

UNIVERSITY
of
ABERTAY DUNDEE

Annual Report and Financial Statements for the year ended July 2007

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Report of the Convenor of the Finance, Personnel & General Purposes Committee

Scope of the Financial Statements

The Financial Statements presented on pages 14 to 32 comprise the financial results of the University of Abertay Dundee for the year to 31 July 2007.

Results for the Year

The results for the year to 31 July 2007 are summarised as follows:

	2007 £000	2006 £000
Income	34,395	32,455
Expenditure	33,452	32,443
	<hr/>	<hr/>
Surplus for the year before exceptional items	943	12
Profit/(loss) on disposal of fixed assets	(808)	-
Transfer from accumulated income within endowments	2	25
	<hr/>	<hr/>
Surplus/(deficit) for the year retained within general reserves	137	37
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The Committee is satisfied with the financial performance of the University for the year. A substantial operating surplus was recorded before exceptional items. The loss on disposal of fixed assets arises from the decision to sell the Parker Street site, and to transfer the design rights of the proposed student residence project to a third party property developer. The transfer and sale provides for the shifting of development and demand risk from the University to the third party.

Income during the year was boosted by a comparatively successful year for recruitment of home students, in which the University maintained its position in a very competitive marketplace, and also by a very successful year for overseas recruitment, with the proportion of non-UK students rising to almost a quarter of the total student population.

Income was also augmented by the University becoming involved in several of the Scottish Funding Council's national pooling initiatives, although these will entail commitments on additional expenditure by the University in the future to unlock matched funding. The University also continued to perform well in winning knowledge transfer projects and their associated funding.

Finally, a cautious recruitment policy allied to the successful completion of the Framework Agreement enabled the University to maintain a tight rein on staff costs during the latter part of the year and to begin planning for a workforce better suited to both the University's strategic objectives and its available resources over the next four years.

Investment Performance

The Committee notes that the market value of listed investments held by the University has continued to improve during the year, and showed an unrealised surplus of over £1million at 31st July 2007 in addition to some profit-taking during the year generating £295,000 of realised gains which were used in funding the Parker Street development.

Report of the Convenor of the Finance, Personnel & General Purposes Committee (*continued*)

Cash Flow

The Cash Flow Statement shows that there was a net cash inflow of £1,148,000 during the year.

Creditor Payment Policy

The University aims to pay all invoices from creditors within 30 days of the date of the invoice, in line with the CBI prompt payment policy. During 2006/07 the University paid 63% of invoices within 30 days, with no penalty interest incurred (2006: 63%).

Future Developments

The University of Abertay Dundee plans to continue to develop the range and quality of its academic and research provisions. It also remains committed to widening access and enhancing the student experience.

The University is aware of the continuing requirement to review and revise the courses that it offers in order to maintain a vibrant, attractive and cost effective portfolio. During the year to 31 July 2007 the University continued to review its academic portfolio and associated staffing and support establishments.

The University made progress in the development of its position as a “city centre” based campus and will continue to implement its estates strategy.

Employment Policy

Equal Opportunities

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

Employment of Disabled Persons

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

Report of the Convenor of the Finance, Personnel & General Purposes Committee (*continued*)

Disabled Students

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

Employee Involvement

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

Conclusion

Overall, the University remains in a position of financial strength, which mirrors its academic achievements. This has been achieved through the efforts of all the University's staff: academic, research, administrative and technical. Court will wish to join me in thanking them all for their continued efforts.



Angus Macmillan Douglas
Convenor,
Finance, Personnel & General Purposes Committee

Corporate governance statement

The University Court is the governing body of the University. The composition, functions and powers of the Court are set out in the University of Abertay Dundee (Scotland) Order of Council 1994, which incorporates parts of the Dundee College of Technology Scheme 1975. Under the Order, the objects of the University are to provide education, undertake and carry out research, make suitable and adequate provision for such activities, and conduct the affairs of the University in ways that promote its objects. The University is committed to exhibiting good practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued in July 2003, in the Turnbull Guidance on Internal Control and in the Committee of University Chairmen's (CUC) Guide for Members of Higher Education Governing Bodies in the UK (November 2004).

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

Court undertakes a continuous review of the process used by the University to identify, measure and manage its key risks. These risks comprise both business and financial risk and derive from operating in the environments comprising the higher education sector. The main depository for the identification, measurement and management of risk is the University's Risk Register. This process is overseen by the Risk Management Committee of Court, is reviewed by the Audit Committee of Court, and accords with the internal control guidance for directors on the Combined Code as amended by the British Universities Finance Directors Group.

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

The membership of Court for the year to 31 July 2007 was as follows:

<i>Professor G Hewitt (Chairman)</i>	<i>Mr D McLaren</i>
<i>Mr N Hawkins (Vice-Chairman)</i>	<i>Mr I McMillan</i>
<i>Mr T Abraham</i>	<i>Dr J J Morrow</i>
<i>Mr T J Burness</i>	<i>Mr J Nicholson</i>
<i>Mr K G Cargill</i>	<i>Ms L Riddell (until May 2007)</i>
<i>Dr D Douglas</i>	<i>Mr E Simpson</i>
<i>Mr E Frizzell</i>	<i>Professor M T Swanston</i>
<i>Mrs S Halkerston</i>	<i>Sheriff K A Veal</i>
<i>Mr I E Ivory (until 31 December 2006)</i>	<i>Mr J Vine</i>
<i>Professor B King</i>	<i>Mr A B Watson</i>
<i>Mr A Love (from May 2007)</i>	<i>Mr S Watt</i>
<i>Mr A Macmillan Douglas</i>	<i>Mrs A Wilson</i>
<i>Ms A F Markham</i>	<i>Mr I R Wilson</i>

Corporate governance statement *(continued)*

The Principal is the chief executive of the University with delegated powers to discharge the functions of Court relating to the management of the University and to discipline therein. Court holds at least five meetings a year and has formally constituted a number of Committees, all of which have clearly defined remits and the majority of which have a lay core member as Chair. The major Committees are: Audit Committee; Chairman's Committee, Estates & Campus Services Committee; Finance, Personnel & General Purposes Committee; Governance Committee; Health & Safety Committee; the Remuneration Committee and the Risk Management Committee. Court delegates to Senate its functions relating to the overall planning, co-ordination, development and supervision of the academic work of the University. Senate has formally constituted a number of committees, all of which have clearly defined remits. In respect of its strategic and development responsibilities, the main committee of Senate is Planning & Resources Committee.

The members of Planning & Resources Committee for the year to 31 July 2007 were:

<i>Professor N Terry (Acting Chairman)</i>	<i>Professor M Malcolm</i>
<i>Professor M T Swanston (Vice-Chairman)</i>	<i>Mr J Nicholson</i>
<i>Mr K Coe</i>	<i>Professor S Olivier</i>
<i>Mr D Dalziel</i>	<i>Professor J Palfreyman</i>
<i>Mr P Durrant</i>	<i>Mr S J Pimentil</i>
<i>Mr I G Lloyd</i>	<i>Ms L Riddell (until May 2007)</i>
<i>Mr I Longair</i>	<i>Mr I Simpson</i>
<i>Mr A Love (from May 2007)</i>	<i>Mrs S Stewart</i>
<i>Ms C MacEachen</i>	<i>Mr S Watt</i>
<i>Professor L MacKinnon</i>	<i>Professor I Young</i>
<i>Professor J McLeod</i>	

The Estates & Campus Services Committee oversees all matters relating to the Estate Strategy and to the maintenance, review, development and renewal of the University's property, services, fixtures and estate. The members of the Estates & Campus Services Committee for the year to 31 July 2007 were:

<i>Mr T J Burness (Chairman)</i>	<i>Mr I McMillan (until September 2006)</i>
<i>Mr B Blackstock (from September 2006)</i>	<i>Ms L Riddell (until May 2007)</i>
<i>Mr K Cargill</i>	<i>Mr I Simpson</i>
<i>Mr M Crowhurst (until August 2006)</i>	<i>Mrs S Stewart (until September 2006)</i>
<i>Mr N Hawkins</i>	<i>Professor M T Swanston</i>
<i>Professor B King</i>	<i>Professor N Terry</i>
<i>Mr A Love (from May 2007)</i>	<i>Mr J Vine</i>

The Finance, Personnel & General Purposes Committee oversees and supervises the receipt, expenditure and control of all revenues. It advises Court on all financial and personnel matters and on other matters affecting Court's interests which are not referred to any other Committee. The Committee also supervises and reviews the financial administration of Court. The members of Finance, Personnel & General Purposes Committee for the year to 31 July 2007 were:

<i>Mr A Macmillan Douglas (Chairman from 1 January 2007)</i>	<i>Mr S J Pimentil</i>
<i>Mr I E Ivory (Chairman/member until 31 December 2006)</i>	<i>Ms L Riddell (until May 2007)</i>
<i>Mr T Abraham (from February 2007)</i>	<i>Professor M T Swanston</i>
<i>Mr E Frizzell</i>	<i>Professor N Terry</i>
<i>Professor B King</i>	<i>Mr J Vine</i>
<i>Mr A Love (from May 2007)</i>	<i>Mr A B Watson</i>
<i>Dr J J Morrow</i>	<i>Mr I R Wilson</i>
<i>Mrs A Markham</i>	

Corporate governance statement *(continued)*

Audit Committee advises Court on all audit related matters and assists Court in ensuring the discharge of its responsibilities for proper financial management. It is also responsible for the effectiveness of the internal control and management systems, and for the efficiency and effectiveness of the University's financial activities. In carrying out those duties the Audit Committee has regard to the requirements of the Code of Audit Practice issued by the Scottish Funding Council. The members of the Audit Committee for the year to 31 July 2007 were:

Mr D McLaren (Chairman)
Sheriff K A Veal

Mrs A Wilson
Mr I R Wilson

Risk Management Committee is responsible for maintaining and reviewing the University's Risk Register; for taking action to ensure that any new controls required in respect of identified risks are implemented; and for reporting to Audit Committee on any new risks so that this can inform the Audit Committee's programme of internal audits. The members of the Risk Management Committee to 31 July 2007 were:

Mrs A Markham (Chairman)
Mr G Burke
Mr I G Lloyd
Mr A Love (from May 2007)
Professor L MacKinnon
Professor M Malcolm

Professor S Olivier
Professor J W Palfreyman
Ms L Riddell (until May 2007)
Professor M T Swanston
Professor N Terry

The Governance Committee's purpose is, *inter alia*, to consider and bring forward recommendations in relation to issues relating to good practice in institutional governance. The members of the Governance Committee to 31 July 2007 were:

Mr I McMillan (Chairman)
Mr K Cargill
Mr A Love (from May 2007)

Ms L Riddell (until May 2007)
Mr S Watt

Chairman's Committee acts in the name of Court in cases of urgency, subject to any decision being reported to the next meeting of Court. It also acts as a Nominations Committee, considering recommendations for the appointment of lay and co-opted members to Court, which are then referred to a Court Appointing Committee for decision, which comprises all members of Court with the exception of lay co-opted members. The Nominations Committee reviews nominees derived from the 2006 advertisement for lay members of Court and from invitations for nominees from members of Court and of staff. The members of the Chairman's Committee for the year to 31 July 2007 were:

Professor G Hewitt (Chairman)
Mr N Hawkins (Vice-Chairman)
Mr T J Burness
Mr I E Ivory (until 31 December 2006)

Professor B King
Mr A MacMillan Douglas (from 1 January 2007)
Professor M T Swanston

The Remuneration Committee comprises lay core members of Court and considers and determines the levels of salary and terms and conditions of service of senior staff. For the year to 31 July 2007, the Committee met twice and a report thereon presented to Court. The members of the Remuneration Committee for the year to 31 July 2007 were:

Professor G Hewitt (Chairman)
Mr N Hawkins (Vice-Chairman)
Mr T J Burness

Mr I Ivory (until 31 December 2006)
Mr A MacMillan Douglas (from 1 January 2007)
Mr D McLaren

Corporate governance statement *(continued)*

The Health & Safety Committee oversees all matters relating to the safety and occupational health of staff, students and other persons within the University environment. The members of the Health & Safety Committee for the year to 31 July 2007 were:

Mr I G Lloyd (Acting Chairman)
Dr A Adya (from October 2006)
Mr M Black
Mr G Burke
Mr T J Burness
Mr K Cearney (until 30 June 2007)
Dr P Collier
Ms S Davies
Dr D Ellison (from October 2006)
Mr P Forte
Mr A Ingles
Mr A Kavanagh (from 1 July 2007)

Professor B King
Mr A Macmillan Douglas
Dr L Natanson
Professor J Palfreyman
Mrs A Ross
Dr A Samuel (from October 2007)
Ms A Scott
Mr I Simpson
Mrs S Stewart
Mr K Sturrock
Dr G Walker (until September 2006)
Mr D Williamson (from 31 May 2007)

The University Court, through its Governance Committee, carried out reviews of a number of the committees of Court as an exercise to test the following methods for evaluating effectiveness: self-assessment *via* questionnaire, semi-structured interview format and external review. The committees selected to be involved were Risk Management Committee (self-assessment questionnaire), Chairman's Committee (semi-structured interview) and Audit Committee and Finance, Personnel & General Purposes Committee (external review). The results concluded overall satisfaction with the ability of Court to meet its obligations, but with particular actions identified to bring about improvements. Court agreed to extend the reviews in session 2007/2008 to complete the reviews of all committees using the semi-structured interview approach.

A revised approach to the induction of new members of Court has been introduced, comprising a number of elements including formal meeting with the Principal and Secretary to Court, provision of an expanded set of supplementary documentation (including the CUC publication 'Guide for Members of Governing Bodies of Higher Education Institutions' (2004)), and strong encouragement to attend the Governor Development Programme of the Higher education Leadership Foundation.

The Governance Committee also gave consideration to the CUC publication '*Monitoring of Institutional Performance and the Use of Key Performance Indicators*' (2006) and considered suggested KPIs to aid Court scrutinise the performance of management in meeting agreed objectives.

The strategic development of the University involves development of a strategic plan; initially produced by the management group, then approved by Senate and, finally, by Court. Court holds regular conferences at which strategic development issues are discussed and receives regular updates on implementation of objectives. In the year to 31 July 2007, a new Strategic Plan 2007-11 was developed in the manner described and was presented in draft form at a conference of Court held in April 2007.

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

Signed by



Professor Gordon Hewitt
Chairman, University Court

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

Responsibilities of the University Court

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

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

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

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

The Court has a responsibility to:

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

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Court
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Finance, Personnel and General Purposes Committee
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the Court. The Internal Audit team provides a report of internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.

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

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

We have audited the financial statements of the University of Abertay Dundee for the year ended 31 July 2007 which comprise the Statement of Principal Accounting Policies, the Consolidated Income and Expenditure Account, the Statement of Historical Cost Surpluses and Deficits, the Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes ('the financial statements'). These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out in the Statement of Principal Accounting Policies.

Respective responsibilities of the University Court and Auditors

The University Court's responsibilities for preparing the financial statements in accordance with the Accounts Direction issued by the Scottish Funding Council, the Statement of Recommended Practice – Accounting for Further and Higher Education, applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Responsibilities of the University Court.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the University Court in accordance with the financial memorandum with the Scottish Funding Council and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education. We also report to you whether in our opinion, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University, have been properly applied in all material respects for the purposes for which they were received, and whether income has been applied in all material respects in accordance with the Further and Higher Education (Scotland) Act 2005 governing the University and where appropriate with the financial memorandum with the Scottish Funding Council. We also report to you if, in our opinion, the University has not kept proper accounting records, the accounting records do not agree with the financial statements, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the financial statements and consider the implications for our report if we become aware of any apparent misstatements within it. The other information comprises only the Report of the Convenor of the Finance, Personnel & General Purposes Committee, the Corporate Governance Statement and the Responsibilities of the University Court.

We also review the Statement of Internal Control (included as part of the Corporate Governance Statement) and comment if the statement is inconsistent with our knowledge of the University and group. We are not required to consider whether the statement of internal control covers all risks and controls, or to form an opinion on the effectiveness of the University's or group's corporate governance procedures or their risk and control procedures. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Code of Audit Practice issued by the Scottish Funding Council. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the University Court in the preparation of the financial statements, and of whether the accounting policies are appropriate to the University's and group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- i. the financial statements give a true and fair view of the state of affairs of the University and the group as at 31 July 2007, and of the surplus of income over expenditure and have been properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education, and with United Kingdom Generally Accepted Accounting Practice;
- ii. in all material respects, income from the Scottish Funding Council, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received;
- iii. in all material respects, income has been applied in accordance with the Further and Higher Education (Scotland) Act 2005 and, where appropriate, with the Financial Memorandum dated January 2006 with the Scottish Funding Council.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Edinburgh

[Date] 18 December 2007

The maintenance and integrity of the University of Abertay Dundee website is the responsibility of the University Court; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of principal accounting policies

Basis of Preparation

These financial statements have been prepared in accordance with the statement of recommended practice (SORP): *Accounting in Further and Higher Education Institutions* and in accordance with applicable Accounting Standards. They conform to guidance published by the Scottish Funding Council in guidance note HE/25/05.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of Endowment Asset Investments and certain land and buildings for which a cost is not readily ascertainable, and on an accruals basis. The information provided in the financial statements conforms to the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and applicable Accounting Standards.

Basis of consolidation

The consolidated financial statements include the University and its subsidiary undertakings for the year ended 31 July 2007. Income for the year is included in Other Operating Income and expenditure is included in Other Operating Expenses in the Consolidated Income and Expenditure Account. The Balance Sheet reflects full consolidation.

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

Fixed Assets, Capital Grants and Depreciation

Land and buildings are stated at cost or 1994 valuation.

The basis of valuation is depreciated replacement cost and the valuation on 31 July 1994 was performed by Graham & Sibbald, Chartered Surveyors.

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

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

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

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

Statement of principal accounting policies *(continued)*

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

Buildings	1 - 2% of cost or valuation
Equipment – general	20%
Equipment – computer/specialist	33%

The depreciation charged in respect of revalued buildings for the year to 31 July 2006 has been transferred from the Revaluation Reserve to the Income and Expenditure Account.

Maintenance of Premises

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

Fixed Asset and Current Asset Investments

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

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

Endowment Asset Investments

The heritable property and investments that form part of Endowment Assets are included in the Balance Sheet at market value.

Financial Instruments

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

Recognition of Income

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

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

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

Leases

The University has no finance leases.

Rental costs under operating leases are charged annually to expenditure, as adjusted by an annual cost of living review.

Statement of principal accounting policies *(continued)*

Foreign Currencies

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

Pension Schemes

The two principal pension schemes for the University staff are:

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

Amounts charged to the income and expenditure account are calculated with actuarial advice and represent a proper charge to cover the accruing liabilities on a continuing basis. The Funds are valued by actuaries as indicated in Note 27 on Page 31.

Stock

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

Cash Flows

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

Taxation

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

Consolidated income and expenditure account for the year ended 31 July 2007

	<i>Note</i>	2007 £000	2006 £000
Income			
Funding Council grants	<i>1</i>	20,214	18,309
Tuition fees and education contracts	<i>2</i>	7,425	6,485
Research grants and contracts	<i>3</i>	1,191	1,337
Other operating income	<i>4</i>	4,874	5,954
Endowment and investment income	<i>5</i>	691	370
		<hr/>	<hr/>
Total income		34,395	32,455
		<hr/>	<hr/>
Expenditure			
Staff costs	<i>6</i>	19,407	19,090
Other operating expenses	<i>7</i>	12,789	12,058
Depreciation	<i>10</i>	1,116	1,141
Interest payable	<i>9</i>	140	154
		<hr/>	<hr/>
Total expenditure	<i>8</i>	33,452	32,443
		<hr/>	<hr/>
Surplus on continuing operations after depreciation of fixed assets		943	12
(Loss) on disposal of assets	<i>10</i>	(808)	-
		<hr/>	<hr/>
Surplus/(deficit) on continuing operations after depreciation of fixed assets and disposal of assets		135	12
Transfer from accumulated income within endowments		2	25
		<hr/>	<hr/>
Surplus/(deficit) for the year retained within general reserves		137	37
		<hr/> <hr/>	<hr/> <hr/>

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

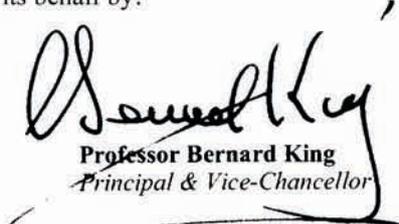
Statement of historical cost surpluses and deficits for year ended 31 July 2007

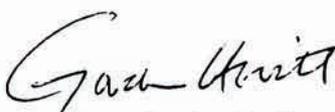
Surplus/(deficit) for the financial year	<i>21</i>	137	37
Adjustment to depreciation based on historical cost		107	107
Adjustment to loss on disposal based on historical cost			-
		<hr/>	<hr/>
Historical surplus/(deficit) for the period		244	144
		<hr/> <hr/>	<hr/> <hr/>

Balance sheet
at 31 July 2007

	<i>Note</i>	Group 2007 £000	University 2007 £000	Group 2006 £000	University 2006 £000
Fixed assets					
Tangible assets	<i>10</i>	26,910	23,010	29,093	25,126
Investments	<i>11</i>	32	32	32	32
		<hr/>	<hr/>	<hr/>	<hr/>
Endowment asset investments	<i>12</i>	26,942 1,003	23,042 1,003	29,125 925	25,158 925
Current assets					
Stocks and work in progress	<i>13</i>	16	-	19	-
Long term loan to subsidiary	<i>14</i>	-	4,200	-	4,100
Debtors	<i>15</i>	5,389	6,095	3,744	4,181
Investments	<i>11</i>	4,927	4,927	5,385	5,385
Term deposits		37	37	291	291
Cash at bank and in hand		1,876	769	474	153
		<hr/>	<hr/>	<hr/>	<hr/>
Creditors: amounts falling due within one year	<i>16</i>	12,245 (7,871)	16,028 (7,710)	9,913 (7,131)	14,110 (7,303)
		<hr/>	<hr/>	<hr/>	<hr/>
Net current assets		4,374	8,318	2,782	6,807
		<hr/>	<hr/>	<hr/>	<hr/>
Total assets less current liabilities		32,319	32,363	32,832	32,890
		<hr/>	<hr/>	<hr/>	<hr/>
Creditors: amounts falling due after more than one year	<i>17</i>	(2,550)	(2,550)	(2,700)	(2,700)
		<hr/>	<hr/>	<hr/>	<hr/>
Provisions for liabilities and charges	<i>18</i>	(2,202)	(2,202)	(2,202)	(2,202)
		<hr/>	<hr/>	<hr/>	<hr/>
Net assets		27,567	27,611	27,930	27,988
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Represented by:					
Deferred capital grants	<i>19</i>	12,999	12,999	13,577	13,577
		<hr/>	<hr/>	<hr/>	<hr/>
Endowments					
Specific	<i>20</i>	1,003	1,003	925	925
		<hr/>	<hr/>	<hr/>	<hr/>
Funds and reserves					
Revaluation reserve	<i>21</i>	4,140	4,140	4,247	4,247
General reserves	<i>21</i>	9,425	9,469	9,181	9,239
		<hr/>	<hr/>	<hr/>	<hr/>
		13,565	13,609	13,428	13,486
		<hr/>	<hr/>	<hr/>	<hr/>
Total funds		27,567	27,611	27,930	27,988
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

These financial statements on pages 11 to 32 were approved by Court on 14 December 2007 and were signed on its behalf by:


Professor Bernard King
Principal & Vice-Chancellor


Professor Gordon Hewitt
Chairman, University Court


Professor Nicholas Terry
University Secretary & Vice-Principal (Planning & Resources)

Consolidated cash flow statement
for the year ended 31 July 2007

	<i>Note</i>	2007 £000	2006 £000
Cash flow from operating activities	24	(27)	2,106
		<hr/>	<hr/>
Returns on investments and servicing of finance			
Income from endowments		36	33
Income from current asset investments		250	239
Other interest received		110	29
Interest paid	9	(140)	(154)
		<hr/>	<hr/>
Cash flow from returns on investments and servicing of finance		256	147
		<hr/>	<hr/>
Capital expenditure and financial investments			
Payments to acquire tangible fixed assets		(2,294)	(990)
Receipts from sale of tangible fixed assets		2,553	-
Capital grants received		-	354
Endowments received		58	151
Endowments expenditure		(38)	(58)
Trust donation received		-	-
		<hr/>	<hr/>
Cash flow from investing activities		279	(543)
		<hr/>	<hr/>
Management of liquid resources			
Sale of current asset investments		1,013	297
Purchase of current asset investments		(261)	(445)
		<hr/>	<hr/>
Cash flow from management of liquid resources		752	(148)
		<hr/>	<hr/>
Cash flow before financing		1,260	1,562
		<hr/>	<hr/>
Financing			
New loan		-	-
Repayment of loan		(112)	(863)
		<hr/>	<hr/>
Cash flow from financing		(112)	(863)
		<hr/>	<hr/>
Increase/(decrease) in cash	26	1,148	699
		<hr/> <hr/>	<hr/> <hr/>

Consolidated statement of total recognised gains and losses
for the year ended 31 July 2007

	<i>Note</i>	2007 £000	2006 £000
Surplus/(deficit) after depreciation of assets and disposal of assets		137	37
New endowments	<i>12</i>	58	-
Endowment income (released)/retained for year	<i>12</i>	(2)	(25)
Appreciation of endowment asset investments	<i>12</i>	22	37
		<hr/>	<hr/>
Total recognised (losses)/gains relating to the year		215	200
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation			
Opening reserves and endowments		14,353	14,153
Total recognised gains/(losses) relating to the year		215	200
		<hr/>	<hr/>
Closing reserves and endowments		14,568	14,353
		<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Grants from Scottish Funding Council

	2007 £000	2006 £000
SFC Recurrent grant :		
Teaching Grant	16,558	15,653
Research Grant	978	1,028
Non-recurrent grants:		
Strategic change grant	-	20
Other grants	2,389	1,401
Deferred capital grants released in year:		
Buildings (note 19)	143	88
Equipment (note 19)	146	119
	20,214	18,309
	20,214	18,309

2 Tuition fees and education contracts

	2007 £000	2006 £000
UK student fees	3,769	3,545
EU student fees (excluding UK)	871	534
Non-EU student fees	2,689	2,271
Other fees	96	135
	7,425	6,485
	7,425	6,485

3 Research grants and contracts

	2007 £000	2006 £000
Research councils	310	456
UK charities	250	212
UK government	436	590
UK industry	99	29
EU	95	43
Other	1	7
	1,191	1,337
	1,191	1,337

Notes (continued)

4 Other operating income

	2007	2006
	£000	£000
Residences and catering	1,315	1,158
Library trust rental income and service charges	846	1,698
Other income-generating activities	510	385
Other grant income	596	986
Releases from deferred capital grants	244	585
Other income	464	574
	3,975	5,386
Subsidiary companies	899	568
	4,874	5,954

5 Endowment and investment income

	2007	2006
	£000	£000
Income from endowment asset investments (note 20)	36	33
Income from current asset investments	250	239
Increase in value of current asset investments	-	-
Gain on disposal of current asset investments	295	69
Other interest receivable	110	29
	691	370
	691	370

6 Staff numbers and costs

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

	2007	2006
	Number	Number
Senior management	10	10
Academic Departments	243	247
Academic Services	79	82
Research grants and contracts	45	51
Administration	125	124
Premises	40	40
Other	7	10
Catering and residences	13	13
	562	577
	562	577

Notes (continued)

Staff costs for the above persons:

	2007	2006
	£000	£000
Senior management	1,022	943
Academic Departments	9,951	9,763
Academic Services	2,398	2,239
Research grants and contracts	1,212	1,367
Administration	3,391	3,337
Premises	989	930
Other	228	306
Catering and residences	216	205
	19,407	19,090
	19,407	19,090

Classified as:

Wages and salaries	16,043	15,844
Social security costs	1,266	1,223
Other pension costs	2,098	2,023
	19,407	19,090
	19,407	19,090

Costs of higher-paid employees:

Remuneration paid to the Principal during the year including salary and other taxable benefits	181	175
Employer's contribution to pension	23	21
	204	196
	204	196

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

	Number	Number
£70,000 - £80,000	2	2
£80,000 - £90,000	2	2

Notes (continued)

7 Other operating expenses

	2007	2006
	£000	£000
Residences and catering expenses	628	708
Equipment and consumables	2,332	2,009
Books and periodicals	404	443
Scholarships prizes and other endowment expenditure	38	58
Property costs including utilities	801	789
Repairs and general maintenance	1,870	160
University of Abertay Dundee Students' Association	147	147
External auditors' remuneration	38	29
Internal auditors' remuneration	41	40
Diminution in value of Current Asset Investments	-	47
Payments to Library Trust for library services	1,134	2,043
Travel and staff training	663	625
Professional fees	874	650
Advertising, marketing and public relations	392	462
Administration costs	634	626
Other expenses	1,517	2,240
	<hr/>	<hr/>
	11,513	11,076
Subsidiary companies	1,276	982
	<hr/>	<hr/>
	12,789	12,058
	<hr/> <hr/>	<hr/> <hr/>

8 Analysis of expenditure by activity

	Staff costs	Depreciation	Other operating expenses	Total 2007	Total 2006
	£000	£000	£000	£000	£000
Academic departments	10,274	21	641	10,936	10,788
Academic services	2,492	213	2,223	4,928	5,654
Research grants and contracts	1,212	107	732	2,051	2,313
Residences and catering	216	79	628	923	976
Premises	989	539	2,997	4,525	2,594
Administration	3,996	60	3,921	7,977	7,822
Other	228	4	611	843	1,228
Subsidiary companies		93	1,176	1,269	1,068
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	19,407	1,116	12,929	33,452	32,443
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The depreciation charge has been funded by:

	2007	2006
	£000	£000
Deferred capital grant released	578	841
Revaluation reserve transferred	107	107
General income	431	193
	<hr/>	<hr/>
	1,116	1,141
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Interest payable

	2007	2006
	£000	£000
On bank loans:		
Repayable wholly or partly in more than 5 years	140	154
	140	154

10 Tangible fixed assets

	Freehold land and buildings £000	Assets in course of construction £000	Short leasehold £000	General equipment £000	Computer specialist equipment £000	Total £000
(a) Group						
<i>Cost or valuation</i>						
<i>At 1 August 2006</i>						
Valuation – 1994	16,104	-	20	-	-	16,124
Cost	15,332	1,698		2,460	1,129	20,619
Additions at cost	-	1,659	-	95	540	2,294
Disposals at cost	-	(3,357)	-	(141)	(8)	(3,506)
	16,104	-	20	-	-	16,124
<i>At 31 July 2007</i>						
Valuation – 1994	16,104	-	20	-	-	16,124
Cost	15,332	-	-	2,414	1,661	19,407
	16,104	-	20	2,414	1,661	35,531
At 31 July 2007	31,436	-	20	2,414	1,661	35,531
	31,436	-	20	2,414	1,661	35,531
<i>Depreciation</i>						
<i>At 1 August 2006</i>						
At 1 August 2006	5,146	-	5	1,796	703	7,650
Charge for year	621	-	-	198	297	1,116
Eliminated in respect of disposals				(137)	(8)	(145)
	5,767	-	5	1,857	992	8,621
At 31 July 2007	5,767	-	5	1,857	992	8,621
	5,767	-	5	1,857	992	8,621
<i>Net book value</i>						
<i>At 31 July 2007</i>						
At 31 July 2007	25,669	-	15	557	669	26,910
	25,669	-	15	557	669	26,910
<i>At 31 July 2006</i>						
At 31 July 2006	26,290	1,698	15	664	426	29,093
	26,290	1,698	15	664	426	29,093

Notes (continued)

10 Tangible fixed assets

	Freehold land and buildings £000	Assets in course of construction £000	Short leasehold £000	General equipment £000	Computer specialist equipment £000	Total £000
(b) University						
<i>Cost or valuation</i>						
<i>At 1 August 2006</i>						
Valuation – 1994	16,104	-	20	-	-	16,124
Cost	11,318	1,698	-	2,421	1,129	16,566
Additions at cost	-	1,659	-	65	540	2,264
Disposals at cost	-	(3,357)	-	(137)	(8)	(3,502)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>At 31 July 2007</i>						
Valuation – 1994	16,104	-	20	-	-	16,124
Cost	11,318	-	-	2,349	1,661	15,328
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2007	27,422	-	20	2,349	1,661	31,452
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>						
<i>At 1 August 2006</i>						
	5,065	-	5	1,791	703	7,564
Charge for year	541	-	-	185	297	1,023
Eliminated in respect of disposals				(137)	(8)	(145)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2007	5,606	-	5	1,839	992	8,442
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>						
At 31 July 2007	21,816	-	15	510	669	23,010
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2006	22,357	1,698	15	630	426	25,126
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Buildings with a net book value of £12,424,000 and cost of £10,774,000 have been funded mostly from Treasury sources. Should these particular buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Scottish Funding Council.

Assets in course of construction with a total net book value of £3,357,000 and equipment of £nil have been disposed of in the year. The net loss on disposal of £808,000 has been debited to the Income & Expenditure Account.

Notes (continued)

11 Fixed asset and current asset investments

	Unlisted £000
Fixed asset investments	
At beginning of year	32
Additions	-
	32
At end of year	32

Unlisted investments are included at cost less provision for permanent diminution in value. The cost of the above investments is £132,000, against which there is a provision of £100,000

	2007 £000	2006 £000
Current asset investments – listed securities		
At beginning of year	5,385	5,214
Additions	261	445
Disposals	(1,013)	(297)
Increase/(decrease) in value	294	23
	4,927	5,385
At end of year	4,927	5,385

The market value of the above current asset investments is £6,003,000 (2005/06 £6,347,000).

12 Endowment asset investments

	2007 £000	2006 £000
At beginning of year	925	762
Additions	58	151
Appreciation on disposals/revaluation (note 20)	22	37
(Decrease)/increase in balances held by the University	(2)	(25)
	1,003	925
At end of year	1,003	925
At market value:		
Fixed interest stocks (listed)	16	16
Equities (listed)	270	248
Land and property	130	130
	416	394
Balances held by the University	587	531
	1,003	925
At end of year	1,003	925

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

Notes (continued)

13 Stocks

	Group 2007 £000	University 2007 £000	Group 2006 £000	University 2006 £000
Stock	16	-	19	-
	<u>16</u>	<u>-</u>	<u>19</u>	<u>-</u>
	<u><u>16</u></u>	<u><u>-</u></u>	<u><u>19</u></u>	<u><u>-</u></u>

14 Long term loan

	Group 2007 £000	University 2007 £000	Group 2006 £000	University 2006 £000
Loan to subsidiary company	-	4,200	-	4,100
	<u>-</u>	<u>4,200</u>	<u>-</u>	<u>4,100</u>
	<u><u>-</u></u>	<u><u>4,200</u></u>	<u><u>-</u></u>	<u><u>4,100</u></u>

The above represents a loan from the University to its wholly-owned subsidiary company Abertay Student Centre Ltd to fund the transfer of the Student Centre building.

15 Debtors: amounts falling due within one year

	Group 2007 £000	University 2007 £000	Group 2006 £000	University 2006 £000
Trade debtors	466	466	195	195
Debts due from students	347	347	436	436
Due from associated companies	-	1,035	-	1,418
Other debtors	2,970	2,641	1,173	192
Prepayments and accrued income	1,606	1,606	1,940	1,940
	<u>5,389</u>	<u>6,095</u>	<u>3,744</u>	<u>4,181</u>
	<u><u>5,389</u></u>	<u><u>6,095</u></u>	<u><u>3,744</u></u>	<u><u>4,181</u></u>

Notes (continued)

16 Creditors: amounts falling due within one year

	Group 2007 £000	University 2007 £000	Group 2006 £000	University 2006 £000
Bank loans	188	188	150	150
Trade creditors	932	932	1,098	1,098
Other creditors	2,321	2,160	2,427	2,599
Social security and other taxation payable	966	966	461	461
Accruals and deferred income	3,464	3,464	2,995	2,995
	<u>7,871</u>	<u>7,710</u>	<u>7,131</u>	<u>7,303</u>

17 Creditors: amounts falling due after one year

	Group 2007 £000	University 2007 £000	Group 2006 £000	University 2006 £000
Bank loans	2,550	2,550	2,700	2,700

The above represents two tranches of a bank loan was secured in order to part-finance the construction of the new Student Centre. Tranche A is £3m, with a repayment period of 20 years commencing on 1 July 2005 and a floating interest rate linked to LIBOR. Tranche B is a revolving facility of £1m, with full repayment by 31 July 2008. The finance costs in the year relating to this loan have all been charged to Income and Expenditure Account.

The above bank loans are repayable as follows:

	2007 £000	2006 £000
In one year or less	188	150
Between one and two years	150	150
Between two and five years	450	450
In five years or more	1,950	2,100
	<u>2,738</u>	<u>2,850</u>

18 Provisions for liabilities and charges

	2007 £000
At beginning of year	2,202
Expenditure in period	(147)
Revaluation adjustment	147
At end of year	<u>2,202</u>

The provision is for enhanced pension benefits to former members of staff. A valuation of the pension provision was carried out by an independent firm of actuaries at 31 July 2006.

Notes (continued)

19 Deferred capital grants

	Funding Council £000	Other grants £000	Total £000
Balance at 1 st August 2006			
Buildings	3,831	9,268	13,099
Equipment	405	73	478
	<hr/>	<hr/>	<hr/>
Total	4,236	9,341	13,577
	<hr/>	<hr/>	<hr/>
Cash received			
Buildings	-	-	-
Equipment	-	-	-
	<hr/>	<hr/>	<hr/>
Total	-	-	-
	<hr/>	<hr/>	<hr/>
Released to income and expenditure account:			
Buildings (note 1)	143	226	369
Equipment (note 1)	146	63	209
	<hr/>	<hr/>	<hr/>
Total (note 8)	289	289	578
	<hr/>	<hr/>	<hr/>
At end of year:			
Buildings	3,688	9,042	12,730
Equipment	259	10	269
	<hr/>	<hr/>	<hr/>
Total	3,947	9,052	12,999
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

20 Endowments

	Specific £000
At beginning of year	925
Additions in year	58
Appreciation of endowment asset investments	22
Income for year (Note 5)	36
Expenses for year	(38)
	<hr/>
At end of year	1,003
	<hr/> <hr/>
Representing:	
Scholarship funds	51
Prize funds	175
Other funds	777
	<hr/>
	1,003
	<hr/> <hr/>

Notes *(continued)*

21 Funds and reserves

(a) Group

	Capital and Revaluation reserve £000	Income and Expenditure reserve £000	Designated reserve £000	Total £000
At 1 August 2006	4,247	8,930	251	13,428
Surplus for year	-	137	-	137
Revaluation transfer for year	(107)	107	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2007	4,140	9,174	251	13,565
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 August 2005	4,354	8,786	251	13,391
Surplus for year	-	37	-	37
Revaluation transfer for year	(107)	107	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2006	4,247	8,930	251	13,428
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

(b) University

	Capital and Revaluation reserve £000	Income and Expenditure reserve £000	Designated reserve £000	Total £000
At 1 August 2006	4,247	8,988	251	13,486
Surplus for year	-	123	-	123
Revaluation transfer for year	(107)	107	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2007	4,140	9,218	251	13,609
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 August 2005	4,354	8,829	251	13,434
Surplus for year	-	52	-	52
Revaluation transfer for year	(107)	107	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2006	4,247	8,988	251	13,486
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

22 Lease obligations

	2007 £000	2006 £000
<i>Commitments under non-cancellable operating leases expiring:</i>		
Land and buildings		
Within one year	12	12
Between two and five years	55	43
Over five years	190	190
	<hr/>	<hr/>
	257	245
	<hr/> <hr/>	<hr/> <hr/>
Equipment		
Within one year	-	-
Between two and five years	-	-
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

23 Capital commitments

	2007	2006
	£000	£000
Contracted but not provided for	715	1,046
	715	1,046

24 Reconciliation of consolidated operating (deficit)/surplus to net cash inflow/ (outflow) from operating activities

	2007	2006
	£000	£000
Surplus for the year	137	37
Interest receivable (note 5)	(110)	(268)
Interest payable (note 9)	140	154
Depreciation charges	1116	1,141
Loss on disposal of tangible fixed assets	808	-
Profit on disposal of current asset investments	(295)	(69)
Diminution in value of current asset investments	-	47
Decrease in stock and work in progress	3	13
(Increase)/decrease in debtors	(1,645)	379
Increase in creditors	397	887
Increase in provisions	-	626
Release of deferred grant (note 19)	(578)	(841)
	(27)	2,106

25 Reconciliation of net cash flow to movement in net funds

	2007	2006
	£000	£000
Increase in cash in year	1,148	699
Cash used to (decrease)/increase liquid resources	(752)	148
Cash outflow from debt financing	112	863
	508	1,710
Change in net funds resulting from cash flows	508	1,710
Other non-cash change	294	23
	802	1,733
Movement in net funds in the year	802	1,733
Opening net funds	3,300	1,567
	4,102	3,300

Notes (continued)

26 Analysis of changes in net funds

	At 1 August 2006 £000	Cash flow £000	Other non-cash change £000	At 31 July 2007 £000
Cash in hand	474	1,402	-	1,876
Term deposits	291	(254)	-	37
	765	1,148	-	1,913
Debt due within one year	(150)	112	(150)	(188)
Debt due after one year	(2,700)	-	150	(2,550)
Current asset investments	5,385	(752)	294	4,927
	3,300	508	294	4,102

27 Pension costs

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

The latest actuarial valuation of the STSS received from the Scottish Public Pensions Agency (Formerly the Scottish Office Pensions Agency) is as at 31 March 1996. The valuation reveals assets of £6,890m and liabilities of £7,120m resulting in a deficit position of £230m. The valuation assumes that the rate of return will be 8.5% and that earnings will increase by 6.5% pa. From April 2007 the employers' contribution increased by 1.0 percentage points to 13.5%. The employees' contribution increases from 6% to 6.4%.

Because the University is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement Benefits', the above scheme is accounted for as if it were a defined contribution scheme.

The last actuarial valuation of the TSF (as at 31 March 2002), was based on assumptions of a nominal 6.2% return on investments, a 4.1% rate of increase in salaries and a 2.6% rate of increase in pensions. The valuation revealed a market value of assets of £927.0m. It also revealed liabilities of the fund of £956.2m, indicating a net deficit in funding of £29.2m. Employer contributions of 275% and 295% of employees' contributions were recommended from 1 April 2006 and 2007 respectively.

Because the University is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement Benefits', the above scheme is accounted for as if it were a defined contribution scheme.

In addition to the Pension Schemes outlined above the University has also given commitments over the years to provide enhanced pension benefits to staff members. A valuation of this commitment was carried out in 2006. The valuation was based on assumptions of a 6.0% return on investments and a 3.2% rate of increase in pensions. The valuation revealed a total liability in respect of these enhanced pension arrangements of £2,202,000.

During the year to 31 July 2007 the total cost of these pension arrangements for the University was:

	2007 £000	2006 £000
STSS	914	842
TSF	1,153	1,144
USS	31	37
Enhanced pension payments	147	143
Total pension cost	2,245	2,166

Notes (continued)

28 Bursary and other student support funds

	Childcare Fund	Hardship Fund	Total 2006-07	Total 2005-06
	£000	£000	£000	£000
Balance brought forward	0	2	2	0
Allocation received in year	116	235	351	335
Expenditure	(106)	(247)	(353)	(333)
Repayable to Funding Council	0	0	0	-
Virements	(10)	10	0	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance carried forward	0	0	0	2
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Funding council grants are available solely for the students; the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account. The Mature Students Bursary Fund exists to target mature students with funding difficulties.

29 Post balance sheet events

Since the end of the financial year in July 2007 there have been no significant post balance sheet events which would lead to adjustments or require disclosure within these accounts.

30 Contingent liability

There are no contingent liabilities at 31 July 2007.

31 Related parties

The University of Abertay Dundee Library Trust falls within the definition of a related party by virtue of the fact that the Trustees of the University of Abertay Dundee Library Trust are appointed by the Court of the University of Abertay Dundee. During the year to 31 July 2007, the University of Abertay Dundee charged the University of Abertay Dundee Library Trust £846,000 in rental and service charges and were charged £1,134,000 by the University of Abertay Dundee Library Trust for library services. At the balance sheet date the University of Abertay Dundee was owed an amount of £121,000 by the University of Abertay Dundee Library Trust.

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

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