



University of Dundee

**Reports and
Financial Statements
2021/22**



A high performance community...

transforming lives
locally and globally

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Statement by the Chair of Court



Amanda Millar is a solicitor by profession and has extensive experience of corporate governance at national and local level.

She was the first open member of the LGBTQ+ community to be President of the Law Society of Scotland, is Chair of the Diversity, Equality and Inclusion Advisory Group for the Institute of Directors Scotland, and Chair of Samaritans Scotland Committee and a Trustee of Samaritans UK & Ireland.

I was delighted to be elected Chair of the University Court earlier this year and to take up office from 1st August.

I look forward to leading the Court to govern, challenge and support the University in delivering on its aims over the next three years, particularly in relation to the Strategy 2022-2027, which was launched earlier this year.

The Strategy sets out what we are, a university with social purpose at its heart, with a focus on excellence to make a difference locally and globally. A place where students from all over the world want to be.

This University does many amazing things, from research helping understand more about and tackling some of the world's major diseases or addressing climate change, to transforming the lives of students and producing graduates who are ready to make their own impact on the world.

We are a social, economic and cultural driver for the city and the wider area. In major projects we are either leading or have helped set in motion, the Tay Cities project to grow the biomedical cluster or the development of the Eden Project Dundee, to name but two.

We must build on these strengths and grow to be an even stronger institution. We must lead in our response to some of society's major issues, in all aspects of equality, equity, diversity, inclusion and in environmental sustainability.

The challenges are many, for us and the wider higher education sector. We will not shirk them.

If we are going to get where we want to be, we need to learn positively from the challenges of the last few years. My core values of equality, equity, justice, and respect have led me to build a career based on honesty, integrity, clarity, and an ambitious desire to help people access opportunities and develop themselves. These values, combined with a track record of governance improvement, strategic progress, and a passionate belief in equality of opportunity, sit well with the University's vision to positively transform lives and will guide me as Chair of Court.

Amanda Millar
Chair of Court



Economic Impact

**£975
million**

- A new economic impact assessment, conducted by Biggar Economic and published in November 2022, shows that in 2020/21 the activities of the University of Dundee supported £975 million Gross Value Added (GVA) and 9,410 jobs in Scotland.
- For every £1 of Scottish Government funding, the University generates £10 for the Scottish economy.
- The report shows that 1 in every 12 jobs in Dundee is supported by the University's activities.



Annual Report & Financial Statements 2021-22

Principal's report



The year covered in this report has certainly not been without its challenges, with a complex and fast changing operating environment, including pressures on the Scottish Government budget provision reaching through into our allocations, as well as around pay and pension issues. These came against a backdrop of uncertainties associated with emerging from the COVID pandemic.

Despite these challenges, we have successfully launched our new Strategy and have seen a welcome relative improvement in our financial position. We have made significant progress particularly in the three areas of focus which the University Executive Group has agreed with our Court - internationalisation, academic excellence and digitisation.

We have continued to see outstanding growth in our international student recruitment. We are a more global university than we have ever been, with thousands of students, and staff, coming to Dundee from around the world. We have established burgeoning partnerships such as those with Northeastern and Central South universities in China, and I am excited by the prospects of developing new relationships in Africa including through the Blantyre Declaration that we have signed initially with the six public universities in Malawi.

We need to build on our considerable academic and research strengths if we are to continue this growth and if we are to expand our social purpose as committed to in our Strategy. Looking at the main external academic and research rankings we have a mixed picture. We are truly leading in the UK and

internationally in some areas, such as Biological Sciences where for the second consecutive cycle of the Research Excellence Framework we are the leading university in the UK. We have great strengths particularly in the STEM subjects and art and design, but we are not yet reaching the same heights consistently across the board.

Our focus on academic excellence is addressing this, creating new opportunities including through a new School of Humanities, Social Sciences and Law and the tremendous growth and reach of our increasingly strong School of Business.

Over the next five-year period, as identified in the University Strategy to 2027, we will continue to grow and focus on our internationally recognised excellence in life sciences, medicine and health, and art and design. We will reinvigorate and enhance our competitive strengths in science and engineering, business, law, social sciences and humanities to meet contemporary challenges, both local and global, in addressing social problems and in meeting the needs of the employment market.

We are creating a much stronger digital infrastructure to serve the needs of our students and staff. We were not as well equipped as we could have been to meet the challenges of delivering learning during the global pandemic and thus relied on the extraordinary efforts of our staff. The lessons learned from that have enabled us to put in place a much stronger, agile and purposeful, blended environment.

Our focus is very much on in-person and on-campus education as we emerge from the pandemic. A stronger digital offering will complement this and ensure a much more resilient provision.

The return to on-campus activity is hugely welcome. It is a vital part of our student experience, as can be seen in the contrasting rankings pre-pandemic and after. Students want to come here, as we have seen. We want to offer them an even better experience than we could before the pandemic, and we are working closely with the Students' Association to do that.

As we restore that reputation of a great campus experience, we will become ever more attractive an option for students and staff from home and abroad. In turn that will make us ever more resilient and sustainable, and able to meet challenges such as those we have seen this year.

Professor Iain Gillespie
Principal & Vice-Chancellor



Vision 2022–2027

Our vision is to be a University globally renowned for our social purpose, delivered through our intensity and excellence in research, education and engagement. We will be agile and globally connected, focused on what we do best and where we can most effectively transform lives. Our students will be recognised as talented contributors to the work that is urgently needed to address the most pressing problems facing the world.

Strategy: at a glance

Over the next five-year period, we will continue to grow and focus on our internationally recognised excellence in life sciences, medicine and health, and art and design. We will reinvigorate and enhance our competitive strengths in science and engineering, business, law, social sciences and humanities to meet contemporary challenges, both local and global, in addressing social problems and in meeting the needs of the employment market.

We will confront head-on the challenges and uncertainties that society is facing and support the delivery of the UN Sustainable Development Goals. We will develop priority academic themes to provide focus and concentrate our impact on those areas where we can make the most difference. These are:

- Population Health and Wealth
- Climate Action and Net Zero
- Equity and Inclusion

Investigating these themes in our curricula will ensure that our students will be active global citizens attuned to social needs from the local to the global as well as the ways in which these are interconnected.

We will also strengthen and form new alliances and partnerships, at home and abroad, based on mutual respect and recognition of the need for co-design and co-delivery that meet all of our needs, particularly of those most disadvantaged. Our recently announced Africa Initiative, building on the Blantyre Declaration, will give us new momentum to explore and deliver equitable and forward-looking relationships that bring these ambitions into reality.

We will be decisive in making choices and initiating changes that will deliver on these themes.

Investing to deliver

To deliver our vision, we must ensure we have the culture, capacity, and agility as well as the strong financial platform necessary to flourish:

- We will strengthen Dundee's position as a knowledge-rich environment, organising interdisciplinary research to support cluster-based innovation.
- We will deliver a globally recognised Life Sciences Innovation District, cementing the reputation of Dundee as a powerhouse of biomedical innovation and broader biosciences.
- We will offer world-leading education and student experience through a blend of traditional programmes, flexible and stackable qualifications, with flexibility and support for learning on campus, online, or in blended ways.
- We will develop the digital infrastructure to support continuing world-class research, research-led teaching, and engagement activity.
- Most importantly, we will invest in our people, and ensure a culture of empowerment with accountability.

Graduate prospects

The Complete University Guide 2023 ranked us fourth in Scotland for graduate prospects, while the QS World University Rankings 2022 placed us in the top 200 universities in the world for graduate employment rate.



Our organisational structure

During 2021/22 the University was organised into ten schools together with professional services. Each school was led by a Dean supported by a number of Associate Deans and a School Manager. The activity in the schools was supported by the Professional Services Group which includes Information Technology, Human Resources, Research and Innovation Services, Estates and Campus Services, Library and Learning Centre, Finance and Procurement, Student Services and External Relations.

	Staff Numbers	Student Numbers (Headcount)	Student Numbers (FTE) ¹	Expenditure £m
School of Art and Design	166	2,315	1,873	10.4
School of Business	78	2,359	1,718	6.6
School of Dentistry	69	459	411	6.0
School of Education & Social Work	98	2,707	1,587	6.9
School of Humanities	64	1,822	1,101	4.3
School of Life Sciences	651	1,226	994	57.9
School of Medicine	517	3,489	1,912	43.8
School of Health Sciences	102	4,225	2,116	7.8
School of Science & Engineering	219	2,693	2,058	16.1
School of Social Sciences	123	2,570	1,970	8.5
Professional Services	916	678	362	81.9
Other	5	-	-	95.2
	3,008	24,543	16,102	345.4

¹ Student FTE is shown on a teaching school basis so reflects the relative proportion of teaching of each student done by each school.

Student Partnership

Students are at the heart of what we do, which is illustrated by our sector-leading approach to student representation. Students form a part of our governing bodies, committees and appointing panels for important posts such as the Chair of Court, the Principal, Vice-Principals, Deans and Directors. Student opinion is central to our community and we are committed to responding to their feedback and driving enhancement.

Each year DUSA and the University sign a Student Partnership Agreement setting out key priorities for the year ahead and the overarching principles we agree. We will continue to agree and set our priorities in this way. We will develop and enhance our approach to Student Partnership Agreements to ensure impact for the student body across the Schools and disciplines. We will continue to work together to further strengthen and develop student representation and the student voice across the University.

Financial Review

Overview

Despite the ongoing impact of the Covid pandemic through 2021/22, the University's financial performance was better than expected, with total income growing by 5.4% to £292.0m (2021: £276.2m). This growth has been driven by increased tuition fees which for the first time has become the largest source of income for the University.

In common with others in the Higher Education sector, FRS102 does bring greater volatility in the reported financial position with non-cash items such as actuarial movements on pension liabilities being included. As a result of this, the emphasis for University management is to focus on underlying financial performance. The University has identified EBITDA as its primary measure of financial performance, following the [EBITDA for HE methodology](#) published by the British Universities Finance Directors Group. EBITDA for 2021/22 totals £12.6m, representing 4.3% of total income.

Results for the year

The Group reported an operating deficit (excluding USS pension adjustments) before other gains of £2.2m (2021: surplus £4.3m). The reported deficit for the year, including the USS adjustment and other gains and losses is £54.2m (2021: £53.2m surplus).

Total comprehensive loss for the year is £13.8m and includes a £0.2m gain on disposal of tangible assets and investments, a £0.7m loss on investments and a £36.7m reduction in the University of Dundee Superannuation Scheme (UODS) liability.

The results for the year reflect the accounting adjustments in place for the 2020 actuarial valuation of the Universities Superannuation Scheme (USS) which was concluded in the year, includes a small increase in contribution rates from the 2018 Valuation and a longer deficit recovery period. The impact on expenditure in the year was a £51.2m debit compared with a £2.4m credit in the previous year.

The adjusted operating position is as follows:

	Year ended 31 July 2022	Year ended 31 July 2021
	£000	£000
Reported (deficit)/surplus for the year	(53,441)	6,678
Impact of USS accounting adjustments	51,201	(2,370)
Operating surplus/(deficit) for the year excluding USS	(2,240)	4,308

Further details of the USS accounting adjustments and provision movements are shown in Notes 21 and 32.

These results include a number of non-recurrent items which do not reflect the underlying operating position for the University in both 2021 and 2022, with significant additional non-recurrent funding from the Scottish Funding Council of £9.9m in 2021. Excluding these items, and on a like-for-like basis, the underlying performance of the University has improved in the year by £3.6m.

More information on the accounting implications of the USS and UODS pension schemes is provided in the Pensions section of this review and in Note 32 to the Financial Statements.

The Group reports net assets of £179.5m at 31 July 2022, a reduction of £17.5m in the year, with the impact of pensions accounting adjustments accounting for £14.5m of the reduction.

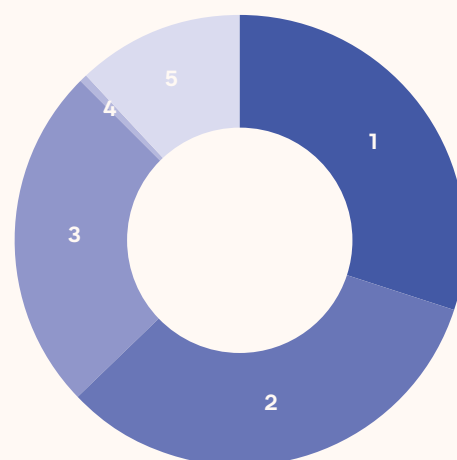
The cash balance has reduced to £99.9m (2021: £105.1m). Net cash from operating activities was an inflow of £13.4m, as described in more detail in the Cashflow and Treasury section of this review.

No new loans were drawn down in the year, and the University continues to hold minimal levels of long-term loans relative to the majority of the Higher Education sector.

Income

Total income increased by 5.4% to £292.0m.

	2022		2021	
1	SFC grants	£88.0m 30.1%	£93.4m 33.8%	
2	Tuition fees	£95.9m 32.9%	£73.9m 26.8%	
3	Research Grants and Contracts	£71.8m 24.6%	£74.4m 26.9%	
4	Donations	£1.7m 0.6%	£3.5m 1.3%	
5	Other	£34.6m 11.8%	£31.0m 11.2%	
	Total	£292.0m	£276.2m	



Total income 2022 – Source: Consolidated and Institution Statement of Income and Expenditure

Total grant income from the Scottish Funding Council reduced by 5.4% to £88.0m. SFC income reported includes £1.7m (2021: £9.9m) of one-off funding to support universities through the COVID pandemic. Adjusted for COVID support, SFC grants increased by 3.2%.

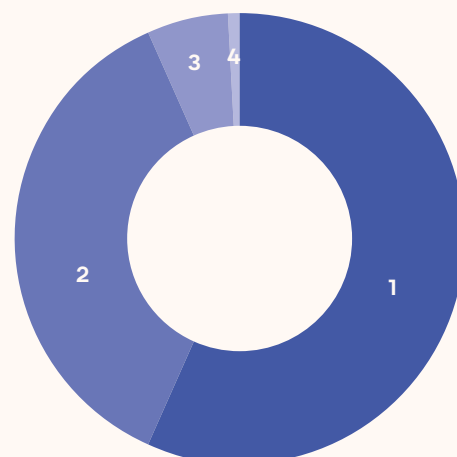
Tuition Fee income grew by 22% in the year and totalled £95.9m, with international fee income rapidly recovering from the impacts of COVID and increasing by £18.8m or 52.6% to £95.9m. This represents a significant overperformance against budget. Increasing tuition fee income, both in absolute terms and as a proportion of the University's income remains one of the essential foundations of the University's future financial sustainability. The impressive performance in 2021/22 together with increased applications and matriculations in 2022/23 supports the University's budgeted further growth over the next five years.

Research income has reduced by £2.6m or 3.5% to £71.8m. In line with the University's research strategy, overhead recovery from research activity increased in the year and there was a further positive shift in overall percentage cost recovery. We anticipate a reversal of this reduction in income in the coming year, with research income forecast to grow in support of the University Strategy. The University continues to be one of the most research-intensive institutions in the UK, reflecting the quality of its research in many areas.

Expenditure

Total expenditure (excluding the impact of the USS adjustment to staff costs and interest) increased by 8.2%, an increase of £22.3m to £294.2m (2021: £271.9m).

	2022		2021	
1	Staff Costs	£167.5m 56.9%	£161.3m 59.3%	
2	Operating Expenses	£107.6m 36.6%	£91.0m 33.5%	
3	Depreciation and Amortisation	£17.4m 5.9%	£18.1m 6.7%	
4	Interest	£1.7m 0.6%	£1.5m 0.5%	
	Total adjusted for USS	£294.2m	£271.9m	



Total expenditure 2022 – Source: Consolidated and Institution Statement of Income and Expenditure

Staff costs have increased by 3.8%, increasing by £6.2m to £167.5m. Staff costs as a percentage of total income has reduced to 57.4% (2021: 58.4%) reflecting the modest increase in staff costs while overall income sees a more significant increase.

Other operating expenses increased by 18.2% to £107.6m, with £2.6m of the increase relating to an increase in research costs and an additional £2.8m incurred in schools to support increased volume of student numbers and some spend delayed from previous years. The majority of the remaining increase relates to supporting student growth, including international agent fees and student bursaries.

Depreciation and amortisation reduced by £0.7m to £17.4m. This includes an impairment of £0.9m as described at Note 12.

Measures of financial performance

The University has identified EBITDA as a key measure of financial performance, following the EBITDA for HE methodology published by the British Universities Finance Directors Group. University Court has approved a target of 7% EBITDA as a percentage of income as a strategic KPI.

EBITDA for 2021/22 totals £12.6m. This represents 4.3% of total income against an institutional target of 7%.

Staff costs as a percentage of income (adjusted for movements on USS provision) is a further key measure, with the university targeting a reduction over time to more closely align with sector norms. This reduction in percentage terms will be driven by increasing income at a faster rate than total staff costs. Staff costs in 2021/22 represent 57.4% of income, a move closer to target and a reduction from the 2020/21 position of 58.3%.

Other gains and losses

The Group made a net gain of £0.1m on the sale of one building and the disposal of some minor investments.

The Group also made a loss of £0.7m on its endowment investments. Endowment investments are held at market value and are managed on the University's behalf by external fund managers.

Remeasurement of pension scheme liability

This figure relates to the University of Dundee Superannuation Scheme (UODS). In addition to employer contribution rates, during 2021/22 the University made additional annual cash payments totalling £3.4m.

The FRS102 valuation at 31 July 2022 shows an overall £36.7m improvement, with actuarial gains partly offset by return on assets, resulting in a closing provision of £51.7m for the UODS scheme.

Net assets

At 31 July 2022 the University net assets were £179.5m, a £17.5m reduction on the prior year as a result of a small underlying deficit combined with the loss on the value of investments as a result of a reduction in market value, the gain on the sale of investments and fixed assets and the accounting impacts of the USS and UODS pension schemes.

Capital expenditure of £20.6m included refurbishment of space to meet student and research needs and continued investment in IT systems and digital infrastructure and research and teaching equipment.

Net current assets at 31 July 2022 totalled £26.6m, a reduction of £8.0m against the £34.6m net current assets reported at 31 July 2021.

The pension scheme provisions relate primarily to the USS and UODS pension arrangements, which increase overall this year from £130.6m to £145.1m based on latest valuation and actuarial advice.

Cashflow and treasury

Cash and cash equivalents reduced by £5.2m over the year, closing at £99.9m. Net cash inflow from operating activities was £13.4m, which was £17.0m lower than the £30.3m inflow reported in 2020/21 and represents 4.6% of reported income. A key movement is a £7.3m increase in debtors, including a £4.6m increase in trade receivables due to a larger semester two student intake and a £4.5m increase in prepayments and accrued income.

Cash balances of £99.9m held at 31 July 2022 include £40.2m generated in the previous year from the disposal of shares in a spin-out company. These funds have been ringfenced for strategic investment. Also included in cash balances are net funds of £22.3m relating to deferred income on research grants.

The University had in place a £40m 3+1+1 revolving credit facility during the year, against which there have been no drawings since its inception. The facility, originally expiring in October 2024, has been extended for a further year to October 2025.

No additional loan finance from other sources has been drawn down in the year. £1.3m of the £15.9m low-interest loan finance from the Scottish Funding Council drawn down in previous financial years was repaid in the year.

Endowment assets of £29.9m (2021: £28.7m) continue to be managed by independent fund managers whose performance is monitored by the University's Finance and Policy Committee.

Supplier payments

The University supports the Prompt Payment Code in its relationship with suppliers. It is the University's policy that payments to suppliers are made in accordance with the terms and conditions agreed between the University and its suppliers, providing that all trading terms and conditions have been complied with. At 31 July 2022 the University had an average of 29 days purchases outstanding in trade creditors (2021: 28 days).

Interest paid under the Late Payment of Commercial Debts (interest) Act 1998 was £17 (2021: £890).

Pensions

The University contributed to two main pension schemes for its employees during the year, the Universities Superannuation Scheme (USS) and the University of Dundee Superannuation Scheme (UODS). A detailed analysis of these schemes is given at note 32 of the financial statements.

The revaluation of USS at 2020 was completed in 2022 and is the basis of the provision calculation at 31 July 2022. The 2020

valuation was the sixth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged in the Consolidated Statement of Comprehensive Income in financial year 2021/22 represents the contributions payable to the scheme of £19.9m together with a £51.2m increase in the provision.

Since the institution has entered into an agreement (the Deficit Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised. This plan requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3%

A formal actuarial valuation for the University of Dundee Superannuation Scheme was carried out as at 31 July 2020. As of August 2022, the University pays 25.7% of salary in respect of future accrual, and £3.5m per annum (over the 2021/22 year) increasing at 3% per annum to fund the deficit disclosed at the last formal valuation as at 31 July 2020. Consultation on the future of the UODS scheme has concluded, with work proceeding to implement the legal amendments to the rules of the scheme.

Future financial outlook

The University of Dundee has demonstrated resilience and continued to operate effectively throughout the disruption caused by Covid, with essential activities carried out during the most challenging period of the nationwide lockdown. Students progressed throughout the 2020/21 and 2021/22 academic years when teaching was successfully transitioned to blended delivery (mix of in person and online).

The University has robust financial projections in place. Progress to financial sustainability is dependent on key areas of financial improvement, including further growth in international students, strong cost control and increased contribution from our research activities.

The numbers of Scottish students that we are able to recruit remains capped by the Scottish government and future funding levels may be at risk depending on the economic outlook.

Competition for international students is fierce, both from within the UK and abroad, but student recruitment has remained strong, exceeding stretching growth targets.

The outlook for the 2022/23 academic year is very positive, with a return to "normal" levels of in person teaching taking place and with growth in international recruitment well in excess of expectations.

The cost base will continue to grow but the University has demonstrated responsible cost control and has assessed the wider inflationary risks, many of which are mitigated by income growth assumptions.

The future cost of pensions remains a risk to financial sustainability, with pensions risk a concern shared across the Higher Education sector.

Overall, we are confident that we will continue to improve our financial performance, at least in line with targets, delivering steady improvement and a clear path to ongoing financial sustainability.

Launched this year, the University of Dundee Strategy 2022-2027 notes our academic excellence and impact will be underpinned by strong financial performance, allowing us to invest in areas of strength and champion our values. Financial Sustainability is a key area of strategic focus, with an EBITDA based KPI set as a measure of our success.



Equality, Diversity, and Inclusion

The University of Dundee is committed to advancing equality, diversity and inclusion for students, staff and the wider community, through the creation of a safe, welcoming and inclusive environment for all. Equality, Diversity and Inclusion (EDI) is one of the key strands of the new University Strategy 2022-2027 and the People and Talent sub-strategy. As part of this strategy, a clear, strategic focus on key EDI commitments will be further developed. EDI considerations will also be embedded in our other sub-strategies be they related to degree awarding gaps or ensuring that we have maximally inclusive teaching or research practices, in part through innovative use of technology in our digital strategy.

The embedding of EDI considerations in our Strategy through its high-level aims, will see learning and teaching, employment, research and engagement reflect and deliver on the needs of our diverse community. This undertaking supports our obligations under the Public Sector Equality Duty and its aims to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between those with a relevant protected characteristic and those without.

The University has made significant progress in relation to our EDI objectives and accredited external Charter Marks since the publication of our EDI reports in April 2021 as part of our obligation on meeting the statutory requirements of Scottish Specific Duties of the Equality Act 2010, demonstrated through our Equality Outcomes Plan 2021-2025, Mainstreaming report, Employee Monitoring Information and Pay Gap reports including information analysed by protected characteristics. In addition to meeting the PSED requirements the University in 2021 established two strategic EDI priorities in the area of Athena Swan (gender equality) and Race Equality Charter (race equality).

Some of the focused areas include:

→ Gender Equality

Our institutional Athena Swan action plan sets out how the University aims to support and improve gender equality across the University. The University has held an Athena Swan Bronze award since 2012 and we are applying to renew our Bronze award in November 2022 under the new Transformed Charter principles with the aim of working towards achieving Silver/Gold status. Individual Schools within the University also hold Athena Swan Awards; we have six Schools that hold a Bronze Award and one School awarded at Silver level.

→ Race Equality

The University is a member of the Race Equality Charter and through this framework we are working to improve the experiences of our Black and Minority Ethnic (BME) staff and students.

We are proud to have been awarded a Bronze Race Charter status in January 2022, one of only 29 universities to date achieving this mark. This indicates how well we are doing and highlights our continuous commitment to improving the representation, progression and success of our BME staff and students at the University. We will be continuing with the change

process of implementing the Race Equality Charter Action Plan and monitoring progress and impact.

We host annually throughout the month of October a number of events, workshops, talks, film screenings and panel discussions as part of our Black History celebrations.

→ LGBT+ Equality

At Dundee, we are proud to be members of Stonewall's Diversity Champion programme, showing our strong commitment to advance and further embed LGBT+ inclusion for our staff and students. University EDI Office works closely with the LGBT Staff Network to develop and use the Stonewall Workplace Equality Index as a framework for identifying different areas of the employee lifecycle and our institutional culture to identify where further action is needed to make us inclusive for all of our LGBT+ staff and students. We will be reviewing the requirements of the Workplace Equality Index and developing a plan for the next submission in 2023.

The University has supported and proudly sponsored Dundee Pride event regularly for a number of years now and also celebrate LGBT+ History month every February with a range of events bringing together all diverse groups.

→ Disability Equality

Our Disability Services continues to provide confidential support for students and staff with a range of disabilities including carrying out needs assessments for other Universities and Colleges through their Access Centre. Key Facts and Figures for the 2021/22 year are noted below.

2,086 students were registered with Disability Services during 2021/22, an increase of 5% compared with rather than compared with the previous academic year. The number of students registered with the service has increased every academic year for the past six years. The complexity of students' support needs has also increased.

An additional 664 students contacted Disability Services for advice and support during the 2021/22 academic year. This includes students who are pending registration, awaiting dyslexia screening/diagnosis, prospective students and applicants, and students with temporary disabilities.

The majority of students disclosed specific learning difficulties (34%), mental health difficulties (24%) or multiple disabilities (15%). The number of registered students disclosing multiple disabilities has increased by 111% over the past six years. Those disclosing mental health difficulties has increased by 128% over the same period.

327 students had a Disabled Students Allowance study needs assessment through our Access Centre service, including 82 students from other Universities and Colleges. This represents a slight increase from the previous year.

78 dyslexia screenings and 88 diagnostic assessments for dyslexia were completed during 2021/22 with 78 students receiving a positive diagnosis.



In addition to the support provided to students, 124 disabled staff were registered with Disability Services for confidential advice and ongoing support in 2021/22, a slight increase from 2020/21.

→ **Prioritising Student Support**

In response to the growing demand and complexity of needs across a range of our student facing support services, the University is investing in this area, enhancing the staffing resource available and ensuring we continue to provide high quality student support meeting the needs of our students.

Race Equality Charter

In January 2022 we were awarded a bronze Race Equality Charter (REC) mark by Advance HE, an accolade that recognised the work that had been undertaken and the path the University was taking to challenge and rectify institutional processes and practices that perpetuate systemic racial inequalities.

Corporate Governance

This report covers the period from 1 August 2021 to 15 November 2022.

Compliance with the Scottish Code of Good Higher Education Governance

In the opinion of the Court (the University's governing body), the University is fully compliant with all the principles and provisions of the 2017 Code of Good Higher Education Governance.

Equality, Diversity and Inclusion

In accordance with Section 8 of the Gender Representation on Public Boards (Scotland) Act 2018, the University published its report on the Gender Representation Objective (GRO) and submitted this to the Scottish Government in February 2022. The University achieved the GRO (50% of the non-excluded membership of a governing body are female) but continues to review this when considering membership and succession planning. The Court made a commitment in its 'Statement on Equality, Diversity & Inclusion on the University Court' to achieving diversity amongst its membership which reflects the diversity within the University community. Among other commitments made by the Court within the University's Race Equality Charter Submission, the Court set itself the objective of increasing BAME representation on Court to at least reflect the current ethnic make-up (10%) of the University Community within a period of 3 years. The Court and its People & Organisational Development Committee also maintain an active interest in the achievement of the REC action plan.

Charter and Statutes

The University is an independent corporation and a registered Scottish charity (SC015096). Its legal status derives from a Royal Charter originally granted in 1967 and its objects, powers and framework of governance are set out in the Charter and its supporting Statutes, as amended from time to time with the approval of the Privy Council. The core mission of the University, as set out in the 'University of Dundee Strategy 2022-2027' document (www.dundee.ac.uk/strategy), continues to be 'to transform lives through the creation, sharing and application of knowledge', and this goes hand in hand with a vision to be globally renowned for our social purpose, delivered through our intensity and excellence in research, education and engagement. The mission and vision build on and cement the formal original objects of the University, as laid out in the Charter, which are to 'advance and diffuse knowledge, wisdom and understanding by teaching and research and by the example and influence of its corporate life'.

The Charter and Statutes require the University to have two separate bodies to oversee and manage its activities, as follows:

- a. **Court** is the governing body, responsible for the finance, property, investments, employment of staff and general business of the University, and for setting the general strategic direction of the institution. The statement of Primary Responsibilities adopted by the Court can be found at: [Statement of Primary Responsibilities.pdf \(dundee.ac.uk\)](http://www.dundee.ac.uk)

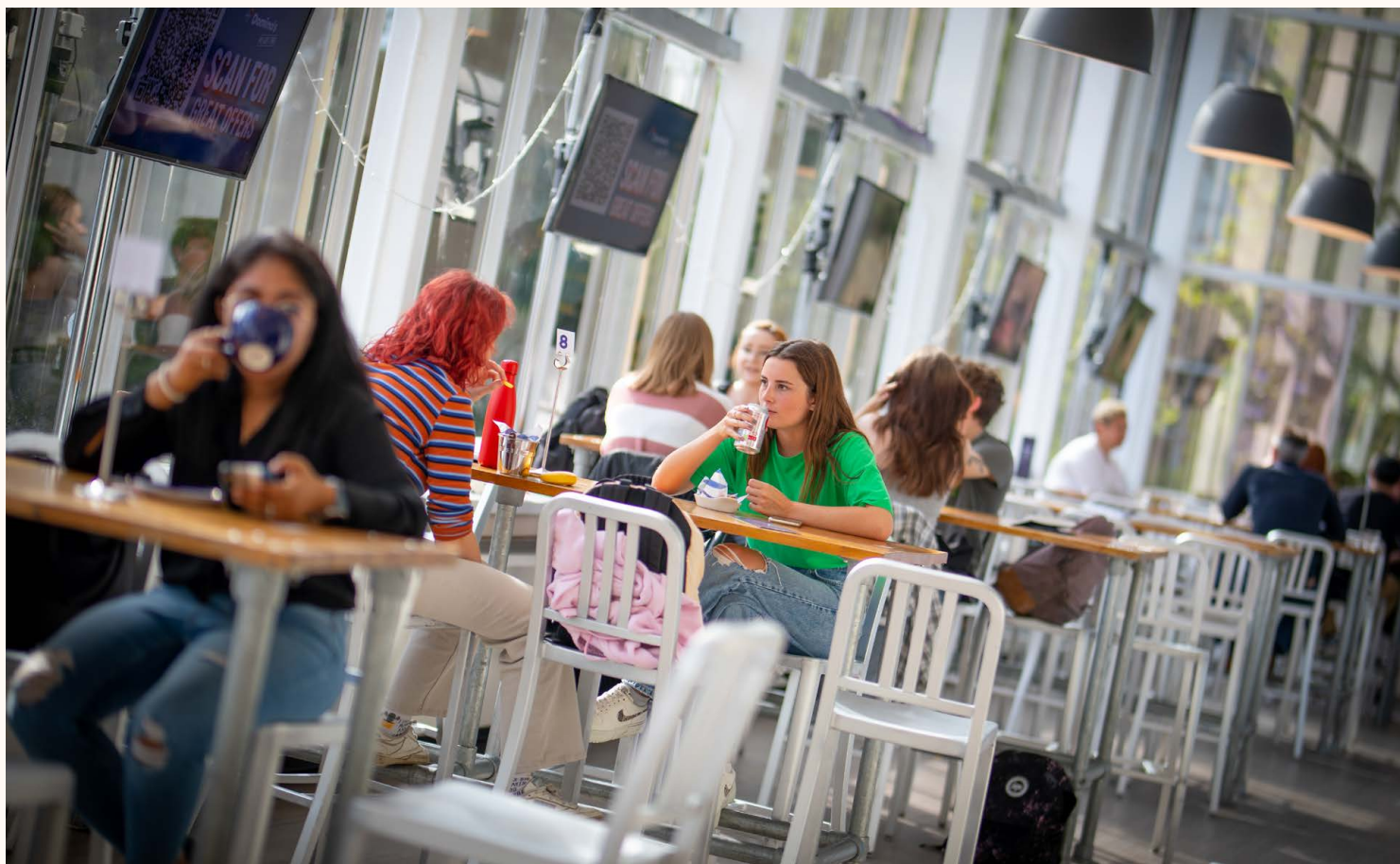
It has a total membership of 24, with a majority of lay members from outside the University. Members also include representatives of the student body and the staff of the University, including two members nominated by the recognised trade unions. The Chair of Court for the 2021/22 academic year, Ronald Bowie, was appointed to the position by the Court in August 2016 and re-elected in accordance with Higher Education Governance (Scotland) Act ('the Act') in March 2019 to serve for a second term of three years from 1 August 2019. As Ronald Bowie's term as Chair ended on 31 July 2022, an election was held in March/April 2022 and Amanda Millar was appointed as his successor from 1 August 2022. The Deputy Chair of Court (Tricia Bey for the 2021/22 academic year) is appointed by the Court on the recommendation of the Governance & Nominations Committee and deputises for the Chair as necessary. As of 1 August 2022 the role of Senior Independent Member (SIM) of Court, as defined in paragraph 58 in the Scottish Code of Good HE Governance (2017), is held by lay member, Jane Marshall. The lay members are all considered to be independent. The Governance & Nominations Committee appoints ten such members following an external advertisement and interview. This process takes into account the skills and diversity of existing Court members as well as future requirements and issues of succession, for example, to convenerships of Court Committees. The Court uses a skills matrix developed to inform lay appointments to the Court and has agreed a statement setting out its goals in relation to the balance of its membership in terms of equality and diversity and this is also reflected in objectives for the Court within the University's Race Equality Charter Submission. With the exception of the Chair of Court, none of the lay members receives any payment other than eligibility for the reimbursement of expenses for the work they undertake for the University. The Chair of Court is entitled to be remunerated at a gross per diem rate equivalent to the Tier 1 minimum for chairs set out by the Scottish Government in the Daily Fee Framework of its technical guide to the Public Sector Pay Policy for 2021 to 2022 (revised). For 2021/22 this was equivalent to a gross daily rate of £338, although Mr Bowie elected to waive his remuneration, inviting the University to use what would have been paid in remuneration for the benefit of current students. As a result, the University made a payment of £21,970 to one of its own funds in support of student hardship.

The powers reserved to Court and those it has delegated to its

Committees, to Senate and to the Principal and other senior officers, are set out in a Schedule of Delegation and Decision-making Powers.

- b. Subject to the general control and approval of Court, **Senate** is the academic authority of the University and draws its membership entirely from the staff (mainly academic staff) and the students of the institution. The membership conforms to the requirements of the Act: more than half of its membership comprises elected staff and students, and students comprise more than 10% of the total membership. Its role is to direct and regulate the teaching, learning and research work of the University and is supported in this

respect by a number of committees including the Learning & Teaching Committee, Research & Knowledge Exchange Committee, Quality & Academic Standards Committee, and Internationalisation Committee. Senate is chaired by the Principal & Vice-Chancellor. The Court receives regular reports from the Senate and the Chair of the Senate highlighting matters of decision, interest and noting. On an annual basis the Court, on the recommendation of its Governance & Nominations Committee, approves the submission of the Annual Report to the Scottish Funding Council (SFC) on Quality for the previous year. The Senate undertook a review of its effectiveness in 2021.



A great students' union

Dundee University Students' Association (DUSA) is consistently ranked among the best student unions in the UK. We were ranked number 1 in StudentCrowd's 5 best Scottish universities 2022, based on student reviews of their university and course experience.

Committees

Although Court meets at least five times each academic year, including an annual strategic retreat, much of its detailed work is handled by committees: Finance & Policy Committee, People & Organisational Development Committee, Governance & Nominations Committee, Remuneration Committee and Audit & Risk Committee. These committees have written remits, which are reviewed annually, and their decisions and recommendations are formally reported to Court. They each have a specified membership, including lay members and a lay convener, which is approved on an annual basis.

The composition of Court and its committees, along with the attendance of members at meetings during the session 2021/22, is set out in the table below. In summary the committees operate as follows:

On an annual basis the **Governance & Nominations Committee** has general oversight of the governance framework of the institution, considers changes to the governing instruments and makes recommendations to Court on Court and committee membership. It considers the contributions and commitment of members to the work of the Court and its Committees and more generally to the life of the University. The Committee takes particular interest in ensuring the overall effectiveness of the Court and its committees in providing support and challenge to the University Executive Group in achieving the University's strategic objectives. The Committee also engages with aspects of quality assurance both in learning and teaching and in research, and this enables the Committee to advise Court, along with regular reports from the Senate, on its obligations in relation to academic quality.

The **Remuneration Committee** determines the remuneration of the members of the University Executive Group, including the Principal, and oversees the University Executive Group's decision-making in relation to the remuneration of other grade 10 staff across the University. The remuneration committee is expected to represent the public interest and avoid any inappropriate use of public funds. In preparation for this role, and to ensure transparency over decisions on remuneration, the Committee is guided by the Court on the policy it wishes the Committee to adopt in reaching its decisions with regard to senior executive pay. The Committee comprises four lay members of Court, a student and a staff member. The Chairperson of Court is included within this membership but is not the Convener of the Committee. Whilst the Principal is invited by the Committee to attend in order to advise on the remuneration of members of the University Executive Group, the Principal is not present at any meeting of the Committee that considers his own remuneration. To improve transparency over decisions on remuneration, the Committee has introduced an annual report to the Court which provides further detail on the operation of the Committee and policy and approach to the review of senior pay. The Committee has reviewed its Remit, Terms of Reference and Severance Policy in light of sectoral reports and works closely with the People & Organisational Development Committee to ensure the robustness of practice.

The **Audit & Risk Committee**, which can include up to two additionally co-opted non-Court members, is chaired by a lay member of Court and meets four times a year, with the University's internal and external auditors in attendance. The Committee

considers detailed reports from the internal and external auditors, together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans.

The Audit & Risk Committee's role is one of high-level review of the arrangements for internal control, risk management and value for money. It also makes recommendations to the Court on the appointment of both internal and external auditors. It has authority to investigate any matters within its terms of reference. Whilst senior university officers attend meetings of the Committee, as necessary, they are not members of the Committee. In order to safeguard the independence of the University's external auditors, provision by them of any non-audit services is subject to the approval of the Audit & Risk Committee.

The Audit & Risk Committee also has a general responsibility for monitoring the operation and effectiveness of the University's Public Interest Disclosure and Anti-Bribery policies and arrangements.

The **Finance & Policy Committee** advises Court on all matters pertaining to the financial health and sustainability of the University and makes recommendations to Court on the adoption of financial forecasts, annual budgets and the financial statements (this last with the Audit & Risk Committee). The Committee also reviews and monitors the Estates Strategy, including providing scrutiny of major capital developments.

The **People & Organisational Development Committee** oversees all policies, strategies and procedures relating to the staff of the University other than those for which the Remuneration Committee is responsible. This includes performance; organisational development; reward and recognition; leadership and management; equality and diversity; health, safety and wellbeing; and retention and recruitment.

Full remits for all committees of Court are available from the University's webpages at: www.dundee.ac.uk/governance/governance/court

Effectiveness

Members of the Court are encouraged to participate in training and development sessions offered by Advance HE as part of its Governor Development Programme. In addition, training sessions are organised from time to time throughout the year by the University on issues of relevance, and briefing presentations have been introduced prior to every meeting of the Court to provide members with training and contextual information of relevance to items on the agenda. Members of the Audit & Risk Committee are also encouraged to attend external training sessions provided by the audit sector, with additional training on matters of interest being arranged when appropriate.

The Court reflects annually on the effectiveness of both the Chair and the Court itself, and each committee also reflects annually on its own effectiveness and general operation, with outputs from these committee reviews being considered by the Court. In addition, the effectiveness of Court and its Committees is evaluated formally at least every five years using external facilitation. The last such review was concluded in November 2019 and the implementation of recommendations continues to be tracked by the Governance & Nominations Committee. The Audit & Risk Committee carries out formal self-assessments and the most recent was carried out in spring 2021, and a number of recommendations for enhancement are being introduced. The next formal review of Court will take place in 2024. The Chairperson of Court and Deputy Chairperson of Court meet with other Court members on an individual and informal basis at least annually to discuss their contribution and development needs and provide guidance and support if needed. The meetings also provide an opportunity for the Chairperson to assess whether members continue to have confidence in the conduct of Court business as well as in the performance of the Principal and the University Executive Group. An annual summary of these meetings is provided to the Governance & Nominations Committee to inform discussions regarding, for example, the renewal of lay members' appointments.

The Court has now held four annual public meetings of the Court, which were open to all and saw the Chair of Court and the Principal & Vice-Chancellor present and take questions with regard to the performance of the University and the operation of the Court over the previous 12-month period. The Court has undertaken to raise the profile of equality, diversity and inclusion matters at all future annual public meetings and to report on progress against its Race Equality Charter objectives. The President of the Dundee University Students' Association (DUSA) also presented on both the activities of DUSA and the consideration of student issues by the Court.

Executive

The Principal & Vice-Chancellor is the chief academic and administrative officer of the University, who has a general responsibility to Court for maintaining and promoting the efficiency and good order of the University. As de facto Chief Executive, the Principal exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments, and shaping of the institutional ethos. Under the terms of the formal Financial Memorandum between the University and the Scottish Funding Council, the Principal is also the accountable officer of the University.

The Principal & Vice-Chancellor chairs the University Executive Group (UEG) and presents a written report on its work to each meeting of Court. The UEG also comprises the Vice-Principals, the University Secretary & Chief Operating Officer and the Director of Finance.

Remuneration levels of the members of the UEG as at 31 July 2022, excluding employer's pension contributions, were as follows:

Title	Banding
Principal & Vice Chancellor, Professor Iain Gillespie	£240,000 - £249,999
Senior Vice-Principal	£160,000 - £169,999
Vice-Principal (International)	£180,000 - £189,999
Vice-Principal (Education)	£120,000 - £129,999
Vice-Principal (Research, Knowledge Exchange, and Wider Impact)	£130,000 - £139,999
University Secretary	£160,000 - £169,999
Interim Director of Finance	£120,000 - £129,999

Strategic Planning and Monitoring

During 2021/2022, the University developed a new strategic plan for the period 2022-2027, which was approved by the University Court in February 2022. The University Strategy 2022-2027 is underpinned by five enabling strategies, progress against each of which is monitored by implementation plans. These implementation plans, and a new set of Institutional Key Performance Indicators, were approved by Court in April 2022. Regular reports on progress against targets are in development.

In tandem with the development of the University Strategy 2022-2027, the University also conducted a review of the metrics and analysis required to understand performance across the academic schools.

Statement of Responsibilities

The University maintains a register of interests of members of Court and senior officers, which may be consulted by arrangement with the University Secretary. The interests of individual members are also published on the University's web pages.

Court is responsible for keeping proper accounting records setting out the financial position of the University and which enable it to ensure that the financial statements are prepared in accordance with the Charter and Statutes, the Statement of Recommended Practice (Accounting for Further and Higher Education Institutions) and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed with the Scottish Funding Council (SFC), Court is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

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

Court also has a responsibility to:

- ensure that funds from the SFC are used only for the purposes for which they have been given and in accordance with the

Financial Memorandum with the SFC and any other conditions which the SFC may from time to time prescribe

- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the University and hence to take reasonable steps to prevent and detect fraud
- ensure reasonable steps have been taken to secure the economical, efficient and effective management of the University's resources and expenditure

The University's system of internal financial control includes the following key elements:

- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets.
- Regular reviews of financial results, involving variance reporting and updates of forecast out-turns.
- Clear definitions of the responsibilities of, and authority delegated to, budget-holders in academic Schools and the professional services.
- Detailed financial operating procedures for the authorisation and control of expenditure, whose provisions are approved by the Finance & Policy Committee and monitored by the Audit & Risk Committee.
- A professional internal audit team whose annual programme is approved by the Audit & Risk Committee on Court's behalf and which submits to the Audit & Risk Committee an annual report on internal audit activity and on the adequacy and effectiveness of the University's system of internal financial and other controls. Any system of internal financial control, however, only provides reasonable, not absolute, assurance against material misstatement or loss.

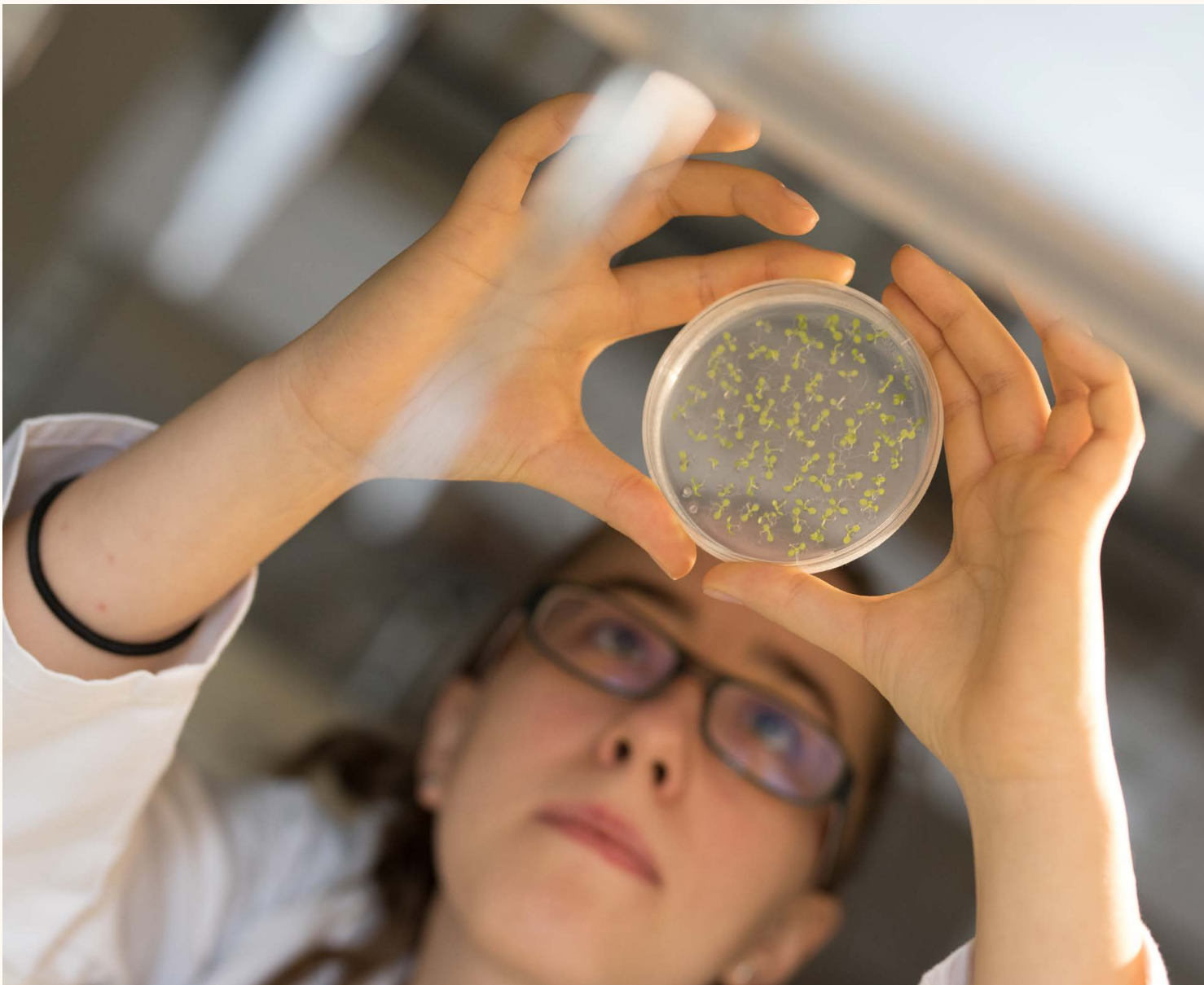
The University Executive Group, Court and the Audit & Risk Committee formally review the institutional risk register regularly, and at least twice a year.

Any enquiries about the constitution and governance of the University should be addressed to the University Secretary.

The principles and practice set out in this statement on corporate governance hold true for the full financial year reviewed in the financial statements as well as for the period up to the date of approval of the statement by the University Court.

A global institution

We have staff and students from over 140 countries on campus. We have extended our international portfolio including becoming the first Scottish institution with three Chinese Government-approved Joint Educational Programmes/Institutes (JEP/II) with three Double First Class Universities.



Court and Committee Attendance 2021/22

Name	Notes	Court (of 5)	F&PC (of 5)	G&NC (of 5)	PODCo (of 6)	Audit ¹ (of 5)	Rem Com (of 3)
Ronnie Bowie, Chair	To 31 July 2022	5	5	5			3
Amanda Millar, Chair	From 1 August 2022						
Alan Bainbridge*		4	3				
Richard Bint*		5	5				2
Tricia Bey*		5	4	5		5	
Rebecca Leiper	To 31 July 2022	4	3				
Susan Walker	From 1 August 2022						
Megan-Rose Birdsall	To 31 July 2022	3		2			1
Adam Robertson	From 1 August 2022						
Dimitris Vidakis	To 31 July 2022	5	4		3		
Nyasha Mutembwa	From 1 August 2022						
Mike Ferguson		3 (of 4)	3 (of 3)				
Keith Harris [†]		2 (of 3)					
Anna Notaro		5		4			
Emma Preston	From 26 April 2022 to 31 July 2022	2 (of 2)					
Gregory Colgan*	From 21 June 2022	1 (of 1)					
Iain Gillespie		5	3	4	5		3
Carla Rossini*	From 1 August 2022						
Karthik Subramanya*		5			6		
Andrew Lothian*		4				2	
David Dorward*	To 16 November 2021	1 (of 1)	2				
Marianne Reilly	To 31 March 2022	3 (of 3)			3		
Jane Marshall*		5		5	6		3
David Martin		5			3		
Ron Mobed*		5	4				3
Lord Provost Ian Borthwick	To 5 May 2022	0					
Mairi Scott		5	5				
Jay Surti*		5			6		
Sharon Sweeney		3		2			3
Karen Thompson*		4			5		3
Keith Winter*		3	3			5	



University Spinout Report 2021

The University of Dundee was 6th in UK and 1st in Scotland for the total value of spinouts over the last two decades.

(a) The Convener of the Finance & Policy Committee is invited to attend meetings of the Audit & Risk Committee and a reciprocal arrangement is in place for the Convener of the Audit & Risk Committee to attend meetings of the Finance & Policy Committee. The Deputy Chair of Court is also invited to attend meetings of the Finance & Policy Committee. This arrangement does not confer voting rights for the Committee of which they are not the Convener.

*Lay Members

† Attends Court but is not a member of Court

Notes:

In addition to the major committees reported above, attendance of members of Court is also recorded for meetings of the Welfare and Ethical Use of Animals Committee, Endowments Sub-Committee and the Pensions Sub-Group.

F&PC = Finance & Policy Committee

G&NC = Governance & Nominations Committee

PODCo = People & Organisational Development Committee

Audit = Audit & Risk Committee

Rem Com = Remuneration Committee

¹ The Audit & Risk Committee has one additional co-opted member, who is not a member of Court: Colin Clunie, who attended 4 meetings. Colin has now left the committee (as of 31 July 2022) and a new co-opted member, Irene Wilson, joined with effect from 1 August 2022.

Risks

How risks are managed

The Scottish Funding Council (SFC) requires all institutions to confirm they have an effective system of internal control. This includes an ongoing process for identifying, evaluating, and managing significant risks.

The University Court has therefore approved a Risk Management Framework which aims:

- to define the organisation's appetite for risk in its different areas of activity
- to embed a culture of risk management throughout the University
- to motivate staff to take ownership of risks
- to control the organisation's risk management programme through monitoring, audit, and other techniques

A Risk Management Oversight Group implements the policy and accompanying Risk Management Framework. The Group is chaired by the Deputy University Secretary with representation from the Schools and Professional Services and provides a regular report to the Audit & Risk Committee and University Executive Group.

In accordance with the framework, the University has developed an Institutional Risk Register which is under regular review. Schools and Professional Services have their own local risk registers in place to ensure risks are identified, managed and escalated to the Institutional Risk Register as needed.

Identified key risks

Risk area	Risk description	Risk management
Cybersecurity	Failure in controls and recovery plans in the event of a cyber-related incident	<ul style="list-style-type: none"> → Information Security Working Group in place → Investment into cybersecurity, including the formation of a new cybersecurity team → Training in place for all staff
Financial sustainability	Failure to generate sufficient surpluses to maintain and develop the University's existing infrastructure (physical, IT, and human)	<ul style="list-style-type: none"> → Five-year financial plans and annual budgets are used to quantify risks and the impact of remedial action → Budgetary control is exercised by Court through the Finance & Policy Committee, and by the University Executive Group → F&PC monitors the condition of the estate and the implementation of major new systems → F&PC, through a sub-committee, contributes to the debate on the affordability of pensions within the Higher Education sector
Student experience	A decline in the quality of the student experience could adversely affect the University's reputation with a consequent reduction in student recruitment	<ul style="list-style-type: none"> → There is student representation on all the major University committees and a formal Student Experience Oversight Group monitors all aspects of student experience → There is a formal partnership agreement between the University and Dundee University Students' Association
Research excellence	A reduction in the quality of research could adversely affect the University's reputation and could lead to a loss of staff and students	<ul style="list-style-type: none"> → Annual Research Review measures research quality and provides data for strategic management of research activity → Recruitment focuses on research excellence → Research Excellence & Efficiency Group established

Identified key risks - continued

Risk area	Risk description	Risk management
Staff Experience	Inability to attract, retain or develop staff could result in a loss in performance in key areas	<ul style="list-style-type: none"> → The People & Organisational Development Committee focuses on staff issues → Increased focus on feedback, succession planning and staff development and also a wider marketing strategy is in place to raise the profile of the University with potential staff → Investment in Athena Swan and other equality and diversity and inclusion measures → People & Talent Strategy → Local Joint Committee in place and regular meetings with the campus trade unions to discuss key issues



Independent Auditor's Report to the University Court of the University of Dundee

Opinion

We have audited the financial statements of the University of Dundee ('the institution') and its subsidiaries (the 'group') for the year ended 31 July 2022 which comprise the Statement of Principal Accounting Policies, Consolidated Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Reserves, Consolidated and University Balance Sheet, Consolidated and University Cash Flow Statement and the related notes 1 to 34, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

In our opinion, the financial statements:

- give a true and fair view of the group's state of affairs as at 31 July 2022 and of the group and parent institution's income and expenditure, recognised gains and losses, changes in reserves, and statement of cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent institution in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the University's ability to continue as a going concern for the period to 31 July 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the University's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report set out on pages 18 to 19, other than the financial statements and our auditor's report thereon. The University Court is responsible for the other information.

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 there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of the University Court

As explained more fully in the Statement of the University Court's Responsibilities set out on pages 18 to 19, the University Court is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the University Court determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the University Court is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

the University Court either intend to liquidate the institution or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the University and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent institution and determined that the most significant are FRS 102 and Statement of Recommended Practice for Further and Higher Education.
- We understood how the group and parent institution is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquires through our review of the Court minutes and papers provided to the Audit and

Risk Committee at a Group level, as well as consideration of the results of our audit procedures to either corroborate or provide contrary evidence which was then followed up.

- We have considered the culture of honesty and ethical behaviour of management and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the group and parent institution's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage financial performance. Where this risk was considered higher, we performed audit procedures to address the risk of fraud and management override. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- We also considered the oversight of those charged with governance (i.e., considering the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage earnings in order to influence the perceptions of stakeholders as to the entity's performance and profitability).
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management, those charged with governance and those responsible for legal and compliance procedures; journal entry testing with a focus on journals indicating large or unusual transactions based on our understanding of the business; review of Court minutes to identify any non-compliance with laws and regulations, and inspection of any correspondence between the University and Scottish Funding Council.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [frc.org.uk/auditorsresponsibilities](https://www.frc.org.uk/auditorsresponsibilities).

This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP
Statutory Auditor

Date: **November 2022**



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Financial Statements

Year ended 31 July 2022

Consolidated and Institution Statement of Comprehensive Income

Year ended 31 July 2022

	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £000	Institution £000	Consolidated £000	Institution £000
Income					
Scottish funding council grants	1	88,009	88,009	93,448	93,448
Tuition fees and education contracts	2	95,909	95,909	73,910	73,910
Research grants and contracts	3	71,786	71,786	74,355	74,355
Other income	4	34,097	33,632	30,475	29,986
Investment income	5	483	483	521	521
Donations and endowments	6	1,708	1,704	3,513	3,500
Total income		291,992	291,523	276,222	275,720
Expenditure					
Staff costs	7	218,388	217,903	158,650	158,223
Other operating expenses	8	107,639	107,656	90,999	90,913
Depreciation and amortisation	12, 13	17,386	17,250	18,075	17,995
Interest and other finance costs	9	2,020	2,020	1,820	1,820
Total expenditure		345,433	344,829	269,544	268,951
(Deficit)/surplus before other gains and share of operating loss in associate		(53,441)	(53,306)	6,678	6,769
Gain on disposal of tangible assets		141	141	-	-
Gain on disposal of investments		14	14	40,282	40,282
(Loss)/gain on investments		(672)	(672)	6,632	6,632
Share of operating (loss) in associate	21	(229)	-	(393)	-
(Deficit)/Surplus before tax		(54,187)	(53,823)	53,199	53,683
Taxation	10	-	-	-	-
(Deficit)/surplus for the year		(54,187)	(53,823)	53,199	53,683
Remeasurement of pension scheme liability	32	36,714	36,714	4,262	4,262
Total comprehensive (loss)/income for the year		(17,473)	(17,109)	57,461	57,945
Represented by:					
Endowment comprehensive (loss)/income for the year		(1,046)	(1,046)	4,812	4,812
Restricted comprehensive (loss) for the year		(2,601)	(2,605)	(97)	(97)
Unrestricted comprehensive (loss)/income for the year		(13,597)	(13,458)	53,139	53,230
Attributable (loss)/income to the institution		(17,244)	(17,109)	57,854	57,945
Attributable (loss) to the non-controlling interest		(229)	-	(393)	-
		(17,473)	(17,109)	57,461	57,945
Surplus/(deficit) for the year attributable to:					
Non-controlling interest		(229)	-	(393)	-
Institution		(53,958)	(53,823)	53,592	53,683

All items of income and expenditure relate to continuing activities

The accompanying notes and policies on pages 39 to 78 form part of these financial statements.

Consolidated and Institution Statement of Changes in Reserves

Year Ended 31 July 2022

Consolidated	Income and expenditure reserve					
	Endowment	Restricted	Unrestricted	Total excluding non-controlling interest	Non-controlling interest	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 August 2020	30,171	3,137	111,438	144,746	(5,431)	139,315
Surplus/(deficit) from the income and expenditure statement	5,591	812	47,189	53,592	(393)	53,199
Other comprehensive income	-	-	4,262	4,262	-	4,262
Other reserve movements	-	-	201	201	-	201
Release of restricted funds spent in year	(779)	(909)	1,688	-	-	-
Total comprehensive income for the year	4,812	(97)	53,340	58,055	(393)	57,662
Balance at 1 August 2021	34,983	3,040	164,778	202,801	(5,824)	196,977
Surplus/(deficit) from the income and expenditure statement	283	432	(54,673)	(53,958)	(229)	(54,187)
Other comprehensive income/(loss)	-	-	36,714	36,714	-	36,714
Other reserve movements	-	-	(32)	(32)	-	(32)
Release of restricted funds spent in year	(1,329)	(3,033)	4,362	-	-	-
Total comprehensive income for the year	(1,046)	(2,601)	(13,629)	(17,276)	(229)	(17,505)
Balance at 31 July 2022	33,937	439	151,149	185,525	(6,053)	179,472

Institution	Income and expenditure reserve					
	Endowment	Restricted	Unrestricted	Total excluding non-controlling interest	Non-controlling interest	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 August 2020	30,171	3,137	111,084	144,392	-	144,392
Surplus/(deficit) from the income and expenditure statement	5,591	812	47,280	53,683	-	53,683
Other comprehensive income	-	-	4,262	4,262	-	4,262
Other reserve movements	-	-	-	-	-	-
Release of restricted funds spent in year	(779)	(909)	1,688	-	-	-
Total comprehensive income for the year	4,812	(97)	53,230	57,945	-	57,945
Balance at 1 August 2021	34,983	3,040	164,314	202,337	-	202,337
Surplus/(deficit) from the income and expenditure statement	283	428	(54,534)	(53,823)	-	(53,823)
Other comprehensive income/(loss)	-	-	36,714	36,714	-	36,714
Other reserve movements	-	-	-	-	-	-
Release of restricted funds spent in year	(1,329)	(3,033)	4,362	-	-	-
Total comprehensive income for the year	(1,046)	(2,605)	(13,458)	(17,109)	-	(17,109)
Balance at 31 July 2022	33,937	435	150,856	185,228	-	185,228

Consolidated and Institution Statement of Financial Position

Year ended 31 July 2022

	Notes	As at 31 July 2022		As at 31 July 2021	
		Consolidated £000	Institution £000	Consolidated £000	Institution £000
Non-current assets					
Intangible assets	12	7,309	7,309	6,816	6,816
Tangible assets	13	278,524	275,840	276,122	273,540
Investments	15	32,498	32,498	31,407	31,407
		318,331	315,647	314,345	311,763
Current assets					
Stock		210	210	228	228
Trade and other receivables	16	40,932	43,495	31,862	34,541
Cash and cash equivalents	17	99,873	99,297	105,109	104,275
		141,015	143,002	137,199	139,044
Less: Creditors: amounts falling due within one year	19	(114,412)	(114,011)	(102,606)	(102,332)
Net current assets		26,603	28,991	34,593	36,712
Total assets less current assets		344,934	344,638	348,938	348,475
Creditors: amounts falling due after more than one year	20	(13,806)	(13,806)	(15,021)	(15,021)
Provisions					
Pension provisions	21	(145,073)	(145,073)	(130,559)	(130,559)
Other provisions	21	(6,583)	(531)	(6,381)	(558)
Total net assets		179,472	185,228	196,977	202,337
Restricted Reserves					
Income and expenditure reserve - endowment reserve	22	33,937	33,937	34,983	34,983
Income and expenditure reserve - restricted reserve	23	439	435	3,040	3,040
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		151,149	150,856	164,778	164,314
Attributable to the Institution		185,525	185,228	202,801	202,337
Attributable to the non-controlling interest		(6,053)	-	(5,824)	-
Total Reserves		179,472	185,228	196,977	202,337

Consolidated and Institution Statement of Financial Position

Year ended 31 July 2022

The financial statements were approved by the Court on 15 November 2022 and were signed on its behalf on 6 December 2022. The accompanying notes and policies on pages 45 to 78 form part of these financial statements.

Amanda Millar
Chair of Court

Professor Iain Gillespie
Principal and Vice-Chancellor

Peter Fotheringham
Director of Finance

Consolidated Statement of Cash Flows

Year ended 31 July 2022

		Year ended 31 July 2022	Year ended 31 July 2021
		Consolidated	Consolidated
	Notes	£000	£000
Cash flow from operating activities			
(Deficit)/surplus for the year		(54,187)	53,199
Adjustment for non-cash items			
Depreciation	13	15,694	17,379
Amortisation and impairment of intangible assets	12	1,692	696
Gain/(loss) on endowments and investments		672	(6,632)
Decrease / (increase) in stock		18	(2)
(Increase) in debtors	16	(9,070)	(1,803)
Increase in creditors		11,829	13,129
(Decrease) in pension provisions		(884)	(636)
(Decrease) / increase in other provisions	21	(27)	402
Pension costs less contributions payable		50,295	(1,944)
Share of operating loss in associate	21	229	393
Adjustment for investing or financing activities			
Investment income	5	(483)	(521)
Interest payable	9	2,020	1,820
Endowment income	6	(625)	(620)
Gain on sale of fixed assets		(141)	-
Gain on sale of investments		(14)	(40,282)
Capital grant income	6	(3,668)	(4,248)
Net cash inflow from operating activities		13,350	30,330
Cash flows from investing activities			
Proceeds from sale of fixed assets		424	-
Proceeds from sales of investments		372	40,282
Capital grants receipts	6	3,668	4,248
Disposal of non-current asset investments		16,270	20,159
Investment income	5	483	521
Endowment funds invested	6	(625)	(620)
Withdrawal of deposits		625	620
Payments made to acquire fixed assets	13	(18,378)	(11,771)
Payments made to acquire intangible assets	12	(2,185)	(2,153)
New non-current asset investments	15	(18,391)	(19,805)
		(17,737)	31,481
Cash flows from financing activities			
Interest paid	9	(203)	(169)
Interest element of finance lease	9	-	(3)
New endowments		625	620
New unsecured loans	20	-	15,900
Repayments of amounts borrowed	20	(1,271)	(534)
Capital element of finance lease		-	(385)
		(849)	15,429
Increase/(decrease) in cash and cash equivalents in the year		(5,236)	77,240
Cash and cash equivalents at beginning of the year	17	105,109	27,869
Cash and cash equivalents at end of the year	17	99,873	105,109

Statement of Principal Accounting Policies

Year ended 31 July 2022

1. Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with applicable Financial Reporting Standards applicable Financial Reporting Standards in the United Kingdom, including Financial Reporting Standard 102 (FRS 102).

The Institution is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements have also been prepared in accordance with the Accounts Direction issued by the Scottish Funding Council.

The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

The University has taken the exemption permitted under FRS 102 to not produce a cash flow statement for the University.

The University has considered a number of risks and potential impacts of these risks in producing its financial plans and forecasts. These financial statements have been prepared on a going concern basis which University management believe to be appropriate for the following reasons:

The University is well-established and renowned internationally for its research and teaching excellence. The demand for learning at the University remains very strong with student applications and intake for the 2022/23 academic year demonstrating further growth, continuing an impressive trajectory of growth in recent years. The University has a strong reputation for student experience, and teaching in the 2022/23 academic year returns with an emphasis on in-person and on-campus delivery supplemented by online learning resources, re-invigorating our strong academic and social communities that are a hallmark of the Dundee experience.

At 31 July 2022 the University held net assets of £184.4m with borrowings of £15.0m of unsecured loans, equivalent to 5.1% of turnover in the year. In addition, the University held cash and cash equivalents and investments of £99.9m and a Revolving Credit Facility capability of £40m which is undrawn. The Revolving Credit Facility is a 3+1+1 facility, originally expiring in October 2024 and now extended to October 2025. The Revolving Credit Facility is subject to financial covenants which were met at 31 July 2022.

The University has a financial plan for 2022/23 through to 2026/27 which takes into consideration a range of potential risks, including specific risks such as any ongoing impact of Covid-19 on student recruitment and more general risks, including socioeconomic and political factors. In support of this plan, cashflow projections have been prepared for the going concern period to 31 July 2024. On this basis, the University is forecast to operate within its available committed facilities,

meeting all financial covenants, with significant forecast headroom throughout the going concern period. Including the £40m Revolving Credit Facility, the lowest cash headroom across the going concern period under consideration is £75.3m. The University carefully and regularly monitors the impact of a wide range of risks on its financial position. University management has considered various scenarios in assessing the potential impact of these risks on future financial performance and cashflows.

In order to test the resilience of the University's financial position, we have considered a pessimistic scenario where the University is unable to materially improve the international student intake and a number of other risks crystallise. In this scenario, the most critical impact is on tuition fees income and this would be known early in the year 2022/23, therefore the University would be able to take further mitigating actions as required, but noting the significant headroom in our base plans. As a result, even in a severe scenario, the University is forecast to continue to operate within its available committed facilities, meeting all financial covenants meeting all financial covenants and with a minimum headroom of £65.3m. Throughout the going concern period and severe downside scenario all financial covenants are forecast to be met.

If a severe downside scenario does occur, a range of further mitigating actions are available to university management depending on the severity of the situation. This includes limiting discretionary spend and restricting non-essential and non-committed capital expenditure. The University also has the option to dispose of non-core assets and investments. The University has previously successfully demonstrated the use of mitigating actions, in particular during the Covid-19 pandemic.

The University has extended its existing Revolving Credit Facility for a further year, demonstrating the ongoing support of our banking partners and the creditworthiness of the University.

Cash balances at 30 November 2022 total £104.4m.

Based on the above analysis and with a going concern period to 31 July 2024, the University's view is that it remains entirely appropriate to prepare the consolidated financial statements on a going concern basis.

2. Basis of consolidation

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

Entities, other than subsidiaries, in which the Group has a participating interest and over who's operating and financial policies the Group exercises a significant influence are treated as associates. In the consolidated Financial Statements, associated companies and joint ventures are accounted for using the equity method, including the appropriate share of the results and reserves of each associate. The Consolidated Statement of Comprehensive Income and Expenditure includes the Group's share of the profit or loss of Dundee Student Villages (DSV), an associated undertaking, and the consolidated balance sheet similarly includes the Group's share of the net assets or liabilities of DSV.

3. Income recognition

Grant funding including Scottish Funding Council grants and income from the Coronavirus Job Retention Scheme, research grants from government sources, grants (including research grants) from non-government sources are recognised as income when the Institution is entitled to 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.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which the 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 not deducted from income.

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

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

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

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 Institution 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 Institution is entitled to the funds.

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

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

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

Capital grants

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

4. Accounting for retirement benefits

The two principal pension schemes for the Institution's staff are the Universities Superannuation Scheme (USS) and the University of Dundee Superannuation and Life Assurance Scheme (UODS). Both schemes are defined benefit schemes. Each fund is valued every three years by professionally qualified independent actuaries.

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

The Institution participates in a number of other defined benefit pension schemes. Where the scheme is a multi-employer scheme and it is not possible to identify the University's share of the underlying assets and liabilities, it is accounted for on a defined contribution basis and contributions are included in expenditure in the period in which they are payable.

Defined Contribution Plan

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

Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under defined benefit plans, the Institution'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 Institution. The Institution recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the Institution 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 institution 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 leases and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at 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.

Expenditure on fixed assets acquired under finance leases and the related lease obligations is capitalised in so far as the costs exceed the Institution's capitalisation threshold.

7. Service concession arrangements

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

8. Operating leases

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

9. Foreign currency

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at the rate ruling at the month end prior to the transaction taking place. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at month or year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

10. Property, plant, and equipment

Land and buildings

Land and buildings are stated at deemed cost less accumulated depreciation. Donated land and buildings are stated at fair value at the date of receipt.

Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the Institution from the existing tangible fixed asset beyond its previously assessed standard of performance; the costs of any such enhancements are added to the gross carrying amount the tangible fixed asset concerned.

Depreciation

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

The component items of buildings, and alterations and additions to buildings, are depreciated over their estimated useful lives on a straight line basis as follows:

Structure	50 years
Mechanical and electrical	25 years
Fit-out	15 years

Assets in the course of construction are not depreciated until they are brought into use.

Repairs and maintenance

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred. The Institution has a planned maintenance programme, which is reviewed on an annual basis.

Assets used by the Institution

The Institution occupies various premises owned by the NHS. The main locations are subject to service charges which are reflected in the income and expenditure account but are not subject to formal rentals. It is not possible to attribute value to these arrangements and hence these assets are not included in the financial statements.

Assets held for resale

Assets for resale are land and buildings which are no longer in use by the Institution and which the Institution is committed to sell and not replace. These assets are valued at the lower of net book value and net realisable value and included in current assets.

Equipment

Equipment, including computers and software, costing less than £25,000 per individual item or group of related items is recognised as expenditure in the year of acquisition. All other items of equipment are capitalised and depreciated on a straight line basis over their expected useful lives as follows:

Plant	20 years
Computer equipment	4 - 12 years
Research equipment	Shorter of 4 years or project life
Other equipment	4 years

Impairment

A review for impairment of property, plant and equipment is carried out if events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

11. Intangible Assets

All intangible assets are considered to have finite lives which will be determined by the assessed useful economic life and the period of any contractual or legal rights (including any renewal periods where the cost of renewal is not significant). Intangible assets in the course of development are not amortised until they are brought into use.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment.

12. Investments

Non-current asset investments are included in the balance sheet at fair value for investments in publicly traded shares or where the fair value can be measured reliably, with movements recognised in the surplus or deficit. Investments in unlisted spin-outs where no fair value can be established are listed at cost.

Investments in subsidiaries are carried at cost less impairment in the University's balance sheet.

Investments in associates are shown in the consolidated balance sheet at attributable share of net assets.

Current asset investments are held at fair value with movements recognised in the Consolidated Statement of Comprehensive Income and Expenditure.

Interests in land and/or buildings held for their investment potential are included in the balance sheet at their market value without charging depreciation.

13. Stocks

Stocks comprise mainly building maintenance, catering and laboratory supplies, and are brought into the financial statements at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

14. Cash and cash equivalents

Cash includes cash in hand, sterling and foreign currency bank balances, deposits repayable on demand and overdrafts.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. Typically, they will have a maturity of less than three months.

Short-term deposits include deposits with recognised banks and building societies and government securities held as part of the University's treasury management activities.

15. Provisions, contingent liabilities, and contingent assets

Provisions are recognised when:

- a. the University has a present legal or constructive obligation as a result of a past event
- b. it is probable that a transfer of economic benefit 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.

The attributable share of net liabilities in associates is shown as a provision in the consolidated balance sheet.

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 resource 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. Taxation

The University is a charity within the meaning of part 1, chapter 2, section 7 of the Charities and Trustee Investment (Scotland) Act 2005, and is considered to pass the tests set out in paragraph 1, schedule 6, Finance Act 2010 and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity Number SC015096) and therefore it meets the definition of the charitable company for UK corporation tax purposes.

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

The University's subsidiaries, with the exception of the charitable company, University of Dundee Nursery Limited, 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 recognised to the extent that they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted. Deferred taxation for subsidiaries is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that taxation will be payable.

17. Derivatives

Derivatives are held on the balance sheet at fair value with movements in fair value recorded in the Consolidated Statement of Comprehensive Income and Expenditure.

18. Reserves

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

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

19. Critical accounting estimates and judgements

The preparation of the Institution's financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income, and expenses. These judgements, estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Notes to the Financial Statements

Year ended 31 July 2022

	Year Ended 31 July 2022		Year Ended 31 July 2021		
	Notes	Consolidated £000	Institution £000	Consolidated £000	Institution £000
1. Scottish funding council grants					
General fund – Teaching		60,065	60,065	58,035	58,035
General fund – Research and Innovation		21,762	21,762	22,084	22,084
COVID non-recurrent funding		1,727	1,727	9,873	9,873
Strategic Funding		820	820	729	729
Capital Funding		3,635	3,635	2,727	2,727
		88,009	88,009	93,448	93,448
2. Tuition fees and education contracts					
Home/EU domicile fees		24,715	24,715	22,920	22,920
RUK domicile fees		12,268	12,268	11,654	11,654
Non-EU domicile fees		54,611	54,611	35,776	35,776
Non-credit bearing course fees		326	326	219	219
Other contracts		3,989	3,989	3,341	3,341
		95,909	95,909	73,910	73,910
3. Research grants and contracts					
Research councils		19,734	19,734	18,232	18,232
UK charities		19,870	19,870	19,984	19,984
European commission		4,682	4,682	4,548	4,548
UK industry		3,779	3,779	2,564	2,564
Other grants and contracts		23,721	23,721	29,027	29,027
		71,786	71,786	74,355	74,355

Notes to the Financial Statements

Year ended 31 July 2022

	Notes	Year Ended 31 July 2022		Year Ended 31 July 2021	
		Consolidated £000	Institution £000	Consolidated £000	Institution £000
4. Other income					
Residences, catering and conferences		9,205	9,205	5,862	5,862
Other services rendered		9,404	9,481	8,779	8,864
Health authorities		6,817	6,817	6,221	6,221
Coronavirus Job Retention Scheme		-	-	808	797
Other income		8,671	8,129	8,805	8,242
		34,097	33,632	30,475	29,986

The Coronavirus Job Retention Scheme (CJRS) is a UK government grant to cover a proportion of the salaries of furloughed staff during the COVID-19 pandemic.

5. Investment income					
Investment income on endowments	22	332	332	516	516
Other investment income		151	151	5	5
		483	483	521	521
6. Donations and endowments					
Capital grants		33	29	-	-
New endowments	22	625	625	620	620
Donations with restrictions	23	149	149	796	796
Other income with restrictions	23	250	250	16	16
Unrestricted donations		651	651	2,081	2,068
		1,708	1,704	3,513	3,500

Notes to the Financial Statements

Year ended 31 July 2022

	Notes	Year Ended 31 July 2022		Year Ended 31 July 2021	
		Consolidated £000	Institution £000	Consolidated £000	Institution £000
7. Staff costs					
Staff Costs:					
Wages and salaries		125,621	125,246	123,053	122,693
Social security costs		12,336	12,316	11,883	11,862
Movement on USS provision		50,867	50,867	(2,667)	(2,667)
Other pension costs	32	29,564	29,474	26,381	26,335
Total		218,388	217,903	158,650	158,223

A further breakdown of pension costs has been included in note 32.

Staff costs by major category:

Academic departments	114,211	114,211	82,483	82,483
Academic services	18,448	18,448	13,101	13,101
Research grants and contracts	44,273	44,273	34,003	34,003
Administration and central services	29,011	28,526	20,053	19,626
Premises	6,682	6,682	4,999	4,999
Other	5,063	5,063	3,451	3,451
Catering and residences	700	700	560	560
	218,388	217,903	158,650	158,223

Notes to the Financial Statements

Year ended 31 July 2022

7. Staff costs - continued

Total remuneration of the Principal & Vice-Chancellor/
Accountable Officer:

	2021/22	2020/21
	£000	£000
Professor Iain Gillespie (from 1 January 2021)		
Annual salary	249	143
Bonus	-	-
Taxable benefits in kind	1	-
Non-taxable benefits in kind	-	-
Pension contributions to USS	53	30
Supplement in lieu of employer's pension contributions	-	-
Total	303	173

	2021/22	2020/21
	£000	£000
Professor David Maguire (Interim Principal and Vice-Chancellor from 1 February 2020 to 31 December 2020)		
Annual salary	-	98
Bonus	-	-
Taxable benefits in kind	-	1
Non-taxable benefits in kind	-	-
Pension contributions to USS	-	-
Supplement in lieu of employers' pension contributions	-	-
Total	-	99

Professor Iain Gillespie was appointed Principal and Vice-Chancellor on 1 January 2021.

Professor David Maguire was appointed Interim Principal and Vice-Chancellor on 1 February 2020 to 31 December 2020.

The emoluments of the Principal are shown on the same basis as that for higher paid staff.

The Principal's remuneration is approved by the Remuneration Committee.

Following a review supported by external tax advisers, the emoluments of Professor Iain Gillespie and Professor David Maguire include a taxable benefit in kind. These benefits in kind arise from rental of a residential property and impact on emoluments reported in both 2021/22 and 2020/21. 2020/21 emoluments for Professor David Maguire have been restated to include this benefit in kind. The disclosed amounts arise from the rental of a residential property. All rentals in relation to this property have always been charged at an externally verified commercial market rate, however following advice and aligned to HMRC guidance, the assessment of the deemed value is based on a specified computation and this has resulted in a taxable benefit in kind.

The pay multiple of the Principal to the median earnings of the whole workforce is 7.3 based on total remuneration including salary, bonus, employer pension contribution, payments in lieu of pension contributions, taxable and non-taxable benefits. The median is based on the annualised, full-time equivalent remuneration of all staff at the reporting date.

Notes to the Financial Statements

Year ended 31 July 2022

7. Staff costs - continued

The number of staff with a basic salary of over £100,000 per annum has been included below. Payments made on behalf of the NHS in respect of its contractual obligations to Institution staff under separate NHS contracts of employment are not included within remuneration.

	31/07/2022	31/07/2022	31/07/2021	31/07/2021
	Number	Number	Number	Number
	Non-clinical	Clinical	Non-clinical	Clinical
£100,000 to £109,999	16	2	11	2
£110,000 to £119,999	4	5	7	7
£120,000 to £129,999	5	6	4	7
£130,000 to £139,999	2	10	-	7
£140,000 to £149,999	3	4	5	5
£150,000 to £159,999	1	7	3	7
£160,000 to £169,999	4	7	1	4
£170,000 to £179,999	1	3	1	4
£180,000 to £189,999	-	5	-	2
£190,000 to £199,999	1	-	1	-
£240,000 to £249,999	1	-	-	-
	38	49	33	45

	2021/22	2020/21
Average staff numbers by major category:	Number	Number
Academic departments	1,367	1,380
Academic services	273	265
Research grants and contracts	659	690
Administration and central services	451	439
Premises	158	159
Other	79	71
Catering and residences	21	21
	3,008	3,025

Compensation for loss of office payable to senior post-holders:

	£000	£000
Compensation payable recorded within staff costs	-	-

The percentage of the total pay bill spend on trade union facility time was 0.06%.

Notes to the Financial Statements

Year ended 31 July 2022

	Notes	Year Ended 31 July 2022		Year Ended 31 July 2021	
		Consolidated	Institution	Consolidated	Institution
		£000	£000	£000	£000
8. Other operating expenses					
Academic departments		13,811	13,811	11,041	11,041
Academic services		10,887	10,894	9,951	9,997
Research grants and contracts		23,611	23,611	20,989	20,989
Administration and central services		33,435	33,366	24,041	23,976
Premises		12,537	12,616	11,925	11,858
Other		3,422	3,422	3,710	3,710
Catering and residences		9,936	9,936	9,342	9,342
		107,639	107,656	90,999	90,913

Other operating expenses include:

External auditor's remuneration in respect of audit services		197	158
External auditor's remuneration in respect of non-audit services		-	-
Internal auditor's remuneration		104	101
Operating lease rentals:			
Plant and machinery	26	-	-
Office equipment	26	291	332
Agency staffing costs		243	487

	Notes	Year Ended 31 July 2022		Year Ended 31 July 2021	
		Consolidated	Institution	Consolidated	Institution
		£000	£000	£000	£000
9. Interest and other finance costs					
Loan interest repayable within 5 years		203	203	169	169
Finance lease interest		-	-	3	3
Net charge on pension schemes	32	1,817	1,817	1,648	1,648
		2,020	2,020	1,820	1,820

Notes to the Financial Statements

Year ended 31 July 2022

	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
10. Taxation				
Recognised in the statement of comprehensive income:				
Current tax				
UK corporation tax	-	-	-	-
Foreign tax	-	-	-	-
Total tax expense	-	-	-	-

	Year Ended 31	Year Ended 31
	July 2022	July 2021
	Consolidated	Consolidated
	£000	£000
11. Deficit on continuing operations for the year		
University surplus for the year	(53,823)	53,683
Deficit generated by associate and subsidiary undertakings	(364)	(484)
Surplus on continuing operations for the year	(54,187)	53,199

	Assets in Use	Assets in the	Total
		Course of	
	£000	Construction	£000
Consolidated and University			
Cost			
At 1 August 2021	4,732	12,341	17,073
Additions	99	2,086	2,185
Transfers	67	(67)	-
At 31 July 2022	4,898	14,360	19,258
Amortisation and Impairment			
At 1 August 2021	1,646	8,611	10,257
Charge for the year	745	-	745
Impairment loss	63	884	947
At 31 July 2022	2,454	9,495	11,949
Closing balance	2,444	4,865	7,309

The additions during the year relate to costs incurred in the development phases of software projects.

Notes to the Financial Statements

Year ended 31 July 2022

13. Property, plant and equipment

	Land and Buildings	Plant and Machinery	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£000	£000	£000	£000	£000
Consolidated					
Cost or valuation					
At 1 August 2021	380,868	3,181	98,557	5,750	488,356
Additions	5,249	-	6,860	6,269	18,378
Transfers	2,589	1,631	680	(4,900)	-
Disposals	(398)	(1,610)	(145)	16	(2,137)
At 31 July 2022	388,308	3,202	105,952	7,135	504,597
Depreciation and impairment					
At 1 August 2021	116,798	2,385	93,051	-	212,234
Charge for the year	10,787	120	4,787	-	15,694
Impairment loss	-	-	-	-	-
Disposals	(125)	(1,595)	(135)	-	(1,855)
At 31 July 2022	127,460	910	97,703	-	226,073
Net book value					
At 31 July 2022	260,848	2,292	8,249	7,135	278,524
At 1 August 2021	264,070	796	5,506	5,750	276,122

Notes to the Financial Statements

Year ended 31 July 2022

13. Property, plant and equipment - continued

Institution	Land and Buildings £000	Plant and Machinery £000	Fixtures, Fittings and Equipment £000	Assets in the Course of Construction £000	Total £000
Cost or valuation					
At 1 August 2021	380,309	-	98,470	4,372	483,151
Additions	5,249	-	6,854	6,031	18,134
Transfers	2,589	-	680	(3,269)	-
Disposals	(398)	-	(128)	-	(526)
At 31 July 2022	387,749	-	105,876	7,134	500,759
Depreciation and impairment					
At 1 August 2021	116,632	-	92,979	-	209,611
Charge for the year	10,776	-	4,782	-	15,558
Impairment loss	-	-	-	-	-
Disposals	(125)	-	(125)	-	(250)
At 31 July 2022	127,283	-	97,636	-	224,919
Net book value					
At 31 July 2022	260,466	-	8,240	7,134	275,840
At 1 August 2021	263,677	-	5,491	4,372	273,540

A full valuation of the University's academic, office, ancillary and support buildings was carried out on assets held at 1 August 2014 by Gerald Eve LLP.

At 31 July 2022, freehold land and buildings included £8.9m (2021 - £8.9m) in respect of freehold land and is not depreciated.

The University's halls of residence are subject to a service concession arrangement described in Note 14 and are not included in fixed assets.

Notes to the Financial Statements

Year ended 31 July 2022

14. Service Concession Arrangements

On 5 July 2004, the University entered into a 35-year contract with Dundee Student Villages Limited, a company limited by guarantee and with charitable status, whereby certain of the University's halls of residence were sold, or leased, in part or full, to that company.

The agreement provides that the company shall operate and maintain the residences to agreed standards and that the University shall continue to market and allocate rooms to students, and provide them with pastoral care.

The University has no minimum guaranteed payment and therefore no asset and liability to recognise on the Balance Sheet.

15. Non-Current Investments

	Subsidiary companies	Other fixed asset investments	Endowment asset investments	Total
	£000	£000	£000	£000
Consolidated				
At 1 August 2021	-	2,711	28,696	31,407
Additions	-	224	18,167	18,391
Disposals	-	(361)	(16,267)	(16,628)
Increase/(decrease) in market value of investments	-	2	(674)	(672)
At 31 July 2022	-	2,576	29,922	32,498
Institution				
At 1 August 2021	-	2,711	28,696	31,407
Additions	-	224	18,167	18,391
Disposals	-	(361)	(16,267)	(16,628)
Impairment	-	-	-	-
Increase/(decrease) in market value of investments	-	2	(674)	(672)
At 31 July 2022	-	2,576	29,922	32,498

Other non-current investments consist of:

	Consolidated and University
	£000
Listed investments	-
Index linked government stocks and investment trusts	172
Other	2,404
	2,576

Listed investments are held at fair value.

Notes to the Financial Statements

Year ended 31 July 2022

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
16. Trade and other receivables				
Amounts falling due within one year:				
Trade receivables	12,374	12,353	7,788	7,773
Prepayments and accrued income	28,558	28,113	24,074	23,816
Amounts due from subsidiary companies	-	3,029	-	2,952
	40,932	43,495	31,862	34,541

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
17. Cash and cash equivalents				
Short term deposits	88,712	88,712	95,823	95,823
Bank	11,100	10,524	9,242	8,408
Cash on hand	61	61	44	44
	99,873	99,297	105,109	104,275

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority as instant access or with less than three months maturity at the balance sheet date.

Notes to the Financial Statements

Year ended 31 July 2022

	£000	
18. Consolidated reconciliation of net cash		
Net cash at 1 August 2021	88,816	
Movement in cash and cash equivalents	(5,236)	
New loan finance	-	
Repayment of unsecured loans	1,271	
Movements in finance leases	-	
Net cash at 31 July 2022	84,851	
Change in net cash	(3,965)	
Analysis of net cash:	31 July 2022	31 July 2021
	£000	£000
Cash and cash equivalents	99,873	105,109
Borrowings: amounts falling due within one year		
Unsecured loans	(1,216)	(1,272)
Obligations under finance leases	-	-
	(1,216)	(1,272)
Borrowings: amounts falling due after more than one year		
Unsecured loans	(13,806)	(15,021)
Obligations under finance leases	-	-
	(13,806)	(15,021)
	84,851	88,816

Notes to the Financial Statements

Year ended 31 July 2022

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
19. Creditors: amounts falling due within one year				
Unsecured loans	1,216	1,216	1,272	1,272
Obligations under finance leases	-	-	-	-
Trade payables	8,592	8,559	7,092	7,040
Social security and other taxation payable	3,466	3,466	3,283	3,283
Accruals and deferred income	101,138	100,770	90,959	90,737
	114,412	114,011	102,606	102,332

Deferred income

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
Research grants received on account	32,904	32,904	35,351	35,351
Other income received on account	40,377	40,367	32,664	32,635
	73,281	73,271	68,015	67,986

Notes to the Financial Statements

Year ended 31 July 2022

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
20. Creditors: amounts falling due after more than one year				
Deferred income	-	-	-	-
Unsecured loans	13,806	13,806	15,021	15,021
Obligations under finance leases	-	-	-	-
	13,806	13,806	15,021	15,021
Analysis of secured and unsecured loans:				
Due within one year or on demand	1,216	1,216	1,272	1,272
Due between one and two years	1,125	1,125	1,216	1,216
Due between two and five years	5,343	5,343	4,511	4,511
Due in five years or more	7,338	7,338	9,924	9,924
	15,022	15,022	16,293	16,293
Due within one year or on demand	(1,216)	(1,216)	(1,272)	(1,272)
Total secured and unsecured loans	13,806	13,806	15,021	15,021
Unsecured loans repayable by 2031	15,022	15,022	16,293	16,293
	15,022	15,022	16,293	16,293

There are three loans from Salix Limited amounting to £1,574k (2021 £1,574k) repayable in six-monthly, interest-free instalments until April 2026 to fund energy efficient lighting projects of which £263k (2021 £453k) remains outstanding at 31 July 2022.

There is a loan from the Scottish Funding Council carbon reduction programme amounting to £295k (2021 £295k) repayable in monthly, interest-free instalments until December 2025 to fund energy saving projects of which £158k (2021 £200k) remains outstanding at 31 July 2022.

There are seven Scottish Funding Council Financial Transactions loans amounting to £15,900k, interest is calculated at 0.25% per annum and the loans are all repayable by March 2031. £14,600k (2021 £15,640k) remains outstanding as at 31 July 2022. One of the loans, which amounts to £5.5m, has the capital repayments deferred until June 2025 and then payable quarterly thereafter is for the specific purpose of Growing the Tay Cities Biomedical Cluster. Each of the remaining six loans have been granted to ensure building refurbishments and energy and efficiency upgrades and are repayable in quarterly instalments until 31 March 2031.

The University has in place a three-year £40m facility with options to extend via one year extensions at the end of years one and two. There have been no drawdowns on this facility. The facility has been renewed since the balance sheet date and is now in place until October 2025, with a further option to extend by 12 months.

Notes to the Financial Statements

Year ended 31 July 2022

21. Provisions for liabilities

	Obligation to fund deficit on USS Pension £000	Pension enhancement on termination £000	Pension scheme provision under FRS102 (note 32) £000	Total Pensions Provisions £000	Other £000	Associated Company £000	Total Associated and Other £000
Consolidated							
At 1 August 2021	38,380	4,692	87,487	130,559	558	5,823	6,381
Utilised in year	(4,852)	(424)	(9,786)	(15,062)	(175)	-	(175)
Additions in 2021/22	56,053	79	10,697	66,829	505	229	734
Unused amounts reversed in 2021/22	-	(539)	(36,714)	(37,253)	(357)	-	(357)
At 31 July 2022	89,581	3,808	51,684	145,073	531	6,052	6,583
Institution							
At 1 August 2021	38,380	4,692	87,487	130,559	558	-	558
Utilised in year	(4,852)	(424)	(9,786)	(15,062)	(175)	-	(175)
Additions in 2021/22	56,053	79	10,697	66,829	505	-	505
Unused amounts reversed in 2021/22	-	(539)	(36,714)	(37,253)	(357)	-	(357)
At 31 July 2022	89,581	3,808	51,684	145,073	531	-	531

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation.

Key assumptions are set out below and further information is provided in note 32.

Pension enhancement on termination

This reflects the University's commitment to pay pension benefits to existing and former employees where a separate scheme is not in place. A valuation of the existing pension provision at 31 July 2022 was carried out by the University's appointed independent actuary, XPS Pensions Group.

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

	Consolidated
Discount rate net of CPI inflation	0.68% - 1.27%
Inflation	2.2% - 2.8%

Notes to the Financial Statements

Year ended 31 July 2022

21. Provisions for liabilities - continued

UODS deficit

The obligation to fund the deficit on the University of Dundee's Superannuation Scheme (UODS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. The deficit within the scheme at 31 July 2022 was assessed by the University's appointed independent actuary, XPS Pensions Group.

The assumptions for calculating the provision are described in Note 32.

Other provisions

Other provisions include amounts relating to:

	£000
Research projects	200
Other	330
	530

The exact amount and timing of these outflows is uncertain.

Associated Company

The University has a 33.3% holding in Dundee Student Villages (DSV), a company limited by guarantee, which operates and maintains University residences

Proportion of voting rights held	33.3%
Nature of business	Residences
Date of financial information	31 July 2022

	DSV Limited	University share of DSV Limited
	£000	£000
Total funds	(18,158)	(6,053)
Deficit for the year	(686)	(229)
Total income	6,353	2,118
Total fixed assets	25,327	8,442
Total current assets	14,935	4,978
Liabilities less than one year	(1,907)	(636)
Liabilities more than one year	(56,513)	(18,838)

Notes to the Financial Statements

Year ended 31 July 2022

22. Endowment Reserves

	Restricted permanent endowments	Unrestricted permanent endowments	Expendable endowments	2022 Total	2021 Total
	£000	£000	£000	£000	£000
Consolidated and Institution Balances at 1 August					
Capital	21,304	8,078	3,724	33,106	28,285
Accumulated income	1,877	-	-	1,877	1,886
	23,181	8,078	3,724	34,983	30,171
New endowments	26	-	599	625	620
Investment income	239	90	3	332	516
Expenditure	(381)	(90)	(858)	(1,329)	(779)
Increase/(decrease) in market value of investments	(489)	(185)	-	(674)	4,455
Total endowment comprehensive income for the year	(605)	(185)	(256)	(1,046)	4,812
At 31 July	22,576	7,893	3,468	33,937	34,983
Represented by:					
Capital	20,841	7,893	3,468	32,202	33,106
Accumulated income	1,735	-	-	1,735	1,877
	22,576	7,893	3,468	33,937	34,983
Analysis by type of purpose:					
Lectureships	7,284	-	-	7,284	7,450
Scholarships and bursaries	10,358	4,117	412	14,887	14,845
Research support	712	-	2,702	3,414	3,840
Prize funds	3,494	-	77	3,571	3,971
General	728	3,776	277	4,781	4,877
	22,576	7,893	3,468	33,937	34,983
Analysis by asset:					
Current and non-current asset investments				29,922	28,696
Cash and cash equivalents				4,015	6,287
				33,937	34,983

Notes to the Financial Statements

Year ended 31 July 2022

23. Restricted Reserves

Reserves with restrictions are as follows:

	Unspent capital grants	Donations	2022 Total	2021 Total
	£000	£000	£000	£000
Consolidated				
Balances at 1 August	227	2,813	3,040	3,137
New grants	33	-	33	-
New donations	-	149	149	796
Other income	-	250	250	16
Capital grants utilised	(160)	-	(160)	-
Expenditure	-	(2,873)	(2,873)	(909)
Total restricted comprehensive income for the year	(127)	(2,474)	(2,601)	(97)
At 31 July	100	339	439	3,040

Analysis of other restricted funds/donations by type of purpose:

Lectureships	-	-
Scholarships and bursaries	-	8
Research support	1	1
Prize funds	-	-
General	338	2,804
	339	2,813

24. Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2022:

	31 July 2022		31 July 2021	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
Commitments contracted for	7,356	7,356	11,927	11,927
Authorised but not contracted for	20,371	20,371	3,697	3,697
	27,727	27,727	15,624	15,624

Notes to the Financial Statements

Year ended 31 July 2022

25. Contingent liabilities

The University, through its agreement with Dundee Student Villages (DSV), has the potential obligation to purchase the West Park Conference Centre (WPCC) should the DSV board decide to cease the WPCC business.

The University, jointly with six other universities, has provided a pension guarantee to the Universities Superannuation Scheme (USS) in the event of the cessation of membership of the USS by Advanced Procurement for Universities and Colleges (APUC).

The University has given written undertakings to support the subsidiary companies for the period to 31 July 2024, to assist the subsidiary companies in meeting their liabilities as and when they fall due but only to the extent that funds are not otherwise available to the companies to meet such liabilities.

26. Lease obligations

Total rentals payable under operating leases:

			31 July 2022	31 July 2021
	Plant and Machinery	Office Equipment	Total	Total
	£000	£000	£000	£000
Payable during the year	-	291	291	332
Future minimum lease payments due:				
Not later than 1 year	-	291	291	332
Later than 1 year and not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Total lease payments due	-	291	291	332

27. Events after the reporting period

On 25 August 2022 the University Court approved revised pension arrangements for some staff, affecting the existing UODS pension scheme and introducing a new Defined Contribution Scheme. These changes take effect from 1 January 2023.

A new wholly owned subsidiary company UOD Enterprises Limited (SC747153) was incorporated on 12 October 2022.

Notes to the Financial Statements

Year ended 31 July 2022

28. Bursaries and other student support funds

	2021/22 Childcare £000	2021/22 Nursing £000	2021/22 Discretionary £000	2021/22 Total £000	2020/21 Total £000
Balance b/fwd	-	-	868	868	563
Refund to Scottish Funding Council	-	-	(1)	(1)	-
Allocation received in the year	233	115	614	962	2,322
Expenditure	(108)	(115)	(1,530)	(1,753)	(2,019)
University contribution to funds	-	-	-	-	1
Virements	(125)	-	110	(15)	-
Balance c/fwd	-	-	61	61	867
Repayable as clawback	-	-	61	61	-
Retained by University for students	-	-	-	-	867

Scottish Funding Council grants are available solely for students: the University acts only as paying agents. The grants and related disbursements are therefore excluded from the statement of comprehensive income.

29. Disclosure of related party transactions

Members of University Court

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

Principal Prof Iain Gillespie rents a residential property from the University at a cost of £1,100 per month, based on a comparable commercial market rent for the area. At the year end there was no outstanding balance on payments due for this arrangement.

A review of the register of interests of Court members was made and no material interests were identified.

Balances due from related parties not disclosed on the balance sheet at 31 July were as follows:

	2022 £000	2021 £000
Due to Dundee Student Villages	-	-

In accordance with the agreement with Dundee Student Villages, the University transferred £9.0m (2021: £8.1m) of student rental income to Sanctuary Housing Association.

No conference and room hire was purchased from West Park Centre Limited, a trading subsidiary of Dundee Student Villages, in the year.

Notes to the Financial Statements

Year ended 31 July 2022

30. Subsidiary undertakings

The subsidiary companies wholly-owned or effectively controlled by the University and registered in Scotland are as follows:

Company	Purpose	Number of Shares	Percentage Owned
Dundee University Utility Supply Company Limited SC124982	To generate heat and power solely for the University.	2	100%
University of Dundee Nursery Limited SC230105	To promote the care and education of children of staff and students of the University.	Limited by Guarantee	100%
Dundee University Incubator Limited SC176751	To support new ventures by managing incubator units.	147,000	100%

Dundee University Incubator ceased trading on 31 October 2021, with all activities transferring to the University of Dundee. The company is not yet formally dissolved.

Notes to the Financial Statements

Year ended 31 July 2022

31. Connected charitable institutions

Two charitable institutions are administered by or on behalf of the University and have been established for special purposes. One of the connected institutions is included as a subsidiary undertaking in these consolidated financial statements; the other is not included in the consolidation since the University does not have control over its activities.

The movement in the year to 31 July 2022 on the total funds of the University of Dundee Nursery Limited, as reported in its financial statements, was as follows:

	At 1 August 2021	Income	Expenditure	Change in market value	At 31 July 2022
	£000	£000	£000	£000	£000
Consolidated (see note 30)					
University of Dundee Nursery Limited (SC032969)	(82)	576	(618)	0	(124)

The movement in the year to 31 July 2022 on the total funds of the Centenary Trust of Duncan of Jordanstone College of Art, as reported in its financial statements, was as follows:

	At 1 August 2021	Income	Expenditure	Change in market value	At 31 July 2022
	£000	£000	£000	£000	£000
Not consolidated					
Centenary Trust of Duncan of Jordanstone College of Art (SC020617)	123	0	0	0	123

The Centenary Trust was established in 1991 to award scholarships, grants and other financial support to students, graduates or staff of Duncan of Jordanstone College of Art and Design.

Notes to the Financial Statements

Year ended 31 July 2022

32. Pension Schemes

Different categories of staff were eligible to join one of three different schemes:

- Universities Superannuation Scheme (USS)
- University of Dundee Superannuation and Life Assurance Scheme (UODS)
- National Health Service Pension Scheme (NHS)

In addition, contributions are paid in respect of members of the following schemes which are closed to new employees:

- Tayside Superannuation Fund (TSF)
- Strathclyde Pension Fund (SPF)
- Scottish Teachers Superannuation Scheme (STSS)
- Medical Research Council Pension Scheme (MRC)

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of Dundee Superannuation and Life Assurance Scheme (UODS).

The STSS is an unfunded, multi-employer, defined benefits scheme. As there are no underlying assets and liabilities, the University has accounted for its contributions as if it were a defined contribution scheme.

For reasons of materiality, the University has accounted for its contributions to the two local government schemes, TSF and SPF, and the MRC as if these were defined contribution schemes.

The total pension staff costs for the University and its subsidiaries was:

		Year Ended 31 July 2022	Year Ended 31 July 2021
	Note	£000	£000
USS		70,242	16,152
UODS including FRS 102 adjustments		9,214	6,590
Other pension schemes		975	972
	7	<u>80,431</u>	<u>23,714</u>

1. Universities Superannuation Scheme (USS)

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

Notes to the Financial Statements

Year ended 31 July 2022

32. Pension Schemes - continued

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

Deficit Recovery Liability

The total cost charged to the profit and loss account is £70.6m (2021: £16.4m)

Deficit recovery contributions due within one year for the institution are £5.9m (2021 £4.9m).

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

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

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles).

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post retirement: 1.00% p.a.

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation.

The mortality assumptions used in these figures are as follows:

Notes to the Financial Statements

Year ended 31 July 2022

32. Pension Schemes - continued

1. Universities Superannuation Scheme (USS) - continued

2020 valuation

Mortality base table

101% of S2PMA "light" for males and 95% of S3PFA for females

Future Improvements to mortality

CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2022	2021
Males currently aged 65 (years)	23.9	24.7
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.7
Females currently aged 45 (years)	27.3	27.9

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

Notes to the Financial Statements

Year ended 31 July 2022

32. Pension Schemes - continued

1. Universities Superannuation Scheme (USS) - continued

Based on the current schedule of contributions

The assumptions used to determine the provision and the amounts to be recognised in comprehensive income are set out below.

Pensionable payroll growth assumptions	3.0 - 5.0%
Staff changes	0%
Effective deficit contribution rate	2% - 6.3% to 30/04/2028
Discount rate for high quality corporate bond	3.31%

The amounts recognised in comprehensive income are:

	Year Ended 31 July 2022	Year Ended 31 July 2021
	£000	£000
Staff costs:		
Employer contribution allocated to scheme deficit	(2,166)	(1,784)
Difference between expected and actual contributions	53,033	(883)
	<u>50,867</u>	<u>(2,667)</u>
Employer contributions payable	19,375	18,819
	<u>70,242</u>	<u>16,152</u>

Net interest expense:

Unwinding of discount rate	334	297
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Movement in provision (Note 21):

Utilised in year:		
Employer contributions payable	(19,375)	(18,819)
Additions in year:		
Employer contributions adjusted for FRS 102	70,242	16,152
Unwinding of discount rate	334	297
	<u>70,576</u>	<u>16,449</u>

Unused amounts reversed:	-	-
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Notes to the Financial Statements

Year ended 31 July 2022

32. Pension Schemes - continued

2. University of Dundee Superannuation Scheme (UODS)

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

Active members of the Scheme pay contributions at the rate of 7.75% of salary and the University pays the balance of the cost as determined by regular actuarial valuations. As of August 2022, the University pays 25.7% of salary in respect of future accrual, and £3.5m per annum (over the 2021/22 year) increasing at 3% per annum to fund the deficit disclosed at the last formal valuation as at 31 July 2020. The Trustees are required to use prudent assumptions to value the liabilities and costs of the Scheme whereas the accounting assumptions must be best estimates.

A formal actuarial valuation was carried out as at 31 July 2020. The results of that valuation have been projected to 31 July 2022 with an allowance for member movements since the valuation. The figures in the following disclosure were measured using the Projected Unit Method.

(Retirement Benefits) Disclosure for the accounting period ending 31 July 2022

Under the definitions set out in FRS 102(28), UODS is a defined benefit pension scheme. The disclosures for the determination of the net pension liability by the actuary are set out below.

The amounts recognised in the statement of financial position are as follows:

	Year Ended 31 July 2022	Year Ended 31 July 2021
	£000	£000
Defined benefit obligation	(172,218)	(233,114)
Fair value of plan assets	120,534	145,627
Net defined benefit liability	(51,684)	(87,487)
Restriction on asset recognised	-	-
Net amount recognised at year end	(51,684)	(87,487)

The amounts recognised in comprehensive income are:

The current and past service costs, settlements and curtailments, together with the net interest expense for the year are included in profit or loss.

Remeasurements of the net defined benefit liability are included in other comprehensive income.

Service cost:

Current service cost (net of employee contributions)	9,214	6,590
Loss on plan introductions, changes, curtailments and settlements	-	-
Net interest expense	1,483	1,351
Charge recognised in profit or loss	10,697	7,941

Remeasurements of the net liability:

Return on scheme assets (excluding amount included in net interest expense)	34,627	(11,158)
Actuarial (gain)/ loss	(71,341)	6,896
Adjustment for restrictions on the asset recognised	-	-
Charge recorded in other comprehensive income	(36,714)	(4,262)
Total defined benefit (credit)/cost	(26,017)	3,679

Notes to the Financial Statements

Year ended 31 July 2022

32. Pension Schemes - continued

2. University of Dundee Superannuation Scheme (UODS) - continued

The principal actuarial assumptions used were:

	Year Ended 31 July 2022	Year Ended 31 July 2021
	£000	£000
Liability discount rate	3.50%	1.70%
Inflation assumption - RPI (pre-2030)	3.10%	3.20%
Inflation assumption - RPI (post-2030)	2.90%	3.00%
Inflation assumption - CPI (pre-2030)	2.20%	2.30%
Inflation assumption - CPI (post-2030)	2.80%	2.90%
Rate of increase in salaries (pre-2030)	3.20%	3.30%
Rate of increase in salaries (post-2030)	3.80%	3.90%
Revaluation of deferred pensions:		
Benefits accrued prior to 1 August 2011 (pre-2030)	2.20%	2.30%
Benefits accrued prior to 1 August 2011 (post-2030)	2.85%	2.90%
Benefits accrued after 1 August 2011 (pre-2030)	2.20%	2.30%
Benefits accrued after 1 August 2011 (post-2030)	2.50%	2.50%
Increases for pensions in payment:		
Benefits accrued prior to 6 April 1997	3.00%	3.00%
Benefits accrued after 5 April 1997 (pre-2030)	3.60%	3.60%
Benefits accrued after 5 April 1997 (post-2030)	3.50%	3.50%
Benefits accrued after 1 August 2009 (pre-2030)	3.10%	3.20%
Benefits accrued after 1 August 2009 (post-2030)	2.90%	3.00%
Benefits accrued after 1 August 2011 (pre-2030)	2.30%	2.30%
Benefits accrued after 1 August 2011 (post-2030)	2.80%	2.90%
Proportion of employees opting for early retirement	0.00%	0.00%
Proportion of employees commuting pension for cash	N/A	N/A
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end	85.3	85.2
Female aged 65 at year end	88.5	88.5
Expected age at death of future pensioner at age 65:		
Male aged 45 at year end	86.5	85.8
Female aged 45 at year end	89.9	90.3

Notes to the Financial Statements

Year ended 31 July 2022

32. Pension Schemes - continued

2. University of Dundee Superannuation Scheme (UODS) - continued

Reconciliation of scheme assets and liabilities

	Assets	Liabilities	Total
	£000	£000	£000
At start of period	145,627	(233,114)	(87,487)
Benefits paid	(4,508)	4,508	-
Administration expenses	-	-	-
Current service cost	-	(9,214)	(9,214)
Contributions from the employer	9,786	-	9,786
Contributions from the employees	1,721	(1,721)	-
Interest income / (expense)	2,535	(4,018)	(1,483)
Return on assets (excluding amount included in net interest expense)	(34,627)	-	(34,627)
Actuarial gains / (losses)	-	71,341	71,341
Gain / (loss) on plan introductions and changes	-	-	-
Assets distributed / liabilities extinguished on settlements	-	-	-
At end of period	120,534	(172,218)	(51,684)

The return on plan assets was:

	Year Ended 31 July 2022	Year Ended 31 July 2021
	£000	£000
Interest income	2,535	1,968
Return on plan assets (excluding amount included in net interest expense)	(34,627)	11,158
Total return on plan assets	(32,092)	13,126

The major categories of scheme assets are as follows:

UK Equities	3,224	5,789
Overseas Equities	14,834	21,039
Synthetic equity	9,428	-
Corporates	7,947	10,119
Gilts	6,576	17,091
Index Linked	96	24,644
Property	5,368	6,822
LDI	31,219	-
Insureds	189	231
Other	33,572	59,572
Cash	8,081	320
Total market value of assets	120,534	145,627

Notes to the Financial Statements

Year ended 31 July 2022

32. Pension Schemes - continued

2. University of Dundee Superannuation Scheme (UODS) - continued

	Year Ended 31 July 2022	Year Ended 31 July 2021
	£000	£000
Level 1	1,817	870
Level 2	95,292	122,101
Level 3	23,425	22,656
Total market value of assets	120,534	145,627

The Scheme has no investments in the University or in property occupied by the University.

33. Accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a) Pensions - University of Dundee Superannuation Scheme (UODS)

The liability for the UODS scheme is shown in Note 32. A formal actuarial valuation has been carried out as at 31 July 2020. The liabilities for these accounting disclosures have been calculated by projecting the preliminary results of that valuation to 31 July 2022 by the actuary, XPS Pensions Group, using payroll and benefit information provided by the University. The resulting liabilities have then been adjusted to reflect the different assumptions used. The accounting disclosures are therefore heavily dependent on the results of the 31 July 2020 valuation and this approach is not as accurate as if the actuary had used actual census information as at 31 July 2022, but it is appropriate for the purpose of these disclosures and is in accordance with the provisions of FRS 102. Material changes to the membership profile since the 31 July 2020 valuation could result in the approximate approach producing materially inaccurate figures for the purpose of FRS 102.

The results are highly sensitive both to the actuarial assumptions used and to market conditions. The pension cost disclosures under FRS 102 are likely to remain volatile in future years. This is because the liabilities are discounted by reference to corporate bond yields whereas the scheme invests a significant proportion of its assets in equities and other return-seeking investments.

The key actuarial assumptions as at 31 July 2022 are set out in Note 32.

Notes to the Financial Statements

Year ended 31 July 2022

33. Accounting estimates and judgements - continued

b) Pensions - Universities Superannuation Scheme (USS)

USS is a multi-employer scheme and the University has entered into an agreement with the scheme that determines how the deficit will be funded. It results in recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The University has recognised the discounted fair value of the contractual contributions under the funding plan and level of contributions in existence at the date of approving the financial statements, as disclosed in Note 32.

The University has chosen to use the modelling tool provided to members by the British Universities Directors of Finance Group (BUFDG) to calculate the FRS 102 provision. In order to calculate the present value of future contributions to the deficit recovery, the modelling tool requires a single discount rate input variable. FRS 102 requires that the discount rate should be based on the yield on "high quality corporate bonds". This is often taken to be a bond that has been rated at the level of AA status.

The appropriate discount rate depends on the level of pensionable salaries in each future year of the recovery plan. Sensitivity of the results to the salary growth rate has been tested at 5% p.a. uniform salary growth over the recovery period and it shows that the discount rate is not particularly sensitive to rate of pensionable salary increases.

The single discount rate used based on a constant salary roll is 3.31%.

c) Provisions and contingent liabilities

The University exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

Provisions and contingent liabilities are disclosed in Notes 21 and 25 respectively.

34. US Department of Education Financial Responsibility Supplementary Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the University of Dundee is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

- prepared under the historical cost convention modified by the revaluation of land, investment properties and certain fixed asset investments.
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition).
- presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America. In the tables below, the primary statements are referenced using the following abbreviations:

- Statement of Comprehensive Income and Expenditure - SOCIE
- Statement of Financial Performance - SOFP

Notes to the Financial Statements

Year ended 31 July 2022

34. US Department of Education Financial Responsibility Supplementary Schedule - continued

		2021/22	2020/21
	Line item related disclosures		
Cash and cash equivalents	SOFP Cash and cash equivalents excluding short term deposits in Note 17	11,161	9,286
Accounts receivable, net	Note 16 Trade Receivables	12,374	7,788
Prepaid expenses - including stock	Note 16 Prepayments and accrued income + SOFP Stock	28,768	24,302
Related party receivable	n/a	-	-
Contributions receivable, net	n/a	-	-
Student loans receivable, net	n/a	-	-
Investments	SOFP Investments	32,498	31,407
Property, plant and equipment, net	SOFP Tangible assets	278,524	276,122
Lease right-of-use asset, net	n/a	-	-
Goodwill	n/a	-	-
	SOFP Intangible assets	7,309	6,816
Deposits	Note 17 Short term deposits	88,712	95,823
Total Assets		459,346	451,544
Line of credit - short term	Note 19 - Unsecured loans	(1,216)	(1,272)
Line of credit - short term for CIP	n/a	-	-
Accrued expenses/Accounts payable	Note 19 - Accruals and Trade payables	(36,449)	(30,036)
Deferred revenue	Note 19 - Deferred income	(73,281)	(68,015)
Post-employment and pension liability	SOFP Pension provisions	(145,073)	(130,559)
Line of credit- operating	n/a	-	-
Other liabilities	Note 19 - Social security and other taxation payable	(3,466)	(3,283)
Notes payable	SOFP Other provisions	(6,583)	(6,381)
Lease right-of-use asset liability	Note 19 - obligations under finance leases	-	-
Line of credit for long term purposes	Note 20 - long term loans	(13,806)	(15,021)
Total Liabilities		(279,874)	(254,567)
Net Assets without Donor Restrictions		145,096	158,954
Net Assets with Donor Restrictions			
Annuities	n/a	-	-
Term endowments	SOFP Endowment reserve	33,937	34,983
Life income funds	n/a	-	-
Other restricted by purpose and time	SOFP Restricted reserve	439	3,040
Restricted in perpetuity	n/a	-	-
Total Net Assets with Donor Restrictions		34,376	38,023
Total Net Assets		179,472	196,977
Total Liabilities and Net Assets		459,346	451,544

Notes to the Financial Statements

Year ended 31 July 2022

34. US Department of Education Financial Responsibility Supplementary Schedule - continued

		2021/22	2020/21
Changes in Net Assets without Donor Restrictions			
Operating Revenue and Other Additions:			
Tuition and fees, net	SOCIE Tuition Fees and education contracts	95,909	73,910
Contributions	SOCIE SFC Grants and Research Grants and Contracts	159,795	167,803
Grants and contracts - including research	SOCIE Donations and endowments	1,708	3,513
Private gifts and grants	n/a	-	-
Other revenues	n/a	-	-
Investment income	SOCIE Investment income	483	521
Investment return appropriated for spending	n/a	-	-
Auxiliary enterprises	SOCIE Other Income	34,097	30,475
Net assets release from restriction	n/a	-	-
Total Operating Revenue and Other Additions		291,992	276,222
Operating Expenses and Other Deductions			
Education and research expenses	Note 7 and Note 8 Academic departments and research grants and contracts	(195,906)	(148,516)
Depreciation and amortization	SOCIE Depreciation and amortisation	(17,386)	(18,075)
Interest expense	SOCIE Interest and other financing costs	(2,020)	(1,820)
Auxiliary enterprises	Note 7 and Note 8 excluding Academic departments and research grants and contracts	(130,121)	(101,133)
Total Operating Expenses - excluding change in pension prov		(345,433)	(269,544)
Change in Net Assets from Operations		(53,441)	6,678
Non-Operating Changes			
Investments, net of annual spending, gain(loss)		-	-
Other components of net periodic pension costs		-	-
Pension-related changes other than net periodic pension	SOCIE Remeasurement of pension scheme liability	36,714	4,262
Change in value of split-interest agreements	n/a	-	-
Loss on investments	SOCIE Gain/loss on investments	(672)	6,632
Other gains (losses)	SOCIE share of loss in associate	(229)	(393)
	SOCIE Gain on sale of investment	14	40,282
Sale of fixed assets, gains (losses)	SOCIE Gain on disposal of fixed assets	141	-
Total Non-Operating Changes		35,968	50,783

Notes to the Financial Statements

Year ended 31 July 2022

34. US Department of Education Financial Responsibility Supplementary Schedule - continued

		2021/22	2020/21
Change in Net Assets without Donor Restrictions	SOCIE Unrestricted comprehensive income/loss for the year	(13,858)	52,947
Change in Net Assets with Donor Restrictions			
Contributions	SOCIE Endowment comprehensive income for the year	(1,046)	4,812
Net assets released from restriction	SOCIE Restricted comprehensive income for the year	(2,601)	(97)
Changes in Net Assets with Donor Restrictions	Changes in Net Assets with Donor Restrictions	(3,647)	4,715
Change in Net Assets	Change in Net Assets	(17,505)	57,662
Net Assets, Beginning of Year	Net Assets, Beginning of Year	196,977	139,315
Net Assets, End of Year	Net Assets, End of Year	179,472	196,977
Lease right of use			
Pre-implementation	n/a	-	-
Post-implementation	n/a	-	-
		-	-
Lease right of use liability			
Pre-implementation	n/a	-	-
Post-implementation	n/a	-	-
		-	-
Net Property plant and equipment			
Pre-implementation PPE	Note 13 Land and Buildings, Plant & Machinery, Fixtures, Fittings and Equipment	271,389	270,372
Post implementation PPE		-	-
Vehicles		-	-
Furniture		-	-
Computers		-	-
Construction in Progress	Note 13 Assets in the Course of Construction	7,135	5,750
Post implementation PPE		-	-
		278,524	276,122
Long term debt for long term purposes			
Pre-implementation LTD	Note 20 Unsecured loans	13,806	15,021
Post implementation LTD		-	-
		13,806	15,021

University of Dundee

Nethergate
Dundee DD1 4HN
t: +44 (0)1382 383000
w: dundee.ac.uk