

ANNUAL REPORT

& ACCOUNTS

2022

1495



UNIVERSITY OF
ABERDEEN



“Open to all and dedicated to the
pursuit of truth in the service of others”



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WELCOME

I welcome you to the University of Aberdeen's Annual Report and Accounts on behalf of the University Court having served my first full year as Senior Governor.

I have enjoyed seeing campus transformed by the return of our students, with the optimism that they can fully embrace their student experience without the constraints of the Covid-19 pandemic.

I am confident they enjoyed the same warm welcome at the University as I have been fortunate to enjoy. It has been a pleasure to get to know both the University and the sector better over the past 12 months.

A warm welcome has been extended to me by each of the Schools and by the Aberdeen University Students' Association and it has been a pleasure to see the way in which the different parts of the institution have worked together to navigate the challenges and opportunities presented in this period.

I was delighted to be able to offer my own Aberdeen welcome to our Rector, Martina Chukwuma-Ezike, and to see how the ancient traditions of a five-centuries-old University meet the modern face of our student body at her installation ceremony, where she was carried through Old Aberdeen atop student mascot Angus the Bull.

Further welcomes have been extended to new Court members all of whom are bringing new skills, experience and insights to our work as the governing body. At the same time, I am hugely grateful to those members who retired from Court and for the valuable contributions they have made to its work and to the wider University community.

During this period I have been pleased to conclude the review of University governance, to fully accept the recommendations and to begin the process of taking these forward, as detailed in the pages of this Annual Report.

I am grateful for the involvement of individuals, departments and Schools across the University in this process and it will provide a strong basis from which we can continue to build our success.

This has been a year of many highlights for the University of Aberdeen. Our league table performance continues to be strong and the results of the 2022 National Student Survey demonstrate clear progress and underline the commitment to student experience despite the many challenges of the Covid-19 pandemic.

I was honoured to attend a ceremony in St James Palace, London to see the Queen's Anniversary Prize - the highest Honour for UK further and higher education - presented to members of our School of Biological Sciences.

The prestigious award was granted to the University for world-leading research and education in Soil Science promoting the control of greenhouse gas emissions and sustainable food production and I was in awe of what has been achieved.

It speaks to the depth and breadth of knowledge within the University and the importance of the work undertaken here.

I was also privileged to attend our graduation ceremonies in July which highlighted not only the sheer joy in achievement but how much that success also meant to the families, friends and support network for each of our graduates.

Seeing the students receive their awards this year was particularly special. It was my first experience of graduation at Aberdeen but it also marked a very important coming together for all of us after so much time apart.

The students who received their awards studied through unprecedented times and faced challenges unique to their cohort. To be able to recognise that through our degree ceremonies was a humbling moment and one which will live a long time in my own memory as I am sure it will in theirs.

The purpose of universities is to transform lives and our degree ceremonies are the embodiment of this. To see such a wide range of subjects conferred and to meet so many people drawn to Aberdeen from across the world shows the strength of both our community and our education.

As we transition away from the Covid-19 pandemic there will be many other challenges to meet, not least the significant rise in the cost of living which will impact all of us.

The strength and determination demonstrated by our most recent graduates is an important reminder of the need to work together and to support success.

I hope you enjoy reading this Annual Report and that you are as inspired as I am by recent achievements and future opportunities for our community.



Julie Ashworth
Senior Governor

The University has continued its strong performance throughout 21/22 and our entire community can be very proud of our collective efforts to readjust as the effects of the pandemic subsided and our research and teaching activities returned to almost normal operations.

Our key priorities continue to be to enhance the University's academic achievements and financial sustainability, and to create a safe and supportive environment for staff and students. It has been a very busy year and everyone in the University community has played their part, which I am very grateful for.

The University's finances are strong as a result of the extensive and effective efforts made by staff across the institution, and we have recorded an underlying surplus for the financial year to July 2022. The University has had four successive years of revenue growth and in each of these years has achieved a surplus for investment in extra staff and in digital and physical infrastructure. It is expected that this trend will continue in 22/23.

Nevertheless, this will not be much more than is required to stand still because of rising costs and cuts in our public funding. The 25% reduction in our research capacity during the previous Research Excellence Framework (REF) period (the number of our Teaching & Research staff fell by 200 between 2014 and early 2019) has resulted in a cut in our REF funding from the Scottish Funding Council by roughly the same percentage. This funding will fall initially by £1.9m in 2022/23, then by the full reduction of £4.7m in 2023/24 and continue at this lower level until the next REF in five or six years.

In addition, the Scottish Funding Council has been allocated a flat cash budget by the Scottish Government, which is a very significant challenge for the whole higher education sector in an era of rising costs. This means that the University will need to maintain its recent record of strong revenue growth that exceeds rising costs. There are many opportunities to further expand international student recruitment, research income and commercial income, and the University can take full advantage of all of these.

In light of the difficulties facing many of our colleagues due to the global cost of living crisis, the University Court approved an exceptional payment to the majority of our staff over the summer to help them deal with the impact. A one-off payment of £750 was made to around 2,000 staff who are facing the greatest financial pressures. The payment reflects the high value we place on the contribution of our colleagues to the success of the University, as well as our responsibility to support them.

Earlier this year, the University was awarded its second prestigious Queen's Anniversary Prize for its research and teaching in Soil Science. This is a fantastic recognition for the team to receive this award - the highest national Honour awarded in UK further and higher education.

Work has continued to address the commitments made in Aberdeen 2040, our 20-year vision of strategic purpose which outlines how we're going to continue to fulfil our foundational purpose of being open to all and dedicated to the pursuit of truth in the service of others, and how we'll ensure that our education and research are inclusive, interdisciplinary, international, and sustainable. Through Aberdeen 2040 we are also addressing five key interdisciplinary challenges: Energy Transition; Social Inclusion and Cultural Diversity; Environment and Biodiversity; Data and Artificial Intelligence; and Health, Nutrition and Wellbeing.

Underpinned by our Aberdeen 2040 commitments, the University has continued to improve its national standing following further positive improvements in the league tables published in September 2022, consolidating the University as a top 20 UK institution, and achieving our highest ever ranking of 13th in the Guardian league table of UK universities. We are also particularly proud to have been ranked 4th in the UK for overall student satisfaction, in the 2022 National Student Survey (NSS), reflecting our absolute commitment to delivering an excellent education and student experience.



Professor George Boyne
Principal and Vice-Chancellor

ABERDEEN 2040 – OPERATIONAL PLAN 2021/22

The University's 20-year strategy, Aberdeen 2040, was launched in February 2020 and is now in its second year. The new strategy couldn't have had a more challenging start: in March 2020, the UK entered lockdown as a result of the Coronavirus pandemic and it was not until early in 2022 that the higher education sector saw a gradual return to regular on-campus activities. However, in spite of these challenges, the University community has worked tirelessly to drive forward the ambitions set out in the Aberdeen 2040 strategy with excellent progress made to date.

Aberdeen 2040 is built around the University's foundational purpose from 1495: "Open to all, and dedicated to the pursuit of truth in the service of others". Key ambitions are set out within two core activities (Education and Research). A third area, Regional Engagement, has been added to the Strategy in the past year, following the recent appointment of a Vice-Principal for Regional Engagement who is leading the University's strategies aimed at enhancing the University's regional and industrial engagement in the north-east of Scotland.

Aberdeen 2040 focuses on four themes which define the kind of University we want to be: Inclusive, Interdisciplinary, International and Sustainable, along with five interdisciplinary societal challenges: Health nutrition and wellbeing; Social inclusion and cultural diversity; Energy transition; Data and artificial intelligence; and Environment and biodiversity.

Our strategic aspirations are set out under 20 commitments. In response to the pandemic, it was agreed to prioritise nine of the twenty commitments in the first year of the plan in 2020/21. However, in 2021 the University reverted to full plan implementation and the 2021/22 Annual Report is therefore the first time the University is reporting on the full strategy.

The following sections give an overview of the University's performance in Academic Year (AY) 2021/22 against the commitments made in Aberdeen 2040.

Key Performance Indicator (KPI) rating key:

- Improvement
- Slight drop
- Slight improvement
- Drop
- Little or no change
- Year-on-year comparison not yet possible

The full Aberdeen 2040 Strategy can be viewed at www.abdn.ac.uk/2040



EDUCATION

Education is one of two core activities under Aberdeen 2040. A number of metrics have been agreed to track progress in delivering the University's ambitions in this area.

KPI 1:

Overall student satisfaction in the National Student Survey (NSS).

2025 target:

We will achieve an overall student satisfaction of 88%, ranking top 25 in the UK.

● Performance against target:

Excellent progress has been made with an overall student satisfaction of 85.6% in NSS 2022, a rise of 11 percentage points from the previous year.

● KPI 2:

Graduate Outcomes. See Commitment 12 below.

KPI 3:

Student continuation from level 1 to level 2 of study.

2025 target:

At least 96% of students will continue their studies from level 1 to level 2.

● Performance against target:

Data is awaited for 2022 but the target was exceeded in 2021 with continuation measuring 97.4%.

KPI 4:

Degree awarding gap between White, and Black, Asian and minority ethnic student groups for good honours degree awards.

2025 target:

The gap in student achievement will be no higher than 5%.

● Performance against target:

Data is awaited for 2022 but good progress was made in 2021 with a reduction in the awarding gap from 8.8% in 2020 to 7.6% in 2021.

RESEARCH

Research is fundamental to the success of the University of Aberdeen. In addition to various research-related commitments set out in Aberdeen 2040, two further key performance indicators have been agreed to drive research success.

KPI 1:

Total research income.

2025 target:

Research income will total £65M.

● Performance against target:

Research income has increased since the end of the Coronavirus pandemic by £5M to reach £51M in 2021/22.

KPI 2:

The Postgraduate Research student population.

2025 target:

Target to be confirmed in AY 2022/23.

● Performance against target:

As noted above, a target has not yet been set for 2025. However, the PGR population has decreased slightly from the baseline set in 2020 and this metric has therefore been given an 'amber' rating.

REGIONAL ENGAGEMENT AND REGIONAL RECOVERY

The University of Aberdeen is an international university with strong roots in the north-east of Scotland and, as part of the Aberdeen 2040 strategy, we want to ensure that the University makes an effective contribution to the economic, social and cultural activity of the region.

Key performance indicators are under development, to be informed by the Civic University Agreement due to be launched in 2023. The Civic University Agreement will set out the University's ambitions as a regional anchor, working with a variety of stakeholder groups to meet the ambitions of the north-east of Scotland.



INCLUSIVE

Commitment 1:

We will care for the wellbeing, health and safety of our diverse community, supporting and developing our people to achieve their full potential.

KPI:

University Staff and Student Surveys (responses relating to wellbeing, health and safety).

2025 target:

90% of staff and students (aggregate responses) agree that the University cares about staff and student wellbeing.

● Performance against target:

As the Staff Survey is only carried out biennially, survey results for 2022 are awaited. Staff and Student Surveys will be carried out in November 2022.

Commitment 2:

We will encourage widening access to study, by having fair and flexible entry routes, offering diverse qualifications and providing a range of modes of delivery; our students will be able to succeed whatever their personal and social background.

KPI:

Percentage of Scottish undergraduate entrants from areas of multiple deprivation (SIMD20).

2025 target:

In line with targets set for the Scottish HE sector, students from the 20% most deprived backgrounds will represent 10% of full-time first-degree entrants.

● Performance against target:

While the number of Scottish undergraduate entrants from SIMD20 areas increased by 28% between 2021 and 2022, the proportion has decreased from 7.9% to 7.7%. This proportional decline is a result of the UK's exit from the European Union. The University, as most of the UK HE sector, has seen a sharp decline in student recruitment from the EU as a result of Brexit, which has allowed more Scottish students to be recruited. While the increased capacity to recruit Scottish students has been very positive, it has had a detrimental impact on efforts to increase the proportion of entrants from deprived areas.

Commitment 3:

We will develop a research portfolio that promotes national and international collaboration with stakeholders, including companies, organisations and governments.

KPI:

Value of research grants awarded with external non-academic partners, such as industry, NGOs and government partners.

2025 target:

70% of our awards will be with non-university partners.

● Performance against target:

Good progress has been made. In 2021/22, 69% of awards were awarded with non-university partners; an increase of five percentage points from the previous year.

Commitment 4:

We will secure the highest standards of equality, diversity and inclusion, achieving accreditation across multiple strands and characteristics.

KPI:

High quality accreditations of inclusiveness (Race Equality Charter, Athena Swan Charter, Stonewall and University of Sanctuary).

2025 target:

The University will have achieved a Race Equality Charter Bronze Award, all Schools will have applied for Athena Swan Silver Award, and the University will have been awarded a Stonewall Workplace Equality Index (WEI) Bronze Award, and a University of Sanctuary status.

● Performance against target:

Good progress has been made. The University has been a member of the Race Equality Charter since 2019 but plans to submit an application for a Bronze award have been deferred until February 2024. The University successfully renewed its institutional Bronze Athena Swan Award in November 2021 and, while one School has achieved a Silver Award, a further three Silver applications are in preparation. The University achieved a Silver award in the Stonewall Workplace Equality Index in 2022. An application was submitted in 2022 for a University of Sanctuary status and an outcome is awaited.

Commitment 5:

We will eliminate pay gaps across all protected characteristics.

KPI:

Standardised Gender Pay Gap Report published by the Scottish Government.

2025 target:

A median gender pay gap of 17% or lower.

● **Performance against target:**

The University's median gender pay gap reduced from 20.2% in 2020 to 19.4% in 2021. Data for 2022 will be available in spring 2023.

INTERDISCIPLINARY

Commitment 6:

We will support a learning culture in which all our staff and students can exchange ideas and expertise across intellectual areas and organisational structures.

KPI:

University Staff and Student Surveys (responses relating to opportunities for learning and working across boundaries).

2025 target:

85% of students and students will be satisfied with opportunities for exchange of ideas across intellectual areas and organisational structures.

● **Performance against target:**

As the Staff Survey is only carried out biennially, survey results for 2022 are awaited. Staff and Student Surveys will be carried out in November 2022.

Commitment 7:

We will design new courses and programmes which encourage interdisciplinary learning, and ensure that all our students can experience innovative, challenge-led education involving external stakeholders.

KPI:

National Student Survey (NSS) (responses relating to whether courses are intellectually stimulating, challenging, and whether they offer opportunities to bring information from other topics, and to apply the learning).

2025 target:

To achieve an average top 25 ranking across all relevant questions.

● **Performance against target:**

Performance has improved year on year, with the University's average rank in the NSS for questions relating to satisfaction with courses rising from 30th in 2021 to 26th in 2022.

Commitment 8:

We will build networks across our community to foster interdisciplinary interactions between our subject research strengths, using and sharing expertise to drive new understanding.

KPI:

Proportion of research outputs with university author/co-author assigned to more than one broad research area as defined by Web of Science.

2025 target:

40% of outputs will be assigned to multiple research areas.

● **Performance against target:**

Data for 2022 is awaited. However, the proportion of outputs dropped from 38.7% in 2020 to 34.4% in 2021.

Commitment 9:

We will listen to and work with external stakeholders regionally and globally to build partnerships that deliver imaginative solutions to societal and industrial challenges.

KPI:

Times Higher Education (THE) Impact Rankings.

2025 target:

The University will rank Top 40 in the world and Top 10 in the UK.

● **Performance against target:**

After a very positive performance in the Times Higher Education Impact Rankings 2021 and a rank of 57th in the world, the University ranked 101-200th in 2022, following a significant expansion of this ranking. UK rank also dropped from 12th place to 21st-40th. However, in the inaugural QS World University Rankings: Sustainability, published in October 2022, the University achieved an overall rank of 64th in the world, including a rank of 34th in the world for Environmental Impact and 13th in the world for Sustainable Education.

Commitment 10:

We will develop our digital systems and enhance our buildings to create virtual and physical spaces that enable interdisciplinary exchange and innovation.

KPI:

University Student and Staff Surveys (responses relating to virtual and physical spaces).

2025 target:

80% of staff and students (aggregate responses) agree that the University's virtual and physical spaces enable interdisciplinary exchange and innovation.

● **Performance against target:**

As the Staff Survey is only carried out biennially, survey results for 2022 are awaited: Staff and Student Surveys will be carried out in November 2022.

INTERNATIONAL

Commitment 11:

We will provide an international education to learners from all around the world, becoming a more diverse and multicultural community.

KPI:

The size and proportion of the international student population.

2025 target:

25% of the total student population will be international.

● **Performance against target:**

Good progress has been made, and in 2021/22 the proportion of our international population increased from 21.9% to 27.4%, thereby exceeding the target for 2025.

Commitment 12:

We will equip our graduates for global employment through our curriculum and teaching methods.

KPI:

Graduate Outcomes Survey: University UK rank for graduates in graduate level employment or further study.

2025 target:

The University will rank Top 25 in the UK (in the Times & Sunday Times Good University Guide) for the proportion of graduates who entered graduate level employment or further study within 15 months of completing their studies.

● **Performance against target:**

Although the proportion of University of Aberdeen Graduates in graduate level employment or further study rose from 77.3% in the Graduate Outcome Survey 2021 to 79.9% in 2022, UK rank fell by two places to 33rd.

Commitment 13:

We will harness our research expertise to form partnerships and networks around the world to meet the challenges of our age.

KPI:

Proportion of research outputs with international co-authors.

2025 target:

Our aim is that by 2025, 70% of outputs will be published with international co-authors, and that the University will rank 60th in the world and top 10 in the UK in this area, as measured by the CWTS Leiden Rankings.

● **Performance against target:**

In 2021, 69% of research outputs were produced with international co-authors, compared to 68% in 2020. However, the University's global rank has fallen by six places to 86th in the world, retaining a rank of 11th in the UK.

Commitment 14:

We will ensure all our students can have an international experience, by studying abroad or working collaboratively with international partners.

KPI:

Proportion of students who have an international experience.

2025 target:

5% of students will undertake international study abroad.

● **Performance against target:**

As the higher education sector recovers from the Coronavirus pandemic some progress is being made. The proportion of students having an international experience increased from 1.25% in 2021 to 1.66% in 2022.

Commitment 15:

We will develop our campuses and processes to create a caring environment that is alert to cultural differences.

KPI:

University Staff and Student Surveys (responses relating to whether the University, its campuses and processes, is alert to cultural differences).

2025 target:

At least 90% of staff and students agree, across all equality and diversity groupings.

● **Performance against target:**

As the Staff Survey is only carried out biennially, survey results for 2022 are awaited. Staff and Student Surveys will be carried out in November 2022.

SUSTAINABLE

Commitment 16:

We will encourage everyone within our community to work and live sustainably, recognising the importance of our time, energy and resilience.

KPI:

Business Travel Emissions – tCO₂e.

2025 target:

40% reduction in business travel emissions from the 2018/19 baseline.

● **Performance against target:**

Staff and student travel restrictions were gradually eased during 2021/22 and emissions are, therefore, higher than in 2020/21 when restrictions affected the entire year. They are, however, significantly down on 2018/19, the last pre-pandemic year. Business Travel emissions in 2021/22 were 1,282.43 tCO₂e compared to 212.86 tCO₂e (2020/21) and 4,165.89 (2018/19).

Commitment 17:

We will educate all our students and staff to be leaders in protecting the environment.

KPI:

Response to additional questions set out in the National Student Survey relating to environmental sustainability, particularly whether the University of Aberdeen encourages good environmental practice, whether educational programmes encourage students to think about environmental sustainability, and whether students have the opportunity to take part in activities in this area.

2025 target:

This is a new metric. Our aim is that, by 2025 60% of students agree that they receive appropriate education in this area, against a baseline set in NSS 2022 of 55.2%. A staff target is yet to be established.

● **Performance against target:**

Baseline setting was delayed because of the Covid-19 pandemic but the NSS 2022 has now been established as the baseline for monitoring future progress. Performance cannot be measured until the publication of NSS 2023 in July 2023.

Commitment 18:

We will excel in research that addresses the climate emergency, enables energy transition and the preservation of biodiversity.

KPI:

The combined number of outputs generated relating to the United Nations' Sustainable Development Goals (SDGs) addressing climate change and biodiversity.

2025 target:

Our aim is that by 2025, we will have 400 research outputs relating to SDGs 7, 11, 12, 13, 14 and 15.

● **Performance against target:**

Data for 2022 is not yet available but good progress was made in 2021 with relevant research outputs rising from 333 to 385.

Commitment 19:

We will achieve net zero carbon emissions before 2040.

KPI:

Net carbon emissions per year (emissions (Scope 1 & 2) expressed in tCO₂e).

2025 target:

Our aim is that by 2025 there will have been a 25% reduction in emissions from the 2019/20 baseline.

● **Performance against target:**

Further positive progress has been made. Initial data (being verified) for 2021/22 indicates that a small overall reduction of around 452 tCO₂e from 2020/21 will be recorded (around 2.65%) [i.e. 16,540 tCO₂e from 16,992 tCO₂e] in a year that saw on-campus activity return to normal levels after two years affected by the pandemic.

Commitment 20:

We will generate resources for investment in education and research year on year, so that we can continue to develop the people, ideas and actions that help us fulfil our purpose.

KPI:

Annual revenue growth and underlying surplus as a percentage of turnover.

2025 target:

To meet or exceed revenue growth and operating surplus performance of our benchmark group.

● **Performance against target:**

Good progress has been made with a 11% revenue growth on 2020/21 although the underlying surplus dropped to 2.7% from 3.7% the year prior. Sector benchmarking data will not be available until next year.

League table performance:

UK ranking in the following league tables in AY 2021/22: Times & Sunday Times Good University Guide, Complete University Guide (CUG), Guardian University Guide, QS World University Rankings and Times Higher Education World University Rankings (THE).

2025 target:

Consistently achieve a top 25 ranking in the UK in each of the five rankings.

● **Performance against target:**

Good progress was made in AY 2021/22 with a top-25 rank achieved in three rankings. In September 2021, the University achieved a rank of 20th in both the Guardian University Guide and the Times & Sunday Times Good University Guide, and placed 22nd in the Times Higher World University Rankings. More recently, in September 2022, the University's rank improved further, with a rank of 13th in the UK in the Guardian and 19th in the Times and Sunday Times. The University also improved its UK rank in the QS World University Ranking in June 2022 to 27th in the UK. Performance in the Complete University Guide lags behind the other key rankings, but the University rose by one place to 37th in the UK in spring 2022.



Sustainability Report

Our Aberdeen 2040 strategy places sustainability at the heart of our institutional mission. Of the twenty headline commitments, four relate directly to environmental sustainability. Alongside our target to be net-zero before 2040, we aim to excel in research that addresses the climate emergency, energy transition, and the preservation of biodiversity. It also emphasises the importance of engaging and educating our staff and student communities to live and work sustainably and be leaders in protecting the environment.

In all that we do, the United Nations' Sustainable Development Goals (SDGs) continue to influence and inform our approach to the wider sustainability agenda. In 2022 we again entered the Times Higher Education 'Impact' Ranking, which assesses our contribution to delivering the SDGs. The ranking itself has grown from around 400 entrants in 2019, to rival the scale of THE's main ranking with 1400+ institutions now participating. Our overall global ranking this year bracketed us in the 101-200 cohort, with global top 50 rankings for SDG 8 "Decent Work and Economic Growth" and SDG 13 "Climate Action", with a further six SDGs ranked in the global top 100.

As well as the continued mapping of our research against the SDGs, our academic community is increasingly finding ways to embed the SDGs in their work, such as the wholesale reimagining of our core first-year Geography courses to directly address the SDGs.

The University seized the opportunity presented by a UK hosted COP26, sending a delegation of 46 (notably consisting of equal numbers of students and staff) to attend the November 2021 event in Glasgow. As well as attending the main event, a comprehensive programme of engagement activities took place back in Aberdeen, with seminars, lectures, and discussion panels enabling extensive school, industry, and public engagement. This saw 13 local schools and 800 hundred attendees participate in COP26 themed events, with 7,500 more engage with our research through case studies and profiles of academics involved in all aspects of climate science.

Our world-leading teaching and research in soil science research was further recognised in early 2022, with the award of a prestigious Queen's Anniversary Prize – the highest national honour in UK further and higher education. The award was made in recognition of the work being done by our School of Biological Sciences, with their research and education promoting the control of greenhouse gas emissions and enabling sustainable food production.

As part of our success in the Queen's Anniversary Prize we were invited, alongside 20 other winning institutions, to participate in the Queen's Platinum Jubilee Challenge. Launched by the Royal Anniversary Trust and, undertaken in collaboration with the Environmental Association for Universities and Colleges (EAUC), we have participated enthusiastically in the Challenge which is a unique opportunity to help frame the sector's approach to emissions reporting and set out a pathway for the sector to achieve net-zero.

Other notable research developments include the appointment of permanent Directors to all five of our Aberdeen 2040 Interdisciplinary Centres, as well as wider recognition for our research, such as the receipt of four nominations in the 'Research Impact' category at the EAUC's 2022 Green Gown awards.





Operationally, 2022 has seen approval given for the establishment of a dedicated Sustainable Development team within our Estates and Facilities directorate. Initial appointments in August 2022 have seen key positions filled that provide us with the capacity to focus and build momentum around our net-zero ambitions and the associated projects required to deliver them, as well as new capacity to support the staff engagement and training required to deliver on our other Aberdeen 2040 commitments around sustainable behaviours. We have also seen various infrastructure improvements, with new outdoor recycling and waste bins rolled out across the historic heart of our campus to improve waste segregation, the upgrading of secure shelters for 64 bicycles at our main student residence site, and electric vehicle charging points installed for fleet vehicles at our Sir Duncan Rice Library and Inverurie Store sites.

In parallel with these developments, our roster of academic Deans has been supplemented with the appointment of a Dean for Environmental Sustainability to support the Senior Vice-Principal in ensuring that we deliver against our Aberdeen 2040 sustainability commitments. Working closely with academics, students and our operational team, this role will provide academic leadership for sustainability across the organisation, championing the SDGs, and galvanising action.

As part of our efforts to manage indirect (Scope 3) emissions we established a Sustainable Business Travel Working Group in 2022 which undertook a wide-ranging consultation with the University community. That process has resulted in the development of a series of Guiding Principles and a travel hierarchy to support individual decision-making and aims to influence and embed positive behaviour change in relation to business travel.

Alongside the identification of a series of projects to support net-zero, the establishment of a Sustainable Heating Programme Board is providing impetus to the identification of a pathway towards eventual decarbonisation of the heating networks on our Old Aberdeen and Hillhead campuses. We acknowledge that the scale of the financial commitment required to deliver net-zero will be considerable and has yet to be fully determined. We have, however, made initial financial allowance in the ten-year capital plan, while recognising that further investment as well as external funding will be required to address the scale of this challenge.

As part of the Public Bodies Climate Change Duty process for 2022, we have sought to respond to the main changes in the reporting framework by including a more comprehensive inventory of Scope 3 emissions, starting with the inclusion of procurement emissions for the first time. We will, over the course of 22/23 work to better understand all aspects of Scope 3 emissions, including commuting and student travel, and will develop mechanisms to track the data required to report these consistently.

The nature of the sustainability challenges faced by the University and society in general are significant. They will require persistence, dedication, and significant investment over the coming years if they are to be surmounted. Alongside the critical net-zero and heat network activity that will be instrumental in reducing our direct emissions, other sustainability priorities for 2022/23 will include: the establishment of a climate assembly model to enable our staff and student communities to contribute to the development of our institutional approach to sustainability; and the identification of appropriate training and engagement opportunities to support our Aberdeen 2040 commitment to ensuring that we are all 'leaders' in protecting the environment.



Education

Our Aberdeen 2040 Strategic Plan commits to providing ‘an environment in which all students can achieve success, whatever their background or personal characteristics’.

While it was launched just before the Covid-19 pandemic, the guiding principles it set out to ‘support our students through effective teamwork across the University’ have been successfully put into action during the period of this Annual Report.

The challenges faced in the 2021-22 academic year were different from those of the previous sessions – and different to anything else we have faced in our history.

Through an evaluation-centred approach, careful planning and communication of changes to teaching delivery and assessment, the University moved from managing a crisis to excelling in the delivery of education.

We were delighted to see the success of this approach reflected in the 2022 National Student Survey with Aberdeen ranked 4th for overall student satisfaction out of 122 UK higher education institutions, a further rise of one place on last year’s survey.

In a year full of unprecedented challenges for our students and staff, our performance in the NSS is testament to our efforts to provide the best possible learning experience for our students.

Achieving these results has been a huge collective effort by staff right across the University in Schools and Directorates and in partnership with our students, who we have listened to and supported every step of the way as we navigated the many challenges posed by the pandemic together.

Our students also demonstrated their ability to adapt to new challenges and several were shortlisted in the Herald Higher Education Awards 2022 for their outstanding contributions to student life.

As part of our overall approach to enhancing the student experience we are piloting a number of initiatives including TESTA (Transforming the Experience of Students Through Assessment) which aims to improve the quality of student learning through addressing programme-level assessment, and COIL (Collaborative Online International Learning) which aims to enable students to have an international learning experience whilst based in their own country.

In May, we hosted our Centre for Academic Development Symposium. At that event we engaged with the topic of decolonising the curriculum through the excellent keynote address delivered by Professor Catriona Cunningham (Edinburgh Napier) and student Jasmine Millington. As the day-long event progressed we explored a range of key topics in panel sessions aligned with the four pillars of Aberdeen 2040 before celebrating the success of our team from the School of Education who presented the work that saw them awarded the Collaborative Award in Teaching Excellence by Advance HE.

We also had excellent representation from both colleagues and students at the national QAA Enhancement Themes conference which brought together the higher education sector in Scotland to look at ways to improve strategy, policy and practice. Aberdeen staff and students contributed to sessions on microcredentials and resilience, amongst other areas, and Professor Ruth Taylor, Vice-Principal Education and Deputy Chair of the QAA Enhancement Theme delivered a keynote address.

A range of workstreams are taking forward our ambitions for our 2040 Education, with ‘Inclusive’ at the heart of our education. These workstreams include Aberdeen 2040 Graduate Attributes and Skills, Decolonising the Curriculum, and Work Placements amongst others.

The challenges of blended learning and then transitioning out of the pandemic have provided opportunities for Aberdeen to reflect on, and evaluate, aspects of teaching, learning, assessment and course design which will continue to benefit our students.

Professor Ruth Taylor, Vice-Principal Education



Research

Aberdeen2040 commits us to the delivery of impactful research that is globally excellent and locally relevant, and which engages with the challenges of the future.

In May the University learned the outcome of its submission to the Research Excellence Framework (REF) 2021.

Set back by a year as a result of the Covid-19 pandemic, REF provided an opportunity to assess the quality of research in UK higher education institutions looking back over the period 2014-2020.

Undertaken by the UK funding councils for higher education every five to seven years, it provides an evidence base for the allocation of research block grants to UK institutions.

The REF submission was a huge undertaking, supported across the University community. Our submission included the research of 729 members of staff, many of those early career researchers.

There were some significant highlights for the University including a top place in the UK for Theology and Religious Studies, Public Health, Health Services and Primary Care was top in Scotland and 8th in the UK. However, more broadly the REF 2021 results were not in line with expectations and there is significant scope to improve the University's performance in the next REF.

Through more recent investment and Aberdeen 2040 we have already taken significant steps to improve both our research capacity and potential for impact. However, following the REF results it is clear that more work is required in this area.

This began in 2019 with 50 new teaching and research posts and has continued in line with our Aberdeen 2040 commitments.

In the period covered by this report we began the process to recruit 20 new interdisciplinary fellows funded by the Development Trust in support of our academic ambitions.

The academic posts are indicative of our ambitions to bring a highly motivated group of top researchers to Aberdeen to work collectively and individually to solve major global challenges, from energy transition and climate change to the global food crisis and devastating healthcare inequalities.

The success of this approach was seen in the awarding of the Queen's Anniversary Prize - the highest Honour for UK further and higher education - to members of our School of Biological Sciences.

The prestigious prize was granted to the University for world-leading research and education in Soil Science promoting the control of greenhouse gas emissions and sustainable food production.

Scientists at the University have established a world-leading centre of excellence in Soil Science which strives to find solutions to some of society's greatest threats including the climate crisis and environmental change.

The University also made major contributions to the COP26 conference in Glasgow. A number of staff and students attended to act as observers and represent the University and the conversation on sustainability continued through a series of expert-led online panel discussions exploring topics such as renewable energy, transport, climate change and net-zero.

At the Herald Higher Education Awards 2022 there was further recognition for research to tackle greenhouse gas emissions in food production with the Cool Farm Tool (CFT) developed by Professor Pete Smith winning Research Project of the Year.

Recognition for outstanding contribution to research was extended to Professor Mirela Delibegovic, a world-leading scientist in diabetes and cardiovascular disease, who was elected to The Royal Society of Edinburgh (RSE) while theologian Professor John Swinton was elected a Fellow of the British Academy.

Interdisciplinarity is a growing focus for the University and we have driven forward work on our five interdisciplinary challenges, including recruitment of the Directors. They will promote collaboration across disciplines to lead the research agenda of the future. This work will have an impact globally and locally.

Developments in the period covered by this report include the growth of the National Decommissioning Centre (NDC), a partnership between the University and the Net Zero Technology Centre, securing new investment to expand the number of projects and partners. The period saw the launch of a new immersive simulation suite, aimed at transforming approaches to offshore decommissioning and renewable energy infrastructure projects, along with £2m to construct a world leading decommissioning test facility. The project will benefit the local economy through the construction and operational phase, enable the development of a national research cluster in the field, and have potential global impact in leading decommissioning research.

Aberdeen 2040 sets out that 'we will generate new knowledge and will connect and combine ideas, addressing economic and societal issues with ambition and imagination'.

Throughout this period, we have worked to meet this strong and vibrant strategy for research and it will provide a firm base on which to continue this positive upward trajectory over the coming years.

Professor Marion Campbell, Vice-Principal Research

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL





The University of Aberdeen is committed to the highest standards of corporate governance relevant to the higher education sector. This summary describes the manner in which the University has applied the principles set out in the 2017 Scottish Code of Good Higher Education Governance. In the opinion of Court, the University complied with the principles and provisions of the 2017 Scottish Code of Good Higher Education Governance throughout the year.

Constitution, Governance and Regulation

The University was established by Papal Bull on 10 February 1495 and is one of the four Scottish Ancients. The University Court of the University of Aberdeen is a body corporate with perpetual succession and a common seal. The University derives its status, powers and framework of governance from the Universities (Scotland) Acts 1858 - 1966 and by the Ordinances, made under these Acts, and Resolutions of Court. In addition, Court is subject to the requirements of the Higher Education Governance (Scotland) Act 2016. Court is the executive governing body of the University and is responsible for its mission and strategic direction, administrative arrangements, financial health, wellbeing of staff and students and, in association with the Senate, for establishing and maintaining high standards of academic conduct and probity.

The Universities (Scotland) Acts define the powers of the Court, the Senate and the General Council, each of which has clear functions and responsibilities within the governance and management of the University's business. Court is charged with the administration and management of the revenue and property of the University, and has the power to review any decision of the Senate on appeal. It is responsible for the University's system of internal control and for reviewing its effectiveness. The Senate, which consists of ex officio and elected academic staff and students, is responsible for the regulation and superintendence of teaching and student discipline and for promoting research. The General Council was established by the Universities (Scotland) Act 1858 with the right to take into consideration questions affecting the well-being and prosperity of the University. Graduates of the University and certain categories of University staff are automatically members of the General Council.

The University is an exempt charity by virtue of the Charities and Trustee Investment (Scotland) Act 2005, and is registered with the Office of the Scottish Charity Regulator under number SC013683. The charitable aims of the University as registered with the regulator are: the advancement of higher education, of health, of citizenship or community

development, and the advancement of the arts, heritage, culture or science.

The University is regulated principally by the Scottish Funding Council under a Financial Memorandum. The University complies with conditions of the grant set out in the funding arrangements. The Scottish Funding Council has developed Outcome Agreements with each university to ensure that institutions are working in support of the Scottish Government's priorities. The University is required to report regularly on its performance against agreed outcomes, to ensure that it continues to meet conditions of grant.

Governing Body and Senior Officers

In accordance with the provisions of the Universities (Scotland) Acts and the Higher Education Governance (Scotland) Act, the composition of Court is set out by Ordinance. It consists of 25 members and has a majority of independent members as recommended by the Scottish Code of Good HE Governance. The membership of Court is listed on page 29. Court has adopted a Statement of Primary Responsibilities and routinely undertakes a wide-ranging review of its effectiveness against sector guidance and the details of the most recent of these are provided further below.

The University maintains a Register of Interests of members of Court and of members of senior management, which is available on the University's website. In addition, individuals are routinely asked to declare any interest in relation to a Court and committee agenda item and any significant change to the external commitments of the Senior Governor would be reported to the Governance and Nominations Committee.

Members of Court are invited and encouraged at regular intervals to participate in governor development events organised both internally and through relevant sector organisations.

Rector and Senior Governor

The Rector is elected by the student body and under statute is the ordinary president of Court. The Senior Governor is elected by staff and students (as required by the Higher Education Governance (Scotland) Act 2016) and is recognised as being responsible for the leadership and effectiveness of Court. As such, the Senior Governor performs the wider role of Chair in all respects bar those assigned by statute to the Rector. Accordingly, the Senior Governor represents the University at meetings of the Committee of Scottish Chairs and internally acts as the leading Governor in matters of governance. The role of the Senior Governor in this regard is recognised by the Scottish Funding Council, and

Court has adopted a Rector's Protocol to define the respective roles of Rector and Senior Governor. The Court reviewed and updated that protocol in September 2021 as part of which the Rector opens meetings of Court and reports on current issues through engagement with the student body before transferring the responsibilities of chairing the business items of the Court meeting to the Senior Governor.

Senior Officers

The Principal, who is a member of Court *ex officio*, has responsibility for implementing the decisions of Court, for initiating discussion and consultation on the University's future development and for ensuring that appropriate proposals are presented to the governing body. As the Designated officer of the University under the terms of the Financial Memorandum between the University and the Scottish Funding Council, the Principal is responsible for ensuring that Court takes cognisance of the terms of the Financial Memorandum in all its decision making.

The Secretary is the principal officer of Court and is responsible for ensuring that Court acts within its powers and follows proper procedures. The Secretary provides independent advice to Court members about their individual and collective responsibilities and how they should be discharged.

Externally Facilitated Review of Governance

In 2021/22 the Court endorsed the recommendations of an externally-facilitated review of governance and a supporting action plan for their implementation. During the year significant progress has been made in implementing these, including the formation of a revised governance committee structure that will take effect in 2022/23. This includes the abolition of joint committees of Court & Senate, the retirement of the Policy and Resources Committee and creation instead of a Finance & Resourcing Committee and a Commercialisation Committee.

Corporate Strategy

Court is responsible for approving the University's Strategy and monitoring progress on the delivery of its objectives. The Financial Review on page 37 reports on the University's financial performance during 2021/22, and progress against strategic targets is provided on pages 6-12.

Key Committees of Court and Operation under Covid-19

As noted above, in 2022/23 a new Court sub-committee structure will take effect. This section, however, describes the committee structure which operated during the period covered by this annual report in 2021/22.

Court meets at least four times each year (five times from 2022/23), but much of its work is addressed in the first instance by its principal sub-committees, in particular, the Policy and Resources Committee, the Audit and Risk Committee, the Governance and Nominations Committee, and the Remuneration Committee, all of which report solely to it.

In 2021/22 there were three further sub-committees which report jointly to both Court and the Senate being: the Student Experience Committee, Research Policy Committee and the Education Committee. During the first period of the pandemic, Court and its sub-committees met 'remotely'. In 2021/22, Court has returned to in-person meetings with committees now transitioning to a hybrid model where at least one meeting in the year is held in person and the remainder on remote basis.

All of the Court's sub-committees are formally constituted with terms of reference available on the University website and the key committees are chaired by independent members of Court. The membership of Court's principal sub-committees during 2021/22 is listed on page 30. Where appropriate, these committees have delegated authority from Court to take decisions on certain matters and major decisions are formally reported to Court. Similarly, when Court delegates powers to individuals to take decisions between meetings, such decisions are formally reported to Court.

The Policy and Resources Committee has a wide-ranging remit spanning finance, capital and estates, staffing, policies, health and safety, equality and diversity, digital strategy, student recruitment, commercialisation of research, and internationalisation. The Committee *inter alia* recommends to Court the University's annual revenue and capital budgets. It monitors performance in relation to the approved budgets and the implementation of strategies agreed by Court. The Committee has nine members composed of: five independent members of Court (including the Chair of the Committee); two non-executive staff members of Court; a Students' Association nominated member of Court and the Principal.

The Governance and Nominations Committee has a standing role to advise Court on matters of governance and to conduct, on its behalf, reviews of the University's governance. The Committee undertakes a review of effectiveness annually through benchmarking against the Scottish Code of Good Higher Education Governance. The Committee also has responsibility for considering nominations for vacancies in Court membership and vacancies in the membership of Court sub-committees.

The Committee has a majority of independent members. The Committee is cognisant of the need for Court to have in its membership an appropriate mix of skills, experience and diversity. Court has adopted a Statement of Intent on Diversity within its membership, which includes a goal of 50:50 gender balance. At 31 July 2022, Court had 12 members who identified as female, and 13 who identified as male. The appointed independent membership was gender balanced.

The Remuneration Committee determines the remuneration and conditions of service of senior staff, including the Principal. The Committee is chaired by an independent member of Court. It has a majority of independent members (five including the Chair) but also includes three non-executive staff members of Court and a Students' Association nominated member. Where appropriate, the Committee obtains further independent advice. It meets at least twice annually.

The pay policy for senior staff is agreed by the Remuneration Committee and subsequently approved at Court. Following approval, the details of the policy are issued to all senior staff including the process for application for a salary uplift. In addition to the nationally agreed pay award, the Committee normally set a budget of £0.1m for discretionary pay awards. However for 2021, due to the financial constraints in 2020 and there being no discretionary award exercise for senior staff, the Committee set a budget of £0.2m for consideration of exceptional performance and a further £0.2m to address matters relating to the gender pay gap.

For 2022, the Remuneration Committee agreed that consideration of implementation of a pay structure to include professional banding should be progressed for senior staff (Grade 9). It was noted that it was anticipated that this work would be progressed during the course of 2022 and whilst this work is underway, it was further agreed that there would be no Senior Staff Pay Policy. However, it was also acknowledged that should there be any delay to the implementation of a pay structure for Grade 9 Professorial staff, the position in relation to Senior Staff Pay Policy may require to be revisited.

The Remuneration Committee reviews and approves the salaries for new members of the Senior Management Team (SMT), taking into consideration national benchmark information provided by UCEA (Universities & Colleges Employers Association) and also the experience demonstrated in the application/CV of the successful candidate. The Remuneration Committee also gives consideration to any cases presented for retention of staff where appropriate. In addition, where appropriate, and consistent with the

Severance Policy, the Remuneration Committee will consider severance payments for senior staff.

Audit, Risk Management and Internal Control

The Audit and Risk Committee has a lay membership which includes members with directly relevant experience. It meets a minimum of five times a year, with the University's internal and external auditors in attendance at all meetings. It makes recommendations to the Court regarding the approval of the Annual Report and Financial Statements.

The Audit and Risk Committee oversees and reports to Court its view of the effectiveness of the University's risk management arrangements, the operation of which is overseen by the Senior Management Team but with Risk being a regular item on the Audit and Risk Committee agenda.

The University reports to Court via SMT and Audit and Risk Committee on its risk management arrangements on a bi-annual basis in accordance with its Risk Management Framework. This includes consideration of all risks included in the Strategic Risk Register, with a particular focus on those which exceed their tolerance threshold. This process aligns with the internal control guidance for directors in the UK Corporate Code.

The Risk Management section on page 33 provides more detailed information on the University's risk management arrangements, including risks arising from Covid-19 and Brexit. The section also provides detail on work undertaken by Court in 2021/22 to review the University's approach to risk appetite.

The Audit and Risk Committee considers detailed reports from the internal and external auditors, together with recommendations for the improvement of the University's systems of internal control and risk management, alongside University management's responses and implementation plans. The Audit and Risk Committee's role is one of high level review of the arrangements for internal control, risk management and value for money. It has authority to investigate any matters within its terms of reference. It also receives and considers reports from the Scottish Funding Council as they affect the University's business and monitors adherence to the regulatory requirements. While senior executives attend meetings of the Audit and Risk Committee, as necessary, they are not members of the Committee. The Committee regularly receives presentations on a key area of University business or developments in higher education policy or relevant legislation.

The University fully endorses the provisions of the Scottish Funding Council's Financial Memorandum.

The University retains an external firm of Internal Auditors appointed at least every five years through a competitive tendering process. The University undertook such a tendering process during 2018/19 as a result of which it reappointed its previous firm of Internal Auditors with effect from 1 August 2019, for a period of three years, with the option to renew for two further one year periods. In March 2022, on the recommendation of Audit and Risk Committee, University Court approved a one-year extension of the existing internal audit contract to 31 July 2023, pending a full tender exercise for internal audit service provision to take place during 2022-23.

The University Court receives, on an annual basis, a report on internal audit activity, including an independent assessment of the adequacy and effectiveness of the University's systems of internal control, including risk management and financial control. For the year to 31 July 2022, the internal audit report concluded that the University's systems were generally satisfactory with some improvements required. In 2021/22, the Audit and Risk Committee received follow up reports regarding the measures that had been put in place in response to internal audit findings from 2020 concerning Procurement of Design Consultants and Project Management Arrangements where major improvements had been identified as being required.

The University is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the Nine Principles of Public Life in Scotland. In addition, the University provides guidance in relation to bribery, corruption, fraud and anti-money laundering activities, which governing body members and members of staff at all levels are expected to observe.

The University recognises through its Policy and Procedure on Public Interest Disclosure (Whistleblowing) that the raising of legitimate concerns by staff, students, members of Court or the general public and which are in the interests of the University, its staff or students, or of the general public, is a practice which should be encouraged. The Audit and Risk Committee has a formal role in overseeing the policy and to receive reports from management on cases.

Fair Work Practices

Fair Work First is the Scottish Government's policy for driving good quality and fair work in Scotland. The University is committed to adopting the practices set out in this policy. The key areas targeted by this policy are ensuring appropriate channels for employees to have a voice; investment in workforce development; no inappropriate use of zero hours contracts; actions to tackle the gender pay gap and create diverse and inclusive workplaces; and payment of the real Living Wage. The University has already made changes to working practices to meet these areas including being an accredited Living Wage Employer since 2015.

The University has long established partnership working with all recognised Campus Trade Unions. As well as being part of formal University Committees and Working Groups Trade Unions representatives meet with Senior Management and HR regularly to ensure that staff opinions and views are heard. Regular open meetings are also held with members of the Senior Management Team where all staff are encouraged to voice their opinions and ask questions.

A comprehensive suite of management and skills training is available to all staff as the University recognises the importance of investing in the development of all. The range of training available is reviewed regularly to ensure that it continues to meet the needs of the workforce.

The University does not use zero hours contracts and the Reward Consultation and Negotiation Group has recently completed a review of the use of Guaranteed Minimum Hours contracts. This review has brought about changes including increasing the minimum default number of hours offered as well ensuring that where members of staff have worked a consistent level of hours they are offered a fractional contract.

Equality Duties

'Inclusive' is one of the University of Aberdeen's central strategic themes and is underpinned by five ambitious commitments in Aberdeen 2040. Specific examples of promoting equality of delivery can be seen in the University's Public Sector Equality Duty Report 2021 - www.abdn.ac.uk/staffnet/working-here/public-sector-equality-duty-13390.php

Equality, diversity and inclusion is overseen by a Committee comprising representatives from across the protected characteristic groups as well as senior management. The University has promoted EDI extensively and the following provides a summary of examples of this work. Over the previous year the University has progressed work to support students with disabilities by enhancing staff levels and adopting a Neurodiversity Policy, as well as supporting the Disability Network Group and enhancing guidance on reasonable adjustments. A Digital Accessibility Policy has been approved, following extensive work to enhance the accessibility of the University's website and digital infrastructure. The Race Equality Strategy Group has developed a bold and ambitious Antiracism Strategy through extensive consultation with staff and students and has taken action to develop an online reporting tool, deliver training to staff and postgraduate students on antiracism, adopted the Jerusalem Declaration on Antisemitism, appointed 21 Race Equality Champions to support staff and students and established a thriving Race Equality Network for staff and postgraduate students. The University is sponsoring, for a second year, a charity which champions Black graduates across the UK and is taking action to decolonise the curriculum and address the ethnicity awarding gap. Black History Month events have been vibrant and engaging, opening critical conversations on race across staff and student groups. The University achieved a Silver award in the Stonewall Workplace Equality Index, recognising the breadth of work undertaken to support staff and students who identify as LGBT+, including the development of a Transgender Equality Policy and promotion of LGBT History Month and other related celebrations. The Multi-faith Chaplaincy provides support and guidance to staff and students of all faiths and none and a review of the University's Religion and Belief Policy is currently being undertaken. The University successfully renewed its Athena Swan institutional Bronze award in November 2021 and will be working with students and staff to implement an extensive action plan. An Equal Pay Audit was conducted with a remit to review pay across the protected characteristic groups and its recommendations are being implemented.

Trade Union Facility Time Reporting for the period April 2021 to March 2022

The University recognises the following unions: University and College Union (UCU), Unison, Unite and Prospect.

Union representatives have a statutory right to reasonable time off for trade union duties and for trade union activities; however, there is no statutory right for the time off for activities to be paid (only union duties attract reasonable paid time off). The University has a Partnership Working and Recognition Agreement which sets out the formal framework of the partnership approach and details the arrangements for consultation and facility time. Facility Time is the provision of paid or unpaid time off from an employee's normal role to undertake Trade Union duties and activities as a Trade Union representative.

As required under Section 13 of the Trade Union Act 2016 and The Trade Union (Facility Time Publication Requirements) Regulations 2017, the annual data on the number of hours and cost of facility time within the University is detailed below:

Table 1: Trade union representatives and full-time equivalents (Number of employees who were union representatives during the period)

	2022	2021
Trade union representatives (No.)	15.0	12.0
Trade union representatives (FTE)	14.6	11.6

Table 2: Percentage of union representatives working hours spent on facility time

Percentage of Working Hours	2022	2021
0%	-	-
1 to 50%	15.0	12.0
51 to 99%	-	-
100%	-	-

Table 3: Total pay bill and facility time costs from April 2021 to March 2022

	2022	2021
Total pay bill	£125.7m	£139.7m
Total cost of facility time	£67k	£49k
% of pay bill spent on facility time	0.05%	0.04%

Table 4: Paid trade union activities

	2022	2021
Hours spent on paid facility time	2,319	1,817
Hours spent on paid TU activities	-	-
% of total paid facility time hours spent on paid TU activities	0.00%	0.00%

Going Concern

The University's activities and the factors likely to affect its future development, performance and position are set out in the Financial Review. Its cash flows and liquidity are set out in more detail in the Notes to the Financial Statements.

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

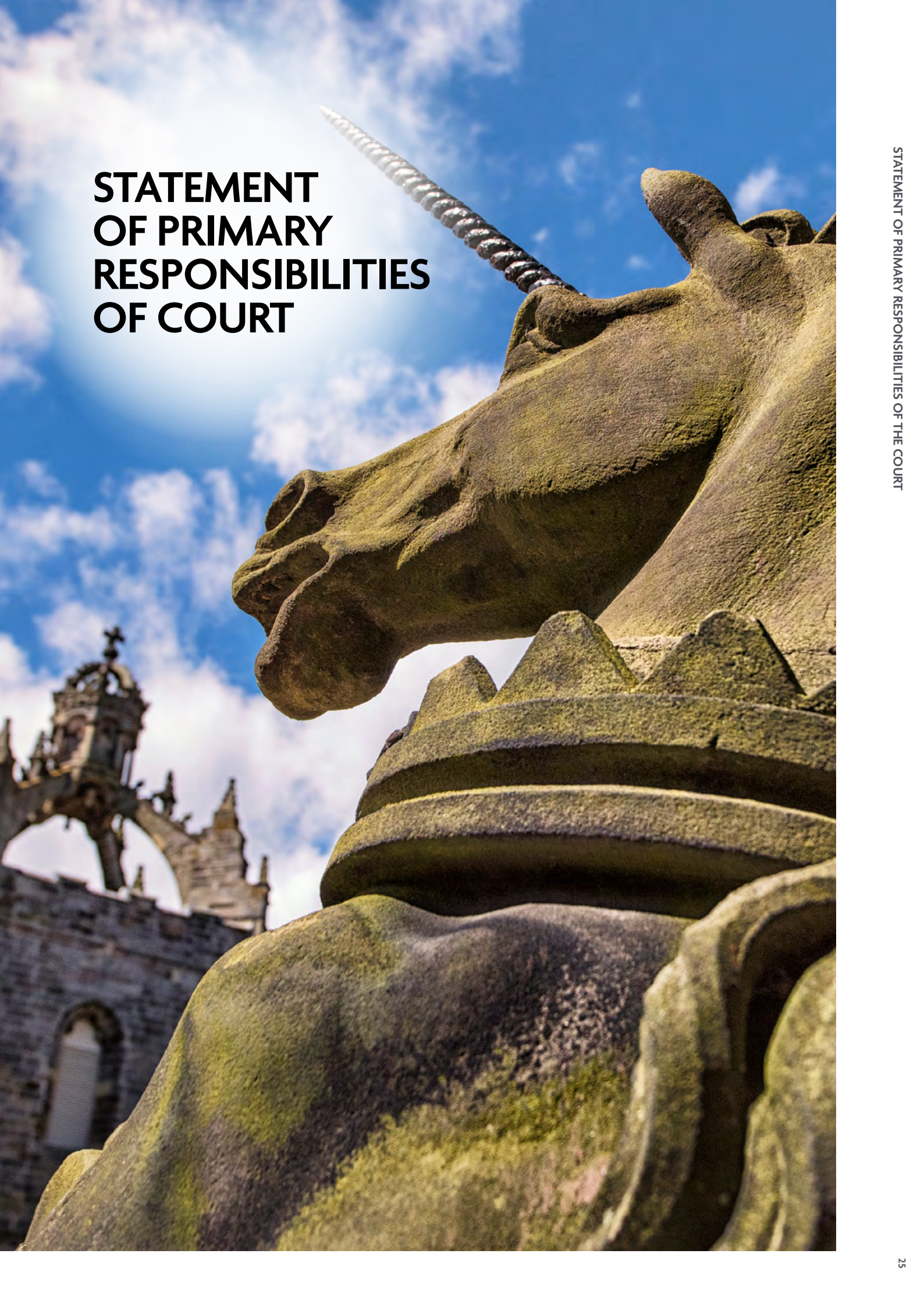
Conclusion

Overall, Court is of the view that it has in place a robust set of governance arrangements and procedures to fulfil its responsibilities.


Julie Ashworth

Senior Governor of the University Court
22 November 2022

STATEMENT OF PRIMARY RESPONSIBILITIES OF COURT



Court adopted a Statement of Primary Responsibilities which was in operation during 2021/22. Court's primary responsibilities are:

Strategic Direction

1. To approve the mission and strategic vision of the University, including institutional and longer-term academic and business plans, and key performance indicators, and to ensure that they are consistent with the University's charitable purpose and meet the interests of stakeholders, including students, staff, alumni, local and national communities and funding bodies.
2. To safeguard the good name and values of the University, its charitable status and purposes.

Supervisory Obligations

3. To delegate to the Principal, as chief executive, authority for the academic, corporate, financial, estate and human resource management of the University, and to establish and monitor such management functions as shall be undertaken by and under the authority of the Principal.
4. To ensure the quality of educational provision through the review of decisions of the Senate made under its statutory powers to regulate and superintend the teaching and discipline of the University and to promote research.

Corporate Responsibilities

5. To be the University's legal authority and, as such, to ensure that systems are in place for meeting the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name.
6. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University, which is not within the control of the University of Aberdeen Development Trust.

7. To ensure that the University's constitution, as enacted in the Acts, Ordinances and Resolutions affecting the University 1858-1990 and subsequent legislation, is followed and that appropriate advice is available to enable this to happen.
8. To be the employing authority for all staff in the University.
9. To ensure that the University behaves ethically, responsibly and with respect for the environment and for society at large.

Controls, Accountability and Effectiveness

10. To be the principal financial and business authority of the University, to ensure that proper accounts and financial records are kept, to approve the annual budget and financial statements, to ensure adherence to the funding requirements specified by the Scottish Funding Council, and to have overall responsibility for the University's assets, property and estate and their use.
11. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment and management, so as to maintain the solvency of the University and safeguard its assets.
12. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against approved plans and key performance indicators, which should be benchmarked against other comparable institutions, wherever possible.
13. To ensure that arrangements are in place to promote the proper management of the health, safety and security of students, staff and others affected by the University.



14. To provide institutional leadership in equality and diversity and to ensure there are appropriate policies and procedures to support a culture in which all staff and students can thrive across the University and which meet relevant legislative and regulatory requirements.
15. To make provision, in consultation with the Senate, for the general welfare of students.
16. To ensure that procedures are in place for dealing with internal grievances, conflicts of interest and public interest disclosure.
17. To establish processes to monitor and evaluate the performance and effectiveness of the University Court and its sub-committees and to ensure that business is conducted in as open a manner as possible, 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.
18. To ensure, through the appointment of co-opted lay persons, a balance of skills and experience amongst the membership of Court to meet its primary responsibilities.

Monitoring of Senior Executives

19. To appoint the Principal as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
20. To appoint the Secretary to Court and to ensure that there is an appropriate separation in the lines of accountability between responsibilities to Court and managerial responsibilities within the University.

As agreed by Court 23 March 2021

Responsibility for financial matters

Court is responsible for keeping proper accounting records, which disclose, with reasonable accuracy, the financial position of the University at any time and enable it to ensure that the financial statements are prepared in accordance with the Statutes, the 2019 Statement of Recommended Practice (SORP): Accounting for Further and Higher Education and other relevant accounting standards, including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the Court of the University of Aberdeen, Court, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit, total comprehensive income and expenditure and cash flows for that year.

When preparing the Group and parent University financial statements, Court is required to:

- ensure suitable accounting policies are selected and applied consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Group or the parent University, or to cease operations, or have no realistic alternative but to do so.

Court is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material mis-statement, whether due to fraud or error.

Court has taken reasonable steps to:

- ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Scottish Funding Council and any other conditions which the Scottish Funding Council may from time to time prescribe;
- ensure that any other funds, from whatever source, administered by the Group or the University for specific purposes, have been properly applied to those purposes in accordance with relevant legislation and any other terms and conditions attached to them;
- 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 take reasonable steps to prevent and detect fraud; and
- secure the economical, efficient and effective management of the University's resources and expenditure.

The trustees are responsible for the maintenance and integrity of the financial and other information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



MEMBERSHIP OF COURT AND KEY COMMITTEES



UNIVERSITY COURT MEMBERSHIP:**Rector**

Ms M Chukwuma-Ezike (from 01.01.22)

Principal

Professor G Boyne

Senior Governor

Ms J Ashworth

Assessors: Senatus

Professor A Bryzgel (from 22.02.22 to 31.08.22)

Professor J Schaper

Dr D Skåtun

Mrs L Tibbetts (to 31.01.22)

Professor N Vargesson

Dr I Xypolia (from 03.10.22)

Elected Academic Staff Member

Dr M Mills

Elected Non-Academic Staff Member

Mr N Edwards

Academic Trade Union Nominee

Dr H Martin

Non-Academic Trade Union Nominee

Mr O Cox

President, Students' Association

Ms A Koester (to 30.06.22)

Ms V Mabonso Nzolo (from 01.07.22)

Second Students' Association Nominee

Mr C Torres-Barragán (from 01.07.21)

Independent Members

Mr K Anderson

Dr C Backwell ***

Ms E Bentley

Professor N Booth* (to 30.10.21)

Mr D Evans† (from 01.09.22)

Mr I Mackay

Mr G McRae **

Ms L Menzies

Ms C Miller (from 31.10.21)

Ms A Minto OBE

Mr I Percival

Ms C Pope-Williams (from 01.09.21)

Mrs J Shirreffs (to 30.09.21)

Mr O Thoresen (from 01.10.21)

Mr R Traynham (from 01.10.21)

POLICY & RESOURCES COMMITTEE MEMBERSHIP

Ms A Minto (Chair)

Ms J Ashworth (from 17.01.22)

Mr C Torres-Barragán (from 31.08.21)

Professor N Booth (to 30.10.21)

Professor G Boyne

Mr N Edwards

Professor K Leydecker (to 23.11.22)

Mr G McRae

Ms L Menzies

Ms C Pope-Williams (from 17.01.22)

Professor N Vargesson

REMUNERATION COMMITTEE MEMBERSHIP

Mr I Mackay (Chair)

Ms J Ashworth

Dr C Backwell (from 17.01.22)

Mr O Cox

Ms A Koester (to 30.06.21)

Ms V Mabonso Nzolo (from 01.07.22)

Mr I Percival (to 23.08.22)

Dr D Skåtun (from 17.01.22)

Mr O Thoresen (from 17.01.22)

Mrs L Tibbetts (to 31.01.22)

GOVERNANCE AND NOMINATIONS COMMITTEE MEMBERSHIP

Ms E Bentley (Interim Chair to 29.09.21)

Ms J Ashworth (Chair from 30.09.21 to 23.08.22)

Mr I Percival (from 17.01.22 and Chair from 23.08.22)

Dr C Backwell

Professor G Boyne

Ms A Koester (from 31.08.21 to 30.06.22)

Mr G McRae (from 21.08.20 to 29.09.21 and from 01.12.21 to 05.10.22)

Ms V Mabonso Nzolo (from 01.07.22)

Dr H Martin (from 17.01.22)

Dr M Mills (to 23.08.22)

Professor J Schaper

Mrs J Shirreffs (to 30.09.21)

Mr R Traynham (from 17.01.22)

AUDIT AND RISK COMMITTEE MEMBERSHIP:

Ms E Bentley (Chair from 01.08.21)

Mr K Anderson (from 01.08.21)

Mr L Halliday (from 22.03.22)

Ms L Macfarlan (to 31.12.21)

Ms C Miller (from 31.10.21)

Mrs M McNeill (to 18.09.21)

Mr P Milne (to 30.06.22)

Mr K Reynard (from 01.11.22)

Ms R Yaktal (from 01.11.22)

* Senior Independent Member to 30.10.21

** Senior Independent Member from 01.12.21 to 05.10.22

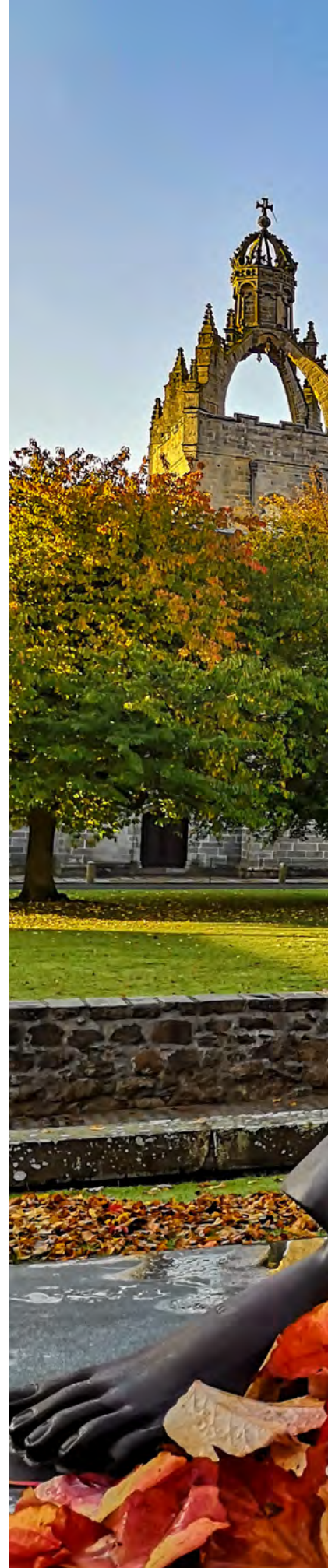
*** Senior Independent Member from 02.11.22

† Governor Apprentice

ATTENDANCE OF COURT AND AUDIT COMMITTEE MEMBERS AT UNIVERSITY COURT AND COMMITTEE MEETINGS FOR THE YEAR TO 31 JULY 2022

Member	University Court	Audit and Risk Committee	Policy & Resources Committee	Remuneration Committee	Governance and Nominations Committee
Ms M Chukwuma-Ezike	2 of 2				
Professor G Boyne	4 of 4		5 of 6		3 of 4
Ms J Ashworth	4 of 4		3 of 3	4 of 4	4 of 4
Dr M Mills	3 of 4				4 of 4
Mr N Edwards	3 of 4		5 of 6		
Dr H Martin	4 of 4				2 of 2
Mr O Cox	4 of 4			4 of 4	
Professor J Schaper	3 of 4				3 of 4
Dr D Skåtun	4 of 4			1 of 2	
Ms L Tibbetts	2 of 2			2 of 2	
Professor A Bryzgel	2 of 2				
Professor N Vargesson	4 of 4		6 of 6		
Ms A Koester	4 of 4			3 of 4	3 of 4
Ms V Mabonso Nzolo	N/A				
Mr C Torres-Barragán	4 of 4		4 of 6		
Mr K Anderson	3 of 4	5 of 6			
Dr C Backwell	2 of 4			1 of 2	3 of 4
Ms E Bentley	3 of 4	5 of 6			1 of 1
Professor N Booth	1 of 1		2 of 2		1 of 1
Mr I Mackay	1 of 4			4 of 4	
Mr G McRae	4 of 4		6 of 6		3 of 3
Ms L Menzies	4 of 4		4 of 6		
Ms C Miller	3 of 3	5 of 5			
Ms A Minto	4 of 4		6 of 6		
Mr I Percival	4 of 4			2 of 4	2 of 2
Ms C Pope-Williams	4 of 4		2 of 3		
Mrs J Shirreffs	1 of 1				1 of 1
Mr O Thoresen	3 of 3			2 of 2	
Mr R Traynham	3 of 3				2 of 2
Ms L Macfarlan		2 of 3			
Mr P Milne		6 of 6			
Mr L Halliday		2 of 2			

N/A denotes where no meetings took place that the individual could have attended during the period of their membership.







**Risk
Management at
Aberdeen**

**Risk
Management
Structures**

**Risk
Management
Processes**

RISK MANAGEMENT

Risk Management Statement

The management of risk at the University takes place under its Risk Management Framework, which is based on internationally recognised standards in risk management, widely accepted as best practice. The Risk Management Framework forms part of a wider institutional corporate governance structure and includes an institutional risk management policy, and a detailed risk management process which prescribes methods for risk identification, monitoring, and control. It also includes arrangements for assurance. The Framework applies at University level, to Schools and Professional Services functions, and to capital projects, where it is a key tool used in line with the University's Project Management Methodology.

As we emerged from the Covid-19 pandemic, the University undertook a detailed review of its long-term risk management arrangements, including a review of the Risk Management Framework and the composition of the Strategic Risk Register. This was to ensure that the University's arrangements continued to reflect best practice, that all risks identified at a strategic level remained relevant and aligned to Aberdeen 2040, and that both threats and opportunities arising from the new strategy were identified, documented, understood, monitored and managed. As part of this, a new Strategic Risk Register (SRR) was established, reflecting both the strategic priorities mapped out in Aberdeen 2040, and the wider strategic risks faced by the University from across the sector-wide environment. The SRR has now been in place for over 18 months, and is comprised of 14 key risk areas, each in turn comprised of a number of stand-alone risks. A short description of each risk area is given in the table overleaf:

Strategic Risks and Risk Appetite



Strategic Risks at the University of Aberdeen

STRATEGIC RISK AREA	RISK DESCRIPTION	RISK MANAGEMENT
Financial Sustainability	The University faces a range of significant risks on an ongoing basis that have the potential to adversely affect long-term financial sustainability. These include risks arising from factors like SFC funding decline, rising pension contributions, material and utility costs, and impacts from global or geopolitical issues, such as inflationary increases or material costs.	Key financial risks are closely managed, with strategies in place to enhance primary income streams, where possible, with a view to offsetting reduced funding and rising costs. Strategies include diversifying sources of income, increased scenario planning, and more robust governance arrangements when making investment decisions.
Estates and Facilities	The University faces a number of risks relating to rising costs associated with the estate. These include operational running costs with increasing utility bills amid poor utilisation, increased maintenance costs, and also rising costs associated with major capital projects, which threaten their viability. In particular, inflationary cost increases and rising material costs are a significant issue.	The University has proactively managed risks relating to the estate. A masterplan for the estate is under development as a strategic project, while processes are in place to maximise space utilisation. On capital projects, there is robust oversight via the Estates Committee, with regular reviews of progress and budget allocations.
Student Recruitment (UG, PGT and PGR)	Failure to meet student number targets presents financial and reputational risks to the University. While risks arising from Brexit were closely monitored and mitigated, Covid-19 also created significant threats to recruitment and financial sustainability, which also required enhanced focus. Going forward, ongoing market diversification will be a key feature associated with this risk area.	There is an overarching emphasis on market diversification, particularly for PGT international student recruitment, which is key to meeting financial targets. More broadly, the University uses market intelligence to drive awareness of market trends and applicant motivations across different areas of interest, with plans in place to enhance conversion rates and to enhance numbers where targeted.
Education (UG and PGT)	The delivery of Education and an outstanding student experience are key to successful delivery of Aberdeen 2040. It underpins student satisfaction, graduate employability, and the University's wider reputation. Risks in this area are pertinent to the entire student body, though impacts can disproportionately affect disadvantaged groups.	Aberdeen 2040 sets out ambitions relating to education and these are being taken forward. Plans are in place in key areas to enhance or maintain performance; these include quality assurance, work placements, graduate outcomes, student satisfaction and student support. This includes specific plans for protected characteristic groupings.
Research and PGRs	The University's commitment to undertaking world class research which delivers impact on key societal and global issues is central to Aberdeen 2040. This means that the ability to attract and retain high quality researchers and research income, via a world class research environment, is paramount to organisational success. This means in turn having a thriving PGR community; all key factors for which risk must be managed as the University builds towards the next REF exercise.	Following the launch of Aberdeen 2040, and in turn the conclusion of REF2021, the University is implementing measures and developing plans in key areas, to redefine and enhance its research function. These steps will enhance performance over the medium to long term, and reduce the risk of not achieving objectives. Key areas include the research environment, research income, research quality, research impact and PGR recruitment.
Digital Information Services	The HE sector faces significant risks in the areas of IT security and Information Governance as cyber security attacks on the sector increase, causing major disruption to institutions. Digital transformation has also taken on enhanced importance with the move towards more blended and online learning accelerated by Covid-19, meaning delivery of strategic digital projects now has an elevated level of importance.	The University has a range of mitigations in place, with an Information Governance Committee, Information Risk Working Group and Operation Security Group in place to provide policy and governance oversight, and to prioritise risk mitigation activities. There is also adherence to the Scottish Governance Public Sector Action Plan and Cyber Resilience Framework. The Digital Strategy Committee provides oversight for Digital projects.
People	The University's ability to attract and retain high-quality talent is fundamental to its strategic ambitions. This was a particular issue during the pandemic, presenting as an acute risks in key areas, and it remains an issue under strategically important areas such as research, where strong recruitment and retention will be key to a successful REF submission in 2028.	Risks in this area are well mitigated. However, the University is reviewing recruitment policies, including its Relocation Package, to enhance attractiveness. It has also created a post of Senior HR Partner (Resourcing) to provide specialist recruitment support, particularly in areas where recruitment is challenging. There are also proposals for market supplements and other incentives.
Health, Safety, Wellbeing and Resilience	The health, safety and wellbeing of staff and students underpins every University activity, and is reflected in the first commitment made under Aberdeen 2040. Following the pandemic, subsequent re-integration of the community back to the physical campus environment is ongoing, and will continue to require careful management, with adequate support available for the entire community.	Health and safety management is overseen by the Health and Safety Committee which meets quarterly, and its sub-committees. It ensures compliance with all legal and regulatory requirements. There are also Health and Safety Advisors in place, and in terms of resilience, extensive plans for business continuity and emergency response. In terms of wellbeing, the University continues to invest in student support, and has a range of measures in place to support staff.

STRATEGIC RISK AREA	RISK DESCRIPTION	RISK MANAGEMENT
International Partnerships	The University's activities under its international agenda give rise to a range of significant risks. In particular, international partnerships present serious reputational and financial risks, heightened by the operational complexity required for successful delivery.	The University is taking forward strategies to further strengthen its international outreach as part of Aberdeen 2040. In parallel, it has logged and monitors risks which may affect its ability to achieve its ambitions, including those arising from geopolitical or global events, and also those linked to foreign government education policies in countries within which the University has partnership agreements.
Reputation	Reputation is underpinned by performance, communications and marketing, and engagement. The University's ability to enhance its reputation at institutional and local levels through effectively bringing these key factors together, is paramount to its ability to meet its longer terms strategic ambitions.	The University is currently reviewing its brand and the way it projects itself to external stakeholders, and the ways in which it is perceived. In parallel, the University has mechanisms in place to manage its reputation and in turn, key issues like league table performance. These include stakeholder management systems, data analysis and engagement toolkits.
External Environment	The University must meet a range of obligations and challenges arising from the external environment, meaning it must keep abreast of changes and different requirements affecting the sector at all times. This includes global and geopolitical factors, but also the political environment locally; particularly requirements linked to the Scottish Funding Council.	The University regularly engages with the sector through a number of key groups, including Universities UK, Universities Scotland, and the Scottish Planners Forum which is regularly attended by representatives from the SFC. There is also regular dialogue with the SFC on key issues through dedicated contacts, facilitating early and rapid response to any changing demands.
Environmental Sustainability	The University is fully committed to supporting environmental sustainability, and in turn, wider societal efforts to become carbon neutral before 2040. This is a major commitment made as part of the University's Aberdeen 2040 strategy, and all risks inherent in meeting this ambition will be subject to robust monitoring and control.	The University is currently taking forward a number of initiatives linked to this area. These include development of a net-zero definition and Implementation Plan; development and active management of a long-term net-zero project risk register; and identification of and investment in appropriate expertise to take forward net-zero planning and projects.
Leadership and Governance	The University continues to monitor compliance with legislative and regulatory requirements relating to leadership and governance. Challenges in this area have been enhanced in recent years, with pressures arising from the external environment, such as Covid-19, the cost of living crisis, and the conflict in Ukraine, all requiring rapid and effective response, while ensuring adherence to internal and external governance standards.	In addition to following established safeguards to ensure compliance with relevant standards, the University is also taking steps to mitigate key risks relating to capacity and the ability of leaderships to deliver Aberdeen 2040 commitments; diversity in leadership, in particular on bodies like University Court; and also the need for external engagement with leaders across and external to the sector.
Student Body and Other Third Parties	The University is a key stakeholder with a number of significant third-party organisations, with a shared interest in their viability and success. Consequently the University must be aware and able to act on risks affecting these bodies. They include the Rocking Horse Nursery, Aberdeen Sports Village, a number of external catering providers on campus, and also the Aberdeen University Students' Association.	The University liaises regularly with key third-party partners on mitigations relevant to key services, the campus and its activities. It is represented on the Boards of Trustees in place for both the Rocking Horse Nursery and the Aberdeen Sports Village, and has taken steps to support the viability of third party providers when needed.

The risk areas identified in this table are not exhaustive; the University also takes account of risks arising from major developments across the sector which transcend different risk areas. In recent times this has included significant threats to the University which emerged from the UK's changing relationship with the EU, as a consequence of Brexit, the Covid-19 pandemic, and most recently, the conflict in Ukraine. These external factors have posed some risks to financial sustainability, and have had the potential to affect the delivery of education and the University's ability to undertake world-class research. Risks emerging from events like these are captured where appropriate throughout the Strategic Risk Register.

Risk Appetite

The University's position on risk appetite is undergoing review following a workshop in March 2022 with the University Court. However, while specifics remain under consideration,

the University's risk appetite remains **Averse to Open**. The University's appetite for accepting risk will change depending on the risk area under consideration and the specific objectives involved. There will be greater appetite for accepting risk in the pursuit of opportunities, and less so for risks which arise as a natural consequence of business-as-usual operations. On this basis, the University will always reject or seek to minimise, through robust and controlled management, any activity that has the potential to cause significant financial, regulatory, legal or reputational harm; in particular where the potential exists to endanger the University's ongoing financial sustainability, its ability to meet its regulatory or legal obligations, the health, safety or wellbeing of staff and students, or its ability to achieve its key strategic ambitions. These factors will be prioritised over any other consideration, including in areas where opportunities are pursued, where the University is open to greater exposure.

FINANCIAL REVIEW

YEAR ENDED

31 JULY 2022



Scope of the Financial Statements

The Financial Statements, which have been approved by the Court, have been prepared on a consolidated basis and represent the consolidated results of the University and its subsidiary, the Rowett Research Institute Ltd. The statements comply with Financial Reporting Standard (FRS) 102 and the Statement of Account Practice (SORP) Accounting for Further and Higher Education 2019.

Financial Performance

The Group's reported results for the year are:

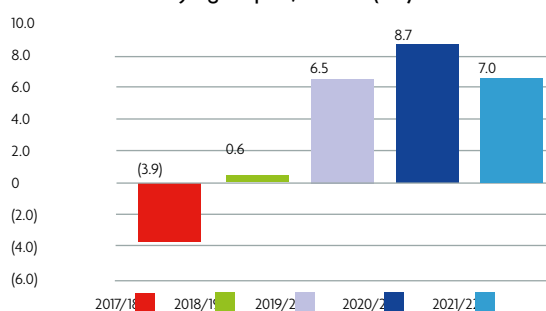
	2022	2021
	£000	£000
Income	260,909	235,939
Expenditure	(313,654)	(228,957)
(Loss)/surplus before other gains and losses	(52,745)	6,982
Other (losses)/gains	(2,661)	9,361
Actuarial gain in respect of pension schemes	13,373	19,807
Comprehensive (deficit)/income for the year	(42,033)	36,150

The underlying surplus for the year, that excludes non-controllable and other individual significant items such as the movement in pension deficits, is £7.0m compared with £8.7m for the prior year as follows:

	2022	2021
	£000	£000
(Loss)/surplus before other gains and losses	(52,745)	6,982
Voluntary severance and early retirement schemes	427	258
Provisions for onerous contracts	(300)	336
Pension provision movements (Note 21)	59,589	1,089
Underlying surplus	6,971	8,665

*The pension provision movement includes a planned charge of £58.2m in respect of the Universities Superannuation Scheme 2020 valuation exercise which was completed during the year.

Underlying Surplus/Deficit (£m)



The University reports an underlying surplus of £7.0m. Tuition fee income has increased significantly to £89.9m compared with £74.4m in the prior year. Scottish Funding Council support has reduced by £0.7m and as anticipated, operating costs have increased as teaching on campus started and other activities returned to normal. The University was also in a position to make a one off cost of living payment to those on salary grades 1 – 6 in July 2022. The underlying surplus is higher than anticipated partly due to supply chain issues resulting in delays to the receipt of goods and equipment. Cash balances have decreased by £13.9m which is largely due to a planned £10.0m loan repayment. All financial covenants tests were met during the year with investors provided with ongoing updates throughout the year.

Following from the focus on a blended learning approach for the 2020/21 academic year, the University was keen to reinstate in-person teaching for 2021/22 as this provides our students with a more comprehensive learning experience. Many challenges had to be overcome, with some restrictions on international travel, social distancing and ventilation guidelines continuing to be in force for much of the year. Thanks to the efforts of many, and the Campus Planning Group, face to face teaching was largely re-instated for the second semester. Due to the restrictions, some of our students were unable to attend in person sessions and blended and on-line learning was provided to ensure that teaching for those individuals was uninterrupted. For academic year 2022/23, with restrictions lifted, the University has largely returned to in-person teaching with assessments of and improvements to many lecture theatres and classrooms as we learn to live with Covid-19.

With the return to in person teaching it is pleasing to note the atmosphere around our campuses as both students and staff have returned. The University is also trialling a hybrid working model for those who are not required on campus on an ongoing basis. This flexible approach to working is proving popular and shows our commitment to developing our working practices following the pandemic.

As life begins to return to normal, and the impact of the pandemic on the student experience is much lower than that of the past two years, it was good to finally hold an in-person celebration in Summer 2022 for those who missed out on a traditional graduation ceremony since the initial lockdown in March 2020. We were also able to hold Winter 2021 and the 2022 Graduation ceremonies in person, allowing our students and their families to properly celebrate their achievements.

The return to campus life also saw the much anticipated opening of the new Science Teaching Hub in early 2022. The Science Teaching Hub was designed for the provision of specialised teaching, training and learning for students across a number of disciplines including chemistry, medical sciences and biological sciences and provides our students with a world leading laboratory experience. The Science Teaching Hub was opened on a phased basis and was fully functioning for the start of the 2022/23 academic year.

As the University dealt with the pandemic, many of our capital projects were paused and this is reflected in our capital expenditure for the year. Completion of the Science Teaching Hub accounted for a significant proportion of our capital expenditure for 2021/22. Other investment to note includes our continued improvement in digital technologies, improvements to the outdoor spaces at our Halls of Residence and the refurbishment of our new storage facility that frees up space for the redevelopment of the Kings Quarter.

The University has reintroduced longer term planning and is currently identifying the investment needed to ensure that our Aberdeen 2040 strategy can be implemented. We are currently working up the Kings Quarter transformation plan that will reintroduce teaching to some of the older parts of the Kings Campus and the Business School on the site of the former Johnstone Halls of residence. In addition, full condition surveys of our estate have been undertaken as we plan our way to a net carbon zero campus whilst ensuring that we have both the facilities and technology available to meet our ambitious plans to increase our student population.

The University held constructive discussions with the University of Aberdeen Fossil Free Campaign, the Aberdeen University Student Association and our staff. Following from this Court, in September 2021, approved our transition from investment in fossil fuels.

We are based in the energy capital of Europe and our traditionally strong links with the sector have provided financial support for our world leading research, created scholarships for students and provided essential work placements for our students. As we pledged to divest from fossil fuels, we also stated our commitment to working with and supporting the energy industry through our education and research, helping to meet wider industry and societal ambitions around Net Zero via a range of initiatives including our Centre for Energy Transition.

By 2025 we aim to have completed a process of ensuring that any investment in the energy sector actively reflects our own aspiration to support energy transition and our Investment Committee has begun the process of realigning our portfolio to reduce our exposure to fossil fuel investments. During the first half of 2022, with the support of our Investment Advisors, our Investment Committee approved the transition from some of our existing pooled funds to those with less exposure to fossil fuels. As at 31 July 2022, the percentage of our portfolio exposed to fossil fuels had reduced to approximately 0.36%. The Investment Committee continues to consider other investment opportunities and is looking to enhance our reporting in this area.

Sources of Income 2021/22 (£260.9m)

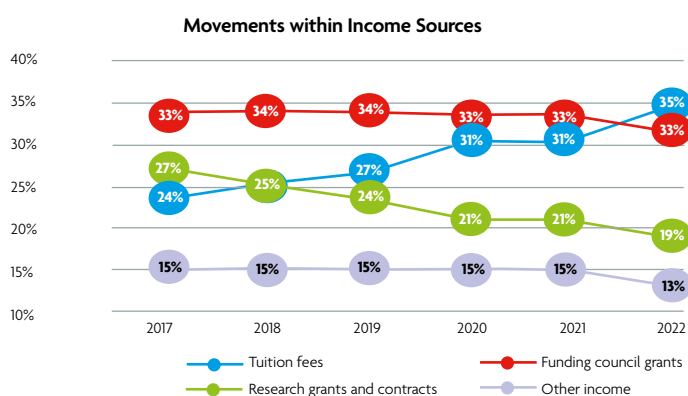
Tuition fees, £89.9m, 34.5%	Funding council grants, £86.9m, 33.3%	Research grants & contracts, £50.8m, 19.5%
		Other income, £33.3, 12.8%

Income for the year has increased by £25.0m to £260.9m.

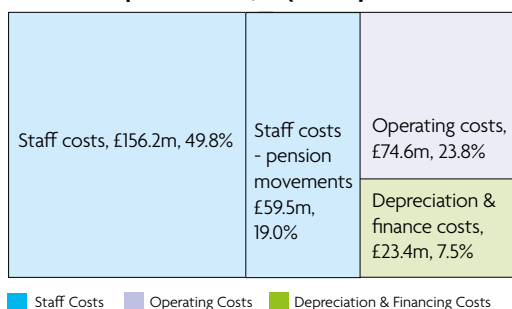
Funding Body grants have fallen by £0.7m, with an increase for teaching grants of £3.0m (6.2%) being offset by a reduction in additional grants provided during the pandemic. Tuition fees have increased by 20.8% to £89.9m. This increase reflects our ambition prior to the pandemic, whilst the University saw modest increases to student numbers during the previous two years, the latest increase is in line with our plans to grow the levels of overseas students studying at Aberdeen, through our continued presence in Qatar and our various international partnerships. Scottish fees increased by £0.5m (3.1%). EU fees fell by £0.6m (11.0%) as we begin to recognise the impact of the withdrawal of free education for EU students due to Brexit. Non-EU fees increased by £14.8m or 35.0% as the efforts to encourage additional overseas students come to fruition. Fees from students from the Rest of UK increased by £1.0m (11.6%) to £9.3m.

Research grants and contracts income of £50.8m increased by £4.9m (10.7%) from £45.9m in the previous year. The uplift is due to our recent investment in additional research staff as we look to grow our research portfolio and a reversal of the decline during the pandemic. Increases are reported in most categories with a £2.0m (23.7%) and £1.8m (27.9%) increases for research councils and UK based charities respectfully.

Other income rose by £5.6m to £31.3m with Residences and Catering Operations reporting an increase of £3.4m due to students and staff returning to campus following the lockdown. Other grants and consultancy work have also increased offsetting the £0.8m claim from the Coronavirus Job Retention Scheme in the prior year. Investment income reduced by £0.5m with lower returns from cash deposits of £0.2m and a reduction to our endowment portfolio income of £0.3m.



Sources of Expenditure 2021/22 (£313.7m)



Overall, total expenditure increased by £84.7m or 37.0% to £313.7m.

Staff costs excluding pensions movements of £156.2m have increased by £9.4m (6.3%), reflecting our investment in staff, increases to pay and pension contributions and the rise in National Insurance contributions from April 2022. Pension provisions increased by £59.5m in the current financial year. The planned implementation of Universities Superannuation Scheme (USS) 2020 valuation exercise resulted in a £57.8m increase to staff costs which is approximately £20.0m lower than forecast largely due to the increase in discount rates during the past year. Other expenditure of £74.6m increased by £15.3m (25.7%) as activities returned to normal following the various lockdowns. Depreciation charges increased by £1.1m predominantly due to the opening of the Science Teaching Hub.

Other Gains and Losses

Our non-current investment portfolio reported an overall loss of £0.8m compared with a gain of £6.3m for the prior year. The reduction in the value of our portfolios reflect the fall in the markets due to the current geopolitical situation. The University was somewhat protected due to planned changes to our endowment holdings that coincided with the market being at its lowest point. The endowment portfolio fell by £0.7m with the pension portfolios declining by £0.2m.

The continued downturn in the Aberdeen housing market has resulted in a further £0.9m (2021: £0.5m) reduction in the value of our investment properties.

Actuarial Gain in Respect of Pension Schemes

The gain of £13.1m is largely attributable to the University of Aberdeen Superannuation and Life Assurance Scheme (UASLAS). Overall, the UASLAS scheme deficit decreased by £10.8m to £9.5m and the Strathclyde Pension Fund (SPF) moved from a surplus of £1.9m to £7.3m during the year, this has not been recognised within the University's Statement of Financial Position.

Treasury Management, Cash Flow & Covenant Requirements

Borrowing

As of 31 July 2022, total unsecured loans amount to £93.4m, including £60.0m of borrowing from a private placement in May 2019 to provide £50.0m of investment for our King's Transformation Projects and £10.0m for the repayment of the Barclays facility in September 2021. Following the repayment, the outstanding value of the Barclays facility is now £30.0m. The balance of £3.4m is from the Scottish Funding Council for improvements to the heating network at our Hillhead Halls student accommodation complex.

The private placement funds were secured at a blended interest rate of 3.12% and are repayable in three equal instalments in 2044, 2049 and 2054. In addition to the private placement, the Barclays loan facility repayments are due in September 2026, 2031 and 2036. Due to changes in the calculation of base rates for bank loans, in order to protect the fixed interest rates agreed with Barclays, the University rephased loan repayments to £10m in 2026, £11.1m in 2031 and £8.9m in 2036.

The University has previously entered into finance leases for halls of residence, with £23.3m outstanding for an agreement expiring in 2037.



Cash Flow

Operating activities generated a cash inflow of £14.2m (2021: £35.7m). After taking account of capital expenditure, investment income and borrowing costs, the overall Group cash outflow was £13.9m, compared with an inflow of £17.7m in the previous year. This reduced cash flow is largely due to the planned £10.0m repayment of the Barclays loan facility in September 2021.

Financial Covenants

The University has two external covenant tests with external covenants tests, relating to the Barclays loan and the private placement. The first is a debt service cover test where cash flows from operating activities, adjusted to include investment and endowment income, must equate to at least 1.5 times the level of interest charges and debt repayment. The second measure is a gearing test, where debt, including the pension guarantee, must not exceed 50% of net assets. For financial year 2021/22, the University complied with both measures returning a debt service cover ratio of 2.9 times and a gearing percentage of 36.4%. The £46.5m increase to pension provisions has placed additional pressure on the gearing covenant test, however we currently have approximately £95.1m of headroom and have held early discussions with our lenders regarding this movement. The University has also met the Universities Superannuation Scheme covenant tests meaning that no discussions or additional measures are required.

Payment of Creditors

The University has no single policy for payment of creditors but abides by arrangements negotiated with its suppliers. No interest was paid in the year under the Late Payments of Commercial Debts (Interest) Act.

Non-Current Assets

The value of non-current assets decreased by £10.7m to £606.3m during the year. The Science Teaching Hub, which was handed over to the University in late 2021 opened in early 2022. The King's redevelopment, paused last year has since restarted with planning permission granted for elements of the project. We continue to invest in our digital infrastructure and are assessing the requirements of our existing physical estate. Capital additions of £20.2m were offset by depreciation charges of £18.0m and the disposal of and reduction in value of investment properties which led to a fall in value of £3.1m.

Investments account for £10.9m of the reduction to non-current assets, with the decrease largely due in the reclassification of £10.0m of term deposits that are approaching their maturity. In

addition, our investment portfolios fell in value by £1.1m following the current trends in the financial markets.

Balance Sheet as at 31 July 2022

Assets	
Buildings & equipment, £532.0m	Cash & deposits, £118.6m
	Investments, £64.3m
	Other, £24.5m

Liabilities		Reserves:
Loans & leases, £117.2m	Provisions, £110.4m	Unrestricted reserves, £290.7m
Deferred Grants, £90.3m	Creditors, £72.7m	
		Endowments, £58.1m

Net Current Assets

As at 31 July 2022, the Group reported net current assets of £59.2m compared with £46.9m as at 31 July 2021. The movement is due to the reclassification of £10.0m of term deposits to non-current assets and the inclusion of £10.0m of loan funding in current liabilities that was repaid in September 2021. Cash holdings have reduced by £13.9m due to the repayment of the loan and our continued investment in our campus. Debtors have increased by £3.5m with the increase in trade debtors, reflecting our increased tuition fee income, being partially offset by the final receipt of £2.1m in respect of land sales that was outstanding as at 31 July 2021. The provision for bad debts has been increased by £2.3m to £3.7m to recognise the increase in trade debtors and the financial hardship being faced by many during these difficult times.

Overall creditors falling due within one year of £73.9m are £10.7m lower than the previous year, £10.0m of which is due to the repayment of loans.

As with many research-intensive universities, prepaid income for research grants of £21.2m (2021: £22.5m) is a main element of our creditors falling due within one year and prepaid tuition fee income of £10.4m is £0.7m higher than the prior year. Creditors falling due within one year also include capital grants to be released of £4.3m and an accrual in respect of untaken annual leave of £5.7m.

Creditors: Amounts Falling Due After More Than One Year

Long term creditors have reduced by £2.6m. Creditors comprise of borrowing of £93.1m, finance lease obligations of £22.9m and £90.3m of deferred income in respect of capital grants from government organisations.

Provisions & Pension Schemes

Pension provisions have increased by £46.5m to £109.9m during the year. The provisions cover the discounted fair value of the contractual contributions of £98.3m (2021: £40.1m) for the Universities Superannuation Scheme (USS), and a further £9.5m, a decrease of £10.8m (2021: £23.3m) in respect of the University of Aberdeen Superannuation and Life Assurance Scheme (UASLAS). The Strathclyde Pension Fund (SPF) reports a surplus of £7.3m compared with £1.9m in the previous year. The surplus cannot be recognised within the University's statement of financial position. A further £2.0m (2021: £2.9m) has been provided against the payment of enhanced pensions to a number of former Northern College employees.

USS is a multi-employer scheme in which the University is a participating employer. The 31 March 2020 actuarial valuation was completed in September 2021 reporting a £14.1bn deficit. The USS Trustee indicated that a significant increase in contributions would be required to retain pension benefits at the same level, with employer contributions increase to 38.2% and member contributions to 18.8% of salary over time.

Following a member consultation exercise that spanned late 2021 into early 2022, the JNCC agreed changes to pension benefits that included a reduction to the salary threshold for the defined benefit element and a reduction in the accrual rate at which pension benefits are earned. Inflationary increases will also be capped at 2.5% but this has now been deferred until April 2026. The changes have resulted in contributions remaining at previous levels (9.8%) for members and with a 0.2% increase to an employer contributions of 21.6% until 31 March 2024, this small increase is in respect of the deferral of the 2.5% inflationary cap.

The finalisation of the 2020 valuation exercise combined with the changes to pension benefits has resulted in a £58.2m increase to the University's USS pension scheme liability, this is significantly better than the forecast £76.0m increase included within our 2020/21 Annual Report largely due to the increase in the discount rate used in calculating the provision. This finalisation of the 2020 valuation exercise should provide some short-term stability for the sector. The University and more specifically the Pensions Advisory Group will be closely monitoring the governance review of the Scheme and considerations around providing greater flexibility for Scheme members which have been raised via the various employer and the employee consultations that have been held in the last two years.

The UASLAS employer contribution rate of 18.9% includes a deficit recovery contribution of £725,000, due to the Covid-19 pandemic the University and Scheme Trustees had previously agreed to reduce this to £362,500 for financial years 2021 and 2022 with deficit recovery contributions increasing to approximately £1.0m per annum from August 2022 to July 2025 before reverting to £725,000 from August 2025. However, due to our healthier than anticipated cash balance, the University has paid the deficit recovery contribution in full for both financial years.

The University has provided a pension guarantee facility for £9.6m to match the 2019 valuation deficit. The 2022 valuation exercise has recently started with the results expected to be finalised in late 2023.

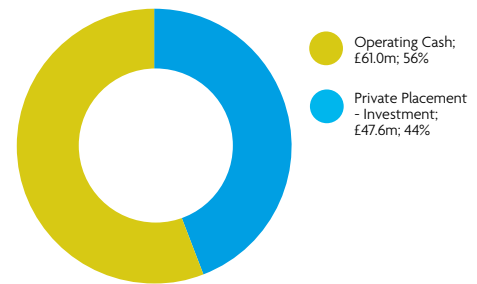
Outlook

University finances continued to be affected by the pandemic in 2021/22, mainly due to the continued lower numbers of staff and students on campus until early 2022 which affected income from student residences and on campus catering facilities. Whilst we still expect student accommodation occupancy and catering to be lower than in pre-pandemic years, we anticipate an increase on last year with levels returning to normal for financial year 2023/24 which is in line with our expectations from a year ago.

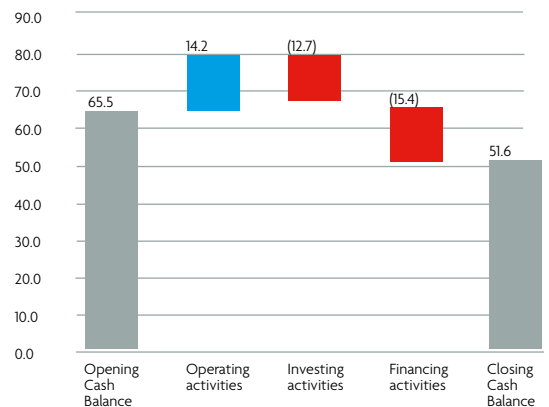
The global recovery from the pandemic and recent events in Ukraine have undoubtedly resulted in a new set of challenges that we must now face, with UK inflation at levels not seen in the UK for more than 40 years and utility costs at record levels. These factors coupled with the desire to provide a meaningful, yet affordable pay

settlement for our staff, coupled with a real cut in government funding and a reduction to our research funding means that the 2022/23 financial year will be challenging. However, the University remains in a healthy financial position and our strategy of continued investment in overseas and postgraduate student numbers is progressing well. In June, Court approved a budget reflecting on the issues mentioned earlier, along with further increases to tuition fee income and the associated uplift in staff and operating costs associated with this additional activity. Our plans also include investment in our campus, equipment and digital infrastructure to continue improvements in our student experience. As a result cash balances will fall until 2026/27 mainly due to the planned improvements to King's Campus and the Johnston Business School project which will be funded from the private placement funds received prior to the start of the pandemic. Despite these ambitious plans and a reduction in cash, our forecasts show that all financial covenants will continue to be met.

Cash & Deposits Analysis at 31 July 2022
£108.6m



Cash Flows 2021/22 (£m)





Independent auditor's report to the Court of the University of Aberdeen – Report on the audit of financial statements

Opinion

We have audited the financial statements of the University of Aberdeen (“the University”) for the year ended 31 July 2022 which comprise Consolidated and University Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Statement of Financial Position, the Consolidated Cash Flow Statement and related notes, including the Statement of Principal Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group and of the University's affairs as at 31 July 2022 and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves and of the cash flows for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*; 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 (as amended).

Basis for opinion

We have been appointed as auditor under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with the regulations made under that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”), applicable law and the terms of our engagement letter dated 17 April 2019. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The University Court of the University has prepared the financial statements on the going concern basis as it does not intend to liquidate the Group or the University or to cease their operations, and as it

has concluded that the Group's and the University's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

In our evaluation of the University Court's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group's and the University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the University Court's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the University Court's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the University will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the University Court, the audit committee, internal audit and inspection of policy documentation as to the University's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the University's channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading University Court and audit committee minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet performance targets and comply with loan covenants we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group and University management may be in a position to make inappropriate accounting entries;
- the risk of bias in accounting estimates such as pension assumptions; and
- the risk that income is recorded in the wrong period, particularly research income and certain teaching income.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the University-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected journal combinations.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the University Court and management (as required by auditing standards), and discussed with the University Court and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related charities and higher education legislation), taxation legislation, pensions legislation, and higher education financial reporting related regulation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: compliance with requirements of the Scottish Funding Council, health and safety, and employment laws. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on the University's use of funds in the section of our audit report dealing with other legal and regulatory requirements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The University Court of the University (the members of which are the Trustees of the University for the purposes of charity law) is responsible for the other information, which comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Annual Report (which constitutes the Trustees' Annual Report for the financial year) is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- the University has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

The University Court's responsibilities

As explained more fully in its statement set out on pages 26-27, the University Court of the University is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and 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 it either intends to liquidate the Group or the University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate,

they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

We are required under the terms of our engagement to report on the following matters in relation to the Financial Memorandum with Higher Education Institutions (issued 1 December 2014) issued by the Scottish Further and Higher Education Funding Council ("the SFC").

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied 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 SFC have been applied in accordance with the Financial Memorandum with Higher Education Institutions.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the University Court of the University in accordance with paragraph 12 of the Universities (Scotland) Act 1966, and in the University Court's role as charity trustees, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 and the terms of our engagement by the University. Our audit work has been undertaken so that we might state to the University Court of the University those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the University, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University Court of the University, for our audit work, for this report, or for the opinions we have formed.



Michael Wilkie

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

319 St Vincent Street, Glasgow, G2 5AS





FINANCIAL STATEMENTS

Statement of Comprehensive Income and Expenditure
Year ended 31 July 2022

		Consolidated 2022 £000	University 2022 £000	Consolidated 2021 £000	University 2021 £000
	Note				
Income					
Tuition fees and educational contracts	1	89,923	89,923	74,423	74,423
Funding body grants	2	86,925	86,925	87,577	87,577
Research grants and contracts	3	50,831	50,831	45,927	45,927
Other income	4	31,320	31,320	25,764	25,764
Endowment and investment income	5	1,509	1,504	2,012	2,012
Endowments and donations	6	401	401	236	236
Total income		260,909	260,904	235,939	235,939
Expenditure					
Staff costs – excluding movements in pension provisions	7	156,195	156,195	146,759	146,759
Movement in pension provisions	7	59,467	59,467	197	197
Total staff costs	7	215,662	215,662	146,956	146,956
Other operating expenses	8	74,552	74,334	59,306	58,950
Depreciation	9	17,969	17,969	16,855	16,855
Interest and other finance costs	10	5,471	5,471	5,840	5,840
Total expenditure	11	313,654	313,436	228,957	228,601
(Deficit)/surplus before other gains/(losses) and share of operating surplus/(deficit) of joint venture		(52,745)	(52,532)	6,982	7,338
(Loss)/gain on disposal of fixed assets	12	(48)	(53)	4,493	234
Unrealised (loss) on revaluation of investment properties	13	(926)	(1,041)	(476)	(527)
(Loss)/gain on non-current investments	14	(757)	(1,569)	6,256	5,373
Share of operational deficit in joint venture	15	(930)	-	(912)	-
(Deficit)/surplus before tax		(55,406)	(55,195)	16,343	12,418
Taxation		-	-	-	-
(Deficit)/surplus after tax		(55,406)	(55,195)	16,343	12,418
Actuarial gain in respect of pension schemes - University	21a	13,084	13,084	19,684	19,684
Actuarial gain in respect of pension schemes - joint venture	15	289	-	123	-
Total comprehensive (deficit)/income for the year		(42,033)	(42,111)	36,150	32,102
Total comprehensive income/(deficit) for the year					
Endowment comprehensive (deficit)/income for the year		(339)	(339)	6,480	6,480
Unrestricted comprehensive (deficit)/income for the year		(41,694)	(41,772)	29,670	25,622
Total comprehensive (deficit)/income for the year		(42,033)	(42,111)	36,150	32,102

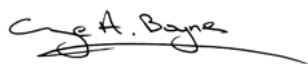
Consolidated and University Statement of Changes in Reserves
Year ended 31 July 2022

Consolidated	Income and expenditure account		Revaluation reserve	Total £000
	Endowment £000	Unrestricted £000	£000	
Balance at 1 August 2020	51,940	127,701	175,035	354,676
Income from the income and expenditure statement	6,480	9,863	-	16,343
Other comprehensive income	-	19,807	-	19,807
Transfers between income and expenditure reserves	-	3,261	(3,261)	-
Total comprehensive income/(deficit) for the year	6,480	32,931	(3,261)	36,150
Balance at 1 August 2021	58,420	160,632	171,774	390,826
Deficit from the income and expenditure statement	(339)	(55,067)	-	(55,406)
Other comprehensive income	-	13,373	-	13,373
Transfers between income and expenditure reserves	-	3,194	(3,194)	-
Total comprehensive (deficit) for the year	(339)	(38,500)	(3,194)	(42,033)
Balance at 31 July 2022	58,081	122,132	168,580	348,793
University				
Balance at 1 August 2020	51,940	121,347	173,954	347,241
Income from the income and expenditure statement	6,480	5,938	-	12,418
Other comprehensive income	-	19,684	-	19,684
Transfers between revaluation and income and expenditure reserves	-	3,194	(3,194)	-
Total comprehensive income/(deficit) for the year	6,480	28,816	(3,194)	32,102
Balance at 1 August 2021	58,420	150,163	170,760	379,343
Deficit from the income and expenditure statement	(339)	(54,856)	-	(55,195)
Other comprehensive income	-	13,084	-	13,084
Transfers between revaluation and income and expenditure reserves	-	3,194	(3,194)	-
Total comprehensive (deficit) for the year	(339)	(38,578)	(3,194)	(42,111)
Balance at 31 July 2022	58,081	111,585	167,566	337,232

Statement of Financial Position as at 31 July 2022

		Consolidated	University	Consolidated	University
		2022	2022	2021	2021
	Note	£000	£000	£000	£000
Non-current assets					
Tangible assets	13	499,183	498,169	497,606	496,592
Heritage assets	13	277	277	277	277
Intangible assets	13	3,676	3,676	3,446	3,446
Investment properties	13	28,855	27,132	29,828	27,799
Non-current investments	14	58,880	74,055	69,821	85,808
Investment in joint venture	15	15,441	-	16,082	-
		606,312	603,309	617,060	613,922
Current assets					
Stock	16	301	301	257	257
Trade and other receivables	17	24,175	24,174	20,716	18,609
Investments	18	57,000	57,000	45,000	45,000
Cash and cash equivalents	23	51,600	42,985	65,527	59,227
		133,076	124,460	131,500	123,093
Less: Creditors: amounts falling due within one year	19	73,871	73,813	84,622	84,560
Net current assets		59,205	50,647	46,878	38,533
Total assets less current liabilities		665,517	663,956	663,938	652,455
Less: Creditors: amounts falling due after more than one year	20	206,313	206,313	208,906	208,906
Provisions					
Pension provisions	21a	109,852	109,852	63,347	63,347
Other provisions	21b	559	559	859	859
		110,411	110,411	64,206	64,206
Total net assets		348,793	337,232	390,826	379,343
Restricted reserves					
Income and expenditure reserve – endowment reserve	22	58,081	58,081	58,420	58,420
Unrestricted reserves					
Income and expenditure reserve		122,132	111,585	160,632	150,163
Revaluation reserve		168,580	167,566	171,774	170,760
Total funds		348,793	337,232	390,826	379,343

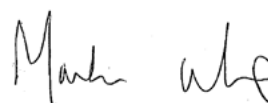
The Accounts set out on pages 49 to 81 were approved by the University Court on 22 November 2022 and signed on its behalf by:



Professor George Boyne MA, MLitt, PhD, AcSS
Principal and Vice-Chancellor



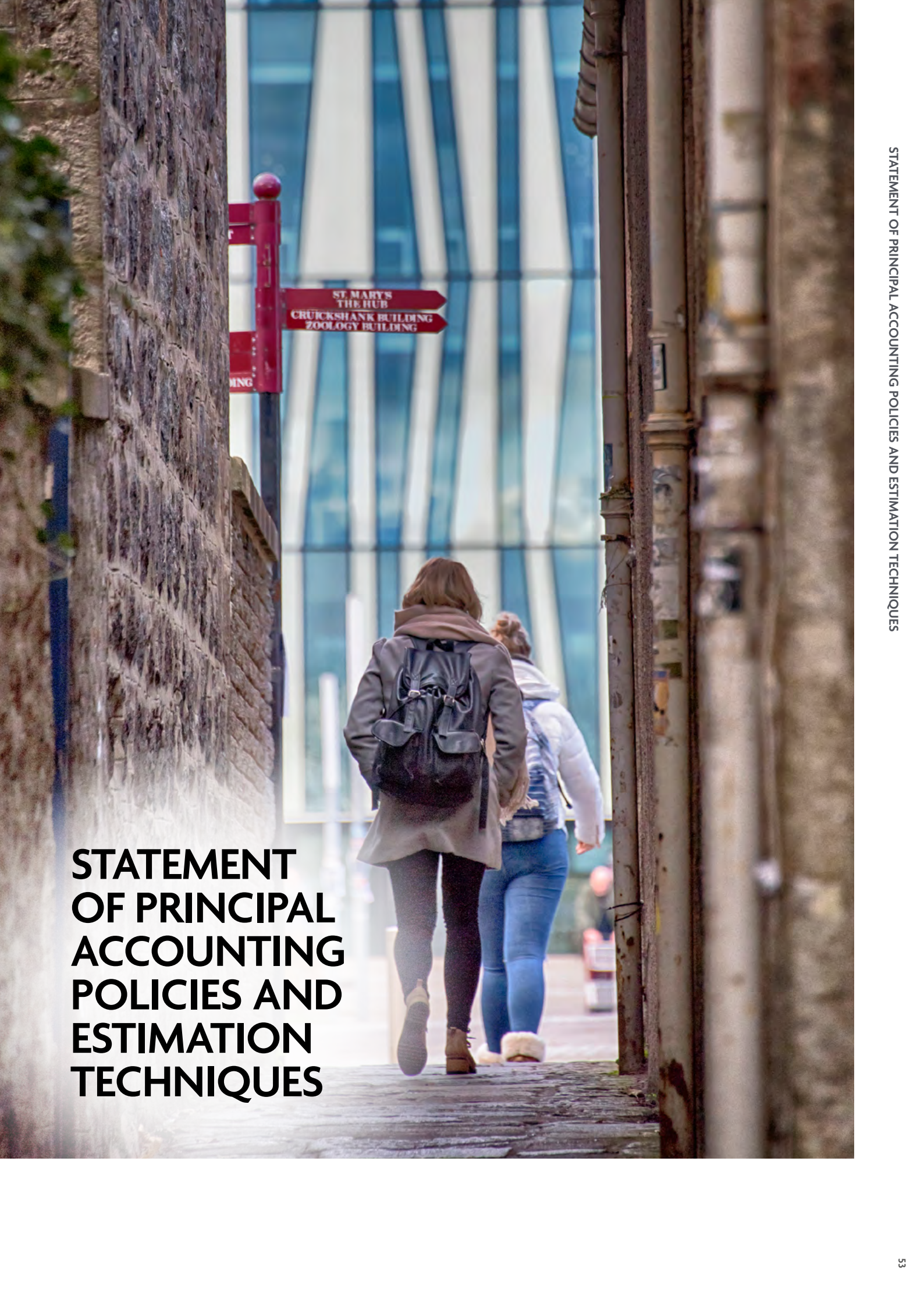
Ms Julie Ashworth
Senior Governor of the University Court



Mr Mark White
Chief Finance Officer

Consolidated Cash Flow Statement
Year ended 31 Julv 2022

	Note	2022 £000	2021 £000
Cash flow from operating activities			
(Deficit)/surplus for the year		(55,406)	16,343
Adjustments for non-cash items			
Depreciation	9 & 13	17,969	16,855
Loss/(gain) on investments	14	757	(6,256)
(Increase) in stock		(44)	(5)
(Increase)/decrease in debtors		(6,014)	983
(Decrease)/increase in creditors and other provisions		(2,836)	11,511
Increase in pension provisions (including actuarial gain or loss)		59,589	1,089
Unrealised deficit on revaluation of investment properties	13	926	476
Share of operating deficit in joint venture	15	930	912
Adjustments for investing or financing activities			
Investment income	5	(1,509)	(2,012)
Interest payable	10	4,789	4,998
Endowment income	6 & 22	(92)	(114)
Capital grants received/released during the year		(4,881)	(4,634)
Loss/(profit) on sale of fixed assets	12	48	(4,493)
Net cash inflow from operating activities		14,226	35,653
Cash flows from investing activities			
Proceeds from sales of fixed assets		2,981	5,912
Capital grant receipts		3,218	3,331
Disposal of non-current investments	14	58,277	11,523
(Additions to)/withdrawal from deposits		(12,000)	10,000
Investment income	5	1,509	2,012
Payments made to acquire fixed assets		(18,638)	(23,853)
New non-current asset investments	14	(48,093)	(21,024)
		(12,746)	(12,099)
Cash flows from financing activities			
Interest paid	10	(2,931)	(3,217)
Interest element of finance lease and service concession payments	10	(1,858)	(1,781)
Endowment cash received	6 & 22	92	114
Repayments of amounts borrowed		(10,286)	(286)
New unsecured loans and leases	20	-	-
Capital element of finance lease and service concession payments		(424)	(681)
		(15,407)	(5,851)
Increase in cash and cash equivalents in the year		(13,927)	17,703
Cash and cash equivalents at beginning of the year	23	65,527	47,824
Cash and cash equivalents at end of the year	23	51,600	65,527
Movement in cash and cash equivalents		(13,927)	17,703



STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

Basis of preparation

a. Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019) and in accordance with Financial Reporting Standard (FRS) 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. Charities registered with the Office of the Scottish Charity Regulator (“OSCR”) fall within the statutory remit of the Charities and Trustee Investment (Scotland) Act 2005 and, in respect of financial statements preparation, the Charities Accounts (Scotland) Regulations 2006 (as amended). Regulation 14 of the 2006 Regulations allows universities to prepare their financial statements in accordance with the SORP.

The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of investment properties, endowment investments and equity investments).

The functional currency of the group is sterling and all amounts have been presented to the nearest thousand pounds.

b. Going concern

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Financial Review which forms part of the University Court's Report. The University Court's Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the University Court consider to be appropriate for the following reasons.

University Court has reviewed cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts the University Court is of the opinion that, taking account of plausible downsides, the University of Aberdeen group will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The University Group generated a deficit after tax in 2021/22 of £55.4m following a surplus of £16.3m in the previous financial year. However, an organisation's surplus/deficit position itself does not provide an adequate assessment of its going concern status. The critical factor

that management of the University have used to determine the going concern status of the University is whether it can generate cash and maintain sufficient working capital balances. In 2021/22 the University's net operating cash outflow was £13.9m. In addition, the University has a statement of financial position with a non-current assets of £606.0m, net current assets of £59.2m including a cash balance of £51.6m at the statement of financial position date.

The University's forecasts and projections to 2023/24, taking account of future developments and reasonable sensitivities in relation to the key risks, indicate that the University will deliver an accounting deficit and a net cash outflow in 2023/24.

The financial scenario planning and stress testing undertaken by the University indicates that there are large external uncertainties which may need to be addressed in the near future: in particular, the continuing uncertainty posed by Covid-19, EU student funding due to Brexit, and the stability of the Universities Superannuation Scheme. In the face of the unprecedented series of large uncertainties, the University has adopted a financially cautious stance. The solvency position is strong and cash reserves are available, if required, to undertake material restructuring in response to the resolution of these uncertainties.

The University considers that it will remain compliant with lender covenants during the period. Consequently, the University Court is confident that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

c. Critical accounting judgments and estimates

The preparation of financial statements requires management to make judgments and adopt estimates that affect the financial statements during the reporting period.

Critical accounting judgments include the evaluation of the Universities Superannuation Scheme (USS) as a multi-employer scheme. The University has judged that the USS meets the definition of a multi-employer scheme for the reasons set out in the accounting policy for pension schemes below. The University has also determined that in the calculation of the USS year end provision at 31 July, the schedule of contributions from the 2020 valuation should be used. Further disclosure has been included in notes 21a and 28 to the financial statements in respect of this judgment.

In the preparation of the consolidated financial statements, management has made estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for income and expenses during the year.

Actual results could differ from these estimates. Estimates are used principally when determining economic and mortality valuation assumptions for defined benefit pension scheme liabilities and in accounting for the carrying value of tangible fixed assets, by way of depreciation and impairment, and accounting for the fair value of investment properties, by way of annual revaluation (note 13). Estimates are also required in respect of other provisions, disclosed in note 21b.

d. Basis of consolidation

The consolidated financial statements include the University and its subsidiary for the year to 31 July. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. A list of subsidiary undertakings is included in note 30. The consolidated financial statements do not include the income and expenditure of Aberdeen University Students' Association or the University of Aberdeen Development Trust as the University does not exert control or dominant influence over policy decisions of these organisations. Associated companies and joint ventures are accounted for using the equity method.

Income recognition

a. Grant funding

Government revenue grants including Scottish Funding Council block grants and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

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

b. Donations & endowments

Donations and endowments with donor imposed restrictions are recognised as income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised as income when the University is entitled to the funds. Investment income and appreciation of endowments are recorded in income for the year for which they arise and are either restricted or unrestricted income according to the terms applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

c. Tuition fee income

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

d. Other income

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.

Investment income is credited to the Consolidated Statement of Comprehensive Income and Expenditure on a receivable basis.

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

e. Capital grants

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

Employment benefits

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

Operating leases

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.

Finance leases

Leases where the University substantially assumes all the risks and rewards of ownership of the leased asset are classified as finance leases with the asset recognised in the statement of financial position. Leased assets acquired by way of finance leases and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the start of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Service concession arrangements

Fixed assets held under service concession arrangements are recognised on the statement of financial position at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to depreciated replacement cost on or prior to the date of transition to the SORP are measured on the basis of deemed cost, being the revalued amount at the date of transition. A revaluation reserve remains disclosed as a separate component of unrestricted reserves.

The difference between historic cost depreciation and depreciation based on revalued deemed cost is transferred from the revaluation reserve to the income and expenditure reserve in each reporting period.

a. Land and buildings

Land and buildings are stated at cost or deemed cost for those acquired prior to transition to the SORP. Subsequent capital expenditure is recorded at cost. Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services. Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the surplus or deficit in the Statement of Comprehensive Income and Expenditure. Properties are not depreciated but are revalued annually according to market conditions at 31 July each year.

The University performs impairment reviews of assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's net realisable value and its value in use, is less than its carrying amount.

Costs incurred in relation to a tangible fixed asset after its initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University. The

cost of any such enhancement is added to the gross carrying amount of the tangible fixed asset concerned.

b. Equipment

Equipment, including computers and furniture costing less than £20,000 per individual item or group of related items, is written off in the year of purchase. All other items are capitalised. Assets acquired under finance leases are included in fixed assets and the capital element of the leasing commitments is shown as a liability.

c. Depreciation

Freehold land is not depreciated. Freehold buildings are depreciated over the expected useful economic life to the University, normally between 30 and 75 years. Where material, a depreciable asset's anticipated useful life is reviewed annually and the accumulated and future depreciation charges are adjusted.

Depreciation on tangible fixed assets in the course of construction is only provided when the assets are first brought into operational use. No depreciation is provided for on investment properties.

Depreciation is provided on the value of equipment, including IT equipment on a straight line basis, normally between 2 – 10 years.

d. Heritage assets

The University holds a number of collections, exhibits, artefacts, and other assets of historical, artistic or scientific importance. Heritage assets acquired before 31 July 2011 have not been capitalised, since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions from 1 August 2011 are capitalised at cost or, in the case of donated assets, will be valued where the cost of obtaining value is not greater than the benefit to the user of the financial statements. In line with the accounting policy in respect of equipment, the threshold for capitalising heritage assets is £20,000. Heritage assets that are irreplaceable originals and for which no reliable value can be attributed, will not be capitalised. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

e. Repairs and maintenance

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the Statement of Comprehensive Income and Expenditure in the period in which it is incurred. The University has

a planned maintenance programme, which is reviewed on an annual basis.

f. Intangible assets

Intangible assets (i.e. computer software) are amortised over their remaining useful economic life, not exceeding 15 years.

Investments

Listed investments, including spin out companies that the University has an interest in, held as fixed assets or endowment assets are shown at market value with movements recognised in the surplus or deficit. Investments in subsidiary undertakings are shown at cost and investments in joint ventures are shown in the consolidated statement of financial position as the attributable share of net assets. The University's share of any surplus or deficit in respect of Joint Ventures is recognised in the Statement of Comprehensive Income and Expenditure. Other investments include term-deposits with a maturity date of more than 12 months from the statement of financial position date.

Stock

Stock, including work in progress, is valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stock.

Research and development

Research and development costs incurred by the University on its own behalf are written off in the year incurred with the exception of any equipment or software that is capitalised in line with the University's accounting policy.

Taxation

The University is an exempt charity within the meaning of Charities and Trustee Investment (Scotland) Act 2005 and, as such, is a charity within the meaning of Section 506(1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue & Customs and is recorded on the index of charities by the Office of the Scottish Charity Regulator. It is, therefore, a charity within the meaning of Paragraph 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 sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or

gains are applied exclusively to charitable purposes. Subsidiary companies are liable to corporation tax.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT in respect of tangible fixed assets is included in their cost.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

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

Foreign currency

Foreign currency transactions are recorded at the rate of exchange at the dates of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at financial year end rates. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income and Expenditure.

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 a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligations. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

Contingent liabilities are disclosed by way of a note, where the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to reliably measure the possible economic outflow.

Contingent assets are disclosed by way of a note, where there is a possible, rather than present asset arising from a past event.

Basic financial instruments

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the University's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Other financial instruments

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in the surplus or deficit except hedging instruments in a designated hedging relationship.

Pension schemes

The principal schemes for the University's staff are the Universities' Superannuation Scheme (USS) and the University of Aberdeen Superannuation & Life Assurance Scheme (JASLAS). The University also contributes to the Strathclyde Pension Fund (SPF). Each scheme is or includes a defined benefit plan which is valued every three years by professionally qualified independent actuaries. A small number of staff remain in other pension schemes.

a. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the University 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.

b. Defined benefit plan

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 assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group 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 liability discount rate is the yield at the statement of financial position date on AA credit rated bonds which match the currency and approximate to the duration of the pension liabilities. 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.

c. Multi-employer scheme

The defined benefit section of the USS is a multi-employer scheme. The assets are not attributed to individual employers and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other employers and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by section 28 of FRS 102, "Employee benefits", the University therefore accounts for the USS defined benefit scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure represents contributions payable to the scheme. The University recognises an immediate expense and provision liability for the present value of contributions which are payable that arise from deficit funding obligations.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.



1. Tuition fees and educational contracts

	2022	2021
	£000	£000
Consolidated and University		
Scottish fees	17,128	16,617
EU fees	4,512	5,071
RUK fees	9,293	8,325
Non-EU fees	57,296	42,447
Non-credit bearing course fees	1,398	1,819
Other contracts	296	144
	89,923	74,423

2. Funding body grants

Consolidated and University		
SFC general funding - teaching	52,052	49,017
SFC general funding - research	22,385	22,404
Strategic research development grant	7,552	11,079
Capital grants released from deferred income	4,330	4,092
Other SFC grants	606	985
	86,925	87,577

3. Research grants and contracts

Consolidated and University		
Research councils	10,267	8,297
UK based charities	8,378	6,549
UK central and local government, health and hospital authorities	16,167	16,038
UK industry, commerce and public corporations	4,203	4,459
EU government bodies	2,567	2,347
EU other	1,010	827
Other overseas	7,856	7,117
Other sources	383	293
	50,831	45,927

Research grants and contracts income includes the following significant grants (over £500,000):

Funding body	Project title	£000
Wista Laboratories Ltd	Alzheimer's research project	5,041
RESAS	RESAS main programme	4,987
RESAS	RESAS ITGF	1,896
OGTC Ltd	National Decommissioning Centre	1,319
Chief Scientist's Office	HSRU core grant	738
Scottish Government	HERU core grant	598
Various energy companies	Sand Injectites Phase 4	580

4. Other income

	Consolidated	University	Consolidated	University
	2022	2022	2021	2021
	£000	£000	£000	£000
Residences, catering and conferences	8,806	8,806	5,394	5,394
Consultancy	4,692	4,692	4,594	4,594
Health authorities	7,792	7,792	7,233	7,233
VAT recovery	229	229	112	112
Other grants	9,649	9,649	7,528	7,528
Capital grants received/released	127	127	85	85
Income from Coronavirus Job Retention Scheme	25	25	818	818
	31,320	31,320	25,764	25,764

5. Investment income

Investment income from endowments (note 22)	1,090	1,090	1,406	1,406
Other investment income	419	414	606	606
	1,509	1,504	2,012	2,012

6. Donations and endowments

New endowments (note 22)	92	92	114	114
Donations with restrictions	309	309	122	122
	401	401	236	236

7. Staff costs

	2022	2021
	£000	£000
Consolidated and University		
Salaries	120,907	113,939
Social security costs	12,210	11,121
Movement on pension provisions (note 21a)	59,467	197
Other pension costs	23,078	21,699
	215,662	146,956
Emoluments of the Principal and Vice-Chancellor – Professor George Boyne		
Salary (including voluntary reduction for part of financial year 2020/21)	260	229
Living allowance	-	17
Pension contributions to USS	15	5
Sub-total	275	251
Benefit in kind – accommodation and associated costs	16	12
Total	291	263

The Principal is required to reside in University-provided accommodation as the University regards this as essential for the fulfilment of his duties. The living allowance was introduced on the removal of the customary tax exemption for the provision of accommodation by HM Revenue & Customs. Following a change to procedures in dealing with the Living Allowance, no payment has been made in the current financial year, this is a timing issue and the living allowance will be calculated in the next financial year. The Principal contributes £12,000 p.a. towards accommodation costs that results in a net benefit in kind of £16,000 (2021: £12,000).

The remuneration (comprising of salary, living allowance and pension contributions) of the Principal, Professor George Boyne, in the financial year was £275,000 (2021: £251,000). This increase from the prior year is due to the reinstatement of the full year salary for the 2021/22 financial year. The Principal volunteered to take a 20% reduction in his salary for the first six months of the previous financial year due to the uncertainties surrounding the impact on the University's financial position due to the Covid-19 pandemic. His remuneration was 6.8 times (2021: 6.2 times) the median remuneration of the workforce which was £40,504 (2021: £40,323).

Staff costs for key management personnel excluding employer's pension contribution	1,232	1,078
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Key management personnel are the University's Senior Management Team (SMT), comprising of the Senior Vice Principal, Vice Principals, Secretary to the University, Chief Finance Officer, Director of People and the Director of External Relations. During the first six months of the previous financial year members of the SMT took a voluntary 10% reduction in pay. The University of Aberdeen Development Trust's Executive Director of Advancement also attends SMT meetings in order to provide support in relation to our fundraising and development activities. Salary costs for the Executive Director of Advancement are met by the University of Aberdeen Development Trust and are not included within the above costs.

7. Staff costs - continued

Compensation for loss of office payable to senior post holders:	2022		2021	
	Number	£000	Number	£000
Number of payments in excess of £100,000 during the year	-	-	-	-
Compensation arrangements for members of staff earning in excess of £100,000	1	83	-	-

Remuneration of other higher paid staff (excluding the Principal)	2022	2021
	Number	Number
£100,000 - £109,999	22	17
£110,000 - £119,999	13	22
£120,000 - £129,999	9	10
£130,000 - £139,999	11	11
£140,000 - £149,999	8	3
£150,000 - £159,999	3	3
£160,000 - £169,999	2	-
£200,000 - £209,999	-	1

Average staff numbers by activity - full time equivalent basis		
Academic departments	1,208	1,176
Academic services	301	299
Administration and central services	396	379
Premises	211	226
Residences, catering and conferences	92	97
Research grants and contracts	379	365
Other expenses	123	122
	2,710	2,664

Staff costs by activity – Consolidated and University	2022	2021
	£000	£000
Academic departments	77,983	74,363
Academic services	14,634	13,780
Administration and central services	20,066	18,942
Premises	7,170	6,807
Residences, catering and conferences	3,103	3,072
Research grants and contracts	23,445	21,341
Other expenses	9,794	8,454
Pension cost adjustments	59,467	197
	215,662	146,956

8. Other operating expenses by activity

	Consolidated 2022 £000	University 2022 £000	Consolidated 2021 £000	University 2021 £000
Academic departments	18,900	18,900	15,143	15,143
Academic services	7,610	7,610	7,004	7,004
Administration and central services	13,030	13,030	9,258	9,258
Premises	10,718	10,718	9,074	9,074
Residences, catering and conferences	2,378	2,378	1,875	1,875
Research grants and contracts	14,014	14,014	12,334	12,334
Other expenses	7,572	7,354	4,288	3,932
Pension liability movements	330	330	330	330
	74,552	74,334	59,306	58,950

Other operating expenses (including VAT) include:

External auditor's remuneration in respect of audit services	177	158	72	69
External auditor's remuneration in respect of non-audit services	82	82	40	40
Internal auditor's remuneration in respect of audit services	138	138	91	91
Internal auditor's remuneration in respect of non-audit services	209	209	167	167

External audit remuneration in respect of non-audit services include the costs of auditing the conversion of the University's financial statements to US GAAP for the first time. Internal auditor remuneration for non-audit services is in respect of tax advice for the establishment of overseas collaborations and other specialist matters.

9. Depreciation by activity

Academic departments	1,449	1,449	1,447	1,447
Academic services	4,140	4,140	3,459	3,459
Administration and central services	68	68	58	58
Premises	9,007	9,007	8,487	8,487
Residences, catering and conferences	2,483	2,483	2,484	2,484
Research grants and contracts	604	604	657	657
Other expenses	218	218	263	263
	17,969	17,969	16,855	16,855

10. Interest and other finance costs

Loan interest	2,931	2,931	3,217	3,217
Finance leases	1,858	1,858	1,781	1,781
Net interest on defined benefit pension schemes (note 21a)	682	682	842	842
	5,471	5,471	5,840	5,840

11. Analysis of total expenditure by activity

	Consolidated 2022 £000	University 2022 £000	Consolidated 2021 £000	University 2021 £000
Academic departments	98,332	98,332	90,953	90,953
Academic services	26,384	26,384	24,243	24,243
Administration and central services	33,164	33,164	28,258	28,258
Premises	29,826	29,826	27,585	27,585
Residences, catering and conferences	9,822	9,822	9,212	9,212
Research grants and contracts	38,063	38,063	34,333	34,333
Other expenses	17,584	17,366	13,004	12,648
Movement on pension provisions	60,479	60,479	1,369	1,369
	313,654	313,436	228,957	228,601

12. Disposal of fixed assets

(Loss)/gain on disposal of fixed assets	(48)	(53)	4,493	234
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The prior year gain is in respect of the disposal of surplus investment properties and land, predominantly by the Rowett Research Institute Limited.

13. Fixed assets - Non-current assets - Consolidated

	Freehold Land and Buildings £000	Assets in Course of Construction £000	Investment Properties £000	Heritage Assets £000	Fixtures, Fitting and Equipment £000	Intangible Assets £000	Total £000
Cost or Valuation							
At 1 August 2021	543,520	32,534	29,828	277	60,705	7,761	674,625
Additions	3,191	8,429	374	-	7,467	743	20,204
Reclassification	38,965	(38,965)	-	-	-	-	-
Revaluation	-	-	(926)	-	-	-	(926)
Disposals	-	-	(421)	-	(2,785)	-	(3,206)
At 31 July 2022	585,676	1,998	28,855	277	65,387	8,504	690,697
Depreciation							
At 1 August 2021	90,568	-	-	-	48,585	4,315	143,468
Charge for the year	12,131	-	-	-	5,325	513	17,969
Eliminated on disposals	-	-	-	-	(2,731)	-	(2,731)
At 31 July 2022	102,699	-	-	-	51,179	4,828	158,706
Net book value							
At 31 July 2022	482,977	1,998	28,855	277	14,208	3,676	531,991
At 31 July 2021	452,952	32,534	29,828	277	12,120	3,446	531,157

13. Fixed assets - Non-current assets - University

	Freehold Land and Buildings	Assets in Course of Construction	Investment Properties	Heritage Assets	Fixtures, Fitting and Equipment	Intangible Assets	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 August 2021	542,448	32,534	27,799	277	60,705	7,761	671,524
Additions	3,191	8,429	374	-	7,467	743	20,204
Reclassification	38,965	(38,965)	-	-	-	-	-
Revaluation	-	-	(1,041)	-	-	-	(1,041)
Disposals	-	-	-	-	(2,785)	-	(2,785)
At 31 July 2022	584,604	1,998	27,132	277	65,387	8,504	687,902
Depreciation							
At 1 August 2021	90,510	-	-	-	48,585	4,315	143,410
Charge for the year	12,131	-	-	-	5,325	513	17,969
Eliminated on disposals	-	-	-	-	(2,731)	-	(2,731)
At 31 July 2022	102,641	-	-	-	51,179	4,828	158,648
Net book value							
At 31 July 2022	481,963	1,998	27,132	277	14,208	3,676	529,254
At 31 July 2021	451,938	32,534	27,799	277	12,120	3,446	528,114

As part of the transition to FRS102, the University chose to no longer revalue land and buildings and to use the 31 July 2014 valuation figures as the deemed cost of assets. The 2014 valuation was performed by Mr A Donaldson BLE, MRICS, Director of Estates, University of Aberdeen. The basis of valuation is depreciated replacement cost as set out in the Royal Institute of Chartered Surveyor's Statement of Asset Valuation Practice and Guidance Notes.

The University owns academic, academic related and recreational buildings which are located in Old Aberdeen, at Foresterhill, part of Marischal College and various Halls of Residence complexes. Part of the Hillhead Halls of residence complex is held under a finance lease, the net book value of assets held under finance leases by the University is £21.6m (2021: £22.4m).

Consolidated and University fixed assets net book value at 31 July 2022 respectively include £28.9m (2021: £29.8m) and £27.1m (2021: £27.8m) in respect of investment properties that are required to be revalued on an annual basis. The revaluation exercise was carried out on 31 July 2022 and was performed by Faithful and Gould.

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

The net book value of fixed assets is analysed between:

	Consolidated 2022 £000	University 2022 £000	Consolidated 2021 £000	University 2021 £000
Tangible assets	499,183	498,169	497,606	496,592
Heritage assets	277	277	277	277
Intangible assets	3,676	3,676	3,446	3,446
Investment properties	28,855	27,132	29,828	27,799
	531,991	529,254	531,157	528,114

14. Non-current investments

	Endowments £000	Spin-Outs £000	Pensions £000	Other £000	Total £000
Consolidated					
At 1 August 2021	54,652	909	3,578	10,682	69,821
Additions	44,944	-	3,112	37	48,093
Disposals/reclassification	(44,803)	-	(3,112)	(10,033)	(57,948)
Depreciation	(669)	(233)	(184)	-	(1,086)
At 31 July 2022	54,124	676	3,394	686	58,880
University					
At 1 August 2021	54,652	909	3,578	26,669	85,808
Additions	44,944	-	3,112	37	48,093
Disposals/reclassification	(44,803)	-	(3,112)	(10,033)	(57,948)
Impairment	-	-	-	(812)	(812)
Depreciation	(669)	(233)	(184)	-	(1,086)
At 31 July 2022	54,124	676	3,394	15,861	74,055

Endowment additions and disposals reflect the restructure of our portfolio following the implementation of our revised investment strategy as approved by the Investment Committee. Other investments as at 1 August 2021 included £10.0m of term deposits with a maturity of more than one year, these have now been reclassified as current investments as they near maturity.

	Consolidated £000	University £000
Other non-current investments consist of:		
Aberdeen Sports Village Ltd (Joint Venture)	-	15,175
Epidarex Capital	686	686
	686	15,861

The Group's subsidiary undertakings are listed in note 30.

The Group has participating interests in spin out entities which exceed 20% of voting rights (at cost), however there is no board control over the entities and significant influence is not exerted over the operating and financial policies. As a result, the investees are free to implement policies that are inconsistent with the investor's strategy. The substance of the relationship between the investor and investee is that of a fixed asset investment with a view to a trade sale in the medium term. Therefore, these investments are disclosed as fixed asset investments and are not accounted for as equity.

The total value of endowments, spin outs and pension non-current assets carried at fair value in the consolidated statement of financial position is £58.2m (2021: £59.1m)

15. Investment in joint venture

The University holds a 50% share of Aberdeen Sports Village Limited, a company limited by guarantee and registered as a charity. The company provides premier sporting facilities to our students and the wider community, including the Aquatics Centre with an Olympic standard swimming pool. This is a joint venture company owned equally by the University and Aberdeen City Council. The arrangement is treated as a joint venture and is accounted for using the gross equity method, such that 50% of the company's gross assets and liabilities are incorporated into the consolidated statement of financial position of the University and 50% of its net income is reported in the Statement of Comprehensive Income.

	2022 £000	2021 £000
Consolidated		
Income and expenditure account		
Deficit before tax	(930)	(912)
Actuarial gain on pension scheme	289	123
	(641)	(789)
Statement of Financial Position		
Fixed assets	17,118	17,934
Current assets	2,935	3,474
	20,053	21,408
Less: Restricted funding from SportScotland	(3,909)	(4,138)
Share of gross assets	16,144	17,270
Less: Creditors - amounts due with one year	(703)	(1,188)
Share of net assets	15,441	16,082

The movement in the share of net assets from the prior year reflects the University's share of the loss for the year.

16. Stock

	Consolidated	University	Consolidated	University
	2022	2022	2021	2021
	£000	£000	£000	£000
Stock of finished goods	301	301	257	257

17. Trade and other receivables

Trade debtors	12,344	12,343	9,599	7,492
Prepayments and accrued income	11,831	11,831	11,117	11,117
Amounts due from subsidiary companies	-	-	-	-
	24,175	24,174	20,716	18,609

Financial instruments included within trade and other receivables are carried at amortised cost.

18. Investments

Term deposits	57,000	57,000	45,000	45,000
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The increase is due to the reclassification of deposits from non-current investments as these near maturity.

19. Creditors: amounts falling due within one year

Loans and leases	1,196	1,196	11,044	11,044
Research grants received on account	21,204	21,204	22,468	22,468
Other grants received on account	14,965	14,965	18,450	18,450
Trade creditors	5,638	5,638	4,573	4,573
Social security and other taxation payable	4,218	4,218	3,574	3,574
Accruals and deferred income	26,650	26,592	24,513	24,451
	73,871	73,813	84,622	84,560

Financial instruments included within creditors are carried at amortised cost.

20. Creditors: amounts falling due after more than a year

	Consolidated 2022 £000	University 2022 £000	Consolidated 2021 £000	University 2021 £000
Loans	93,071	93,071	93,357	93,357
Finance lease obligations	22,936	22,936	23,512	23,512
Deferred income	90,306	90,306	92,037	92,037
	206,313	206,313	208,906	208,906

a. Loans are repayable:

Less than one year	286	286	10,286	10,286
Between one and two years	286	286	286	286
Between two and five years	10,858	10,858	857	857
In five years or more	81,927	81,927	92,214	92,214
	93,357	93,357	103,643	103,643

b. Finance lease net obligations committed:

Less than one year	910	910	758	758
Between one and two years	1,006	1,006	841	841
Between two and five years	2,785	2,785	2,756	2,756
In five years or more	19,145	19,145	19,915	19,915
	23,846	23,846	24,270	24,270

c. Deferred income

Less than one year	4,371	4,371	4,304	4,304
Between one and two years	3,827	3,827	3,825	3,825
Between two and five years	7,246	7,246	7,594	7,594
In five years or more	79,233	79,233	80,618	80,618
	94,677	94,677	96,341	96,341

Deferred income relates to capital grants received from government bodies.

Loans included above have the following terms:

	Amount £000	Term Year	Rate %
Bank Loan – Tranche 1	3,450	2031	5.415
Bank Loan – Tranche 2	11,250	2036	3.000
Bank Loan – Tranche 3	7,500	2036	3.072
Bank Loan – Tranche 4	7,800	2036	3.195
Private Placement – Tranche 1	20,000	2044	3.050
Private Placement – Tranche 2	20,000	2049	3.130
Private Placement – Tranche 3	20,000	2054	3.190
SFC Financial Transactions	3,357	2034	0.250

In May 2019, the University raised £60m of borrowing through a private placement, the funds are in three tranches of £20m repayable in 25, 30 and 35 years. The bank loans are repayable in three instalments in September 2026, 2031, and 2036 respectively. In April 2020, the University received £4m of funding via the Scottish Funding Council's Financial Transactions programme.

Leases

In December 2012 the University entered into a 25 year finance leasing arrangement with Prudential Ltd in respect of the New Carnegie Court Halls of Residence, £23.3m is payable under this agreement which expires in 2037. The University has entered into leasing agreements for IT equipment for £0.55m.

21. Provisions for liabilities

a. Pension provisions	USS Deficit Obligations	Defined Benefit Obligations	Enhanced Pensions	Total Pension Provisions
	£000	£000	£000	£000
Consolidated and University				
At 1 August 2021	40,126	20,341	2,880	63,347
Charged to staff costs	-	5,311	-	5,311
Movements in year	-	-	(890)	(890)
Interest payable	349	333	-	682
Employer contributions paid	(2,287)	(3,694)	-	(5,981)
Administrative expenses	-	330	-	330
Changes in expected contributions	60,137	-	-	60,137
Actuarial gain	-	(13,084)	-	(13,084)
At 31 July 2022	98,325	9,537	1,990	109,852

Further information regarding the USS pension scheme and defined benefit obligation schemes is available in note 28.

b. Other provisions	Medical Equipment £000	Other £000	Total £000
Consolidated and University			
At 1 August 2021	600	259	859
Charged in year	-	-	-
Utilised in year	(300)	-	(300)
Released in year	-	-	-
At 31 July 2022	300	259	559

Provisions are expected to be used or reversed within one year.

22. Endowment reserves

Consolidated and University	Unrestricted Permanent £000	Restricted Permanent £000	Restricted Expendable £000	2022 Total £000	2021 Total £000
Balance at 1 August 2021					
Capital	19,328	31,689	164	51,181	45,480
Accumulated income	-	7,238	1	7,239	6,460
	19,328	38,927	165	58,420	51,940
			-		
New endowments	-	92	-	92	114
Investment income	369	717	4	1,090	1,406
Expenditure	(369)	(412)	(71)	(852)	(912)
Net expenditure	-	305	(67)	238	494
(Decrease)/increase in market value of investments	(220)	(473)	24	(669)	5,872
At 31 July 2022	19,108	38,851	122	58,081	58,420
Represented by:					
Capital	19,108	31,124	122	50,354	51,181
Accumulated income	-	7,727	-	7,727	7,239
	19,108	38,851	122	58,081	58,420
Analysis by purpose					
Bursaries				3,361	2,824
Prizes				2,535	2,185
Scholarships				7,305	6,360
Teaching foundations				5,897	5,124
Other restricted purposes				19,011	16,476
Unrestricted				19,108	19,328
Unallocated unrealised gains				864	6,123
				58,081	58,420

The University has one material endowment, the James E Crombie endowment, a permanent endowment with no restrictions, which at 31 July 2022, had a balance of £6.6m made up of a share of pooled investments and cash balances. The fund earned £0.13m during the year, which in line with SORP requirements, was released to the Income and Expenditure Reserve and £0.84m of gains realised on the sale of investments were added to the capital balance of the fund.

23. Cash and cash equivalents

	Consolidated £000	University £000
At 1 August 2021	65,527	59,227
Cash flows	(13,927)	(16,242)
At 31 July 2022	51,600	42,985

24. Reconciliation of net debt

Analysis of net debt	Consolidated	University	Consolidated	University
	2022	2022	2021	2021
	£000	£000	£000	£000
Cash and cash equivalents	51,600	42,985	65,527	59,227
Investments	57,000	57,000	45,000	45,000
	108,600	99,985	110,527	104,227
Borrowings: amounts falling due within one year				
Unsecured loans	286	286	10,286	10,286
Obligations under finance leases	910	910	758	758
	1,196	1,196	11,044	11,044
Borrowings: amounts falling due after more than one year				
Unsecured loans	93,071	93,071	93,357	93,357
Obligations under finance leases	22,936	22,936	23,512	23,512
	116,007	116,007	116,869	116,869
Net debt	8,603	17,218	17,386	23,686
	Consolidated	University	Consolidated	University
	2022	2022	2021	2021
	£000	£000	£000	£000
Net debt at 1 August 2021	17,386	23,686	26,056	26,957
Movement in cash, cash equivalents and investments	1,927	4,242	(7,703)	(2,304)
Capital repayment of finance leases	(424)	(424)	(681)	(681)
Repayment of unsecured loans	(10,286)	(10,286)	(286)	(286)
New finance leases	-	-	-	-
New unsecured loans	-	-	-	-
Net debt at 31 July 2022	8,603	17,218	17,386	23,686
Change in net debt	(8,783)	(6,468)	(8,670)	(3,271)

25. Capital commitments

	2022	2021
	£000	£000
Consolidated and University		
Commitments contracted for	8,409	4,242
Authorised but not contracted for	17,915	11,678
	26,324	15,920

26. Amounts disbursed as agent

	Childcare Funds £000	Undergraduate Funds £000	Postgraduate Funds £000	Covid-19 Funds £000	International Funds £000	2022 Total £000	2021 Total £000
Consolidated and University							
At 1 August 2021	123	90	48	681	-	942	261
Allocation received in year	113	271	61	-	57	502	2,103
Repaid as claw back	(123)	(90)	(48)	-	-	(261)	-
Interest earned	1	-	-	2	-	3	1
Expenditure	(94)	(268)	(38)	(537)	-	(937)	(1,423)
At 31 July 2022	20	3	23	146	57	249	942

27. Disclosure of related party transactions

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

The following transactions were identified for the disclosure:

Organisation	Relationship	Nature of Transaction	Receipts £000	Payments £000
Aberdeen & Grampian Chamber of Commerce	Supplier	Operations	-	25
Aberdeen Sports Village Limited*	Joint venture	Operations/Grants	106	1,290
Aberdeen University Students Association*	Charity	Operations/Grants	4	1,038
British Heart Foundation	Charity	Operations/Grants	618	-
Carnegie Trust	Charity	Operations/Grants	68	-
CBI Scotland	Supplier	Operations	-	17
Cruickshank Botanical Gardens Trust	Charity	Operations/Grants	56	9
Hampshire Hospitals NHS Trust	Supplier	Operations	-	3
Institute of Chartered Accountants of Scotland	Supplier	Operations	-	33
Law Society of Scotland	Supplier	Operations	-	2
Scottish Power	Supplier	Operation	8	-
SEPA	Supplier	Operations	-	9
University of Aberdeen Development Trust*	Charity	Operations/Grants	5,550	1,369

The University of Aberdeen Life Assurance and Superannuation Scheme and the Universities Superannuation Scheme are also regraded as related parties. Details of transactions are included within Note 28.

Those parties marked with * are related to the University as a result of our close working relationships. Others are classed as related parties due to their association with individual Members of Court.

Outstanding balances owed from/(to) the above related parties as at 31 July 2022 are as follows:

	2022 £000	2021 £000
Aberdeen & Grampian Chamber of Commerce	(2)	-
Aberdeen Sports Village Limited	6	45
British Heart Foundation	168	39
Carnegie Trust	-	18
Cruickshank Botanical Gardens Trust	(9)	(8)
Hampshire Hospitals NHS Trust	(1)	-
Rocking Horse Nursery	-	121
University of Aberdeen Development Trust	17	76
Aberdeen University Students Association	(1)	-

28. Pension schemes

The principal schemes for the University's staff are the Universities' Superannuation Scheme (USS) and the University of Aberdeen Superannuation & Life Assurance Scheme (UASLAS). The University also contributes to the Strathclyde Pension Fund (SPF). The UASLAS and SPF schemes are defined benefit schemes, whilst the USS scheme has a combination of defined benefit and defined contribution elements. All three schemes are externally funded. Each fund is valued every three years by professionally qualified independent actuaries. A small number of staff remain in other pension schemes.

Pension Scheme	Employer Contribution Rate	Employee Contribution Rate	Active Members	2022	2021
				£000	£000
As at 31 July 2022					
UASLAS	18.9% ¹	8.0%	669	2,474	2,455
SPF	40.4%	Variable	21	264	256
USS	21.6% ²	9.8%	2,112	19,861	18,654
STSS	23.0%	Variable	2	26	29
NHSS	20.9%	Variable	30	356	342
				22,981	21,736

¹The UASLAS employer contribution rate includes a £725,000 contribution towards the elimination of the deficit.

²The employers' contribution rates are as follows:

Effective Date	Rate
1 October 2019 to 30 September 2021	21.1%
1 October 2021 to 31 March 2022	21.4%
1 April 2022 to 31 March 2024	21.6%
1 April 2024 to 31 March 2038	21.4%

Key actuarial assumptions, if appropriate

Pension Scheme	Discount Rate	Salary Increase Rate	Pension Increase Rate	Mortality Rate Current pensioners male	Mortality Rate Current pensioners female	Mortality Rate Future pensioners male	Mortality Rate Future pensioners female
SPF	3.45%	3.5%	2.8%	19.6	22.4	21.0	24.5
UASLAS	3.5%	3.3%	See below	20.7	23.8	22.0	25.2

UASLAS Pension Increase Rates and Inflation Assumptions

	Increase Rate	CPI	RPI
CARE – pre January 2019, pre 2030	2.3%		
CARE – pre January 2019, post 2030	2.9%		
CARE – post January 2019, pre 2030	2.3%		
CARE – post January 2019, post 2030	2.9%		
Final Salary – pre 2030	3.2%		
Final Salary – post 2030	3.0%		
Inflation assumption pre 2030		2.3%	3.2%
Inflation assumption post 2030		2.9%	3.0%

In calculating USS pension provision at 31 July 2022, the University used the discount rate (3.31%) provided by the British Universities Finance Directors Group (BUF DG) and a future salaries increase rate of 4.2% for financial years 22/23 and 23/24, 3.5% for 24/25 and 25/26 and 3% thereafter.

Guaranteed Minimum Pension

On 26 October 2018, the High Court in England handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded such schemes should be amended to equalise differences in pension benefits for men and women arising from amounts accrued under the Guaranteed Minimum Pension between 1990 and 1997. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. During the year, the University has worked with the trustees of the UASLAS and SPF schemes to understand and evaluate the additional defined benefit pension obligation arising from the judgment for each scheme. An additional liability of £0.8m was recognised at 31 July 2019 in respect of Guaranteed Minimum Pension. For the University's other defined benefit schemes, principally the USS, the provision included within the financial statements in note 21 may also be impacted in the future, to the extent changes in benefits due to the judgment increase the future level of employer deficit contributions. It is not possible currently to estimate this potential change at 31 July 2022.

28. Pension schemes - continued

The Universities Superannuation Scheme (USS)

The University participates in the 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 University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the University therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Statement of Comprehensive Income.

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 the 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 the surplus or deficit in accordance with section 28 of FRS 102. Court is satisfied that the 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.

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2020 (the valuation date), which was carried out using the projected unit method.

Since the University 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 2020 valuation was the sixth 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. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles.

CPI Assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long term difference of 0.1% p.a. from 2040
Pension increases (CPI)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus Pre-retirement: 2.75% p.a. Post retirement: 1.00% p.a.

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 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2020 Valuation
Mortality base table	101% of S2PMA "light" for males and 95% of SEPFA for females.
Future improvements to mortality	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females

The current life expectancies on retirement at age 65 are:

	2022	2021
Males currently aged 65 (years)	23.9	24.6
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.6
Females currently aged 45 (years)	27.3	27.9

28. Pension schemes - continued

The Universities Superannuation Scheme (USS)

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate increased to 6% until 31 March 2028. The 2020 deficit recovery liability reflects this plan.

In accordance with the requirements of the SORP, the University currently recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme (USS). Details of this provision are included in note 21a to the financial statements.

As set out in the accounting policies, there are some critical judgments made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the provision are:

	Increase in Provision £000
0.5% decrease in discount rate	4,094
0.5% increase in salary inflation over duration	4,070
0.5% increase in staff changes over duration	4,197

University of Aberdeen Superannuation and Life Assurance Scheme (UASLAS)

The University of Aberdeen Superannuation and Life Assurance Scheme is a funded defined benefit pension scheme in the UK. The Scheme is set up on a tax relieved basis as a separate trust independent of the University and is supervised by Trustees. The Trustees are responsible for ensuring that the correct benefits are paid, that the Scheme is appropriately funded and that Scheme assets are appropriately invested.

Active members of the Scheme pay contributions at the rate of 8.0% of pensionable salary and the University pays the balance of the cost as determined by regular actuarial valuations. The Trustees are required to use prudent assumptions to value the liabilities and costs of the Scheme for funding purposes whereas the accounting assumptions must be best estimates. The University contributes £725,000 per annum towards elimination of the funding shortfall. This is in addition to contributions paid in respect of future service benefits and administration expenses.

A formal actuarial valuation as at 31 July 2019 was completed during the and reported a deficit of £9.6m. As a result of the 2019 valuation exercise, employer contributions, including the deficit recovery contribution are now 18.9% and employee contributions remain unchanged at 8%.

The power to appoint Trustees is vested in the University Court. Court appoints four Trustees including an independent chairman and three University employees. A further two Trustees, who represent members, are elected by the active and pensioner members of the scheme. The arrangements for appointing membership representatives comply with the Membership Nominated Trustee requirements of the Pensions Act 2004.

Trustees are invited to attend Trustee meetings at which a minimum of two must be present for valid decisions to be taken. Decisions require the majority support of those Trustees present. Trustee meetings are normally held every three months but can be called more frequently where necessary. During 2021/22 the Trustees met four times.

28. Pension schemes - continued

University of Aberdeen Superannuation and Life Assurance Scheme (UASLAS)

Scheme Assets	2022	2021
	Fund Value	Fund Value
	£000	£000
Equities	27,280	43,268
Property	15,318	17,388
Government bonds	4,585	14,153
Corporate bonds	50,516	38,072
Index linked bonds	-	11,243
Secure pensions	650	815
Cash	5,503	13,178
Liability driven investments	44,072	42,974
	147,924	181,091

The Scheme holds an asset in respect of annuities purchased in the Trustees' name to meet benefits due to pensioners (and deferred pensioners). The value of the assets in respect of these policies is equal to the value of the FRS102 liability that they cover, which at the Measurement Date was £650,000.

At 31 July 2022, the defined benefit deficit of the scheme was £9.5m (2021: £20.3m).

Following the 31 July 2016 triennial valuation, the University agreed to make annual deficit contributions of £725,000 over a 10 year period commencing 1 August 2017. The guarantee was subsequently increased to £9.6m to reflect the 2019 valuation exercise deficit.

Additional disclosures in respect of the UASLAS pensions disclosures

Inflation assumptions

The University has updated its approach to setting RPI and CPI inflation assumptions in light of the RPI reform proposals published on the 4th September 2019 by the UK Chancellor and UK Statistics Authority.

The University has proposed that RPI inflation is to be set in line with market break even expectations less an inflation risk premium (IRP). They have proposed a change to how the IRP is set post 2030, resulting in a decrease in RPI compared with the prior year methodology of 20 basis points after 2030. For the CPI, the Actuary has proposed reducing the long-term gap between RPI and CPI after 2030, resulting in an increase in the resulting CPI assumption post 2030 of 60 basis points compared with the prior year methodology to reflect increased clarity on the future of the RPI index.

The impact of the changes in approach when setting the inflation assumptions is expected to have been a £2.8m increase in the DBO, made up of a reduction of £3.0m from the change in IRP and an increase of £5.8m from the change in RPI-CPI wedge.

Covid-19/Mortality

For the accounting disclosure as at 31 July 2022 we have updated the demographic assumptions using the CMI_2020 model, allowing for a long-term rate of improvement of 1.25%, a smoothing parameter of 7.0, an initial addition parameter of 0.1% and a 2020 weighting of 10%. This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI. The new CMI_2020 Model introduces a "2020 weight parameter" for the mortality data in 2020 so that some of the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results. Our view is that placing too much weight on the 2020 mortality experience would not be appropriate given the abnormality of the 2020 data. However, the overall outlook for best-estimate future mortality improvements looks less positive as a result of the pandemic, and so we have made partial allowance for this 2020 data when projecting future longevity improvements by using the CMI_2020 Model with a 2020 weight parameter of 10%. The effect on the Employer's liabilities of updating to the most recent model is an approximate decrease in the DBO of £1.3m.

The Strathclyde Pension Fund (SPF)

The Strathclyde Pension Fund (SPF) provides benefits based on a final pensionable salary for employees of local government and some other institutions. It is possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if they were a defined benefit scheme.

The last triennial valuation undertaken was at 31 March 2020. The employer's contribution rate payable on members' pensionable salaries is 40.4%. The accounting standard FRS102 is designed to produce a net pension asset or liability calculated according to a prescribed method of valuation. In particular, the discount rate applied to pension scheme liabilities differs from that used in normal actuarial valuations to determine, inter alia, the scheme's required funding rate, and generally produce a higher value for scheme liabilities. The pension costs are determined with the advice of an independent qualified actuary on the basis of triennial valuation using the projected unit method.

Scheme Assets	2022	2021
	Fund Value	Fund Value
	£000	£000
Equities	13,982	15,484
Bonds	6,292	5,631
Property	2,563	2,111
Cash	466	235
	23,303	23,461

At 31 July 2022, the defined benefit surplus for the scheme was £7.3m (2021: surplus of £1.9m). The surplus is not recognised in the University statement of financial position.

28. Pension schemes - continued

The Scottish Teachers Superannuation Scheme (STSS)

The STSS is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional assets value is ascribed to the scheme for the purposes of determining contribution rates.

Under the definitions set out in FRS102, the STSS is a multi-employer pension scheme. The University of Aberdeen is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS102 and has accounted for its contribution as if it were a defined contribution scheme. The scheme is subject to a report by the Government Actuary every five years.

The National Health Service Superannuation Scheme (NHSSS)

NHSSS is a multi-employer defined benefit pension scheme. Historically the scheme has operated on the basis that it is responsible only for the cost of the basic benefits payable to members and their dependents, with the cost of pension increases being met by the Exchequer. However, from 1 April 2004, the cost of pension increases has been met by an increase in the employers' contribution rate. This scheme is also accounted for as if it were a defined contribution scheme.

Additional Pension Payments

Following the merger with Northern College in 2001 the University is responsible for the payment of enhanced pensions to a number of former employees of the College, most of whom have been granted early retirement. An actuarial valuation of the liability was carried out as at 1 December 2001, the date of the merger between the University and Northern College. This valuation revealed a liability of £4,596,000, which was incorporated into the accounts of the University at merger.

An actuarial valuation has been undertaken at 31 July 2022 as follows:

	2022	2021
Discount Rate	3.5%	1.7%
Pension Increases: Pre 2030:	2.3%	2.3%
Pension Increases: Post 2030	2.9%	2.9%

In order to maintain consistency with the approach adopted for previous years, all other assumptions, including demographic assumptions adopted are those used for the University of Aberdeen Superannuation and Life Assurance Scheme (UASLAS).

Membership statistics for former employees of the Northern College of education in receipt of a pension on 31 July are as follows:

		2022	2021
		£000	£000
Old Scheme	Academic staff	118	124
	Support staff	7	7
New Scheme	Academic staff	92	103
	Support staff	36	36
Total		253	270

Benefits to be valued

The pensions are paid to former employees of the Northern College of Education subject to the following terms:

- Pension increases are in line with statutory increases (currently CPI inflation);
- Spouses' pensions are 50% of members' pensions at date of death;
- Widowers' pensions are payable in respect of females whose pensions commenced after 5 April 1988

	2022	2021
Results	£000	£000
Liability on this basis at 31 July	1,990	2,880

28. Pension schemes - continued

Combined disclosures – Defined Benefit Schemes

The following amounts were measured in respect of UASLAS and SPF and have been recognised in the financial statements 1

	2022	2021
	£000	£000
Analysis of amounts recognised in surplus/(deficit) for the year		
Employer service cost	5,311	4,589
Administrative costs	330	330
Net interest cost	333	543
	5,974	5,462
Analysis of other comprehensive income		
Actuarial gains	50,166	7,210
Return on assets excluding amounts in net interest	(37,082)	12,474
	13,084	19,684
Analysis of amount shown in the statement of financial position:		
Actuarial value of scheme liabilities	(174,403)	(222,989)
Fair value of assets	164,866	202,648
Defined benefit liability at end of year	(9,537)	(20,341)
Analysis of amount shown in the statement of financial position:		
Defined benefit liability at end of previous year	(20,341)	(38,293)
Current service cost	(5,311)	(4,589)
Past service cost	-	-
Net interest charge	(333)	(543)
Administrative costs	(330)	(330)
Employer contributions	3,694	3,730
Planned changes to schemes	-	-
Actuarial gain	13,084	19,684
Defined benefit liability at end of year	(9,537)	(20,341)
Change in scheme assets:		
Fair value of assets at prior year end	202,648	189,494
Administrative expenses	(330)	(330)
Interest income	3,407	2,605
Actuarial (loss)/gain on assets	(37,082)	14,597
Employer contributions	3,694	3,730
Scheme participants contributions	119	127
Benefits paid from scheme assets	(7,590)	(7,575)
Fair value on assets at current year end	164,866	202,648

28. Pension schemes - continued

	2022	2021
Change in actuarial value of scheme liabilities:	£000	£000
Scheme liabilities at prior year end	222,989	227,787
Employer service cost	5,311	4,589
Interest cost	3,740	3,148
Scheme participants contributions	119	127
Loss on planned changes	-	-
Actuarial (gain)	(50,166)	(5,087)
Benefits paid from scheme assets	(7,590)	(7,575)
Scheme liabilities at current year end	174,403	222,989

Five-year history of assets and liabilities:	2022	2021	2020	2019	2018
	£000	£000	£000	£000	£000
Deficit in the schemes:					
Actuarial value of scheme liabilities	(174,403)	(222,989)	(227,787)	(207,006)	(185,449)
Fair value of assets	164,866	202,648	189,494	184,931	174,699
Deficit in the scheme	(9,537)	(20,341)	(38,293)	(22,075)	(10,750)

29. Lease obligations

Total rentals payable under operating leases:	2022	2021
	£000	£000
Payable during the year	304	296
Future minimum lease payments due:		
Not later than one year	298	373
Later than one year and not later than five years	14	381
	312	754

30. Subsidiary undertakings

The subsidiary companies, all of which are registered in Scotland, and are wholly owned by the University are as follows;

Company	Principal Activity
Rowett Research Institute Limited	Charitable research company
Aberdeen University Research & Innovation Services Limited	Dormant
King's College Centre Limited	Dormant
Aberdeen University Press Limited	Dormant

The registered address of all University subsidiaries is 37 Albyn Place, Aberdeen, AB10 1YN.

31. Financial instruments

Risk management

The University operates a centralised treasury management function which is responsible for managing the credit, liquidity, interest and foreign currency risk. These financial risks are managed within the parameters specified by the approved treasury management policy. The treasury management policy adopts the key recommendations of the Code of Practice on Treasury Management in Public Service as issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and is reviewed, updated and approved annually.

The University's principal financial instruments are cash, investments, loans and finance leases. The core objective of these financial instruments is to meet the financing needs of the University's operations and capital investment. Additionally, the University has other financial assets and liabilities arising directly from its operations i.e. trade debtors and creditors.

	Consolidated	University
	2022	2022
	£000	£000
Assets measured at fair value through income or expenditure		
- Amounts included in non-current assets (note 14)	58,880	74,055
- Current asset investments (note 18)	57,000	57,000
Assets measured at cost less impairment (note 17)	24,175	24,174
Liabilities (excluding loans) measured at amortised cost (note 19)	72,675	72,617
Loan commitments measured at amortised cost (note 20)		
- Loans	93,357	93,357
- Finance lease obligations	23,846	23,846

The fair value of financial assets at fair value through income or expenditure, is determined by reference to their quoted bid price at the statement of financial position date.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the University. The University's credit risk arises from bank balances, investments, student debtors and commercial organisations as customers. Management of credit risk is a prime objective of the Treasury Management Policy. At 31 July 2022, the maximum exposure is represented by the carrying value of each financial asset in the statement of financial position.

The credit risk of liquid funds and financial instruments is limited because the counterparties are banks with investment grade ratings assigned by international credit-rating agencies. The University's exposure and the credit ratings of its counterparties are monitored regularly. The credit exposure is limited by counter party limits and minimum counter party credit ratings set within the Treasury Management Policy.

Student and commercial debtors are reviewed on an on-going basis and a bad debt provision is made if recovery becomes uncertain. If a debtor is deemed irrecoverable it is written off. The concentration of risk is limited due to a large number of diverse customers across both student and commercial customer populations. The University recognises that the risk of non-payment is heightened due to the Covid-19 pandemic, the current cost of living pressures and increased the bad debt provision by £2.3m during the year.

Liquidity risk

Liquidity risk refers to the risk that the University will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities. Cash flow forecasts form part of the University planning process and are revised during the financial year with re-forecasts made as required. The University policy is to maintain an average cash balance equivalent to one month's core payroll and operating costs. Whilst the policy remains unchanged we recognise that these balance may not be achievable in the short term due to the Covid-19 outbreak. Excess funds are invested to maximise the return whilst observing the Treasury Management Policy limits.

The long-term financing of the University has been secured by the private placement, the bank loan facility and finance lease in respect of student accommodation as detailed in note 20.

Foreign currency risk

Foreign currency risk refers to the risk that unfavourable movement in exchange rates may cause financial loss to the University. The University's principal foreign currency exposure is to the euro. The operating level of euros holding is reviewed on a monthly basis and after accounting for any forecast liabilities any surplus euros above this level are converted into sterling at spot rates.

Interest rate risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of statement of financial position items (i.e. price risk) or changes in interest income or expenses (i.e. re-investments risk). The interest rates attached to both the loan facility and private placement are fixed over the term. Due to the low interest rate environment most of the University cash deposits at the 31st July 2022 are on-call as these offer a competitive rate of return whilst offering liquidity. Such deposits have limited re-investment risk.

Financial instruments – fair values

The fair values of each category of the University's financial instruments are the same as their carrying value in the statement of financial position.

PRINCIPAL ADVISORS

Auditor – External

KPMG LLP

319 St Vincent Street
Glasgow
G2 5AS

Auditor – Internal

PricewaterhouseCoopers LLP

141 Bothwell Street
Glasgow
G2 7EQ

Bankers

Bank of Scotland

39 Albyn Place
Aberdeen
AB10 1YN

Legal Advisors

Shepherd and Wedderburn LLP

37 Albyn Place
Aberdeen
AB10 1YN

Taxation Advisors

Domestic Taxation

KPMG LLP
1 Marischal Square
Broad Street
Aberdeen
AB10 1DD

International Taxation

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

Investment Advisors

Goldman Sachs International

Plumtree Court
25 Shoe Lane
London
EC4A 4AU

GLOSSARY

Aberdeen 2040	The University's strategy for the 20-year period from 2020 to 2040
Athena Swan	Charter to encourage and recognise commitment to advancing the careers of women in science, technology, engineering, mathematics and medicine (STEMM) employment in higher education and research.
Audit & Risk Committee	A committee of Court that provides advice on the effectiveness of the University's procedures for audit, financial control, governance and risk management, and provides assurances in these key areas through its annual report to the Scottish Funding Council, which is approved by Court.
CMI Pension Mortality projections	Continuous Mortality Investigation – The CMI provides authoritative and independent mortality and sickness rate tables for UK life insurers and pension funds.
The Complete University Guide	The Complete University Guide is a UK-based ranking that assesses UK universities across a broad range of teaching and research indicators.
Covid-19	An illness that can affect your lungs and airways. It is caused by a virus called coronavirus.
FRS102	Financial Reporting Standard – single set of accounting standards developed by the Financial Reporting Council (FRC) that has replaced UK GAAP.
FTE	Full Time Equivalent - a unit of measurement equivalent to an individual - worker or student. The concept is used to convert the hours worked by several part-time employees/students into the hours worked by full-time employees/students.
General Council	Established by the Universities (Scotland) Act 1858 and consists of graduates and certain academic staff.
Governance and Nominations Committee	A committee of Court to advise on matters of governance and conduct reviews of the University's governance on its behalf.
Graduate Outcome Survey	Graduate Outcomes is the biggest UK annual social survey and captures the perspectives and current status of recent graduates. All graduates who completed a course will be asked to take part in the survey 15 months after they finish their studies. The survey aims to help current and future students gain an insight into career destinations and development.
Guardian University Guide	A university league table compiled for the Guardian by Intelligent Metrix, an independent consultancy that specialises in measuring performance in higher education. The rankings are based on official data collected by the Higher Education Statistics Agency (HESA) and the NSS.
HERU	Health Economics Research Unit – a health economics research centre that delivers applied and methodological work to inform public health policy.
HESA	The Higher Education Statistics Agency, experts in UK higher education data who collect, assure and disseminate data about higher education in the UK.

HSRU	Health Sciences Research Unit – with a national remit to research the best ways to provide health care and to build capacity in health services research within Scotland.
KPIs	Key Performance Indicators – a measurable value that demonstrates how effectively an organisation is achieving key objectives.
NHSSS	National Health Service Superannuation Scheme (UK)
National Student Survey (NSS)	The National Student Survey gathers opinions, from mainly final-year undergraduates, about their time in higher education. It is an influential source of public information about higher education and gives students a powerful collective voice to help shape the future of their course and their institution for current and prospective students.
NGOs	A non-profit organisation that operates independently of any government, typically one whose purpose is to address a social or political issue.
OSCR	Office of the Scottish Charity Regulator – independent regulator and registrar of Scottish charities.
Pension Mortality Tables - SINA [“light”] YoB	Standard Year of Birth mortality tables used for USS pension scheme. Tables are based on Normal Health pensioners.
Policy and Resources Committee	A committee of Court to integrate academic, financial, estate and human resources planning and policy making, advising Court and Senate on long-term strategic objectives; and to oversee the operational performance of the University.
Public Bodies Climate Change Duties (PBCCD) Framework	The duties require public bodies in Scotland to contribute to climate change mitigation and to climate change adaptation, and to act sustainably.
QS World University Rankings	The QS World University Rankings is an annual publication of university rankings which comprises the global overall and subject rankings (which name the world's top universities for the study of 48 different subjects and five composite faculty areas), alongside our independent regional tables (such as Asia, Latin America, Emerging Europe and Central Asia and the Arab Region). The QS World University Rankings is the most-widely read university rankings in the world.
QS World University Rankings: Sustainability	A ranking first launched in 2022 by QS, focusing on social and environmental sustainability performance in higher education institutions.
Race Equality Charter	A framework set up by Advance HE through which institutions work to identify and self-reflect on institutional and cultural barriers standing in the way of Black, Asian and Minority Ethnic staff and students.
Remuneration Committee	A committee of Court to advise on matters relating to the pay and conditions of senior staff.
REF	Research Excellence Framework, an assessment of the quality of research in UK higher education institutions.
RESAS	Scottish Government's Rural and Environmental Sciences and Analytical Services Division.
Risk Management Framework	Conforms to globally recognised standards in risk management and widely accepted best practice.

Scottish Funding Council (SFC)'s Financial Memorandum	Sets out the formal accountability relationship between the SFC and institutions, and the requirements with which institutions are expected to comply in return of payment of grant by SFC.
Stonewall Workplace Equality Index	A benchmarking tool provided by Stonewall for employers to measure their progress on lesbian, gay, bi and trans inclusion in the workplace.
Statement of Intent on Diversity	Adopted by Court within its membership, which includes a goal of achieving and maintaining female representation of a minimum of 25%, with aspirations to achieve 50% over the longer term.
Senate	Responsible for the regulation and superintendence of teaching and for the promotion of research.
SIMD20	The Scottish Index of Multiple Deprivation (SIMD) identifies small area concentrations of multiple deprivation across all of Scotland in a consistent way. It allows effective targeting of policies and funding where the aim is to wholly or partly tackle or take account of concentrations of multiple deprivation. SIMD20 refers to the 20% most deprived data zones in Scotland.
SPF	Strathclyde Pension Fund
STSS	Scottish Teachers' Superannuation Scheme
Times & Sunday Times Good University Guide	The Times and The Sunday Times Good University Guide provides students and their parents with a first reference point on the path to finding a university place. It contains full profiles of all universities.
Times Higher Education University Impact Rankings	The Times Higher Education University Impact Rankings are global performance tables that assess universities against the United Nations' Sustainable Development Goals.
UASLAS	University of Aberdeen Superannuation & Life Assurance Scheme.
UCEA	The University Council for Educational Administration (UCEA) is a consortium of higher education institutions committed to advancing the preparation and practice of educational leaders for the benefit of schools and children.
UK GAAP	UK Generally Accepted Accounting Principles.
University Court	The executive governing body of the University that is charged with the administration and management of the revenue and property of the University.
University of Sanctuary	An award by the City of Sanctuary UK, given to universities in recognition of their commitment to creating a culture of welcome for people seeking sanctuary within, and beyond, their campuses.
United Nations Sustainable Development Goals	17 goals adopted by the United Nations as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.
US GAAP	United States Generally Accepted Accounting Principles.
USS	Universities' Superannuation Scheme

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