



UNIVERSITY
of
ABERTAY DUNDEE

Annual Report and Financial Statements

for the year ended 31 July 2011



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Operating and Financial Review

Scope of the Financial Statements

The Financial Statements presented on pages 13 to 36 comprise the financial results of the University of Abertay Dundee for the year to 31 July 2011.

Results for the Year

The results for the year to 31 July 2011 are summarised as follows:

| | 2011 | 2010 |
|---|-------------|-------------|
| | £000 | £000 |
| Income | 37,054 | 36,252 |
| Expenditure | 33,754 | 35,816 |
| | <hr/> | <hr/> |
| Surplus for the year before exceptional items | 3,300 | 436 |
| Loss on disposal of assets | (5) | (16) |
| Transfer from accumulated income within endowments | 50 | 24 |
| | <hr/> | <hr/> |
| Surplus for the year retained within general reserves | 3,345 | 444 |
| | <hr/> <hr/> | <hr/> <hr/> |

The principal activity of the subsidiary company, Add Knowledge Limited is software development, and incorporated within these financial statements.

The purpose of this section is to provide an overview of the University's operating and financial position, based on a comprehensive and balanced analysis of that position and in light of its mission, vision and values (University of Abertay Dundee Strategic Plan 2007-11, page 4). The context for establishing the University's strategic aims and corporate goals (op cit, page 8) is Scotland's higher education sector, and the Scottish Government's current funding and regulatory regimes.

The University of Abertay Dundee is a relatively small UK and Scottish higher education institution with a turnover of around £37m, making it approximately less than one half the size of the UK average figure, although it is larger than the Small Specialist Institutions (for example, Glasgow School of Art). However, unlike these specialist institutions, the University operates a full subject range of undergraduate and taught postgraduate programmes, and is fully committed to those areas of pure and applied research it has identified and developed (for example, environmental sciences, computer technology and computer arts, and the accounting for extractive industries).

The Strategic Plan 2007-11 examines the external environment and challenges faced by the institution (op cit, page 7). This analysis highlights the main regional, national and international factors and trends affecting the implementation of the Strategic Plan.

At a regional level, there are important demographic influences at work (with a projected decline in key population age groups over the next 15 years); and at a national level, there is at present discussion at ministerial level regarding the financing for all of Scotland's 14 universities and also how reduced funding will affect the sector. Internationally, the University's competitive position in its traditional markets for recruiting postgraduate students (for example, India, China and Pakistan) is being affected by changes to the UK Government's student entry visa processing policies and practices.

During the past year we have become the home for and manager of a new Scotland Food and Drink Skills Academy, as well as undertaking a leading role in Scottish Universities Industry Innovation Network for Food and Drink. We are continuing our world-leading research in environmental sciences and engineering, and our nationally important research in mental health, counselling, policing and cancer modelling.

Operating and Financial Review (*continued*)

The University continued to work in partnership with a number of other bodies and during 2010-11 launched with BAFTA a new game-building software program for children and launched a future games contest with the IC Programme, part of the UK Government's Technology Strategy Board, to encourage more computer games start-up businesses.

The University has continued its growth in computing, obtaining BCS accreditation for a suite of computing courses, and held in Dundee the 11th Dare to be Digital event which attracted 9,000 visitors in just 3 days. The University was highlighted in the UK Government's Livingstone-Hope Report on skills development as a model for other universities and institutions to follow.

Last year saw two of our graduates included in the UK Top 100 Graduates 2010 List and the Scottish Government select one of our students to design the official Commonwealth Games 2014 downloadable computer game.

Over the financial year 2010-11, the University continued to make progress in relation to its corporate goals and targets (*op cit*, pages 10-25) across its main areas of operation: teaching and learning; portfolio development; research; regional impact; and management and governance.

As is the case with most other UK universities, 2010-11 has seen a continuation of significant cost pressures (eg utilities) as well the additional pressure of a large intake of Home/EU students but with falling Overseas student numbers. Although staff numbers and staff costs are higher compared with a year earlier, this includes Student Centre staff which were transferred at 31 July 2010 when the wholly owned subsidiary, Abertay Student Centre Ltd, was transferred as a going concern. With these stripped out, staffing has reduced by 4 FTE and costs have increased by less than 0.5%. All other operating expenses have been kept under strict scrutiny and the University remains vigilant in this area of budgetary planning and control.

The Strategic Plan specifies a target for the University's operating surplus (*op cit*, page 23), of 3% of turnover. The University has achieved a surplus of 9% of turnover this year. This resulted from early precautionary measures taken in view of the likelihood of reduced funding.

After continual review the University has decided to again take the exemption permitted under FRS17 "Retirement Benefits" to disclose the pension schemes as if they are defined contribution schemes and plans to continue taking this exemption for as long as the schemes are set up in a manner which allows this treatment. However the University recognises the volatility it would bring to the Financial Statements if this exemption were ever to change.

Risk Management

The University has recently revised its approach to risk management, and has adopted a Risk Management Policy, modelled on the Office of Government Commerce Management of Risk Framework. This provides the processes, tools and techniques capable of supporting the identification, evaluation and management of, amongst others, strategic, reputational, operational, and financial risks. The revised policy will enable the development of the University's existing Risk Register that has allowed the introduction of effective risk management control measures in areas such as international student recruitment and capital project appraisal. The University has also undertaken a comprehensive mapping of the strategic risks identified by the Strategic Plan (under each of the themes already stated: teaching and learning; portfolio; research; regional impact; and management and governance) to the existing entries and control measures in the Risk Register.

Future Strategy

The Strategic Plan for 2011-2015 has been developed during the year. The plan highlights the University's objectives, as a vibrant and independent institution, and to continue to make a significant contribution to the achievement of the Scottish Government's agenda for post 16 further and higher education (*op cit*, pages 14-15). To ensure the University's continued ability to deliver on its aspirations and further enhance the student experience the University is considering a number of strategic proposed initiatives which will be supported and delivered over the period of the plan. Formal assessments of proposals will be undertaken over the next few months and the University will support successful proposals from internal resources.

Operating and Financial Review (*continued*)

Investment Performance

The market value of listed investments held by the University has increased during the year by £912,854 at 31 July 2011 from £6,391,898, including an additional £500,000 invested in June 2011.

Cash Flow

The Cash Flow Statement shows that there was a net cash inflow of £333,000 during the year.

Creditor Payment Policy

The University aims to pay all invoices from creditors within 30 days of the date of the invoice, in line with the CBI prompt payment policy. During 2010/11 the University paid 82.3% of invoices within 30 days, with no penalty interest incurred (2010:80%).

Employment Policy

Equal Opportunities - The University is committed to equal opportunities both as an employer and in the provision of education. As an employer its aim is to ensure that all employees are recruited on the basis of ability and the requirements of their posts and that they are employed and retained in a non-discriminatory manner.

Employment of Disabled Persons - The University employs disabled persons and gives full consideration to applications for employment by disabled persons, bearing in mind the aptitudes of the applicants. It provides facilities for disabled persons wherever possible, makes special arrangements to safeguard their health and safety at work, and seeks to ensure that the training and development of disabled persons so far as is possible is identical with that of other employees. In the event of existing employees becoming disabled every effort is made to ensure that their employment with the University continues and that appropriate training is arranged.

Disabled Students - The University welcomes applications from suitably qualified candidates, regardless of any physical or sensory disability. Students with special needs are encouraged to contact the University's Special Needs Adviser in advance of application to discuss the practical implications of studying at the University.

Employee Involvement - The University uses a wide variety of means to communicate with its employees. Court and Senate papers (other than those relating to reserved areas of business) are available, and policy decisions are communicated to all concerned through the appropriate channels. Formal and informal machinery is maintained for consulting unions and staff who do not belong to a union, and opportunities exist within the School and Service structure for formal and informal participation. Internally, electronic media including the University Intranet and an electronic newsletter are also used to facilitate communication.

Charity Registration

The University of Abertay Dundee is a charity registered in Scotland, Charity Number SC016040, registered address Bell Street, Dundee, DD11HG.

Overall, the University has acted to anticipate cost and funding pressures, so as to manage change in the most constructive way. This has been made possible by the hard work of colleagues on the Finance, People and General Purposes Committee and the professionalism of the Executive Management.



Angus Macmillan Douglas OBE
Convenor
Finance, People & General Purposes Committee

References

University of Abertay Dundee Strategic Plan 2007 – 2011 and 2011 - 2015 available at:
<http://www.abertay.ac.uk/about/theuni/corporate/>

Corporate governance statement

The University Court is the governing body of the University. The composition, functions and powers of the Court are set out in the University of Abertay Dundee (Scotland) Order of Council 1994, which incorporates parts of the Dundee College of Technology Scheme 1975. Under the Order, the objects of the University are to provide education, undertake and carry out research, make suitable and adequate provision for such activities, and conduct the affairs of the University in ways that promote its objects. The University is committed to exhibiting good practice in all aspects of corporate governance. This summary describes the manner in which the University has fully complied with the principles (in so far as they apply to the higher education sector) set out in the UK Corporate Governance Code issued in June 2010, in the Turnbull Guidance on Internal Control (2005) and in the Committee of University Chairs (CUC) Guide for Members of Higher Education Governing Bodies in the UK (March 2009).

As the Governing Body of the University, Court is responsible for the University's system of internal control, which includes internal audit; delegation of responsibilities within a regulatory framework, and reviewing its effectiveness. The system is designed to fulfil the University's responsibilities related to accountability, transparency and value for money inherent in good corporate governance practice. It emphasises the effective management of risk, using well thought-out and controlled risk-taking, leading to improved delivery of the University's objects, proper regard for organisational development, and ensuring the institution's long-term sustainability. However, any such system can only provide reasonable and not absolute assurance against material misstatement or loss.

Court undertakes a continuous review of the process used by the University to identify, measure and manage its key risks. These risks comprise both business and financial risk and derive from operating in the environment of the higher education sector. The main depository for the identification, measurement and management of risk is the University's Risk Management Framework. This process is reviewed by the Audit Committee of Court, and accords with the internal control guidance for directors on the UK Corporate Governance Code.

Court comprises lay core members, co-opted members, *ex officio* members and staff members. Lay core members have 'experience of industrial, commercial or employment matters or the practice of any profession' and remain an absolute majority, whilst the co-opted membership includes at least one person having experience in each of 'local government' and 'the provision of education'. Court has a total possible membership of 25 with 13 forming the lay core, a maximum of 6 being co-opted, 3 being *ex officio* (Principal, Vice-Principal, President of the Students' Association) and 3 representing academic and non-academic staff.

Court met ten times in the year to 31 July 2011 and the aggregate attendance rate was 77% (73% in the year to 31 July 2010). The table overleaf shows all members and their attendance at meetings of Court and its committees.

Court, under its Order, is required to meet at least three times per year, however the Court normally meets 5 times per year. During the year to 31 July 2011, Court faced particular challenges, which led to there being five additional meetings of Court and the establishment of a number of *ad hoc* committees including an Executive Committee, Reporting Committee and two Complaint Committees. The Scottish Funding Council, as a key stakeholder, was apprised of these special arrangements throughout the period, as were the internal and external auditors.

Corporate governance statement *(continued)*

Court members' attendance at Court and Committees (to 31 July 2011)

| | Court | Court Committees | | | | |
|-------------------------------------|----------------------|----------------------|--|----------------------|-----------------------------------|------------------------|
| | | Audit Committee | Finance, People & General Purposes Committee | Governance Committee | Chairman's/ Nominations Committee | Remuneration Committee |
| | | 10~ in year | 5 in year | 4 in year | 2 in year | 8 in year |
| Dr T Abraham + | 6 | | | | | |
| Mr K Cargill + | 10 | | | 2 | 8 | 3 |
| Ms J Curran + (to 16.04.11) | 4 (of 8) | | | | | |
| Mr D Currie (to 30.06.11) | 6 (of 7) | | 3 | 2 | | |
| Mr R Doak + (to 6.07.11) | 5 (of 9) | | | 1 | | |
| Mr D Dorward + | 7 | | 1 | | | |
| Dr D Douglas + (to 17.12.10) | 2 (of 3) | | | | | |
| Mr E Frizzell + | 9 | | 4 | | 4 | 2 |
| Mr M Grossi + | 5 | | | | | |
| Mrs S Halkerston + (to 16.04.11) | 7 (of 8) | | | | | |
| Mr N Hawkins + | 10 | | | | 7 | 3 |
| Professor B King (to 29.01.11) | 2 (of 3) | | 0 (of 2) | | 2 (of 2) | |
| Mr C Macdonald + | 7 | | | | | |
| Mr A MacMillan Douglas + | 9 | | 4 | | 5 | 3 |
| Ms B Malone + (to 16.04.11) | 7 (of 8) | | 3 | | | |
| Mrs A Markham + | 7 | 2 | | | | |
| Mrs L Martin + | 4 | | | 1 | | |
| Mr D McLaren + | 8 | 5 | | | | 1 |
| Mr W Mohieddeen (from 01.07.11) | n/a | | n/a | n/a | | |
| Dr J Morrow + (to 12.07.11) | 7 (of 9) | | 2 | | 3 | 3 |
| Mr J Nicholson | 7 (of 8) | | | | | |
| Professor S Olivier (from 01.02.11) | 4 (of 5) | | 1 (of 2) | | 3 (of 3) | |
| Dr A Samuel | 9 | | | | | |
| Mrs S Scott + (from 17.06.11) | 2 (of 2) | | | | | |
| Mr I Simpson | 8 (of 8) | | | 2 | | |
| Professor N Terry | 6 (of 6) | | 4 | 2 | 6 (of 6) | |
| Professor E Wilson + | 8 | 5 | | | | |
| Mr I R Wilson + | 6 | 4 | 3 | | | |
| Aggregate attendance level: | 77% (73%) | 80% (65%) | 69.5% | 83% | 75% | 83% (100%) |

~ Comprising 5 scheduled meetings and 5 special meetings. Some members were not able to attend special meetings owing to reserved nature of business and/or potential conflict of interest. This is taken into account above. Minutes record full details of attendance.

+ Non-executive/lay member

() figure from previous year

The Principal is the chief executive of the University with delegated powers to discharge the functions of Court relating to the management of the University and to discipline therein. During the year to 31 July 2011, there were three post-holders: Professor B King until 29 January 2011; Professor S Olivier as Acting Principal from 30 January 2011 until 3 March 2011; and Professor N Terry as Acting Principal from 4 March 2011 onwards.

Court has formally constituted a number of Committees, all of which have clearly defined remits and the majority of which have a lay core member as Chair. The major Committees are: Audit Committee; Chairman's Committee, Finance, People & General Purposes Committee (which has three sub-committees: Estates & Campus Services, Health and Safety, and Equality and Diversity); Governance Committee; and the Remuneration Committee. Court delegates to Senate its functions relating to the overall planning, co-ordination, development and supervision of the academic work of the University. Senate has formally constituted a number of committees, all of which have clearly defined remits.

Corporate governance statement *(continued)*

The Audit Committee advises Court on all audit-related matters and assists Court in ensuring the discharge of its responsibilities for proper financial management. It is also responsible for the effectiveness of the internal control and management systems, for the efficiency and effectiveness of the University's financial activities for monitoring mechanisms designed to ensure value for money across all of the University activities and for monitoring compliance with the University's risk management framework. During the year, the Audit Committee considered and recommended for approval proposals for a revised set of strategic level risks as well as a projected risk profile for the University for 2011 and beyond and changes to the existing set of risk response plans. The University does not have an internal audit function, but contracts the services of an external provider, which provides access to a wider set of specialist expertise as well as benchmark data to help inform Court. The internal auditors conducted a special review for the Court, during the period, into a public interest disclosure. In carrying out those duties the Audit Committee has regard to the requirements of the Financial Memorandum issued by the Scottish Funding Council.

The Audit Committee met five times and the aggregate attendance was 80%. The membership of the Audit Committee - including one external, independent co-opted member (Mr I McDonald) with relevant expertise - for the year to 31 July 2011 was:

Mr D McLaren (Chair)
Ms A F Markham OBE
Mr I McDonald

Professor E Wilson
Mr I R Wilson CBE

Chairman's Committee acts in the name of Court in cases of urgency, subject to any decision being reported to the next meeting of Court. It also acts as a Nominations Committee, considering recommendations for the appointment of lay and co-opted members to Court, which are then referred to Court. The Nominations Committee reviews nominees derived from the 2006 advertisement for lay members of Court and from invitations for nominees from members of Court and all staff of the University. Given the breadth of opportunity afforded by seeking nominations for these two key groups, the University did not feel that it was necessary to employ an external search agency with regard to the appointment of lay members of Court. The Chairman's Committee/Nominations Committee held five scheduled and three special meetings in the session and the aggregate attendance was 75%.

The members of the Chairman's Committee for the year to 31 July 2011 were:

Mr N Hawkins (Chair)
Dr J J Morrow (Vice-Chair until 12 July 2011)
Mr K Cargill
Mr E Frizzell CB (Vice-Chair from 22 October 2011)

Professor B King CBE (until 29 January 2011)
Mr A MacMillan Douglas OBE
Professor S Olivier (from 30 January 2011)
Professor N Terry

The Finance, People & General Purposes Committee oversees and supervises the receipt, expenditure and control of all revenues. It advises Court on all strategic, financial and people matters and on other matters affecting Court's interests which are not referred to any other Committee. The Committee also supervises and reviews the financial administration of Court.

The members of Finance, People & General Purposes Committee for the year to 31 July 2011 were:

Mr A Macmillan Douglas OBE (Chair)
Professor R Bateson (until 31 July 2011)
Mr D Currie (until 30 June 2011)
Mr D Dorward
Mr E Frizzell CB
Mrs W Grant
Mr C Grethè

Professor B King CBE (until 29 January 2011)
Ms B Malone (until 16 April 2011)
Mr W Mohieddeen (from 1 July 2011)
Dr J J Morrow (until 12 July 2011)
Professor S Olivier
Professor N Terry
Mr I R Wilson CBE

Corporate governance statement (*continued*)

The Estates & Campus Services Sub-Committee oversees all matters relating to the Estate Strategy and to the maintenance, review, development and renewal of the University's property, services, fixtures and estate.

The members of the Estates & Campus Services Sub-Committee for the year to 31 July 2011 were:

| | |
|---|---|
| <i>Mr E Frizzell CB (Chair)</i> | <i>Professor B King CBE (until 29 January 2011)</i> |
| <i>Professor R Bateson (until 31 July 2011)</i> | <i>Professor S Olivier</i> |
| <i>Mr K Cargill</i> | <i>Mr W Mohieddeen (from 1 July 2011)</i> |
| <i>Ms J Curran (until 16 April 2011)</i> | <i>Mr I Simpson</i> |
| <i>Mr D Currie (until 30 June 2011)</i> | <i>Professor N Terry</i> |

The Health & Safety Sub-Committee oversees all matters relating to the safety and occupational health of staff, students and other persons within the University environment. The members of the Health & Safety Sub-Committee for the year to 31 July 2011 were:

| | |
|---|--|
| <i>Mrs S Stewart (Chair)</i> | <i>Dr G Lund</i> |
| <i>Professor A Adya</i> | <i>Mr J McKinlay</i> |
| <i>Mr M Black</i> | <i>Miss E McPhee</i> |
| <i>Mr G Burke</i> | <i>Dr C Miller (until 13 March 2011)</i> |
| <i>Dr P Collier</i> | <i>Mr W Mohieddeen (from 1 July 2011)</i> |
| <i>Mr D Currie (until 30 June 2011)</i> | <i>Dr L Natanson</i> |
| <i>Mr D Dalziel</i> | <i>Professor S Olivier</i> |
| <i>Dr D Ellison</i> | <i>Professor J Palfreyman</i> |
| <i>Mr C Grethè</i> | <i>Mr C Rae</i> |
| <i>Professor S Hotho</i> | <i>Dr A Samuel</i> |
| <i>Mr A Ingles</i> | <i>Mr I Simpson</i> |
| <i>Mrs S Jeffrey</i> | <i>Mr R Smith</i> |
| <i>Professor S Keates (from 14 March 2011)</i> | <i>Professor H Tarbert (until 30 Nov 2010)</i> |
| <i>Professor B King CBE (until 29 January 2011)</i> | <i>Professor N Terry</i> |
| <i>Professor R Lloyd</i> | <i>Mr M Turpie</i> |
| <i>Ms Y Wharton</i> | |

The Equality & Diversity Sub-Committee is responsible for all aspects of the University's equal opportunities policies and procedures and reporting thereon. The members of the Equality & Diversity Sub-Committee for the year to 31 July 2011 were:

| | |
|---|---|
| <i>Mr J Nicholson (Chair)</i> | <i>Mrs M Oduyemi</i> |
| <i>Mr D Currie (until 30 June 2011)</i> | <i>Dr K Oduyemi</i> |
| <i>Dr C Fraser</i> | <i>Mr C Rae</i> |
| <i>Mr C Grethè</i> | <i>Dr A Samuel</i> |
| <i>Mrs M Guild</i> | <i>Mr A Szomar (until 30 June 2011)</i> |
| <i>Mr A Milne</i> | <i>Mrs S Stewart</i> |
| <i>Mr W Mohieddeen (from 1 July 2011)</i> | <i>Mrs M Weldon-Johns</i> |

The Governance Committee's purpose is, *inter alia*, to consider and bring forward recommendations in relation to issues relating to good practice in institutional governance. The members of the Governance Committee to 31 July 2011 were:

| | |
|---|---|
| <i>Mr K Cargill (Chair)</i> | <i>Mr W Mohieddeen (from 1 July 2011)</i> |
| <i>Mr D Currie (until 30 June 2011)</i> | <i>Mr I Simpson</i> |
| <i>Mr R Doak (until 6 July 2011)</i> | <i>Professor N Terry</i> |
| <i>Mrs L Martin CBE</i> | |

Corporate governance statement *(continued)*

The Remuneration Committee, which met three times in the reporting period with an aggregate attendance level of 83%, comprises lay core members of Court and considers and determines the levels of salary and terms and conditions of service of senior staff. The members of the Remuneration Committee for the year to 31 July 2011 were:

Mr N Hawkins (Chair)

Dr J J Morrow (Vice-Chair until 12 July 2011)

Mr K Cargill

Mr E Frizzell CB (Vice-Chair from 22 October 2011)

Mr A MacMillan Douglas OBE

Mr D McLaren

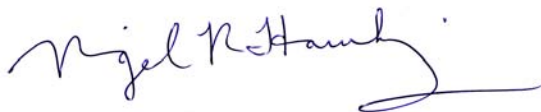
The University Court, through its Governance Committee, carries out regular reviews of its effectiveness. A full effectiveness review was undertaken in session 2007/2008 and a follow-up review, focussing on those areas that had previously been identified as requiring enhancement, was undertaken in session 2009/10. The next full effectiveness review is scheduled for session 2012/2013. The Court will continue meanwhile to keep governance arrangements under review, and to take account of best practice.

There were no changes to the other significant commitments of the Chairman of the Court during the year.

The strategic development of the University involves development of a strategic plan; initially produced by the management group, then approved by Senate and, finally, by Court. Court holds regular conferences at which strategic development issues are discussed and receives regular updates on implementation of objectives. In the year to 31 July 2011, Court received updates from the senior management of the University on the implementation of the Strategic Plan 2007-11 and on plans for the development of the next Strategic Plan. Following wide consultation with staff and students, a detailed presentation on the draft Strategic Plan 2011-15 was provided to Court from managers in April 2011; and the final version of this new Plan was approved by Court at its meeting in June 2011. Court also endorsed formally a Medium-Term Financial Plan to support the achievement of the objectives set out in the Strategic Plan.

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

Signed by



Mr Nigel Hawkins

Chairman, University Court

The University Court would like to express its thanks to all those who have served on Court or as members of Committees of Court during the course of the year.

Responsibilities of the University Court

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

The Court is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, The Further and Higher Education (Scotland) Act 2005, Scottish Funding Council Accounts Direction and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the Court of the University of Abertay Dundee, the University Court, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

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

The Court has a responsibility to:

- ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and hence to take reasonable steps to prevent and detect fraud; and
- ensure reasonable steps have been taken to secure the economical, efficient and effective management of the University's resources and expenditure.

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Court;

Responsibilities of the University Court (*continued*)

- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Finance, People and General Purposes Committee; and
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the Court. The Internal Audit team provides a report of internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

The officers and members of the Court who held office at the date of approval of the Annual Report and Financial Statements confirm that, so far as they are each aware, there is no relevant audit information of which the University's auditors are unaware; and each officer and member of the Court has taken all the steps that he/she ought reasonably to have taken as an officer and member of the Court to make himself/herself aware of any relevant audit information and to establish that the University's auditors are aware of that information.

Independent auditors' report to the Court of the University of Abertay Dundee

We have audited the financial statements of the University of Abertay Dundee for the year ended 31 July 2011 which comprise the Consolidated Income and Expenditure Account, the Statement of Historic Cost Surpluses, and University and Group Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, the Statement of Principal Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of the Court and auditors

As explained more fully in the Responsibilities of the University Court, set out on page 9, the Court (who are also charitable trustees for the purposes of charity law) are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Court in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent institution's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Court and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent institution's affairs as at 31 July 2011 and of the group's income and expenditure, recognised gains and losses and 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 (SORP) on Accounting in Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Independent auditors' report to the Court of the University of Abertay Dundee (continued)

Opinion on other matters prescribed in paragraph 39 of the mandatory requirements attached to the Scottish Funding Council's Financial Memorandum with the University of Abertay Dundee

In our opinion, in all material respects:

- funds from whatever source administered by the parent institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation and any other terms and conditions attached to them; and
- funds provided by the Funding Council have been applied in accordance with the Financial Memorandum and the mandatory requirements attached to the Financial Memorandum.

Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept by the parent institution; or
- the parent institution 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
16 December 2011

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

Statement of principal accounting policies

Basis of Preparation

These financial statements have been prepared in accordance with the statement of recommended practice (SORP): *Accounting in Further and Higher Education* and in accordance with applicable Accounting Standards. They conform to the Accounts Direction for Scotland's colleges and universities published by the Scottish Funding Council.

Basis of accounting

The financial statements are prepared on a going concern basis, as well as on an accruals basis and using the historical cost convention, as modified by the revaluation of endowment investments, fixed asset investments and land and buildings. They have been prepared using the principle of "substance over form".

Basis of consolidation

The consolidated financial statements include the University and its subsidiary undertakings for the year ended 31 July 2011. Income for the year is included in Other Operating Income and expenditure is included in Other Operating Expenses in the Consolidated Income and Expenditure Account. The Balance Sheet reflects full consolidation. The accounting policies for the University have been applied uniformly for the group. Any intra-company balances have been eliminated upon consolidation.

The university has taken the exemption allowed from preparing its own income and expenditure account, and instead discloses only the consolidated income and expenditure account.

The financial statements of the Group do not include those of the University of Abertay Dundee Students' Association on the basis that the University has no significant influence over the Association's policy decisions.

Recognition of Income

Income from Research Grants, Contracts and Other Services Rendered is included to the extent of completion of the contract or service concerned. This is generally equivalent to the sum of the expenditure incurred during the year and any related contributions towards overhead costs.

All income from short-term deposits and general endowment asset investments is credited to the Income and Expenditure Account in the period in which it is earned.

Recurrent grants from the Funding Council are recognised in the period in which they are received. Non-recurrent grant from the Funding Council or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the asset.

Leases

Rental costs under operating leases are charged annually to the income and expenditure on a straight line basis over the life of the lease.

Taxation

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

Statement of principal accounting policies (*continued*)

Fixed Assets, Capital Grants and Depreciation

Land and buildings are stated at cost or 1994 valuation less accumulated depreciation. All other categories of fixed assets are held at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Following the introduction of FRS15, the University has followed the transitional arrangements to retain the net book value of land and buildings which were revalued in 1994, and does not intend to carry out regular revaluations of these assets in the future. The main element of the cost of the buildings capitalised was funded from grants provided mostly by government which are treated as deferred capital grants. A Revaluation Reserve was created for the excess of the 1994 valuation over original cost. These amounts are released to income over the expected useful life of the assets. Grants in relation to subsequent land and buildings purchases are treated as deferred capital grants and released to income over the expected useful life of the land and buildings.

Equipment, furniture and coherent packages of equipment costing £10,000 or more have been capitalised and depreciation charged in accordance with agreed rates, except for research assets funded through specific external grants, where the threshold is £50,000. Any related grants are treated as deferred capital grants and released to the income and expenditure account over the expected useful life of the equipment.

Straight-line depreciation has been provided from 1 August 1994 at the following rates:

| | |
|---------------------------------|-------------------------|
| Buildings | 2% of cost or valuation |
| Equipment – general | 20% |
| Equipment – computer/specialist | 33% |

The depreciation charged in respect of revalued buildings for the year to 31 July 2010 has been transferred from the Revaluation Reserve to the Income and Expenditure Account.

Fixed Asset and Current Asset Investments

Fixed Asset Unlisted Investments are included at cost, except where there is evidence of a permanent diminution in value.

Current Asset Investments, which are entirely in the form of listed securities, are included in the Balance Sheet at the lower of their original cost or net realisable value.

Endowment Asset Investments

The heritable property and investments that form part of Endowment Assets are included in the Balance Sheet at market value, apart from the property held by the University which has not been revalued since 2004.

Stock

Stocks of catering supplies and work in progress are valued at the lower of cost or net realisable value. Cost comprises materials and labour.

Statement of principal accounting policies *(continued)*

Cash Flows

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable if they are in practice available within 24 hours without penalty. Liquid resources comprise assets held as a readily disposable store of value. They include deposits, government securities and loan stock held as part of the University's treasury management activities.

Foreign Currencies

Transactions denominated in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Financial Instruments

Financial Instruments are recognised on the balance sheet when an obligation is identified and released as that obligation is fulfilled. Cash, debtors, creditors and borrowing are held at cost. Measurement of investments is discussed above.

Accounting for Charitable Donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Charitable donations which are expendable with no restrictions placed on the University by the donor on the application of the donation are recognised as in the income and expenditure account during the year of receipt.

Endowment Funds

Where charitable donations are restricted to a particular objective specified by the donor or where the capital element must be maintained, these are accounted for as an endowment on the balance sheet. There are three main types:

Unrestricted Permanent Endowments – the donor prescribes that the capital element of the donation must be maintained but the income earned thereon is expendable with no restriction placed on its application by the University.

Restricted Permanent Endowments – the capital fund is maintained and the income thereon must be applied to a purpose specified by the donor.

Restricted Expendable Endowments – there is no requirement to maintain the capital element but the income received is only expendable against the objectives specified by the donor.

Where donations must be applied to the purchase and / or construction of tangible fixed assets then these are recognised as a deferred capital grant on the balance sheet.

Statement of principal accounting policies *(continued)*

Pension Schemes

The two principal pension schemes for the University staff are:

- (i) The Scottish Teachers Superannuation Scheme
- (ii) The Tayside Local Government Pensions Fund.

Amounts charged to the income and expenditure account are calculated with actuarial advice and represent a proper charge to cover the accruing liabilities on a continuing basis. The Funds are valued by actuaries as indicated in Note 26.

Investment in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Maintenance of Premises

The University has a policy of carrying out routine corrective maintenance, which is charged to the Income and Expenditure Account as incurred. Major alterations, repair and/or maintenance works are met from recurrent grant.

Consolidated income and expenditure account for the year ended 31 July 2011

| | <i>Note</i> | 2011 £000 | 2010 £000 |
|---|-------------|--------------|--------------|
| Income | | | |
| Funding Council grants | <i>1</i> | 20,676 | 21,715 |
| Tuition fees and education contracts | <i>2</i> | 10,087 | 8,607 |
| Research grants and contracts | <i>3</i> | 894 | 1,248 |
| Other operating income | <i>4</i> | 4,661 | 4,340 |
| Endowment and investment income | <i>5</i> | 736 | 342 |
| | | <hr/> | <hr/> |
| Total income | | 37,054 | 36,252 |
| | | <hr/> | <hr/> |
| Expenditure | | | |
| Staff costs | <i>6</i> | 22,578 | 21,785 |
| Other operating expenses | <i>7</i> | 9,513 | 12,507 |
| Depreciation | <i>8</i> | 1,554 | 1,409 |
| Interest payable | <i>9</i> | 109 | 115 |
| | | <hr/> | <hr/> |
| Total expenditure | <i>8</i> | 33,754 | 35,816 |
| | | <hr/> | <hr/> |
| Surplus on continuing operations after depreciation of fixed assets | | | |
| Loss on disposal of assets | | 3,300 | 436 |
| | | (5) | (16) |
| | | <hr/> | <hr/> |
| Surplus on continuing operations after depreciation of fixed assets and disposal of assets | | | |
| Surplus for the year transferred to accumulated income in endowment funds | | 3,295 | 420 |
| | | 50 | 24 |
| | | <hr/> | <hr/> |
| Surplus for the year retained within general reserves | | 3,345 | 444 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The income and expenditure account is in respect of continuing activities.

Statement of historical cost surpluses for year ended 31 July 2011

| | | | |
|--|-----------|-------------|-------------|
| Surplus for the financial year | <i>20</i> | 3,345 | 444 |
| Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount | | 107 | 107 |
| | | <hr/> | <hr/> |
| Historical surplus for the year | | 3,452 | 551 |
| | | <hr/> <hr/> | <hr/> <hr/> |

Consolidated statement of total recognised gains and losses
for the year ended 31 July 2011

| | <i>Note</i> | 2011 £000 | 2010 £000 |
|---|-------------|----------------------------|----------------------------|
| Surplus after depreciation of assets and disposal of assets | | 3,345 | 444 |
| Endowment income released for year | <i>12</i> | (50) | (24) |
| Appreciation/(Depreciation) of endowment asset investments | <i>12</i> | 61 | 110 |
| | | <hr/> | <hr/> |
| Total recognised gains relating to the year | | 3,356 | 530 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Reconciliation | | | |
| Opening reserves and endowments | | 16,732 | 16,202 |
| Total recognised gains relating to the year | | 3,356 | 530 |
| | | <hr/> | <hr/> |
| Closing reserves and endowments | | 20,088 | 16,732 |
| | | <hr/> <hr/> | <hr/> <hr/> |

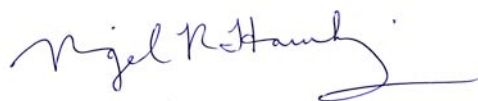
Balance sheets
at 31 July 2011

| | <i>Note</i> | Group 2011 £000 | University 2011 £000 | Group 2010 £000 | University 2010 £000 |
|--|---------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|
| Fixed assets | | | | | |
| Tangible assets | <i>10</i> | 34,093 | 34,093 | 30,618 | 30,617 |
| Investments | <i>11</i> | 25 | 25 | 25 | 25 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | 34,118 | 34,118 | 30,643 | 30,642 |
| Endowment asset investments | <i>12</i> | 1,006 | 1,006 | 995 | 995 |
| Current assets | | | | | |
| Stocks and work in progress | <i>13</i> | 23 | 23 | 28 | 28 |
| Debtors | <i>14</i> | 1,492 | 1,517 | 3,062 | 3,090 |
| Investments | <i>11</i> | 6,145 | 6,145 | 5,324 | 5,324 |
| Term deposits | | 432 | 432 | 49 | 49 |
| Cash at bank and in hand | | 6,008 | 5,983 | 6,058 | 6,031 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | 14,100 | 14,100 | 14,521 | 14,522 |
| Creditors: amounts falling due within one year | <i>15</i> | (7,731) | (7,731) | (9,662) | (9,662) |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Net current assets | | 6,369 | 6,369 | 4,859 | 4,860 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Total assets less current liabilities | | 41,493 | 41,493 | 36,497 | 36,497 |
| Creditors: amounts falling due after more than one year | <i>16</i> | (1,950) | (1,950) | (2,100) | (2,100) |
| Provisions for liabilities and charges | <i>17</i> | (2,548) | (2,548) | (2,603) | (2,603) |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Net assets | | 36,995 | 36,995 | 31,794 | 31,794 |
| | | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Represented by: | | | | | |
| Deferred capital grants | <i>18</i> | 16,907 | 16,907 | 15,062 | 15,062 |
| Endowments | | | | | |
| Restricted | <i>19</i> | 1,006 | 1,006 | 995 | 995 |
| Funds and reserves | | | | | |
| Income and Expenditure reserve | <i>20</i> | 15,370 | 15,370 | 11,918 | 11,918 |
| Capital Revaluation reserve | <i>20</i> | 3,712 | 3,712 | 3,819 | 3,819 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | 19,082 | 19,082 | 15,737 | 15,737 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Total funds | | 36,995 | 36,995 | 31,794 | 31,794 |
| | | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

These financial statements on pages 13 to 36 were approved by Court on xx December 2011 and were signed on its behalf by:



Professor Nicholas Terry
*Acting Principal &
Chancellor*



Mr Nigel Hawkins
Vice-Chairman, University Court



Mrs Wendy Grant
Head of Finance

Consolidated cash flow statement
for the year ended 31 July 2011

| | <i>Note</i> | 2011 £000 | 2010 £000 |
|--|-------------|----------------------------|----------------------------|
| Cash inflow from operating activities | 23 | 3,042 | 1,911 |
| | | | |
| Returns on investments and servicing of finance | | | |
| Income from endowments | | 28 | 31 |
| Income from current asset investments | | 199 | 203 |
| Other interest received | | 30 | 25 |
| Interest paid | 9 | (109) | (115) |
| | | | |
| Cash inflow from returns on investments and servicing of finance | | 148 | 144 |
| | | | |
| Capital expenditure and financial investments | | | |
| Payments to acquire tangible fixed assets | | (4,947) | (6,434) |
| Capital grants received | | 2,431 | 3,331 |
| Endowments expenditure | | (79) | (55) |
| | | | |
| Cash outflow from capital expenditure and financial investments | | (2,595) | (3,158) |
| | | | |
| Management of liquid resources | | | |
| Sale of current asset investments | | 1,676 | 658 |
| Purchase of current asset investments | | (1,788) | (665) |
| | | | |
| Cash outflow from management of liquid resources | | (112) | (7) |
| | | | |
| Cash inflow/(outflow) before financing | | 483 | (1,110) |
| | | | |
| Financing | | | |
| Repayment of loan | | (150) | (150) |
| | | | |
| Cash outflow from financing | | (150) | (150) |
| | | | |
| Increase/(Decrease) in cash | 25 | 333 | (1,260) |

Notes

(forming part of the financial statements)

1 Grants from Scottish Funding Council

| | 2011 | 2010 |
|---|-------------|-------------|
| | £000 | £000 |
| SFC Recurrent grant : | | |
| Teaching Grant | 17,098 | 16,867 |
| Research Grant | 898 | 992 |
| Non-recurrent grants | 2,349 | 3,578 |
| Deferred capital grants released in year: | | |
| Buildings (note 18) | 157 | 120 |
| Equipment (note 18) | 174 | 158 |
| | 20,676 | 21,715 |
| | 20,676 | 21,715 |

2 Tuition fees and education contracts

| | 2011 | 2010 |
|--------------------------------|-------------|-------------|
| | £000 | £000 |
| UK student fees | 6,797 | 5,567 |
| EU student fees (excluding UK) | 1,267 | 975 |
| Non-EU student fees | 1,955 | 1,986 |
| Other fees | 68 | 79 |
| | 10,087 | 8,607 |
| | 10,087 | 8,607 |

3 Research grants and contracts

| | 2011 | 2010 |
|-------------------|-------------|-------------|
| | £000 | £000 |
| Research councils | 126 | 274 |
| UK charities | 317 | 413 |
| UK government | 125 | 213 |
| UK industry | 64 | 82 |
| EU | 51 | 41 |
| KTP | 190 | 225 |
| Other | 21 | - |
| | 894 | 1,248 |
| | 894 | 1,248 |

Notes (continued)

4 Other operating income

| | 2011 | 2010 |
|--|-------------|-------------|
| | £000 | £000 |
| Residences and catering | 1,105 | 1,548 |
| Other income-generating activities | 413 | 141 |
| Other grant income | 356 | 289 |
| Releases from deferred capital grants | 255 | 349 |
| Increase in value of Current Asset Investments | 229 | 133 |
| Other income | 1,072 | 728 |
| Student centre | 1,231 | - |
| | 4,661 | 3,188 |
| Subsidiary companies | - | 1,152 |
| | 4,661 | 4,340 |

5 Endowment and investment income

| | 2011 | 2010 |
|---|-------------|-------------|
| | £000 | £000 |
| Income from endowment asset investments (note 19) | 28 | 31 |
| Income from current asset investments | 199 | 203 |
| Gain on disposal of current asset investments | 479 | 83 |
| Other interest receivable | 30 | 25 |
| | 736 | 342 |
| | 736 | 342 |

6 Staff numbers and costs

The average number of persons employed by the University during the year, expressed as full time equivalents, was:

| | 2011 | 2010 |
|-------------------------------|---------------|------------------------------|
| | Number | Number (restated) |
| Senior management | 11 | 12 |
| Academic Departments | 225 | 225 |
| Academic Services | 62 | 63 |
| Research grants and contracts | 27 | 28 |
| Administration | 130 | 129 |
| Premises | 38 | 39 |
| Other | 4 | 3 |
| Catering and residences | 12 | 14 |
| Student Centre | 30 | - |
| | 539 | 513 |
| | 539 | 513 |

The comparative staff numbers have been amended to reflect the University's classification of staff numbers within direct support teams.

Notes (continued)

6 Staff numbers and costs (continued)

Staff costs for the above persons:

| | 2011 | 2010 |
|-------------------------------|-------------|-------------|
| | £000 | £000 |
| | | (restated) |
| Senior management | 2,075 | 1,322 |
| Academic Departments | 9,986 | 10,653 |
| Academic Services | 2,160 | 2,144 |
| Research grants and contracts | 1,191 | 1,287 |
| Administration | 4,666 | 4,538 |
| Premises | 1,156 | 1,163 |
| Other | 388 | 355 |
| Residences and catering | 307 | 323 |
| Student Centre | 649 | - |
| | <hr/> | <hr/> |
| | 22,578 | 21,785 |
| | <hr/> <hr/> | <hr/> <hr/> |

The comparative staff cost have been amended to reflect the University's classification of staff numbers within direct support teams.

Classified as:

| | | |
|-----------------------|-------------|-------------|
| Wages and salaries | 18,577 | 17,763 |
| Social security costs | 1,384 | 1,372 |
| Other pension costs | 2,617 | 2,650 |
| | <hr/> | <hr/> |
| | 22,578 | 21,785 |
| | <hr/> <hr/> | <hr/> <hr/> |

Costs of higher-paid employees:

| | | |
|--|-------------|-------------|
| Remuneration paid to the Principal / Acting Principals during the year including salary and other taxable benefits | | |
| <i>Professor B King (1/08/2010-30/06/2011)</i> | 230 | 221 |
| <i>Professor S Olivier (29/01/2011-3/03/2011)</i> | 21 | - |
| <i>Professor N Terry (4/03/2011-31/07/2011)</i> | 72 | - |
| Employer's contribution to pension | | |
| <i>Professor B King (1/08/2010-30/06/2011)</i> | 30 | 33 |
| <i>Professor S Olivier (29/01/2011-3/03/2011)</i> | 3 | - |
| <i>Professor N Terry (4/03/2011-31/07/2011)</i> | 11 | - |
| | <hr/> | <hr/> |
| | 367 | 254 |
| | <hr/> <hr/> | <hr/> <hr/> |

Notes (continued)

6 Staff numbers and costs (continued)

Remuneration, excluding employer's contributions to National Insurance and superannuation schemes, paid to other staff:

| | Number | Number |
|---------------------|--------|--------|
| £70,001 - £80,000 | 5 | 3 |
| £80,001 - £90,000 | 2 | 2 |
| £90,001 - £100,000 | - | - |
| £100,001 - £110,000 | - | - |
| £110,001 - £120,000 | 1 | - |
| £120,001 - £130,000 | - | 1 |
| £140,001 - £150,000 | 1 | - |

Expenses payable to the Executive Team of the University for out of pocket expenses were as follows:

| | £000 | £000 |
|---------------|----------|----------|
| Travel costs | 2 | 3 |
| Accommodation | 1 | 1 |
| Subsistence | <u>2</u> | <u>1</u> |
| | <u>5</u> | <u>5</u> |

Compensation for loss of office exceeding £100,000 was paid to one member of staff during the year. Compensation arrangements applied to two senior members of staff earning in excess of £70,000.

| | | |
|--------------|------------|-----------|
| Compensation | <u>410</u> | <u>77</u> |
|--------------|------------|-----------|

The terms for the compensation for loss of office were negotiated on an individual basis and were approved by the University Court.

7 Other operating expenses

| | 2011 £000 | 2010 £000 (restated) |
|---|--------------|----------------------------|
| Residences and catering | 582 | 958 |
| Equipment and consumables | 1,748 | 3,234 |
| Books and periodicals | 436 | 450 |
| Scholarships prizes and other endowment expenditure | 28 | 31 |
| Property costs including utilities | 864 | 844 |
| Repairs and general maintenance | 490 | 358 |
| University of Abertay Dundee Students' Association | 148 | 147 |
| External auditors' remuneration – external audit | 38 | 39 |
| External auditors' remuneration – other services | 15 | 2 |
| Internal auditors' remuneration | 41 | 45 |
| Travel and staff training | 564 | 640 |
| Professional fees | 1,465 | 955 |
| Advertising, marketing and public relations | 232 | 655 |
| Administration costs | 620 | 636 |
| Other expenses | 1,492 | 1,936 |
| Student Centre | 750 | - |
| | <hr/> | <hr/> |
| | 9,513 | 10,930 |
| Subsidiary companies | - | 1,577 |
| | <hr/> | <hr/> |
| | <u>9,513</u> | <u>12,507</u> |

The comparative staff cost have been amended to reflect the University's classification of staff numbers within direct support teams.

Notes (continued)

8 Analysis of expenditure by activity

| | Staff costs £000 | Depreciation and impairment £000 | Other operating expenses £000 | Total 2011 £000 | Total 2010 £000 (restated) |
|-------------------------------|-----------------------------|---|--|--------------------------------|---|
| Academic departments | 10,648 | 7 | 486 | 11,141 | 11,682 |
| Academic services | 2,160 | 26 | 930 | 3,116 | 3,283 |
| Research grants and contracts | 1,191 | 48 | 596 | 1,835 | 2,424 |
| Residences and catering | 307 | 166 | 583 | 1,056 | 1,220 |
| Premises | 1,156 | 1,186 | 2,350 | 4,692 | 4,335 |
| Administration | 6,079 | - | 2,808 | 8,887 | 9,665 |
| Other | 388 | 11 | 1,119 | 1,518 | 1,506 |
| Student centre | 649 | 109 | 750 | 1,508 | - |
| Subsidiary companies | - | 1 | - | 1 | 1,701 |
| Total | 22,578 | 1,554 | 9,622 | 33,754 | 35,816 |

The depreciation and impairment charge has been funded by:

| | 2011 £000 | 2010 £000 |
|---------------------------------|----------------------|----------------------|
| Deferred capital grant released | 586 | 627 |
| Revaluation reserve transferred | 107 | 107 |
| General income | 861 | 675 |
| | 1,554 | 1,409 |

9 Interest payable

| | 2011 £000 | 2010 £000 |
|---|----------------------|----------------------|
| On bank loans: | | |
| Repayable wholly or partly in more than 5 years | 109 | 115 |

Notes (continued)

10 Tangible fixed assets

| | Freehold land and buildings £000 | General equipment £000 | Computer specialist equipment £000 | Total £000 |
|------------------------------------|---|---------------------------------------|---|-----------------------|
| (a) Group | | | | |
| Cost or valuation | | | | |
| <i>At 1 August 2010</i> | | | | |
| Valuation – 1994 | 16,104 | - | - | 16,104 |
| Cost | 21,056 | 2,514 | 2,282 | 25,852 |
| Additions at cost | 4,712 | 35 | 287 | 5,034 |
| Disposals at cost | - | (115) | (53) | (168) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| <i>At 31 July 2011</i> | | | | |
| Valuation – 1994 | 16,104 | - | - | 16,104 |
| Cost | 25,768 | 2,434 | 2,516 | 30,718 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 July 2011 | 41,872 | 2,434 | 2,516 | 46,822 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Depreciation | | | | |
| <i>At 1 August 2010</i> | | | | |
| Charge for year | 782 | 162 | 298 | 1,242 |
| Impairment of assets | 312 | - | - | 312 |
| Eliminated in respect of disposals | - | (110) | (53) | (163) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 July 2011 | 8,536 | 2,169 | 2,024 | 12,729 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net book value | | | | |
| At 31 July 2011 | 33,336 | 265 | 492 | 34,093 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| At 31 July 2010 | 29,718 | 397 | 503 | 30,618 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Notes (continued)

10 Tangible fixed assets (continued)

| | Freehold land and buildings £000 | General equipment £000 | Computer specialist equipment £000 | Total £000 |
|------------------------------------|---|---------------------------------------|---|-----------------------|
| (b) University | | | | |
| Cost or valuation | | | | |
| <i>At 1 August 2010</i> | | | | |
| Valuation – 1994 | 16,104 | - | - | 16,104 |
| Cost | 21,056 | 2,512 | 2,282 | 25,850 |
| Additions at cost | 4,712 | 35 | 287 | 5,034 |
| Disposals at cost | - | (115) | (53) | (168) |
| | ----- | ----- | ----- | ----- |
| <i>At 31 July 2011</i> | | | | |
| Valuation – 1994 | 16,104 | - | - | 16,104 |
| Cost | 25,768 | 2,432 | 2,516 | 30,716 |
| | ----- | ----- | ----- | ----- |
| At 31 July 2011 | 41,872 | 2,432 | 2,516 | 46,820 |
| | ----- | ----- | ----- | ----- |
| Depreciation | | | | |
| <i>At 1 August 2010</i> | | | | |
| Charge for year | 7,442 | 2,116 | 1,779 | 11,337 |
| Impairment of assets | 782 | 161 | 298 | 1,241 |
| Eliminated in respect of disposals | 312 | - | - | 312 |
| | - | (110) | (53) | (163) |
| | ----- | ----- | ----- | ----- |
| At 31 July 2011 | 8,536 | 2,167 | 2,024 | 12,727 |
| | ----- | ----- | ----- | ----- |
| Net book value | | | | |
| At 31 July 2011 | 33,336 | 265 | 492 | 34,093 |
| | ===== | ===== | ===== | ===== |
| At 31 July 2010 | 29,718 | 396 | 503 | 30,617 |
| | ===== | ===== | ===== | ===== |

Buildings with a net book value of £24,004,000 and cost of £25,617,000 have been funded mostly from Treasury sources. Should these particular buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Scottish Funding Council.

Notes (*continued*)

11 Fixed asset and current asset investments

| | 2011 | 2010 |
|--------------------------------|-------------|-------------|
| | £000 | £000 |
| Fixed Asset Investments | | |
| Unlisted investment | | |
| At 1 August | 25 | 25 |
| | <hr/> | <hr/> |
| At 31 July | 25 | 25 |
| | <hr/> <hr/> | <hr/> <hr/> |

Unlisted investments are included at cost less provision for permanent diminution in value. The cost of these were £25,000 and no diminution in value is deemed necessary. The investment is in CVCP Properties plc.

| | 2011 | 2010 |
|--|-------------|-------------|
| | £000 | £000 |
| Current Asset Investments – listed securities | | |
| At 1 August | 5,324 | 5,101 |
| Additions | 2,017 | 798 |
| Disposals | (1,196) | (575) |
| | <hr/> | <hr/> |
| At 31 July | 6,145 | 5,324 |
| | <hr/> <hr/> | <hr/> <hr/> |

The market value of the above current asset investments is £7,305,000 (2009/10 £6,392,000).

Notes (continued)

12 Endowment asset investments

| | 2011 £000 | 2010 £000 |
|--|----------------------|----------------------|
| At 1 August | 995 | 909 |
| Appreciation/(Depreciation) on disposals/revaluation (note 19) | 61 | 110 |
| Disposal of endowment assets – reduction in balances held | (50) | (24) |
| | 1,006 | 995 |
| | 1,006 | 995 |
| At market value: | | |
| Fixed interest stocks (listed) | - | - |
| Equities (listed) | 819 | 758 |
| Land and property | 130 | 130 |
| | 949 | 888 |
| Balances held by the University | 57 | 107 |
| | 1,006 | 995 |
| | 1,006 | 995 |

The land and property included above relates to a property that was donated to the University. This property was revalued at 31 July 2004 on the advice of a firm of chartered surveyors.

13 Stocks

| | Group 2011 £000 | University 2011 £000 | Group 2010 £000 | University 2010 £000 |
|-------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|
| Stock | 23 | 23 | 28 | 28 |
| | 23 | 23 | 28 | 28 |
| | 23 | 23 | 28 | 28 |

14 Debtors: amounts falling due within one year

| | Group 2011 £000 | University 2011 £000 | Group 2010 £000 | University 2010 £000 |
|--------------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|
| Trade debtors | 602 | 602 | 363 | 363 |
| Debts due from students | 42 | 42 | 52 | 52 |
| Due from associated companies | - | 25 | - | 28 |
| Other debtors | 12 | 12 | 194 | 194 |
| Prepayments and accrued income | 836 | 836 | 2,453 | 2,453 |
| | 1,492 | 1,517 | 3,062 | 3,090 |
| | 1,492 | 1,517 | 3,062 | 3,090 |

Notes (continued)

15 Creditors: amounts falling due within one year

| | Group 2011 £000 | University 2011 £000 | Group 2010 £000 | University 2010 £000 |
|--|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|
| Bank loans | 150 | 150 | 150 | 150 |
| Trade creditors | 880 | 880 | 1,537 | 1,537 |
| Other creditors | 2,770 | 2,770 | 2,591 | 2,591 |
| Social security and other taxation payable | 619 | 619 | 462 | 462 |
| Accruals and deferred income | 3,312 | 3,312 | 4,922 | 4,922 |
| | <u>7,731</u> | <u>7,731</u> | <u>9,662</u> | <u>9,662</u> |

16 Creditors: amounts falling due after one year

| | Group 2011 £000 | University 2011 £000 | Group 2010 £000 | University 2010 £000 |
|------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|
| Bank loans | 1,950 | 1,950 | 2,100 | 2,100 |

The above represents a secured bank loan used to part-finance the construction of the Student Centre, with a repayment period of 20 years commencing on 1 July 2005 and a floating interest rate linked to LIBOR. The finance costs in the year relating to this loan have all been charged to Income and Expenditure Account. The University has granted a standard security over the Student Centre property and a floating charge over the whole of its assets.

The above bank loans are repayable as follows:

| | 2011 £000 | 2010 £000 |
|----------------------------|----------------------|----------------------|
| In one year or less | 150 | 150 |
| Between one and two years | 150 | 150 |
| Between two and five years | 450 | 450 |
| In five years or more | 1,350 | 1,500 |
| | <u>2,100</u> | <u>2,250</u> |

17 Provisions for liabilities and charges

| | 2011 £000 | 2010 £000 |
|------------------------|----------------------|----------------------|
| At beginning of year | 2,603 | 2,338 |
| Expenditure in period | (159) | (156) |
| Revaluation adjustment | 104 | 421 |
| | <u>2,548</u> | <u>2,603</u> |

The provision is for enhanced pension benefits to former members of staff. The valuation of the pension provision has been updated at 31 July 2011 using tables supplied by the Scottish Funding Council.

Notes (continued)

18 Deferred capital grants

| | Funding Council £000 | Other grants £000 | Total £000 |
|--|---------------------------------|------------------------------|-----------------------|
| Balance at 1 August 2010 | | | |
| Buildings | 6,336 | 8,365 | 14,701 |
| Equipment | 334 | 27 | 361 |
| | <hr/> | <hr/> | <hr/> |
| Total | 6,670 | 8,392 | 15,062 |
| | <hr/> | <hr/> | <hr/> |
| Cash received | | | |
| Buildings | 1,431 | 1,000 | 2,431 |
| Equipment | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total | 1,431 | 1,000 | 2,431 |
| | <hr/> | <hr/> | <hr/> |
| Released to income and expenditure account: | | | |
| Buildings (note 1) | 157 | 232 | 389 |
| Equipment (note 1) | 174 | 23 | 197 |
| | <hr/> | <hr/> | <hr/> |
| Total (note 8) | 331 | 255 | 586 |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 July 2011 | | | |
| Buildings | 7,610 | 9,133 | 16,743 |
| Equipment | 160 | 4 | 164 |
| | <hr/> | <hr/> | <hr/> |
| Total | 7,770 | 9,137 | 16,907 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

19 Endowments

| | Restricted 2011 £000 | Restricted 2010 £000 |
|---|-------------------------------------|-------------------------------------|
| At 1 August 2010 | 995 | 909 |
| Appreciation of endowment asset investments (note 12) | 61 | 110 |
| Income for year (Note 5) | 28 | 31 |
| Expenses for year | (78) | (55) |
| | <hr/> | <hr/> |
| At 31 July 2011 | 1,006 | 995 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Representing: | | |
| Scholarship funds | 67 | 63 |
| Prize funds | 103 | 197 |
| Other funds | 836 | 735 |
| | <hr/> | <hr/> |
| | 1,006 | 995 |
| | <hr/> <hr/> | <hr/> <hr/> |

Notes *(continued)*

20 Funds and reserves

(a) Group

| | Capital Revaluation reserve £000 | Income and Expenditure reserve £000 | Total £000 |
|-------------------------------|---|--|-----------------------|
| At 1 August 2010 | 3,819 | 11,918 | 15,737 |
| Surplus for year | - | 3,345 | 3,345 |
| Revaluation transfer for year | (107) | 107 | - |
| | <hr/> | <hr/> | <hr/> |
| At 31 July 2011 | 3,712 | 15,370 | 19,082 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| At 1 August 2009 | 3,926 | 11,367 | 15,293 |
| Surplus for year | - | 444 | 444 |
| Revaluation transfer for year | (107) | 107 | - |
| | <hr/> | <hr/> | <hr/> |
| At 31 July 2010 | 3,819 | 11,918 | 15,737 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

(b) University

| | Capital Revaluation reserve £000 | Income and Expenditure reserve £000 | Total £000 |
|-------------------------------|---|--|-----------------------|
| At 1 August 2010 | 3,819 | 11,918 | 15,737 |
| Surplus for year | - | 3,345 | 3,345 |
| Revaluation transfer for year | (107) | 107 | - |
| | <hr/> | <hr/> | <hr/> |
| At 31 July 2011 | 3,712 | 15,370 | 19,082 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| At 1 August 2009 | 3,926 | 11,367 | 15,293 |
| Surplus for year | - | 444 | 444 |
| Revaluation transfer for year | (107) | 107 | - |
| | <hr/> | <hr/> | <hr/> |
| At 31 July 2010 | 3,819 | 11,918 | 15,737 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Notes (continued)

21 Lease obligations for the group

| | 2011 | 2010 |
|---|-------------|-------------|
| | £000 | £000 |
| <i>Commitments under non-cancellable operating leases expiring:</i> | | |
| Land and buildings | | |
| Within one year | - | - |
| Between two and five years | - | - |
| Over five years | - | 190 |
| | - | 190 |
| | - | 190 |

There were no equipment non-cancellable operating leases.

22 Capital commitments for the group

| | 2011 | 2010 |
|---------------------------------|-------------|-------------|
| | £000 | £000 |
| Contracted but not provided for | 102 | 4,976 |
| | 102 | 4,976 |

23 Reconciliation of consolidated surplus to net cash inflow from operating activities

| | 2011 | 2010 |
|--|-------------|-------------|
| | £000 | £000 |
| Surplus for the year | 3,345 | 444 |
| Interest receivable (note 5) | (30) | (25) |
| Interest payable (note 9) | 109 | 115 |
| Income from current asset investments | (199) | (203) |
| Depreciation charges | 1,242 | 1,268 |
| Impairment charge | 312 | 141 |
| Profit on disposal of current asset investments | (479) | (83) |
| Appreciation of endowments | 61 | 110 |
| Appreciation on disposals/revaluation of endowment asset investments | (61) | (110) |
| Decrease in balances held by the University of endowment asset investments | 50 | 24 |
| Increase in value of current asset investments | (229) | (133) |
| Decrease/(Increase) in stock and work in progress | 5 | (11) |
| Decrease in debtors | 1,570 | 22 |
| (Decrease) / Increase in creditors | (2,019) | 698 |
| (Decrease) / Increase in provisions | (54) | 265 |
| Release of deferred grant (note 18) | (586) | (627) |
| Loss on disposal of fixed assets | 5 | 16 |
| | 3,042 | 1,911 |
| Net cash inflow from operating activities | 3,042 | 1,911 |

Notes (continued)

24 Reconciliation of net cash flow to movement in net funds

| | 2011 | 2010 |
|---|-------------|-------------|
| | £000 | £000 |
| Increase / (Decrease) in cash in year | 333 | (1,260) |
| Cash used to decrease liquid resources | (112) | (7) |
| Cash outflow from debt financing | 150 | 150 |
| | 371 | (1,117) |
| Change in net funds resulting from cash flows | 371 | (1,117) |
| Other non-cash change | 933 | 230 |
| | 1,304 | (887) |
| Movement in net funds in the year | 1,304 | (887) |
| Opening net funds | 9,181 | 10,068 |
| | 10,485 | 9,181 |
| Closing net funds | 10,485 | 9,181 |

25 Analysis of changes in net funds

| | At 1 August 2010 £000 | Cash flow £000 | Other non-cash change £000 | At 31 July 2011 £000 |
|---------------------------|-----------------------------|-------------------|-------------------------------------|----------------------------|
| Cash in hand | 6,058 | (50) | - | 6,008 |
| Term deposits | 49 | 383 | - | 432 |
| | 6,107 | 333 | - | 6,440 |
| Debt due within one year | (150) | 150 | (150) | (150) |
| Debt due after one year | (2,100) | - | 150 | (1,950) |
| Current asset investments | 5,324 | (112) | 933 | 6,145 |
| | 9,181 | 371 | 933 | 10,485 |
| | 9,181 | 371 | 933 | 10,485 |

26 Pension costs

The two principal pension schemes operated for the University's staff are the Scottish Teachers' Superannuation Scheme (STSS) and the Tayside Superannuation Fund (TSF). Both schemes are of a defined benefit type and are subject to independent actuarial valuations using the projected unit method. This determines the contribution rates payable by the University.

The latest actuarial valuation of the STSS received from the Scottish Public Pensions Agency (Formerly the Scottish Office Pensions Agency) is as at 31 March 2005. The valuation reveals assets of £18.5bn and liabilities of £19.5bn resulting in a deficit position of £1bn equating to notional investments. The valuation assumes that the rate of return will be 5.3% and that earnings will increase by 1.0% pa. The employers' contribution was 14.9% throughout the year. The employees' contribution was 6.4% throughout the year. Because the University is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement Benefits', the above scheme is accounted for as if it were a defined contribution scheme.

Notes (continued)

26 Pension costs (Continued)

The last actuarial valuation of the TSF (as at 31 March 2008), was based on assumptions of a nominal 7.8% return on investments, a 5.2% rate of increase in salaries and a 3.7% rate of increase in pensions. The valuation revealed a market value of assets of £1.6bn. It also revealed liabilities of the fund of £1.6bn, indicating a net deficit in funding of £38.3m. Employer contributions were 18.5% throughout the year and employees contributions were variable based on salary. Because the University is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement Benefits', the above scheme is accounted for as if it were a defined contribution scheme. In addition to the Pension Schemes outlined above the University has also given commitments over the years to provide enhanced pension benefits to staff members. A valuation of this commitment was carried out in 2009. The valuation was based on assumptions of a 6.0% return on investments and a 3.6% rate of increase in pensions. The valuation revealed a total liability in respect of these enhanced pension arrangements of £2.3m.

During the year to 31 July the total cost of these pension arrangements for the University was:

| | 2011 | 2010 |
|---------------------------|-------------|-------------|
| | £000 | £000 |
| STSS | 1,187 | 1,214 |
| TSF | 1,394 | 1,399 |
| USS | 36 | 37 |
| Enhanced pension payments | - | 106 |
| | 2,617 | 2,756 |
| | 2,617 | 2,756 |

27 Childcare and other student support funds

| | Childcare Fund | Discre- tionary Fund | Total 2010-11 | Total 2009-10 |
|-----------------------------|---------------------------|-------------------------------------|--------------------------|--------------------------|
| | £000 | £000 | £000 | £000 |
| Balance brought forward | - | 1 | 1 | 2 |
| Allocation received in year | 168 | 257 | 425 | 355 |
| Expenditure | (168) | (257) | (425) | (356) |
| | - | 1 | 1 | 1 |
| | - | 1 | 1 | 1 |

Funding council grants are available solely for the students; the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

28 Post balance sheet events

Since the end of the financial year on 31 July 2011 the University has disposed of 9 West Bell Street for £425,000. An impairment of £312,000 has been reflected within these financial statements to reflect the difference between carrying value and net realisable value.

Notes *(continued)*

29 Contingent liability

There are no contingent liabilities at 31 July 2011.

30 Subsidiary Undertakings

The University owns 100% of the issued share capital of ordinary shares of Add Knowledge Ltd. The principal activity of the company is software development. The accounting year end for Add Knowledge Ltd is 31 August.

The results are included in the consolidated accounts. All other subsidiary companies are dormant.

31 Related parties

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



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