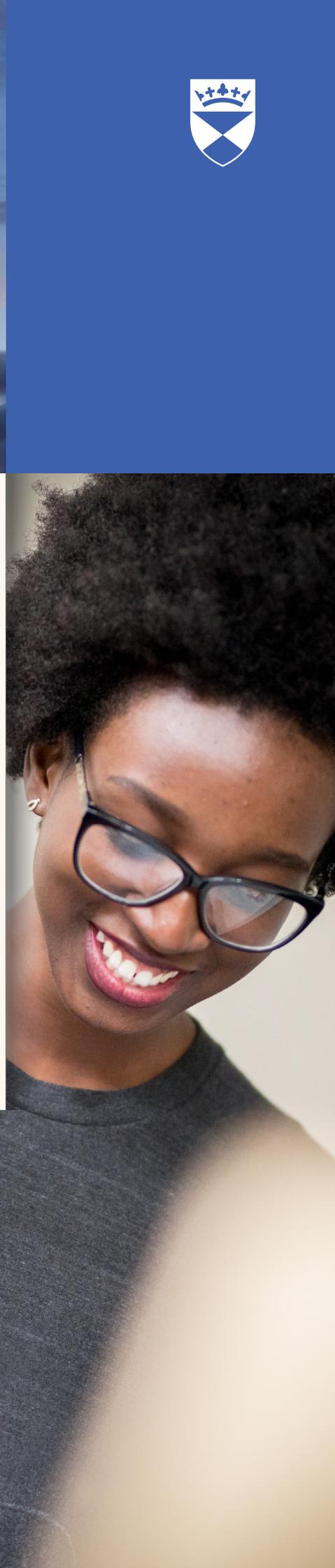




University of Dundee

Reports and
Financial Statements
2020/21



A high performance community...

transforming lives locally and globally

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Statement by the Chair of Court



In last year's report I praised the efforts of colleagues across the University in the face of the Covid pandemic. My tone last year was of hope that the pandemic was receding. I, like many of us, have been proved overly optimistic in that regard as the virus has continued to impact us all.

With every passing month, staff and students, as across society, have become wearier, the strain on physical and mental health has become a greater worry and the demands have not abated.

So once again I wish to pay tribute to the entire University community for the way they have continued to respond and provide, as far as possible, the best student experience and the greatest contribution to society through our research and public engagement.

Without seeking to tempt fate we are now planning for a much more normal environment on campus, especially from the start of 2022. Already there are strong signs that the campus is returning to some of the vibrance of old where people of all backgrounds can meet in a stimulating environment and enjoy a true Dundee experience.

Our new Principal, Professor Iain Gillespie, took office at the start of 2021 and is now well established in role. Our new strategy to cement our position as a triple intensive university (teaching, research and enterprise) is already forming and the examples of the fruits of our endeavour continue to show through. These examples are sprinkled throughout this report.

It is clear that to deliver that strategy we will need to invest very significantly in our University, not only the campus but, more importantly, in our people. One of the lessons of Covid was that we could have done even better if we had the digital infrastructure and the skills to deliver an outstanding learning experience wherever a student was in the world. Our strategy will include major investments in digital technology and skills. Similarly if all of our Schools are to be excellent we will need to make focussed investments in several areas, again in both facilities and staff development. How we prioritise this programme is one of the major tasks facing Court in this coming year.

A testament to the world leading nature of some of our activity has been the phenomenal success of ExScientia, a life sciences company which originated here at the University and which is now one of the outstanding 'unicorns' in the science sector, with a value that exceeds £1billion, making it the UK's

third largest pharmaceutical company. We realised significant proceeds from the sale of the majority of our holding in the company, demonstrating how our commercialisation activity and investment strategy can reap significant rewards for the University.

At the same time we still have work to do to bring our current activities to a sustainable financial position. There are areas of our activity which are not viable in their current form. We need to tackle these but in a way that observes our values and respects our people.

So we must tread a narrow path, being disciplined about costs but being ambitious through our investment for the future. Not only is this a challenge in itself but it can also be very difficult to explain, spending money in one area but cutting costs in another. It will be incumbent on Court and on leaders throughout the University to be prepared to spend time, explain the rationale and, where at all possible, bring colleagues with them.

The University is already a major influence on our city and our region. But there is more that we can do to be an engine for economic and social good based on partnerships with local and international entities. The Principal is determined to raise our profile and our influence to the betterment of all. He has Court's complete support in this endeavour.

Finally, I wish to thank all colleagues within the University but particularly my fellow Court members. They come from a rich range of backgrounds, give their time unpaid and add huge value to our direction and our scrutiny of the activities of the University Executive.

This is my final report following nearly six years as Chair of Court. There has been no shortage of challenge during that time but the role has, nonetheless, been a pleasure and a privilege. The University of Dundee is a wonderful institution which leaves an indelible mark on everyone who passes through it. I am no exception. Though I know there remain challenges ahead I can honestly say that the foundations have been laid and that, with ambition, skill and determination, the future of the University is a promising one.

Ronald Bowie
Chair of Court



Tay Cities Deal

£40 million

→ Combined funding from the Scottish and UK Governments for the projects

£190 million

→ Projected benefit to the local economy by 2053

280 jobs

→ The number of new jobs predicted to be created 2033, rising to 800 new jobs by 2053

League tables and other rankings

Guardian University Guide 2021

We are ranked 19th in the UK in the Guardian University Guide 2021. Dundee was rated 3rd in the UK for satisfaction with teaching and 8th for course satisfaction, which point to the quality of education and training we provide, and the commitment of staff and students across the University community. In the subject rankings, we are top for Medicine and in the top five for Dentistry (3rd), Design & Crafts (4th) and Education (4th).

Sunday Times Good University Guide 2021

The most recent Sunday Times Good University Guide placed us at 23rd in the UK and 4th in Scotland.

We were ranked joint top in the UK for Pharmacology and Pharmacy (equal with Cambridge), while the other subjects where we earned a top five place were Dentistry (2nd), Archaeology and Forensic Science (5th), Anatomy and Physiology (3rd), Biological Sciences (4th) and Subjects Allied to Medicine (3rd).

Complete University Guide 2021

We rank joint 1st in the UK for Medicine (equal with Glasgow) and for Medical Technology in the Complete University Guide 2021 rankings.

This caps a strong performance across our wider life and medical sciences with the University also in the UK top five for Dentistry (2nd), Forensic Science (2nd), Pharmacology & Pharmacy (2nd) and Biological Sciences (3rd).

The University also featured in the subject ranking top tens for Anatomy & Physiology (6th), Education (7th), General Engineering (7th), Social Work (8th) and Art & Design (9th). There was a dramatic rise in the tables for Nursing, which surged 22 places to sit 24th in the table.

In the overall league table, Dundee is at 31st in the UK, out of 130 universities, for the third consecutive year.

Times Higher Education University Impact Rankings (April 2020)

The University placed in the top 50 in the world in the 2020 edition of the Times Higher Education University Impact Rankings.

The rankings include more than 800 universities worldwide. Dundee is ranked 44th overall and 9th in the world against the Sustainable Development Goal of Good Health & Wellbeing.

Dundee was also ranked inside the top 50 against the SDGs of Climate Action, Responsible Consumption and Production, Peace, Justice and Strong Institutions, and Partnership for the Goals.

National Student Survey

Dundee ranked 11th among UK universities for overall student satisfaction in the 2020 National Student Survey (NSS). We recorded overall satisfaction of 87.4% for full time students on undergraduate degrees, well above the sector average and placing Dundee 4th in Scotland for overall satisfaction.

International Student Barometer (Autumn 2019)

We recorded one of the highest satisfaction rates in the Autumn 2019 International Student Barometer (ISB).

The results of the ISB's survey showed overall average satisfaction of 89.1% among Dundee's EU and international students, the highest percentage of any participating Scottish universities, 4th in the UK and 14th out of the 183 institutions participating across the world.

Dundee's Enquiry Centre had the 2nd highest satisfaction rating globally, highlighting the great work of our student support services.

Graduate Outcomes survey published by the Higher Education Statistics Authority (HESA) June 2020

Dundee is the 4th-placed university in the UK for graduates entering professional occupations (this excludes specialist higher education providers).

64.5% of Dundee graduates were working in professional occupations within 15 months of graduating.

The University is also top in Scotland, and 14th in the UK, for the proportion of graduates entering high skilled employment (87.4%), while more Dundee graduates in full-time professional employment agreed with the statement "my current activity is meaningful" (92%) than those from any other Scottish university.



Top in the UK for Sustainability

We were ranked top in the UK - and fifth in the world - for climate action in the 2021 Times Higher Education University Impact Rankings.



Strategy to 2022

Our strategy supports the core purpose, vision and values of the University.

Our core purpose

The University's core purpose is to transform lives, locally and globally through the creation, sharing and application of knowledge.

Our values

Our core values determine how we will achieve this ambitious vision. We will do this by valuing people, working together and with integrity, making a difference and pursuing excellence.

Our vision

We will be recognised as Scotland's leading university.

Our community

We will achieve our goals by working as a community committed to excellence. In doing so we will benefit our city and region by acting as a key gateway to the world. Our impact will be felt around the globe.

We are coming to the end of the strategic period from 2017 to 2022 and are beginning to develop our next strategy to move us forward again. We have reaffirmed our commitment to our core purpose of 'transforming lives' and our values remain integral to how we grow and develop as a community.

We have achieved much of what we set out to achieve in this period.

- We have improved our position across all of the major university rankings.
- We have increased our income from teaching and broadened our horizons, welcoming students from more countries than ever before.
- We have maintained our progress in widening access to higher education.
- We have improved our student retention and graduate employment and are now among the top institutions in the UK.
- We have been named among Europe's most innovative universities, reflecting the strength of our research. Our research excellence, strength and intensity is demonstrated by our UK top 5 position for the proportion of our income won and our world leading excellence demonstrated by our top 50 position in the Leiden World Ranking of Citations (proportion of citations in the top 1% of citations).
- Working with partners, we brought the V&A to Dundee and won a considerable contribution to our region's future through the Tay Cities Deal.

All of this has taken us significantly forward in our goal to be internationally leading from our base here in the east coast of Scotland.

As our new strategy emerges through consultation with our staff and students, we are resolute in our ambition towards academic and professional services excellence. We will learn from the Covid-19 pandemic, valuing what was important before it, building upon the new ways of living and working, and remembering those that we lost.

While still under development, we expect that our new Strategy will set out how we continue to be a pivotal force for economic, social and cultural development in our region and how our region is pivotal for us in attracting the best students and staff from Scotland, the UK and internationally. The new Strategy will also likely set out our commitments to environmental sustainability through our academic endeavour and the activities of our community and organisation.

Launching careers

Studying at the University of Dundee is one of the best launchpads you can give your career.

The 2022 edition of the Complete University Guide ranked us top in the UK for Graduate Prospects, while the 2022 QS World University rankings placed us 159th globally for graduate employment rate.



Our organisational structure

The University is organised into ten schools together with professional services. Each school is led by a Dean supported by a number of Associate Deans and a School Manager. The activity in the schools is 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	128	1,400	1,266	9.9
School of Business	72	1,271	1,169	5.5
School of Dentistry	73	394	372	6.6
School of Education & Social Work	104	2,162	1,607	6.6
School of Humanities	64	1,459	1,132	4.5
School of Life Sciences	680	1,024	948	56.4
School of Medicine	537	2,486	1,795	44.4
School of Health Sciences	101	2,640	2,068	6.7
School of Science & Engineering	217	2,240	1,938	14.4
School of Social Sciences	138	2,604	2,364	8.5
Professional Services	909	281	234	77.3
Other ²	3	-	-	28.7
	3,026	17,961	14,893	269.5

¹ Student FTE is shown on a teaching school basis so reflects the relative proportion of teaching of each student done by each school.
² Other costs include central costs such as depreciation and interest.

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. This is reflected in our consistently strong record for student experience, as seen in the major surveys of student opinion such as the National Student Survey and the Times Higher Student Experience Survey.

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

Results for the year

The Group reported an operating surplus (excluding USS pension adjustments) before other gains of £4.3m (2019: deficit of £8.0m). The reported surplus for the year, including the USS adjustment and other gains is £53.2m (2020 £21.1m).

Total comprehensive income for the year is £57.5m and includes a £40.3m gain on disposal of investments, a £6.6m gain on investments and a £4.3m reduction in the University of Dundee Superannuation Scheme (UODS) liability.

The reported surplus/deficit is improved by a number of non-recurrent items which do not reflect the underlying operating position for the year. Performance in the year was ahead of a cautious budget set in the context of the COVID pandemic and with considerable uncertainty. COVID had a major impact on the operations of the University during the year but action taken in the latter part of the 2019/20 financial year continued into 2020/21, tightly controlling costs and discretionary expenditure to offset reductions in income and increased costs. Additional non-recurrent funding of £9.9m was received from the Scottish Funding Council to mitigate COVID losses in income, enabling the University to provide support to students and to protect our core teaching and research activities.

In line with the previous financial year, the results for the year reflect the accounting adjustments in place for the 2018 actuarial valuation of the Universities Superannuation Scheme (USS). The impact on expenditure in the year is a £2.4m credit compared with the £30.5m credit in the previous year, the first year the 2018 valuation was adopted.

The adjusted operating position is as follows:

	Year ended 31 July 2021	Year ended 31 July 2020
	£000	£000
Reported surplus/(deficit) for the year	6,678	22,587
Impact of USS accounting adjustments	(2,370)	(30,540)
Operating surplus/(deficit) for the year excluding USS	4,308	(7,953)

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 31 to the Financial Statements.

The Group reports net assets of £197.0m at 31 July 2021, an increase of £57.7m in the year, with the impact of the gain on disposal of shares accounting for £40.3m of the increase.

The cash balance has increased significantly to £105.1m (2020: £27.9m). Net cash from operating activities was an inflow of £30.3m against an inflow of £11.2m in 2019/20 and this is described in more detail in the Cashflow and Treasury section of this review.

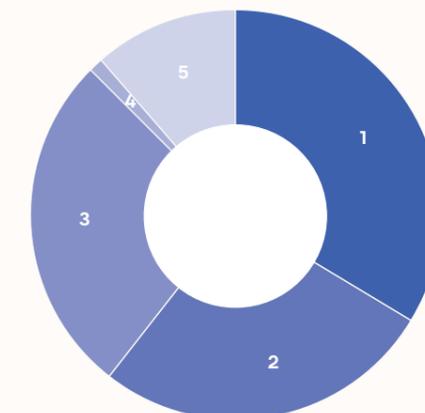
The Group drew down £15.9m of low-interest loan finance from the Scottish Funding Council in the year to support capital projects to reduce the University's carbon footprint, enhance energy efficiency and improve the student experience. The University continues to hold minimal levels of long-term loans relative to the majority of the Higher Education sector.

Income

Total income increased by 9% to £276.2m.

	2021		2020	
1 SFC grants	£93.4m	33.8%	£82.1m	32.4%
2 Tuition fees	£73.9m	26.8%	£74.1m	29.3%
3 Research Grants and Contracts	£74.4m	26.9%	£61.9m	24.4%
4 Donations	£3.5m	1.3%	£5.4m	2.1%
5 Other	£31.0m	11.2%	£29.8m	11.8%

Total income 2021 - Source: Consolidated and Institution Statement of Income and Expenditure



Total grant income from the Scottish Funding Council increased by 13.8% to £93.4m. This increase was attributable to a range of non-recurrent support measures to be support universities through the COVID pandemic, totalling £9.9m.

Tuition fee income was stable in the year, with a reduction of just 0.3%, from £74.1m to £73.9m, with international fee income and the delivery of CPD activity impacted by COVID. 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. Following a number of years of sustained growth the pre-COVID projections were for significant growth in the 2020/21 financial year, however given the impact of COVID on student mobility, the outturn is a solid result and represents an overperformance to the COVID adjusted budget, demonstrating a relatively strong performance in a very challenging year.

The ongoing impact of COVID on student recruitment is being closely monitored, but a return to growth is anticipated in 2021/22 and the University is budgeting for further growth over the next five years.

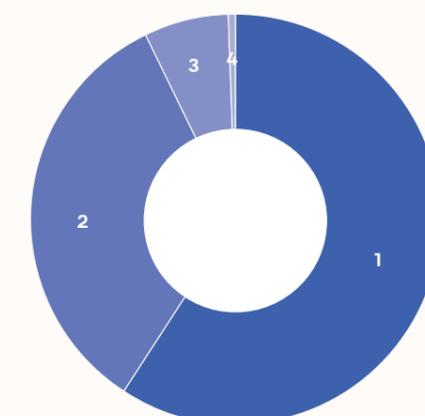
Research income has increased by £12.5m or 20.2% to £74.4m. This is a positive trend, reversing the reduced volume over the last few years. Although research activity was impacted by COVID, many areas of research work continued uninterrupted and the University was very successful in gaining several high profile COVID related research awards. 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. 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 4.1%, an increase of £10.6m to £271.9m (2020: £261.3m).

	2021		2020	
1 Staff Costs	£161.3m	59.3%	£159.1m	60.9%
2 Operating Expenses	£91.0m	33.5%	£83.7m	32.0%
3 Depreciation and Amortisation	£18.1m	6.7%	£16.9m	6.5%
4 Interest	£1.5m	0.5%	£1.6m	0.6%

Total expenditure 2021 - Source: Consolidated and Institution Statement of Income and Expenditure



Staff costs have increased by 1.4%, increasing by £2.2m to £161.3m. Staff numbers remained broadly stable during the year. Expenditure increased due to incremental progression by staff within the pay scale but there was no cost of living pay award for non-clinical staff in the year. Staff costs as a percentage of total income has reduced to 58.6% (2020: 62.8%) reflecting the modest increase in staff costs while overall income sees a more significant increase.

Other operating expenses increased by 8.7% to £91.0m, with £3.7m of the increase relating to the increase in research volume and the majority of the remaining increase related to COVID related costs, including the move to the delivery of online and blended learning

Depreciation and amortisation increased by £1.2m to £18.1m. This includes an impairment of £0.7m as described in Note 13.

Other gains and losses

The Group made a net gain of £40.2m on the disposal of shares in a spin-out entity. The Group also made a gain on its endowment investments of £4.5m in the year and a gain of £1.1m on other investments. Endowment investments are held at market value, with the gain reflecting a reversal of the loss in the previous financial year which was driven by the turbulent market conditions. These investments 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 2020/21 the University continued to make additional annual cash payments of £1.9m plus 3% inflation as agreed in September 2018. The additional cash payments for the year totaled £2.0m.

The FRS102 valuation shows an overall £4.3m improvement, with increased scheme assets partially offset by movements in liabilities due to changes in bond yields.

Net assets

At 31 July 2021 the University net assets were £197.0m, an increase of £57.7m on the prior year as a result of the underlying surplus combined with the gain on investments and the gain on the sale of investments.

Capital expenditure of £13.9m included refurbishment of space to meet student and research needs and continued investment in research and teaching equipment and IT systems and digital infrastructure.

Net current assets at 31 July 2021 totalled £34.6m, an increase of £65.5m against the £30.9m net current liabilities reported at 31 July 2020.

The pension scheme liability relates primarily to the USS and UoDS pension arrangements, which reduce overall this year from £135.8m to £130.6m based on actuarial advice.

Cashflow and treasury

Cash and cash equivalents increased by £77.3m over the year, closing at £105.1m. Net cash inflow from operating activities was £30.3m, which was £19.1m higher than the £11.2m inflow reported in 2019/20. A key factor in the improvement reported is an increase in the creditors balance, with increases in both trade creditors and accruals and deferred income. A material reversal of this is anticipated in the 2021/22 financial year.

£15.9m of low-interest loan finance from the Scottish Funding Council was drawn down in the year to support capital projects.

The University had in place a £40m revolving credit facility during the year, against which there have been no drawings since its inception. This was replaced with a new three-year £40m facility

signed after the financial year end and expiring in October 2024 with options to extend via one year extensions at the end of years one and two.

Endowment assets of £28.7m (2020: £24.6m) 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 2021 the University had an average of 42 days purchases outstanding in trade creditors (2020: 40 days).

Interest paid under the Late Payment of Commercial Debts (interest) Act 1998 was £890 (2020: £639).

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 2018 was completed in 2019 and is the basis of the provision calculation at 31 July 2021. The 2018 valuation was the fifth 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 £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

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 2020/21 represents the contributions payable to the scheme of £18.8m together with a reduction of £2.4m 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 2018 valuation Deficit

Recovery plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. The 2020 USS valuation was agreed after the reporting date, with an effective date of 1 October 2021, as described in Note 27.

A formal actuarial valuation for the University of Dundee Superannuation Scheme was carried out as at 31 July 2020. As of August 2021, the University pays 25.7% of salary in respect of future accrual, and £3,430,000 per annum increasing at 3% per annum to fund the deficit at the valuation date. Consultation on the future of the UODS scheme is ongoing.

Future financial outlook

The University of Dundee, in common with other Higher Education institutions, continues to face a challenging and uncertain financial environment, compounded by ongoing uncertainty around the impact of the COVID global pandemic and Brexit on overseas student recruitment. 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. Although the impact of COVID on our ability to recruit students is not yet clear, indications are very positive for student recruitment in September 2021 and we are anticipating significant growth against 2020 and above budget. The cost base continues to grow at a similar or higher rate to income. The future cost of pensions remains a high risk to financial sustainability for both USS and UoDS schemes. Pensions risk is a concern shared across the Higher Education sector.

A key aim within the University's Strategy to 2022 is to deliver sustainable ambition, enhancing financial performance to enable investment in the estates and infrastructure required to deliver our core purpose. We will focus on improving productivity and efficiency whilst continuing to drive profitable income growth in order to continue to progress towards our 25-year vision to be recognised as Scotland's leading university.



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. 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 recent events of 2020 have witnessed a year unlike any other, where the Covid-19 global pandemic and the Black Lives Matter protests have demanded that the higher education (HE) sector reflects upon its internal structures and processes that inadvertently impact on their workforce and students, especially those with protected characteristics. These events have created unprecedented challenges, but also opportunities and represent a watershed moment for the HE sector in terms of addressing issues of persistent inequalities by examining, reflecting and addressing key concerns.

In April 2021 we published a number of reports that show and demonstrate how we are fulfilling and progressing our statutory obligations under the Specific Duties of the Equality Act. These reports include: an equality mainstreaming and outcomes update report, a new set of equality outcomes that will cover the next four years (2021-2025), pay gap information in relation to sex, race and disability, statements on equal pay and occupational segregation for sex, race and disability, and employee monitoring information.

Our Equality Outcomes Plan (2021-2025) will continue and build on the significant progress achieved so far. We developed this Plan in partnership with our BME, LGBT+, Disability networks and other stakeholders to ensure alignment and embedding within all relevant strategies. Some of the focussed outcomes include:

- Development of a mental health charter to promote the mental health and wellbeing of staff and students
- Improvement in disclosure rates of protected characteristics

Our work on the areas of gender, race and LGBT is progressing through our engagement with external charters (Athena Swan, Race Equality Charter and Stonewall WEI). We have engaged quite extensively with our staff and students to shape our Race Equality Charter action plan which is ready for submission in October 2021.

Disability Services

Our Disability Services continues to provide confidential support for students and staff with a range of disabilities. They provide not only support for our own staff and students, but also carry out needs assessments for other universities and colleges through their Access Centre. During the Covid period, most services were provided remotely, e.g. appointments with clients. Some services were delivered on the campus in line with Covid-19 restrictions, e.g. loan equipment service, support of students unable to use other ways of communication due to their disabilities. The Service also offered a range of Teams events for students and staff to support mental health and wellbeing when working remotely.

Key Facts and Figures

- Figures for Dundee University in 2020 confirm that 2,253 students disclosed a disability (almost 14% of the student population).
- Almost 2,000 students were registered with Disability Services during 2020/21, an increase of 11% compared with the previous year. The number of students registered with the Service has increased every year for the past six years. The complexity of students' support needs has also increased.
- The majority of students disclosed specific learning difficulties (35%), mental health difficulties (24%) or multiple disabilities (14%). The number of registered students disclosing multiple disabilities increased by 167% over the past six years. Those disclosing mental health difficulties increased by 203% over the same period.
- All of our services were adapted for delivery online during the Covid restrictions, including our dyslexia screening and diagnostic service (in line with national guidance on remote assessment: [sasc.org.uk](https://www.sasc.org.uk)). Risk assessments and contingency plans were completed for all aspects of our services and will be updated for 2021/22.
- 313 students had a Disabled Students Allowance (DSA) study needs assessment through our Access Centre service (including 83 students from other universities and colleges), a slight decrease from the previous year.
- Income generated through our DSA related services was £65k, an increase of £15k from 2019/20.
- Over 120 disabled staff registered with Disability Services for confidential advice and support in 2020/21.



- Disability Services delivered a range of Teams events for students and staff from the start of the first Covid-19 lockdown and throughout 2020/21. Events offered included:
 - Studying and Working from Home
 - Relaxation Techniques
 - Kindness and Self-Care
 - Supporting Hearing Loss: Online Communications
 - Managing Uncertainty

Prof Iain Gillespie
Principal and Vice-Chancellor

Ronald Bowie
Chair of Court

Race Equality Charter

The University is committed to addressing racial inequalities and creating an inclusive environment. As part of this commitment we are in the process of applying to Advance HE for membership of the Race Equality Charter (REC).

Corporate Governance

This report covers the period from 1 August 2020 to 10 December 2021

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 2021. 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 has 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 purpose of the University, as set out in the 'Strategy to 2022' document (www.dundee.ac.uk/strategy), is 'to transform lives, locally and globally through the creation, sharing and application of knowledge'. This statement of purpose, supported by a vision to be recognised as Scotland's leading university, builds on and cements 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 University has begun the process to develop the University Strategy beyond 2022 and it is anticipated that this will be launched in March/April 2022.

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: www.dundee.ac.uk/governance/governance/court/primary-responsibilities. 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 2020/21 academic year, Mr 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. Since Mr Ronald Bowie's term as Chair ends on 31 July 2022, an election will be held in March/April 2022 to identify his successor. The Deputy Chair of Court 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 from 1 August 2019, none of the lay members receives any payment other than eligibility for the reimbursement of expenses for the work they undertake for the University. From 1 August 2019 the Chair of Court was 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 2020 to 2021. For 2020/21 this was equivalent to a gross daily rate of £335, although Mr Bowie has 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 has decided to make a payment of £17,085 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. 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 its 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. With over 180 societies within DUSA, there's something for everyone.

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.

In line with the University's Business Continuity Framework (approved by the Audit & Risk Committee) the University's response to the COVID pandemic has been led by Gold, Silver and Bronze COVID Executive Groups with extensive executive and operational membership and student representation. These Groups were themselves supported by Sub-Groups constituted at various stages of the pandemic to respond to specific themes: the Delivery of Education to Students, Research, Staff, International, Operations, Business Recovery, Financial Sustainability, with comprehensive reporting to the University Executive Group and onward consideration by the Court. The approach was risk-based and included the development and ongoing review of a COVID specific risk register, the RAG rating of prioritised actions and their ongoing tracking. From March 2020 to December 2020 the Court also instigated a programme of monthly virtual meetings at which the Principal reported on the University's response to the pandemic, following which members had the opportunity to ask questions and highlight issues.

During the pandemic, the University Court and its committees continued to meet as scheduled, although these became virtual, online meetings using Microsoft Teams. Support was provided to individual Court members to ensure they were able to participate fully in the meetings using the new format.

The composition of Court and its committees, along with the attendance of members at meetings during the session 2020/21, 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 has an entirely lay membership including 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: 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 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. A Continuing Professional Development Framework was introduced in 2018/19 to capture the training requirements of members as identified in these meetings. 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 Chairperson is responsible for ensuring that the University is well connected with, and responsive to, key stakeholder groups - many of whom are represented on Court. In doing so, the Chairperson from time to time attends meetings of the Senate, the University Executive Group and other senior management groups. The Court has now held three 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, the Director of Finance, the Director of Human Resources & Organisational Development and the Director of External Relations.

Remuneration levels of the members of the UEG as at 31 July 2021, excluding employer's pension contributions, were as follows:

Title	Banding
Principal & Vice Chancellor, Professor Iain Gillespie (from 1 January 2021)	£240,000 - £249,999
Interim Vice-Principal (Academic Planning and Performance)	£120,000 - £129,999
Vice-Principal (International)	£150,000 - £159,999
Vice-Principal (Education)	£110,000 - £119,999
Vice-Principal (Research, Knowledge Exchange and Wider Impact)	£120,000 - £129,999
University Secretary	£150,000 - £159,999
Director of Finance	£140,000 - £149,999
Director of External Relations	£110,000 - £119,999
Director of Human Resources and Organisational Development	£120,000 - £129,999

Strategic Planning and Monitoring

In 2017 the University approved a new framework which set out its strategic goals and objectives for the period to 2022. In measuring its progress in achieving these goals and objectives, Court and its committees receive regular reports from the Director of Strategic Planning on action plans and performance indicators, which are supported by access to online dashboards. The indicators cover a range of measures from undergraduate entry requirements and graduate employment rates to fee income levels, volume of research, income per academic full time equivalent (fte), and space and energy efficiency. An annual summary of performance relative to key performance indicators and progress towards strategic objectives is published on the Court web pages: dundee.ac.uk/governance/governance/court. The consultation on the development of the next strategic plan, covering the period 2022-2027, is well underway and the new strategy is expected to be launched in early 2022 alongside revised key performance indicator targets and measures.

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. During the pandemic, a separate COVID-19 Risk Register has been considered at each meeting of the Audit & Risk Committee and has also been shared with the Court.

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.

International influence

The University of Dundee is home to six of the world's most influential academics. Four experts from our School of Life Sciences, and a further two from the School of Medicine, have been named in Clarivate's Highly Cited Researchers 2021, an annual list of the world's most cited experts.



Court and Committee Attendance 2020/21

(All meetings were conducted online using Microsoft Teams)

		Court (of 7)	F&PC (of 6)	G&NC (of 5)	PODCo (of 6)	Audit ¹ (of 5)	Rem Com (of 4)
Janice Aitken		7		5			
Alan Bainbridge*		7	6				
Richard Bint*		7	6			5(a)	4
Tricia Bey*	From 01/08/2020	7				4 (of 4)	
Lord Provost Ian Borthwick*		-					
Ronald Bowie, Chairperson*		7	6	5			4
Dr William Boyd*		7	6		6		
Catherine Cavanagh	To 21/01/2021	3 (of 3)			2 (of 3)		
Lady Lynda Clark*		7				5	
Scott Quinn	To 31/06/2021	4	5				
David Dorward*		6	6				4
Jia Hui (Gigi) Gan*	To 31/07/2021	6		4	3 (of 5)		3
Professor Iain Gillespie	From 01/01/2021	4 (of 4)	3 (of 3)	3 (of 3)			2 (of 2)
Professor Lynn Kilbride		7			5		
Rebecca Leiper		7			3		
Professor David Maguire	To 31/12/2020	3 (of 3)	3 (of 3)	2 (of 2)			2 (of 2)
Bernadette Malone, Deputy Chairperson*	To 31/07/2021	7	6 (a)	5	6		3
Jane Marshall*		7		5	6		4
Dr David Martin		7			5		
Ron Mobed*	From 01/08/2020	5		2 (of 3)			4
Marianne Reilly	From 01/03/2021	3 (of 3)			1 (of 1)		
Professor Mairi Scott		7	6	5			
Jay Surti*		7	2 (of 2)		6		
Sharon Sweeney		7	6				3
Karen Thomson*	From 01/08/2020	7			5 (of 5)		1 (of 1)
Keith Winter		7				5	

(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 on the Committee of which they are not the Convener.

*Lay Members



A top university for spinouts

We have been named one of the best universities in the UK for producing successful spinouts, with a 2021 report ranking us sixth most successful at commercialising innovation.

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 two additional co-opted members, who are not members of Court: Karen Bassett who attended four meetings and Colin Clunie who attended five meetings.

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 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.

As part of the University's response to the Covid-19 pandemic, the University implemented its Business Continuity Management Framework and constituted Gold, Silver and Bronze-level committees to provide oversight and governance of the response. These were supported by individual, more specialised sub-groups. Through this mechanism the University developed a COVID-19 Risk Register which has been reviewed on a regular basis by the University Executive Group, the Audit & Risk Committee and the University Court.

Identified key risks

Risk area	Risk description	Risk management
COVID-19	Failure to ensure health and wellbeing of staff and students, recruit new cohorts of students and deliver continuity of teaching and research	<ul style="list-style-type: none"> → COVID-19 response structure in place including specialist sub-groups and business recovery planning. Work ongoing to mitigate the risks of further incidents including but not limited to COVID-19 outbreaks, return to lockdown and cybersecurity, estate or other people-related incidents.
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 → Academic Excellence Structure Programme includes a workstream on financial sustainability
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 → Online support is available to students with COVID-19, self-isolating and/or studying remotely

Identified key risks - continued

Risk area	Risk description	Risk management
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 focusses on research excellence → Research Excellence & Efficiency Group established
Process, systems, efficiency and resilience	Processes and systems provide inadequate information for effective decision making while incurring unnecessary costs	<ul style="list-style-type: none"> → The Transformation Project, which will see the replacement of most corporate systems with a new Integrated Business System, will simplify and standardise processes while providing one source of accurate data → A new network has improved the performance and robustness of the IT infrastructure → Cyber Essentials + Accreditation
Estate	Degradation of the estate could lead to the failure of key services and have an adverse impact on teaching and research	<ul style="list-style-type: none"> → The capital programme is prioritised to the most important areas for the University, with an emphasis on ensuring compliance and health and safety of users
Staff	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 → Policies revised for the COVID-19 incident to ensure staff receive adequate support
Government policy and legislation	Failure to meet the requirements of the University's outcome agreement with the SFC	<ul style="list-style-type: none"> → Strong alignment between the requirements of the outcome agreement and the University's own strategy → Revised recruitment procedures for MD20 students

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 2021 which comprise Consolidated and Institution Statement of Comprehensive Income and Expenditure, Consolidated and Institution Statement of Changes in Reserves, Consolidated and Institution Statement of Financial Position, Consolidated Statement of Cash Flows and the related notes 1 to 33, 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:

- give a true and fair view of the group's and of the parent institution's affairs as at 31 July 2021, and of the Group's and parent institution's income and expenditure, gains and losses and changes in reserves and of the Group's 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 group and parent institution's ability to continue as a going concern for a period of 20 months until 31 July 2023 from when the financial statements are authorised for issue.

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 group'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 4 to 27, 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 Responsibilities of Court set out on page 18, 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 group or the parent 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 income and expenditure. 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 and a 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 110 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



Committed to sustainability

Our commitment to sustainability saw us complete our divestment from fossil fuels in October 2021 – less than a year after announcing our intention to do so and four years ahead of schedule.

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Financial Statements

Year ended 31 July 2021

Consolidated and Institution Statement of Income and Expenditure

Year ended 31 July 2021

	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated £000	Institution £000	Consolidated £000	Institution £000
Income					
Scottish funding council grants	1	93,448	93,448	82,055	82,055
Tuition fees and education contracts	2	73,910	73,910	74,082	74,082
Research grants and contracts	3	74,355	74,355	61,894	61,894
Other income	4	30,475	29,986	29,222	28,828
Investment income	5	521	521	709	709
Donations and endowments	6	3,513	3,500	5,381	5,372
Total income		276,222	275,720	253,343	252,940
Expenditure					
Staff costs	7	158,650	158,223	127,470	127,054
Other operating expenses	8	90,999	90,913	83,691	83,867
Depreciation and amortisation	12, 13	18,075	17,995	16,895	16,808
Interest and other finance costs	9	1,820	1,820	2,700	2,700
Total expenditure		269,544	268,951	230,756	230,429
Surplus before other gains and share of operating loss in associate		6,678	6,769	22,587	22,511
Gain on disposal of tangible assets		-	-	-	-
Gain on disposal of investments		40,282	40,282	-	-
Gain/(loss) on investments		6,632	6,632	(1,426)	(1,426)
Share of operating loss in associate	21	(393)	-	(23)	-
Surplus before tax		53,199	53,683	21,138	21,085
Taxation	10	-	-	-	-
Surplus for the year		53,199	53,683	21,138	21,085
Remeasurement of pension scheme liability	32	4,262	4,262	(29,374)	(29,374)
Total comprehensive income/(loss) for the year		57,461	57,945	(8,236)	(8,289)
Represented by:					
Endowment comprehensive income/(loss) for the year		4,812	4,812	(1,104)	(1,104)
Restricted comprehensive loss for the year		97	97	132	132
Unrestricted comprehensive income/loss for the year		53,139	53,230	(6,977)	(7,053)
Attributable to the Institution		57,854	57,945	(8,213)	(8,289)
Attributable to the non-controlling interest		(393)	-	(23)	-
		57,461	57,945	(8,236)	(8,289)

All items of income and expenditure relate to continuing activities
The accompanying notes and policies on pages 39 to 76 form part of these financial statements.

Consolidated and Institution Statement of Changes in Reserves

Year ended 31 July 2021

Consolidated	Income and expenditure reserve					Total
	Endowment	Restricted	Unrestricted	Total excluding non-controlling interest	Non-controlling interest	
	£000	£000	£000	£000	£000	£000
Balance at 1 August 2019	31,275	3,269	118,415	152,959	(5,408)	147,551
Surplus/(deficit) from the income and expenditure statement	8	296	20,857	21,161	(23)	21,138
Other comprehensive income/(loss)	-	-	(29,374)	(29,374)	-	(29,374)
Release of restricted funds spent in year	(1,112)	(428)	1,540	-	-	-
Total comprehensive income for the year	(1,104)	(132)	(6,977)	(8,213)	(23)	(8,236)
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/(loss)	-	-	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 31 July 2021	34,983	3,040	164,778	202,801	(5,824)	196,977
Institution						
	Endowment	Restricted	Unrestricted	Total excluding non-controlling interest	Non-controlling interest	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 August 2019	31,275	3,269	118,006	152,550	-	152,550
Surplus/(deficit) from the income and expenditure statement	8	296	20,781	21,085	-	21,085
Other comprehensive income/(loss)	-	-	(29,374)	(29,374)	-	(29,374)
Other reserve movements	-	-	131	131	-	131
Release of restricted funds spent in year	(1,112)	(428)	1,540	-	-	-
Total comprehensive income for the year	(1,104)	(132)	(6,922)	(8,158)	-	(8,158)
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/(loss)	-	-	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 31 July 2021	34,983	3,040	164,314	202,337	-	202,337

Consolidated and Institution Statement of Financial Position

Year ended 31 July 2021

	Notes	As at 31 July 2021		As at 31 July 2020	
		Consolidated £000	Institution £000	Consolidated £000	Institution £000
Non-current assets					
Intangible assets	12	6,816	6,816	5,359	5,359
Tangible assets	13	276,122	273,540	281,730	279,683
Investments	15	31,407	31,407	25,129	25,129
		314,345	311,763	312,218	310,171
Current assets					
Stock		228	228	226	226
Trade and other receivables	16	31,862	34,541	30,059	32,082
Cash and cash equivalents	17	105,109	104,275	27,869	27,408
		137,199	139,044	58,154	59,716
Less: Creditors: amounts falling due within one year	19	(102,606)	(102,332)	(89,064)	(88,932)
Net current assets/(liabilities)		34,593	36,712	(30,910)	(29,216)
Total assets less current assets/(liabilities)		348,938	348,475	281,308	280,955
Creditors: amounts falling due after more than one year	20	(15,021)	(15,021)	(654)	(654)
Provisions					
Pension provisions	21	(130,559)	(130,559)	(135,753)	(135,753)
Other provisions	21	(6,381)	(558)	(5,586)	(156)
Total net assets		196,977	202,337	139,315	144,392
Restricted Reserves					
Income and expenditure reserve - endowment reserve	22	34,983	34,983	30,171	30,171
Income and expenditure reserve - restricted reserve	23	3,040	3,040	3,137	3,137
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		164,778	164,314	111,438	111,084
Attributable to the Institution		202,801	202,337	144,746	144,392
Attributable to the non-controlling interest		(5,824)	-	(5,431)	-
Total Reserves		196,977	202,337	139,315	144,392

Consolidated and Institution Statement of Financial Position

Year ended 31 July 2021

The financial statements were approved by the Court on 19 November 2021 and were signed on its behalf on 10 December 2021.

The accompanying notes and policies on pages 39 to 76 form part of these financial statements.

Ronald Bowie
Chairman of Court

Professor Iain Gillespie
Principal and Vice-Chancellor

Carol Prokopyszyn
Director of Finance

Consolidated Statement of Cash Flows

Year ended 31 July 2021

		Year ended 31 July 2021	Year ended 31 July 2020
	Notes	Consolidated £000	Consolidated £000
Cash flow from operating activities			
Surplus/(deficit) for the year		53,199	21,138
Adjustment for non-cash items			
Depreciation	13	17,379	14,202
Amortisation and impairment of intangible assets	12	696	2,693
Gain/(loss) on endowments and investments		(6,632)	1,426
Increase in stock		(2)	(34)
Increase in debtors	16	(1,803)	(730)
Increase in creditors		13,129	7,174
(Decrease)/increase in pension provision		(636)	245
Increase/(decrease) in other provisions	21	402	(355)
Pension costs less contributions payable		(1,944)	(32,451)
Share of operating loss in associate	21	393	23
Adjustment for investing or financing activities			
Investment income	5	(521)	(709)
Interest payable	9	1,820	2,700
Endowment income	6	(620)	(750)
Gain on sale of investments		(40,282)	-
Capital grant income	6	(4,248)	(3,388)
Net cash inflow from operating activities		30,330	11,184
Cash flows from investing activities			
Proceeds from sales of investments		40,282	-
Capital grants receipts	6	4,248	3,388
Disposal of non-current asset investments		20,159	10,295
Investment income	5	521	709
Endowment funds invested	6	(620)	(750)
Withdrawal of deposits		620	750
Payments made to acquire fixed assets	13	(11,771)	(8,775)
Payments made to acquire intangible assets	12	(2,153)	(3,393)
New non-current asset investments	15	(19,805)	(10,873)
		31,481	(8,649)
Cash flows from financing activities			
Interest paid	9	(169)	(110)
Interest element of finance lease	9	(3)	(43)
New endowments		620	750
New unsecured loans	20	15,900	-
Repayments of amounts borrowed	20	(534)	(273)
Capital element of finance lease		(385)	(729)
		15,429	(405)
Increase/(decrease) in cash and cash equivalents in the year		77,240	2,130
Cash and cash equivalents at beginning of the year	17	27,869	25,739
Cash and cash equivalents at end of the year	17	105,109	27,869

Statement of Principal Accounting Policies

Year ended 31 July 2021

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 in the United Kingdom.

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).

These financial statements are prepared on a going concern basis.

The impact and uncertainty as a result of Covid-19 on the future financial performance and cashflows of the University have been considered as part of the University's adoption of the going concern basis in these financial statements. Covid-19 has impacted all of the activities of the University in some way, however the most significant change has been to the delivery of teaching and to international students ability and desire to travel to the UK. The University has considered the risks and potential impact of these 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 strong with student intake for the 2021/22 academic year demonstrating further growth despite the impact of Covid-19. The University has a strong reputation for student experience and committed to a blended learning approach which provides students with both face-to-face and online delivery of teaching. In both the current and prior year, where students were unable to travel to Dundee, they have been able to fully study remotely. This approach has been successful in mitigating the risk of Covid-19 on teaching.
- At 31 July 2021 the University held net assets of £197.0m with borrowings of £16.3m of unsecured loans, equivalent to 5.9% of turnover in the year. In addition, the University held cash and cash equivalents and investments of £105.1m and a Revolving Credit Facility capability of £40m expiring in October 2024 which is undrawn. The Revolving Credit Facility is subject to financial covenants which were met at 31 July 2021.

→ The University has a financial plan for 2021/22 through to 2025/26 which takes into consideration the anticipated ongoing impact of Covid-19, recognising the significant impact it has had on the University together with required savings and increases in pension contributions to both the USS and UODS schemes. In support of this plan, cashflow projections have been prepared for twelve months from the date of approval of these consolidated financial statements. 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. The University carefully monitors the impact of Covid-19 on its financial position regularly. University management have considered various scenarios in assessing the impact of Covid-19 on future financial performance and cashflows. The ability to deliver our blended teaching approach mitigates risk in this respect against any further government enforced restrictions.

→ In order to test the resilience of the University's financial position, we have modelled a severe downside scenario. This pessimistic scenario assumes the Covid-19 impact continues to be severe and the University is unable to materially improve the international student intake. Additionally, this scenario assumes a downturn in research funding and other income, with a higher level of ongoing costs incurred. In this pessimistic 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 a result, even in this most severe scenario, the University is forecast to continue to operate within its available committed facilities, meeting all financial covenants. 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 further 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 successfully demonstrated the use of mitigating actions during 2020/21 and has significantly strengthened its balance sheet in this time.

→ The University has renewed its existing Revolving Credit Facility for a further 3 years demonstrating the ongoing support of our banking partners and the creditworthiness of the University.

Based on the above analysis, 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 2021. 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:

- the University has a present legal or constructive obligation as a result of a past event
- it is probable that a transfer of economic benefit will be required to settle the obligation; and
- 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 2021

Notes	Year Ended 31 July 2021		Year Ended 31 July 2020	
	Consolidated £000	Institution £000	Consolidated £000	Institution £000
1. Scottish funding council grants				
General fund - Teaching	58,035	58,035	53,928	53,928
General fund - Research and Innovation	22,084	22,084	22,837	22,837
COVID non-recurrent funding	9,873	9,873	-	-
Strategic Funding	729	729	1,902	1,902
Capital Funding	2,727	2,727	3,388	3,388
	93,448	93,448	82,055	82,055
2. Tuition fees and education contracts				
Home/EU domicile fees	22,920	22,920	20,738	20,738
Rest of UK domicile fees	11,654	11,654	11,866	11,866
Non-EU domicile fees	35,776	35,776	37,446	37,446
Non-credit bearing course fees	219	219	592	592
Other contracts	3,341	3,341	3,440	3,440
	73,910	73,910	74,082	74,082
3. Research grants and contracts				
Research councils	18,232	18,232	14,740	14,740
UK charities	19,984	19,984	16,510	16,510
European commission	4,548	4,548	4,529	4,529
UK industry	2,564	2,564	1,887	1,887
Other grants and contracts	29,027	29,027	24,228	24,228
	74,355	74,355	61,894	61,894

Notes to the Financial Statements

Year ended 31 July 2021

	Notes	Year Ended 31 July 2021		Year Ended 31 July 2020	
		Consolidated	Institution	Consolidated	Institution
		£000	£000	£000	£000
4. Other income					
Residences, catering and conferences		5,862	5,862	7,557	7,557
Other services rendered		8,779	8,864	8,789	8,872
Health authorities		6,221	6,221	6,850	6,850
Coronavirus Job Retention Scheme		808	797	2,469	2,406
Other income		8,805	8,242	3,557	3,143
		30,475	29,986	29,222	28,828

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.

CJRS was claimed for 361 employees during 2020/21.

5. Investment income					
Investment income on endowments	22	516	516	612	612
Other investment income		5	5	97	97
		521	521	709	709
6. Donations and endowments					
Capital grants		-	-	-	-
New endowments	22	620	620	750	750
Donations with restrictions	23	796	796	184	184
Other income with restrictions	23	16	16	112	112
Unrestricted donations		2,081	2,068	4,335	4,326
		3,513	3,500	5,381	5,372

Notes to the Financial Statements

Year ended 31 July 2021

	Notes	Year Ended 31 July 2021		Year Ended 31 July 2020	
		Consolidated	Institution	Consolidated	Institution
		£000	£000	£000	£000
7. Staff costs					
Staff Costs:					
Wages and salaries		123,053	122,693	123,056	122,707
Social security costs		11,883	11,862	11,791	11,771
Movement on USS provision		-	-	(31,666)	(31,666)
Other pension costs	32	23,714	23,668	24,289	24,242
Total		158,650	158,224	127,470	127,054

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

Staff costs by major category:

Academic departments	82,483	82,483	65,933	65,933
Academic services	13,101	13,101	10,497	10,497
Research grants and contracts	34,003	34,003	27,927	27,927
Administration and central services	20,053	19,626	15,558	15,142
Premises	4,999	4,999	3,995	3,995
Other	3,451	3,451	3,079	3,079
Catering and residences	560	560	481	481
	158,650	158,223	127,470	127,054

Notes to the Financial Statements

Year ended 31 July 2021

7. Staff costs - continued

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

	2020/21	2019/20
	£000	£000
Professor Iain Gillespie (from 1 January 2021)		
Annual salary	143	-
Bonus	-	-
Taxable benefits in kind	-	-
Non-taxable benefits in kind	-	-
Pension contributions to USS	30	-
Supplement in lieu of employer's pension contributions	-	-
Total	173	-

	2020/21	2019/20
	£000	£000
Professor David Maguire (Interim Principal and Vice-Chancellor from 1 February 2020 to 31 December 2020)		
Annual salary	98	117
Bonus	-	-
Taxable benefits in kind	-	-
Non-taxable benefits in kind	-	-
Pension contributions to USS	-	-
Supplement in lieu of employers' pension contributions	-	-
Total	98	117

	2020/21	2019/20
	£000	£000
Dr James McGeorge (Accountable Officer from 9 November 2019 to 31 January 2020)		
Annual salary	-	36
Bonus	-	-
Taxable benefits in kind	-	-
Non-taxable benefits in kind	-	-
Pension contributions to USS	-	8
Supplement in lieu of employer's pension contributions	-	-
Total	-	44

Notes to the Financial Statements

Year ended 31 July 2021

7. Staff costs - continued

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.

Remuneration for Dr Jim McGeorge is shown only for the period during which he was Accountable Officer.

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

The pay multiple of the Principal to the median earnings of the whole workforce is 6.2 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.

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

Notes to the Financial Statements

Year ended 31 July 2021

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.

	31/07/2021	31/07/2021	31/07/2020	31/07/2020
	Number	Number	Number	Number
	Non-clinical	Clinical	Non-clinical	Clinical
£100,000 to £109,999	11	2	12	3
£110,000 to £119,999	7	7	7	10
£120,000 to £129,999	4	7	4	5
£130,000 to £139,999	-	7	-	12
£140,000 to £149,999	5	5	3	6
£150,000 to £159,999	3	7	3	2
£160,000 to £169,999	1	4	-	4
£170,000 to £179,999	1	4	1	6
£180,000 to £189,999	-	2	-	-
£190,000 to £199,999	1	-	1	1
£200,000 to £209,999	-	-	-	-
£210,000 to £219,999	-	-	-	-
£220,000 to £229,999	-	-	-	-
£230,000 to £239,999	-	-	-	-
	33	45	31	49

	2020/21	2019/20
Average staff numbers by major category:	Number	Number
Academic departments	1,380	1,349
Academic services	265	274
Research grants and contracts	690	667
Administration and central services	439	429
Premises	159	169
Other	71	127
Catering and residences	21	20
	3,025	3,035

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 2021

		Year Ended 31 July 2021		Year Ended 31 July 2020	
	Notes	Consolidated	Institution	Consolidated	Institution
		£000	£000	£000	£000
8. Other operating expenses					
Academic departments		11,041	11,041	9,407	9,407
Academic services		9,951	9,997	8,655	8,744
Research grants and contracts		20,989	20,989	17,263	17,263
Administration and central services		24,041	23,976	23,935	23,880
Premises		11,925	11,858	11,180	11,322
Other		3,710	3,710	3,481	3,481
Catering and residences		9,342	9,342	9,770	9,770
		90,999	90,913	83,691	83,867

Other operating expenses include:

External auditors remuneration in respect of audit services		158		220
External auditors remuneration in respect of non-audit services		-		126
Internal auditors remuneration		101		53
Operating lease rentals:				
Plant and machinery	26	-		-
Office equipment	26	332		467
Agency staffing costs		487		992

		Year Ended 31 July 2021		Year Ended 31 July 2020	
		Consolidated	Institution	Consolidated	Institution
		£000	£000	£000	£000
9. Interest and other finance costs					
Loan interest repayable within 5 years		169	169	110	110
Finance lease interest		3	3	43	43
Net charge on pension schemes	32	1,648	1,648	2,547	2,547
		1,820	1,820	2,700	2,700

Notes to the Financial Statements

Year ended 31 July 2021

	Year Ended 31 July 2021		Year Ended 31 July 2020	
	Consolidated £000	Institution £000	Consolidated £000	Institution £000
10. Taxation				
Recognised in the statement of comprehensive income:				
Current tax				
UK corporation tax	-	-	-	-
Foreign tax	-	-	-	-
Total tax expense	-	-	-	-
	Year Ended 31 July 2021		Year Ended 31 July 2020	
	Consolidated £000		Consolidated £000	
11. Deficit on continuing operations for the year				
University surplus for the year	53,683		21,085	
Deficit generated by associate and subsidiary undertakings	(484)		53	
Surplus on continuing operations for the year	53,199		21,138	
12. Intangible assets				
	Assets in Use £000	Assets in the Course of Construction £000	Total £000	
Consolidated and University				
Cost				
At 1 August 2020	4,561	10,359	14,920	
Additions	91	2,062	2,153	
Transfers	80	(80)	-	
At 31 July 2021	4,732	12,341	17,073	
Amortisation and Impairment				
At 1 August 2020	950	8,611	9,561	
Charge for the year	696	-	696	
Impairment loss	-	-	-	
At 31 July 2021	1,646	8,611	10,257	
Closing balance	3,086	3,730	6,816	

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

Notes to the Financial Statements

Year ended 31 July 2021

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 2020	379,099	3,181	92,015	2,290	476,585
Additions	879	-	6,340	4,552	11,771
Transfers	890	-	202	(1,092)	-
Disposals	-	-	-	-	-
At 31 July 2021	380,868	3,181	98,557	5,750	488,356
Depreciation and impairment					
At 1 August 2020	105,520	2,324	87,011	-	194,855
Charge for the year	10,589	61	6,040	-	16,690
Impairment loss	689	-	-	-	689
Disposals	-	-	-	-	-
At 31 July 2021	116,798	2,385	93,051	-	212,234
Net book value					
At 31 July 2021	264,070	796	5,506	5,750	276,122
At 1 August 2020	273,579	857	5,004	2,290	281,730

Notes to the Financial Statements

Year ended 31 July 2021

13. Property, plant and equipment - continued

	Land and Buildings	Plant and Machinery	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£000	£000	£000	£000	£000
Institution					
Cost or valuation					
At 1 August 2020	378,540	-	91,931	1,524	471,995
Additions	879	-	6,337	3,940	11,156
Transfers	890	-	202	(1,092)	-
Disposals	-	-	-	-	-
At 31 July 2021	380,309	-	98,470	4,372	483,151
Depreciation and impairment					
At 1 August 2020	105,365	-	86,947	-	192,312
Charge for the year	10,578	-	6,032	-	16,610
Impairment loss	689	-	-	-	689
Disposals	-	-	-	-	-
At 31 July 2021	116,632	-	92,979	-	209,611
Net book value					
At 31 July 2021	263,677	-	5,491	4,372	273,540
At 1 August 2020	273,175	-	4,984	1,524	279,683

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 2021, freehold land and buildings included £8.9m (2020 - £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.

The impairment loss relates to a building earmarked for demolition.

Notes to the Financial Statements

Year ended 31 July 2021

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 2020	-	530	24,599	25,129
Additions	-	4	19,801	19,805
Disposals	-	-	(20,159)	(20,159)
Increase in market value of investments	-	2,177	4,455	6,632
At 31 July 2021	-	2,711	28,696	31,407

Institution

At 1 August 2020	-	530	24,599	25,129
Additions	-	4	19,801	19,805
Disposals	-	-	(20,159)	(20,159)
Increase in market value of investments	-	2,177	4,455	6,632
At 31 July 2021	-	2,711	28,696	31,407

Other non-current investments consist of:

	Consolidated and University
	£000
Listed investments	-
Index linked government stocks and investment trusts	528
Other	56
	584

Listed investments are held at fair value.

Notes to the Financial Statements

Year ended 31 July 2021

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
16. Trade and other receivables				
Amounts falling due within one year:				
Trade receivables	7,788	7,773	9,341	9,347
Prepayments and accrued income	24,074	23,816	20,718	20,529
Amounts due from subsidiary companies	-	2,952	-	2,206
	31,862	34,541	30,059	32,082

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
17. Cash and cash equivalents				
Short term deposits	95,823	95,823	20,337	20,337
Bank	9,242	8,408	7,479	7,018
Cash on hand	44	44	53	53
	105,109	104,275	27,869	27,408

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 2021

	£000	
18. Consolidated reconciliation of net debt		
Net debt at 1 August 2020	26,556	
Movement in cash and cash equivalents	77,239	
New loan finance	(15,900)	
Repayment of unsecured loans	534	
Movements in finance leases	387	
Net debt at 31 July 2021	88,816	
Change in net debt	62,260	
Analysis of net debt:	31 July 2021	31 July 2020
	£000	£000
Cash and cash equivalents	105,109	27,869
Borrowings: amounts falling due within one year		
Unsecured loans	(1,272)	(272)
Obligations under finance leases	-	(387)
	(1,272)	(659)
Borrowings: amounts falling due after more than one year		
Unsecured loans	(15,021)	(654)
Obligations under finance leases	-	-
	(15,021)	(654)
	88,816	26,556

Notes to the Financial Statements

Year ended 31 July 2021

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
19. Creditors: amounts falling due within one year				
Unsecured loans	1,272	1,272	273	273
Obligations under finance leases	-	-	387	387
Trade payables	7,092	7,040	5,901	6,049
Social security and other taxation payable	3,283	3,283	3,269	3,269
Accruals and deferred income	90,959	90,737	79,234	78,954
	102,606	102,332	89,064	88,932

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 2021		Year ended 31 July 2020	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
Research grants received on account	35,351	35,351	36,705	36,705
Other income received on account	32,664	32,635	24,454	24,437
	68,015	67,986	61,159	61,142

Notes to the Financial Statements

Year ended 31 July 2021

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
20. Creditors: amounts falling due after more than one year				
Deferred income	-	-	-	-
Unsecured loans	15,021	15,021	654	654
Obligations under finance leases	-	-	-	-
	15,021	15,021	654	654
Analysis of secured and unsecured loans:				
Due within one year or on demand	1,272	1,272	272	272
Due between one and two years	1,216	1,216	233	233
Due between two and five years	4,511	4,511	421	421
Due in five years or more	9,294	9,294	-	-
	16,293	16,293	926	926
Due within one year or on demand	(1,272)	(1,272)	(272)	(272)
Total secured and unsecured loans	15,021	15,021	654	654
Unsecured loans repayable by 2031	16,293	16,293	926	926
	16,293	16,293	926	926

There are three loans from Salix Limited amounting to £1,574k (2020 £1,574k) repayable in six-monthly, interest-free instalments until April 2026 to fund energy efficient lighting projects of which £453k (2020 £684k) remains outstanding at 31 July 2021.

There is a loan from the Scottish Funding Council carbon reduction programme amounting to £295k (2020 £295k) repayable in monthly, interest-free instalments until December 2025 to fund energy saving projects of which £200k (2020 £242k) remains outstanding at 31 July 2021.

There are seven new Scottish Funding Council Financial Transactions loans amounting to £15,640k. Interest is calculated at 0.25% per annum and the loans are all repayable by March 2031.

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 has been granted to ensure building refurbishments and energy and efficiency upgrades and are repayable in quarterly instalments until 31 March 2031.

The University had in place a £40m revolving credit facility during the year against which there have been no drawdowns. This was replaced with a new three-year £40m facility signed after the financial year end with options to extend via one year extensions at the end of years one and two.

Notes to the Financial Statements

Year ended 31 July 2021

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 2020	40,750	5,328	89,675	135,753	156	5,430	5,586
Utilised in year	(18,819)	(446)	(5,867)	(25,132)	(104)	-	(104)
Additions in 2020/21	-	80	3,679	3,759	506	393	899
Unused amounts reversed in 2020/21	16,449	(270)	-	16,179	-	-	-
At 31 July 2021	38,380	4,692	87,487	130,559	558	5,823	6,381

Institution

At 1 August 2020	40,750	5,328	89,675	135,753	156	-	156
Utilised in year	(18,819)	(446)	(5,867)	(25,132)	(104)	-	(104)
Additions in 2020/21	-	80	3,679	3,759	506	-	506
Unused amounts reversed in 2020/21	16,449	(270)	-	16,179	-	-	-
At 31 July 2021	38,380	4,692	87,487	130,559	558	-	558

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 2021 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	-1.17%--0.59%
Inflation	2.3%-2.9%

Notes to the Financial Statements

Year ended 31 July 2021

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 2021 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
VAT	506
Other	52
	558

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 2021

	University share	
	DSV Limited	of DSV Limited
	£000	£000
Total funds	(17,473)	(5,824)
Deficit for the year	(1,180)	(393)
Total income	5,556	1,852
Total fixed assets	26,890	8,963
Total current assets	13,644	4,548
Liabilities less than one year	(975)	(325)
Liabilities more than one year	(57,042)	(19,014)

Notes to the Financial Statements

Year ended 31 July 2021

22. Endowment Reserves

	Restricted permanent endowments	Unrestricted permanent endowments	Expendable endowments	2021 Total	2020 Total
	£000	£000	£000	Consolidated £000	Institution £000
Consolidated and Institution Balances at 1 August					
Capital	17,984	6,853	3,448	28,285	29,488
Accumulated income	1,886	-	-	1,886	1,787
	19,870	6,853	3,448	30,171	31,275
New endowments	90	-	530	620	750
Investment income	373	142	1	516	612
Expenditure	(382)	(142)	(255)	(779)	(1,112)
Increase/(decrease) in market value of investments	3,230	1,225	-	4,455	(1,354)
Total endowment comprehensive income for the year	3,311	1,225	276	4,812	(1,104)
At 31 July	23,181	8,078	3,724	34,983	30,171
Represented by:					
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
Analysis by type of purpose:					
Lectureships	7,450	-	-	7,450	6,329
Scholarships and bursaries	10,324	4,213	308	14,845	12,682
Research support	744	-	3,096	3,840	4,088
Prize funds	3,906	-	65	3,971	2,920
General	757	3,865	255	4,877	4,152
	23,181	8,078	3,724	34,983	30,171
Analysis by asset:					
Current and non-current asset investments				28,696	24,599
Cash and cash equivalents				6,287	5,572
				34,983	30,171

Notes to the Financial Statements

Year ended 31 July 2021

23. Restricted Reserves

Reserves with restrictions are as follows:

	Unspent capital grants	Donations	2021 Total	2020 Total
	£000	£000	Consolidated £000	Institution £000
Consolidated and Institution Balances at 1 August				
	227	2,910	3,137	3,269
New grants	-	-	-	-
New donations	-	796	796	184
Other income	-	16	16	112
Capital grants utilised	-	-	-	(33)
Expenditure	-	(909)	(909)	(395)
Total restricted comprehensive income for the year	-	(97)	(97)	(132)
At 31 July	227	2,813	3,040	3,137
Analysis of other restricted funds/donations by type of purpose:				
Lectureships			-	-
Scholarships and bursaries			8	9
Research support			1	1
Prize funds			-	-
General			2,804	2,900
			2,813	2,910

24. Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2021:

	31 July 2021		31 July 2020	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
Commitments contracted for	11,927	11,927	2,454	2,454
Authorised but not contracted for	3,697	3,697	6,756	6,756
	15,624	15,624	9,210	9,210

Notes to the Financial Statements

Year ended 31 July 2021

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 scale and timing of the potential obligation cannot be determined.

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 scale and timing of the potential obligation cannot be determined.

The University has given written undertakings to support the subsidiary companies at twelve months from the date of approval of these financial statements.

26. Lease obligations

Total rentals payable under operating leases:

	31 July 2021		31 July 2020	
	Plant and Machinery	Office Equipment	Total	Total
	£000	£000	£000	£000
Payable during the year	-	332	332	467
Future minimum lease payments due:				
Not later than 1 year	-	332	332	467
Later than 1 year and not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Total lease payments due	-	332	332	467

27. Events after the reporting period

As set out in note 32 in respect of the USS Pension Scheme, the 2020 valuation has been agreed with an effective date of 1 October 2021. The 2020 valuation has a dual rate schedule of contributions, part of which only becomes applicable if a recommended deed on benefit changes has not been executed by 28 February 2022. The impact of the 2020 valuation would be an increase of £78.9m in the USS provision at 31 July 2021, increasing to £117.3m.

Notes to the Financial Statements

Year ended 31 July 2021

28. Bursaries and other student support funds

	2020/21 Childcare £000	2020/21 Nursing £000	2020/21 Discretionary £000	2020/21 Total £000	2019/20 Total £000
Balance b/fwd	159	-	404	563	4
Refund to Scottish Funding Council	-	-	-	-	(4)
Allocation received in the year	70	58	2,194	2,322	1,689
Expenditure	(144)	(58)	(1,817)	(2,019)	(1,127)
University contribution to funds	-	-	1	1	1
Virements	(85)	-	85	-	-
Balance c/fwd	-	-	867	867	563
Repayable as clawback	-	-	-	-	-
Retained by University for students	-	-	867	867	563

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.

Until 30 November 2020 the Interim Principal David Maguire rented a residential property from the University at a cost of £800 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:

	2021 £000	2020 £000
Due to Dundee Student Villages	-	-

In accordance with the agreement with Dundee Student Villages, the University transferred £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 2021

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%
Dundee University Project Management Limited SC157081	This company is no longer trading. Formerly it managed professional fees on major capital build projects.	1	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. This company ceased trading on 31 October 2021, with all activities transferring to the University of Dundee.	147,000	100%

Notes to the Financial Statements

Year ended 31 July 2021

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 2021 on the total funds of the University of Dundee Nursery Limited, as reported in its financial statements, was as follows:

	At 1 August 2020	Income	Expenditure	Change in market value	At 31 July 2021
	£000	£000	£000	£000	£000
Consolidated (see note 30)					
University of Dundee Nursery Limited (SC032969)	(47)	521	(556)	-	(82)

The movement in the year to 31 July 2021 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 2020	Income	Expenditure	Change in market value	At 31 July 2021
	£000	£000	£000	£000	£000
Not consolidated					
Centenary Trust of Duncan of Jordanstone College of Art (SC020617)	123	-	-	-	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 2021

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 cost for the University and its subsidiaries was:

		Year Ended 31 July 2021	Year Ended 31 July 2020
	Note	£000	£000
USS		16,152	(13,457)
UODS including FRS 102 adjustments		6,590	5,076
Other pension schemes		972	1,004
	7	23,714	(7,377)

Notes to the Financial Statements

Year ended 31 July 2021

32. Pension Schemes - continued

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.

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.

The total cost charged to the profit and loss account is £16.4m (2020: £12.3m).

Deficit recovery contributions due within one year for the institution are £4.9m (2020 £1.8m).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 was underway but not yet complete at the reporting date.

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 2018 valuation was the fifth 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 £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% pa
Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI - 0.73%
	Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21
	Years 21 +: CPI + 1.55%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

Notes to the Financial Statements

Year ended 31 July 2021

32. Pension Schemes - continued

1. Universities Superannuation Scheme (USS) - continued

	2018 valuation	
Mortality base table	Pre-retirement:	
	71% of AMCO0 (duration 0) for males and 112% of AFC00 (duration 0) for females.	
	Post-retirement:	
	97.6% of SAPS SINMA 'light' for males and 102.7% of RFV00 for females.	
Future Improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 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:		
	2021	2020
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

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

Since the year end, the 2020 actuarial valuation has been signed, with an effective date of 1 October 2021 and a dual rate schedule of contributions:

- **leg 1**, which includes a small increase in contribution rates from the 2018 Valuation and a longer deficit recovery period as a result of the decision to proceed with benefit change by the Joint Negotiating Committee (JNC) subject to member consultation
- **leg 2**, which includes more significant increases in contribution rates from the 2018 Valuation and shorter deficit recovery period, which only becomes applicable if the JNC recommended deed on benefit changes has not been executed by 28 February 2022.

As at 31 July 2021 and assuming all other assumptions used to calculate the provision remain unchanged and that the deed on benefit changes is in place by 28 February 2022, this would have resulted in a revised provision of £117.3m, an increase of £78.9m from the current year end provision.

Notes to the Financial Statements

Year ended 31 July 2021

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	2.5%-4%
Staff changes	-1.50%-0%
Effective deficit contribution rate	2%-6% to 31/03/2028
Discount rate for high quality corporate bond	0.87%

The amounts recognised in comprehensive income are:

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£000	£000
Staff costs:		
Employer contribution allocated to scheme deficit	(1,784)	(1,460)
Difference between expected and actual contributions	(883)	(30,206)
	(2,667)	(31,666)
Employer contributions payable	18,819	18,209
	16,152	(13,457)

Net interest expense:

Unwinding of discount rate	297	1,126
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Movement in provision (Note 21):

Utilised in year:		
Employer contributions payable	(18,819)	(18,209)
Additions in year:		
Employer contributions adjusted for FRS 102	16,152	0
Unwinding of discount rate	297	1,126
	16,449	1,126

Unused amounts reversed:	-	(13,457)
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Notes to the Financial Statements

Year ended 31 July 2021

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 2021, the University pays 25.7% of salary in respect of future accrual, and £3,430,000 per annum (over the 2020/21 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 2021 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 2021

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 2021	Year Ended 31 July 2020
	£000	£000
Defined benefit obligation	(233,114)	(219,627)
Fair value of plan assets	145,627	129,952
Net amount recognised at year end	(87,487)	(89,675)

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)	6,590	5,076
Loss on plan introductions, changes, curtailments and settlements	-	91
Net interest expense	1,351	1,421
Charge recognised in profit or loss	7,941	6,588

Remeasurements of the net liability:

Return on scheme assets (excluding amount included in net interest expense)	(11,158)	(4,550)
Actuarial loss	6,896	33,924
Charge recorded in other comprehensive income	(4,262)	29,374
Total defined benefit cost/(credit)	3,679	35,962

Notes to the Financial Statements

Year ended 31 July 2021

32. Pension Schemes - continued

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

The principal actuarial assumptions used were:

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£000	£000
Liability discount rate	1.70%	1.50%
Inflation assumption - RPI (pre-2030)	3.20%	2.80%
Inflation assumption - RPI (post-2030)	3.00%	2.80%
Inflation assumption - CPI (pre-2030)	2.30%	1.90%
Inflation assumption - CPI (post-2030)	2.90%	1.90%
Rate of increase in salaries (pre-2030)	3.30%	2.90%
Rate of increase in salaries (post-2030)	3.90%	2.90%

Revaluation of deferred pensions:

Benefits accrued prior to 1 August 2011 (pre-2030)	2.30%	1.90%
Benefits accrued prior to 1 August 2011 (post-2030)	2.90%	1.90%
Benefits accrued after 1 August 2011 (pre-2030)	2.30%	1.90%
Benefits accrued after 1 August 2011 (post-2030)	2.50%	1.90%

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%	3.40%
Benefits accrued after 5 April 1997 (post-2030)	3.50%	3.40%
Benefits accrued after 1 August 2009 (pre-2030)	3.20%	2.80%
Benefits accrued after 1 August 2009 (post-2030)	3.00%	2.80%
Benefits accrued after 1 August 2011 (pre-2030)	2.30%	1.90%
Benefits accrued after 1 August 2011 (post-2030)	2.90%	1.90%

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	85.2	85.5
Female aged 65 at year end	88.5	88.6

Expected age at death of future pensioner at age 65:

Male aged 45 at year end	86.8	86.8
Female aged 45 at year end	90.3	90.0

Notes to the Financial Statements

Year ended 31 July 2021

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	129,952	(219,627)	(89,675)
Benefits paid	(5,053)	5,053	-
Current service cost	-	(6,590)	(6,590)
Contributions from the employer	5,867	-	5,867
Contributions from the employees	1,735	(1,735)	-
Interest income/(expense)	1,968	(3,319)	(1,351)
Return on assets (excluding amount included in net interest expense)	11,158	-	11,158
Actuarial gains/(losses)	-	(6,896)	(6,896)
Gain/(loss) on plan introductions and changes	-	-	-
Assets distributed/liabilities extinguished on settlements	-	-	-
At end of period	145,627	(233,114)	(87,487)

The return on plan assets was:

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£000	£000
Interest income	1,968	2,908
Return on plan assets (excluding amount included in net interest expense)	11,158	4,550
Total return on plan assets	13,126	7,458

The major categories of scheme assets are as follows:

UK Equities	5,789	1,485
Overseas Equities	21,039	21,771
Corporates	10,119	14,455
Gilts	17,091	34,483
Index Linked	24,644	868
Property	6,822	10,121
Insureds	231	242
Other	59,572	39,544
Cash	320	6,983
Total market value of assets	145,627	129,952

Notes to the Financial Statements

Year ended 31 July 2021

32. Pension Schemes - continued

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

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£000	£000
Level 1	870	2,690
Level 2	122,101	125,386
Level 3	22,656	1,876
Total market value of assets	145,627	129,952

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 2021 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 2021, 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 2021 are set out in Note 32. The approach for determining key assumptions is consistent with the previous year end, updated for market conditions.

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 0.87%.

With the 2020 valuation agreed with an effective date of 1 October 2021, the impact would be an increase of £78.9m in the USS provision at 31 July 2021, increasing to £117.3m.

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.

d) Revenue recognition

Certain grants, donations and research revenue are recognised in the Consolidated Statement of Comprehensive Income as performance conditions are satisfied. Research revenue grants are based on budgeted awards which specify performance levels. These grants therefore have performance-related conditions attached. Capital grants are funds used for acquisition or building of items that are capital in nature. Restrictions on the grants have been identified as funds are allocated for specific capital items. Income is recognised on entitlement upon award of the grant. Management apply judgement in deferring income received for conditions not yet satisfied and accruing for income not yet received.

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