

ANNUAL REPORT & FINANCIAL STATEMENTS

For The Year Ended 31 July 2022

2022

PRINCIPAL'S INTRODUCTION



It has been a year of achievement and success, but also one of challenge as we have continued to evolve our operations emerging from the pandemic. I am grateful to our staff members who have played a crucial role in our delivery of teaching excellence, research and enterprise during a time of transition as we returned to a blended model of learning and working. Their commitment is the driving force behind the University's mission to transform people and communities by making a significant contribution to economic, social and cultural development and environmental sustainability.

Reflecting on the last year, we have much to celebrate as a dedicated University community of staff, students and alumni. Some highlights from the year include:

- **A strong performance in the National Student Survey 2022 which ranked RGU among the top three universities in Scotland for overall student experience and top 10 in the UK (excluding colleges and small, specialist, and private providers);**
- **Our leading reputation for graduate employability after being placed the top University in Scotland and third in the UK for the employability of our graduates;**
- **Very positive results in the Postgraduate Research Experience Survey which ranked RGU first in the UK in the categories of research culture and research skills;**
- **The significant expansion of the University's short course portfolio and the delivery of initiatives focused on skills and workforce development;**
- **The continued growth in the University's international student enrolments - with the University recording its largest ever number of applications from overseas; and**

- **The continued financial results of the University recording a second successive underlying surplus.**

All of this has been achieved against a backdrop of challenge driven by the economic situation facing the country, alongside cuts to public sector funding, and the impact of Brexit. As we look ahead, we will build on our strengths as a University to shape a sustainable environmental and financial future. Our refreshed strategy has been developed to reflect our changing internal and external environment so that our focus, activity and investment remain relevant and agile. Alongside this, we have developed a new research strategy to foster an inclusive research culture and grow the impact of our interdisciplinary research agenda to address real-world challenges.

We will continue to work in close partnership with our students to shape the future of teaching and learning so that our student experience is inclusive, sustainable and meets the changing needs of learners. Our contribution to society is a key component of our strategy. We will continue to support the prosperity of the communities we serve in the North-East, Scotland and internationally. We are deeply connected to our region and remain committed to contributing to its economic recovery and its energy transition ambitions by addressing skills needs, enhancing employment and supporting individuals and organisations.

RGU, like many other universities, is a large, complex organisation with multiple stakeholders, objectives, and obligations. Every indication we have is that the sector is about to face some of the toughest years in living memory. Things will not be easy, but at RGU there is much to be positive about, and we have significant strengths to build on. Above all we have a dedicated staff body with the attributes of both experience and enthusiasm. I believe that being committed to our values, and being driven by the spirit of curiosity to continually improve, will stand us in good stead on our path to further success.

STRATEGY REPORT

01

TEACHING, LEARNING AND THE STUDENT EXPERIENCE

To provide students with an excellent experience that will enable them to raise aspirations and thrive in their professional backgrounds.

Our strategy for delivering teaching excellence is centred on providing an inclusive and relevant learning environment responsive to the needs of learners from all backgrounds and at all stages of their careers. We have continually evolved our curriculum and our student experience offering so that our graduates are supported to succeed in their professional ambitions and make a positive impact within society well into the future. In the last year, we have delivered on this commitment by:

- Reviewing our framework for teaching, learning and assessments in partnership with students to deliver a student experience that is inclusive, sustainable and a reflection of the changing needs of learners;
- Enhancing the employability of our students through increased opportunities to participate in extra-curricular activities to develop skills and attributes for the future of work;
- Equipping our graduates with the ability to influence and assist in the climate change emergency by working towards embedding environmental sustainability across our curriculum;
- Growing our portfolio of upskilling courses aligned to regional skills priorities and delivering Graduate Apprenticeships to support the skills development of individuals and workforces;
- Enhancing the employability of individuals most disadvantaged by the economic impact of the pandemic with the delivery of £1.7m funding from the Economic Recovery and Skills Fund for North East Scotland (NEERSF);
- Extending our engagement with schools to inspire more learners from deprived backgrounds to achieve their ambitions through uptake of higher education; and
- Attracting a diverse student community by delivering on our targets for student recruitment across the majority of our markets.

AIMS



82.8%
student satisfaction

in the National Student Survey



91.6%
graduate employability

in the Graduate Outcomes Survey

23

upskilling courses delivered to

1200
individuals



211%

increase in participation in our Access To programme

208

Graduate Apprentices from

123
companies



Continuing to provide a high-quality student experience has been crucial while we transitioned to a model of blended online and on-campus learning as the restrictions of the pandemic lifted. Throughout this period we have continued to collaborate with our student body to continually enhance our support services and curriculum in response to students' needs. The University consulted with students to undertake an institutional review of our teaching, learning and assessment practices to inform and enhance excellence for future standards. This resulted in co-created enhancements to standards for blended learning, digital learning, assessment and feedback for the 2022/23 academic year.

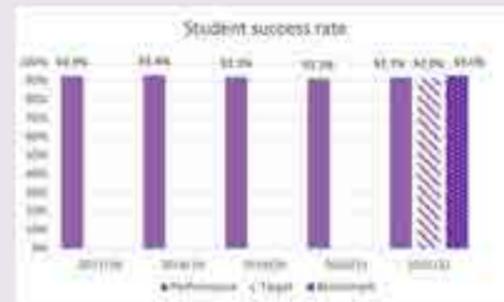
The review also led to several key changes to enhance excellence in our student support services and create an inclusive environment that provides an equitable and future-focused student experience. The wellbeing of our students is at the core of our support services. We have invested in our student support services to ensure we have the dedicated academic and pastoral support for the changing needs of our community in the 2022/23 academic year. We continually review these services to ensure they enable students to achieve success. We implemented an online course for digital skills preparation in response to a growing demand for digital literacy. Our teaching spaces have been allocated specific classifications to ensure our students take advantage of the full capabilities of our learning and teaching technologies. We are also testing innovative learning areas and have invested in the social space for students on campus. We also introduced time for 'pause and reflection' in the academic calendar going forward to offer students essential space to reflect on their academic progress and assessment expectations with course leaders and provide feedback on their student experience. Our commitment to enhancing the learning experience based on targeted feedback resulted in the University tailoring the nature and frequency of its Student

Experience Questionnaire for each year group to gain specific feedback on particular areas of the student experience, such as their arrival and welcome to the University.

Our approach to collaborating with students to enhance the student experience received national recognition. The University was awarded a Collaborative Award for Teaching Excellence (CATE) from AdvanceHE for an innovative welcome package for students joining or returning to University developed in partnership by staff and students to mitigate the educational disruption students faced in the pandemic and the added strain on their wellbeing. The award shows RGU's unwavering commitment, adaptability, and resilience to successfully deliver a positive student experience—even during a challenging time. This commitment to supporting students is also testament to our strong performance in our student success rate, exceeding our 2021/22

target of **92%** of first year full time Scottish domiciled students returning for their second year of University (Figure 1 Student Success Rate).

Figure 1
Student success rate



Definition The proportion of full time first year SDUE returning to study in year two.





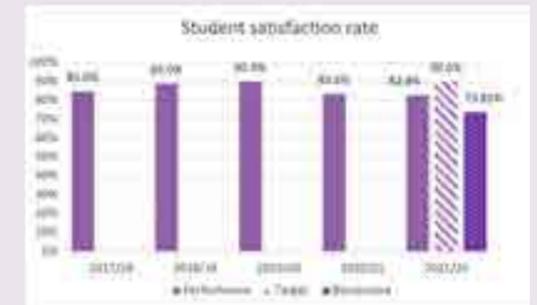
Our emphasis on working in partnership with students to continually enhance the learning experience to meet their evolving needs is reflected in our strong performance in the National Student Survey 2022. With a

satisfaction rate of **82.8%**, the University is ranked among the top three universities in Scotland for overall student experience and top 10 in the UK (excluding colleges, small, specialist and private providers). We celebrated a rise in our ratings across the majority of question scales and a stellar performance above the Scottish and UK averages. Notably, RGU is rated second university in Scotland for both the learning opportunities and learning community question scales. This positive performance reflects our ambitions of achieving a target of 90% to deliver excellence in our teaching and learning (see Figure 2 student satisfaction rate) while we have also further strengthened our reputation as a leading University for graduate employability. We have been named top University in Scotland and third in the UK in the latest data from the Higher Education Graduate Outcomes survey,

with **91.6%** of our graduates in employment or further study 15 months after graduation. Although this performance does not reach our ambitious target of 97% (Figure 3 Student Employability), it is an increase of 3.7% on last year's performance and is testament to our commitment to equipping students with the essential knowledge and skills to thrive as highly employable graduates.

Figure 2

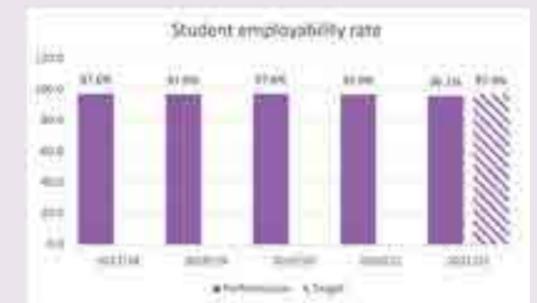
Student satisfaction rate



Definition The University measures student satisfaction through performance in the annual NSS on the proportion of respondents who respond positively to question 27.

Figure 3

Student employability rate



Definition The calculation equivalent to the former HESA Performance Indicator for employability based on the HESA Graduate Outcomes survey.

In recognition of the important employment attributes developed through extra-curricular activities, we are launching the RGU+ initiative to optimise students' employability skills and develop them as excellent global citizens. RGU+ actively encourages the uptake of volunteering opportunities, placements and study abroad and will offer all students the opportunity to participate in a credit-bearing 'beyond the classroom' programme of community and public service work. RGU+ activities reflect the themes of sustainability and entrepreneurship, with students gaining knowledge and skills including complex problem solving, digital competence, entrepreneurial spirit and a sustainable mindset.

To ensure our courses remain responsive to the changing needs of society, we have appointed a strategic lead to undertake a review of our curriculum to embed sustainability and innovation across our entire portfolio aligned with the UNESCO Education for Sustainable Development Framework. We are also making changes to our engineering courses to reflect the changing needs of the energy sector and the transition to renewable energy for a green future. Together, these developments in our curriculum will equip our graduates with the ability to influence and assist in the climate change emergency and the race towards carbon neutrality.

Throughout the 2021/22 year we have significantly grown our portfolio of upskilling short courses to contribute to the region's skills priorities and support the development of individuals and workforces, with an emphasis on supporting those most disadvantaged or affected by the impact

of the pandemic. We delivered **23** upskilling courses to more than **1200** individuals. These courses covered a wide range of subject areas across a number of sectors, including energy transition for business, data science with Python, tourism entrepreneurship, digital literacy in

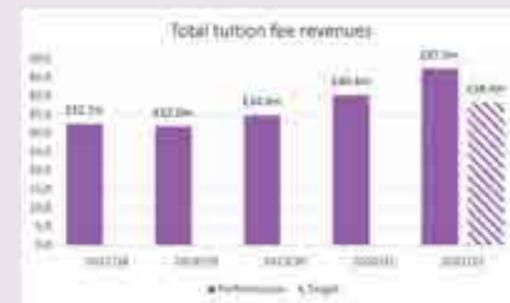
health and social care and commercial contracts for business. We offered 580 fee-waiver places across our upskilling portfolio with our allocation from the Scottish Funding Council's (SFC) Upskilling Fund and National Transition Training Funds.

We were also able to offer an additional 700 fee waiver places to anyone living in Aberdeen City and Shire with funding from NEERSF. We continued to deliver Graduate Apprenticeships (GA) to support organisations to develop their workforces in line with their skills needs throughout 2021/22,

recruiting **201** learners from **123** companies. We offered seven courses in 2021/22 including the launch of a GA Masters in Cyber Security, the only masters of its kind in Scotland.

It has been an exceptional year for international student recruitment. Recruitment to our courses across the majority of our markets has been buoyant throughout 2021/22. Notably, we achieved a record number of applications from our international student recruitment markets. As a result, the University has significantly exceeded its tuition fee revenue for 2021/22 (Figure 4 Tuition Fee Revenues).

Figure 4
Tuition fee revenues



Definition The total revenue earned from undergraduate and taught postgraduate students.





We continued to see strong growth in new international markets such as Pakistan, India and Ghana. Pakistan is a key country for future growth and demonstrates the impact of investment in an in-country representative to grow high quality applications. In contrast, in terms of recruiting Scottish undergraduates the University faces an increasingly challenging environment. This situation is not unique to us but rather reflects a generally more competitive environment for the whole higher education sector. In part this is due to the effect of grade inflation as a result of exam cancellations during the pandemic and the allocation of additional funded places by the Scottish Funding Council to attempt to address changing patterns of demand for undergraduate courses. As a University which recruits significantly from Scottish colleges through articulation agreements there is likely to be a significant impact over several recruitment cycles. In addition to this, one effect of the UK's withdrawal from the EU has been that EU students no longer qualify for support as funded students – across the sector in the years prior to Brexit these students account for 10% of the sectors funded places. Our KPI measures the percentage of full-time undergraduates the University has taught against its nominal funded places for this category of student. When all funded students (including postgraduate and part-time undergraduate students) are taken into account, the shortfall against funded places falls significantly to -2.9% (Figure 5 Percentage over SFC Consolidation Number).

Figure 5
% over the SFC consolidation no.



Definition The percentage difference between actual student numbers and the consolidation number for non-controlled subjects.

We have a long-standing commitment to widen access to higher education with an approach firmly rooted in delivering credible and high-quality interventions which work by inspiring, supporting and enabling people and their families to engage in higher education. We have delivered a range of widening access activity throughout the region and beyond to make higher education accessible to a broad range of learners. This includes our new 'hub' model of school engagement. Through this approach, University staff are embedded within nine regional secondary schools, working directly with teachers and learners on a sustained basis, including those furthest from higher education, to support a positive journey to University. As a result of this enhanced engagement, we have seen significant growth in our widening participation programmes, which are tailored for each school and run for the entirety of the learner journey, supporting pupils from S1 through to S6. Notably, our Northern Lights programme now

has **700** S1 and S2 pupils registered to start in January 2023, and we have seen a

211% increase in participation in our Access To programme for S5 and S6 pupils commencing in August 2022.

Our efforts to enhance our outreach activity to widen access has continued the positive trajectory we saw in 2020/21 in the number of full-time, first degree Scottish domiciled entrants from MD20 postcodes recruited to the University. Although we did not meet the nationally set proportional target (Figure 6 Student Access Rate) which is predominantly due to the small number of MD20 postcodes in the North East of Scotland, the number and the proportion of students from MD20 backgrounds enrolled in 2021/22 has been stable. Building on this, the number enrolled for the 2022/23 academic year is currently at the highest the University has achieved in five years.

The University's voice has been significant in influencing change to the narrowly-defined target set by the Commission on Widening Access. In May, Professor Sir Peter Scott, the outgoing Commissioner for Fair Access, published his final progress report, Maintaining the Momentum Towards Fair Access. In his final report, the Commissioner has taken account of the University's evidence-based advice to recommend to the Scottish Government that institutional targets based on SIMD are no longer fit-for-purpose. He recommends that there should be greater flexibility, where institutions should be able to use a basket of measures to assess progress on widening access, with oversight from the SFC.

Figure 6
Student access rate



Definition The proportion of full-time, first degree Scottish domiciled entrants from MD20 postcode areas (CoWA target of 10%).

Another major factor in our widening access success is our partnership with colleges to create articulation pathways. In 2021/22 over **330** students joined the University from colleges across Scotland. Our sector leading partnership with North East Scotland

College (NESCol) now has **60** course level agreements across all of our eleven schools. In 2021/22 we further enhanced our engagement with NESCol through drop-in sessions and scheduled classes across all three of its campuses to provide students with an opportunity to learn more about our courses, our student experience and the dedicated package of support for college entrants. We have also taken steps to further jointly plan curriculum with NESCol and identify knowledge and skills gaps to tailor support for college students to ensure a smooth transition to University. Across the University we have expanded our dedicated support package for articulating students from all partner colleges including weekly tailored study skills sessions and enhanced personal support in the first few weeks of the semester.





CASE STUDY

EXTENDING OUR REACH THROUGH WIDENING ACCESS

Widening access to our courses by inspiring, supporting and enabling learners to engage in higher education is a key factor in combating social inequalities and delivering better employment outcomes, particularly in low-deprivation areas within the region. Through our sector leading partnership with North East Scotland College (NESCol), an articulation pathway carved a successful journey to a degree education for Morgan Davidson who enrolled in University in third year after completing an HND. Having grown up in a deprived area and a low-income family, Morgan describes her astonishment, disbelief and pride at being awarded a 2.1 (Hons) Degree in Law.

“It has been small steps at a time, but that’s exactly what I needed, even if I didn’t know it at the time. My unintentional study path has allowed me to achieve and become the person I am today.”

Morgan said: “The traditional way of going to University was to obtain grades at secondary school. The route I followed was a relatively fresh concept to me in that you could leave secondary and complete a two-year HND at college, allowing you to gain access to a degree in third year. This was an absolute game-changer.

“Some might think that by not having suitable grades for University when you leave school, you’re a bit of a failure and that it would be difficult to achieve and progress. Now, those attitudes have completely changed.

“I believe my HND was a great stepping stone to support my personal and academic growth. It’s increased my wealth of knowledge, understanding, skills and personality traits, but at my own pace.

“It has been small steps at a time, but that’s exactly what I needed, even if I didn’t know it at the time. My unintentional study path has allowed me to achieve and become the person I am today.”

Upon completing her degree, she hopes to apply for her diploma at RGU, and once she’s achieved this, she wants to pursue a career as a lawyer. She is currently working at Pinsent Masons Law Firm in Aberdeen to support herself through her studies and to continue progressing her learning and understanding in a professional legal environment.

02

RESEARCH AND KNOWLEDGE EXCHANGE

To grow the quality and impact of our globally recognised, innovative and interdisciplinary research.

Growing the quality and impact of our internationally recognised research is a key component of our strategic mission to transform people and communities by addressing real-world challenges. Through our research, we deliver significant social, cultural and economic value, contributing to sustainable growth, improved service provision and increased innovation. This year we have focused our efforts on:

- **Developing a new research strategy to create a sustainable, inclusive and interdisciplinary research environment that will grow the impact of our research;**
- **Strengthening our inclusive research culture that focuses on career development for researchers and builds our expertise in thematic interdisciplinary areas to address global sustainability;**
- **Delivering knowledge exchange and pursuing public engagement by developing collaborations through research partnerships with public, private and voluntary sector organisations;**
- **Extending the reach of our research impact locally, nationally and globally by working with communities to provide unique educational, research and innovation opportunities;**
- **Developing the capability of our National Subsea Centre to apply smart technologies and deliver sustainable solutions to industrial and environmental challenges in the marine sector; and**
- **Growing the quality and number of our scholarly outputs to sustain research of public value.**

AIMS



22 Innovation Vouchers supporting organisations to address business and service challenges



£2.22m in knowledge exchange grants such as Knowledge Transfer Partnerships



1st in the categories for research culture and research skills in the AdvanceHE

Postgraduate Research Experience Survey



5 year collaboration in subsea research and technology development at our National Subsea Centre



£3.5m in research revenue, delivering projects that address global sustainability challenges

Our new effort in our research agenda has continued to build momentum this year. We recognise that our performance in the Research Excellence Framework 2022 is not yet where we should be as an institution, and we have moved forward with a new research strategy that sets a clear vision to grow an inclusive, interdisciplinary and sustainable research environment at RGU. Key to this vision has been building on our existing interdisciplinary strengths to develop our expertise and capabilities across four key research themes in areas where we can make the most impact in addressing economic, social and cultural challenges – Environment, Energy and Sustainability; Health and Wellbeing; Living in a Digital World; and Inclusive and Creative Societies.

Strengthening our research culture to encourage inclusivity and career development and support for our researchers and doctoral students has been integral in the delivery of our refreshed strategy. Key to this commitment has been the introduction of the University's first research culture survey to seek feedback from our staff community and provide a valuable benchmark to make enhancements to foster a positive research culture. The University allocated funding for the survey's development from the Scottish Funding Council's additional research allocation to mitigate the impact of the pandemic on research. The survey was first rolled out to the researchers across our 12 schools in November 2021 and adapted for professional services staff in April 2022 to ensure the data captured was inclusive of the University's diverse community. The results of the survey have been used to identify tailored and targeted priorities and actions to develop a strong research culture in all corners of the University – vital to enable the University to conduct high quality research of public value.

Our efforts in enhancing our research culture have been positively reflected in our performance in this year's AdvanceHE Postgraduate

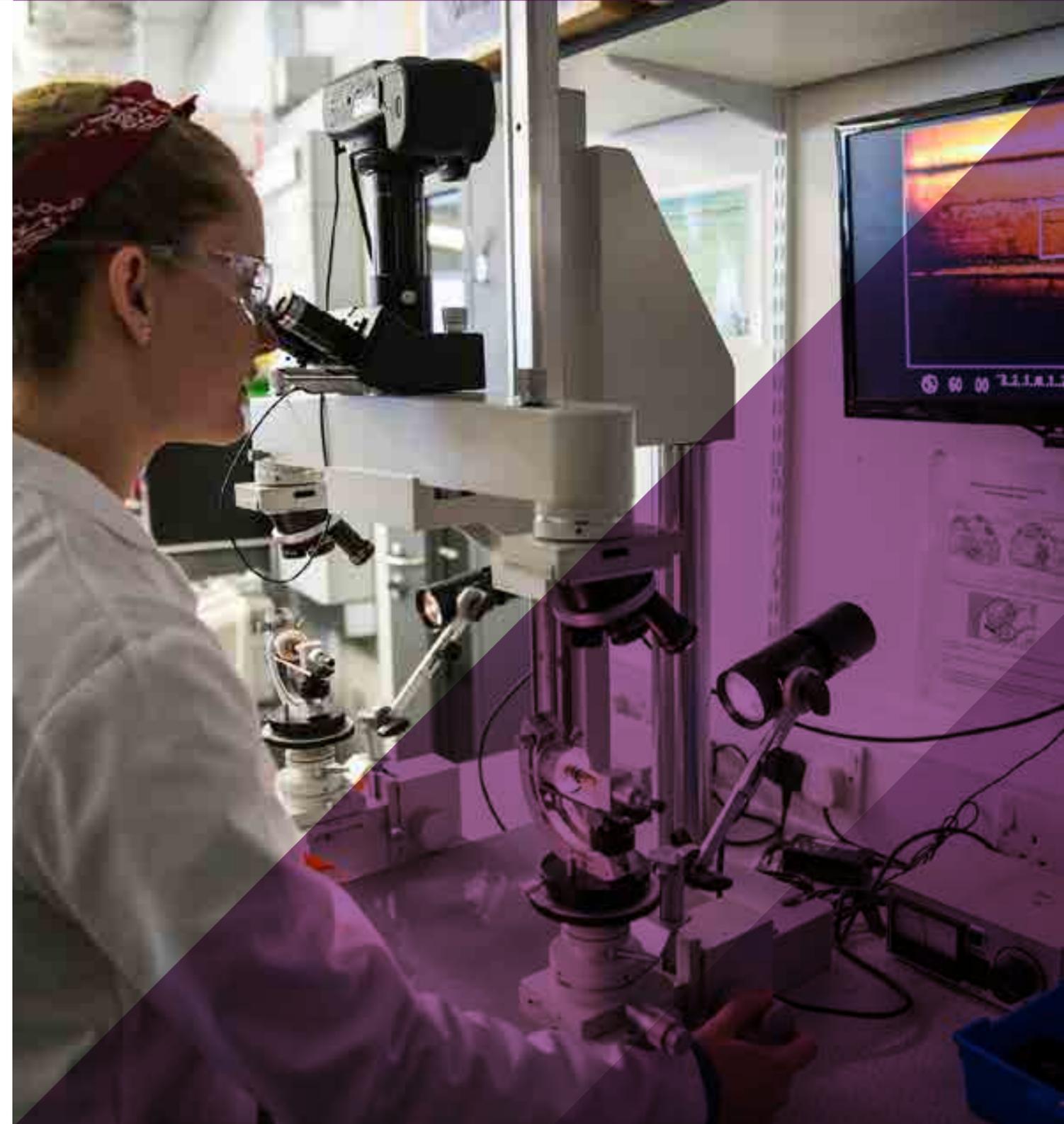
Research Experience Survey (PRES) which provides valuable feedback from our doctoral and research master's students about their postgraduate taught experience. With an overall position of fifth out of the 58 universities which

took part, we have been ranked **1st** in the categories for research culture and research skills, and second for supervision, support and resources.

We have continued to deliver on our strengths in knowledge exchange to support economic development in 2021/2022 through developing partnerships to support innovation in public, private and third sector organisations to address business and service challenges through access to our expertise and facilities. Our activity in knowledge exchange and consultancy has significantly contributed to growth in our awards from business engagement in 2021/22 (Figure 7 Awards from Business Engagement). Our achievements in knowledge exchange reflect the continued importance of these funding mechanisms in supporting organisations to develop and adapt to address challenges post-pandemic and during the economic crisis. This year the University has exceeded its target for Innovation Vouchers (IVs) and Advanced

Innovation Vouchers (AIVs), securing **22** and 7 respectively. We have also exceeded our target for alternative knowledge exchange grants such as Knowledge Transfer Partnerships (KTPs)

worth a value of **£2.22m**. Our successes in Advanced Innovation Vouchers and Innovation Centre awards demonstrates our strategy to encourage longer-term collaboration and engagement with organisations. Examples of our knowledge exchange activity from this year include a project with Innovate UK and PhysioMedics Ltd to develop a diagnostic conversational AI tool for elderly populations;



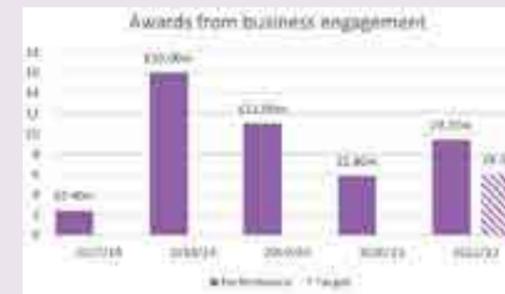


a project funded by the Data Lab, Shetland Islands Council and Highlands and Islands Enterprise looking at ferry passenger and freight modelling for Shetland; and three carbon capture projects with Canadian company McAlpha and the Net Zero Technology Centre (NZTC).

opportunities to enhance human capacity in the North, promote viable communities and sustainable economies, and forge global partnerships. An early example of our contribution is reflected in our participation in the north2north mobility scheme, which enables exchange opportunities for undergraduate and postgraduate students and staff across the north.

Figure 7

Awards from business engagement



Definition The financial value of new contracted awards in the academic year in relation to business contracts.

We have shown a clear commitment throughout 2021/22 to extend the reach of our research impact in remote communities. In partnership with Orkney Islands Council (OIC), Highlands and Islands Enterprise (HIE) and the local community, the RGU Orkney Project has established a transformational research hub in Stromness to drive and support collaboration and innovation in tackling the challenges of island life. Research activities have been grouped into three broad clusters – smart islands, creative innovation, and sustainable quality of life. In November 2021, we joined the University of the Arctic, a network of higher education and research institutions across northern regions which address global challenges of Arctic communities by providing unique educational, research and innovation

This year has also seen a number of developments at our National Subsea Centre (NSC), our multi-million-pound partnership with the Net Zero Technology Centre (NZTC). The NSC is a central component of the innovation strand of the Aberdeen City Region Deal and is focused on developing innovative subsea and marine technologies to enable a more intelligent, faster, cost-effective, and sustainable transition to net zero energy. In May 2022, we announced a

five-year Memorandum of Agreement (MOA) with the University of Strathclyde to collaborate in research and technology development at the NSC. A Centre for Doctoral Training has been formed as part of the five-year agreement, with a commitment to four PhD studentships each year. Driven by the challenges identified by industry and steered by an industry partners group, the Doctoral Centre will support the NSC’s three strategic research programmes: Transparent Ocean, Integrated Energy and Marine Operations.

Throughout 2021/22 we have secured a number of innovative projects at the NSC delivering sustainable solutions to challenges in the marine sector. In May 2022 we embarked on a project into green hydrogen storage in subsea conditions for grid-level use. The study into large-scale subsea hydrogen storage will help to provide green energy for offshore platforms, the automotive and aerospace industries, and household heating. A formal launch of the NSC is being planned for February 2023 with key

stakeholders from industry, local authorities and government to officially open the campus in Dyce.

We have continued to deliver a wide range of research projects throughout 2021/22 which demonstrates our commitment to grow the impact of our research to address global sustainability and produce outputs of public value. These projects have contributed to growth in our research revenue, securing

£3.52m in grants and contract income - our highest performance in this KPI to date (Figure 8 Research Revenue).

We have also focused our efforts in 2021/22 on growing the quality and number of our scholarly outputs to sustain research of public value, exceeding our target for this KPI (Figure 9 Research Outputs) and achieving the highest number of outputs recorded. Many of our research projects in 2021/22 are addressing some of the challenges brought on by the pandemic by supporting Scotland's social regeneration and the health and wellbeing of the country. Projects include a £294,000 study to understand the impact of the longer-term effects of COVID-19 on the lived experiences, health, and wellbeing of NHS workers in Scotland. We are also delivering an interdisciplinary project which explores how victims of domestic violence were supported throughout the pandemic and the impact on service providers in North East Scotland and Orkney.

Figure 8

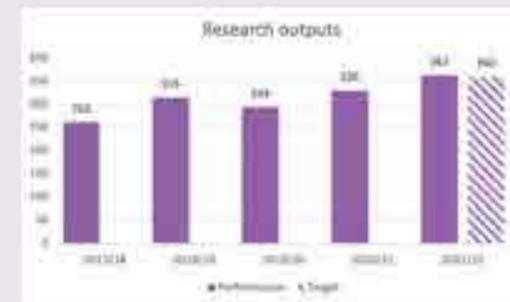
Research revenues



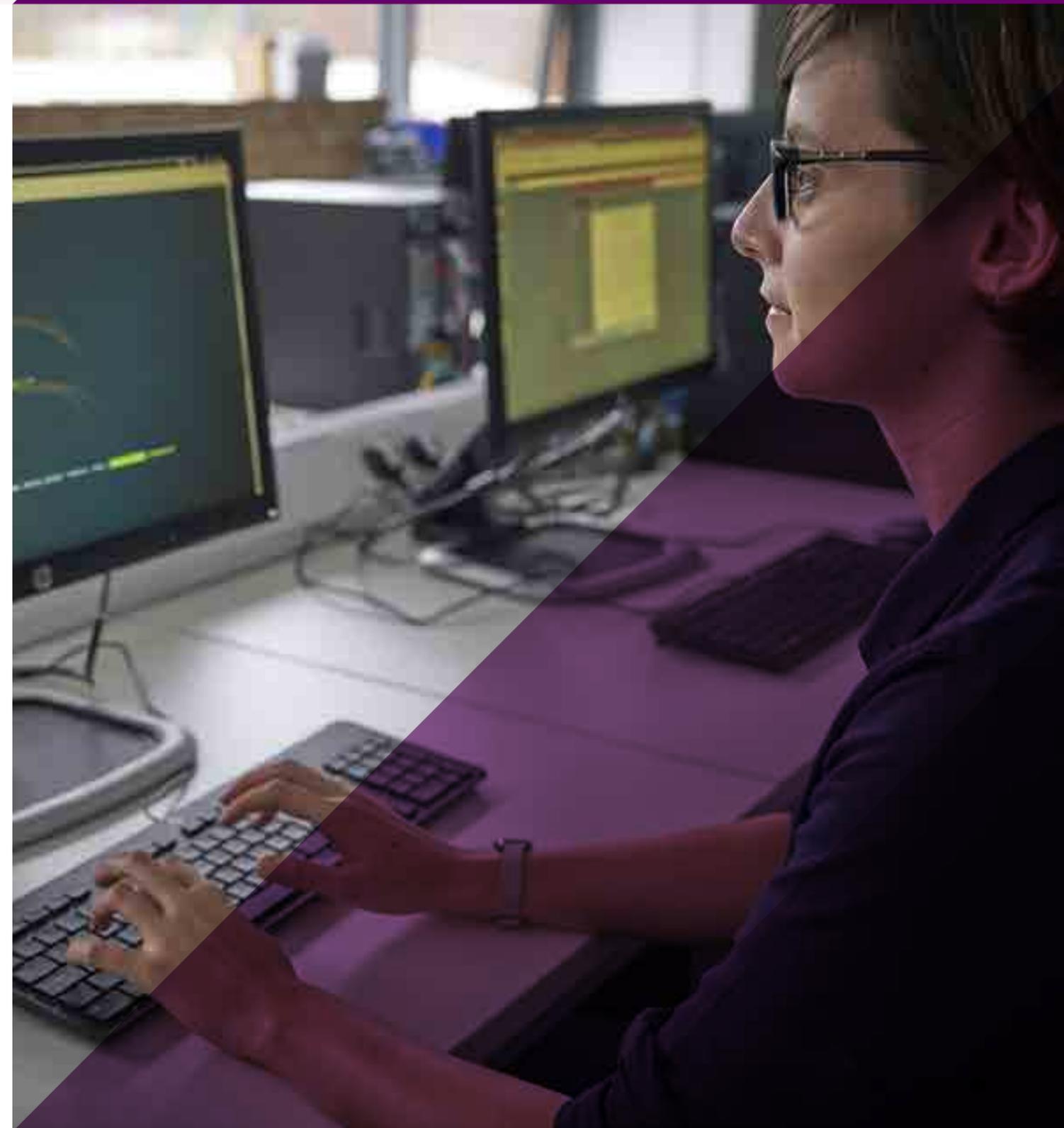
Definition The amount of research grant and contract income secured by the University in the academic year 2021/22 as reported in the annual financial statement.

Figure 9

Research outputs



Definition The University tracks the number of scholarly outputs published by measuring the number of scholarly outputs found in Scopus by calendar year.



CASE STUDY

SUPPORTING AND SHAPING POLICY THROUGH RESEARCH

The University's research aims to positively impact our communities by contributing to sustainable growth, improved service provision and increased innovation.

During Covid-19, 541 libraries closed in Scotland as social distancing and lockdown occurred. The University researched how the libraries helped support community resilience and cohesion during lockdown periods. The research, led by Peter Reid, Professor of Librarianship at Robert Gordon University, could help inform future public library policy development and enhance

"The briefing on this research significantly informed the development of the new national strategy for public libraries."

understanding of service delivery, governance models and resilience.

The research findings suggested the need for a physical space to contribute to civic value, supporting mental health and wellbeing and its importance in being a digital enabler for services like Wi-Fi accessibility, equipment and teaching digital skills for users. Key stakeholders found this research beneficial in understanding the value of libraries in communities and its importance in shaping future policy.

Pamela Tulloch, Chief Executive of the Scottish Library and Information Council, reviewed the research and said: "Important research that provides a snapshot of Scotland's public libraries through a lockdown and raises significant questions for the future".

Martin Johnstone, Chair of the national strategy working party, said, "The briefing on this research significantly informed the development of the new national strategy for public libraries".

Jenny Foreman, Head of public library service, said: "Research that includes profoundly moving testimony from Scottish public libraries during the pandemic."

03

ECONOMIC, SOCIAL AND CULTURAL DEVELOPMENT

To ensure we contribute significantly towards Scotland's economic and social development.

Our commitment to economic, social and cultural development, both nationally and internationally, is integral to our strategic mission to transform people and communities. This commitment has been further strengthened in our refreshed strategy by reflecting on our objectives to contribute to Scotland's prosperity. Through the delivery of our strategy, we have focused our efforts and activities on:

- Enhancing employment within the region by growing our portfolio of upskilling courses aligned with regional skills priorities;
- Contributing to the region's economic recovery and diversification by delivering activity that drives entrepreneurial business growth and fostering a vibrant enterprise culture;
- Ensuring a sustainable healthcare system for the future through preparing to provide training and career development for the health and social care workforce;
- Reviewing the future workforce requirements for Scotland's North East to sustain its status as a global energy leader in the transition to a low carbon economy;
- Engaging with our local communities to deliver initiatives and projects focused on promoting sustainable social and cultural development; and
- Collaborating with governments and scholarship bodies to develop knowledge exchange and educational opportunities to support regional and international economic development.

AIMS

200 

short course places designed to enhance skills to support the health and social care sector within the region

26  new businesses launched and

19 full time jobs created in the last 12 months through our Regional Start-up Accelerator


£1.7 million

of funding to support economic recovery and enhance skill levels in the North East of Scotland

34  graduates supported through our Entrepreneurship Summer School, leading to the creation of 16 new business plans

 150 individuals with enhanced skills to support the health and social care sector within the region

We delivered on **£1.7m** of funding from the Scottish Government's North East Economic Recovery and Skills Fund for North East Scotland (NEERSF) to support economic recovery and enhance skill levels in Aberdeen City and Aberdeenshire through new economic growth, employment, training, and skills development opportunities. We have significantly grown our upskilling portfolio and have driven forward initiatives focused on skills and workforce development across entrepreneurship, health and social care and energy transition. We have placed an emphasis on supporting those in the region most disadvantaged or affected by the impact of the pandemic.

Our efforts have been focused on sustaining the delivery of vital health and social care by working closely with the NHS and partners to support the sector as it faced increased pressures from the pandemic. We have reviewed gaps in current provision and developed skills of those working in the sector, as well as offered upskilling and reskilling opportunities for people to transition from other sectors. We provided more than **200** places across our suite of online short courses targeted in areas of public health where there are significant vacancies in the health and social care sector, resulting in enhanced employability and skills to support the health and social care sector within the region. We also created a career development pathway for all stages of the workforce to ensure a sustainable healthcare sector for the future.

We have continued to drive our entrepreneurship and innovation agenda in recognition of the important role that entrepreneurial business growth plays in accelerating the recovery in the North East of Scotland and diversifying the region's business base in a low-carbon economy. Our Regional Start-up Accelerator, delivered with

funding from NEERSF and Opportunity North East, received 199 applications with 36 entrepreneurial teams selected from across the North East of Scotland to participate in the programme to create innovative, scalable products and services through training, resources and mentorship and an overall pot of seed funding and prizes totalling

£250,000. As a result, **26** new businesses have been launched with more in the pipeline and 19 full-time equivalent jobs have been created in 2021/22. This significantly exceeds our target for the number of new businesses start-ups supported by the University (Figure 10 Number of Start-ups registered).

Figure 10
Number of new start-ups registered



Definition The number of new business start-ups and social enterprises started by staff, students or graduates including spin-outs which are eligible for inclusion in the HESA HE-BCI return.

We delivered an Entrepreneurship Summer School with funding from NEERSF for recent graduates from any Scottish university living in the North East of Scotland. The RGU Entrepreneurship Summer school consisted of a 10-day interactive workshop series designed





to guide entrepreneurial graduates who are looking to enhance their entrepreneurial skills, validate their business ideas and get practical insight into the steps to starting a business, including strategy, finance, legal, operations and marketing. We successfully

enrolled **35** graduates through the summer school, exceeding our 30-person enrolment goal, with 20 graduates successfully completing the programme, leading to the

development of **16** business plans for new companies.

We have contributed to the long-term sustainability of the region's economy by encouraging innovation and entrepreneurship in the creative industries and supporting talent retention through our Creative Entrepreneurship programme. The programme was delivered through a combination of online and in-person mentorship sessions, workshops and resources for creative practitioners to develop the skills and confidence to take their businesses forward. The programme was extended to creatives in the food and drink and hospitality sectors in recognition of the challenging recovery faced by the industry.

Proactively contributing to the regional energy transition priority has continued to be a focus for the University. Through our Energy Transition Institute we have continued to influence and advise the Scottish Government and industry on the skills and investment required to meet Scotland's and the UK's energy transition ambitions over the next decade. Our Energy Transition Institute published its 'Making the Switch' report, funded by the NEERSF, in May 2022 to provide a review on the future shape of the energy workforce in the North East of Scotland and the levels of renewables investment and activities needed

to establish the North East of Scotland as a global energy hub. The report has provided a call to action for government, industry and the education sector by showing different investment scenarios and the implications for the workforce. It has further cemented the broad agreement that large scale investment, including in the Energy Transition Zone and in new technology and innovation and into new renewable clusters, is critical for Scotland's North East to sustain its status, skills and capabilities as a global energy hub.

The University also launched a suite of short online courses to address regional skills priorities in energy transition and data. Our Energy Data Management course is the world's first cross-sector course targeted at data managers within the energy sector, in particular wind, oil and gas and nuclear. Our Introduction to Energy Transition course raises critical awareness of the energy transition and the economics of operating renewable systems. The University was able to offer

700 waiver-fee places to individuals living in Aberdeen City and Shire on these courses with funding from NEERSF.

Collaboration and partnerships are essential to the University's influence in driving economic growth and enterprise in the North East of Scotland and further afield. Within the region we strengthened our partnership with economic development body Opportunity North East which sponsored the funded prizes for our Regional Accelerator. As part of our continued drive to encourage enterprise and innovation excellence, we collaborated with TEDxAberdeen to host the city's first TEDxAberdeen event in 2021.

Community engagement is a key component of our strategic commitment to contribute

to the prosperity of our region by delivering initiatives and projects focused on promoting sustainable social and cultural development. Throughout the year we have continued to widen access to creative education and careers for young people by engaging with school pupils across the North East through our Mobile Art School, our custom-built van equipped with state-of-the-art creative tools and materials, delivering workshops across a range of art and design subject areas. We also increased awareness of art and heritage by engaging school pupils with a digital tapestry project funded by Museums Galleries Scotland which used virtual technology to take 3D objects from our Art and Heritage Collections into the community. Inspiring young people through community engagement has also been a key driver of our Streetsport initiative, run in partnership with Denis Law Legacy Trust, which has continued to deliver free sport and creative activity sessions throughout Aberdeen to reduce instances of youth crime and anti-social behaviour while helping develop the employability and aspirations of youngsters.

Sustaining local communities has been a central component of our partnership with charitable organisation Greystone Bay to create a world-class marine experience centre and visitor attraction in Aberdeen. Staff and students from the Scott Sutherland School of Architecture transformed an old artillery battery in Aberdeen with repurposed shipping containers, finished with timber cladding to create an eco-friendly community facility with a dolphin viewing centre, cafe, education and community space. The facility opened in Spring 2022 providing a sustainable tourist, hospitality and local hub for the community in Aberdeen.

International partnership growth remains pivotal to our global influence as we look to develop knowledge exchange and learning

opportunities worldwide. International engagement has been centred around sustaining positive teaching partnerships and scholarship programmes through online delivery. The University strengthened its relationship with Japan through the delivery of an online programme for students in Kobe City to highlight opportunities of working in the ocean industry. Funded by the Kobe City Government, the school consisted of live and pre-recorded lectures featuring industry experts and topics of energy transition and renewable energy innovation. Our successful teaching partnerships with the Informatics Institute of Technology (IIT) in Sri Lanka and Benedict's in Switzerland have also been sustained throughout the pandemic.

We partnered with the British Council to offer scholarship awards to inspiring Latin American women. The scholarship was awarded to six female Latin American students from Brazil, Mexico and Peru to study a year-long master's degree, increasing opportunities in the field for women who need financial support and want to inspire future generations to choose careers in science, technology, engineering, and mathematics. Through the scholarship, RGU and our partners provided learning support, living and transport expenses, each worth

£35,000. We also secured a partnership with the Government of Guyana, sponsoring 31 students to study our online energy degree programmes.



CASE STUDY

HELPING LOCAL TALENT TURN IDEAS INTO CREATIVE BUSINESSES

RGU encourages innovation and entrepreneurship in the creative industries by supporting artists and designers to turn their ideas into sustainable and successful businesses while driving economic diversification and development. The support from our Creative Entrepreneurship Programme gave Alison Shearer the knowledge, expertise and confidence to launch 'Shop Small Aberdeen' as an alternative way for business in the North East.

'Shop Small Aberdeen' connects local craftspeople across Aberdeen and Aberdeenshire and provides a platform to collaborate and sell handcrafted products. Since launching at the end of July, 'Shop Small

"RGU's Creative Entrepreneurship Programme has been very inspiring for me and is extremely well structured. I finished each session buzzing with ideas of things to follow up on with my own business and loved meeting a group of like-minded creative individuals."

Aberdeen' has attracted almost 40 small businesses across the North East.

Alison, who works full time as a senior engineer in operations in oil and gas, wanted to take her small business, 'Mint Lino Prints', to the next level and attributes much of her success in setting up 'Shop Small Aberdeen' to the programme.

RGU's Creative Entrepreneurship Programme has been very inspiring for me and is extremely well structured. I finished each session buzzing with ideas of things to follow up on with my own business and loved meeting a group of like-minded creative individuals.

It not only massively boosted my confidence but pushed me out of my comfort zone. I've felt more able to post videos online, which has helped me engage with my customers. It covers all aspects of a creative business and is so helpful at making you consider things which you probably had overlooked.

"The fact that the course is fully funded is also amazing. It's a fantastic opportunity. I have taken so much away from it would recommend it to anyone with a small creative business. The course has greatly supported me and inspired me to start Shop Small Aberdeen."

FINANCIAL AND ENVIRONMENTAL SUSTAINABILITY

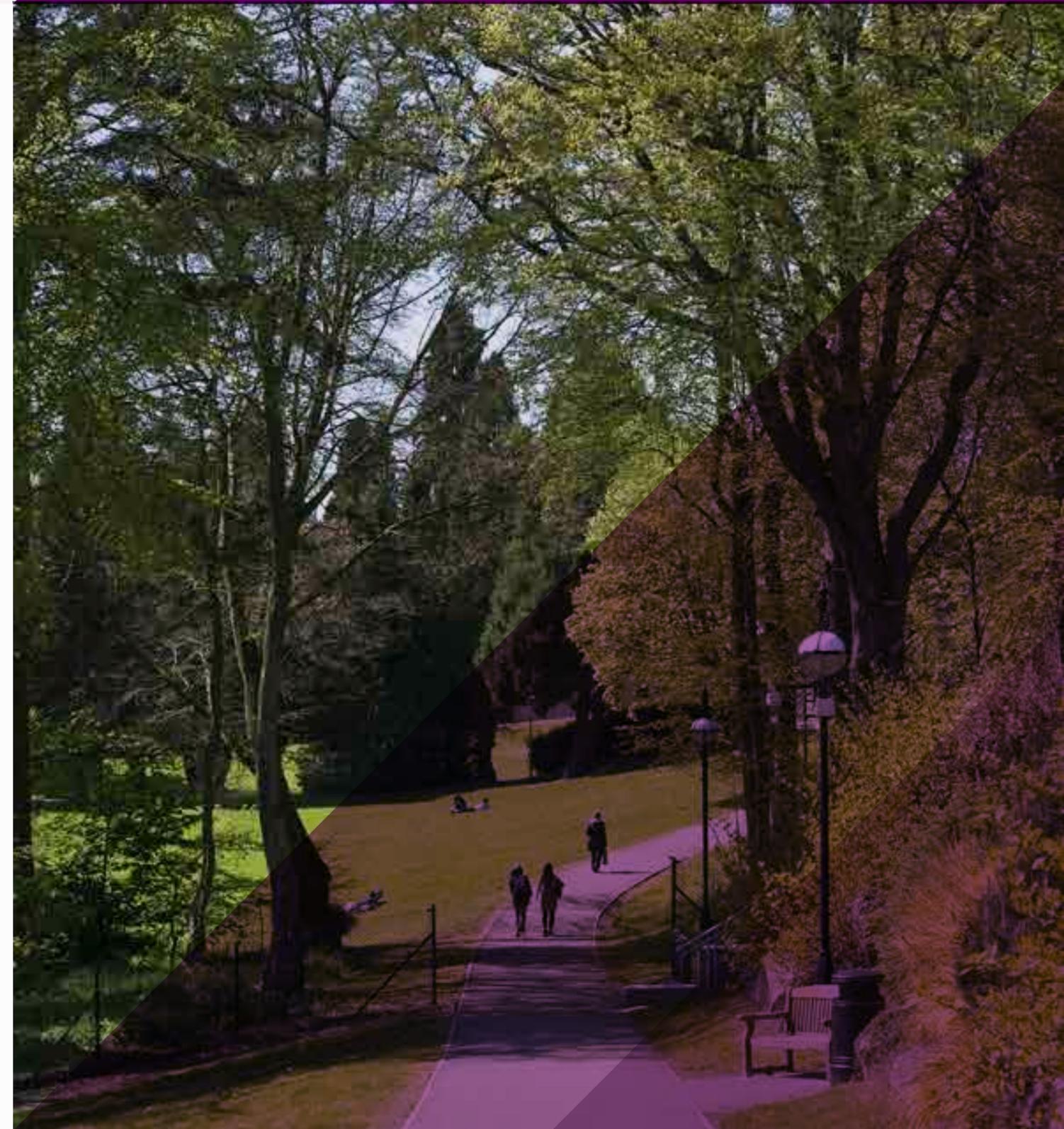
The University's strategy places financial sustainability at its core, recognising that this is key to the ongoing and future success of the University, as well as to address the challenges in the University's external environment driven by the impact of the pandemic, Brexit and the economic crisis facing the country. The University has key enablers embedded within the strategy to grow and diversify sources of revenue to reduce reliance on public funding and provide for strategic investment needs; to achieve the University's purpose through efficient, focussed and sustainable operations; and, to fulfil the University's responsibility to reduce the environmental impact of its operations.

These key enablers are cascaded from the strategy through to the annual business plan. The business plan reflects the aims of the strategy and is developed through two processes. The first of these is through the annual planning process, which includes a reflection of the annual appraisal process to identify our progress and successes in the past year including a review against the KPIs for the past year. Each of the KPIs is aligned to one of the strategic aims of the strategy map or related to the enablers of the strategy. The business plan developed for 2021/22 was a one-year plan due to the ongoing uncertainties associated with operating in the context of a global pandemic.

Progress against the business plan is monitored by the Executive on a regular basis and reported to the Board of Governors through quarterly reports on progress against the actions and

progress against the improvement actions of the risk register to ensure that the University is adequately addressing its risks. While the country is moving towards a recovery from the pandemic, the operating conditions for the sector continue to be uncertain for 2022/23 and, as such, the Executive will proactively advise the Board when circumstances, internal and external, suggest the necessity to make amendments to the business plan and/or the risk register.

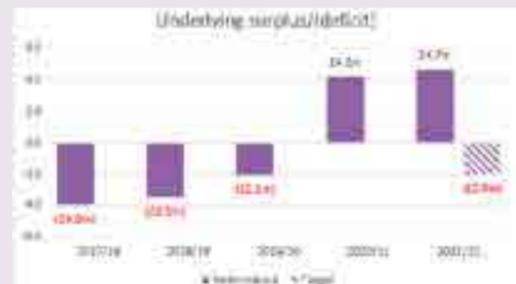
The development of financial targets enables budget setting and the development of forecasts for a ten-year period. This enables the University to take a long-term view as it develops activities and strategies for the future. Throughout the year, the Executive and Governance committees receive regular reports of the University's financial position and costs are rigorously reviewed at institutional and at individual School and Department levels. To continue to generate revenue, over and above the public funding received, actions to sustain future revenue generation and to deliver efficiencies are embedded within the business plan. This includes maximising fee-paying student recruitment, growing research funding and diversifying sources of income in response to opportunities post-pandemic, taking a sector-based approach to supporting the regional and Scottish economy, and developing international opportunities.



COMMENTARY ON CURRENT FINANCIAL SUSTAINABILITY

The University has continued to improve its financial position with a strong financial performance in 2021/22. Business volumes grew across the University throughout the year. In particular, revenue from international student fees has seen significant growth. Our catering, sport, and accommodation businesses, which had previously been affected by the pandemic, made clear and strong movements towards more normal and sustained levels of activity.

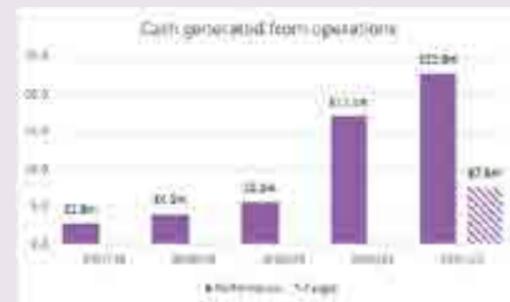
Figure 11
Underlying surplus



Definition The 'surplus or deficit before other gains and losses' after adjusting for exceptional items and non-cash pension costs or charges.

This performance is clearly supported by our underlying surplus KPI. The University's deficit before other gains is £0.2m. After adjusting for non-cash pension charges of £5.3m and grants received in advance of £0.4m, the underlying surplus before gains is £4.7m (Figure 11 Underlying Surplus). The trend for this key performance indicator over the last few years continues to show clear movement towards sustainability, in generally challenging operating environments.

Figure 12
Cash generated from operations



Definition The University's net cash inflow/outflow from operating activities is the net cash inflow/outflow from operating activities excluding cash flows from exceptional items.

We are continually focused on cash generation. The University has generated £22.8m cash from its core operations, significantly exceeding its target for 2021/22 (Figure 12 Cash Generated from Operations). Much of this increase in cash generation is driven by the strong underlying surplus achieved this year, which in turn was itself driven by growth in underlying business volumes. This is a very strong performance. Cash generated from operations will remain an acute focus for the coming years.

ENVIRONMENTAL SUSTAINABILITY

Of equal importance as financial sustainability is our response to the climate emergency to ensure that the University is environmentally sustainable. Our strategy recognises the importance of our responsibility to reduce the environmental impact of our operations, understanding that the pace of climate change will continue to accelerate without urgent interventions across all aspects of society. A key component of this commitment is our Net Zero Carbon Reduction programme driven by a board of representatives from across the University and supported by local initiatives led by groups located within our campus buildings. The programme this year has focused on informing our approach to transport and travel, ensuring that sustainability and carbon are considered alongside expenses and procurement. This activity is underpinned by our strategic enabler to create a more sustainable future for our University as well as the communities in which we operate. Sustainability also acts as a guiding principle for our policies and processes and ensures the University remains compliant with its legislative duties with regards to the Climate Change (Duties of Public Bodies; Reporting Requirements) (Scotland) Order 2015 to support the Climate Change Act. This includes the additional annual reporting requirements set out in the Amendment Order 2020 in relation to spending plans and use of resources to contribute to reducing emissions and delivering our emissions reduction targets.

ENABLER 01

WE WILL FOSTER OUR SENSE OF UNIVERSITY COMMUNITY

We are committed to attracting and retaining the best staff and students from around the world, supporting our alumni and fostering a welcoming and inclusive environment for all of our community. The wellbeing of staff has been a priority for our Executive as our community has continued to face the impact of the pandemic and the challenging economic crisis. As a result, we have implemented policies and initiatives to improve the working lives of staff, promote a healthy work-life balance and enhance our total reward package. This includes the introduction of a 35-hour week across the organisation, which is a reduction of two hours for all full-time professional services and research staff, bringing all contractual working hours in line with teaching staff. We also harmonised annual leave entitlement across the University so that all staff receive 36 days of paid leave. This is an increase of 8 days for professional services and research staff on grades 1 to 6, and an increase of 3 days for grades 7 and above. The University also

extended the Christmas holiday period to provide staff with additional time off. The University also introduced a hybrid working policy as we transitioned to on-campus teaching and working to provide staff with greater flexibility in their working environment.

Supporting the wellbeing of students has continued to be a priority for the University in providing a supportive student experience. The wellbeing of students has been part of the driving force behind the development of our new 'Pause and Reflection' week in the academic calendar to provide our students with important space from their studies. This week will enable students to reflect and engage with their course tutors and discuss academic progression and assessment requirements as part of our commitment to establish a positive teaching and learning community that emphasises empowering our students through open engagement.

Our new 'Pause and Reflection' week in the academic calendar will enable students to reflect and engage with their course tutors and discuss academic progression and assessment requirements as part of our commitment to establish a positive teaching and learning community that emphasises empowering our students through open engagement.

The University fosters a sense of community that ensures we treat individuals equitably, fairly, and respectfully. We have reviewed our equality and diversity policies, notably extending the scope and impact of our Dignity at RGU policy. Equality Outcomes are monitored through our Equality and Diversity Sub-Committee which reports to our Quality Assurance and Enhancement Committee and then to Academic Council and onwards to the Board of Governors. Annual monitoring considers student performance equality data and identifies actions and improvements. Outcome six of our Equality Outcomes aims to increase and enhance purposeful engagement with

staff across all equality strands. This has been achieved through the recalibration of the role of staff equality champions to improve wider staff representation and engagement, and the creation of opportunities to involve staff through action groups and work with existing networks.

Employment of disabled people

As part of our equality, diversity and inclusion (EDI) commitments, we are working to remove barriers and to increase understanding to ensure that disabled people have the opportunities to fulfil their potential, and as such we are an approved Disability Confident employer. It is our policy to develop and maintain measures to encourage the recruitment, development and retention of disabled individuals. This includes regular review of access and safety facilities throughout the University, taking steps to retain or retrain individuals where they acquire a disability, and review of recruitment procedures to encourage.

Modern slavery

The University is committed to establishing practices to combat slavery and human trafficking and ensuring that slavery and human trafficking are not taking place in our supply chains or in any part of our business. Our approach and the steps we are taking to combat slavery and human trafficking are published in full on our website within our Modern Slavery and Human Trafficking Statement, which is published and reviewed on an annual basis. This provides detail on our supply chain, our policies on modern slavery, due diligence processes and risk management, and staff training on this issue.



ENABLER 02

WE WILL PLAY OUR ROLE IN CREATING A MORE SUSTAINABLE FUTURE

We have made a strategic commitment to play our role in a more sustainable future through minimising the environmental footprint of our campus, embedding sustainability across our curriculum and offering thought leadership and innovation in the transition to the future of energy in a greener economy. We secured over £5m in funding over the last five years to develop carbon reduction initiatives across our campus to meet our net zero targets including installation of LED lighting, energy efficient boilers and solar panels. We have also implemented policies and initiatives to reduce our waste, energy and water consumption, and to encourage sustainable behaviour among our community such as uptake of carbon reducing travel schemes including cycling and provision of electric vehicles. We are also exploring large scale energy reduction projects that will harness

renewable energy from our campus including extending the existing geothermal network to provide additional heat resource.

We recognise that the race to carbon neutrality in response to the climate emergency will influence the prosperity of the region for generations to come. We continue to focus on skills development through our upskilling portfolio to harness the expertise and capabilities in support of our region's energy transition and to help deliver the UK and Scottish net zero goals. The publication of the 'Making the Switch' by our Energy Transition Institute (ETI) has also been a central component of our contribution to working with the industry in the North East of Scotland to help shape the future skills requirements of the offshore workforce and the supply chain and establish the region as a global energy hub in a green economy.

Additionally, we provide support to businesses and organisations to adapt the environmental sustainability of their operations through consultancy, Knowledge Transfer Partnerships, Innovation Vouchers or innovation centre funded projects. Our delivery of activity that drives entrepreneurial business growth such as our Regional Startup Accelerator is a key part of our contribution to ensuring the long-term sustainability of the economy through diversification of businesses, products and services.

Through embedding sustainability across our courses and widening access to University, we are equipping the brightest minds with the knowledge and skills to solve complex global energy issues, and collaborate with industry to find innovative solutions to achieve net zero targets. Our leading work in the health and social care sectors is focused on ensuring a sustainable healthcare system for the future through providing training and career development for the workforce.



ENABLER 03

WE WILL DEVELOP OUR INFRASTRUCTURE

We have continued to invest in our campus and develop our infrastructure to offer an inclusive and contemporary study and working environment for the future. Our teaching and working spaces ensure our students and staff take advantage of the full capabilities of our learning and teaching technologies. We are also testing innovative learning areas and have invested in the social space for students on campus to promote a sense of inclusion. We are encouraging the wider community to engage with the University as a Civic Institution that can add real value to their everyday lives by giving our community a reason to use our campus beyond work and study with a mix of projects including public art installations, community gardens and sound sessions. We have made upgrades to our IT infrastructure to support home working and enhance the online study environment for our students. We have also taken steps to protect our infrastructure from cyber security threats to mitigate against high level risks to our reputation, our finances and our operations.



ENABLER 04

WE WORK COLLABORATIVELY WITH OTHERS BY DEVELOPING PARTNERSHIPS

A central component of our strategy is ensuring we enhance the range, depth and value of partnerships, and in doing so we engage with a wide range of internal and external stakeholders. We have continued to work in close partnership with our students to shape the future of teaching and learning so that our student experience is inclusive, sustainable and meets the changing needs of learners. We have strengthened our engagement with our influential global community of alumni, providing opportunities to support our students through our mentoring programme, while benefiting from our professional and employability services.

Our contribution to the region's economic, cultural and social development has seen the University strengthen its regional partnerships to work collaboratively to enhance the prosperity

of the North East of Scotland in its recovery from the pandemic and as it drives forward with its energy transition agenda. Through prioritising strategic research partnerships, we have continued to foster excellence in knowledge exchange and interdisciplinary collaboration to support the sustainability of public, private and third sector organisations and communities. Despite the challenges of overseas engagement in the pandemic, we have continued to engage internationally by collaborating with governments and scholarship bodies to develop knowledge exchange and educational opportunities to support international economic development.



RISK MANAGEMENT AND INTERNAL CONTROLS

The University’s approach to risk management recognises the need to strike a balance between innovation and stability so that we can continue to advance and succeed in meeting our strategic aims. To ensure consistency with our strategic aims, the Risk Appetite Statement is reviewed on an annual basis. Following the review, the Risk Appetite Statement retains areas of compliance, reputation, financial areas of activity, the four strategic aims and pandemic guidance. The Statement is used extensively across the University to triage new business and commercial opportunities as they arise.

In this regard, it is the University’s approach to have a risk adverse appetite to manage its exposure to compliance and pandemic guidance risks, while encouraging an open approach to risks around reputation, financial risks and the student experience. With regards to the three strategic objectives of reach and relevance, impactful research, and economic development the University has a hungry appetite for risk. It is recognised that the University’s overall appetite for risk is high, however this does vary according to the activity undertaken and to reflect regulatory requirements. The risk management policy defines the key aims of our approach to risk management as follows:

- i. Integrate risk management into the culture of the University;
- ii. Manage risk in accordance with good practice;

- iii. Consider legal compliance as a minimum standard;
- iv. Anticipate and respond to changing social, environmental and legislative requirements;
- v. Prevent injury and damage and reduce the cost of risk; and
- vi. Raise awareness of the need for risk management.

The process to identify, evaluate and manage risks is embedded in the University’s annual planning process. This includes maintaining a strategic high-level risk register, aligned with the strategy and business plan, as well as requiring each School and professional support department to develop and maintain their own risk register, informed by the annual planning process, the risk management policy and the risk appetite statement. The Vice-Principal for Strategy and Planning has operational responsibility for risk management and for providing the Audit Committee with regular reviews of how risks are being actively managed. The Board of Governors retains the overall responsibility for the University’s system of internal control and for reviewing its effectiveness. The strategic high-level risk register is reviewed on a regular basis by the Executive and the Audit Committee, with the Board of Governors receiving quarterly reports. While the high-level strategic risks are aligned with the strategic aims of the University, we recognise that risks may evolve and change over the year. As such, the risks are regularly reviewed and rescored to ensure that our risk management framework is addressing those risks which are most important. The high-level risk register was reviewed in 2021/22, with high-scoring risks and improvements undertaken to date as follows:

Risk Title	Risk	Internal controls and mitigating actions
1. Scottish Student Recruitment	The University is unable to recruit to its funded numbers in a context of greater competition for Scottish students.	<ul style="list-style-type: none"> • Implementation of the refreshed Student Recruitment Strategy. • Conversion activity including the nurture track. • Monitoring of applicant pipeline data and development of tactical response.
2. Fee-paying Student Recruitment	The University is unable to overcome additional challenges to the recruitment of fee-paying students.	<ul style="list-style-type: none"> • Implementation of refreshed Student Recruitment Strategy. • Monitoring of pipeline data and development of tactics. • Monitoring of student enrolment and oversight of portfolio development. • Focused online marketing activities. • Agent management, in-country presence, and conversion activity including the nurture track.
4. Economic Downturn	The changed business needs of key economic sectors both regionally and globally presents difficulties to securing profitable opportunities.	<ul style="list-style-type: none"> • Development of RGU sectoral plan focused on key sectors and cross-sectoral themes. • Use of government sponsored programmes to support company recovery. • Engagement with sectoral and development organisations. • Regular communication with companies for new opportunities. • BAED monitoring of pipeline data and tactical response. • Close engagement with ONE, AGCC, local councils and trade organisations.

Risk Title	Risk	Internal controls and mitigating actions
5. Student Employability	The decline in employment opportunities results in graduates being unable to find relevant professional-level employment.	<ul style="list-style-type: none"> • Professional accreditation of many of the university's courses. • Services of the employability hub to students and alumni. • Delivery of flexible upskilling and reskilling courses in focussed sectors. • Embedded nature of entrepreneurship within the curriculum. • Established mechanisms for start up support, including student start up companies. • Mechanisms to ensure the currency of the curriculum, including development of new opportunities.
6. Research Funding	Inability to develop research capacity and grow revenues in line with the University's financial forecasts.	<ul style="list-style-type: none"> • Implementation of the renewed research strategy. • Support for research grant applications . • Research targets driven by Heads of School. • Graduate School to co-ordinate and support research degrees provision. • Staff sabbaticals available for researchers. • Research funding contained within the Strategic Investment Plan. • Establishment of interdisciplinary, cross-institution teams. • Expanded programme of activity to support Early Career Researchers.

Risk Title	Risk	Internal controls and mitigating actions
7. National Subsea Centre	The NSC is unable to address the needs of industry, damaging reputation and threatening sustainability.	<ul style="list-style-type: none"> • Appointment of senior team with industry and academic credibility and track record. • Business Development Managers and Partners Group both advisory for the NSC Executive Committee. • Strategic investment used to secure leading research teams. • Ongoing monitoring of performance targets and identification of remedial action where necessary.
8. Cybersecurity	The University experiences reputational, financial, and operational harm due to a major cyber security attack resulting in business activity disruption and/or loss of services and systems and/or a breach of data protection.	<ul style="list-style-type: none"> • Cyber Security Strategy in place - targeted at the security of and secure remote access to our campus and cloud-based environments. • Multi-factor Authentication (MFA) and Self-Service Password Reset (SSPR) for all RGU users. • Device management and security monitoring across the whole domain. • Improved firewall monitoring and automation. • Improved backup capability with a move to immutable technologies. • Regular assessments with third parties and partners (Jisc, Microsoft, Hefestis etc.). • Cyber Insurance Policy . • Rollout of cyber awareness training and embedding best practice across the University. • Programme of replacement of legacy systems via Major Projects Group.

Risk Title	Risk	Internal controls and mitigating actions
<p>9. Net Zero</p>	<p>The University suffers significant reputational and financial damage in failure to comply with the Climate Change (Scotland) Act 2009.</p>	<ul style="list-style-type: none"> • RGU Carbon Reduction Program Board led by Executive, inaugural meeting held March 2022 member. • Operational subgroups to enact change. • Development of Climate Change Adaptation program • Regular monitoring, analysis and reporting of emissions both overall and by area leading to actions to address emission reductions. • Introduction of the role of Energy and Sustainability Manager/Administration support, embedded within Estates department business plan. • Construction Project Control. • Approved and financed energy reduction programs. • Successful external funding achieved for energy reduction programs. • EAUC/Zero Waste Scotland/SAUDE/AUDE membership.



FINANCIAL REVIEW

Scope of the financial statements

These financial statements are prepared under Financial Reporting Standard 102 (FRS 102) and the rewritten Statement of Recommended Practice (SORP) 2015 – Accounting for Further & Higher Education Institutions.

The financial statements include the relevant results of the University and its subsidiaries, principally Univation Limited (together ‘the group’).

Operating results for the year

The group’s results for the year are detailed in the Consolidated Statement of Comprehensive Income and Expenditure on page 89:

	2022		2021	
	Group £'000	University £'000	Group £'000	University £'000
Income	114,741	114,702	103,201	103,179
Expenditure	114,913	114,874	105,725	105,703
Deficit before other gains	(172)	(172)	(2,524)	(2,524)
Other (losses)/gains	(3,218)	(3,218)	3,463	3,463
(Deficit)/surplus before tax	(3,390)	(3,390)	939	939

Total incomes of £114.7m were up on prior year by £11.5m or by 11.2%

Significant tuition fee growth continued this year. Total fees increased in relation to prior year by £7.3m, or 18%, to £47.5m. UK and EU fees totalled £23.3m, a small increase of £0.6m over 2020/21. The main growth area this year, as last year, was in non-EU fees. These grew very significantly to £23.6m, up by £6.7m or 39.9% on the prior year. Again, underlying international student numbers were significantly increased this year.

Funding Council grants received increased over the prior year, up by £1.6m to £53.5m. Within this total, teaching grants increased by £2m or 4.4% to £48m. Research grant funding increased slightly by £0.2m to

£2.2m. Strategic funding was significantly up on the prior year, growing from £0.7m in 2020/21 to £2.2m in 2021/22. This was mainly because of the receipt of £1.3m of funds from the North East Economic Recovery and Skills Fund (NEERSF). Capital maintenance grants reduced slightly by £0.3m to £0.9m for 2021/22. The University also received the final elements of its non-recurrent COVID support grants, totalling £0.2m.

Income from research grants and contracts for the year was up on the prior year, by £0.6m, or 18.8%, at £3.5m. The University considers this a good performance as it continues to recover from the pandemic and refocuses its efforts on its research activities.

Other incomes increased by £2.6m, or 37.8%, to £9.3m. This was primarily due to the reduced impact of the pandemic on the University’s main ancillary businesses of sport, accommodation, and catering; all these businesses enjoyed more ‘normal’ operating conditions and saw revenues begin to return to long term levels during the year.

Total expenditures for the year increased by 8.7%, or £9.2m, to £114.9m. Overall staff costs increased during the year by £4.6m, or 6.9%, to £71.9m. Underlying recurring salary and social security costs increased by £2.3m, or 4.4%, to £55.8m. A 1.5% pay increase was awarded for the year under review.

The major impact on pay costs was the growth in staff FTE equivalents. This grew by 5.3% during the year – although the full impact of this staff number growth will only be felt in next year’s annual report. Growing staff numbers was a necessary response to maintain a high-quality student experience responsive to the needs of a growing student population.

Other factors also contributed to the staff cost increase. There was a major increase in the cost of University pension provision; this increased by £2.3m to £16.1m. Over £1m of this was related to increases in the cost of accrual in the North East Scotland Pension Fund (NESPF), which does not represent cash outflow, but the remainder of this growth was cash out driven by underlying staff numbers growth and increases in the employer contribution percentage in the NESPF. Also at work here is the usual upward movement in staff costs caused by annual incremental drift.

Other operating expenses increased by £6.7m to £32.8m. There are three main reasons behind this significant cost growth. Firstly, there are direct costs of teaching relating to student volume growth. Both agents’ commissions and scholarship costs have grown significantly, by around £2.5m over the prior year. This is to be expected in the context of the underlying significant growth in student numbers.

There are also significantly increased campus-based costs due to the campus being open throughout the year. Despite operating with reduced footfall on campus, the University kept its buildings open during the period of COVID restrictions which incurred costs associated with ventilation, heating and cleaning to ensure it remained compliant with national guidance and safety measures in the pandemic. The University’s campus maintenance, residencies, sport, and catering activities, for example, contribute over £1m of this increased cost. The University spent nearly £0.8m on new activities around accelerator and short course provision related to its grant from the NEERSF.

The group’s depreciation charge for the year decreased from £10.2m to £8.6m. The underlying charge was in fact slightly up on prior year, but this year’s charge does not include the one-off impairment cost of £2.3m

charged to depreciation last year in respect of certain building components, the replacement of which is scheduled to commence soon.

Interest and other finance costs reduced by around £0.5m for the year. But underlying long term loan interest was unchanged – the reduction reflects only the reduced interest on the smaller NESPF opening deficit.

The net group operating result for the year was a deficit of £3.4m (2020/21 surplus of £0.9m).

Total Comprehensive Income for the Year

The group's total comprehensive income for the year was £41.2m (2020/21; £36m) because of non-operating incomes for the year totalling £44.5m.

This income is created by the removal of the North East Scotland Pension Fund deficit. The balance improved from a deficit of £35.4m at 31 July 2021 to a surplus of £3m at 31 July 2022, an improvement of £38.4m. Non-cash costs of £6.1m in respect of pension deficit interest and other pension costs have already been accounted for within the operating surplus for the year.

More details of the University's pension obligations are provided in the notes to the accounts.

Cash flows

The group's cash flows are detailed in the Consolidated Statement of Cash Flows on page 92. The group generated cash inflows from operating activities of £22.8m for the year, an increase of £5.7m over the £17.1m generated during the previous year. It should be noted that over the last 2 years, and particularly this year, cash generation has included material sums where teaching income has been deferred into the subsequent year. Costs are still to be incurred in relation to these cash deferrals.

Investing activities resulted in net cash outflows of £6.9m (2020/21 £5.9m) whilst financing activities experienced net cash outflows of £1.8m (2020/21 £0.4m).

Available cash and cash equivalents increased by £14.1m from £28.8m at the start of the year to £42.9m on 31 July 2022.

The group's current asset investments increased during the year by £2.7m to £10.6m. Group debt levels decreased from £37.2m to £36.8m.

Capital projects

The group invested £4.6m in fixed assets during the year.

Treasury management

The group's financing and liquidity requirements are managed by the University's central treasury function. Minimum liquidity levels are set by the group's financial strategy and adherence to these is monitored by regular cash flow forecasting throughout the year. In addition, as part of the group's planning processes, rolling ten-year financial forecasts are prepared and these include the group's estimated capital expenditure requirements. In this way, both liquidity requirements and any future borrowing needs can be determined on a timely basis.

Professional external managers manage the investment of the group's free cash balances, and their performance is monitored by the Finance and General Purposes Committee of the Board of Governors.

The group's foreign currency earnings form a small part of its overall revenues and, hence, overall exposure to exchange risk is low. It is not, therefore, appropriate to adopt formal strategies to reduce exposure to these risks although, on occasion, the group hedges significant one-off foreign currency receivables by purchasing forward contracts.

Year-end position of the group

The group's balance sheets are detailed in the Consolidated and University Statement of Financial Position on page 91. The balance sheet has been affected by recent positive changes in the local authority pension fund. Net assets increased significantly in the year from £172.1m to £213.2m. The group's net working capital position has also strengthened significantly during the year from £22.4m to £30.1m.

The financial statements continue to be prepared on a going concern basis as the University Board considers that the university has adequate financial resources to continue in operational existence for the foreseeable future.

Payment of creditors

It is the University's policy to obtain the best terms for all business and there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavours to abide by specific payment terms. There was no interest paid under the Late Payments of Commercial Debts (Interest) Act.

During the year ended 31 July 2022, creditors were paid on average in 23 days (2021: 20 days).

Political donations

No donations for political purposes were made during the year.

Auditor

The university is in the process of procuring the provision of external audit services for the period from the 2022/23 financial year.



Signed
C Hunter, Chair of the Board of Governors

CORPORATE GOVERNANCE STATEMENT 2021-22

CORPORATE GOVERNANCE STATEMENT 2021-22

Overview

The University is committed to achieving the highest possible standards of corporate governance relevant to the higher education sector. As part of this commitment, and as required by the Scottish Funding Council Financial Memorandum with Higher Education Institutions, it reports compliance against the principles of good governance set out in the Scottish Code of Good HE Governance (revised 2017).

The Board of Governors (Board) is responsible for corporate governance at the University. The Board has established several key Standing Committees with clear remits, all of which are reviewed annually. All Committees are primarily composed of independent members of the Board, one of whom is the convener, with staff and student governors on all except the Audit Committee. The Board has external lay appointees to many of its committees. Annually the Board also reviews its Statement of Primary Responsibilities and, together with a mapping document, they provide transparency regarding how these responsibilities are discharged.

The Board and Governance and Nominations Committees monitor both the range of skill and experience and the equality and diversity of its composition regularly. The composition of the lay members of our Board is gender balanced, with six males and six females. However, our staff and student Governors – nominated or elected – comprise two males and six females.

The Board meets formally four times a year and holds a Board Strategy Event, which members of the University's Executive also attend. The Minutes of the Meetings of the Board and meeting agendas are made available to the public, staff and students through the website unless they contain commercially sensitive or personal information.

As a matter of good practice, members of the Board typically attend visits to specific academic schools and professional/support departments during the year, ensuring an opportunity to meet with staff and students across the University. In addition to induction and attendance at Advance HE New governor training, Governance and Nominations Committee identifies and ensures the delivery of whole Board focused training. Board members also attend a range of University events, from Graduations to our Regional Startup Accelerator, School of Art Degree Show to our annual Boat Race with Aberdeen University.

On 17 March 2022, the Board held its annual stakeholder event. The event was in person and on campus. Many of the University's stakeholders from across the region came together for the event, which provided an opportunity for all stakeholders to receive Our Strategy, launched in February 2022, and to hear an overview of RGU, the revised strategy and the approach within the University to Learning, Teaching & the Student Experience; Research & Knowledge Exchange and Business & Economic Development.

Board members are required to declare any relevant interests on appointment, and this information is formally reviewed on an annual basis. Individual Board members are also asked to report any interests concerning Board and Committee agenda business on a routine basis, and the Chair may require members to recuse themselves for particular items. Declarations of interest are made publicly available on the University's website.

Recruitment, induction and training

All newly appointed Board members are provided with a formal induction and encouraged to attend the Advance HE event New Governors of Scottish Institutions.

The Governance and Nominations Committee identifies and provides delivery of whole Board focused training. As a matter of good practice, members of the Board attend visits to specific academic schools and professional/support departments during the year, ensuring an opportunity to meet with staff and students across the University. Board members also attend a range of University events, from Graduations to our Regional Startup Accelerator, from the School of Art Degree show to our annual Boat Race with Aberdeen University.

The Board undertook regular recruitment to replace a long-serving Board member, taking the opportunity to appoint a member from the Scottish HE sector, and as of 1 October, has welcomed a new Board member from the Media/ Communications sector. In addition, the Board has included two new Student Governors elected by the student body.

Evaluation

The Board and its Standing Committees have in place an annual system of internal evaluation. Committee members rank the performance and effectiveness following its specific remit. The overall evaluation for 2021/22 for the Board and its Standing Committees was very positive.

During 2021/22, the Board considered a wide range of business, including:

- Approving the Our Strategy, launched in February 2022;
- Approving the University's Outcome Agreement and monitoring its progress;
- Approving the Business Plan, including measurement of KPIs and Risk Register and monitoring the latter's progress;
- Approving major proposals for strategic investment;
- Regularly considering the University's ongoing response to the Covid pandemic, ensuring the health, safety and wellbeing of staff and students;
- Considering estate matters, including significant potential repair/ maintenance;

- Monitoring the development of the National Subsea Centre;
- Overseeing the development of strategic partnerships with particular emphasis on NESCol;
- Approving the University's follow on report to Enhancement Led Institutional Review;
- Overseeing the University's work on equality, diversity and inclusion; and
- Overseeing the University's approach to sustainability and our Net Zero Carbon Reduction Programme.

As part of its normal business, the Board endorsed the annual report to the Scottish Funding Council on Institution-Led Review of Quality, the Annual Occupational Health and Safety Report and the Student Union Annual Report and Budget, which includes compliance with the Code of Practice and the Education Act 1994.

The Board also receives reports from each meeting of the Academic Council as part of its routine business. This ensures Academic Council is effective in its duties by monitoring its compliance with internal quality processes, reports of engagement with external quality processes and the Quality Assurance Agency.

As part of risk management and control, the Board considered the financial and other challenges of the pandemic and the impact of Brexit. This included regular monitoring of the University ongoing response to the pandemic with measures and costs associated with maintaining a covid-secure campus, as well as the funding implications of Brexit for student recruitment.

Standing Committees

The Finance and General Purposes Committee advises the Board on policy, strategy and planning concerning all estates and financial matters and makes recommendations to the Board of Governors for approval of the annual budgets for income and expenditure. The Committee also considers, oversees and provides guidance to the Board on a wide range of matters, such as the annual Financial Statements and Financial Forecasts, the system of financial control and administration, the University's annual revenue and capital budgets, the finance and estates strategies including sustainability, investment policy and strategy, key performance indicators and any material changes to financial limits and authorisations in the Financial Regulations.

The Governance and Nominations Committee provides a single forum for ensuring the Board of Governors and the University comply with all relevant governance frameworks, including the Scottish Code of Good Higher Education Governance, and make recommendations for change where necessary. The Committee consists of at least one, but not more than two, members external to the University, staff, and student governor. The Committee advises the Board of Governors on evaluating the balance of skills, attributes and experience required from members of the governing body and considers equality and diversity both as regards Board composition as well as the work on EDI across the University as a whole.

The Remuneration Committee determines the remuneration of the senior management (including the Principal and Vice-Chancellor of the University) following Board approved policies and processes. The Committee membership includes a Staff Governor, a Student Governor, and four lay governors. Decisions on the provision of pay increases are informed by a robust benchmarking system and monitoring individual performance against agreed objectives. The Committee is also responsible for ensuring that any severance payments to senior staff are in accordance with the overall University Severance Policy and guidance to the sector.

The Staff Governance Committee ensures that the University has a clear human resource strategy aligned with the overall University strategy and that it is appropriate, realistic and achievable. The Committee also reviews and endorses the overall health and safety strategy and plan. It is the role of the Committee to monitor the relevance and these strategies, their implementation and effectiveness and ensure all procedures are responsive to changing internal and external environments. During 2021-22, the Committee considered a range of associated business matters, including:

- Progress updates on the implementation of the human resource strategy;
- A report on the outcome of a very positive *Employee Survey*; and
- Reviewing the annual occupational health and safety report and receiving regular occupational health and safety strategic review reports.

The Audit Committee fulfils a key role in reviewing the effectiveness of the financial and other internal control systems and advising the Board on its compliance with good governance requirements. The most recent report from the Audit Committee about the institution's adequacy and effectiveness of risk management, internal control and governance included a 'generally satisfactory with some improvements required' opinion from the internal auditors. During 2021-22, the Committee considered a wide range of associated business matters, including:

- Approving the Internal Audit Plan for Session 2021-22;
- Receiving internal audit reports provided by PWC in accordance with the annual plan;
- Receiving/reviewing internal audit follow-up reports;
- Reviewing the Risk Register regularly throughout the year;
- Recommending approval to the Board of the Annual Report and Financial Statements; and
- Reviewing the interim and final external audit reports.
- Considering annual reports on related party and spin, procurement and value for money; gifts and hospitality; fraud and whistleblowing.

The attendance data for the Board of Governors and Standing Committees (1 August 2021 to 31 July 2022) is summarised below:

Governors	Board of Governors	Audit Committee	Finance & General Purposes Committee	Staff Governance Committee	Governance & Nominations Committee	Remuneration Committee	Board Session: Strategy, Finance & Student Recruitment
	4 meetings	4 meetings	4 meetings	2 meetings	2 meetings	2 meetings	1 meeting
R Adedokun Student Governor (1.8.20 - 31.7.22)	3/4		4/4		2/2		1/1
A Bannister Independent Governor	4/4		4/4				1/1
J Booth Independent Governor	4/4			2/2	2/2		0/1
M Buchan Staff Governor [until 31.12.21]	2/2		2/2			1/1	1/1
A Campbell Trade Union	3/4			2/2			0/1
M Clare Independent Governor	4/4		4/4	2/2			1/1
N Crawford Independent Governor [from 1.7.22]	N/A		N/A				N/A
K Gifford Independent Governor	4/4		4/4		1/2	0/1	1/1
C Hunter Chair of the Board	4/4		4/4	2/2	2/2	2/2	1/1

John Isaacs Academic Council elected (from 1.1.22)	2/2				1/1	1/1		N/A
M McGinlay Independent Governor	3/4				0/2		2/2	1/1
R Marcella Trade Union	4/4						2/2	1/1
K Milroy Independent Governor [until 31.12.21]	2/2	2/2			1/1			0/1
P Murray Independent Governor	3/4	4/4	2/2					1/1
I Obiagwu Student Governor (26.7.21 - 31.7.22)	4/4		3/4				2/2	1/1
E Ogilvie-Brown Staff Elected	1/4				1/2			0/1
Z Ogilvie Independent Governor (resigned 23.6.22)	1/4				1/2			1/1
S Olivier Principal	4/4		4/4		1/2	1/2		1/1
R Riddoch Independent Governor (resigned 28.1.22)	1/2		1/2				0/1	1/1
N Seaton Independent Governor [from 1.5.22]	1/1	1/1	1/1					N/A

J Strachan Staff elected [from 22.2.22]	2/2		1/1			1/1	N/A
T Walker Independent Governor	4/4	1/4					0/1
Mr E Walton Independent Governor	4/4	1/1				1/2	1/1
External Members on Committees							
L Clow						1/2	
N Crawford [until 30.6.22]					2/2		
M Fleming		4/4					
S Gammie [from 1.1.22]			2/2				
S Hynd		2/4					
K Milroy [from 1.1.22]	2/2						
R Ramshaw					1/2		
K Stewart			1/4				

Conclusion

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

In the opinion of the Governing Body, the institution complied with all the principles and provisions of the 2017 Scottish Code of Good Higher Education Governance through the year.

Signed



C Hunter,
Chair of the Board of Governors

Statement of the primary responsibilities of the governing body

This Statement is based on the model statement formerly contained in the Governance Code of Practice published by the Committee of University Chairmen, adapted to reflect the functions and duties that the Board derives from its Statutory Instrument. It takes account of the minimum priorities contained in the Scottish Code of Good Higher Education Governance (2017 edition).

The Board is the governing body of the University. The Board has ultimate responsibility for the affairs of the University, with the exception of academic standards, which are the responsibility of the Academic Council. The Board is responsible for reviewing the work of the University, taking such steps as necessary to ensure the University's strategic objectives are achieved. The objectives are to:

- (a) To provide students with an excellent experience that will enable them to raise their aspirations and thrive in their professional careers as global citizens;
- (b) To grow the quality and impact of our globally recognised, innovative and interdisciplinary research;
- (c) To ensure that we contribute significantly towards Scotland's economic and social regeneration.

The primary functions and duties of the University Board are set out in [The Robert Gordon University \(Scotland\) Order of Council 2019](#) and the duties are summarised in the formal Statement of Primary Responsibilities.

Responsibility for financial matters

The Governing Body 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 Governing Body of Robert Gordon University, the Governing Body, through its designated office holder, is required to prepare financial statements for each financial year which give an accurate and fair view of the state of affairs of the University and the surplus or deficit, total comprehensive income and expenditure and cash flows for that year.

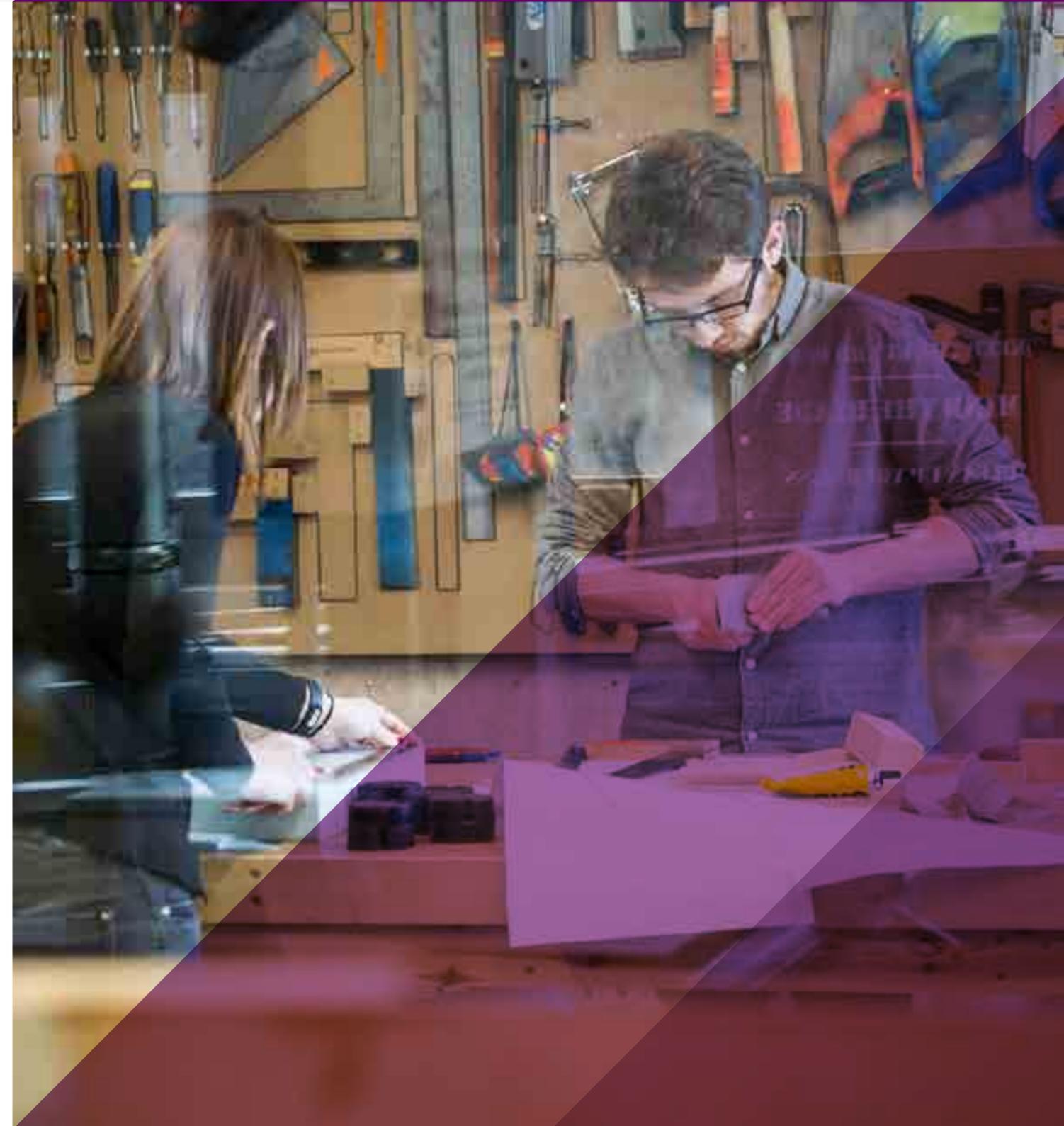
When preparing the Group and parent University financial statements, the Governing Body is required to:

- Select suitable accounting policies and ensure these are applied consistently;
- Make judgements 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;
- Assess the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent University, cease operations or have no realistic alternative but to do so.

The Governing Body is responsible for such internal control as it determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Governing Body 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 expenditures.

The Governing Body is responsible for maintaining the integrity of the corporate and financial 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.



The Sir Ian Wood Building

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Independent auditor's report to the Board of Governors of Robert Gordon University

Opinion

We have audited the financial statements of Robert Gordon University ("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 7 August 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 Board of Governors 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 Board of Governors' 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 Board of Governors' 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 Board of Governors' 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 Board of Governors, 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 Board of Governors 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 certain flexible tuition fee 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.

Independent auditor's report to the Board of Governors of Robert Gordon University (continued)

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 Board of Governors and management (as required by auditing standards), and discussed with the Board of Governors 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 Board of Governors 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 Board of Governors' responsibilities

As explained more fully in its statement set out on page 70 to 71, the Board of Governors 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.

Independent auditor's report to the Board of Governors of Robert Gordon University (continued)

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 Board of Governors of the University in accordance with The Robert Gordon University (Scotland) Order of Council 2019, and in the Board of Governors' 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 Board of Governors 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 Board of Governors 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

13 December 2022

Statement of principal accounting policies and estimation techniques

1. Basis of preparation

These 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 Standards (FRS102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of equity investments and derivative financial instruments).

At 31 July 2022, the University and its subsidiaries had cash and cash equivalents of £43.0m, short term liquid investments of £10.6m and long term listed investments of £22.0m. Within current asset investments and cash, £2.5m are restricted endowments. In the year ended 31 July 2022, the Group generated cash flows from operating activities of £22.8m. The University has one long term bank facility of £32m for which no principal repayments are due before 2038. This bank loan agreement is subject to two principal financial covenants relating to net asset cover and cash flow cover. Other key obligations include current and deficit employer cash contributions to defined benefit pension schemes. The University has no capital commitments other than as disclosed in note 21.

The Board of Governors has prepared cash flow and covenant forecasts for the University and its subsidiaries for the period to 31 July 2022 which indicate that, taking account of reasonably possible changes to student numbers, the Group and University will have sufficient funds to meet their liabilities as they fall due for that period and achieve both bank financial covenants.

Consequently, the Board of Governors is confident that the University and its subsidiaries will have sufficient funds to continue to meet its 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.

2. Basis of consolidation

The consolidated financial statements include the University and its subsidiary undertaking Univation Limited for the financial year to 31 July 2022. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the Robert Gordon University Student Association as the University does not exert control or dominant influence over policy decisions. The RGU Foundation is not consolidated on the basis of its immateriality to the Group.

Associated companies and joint ventures are accounted for using the equity method.

The financial position of the University, including details of its long-term borrowing facilities, is set out in the financial review on pages 57 to 60. The financial statements have been prepared on a going concern basis.

3. Income recognition

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

Tuition fees

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

Grant funding

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

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

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

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

- a. 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.
- b. 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.

Other income

Investment income is credited to the statement of 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.

Capital grants

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

4. Accounting for retirement benefits

Retirement benefits for employees of the University are provided by the Scottish Teachers' Pension Scheme (STPS) and the North East Scotland Pension Fund (NESPF). Both schemes are available to staff of more than one employer, are contracted out of the State Earnings-Related Pension Scheme, and the assets of the schemes are held separately from those of the University. The Funds are valued by actuaries, the rates of contributions being determined by the trustees on the advice of the actuaries.

The STPS scheme is a multi-employer defined benefit scheme, however, the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. Accordingly, contributions to this scheme are included in expenditure in the period in which they are payable.

In respect of NESPF, pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full.

Defined contribution plan

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

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 calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

5. Employment benefits

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

6. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease 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 inception 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.

7. 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.

8. Foreign currency

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at year end rates. Any resulting exchange differences are taken to the consolidated statement of comprehensive income and expenditure account in the year.

9. Fixed assets

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Land and buildings are stated at deemed cost at 1 August 2014 less accumulated depreciation and accumulated impairment losses.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to re-valuation to deemed cost, are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life.

Freehold buildings are depreciated by component on a straight line basis over their expected useful lives.

Leasehold buildings are depreciated over the life of the lease up to a maximum of 50 years.

No depreciation is charged on assets in the course of construction.

Equipment

Equipment, including computers and software, costing less than a £10,000 per item or group of related items is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life of between 3 and 10 years.

Fixtures and fittings

Fixtures and fittings are stated at purchase cost together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of fixtures and fittings on a straight line basis over the expected useful economic lives of the assets concerned. The principal expected useful lives for this purpose are between 5 and 15 years.

Borrowing costs

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

10. Intangible assets and goodwill

Intangible assets (computer software) are amortised over period not exceeding 5 years representing the remaining estimated economic life of the assets.

The University currently has no recognised goodwill or negative goodwill.

11. Investment properties

The University does not have any properties that are considered investment properties.

12. Investments

Non-current asset listed investments are held on the balance sheet at market value with movements taken to the consolidated statement of comprehensive income and expenditure.

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

Current asset investments are held at fair value with movements recognised in the surplus or deficit.

13. Stock

Stock is held at the lower of cost and net realisable value.

14. 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.

15. Provisions, contingent liabilities and contingent assets

Provisions for restructuring

Provision is made for the estimated costs which will be incurred as a result of decisions made by the Governing Body concerning premature retirement which create a legal or constructive obligation before the balance sheet date.

An annual contribution representing interest is credited to the provision and the costs of enhanced pensions are charged against the provision which is revalued actuarially on an annual basis.

Provisions - general

Provisions are recognised in the financial statements when:

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

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

Contingent liabilities and contingent assets

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

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

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

16. 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.

17. Taxation

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

The University receives no similar exemption in respect of value added tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiaries are liable to corporation tax in the same way as any other commercial organisation.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

Basic financial instruments

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 instrument for a similar debt instrument.

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company'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 profit or loss except hedging instruments in a designated hedging relationship.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

18. Judgments and estimation techniques

No new critical judgments have been required in the preparation of the financial statements. In prior periods, judgment has been required in the evaluation of the Scottish Teachers' Pension Scheme as a multi-employer scheme (note 29) and in the classification of finance and operating leases.

The preparation of the financial statements requires management to make estimations that affect the financial statements during the reporting period. Actual results could differ from those estimates. Estimates are principally used when accounting for defined benefit pension schemes and when evaluating the carrying value and depreciation of tangible fixed assets. Details of the estimates used are set out in the relevant accounting policy and financial statement note.

Consolidated & University Statement of Comprehensive Income and Expenditure

For the year ended 31 July 2022

	Notes	2022		2021	
		Group £'000	University £'000	Group £'000	University £'000
Income					
Tuition fees and education contracts	1	47,540	47,496	40,272	40,238
Funding body grants	2	53,519	53,519	51,923	51,923
Research grants and contracts	3	3,522	3,522	2,964	2,964
Other income	4	9,341	9,342	6,781	6,787
Investment income	5	336	340	568	574
Donations and endowments	6	483	483	693	693
Total income		114,741	114,702	103,201	103,179
Expenditure					
Staff costs	7	71,922	71,922	67,308	67,308
Restructuring costs	7	0	0	0	0
Other operating expenses	9	32,757	32,718	26,107	26,085
Depreciation, impairment and amortisation	12/13	8,576	8,576	10,174	10,174
Interest and other finance costs	8	1,658	1,658	2,136	2,136
Total expenditure	10	114,913	114,874	105,725	105,703
Deficit before other gains and losses		(172)	(172)	(2,524)	(2,524)
Loss on disposal of fixed assets		0	0	(19)	(19)
Loss on write off of fixed assets	12	0	0	(104)	(104)
Gain on endowment investments	20	(276)	(276)	268	268
Gain on non-current investments	14	(2,942)	(2,942)	3,318	3,318
(Deficit)/surplus before tax		(3,390)	(3,390)	939	939
Taxation	11	(4)	(4)	(3)	(3)
(Deficit)/surplus for the year		(3,394)	(3,394)	936	936
Actuarial gain in respect of pension schemes	29	44,545	44,545	35,065	35,065
Total comprehensive income for the year		41,151	41,151	36,001	36,001
Represented by:					
Endowment comprehensive (expenditure)/income for the year		(286)	(286)	337	337
Unrestricted comprehensive income for the year		41,437	41,437	35,664	35,664
		41,151	41,151	36,001	36,001

All items of income and expenditure relate to continuing activities and are attributable to the University.

The notes on pages 93 to 107 form an integral part of these financial statements.

Consolidated & University Statement of Changes in Reserves

For the year ended 31 July 2022

Group	Income and Expenditure Account		
	Endowment Reserves £'000	Unrestricted Reserves £'000	Total £'000
Balance at 1 August 2020	2,425	133,624	136,049
Surplus from the income and expenditure statement	337	599	936
Other comprehensive income	0	35,065	35,065
Total comprehensive income for the year	337	35,664	36,001
Balance at 1 August 2021	2,762	169,288	172,050
Deficit from the income and expenditure statement	(286)	(3,108)	(3,394)
Other comprehensive income	0	44,545	44,545
Total comprehensive income for the year	(286)	41,437	41,151
Balance at 31 July 2022	2,476	210,725	213,201
University			
	Endowment Reserves £'000	Unrestricted Reserves £'000	Total £'000
Balance at 1 August 2020	2,425	133,507	135,932
Surplus from the income and expenditure statement	337	599	936
Other comprehensive income	0	35,065	35,065
Total comprehensive income for the year	337	35,664	36,001
Balance at 1 August 2021	2,762	169,171	171,933
Deficit from the income and expenditure statement	(286)	(3,108)	(3,394)
Other comprehensive income	0	44,545	44,545
Total comprehensive income for the year	(286)	41,437	41,151
Balance at 31 July 2022	2,476	210,608	213,084

The notes on pages 93 to 107 form an integral part of these financial statements.

Consolidated & University Statement of Financial Position

For the year ended 31 July 2022

Notes	2022		2021		
	Group £'000	University £'000	Group £'000	University £'000	
Non-current assets					
Fixed assets	12	198,684	198,684	202,555	202,555
Intangible assets	13	2,589	2,589	2,721	2,721
Investments	14	22,021	22,121	24,904	25,004
Pension scheme asset	19b	2,983	2,983	0	0
		226,277	226,377	230,180	230,280
Current assets					
Stock		19	19	27	27
Trade and other receivables	15	8,974	9,461	7,253	7,710
Investments	16	10,563	10,563	7,837	7,837
Cash and cash equivalents	23	42,957	42,175	28,814	28,026
		62,513	62,218	43,931	43,600
Less: Creditors: amounts falling due within one year	17	(32,397)	(32,319)	(21,524)	(21,410)
Net current assets		30,116	29,899	22,407	22,190
Total assets less current liabilities		256,393	256,276	252,587	252,470
Creditors: amounts falling due after more than one year	18	(37,230)	(37,230)	(37,882)	(37,882)
Other liabilities					
Premature retirement compensation	19a	(5,962)	(5,962)	(7,267)	(7,267)
Pension scheme liability	19b	0	0	(35,388)	(35,388)
Total net assets		213,201	213,084	172,050	171,933

Notes	2022		2021		
	Group £'000	University £'000	Group £'000	University £'000	
Restricted Reserves					
Endowment reserve	20	2,476	2,476	2,762	2,762
Unrestricted Reserves					
Income and expenditure reserve		210,725	210,608	169,288	169,171
Total reserves		213,201	213,084	172,050	171,933

The notes on pages 93 to 107 form an integral part of these financial statements.

The financial statements were approved by the Governing Body on the 29th November 2022 and were signed on its behalf on that date by:



C Hunter
Chair of the Board of Governors



M D McCall
Director of Finance



S Olivier
Principal and Vice Chancellor

Consolidated Statement of Cash Flows

For the year ended 31 July 2022

Notes	2022		2021	
	Group £'000	Group £'000	Group £'000	Group £'000
Cash flow from operating activities				
(Deficit)/surplus for the year		(3,394)		936
Adjustment for non-cash items				
Depreciation, impairment and amortisation	12/13	8,576		10,174
Loss on write off of fixed assets	12	0		104
Decrease/(increase) in stock		8		(2)
Increase in debtors	15	(1,721)		(640)
Increase in creditors < 1 year	17	11,028		4,450
Decrease in creditors > 1 year	18	(167)		(149)
Decrease in premature retirement provision	19a	(1,305)		(284)
Pension costs less contributions payable	19b	6,174		5,613
Adjustment for investing or financing activities				
Investment income	5	(336)		(568)
Interest paid	8	1,133		1,134
New endowments	20	(23)		(29)
Dividends on non-current asset investments	14	(75)		(332)
Loss/(gain) on non-current investments	14	2,942		(3,318)
Loss on disposal of fixed assets		0		19
Net cash inflow from operating activities		22,840		17,108
Cash flows from investing activities				
Proceeds from sales of fixed assets		0		271
Payments made to acquire fixed assets	12	(3,782)		(5,754)
Payments made to acquire intangible assets	13	(791)		(561)
Disposal of non-current asset investments	14	16		2,200
Additions of non-current asset investments	14	0		(2,200)
Decrease/(increase) in current asset investments	16	268		(362)
Placing of deposits	16	(2,994)		(18)
Investment income	5	336		568
Net cash outflow from investing activities		(6,947)		(5,856)
Cash flows from financing activities				
Interest paid	8	(1,133)		(1,134)
Capital element of finance lease	18	(232)		(232)
Capital element of loan repayments	18	(408)		(359)
New unsecured loans	18	0		1,250
New endowments	20	23		29
Net cash outflow from financing activities		(1,750)		(446)
Increase in cash and cash equivalents for the year				
		14,143		10,806
Cash and cash equivalents at beginning of the year	23	28,814		18,008
Cash and cash equivalents at end of the year	23	42,957		28,814

The notes on pages 93 to 107 form an integral part of these financial statements.

Notes to the Accounts
For the year ended 31 July 2022

1. Tuition Fees and Education Contracts	2022		2021	
	Group £'000	University £'000	Group £'000	University £'000
Scotland home domicile fees	19,575	19,571	18,649	18,646
EU domicile fees	1,672	1,672	2,367	2,367
RUK domicile fees	2,071	2,071	1,738	1,738
Non-EU domicile fees	23,615	23,615	16,885	16,885
Non-credit bearing course fees	607	567	633	602
	47,540	47,496	40,272	40,238
2. Funding Body Grants				
General Fund - Teaching	40,335	40,335	37,129	37,129
General Fund - Research and innovation	2,165	2,165	1,926	1,926
Ring fenced grants Scottish Government	7,674	7,674	8,844	8,844
Non-recurrent Covid19 support	170	170	2,145	2,145
Strategic funding	2,241	2,241	703	703
Capital maintenance grants	934	934	1,176	1,176
	53,519	53,519	51,923	51,923
3. Research Grants and Contracts				
Research Councils	678	678	554	554
UK based charities	124	124	129	129
European Commission	641	641	403	403
UK Government	975	975	887	887
Other grants and contracts	1,104	1,104	991	991
	3,522	3,522	2,964	2,964
4. Other Income				
Residences & Catering	3,115	3,115	1,828	1,828
Other services rendered	2,620	2,615	1,795	1,770
Other income	3,606	3,612	3,158	3,189
	9,341	9,342	6,781	6,787
5. Investment Income				
Investment income on endowments	24	24	109	109
Other investment income	312	316	459	465
	336	340	568	574
6. Donations and Endowments				
Unrestricted donations	483	483	693	693
	483	483	693	693
7. Staff Costs				
Salaries	50,465	50,465	48,616	48,616
Social security costs	5,358	5,358	4,878	4,878
Employers pension contributions	10,546	10,546	9,293	9,293
Pension cost less contributions payable	5,553	5,553	4,521	4,521
Past service costs	0	0	0	0
Curtailments	0	0	0	0
Restructuring costs	0	0	0	0
	71,922	71,922	67,308	67,308

Notes to the Accounts (continued)
For the year ended 31 July 2022

7. Staff Costs (continued)	2022		2021	
	Group £'000	University £'000	Group £'000	University £'000
Analysis of staff costs by activity:				
Academic - Teaching departments	41,550	41,550	38,525	38,525
Academic - Teaching services	6,560	6,560	6,567	6,567
Research grants and contracts	2,112	2,112	1,959	1,959
Administration and central services	10,807	10,807	10,126	10,126
Premises	3,218	3,218	2,934	2,934
Catering and residences	817	817	775	775
Other services rendered	1,354	1,354	1,175	1,175
Other expenditure	5,504	5,504	5,247	5,247
Sub Total	71,922	71,922	67,308	67,308
Restructuring costs	0	0	0	0
Total	71,922	71,922	67,308	67,308
Average staff numbers by category:				
	Fte No.		Fte No.	
Academic - Teaching departments	718		674	
Academic - Teaching services	125		127	
Research grants and contracts	39		33	
Administration and central services	201		187	
Premises	102		98	
Catering and residences	28		26	
Other services rendered	43		48	
	1,256		1,193	
Remuneration of other higher paid staff, excluding employer's pension contributions, were:				
	No.		No.	
£100,000 - £109,999	5		0	
£110,000 - £119,999	2		1	
£120,000 - £129,999	0		1	
£130,000 - £139,999	1		2	
£220,000 - £229,999	1		1	
	9		5	
Remuneration of the Principal:				
	2022		2021	
	Current Principal	Former Principal	Current Principal	Former Principal
	£	£	£	£
Salary	208,935	0	208,935	185,656
Benefits in kind	3,132	0	3,132	7,963
Pension contributions	48,055	0	48,055	42,701
Total	260,122	0	260,122	236,320
				18,826
				255,146

The former Principal, Professor John Harper, left the University on 31 August 2020 and the current Principal, Professor Steve Olivier, took up post on 1 September 2020. The total annual remuneration of the Principal, comprising salary, benefits in kind & pension contribution is 6.08 times (2021: 5.96 times) the median remuneration of all other staff.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the University. This comprises members of the Principal's Executive. Total remuneration for the year ended 31 July 2022 (including employers pension contributions) was £1,020k (2021: £993k)

Compensation for loss of office

Compensation for loss of office of £68k (2021: Nil) was paid to one post-holder earning over £100,000 per annum. No individual restructuring plan resulted in costs of compensation for loss of office or severance totalling more than £100,000.

Remuneration of Governing body

The Chair of the Board of Governors received remuneration of £15k (2021: £15k) from the University for acting as a board member.

Notes to the Accounts (continued)

For the year ended 31 July 2022

8. Interest & Other Finance Costs

	2022		2021	
	Group £'000	University £'000	Group £'000	University £'000
Loan interest	1,133	1,133	1,134	1,134
Net charge on pension scheme	525	525	1,002	1,002
	1,658	1,658	2,136	2,136

9. Other Operating Expenses by Activity

	2022		2021	
	Group £'000	University £'000	Group £'000	University £'000
Academic - Teaching departments	7,711	7,710	5,621	5,460
Academic - Teaching services	4,840	4,840	4,352	4,352
Research grants and contracts	1,151	1,151	757	757
Administration & central services	6,862	6,851	4,548	4,535
Premises	5,487	5,487	5,051	5,051
Catering and residences	3,274	3,274	2,684	2,684
Other services rendered	2,985	2,985	1,467	1,629
Other expenditure	447	420	1,627	1,617
	32,757	32,718	26,107	26,085

Other operating expenses include:

Auditor's remuneration (ex vat):				
External Audit - audit services	85	77	57	51
External Audit - non-audit services	14	14	25	25
Internal Audit - audit services	59	59	57	57
Provision for premature retirement compensation	(781)	(781)	258	258
Agency staff costs	435	435	235	235
Grants to Student Association	508	508	493	493

Non-audit services paid by the Group to the external auditors in the current year comprise £8k (2021: £5k) for other assurance services and £6k (2021: £20k) for tax compliance and advisory services.

10. Total Group Expenditure

	Staff Costs	Operating Expenses	Dep'n Charge	Interest Payable	Year Ended 31 July 2022	Year Ended 31 July 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Academic - Teaching departments	41,550	7,711	1,075	1,054	51,390	45,771
Academic - Teaching services	6,560	4,840	1,930	0	13,330	12,798
Research grants and contracts	2,112	1,151	70	0	3,333	2,767
Administration & central services	10,807	6,862	337	0	18,006	15,035
Premises	3,218	5,487	4,370	0	13,075	14,603
Catering and residences	817	3,274	513	0	4,604	3,935
Other services rendered	1,354	2,985	281	68	4,688	2,928
Other expenditure	5,504	447	0	536	6,487	7,888
	71,922	32,757	8,576	1,658	114,913	105,725

11. Taxation

	2022		2021	
	Group £'000	University £'000	Group £'000	University £'000
Current tax				
Withholding tax	4	4	3	3
	4	4	3	3

Deferred taxation

The Group or University does not have any deferred taxation balances.

Notes to the Accounts (continued)

For the year ended 31 July 2022

12. Fixed Assets

Group	Land and Buildings	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2021	229,649	33,708	4,483	267,840
Additions	1,316	1,690	776	3,782
Transfers between categories	2,340	2,015	(4,355)	0
At 31 July 2022	233,305	37,413	904	271,622
Consisting of valuation as at:				
31 July 2014	216,135	0	0	216,135
Cost	17,170	37,413	904	55,487
At 31 July 2022	233,305	37,413	904	271,622
Depreciation				
At 1 August 2021	36,501	28,784	0	65,285
Charge for the year	4,893	2,760	0	7,653
At 31 July 2022	41,394	31,544	0	72,938
Net book value at 31 July 2022	191,911	5,869	904	198,684
Net book value at 31 July 2021	193,148	4,924	4,483	202,555

University	Land and Buildings	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2021	229,649	33,708	4,483	267,840
Additions	1,316	1,690	776	3,782
Transfers between categories	2,340	2,015	(4,355)	0
At 31 July 2022	233,305	37,413	904	271,622
Consisting of valuation as at:				
31 July 2014	216,135	0	0	216,135
Cost	17,170	37,413	904	55,487
At 31 July 2022	233,305	37,413	904	271,622
Depreciation				
At 1 August 2021	36,501	28,784	0	65,285
Charge for the year	4,893	2,760	0	7,653
At 31 July 2022	41,394	31,544	0	72,938
Net book value at 31 July 2022	191,911	5,869	904	198,684
Net book value at 31 July 2021	193,148	4,924	4,483	202,555

Notes to the Accounts (continued)

For the year ended 31 July 2022

12. Fixed Assets (continued)	Land and Buildings	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000
Leased out assets included above:				
Net Book Value at 31 July 2022	6,052	0	0	6,052
Net Book Value at 31 July 2021	6,290	0	0	6,290
Assets held under finance leases:				
Net Book Value at 31 July 2022	0	195	0	195
Net Book Value at 31 July 2021	0	407	0	407

A full valuation of the University's land and buildings was carried out on 31 July 2014 by F.G Burnett, Chartered Surveyors, Aberdeen. The basis of valuation is depreciated replacement cost or (for non-specialised properties) market value, as set out in the Royal Institute of Chartered Valuation - Professional Standards (January 2014). The valuation is used as deemed cost as at and from 31 July 2014. The impairment charge for the year relates to the write off of building components which require replacement, which is scheduled to commence in the next financial year.

13. Intangible Assets

		Group	University
		£'000	£'000
Computer Software			
Cost	At 1 August 2021	8,343	8,343
	Additions	791	791
	At 31 July 2022	9,134	9,134
Amortisation	At 1 August 2021	5,622	5,622
	Amortisation for year	923	923
	At 31 July 2022	6,545	6,545
Net book value At 31 July 2022		2,589	2,589
Net book value	At 31 July 2021	2,721	2,721

14. Non-Current Investments

	Subsidiary	Listed	Spinouts	Total
	£'000	£'000	£'000	£'000
Group				
At 1 August 2021	0	24,801	103	24,904
Revaluation	0	0	(16)	(16)
Investment income	0	75	0	75
Loss on investments	0	(2,942)	0	(2,942)
At 31 July 2022	0	21,934	87	22,021
University				
At 1 August 2021	100	24,801	103	25,004
Revaluation	0	0	(16)	(16)
Investment income	0	75	0	75
Loss on investments	0	(2,942)	0	(2,942)
At 31 July 2022	100	21,934	87	22,121

Notes to the Accounts (continued)

For the year ended 31 July 2022

14. Non-Current Investments (continued)

	2022		2021	
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Investments in spinout companies:				
CVCP Properties PLC	29	29	29	29
Celerum Ltd	58	58	74	74
	87	87	103	103

15. Trade and Other Receivables

Amounts falling due within one year:				
Trade receivables	1,075	1,052	1,182	1,035
Debts from students	3,051	3,051	1,598	1,598
Prepayments and accrued income	4,848	4,839	4,473	4,463
Amounts owed by group undertakings	0	519	0	614
	8,974	9,461	7,253	7,710

16. Current Investments

Equities	1,869	1,869	1,548	1,548
Fixed interest stocks	477	477	1,066	1,066
Bank deposits	8,217	8,217	5,223	5,223
	10,563	10,563	7,837	7,837

17. Creditors: Amounts Due Within One Year

Unsecured loans (Note 18a)	408	408	408	408
Obligations under finance leases (Note 18b)	77	77	232	232
Social security and taxation payable	2,881	2,881	2,739	2,739
Trade payables	1,567	1,561	1,206	1,206
Other creditors and accruals	7,649	7,649	5,930	5,929
Deferred income	19,815	19,743	11,009	10,896
	32,397	32,319	21,524	21,410

Deferred Income

Included within deferred income are the following items of non-exchange transaction income which have been deferred until specific performance related conditions have been met.

Donations	94	94	89	89
Research grants received on account	1,307	1,307	2,044	2,044
Grant income	924	924	1,125	1,125
	2,325	2,325	3,258	3,258

Notes to the Accounts (continued)

For the year ended 31 July 2022

18. Creditors: Due After More Than One Year	2022		2021	
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Unsecured loans (Note 18a)	36,367	36,367	36,775	36,775
Obligations under finance leases (Note 18b)	0	0	77	77
Other creditors	863	863	1,030	1,030
	37,230	37,230	37,882	37,882

Bank loans and finance leases are repayable as follows:

a) Analysis of unsecured loans:				
Due within one year (Note 17)	408	408	408	408
Due between one and two years	401	401	408	408
Due between two and five years	971	971	1,048	1,048
Due in five years or more	34,995	34,995	35,319	35,319
	36,775	36,775	37,183	37,183

b) Analysis of obligations under finance leases:				
Due within one year (Note 17)	77	77	232	232
Due between one and two years	0	0	77	77
	77	77	309	309

Total bank loans and finance leases **36,852** **36,852** 37,492 37,492

Details of unsecured loans repayable in more than one year are as follows:

- £394k SFC carbon reduction interest free loan repayable over 5 years by February 2024
- £450k SFC financial transactions loan with interest at 0.25% repayable over 10 years by March 2029
- £2,111k SFC energy efficiency loan with interest at 0.25% repayable over 15 years by March 2035
- £1,500k SFC Gray's Annex replacement loan with interest at 0.25% repayable over 20 years by March 2040
- £1,250k SFC Gray's Annex replacement loan with interest at 0.25% repayable over 20 years by March 2041
- £16.0m 20 year private placement with interest at 3.44% repayable in full on 19th June 2038
- £16.0m 30 year private placement with interest at 3.57% repayable in full on 19th June 2048

19. Provision For Liabilities	2022		2021	
	Group	University	Group	University
	£'000	£'000	£'000	£'000
a) Premature Retirement Compensation				
At 1 August	7,267	7,267	7,551	7,551
Expenditure in period	(470)	(470)	(485)	(485)
Revaluation adjustment	(870)	(870)	274	274
Notional interest	35	35	(73)	(73)
At 31 July	5,962	5,962	7,267	7,267

A valuation of the premature retirement compensation provision was carried out by Mercer Limited, an independent firm of actuaries, at 31 July 2022. The valuation was based on a discount rate of 3.4% and an inflation rate (CPI) of 2.9%.

b) North East Scotland Pension Fund				
At 1 August	35,388	35,388	64,840	64,840
Net interest cost	525	525	1,002	1,002
Administration expenses	96	96	90	90
Remeasurements	(44,545)	(44,545)	(35,065)	(35,065)
Current service cost less contributions paid	5,553	5,553	4,521	4,521
At 31 July	(2,983)	(2,983)	35,388	35,388

Notes to the Accounts (continued)

For the year ended 31 July 2022

20. Endowment Reserves	Group & University	Permanent	Expendable	2022	2021
		Endowments	Endowments	Total	Total
		£'000	£'000	£'000	£'000
At 1 August		2,712	50	2,762	2,425
New endowments		2	21	23	29
Investment income		24	0	24	108
Expenditure for year		(35)	(22)	(57)	(68)
Movement in market value		(276)	0	(276)	268
At 31 July		2,427	49	2,476	2,762
Analysis by asset:					
Current asset investments				2,346	2,614
Cash				130	148
				2,476	2,762

21. Capital And Other Commitments	2022		2021	
	Committed	Contracted	Committed	Contracted
	£'000	£'000	£'000	£'000
Committed and contracted expenditure remaining at end of year.				
Major construction works	360	0	22	851
Other works	258	1,134	1,264	551
	618	1,134	1,286	1,402

Contracted expenditure represents orders raised whilst committed expenditure represents the balance of expenditure required to complete the projects.

22. Operating Lease Commitments	Group & University	Land and Buildings	Plant and Machinery	2022	2021
		£'000	£'000	Total	Total
		£'000	£'000	£'000	£'000
Amounts paid during the year		1,292	24	1,316	1,297
Future minimum lease payments due:					
Not later than 1 year		1,312	7	1,319	1,324
Later than 1 year & not later than 5 years		4,460	0	4,460	4,769
Later than 5 years		257	0	257	1,287
Total lease payments due		6,029	7	6,036	7,380

Notes to the Accounts (continued)

For the year ended 31 July 2022

23. Cash And Cash Equivalents	At 1st August	Cash	At 31st July
	2021	Flows	2022
Group	£'000	£'000	£'000
Cash at bank and in hand	28,666	14,161	42,827
Endowment assets	148	(18)	130
	28,814	14,143	42,957
University			
Cash at bank and in hand	27,878	14,167	42,045
Endowment assets	148	(18)	130
	28,026	14,149	42,175

24. Consolidated Reconciliation of Net Cash/(Debt)

	At 31st July	At 31st July
	2022	2021
	£'000	£'000
Net debt 1 August	(8,678)	(18,825)
Movement in cash and cash equivalents	14,143	10,806
Capital element of finance lease repayments	232	232
Capital element of unsecured loan repayments	408	359
New unsecured loans	0	(1,250)
Net cash/(debt) 31 July	6,105	(8,678)
Change in net cash/(debt)	14,783	10,147

Analysis of net cash/(debt):

	At 31st July	At 31st July
	2022	2021
	£'000	£'000
Cash and cash equivalents	42,957	28,814
Borrowings: amounts falling due within one year		
Unsecured loans	(408)	(408)
Obligations under finance leases	(77)	(232)
	(485)	(640)
Borrowings: amounts falling due after more than one year		
Unsecured loans	(36,367)	(36,775)
Obligations under finance leases	0	(77)
	(36,367)	(36,852)
Net cash/(debt)	6,105	(8,678)

Notes to the Accounts (continued)

For the year ended 31 July 2022

25. Amounts Disbursed As Agent

Group & University	Discretionary	Childcare	Nursing	Covid	2022	2021
	Fund	Fund	Fund	Fund	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance brought forward	7	5	0	1	13	69
Allocation received in the year	403	179	97	629	1,308	1,475
Expenditure for year	(437)	(172)	(68)	(538)	(1,215)	(1,531)
Virements	27	0	0	(27)	0	0
Balance brought forward	0	12	29	65	106	13

26. Disclosure Of Related Party Transactions

The consolidated financial statements consolidate the financial statements of Univation Limited and its non-trading subsidiaries (note 27). The related party transactions with these entities, because they are 100% owned, have not been disclosed (in accordance with FRS 8).

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

During the year, the University recognised donations of £Nil (2021: £392k) from The Wood Foundation, of which £nil (2021: £nil) was receivable at 31 July 2022. During the year the University received £1,382k (2021: £2,273k) from the Net Zero Technology Centre.

27. Subsidiary Undertakings

The university owns 100% of the issued share capital of 100,000 £1 ordinary shares of Univation Limited a company registered in Scotland, whose principal activities are the provision of short courses, training and consultancy services in engineering, management, health and design.

Univation Limited owns 100% of the share capital of each of The Robert Gordon University - The Energy University Limited, The Aberdeen Business School Limited and The Aberdeen Management Centre Limited. All are dormant companies, registered in Scotland. The university has control over the RGU Foundation, a charity registered in Scotland.

28. Financial Instruments

a) Risk management

The University operates a centralised treasury management function which is responsible for managing credit, liquidity, foreign currency and interest risk. These financial risks are managed within the parameters specified in an approved treasury management policy.

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

Notes to the Accounts (continued)

For the year ended 31 July 2022

28. Financial Instruments (continued)

b) 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 balance sheet.

The credit risk of liquid funds and financial instruments is limited because the counterparties are banks with investment grade credit 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 counterparty limits and minimum counter party credit ratings set within the treasury management policy.

Student and commercial debtors are reviewed on an ongoing 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 students and commercial customer populations.

c) 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 has no significant foreign currency exposures.

d) Interest rate risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations in the value of balance sheet items (i.e. price risk) or changes in interest income or expenses (i.e. re-investments risk).

The University's main financing relates to two private placements of £16m each, repayable on the 19th June 2038 and the 19th June 2048. The 20 year placement is at an interest rate of 3.44 % and the 30 year placement at a rate of 3.57%. The interest rates are fixed with no re-pricing risk attached.

e) Hedge accounting

The University holds no hedging financial instruments.

f) 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 operating cash balance of £5m.

g) Financial assets and liabilities

	2022		2021	
	Group £'000	University £'000	Group £'000	University £'000
The carrying value of financial assets and liabilities comprise:				
Assets measured at fair value through profit or loss				
- Non-current investments (note 14)	21,934	21,934	24,801	24,801
- Current asset investments (note 16)	10,563	10,563	7,837	7,837
- Cash (note 23)	42,957	42,175	28,814	28,026
Assets measured at cost less impairment (note 15)	8,974	9,461	7,253	7,710
Liabilities (excluding loans) measured at amortised cost (note 17)	9,216	9,210	7,136	7,135
Loan commitments measured at cost less impairment (note 18)				
- Loans	36,775	36,775	37,183	37,183
- Finance lease obligations	77	77	309	309

The fair value of financial assets is determined by reference to their quoted bid price at the balance sheet date.

Notes to the Accounts (continued)

For the year ended 31 July 2022

29. Pension Schemes

1) Scottish Teachers' Pension Scheme

Robert Gordon University participates in the Scottish Teachers Pension Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an increase in the employer contribution rate from 17.2% to 23.0% of pensionable pay from September 2019 and an anticipated yield of 9.4% employees contributions.

Robert Gordon University has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the Robert Gordon University is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate for the period from 1 April 2020 is 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay. While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

Robert Gordon University level of participation in the scheme is 0.74% based on the proportion of employer contributions paid in 2020-21. The total Scottish Teachers' scheme cost for the University for the year was £5,657k (2021: £4,859k) and at 31 July 2022 £470k was outstanding (2021: £457k).

2) North East Scotland Pension Fund

The University participates in the Local Government Pension Scheme in respect of professional and support staff and is able to identify its share of the underlying assets and liabilities. The Local Government Pension Scheme is a defined benefit scheme which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The assets of the scheme are held in a separate trustee-administered fund.

The latest valuation was carried out as at 31 March 2020 and as a result of that valuation the rate payable by the University from 1st April 2021 until 31 March 2024 was confirmed at 20.3%.

Contributions paid by employees from 1st April 2010 are based on salary bands ranging from 5.5% to 11.2% of pensionable pay. There was no change to this rate following the latest valuation.

Under the definitions set out in FRS102, The total North East Scotland Pension Fund is a defined benefit scheme. Accordingly, the University has implemented the accounting standard "FRS102:Accounting for retirement benefits" to determine the University's net pension liability.

FRS102 requires that the discount rate is determined by reference to high quality corporate bonds in the UK that match the estimated term of the pension obligations. We have assumed that 'high quality' corporate bonds are those which at least one rating agency considers to be at least AA (or equivalent).

Asset valuations are based on a scheme valuation as at 30 June 2022 (2021: 30 June 2021), with returns for the month of July 2022 (2021: July 2021) estimated by asset class.

Notes to the Accounts (continued)

For the year ended 31 July 2022

29. Pension Schemes (continued)

2) North East Scotland Pension Fund (continued)

Financial assumptions used by the actuary at the end of the accounting period	2022 %	2021 %
Rate of CPI inflation	2.7	2.6
Rate of increase in salaries	*4.2	*4.1
Rate of increase in pensions	2.8	2.7
Discount rate	3.5	1.6

*An adjustment has been made for short term pay restraint in line with the latest actuarial valuation.

All inflationary increases are linked to CPI. CPI is derived from RPI. In both the current and prior year RPI inflation has been set in line with market break even expectations, and has maintained the long term gap between RPI and CPI.

Post retirement mortality assumptions (normal health)

Non-retired members	S3PA CMI 2021 (1.75%) 121% Male	S3PA CMI 2019 (1.75%) 121% Male
	S3PA CMI 2021 (1.75%) 101% Female	S3PA CMI 2019 (1.75%) 101% Female
Retired members	S3PA CMI 2021 (1.75%) 114% Male	S3PA CMI 2019 (1.75%) 114% Male
	S3PA CMI 2021 (1.75%) 101% Female	S3PA CMI 2019 (1.75%) 101% Female

Life expectancy		2022 Years	2021 Years
Future pensioner age 65 in 20 years time	Males	23.0	23.1
	Females	26.3	26.3
Current pensioner age 65	Males	21.5	21.5
	Females	24.2	24.2

Asset allocation	2022		2021	
	£'000	%	£'000	%
Equities	118,507	59.9	126,188	58.3
Government bonds	16,223	8.2	17,099	7.9
Property	12,860	6.5	13,203	6.1
Cash/liquidity	5,935	3.0	5,628	2.6
Other	44,316	22.4	54,328	25.1
	197,841		216,446	

Analysis of the amount shown in the balance sheet	2022 £'000	2021 £'000
Fair value of plan assets	197,841	216,446
Present value of benefit obligations	(194,858)	(251,834)
Net pension liability	2,983	(35,388)

Components of pension expense recognised in I&E

Current service cost	10,494	9,017
Net interest cost	525	1,002
Administration expenses	96	90
Total expense recognised in I&E	11,115	10,109

Statement of other comprehensive income

Remeasurements (assets and liabilities)	44,545	35,065
Total remeasurements included in SOCI	44,545	35,065

Notes to the Accounts (continued)

For the year ended 31 July 2022

29. Pension Schemes (continued)

2) North East Scotland Pension Fund (continued)

	2022 Group £'000	2021 Group £'000
Change in benefit obligation		
Benefit obligation at beginning of year	251,834	236,689
Current service cost	10,494	9,017
Interest on pension liabilities	4,004	3,766
Member contributions	1,552	1,456
Remeasurements - experience loss/(gain)	14,243	(7,640)
Remeasurements - (gain)/loss on assumptions	(82,736)	12,734
Benefits / transfers paid	(4,533)	(4,188)
Benefit obligation at end of year	194,858	251,834
Change in plan assets		
Fair value of plan assets at beginning of year	216,446	171,849
Interest on plan assets	3,479	2,764
Remeasurements (assets)	(23,948)	40,159
Administration expenses	(96)	(90)
Employer contributions	4,941	4,496
Member contributions	1,552	1,456
Benefits / transfers paid	(4,533)	(4,188)
Fair value of plan assets at end of year	197,841	216,446
Actual return on plan assets	(20,468)	43,409

Defined benefit scheme assets do not include any of the institutions own financial instruments, or any property occupied by the University.

The estimate for the employer contribution for the defined benefit scheme for the year 2022/23 is £4,941k.

The NESPF defined benefit pension obligation is sensitive to the following assumption changes:

- A +0.1% increase in the discount rate would lead to an additional surplus of £6.7m.
- A +0.1% increase in the inflation rate would lead to an additional deficit of £0.8m.
- A +0.1% increase in pay growth would lead to an additional surplus of £2.6m.
- A one year increase in life expectancy would lead to an additional deficit of £1.7m.
- A +1% increase in investment returns would lead to an additional surplus of £4.9m
- A -1% reduction in investment returns would lead to an additional surplus of £1.0m

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly since 31 July 2022, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore while both gross DBOs and assets will have fallen, it is difficult to estimate the impact of these changes on the net balance sheet position.

The mortality rate is based on publicly available mortality tables for the specific country. COVID-19 has caused a short-term increase in deaths in the UK but the excess deaths to date have not generally had a material impact on UK pension scheme liabilities. The future impact of COVID-19 on long term mortality improvements is currently uncertain with potential adverse implications of delayed medical interventions and long COVID along with potential positive implications if the surviving population is less frail or the pandemic causes improved healthcare initiatives and lifestyle changes. Overall, the University believes currently there is insufficient evidence to require an explicit adjustment to the mortality assumption for COVID-19.

Notes to the Accounts (continued)

For the year ended 31 July 2022

29. Pension Schemes (continued)**2) North East Scotland Pension Fund (continued)**

At 31 July 2022, the University has a material surplus under FRS 102. This surplus has been recognised in full on the balance sheet. The surplus asset has been calculated based on the expected reduction in future service contributions in line with IFRIC 14. As the Fund remains open to new entrants, the potential future benefits have been measured in perpetuity, in line with actuarial advice. The assumptions used in this calculation are consistent with the FRS102 assumptions used in calculating the defined benefit obligation.

Post Balance Sheet Events - Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly since 31 July 2022, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore while both gross DBOs and assets will have fallen, it is difficult to estimate the impact of these changes on the net balance sheet position.

Emerging Inflation - The provision at 31 July 2022 includes an allowance for the known CPI indices that are anticipated to be used to set the 2023 pension increase order. This has been allowed for as experience losses in the SOCI this year.

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