

ANNUAL REPORT & FINANCIAL STATEMENTS

For The Year Ended 31 July 2023

2023

PRINCIPAL'S INTRODUCTION

ROBERT GORDON
UNIVERSITY ABERDEEN



The year has been particularly successful for Robert Gordon University. Building on our strengths, we have delivered strong performances in several areas.

Our constant focus on enhancement has resulted in good performance across national league tables, particularly in the areas of teaching quality, student satisfaction and graduate employability. We take pride in being placed second in Scotland and ninth in the UK for overall student positivity by the Times Higher Education (THE), following our strong performance in the National Student Survey. Such results reflect our unwavering commitment to deliver an excellent student experience. The embedding of our new research strategy, which emphasises inclusivity, interdisciplinarity and researcher development, has resulted in encouraging growth in research and knowledge exchange activity, facilitated by investment across several areas, including being top in the UK for research culture as measured by the Postgraduate Research Experience Survey.

Our priorities continue to be driven by our strategic mission to transform people and communities, providing teaching and research excellence, and promoting an inclusive society that creates opportunities for all. We continue to be guided by our refreshed University strategy which, in addition to what would normally be expected of universities, emphasises economic development, entrepreneurship, community engagement, and environmental sustainability.

Furthermore, we strongly encourage the development of a spirit of curiosity in both students and staff, and we place a high value on diversity of thought and input. The bedrock of our strategy and our day-to-day activities remains our values, and this is embodied by listening carefully and acting on the feedback that we received from our staff and students.

We have reported a strong financial position in the 2022/23 year, recording a surplus for the third consecutive year. However, we are acutely aware that our achievements and ambitions need to be viewed in the context of constrained public sector finances; significant cost-of-living increases; the continued impact of Brexit and the pandemic; and a very volatile recruitment market. There is increasing recognition that difficult years lie ahead for universities in Scotland and across the UK. These challenges only emphasise the importance of drawing upon our strengths to ensure the future sustainability of this University. To this end we are actively identifying opportunities to diversify international student recruitment, increase research and knowledge exchange income and commercial revenues, and maximise efficiency.

We have worked hard to affect change externally, meeting regularly with politicians across the spectrum, as well as with government officials and with a variety of influential individuals and organisations. We do this to both anticipate and shape policy for the benefit of RGU, enabling us to deliver on the aims of our strategy. Challenging times lie ahead but we aim to meet and weather them working with all our stakeholders, living by our values, and operationalising our strategy.

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 an excellent student experience is centred on providing an inclusive, safe and relevant learning environment responsive to the needs of learners from all backgrounds and at all stages of their careers. We continue to enhance 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:

- Building on our national standing for achievements in student satisfaction, teaching excellence and graduate employability throughout all national university rankings published in the 2022/23 year;
- Investing in our digital infrastructure and student services to continue to provide our students with the highest quality of teaching and learning that is inclusive, sustainable and a reflection of the changing needs of learners;
- Enhancing the employability of our students through embedding sustainability across our curriculum and increasing opportunities to develop skills and attributes for the future of work through our new RGUplus initiative;
- Delivering a portfolio of upskilling courses and Graduate Apprenticeships aligned to regional skills priorities which will enhance employability and support the skills development of individuals and workforces;
- Extending our engagement with schools to inspire more learners from deprived backgrounds to achieve their ambitions through uptake of higher education; and achieving our highest record of international student enrolments by being a reputationally attractive institution across the globe.

Our teaching excellence and high-quality student experience have been underpinned by our commitment to continuous enhancement and by providing an inclusive and vibrant learning environment. In doing so we have worked in partnership with our students to implement enhancements across the student experience to address their feedback and ambition. We have focused on ensuring our curriculum reflects the changing needs of industry and society and introduced a programme of additionality through RGUplus



96.5%

graduate
employability



**Top 10 UK University
for Teaching Quality
in the Sunday Times
Good University Guide**



82.4%

student
satisfaction

**Placing the
University 9th in
the UK and 2nd
in Scotland for
overall positivity by
the Times Higher
Education**

28

upskilling courses
delivered to

450

individuals



185

Graduate
Apprentices
from

101

companies



which will enhance the employability of our graduates and prepare them to be excellent global citizens.

This year has coincided with significant achievements in our national standing for student satisfaction and teaching quality throughout all major university rankings published in the 2022/23 year. We have been ranked as a top 10 UK university for the quality of our teaching by the Sunday Times Good University Guide, and a top 10 UK university for student satisfaction by the Guardian University Guide and the Complete University Guide. With

82.4% overall satisfaction in the National Student Survey (NSS), we have been placed ninth in the UK and second in Scotland for overall positivity by the Times Higher Education (THE) (KPI: Student satisfaction rate).

KPI Student Satisfaction Rate



Definition The University measures student satisfaction through performance in the annual NSS.

We have been ranked second in the UK in the NSS for the themes of both Learning Opportunities and Assessment and Feedback with 85.4% and 83.1% respectively, as well as in the top five in Scotland in 19 of the 27 questions that were asked of students. These results are testament to our overall approach of seeking feedback and the commitment of our staff responding to enhance the student experience.

We have built on our strong credibility in the employability of our students by ensuring our curriculum is responsive to the evolving needs

of society and employers by developing student skills and attributes for the future of work. As a result of this long-standing commitment to graduate employability, the University achieved a

96.5% employability rate in the latest national Graduate Outcomes Survey, successfully matching our deliberately challenging target (KPI: Student employability rate).

KPI 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 have launched our RGUplus initiative to optimise students' employability skills and develop them as excellent global citizens for the future. RGUplus actively encourages the uptake of volunteering opportunities, placements and study abroad and offers all students the opportunity to participate in a credit-bearing 'beyond the classroom' programme of community and public service work. RGUplus activities reflect the themes of sustainability and entrepreneurship, with students gaining knowledge and skills including complex problem solving, digital competence, entrepreneurial spirit and a mindset focussed on sustainability. We have also led a review of our curriculum to embed sustainability and innovation across our entire portfolio aligned with the UNESCO Education for Sustainable Development Framework. Together, these developments in our curriculum will equip our graduates with the ability to influence and assist

in the future sustainability of our environment and employment sectors.

Throughout the year we undertook an evaluation of our Future of Teaching, Learning and Assessment Project (FTLA), a major institutional review of our teaching, learning and assessment practices to inform excellence for future standards. In consultation with staff and students, the review led to the introduction of enhancements for blended learning, digital learning, assessment and feedback that were implemented for the 2022/23 year.

We have made significant investments to enhance excellence in our learning environment and student services to deliver an inclusive and future-focused student experience. We have invested over £1m to provide an enhanced digital learning environment so that our students benefit from cutting edge technology to support their learning. We have transformed level nine of our library into a new, innovative and flexible digital lab space for teaching and independent study with capacity for 200 students to provide increased learning facilities for our growing community.

We have continued to deliver our innovative and modern welcome package for new and returning students. This was recognised by AdvanceHE with a Collaborative Award for Teaching Excellence (CATE) for our approach of collaborating with students to enhance all aspects of the student experience. Our commitment to delivering a positive transition to University is reflected by our KPI for student success rate where we achieved 90.7% against a target of 91% of first year full time Scottish domiciled students returning for their second year of University in 2022/23 (KPI: Student success rate). We are committed to achieving our target and it is a major strand of our FTLA project which has seen the development and implementation of timely and appropriate interventions to support the transition to University.

Our approach to enhancing employability extends to supporting the skills development of individuals and workforces through our portfolio of upskilling short courses and our

KPI Student Success Rate



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

suite of Graduate Apprenticeships (GA). In 2022/23, we further expanded our portfolio of online upskilling courses to 28 courses aligned to the University's strategic priority sectors of energy and health and social care and three cross-sectoral themes of enterprise; digital and data; and sustainability. In total, 450 students undertook an Upskilling course at RGU in the last academic year, the majority of which benefited from a fee waiver place funded through the Scottish Funding Council (SFC) Upskilling Fund. During 2022/23, 185 learners were recruited for a GA from 101 different Scottish companies spanning the length of the country. We offered eight GA courses across a wide range of subjects from Business Management to Data Science.

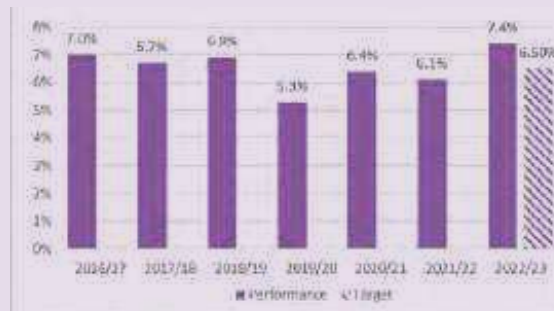
We have built on a long-standing commitment to widen access to higher education with our approach firmly rooted in delivering credible and high-quality interventions which work by inspiring, supporting and enabling people and their families to engage in higher education. This includes our new 'hub' model of school engagement. Working closely with Aberdeen City and Aberdeenshire local authority schools, the model embeds University staff within the majority of the region's schools to work directly with teachers and learners to support and encourage a positive journey to higher education.

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, we have over 1,000 pupils registered to attend our Access To programmes for years S5 and S6 commencing in the coming academic year. Another major factor in our widening access success is our partnership with colleges to create articulation pathways. We have increased our number of students recruited from colleges around Scotland, rising to 345 this year as a result of sustained partnership and targeted work.

We continue to strive for change to the narrowly defined target set by the Commission on Widening Access with the strong belief that institutional targets based solely on the Scottish Index of Multiple Deprivation (SIMD)* are no longer appropriate or fit for purpose and should take regional context and under-represented areas into account, creating a more holistic and inclusive approach to assess progress. Nevertheless, we have succeeded in increasing enrolments of individuals from the most deprived group with 7.4% enrolled against a target of 6.5% of Scottish-domiciled undergraduate entrants from MD20 postcode areas (KPI: Student Access Rate).

KPI Student Access Rate



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

The Scottish Index of Multiple Deprivation is a relative measure of deprivation across 6,976 small areas (called data zones). It is the Scottish Government's standard approach to identify areas of multiple deprivation in Scotland.

This represents the highest proportion achieved and the highest number of individuals enrolled within the last five years. These figures have been achieved by our widening participation outreach interventions, as well as our unprecedented support to applicants living in an MD20 postcode throughout Scotland such as offering free accommodation for the entirety of first year, travel support for any applicant to open days and scholarships.

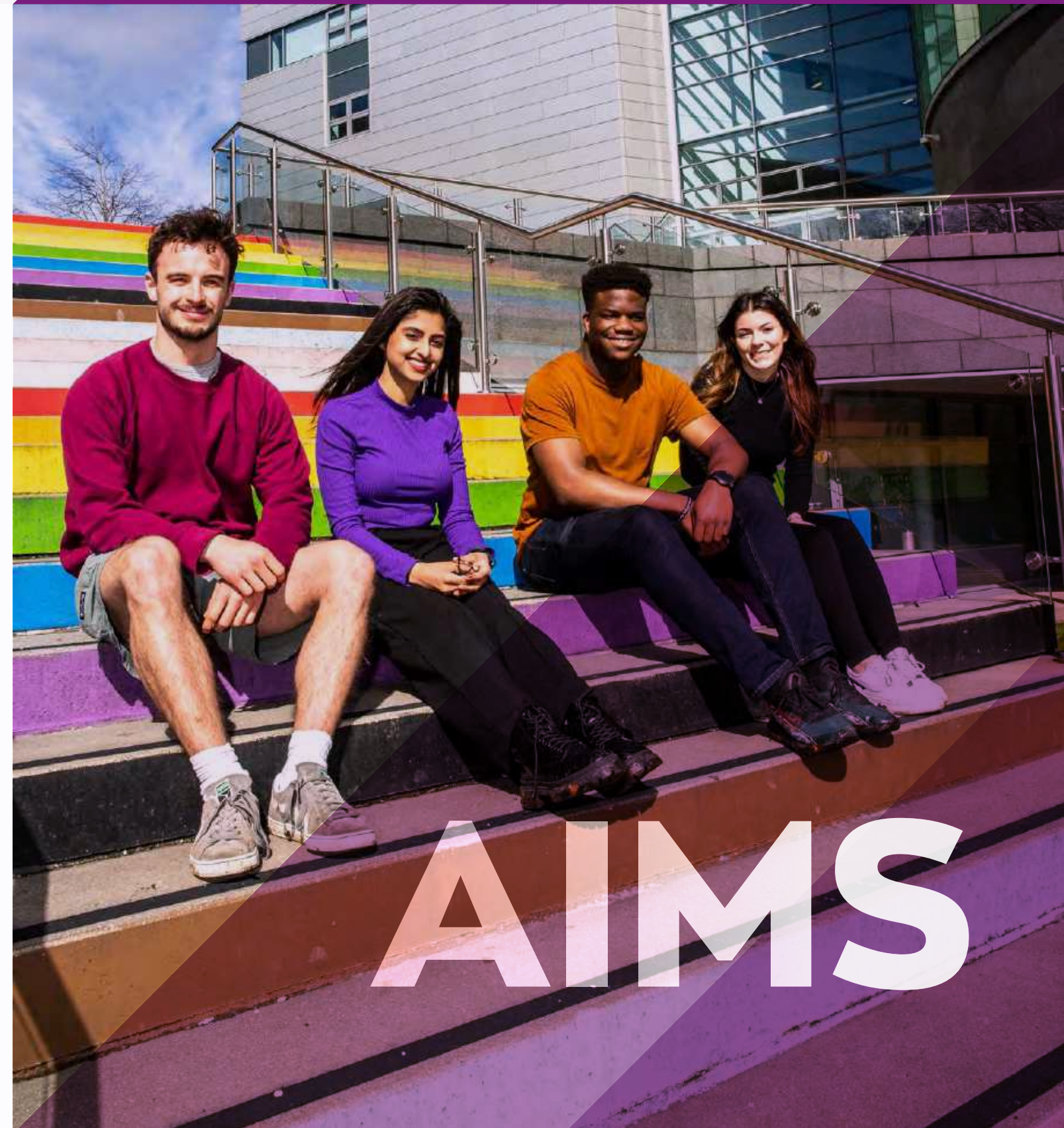
Our global reputation for delivering high quality teaching and an inclusive student experience and support system has led to another exceptional year for international student recruitment. We have achieved the highest record of enrolment of international students in the University's history, exceeding our target of £49.1m for tuition fee revenue by over 20% with £59.3m recorded (KPI: Tuition Fee Revenue).

KPI Total Tuition Fee Revenues



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

This growth represents our continued strength and relations in Nigeria as well as an emerging foothold in Pakistan, India and Ghana where the University is further investing with in-country representation. This increase does however contrast with the challenges of recruiting Scottish undergraduates. It has been another year with high-level competition in the sector due to the continuing grade inflation seen



during the pandemic; the allocation of additional funded places by the SFC, despite the removal of EU students following Brexit; and a continued downward trend in college admissions. The University's KPI measures the percentage of full-time undergraduates that the University has taught against its nominal funded places for this category of student. When all funded students are taken into account, including postgraduate and part-time undergraduate students, the shortfall against funded places falls to -9.2% against a target of -2% (KPI: Percentage over/under SFC Consolidation Number).

KPI % Over SFC Consolidation Number





A BEACON OF OPPORTUNITY

Widening access to our courses for students in the North East and around Scotland is central to the University's aim of creating an aspirational and inclusive teaching and learning environment. By engaging with schools and offering a variety of opportunities to learners that they may not have previously been aware of, RGU is a place where dreams can be realised no matter what a person's circumstance. Lauren McCluskey graduated in BA (Hons) Communication Design from Gray's School of Art and made the most of her talent having been the first in her family to go to university.

"The variety and scope of the course at Gray's intrigued me. I felt there was a lot more variety than the experiences I'd been offered at high school. I'd dabbled a little in photography in my final year at school but knew nothing about cameras or even the basics of photography.

"The emphasis on information regarding employment post-graduation also attracted me to Gray's compared to similar courses at other universities, as career prospects were of great importance to myself and my family as I was the first person from my family to go to university.

"From the beginning, digital etiquette and the portrayal of an artist's persona online were discussed, as well as many workshops discussing professional CVs. I am grateful for RGU's emphasis on employability, as I feel more secure and confident in my ability to progress into the design industry.

"I was lucky enough to receive the Baillie Gifford Access Scholarship. This was beneficial to me as a student from a low-income background as it enabled me to purchase equipment and materials that may have been out of reach. The easing of any financial burdens thanks to this scholarship allowed me to strengthen my creative practice through a variety of workshops and software.

"Despite it being an intense course workload and having many stressful moments, I've learnt so much about what kind of designer I want to be. I've also built many valuable friendships that will last long beyond my time at Gray's."

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 which contributes to sustainable growth, improved service provision and increased innovation.

Our overarching aim to create a sustainable, inclusive and interdisciplinary research environment will be achieved by bringing together a community of academic and professional services staff and doctoral students to work in partnership with external organisations to address a range of local and global themes where we have the expertise to make a difference. This year we have set out to achieve our objectives by:

- Delivering a new research strategy to create a sustainable, inclusive and interdisciplinary research environment that will be the foundation to grow the impact of our research;
- Achieving record research and knowledge exchange revenues by growing the impact of our research to produce outputs of significant public value;
- Strengthening our inclusive research culture by encouraging collaboration and building our expertise and capabilities in thematic interdisciplinary areas;
- Expanding our strategic footprint in Orkney to use our academic expertise to support social and economic development across the island;
- Growing knowledge exchange partnerships with public, private and voluntary sector organisations to stimulate economic growth; and
- Developing the capability of our National Subsea Centre, a leading centre of excellence to deliver advanced research to accelerate the transition to net zero.



£4.7m
in research
revenue

1st



for research
culture in the
AdvanceHE research
postgraduate
experience survey

401



research outputs

H₂

£1.2million
Scottish
Government
funding to
establish a
hydrogen
testing facility

This academic year has seen a compelling momentum in our focus on research as we strive towards creating a thriving research culture across the University. While we recognise that our performance in the Research Excellence Framework 2022 is not reflective of our strengths in research, considerable investment this year has complemented a refreshed research strategy designed to ensure that research capabilities at the University improve over the next six years and beyond. This investment builds 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.

Underpinning this investment has been the advancement of our research culture to encourage collaboration, inclusivity and career development and support for our researchers and doctoral students. Integral to this has been the creation of a new Research and Knowledge Exchange sub-strategy to sharpen our focus to five specific areas of development to support the production of high-quality, relevant, and impactful research. These areas are centred on improving the quality and volume of research outputs to sustain research of public value; enhancing our research capabilities, environment and its impact; and growing research and knowledge exchange income.

We are already seeing the impact of our efforts which have contributed to the University securing a record amount of research income during the 2022/23 year with award values totalling £4.7m (Figure 7: KPI 7 – Research revenues).

KPI 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.

While this misses our target of £5.3m, it is the highest amount that we have recorded against this KPI. Notably, the 89 new projects that made up this total recorded a combined full economic cost (FEC) recovery of 63%. We have also seen a rising number of research outputs, recording 401, the highest on record and exceeding our target of 380 (KPI - Research outputs).

KPI 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.

These encouraging financial indicators are complemented by the University achieving its impressive results in the latest national AdvanceHE annual Postgraduate Research Experience Survey (PRES), placing RGU first in the UK for both Research Skills and Research Culture, second for Supervision, Support and Resources and fifth for Overall Satisfaction with a score of 86%. This is RGU's best performance in the survey since PRES commenced more than ten years ago and provides valuable feedback and recognition from our Doctoral and Research Master's students about their experience.

A key component of the sub-strategy has been to invest in our research capabilities to ensure we have the expertise to deliver world-class research. We have appointed research champions to head up each of our four interdisciplinary themes and we are focusing on increasing the size and diversity of our doctoral research community through new appointments, as well as growing the proportion of staff holding PhDs. The University has invested in the recruitment of nine Chancellor Fellowships to advance our research expertise, each appointed for five-years and who will be fully supported to realise their research and leadership ambitions. They will each benefit from dedicated mentoring, peer support and training opportunities to develop their early career in research and grow their expertise to address some of society's most pressing issues.

We have also improved mechanisms for tailored mentoring, training and peer support which will provide staff with additional opportunities and resources to develop within their role and career. They are now over 30 staff who are enrolled in PhDs while 21 funded interdisciplinary PhD studentships were awarded in 2022/23. We are also updating our Professional Doctorate programme with the initial cohort of students on the revised programme due to begin in October 2024. These enhancements have been

recognised through the University's internal feedback mechanisms for PhD students that resulted in 97% positivity for overall satisfaction. These developments emphasise our ambition to strengthen our research culture and accelerate our capabilities with the Research Excellence Framework (REF) 2028 in mind.

Key to our development of housing a strong research culture and reputation has been the multi-million-pound establishment of the National Subsea Centre (NSC), created in partnership with the Net Zero Technology Centre (NZTC) and formally launched in January 2023. This centre of excellence for subsea research and technology development has been established to provide advanced research to accelerate the transition to net zero, focusing on four strategic research programmes - Transparent Ocean, Integrated Energy, Net Zero Operations and Cyber-Physical Systems. The NSC was formally opened by Michael Matheson, the then Cabinet Secretary for Net Zero, Energy and Transport, who praised the purpose and work of the NSC and recognised the alignment between the Centre's purpose and activity and the Scottish Government's Energy Strategy and Just Transition Plan, describing the University as the "partner of choice".

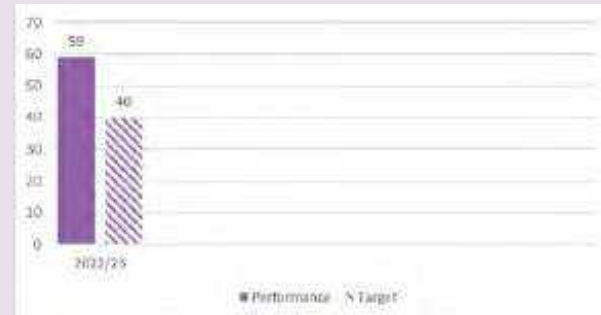
Working collaboratively, a memorandum of agreement was signed in late 2021/22 with the University of Strathclyde to cooperate in research and technology development. The Centre has already secured major funding awards, partnering with the School of Engineering in receiving £1.2m from the Scottish Government to establish a hydrogen testing facility to support the development of renewable hydrogen technologies and meet government energy transition ambitions. The Hy-One testing facility will support the development, demonstration and implementation of small-to-large-scale compressed hydrogen storage vessels and their accessories, providing green energy for offshore platforms, automotive and aerospace industries and for household heating.

Significant work has been undertaken in Orkney throughout the year, culminating in the launch of the RGU Orkney Strategy aimed at helping the islands to thrive over the next five years. The Orkney Strategy has three primary objectives: to use our research and knowledge exchange expertise to address local challenges; to support the development of skills, education, and entrepreneurship opportunities; and to create an evidence base to influence policy and practice in remote, rural and island communities. These complement the Orkney Council Plan 2023-2028 which focuses on achieving net zero by 2030, widening access for better learning, and investing in better homes. It is also aligned with the Orkney Community Plan 2023-30 which aims to reduce poverty, tackle climate change, and improve both digital and transport connectivity. RGU Orkney also facilitates our membership of the University of the Arctic (UArctic), an arena in which we are playing an increasingly significant role. Staff at RGU successfully established a new network in UArctic on Collaborative Online International Learning and we are also active members of the Scottish Arctic Network organised by the Scottish Government.

We have continued to deliver on our strengths in knowledge exchange to support economic development in 2022/2023. We are focused on 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.

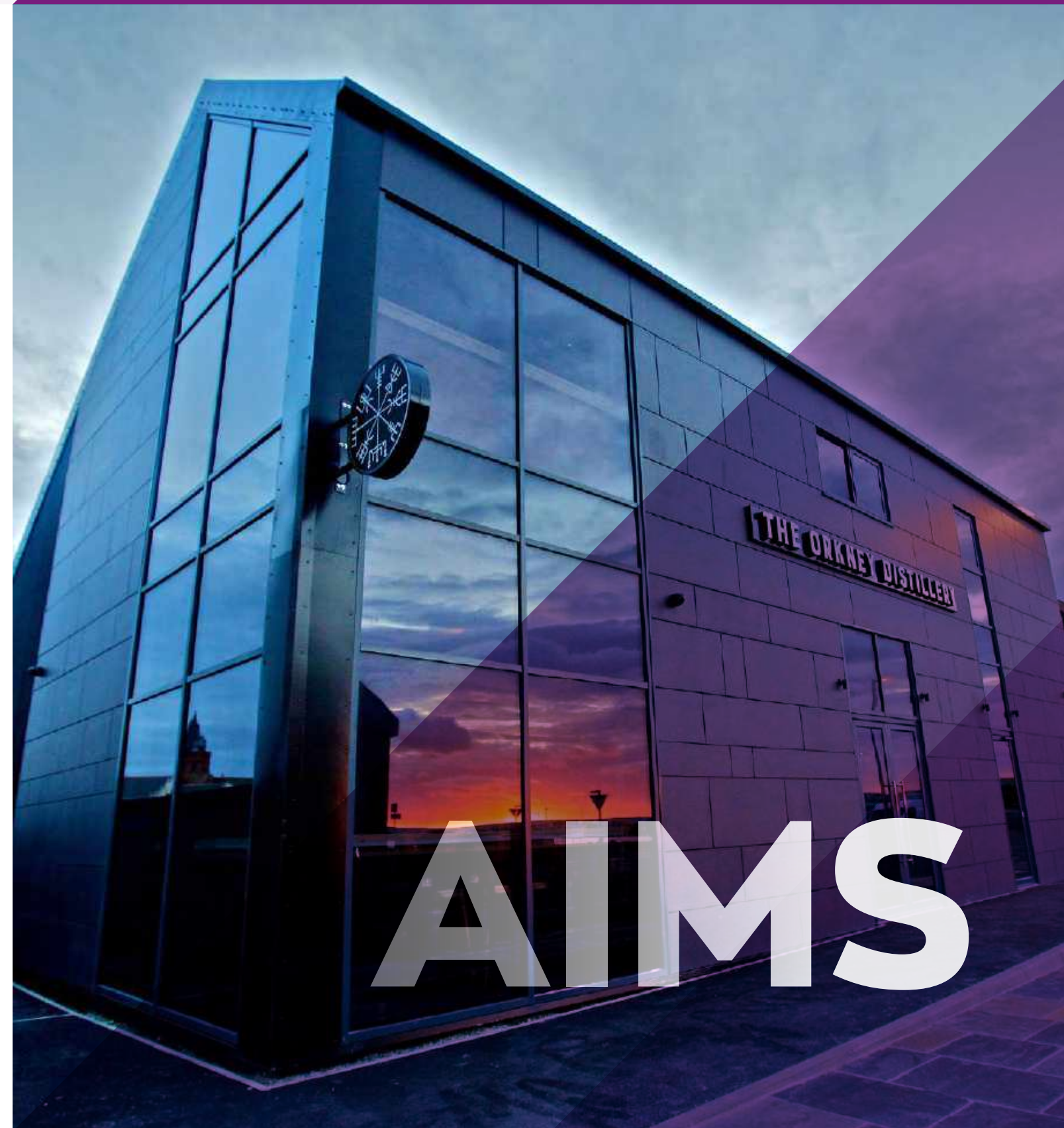
We achieved the highest number of knowledge exchange awards to date with 59 recorded during the 2022/23 year, securing almost £1m more than last year. This exceeds the target of 40 for the year by almost 50% (KPI: knowledge exchange awards).

KPI Knowledge Exchange Awards



Definition The number of Knowledge Exchange Awards secured within the financial year, where knowledge exchange describes Government-funded or part-funded innovation or research collaboration with industry.

Of the 59 projects that were awarded, 44 of these were with new companies that were collaborating with RGU for the first time. This reflects the continued importance of knowledge exchange funding mechanisms to support businesses in the challenging economic climate, as well as recognition from government of the consequential financial growth and industry engagement from Knowledge Transfer Partnerships and Innovation Vouchers.



CASE STUDY

COLLABORATING TO COMBAT GLOBAL ISSUES

Research at RGU addresses global challenges and real-life issues. Focusing on a cross-section of themes and utilising collaborative partnerships with various sector organisations, its innovative and interdisciplinary projects aim to produce societal benefits which improve the lives of people around the world. Experts in the School of Pharmacy and Life Sciences have been working with external pharmaceutical company Agroceutical Products with support from the Industrial Biotechnology Innovation Centre (IBioIC) to explore how UK-grown daffodils could be key in preventing cardiovascular disorders, tapping into new medical treatment for heart failure.

Data from the British Heart Foundation shows that more than half of the people in the UK will get a heart or circulatory condition in their lifetime and around twice as many people are living with heart and circulatory diseases in the UK than with cancer and Alzheimer's disease combined.

Kevin Stephens, founder of Agroceutical Products, said: "This study could lead to the development of additional medicines that could be transformational for patients suffering with heart conditions, with promising initial findings."

Liz Fletcher, director of business engagement at IBioIC, added: "If you have ever seen a field of daffodils in full bloom and wondered why they weren't harvested at bud stage, it is most likely that the plants are being grown for use in the life sciences sector. While using natural compounds for medicinal purposes can offer huge economic potential for farmers in rural communities, it is also a great example of how naturally occurring products can feed into major industries and have a positive impact on people's lives."

Professor Wainwright, School of Pharmacy and Life Sciences, said: "I am proud that RGU is leading such paramount research. We have a strong research culture that encourages partnership and focuses on addressing global challenges and positively impacting communities."

03

ECONOMIC, SOCIAL AND CULTURAL DEVELOPMENT

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

Significantly contributing to Scotland's prosperity and wellbeing economy is the driving force behind our activity that supports economic growth, addresses environmental sustainability, and promotes an inclusive society that improves quality of life and creates equal opportunities. Through the lens of our strategy, this year we have focused our activity and efforts on:

- The development of a skilled workforce and the use of smart visualisation techniques to create and develop green jobs through the use of Scottish Government Just Transition Funds;
- Supporting organisations to be more successful through the use of knowledge exchange, training and work based learning opportunities;
- Working with partners in the North East of Scotland to support entrepreneurial business growth to drive economic diversification;
- Strengthening economic development across the North of Scotland through engagement on the Island Deal (Shetland, Orkney and the Western Isles) and working with regional civic partners;
- Collaborating with international governments and institutions to develop transnational opportunities; and
- Engaging with communities to deliver initiatives and projects focused on promoting sustainable social development and improve quality of life.

Working in partnership is a central component of our strategic aim to significantly contribute to economic, social, and cultural growth in the North East of Scotland, as well as nationally and internationally. In the 2022/23 year, we were awarded £1.3m in funding from the Scottish Government's Just Transition Fund to develop a cross-sector virtual reality Digital Innovation Lab for the North East of Scotland, providing visualisation tools to support the decarbonisation of the construction sector, particularly through the retrofitting of existing buildings and intelligent design of new buildings. Through the National Energy Skills Accelerator, a partnership with University of Aberdeen,



**Outstanding
Business Engagement in
Universities 2023 winner,
Herald Higher Education
Awards**



14 startups supported
through our 5th
annual Startup
Accelerator



£8.56
million in business
engagement



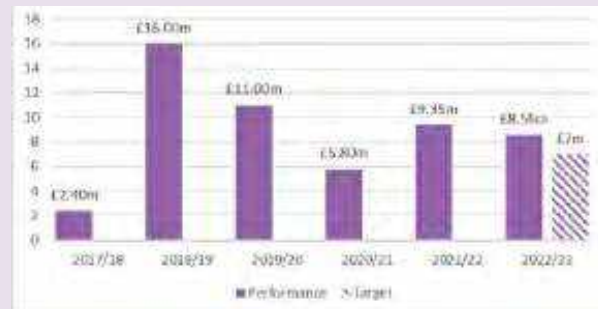
**£1.3
million**

**Just Transition Funding to
develop a cross-sector Digital
Innovation Lab**

Aberdeen, North East Scotland College, Skills Development Scotland and ETZ Ltd, £1m was also secured from the Just Transition Fund for an Energy Transition Skills Programme, providing an additional £280k for upskilling programmes at RGU.

We have continued to support organisations to be more successful by taking a solution focussed approach to business challenge and opportunity. Our activities in knowledge exchange, consultancy, skills development and work-based learning have significantly contributed to our achievements in awards from business engagement with £8.56m reported in the 2022/23 year, 22% over the £7m target, reflecting our work drive to support businesses adapt and grow in a challenging economic climate (KPI: Awards from business engagement).

KPI Awards From Business Engagement



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

Additionally, we have continued to drive our entrepreneurship and innovation agenda in recognition of the important contribution that entrepreneurial business growth makes to economic development. As a result, we were nominated as one of the UK's most entrepreneurial universities at the Times Higher Education (THE) Awards in London.

This year we hosted our fifth flagship annual Startup Accelerator programme designed to support the development of innovative, scalable products and services through training, resources, and mentorship. Over 100 applications were received, resulting in 14 start-ups of enterprising students and alumni from RGU. An additional two start-ups of international



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.

students were also supported and £30,000 of equity-free funding was awarded to the top companies (KPI: Number of start-ups supported). and services through training, resources, and mentorship.

Mark Logan, Scotland's inaugural Chief Entrepreneur, provided a video address at the Startup Accelerator Showcase where he complimented RGU's approach to entrepreneurship, stating the University is at "the forefront of universities in Scotland for entrepreneurship, and not just in the UK but on a European scale too, making an enormous difference to our future society".



We have been working in partnership with Aberdeenshire Council to address economic challenges for a number of years. In 2022/23 we delivered three Women in Business programmes designed to support women with children to start their own business or enter self-employment. 29 participants attended the 100-hour programme which was funded by the Scottish Government Parental Employability Support Fund (PESF). The programme has received national recognition, winning the Outstanding Business Engagement in Universities accolade at the 2023 Herald Higher Education Awards. The RGU Sustainable Futures programme launched in December with funding of £100,000 from the Scottish Government's Local Economic Covid Recovery Fund (LACER). The initiative builds on the foundations of our successful Library Innovation Network Aberdeenshire (LINA) project to help future-proof Aberdeenshire businesses amid a changing and frequently challenging economic landscape. Eight workshops were organised in libraries and community centres around the North East, as well as online, supporting firms to become more sustainable and efficient.

We are actively involved in the future of the North East of Scotland and continue to play a leading role in the economic diversification and regeneration of the region. Working with economic development body Opportunity North East (ONE) and other partners, we are strengthening the support for entrepreneurship in the region and are contributing to the creation of a regional mentor pilot programme.

The Energy Transition Institute (ETI) continues to inform key decision making in the UK's energy transition agenda. The 2022 'Making the Switch' report, published by our ETI 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 region as a global energy hub, is regularly cited and leaned on by industry

and government. In July, Offshore Energies UK (OEUK), in partnership with ETI, published 'Harnessing the Potential', a new roadmap which outlines how the UK can support future jobs, economic growth, and innovation. The report outlines detailed plans to help UK companies build and deliver the changes required to deliver a net zero energy system for the future.

Community engagement is a key component of our strategic commitment to contribute to the prosperity of our region by delivering initiatives and projects focused in promoting sustainable social and cultural development that improves quality of life and creates equal opportunities. In the 2022/23 year, we launched Scotland's first holistic, student-led law clinic embedded within a medical practice in Torry before expanding the initiative to include a Climate Clinic and Orkney Community Clinic – all partner-led initiatives that provide communities access to vital legal services free of charge. We were appointed strategic partners of the TEDx Aberdeen programme which enabled school pupils from across Aberdeen to enjoy an immersive experience of the TED programme, fostering a vibrant and entrepreneurial culture for our young communities. Through our Streetsport programme, we have engaged communities within the region to inspire young people with the delivery of free sport and creativity sessions to reduce instances of youth crime and anti-social behaviour while helping develop the employability and aspirations of youngsters.

Throughout the year Gray's School of Art and Look Again have continued to work in partnership with the Aberdeen City Council to help strengthen the city's cultural offering to support the economic diversification of the region. We hosted Aberdeen's first Cultural Summit in March which explored opportunities to enhance the North-East's culture, heritage and creative sector. We have led a major project on behalf of Culture Aberdeen to re-energise the

city centre by transforming vacant retail spaces into engaging and flourishing creative hubs with exhibition spaces, art installations and pop-up shops. We have also supported networks of creative practitioners across the North East of Scotland and in Orkney with our RGU Creative Networks programme. This provided funds for creative networks to host a range of activities and initiatives focused on enhancing knowledge and capacity in the sector.

We also continue to work closely with our neighbouring community in Garthdee with a member of the Executive contributing to the local Community Council meetings while our students support the collection for the local foodbank and have undertaken placements with local community organisations. We also actively encourage the community to make use of our campus and were delighted to host the Garthdee liaison meeting attended by a wide range of local stakeholders.

Further afield, we have built on our global influence and international outlook by developing international exchanges and partnerships. We have deepened our relations with Japan to support the development of its marine industries and this year hosted the fifth Nippon Foundation Ocean Innovation

Consortium Summer School which welcomed Japanese engineering students from eight universities and three different international companies. The programme aims to develop the knowledge and expertise of the students in offshore engineering so that they can apply this back in Japan where the subsea industry is rapidly growing. We also further developed our relationship with Kobe City Government through the delivery of a fifth summer school for Kobe students from a variety of backgrounds. The University has continued to strengthen its relationships with its two Transnational Education (TNE) partnerships with 682 students having studied with RGU in Switzerland and Sri Lanka in the year 2022/23.

AIMS



CASE STUDY

ACCELERATING INNOVATION AND ENTREPRENEURIAL TALENT

We launched our Regional Startup accelerator programme with funding from the North East Economic Recovery and Skills Fund and Opportunity North East to recognise the vital role that entrepreneurial business growth plays in accelerating the recovery in the North East of Scotland. Alex and Ashley were early-stage entrepreneurs with an ambitious and innovative business idea whom we have supported with training, resources and funding to launch their business Kitchen Integrated Fire Suppression System (KIFSS). The duo developed the concept

of a new fire safety system and, through the programme, developed their prototype and went on to win the top prizes at the end of the showcase event.

“Our ambition is to bring people peace of mind by providing them safety in their homes. We hope this will lift the regional economy by working with local suppliers and reducing strain on the fire services.”

By winning the top prizes; the Innovation Impact Award and Recognition Award, their business was awarded £25,000, and they were introduced to the initial investors – aiming to support them to be successful and sustainable in the region.

“We are still reeling, shell-shocked, and incredibly grateful for the honour. We aim to make RGU, the Innovation team, and the North East proud!”

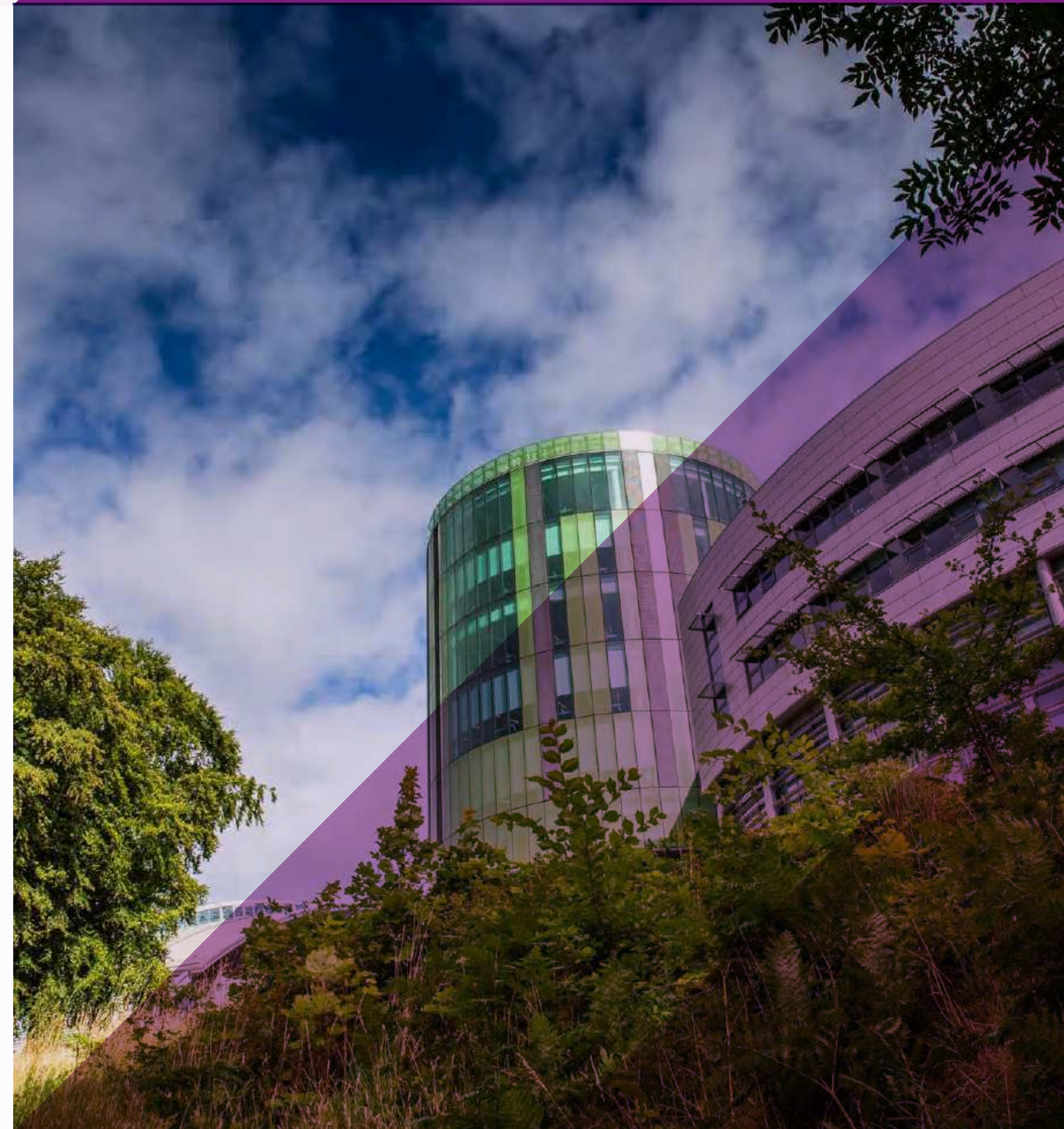
FINANCIAL AND ENVIRONMENTAL SUSTAINABILITY

The University's strategy places sustainability at its core, recognising that this is key to the ongoing and future success and positive impact of the University. The strategy has a specific enabler relating to the creation of a more sustainable future through minimising our environmental footprint and meeting our Net Zero targets; being recognised as a leading University in the energy and health sectors; realising our moral purpose for the common good; and generating financial surpluses to invest in our future. Each of the strategic aims reference the wide range of our intentions to develop financial sustainability, including widening access and growing enrolments on our courses, and to grow research and knowledge exchange income to sustain research of public value and the work related to underpinning economic development and entrepreneurship.

These strategic aims and the enabler to create a more sustainable future are reflected in the annual business plan, which sets out the priority actions that will be undertaken to implement the strategy. The business plan is developed through two processes; the first of these is through the annual school and department planning process, which identifies actions and risks for the year ahead connected with each of the aims and enablers, including an update of performance at school/department level against the Key Performance Indicators, which are also aligned to the aims and enablers. The business plan developed for 2022/23 was a one-year plan due to the ongoing uncertainties associated with the profound implications of the Covid-19 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 also the improvement actions within the high-level risk register to ensure that the University is adequately addressing its risks. As always, the Executive advises the Board proactively on the effect of changing internal and external circumstances and where this requires amendment to the business plan and/or the high-level risk register.

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 and knowledge exchange funding, taking a sector-based approach to supporting the regional and Scottish economy, and developing international opportunities.



COMMENTARY ON CURRENT FINANCIAL SUSTAINABILITY

The University financial position improved during 2022/23. Business volumes grew across the University throughout the year; revenue from international student fees has seen significant growth; and our investment in research is growing research volumes strongly. Our catering, sport, and accommodation businesses, which had previously been affected by the pandemic, continued their move towards pre-pandemic levels of activity. This performance is clearly supported by our underlying surplus/deficit KPI and, although down compared with the previous year, was ahead of target. The University's surplus before other gains is £2.7m. After adjusting for non-cash pension charges of £0.9m and capital grants received in advance of £0.4m the underlying surplus before gains for the year is £3.2m (Figure 10 KPI Underlying Surplus/(deficit)).

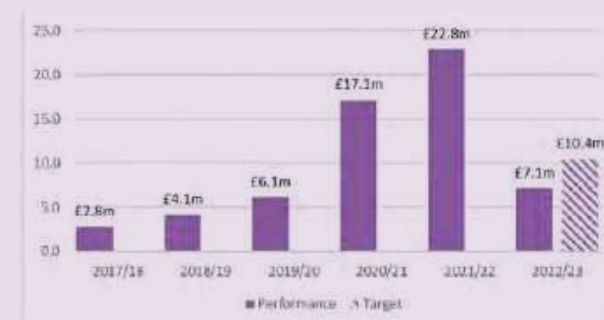
KPI Underlying Surplus/(Deficit)



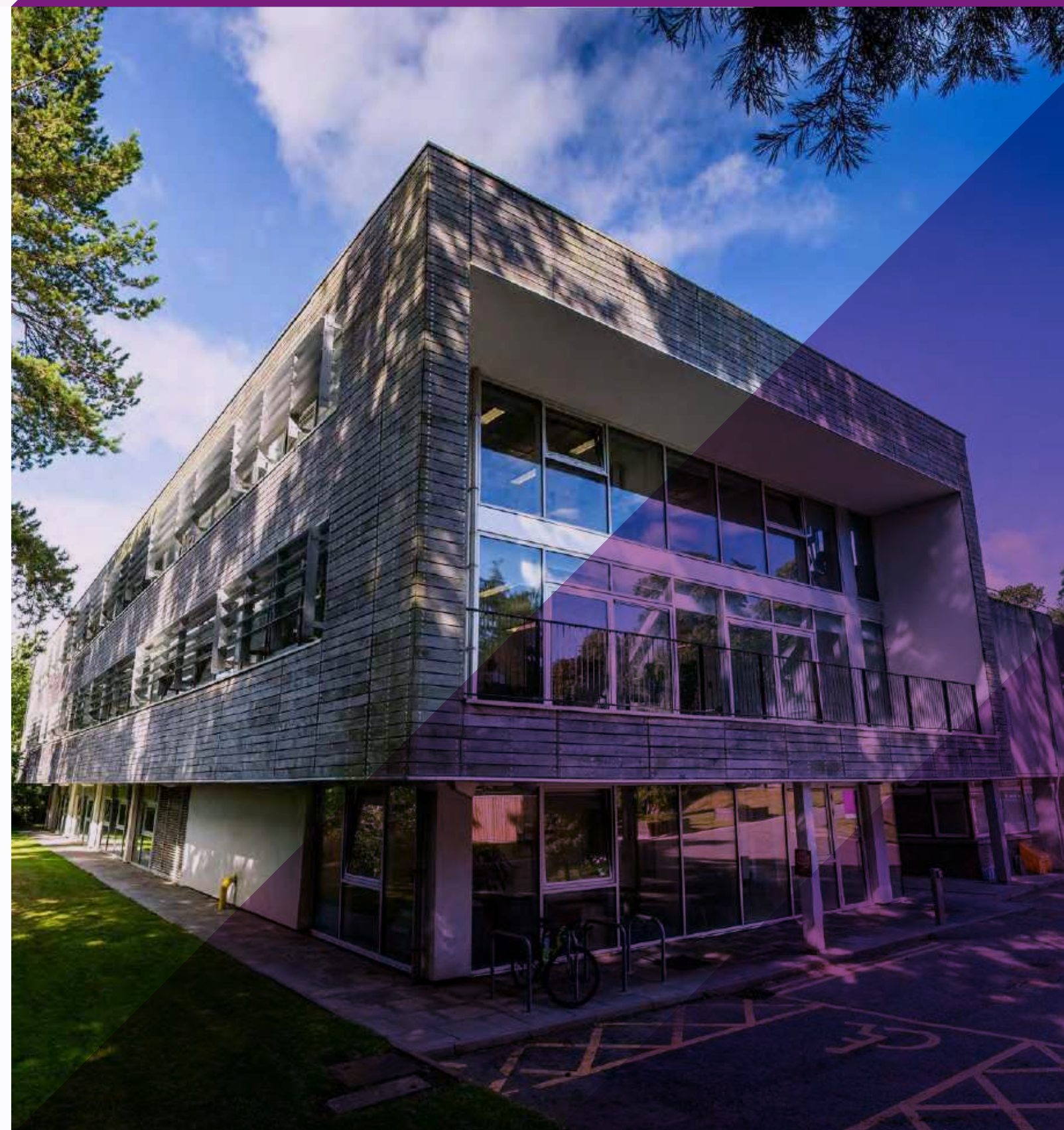
Definition The 'surplus or deficit before other gains and losses' after adjusting for exceptional items and non-cash pension costs or charges.

The continuation, for the third year in a row, of clear and strong underlying surpluses shows clear movement towards sustainability, in generally challenging operating environments. The university is continually focused on cash generation. It generated £7.1m cash from its core operations, short of its target of £10.4m for 2022/23 (Figure 11 KPI Cash Generated from Operations). This is mainly due to the normalising of key working capital balances, which had temporarily moved in the University's favour in the prior year as a significant amount of cash deposits had been paid early by a much greater volume of international students. Cash generated from operations will remain an acute focus for the coming years.

KPI 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.



ENVIRONMENTAL SUSTAINABILITY

Of equal importance as financial sustainability is our response to the climate emergency to ensure that the University is environmentally sustainable and achieves our net zero target by 2045. 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 setting baselines for our scope 3 emissions including our procurement chain, 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

At RGU we take great pride in ensuring the commitment and expertise of our staff is valued by ensuring they are treated equitably and respectfully in an environment where we promote a healthy, flexible and rewarding work-life balance. Having already harmonised working hours and leave entitlement as we began the 2022/23 academic year, we also committed to paying all staff a one-off payment to the pro-rata sum of £750 in November due to the financial strains that many people across the country are facing during cost-of-living challenges. A staff pay increase was advised of in March, a new pension scheme soon after, and we continue to voluntarily pay the living wage organisation-wide as we remain focused on sustaining a competitive total reward package for our workforce. Our inclusive and supportive campus environment has continued with initiatives such as the introduction of a weekly Breakfast Club, an opportunity for staff and students to enjoy free breakfast food and beverages together. Our students have been supported throughout financial difficulties too with free RGU SPORT membership; the

promotion of inclusive, warm, and safe spaces; and additional financial support through an Emergency Loan Fund, Discretionary Fund and Emergency Fund for international students. Our latest surveys indicate the achievement of 93% staff commitment to the institution, (KPI: Staff commitment).

KPI Staff Commitment



We have an unwavering commitment to promoting and ensuring that equality, diversity, and inclusion (EDI) is embedded within the University. We started the year by introducing a tailored, online EDI training course which was mandatory for all staff. We also recruited for nine Equality Champions who each focus on one of the nine protected characteristics under the Equality Act 2010 and feed into our Equality Action Groups. These work alongside Student Equality Champions to combine and foster staff and student engagement on important topics which ensure a welcoming sense of community on campus. In Gray's School of Art, the toilets have been modernised and now include gender neutral accessibility. The quad in Garthdee House Annexe has also been transformed into a garden hub for staff and students to enjoy amongst freshly-grown plants and produce while other events, such as wellbeing walks and a dedicated programme for Black History Month, further foster our sense of community.

Employment of disabled people

As part of our equality, inclusion, and diversity (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 a wide range of applications for posts.

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 and operations; embedding sustainability across our curriculum; and offering thought leadership and innovation in the transition to the future of energy in a greener economy.

Focused on a fabric first approach to carbon reduction, 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 and solar panels. We have also invested to replace single-glazed windows in our Garthdee House Annex and have worked to ensure that our ground source heat pump operates efficiently, now generating 15% of the energy requirements for the Sir Ian Wood Building. We have also implemented policies and initiatives to reduce our waste, energy and water consumption such as the installation of waterless urinals. With input from our Building User Groups and the student-led Go Green initiative, we encourage sustainable behaviour

among our community through the 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 are committed to preserving and maintaining the high-quality habitat and carbon rich environment of our unique riverside campus. Soil carbon samples have been taken at our Waterside Farm area and we are beginning to implement plans to develop and maintain the area as a nature reserve and site of biodiversity. This reserve would protect a range of threatened species, while also creating a high-quality greenspace for both our students and the local community. These proposals build on other actions such as rewilding 10% of the campus grounds and being a red squirrel campus to ensure that we are actively preserving and maintaining biodiversity for the common good.

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. 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. In November 2022 the University held a parliamentary reception including MSPs and representatives from a wide range of organisations from across Scotland. The

reception was an opportunity to showcase the University's considerable thought-leadership, influence and partnership working on a critically important topic for the North East of Scotland and for the country.

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.

With £100,000 funding from the Scottish Government's Local Economic Covid Recovery Fund (LACER) and building on the foundations of the successful Library Innovation Network Aberdeenshire (LINA) project, we developed, in partnership with Aberdeenshire Council, RGU Sustainable Futures which focuses on supporting rural-based start-ups through delivering events and seminars in library spaces and facilities in the North East.

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

Investment has continued across campus to ensure that our facilities and our infrastructure for both staff and students are maintained and regularly improved. A £1.6m transformation to the ninth floor of the Sir Ian Wood Building has created a flexible digital lab catering for 200 students with laptop-lending and innovative technology providing a modern and contemporary space.

Work has begun on creating a new opening in Garthdee House Annexe (GHA) which will vastly improve accessibility for disabled access between buildings and further enhance the inclusivity of our campus. Gray's has also received significant work with the East and North wings being re-roofed and re-insulated while the windows on GHA's North side have also been replaced.

Two wind and solar powered lighting units have been installed on campus which deliver lighting, CCTV, Wi-Fi boost, and a range of smart sensors. There has also been an increase in capital and revenue expenditure for both Estates and particularly IT infrastructure to further support the functionality and security of home working. Moreover, continued investment in cybersecurity has also been undertaken to mitigate against any potential attacks that may threaten the University's operations.

ENABLER 04

We will work collaboratively with others by developing partnerships

Our partnership work continues to be key to the success of the University and a vital component of our strategy. It enables us to create and grow stakeholder relationships locally, regionally, nationally, and internationally to enhance our reputation and engagement among key groups.

We have continued to work in partnership with our students to shape the future of teaching, learning and the student experience that is responsive to the changing needs of learners. Alongside this we have strengthened our engagement with our alumni and supporter community to build prosperous relationships to support the University and our students. This year we have focused on creating opportunities for our alumni to share their experiences with our community to inspire future career paths and demonstrate the value of working in partnership to deliver initiatives for our students. Continual work with philanthropic partners has supported student-led community projects, provided funding for talented students to pursue their education and awarded student prizes to reward and recognise academic achievements.

Our ongoing partnership with Navitas has contributed to our success in international student recruitment and the diversification of our overseas markets. This year, 51% of all undergraduate international student recruitment has been through our international college, ICRGU, and 2022/23 has represented our best year in enrolments to our Pre-Masters programmes delivered by ICRGU. In April 2022 we furthered our relationship with Navitas' hosting services which facilitated the University to recruit an In-Country Manager for Pakistan. It also enhanced collaboration between the RGU Market Insights team and the Navitas Global Insights team, scoping projects and information exchange with access to the significant scale of international student recruitment data available through Navitas.

Our contribution to the region's economic, cultural, and social development is centred on working in partnership with a range of organisations and communities to deliver activity and initiatives to enhance prosperity. 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.

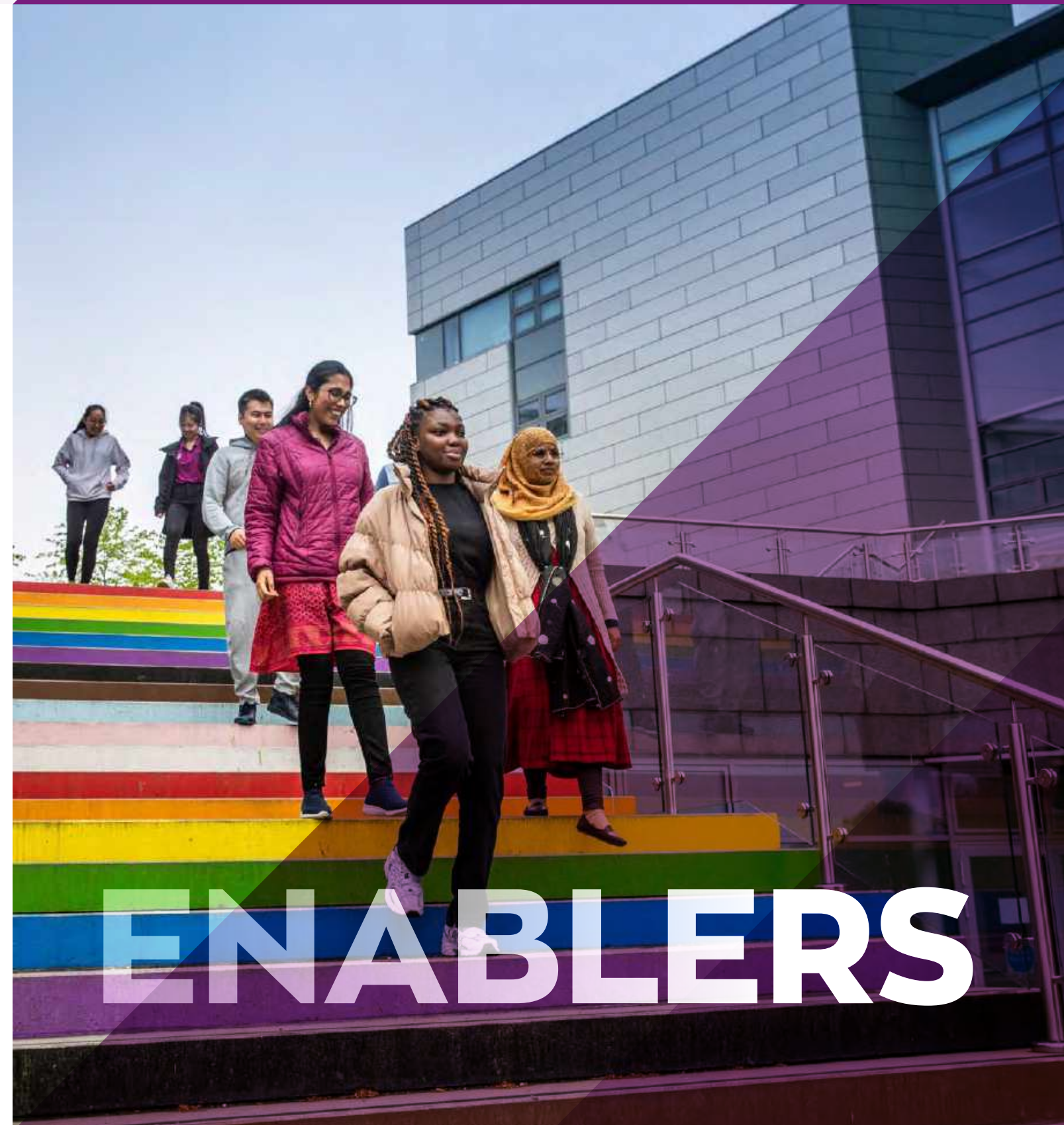
We have continued to strengthen our long-standing partnership with NESCol through our Pathfinder project to build greater integration between further and higher education to support economic growth across the region. This is being achieved through creating simpler pathways to higher education and improving outcomes for learners and closer alignment between our joint provision as well as with employer needs. The Pathfinder partnership commenced in April 2023, with the first phase adding six new articulation pathways across business, media, and computing subjects to our current portfolio of over 50. In the 2022/23 year we also deepened our relationship with NESCol through the establishment of a data sharing agreement to facilitate collaborative student recruitment.

Risk management and internal controls

The University's approach to risk management recognises the need to strike a balance between innovation and stability in order 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. 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 averse appetite to manage its exposure to compliance risks, while encouraging an open approach to risks around reputation, financial risks and the student experience. With regards to its strategic aims and enablers, the University has a risk appetite that fits the nature of the aim. This reflects either an eager or an open appetite. Risk appetite tends to 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 re-scored if necessary to ensure that our risk management framework is addressing those risks which are most important. The high-level risk register was reviewed in 2022/23, with high-scoring risks and improvements undertaken to date as follows: (see over)



Risk Title	Risk	Internal controls and mitigating actions
1. Funded places	The University is exposed to clawback from a failure to recruit to its funded places	<p>The Student Recruitment Group monitors detailed information about applicant pipeline data compared to the previous year for all market segments, including UCAS data for UG, and decides on appropriate tactical responses;</p> <p>The Academic Development Committee monitors student enrolment through detailed reports immediately following enrolment periods;</p> <p>Strategic deployment of funded numbers through student number planning process in order to optimise SFC funded numbers;</p> <p>Implementation of the refreshed Student Recruitment Strategy to ensure that operational activity is implemented in accordance with the strategic objectives;</p> <p>Delivery of effective conversion activity throughout each recruitment cycle, tailored by market segment to increase the acceptance rate;</p> <p>Annual refresh of recruitment and widening access plans to support the drive to increase SFC recruitment;</p> <p>Annual marketing campaigns to support SFC recruitment e.g. the prospectus and digital marketing campaigns;</p> <p>Key annual SFC recruitment events e.g. Open Days and UCAS Fairs to drive applications and conversion;</p> <p>Key annual wider access events to raise awareness in secondary schools about the University and its Schools e.g. Access To and ACES programmes;</p> <p>Annual conversion calling campaign at key points in the undergraduate recruitment cycle.; and</p> <p>Proactive management of offer making and acceptances during all points of the undergraduate recruitment cycle.</p>

Risk Title	Risk	Internal controls and mitigating actions
2. Public Funding	The University's financial security is damaged either by cuts to grants or changes to the funding formulae	<p>Regular scanning of external environment with regular briefings to ensure that Executive and UMG are aware of relevant developments;</p> <p>Membership and full engagement with US by senior members of the University staff;</p> <p>Regular participation in Universities Scotland meetings at various levels to ensure that the University is up to date with forecast change;</p> <p>Public policy activity with SFC, UK and Scottish Government and politicians to ensure the positive profile of the University is maintained; and</p> <p>Membership of the US/SFC Funding Policy Group.</p>

Risk Title	Risk	Internal controls and mitigating actions
3. Tuition Fee Revenues	The University's tuition fee levels are unsustainable due to over-reliance on a single market	<p>The implementation of the revised Student Recruitment Strategy, which sets out the need to diversify international on-campus recruitment;</p> <p>The Student Recruitment Group monitors on a regular basis the enrolment pipeline by market segment and agrees tactics to address issues;</p> <p>Activities of the Student Recruitment Department e.g. agent management; development of in-country staff; development of tactics to reach into new countries and develop recruitment from current countries, aside from Nigeria;</p> <p>Detailed market insight analysis to support the diversification of international on-campus markets and increased recruitment to all other fee paying market segments;</p> <p>Key strategic partnerships to further the reach and impact of the University's recruitment e.g. Navitas and QS Enrolment Solutions;</p> <p>Recruitment and conversion activity led by established in-country managers in Nigeria, India and Pakistan;</p> <p>Annual refresh of Recruitment plans;</p> <p>Annual marketing campaigns e.g. social media campaigns;</p> <p>Key annual recruitment events e.g. in-country visits and online sessions;</p> <p>Annual conversion calling campaign for all fee-paying market segments at appropriate points in the recruitment cycle; and</p> <p>Proactive management of offer making and acceptances.</p>

Risk Title	Risk	Internal controls and mitigating actions
4. Uncertain Political Environment	The University's autonomy is impaired due to political instability within both the UK and Scottish Governments	<p>Membership and engagement with US and UUK;</p> <p>Membership of and engagement with the University Alliance; and</p> <p>Ongoing engagement with the HE sector representative bodies.</p>
5. Cybersecurity	The University experiences a major cybersecurity attack	<p>Programme of replacement of legacy systems funded by Major Projects Group;</p> <p>Ongoing awareness of Executive of cybersecurity issues and implications;</p> <p>Ongoing internal monitoring of cybersecurity blogs to supplement information about risks as identified by agencies and Scottish Government;</p> <p>Cyber Security Strategy in place – targeting access to our campus and cloud-based environments;</p> <p>MFA implemented for Domain Admins with accounts hardened and monitoring in place along with restrictions on these accounts logging on to non-Domain Controller machines;</p> <p>Improved backup capability with a move to immutable technologies and backup hardening processes;</p>

Risk Title	Risk	Internal controls and mitigating actions
6. Cost of Living Crisis	The University is adversely affected by the effects of poor UK economic performance	<p>Partnership agreements with the Students' Union and regular liaison with internal and external authorities to mitigate impact where possible.</p> <p>Implementation of the programme to upgrade facilities and services to deliver carbon reduction and reduction in running costs.</p> <p>Provision of financial contingencies to meet the University's increased costs for fuel; materials etc..</p> <p>Continuation of free access to RGU: Sport for students and reduced fees for staff to support wellbeing.</p> <p>Introduction of free weekly breakfast club for staff and students; and</p> <p>One off winter payment to all staff in November 2022.</p>

Risk Title	Risk	Internal controls and mitigating actions
7. Student Experience	The University's performance in key metrics is affected adversely by significant new policy initiatives	<p>Leadership of Universities Scotland's Teaching & Learning and Student Mental Health Groups, which ensures active participation in sector-level discussions about the stages and outcomes of each of the policy changes.</p> <p>Regular monitoring of the impact of change through established mechanisms such as Quality Assurance and Enhancement Committee ensures that the reviews and their outcomes are understood clearly and actions to mitigate issues are implemented.</p> <p>Carefully considered responses to all consultation documents to ensure that the University's views and concerns are communicated.</p> <p>Completion of the Teaching, Learning and Student Experience sub-strategy, which will draw together the University's approach to the delivery of high quality learning and teaching, leading to high quality student experience.</p>
8. Energy Transition	The University is unable to address the changing needs of the energy sector, its workforce or the wider region during transition	<p>Research activities conducted by the Energy Transition Institute identifies energy transition issues and implications;</p> <p>The National Subsea Centre focus on research and commercial activity to support energy transition, amongst other industry requirements;</p> <p>Ongoing engagement with development agencies such as ONE, AGCC, SCDI, NZTC, OEUK, Port of Aberdeen and ETZ to ensure alignment between RGU energy transition developments and the sector's requirements;</p> <p>Wide dissemination of the 'Making the Switch' report, including a reception at the Scottish Parliament;</p> <p>Regular engagement with Government Advisory Groups, including meetings with politicians and business leaders; and</p> <p>Regular sharing of market insight with Schools and with the academic lead for Sustainability.</p>

FINANCIAL REVIEW

Scope of the financial statements

These financial statements are prepared under Financial Reporting Standard 102 (FRS 102) and the applicable Statement of Recommended Practice (SORP) – 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 86:

	2023		2022	
	Group £'000	University £'000	Group £'000	University £'000
Income	129,364	129,481	114,741	114,702
Expenditure	126,624	126,741	114,913	114,874
Surplus/(Deficit) before other losses	2,740	2,740	(172)	(172)
Other (losses)	(569)	(569)	(3,218)	(3,218)
Surplus/(Deficit) before tax	2,171	2,171	(3,390)	(3,390)

Total incomes of £129.4m were up on prior year by £14.6m or by 12.7%.

Significant tuition fee growth continued this year. Total fees increased in relation to prior year by £11.8m, or 24.8%, to £59.3m. However, UK and EU fees totalled £21.2m, a decrease of £2.2m over 2021/22. The growth area this year, as last year, was in non-EU fees. These grew significantly to £37.4m, up by £13.8m or 58.5% on prior year. Again, underlying international student numbers were significantly increased this year.

Funding Council grants received decreased over prior year, by £1.6m to £52.0m. Within this total, teaching grants decreased slightly by £0.7m or 1.5% to £47.3m. Research grant funding decreased slightly by £0.2m to £1.9m. Strategic funding was down on the prior year, from £2.2m in 2021/22 to £1.5m in 2022/23. Capital maintenance grants reduced slightly by £0.1m to £0.8m for 2022/23.

Income from research grants and contracts for the year was up on prior year, by £1.1m, or 30.6%, at £4.7m. The university considers this a good performance as it continues to focus on its strategy for research growth.

Other incomes increased by £1.2m or 12.9% to £10.5m. 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 experienced a move towards more ‘normal’ operating conditions and saw revenues continue their trend towards pre-pandemic levels during the year.

Total expenditures for the year increased by 10.2% or £11.7m to £126.6m.

Overall staff costs increased during the year by £3.5m or 4.8% to £75.4m.

Salary and social security costs increased by £6.8m, or 12.2%, to £62.6m. A 3% pay increase was awarded for the year under review. In addition, one-off payments of approximately £1.1m were made to staff during the year to provide support during the cost-of-living crisis. And approximately 2% of the 2023/24 pay award totalling 5% was paid early from 1st February 2023. The final major impact on these pay costs was the growth in staff FTE equivalents. These grew by 8.0% during the year due to the need to support the high growth in the number of international students.

Offsetting this pay cost growth was a significant decrease in the cost of university pension provision; this decreased by £3.3m to £12.8m. While employers pension costs increased during the year driven by the higher staff costs, a significant decrease was experienced in the cost of accrual in the Northeast Scotland Pension Fund (NESPF). This net service cost fell from £5.6m in 2021/22 to £1.2m in 2022/23.

Other operating expenses increased by £8.4m to £41.1m. There are two 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 continued to grow, by around £1.0m 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. The University’s campus maintenance and utilities costs were increased by around £2.5m, due to inflationary pressures over prior year. Other campus related audio visual and laptop IT equipment costs also increased during the year by over £1m.

The group’s depreciation charge for the year increased slightly from £8.6m to £9.0m.

Interest and other finance costs reduced by £0.5m for the year. Underlying long term loan interest was unchanged – the reduction reflects the pension scheme being in surplus and therefore did not incur and interest charge.

The net group operating result for the year was a surplus of £2.2m (2021/22 deficit of £3.4m).

Total Comprehensive Expenditure for the Year

The group's total comprehensive expenditure for the year was £0.3m (2021/22; income of £41.2m) because of non-operating expenditures for the year totalling £1.9m.

This expenditure is created because the North East Scotland Pension Fund is a defined benefit pension scheme and the net asset position calculated at the year end of £53.3m is not recognised in the accounts. Asset recognition is not justified because the actuary's calculation of the present value of our employer contributions is greater than the present value of our current service cost. The university supports this prudent approach, especially in view of the September 2023 closure of the North East Scotland Pension Scheme to new entrants.

More details of the university's pension obligations including other pension schemes 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 89. The group generated cash inflows from operating activities of £7.1m for the year, a decrease of £15.7m over the £22.8m generated during the previous year. It should be noted that over the period 2020 to 2022, cash generation has included material sums where income paid in advance from international student deposits has been deferred into subsequent year courses commence.

Investing activities resulted in net cash outflows of £9.1m (2021/22 £6.9m) reflecting a higher spend on fixed assets and transfers of cash to short term deposits. Financing activities experienced net cash outflows of £1.5m (2021/22 £1.8m).

Available cash and cash equivalents reduced by £3.4m from £43.0m at the start of the year to £39.5m on 31 July 2023. It should be noted that this cash reduction is more than offset by the £5.4m cash balances transferred to short term investments during the year.

Group debt levels decreased from £37.2m to £36.7m.

Capital projects

The group invested £5.9m 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.

Treasury management

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 Balance Sheet on page 88. Net assets changed only marginally in the year, increasing from £213.2m to £213.5m. The group's net working capital position has also strengthened during the year from £30.1m to £35.4m.

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 2023, creditors were paid on average in 22 days (2022: 23 days).

Political donations

No donations for political purposes were made during the year.

Auditor

Henderson Loggie LLP was appointed as external auditors to the university.

Signed 14 December 2023



C Hunter

Chair of the Board of Governors

CORPORATE GOVERNANCE STATEMENT 2022-23

CORPORATE GOVERNANCE STATEMENT 2022-23

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 Financial memorandum with the Scottish Funding Council, it reports compliance against the principles of good governance as set out in the Scottish Code of Good HE Governance (revised 2017 and 2023).

The Board of Governors (Board) have overall responsibility for corporate governance at the university.

The Board has established a number of key Standing Committees which have clear remits and all of these are reviewed annually. All Committees are primarily composed of independent members of the Board, one of whom is the convener, with at least one staff and one student governor on all except 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 as to how these responsibilities are discharged.

On 15 June 2023 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 hear more about "Our Strategy", launched February 2022, with a particular focus on Research.

The Board meets formally four times a year and also holds at least one Board Strategy Event, which was also attended by members of the university's Executive. 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.

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

Recruitment, Induction, and Training

The Board through the Governance and Nominations Committees monitor both the range of skill and experience as well as equality and diversity of its composition regularly. The composition of the lay members of our Board is gender balanced, albeit the Board has 13 lay members, with 6 males and 7 females. However our staff and student Governors – who are either nominated or elected by their respective constituencies – comprise 2 males and 6 females.

The Board welcomed the new Chair of NESCoL (from 1st January 2023), replacing the outgoing Chair of NESCoL. In addition, the Board has welcomed two new Student Governors who have been elected in accordance with the processes agreed with the Student Union. In the period the Board also welcomed new external members to its Committees.

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

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. Governance and Nominations Committee identifies and ensures delivery of whole Board focused training. Board members also attend a range of University events from Graduations to our Regional Startup Accelerator; from the Gray's School of Art degree show to our annual Boat Race with Aberdeen University.

Further good practice is the collaboration and sharing of good practice between the Boards of Robert Gordon University, Aberdeen University and North East Scotland College. On 21st June 2023 a Joint Board session was held to share practice on the topic "Student and Staff Wellbeing and Welfare."

Evaluation

In 2022-23 the internal auditors carried out an audit of Governance effectiveness, the report was low risk with one low risk finding, a few advisory recommendations and a number of areas of good practice identified.

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

During 2022-23 the Board considered a wide range of business including:

- Approving the sub-strategies that underpin "Our Strategy" which was launched in February 2022;
- Approving the University's Outcome Agreement and monitoring its progress;
- Approving the Business Plan, including measurement of KPI's, and Risk Register and monitoring the latter's progress;
- Approving major proposals for strategic investment;
- Considering estates matters including legal action and significant potential repair.
- Monitoring the development and launch of National Subsea Centre;
- Overseeing the development of strategic partnerships with particular emphasis on NESCoL;
- Overseeing the University's work on equality, diversity and inclusion;
- Overseeing the University's approach to sustainability and our Net Zero Carbon Reduction

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 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.

Standing Committees

The Finance and General Purposes Committee advises the Board on policy, strategy and planning concerning all estates and financial matters, including investments, 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 complies 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 who are external to the university, as well as a staff and student governor. The committee advises the Board of Governors on the evaluation of the balance of skills, attributes and experience required from membership 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) in accordance with Board approved policy and processes. The membership of the Committee includes both a Staff Governor and a Student Governor and four lay governors. Decisions on the provision of pay increases are informed by a robust system of benchmarking and by 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 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, its implementation and effectiveness and ensure all plans are responsive to changing internal and external environment. During 2022-23, 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 pulse 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 was one of reasonable assurance / moderate assurance, meaning governance, risk management and control in relation to business critical areas is generally satisfactory. During 2022-23, the Committee considered a wide range of associated business matters including:

- Approving the Internal Audit Plan for Session 2022-23;
- 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;
- Reviewing the interim and final external audit reports; and
- Considering annual reports on related party and spin, procurement and value for money; gifts and hospitality; fraud and whistle blowing.

The attendance data for the Board of Governors and its Standing Committees (1 August 2022 to 31 July 2023) is summarised over:

The attendance data for the Board of Governors and Standing Committees (1 August 2022 to 31 July 2023) is summarised below:

Governors	Board of Governors	Audit Committee	Finance & General Purposes Committee	Staff Governance Committee	Governance & Nominations Committee	Remuneration Committee	Board Strategy Finance & Student Recruitment
	4 meetings	4 meetings	4 meetings	2 meetings	2 meetings	2 meetings	1 meeting
S Bamigbola Student Governor (1.8.22 – 31.7.23)	3/4		3/4			3/3	2/2
A Bannister Independent Governor	4/4		4/4				2/2
G Barron Staff Governor (from 1.3.23)	1/2		1/1				1/1
J Booth Independent Governor	3/4			2/2	1/2	3/3	1/2
A Campbell Trade Union	3/4			2/2			2/2
M Clare Independent Governor	4/4		4/4	2/2		3/3	2/2
N Crawford Independent Governor	3/4		4/4				1/2
A Easton Independent Governor (from 1.10.22)	3/3		3/3		2/2		1/1
S. Elston Independent Governor (from 1.1.23)	1/2		4/4				0/1
K Gifford Independent Governor	4/4		4/4		2/2		2/2

Governors	Board of Governors	Audit Committee	Finance & General Purposes Committee	Staff Governance Committee	Governance & Nominations Committee	Remuneration Committee	Board Strategy Finance & Student
C Hunter Chairman of the Board	4/4		3/4	2/2	1/2	3/3	2/2
J Isaacs Academic Council elected	3/4			1/2	0/2		2/2
T Lampkin Student Governor (31.8.22-31.7.23)	2/4		3/4		1/2		1/2
M McGinlay Independent Governor	3/4			2/2		3/3	1/2
R Marcella Trade Union	4/4				1/2		2/2
P Murray Independent Governor	4/4	4/4					1/2
E Ogilvie -Brown Staff Elected (until 10.3.23)	0/2			0/1			1/1
S Olivier Principal	4/4		3/4	2/2	1/2		2/2
N Seaton Independent Governor	4/4	3/4	4/4				1/2
J Strachan Staff elected	3/4		2/2	2/2		2/3	2/2
T Walker Independent Governor	2/4	3/4					2/2
Mr E Walton Independent Governor	4/4	4/4		1/2			2/2

External Members on Committees							
E Askeland					1/2		
L Clow [until 31.7.23]				0/2		2/3	
M Fleming		2/4			2/2		
S Gammie			3/4				
S Hynd (until 31.12.22)		1/2					
G King (from 1.1.23)		2/2					
R Morrison [from 3.10.22]			3/3				
K Milroy (until 31.12.22)	2/2						1/1
R Ramshaw					2/2		
K Stewart (until 31.12.22)			2/2				

Conclusion

Overall the Board is of the view 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.

The Board of Governors are also cognisant of the changes to the 2023 code and believe the University is already set for 2023/2024 compliance.

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 (2023 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 being 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; and
- (c) to ensure that we contribute significantly towards Scotland's economic and social regeneration.

Consistent with the University's Statutory Instrument, the primary functions and duties of the University Board are as follows:

- (a) to admit, enrol and deal with students including among other things the power to make academic regulations and to impose sanctions, impose or grant suspensions of studies and terminate enrolment in accordance with those academic regulations;
- (b) to confer on any person higher and other education awards including degrees, diplomas, certificates and other academic awards or distinctions and honorary degrees;

- (c) to deprive the recipient of a University award of that award;
- (d) to create, award and maintain fellowships, scholarships, studentships and other prizes;
- (e) to create and maintain codes of conduct, regulations and policies required for the maintenance of standards and good order within the University;
- (f) to enter into contracts;
- (g) to form and maintain arrangements with any person;
- (h) to acquire, hold and dispose of any legal entity;
- (l) to acquire, hold and dispose of any of the undertakings, rights, assets or liabilities of the University;
- (j) to charge fees for any service or facilities provided by the University;
- (k) to buy, hold, lease, construct and sell any heritable or moveable property (including stocks, shares, loans and intellectual property rights) and to borrow and to give and take security of all types;
- (l) to invest and disinvest University monies and assets as it sees fit;
- (m) to approve student bodies, entities and associations;
- (n) to create and own intellectual property, any discovery and invention of any type and to exploit these commercially (including the sale thereof);
- (o) to establish and maintain an alumni association;
- (p) to employ staff;
- (q) to sue and be sued in the name of the University; and
- (r) to exercise the organisational functions listed below.

The organisational functions of the Board are:

- (a) to oversee the University's activities, determine its mission and future direction, foster an environment in which the University's objects are achieved and provide strategic input to all material policy or other matters affecting the University (including the adoption and publication of a statement of the primary responsibilities of the Board);
- (b) to appoint and regulate committees of the Board formed of Governors and, where appropriate, others;
- (c) to set up within the University such departments, schools, faculties and other units of organisation and delegate to them such functions, duties and powers as it sees fit;
- (d) to appoint a Chancellor as the titular head of the University;
- (e) to appoint a Principal and Vice-Chancellor as the chief academic and executive officer of the University;
- (f) to appoint one or more Vice-Principals, a Secretary to the Board and other office holders to have such powers as the Board may see fit;
- (g) to reimburse any Governor for reasonable financial loss, travel or subsistence expenses, and to make such payments in accordance with any policies of the Board;

- (h) to make regulations, byelaws and standing orders for the exercise of the functions and duties of the Board acting on behalf of the University;
- (i) to provide facilities to carry on any activities which are necessary or desirable to enable the University to fulfil its objects;
- (j) to establish and monitor systems of control and accountability, including financial and operational controls and risk assessment;
- (k) to review and monitor the management of the University and its performance; and
- (l) to approve a business plan and budget for the University for and in advance of each twelve month financial period of the University.

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

When preparing the Group and parent University financial statements, 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, or to cease operations, or have no realistic alternative but to do so.

The Governing Body is responsible for 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.

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 expenditure.

The Governing Body is responsible for the maintenance and integrity of the corporate and financial information included on the university's web site. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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') and its subsidiaries (the 'Group') for the year ended 31 July 2023 which comprise the Consolidated & University Statement of Comprehensive Income and Expenditure, the Consolidated & University Statement of Changes in Reserves, the Consolidated & University Statement of Financial Position and the Consolidated Statement of Cash Flows and the related notes to the financial statements, including the Statement of Principal Accounting Policies and Estimation Techniques. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group and the University's affairs as at 31 July 2023 and of the Group's and 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 United Kingdom Generally Accepted Accounting Practice, including the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

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

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

Matters on which we are required to report by exception

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

- the information given in the financial statements is inconsistent in any material respect with the Board of Governors' Report (contained within the Strategy Report); or
- proper accounting records have not been kept; 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.

Responsibilities of the Board of Governors

As explained more fully in the Statement of the primary responsibilities of the governing body, the Board of Governors is responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the Board of Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

As part of our planning process:

- We enquired of management regarding the systems and controls the University has in place, and the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud impacting on the financial statements;
- We obtained an understanding of the legal and regulatory frameworks applicable to the University.

We determined that the following were most directly relevant to the financial statements: financial reporting legislation (including charity and higher education legislation), taxation legislation, and pensions legislation. In addition we identified that the Group and University are required to comply with many other laws and regulations, such as health and safety, employment laws, UK Visas and Immigration requirements, where the consequences of non-compliance could give rise to an impact on the financial statements through the imposition of fines, or litigation or restrictions on the Group and/or the University's licences to operate;

- We considered the incentives and opportunities that exist in the University, including possible pressures to meet performance targets and comply with loan covenants, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the University, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our audit procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Inquiry of management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Corroboration of our enquiries through reviewing minutes of the Board of Governors meetings and relevant sub-committee meetings, including the Audit Committee;
- Review of the policies and procedures approved by the Board of Governors and its committees to set a culture of honesty and ethical behaviour, including policies for prevention and detection of fraud, ethical behaviours and making public interest disclosures;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Auditing the risk of management override of controls, including through testing on a risk basis journal entries and reviewing any large or unusual transactions and any other adjustments for appropriateness and available supporting documentation.

Owing to the inherent limitations of an audit, there is unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

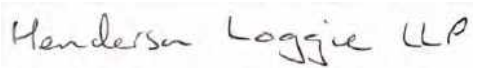
Use of our report

This report is made solely to the Board of Governors of the University, as a body, in accordance with the The Robert Gordon University (Scotland) Order of Council 2019, and the Board of Governors' role as charity trustees, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Henderson Loggie LLP

Chartered Accountants

Statutory Auditor



Henderson Loggie LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.

11-15 Thistle Street

Edinburgh EH2 1DF

20 December 2023

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 2023, the University and its subsidiaries had cash and cash equivalents of £39.5m, short term liquid investments of £15.8m and long term listed investments of £21.6m. Within current asset investments and cash, £2.5m are restricted endowments. In the year ended 31 July 2023, the Group generated cash flows from operating activities of £7.1m. 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 2023 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 2023. 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 52 to 55. 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:

- 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.
- 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.

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 employee. 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.

Defined Benefit Plan

NESPF is a defined benefit pension 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 of plan assets. For quoted securities, the current bid price is taken as the market or fair value of the assets.

The calculation is performed by a qualified actuary using the projected unit credit method with liabilities discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. 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 cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to 1 August 2014, the date of transition to the FRS 102 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 1st 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.

18. Financial Instruments

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.

19. 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 2023

		2023		2022	
	Notes	Group £'000	University £'000	Group £'000	University £'000
Income					
Tuition fees and education contracts	1	59,304	59,304	47,540	47,496
Funding body grants	2	51,955	51,955	53,519	53,519
Research grants and contracts	3	4,653	4,653	3,522	3,522
Other income	4	10,519	10,653	9,341	9,342
Investment income	5	2,159	2,142	336	340
Donations and endowments	6	774	774	483	483
Total income		129,364	129,481	114,741	114,702
Expenditure					
Staff costs	7	75,404	75,404	71,922	71,922
Other operating expenses	9	41,131	41,248	32,757	32,718
Depreciation, impairment and amortisation	12/13	8,953	8,953	8,576	8,576
Interest and other finance costs	8	1,136	1,136	1,658	1,658
Total expenditure	10	126,624	126,741	114,913	114,874
Surplus/(deficit) before other gains and losses		2,740	2,740	(172)	(172)
Loss on endowment investments	20	(72)	(72)	(276)	(276)
Loss on non-current investments	14	(497)	(497)	(2,942)	(2,942)
Surplus/(deficit) before tax		2,171	2,171	(3,390)	(3,390)
Taxation	11	(10)	(10)	(4)	(4)
Surplus/(deficit) for the year		2,161	2,161	(3,394)	(3,394)
Actuarial gain in respect of pension schemes	29	51,387	51,387	44,545	44,545
Effect of pension scheme asset ceiling	29	(53,261)	(53,261)	0	0
Total comprehensive income for the year		287	287	41,151	41,151
Represented by:					
Endowment comprehensive income/(expenditure) for the year		18	18	(286)	(286)
Unrestricted comprehensive income for the year		269	269	41,437	41,437
		287	287	41,151	41,151

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

The notes on pages 90 to 104 form an integral part of these financial statements.

Consolidated & University Statement of Changes in Reserves

For the year ended 31 July 2023

Group	Income and Expenditure Account		
	Endowment Reserves £'000	Unrestricted Reserves £'000	Total £'000
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 1 August 2022	2,476	210,725	213,201
Surplus from the income and expenditure statement	18	2,143	2,161
Other comprehensive expenditure	0	(1,874)	(1,874)
Total comprehensive income for the year	18	269	287
Balance at 31 July 2023	2,494	210,994	213,488

University	Income and Expenditure Account		
	Endowment Reserves £'000	Unrestricted Reserves £'000	Total £'000
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 1 August 2022	2,476	210,608	213,084
Surplus from the income and expenditure statement	18	2,143	2,161
Other comprehensive expenditure	0	(1,874)	(1,874)
Total comprehensive income for the year	18	269	287
Balance at 31 July 2023	2,494	210,877	213,371

The notes on pages 90 to 104 form an integral part of these financial statements.

Consolidated & University Statement of Financial Position

For the year ended 31 July 2023

	Notes	2023		2022	
		Group £'000	University £'000	Group £'000	University £'000
Non-current assets					
Fixed assets	12	197,019	197,019	198,684	198,684
Intangible assets	13	1,817	1,817	2,589	2,589
Investments	14	21,597	21,697	22,021	22,121
Pension scheme asset	19b	0	0	2,983	2,983
		220,433	220,533	226,277	226,377
Current assets					
Stock		22	22	19	19
Trade and other receivables	15	9,653	10,268	8,974	9,461
Investments	16	15,848	15,848	10,563	10,563
Cash and cash equivalents	23	39,538	38,532	42,957	42,175
		65,061	64,670	62,513	62,218
Less: Creditors: amounts falling due within one year	17	(29,651)	(29,477)	(32,397)	(32,319)
Net current assets		35,410	35,193	30,116	29,899
Total assets less current liabilities		255,843	255,726	256,393	256,276
Creditors: amounts falling due after more than one year	18	(37,058)	(37,058)	(37,230)	(37,230)
Other liabilities					
Premature retirement compensation	19a	(5,297)	(5,297)	(5,962)	(5,962)
Total net assets		213,488	213,371	213,201	213,084

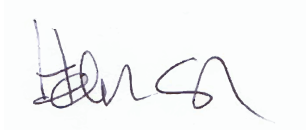
	Notes	2023		2022	
		Group £'000	University £'000	Group £'000	University £'000
Restricted Reserves					
Endowment reserve	20	2,494	2,494	2,476	2,476
Unrestricted Reserves					
Income and expenditure reserve		210,994	210,877	210,725	210,608
Total reserves		213,488	213,371	213,201	213,084

The notes on pages 90 to 104 form an integral part of these financial statements.

The financial statements were approved by the Governing Body on the 14th December 2023 and were signed on its behalf on that date by:



C Hunter
Chair of the Board of Governors



H Simpson
Interim Director of Finance



S Olivier
Principal and Vice Chancellor

Consolidated Statement of Cash Flows

For the year ended 31 July 2023

	Notes	2023	2022
		Group £'000	Group £'000
Cash flow from operating activities			
Surplus/(deficit) for the year		2,161	(3,394)
Adjustment for non-cash items			
Depreciation, impairment and amortisation	12/13	8,953	8,576
(Increase)/decrease in stock		(3)	8
Increase in debtors	15	(679)	(1,721)
(Decrease)/increase in creditors < 1 year	17	(2,799)	11,028
Decrease in creditors > 1 year	18	(187)	(167)
Decrease in premature retirement provision	19a	(665)	(1,305)
Pension current service cost less contributions paid	19b	1,203	5,553
Other pension scheme non-cash movements	19b	(94)	621
Adjustment for investing or financing activities			
Investment income	5	(2,159)	(336)
Interest paid	8	1,136	1,133
New endowments	20	(160)	(23)
Dividends on non-current asset investments	14	(73)	(75)
Loss on non-current investments	14	497	2,942
Net cash inflow from operating activities		7,131	22,840
Cash flows from investing activities			
Payments made to acquire fixed assets	12	(5,705)	(3,782)
Payments made to acquire intangible assets	13	(226)	(791)
Disposal of non-current asset investments	14	0	16
Decrease in current asset investments	16	65	268
Placing of deposits	16	(5,350)	(2,994)
Investment income	5	2,159	336
Net cash outflow from investing activities		(9,057)	(6,947)
Cash flows from financing activities			
Interest paid	8	(1,136)	(1,133)
Capital element of finance lease	18	(77)	(232)
Capital element of loan repayments	18	(440)	(408)
New endowments	20	160	23
Net cash outflow from financing activities		(1,493)	(1,750)
(Decrease)/increase in cash and cash equivalents for the year		(3,419)	14,143
Cash and cash equivalents at beginning of the year	23	42,957	28,814
Cash and cash equivalents at end of the year	23	39,538	42,957

The notes on pages 90 to 104 form an integral part of these financial statements.

For the year ended 31 July 2023

1. Tuition Fees and Education Contracts	2023		2022	
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Scotland home domicile fees	17,718	17,733	19,575	19,571
EU domicile fees	1,417	1,417	1,672	1,672
RUK domicile fees	2,016	2,016	2,071	2,071
Non-EU domicile fees	37,371	37,371	23,615	23,615
Non-credit bearing course fees	782	767	607	567
	59,304	59,304	47,540	47,496
2. Funding Body Grants				
General Fund - Teaching	39,555	39,555	40,335	40,335
General Fund - Research and innovation	1,923	1,923	2,165	2,165
Ring fenced grants Scottish Government	7,766	7,766	7,674	7,674
Non-recurrent Covid19 support	0	0	170	170
Capital grants received in year	412	412	0	0
Strategic funding	1,498	1,498	2,241	2,241
Capital maintenance grants	801	801	934	934
	51,955	51,955	53,519	53,519
3. Research Grants and Contracts				
Research Councils	753	753	678	678
UK based charities	59	59	124	124
European Commission	438	438	641	641
UK Government	1,975	1,975	975	975
Other grants and contracts	1,428	1,428	1,104	1,104
	4,653	4,653	3,522	3,522
4. Other Income				
Residences & Catering	4,613	4,613	3,115	3,115
Other services rendered	3,199	3,199	2,620	2,615
Other income	2,707	2,841	3,606	3,612
	10,519	10,653	9,341	9,342
5. Investment Income				
Investment income on endowments	24	24	24	24
Interest on defined benefit pension scheme	202	202	0	0
Other investment income	1,933	1,916	312	316
	2,159	2,142	336	340
6. Donations and Endowments				
Unrestricted donations	774	774	483	483
	774	774	483	483
7. Staff Costs				
Salaries	56,692	56,692	50,465	50,465
Social security costs	5,956	5,956	5,358	5,358
Employers pension contributions	11,553	11,553	10,546	10,546
Pension net service cost	1,203	1,203	5,553	5,553
	75,404	75,404	71,922	71,922

Notes to the Accounts (continued)

For the year ended 31 July 2023

7. Staff Costs (continued)	2023		2022	
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Analysis of staff costs by activity:				
Academic / Teaching departments	45,676	45,676	41,550	41,550
Academic / Teaching support	6,851	6,851	6,560	6,560
Research grants and contracts	2,427	2,427	2,112	2,112
Administration and central services	12,695	12,695	10,807	10,807
Premises	3,730	3,730	3,218	3,218
Catering and residences	969	969	817	817
Other income generating activities	2,065	2,065	1,354	1,354
Other expenditure	(212)	(212)	(49)	(49)
Pension net service cost	1,203	1,203	5,553	5,553
Sub Total	75,404	75,404	71,922	71,922
Restructuring costs	0	0	0	0
Total	75,404	75,404	71,922	71,922
Average staff numbers by category:				
Academic / Teaching departments	Fte No. 779		Fte No. 718	
Academic / Teaching support	123		125	
Research grants and contracts	27		39	
Administration and central services	220		201	
Premises	95		102	
Catering and residences	38		28	
Other income generating activities	75		43	
	1,357		1,256	
Remuneration of other higher paid staff, excluding employer's pension contributions, were:				
	No.		No.	
£100,000 - £109,999	2		5	
£110,000 - £119,999	4		2	
£120,000 - £129,999	2		0	
£130,000 - £139,999	0		1	
£220,000 - £229,999	0		1	
£240,000 - £249,999	1		0	
	9		9	
Remuneration of the Principal:				
	2023		2022	
	£		£	
Salary	222,452		208,935	
Benefits in kind	3,506		3,132	
Pension contributions	29,535		48,055	
Payments in lieu of pension contributions	16,641		0	
Total	272,134		260,122	

The total annual remuneration of the Principal, comprising salary, benefits in kind & pension contribution is 6.01 times (2022: 6.08 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 2023 (including employers pension contributions, employers NI & apprenticeship levy) was £1,095k (2022: £1,133k).

Compensation for loss of office

No compensation for loss of office (2022: £68k) was paid to any individual 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 (2022: £15k) from the University for acting as a board member.

Notes to the Accounts (continued)

For the year ended 31 July 2023

8. Interest & Other Finance Costs

	2023		2022	
	Group £'000	University £'000	Group £'000	University £'000
Loan interest	1,133	1,133	1,133	1,133
Finance lease interest	3	3	0	0
Interest on defined benefit pension scheme	0	0	525	525
	1,136	1,136	1,658	1,658

9. Other Operating Expenses by Activity

	2023		2022	
	Group £'000	University £'000	Group £'000	University £'000
Academic / Teaching departments	10,194	10,024	7,711	7,710
Academic / Teaching support	5,486	5,486	4,840	4,840
Research grants and contracts	1,407	1,407	1,151	1,151
Administration and central services	7,267	7,255	6,862	6,851
Premises	8,380	8,380	5,487	5,487
Catering and residences	4,309	4,309	3,274	3,274
Other income generating activities	2,055	2,361	2,985	2,985
Other expenditure	2,033	2,026	447	420
	41,131	41,248	32,757	32,718

Other operating expenses include:

Auditor's remuneration (ex vat):				
External Audit - audit services	64	58	85	77
Internal Audit - audit services	69	69	59	59
Provision for premature retirement compensation	(133)	(133)	(781)	(781)
Agency staff costs	531	531	435	435
Grants to Student Association	352	352	508	508

Non-audit services paid by the Group to external auditors in the current year comprise £16k (2022: £8k) for other assurance services and £4k (2022: £6k) for tax compliance and advisory services.

Academic / Teaching departments	45,676	10,194	1,183	1,054	58,107	51,390
Academic / Teaching support	6,851	5,486	2,085	0	14,422	13,330
Research grants and contracts	2,427	1,407	94	0	3,928	3,333
Administration and central services	12,695	7,267	56	0	20,018	18,006
Premises	3,730	8,380	4,833	0	16,943	13,075
Catering and residences	969	4,309	524	0	5,802	4,604
Other income generating activities	2,065	2,055	178	68	4,366	4,688
Other expenditure	991	2,033	0	14	3,038	6,487
	75,404	41,131	8,953	1,136	126,624	114,913

11. Taxation

	2023		2022	
	Group £'000	University £'000	Group £'000	University £'000
Current tax				
Current tax expense	0	0	0	0
Withholding tax	10	10	4	4
	10	10	4	4

Deferred taxation

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

Notes to the Accounts (continued)

For the year ended 31 July 2023

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 2022	233,305	37,413	904	271,622
Additions	2,160	3,739	391	6,290
Transfers between categories	716	87	(807)	(4)
Disposals	0	(271)	0	(271)
At 31 July 2023	236,181	40,968	488	277,637
Consisting of valuation as at:				
31 July 2014	216,135	0	0	216,135
Cost	20,046	40,968	488	61,502
At 31 July 2023	236,181	40,968	488	277,637
Depreciation				
At 1 August 2022	41,394	31,544	0	72,938
Charge for the year	4,847	3,104	0	7,951
Disposals	0	(271)	0	(271)
At 31 July 2023	46,241	34,377	0	80,618
Net book value at 31 July 2023	189,940	6,591	488	197,019
Net book value at 31 July 2022	191,911	5,869	904	198,684

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 2022	233,305	37,413	904	271,622
Additions	2,160	3,739	391	6,290
Transfers between categories	716	87	(807)	(4)
Disposals	0	(271)	0	(271)
At 31 July 2023	236,181	40,968	488	277,637
Consisting of valuation as at:				
31 July 2014	216,135	0	0	216,135
Cost	20,046	40,968	488	61,502
At 31 July 2023	236,181	40,968	488	277,637
Depreciation				
At 1 August 2022	41,394	31,544	0	72,938
Charge for the year	4,847	3,104	0	7,951
Disposals	0	(271)	0	(271)
At 31 July 2023	46,241	34,377	0	80,618
Net book value at 31 July 2023	189,940	6,591	488	197,019
Net book value at 31 July 2022	191,911	5,869	904	198,684

Notes to the Accounts (continued)

For the year ended 31 July 2023

12. Fixed Assets (continued)
Total

	£'000	£'000	£'000	£'000
Leased out assets included above:				
Net Book Value at 31 July 2023	5,815	0	0	5,815
Net Book Value at 31 July 2022	6,052	0	0	6,052
Assets held under finance leases:				
Net Book Value at 31 July 2023	0	560	0	560
Net Book Value at 31 July 2022	0	195	0	195

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
£'000**
**University
£'000**

Computer Software			
Cost			
At 1 August 2022		9,134	9,134
Additions		226	226
Transfers between categories		4	4
Disposals		(15)	(15)
At 31 July 2022		9,349	9,349
Amortisation			
At 1 August 2022		6,545	6,545
Amortisation for year		1,002	1,002
Disposals		(15)	(15)
At 31 July 2023		7,532	7,532
Net book value At 31 July 2023		1,817	1,817
Net book value At 31 July 2022		2,589	2,589

14. Non-Current Investments
**Subsidiary
£'000**
**Listed
£'000**
**Spinouts
£'000**
**Total
£'000**

Group				
At 1 August 2022	0	21,934	87	22,021
Investment income	0	73	0	73
Loss on investments	0	(497)	0	(497)
At 31 July 2023	0	21,510	87	21,597
University				
At 1 August 2022	100	21,934	87	22,121
Investment income	0	73	0	73
Loss on investments	0	(497)	0	(497)
At 31 July 2023	100	21,510	87	21,697

Notes to the Accounts (continued)

For the year ended 31 July 2023

**14. Non-Current Investments
(continued)**

	2023 Group £'000	University £'000	2022 Group £'000	University £'000
Investments in spinout companies:				
CVCP Properties PLC	29	29	29	29
Celerum Ltd	58	58	58	58
	87	87	87	87

Amounts falling due within one year:

Trade receivables	1,257	1,256	1,075	1,052
Debts from students	3,545	3,545	3,051	3,051
Prepayments and accrued income	4,851	4,838	4,848	4,839
Amounts owed by group undertakings	0	629	0	519
	9,653	10,268	8,974	9,461

Equities	1,821	1,821	1,869	1,869
Fixed interest stocks	460	460	477	477
Bank deposits	13,567	13,567	8,217	8,217
	15,848	15,848	10,563	10,563

Unsecured loans (Note 18a)	380	380	408	408
Obligations under finance leases (Note 18b)	158	158	77	77
Social security and taxation payable	3,175	3,175	2,881	2,881
Trade payables	2,383	2,383	1,567	1,561
Other creditors and accruals	7,008	7,008	7,649	7,649
Deferred income	16,547	16,373	19,815	19,743
	29,651	29,477	32,397	32,319

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	59	59	94	94
Research grants received on account	816	816	1,307	1,307
Grant income	871	871	924	924
	1,746	1,746	2,325	2,325

Notes to the Accounts (continued)

For the year ended 31 July 2023

18. Creditors: Due After More Than One Year

	2023		2022	
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Unsecured loans (Note 18a)	35,955	35,955	36,367	36,367
Obligations under finance leases (Note 18b)	427	427	0	0
Other creditors	676	676	863	863
	37,058	37,058	37,230	37,230

Bank loans and finance leases are repayable as follows:
a) Analysis of unsecured loans:

Due within one year (Note 17)	380	380	408	408
Due between one and two years	323	323	401	401
Due between two and five years	971	971	971	971
Due in five years or more	34,661	34,661	34,995	34,995
	36,335	36,335	36,775	36,775

b) Analysis of obligations under finance leases:

Due within one year (Note 17)	158	158	77	77
Due between one and two years	213	213	0	0
Due between two and five years	214	214	0	0
	585	585	77	77

Total bank loans and finance leases	36,920	36,920	36,852	36,852
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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

	2023		2022	
	Group	University	Group	University
	£'000	£'000	£'000	£'000
a) Premature Retirement Compensation				
At 1 August	5,962	5,962	7,267	7,267
Expenditure in period	(477)	(477)	(470)	(470)
Revaluation adjustment	(328)	(328)	(870)	(870)
Notional interest	140	140	35	35
At 31 July	5,297	5,297	5,962	5,962

A valuation of the premature retirement compensation provision was carried out by Mercer Limited, an independent firm of actuaries, at 31 July 2023. The valuation was based on a discount rate of 5.3% and an inflation rate (CPI) of 2.9%.

b) North East Scotland Pension Fund

At 1 August	(2,983)	(2,983)	35,388	35,388
Net interest cost	(202)	(202)	525	525
Administration expenses	108	108	96	96
Remeasurements (assets and liabilities)	(51,387)	(51,387)	(44,545)	(44,545)
Effect of asset ceiling	53,261	53,261	0	0
Current service cost less contributions paid	1,203	1,203	5,553	5,553
At 31 July	0	0	(2,983)	(2,983)

Notes to the Accounts (continued)

For the year ended 31 July 2023

20. Endowment Reserves

	Permanent Endowments £'000	Expendable Endowments £'000	2023 Total £'000	2022 Total £'000
Group & University				
At 1 August	2,427	49	2,476	2,762
New endowments	120	40	160	23
Investment income	24	0	24	24
Expenditure for year	(47)	(47)	(94)	(57)
Movement in market value	(72)	0	(72)	(276)
At 31 July	2,452	42	2,494	2,476
Analysis by asset:				
Current asset investments			2,281	2,346
Cash			213	130
			2,494	2,476

21. Capital And Other Commitments

	2023		2022	
	Committed £'000	Contracted £'000	Committed £'000	Contracted £'000
Committed and contracted expenditure remaining at end of year.				
Major construction works	16,350	1,415	360	0
Other works	1,218	257	258	1,134
	17,568	1,672	618	1,134

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

22. Operating Lease Commitments

	Land and Buildings £'000	Office Equipment £'000	Motor Vehicles £'000	2023 Total £'000	2022 Total £'000
Group & University					
Amounts paid during the year	1,312	16	6	1,334	1,316
Future minimum lease payments due:					
Not later than 1 year	1,330	6	13	1,349	1,319
Later than 1 year & not later than 5 years	3,407	0	13	3,420	4,480
Later than 5 years	0	0	8	8	257
Total lease payments due	4,737	6	34	4,777	6,056

Notes to the Accounts (continued)

For the year ended 31 July 2023

23. Cash And Cash Equivalents	At 1st August 2022 £'000	Cash Flows £'000	At 31st July 2023 £'000
Group			
Cash at bank and in hand	42,827	(3,502)	39,325
Endowment assets	130	83	213
	42,957	(3,419)	39,538
University			
Cash at bank and in hand	42,045	(3,726)	38,319
Endowment assets	130	83	213
	42,175	(3,643)	38,532

24. Consolidated Reconciliation of Net Cash/(Debt)

	At 31st July 2023 £'000	At 31st July 2022 £'000
Net cash/(debt) 1 August	6,105	(8,678)
Movement in cash and cash equivalents	(3,419)	14,143
Capital element of finance lease repayments	77	232
Capital element of unsecured loan repayments	440	408
New finance leases	(585)	0
Net cash 31 July	2,618	6,105
Change in net cash/(debt)	(3,487)	14,783

Analysis of net cash:	At 31st July 2023 £'000	At 31st July 2022 £'000
Cash and cash equivalents	39,538	42,957
Borrowings: amounts falling due within one year		
Unsecured loans	(380)	(408)
Obligations under finance leases	(158)	(77)
	(538)	(485)
Borrowings: amounts falling due after more than one year		
Unsecured loans	(35,955)	(36,367)
Obligations under finance leases	(427)	0
	(36,382)	(36,367)
Net cash	2,618	6,105

Notes to the Accounts (continued)

For the year ended 31 July 2023

25. Amounts Disbursed As Agent

	Discretionary Fund £'000	Childcare Fund £'000	Nursing Fund £'000	Covid Fund £'000	2023 Total £'000	2022 Total £'000
Group & University						
Balance brought forward	0	12	29	65	106	13
Allocation received in the year	509	179	47	0	735	1,308
Interest	9	2	2	0	13	0
Expenditure for year	(501)	(177)	(78)	(65)	(821)	(1,215)
Virements	16	(16)	0	0	0	0
Balance brought forward	33	0	0	0	33	106

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 102).

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.

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 2023

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 2023, 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

	2023		2022	
	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)	21,510	21,510	21,934	21,934
- Current asset investments (note 16)	15,848	15,848	10,563	10,563

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 2023

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 0.83% based on the proportion of employer contributions paid in the scheme year to 31st March 2022. The total Scottish Teachers' scheme cost for the University for the year to 31st July 2023 was £6,063k (2022: £5,657k) and at 31 July 2023 £513k was outstanding (2022: £470k).

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.

Notes to the Accounts (continued)

For the year ended 31 July 2023

29. Pension Schemes (continued)

2) North East Scotland Pension Fund (continued)

Financial assumptions used by the actuary at the end of the accounting period	2023 %	2022 %
Rate of CPI inflation	2.7	2.7
Rate of increase in salaries	*4.2	*4.2
Rate of increase in pensions	2.8	2.8
Discount rate	5.2	3.5

*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	SAPS 3 CMI 22 (1.5%) 118% Male	SAPS 3 CMI 21 (1.75%) 121% Male
	SAPS 3 CMI 22 (1.5%) 108% Female	SAPS 3 CMI 21 (1.75%) 101% Female
Retired members	SAPS 3 CMI 22 (1.5%) 114% Male	SAPS 3 CMI 21 (1.75%) 114% Male
	SAPS 3 CMI 22 (1.5%) 108% Female	SAPS 3 CMI 21 (1.75%) 101% Female

Life expectancy	2023 Years	2022 Years
Future pensioner age 65 in 20 years time	Males 21.9 Females 24.7	23.0 26.3
Current pensioner age 65	Males 20.6 Females 22.9	21.5 24.2

Asset allocation	2023 £'000	%	2022 £'000	%
Equities	117,630	57.4	118,507	59.9
Government bonds	12,296	6.0	16,223	8.2
Property	13,321	6.5	12,860	6.5
Cash/liquidity	7,173	3.5	5,935	3.0
Other	54,512	26.6	44,316	22.4
	204,932		197,841	

Analysis of the amount shown in the balance sheet	2023 £'000	2022 £'000
Fair value of plan assets	204,932	197,841
Present value of benefit obligations	(151,671)	(194,858)
Impact of asset ceiling	(53,261)	0
Net pension asset/(liability)	0	2,983

Components of pension expense recognised in I&E

Current service cost	6,741	10,494
Net interest (income)/cost	(202)	525
Administration expenses	108	96
Total expense recognised in I&E	6,647	11,115

Statement of other comprehensive income

Remeasurements (assets and liabilities)	(51,387)	(44,545)
Effect of asset ceiling	53,261	0
Total remeasurements included in SOCI	1,874	(44,545)

Notes to the Accounts (continued)

For the year ended 31 July 2023

29. Pension Schemes (continued)

2) North East Scotland Pension Fund (continued)

	2023 Group £'000	2022 Group £'000
Change in benefit obligation		
Benefit obligation at beginning of year	194,858	251,834
Current service cost	6,741	10,494
Interest on pension liabilities	6,761	4,004
Member contributions	1,710	1,552
Remeasurements - experience loss/(gain)	7,195	14,243
Remeasurements - (gain)/loss on assumptions	(60,524)	(82,736)
Benefits / transfers paid	(5,070)	(4,533)

Benefit obligation at end of year	151,671	194,858
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Change in plan assets		
Fair value of plan assets at beginning of year	197,841	216,446
Interest on plan assets	6,963	3,479
Remeasurements (assets)	(1,942)	(23,948)
Administration expenses	(108)	(96)
Employer contributions	5,538	4,941
Member contributions	1,710	1,552
Benefits / transfers paid	(5,070)	(4,533)

Fair value of plan assets at end of year	204,932	197,841
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Actual return on plan assets	5,020	(20,468)
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The NESPF defined benefit scheme is sensitive to the following assumption changes:

Disclosure Item	Central	Sensitivity 1 +0.5% p.a. discount	Sensitivity 2 +0.25% p.a. inflation	Sensitivity 3 +0.25% p.a. pay growth	Sensitivity 4 1yr inc life expectancy	Sensitivity 5 +1% change investment returns	Sensitivity 6 -1% change investment returns
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Liabilities	151,871	140,009	157,861	152,504	154,993	151,671	151,671
Assets	(204,932)	(204,932)	(204,932)	(204,932)	(204,932)	(206,992)	(202,872)
Deficit/(surplus) (exc ceiling impact)	(53,261)	(64,923)	(47,071)	(52,428)	(49,939)	(55,321)	(51,201)
Projected service cost for next year	3,704	3,118	4,023	3,704	3,808	3,704	3,704
Projected net interest cost for next year (exc ceiling impact)	(2,913)	(3,845)	(2,591)	(2,869)	(2,740)	(3,020)	(2,806)

The 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 2023/24 is £5,535k.

Notes to the Accounts (continued)

For the year ended 31 July 2023

29. Pension Schemes (continued)

2) North East Scotland Pension Fund (continued)

FRS102 requires that the rate used to discount post-employment benefit obligations should be based on the yields of high quality corporate bonds (generally taken to mean AA rated corporate bonds) appropriate to the currency and term of the Scheme's liabilities. The bond universe used is all corporate bonds that have an AA rating from at least Moody's and S&P Global Ratings and that meet certain criteria for inclusion (e.g. bonds that do not have floating coupon rates, options or other unusual features).

Asset valuations are based on a scheme valuation as at 30 June 2023 (2022: 30 June 2022), with returns for the month of July 2023 (2023: July 2022) estimated by asset class.

The mortality rate is based on publicly available mortality tables for the specific country. Regarding the impact of COVID 19 on mortality, the University view is that it is not possible at this point to draw any meaningful conclusions on the potential impact of COVID 19 on mortality rates going forward, and so it would be inappropriate to make any adjustments to mortality assumptions at this time.

There has been substantial volatility in financial markets since the start of the COVID-19 pandemic. Despite a period of relative stability, recently this volatility has increased again with the situation in Ukraine. This has consequences for asset values, and any changes in markets will be reflected in the accounting figures. Over the same period, volatility has extended to bonds. As the assumptions for accounting purposes are based on bond yields, this will also impact on accounting liabilities.

3) Aviva Defined Contribution Pension Scheme

Staff working for Developing Young Workforce North East (DYWNE) TUPE transferred from Grampian Chamber of Commerce to Robert Gordon University on the 1st April 2023. The employees were offered membership of a defined contribution scheme managed by Aviva. Employer contributions were set at 5% and employee contributions 3%.

The total DYWNE scheme cost for the University for the year was £9k (2022: Nil) and at 31 July 2023 £9k was outstanding (2022: £Nil).

30. Post Balance Sheet Events

On 1st September 2023 the University closed access to the North East Scotland Pension to new employees. On the same day the University opened a new defined contribution pension scheme, the RGU Pension Plan. Employer contributions to this new scheme are set at 11%. The default employee contribution rate is 4%.

