (2023 - £56k)

External Auditor's remuneration in respect of non audit services £14k (2023 - £5k)

Internal Auditor's remuneration in respect of audit services £84k (2023 £49k)

Operating Lease rentals £3k (2023 - £8k)

Notes to the Financial Statements

Note 6: Staff Expenditure

a. Staff Expenditure as reported in the Statement of Comprehensive Income and Expenditure

	2023 £000	2024 £000
Staff Costs		
Wages and salaries	19,321	20,634
Social security costs	2,105	2,322
Employer Contribution - Pension Costs	3,720	4,150
Underlying Staff Expenditure	25,146	27,106
Severance Costs	29	320
Pension service costs	404	(155)
Total Staff Expenditure	25,579	27,271

Underlying staff expenditure adjusts the total staff expenditure for severance and pension service costs. Underlying staff costs in 2024 were £27.1m, a 7.9% increase on 2023.

Further information on Pension Service Costs Adjustments can be found in note 18.

b. Average staff numbers, expressed as FTE

The 2023 staff numbers as FTE have been restated due to a miscalculation in the academic and support staff split for the year.

The staff changes from 2023 are, Academic staff has increased 5 FTE (2.2%) and Support staff has increased 7 FTE (3.5%)

Average staff numbers by major category, expressed as FTE :

Number FTE	2023 Restated	2024
Academic Staff	223	228
Support Staff	199	206
	422	434

Academic Staff include Teaching Fellows, Lecturers, Professors and Researchers. Support Staff include Senior Managers including Deans of Schools. There are a small number of non-salaried staff who are excluded from the above summary.

Notes to the Financial Statements

Note 6: Staff Expenditure (continued)

c. Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Key Management Personnel are considered to be the Executive Group, made up of Principal and Vice Chancellor, Deputy Principal and Deputy Vice Chancellor, Vice-Principal and University Secretary, Director of Finance, Infrastructure and Corporate Services and our Director of People and Organisational Development .

	2023	2024
	£000	£000
Key management personnel compensation	<u>645</u>	<u>678</u>

d. Emoluments of the Principal

	2023	2024
	£000	£000
Liz Bacon		
Salary	204	212
Employer's contribution to pension	<u>47</u>	<u>51</u>
	<u>251</u>	<u>263</u>

- No bonus or other taxable benefits were paid to the Principal during the year.
- The median salary multiple, where median salary is median total remuneration cost (excluding NI) for salaried staff is £50k (2023 £47k) to Principal's salary (excluding NI) is 5.3 (2023 5.3).

Notes to the Financial Statements

Note 6: Staff Expenditure (continued)

e. Emoluments of other key management personnel

Remuneration excluding severance payments, employer's contributions to National Insurance and superannuation schemes paid to other key management personnel are shown in the table below (by salary band).

The number of staff with a basic salary of over £100,000 per annum has been included in the table below.

Number FTE	2023	2024
£100,001 - £110,000	2	0
£110,001 - £120,000	0	2
£120,001 - £130,000	0	0
£130,001 - £140,000	0	0
£140,001 - £150,000	1	1

All severance payments, including compensation for loss of office, are approved in accordance with the processes set out in the University's Severance Statement, which is in accordance with the SFC's Financial Memorandum.

f. Court Members

The University Court members are the trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the Court, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Court may have an interest. All transactions involving organisations in which a member of the Court may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

In 2024, the Chair of Court, Mr David Brew received a remuneration of £17k. The total expenses paid to or on behalf of 11 (2023 10) Court members was £14k (2023 £7k), which includes £2k (2023 £1k) in expenses paid to the Chair of Court. This represents travel and subsistence expenses incurred in attending Court, Committee Meetings, and charity events in their official capacity, meetings in both years were a mix of in person and online.

Notes to the Financial Statements

Note 7: Donations and Endowments

a. Accounting policy

Non exchange transactions without performance related conditions are donations and endowments. Donations and Endowments with donor imposed restrictions are recognised in 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 with no related conditions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted according to the terms or the restrictions applied to the individual endowment fund.

There are two main types of donations and endowments reported within reserves on the Balance Sheet:

- Restricted Donations – the donor has specified that the donation be used for a particular objective.
- Expendable Endowments – the donor has specified a particular objective other than the purchase of tangible fixed assets and the University has the power to use the capital.

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanent restricted fund which the University must hold in perpetuity.

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

b. Income reported in the Statement of Comprehensive Income and Expenditure

All new endowments and donations are recognised as income (upon entitlement).

	2023 £000	2024 £000
Restricted Donations	1	1
Donations with no Restrictions	34	7
Total Income	35	8

c. Reserves reported on the Balance Sheet

Reserves are analysed out at the bottom of the Balance Sheet. They are the funds that we can spend on our charitable purposes. This definition excludes restricted income and endowment funds as these must be spent in a specific way. The tables overleaf show the movements in the balances of the restricted endowment reserve and the other restricted reserve. It also analyses the closing balances by purpose of use.

Notes to the Financial Statements

Note 7: Donations and Endowments (continued)

Restricted Endowment Reserves

Restricted Endowment Reserves are held as Current Asset Investments.

	2023 £000	Unrestricted £000	Permanent £000	Expendable £000	2024 £000
Balance at 1 August	528	387	38	90	515
New Endowments	5	0	0	6	6
Expenditure	(18)	0	(3)	(17)	(20)
Total Endowment Comprehensive Income for the Year	(13)	0	(3)	(11)	(14)
Balance at 31 July	515	387	35	79	501
Split of Endowment Reserves by Purpose					
Scholarship Funds	0	0	0	0	0
Prize Funds	90	0	0	79	79
Other Funds	425	387	35	0	422
	515	387	35	79	501

Other Restricted Reserves

Reserves with restrictions are as follows :

	2023 Actual £000	2024 Actual £000
Restricted Donations		
Balance at 1 August	75	76
Income	1	1
Expenditure	0	(1)
Total Restricted Comprehensive Donation Income for the Year	1	0
Balance at 31 July	76	76
Split of Restricted Donations by Purpose		
Scholarships and Bursaries	0	0
Research Support	72	72
Prize Funds	4	4
General	0	0
	76	76

Notes to the Financial Statements

Note 8: Fixed Assets

a. Accounting policy for Fixed Assets

Fixed assets are stated on the Balance Sheet at cost less accumulated depreciation and accumulated impairment.

Land and buildings are stated at historic cost less accumulated depreciation. Freehold land is not depreciated. All other categories of fixed assets are held at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Component accounting has been adopted for buildings at the following rates:

Short Term (e.g. Finishes and Floors)	10 Years
Medium Term (e.g. Mechanical and Electrical, Cladding)	30 Years
Long Term (e.g. Sub and Support Structure)	50 years

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

Equipment, furniture and coherent packages of equipment costing £10,000 or more have been capitalised and depreciation charged on a straight-line basis over periods ranging from three to seven years, based on an assets expected useful economic life.

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

Should any land and buildings financed by the Exchequer be sold, the University may be liable under the terms of the Financial Memorandum with the Scottish Funding Council, to repay the proceeds.

b. Fixed Assets reported on the Balance Sheet

	Freehold Land and Buildings £000	Equipment £000	AIC- Freehold Land and Buildings	AIC- Equipment	Total £000
Cost					
At 1 August 2023	63,478	7,939	910	162	72,489
Additions	560	1,326	723	0	2,609
AIC Released 23/24		162		(162)	0
Disposals	0	(414)	0	0	(414)
At 31 July 2024	64,038	9,013	1,633	0	74,684
Accumulated Depreciation					
At 1 August 2023	(20,884)	(5,939)	0	0	(26,823)
Additions	(2,328)	(760)	0	0	(3,088)
Eliminated in respect of disposals	0	414	0	0	414
At 31 July 2024	(23,212)	(6,285)	0	0	(29,497)
Net Book Value					
At 31 July 2024	40,826	2,728	1,633	0	45,187
At 31 July 2023	42,594	2,000	910	162	45,667

Notes to the Financial Statements
Note 9: Intangible Assets

a. Accounting policy for Intangible Assets

All intangible assets are considered to have finite lives which will be determined by the assessed useful economic life and the period of any contractual or legal rights (including any renewal periods where the cost of renewal is not significant). Intangible assets in the course of development are not capitalised until they are brought into use. Subsequent to initial recognition, initial assets are stated at cost less accumulated impairment. Intangibles are amortised on a straight line basis over their useful economic lives of 5 years.

b. Intangible Assets reported on the Balance Sheet

	IT Cloud Solution	Total £000
Cost		
At 1 August 2023	1,112	1,112
Additions	10	10
At 31 July 2024	1,122	1,122
Amortisation and Impairment		
At 1 August 2023	(373)	(373)
Additions	(230)	(230)
At 31 July 2024	603	603
Net Book Value		
At 31 July 2024	519	519
At 31 July 2023	739	739

Notes to the Financial Statements
Note 10: Non Current Asset Investments

a. Accounting policy for Non Current Asset Investments

Non Current Investments are initially recognised at cost and subsequently measured at fair value at each reporting date. All gains and losses on Non Current asset investments are recognised in the Statement of Comprehensive Income as they accrue.

b. Non Current Asset Investments reported on the Balance Sheet

	2023	Unlisted	Listed	2024
	£000	Investment	Investment	£000
		£000	£000	
At 1 August	11,671	25	11,398	11,423
Additions	3,041	0	2,156	2,156
Disposals	(2,728)	0	(2,315)	(2,315)
Appreciation on disposals/revaluation	(561)	0	1,251	1,251
	(248)	0	1,092	1,092
At 31 July	11,423	25	12,490	12,515

Notes to the Financial Statements
Note 11: Trade and Other Receivables

a. Accounting policy

Receivables are the amounts owed to the University by debtors. Receivables include debtors not due (when an invoice is raised by the University but is not yet due for payment) and overdue debtors (when the due date has passed).

A prepayment is the settlement of a debt or instalment payment before its official due date.

Income from the sale of goods or services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers, or the terms of the contract have been satisfied.

Tuition fees and grants (including Research Grants) from non-Government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in arrears is recognised as prepaid income within debtors on the balance sheet.

b. Trade and Other Receivables reported on the Balance Sheet

	2023	2024
	£000	£000
Trade Debtors	513	300
Student Debtors	76	76
Accrued Income	45	0
General (Individual items <£50k)	1,137	1,738
Research Project Income	436	839
Prepayments	<u>1,573</u>	<u>2,577</u>
Trade and Other Receivables	<u><u>2,207</u></u>	<u><u>2,953</u></u>

Notes to the Financial Statements

Note 12: Trade and Other Payables – amounts falling due within one year

a. Accounting policy

Payables are the amounts owed by the University to creditors, presented as a liability on the balance sheet. Income received in advance of performance conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Under FRS102 we are required to accrue a financial value for holidays earned but not taken at the financial year end. This calculation is reviewed and adjusted, if required, annually.

b. Trade and Other Payables reported on the Balance Sheet

	2023 £000	2024 £000
Trade Payables	790	589
Student Accounts	1,527	1,239
Other	214	82
Other Payables	1,741	1,321
Social Security and Other Taxation Payable - Holiday Pay Provision	1,079	1,114
Deferred Income - Research Project Income	1,950	1,746
Unsecured Loans due within one year	738	738
Deferred Capital Grant release within one year	291	347
Tuition Fees	425	278
SFC	51	32
Severance	9	91
Contract Works/ Purchase Orders	656	16
Other	578	431
Accruals	1,719	848
Trade and Other Payables : amounts falling due within one year	8,308	6,704

Note 13: Trade and Other Payables – amounts falling due after one year

	2023 £000	2024 £000
Deferred Capital Grant - release due after one year	4,932	4,849
Unsecured loans due after one year	8,663	7,909
	13,595	12,758

Notes to the Financial Statements

Note 14: Loans

a. Accounting policy

Grants (including Research Grants) from non-Government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

b. Loans from Scottish Funding Council (Solar PV and LED Lighting, Carbon Reduction, Financial Transactions)

	2023 £000	2024 £000
Analysis of Unsecured Loans		
Due within one year and on demand	738	738
Due between one and two years	738	738
Due between two and five years	2,063	2,063
Due in five years or more	5,862	5,108
Total Unsecured Loans	9,401	8,647
Unsecured Loans Repayable by 2030	513	321
Unsecured Loans Repayable by 2041	8,888	8,326
	9,401	8,647

The University's unsecured loans from the SFC (summarised above) are at an interest rate of 0.25% per annum.

Note 15: Lease Obligations

a. Accounting policy

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

b. Rental commitments under non-cancellable operating leases expiring

	2023 £000	2024 £000
Commitments under non cancellable operating leases expiring - Other:		
Within one year	5	0
Between two and five years	0	46
	5	46

Notes to the Financial Statements
Note 16: Pension Overview

a. Schemes

Staff are eligible to join one of three pension schemes:

- The Scottish Teachers' Superannuation Scheme (STSS – the default for academic staff).
- The local government pension scheme, the Tayside Superannuation Fund (TSF – the default for support staff).
- The Universities Superannuation Scheme (USS - normally where staff have transferred from another institution).

We have taken the exemption permitted to disclose STSS (for academic staff) as a defined contribution scheme - STSS not being able to calculate individual employers' share of the overall deficit. The TSF (for support staff) is disclosed as a defined benefit. The USS scheme (for a small number of academic and administrative staff) is a defined contribution but with an agreed deficit recovery plan.

Pension figures presented in this report are only for the purposes of SORP accounting. In particular, they are not relevant for calculations undertaken for pension scheme funding purposes or for other statutory purposes under UK pension legislation.

b. Pensions as reported in the Statement of Comprehensive Income and Expenditure

During the year to 31 July the total cost of these pension arrangements for the University was £4,150k (2023 - £3,720k). This includes £0 (2023 - £0) of outstanding contributions at the balance sheet date.

	2023	2024
	£000	£000
STSS	2,234	2,466
TSF	1,331	1,355
USS	66	60
AUPS (Legal & General)	89	269
Total Pension Cost	3,720	4,150

c. Pensions as reported on the Balance Sheet

	31/07/23	STSS	USS	TSF	31/07/24
	£000	Pension	Pension	Pension	£000
		£000	£000	£000	
At 1 August	(14,427)	0	423	0	423
Movement in year	14,850	0	(423)	244	(179)
At 31 July	423	0	0	244	244
Shown as:					
Pension Asset	0	0	0	0	0
Pension Provision	(423)	0	0	(244)	(244)

Notes to the Financial Statements

Note 16: Pension Overview (continued)

d. Further detailed notes

STSS – note 17.

TSF – note 18.

USS – note 19.

Note 17: Pension - Scottish Teachers' Superannuation Scheme

Pension costs for the STSS are accounted for as a defined contribution plan.

Accounting Policy

A defined contribution plan is a post-employment benefit plan under which the institution pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Abertay University participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2020.

Abertay University has no liability for other employers' obligations to the multi-employer scheme.

As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme Teachers' Employers Accounts Disclosure Revision - 14 December 2018 MENU (d) (i) The scheme is an unfunded multi-employer defined benefit scheme. (ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the (name of body) is unable to identify its share of the underlying assets and liabilities of the scheme. (iii) The employer contribution rate for the period from 1 April 2021 was 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay. (iv) While a valuation was carried out as at 31 March 2020, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2020 valuations could be completed. The UK Government confirmed that current employer contribution rates would increase on 1 April 2024 to 26%.

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 102 the above scheme is accounted for as if it were a defined contribution scheme.

Notes to the Financial Statements

Note 18: Pension - Tayside Superannuation Fund

Pension costs for the TSF are accounted for as a defined benefit plan.

a. Accounting Policy

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on net assets set aside to fund the benefits will differ from expectation) are borne, in substance, by the University. The University should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Defined benefit pension schemes continue to record deficits relative to their forecast liabilities. In general, participating in a defined benefit pension scheme means that we are exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

We acknowledge the resultant volatility that this will bring to the balance sheet each year, but it does recognise the liability the University would have if the scheme ceased.

b. Actuarial Valuation

An actuarial valuation of Tayside Pension Fund was carried out as of 31 March 2023. The purpose was to review the financial position of the Fund and to set appropriate contribution rates for each employer in the Fund for the period from 1 April 2024 to 31 March 2027 (3-year period). Contributions are set to cover any shortfall between the assumed cost of providing benefits built up by members at the valuation date and the assets held by the Fund and to also cover the cost of benefits that active members will build up in the future.

c. Financial Assumptions

The TSF financial assumptions are set with reference to market conditions at 31st July of each year.

The financial assumptions used to calculate the results are as follows:

	2023	2024
Discount Rate	5.15%	5.00%
Pension Increases	2.85%	2.90%
Salary Increases	3.85%	3.90%

Notes to the Financial Statements

Note 18: Pension - Tayside Superannuation Fund (continued)

Demographic / Statistical Assumptions -

The post retirement mortality tables adopted are the S3PA_H with a multiplier of 105/115%. These base tables are then projected using the CMI_2023 Model, allowing for a long-term rate of improvement of 1.25% p.a. Although the post retirement mortality tables adopted are consistent with the previous accounting date, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model, CMI_2023. We have adopted the default smoothing parameter of 7.0 and have not applied an additional initial rate, while continuing to adopt a long term improvement rate of 1.25% p.a.

Life expectancy from age 65 (years)		2023	2024
Retiring today	Males	18.8	18.8
	Females	21.6	21.6
Retiring in 20 years	Males	20.2	20.2
	Females	23.1	23.1

The estimated asset allocation in the scheme was:

	2023		2024	
	£000	%	£000	%
Equities	71,694	73%	79,197	77%
Gilts	2,109	2%	6,878	7%
Other Bonds	12,001	12%	5,149	5%
Property	9,278	9%	9,506	9%
Cash	2,626	3%	2,030	2%
Alternatives	167	0%	75	0%
Total	97,875	100%	102,835	100%

d. FRS 102 Combined Disclosures

Analysis of Amount Debited to the Statement of Comprehensive Income and Expenditure:

	2023	2024
	£000	£000
Service Cost	1,765	1,349
Net Interest on the Defined Liability/(Asset)	(523)	(26)
Administration Expenses	38	43
Total Pension Cost	1,280	1,366

Notes to the Financial Statements

Note 18: Pension - Tayside Superannuation Fund (continued)

	2023 £000	2024 £000
Present Value of the Defined Benefit Obligation	65,675	75,264
Fair Value of Fund Assets (Bid Value)	97,875	102,835
Deficit/(Surplus)	(32,200)	(27,571)
Impact of asset ceiling	32,200	27,571
Present Value of Unfunded Obligation	186	244
Defined Benefit Liability at End of Year	186	244

Change in actuarial value of scheme liabilities:

	2023 £000	2024 £000
Opening Defined Benefit Obligation	81,791	65,861
Current Service Cost	1,765	1,245
Interest Cost	2,751	3,333
Change in Financial Assumptions	(23,349)	2,349
Change in Demographic Assumptions	(2,155)	(222)
Experience Loss/(Gain) on Defined Benefit Obligation	6,819	5,269
Estimated Benefits Paid Net of Transfers In	(2,202)	(2,837)
Past Service Costs, including curtailments	0	104
Contributions by Scheme Participants and Other Employers	472	439
Unfunded Pension Payments	(31)	(33)
Actuarial Value of Scheme Liabilities at End of Year	65,861	75,508

Reconciliation of opening & closing balances of the fair value of Fund assets

	2023 £000	2024 £000
Opening Fair Value of Fund Assets	96,495	97,875
Interest on Assets	3,274	5,017
Return on Assets Less Interest	(1,456)	87
Other Actuarial gains/(losses)	0	826
Administration Expenses	(38)	(43)
Contributions by Employer Including Unfunded	1,361	1,504
Contributions by Scheme Participants and Other Employers	472	439
Estimated Benefits Paid Plus Unfunded Net of Transfers In	(2,233)	(2,870)
Closing Fair Value of Fund Assets	97,875	102,835

Notes to the Financial Statements

Note 18: Pension - Tayside Superannuation Fund (continued)

Remeasurements in other comprehensive income	2023	2024
	£000	£000
Return on Fund Assets in Excess of Interest	(1,456)	87
Other Actuarial Gains/(Losses) on assets	0	826
Change in Financial Assumptions	23,349	(2,349)
Change in Demographic Assumptions	2,155	222
Experience Gain/(Loss) on Defined Benefit Obligation	(6,819)	(5,269)
Asset Ceiling Adjustment	(32,014)	6,287
Re-measurement of the Surplus/(Liability)	<u>(14,785)</u>	<u>(196)</u>

A defined benefit plan surplus can be recognised to the extent that the university can recover the surplus through refunds from the plan or reductions in future contributions. The actuary has calculated on asset ceiling which reduces the University's pension surplus to £nil.

Sensitivity Analysis Current Financial Year

	£000	£000	£000
Adjustment to discount rate	+0.50%	0.10%	0.00%
Present Value of total obligation (before asset ceiling)	69,854	74,321	75,508
Projected service Cost	1,103	1,253	1,293
Adjustment to long term salary increase	+0.50%	0.10%	0.00%
Present Value of total obligation (before asset ceiling)	75,942	75,594	75,508
Projected service Cost	1,293	1,293	1,293
Adjustment to pension increases and deferred revaluation	+0.50%	0.10%	0.00%
Present Value of total obligation (before asset ceiling)	81,593	76,665	75,508
Projected service Cost	1,524	1,336	1,293
Adjustment to life expectancy	+ 1	None	- 1 Year
Present Value of total obligation (before asset ceiling)	78,442	75,508	72,698
Projected service Cost	1,341	1,293	1,246

Notes to the Financial Statements

Note 19: Pension - Universities Superannuation Scheme

Pension costs for the USS are accounted for as a defined contribution plan.

a. Accounting Policy

A defined contribution plan is a post-employment benefit plan under which the institution pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

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

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in surplus or loss in accordance with section 28 of FRS 102. The University is satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

A deficit recovery plan was put in place as part of the 2020 valuation, which required payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate would increase to 6.3%. As set out in Note 15b, no deficit recovery plan was required under the 2023 valuation because the scheme was in surplus on a technical provisions basis. The institution was no longer required to make deficit recovery contributions from 1 January 2024 and accordingly released the outstanding provision to the profit and loss account.

The latest available complete actuarial valuation of the Retirement Income Builder is as at 31 March 2023 (the valuation date), which was carried out using the projected unit method.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2023 valuation was the seventh valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions (the statutory funding objective). At the valuation date, the value of the assets of the scheme was £73.1 billion and the value of the scheme's technical provisions was £65.7 billion indicating a surplus of £7.4 billion and a funding ratio of 111%

Notes to the Financial Statements

Note 19: Pension - Universities Superannuation Scheme (continued)

b. Financial Assumptions

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2023	2024
Discount Rate	2.70%	2.50%
Pension Increases (CPI)	6.20%	6.30%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2023 actuarial valuation. The mortality assumptions used in these figures are as follows:

2023 valuation

Mortality base table

The mortality assumptions are based on scheme specific experience analysis, expressed as liability equivalent adjustments to standard tables published by the Continuous Mortality Investigate (CMI) making allowance for future improvements in longevity. The mortality tables are as follows:

Males : S2PMA "light" with 101% weighting and improvements using CMI_2021 (1.8%) with smoothing parameter 7.5 and initial addition 0.4% pa

Females : S3PFA with 95% weighting and improvements using CMI_2021 (1.6%) with smoothing parameter 7.5 and initial addition 0.5%

The current life expectancies on retirement at age 65 are:

	2023	2024
Males currently aged 65 (years)	24.0	23.7
Females currently aged 65 (years)	25.6	25.6
Males currently aged 45 (years)	26.0	25.4
Females currently aged 45 (years)	27.4	27.2

c. Pension Provision

The obligation to fund the USS arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payments over the period of the contracted obligation in assessing the value of this provision.

The obligation to fund the USS arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payments over the period of the contracted obligation in assessing the value of this provision.

INTEGRATED REPORT

151124

2023/24

