



UNIVERSITY OF
ABERDEEN

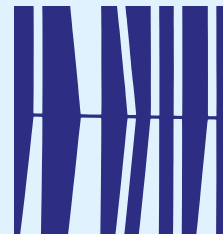
**ANNUAL
REPORT &
Accounts
2017**

Key facts

TOP
10 in the
UK

for graduate
earnings
after a year's
employment

(Longitudinal Education Outcomes (LEO) data
from the Department for Education 2017)



TOP 10

for 'spell-binding
university libraries
in the world'

The Independent

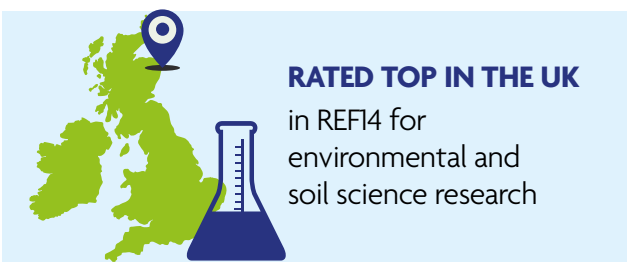


76%

of research is 'world
leading' or internationally
excellent

Research Excellence Framework 2014

120 nationalities, with 14,500 students



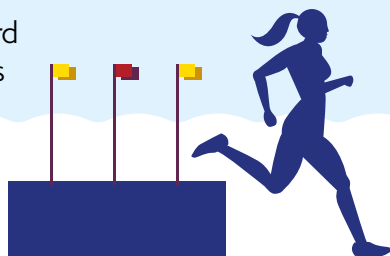
**SPORT
SCIENCE**

Guardian University
Rankings 2018

1st
in the
UK



Olympic-standard
Aberdeen Sports
Village and
Aquatic Centre



DENTISTRY

Guardian University
Rankings 2018

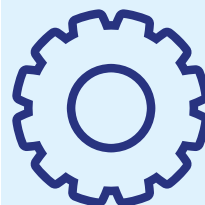
4th
in the
UK



PHYSIOLOGY

Guardian University
Rankings 2018

3rd
in the
UK



Our engineering and
technology graduates
earn the highest salaries
in the UK after 5 years

(Longitudinal Education Outcomes (LEO) data
from the Department for Education 2017)



One of the
LARGEST
wireless campuses
in Europe



96% of graduates enter
directly into work,
further study or training
within six months

(Higher Education Statistics Agency, 2016)

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Senior Governor's Welcome

In this my first year as Senior Governor, it is a very great pleasure and honour to welcome you to the University's Annual Report and Accounts.

As an Aberdeen graduate, and having grown up in the city, I thought I knew the University fairly well, however it has become clear to me, since my appointment in January 2017, that the work going on here is more exciting, innovative and truly important than I had realised. This Annual Report provides a flavour of that work and of the many ways that the University is living up to its vision of transforming the world with greater knowledge and learning.

It's an important vision on many levels. Not least because it is key to the academic values a university like Aberdeen holds dear. It is important also because it is global in its aspiration and recognises that knowledge and learning transcend national borders. That speaks of a University that defines itself not only in regional and national terms but which is global in its ambition. In today's world of higher education, that global reach and reputation is increasingly key to being successful within the limits of the current national funding environment.

The success of the University matters not just for our staff, our students and our alumni, but because it has a key role to play in the future of the city and region of Aberdeen and the North-East of Scotland to which it belongs. Their success in turn is key to the future success of Scotland and the UK as a whole and, like the University, Aberdeen is a city which must continue to be global in its aspirations.

The success of the University is, therefore, inextricably linked with the success of the region it was founded over half a millennium ago to serve. In that respect, it could be argued not much has fundamentally changed but these are undoubtedly very different and more uncertain times for higher education. The University welcomes a significant proportion of its students from outside the UK and the uncertainties of Brexit, immigration rules, and intense global competition represent many challenges. These are challenges to which the University must continue to respond by being prepared to innovate and lead in the quality of education it provides and the research it undertakes.

Political uncertainties will always exist, as will the fixed public funding envelope. The challenge for the University Court which I lead, and the senior management team, is to ensure the University can shape and define its own future in a way that allows it to navigate those uncertain waters and achieve the strategic objectives we have set for success.

Underpinning everything else is financial sustainability and the means to invest in our staff and students. The University must continue to grow and diversify its sources of income while also ensuring it has a financial and academic structure which is sustainable and with the capability to respond to whatever events may lie ahead. What is striking in this report, however, is that despite this difficult external environment, the University can point to many success stories. This report includes numerous examples of the achievements of University staff and of the excellent education that is benefitting so many students from home and abroad.

It is a very great honour for me to have been appointed as Senior Governor and I am committed to doing whatever I can to help the University respond to the challenges and opportunities of global higher education. I know that my colleagues on Court share that commitment. We approach 2017/18 with a new Court, the membership of which has changed to meet the requirements of the Higher Education Governance (Scotland) Act 2016 and in which students, staff, trades unions, alumni and independent members will all have a voice. Other changes mean we will no longer have membership of our local authorities on Court, however we will continue to work very closely with both Aberdeen City and Shire, and continue to enjoy the benefits of our long standing associations.

The changes also mean that a number of members have retired and on behalf of the Court I would like to acknowledge our gratitude for their service and contribution to the University over many years. The service of all our lay members of Court has been invaluable over their terms of office, however I would like to single out Brian Pack in recognition of his unstinting support to the University from the moment he joined the Rowett Institute as Chairman of the Board of Governors in 1998. As well as being a full Court member, Brian was also Chair of our Operating Board.

I would also like to take this opportunity to express my gratitude to Professor Sir Ian Diamond who announced his retirement during the summer. Ian has been a wonderful Principal for over seven years, and leaves the University in a strong position which is ready for further advancement as one of the nation's finest higher education institutions.

I hope that whatever your interest and association with the University may be, this Annual Report allows you to learn more about the progress and achievements made over the past year and our aspirations for the future.

Martin Gilbert
Senior Governor



Principal's Introduction

As ever a year in the life of the diverse and vibrant community that is the University of Aberdeen is difficult to condense into a few pages but what I would like to do is put the many highlights that this Annual Report features into context. We have had an eventful and exciting year with a great many achievements for our staff, students, alumni, friends and supporters.

Undoubtedly there have been challenges. We began the year coming to terms with the implications of the Brexit vote and we end it with Article 50 having been triggered and the formal negotiations to leave the EU under way. As a University which prides itself on being global in outlook, which has the largest proportion of students from the rest of the EU in Scotland, where 20% of our staff come from fellow EU countries, and which sees the international mix of our community to be an inherent part of what an excellent higher education experience should be, it is fair to say that Brexit is not a challenge that we would choose to have. It is, however, one that we are facing and we will continue to use whatever influence we have to ensure that the conclusions from the Brexit negotiations are shaped towards the best outcome possible for our staff, our current and future students, our research and, of course, for our future as a University.

It is also important to recognise that the University is operating in a very challenging funding environment. The past year has seen the Scottish Government announce a 1.3% cash cut in the revenue budget for higher education and almost no new capital resource. In effect, over the past two years our public funding has been reduced by £4.475M which coupled with increasing cost pressures, particularly for pension provision, invariably means we have to make efficiencies while also preserving the quality of the education we offer our students.

In that context, our financial year end position should be viewed as a positive one achieved through stringent budget management. It is clear, however, that given the pressures on public funding in the medium to longer term we must work ever harder to increase and diversify our income streams to allow us to strengthen our competitive position and to continue to invest in the facilities and conditions that enable world class staff to inspire students to come here from around the world.

An example of that type of investment is the new state-of-the-art home of our Rowett Institute which Her Royal Highness the Duchess of Rothesay, formally opened in January. The Rowett has been at the forefront of nutritional science for more than a century and the new building will provide it with a wonderful platform to further that reputation. Another highlight was the opening of the Aberdeen Fungal Group MRC Medical Mycology Unit which is undertaking truly world-leading work that will save lives not only here but in areas like sub-Saharan Africa where fungal disease is a bigger killer than malaria.

It is that quality of research and student experience that allows us to forge global partnerships at a strategic level to build our presence as a global university. In the course of the past year we have launched a formal alliance with Curtin University, Perth, Australia; commenced the Aurora Network with leading European universities and formed a number of further important bilateral partnerships with other universities around the world, such as our student focused partnership with South China Normal University. We have also taken major steps forward to establishing the University more strongly abroad with our campus in Doha, Qatar where we have entered into partnership with AFG Group. This year also saw growth in our online offering across a number of disciplines, recruiting from both at home and overseas. These all illustrate the major progress we are making as a university with a global presence.

At the same time, we are committed to bringing that global reach to the benefit of Scotland and in particular to our city and region. Our partnerships with business, schools, the NHS and the cultural and sporting community of the North-East are fundamental to our priorities and the pages that follow highlight many examples of these. We are delighted to be a key partner in the Aberdeen City Deal, in particular in the Oil & Gas Technology Centre where we are working to support the future of the region's key industry. At another level completely, I am just as proud of our involvement in the Transition to Education scheme which is helping redundant oil and gas workers retrain as secondary school teachers in the STEM subjects. Or our wonderful May Festival which continues to be a highlight in the region's events calendar and introduces the University to thousands of new people each year. It is activities like these where we are making a real difference to our local community.

What underpins all of this, of course, is the quality and commitment of our staff. It is imperative that we continue to celebrate their success and to make the University a great place not only to study but to work. A big part of that is making Aberdeen a community where academics and professional services staff can be inspired and have the opportunity to realise their career potential. The progress we have made in securing a further six Athena Swan Bronze awards is testament to our commitment to ensuring we are an employer which enables women to realise their career potential and over the past year we have continued to increase awareness of the importance of wellbeing in the workplace, in particular through the launch of our Mental Health Strategy.

Having now announced my retirement in the coming year, I am very proud to be leaving the University in good shape. I have enjoyed immensely my seven years as Principal and Vice-Chancellor and consider it a privilege to have worked with so many great colleagues across the entire institution. As I leave, I believe ever more strongly that it is more important than ever to recognise the commitment to excellence and professionalism of our staff in everything they do. The achievements of the University that this Annual Report highlights are ultimately down to them but we also recognise and value the support that our alumni and supporters give us – locally, nationally and internationally. It is with the collective support and goodwill of that Aberdeen family that the University can look forward with confidence.

Professor Sir Ian Diamond FBA FRSE AcSS
Principal & Vice-Chancellor



Vision

Transforming the world with greater knowledge and learning

Strategy at a glance

Our Mission

- To enrich people's lives through research, teaching, learning and sharing of knowledge to push boundaries and deliver success
- To be one of the world's top seats of teaching and learning, providing a standout personalised student experience of the highest quality in an international context
- To be one of the world's top research-intensive universities, working with partners and stakeholders to undertake rigorous, relevant, impactful and excellent research
- To ensure that social, cultural and economic impact is at the heart of everything we do
- To build an integrated, collaborative and sustainable physical and digital infrastructure to underpin the University's ambition
- To be a progressive university where staff and students thrive within a culture of equality and diversity to enable them to achieve their aspirations

Our Values

- Innovation and relevance in our education, research and engagement
- Independence and responsibility of thought and action
- Sustainable partnerships with all our stakeholders to drive a culture of inclusion and accessibility
- Respect for all, both within and beyond the University
- An empowered and ambitious University of Aberdeen community where all have an opportunity to thrive



Progress against our Strategic Plan

Our plan for the period 2015-2020 focuses on three key areas:



People



Teaching and Learning



Research

We have set challenging targets for student recruitment, research performance and financial sustainability, supported by our internationalisation and digitalisation strategies. We have charted progress against our goals and notwithstanding the uncertainty around the future funding arrangements for the higher education sector in Scotland and Britain's exit from the European Union, we remain confident that our plan is achievable. Our operational plans drive each of our areas of strategic focus whilst increasing efficiencies wherever we can.

In the last year, we have strengthened our position as one of the best universities in the UK and have enhanced our international reputation. We aim to continue on this trajectory by growing student recruitment in all our markets and advancing the strength of the international experience for both students and staff. We have clear ambitions for our student experience, will increase student satisfaction as measured through the National Student Survey, increase the retention of our students, particularly after first year, and will improve the employability prospects of our graduates further.

Each of these ambitions will be underpinned by our commitment to digital transformation initiatives which will be fundamental to supporting new pedagogic approaches to teaching and learning, and to delivering a modern, world class student experience.

We are a research intensive university and it is important that we continue to grow our research excellence. Attracting promising research students is a vital part of this strategy. During the lifetime of the Strategic Plan, we will focus our efforts on increasing the number of postgraduate research students, grow research grant income and ensure that we are fully prepared to deliver excellent results in the Research Excellence Framework 2021. We are committed to Equality and Diversity and have in place ambitious plans for all our academic Schools to achieve Athena SWAN recognition.

We have defined a number of key performance indicators which allow us to monitor and evaluate the implementation of the Strategic Plan on a quarterly basis. We are now at the end of the second year of our plan, and are pleased to report good progress. We remain confident about delivering on all of our goals by the end of the planning period and remain committed to introducing and sustaining further improvements where necessary to achieve these. The following sections provide an update on progress to date in meeting our strategic objectives and illustrate this using extracts from our full suite of key performance indicators.

People

Goal 1:

To enhance further our caring culture of belonging and collegiality in the community of staff, students and alumni, focusing on excellence realising full potential.

Goal 2:

To attract and retain staff and students to a globally significant international institution strengthening capacity and excellence, in Aberdeen or another University location.

Goal 3:

To continue to foster a positive University culture in order that all are fully engaged and committed to our future and to be champions of Equality and Diversity.

People are at the heart of our Strategic Plan, and we are committed to continuing to attract and retain the best staff and students from around the world. We will grow our reputation as an international university, fostering a caring and diverse culture which promotes and nurtures equality and diversity for both staff and students. We appreciate the benefits of working with the Athena SWAN Charter which promotes and recognises commitment to gender equality, and at an institutional level, we hold a bronze award with plans in place to prepare for a silver award. Seven of our 15 academic units, either Schools or Institutes (Psychology, Natural & Computing Science, Business School, School of Divinity, History and Philosophy, Law School, Institute of Applied Health Sciences, and Rowett Institute) are also accredited with bronze awards. It is pleasing to note that at the end of the reporting period for 2016/17, another four academic areas (the School of Social Science, School of Education, Biological Sciences, and the Institute of Education for Medical and Dental Sciences) achieved bronze awards, with results awaited for the remaining four applications.



KPI: People

Athena Swan:

By 2020 the University is aiming to have at least one School with a silver award so that it can apply for an institutional silver award in April 2020. The University successfully renewed its bronze award in 2016, seven academic units hold bronze awards and all other Schools have submitted applications to the scheme.

All staff are required to undertake training in equality and diversity in the workplace. The University continues to develop staff frameworks to support Equality and Diversity, including in respect of employment, training and career development of disabled staff or staff who may become disabled during their employment. We are pleased that our performance in the Stonewall Workplace Equality Index continues to improve. We are equally committed to increasing equality and diversity amongst our students and have developed a Gender Action Plan to reduce gender imbalances in the student population at subject level.

In an effort to provide flexibility to working patterns, we introduced a new nine-day fortnight policy allowing staff the opportunity to balance personal commitments with working life. We are aware of the many demands placed on staff and students in our challenging environment and so have introduced and promoted a Mental Health and Wellbeing Strategy which offers help advice and support to all.

Through our many widening participation activities, we continuously strive to improve access to higher education. We are working to increase recruitment at undergraduate level from areas of multiple deprivation in Scotland and, along with this, we encourage applications from other under-represented groups, such as students with caring responsibilities and students with disabilities. Across these categories we are increasing support to disadvantaged applicants. We work closely with a number of partners to widen access to the University and have introduced a number of new initiatives, such as the Homework Club, which offers local secondary schools pupils who have caring responsibilities a supportive learning environment to complete their homework and revise for exams.

Our internationalisation strategy promotes collaboration for both staff and students, aims to attract the best staff and students from across the world, and encourages students to expand their horizons through language study and travel abroad. The University consistently ranks as one of the most international universities in the world and through our diverse student and staff population we are able to offer our students a truly excellent international educational environment.

Teaching and Learning

Goal 1:

To provide an outstanding educational environment reflecting the quality of an international institution, fostering a sense of community supporting all students in achieving their ambitions.

Goal 2:

Working in partnership, to offer an exceptional, flexible and individualised educational experience that is demand driven for students in Aberdeen, at a distance, and full or part-time.

Goal 3:

To ensure every student has the opportunity to realise their potential by providing excellent research-led teaching, assessment and feedback.

Goal 4:

To equip our students with skills and experience which will allow them to maximise their opportunities as responsible global citizens upon graduation.

We want to have a diverse and international student population with whom we can work in partnership to offer flexible and individualised education wherever our students are in the world. Through research-led teaching, we want all students to have the opportunity to achieve their potential, and we aim to ensure they have the skills and experience to maximise their opportunities upon graduation.

KPI: Teaching and Learning International student recruitment:

The University has set targets for international student recruitment to support institutional growth and to strengthen further our international reach. By 2020 we aim to have an international population of around 2450 (750 UG and 1700 PG). We have met milestones at undergraduate level and recruitment to postgraduate programmes is growing.



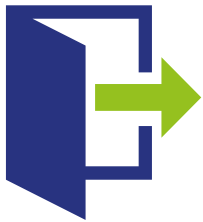
A key component of this strategy is digital enhancement and the delivery of an exceptional and personalised student experience, with the best levels of classroom support. Student satisfaction levels have shown increases since the beginning of the strategic planning period, and it is evident that digital enhancements have had a positive impact on the speed, efficiency and transparency of the feedback and assessment process. In 2016/17, we met our milestone targets for student satisfaction with teaching as measured through the National Student Survey (NSS) and are performing above the UK and Scottish sectoral averages. We have met our targets for satisfaction with teaching, assessment and feedback and continue to address the issues students have raised through the survey.



KPI: Teaching and Learning

Student satisfaction:

In the NSS, the University aims, by 2020, to have achieved a satisfaction score of 92.4% (for teaching) and 76.4% (for assessment and feedback). Our performance is on an upward trajectory and we have met our milestones for satisfaction with teaching in 2016/17 (87.6%) and assessment and feedback (68%). We are taking concerted action to address the issues students have raised through the survey.



KPI: Teaching and Learning

Non-continuation rates:

By 2020 we aim to have no more than a 6.5% non-continuation rate for undergraduate students progressing to year 2 of their studies. At the end of 2016/17 we had met our milestone, and currently stand at 9.1%.



KPI: Teaching and Learning

Employability:

By 2020 82% of our graduates will either be in graduate employment or further study as measured by the Destination of Leavers in Higher Education survey. The University's performance has improved in the planning period in spite of the challenges facing the oil and gas sector and we almost met our targets set for 2016/17, with the employability rate currently being 76.7%, or 0.4% short of target.

The retention of students is of critical importance to us and is a key strand to our teaching and learning strategy. Targets have been set to reduce the number of students who fail to progress into second year, as this has been identified as a key area for improvement. In the planning period, non-continuation has steadily improved; we have met our milestones and are on track to meet 2020 targets.

In 2016/17, the University developed an online learning strategy, building on our past successes and allowing more students around the world greater access and the opportunity to study flexibly. We have now established a number of part-time and short course CPD online programmes, as well as Access courses. We intend to expand this number in coming years. While we envisage that flexible online delivery will continue to grow, we also consider it a vital part of our strategy to develop presence overseas to meet the needs of students in other parts of the world. The University opened a campus in Qatar in September 2017 in partnership with the Al-Faleh Group for Educational and Academic Services (AFG). Further opportunities in Asia and Africa continue to be explored as part of our strategy.

The University prides itself in having one of the best student employability rates in the UK. We aim to improve the employment prospects of our students further through continued skills development for students, helping them to grow academically and socially. We continuously review our curriculum to meet the needs of both employers and students and, as a result, and in spite of the downturn in the global oil and gas economy, the number of students securing employment or embarking on further study remains amongst the best in the UK. As part of this strategy the University has set up a Leadership Academy, bringing students in direct contact with a range of employers to learn about different leadership styles and what leadership means in different industries.

Research

Goal 1:

To strengthen our position as a world class, research intensive university, focusing on areas of excellence.

Goal 2:

To increase the non-academic impact of our research on the world through an enhanced portfolio of knowledge exchange activities with industry, business and society.

The University is proud of its longstanding reputation as a research intensive institution and will focus its research strategy on strengthening further research excellence. Our aspiration in the strategic plan period is to increase annual research income to £64m by 2020. Our research continues to have measurable impact on the world, we collaborate across disciplines and national boundaries, and have built strong relationships with industry, business and society.

During this planning period we continue our efforts to increase the non-academic impact of research through active participation in knowledge exchange activities and to foster start-up initiatives for our students, such as the ABVenture Zone and the Enterprise Campus. We also play a major role in the City Deal, a government-funded regional initiative with Aberdeen City and Aberdeenshire Councils and local partners to encourage industrial engagement and contribute to the economic development of the region.

International collaboration is key to our research strategy, and we are developing new collaborative networks for our researchers, including a global alliance with Curtin University in Australia. We also take part in multiple partnerships supported by the Newton Fund and the Global Challenges Research Fund. The University was a founding member of a new network of European universities, AURORA, established in 2016. The network comprises universities which produce internationally relevant research, and are in the top 250 in the world.

To strengthen further our position as a world class, research intensive university, we have set ambitious targets to grow research, consultancy and other knowledge exchange income. Targets for research grant income have been set per academic member of staff. Progress indicates a positive trajectory, and we remain confident that we will meet overall targets for 2020.

**KPI: Research****Grant income per FTE:**

By 2020 we aim to achieve £61,500 of grant income per academic staff member (FTE) and we are currently above target at around £62,000 per FTE.

Institutional preparations are well advanced for submission to the Research Excellence Framework (REF) exercise in 2021. The University is in the process of identifying high quality research publications and impact case studies for submission in 2020 and monitors closely the number of publications per member of academic staff which are of REF quality.

**KPI: Research****REF Period Publications for Eligible Academics**

The University has not met milestone targets for 2016/17 for the number of research publications compliant with REF standards. Monitoring processes are in place with the aim to double the number of publications by 2020.

To maintain a vibrant and thriving research community it is essential that we attract and retain high quality staff and students and the University has therefore set stretching targets for the ratio of postgraduate research students to academic staff. Milestone targets were met in 2016/17 with a steady growth in the ratio of research students in the planning period.



KPI: Research

Number of PhD students:

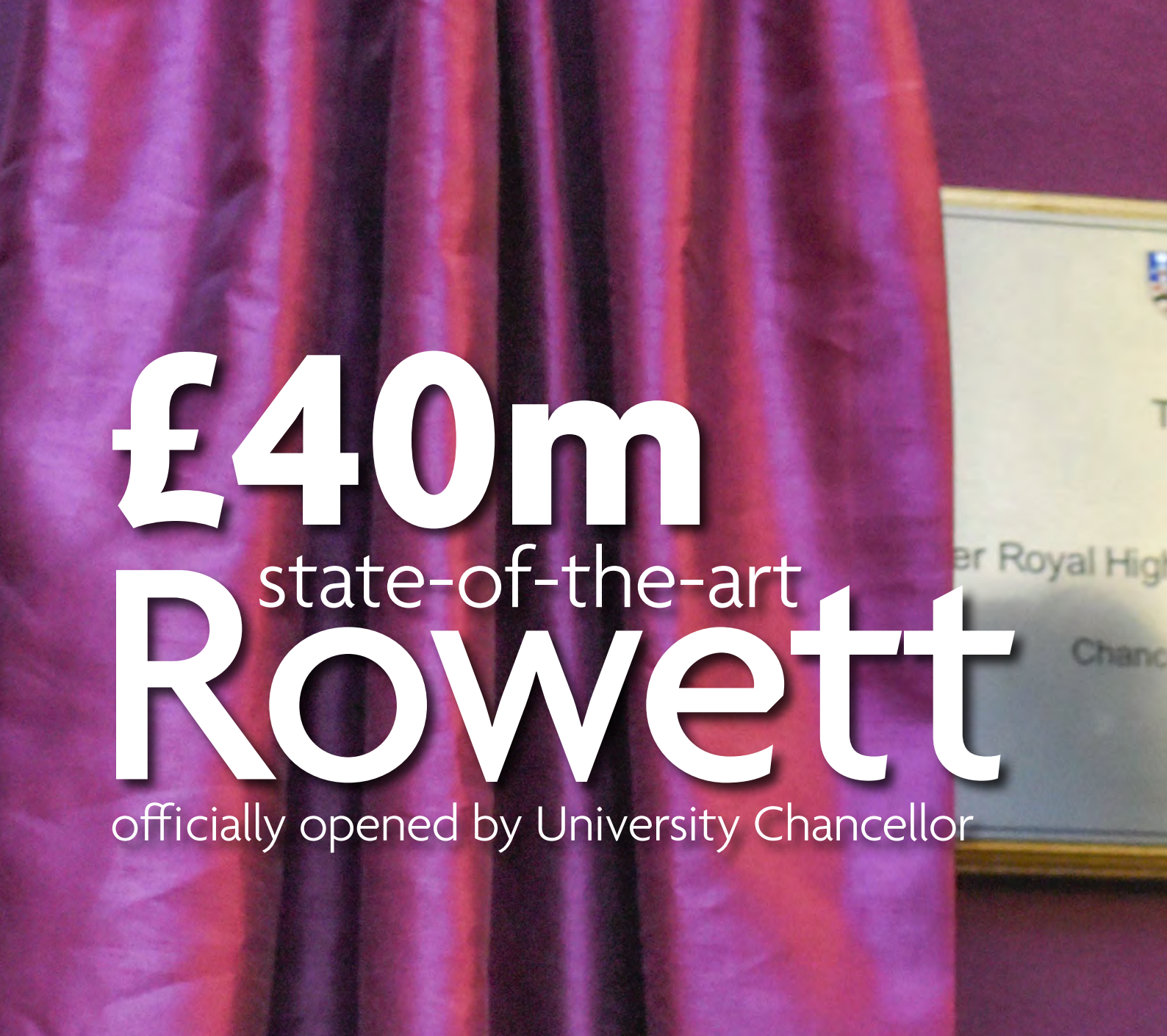
We aim to have 1.1 research students per member of academic staff (FTE) by the end of the planning period in 2020. Our numbers have been growing and we are on target for 2016/17 at 0.9 research students per member of academic staff (FTE).

The Strategic Plan 2015-2020 sets out an ambitious vision for the University: to be one of the world's top seats of teaching, learning and research, and challenging targets have been set to realise significant improvements in performance across all key areas in this period. League tables can be an imprecise tool to measure quality in higher education but are nevertheless relied on to assess performance. During this planning period, the University aims to improve its ranking with special focus on two league tables: the THE World University Rankings and the QS World University Rankings. As the table below indicates, the University's position has improved in THE in 2017, but has fallen in the QS World University Rankings with many measures in place to boost our position and achieve target by 2020.

		2013	2014	2015	2016	2017
To be in the top 100 universities in major international league tables by 2020	QS	148	137	137	141	158
	THE	176	188	172	188	185

The following table sets out our assessment of progress in meeting our strategic objectives at the end of the second year of our current Strategic Plan, along with an indicator to show whether performance has improved, declined or remained the same since the beginning of the planning period. Performance is shown as: **Green:** target milestone achieved; **Amber:** significant progress made; **Red:** target yet to be achieved.

KPI	Target	Status	Change
League table ranking	Enhance the University's performance in THE and QS	Red	▼
Non-continuation from level 1 to level 2	Decrease non-continuation of UG students into year 2 of studies	Green	▲
Student satisfaction	Increase student satisfaction with teaching in the NSS	Green	▲
Student satisfaction	Increase student satisfaction with assessment and feedback in the NSS	Green	▲
Student numbers	Increase the number of overseas students at UG level	Green	▲
Student numbers	Increase the number of overseas students at PGT level	Amber	▲
Positive destinations	Increase the number of graduates who go into graduate employment or further study	Green	▲
PGR students per FTE	Increase the average number of PhD students per academic member of staff (FTE)	Green	▲
Publications per FTE	Achieve the number of high quality publications required to enable a high quality submission to REF 2021	Amber	▲
Grant income per FTE	Increase average grant income per academic member of staff (FTE)	Green	▲
Institutional surplus	Achieve financial sustainability and reduce operating deficit to zero by 2020	Green	▲
Athena Swan	Renewal of institutional bronze award, all Schools to achieve bronze and at least one School to achieve silver	Green	▲



£40m state-of-the-art Rowett

officially opened by University Chancellor

The Rowett Institute continues to be at the forefront of research into food and nutrition as it has been for more than a century. Over the decades, it has made considerable contributions to policy and understanding, whether this was through the research which informed rationing in the Second World War, playing a key role in the establishment of a national Food Standards Agency, or through unique partnerships with industry to formulate healthy food which addresses the twenty-first century problem of obesity.

In January 2017 our Chancellor, Her Royal Highness the Duchess of Rothesay, was given the opportunity to see how the Rowett's influence continues to grow, when she opened its new £40 million facility in Foresterhill.

The new facility replaces the original building in Bucksburn which was officially opened by Queen Mary in the 1920's. By the turn of the century, the Rowett Institute had outgrown its original building and now, in this new five

storey state-of-the-art facility, our researchers can focus on world-leading research.

The new Human Nutrition Unit (HNU) has been equipped to the highest standards and ranks among the best facilities in Europe. On a tour of the building, Her Royal Highness had the opportunity to see modern equipment such as the 'bod pod' which measures body composition including body fat and resting metabolic rate. The latest technology is vital in order to monitor the effects of trials involving dietary interventions. Meanwhile, hotel-standard facilities make volunteering for trials a more attractive proposition by making a visit more comfortable and offering overnight accommodation.

The Duchess was informed of work analysing our relationship with sugar and interventions to break our 'addiction' to it. She was also updated on research which taps into our increasing knowledge about the valuable role of protein. Researchers at the Rowett are investigating



the potential of high-protein plants, which can be grown in Scotland, to provide healthy and sustainable ingredients for the food and drink industry whilst also generating new opportunities for growers. Her Royal Highness was particularly interested in a 'taste test' set out in the canteen, which involved tasting biscuits made with beetroot and other vegetables. The biscuits have been designed for pregnant women as part of a study to investigate whether it is possible to influence the taste buds of babies whilst they are still in the womb.

The Rowett's influence on policy-making and behaviour is set to grow with the launch of a new collective of Scottish Environment, Food and Agriculture Research Institutes (SEFARI). SEFARI aims to make the links between researchers and users more effective through innovative events, conferences and key conversations. Fellow members consist of academics from six research institutes: the Moredun Research Institute, Scotland's Rural College, the James Hutton Institute, the Royal Botanic Garden Edinburgh and Biomathematics and Statistics Scotland. Businesses, charities, communities and policy-makers

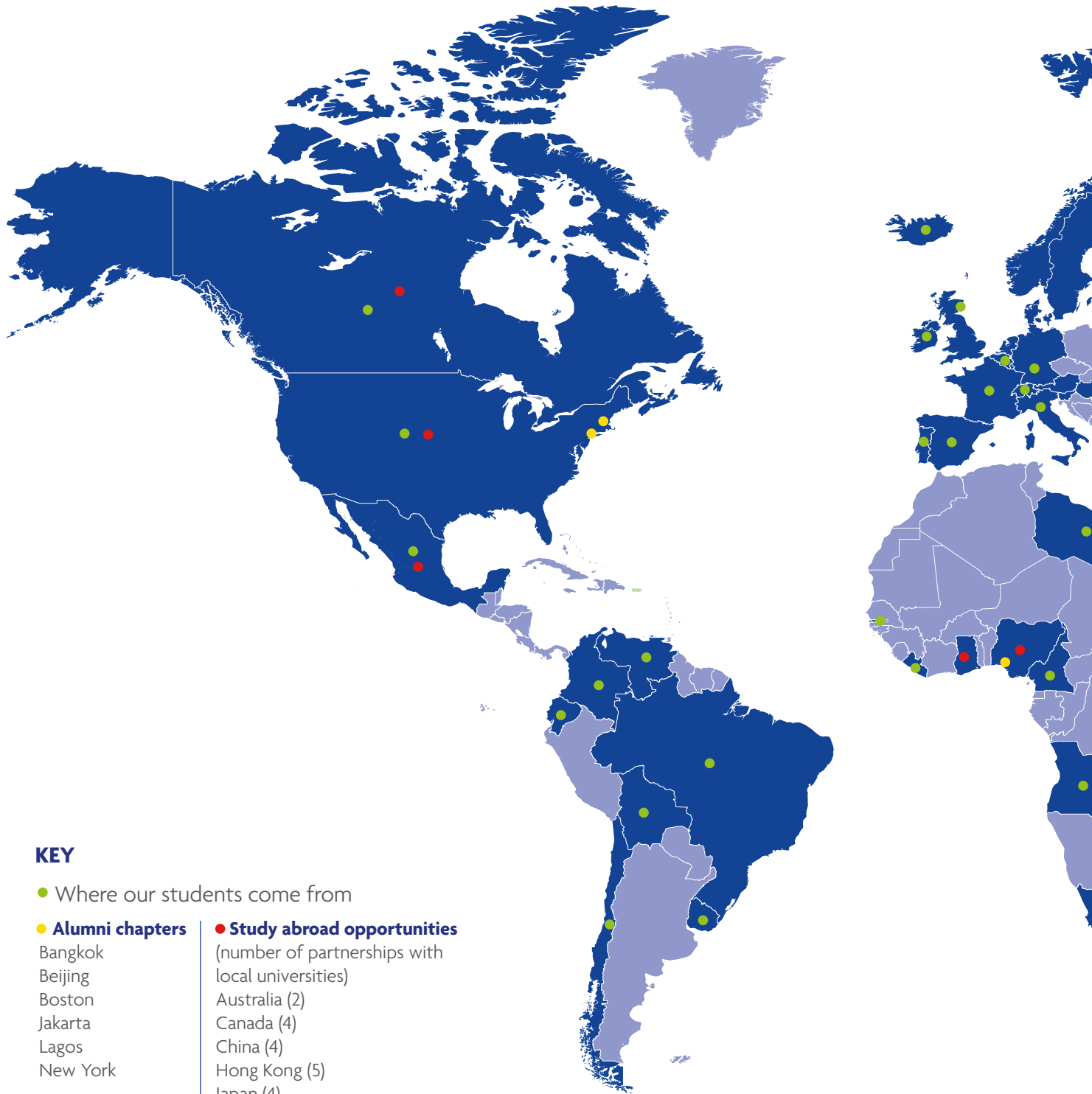
will benefit from easier access to research carried out in Scotland.

Rowett Institute Director, Professor Peter Morgan, said: "The Rowett Institute has been a leading force in nutrition research for many years, and as time has gone on, the importance of creating a world class facility to match our global reputation has been paramount to the continuing success of the Institution. We now have a building to match our ambition." He added: "We were delighted to welcome the University's Chancellor, the Duchess of Rothesay, to open the new Institute and to mark the start of a new chapter which will continue to deliver breakthroughs in nutritional science and enable us to play a crucial role in tackling the global health challenges of obesity, ageing and food security."

He also paid tribute to the Rural and Environment Science and Analytical Services Directorate of the Scottish Government, which provides considerable funding for research.

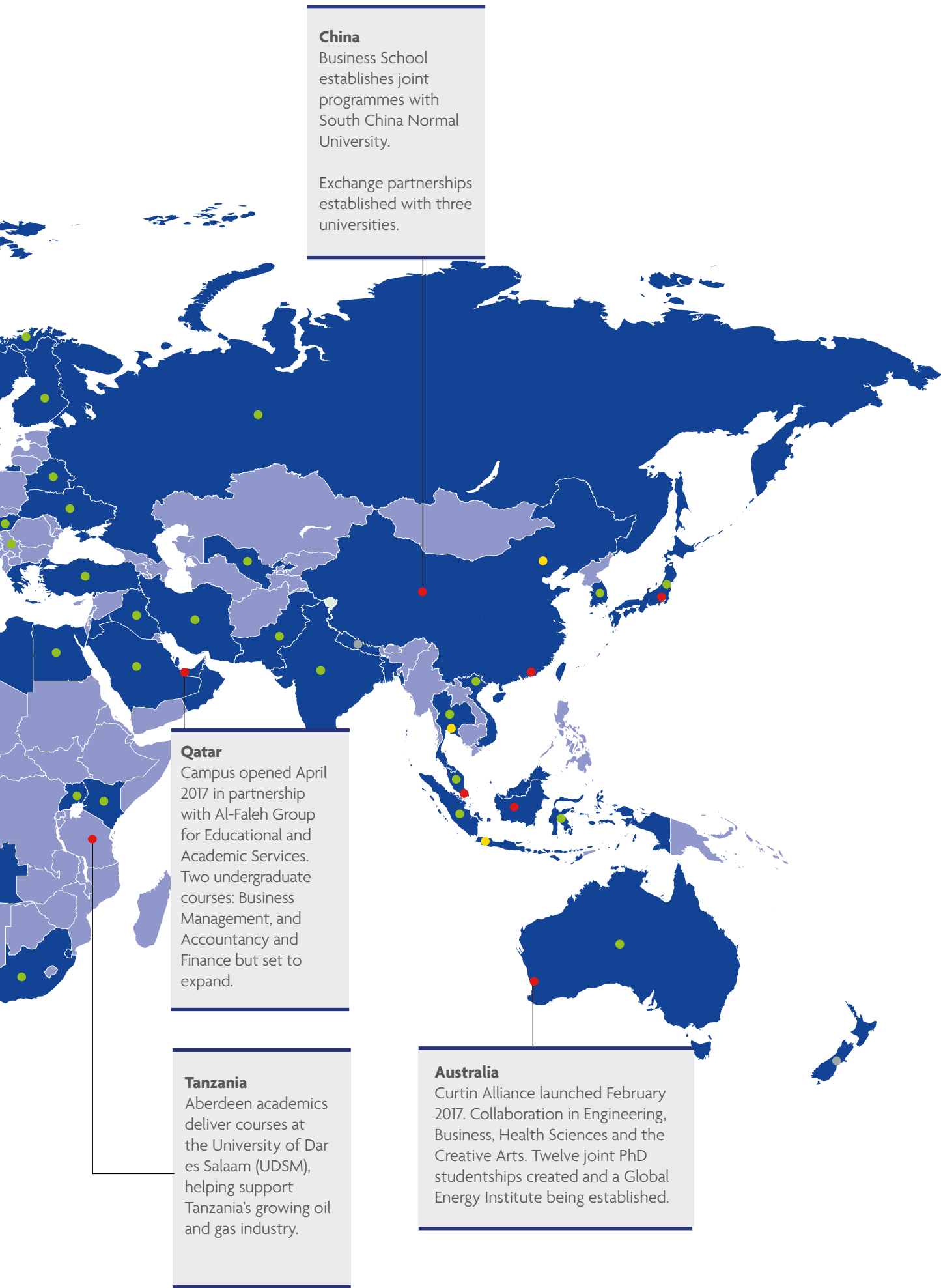
Our global reach

At the University of Aberdeen we have a truly global presence. Our students come from all over the world and we are proud that we can offer a number of unique international study opportunities through our partnerships and alliances with peers across the globe.



KEY

- Where our students come from
- **Alumni chapters**
 - Bangkok
 - Beijing
 - Boston
 - Jakarta
 - Lagos
 - New York
- **Study abroad opportunities**
 - (number of partnerships with local universities)
 - Australia (2)
 - Canada (4)
 - China (4)
 - Hong Kong (5)
 - Japan (4)
 - Mexico (2)
 - Singapore (1)
 - USA (21)



China

Business School establishes joint programmes with South China Normal University.

Exchange partnerships established with three universities.

Qatar

Campus opened April 2017 in partnership with Al-Faleh Group for Educational and Academic Services. Two undergraduate courses: Business Management, and Accountancy and Finance but set to expand.

Tanzania

Aberdeen academics deliver courses at the University of Dar es Salaam (UDSM), helping support Tanzania's growing oil and gas industry.

Australia

Curtin Alliance launched February 2017. Collaboration in Engineering, Business, Health Sciences and the Creative Arts. Twelve joint PhD studentships created and a Global Energy Institute being established.

An International OUTLOOK

The University of Aberdeen has recruited from across the world for many years and we remain committed to strengthening our appeal to students from overseas and to providing a truly international experience to our students and staff in Aberdeen. In 2016/17, more than one third of our students and almost 25% of our staff were from outside the UK. We made sure that students in Aberdeen were well represented in the launch of the Scottish Government's 'Welcome the World' event in January. We also recognise that it is not possible for everyone to leave their home country to benefit from a world class education and so we have invested in a range of new campuses, partnerships and international activities. By expanding in this way, we are widening access to higher education and building relationships worthy of our global profile.

Transnational education offers an alternative route to growing numbers of overseas students through delivering our taught programmes away from our main campuses in Aberdeen. It enables us to reach markets that have previously not featured heavily in international student recruitment and allows us to respond to global challenges in recruiting overseas students to the UK. At the same

time, it supports us in raising our international profile and offering opportunities for staff and student mobility. In the longer term, this network will be crucial to facilitating the expanded delivery of online education and offering a range of overseas placement and exchange opportunities for our students.

In April, we became the first UK university to establish a dedicated campus in the Gulf State of Qatar offering mainstream undergraduate degrees. The multi-million pound facility in Doha is a partnership with the Al-Faleh Group for Educational and Academic Services (AFG). Initially, the University is offering two undergraduate programmes: Business Management, and Accountancy and Finance, which attracted 130 students in the 2017-18 academic year. The business degrees are aimed at Qatari nationals as well as the expatriate community and we are pleased to have received a significant number of applications from Qatari women, who are less able to travel abroad in order to access higher education. Over the next four years the campus is expected to expand to include additional undergraduate and postgraduate programmes, including STEM (Science, Technology, Engineering and Mathematics) subjects.



In China, we have extended our work with South China Normal University, where the Business School already offers joint Masters programmes in Real Estate and Finance. Under new arrangements, signed in April 2017, students from South China Normal University will be able to study in Aberdeen and receive double degrees from both institutions. We have also extended long-standing research links with Wuhan University by signing an agreement which paves the way for a joint research institute. The Memorandum of Understanding promotes collaboration in a number of areas of shared interest, with a potential joint research institute operating across pharmacology and chemistry, environmental law, and energy and engineering. In light of the changes in global economic circumstances, the University continues to work with South Korean partners to assess the viability of a campus in Hadong.



Our Qatar campus opened in April 2017

In keeping with our global outlook, we engage with a wide range of national and international research networks and partnerships. February saw the official launch of our partnership with Curtin University in Perth, Australia. As key players in the Global Subsea University Alliance, Curtin and Aberdeen have natural synergies, but this has now expanded to collaboration across the disciplines of Engineering, Business, Health Sciences and the Creative



First Minister, Nicola Sturgeon, with delegates at the Scotland's Universities Welcome the World launch event

Arts. Twelve joint PhD studentships have been created across these areas, and we are launching the world's first joint Masters in Global Subsea Engineering which will enable students to study at both universities. The alliance also involves the establishment of a Global Energy Institute as an internationally recognised, industry-led hub for delivering world-class research and education programmes.

In October 2016, we became one of nine founder members of the Aurora network: a partnership of like-minded institutions in Northern Europe. Fellow members are the University of Iceland, the University of East Anglia, Vrije University in Amsterdam, the University of Antwerp in Belgium, the University of Duisburg-Essen in Germany, the University of Grenoble Alpes in France, the University of Gothenburg in Sweden and Bergen University in Norway. This network adds real value through partnership working on important societal challenges such as sustainability, climate and energy, digital technology and society, human life and health, and transformations in a globalising society. We will also collaborate to improve the student experience and share innovation in teaching and learning.





LIFTING IVORY BAN

won't solve
elephant
poaching
problem

Controlling the epidemic of ivory poaching is the subject of much debate and ways of ensuring sustainable harvesting remain elusive. One suggestion is that lifting the existing ban and tightly regulating trade may be the solution, but research carried out by Professor David Lusseau from the School of Biological Sciences and Professor Phyllis Lee from Stirling University, showed that there is no way to harvest ivory sustainably, as the demand is far too great.

“We decided to produce a new, realistic model to define how much ivory could be sustainably harvested,” said Professor Lusseau. “Our estimates told us that for a healthy, well protected and growing population of about 1350 elephants, we could sustainably harvest ivory from around one big male every year. However the problem occurs when the biggest males have been used, you then need to take several smaller animals to harvest the same amount of ivory the next year, and so on. It takes time to grow ivory, a big male will be 45 to 55 years old before his



tusks have grown to full size. We would need two to three generations of excellent reproduction to replace these ivory-bearing males.”

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) was considering the possibility of a legal ivory trade. Professor Lusseau’s research was widely reported, including by the National Geographic, Nature magazine and Science magazine.

Going forward, the team hope to build upon their model, introducing environmental and social demographic effects in the population model as well as developing a better understanding of hunter behaviours and motivations. This will help scientists to explore solutions for sustaining elephant populations into the future.

BEHAVIOUR CHANGING RESEARCH

No need to wait to conceive after miscarriage

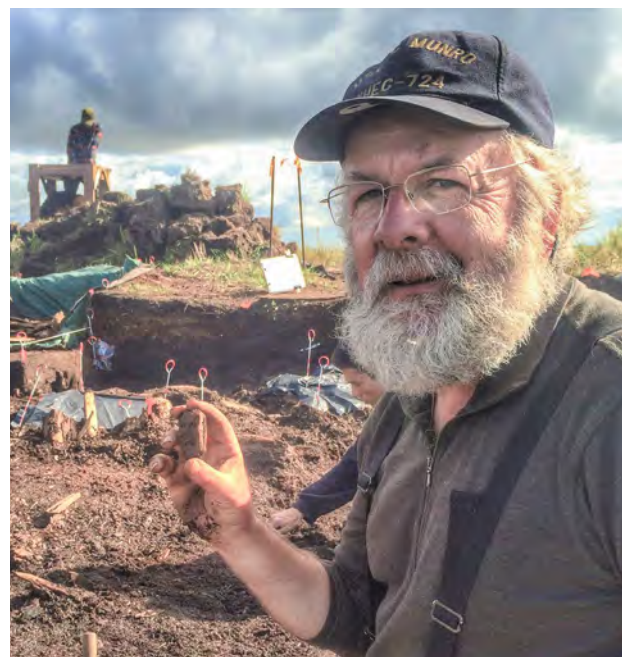
A comprehensive review of research by a team at the Institute of Applied Health Sciences resulted in new advice to women who have suffered a miscarriage. The World Health Organisation (WHO) currently recommends that women wait at least six months after miscarriage before trying for another baby, but a study by Dr Sohinee Bhattacharya and colleagues found women who get pregnant soon after a miscarriage are more likely to have a successful pregnancy than those who wait to conceive again. The research was published in Human Reproduction Update, and widely reported around the world, reaching an audience of three million people in the UK alone. This world-leading research was welcomed as 'very important' by the Miscarriage Association.



Our Research Links and Collaborations

Saving precious relics of Alaska

Archaeologist Rick Knecht and his team have been recognised by National Geographic Magazine for preserving the archaeological site of Nunalleq on the southwest coast of Alaska, which is in danger of being destroyed by global warming. They have recovered more than 2,500 intact artefacts belonging to the Yupik people, including skeletons of women, children and elders, their eating utensils, and extraordinary things such as wooden ritual masks, ivory tattoo needles, and a belt of caribou teeth. All are all astonishingly well preserved, having been frozen in the ground since an attack on the settlement in around 1660.



Rowett researcher meets panda

Dr Karen Scott from the Rowett Institute visited China to speak about her research into infant nutrition and the development of the gut microbiome at an international meeting organised by BIOSTIME, a company committed to providing mothers with comprehensive parenting solutions. While in China, Karen took the opportunity to visit another area from her research interests - the Chinese



research centre on Giant Pandas in Dujiangyan. Karen presented data from her study which looked at the gut microbiota of the pandas at Edinburgh zoo. After presenting, Karen was able to get up close to one of the centre's furriest residents – a one year old giant panda.

World's first centre to tackle African fungal infection deaths set up

The world's first international research centre for tackling fungal infections which kill around 1.3 million people globally every year has been set up in South Africa by the University of Aberdeen in conjunction with the University of Cape Town (UCT). Fungal infections kill more people in Africa than anywhere else on the planet. The AFGrica Unit, which opened in December 2016, presents a unique opportunity to address the urgent need to improve basic knowledge and clinical management of fungal infections. Meanwhile, in January, the Medical Research Council Centre



for Medical Mycology was officially opened at the University of Aberdeen. It is the UK's centre of excellence for fungal research and was located here due to the expertise of the Aberdeen Fungal Group. It is the first MRC Centre dedicated to medical mycology and one of only 22 MRC centres in the UK.

Centre for Civil Society and Rule of Law (CISRUL)

Concepts such as 'citizenship', 'civil society', and the 'rule of law' are often used by policy makers and scholars. The University's new Centre for Civil Society and the Rule of Law (CISRUL) draws on expertise from Modern Languages, History, Law, Politics, Sociology, Divinity and Education to examine how political principles function. Core to CISRUL's mission is informing academic and public debate on how they are used, and to what effect. Currently supported by £300k funding from the Economic and Social Research Council, CISRUL represents a strategic focus for interdisciplinary research across the arts and humanities and the social sciences.

Hitler's secret autobiography

Historian Thomas Weber has discovered that the first 'biography' of Adolf Hitler, which presented him as Germany's saviour, compared him to Jesus and helped propel him up the political ranks, was 'almost certainly' self-penned. The historian unearthed compelling evidence that the book was an act of self-publicity, hidden in a South African archive. Published in 1923, *Adolf Hitler: Sein Leben und seine Reden* (Adolf Hitler: His Life and his Speeches) was the first major profile of the would-be dictator and appeared under the name of north German aristocrat and war hero Victor von Koerber. The discovery was published in Professor Weber's new book, 'Metamorphosis: How Adolf Hitler became a Nazi', which has been published in the UK, the US, Germany and the Netherlands.



Device to control bleeding tested in trauma centres

Ten major trauma centres in England are involved in a University of Aberdeen trial of a new device to control catastrophic bleeding in accident victims. The 'Reboa' (resuscitative endovascular balloon occlusion of the aorta) works by inserting a balloon device into the body's main artery. It allows doctors to control internal bleeding which would be impossible to stop via compression from the outside, in order to give them extra time to get the victim into theatre. The trial will examine if the technique can prevent deaths and disability in those involved in road collisions and falls from height. The study is being supported by a £1.1m grant from the National Institute of Health Research and will run for four years, involving around 120 patients.



BEHAVIOUR CHANGING RESEARCH

Aberdeen leads on £2.5million grant for Brexit analysis

Aberdeen has won a £2.5million grant from the Economic and Social Sciences Research Council to examine, in real time, the effects of Brexit on the constitutional dynamics of the UK.

The team will be led by Professor Michael Keating, Professor of Politics and the University of Aberdeen director of the Centre on Constitutional Change, an inter-university research centre led by the universities of Aberdeen and Edinburgh.

Professor Keating said: "Membership of the European Union played a role in holding the United Kingdom together. Brexit has destabilised these arrangements and revealed deep differences across the nations.

"In the next two or three years, decisions will need to be taken on Brexit that will shape the UK constitution for the future, but without much time for study and deliberation. This country is undertaking a real-time experiment in constitutional change and a game without fixed rules or a referee. The project will monitor these claims and decisions, seek to explain them and assess their significance."

The team also includes political scientists and legal scholars at the universities of Cambridge, Cardiff, Cork and Stirling.



Soil study to combat global warming

A new £2million project, led by Professor Pete Smith from the School of Biological Sciences, is now in place to investigate how soil can be used to combat global warming. The project will be the most comprehensive global assessment of the potential of our soils to remove greenhouse gases from the atmosphere. The research has been jointly funded by the Natural Environment Research Council (NERC), the Economic and Social Research Council (ESRC), the Engineering and Physical Sciences Research Council (EPSRC) and the Department for Business, Energy & Industrial Strategy (BEIS). The Met Office and the Science and Technology Facilities Council (STFC) are also providing in-kind support.



Charity's £1million pledge kick-starts University cancer team drive

The University of Aberdeen's drive to raise £4.5million to establish a world class cancer research centre was launched with a £1million pledge from Friends of ANCHOR charity. The charity has pledged the money to the University of Aberdeen Development Trust as a key contribution to the University's ambitious five year proposal to advance cancer research in the North-East of Scotland. The aim is to strengthen all aspects of oncology practice from the basic scientific research to the recruitment and retention of high quality clinical staff, trainees and nurses, resulting in improved care for patients.



Metamaterial research breakthrough

A major breakthrough in research of a revolutionary new material has been made by a team led by Engineering Materials Professor Robert McMeeking. Together they have proved that a new 'metamaterial' can be created. The lightweight, solid foam known as Isomax™ has properties not found in nature and could one day be used in the construction of anything from spacecraft to prosthetic limbs. It was described in theory over 40 years ago.



Contraceptive pill is not harmful long-term

Women who have taken the oral contraceptive pill are protected from some types of cancer for as long as 30 years according to researchers from our Institute of Applied Health Sciences. Using data from the longest-running study in the world, the team showed that women who have used the pill are less likely to have colorectal cancer, endometrial cancer or ovarian cancer than women who had never taken it. The results were published in the American Journal of Obstetrics and Gynaecology, and widely reported by the press in the UK and abroad.

Research into pregnancy test linked to birth defects makes headlines

Research by a team from the Institute of Medical Sciences into a drug (Primodos) used as a hormone pregnancy test in the 1970s, has explored allegations it was linked to birth defects. Dr Neil Vargesson and his team tested a sample of Primodos on fish embryos which led to a number of defects including enlarged hearts and twisted spines. The team has previously studied the morning sickness pill Thalidomide which caused more than 10,000 birth defects. The research was featured in an hour long Sky News documentary which was screened at the Houses of Parliament and broadcast to the public during the same week, making headline news.

University leads trial of online diagnoses for children

A team from the University is leading a study to discover if an online psychiatric programme could cut the length of time children have to wait for treatment. Young people who have been referred for a diagnosis of conditions like depression, autism or ADHD will be diagnosed by computer, after completing a computer-based interview. The results are assessed by a psychiatrist. It's hoped that the 'Development and Wellbeing Assessment' will result in faster referrals to appropriate support services. Tests suggest the diagnosis success rate is 80-90%, and the trial will run in the Scottish Highlands and Finland.

An eye in the sky to tackle the fly

Scientists at the University of Aberdeen are putting an eye in the sky as they investigate a potential new method to prevent damage to soft fruit crops in the UK.

They are using drone technology in a bid to create a new monitoring system for the fruit fly *Drosophila suzukii*.

Also known as Spotted Wing *Drosophila*, the pest has become a serious threat to growers since it arrived in the UK from mainland Europe, affecting many commercial fruit crops including strawberries, raspberries and grapes.

Early detection is crucial to prevent it from damaging crops, however traditional monitoring methods are time-consuming and costly.



Working with industry

New hope for Rockall oil and gas exploration

Analysis of the Rockall area of the North Atlantic from the School of Geosciences has revealed previously unknown insights that could lead to new oil and gas discoveries in one of the most challenging environments on Earth for hydrocarbon exploration. Previous attempts to find hydrocarbons in Rockall have been largely unsuccessful, with only one gas discovery out of 12 wells drilled. However, by studying the latest seismic data supplied by the Oil and Gas Authority and employing lessons learned elsewhere in the UK Continental Shelf, Dr Nick Schofield and his team have gained a clearer understanding of the Rockall Basin identifying potential areas for future exploration activity. They believe that misconceptions regarding the character of the Basin - as well as challenging weather conditions and its remoteness - have hampered these exploration efforts in the past.

The analysis was funded by a £250,000 award from the Oil and Gas Authority as part of its Frontier Basins Research effort to boost future exploration in the UK Continental Shelf.

The findings of Dr Schofield's paper demonstrate the value in applying the latest geological knowledge and understanding to seismic data to increase industry's awareness of the opportunities that still exist in frontier areas.

Building a sustainable future for the Oil and Gas Industry

The University is a key member of a new 'Centre of Excellence', which is supported by funding from the Aberdeen City Deal, which will inject around a £250million to the region, stimulating investment in a diverse economy. Bringing together cutting-edge research and industry expertise to develop a sustainable future for the oil and gas industry in the North East of Scotland, the Centre was launched in February. Alongside this, a new £180million Oil and Gas Technology Centre which will create new technology for the North Sea and support innovative projects across the industry was also launched.

Decommissioning Masters degree

A new MSc in Decommissioning was launched in September in response to changes in the industry and as part of a collaboration between the Oil & Gas Innovation Centre and other Scottish universities. The degree aims to develop education in new technologies in exploration, production and decommissioning. This new research-led MSc programme will be co-ordinated from Aberdeen and aimed at individuals with industry experience or companies with innovative ideas that they wish to develop.

Fostering geoscience capability in Tanzania

A partnership with the University of Dar es Salaam (UDSM) is helping to support Tanzania's emerging oil and gas industry. Dr Davide Oppo and Dr Vittorio Maselli from the School of Geosciences have been conducting BSc and MSc courses at UDSM as part of a project funded by Shell, operator of various deepwater gas fields in offshore Tanzania. Dr Oppo and Dr Maselli were hired to develop local content through forming research collaborations with Tanzanian partners and to teach courses. All their academic duties take place at UDSM, where they spend around five months of the year, fully integrated into UDSM's academic team. This project has followed our success in working with international partnerships in Brunei, Brazil, and Ghana.



The University in

Research on unique Burgh records gives insight into daily life

Aberdeen has the earliest and most complete body of surviving records of any Scottish town and funding of £310,000 from the Leverhulme Trust towards the Aberdeen Burgh Records Project will bring this to life.

The Burgh Records contain the day-to-day detail of governing Aberdeen in the Medieval period and beyond. The eight volumes covering the period 1398 to 1511 have been recognised by UNESCO as being of outstanding historical importance to the UK.

We have embarked upon an exciting collaboration with the Aberdeen City and Aberdeenshire Archives (ACAA) and the National Records of Scotland (NRS) on a major project to digitise and transcribe these unique records to help preserve them for future generations.

It has already revealed insights into daily life in Aberdeen, revealed through court records in the Fifteenth Century. "History in the past has often been of kings and nobles," said historian Dr Edda Frankot from the School of Divinity, History and Philosophy. "These urban sources are special as they show us the fights of normal people – anybody can get into a fight." For example, on October 31, 1491, Canny Leis was reported as being convicted of throwing "filth" on David Theman. She was warned that if she ever did it to him again – or to any other reputable person – she would have to pay a fine of five merks which would go to St Nicholas Kirk.

Beside the curiously familiar insight into daily court appearances, researchers have previously delved into the records to uncover tales of shipwrecks, piracy and even royal demands. The opening up of this resource transforms our understanding of late medieval and early modern legal systems. The joining together of academic and technical expertise to provide a transcription creates a fascinating resource which is now available to all. It is becoming clear how the law was applied, who used it, when, and for what purpose.

Carol concert University hosts annual London celebration for alumni and friends

The University and Classic FM hosted the third annual Celebration of Carols at St Marylebone Parish Church, London in December 2016. Hosted by Aberdeen alumnus Canon Stephen Evans, the evening offered Christmas carols and readings from Sir Tony Robinson, Bill Turnbull, Call the Midwife's Laura Main and a performance from the University of Aberdeen Chamber Choir, conducted by Professor Paul Mealor which was broadcast on Classic FM on Christmas day.



Photo by Matt Fowler photography

Medical student praised by emergency services for helping at accident

Medical student, Joshua Michie, has been praised by fire and police services for rushing to the aid of victims of a car crash. Joshua, who is also a volunteer Special Constable with Police Scotland, helped provide assistance to a man trapped in the wreckage of a car whilst they waited for emergency services to arrive. Joshua's help was officially recognised by the fire brigade involved in the rescue, who praised his "prompt actions".

Search finds Gold

The Project SEARCH team, which provides preparation for employment for young people aged 16-25 with learning difficulties, became the first provider in the North East of Scotland to be accredited at gold level by Developing Young Workforce North East. DYW regional groups were established to implement the findings of the Commission chaired by Sir Ian Wood to better prepare children and young people aged 3-18 for the world of work. The DYW Quality Accreditation is awarded to partnerships that encourage the employment of young people and demonstrate excellence in their work. The Project SEARCH accreditation shows that we, alongside our partners in the programme (North East Scotland College, Inspire PTL, Aberdeen City Council and Aberdeenshire Council) are providing a valuable service to businesses and young people in our local community.

the community

Explorathon

Over 2,000 people attended our 'Explorathon' events, as part of the European Researchers' Night Scotland. More than 70 of our staff and students entertained the public with an extravaganza of discovery, debate and entertainment in celebration of research across Scotland. This is the fourth Explorathon in Aberdeen which offers researchers training and support in public engagement. They hosted talks, special film screenings, shows, comedy nights and other events with experts ranging from archaeology to zoology.



Supporting the Powis community

In March, we joined with Aberdeen City Council to support a Community Needs Assessment of the Powis area. The community, which surrounds the University library, is among the most deprived 10-15% in Scotland, with an estimated unemployment rate of approximately 18.5% in a city whose overall unemployment rate is less than 2%. Led by Karen McArdle, Professor (Emerita) in Education, the project explored what residents themselves saw as the key issues in the area. It involved a survey of households and focus groups with local residents.

Chart-topping album for University of Aberdeen Chamber Choir

The Prince of Wales and Duchess of Rothesay attended a special concert by our Chamber Choir to raise funds for the people of Ballater whose homes were devastated by flooding in 2015. The concert, in January, coincided with the release of the Choir's album 'Immortal Memory – A Burns Night'. The album was a unique recording of Robert Burns poetry translated by Professor Paul Mealor into choral music and released under our own record label, VoxRegis. It reached number 3 in the UK Classical Charts and all proceeds from the album, along with the concert, were donated to projects to support Ballater residents who are still working to return to their homes. The Chamber Choir were also invited to perform on BBC1's Mother's Day edition of 'Songs of Praise'.



Students in society



Widening participation

As student ambassador for widening participation, Donna Connelly is working hard to help aspiring students who dream of a university education to follow in her footsteps. Donna arrived at the University of Aberdeen two years ago, articulating into the BSc Computing Science degree from North East Scotland College (NESCol). NESCol is one of a number of colleges with whom the University is developing pathways for students into degree courses as part of its efforts to widen participation. Donna hadn't considered university until she learned about this pathway. As well as representing the University at careers fairs and other events she has also helped improve the experience for mature students and students with children.

When it comes to encouraging young people into medicine, the University and NESCol have joined together to give the most promising secondary pupils from rural areas and less advantaged backgrounds a unique opportunity to study medicine in Aberdeen. Twenty students have been admitted to the Gateway2Medicine programme which will give them the experience and qualifications needed to study medicine at university by offering extra tuition in maths, biochemistry and chemistry as well as paid work experience with NHS Grampian. Students will also be offered a funding package of up to £2,000 to help with travel, technology and living costs.

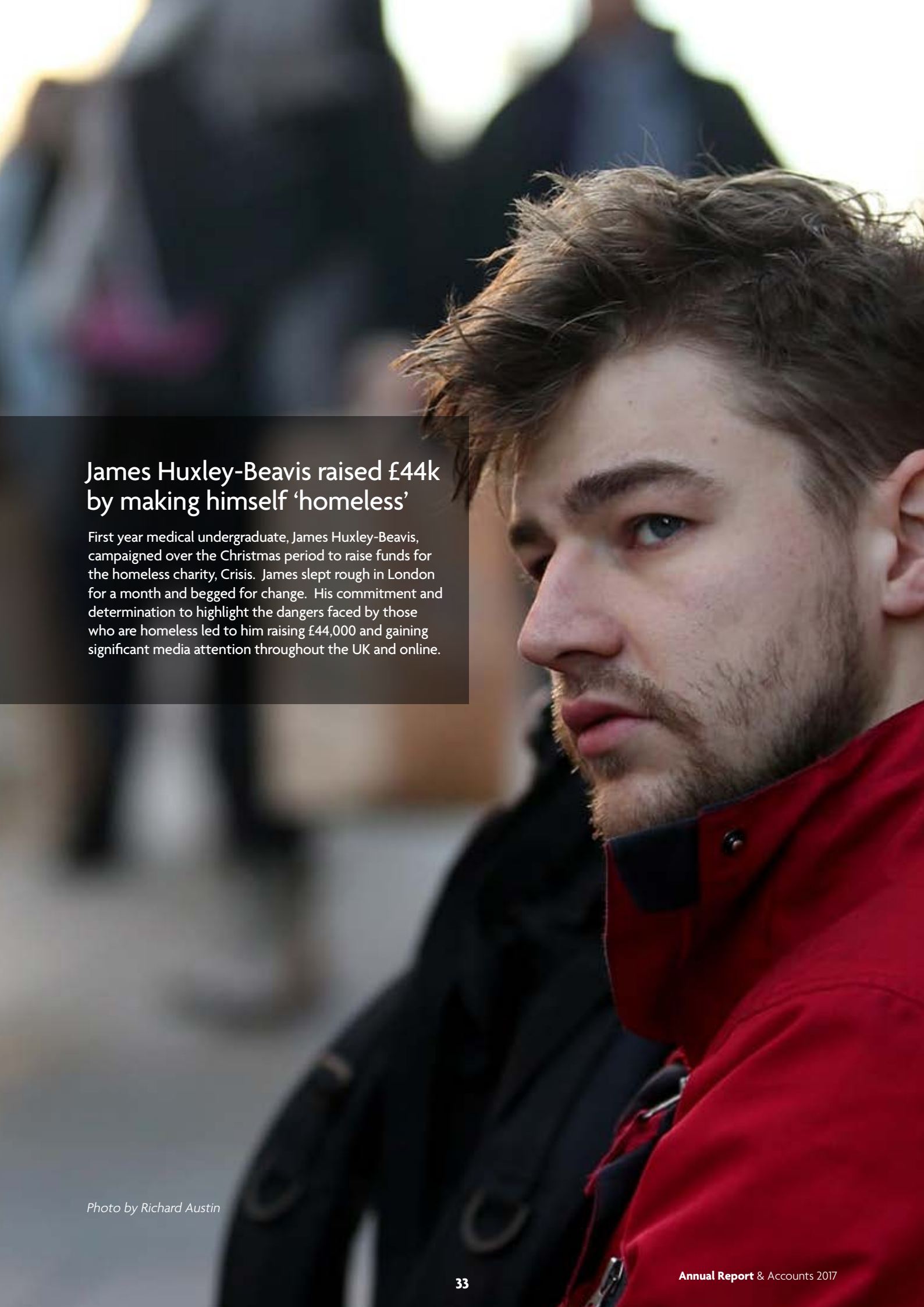
School pupils join the University Biodiversity Centre in poster competition

School pupils from across Scotland have taken part in the tenth annual poster competition on threats facing the marine environment, organised by the Aberdeen Biodiversity Centre at the University of Aberdeen. Primary and secondary school pupils were all given the same theme and were challenged to channel their 'inner artists' to show their interpretation of the topic through art. The centre received entries from 12 local primary schools and 16 secondary schools from across the country including Orkney, Edinburgh and Fife. The competition was judged by Professor David Lusseau from the University's School of Biological Sciences, Marine Biologist Dr Lauren Smith and Sandra Bisset, an Environmental Educator.



Students help young carers

The student-run University Homework Club offers a supportive learning environment to local secondary school pupils who have caring responsibilities. This pilot project, run in conjunction with Aberdeen City Council, encourages pupils to complete their homework and revise for exams while aiming to increase and enhance educational attainment. Supported by a team of enthusiastic multidisciplinary students, the weekly club also provides attendees with an opportunity to learn more about higher education and to engage in social activities.



James Huxley-Beavis raised £44k by making himself 'homeless'

First year medical undergraduate, James Huxley-Beavis, campaigned over the Christmas period to raise funds for the homeless charity, Crisis. James slept rough in London for a month and begged for change. His commitment and determination to highlight the dangers faced by those who are homeless led to him raising £44,000 and gaining significant media attention throughout the UK and online.

Photo by Richard Austin

may

FESTIVAL

Our annual May Festival saw its very own 'Time Team' style archaeological excavation with none other than Sir Tony Robinson attending. It examined what remains of the King's College Grammar School which stood in front of King's Chapel. Visitors were able to watch the dig throughout the festival and speak to the archaeologists, in a project which brought together teaching, research and public engagement in an innovative way. Over 450 children took part in the dig, with one pupil from Hannover Street School digging up a coin from the reign of Charles II. The excavation itself produced solid evidence of the University's Grammar School as well as intriguing prehistoric evidence including one piece of early Stone Age flint which, if verified, joins only a handful of pieces of evidence from this date in Scotland. There has been little

to no modern development on the High Street and as relatively little is known about its archaeology this research has been an important first step in constructing a new historical narrative of this area.

Sir Tony was just one of the stars of this year's programme, which had something to offer every member of the family. 'Call the Midwife' star and Aberdeen alumna Laura Main told a sold-out Kings College the secrets behind the hit series. The festival proved a hit for visitors with 14,000 attending events – significantly more than the previous year – and 50,000 joining us remotely to catch up with the progress of the dig on Facebook Live. One thousand children attended the special events programme for schools.





Thank you

We also took the opportunity to thank our donors at this year's May Festival with the University's first tagging trail. Large gift tags were displayed on buildings and objects in Old Aberdeen and Foresterhill to highlight the huge difference donors make to our people and our campuses. An interactive trail was created allowing visitors to see the incredible impact of donations to the University. The trail included the Sir Duncan Rice Library, King's College Chapel, the Suttie Centre for Teaching and Learning, the Dental School, Aberdeen Sports Village and Aquatics Centre, the Old Town House, Cruickshank Botanic Garden and many more.

Social Impact Pledge

We signed up to the Scottish Government's 'Social Impact Pledge', which aims to increase the social impact of organisations in their local community. As part of the pledge, we extended free internet access to visitors and the general public on campus by providing support for the City Connect wireless service. We offered an additional two work experience placements during 2016/17 to secondary school pupils in the Aberdeen City and Aberdeenshire Council areas, particularly those in areas with low participation. We are also working with Ellon Academy on a number of co-curated exhibitions, some of which will use material from the University Collection. This helps the children develop new skills and also increases opportunities for members of the local community to enjoy our historic artefacts.





At the forefront of digital technology

One of the defining features of the present era is the pace of technological change. Today's students expect us to use technology to make learning an interactive and stimulating experience. They want to access course materials from their mobile devices, and it is only a matter of time before the traditional university format of lectures and seminars will seem very old fashioned.

Marine Biology lecturer, Andy Yule, decided to 'turn his course upside down' in order to make the most of our new Digitally Enhanced Learning Spaces (DELS). He abandoned the traditional lecture scenario, in which the class turn up and listen to information for an hour. Instead, he records three short video lectures and posts them online, as a way of introducing his students to each week's topic. They are expected to research the subject area, before gathering together in small groups to discuss the issues and post their comments on a discussion board using their mobiles or tablets.

"The first time I tried it, they hadn't read the preparatory materials," says Andy, "But by the second week they had. For example, if we're discussing whether a shark fishery can be sustainable, they need to collect data and use it." By using the 55 inch display screens and WiFi connections to display students' comments, Andy gets real time information on what his students have learned and understood.

"At first it was amazing how much I had to build up their confidence to put their results on screen and have their peers or me see any mistakes. Now that's all part of their learning. Sometimes I put them into 'companies' and have them working against each other to bid for an environmental monitoring tender, for example. I also run quizzes, where they respond on their mobile phones. They adore those quizzes."



There has been one unexpected bonus from Andy's new style of lesson. "My attendance rates are the best they've ever been," he says. "Despite an offer to take part remotely, they all turn up. I run a three hour session and I can't get them out of the room at five o'clock!"

In our Medical School, senior clinical lecturer Dr John McKeown has used the DELS to encourage new medical students to consider a career in general practice. Dr McKeown has brought the GP surgery into the classroom by using video streaming software to allow first year students to see community GP consultations just moments after they happen. Previously, they would have had to wait until much later in their studies before experiencing a consultation, but 'GP Live' has proved hugely beneficial.

"We aim to make the sessions as engaging as possible by discussing the GP's approach while the consultation takes place," said Dr McKeown, who is also a GP at Cults Medical Group in Aberdeen. "For example, we discuss how they communicate, the direction that they take the consultation, and of course their recommended course of action."

"The biggest appeal for students is that they are seeing consultations that are almost live, and this adds a sense of immediacy that is familiar to students who have grown up in an era where digitisation has made learning far more interactive."

By the time current first year students graduate there will be a pressing need for new GPs in Scotland. The 'GP live' initiative is designed to show them that general practice can be an appealing career, and is a digital solution to address a national problem.

Making the most of digital technology

Learners' Toolkit

Our Learners' Toolkit is a multi-award winning online gateway to software, services, apps and digital skills. Each resource typically comprises an introductory video alongside other learning resources to help students and staff make the most of new technologies in the ever-changing digital landscape.

Supporting the University's Digital Transformation, the Toolkit is device independent and its accessibility features mean that those with disabilities, learning differences or impairments can use resources with ease. The Toolkit has gone from strength to strength as demonstrated by a sevenfold increase in traffic over the past year alone. The team behind the toolkit were also named 'Design Team of the Year' at Computing's Digital Technology Leader Awards.

3D Anatomy

Our state-of-the-art anatomy facility, housed in the Suttie Centre in the Foresterhill Health Campus, regularly uses 3D visualisation of medical scans and digitised cadaveric specimens in teaching.

Our Anatomy colleagues are now developing a mixed reality guidance system for reconstructive surgery using Microsoft's virtual reality headset, HoloLens. This approach will combine the newest 3D modelling based on individual medical scans with the advantages of mixed reality. The project addresses current challenges in reconstructive head and neck surgery following injury or the removal of a tumour; for example, where surgeons transfer tissue flaps from one part of the patient's body, such as the leg, to the site of a facial defect. By increasing the accuracy of locating and sectioning tissue flaps, this novel approach has the potential to improve patient outcomes and reduce costs.

The project is led by the University of Aberdeen in collaboration with NHS Grampian and The Glasgow School of Art.



Host Ellie Taylor presents the Design Team of the Year award to Zee Allison and Colin Denholm

IT partnership with NHS Grampian

The University's IT and Media Services teams not only work with staff and students, but also deliver essential services to the NHS.

Our clinical photographers provide high quality images – everything from pictures of skin conditions to diagnostic images of cancerous tumours – to NHS Grampian for use in medical research, teaching and patient care materials. This specialist team works sensitively with patients on wards, in operating theatres and in our purpose-built studio in the University's Medical School. Each patient's information is processed in a secure and restricted environment and forms part of their NHS record.

The Grampian Data Safe Haven is a joint venture between the University and the NHS. This government accredited database facilitates access to Scottish population health data for research while ensuring adherence to the highest standards of security, governance and patient confidentiality. This specialist infrastructure is much sought-after as a means of understanding the factors that influence health and disease over the course of life. We are one of only four organisations leading this field.



Celebrating success

Inspiring women tell of inspiring journeys

The University's annual International Women's Day conference saw a number of key figures share their 'inspiring journeys', including alumna, Timipre Wolo.

Timi grew up in the impoverished Niger Delta and, despite the death of her mother when she was just 12, pursued her education and came to the University to study a Bachelor's Degree in Law and a Master's Degree in Oil & Gas Law.

After graduating, she founded an NGO to improve the Nigerian environment, worked for the government and found time to champion a number of initiatives to empower young people from less privileged backgrounds. Her aim within her work was to enable them to study at various universities across the globe.

In perhaps her most amazing achievement, she championed the first ever helicopter pilot training programme for the petroleum industry in Nigeria, with the result that Nigerian youths were able to take over opportunities previously dominated by expatriates. She was awarded the "African Woman of Worth" 2015 Award by the African Women in Leadership Organization; as well as the Role Model for the Female Child 2016, Award. Timi still works with vulnerable children in orphanages and refugee camps and believes that anything is achievable irrespective of your station at birth.

Timi was joined by a host of other speakers who had equally amazing stories to tell in overcoming adversity. On the sporting front, Olympic swimmer Hannah Miley talked of her motivation to achieve despite not being the typical build for a competitive swimmer, and the power of hard work. Dr Jen Warren, Invictus Games medallist focused on overcoming disability to rebuild her career as an anaesthetist and compete in the Invictus Games.

Professor Carron Shankland from the University of Stirling shared her personal journey and challenges to becoming a Professor.

Dr Fiona Pienaar, Clinical Director of Place2Be, a charity with a mission to enhance the mental wellbeing of children and their families by providing support in schools, focused on the key people who inspired her, which began with her father.

Maysoun Odeh, from Palestine, recounted the establishment of Nissa FMA, an all women radio station broadcasting on human rights, which she now heads.



Timipre Wolo sharing her inspiring journey



Hannah Miley: Olympian and one of Scotland's most successful international swimmers



Speakers at the conference included (left to right): Professor Carron Shankland, Chair in Computing Science, University of Stirling; Timipre Wolo, University of Aberdeen Alumnus; Dr Fiona Pienaar, Director of Clinical Services, Place2Be; Maysoun Odeh, founder of Nisaa FM, the award-winning All-Women Radio Station and Dr Jennifer Warren, former Army Officer and medal winner at the Invictus Games 2016



Rocking Horse nursery sustainability award

The University's Rocking Horse Nursery won the Large Institution Award in the Built Environment category of the Green Gown Awards, which recognise exceptional sustainability initiatives by universities and colleges across the UK.

Completed in August 2015, the building is the first nursery in Scotland and the first building at a Scottish university to be awarded Passivhaus (Passive House) certification in recognition of its energy-efficient design. It uses very little energy for heating or cooling, and combines indoor space with external play areas that encourage the children to interact with nature and spend time outdoors.



Head of School of Engineering honoured for research contribution

The Head of the University's School of Engineering has been honoured for his contribution to research in the field of solid mechanics and advanced materials modelling. Professor Igor Guz has been elected as a Fellow of Society of Naval Architects and Marine Engineers (SNAME), which is the international society of maritime and ocean professionals. Professor Guz, who established the interdisciplinary Centre for Micro-and Nanomechanics (CEMINACS) at the University in 2004, is spearheading the efforts of the academic community to widen the usage of novel advanced materials in subsea applications.

Law students win National Client Consultation Competition

University of Aberdeen Law Diploma students Jennifer Baird and Euan Thompson represented Scotland on the international stage after winning the Scottish Client Consultation Competition in April. The competition, which was held at Strathclyde University, saw teams from six Scottish law schools take part in a simulated lawyer/client interview where they were marked on their performance by a panel of expert judges. This success led to Jennifer and Euan competing in the the International Client Consultation Competition in Kent where they finished in third place.



Honorary Graduates



Professor Stanley Hauerwas

DD (Doctor of Divinity)

Stanley Hauerwas, Professor of Theological Ethics at Duke Divinity School, is a world-renowned theologian who has made a prolific, comprehensive and significant contribution to the field of theological ethics.



David Strachan

DHC (Doctor Honoris Causa)

A divinity graduate of the University, David is Managing Director of Tern Television Productions, and acknowledged as a leading broadcaster and a pioneer of independent production.



Dame Katherine Grainger

DHC (Doctor Honoris Causa)

An inspirational athlete, Katherine is Great Britain's most successful female Olympian, with five medals in total and is the only female competitor to have won medals at five consecutive Olympic Games.



David Steyn

DHC (Doctor Honoris Causa)

David's distinguished career in investment management in the UK and USA has been complemented by his contribution to the University as a member of University Court and as former board member of University of Aberdeen USA Development Trust.



Margaret Carlaw

MUniv (Master of the University)

A retired teacher and primary education adviser, farmer and author, Margaret has provided philanthropic support and greatly appreciated personal encouragement to the University's music students and performers.



Sir Moir Lockhead LLD

LLD (Doctor of Laws)

One of the UK's leading and most successful businessmen, Sir Moir is a long-time supporter of the University, having served as a member of University Court from 2002 and as Senior Governor from 2009 to 2016.



Kim Little

MUniv (Master of the University)

A local North-East athlete and a recipient of the Football Association's Women's Player of the Year Award, Kim competed in the London 2012 Olympics.



Brian Pack, OBE

DHC (Doctor Honoris Causa)

A member of University Court, Brian was formerly Chief Executive of the ANM Group Ltd. Brian was a former chair of the previous Rowett Institute governing body, and is a highly respected figure in UK agriculture and food sectors.



Donald Lamont

LLD (Doctor of Laws)

An Aberdeen graduate, Donald's distinguished diplomatic career included postings as Ambassador to Uruguay and to Venezuela and Governor of the Falkland Islands and Commissioner for South Georgia and the South Sandwich Islands.

Honorary Graduates



Isobel Yule

MUniv (Master of the University)
A retired educationalist and teacher of the blind and partially-sighted, Isobel's career was informed by her own sight problems and has been dedicated to providing access to information for blind and partially sighted adults and children.



Jennifer Brown

DLitt (Doctor of Letters)
On graduating from the University, Jenny made her mark in the Scottish literature world as founder Director of the Edinburgh International Book Festival and now, as a literary agent, fostering new writing talent in Scotland and representing over 200 writers.



George Adam

LLD (Doctor of Laws)
George has been a diligent, hard-working and popular Lord Provost, Lord-Lieutenant and Councillor of the City of Aberdeen and during his tenure as "Aberdeen's First Citizen" was a tireless ambassador for the City of Aberdeen, its people and its economy.

RSE Fellows

Royal Society of Edinburgh Successes

Six academic members of staff and the University's Senior Governor are among 59 distinguished individuals who were elected as Fellows of the Royal Society of Edinburgh in 2017. Amongst a range of activities, the Royal Society of Edinburgh provides independent advice to the Government and Parliament, and undertakes educational events for the public.



Doerthe Tetzlaff

Professor in Hydrology and Landscape Ecology



Peter Duff

Professor of Criminal Justice



Stefan Brink

Sixth Century Professor of Scandinavian Studies



Jane Reid

Professor of Population and Evolutionary Ecology



David Benson

Sixth Century Professor of Pure Mathematics



Martin Gilbert

Senior Governor and Co-founder of Aberdeen Asset Management

Photos by Gary Doak

MAKING WAVES



Megan Mackay, a second year Geology student, achieved what was described as 'Scotland's greatest ever surfing victory' by winning the Nordic Surf Games in Jaeren, Norway in February. It was an achievement made all the more remarkable given the fact that she only started surfing competitively at the age of 14. Megan has represented the University in the British University Surfing Championships in Cornwall, reaching the semi-final, and was part of the Scottish Surfing Team that travelled to Nicaragua for the ISA World Surfing Championships. However, her victory over the reigning champion in Norway is a career highlight that she hopes will inspire others.

Although Megan is aiming for even greater competitive accolades, she is equally committed to securing her Geology degree, which she plans to use to travel the world. "If I'm in class or the library all day, I will work as hard as I can and have fun later in the ocean," she said. "I like to think of surfing as a reward for all my hard work at university, and I really think that this attitude has improved my surfing. Ultimately I feel that my victory proves that you can study and be successful in sports, if you want it enough. It takes a lot of hard work but if you have a goal you will make that commitment to achieve it." The Scottish Surfing Federation described Megan's win as 'the highest accomplishment of any Scottish surfer ever at an international event'



Photo credit: Billy Watson

Sporting success

Medical student wins top Jiu Jitsu competition

Andrew Ablett, a second year medical student, won gold in the most prestigious Brazilian Jiu Jitsu championship ever held in Scotland. Andrew took the top prize in his weight category at the Scotland National Pro Jiu Jitsu Championship in Edinburgh.



Motor racing students' Silverstone success

Engineering students from the University finished first in Scotland, third in the UK and fourth overall in a global motor racing competition.

Thanks to a sponsorship deal with Nexen Petroleum, TAU Racing (Team Aberdeen University) designed and manufactured a single seat racing car to compete in the annual Institution of Mechanical Engineering Formula Student event which took place at Silverstone race track. This year 115 teams from universities across Europe, North Africa, the Middle East and South America competed across a number of tests to be crowned champion.



Triumph at 22nd Aberdeen Boat Race

The University team rowed to victory at the 22nd annual Aberdeen Boat Race, taking the overall tally across the history of the competition to 16-7 in Aberdeen's favour. Breaking rival Robert Gordon University's five-year winning streak, the University of Aberdeen triumphed, winning by four lengths at the event, which is sponsored by Aberdeen Asset Management. The University of Aberdeen also celebrated success in the alumni and second crew races – marking the first ever clean sweep in the event's history. The President of Aberdeen University Boat Club, Fiona Bell, said the team had been training hard in daylight and darkness and she was incredibly proud of the team.



First LGBT boxing class for North East Scotland

In a first for North East Scotland, The University of Aberdeen Boxing Club is working in partnership with Boxing Scotland and LEAP Sports to offer classes for LGBT people that aim to challenge perceived barriers to participation in the sport. The first classes, which are also open to non-students, take place at Aberdeen Sports Village.



Sporting success

Gold, Silver and Bronze for student athletes

Aberdeen Chemical Engineering graduate Zoey Clark achieved a career highlight by winning silver in the women's 4x400m for Team GB at the World Championships in London. Zoey, 22, only found out she was part of the team the morning of the race but ran a fantastic first leg as the team finished second behind the USA.

Earlier in the year Zoey won gold at the British Universities and Colleges Sport (BUCS) Outdoor Athletics Championships in the Women's 400m, with fellow University athlete Kelsey Stewart, a University Development Trust sports bursar, taking bronze in the same event. Meanwhile Daniel Rees, the University's Quita Shivas sports scholar, ran a personal best in the men's 400m hurdles, to take the silver medal.



Elite swim programme aims to develop next generation of talent

We have joined forces with Aberdeen City Council, Scottish Swimming and seven of the city's swimming clubs to establish a new elite swimming team. The University of Aberdeen Performance Swim programme (UOAPS) aims to build on the success of Hannah Miley, David Carry, and Robbie Renwick to produce the next generation of medal-winning swimmers from the North East. Hannah's father and coach Patrick Miley will lead the team and swimmers will train at our Olympic-standard Aberdeen Sports Village Aquatics Centre.



Patrick and Hannah Miley at the launch of the University of Aberdeen Performance Swimming programme. They are joined on the left by Aberdeen City Council's education and children's services committee convener, Councillor John Wheeler.

Aberdeen University Weightlifting Club (AUWC) power their way to world top four

The University's female powerlifting team have been ranked among the best in the world in a major international competition.

The team represented Great Britain in July's International Powerlifting Federation (IPF) World University Cup in South Africa, where they finished in fourth place and achieved the highest Wilks score of all the female teams.

AUWC are the only Scottish team of lifters to ever qualify for the event, following their success in April's Scottish University and Colleges Powerlifting Championships, where they finished first.



Spin-out companies

HRH Duke of York visits entrepreneurs in ABVenture Zone

In July the University welcomed the Duke of York to ABVenture Zone, where he met with five entrepreneurs whose businesses are currently receiving support through the incubation space.

Prince Andrew heard from graduate Rotimi Alabi, who is developing cutting-edge microfluidic 'lab-on-a-chip' technology which is a development of his PhD research. The Duke also spoke with medical student James McIlroy, whose studies alerted him to a gap in the treatment options for *Clostridium difficile* (C.diff) infections that his award-winning business Enterobiotix now seeks to fill. In addition, he heard from PhD graduate and staff

member Fiona Rudkin, whose spin-out mycoBiologics is based on her PhD research and focuses on generating fully human monoclonal antibodies to combat life-threatening fungal infections. Former member of staff and graduate Caroline Barelle, CEO of the spin-out company Elasmogen, which is rapidly progressing treatments for inflammatory conditions of the eye and gut, presented on her work during the visit. MSc Petroleum Engineering graduate Surakat Kudehinbu also took the opportunity to share his work with the Duke of York, speaking of how his volunteer work as a digital skills tutor led to the formation of his company e-LIT which provides accessible educational content on digital literacy skills.



ABVenture Zone

ABVenture Zone, situated in the MacRobert Building, is an incubation space for students, staff, alumni and local entrepreneurs who have clever ideas. It is designed to inspire and nurture start-up companies, and help them collaborate with other enterprise-minded individuals. It also provides a focus within the University for events, teaching and training in entrepreneurship. Users can take advantage of the latest communication technology, high-spec computers, laser scanners, 3D printers and private cloud storage along with comfortable social spaces for relaxing and sharing ideas.

The £485,000 project is part of the Accelerate Aberdeen programme, funded through Aberdeen City Council under the UK Department of Culture, Media and Sport's 'Superconnected Cities' initiative. ABVenture Zone has already helped 20 entrepreneurs and resulted in eight start-up companies.

Spin-out companies



Combating fungal infections

PhD student Dr Fiona Rudkin received a Scottish Enterprise Fellowship award to commercialise her work on a particularly effective type of antibody which could potentially diagnose or treat life-threatening fungal infections. As part of its work, her spin-out company mycoBiologics is developing a portable test for fungal infections similar to a pregnancy test. Fungal infections kill more people than malaria in Africa, and this work is a result of the world-leading research of the Aberdeen Fungal Group.

Graduate wins £90,000 Enterprise Fellowship Award

An Aberdeen graduate has turned his PhD into a business idea and has been awarded a prestigious Enterprise Fellowship by the Royal Society of Edinburgh. The Fellowship, worth £90,000, will provide Rotimi Alabi with support to develop RAB-Microfluidics, a company he formed with support from the University. The start-up offers oil analysis to businesses through 'lab-on-a-chip' technology that aims to dramatically reduce the maintenance and repair costs for heavy equipment.

Transplanting healthy gut bacteria

Final year medical student James McIlroy has won £500,000 to develop his company, EnteroBiotix, which he founded at the age of 21. EnteroBiotix is developing a novel treatment for people who lack healthy gut bacteria. It uses 'faecal microbiota transplantation' to transfer bacteria and yeasts from a healthy donor to a recipient who lacks the microflora they need for their gut to function properly, ideally via a pill which is simple to swallow. The funding was provided by the Edinburgh based company Equity Gap and supported by the Scottish Investment Bank, part of Scottish Enterprise.

Statement of Corporate Governance and Internal Control



The University of Aberdeen is committed to high standards of corporate governance relevant to the higher education sector. This summary describes the manner in which the University has applied the principles set out in the Scottish Code of Good Higher Education Governance (published July 2013). Its purpose is to help the reader of the financial statements understand how the principles have been applied, and to set out the basis for Court's opinion that the University has, insofar as is appropriate and permissible under its constitutional basis, complied with the principles of the Code during the year ended 31 July 2017.

Constitution, Governance and Regulation

The University was formed by Royal Charter on 10 February 1495 and is one of the four Scottish Ancients. The University Court of the University of Aberdeen is a body corporate with perpetual succession and a common seal. The University derives its status, powers and framework of governance from the Universities (Scotland) Acts 1858 - 1966 and by the Ordinances, made under these Acts, and Resolutions of Court. In addition, Court is subject to the requirements of the Higher Education Governance (Scotland) Act 2016. Court is the executive governing body of the University and is responsible for its mission and strategic direction, administrative arrangements, financial health, well-being of staff and students and, in association with the Senate, for establishing and maintaining high standards of academic conduct and probity.

The Universities (Scotland) Acts define the powers of the University Court, the Senate and the General Council, each of which has clear functions and responsibilities within the governance and management of the University's business. The University Court is charged with the administration and management of the revenue and property of the University, and has the power to review any decision of the Senate on appeal. It is responsible for the University's system of internal control and for reviewing its effectiveness. The Senate, which consists

of ex officio and elected academic staff and students, is responsible for the regulation and superintendence of teaching and student discipline and for promoting research. The General Council was established by the Universities (Scotland) Act 1858 with the right to take into consideration questions affecting the well-being and prosperity of the University. Graduates of the University and certain categories of University staff are automatically members of the General Council.

The University is an exempt charity by virtue of the Charities and Trustee Investment (Scotland) Act 2005, and is registered with the Office of the Scottish Charity Regulator under number SC013683.

The University is regulated principally by the Scottish Funding Council under a Financial Memorandum. The University complies with conditions of the grant set out in the funding arrangements. The Scottish Funding Council has developed Outcome Agreements with each university to ensure that institutions are working in support of the Scottish Government's priorities. The University is required to report regularly on our performance against agreed outcomes, to ensure that we continue to meet conditions of grant.

Governing Body

In accordance with the provisions of the Universities (Scotland) Acts the composition of Court is set out by Ordinance. Following a review of its governance arrangements against the Scottish Code of Good Higher Education Governance and then those of the Higher Education Governance (Scotland) Act, Court in 2016/17 sought the approval of Her Majesty in Council to amend its composition. On 19 July 2017, Her Majesty in Council approved those proposals which reduced the overall size of Court from 28 to 25 members and provided for a majority of independent members as recommended by the Scottish Code of Good HE Governance. Court's new composition also adheres to the requirements of



the Higher Education Governance (Scotland) Act 2016 regarding the membership of university governing bodies.

For the majority of the financial year 2016/17, however, the composition of Court was 28 members and the membership of Court during that period is listed at page 66. The University Court in 2016/17 had a majority of independent members including Assessors elected by the General Council, appointed by Aberdeen City and Aberdeenshire Councils, by the Chancellor and by the Rector, as well as co-opted members appointed directly by Court. Senate Assessors are elected by the Senate and there was provision for at least one student member.

The Rector is elected by the student body and is the ordinary president of Court. The current Rector has opted to exercise the right to preside. Court recognises that the statutory position of the Rector as the ordinary president is not consistent with the description of the role of the Chair contained in the Scottish Code of Good Higher Education Governance. However, Court appoints a Senior Governor, who currently performs the wider role of Chairman and who represents the University at meetings of the Committee of Scottish Chairs and internally to act as the leading Governor in matters of governance and management. The role of the Senior Governor in this regard is recognised by the Scottish Funding Council, and Court has adopted a Rector's Protocol to define the respective roles of Rector and Senior Governor.

Court has adopted a Statement of Primary Responsibilities and routinely undertakes a wide-ranging review of its effectiveness against sector guidance. Following the publication in 2013 of the Scottish Code of Good Higher Education Governance, Court reviewed its governance arrangements in depth and agreed a number of revisions to comply with the principles of the Code. As noted further above, following the passing of the Higher Education Governance (Scotland) Act, Court has also implemented a new composition of Court for 2017/18 which complies with the new legislative requirements. Court has also undertaken in 2016/17 an externally facilitated review of its effectiveness. The recommendations of that review (which are available on the University website) are currently being considered by Court.

The University maintains a Register of Interests of members of Court and of members of senior management, which is available for public consultation. In addition, individuals are routinely asked to declare any interest in relation to a Court and Committee agenda item and any significant change to the external commitments of the Senior Governor would be reported to the Governance and Nominations Committee.

Members of Court are invited and encouraged at regular intervals to participate in governor development events organised both internally and through organisations such as the Leadership Foundation for Higher Education.



Corporate Strategy

Court is responsible for approving the University's Strategic Plan and monitoring progress on the delivery of the Plan's strategic objectives. The Financial Review on pages 73 to 77 reports on the University's performance during 2016/17, and progress against Strategic targets is provided on page 10.

Key Committees of the Court

Court has four meetings each year, but much of its detailed work is addressed in the first instance by Committees, in particular, the Operating Board, the Audit, the Governance and Nominations, and the Remuneration Committees. All of these Committees are formally constituted with terms of reference available on the University website. The membership of these key Committees during 2016/17 is listed at page 67. Where appropriate, these Committees have delegated authority from Court to take decisions on certain matters and major decisions are formally reported to Court. Similarly, when Court delegates power to the Principal with at least one other senior member of Court to take decisions between meetings, such decisions are formally reported to Court.

In respect of its strategic and development responsibilities, Court receives recommendations and advice from the Operating Board, a committee of Court. The Operating Board's composition includes four lay members, appointed by Court from amongst its members. The Operating Board inter alia recommends to Court the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets.

The Governance and Nominations Committee has a standing role to advise Court on matters of governance and to conduct on its behalf, reviews of the University's governance. The Committee undertakes a review of effectiveness annually through benchmarking against the Scottish Code of Good HE Governance and through an annual appraisal questionnaire of governors. The Committee also has responsibility for considering nominations for vacancies in Court membership and vacancies in the membership of Court sub-committees. The Committee is not chaired by the Senior Governor but by another independent member of Court, which reflects the remit and role of the Committee extending beyond that of a nominations committee into matters of governance and which also enables the Convener of the Committee to undertake the role of independent intermediary described in the Scottish Code of Good HE Governance. The Committee is cognisant of the need for Court to have in its membership an appropriate mix of skills, experience and diversity. Court has adopted a Statement of Intent on Diversity within its membership, which includes a goal of achieving and maintaining female representation of a minimum of 25%, with aspirations to achieve 50% over the longer term. This was also a key consideration in developing proposals for the new composition of Court, as part of which a greater proportion of the membership will be appointed by Court rather than by other electing or nominating bodies. As a result, Court expects to have greater control over its diversity and skills mix in future. The University has

also implemented steps to ensure that the electoral processes and appointing bodies for other members of Court also take these considerations into account insofar as such appointment processes can allow. Vacancies for independent members appointed by Court are publicly advertised.

The Remuneration Committee determines the remuneration and conditions of service of the most senior staff, including the Principal. The Committee has a majority of independent members but also includes a non-executive staff member of Court and the President of the Students' Association. Where appropriate, the Committee obtains further independent advice. It meets at least twice annually and reports to Court at least once a year.


Audit, Risk Management and Internal Control

The Audit Committee, which has a predominantly lay membership, includes members with directly relevant experience, and is chaired by an independent member of Court. It meets five times a year, with the University's internal and external auditors in attendance at all meetings. The Audit Committee oversees and reports to Court its view of, the effectiveness of the University's risk management arrangements, the operation of which is overseen by the University Management Group but with Risk being a regular item on the Audit Committee agenda.

Court sets and approves annually the University's risk appetite, and routinely reviews the Corporate Register of Strategic Risks.

The Audit 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 risk management, alongside University management's responses and implementation plans. The Audit Committee's role is one of high level review of the arrangements for internal control, risk management and value for money. It has authority to investigate any matters within its terms of reference. It also receives and considers reports from the Scottish Funding Council as they affect the University's business and monitors adherence to the regulatory requirements. While senior executives attend meetings of the Audit Committee, as necessary, they are not members of the Committee. The Committee regularly receives presentations on a key area of University business or developments in higher education policy or relevant legislation.

Court is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks up to the date of approval of the annual reports and accounts. This process has been formalised to accord with the internal control guidance for directors in the UK Corporate Code. It is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or financial loss. This process is regularly reviewed by the governing body and accords with the internal control guidance as applicable to the higher education sector.



The University fully endorses the provisions of the Scottish Funding Council's Financial Memorandum. The University retains an external firm of Internal Auditors appointed at least every five years through a competitive tendering process. The University last undertook such a tendering process during 2013/14 as a result of which it appointed a new firm of Internal Auditors with effect from 1 August 2014. The University Court receives, on an annual basis, a report on internal audit activity, including an independent assessment of the adequacy and effectiveness of the University's systems of internal control, including risk management and financial control. For the year to 31 July 2017, the internal audit report concluded that the University's systems were generally satisfactory with some improvements required. The University recognises through its Policy and Procedure on Public Interest Disclosure (Whistleblowing) that the raising of legitimate concerns by staff, students, members of Court or the general public and which are in the interests of the University, its staff or students, or of the general public is a practice which should be encouraged.

Senior Officers

The Principal, who is a member of Court ex officio has responsibility for implementing the decisions of Court, for initiating discussion and consultation on the University's future development and for ensuring that appropriate proposals are presented to the governing body and as the Designated Officer of the University under the terms of the Financial Memorandum between the University and the Scottish Funding Council, for ensuring that Court takes cognisance of the terms of the Financial Memorandum in all its decision making.

The Secretary is the principal officer of Court and is responsible for ensuring that Court acts within its powers and follows proper procedures. The Secretary provides independent advice to Court members about their individual and collective responsibilities and how they should be discharged.

The University's activities and the factors likely to affect its future development, performance and position are set out in the Financial Review. Its cash flows and liquidity are set out in more detail in the Notes to the Financial Statements.

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

Conclusion

Overall, Court is of the view that it has in place a robust set of governance arrangements and procedures to fulfil its responsibilities.

Mr Martin Gilbert

Senior Governor of the University Court
12 December 2017



Statement of Primary Responsibilities of the Court

Court adopted a Statement of Primary Responsibilities which was in operation during 2016/17. Court's primary responsibilities are:

Strategic Direction

1. To approve the mission and strategic vision of the University, including institutional and longer-term academic and business plans, and key performance indicators, and to ensure that they meet the interests of stakeholders, including students, staff, alumni, local and national communities and funding bodies.
2. To safeguard the good name and values of the University.

Supervisory Obligations

3. To delegate to the Principal, as chief executive, authority for the academic, corporate, financial, estate and human resource management of the University, and to establish and monitor such management functions as shall be undertaken by and under the authority of the Principal.
4. To ensure the quality of educational provision through the review of decisions of the Senate made under its statutory powers to regulate and superintend the teaching and discipline of the University and to promote research.

Corporate Responsibilities

5. To be the University's legal authority and, as such, to ensure that systems are in place for meeting the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name.
6. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University, which is not within the control of the University of Aberdeen Development Trust.
7. To ensure that the University's constitution, as enacted in the Acts, Ordinances and Resolutions Affecting the University 1858-1990 and subsequent legislation, is followed and that appropriate advice is available to enable this to happen.
8. To be the employing authority for all staff in the University.
9. To ensure that the University behaves ethically, responsibly and with respect for the environment and for society at large.



Controls, Accountability and Effectiveness

10. To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, to ensure adherence to the funding requirements specified by the Scottish Funding Council, and to have overall responsibility for the University's assets, property and estate and their use.
11. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment and management, so as to maintain the solvency of the University and safeguard its assets.
12. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against approved plans and key performance indicators, which should be benchmarked against other comparable institutions, wherever possible.
13. To ensure that arrangements are in place to promote the proper management of the health, safety and security of students, staff and others affected by the University.
14. To make provision, in consultation with the Senate, for the general welfare of students.
15. To ensure that procedures are in place for dealing with internal grievances, conflicts of interest and public interest disclosure.
16. To establish processes to monitor and evaluate the performance and effectiveness of the University Court and its sub-committees and to ensure that business is conducted in as open a manner as possible, in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
17. To ensure, through the appointment of co-opted lay persons, a balance of skills and experience amongst the membership of Court to meet its primary responsibilities.





Monitoring of Senior Executives

18. To appoint the Principal as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
19. To appoint the Secretary to Court and to ensure that there is an appropriate separation in the lines of accountability between responsibilities to Court and managerial responsibilities within the University.

Responsibility for financial matters

Court is responsible for keeping proper accounting records, which disclose, with reasonable accuracy, the financial position of the University at any time and enable it to ensure that the financial statements are prepared in accordance with the Statutes, the 2015 Statement of Recommended Practice (SORP): Accounting for Further and Higher Education and other relevant accounting standards, including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the Court of the University of Aberdeen, 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, total comprehensive income and expenditure and cash flows for that year.

When preparing the Group and parent University financial statements, Court is required to:

- ensure suitable accounting policies are selected and applied consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- using the going concern basis of accounting unless they either intend to liquidate the Group or the parent University, or to cease operations, or have no realistic alternative but to do so.

Court is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Court has taken reasonable steps to:

- ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Scottish Funding Council and any other conditions which the Scottish Funding Council may from time to time prescribe;
- ensure that any other funds, from whatever source, administered by the Group or the University for specific purposes, have been properly applied to those purposes in accordance with relevant legislation and any other terms and conditions attached to them
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and hence take reasonable steps to prevent and detect fraud; and
- secure the economical, efficient and effective management of the University's resources and expenditure.



Membership of Court and Key Committees 2016-2017



Membership of Court



Professor Sir Ian Diamond

Principal (ex officio)
Member since April 2010

Sir Ian is Principal and Vice-Chancellor of the University, an appointment he has held since April 2010. He was previously Chief Executive of the Economic and Social Research Council. He was also Chair of the Research Councils UK Executive Group, the umbrella body that represents all seven UK Research Councils.

Before joining the ESRC, Sir Ian was Deputy Vice-Chancellor at the University of Southampton, where he had been for most of his career.



Martin Gilbert

Senior Governor and Chancellor's Assessor
Member since January 2017

Martin is a co-founder and Chief Executive of Aberdeen Asset Management PLC. Martin was appointed Chairman of the Prudential Regulation Authority's Practitioner Panel in December 2013. He sits on the Board of Directors of the Institute of International Finance, is a member of the International Advisory Panel of the Monetary Authority of Singapore and the International Advisory Board of British American Business. Martin is also Deputy Chairman of Sky PLC.

In 2009, he was awarded the honorary degree of Doctor of Laws by the University of Aberdeen for services to business and entrepreneurship. In 2011, he was named Scotland PLC CEO of the Year at the Business Insider/PwC Scotland PLC Awards. Martin is Adjunct Professor of Finance at Imperial College Business School. Martin was born in Malaysia, educated in Aberdeen and has an MA in Accountancy and an LLB.



Maggie Chapman

Rector
Member since January 2015

Maggie is co-convenor of the Scottish Green Party and Chief Executive of the Scottish Council on Visual Impairment. She taught at Edinburgh Napier University for eight and a half years and is a former Edinburgh Councillor. Born and brought up in Zimbabwe, she moved to Scotland to study Zoology at Edinburgh University. She has previously worked for a Scottish women's charity and in environmental management across Scotland.



Membership of Court



Professor Nuala Booth
Independent Member
Member since October 2014

Nuala is a former member of staff in the College of Life Sciences and Medicine, where she held a personal chair in Molecular Thrombosis prior to her retirement in 2010. She made significant contributions to research and teaching during her career of 35 years at the University. She continues her interest in research on degradation of blood clots, which is relevant to the diseases of thrombosis. She contributes to the work of the Royal Society of Edinburgh and the International Society on Thrombosis and Haemostasis.



Professor Mirela Delibegovic
Senate Assessor
Member since October 2016

Mirela holds a Personal Chair at the School of Medicine, Medical Sciences and Nutrition. She has been a member of Senate since 2007, representing the School of Biological Sciences and the Institute of Medical Sciences respectively. Mirela sits on a number of committees at School, College and institutional level. Her research has focused on the role of obesity and ageing, and on the development of diabetes and cardiovascular disease.



Colin Duncan
Independent Member
Member since May 2012

After graduating from Aberdeen University in 1969, Colin joined Marks & Spencer, where he spent the next 30 years in senior management. He then ran his own business consultancy, spent eight years as a non-executive member of NHS Ayrshire & Arran, and in 2009 he was appointed to the Accounts Commission of Scotland. He is currently a member of the Scottish Dental Practice Board, and is active in arts and culture within South Ayrshire.



Jenny Fernandes
Elected Non-Academic Staff Member
Member since September 2017

Jenny is an alumna of the University of Aberdeen and has worked as Head of its International Office for the past 13 years. Prior to that she worked at the University of Glasgow and Queen Margaret University. She studied in the United States and worked as a teacher in Japan. Between 2006 and 2010 she acted as Vice Chair and subsequently Chair of the Scottish Universities International Group.



James Hall
Independent Member
Member since September 2010

James has more than thirty years of experience in general management, large scale business change and consulting in the private and public sectors. He has chaired a private company, was Chief Executive of the Identity and Passport Service and a member of the Home Office Board, and spent thirty years with Accenture, including six years running their UK business. James was a member of the Commission on Public Policy and British Business (1996-1997) and was a member of the Economic Affairs Committee of the CBI (1990-2002). He is also Chair of Save Britain's Heritage.



Lorna Jack
Independent Member
Member since November 2017

Lorna is the Chief Executive of the Law Society. She is also Interim Chair of Highlands & Islands Airports Ltd. Prior to the Society, Lorna was based in the United States as President Americas for Scottish Development International (SDI), the Scottish Government's trade and investment arm.

Membership of Court



David MacFarlane
Independent Member
Member since August 2012

David is a chartered accountant with more than 35 years' experience in financial management and as a director in the oil and gas sector. Most recently, he was finance director of Dana Petroleum. Subsequent to the takeover of Dana in 2010, he developed a career as a non-executive director working with a portfolio of companies, both listed and private.



Iain Mackay
Independent Member
Member since October 2017

Iain was appointed as Group Finance Director of HSBC Holdings plc in December 2010. Prior to taking up this role, Iain served as Chief Financial Officer of HSBC North America Holdings Inc. and Chief Financial Officer (Asia-Pacific) of HSBC Holdings plc. An alumnus of the University of Aberdeen (MA in Business Studies and Accounting), Iain is currently Chairman of the Audit and Risk committee and a member of the Board of Trustees of the British Heart Foundation.



Kathryn McPhail
Independent Member
Member since August 2010

Kathryn is CEO of EnergyCC, which convenes industry networks for climate change solutions. An energy executive with extensive public policy experience, and a sustainable development practitioner with 30 years' work experience in Asia, Africa and South America. Kathryn is a former World Bank, oil & gas and mining industry executive with FTSE 100 companies. She serves on the Technical Advisory Group of the Natural Resources Governance Institute and the United Nations Sustainable Development Solutions Network on extractives and land resources.



Lyndsay Menzies
Independent Member
Member since October 2017

Lyndsay is CEO of Eight Million Stories, an award winning content and digital marketing agency. Prior to founding 8MS she was CEO of bigmouthmedia, which merged with LBi to be acquired by Publicis Groupe in 2012. Credited with the operational excellence at the agency for 13 years, she was an integral part of its phenomenal growth. Winner of numerous awards, Lyndsay has led some of the largest global digital campaigns for brands such as IKEA, Hilton Corporation and British Airways.



Anne Minto OBE
Independent Member
Member since August 2010

Anne worked in a series of senior roles in the engineering, oil and gas industries, and served on the Centrica plc Executive Committee as the Group Human Resources Director until 2011. During her career she has campaigned for flexible working, equal pay and female board representation. She is currently a non-executive director on the boards of Shire plc, Tate and Lyle plc and EXL Services Holdings Inc. Anne is Chair of the University of Aberdeen Development Trust. Anne was awarded an OBE in 2000 for services to the engineering industry.



Dr Martin Mills
Elected Academic Staff Member
Member since September 2017

Martin is Senior Lecturer in Anthropology at the University of Aberdeen, and the academic staff representative to Court. He is also an elected member of the University Senate of fourteen years' experience in both the Schools of Social Science and Divinity, History and Philosophy. He is a research active specialist on Tibetan and Chinese political and religious affairs. Martin has worked at Aberdeen University since 2000, having previously worked at the Universities of Edinburgh, St Andrews and Sussex.

Membership of Court



Lawson Ogubie

Student President 2017/2018
Member since July 2017

Lawson represents the whole student body as Student President and Chair of the AUSA Trustee Board. He sits on the AUSA Executive Committee, Student Council as well as a number of University appointed committees, including Court and Senate, representing the views of students to the University.

Lawson is a graduate of Law from the University of Benin, Nigeria, where he obtained an LLB (Hons) Degree in 2013. Thereafter he attended the Nigeria Law School Abuja Campus where he qualified as a Legal Practitioner. Before his election as the Student President, he was pursuing a LLM in Energy and Environmental Law at the University of Aberdeen.



Dr Nir Oren

Senate Assessor
Member since January 2015

Nir is a Reader in the School of Natural and Computing Sciences. His research lies in the area of Artificial Intelligence, and focuses on supporting and automating decision making in complex environments. His work has been applied to domains as varied as transportation, food packaging, and emergency response. Nir has published over 150 peer-reviewed research papers in the area.



Iain Percival

Independent Member
Member since October 2016

Iain graduated from the University of Aberdeen with a BSc (Hons) in Geology. He joined Royal Dutch Shell Petroleum in 1973 as a production geologist and spent over 30 years working for the company in a number of positions across the world, ending his career as the global Chief Petroleum Engineer. During this time he also graduated from Heriot-Watt with a Masters in Engineering and from Brunel University with a MBA.

An active member of the Society of Petroleum Engineers, Iain played a key role in creating a campus ambassador programme between the University and Shell, and in establishing a new petroleum engineering undergraduate degree. He was named an honorary professor in 2012 in recognition of his ongoing activities in support of the schools of engineering and geoscience.



Brian Paterson

Trade Union Nominated Member
(Non-Academic Staff)
Member since August 2011

Brian has been a member of the technical staff in the Department of Chemistry since 1992 performing teaching and research support duties, as well as completing a secondment with Business Improvement for a period of three years. Brian has also been a trade union representative since 1999 and previously served as a nominated Trustee to the University of Aberdeen Superannuation and Life Assurance Scheme (UASLAS).



Professor Joachim Schaper

Senate Assessor
Member since October 2017

Joachim studied Theology, Philosophy and Assyriology at the University of Tübingen and Theology at the University of Cambridge. He was a Research Fellow at Clare College, University of Cambridge and taught as a Privatdozent in Old Testament at the University of Tübingen from 1999 to 2005. In 2005 he joined the University as a Reader in Old Testament, was appointed to a Personal Chair in 2006, and translated to the Chair of Hebrew and Semitic Languages in 2012.



Dr Rachel Shanks

Senate Assessor
Member since October 2017

Rachel is a Senior Lecturer in the School of Education. She researches professional learning, community learning and development and e-learning. She is Co-Convenor of the Open Learning network of the European Educational Research Association and is on the governing body of the Scottish Educational Research Association. She is a Senior Fellow of the Higher Education Academy. Rachel previously had a varied career in research and education including positions as a freelance researcher; law lecturer; and as a lifelong learning organiser.

Membership of Court



Jenny Shirreffs MBE
Independent Member
Member since October 2012

Jenny is a prominent volunteer and contributor to the charitable sector in Aberdeen. Jenny's voluntary service to the community was recognised with the MBE in 2009. She is a Burgess of the City of Aberdeen, a Commander of the Order of St John, a Deputy Lieutenant of the City of Aberdeen, and Past President of the Rotary Club of Aberdeen St Machar, a Founder Director of Aberdeen Performing Arts, as well as being involved in many other arts and charitable organisations.



David Steyn
Independent Member
Member since August 2011

David is a partner at Cervino Partners Limited and a director of Good Growth Limited. His involvement with the University started when he joined the board of the University of Aberdeen USA Development Trust whilst based in New York with AllianceBernstein, where he was Chief Operating Officer. David is a life patron of the National Portrait Gallery.



Kendall Ann Smith
AUSA Nominated Member
Member since July 2017

Kendall is the elected Welfare Officer of the Aberdeen University Students' Association, representing student views and interests on all matters relating to welfare. She oversees the AUSA welfare services, in particular AUSA Advice, and chairs the AUSA Welfare Committee. Additionally, Kendall represents students at the Mental Health Working Group, the Student Experience Committee and various other bodies concerning student welfare. Prior to assuming this role, Kendall graduated from the University of Aberdeen with a BSc (Hons) in Neuroscience with Psychology.



Dr David Watts
Trade Union Nominated Member
(Academic Staff)
Member since August 2017

David was appointed Lecturer in Human Geography in 2009, having previously been a Research Fellow. Before that, he worked as a researcher at the Universities of Bristol and Coventry, and at the Scottish Agricultural College (now Scotland's Rural College).



Membership of Court and Key Committees

UNIVERSITY COURT MEMBERSHIP:

Rector

Ms M Chapman

Principal

Professor Sir I Diamond

Chancellor's Assessor & Senior Governor

Sir M Lockhead (to 31.12.16)

Mr M Gilbert (from 01.01.17)

Rector's Assessor

Mr D Haywood (to 19.07.17)*

Vice-Principals

Professor J Kilburn (to 19.07.17)*

Professor P Hannaford (to 19.07.17)*

Professor P McGeorge (to 19.07.17)*

Assessor: Aberdeenshire Council

Councillor R McKail (to 18.05.17)

Councillor G Owen (from 19.05.17 to 19.07.17)*

Assessor: Aberdeen City Council

Councillor J Laing (to 19.07.17)*

Assessors: General Council

Mr A Arthur (to 30.09.16)

Professor N Booth (to 19.07.17)†

Mr C Duncan (to 19.07.17)†

Mr I Percival (from 01.10.16 to 19.07.17)†

Mrs J Shirreffs (to 19.07.17)†

Assessors: Senatus

Professor A Akisanya (to 19.07.17)*

Professor C Black (to 19.07.17)*

Professor C Brittain (to 30.06.17)

Professor M Delibegovic (to 19.07.17. Re-elected from 1.10.2017)

Professor S Heys (to 30.09.16)

Professor N Hutchison (to 19.07.17)*

Dr N Oren (to 19.07.17 Re-elected from 1.10.2017)

Professor J Schaper (from 1.10.2017)

Dr R Shanks (from 1.10.2017)

Elected Academic Staff Member

Dr M Mills (from 15.09.17)±

Elected Non-Academic Staff Member

Mrs J Fernandes (from 15.09.17)±

Academic Trade Union Nominee

Dr D Watts (from 1.08.17)±

Non-Academic Trade Union Nominee

Mr B Paterson (from 1.08.17)±

President, Students' Association

Mr C Anucha (to 12.04.17)

Mr L Fuller (Acting President from 13.04.17 to 30.06.17)

Mr L Ogubie (from 01.07.17)

Second Students' Association Nominee

Ms K A Smith (from 24.07.17)±

Co-opted/Independent Members 13

Professor N Booth (from 20.07.17)

Mr C Duncan (from 20.07.17)

Ms L Jack (from 01.11.17)

Mr J Hall

Mr D MacFarlane

Mr I Mackay (from 04.10.17)

Mrs K McPhail

Ms L Menzies (from 04.10.17)

Ms A Minto

Mr K Murray (to 31.10.17)

Mr B Pack (to 31.07.17)

Mr B Paterson (to 19.07.17)*

Mr I Percival (from 20.07.17)

Mrs J Shirreffs (from 20.07.17)

Mr D Steyn

* These members ceased to be members of Court as part of the changes to the composition of Court approved by Her Majesty in Council on 19 July 2017.

± These positions were created as part of the new composition of Court approved by Her Majesty in Council on 19 July 2017.

13 The composition of Court was changed to refer to "independent member of Court" rather than "co-opted" and for there to be 12 independent members whereas there had been 8 co-opted positions.

† As of 19 July 2017, the composition of Court changed and ceased to include General Council Assessors. However, these individuals continued as Independent Members of Court under the new composition with effect from 20 July 2017.

OPERATING BOARD MEMBERSHIP:

Mr B Pack (Convener to 31.07.17)
Mr C Anucha (to 12.04.17)
Mr A Arthur (to 30.09.16)
Professor C Black (from 12.10.16 to 19.07.17)
Professor N Booth (from 04.10.17)
Professor M Delibegovic (from 12.10.16 to 19.07.17)
Professor Sir I Diamond
Professor M Greaves (from 01.09.17)
Mr J Hall (Acting Convener from 01.08.2017)
Professor S Heys (to 30.09.16)
Professor N Hutchison (to 19.07.17)
Mrs C Inglis
Professor J Kilburn (to 25.08.17)
Mr D MacFarlane (from 05.09.16 to 13.11.17)
Mr L Fuller (from 05.09.16 to 30.06.17)
Ms A Minto
Mr L Ogubie (from 01.07.17)
Dr N Oren (to 19.07.17)

REMUNERATION COMMITTEE MEMBERSHIP:

Sir Moir Lockhead (Convener to 31.12.16)
Mr D Steyn (Convener from 06.03.17)
Mr C Anucha (to 12.04.17)
Mr C Duncan
Mr L Fuller (from 13.04.17 to 30.06.17)
Mr M Gilbert (from 01.01.17)
Mrs K McPhail
Mr L Ogubie (from 01.07.17)
Mr B Pack (to 31.07.17)
Mr B Paterson (to 19.07.17)

GOVERNANCE NOMINATIONS COMMITTEE MEMBERSHIP:

Mr J Hall (Convener)
Professor A Akisanya (to 19.07.17)
Mr C Anucha (to 12.04.17)
Professor Sir I Diamond
Mr L Fuller (from 13.04.17 to 30.06.17)
Mr M Gilbert (from 01.01.17)
Sir Moir Lockhead (to 31.12.16)
Mr L Ogubie (from 01.07.17)
Mr B Pack (to 31.07.17)
Mrs J Shirreffs

AUDIT COMMITTEE MEMBERSHIP:

Mr K Murray (Convener to 31.10.17)
Mr D MacFarlane (Convener from 01.11.17)
Ms L Macfarlan
Mrs M McNeill
Mr A McNiven (to 31.10.17)
Mr P Milne
Professor Sir L Ritchie (Co-opted Staff Member to 30.09.17)

Attendance at University Court and Committee Meetings for the year to 31 July 2017

Member	University Court (4 in year)	Audit Committee (5 in year)	Operating Board (8 in year)	Remuneration Committee (3 in year)	Governance and Nominations Committee (5 in year)
Ms M Chapman	4 of 4				
Professor Sir Ian Diamond	4 of 4		8 of 8		4 of 5
Sir Moir Lockhead	2 of 2				1 of 3
Mr Martin Gilbert	2 of 2			2 of 3	0 of 2
Professor J Kilburn	4 of 4		7 of 8		
Professor P McGeorge	3 of 4				
Councillor R McKail	3 of 3				
Councillor G Owen	1 of 1				
Councillor J Laing	3 of 4				
Mr A Arthur			1 of 1		
Professor N Booth	4 of 4		7 of 7		
Mr C Duncan	4 of 4			3 of 3	
Mr I Percival	3 of 4				
Mrs J Shirreffs	4 of 4				4 of 5
Professor A Akisanya	3 of 4				4 of 5
Professor C Black	2 of 4		3 of 3		
Professor C Brittain	1 of 4				
Professor M Delibegovic	4 of 4		4 of 4		
Professor S Heys			0 of 1		
Professor N Hutchison	4 of 4		7 of 8		
Dr N Oren	4 of 4		7 of 8		
Mr C Anucha	3 of 3		4 of 6	0 of 1	4 of 4
Mr L Fuller	1 of 1		2 of 2	1 of 1	1 of 1
Mr L Ogubie				0 of 1	
Mr J Hall	4 of 4		8 of 8		5 of 5
Mr D MacFarlane	4 of 4	5 of 5	4 of 8		
Ms K McPhail	4 of 4			3 of 3	
Mrs A Minto	4 of 4		8 of 8		
Mr K Murray	3 of 4	5 of 5			
†Mr B Pack	0 of 4		0 of 8	0 of 3	0 of 5
Mr B Paterson	4 of 4			2 of 2	
Mr D Steyn	3 of 4			3 of 3	
Ms L Macfarlan		4 of 5			
Mrs M McNeill		3 of 5			
Mr A McNiven		4 of 5			
Mr P Milne		5 of 5			
Professor Sir Lewis Ritchie		3 of 5			
*Mrs C Inglis			8 of 8		

* The Secretary is a member of the Operating Board but not a member of the Court, Audit Committee, Remuneration Committee and Governance and Nominations Committee.

† Mr Pack was unable to attend meetings during the year on the grounds of ill health.

Risk Management

Risk Management

Summary

In pursuing its key strategic aims and objectives, to achieve excellence in teaching, learning and research, the University will inevitably undertake activities which incur a level of risk. The way in which these risks are managed is fundamental to our success. Effective risk management will both reduce the likelihood that risks are realised, and their impact in the event that they are.

Risk Management at Aberdeen

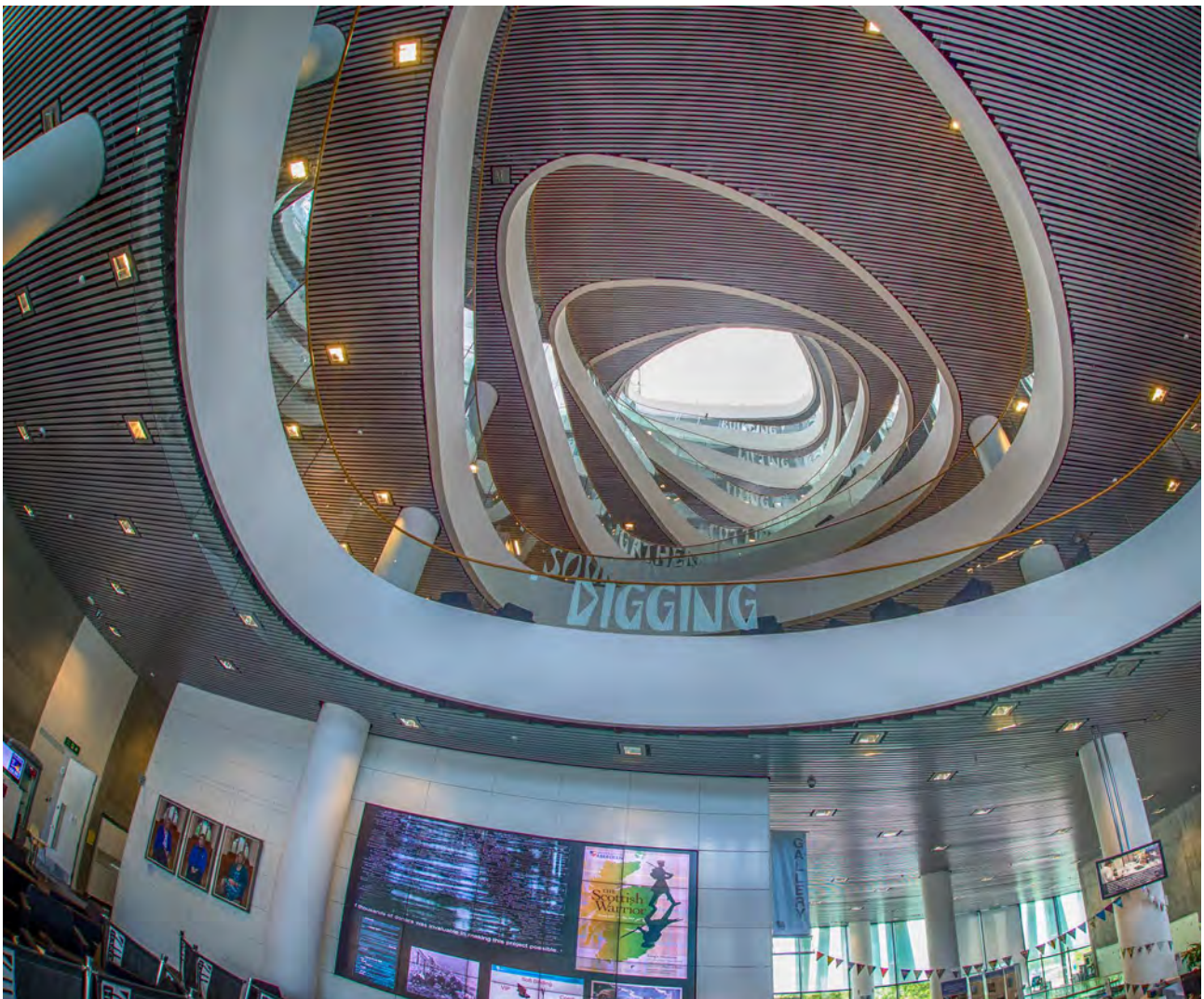
The management of risk at the University of Aberdeen is undertaken as part of the risk management framework which conforms to internationally recognised standards in risk management and widely accepted best practice. The risk management framework is part of the wider institutional corporate governance structure and includes an institutional risk management policy, a University statement on risk appetite, and a detailed risk management process which prescribes methods for risk identification, monitoring and control, and arrangements for assurance.

Risk Management Structures

The University has a Strategic Risk Register, designed to underpin areas of strategic importance, and to facilitate delivery of linked objectives at institutional level, based on the University's Strategic Plan (2015-20). These are managed institutionally, with overarching accountability assigned to the University Court. Court receives bi-annual reports on progress made with the management of risk at this level and the process is subject to objective scrutiny by the institutional audit committee, as part of wider corporate governance, best practice arrangements. The risk management process also cascades down and across the institution, to Schools, Professional Services and to capital projects, where it is a key tool used as part of established management protocol.

Risk Management Processes

The University's risk management process is based on an overarching, logical, step-by-step approach, designed to ensure that risks are effectively managed, as part of an unending, cyclical process. This process is simple but effective and implemented at all levels.



Risk Management

Strategic Risks and Risk Appetite

The University's Strategic Risk Register is comprised of 10 key risk areas, identified as areas of strategic importance to the institution. Each one is linked to one of three strategic themes which form the basis of the institutional Strategic Plan 2015-2020: People, Research, and Teaching & Learning. The risk areas identified, while broad in scope and diverse in nature, are by no means exhaustive; the University recognises that in an increasingly uncertain external environment, characterised by events like Brexit, the potential for new risks to emerge is significant.

The University also acknowledges that, in order to achieve its objectives across each of these themes, it must accept a level of risk in the activities it undertakes. The level of exposure carried by different activities will vary, and the University's tolerance for accepting varying levels of risk will change depending on the risk area under consideration, the specific objectives involved, the activities required to deliver, and the anticipated benefits. The risk appetite

ratings applied to each risk area reflect the University's varying attitude to risk across different contexts. To illustrate, the appetite ratings applied show that the University will generally seek to avoid any activity that poses a significant threat to: organisational financial sustainability; the health, safety and wellbeing of its staff and students; or its ability to meet all regulatory and legislative requirements, required by bodies like the SFC. However, the University will be more open to accepting higher levels of risk where there are opportunities under key areas of strategic importance, for example; student recruitment, research performance and the wider student experience. Consequently, the University defines its appetite for risk in general terms as moderate to open, while accepting that appetite will change according to context. The table below illustrates the current institutional appetite for risk in each of our key strategic risk areas which guides our approach to risk and expected institutional controls:

Institutional Risk Appetite	Avoid	Averse	Moderate	Open	High
Equality and Diversity					
Financial Sustainability					
Governance and Core Business Risks					
Health and Safety					
Infrastructure Sustainability					
Internationalisation					
Research Performance and Impact					
Staff Recruitment and Retention					
Student Experience					
Student Recruitment					

Risk Appetite Category	Definition
Avoid	No appetite; not prepared to accept any level of risk.
Averse	Prepared to accept only low levels of risk, with a preference for safe or prudent options, even if these carry potential for only very limited return.
Moderate	A tendency to accept low or moderate levels of risk in order to achieve objectives; a more ambitious outlook, albeit still relatively prudent.
Open	Willing to consider all options/actions to achieve objectives, even where there are elevated levels of associated risk.
High	Eager to pursue original, creative, pioneering options/activities to achieve objectives, and to accept substantial risks in order to achieve successful outcomes and significant rewards.

Risk Management

Risk Management and Mitigation

The table below links each risk area to a strategic theme, and provides a summary description for each one. Each risk area is managed via a unique Risk Action Plan, which collectively form part of the institutional Strategic Risk Register. The table below also provides a summary of high-level actions currently undertaken to mitigate the level or risk posed for each risk area.

Strategic Risk Area	Strategic Theme	Risk Description	Management and Mitigation
Student Recruitment	Teaching & Learning	The recruitment and retention of students across areas is imperative to financial sustainability, the student experience and positive reputational impacts	<ul style="list-style-type: none"> Brexit mitigation strategies Market diversification Proliferation of online distance and blended learning programmes Investment in digital, the estate and the wider student experience
Internationalisation	People, Research, Teaching & Learning	If objectives for international market position, student recruitment, partnerships, research collaborations and transnational projects are not met, all three strategic themes will be negatively impacted.	<ul style="list-style-type: none"> International market diversification New strategic international partnerships International research partnerships Transnational education projects
Financial Sustainability	People, Research, Teaching & Learning	If the University does not achieve targets linked to financial sustainability, its ability to achieve its objectives across all areas will be significantly impaired.	<ul style="list-style-type: none"> Management and support for Schools in achieving strategic targets Investment in growth initiatives Proliferation of distance learning PGT programmes Refinement and streamlining of governance structures
Infrastructure Sustainability	People, Research, Teaching & Learning	If the quality of the physical estate and linked IT infrastructure is not of the requisite standard, the University's brand image, and the staff and student experience will be adversely affected.	<ul style="list-style-type: none"> Integration of digital as key to student and staff experience 10-Year Capital Programme of investment in the physical estate Oversight with refined strategic project portfolio management arrangements
Research Performance and Impact	Research	Poor research performance, including insufficient research income generation and poor performance in the Research Excellence Framework (REF 2021), will have adverse financial and reputational impacts.	<ul style="list-style-type: none"> Promoting a research-centric culture across all Schools Internal mentoring and peer review schemes for research staff REF Steering Group for oversight and management of submission Measures include external peer review processes and impact champions
Equality and Diversity (E&D)	People, Research, Teaching & Learning	E&D is fundamental to the University's approach to people. Activities in this area support staff welfare and are key to ensuring compliance.	<ul style="list-style-type: none"> Implementation of action plan for Athena Swan bronze award Work towards bronze renewal and silver application Roll out of mandatory training on E&D for all staff
Staff Recruitment and Retention	People, Research, Teaching & Learning	The ability to attract and retain excellent staff is imperative to achieving high quality performance across all areas of the University.	<ul style="list-style-type: none"> Development of staff recruitment and retention strategies Development and roll out of staff engagement strategies Brexit mitigation strategies relating to staff Appraising merits of total reward package
Student Experience	People, Teaching & Learning	If the University does not deliver a high quality student experience, its reputation, and its ability to successfully attract and retain a high-quality student base will be undermined.	<ul style="list-style-type: none"> Engagement with ELIR and other quality assurance frameworks Focused activity to enhance student retention, assessments and feedback, and employability Strategies to enhance engagement with and responsiveness to student surveys Investment in digital technologies to support student experience Investment in physical estate to provide first-in-class facilities Improved student support systems spanning entire student lifecycle
Health and Safety	People	If the University does not have a culture which places health and safety at the core of its activities, the staff and student experience will be adversely affected.	<ul style="list-style-type: none"> Ongoing compliance with all health and safety regulatory requirements Improved pedestrian access around campuses Mental health and wellbeing strategy Roll out of health-related participation initiatives for staff and students
Governance and Core Business Risks	People, Research, Teaching & Learning	Compliance with different legislative and regulatory bodies across core business areas, including finance, infrastructure, cyber security, research performance and student recruitment.	<ul style="list-style-type: none"> Investment in digital technologies to support the student experience Investment in physical estate to provide first-in-class facilities Improved student support systems spanning entire student lifecycle



Financial Review

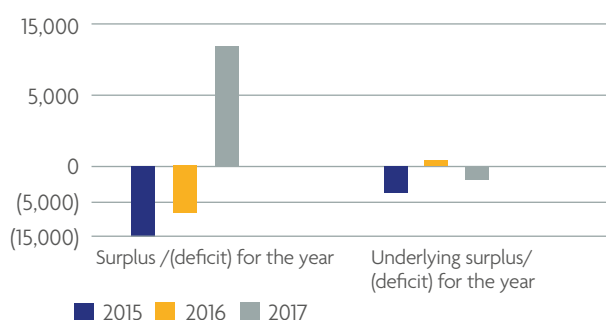
Year ended 31 July 2017

Scope of the Financial Statements

The Financial Statements, which have been approved by the Court, have been prepared on a consolidated basis and represent the consolidated results of the University and its subsidiary, the Rowett Research Institute Ltd. The statements comply with Financial Reporting Standard (FRS) 102 and the Statement of Recommended Practice (SORP) Accounting for Further and Higher Education 2015.

Financial Performance

FRS102 brings greater volatility to the reported financial position and therefore the focus on key indicators, including cash generation, will support our assessment of performance. This volatility has resulted in significant movements in the reported surplus or deficit position. As a result financial management emphasis is placed on the underlying results that exclude non-controllable items such as the movement of the value of investments, pension deficits and significant one off transactions. The underlying deficit for the year to 31 July 2017 is £2.0m compared with a £0.3m surplus for the prior year.



The group's reported results for the year are:

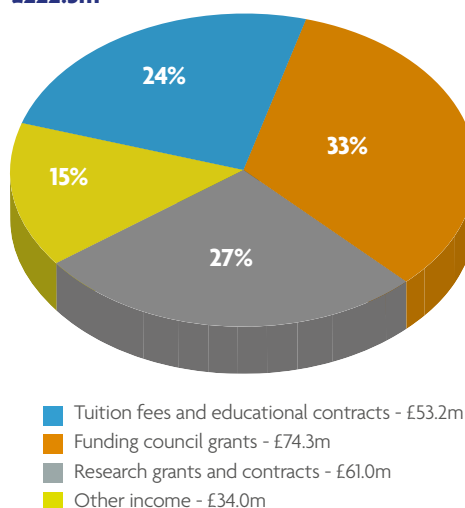
	2017 £000	2016 £000
Income	222,462	229,962
Expenditure	229,250	234,533
(Deficit) before other gains and losses	(6,788)	(4,571)
Other gains/(losses)	(517)	5,025
Taxation	(249)	(495)
Actuarial gain/(loss) in respect of pension schemes	18,422	(7,408)
Comprehensive income/(deficit) for the year	10,868	(7,449)

The deficit before other gains and losses includes a number of non-controllable individually significant items. Once adjusting for these items, the University's underlying deficit is as follows:

	2017 £000	2016 £000
(Deficit) before other gains and losses	(6,788)	(4,571)
Voluntary severance and early retirement schemes	(593)	3,783
Provision for onerous student accommodation leases	2,500	-
Research and development expenditure credit	(1,174)	(2,180)
Impairments	1,413	3,136
Pension provision	2,687	148
Underlying (deficit)/surplus	(1,955)	316

The deficit before other gains and losses is representative of the challenges that we currently face, with continued funding cuts, increased competition and additional costs such as pensions and the apprenticeship levy. Our underlying deficit shows that management must actively manage University finances to ensure that we remain in a sustainable position. We are committed, as a minimum, to returning to an underlying break-even position by financial year end 2019/20.

Income 2016/17 £222.5m



Income for the year has decreased by £7.5m to £222.5m.

Tuition fees have increased by 4.3% with Scottish & EU fees increasing by £0.5m to £17.2m, or 2.9% from 2015/16. Rest of UK fees increased by £0.4m to £9.3m, representing growth of 4.3% on the prior year and Non-EU fees increased by £0.9m or 3.7% in the year to 31 July 2017.

Funding Body grants have decreased by £3.3m, with a reduction in funding for teaching of 2.5% (£1.2m) and research of 1.9% (£0.4m). Other strategic funding streams have reduced by 43.8% (£1.8m).

Research grants and contracts income of £61.0m decreased by £3.0m (4.7%) from £64.0m in the previous year. The decrease is mainly attributable to a £0.7m fall in Research Council income and a £1.5m reduction in overseas research grant income with a number of large projects concluding. Research income includes £1.2m (2016: £2.7m) in respect of the Research and Development Expenditure Credit tax recovery.

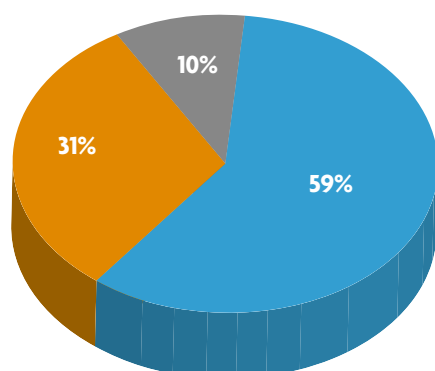
Other income has reduced by £3.4m to £34.0m. Student residences and catering income has reduced by £0.9m with an increase in voids due to increased competition. Other services, royalty income and donations also fell significantly during the year.

Expenditure 2016/17 £229.3m

Total expenditure decreased by £5.2m or 2.2% to £229.3m, predominantly due to £3.8m of restructuring costs in the prior year.

Staff costs of £134.5m have increased by £1.0m. When considered against a 1.1% pay award, incremental movements along our salary scales, a full year of increased USS employer contributions and National Insurance contribution increases in addition to the introduction of the Apprenticeship Levy, this reflects the tight control on staffing expenditure throughout the year. Staff costs, excluding pension liability movements now represent 59% of expenditure (2016: 58%). Other expenditure fell by £1.5m or 2% during the year to £72.2m. Costs include a provision of £2.5m in respect of contracts for third party student accommodation that will not be filled during the year to 31 July 2018 due to the continued fall in the cost of private sector accommodation resulting from the downturn in the oil and gas industry.

Expenditure Categories 2016/17 £229.3m



- Staff costs - £134.5m
- Operating costs - £72.2m
- Depreciation & finance costs - £22.6m

Other Gains and Losses

Our non-current investment portfolios appreciated by £3.8m during the year. The increase result results from the continued strong performance of our endowment portfolio (£4.6m) whilst the value of the holdings in our spin-out companies fell by £0.8m.

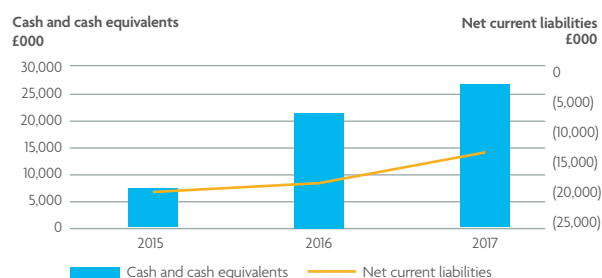
The continued downturn in the Aberdeen housing market has resulted in a further £3.5m (2016: £2.6m) reduction in the value of our investment properties.

Actuarial Gain in Respect of Pension Schemes

The majority of the £18.4m gain is attributed to the University of Aberdeen Superannuation and Life Assurance Scheme (£17.7m) with a £0.7m improvement for the Strathclyde Pension Fund. Market conditions have improved significantly since 31 July 2016, when the effects of the Brexit vote contributed to an actuarial loss for the year of £7.4m.

Cash Flow

Cash & Liquidity



Following the reporting changes required by the adoption of FRS102, our financial reporting is now more focussed on cash reserves. Operating activities generated a cash inflow of £16.1m (2016: £18.9m), that comfortably exceeds our net operating cash flow to interest financial covenant, with an overall net cash inflow of £5.8m.

Having taken account of capital investment, receipts from the sale of assets, investment income and borrowing costs, the overall group cash inflow was £5.8m compared with a £13.8m inflow for the year to 31 July 2016, the reduction resulting from the £11.7m disposal of surplus land during 2015/16.

Capital Projects

We are currently in the planning phase for our next capital programme and as a result capital investment during the year was concentrated on the upgrade of our existing estate. The University also has a recurrent capital fund to enhance our information technology with £6.5m spent on improvements to infrastructure and improved technology.

Treasury Management

Borrowing

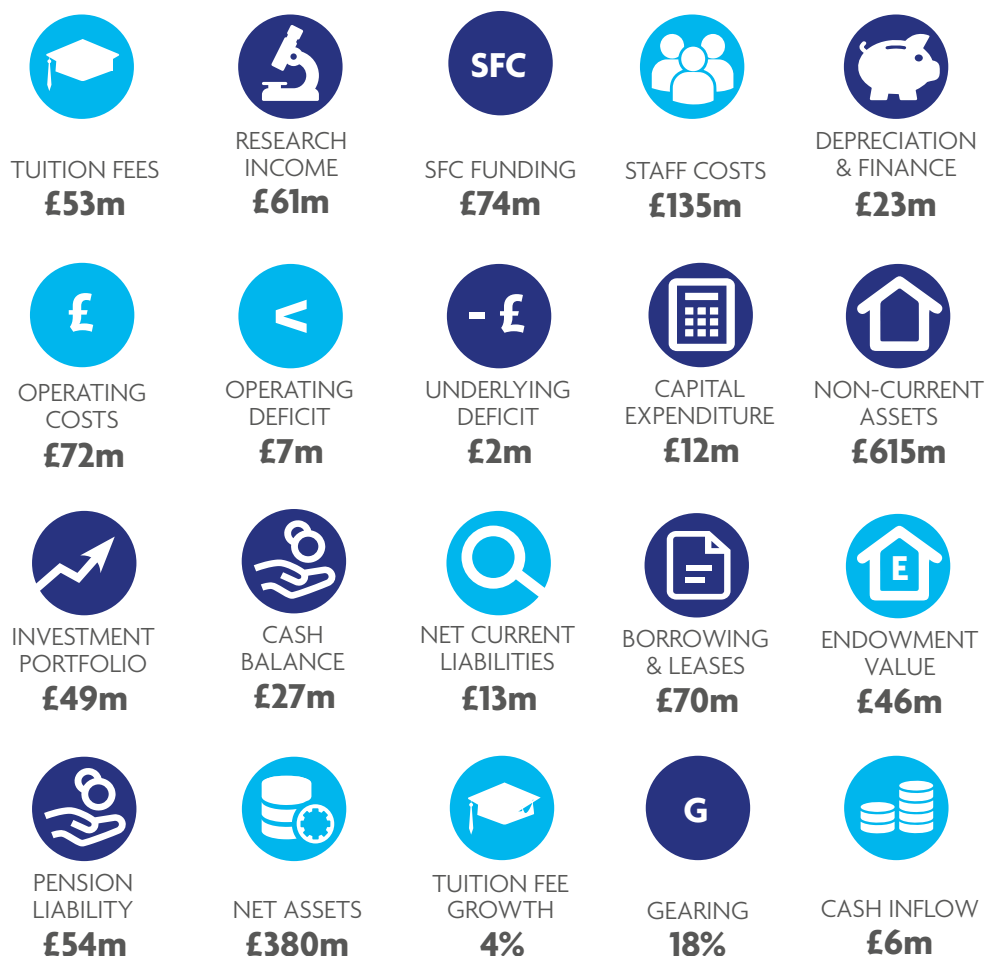
We currently have an agreed £40m loan facility with Barclays Bank plc, which has been fully drawn down and has been used to fund our capital investment. The facility has been utilised over a period of time with the initial draw down in April 2007 and the final instalment of £10.4m utilised in April 2015. Repayments are due in four payments of £10m, in September 2021, 2026, 2031 and 2036 respectively. As we have now reached the tenth anniversary of the facility agreement, the University is required to comply with a net operating cash flow to interest financial covenant, as mentioned above.

In addition the University has entered into finance leases for halls of residence, with £2.7m repayable to British Linen Leasing Ltd by 2018 and a further £27.4m to Prudential Ltd in an agreement expiring in 2037.

Payment of Creditors

The University has no single policy for payment of creditors but agrees to abide by arrangements negotiated with its suppliers. No interest was paid in the year under the Late Payments of Commercial Debts (Interest) Act.

Financial Summary 2016/17



Balance Sheet as at 31 July 2017

Non-Current Assets

Non-current assets have reduced by £9.0m to £614.6m during the year. With the University in a planning phase for the next round of capital investment, additions of £11.8m have been offset by depreciation charges of £18.6m and the reduction in value of investment properties of £3.5m. Non-current investments have increased by £3.3m due to the continued strong market performance.

Net Current Liabilities

As at 31 July 2017, the group had net current liabilities of £13.4m, an improvement of £4.5m on the prior year. As with many research intensive institutions, prepaid income for research grants of £18.0m (2016: £24.3m) is a main contributor to the net current liabilities position. In addition creditors falling due within one year include non-cash items such as capital grants to be released of £3.4m and an accrual in respect of untaken annual leave of £4.7m.

Creditors: amounts falling due after more than one year

Long term creditors have reduced by £0.6m to £164.6m during the year. The creditors comprise of borrowing (£40.0m) and finance lease obligations (£28.4m) as well as £96.2m of deferred income in respect of capital grants from government organisations.

Provisions & Pension Schemes

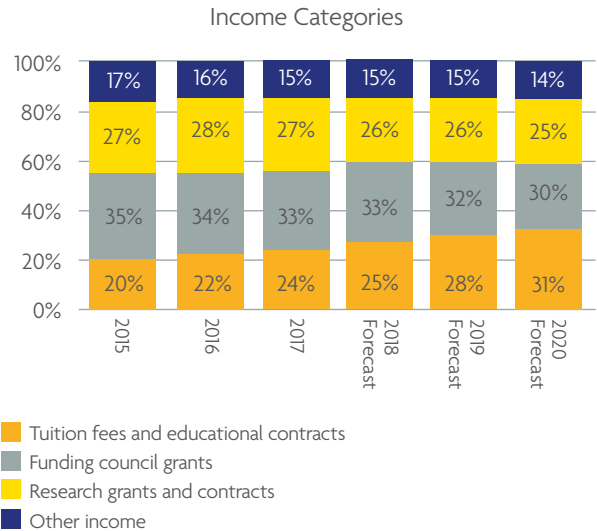
Pension provisions have decreased by £15.9m to £54.1m during the year. The provisions cover the discounted fair value of the contractual contributions of £27.5m (2016: £26.8m) for the Universities Superannuation Scheme (USS), and a further £22.7m (2016: £39.1m) in respect of the University of Aberdeen Superannuation and Life Assurance Scheme (UASLAS) and the Strathclyde Pension Fund (SPF). Both the USS and UASLAS schemes are in the process of undertaking triennial valuations with results due towards the end of this year. A further £3.9m (2016: £4.1m) is held for payment of enhanced pensions to a number of former Northern College employees.

We have provided £2.5m for third party contracts for student accommodation. These historical contracts ensured that the University was able to meet its commitment to provide accommodation for all first year students. The downturn in the Aberdeen housing market has resulted in a significant reduction in private sector rents, and as a result the University can no longer fill the additional places or derive economic benefit from these contracts.

Outlook

Aberdeen, as with many other HE institutions continues to face a challenging and an uncertain financial environment. Austerity will result in ongoing cuts to public funding and fierce competition for both UK and overseas students. Funding council income now represents 33% (2016: 34%) of total income as government funding continues to fall with the proportion forecast to reduce to 30% by 2020. We are yet to fully understand the implications of “Brexit” on EU student and staff recruitment and the changes to the Scottish HE funding regime to accommodate this.

With this in mind, we must focus on income generation, increasing productivity and achieving efficiencies. We have developed an exciting portfolio of initiatives, including enhancement to our overseas and on-line tuition programmes, in support of our strategic goals. These changes will allow us to enter into new markets and diversify income streams. Returning to, at least, a break-even position by 2019/20 will improve cash generation and allow us to invest towards our future.



Independent auditor's report to the Court of the University of Aberdeen

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of the University of Aberdeen ("the University") for the year ended 31 July 2017 which comprise the Consolidated and University Statements of Comprehensive Income and Expenditure, the Consolidated and University Statements of Change in Reserves, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement and the related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2017 and of the Group's and the University'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 UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The University Court for the University of Aberdeen is responsible for the other information, which comprises the Strategic Review, the Financial Review, the Statement of Corporate Governance and Internal Control and the Membership of Court and Key Committees. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- the University has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

University Court for the University of Aberdeen's responsibilities

As explained more fully in their statement set out on pages 57-59, the University Court for the University of Aberdeen is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at:

www.frc.org.uk/auditorsresponsibilities

Report on other legal and regulatory matters

We are required under the terms of our engagement to report on the following matters.

In our opinion, in all material respects:

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

The purpose of our audit work and to whom we owe our responsibilities

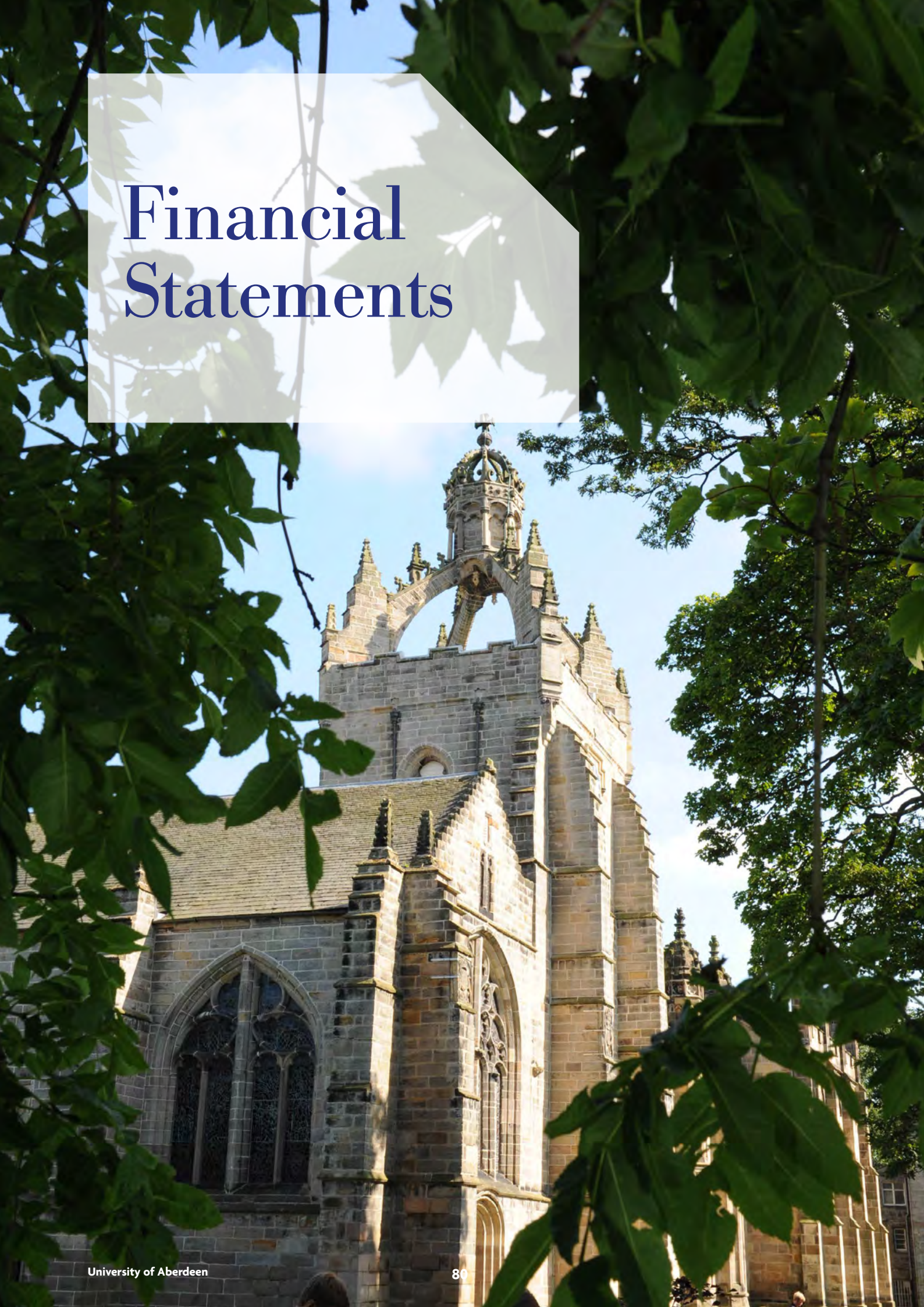
This report is made solely to the University Court for the University of Aberdeen in accordance with paragraph 12 of the Universities (Scotland) Act 1966 and, in the University Court's role as charity trustees, in accordance with section 44(1)(c) of the Charity and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the University Court for the University of Aberdeen those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University Court for the University of Aberdeen for our audit work, for this report, or for the opinions we have formed.

David Derbyshire

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
37 Albyn Place
Aberdeen
AB10 1JB
12 December 2017

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

Financial Statements



Statement of Comprehensive Income and Expenditure
Year ended 31 July 2017

		Consolidated 2017 £000	University 2017 £000	Consolidated 2016 £000	University 2016 £000
	Note				
Income					
Tuition fees and educational contracts	1	53,210	53,210	51,023	51,023
Funding body grants	2	74,300	74,300	77,566	77,566
Research grants and contracts	3	60,974	60,974	63,999	63,999
Other income	4	32,854	32,854	35,571	35,921
Endowment and investment income	5	929	926	926	922
Total income before endowments and donations		222,267	222,264	229,085	229,431
Endowments and donations	6	195	195	877	12,677
Total income		222,462	222,459	229,962	242,108
Staff costs	7	134,520	134,520	133,549	133,549
Fundamental restructuring costs	7	-	-	3,783	3,783
Other operating expenses	8	72,209	71,944	73,716	73,808
Depreciation	9	18,566	18,566	19,099	18,641
Interest and other finance costs	10	3,955	3,955	4,386	4,386
Total expenditure	11	229,250	228,985	234,533	234,167
(Deficit)/surplus before other gains/(losses) and share of operating surplus/(deficit) of joint venture		(6,788)	(6,526)	(4,571)	7,941
Gain on disposal of fixed assets	12	-	-	4,464	82
Unrealised (loss) on revaluation of investment properties	13	(3,480)	(2,643)	(2,591)	(1,298)
Gain on non-current investments	14	3,797	3,061	3,350	3,350
Share of operational deficit in joint venture	15	(834)	-	(198)	-
(Deficit)/surplus before tax		(7,305)	(6,108)	454	10,075
Taxation		(249)	(249)	(495)	(495)
(Deficit) /surplus for the year		(7,554)	(6,357)	(41)	9,580
Actuarial gain/(loss) in respect of pension schemes	21a	18,422	18,422	(7,408)	(7,408)
Total comprehensive income/(deficit) for the year		10,868	12,065	(7,449)	2,172
Total comprehensive income/(deficit) for the year					
Endowment comprehensive income for the year		4,484	4,484	3,320	3,320
Unrestricted comprehensive income/(deficit) for the year		6,384	7,581	(10,769)	(1,148)
Total comprehensive income/(deficit) for the year		10,868	12,065	(7,449)	2,172

Consolidated and University Statement of Changes in Reserves
Year ended 31 July 2017

Consolidated	Income and expenditure account		Revaluation reserve	Total
	Endowment £000	Unrestricted £000	£000	
Balance at 1 August 2015	37,994	139,770	198,763	376,527
Surplus/(deficit) from the income and expenditure statement	3,320	(3,361)	-	(41)
Other comprehensive expenditure	-	(7,408)	-	(7,408)
Transfers between revaluation and income and expenditure reserves	-	5,230	(5,230)	-
Total comprehensive income/(deficit) for the year	3,320	(5,539)	(5,230)	(7,449)
Balance at 1 August 2016	41,314	134,231	193,533	369,078
Surplus/(deficit) from the income and expenditure statement	4,484	(12,038)	-	(7,554)
Other comprehensive income	-	18,422	-	18,422
Transfers between income and expenditure reserves	-	5,079	(5,079)	-
Total comprehensive income/(deficit) for the year	4,484	11,463	(5,079)	10,868
Balance at 31 July 2017	45,798	145,694	188,454	379,946
University				
Balance at 1 August 2015	37,994	125,054	196,071	359,119
Surplus from the income and expenditure statement	3,320	6,260	-	9,580
Other comprehensive expenditure	-	(7,408)	-	(7,408)
Transfers between revaluation and income and expenditure reserves	-	5,079	(5,079)	-
Total comprehensive income/(deficit) for the year	3,320	3,931	(5,079)	2,172
Balance at 1 August 2016	41,314	128,985	190,992	361,291
Surplus/(deficit) from the income and expenditure statement	4,484	(10,841)	-	(6,357)
Other comprehensive income	-	18,422	-	18,422
Transfers between revaluation and income and expenditure reserves	-	5,079	(5,079)	-
Total comprehensive income/(deficit) for the year	4,484	12,660	(5,079)	12,065
Balance at 31 July 2017	45,798	141,645	185,913	373,356

Balance Sheets as at 31 July 2017

		Consolidated 2017 £000	University 2017 £000	Consolidated 2016 £000	University 2016 £000
	Note				
Non-current assets					
Tangible assets	13	542,689	536,690	553,877	547,041
Heritage assets	13	277	277	277	277
Intangible assets	13	4,662	4,662	5,176	5,176
Non-current investments	14	48,593	66,924	45,259	64,126
Investment in joint venture	15	18,331	-	18,965	-
		614,552	608,553	623,554	616,620
Current assets					
Stock	16	256	256	273	273
Trade and other receivables (including debtors over one year: 2017: nil, 2016: £200,000)	17	19,208	19,261	24,557	24,557
Investments	18	1,385	1,385	1,368	1,368
Cash and cash equivalents	23	27,021	26,359	21,208	20,368
		47,870	47,261	47,406	46,566
Less: Creditors: amounts falling due within one year	19	61,226	61,208	65,346	65,359
Net current liabilities		(13,356)	(13,947)	(17,940)	(18,793)
Total assets less current liabilities		601,196	594,606	605,614	597,827
Less: Creditors: amounts falling due after more than one year	20	164,608	164,608	165,205	165,205
Provisions					
Pension provisions	21a	54,082	54,082	70,017	70,017
Other provisions	21b	2,560	2,560	1,314	1,314
		56,642	56,642	71,331	71,331
Total net assets		379,946	373,356	369,078	361,291
Restricted reserves					
Income and expenditure reserve – endowment reserve	22	45,798	45,798	41,314	41,314
Unrestricted reserves					
Income and expenditure reserve		145,694	141,645	134,231	128,985
Revaluation reserve		188,454	185,913	193,533	190,992
Total funds		379,946	373,356	369,078	361,291

The Accounts set out on pages 81 to 84 were approved by the University Court on 12 December 2017 and signed on its behalf by:

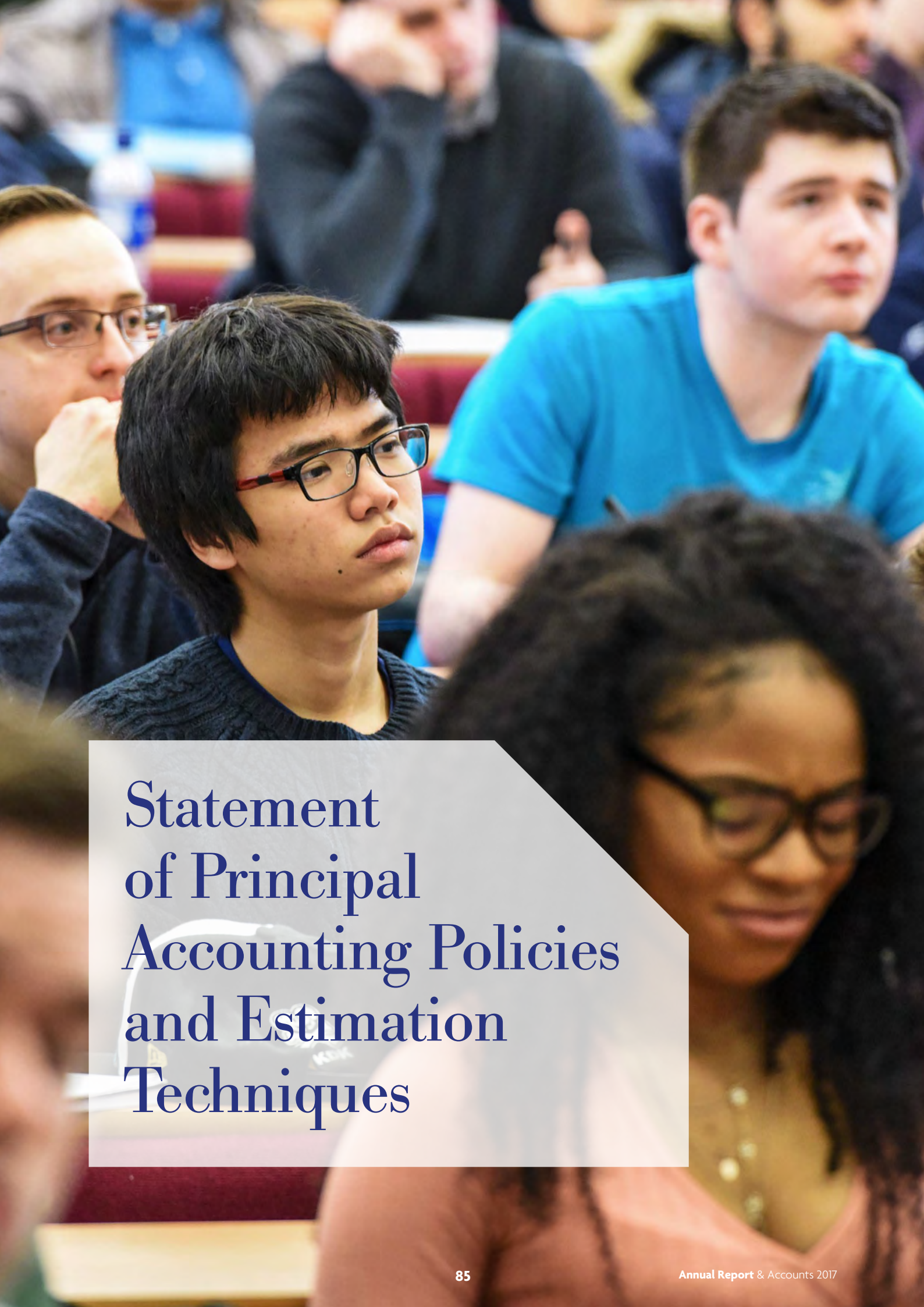
Professor Sir Ian Diamond FBA FRSE AcSS
Principal and Vice-Chancellor

Martin Gilbert FRSE
Senior Governor of the University Court

David Beattie
Director of Finance

Consolidated Cash Flow Statement
Year ended 31 July 2017

	Note	2017 £000	2016 £000
Cash flow from operating activities			
Deficit for the year		(7,554)	(41)
Adjustments for non-cash items			
Depreciation	9 & 13	18,566	19,099
Impairment of fixed assets	13	1,413	1,788
Impairment of investments	14	-	1,348
(Gain) on investments	14	(3,797)	(3,350)
Decrease in stock		17	16
Decrease in debtors		5,149	5,127
(Decrease) in creditors and other provisions		(2,495)	(1,705)
Increase in pension provisions (excluding actuarial gain or loss)		2,487	53
Unrealised deficit on revaluation of investment properties	13	3,480	2,591
Share of operating deficit in joint venture	15	834	198
Adjustments for investing or financing activities			
Investment income	5	(929)	(926)
Interest payable	10	2,508	2,538
Endowment income	6 & 22	(84)	(80)
Capital grants received/released during the year		(3,471)	(3,325)
Profit on sale of fixed assets	12	-	(4,464)
Net cash inflow from operating activities		16,124	18,867
Cash flows from investing activities			
Proceeds from sales of fixed assets		-	11,794
Capital grant receipts		5,086	3,263
Disposal of non-current investments	14	2,468	8,059
Withdrawal of deposits		(17)	(12)
Investment income	5	929	926
Payments made to acquire fixed assets		(12,506)	(16,822)
New non-current asset investments	14	(2,005)	(7,761)
		(6,045)	(553)
Cash flows from financing activities			
Interest paid	10	(1,339)	(1,334)
Interest element of finance lease and service concession payments	10	(1,169)	(1,204)
Endowment cash received	6 & 22	84	80
Repayments of amounts borrowed		(100)	(108)
Capital element of finance lease and service concession payments		(1,742)	(1,941)
		(4,266)	(4,507)
Increase in cash and cash equivalents in the year		5,813	13,807
Cash and cash equivalents at beginning of the year	23	21,208	7,401
Cash and cash equivalents at end of the year	23	27,021	21,208
Movement in cash and cash equivalents		5,813	13,807



Statement of Principal Accounting Policies and Estimation Techniques

Basis of preparation

a. Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2015) and in accordance with Financial Reporting Standard (FRS) 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. Charities registered with the Office of the Scottish Charity Regulator ("OSCR") fall within the statutory remit of the Charities and Trustee Investment (Scotland) Act 2005 and, in respect of financial statements preparation, the Charities Accounts (Scotland) Regulations 2006 (as amended). Regulation 14 of the 2006 Regulations allows universities to prepare their financial statements in accordance with the SORP.

The functional currency of the group is sterling and all amounts have been presented to the nearest thousand pounds.

The financial position of the University, including details of its long term borrowing facilities and their financial covenant, is set out in the Financial Review on pages 73 to 77. The financial statements continue to be prepared on a going concern basis as the University Court considers that the University has adequate financial resources to continue in operational existence for the foreseeable future.

b. Estimation techniques

The preparation of financial statements requires management to make estimates and assumptions that affect the financial statements during the reporting period. Actual results could differ from those estimates. Estimates are used principally when accounting for defined benefit pension schemes and the carrying value of tangible fixed assets.

c. Basis of consolidation

The consolidated financial statements include the University and its subsidiary for the year to 31 July 2017. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. A list of subsidiary undertakings is included in note 29.

The consolidated financial statements do not include the income and expenditure of Aberdeen University Students' Association or the University of Aberdeen Development Trust as the University does not exert control or dominant influence over policy decisions.

Associated companies and joint ventures are accounted for using the equity method.

Income recognition

a. Grant funding

Government revenue grants including Scottish Funding Council block grants and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

b. Donations and endowments

Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds. Investment income and appreciation of endowments are recorded in income for the year for which they arise and are either restricted or unrestricted income according to the terms 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 stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University 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 to be applied to a particular objective.

c. Other income

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

Fee income is stated gross of any expenditure which is not a discount or a fee waiver and is credited to the Consolidated Statement of Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment or by a fee waiver, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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

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

d. Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised within income when the University is entitled to the funds subject to any performance related conditions being met.

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, for example annual leave, are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Finance leases

Leases where the University substantially assumes 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 the start 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.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

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. Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to depreciated replacement cost on or prior to the date of transition to the SORP are measured on the basis of deemed cost, being the revalued amount at the date of transition. A revaluation reserve remains disclosed as a separate component of unrestricted reserves. The difference between historic cost depreciation and depreciation based on revalued deemed cost is transferred from the revaluation reserve to the income and expenditure reserve in each reporting period.

a. Land and buildings

Land and buildings are stated at cost or deemed cost for those acquired prior to transition to the SORP. Subsequent capital expenditure is recorded at cost.

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services. Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the surplus or deficit in the Statement of Comprehensive Income. Properties are not depreciated but are revalued annually according to market conditions at 31 July each year.

The University performs impairment reviews of assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's net realisable value and its value in use, is less than its carrying amount.

Costs incurred in relation to a tangible fixed asset after its initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University. The cost of any such enhancement is added to the gross carrying amount of the tangible fixed asset concerned.

b. Equipment

Equipment, including computers and furniture costing less than £20,000 per individual item or group of related items, is written off in the year of purchase. All other items are capitalised. Assets acquired under finance leases are included in fixed assets and the capital element of the leasing commitments is shown as a liability.

c. Depreciation

Freehold land is not depreciated. Freehold buildings are depreciated over the expected useful economic life to the University, normally between 30 and 75 years. Where material, a depreciable asset's anticipated useful life is reviewed annually and the accumulated and future depreciation charges are adjusted.

Depreciation on tangible fixed assets in the course of construction is only provided when the assets are first brought into operational use. Where equipment is acquired with funding from specific grants it is depreciated over the life of the research grants. No depreciation is provided for on investment properties.

Depreciation is provided on the value of equipment, including IT equipment on a straight line basis, normally between 2 – 10 years.

d. Heritage assets

The University holds a number of collections, exhibits, artefacts, and other assets of historical, artistic or scientific importance. Heritage assets acquired before 31 July 2011 have not been capitalised, since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions from 1 August 2011 are capitalised at cost or, in the case of donated assets, will be valued where the cost of obtaining value is not greater than the benefit to the user of the financial statements. In line with the accounting policy in respect of equipment, the threshold for capitalising heritage assets is £20,000. Heritage assets that are irreplaceable originals and for which no reliable value can be attributed, will not be capitalised. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

e. Repairs and maintenance

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the Statement of Comprehensive Income in the period in which it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

f. Intangible assets

Intangible assets (i.e. computer software) are amortised over their remaining useful economic life, not exceeding 15 years.

Investments

Listed investments, including spin out companies that the University has an interest in, held as fixed assets or endowment assets are shown at market value with movements recognised in the Surplus or Deficit. Investments in subsidiary undertakings are shown at cost and investments in joint ventures are shown in the consolidated balance sheet as the attributable share of net assets. The University's share of any surplus or deficit in respect of Joint Ventures is recognised in the income and expenditure account.

Stock

Stock, including work in progress, is valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stock.

Taxation

The University is an exempt charity within the meaning of Charities and Trustee Investment (Scotland) Act 2005 and, as such, is a charity within the meaning of Section 506(1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue & Customs and is recorded on the index of charities by the Office of the Scottish Charity Regulator. It is therefore a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Subsidiary companies are liable to corporation tax.

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

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Foreign currency

Foreign currency transactions are recorded at the rate of exchange at the dates of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at financial year end rates.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligations. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

Contingent liabilities are disclosed by way of a note, where the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to reliably measure the possible economic outflow.

Contingent assets are disclosed by way of a note, where there is a possible, rather than present asset arising from a past event.

Basic financial instruments

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Other financial instruments

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except hedging instruments in a designated hedging relationship.

Pension schemes

The principal schemes for the University's staff are the Universities' Superannuation Scheme (USS) and the University of Aberdeen Superannuation & Life Assurance Scheme (UASLAS). The University also contributes to the Strathclyde Pension Fund (SPF). All three are defined benefit schemes which are externally funded. Each fund is valued every three years by professionally qualified independent actuaries. A small number of staff remain in other pension schemes.

a. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the University 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.

b. Defined benefit plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group should recognise a liability for its obligations under defined benefit plans, net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (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 University is able to recover the surplus either through reduced contributions in the future or through refunds.

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.

Notes to the Financial Statements
Year ended 31 July 2017

	2017	2016
	£000	£000
1. Tuition fees and educational contracts		
Consolidated and University		
Scottish and EU fees	17,212	16,733
RUK fees	9,275	8,896
Non-EU fees	24,655	23,774
Non-credit bearing course fees	1,785	1,355
Other contracts	283	265
	53,210	51,023

2. Funding body grants		
Consolidated and University		
SFC general funding - teaching	45,424	46,603
SFC general funding - research	23,175	23,620
Strategic research development grant	2,294	4,082
Capital grants released from deferred income	3,087	2,943
Other SFC grants	320	318
	74,300	77,566

3. Research grants and contracts		
Consolidated and University		
Research councils	13,294	14,019
UK based charities	9,962	9,983
UK central and local government, health and hospital authorities	19,733	18,981
UK industry, commerce and public corporations	3,474	3,677
EU government bodies	5,184	5,369
EU other	959	670
Other overseas	7,014	8,466
Other sources	1,354	2,834
	60,974	63,999

Research grants and contracts income includes the following significant grants:

Funding body	Project title	£000
RESAS	RESAS main programme	7,872
Wista Laboratories Ltd	Alzheimer's Research project research project	3,764
Scottish Government	Strategic Marine Mammal Monitoring Programme for the Moray Firth	699
Chief Scientist's Office	HSRU Core Grant	642
Chief Scientist's Office	HERU Unit Budget Allocation	572
BBSRC	Joint Centre for Closed-Loop Cycling of Nitrogen in Chinese agriculture	544
Cell Therapy Catapult Ltd	Technology Development (Stage 1)	510
NHS	Double Blind Placebo Controlled Trial	506

Notes to the Financial Statements continued
Year ended 31 July 2017

	Consolidated 2017 £000	University 2017 £000	Consolidated 2016 £000	University 2016 £000
4. Other income				
Residences, catering and conferences	13,691	13,691	14,554	14,554
Consultancy	5,609	5,609	5,619	5,619
Health authorities	5,473	5,473	5,661	5,661
VAT recovery	692	692	734	734
Other grants	7,385	7,385	8,999	9,349
Capital grants received/released	4	4	4	4
	32,854	32,854	35,571	35,921
5. Investment income				
Investment income from endowments (note 22)	796	796	842	842
Other investment income	133	130	84	80
	929	926	926	922
6. Donations and endowments				
New endowments (note 22)	84	84	80	80
Donations with restrictions	111	111	797	12,597
	195	195	877	12,677
7. Staff costs			2017	2016
			£000	£000
Consolidated and University				
Salaries			105,781	109,083
Social security costs			10,316	9,182
Movement on pension provisions (note 21a)			910	(1,695)
Other pension costs			17,513	16,979
Early retirement/severance costs			-	3,783
			134,520	137,332
Emoluments of the Principal and Vice-Chancellor:				
Salary			277	274
Bonus			-	27
Pension contributions to USS			50	51
Total			327	352
Staff costs for key management personnel excluding employer's pension contribution			1,207	1,243
Key management personnel are the University's Senior Management Team, comprising of the Senior Vice Principal, Vice Principals, Secretary to the University and Director of Finance.				
Compensation for loss of office payable to senior post holders:				
Number of payments in excess of £100,000 during the year			-	1
Compensation arrangements for members of staff earning in excess of £100,000			-	3

7. Staff costs - continued

	2017	2016
	Number	Number
Remuneration of other higher paid staff, excluding salary sacrifice and employer's pension contributions:		
£100,000 - £109,999	19	19
£110,000 - £119,999	18	21
£120,000 - £129,999	5	8
£130,000 - £139,999	5	7
£140,000 - £149,999	5	-
£150,000 - £159,999	2	3
£160,000 - £169,999	1	1
£170,000 - £179,999	1	1
£180,000 - £189,999	1	1

Average staff numbers by activity - full time equivalent basis

Academic departments	1,101	1,174
Academic services	249	245
Administration and central services	364	367
Premises	194	182
Residences, catering and conferences	133	131
Research grants and contracts	466	505
Other expenses	114	115
	2,621	2,719

	2017	2016
	£000	£000
Staff costs by activity – Consolidated and University		
Academic departments	63,811	66,889
Academic services	10,864	10,174
Administration and central services	16,539	15,241
Premises	5,914	5,537
Residences, catering and conferences	4,043	3,940
Research grants and contracts	25,576	27,040
Other expenses	6,863	6,423
Pension cost adjustments	910	(1,695)
	134,520	133,549
Early retirement/severance costs	-	3,783
	134,520	137,332

Notes to the Financial Statements continued
Year ended 31 July 2017

	Consolidated 2017 £000	University 2017 £000	Consolidated 2016 £000	University 2016 £000
8. Other operating expenses by activity				
Academic departments	13,249	13,249	12,587	12,587
Academic services	6,489	6,489	5,873	5,873
Administration and central services	9,213	9,213	10,752	10,752
Premises	8,313	8,313	10,068	10,068
Residences, catering and conferences	8,140	8,140	5,805	5,805
Research grants and contracts	19,528	19,528	20,085	20,085
Other expenses	7,277	7,012	8,546	8,638
	72,209	71,944	73,716	73,808

Other operating expenses (including VAT) include:

External auditors remuneration in respect of audit services	53	51	53	50
External auditors remuneration in respect of non-audit services	25	25	24	24
Internal auditors remuneration in respect of audit services	103	103	152	152
Internal auditors remuneration in respect of non-audit services	-	-	-	-

9. Depreciation by activity

Academic departments	2,637	2,637	2,584	2,584
Academic services	3,059	3,059	2,988	2,988
Administration and central services	105	105	126	126
Premises	8,114	8,114	7,826	7,826
Residences, catering and conferences	3,545	3,545	3,664	3,664
Research grants and contracts	922	922	1,204	1,204
Other expenses	184	184	707	249
	18,566	18,566	19,099	18,641

10. Interest and other finance costs

Loan interest	1,339	1,339	1,334	1,334
Finance leases	1,169	1,169	1,204	1,204
Interest on pension scheme liabilities (note 21a)	1,447	1,447	1,848	1,848
	3,955	3,955	4,386	4,386

Notes to the Financial Statements continued
Year ended 31 July 2017

	Consolidated 2017 £000	University 2017 £000	Consolidated 2016 £000	University 2016 £000
11. Analysis of total expenditure by activity				
Academic departments	79,697	79,697	82,060	82,060
Academic services	20,412	20,412	19,035	19,035
Administration and central services	25,857	25,857	26,119	26,119
Premises	23,680	23,680	24,765	24,765
Residences, catering and conferences	16,897	16,897	14,613	14,613
Research grants and contracts	46,026	46,026	48,329	48,329
Other expenses	15,771	15,506	17,524	17,158
Pension cost adjustments	910	910	(1,695)	(1,695)
Early retirement/severance costs	-	-	3,783	3,783
	229,250	228,985	234,533	234,167

12. Disposal of fixed assets

Gain on disposal of fixed assets	-	-	4,464	82
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13. Fixed assets - Non-current assets - Consolidated

	Freehold Land and Buildings £000	Assets in Course of Construction £000	Investment Properties £000	Heritage Assets £000	Fixtures, Fitting and Equipment £000	Intangible Assets £000	Total £000
Cost or Valuation							
At 1 August 2016	526,952	126	41,391	277	50,089	7,540	626,375
Additions	4,662	422	188	-	5,382	1,103	11,757
Revaluation	-	-	(3,480)	-	-	-	(3,480)
Disposals	-	-	-	-	(1,992)	-	(1,992)
Impairment	(235)	-	-	-	-	(1,178)	(1,413)
At 31 July 2017	531,379	548	38,099	277	53,479	7,465	631,247
Depreciation							
At 1 August 2016	25,703	-	-	-	38,978	2,364	67,045
Charge for the year	13,209	-	-	-	4,918	439	18,566
Eliminated on disposals	-	-	-	-	(1,992)	-	(1,992)
At 31 July 2017	38,912	-	-	-	41,904	2,803	83,619
Net book value							
At 31 July 2017	492,467	548	38,099	277	11,575	4,662	547,628
At 31 July 2016	501,249	126	41,391	277	11,111	5,176	559,330

Notes to the Financial Statements continued
Year ended 31 July 2017

13. Fixed assets - Non-current assets - University

	Freehold Land and Buildings	Assets in Course of Construction	Investment Properties	Heritage Assets	Fixtures, Fitting and Equipment	Intangible Assets	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 August 2016	525,726	126	35,723	277	50,089	7,540	619,481
Additions	4,662	422	188	-	5,382	1,103	11,757
Revaluation	-	-	(2,643)	-	-	-	(2,643)
Disposals	-	-	-	-	(1,992)	-	(1,992)
Impairment	(235)	-	-	-	-	(1,178)	(1,413)
At 31 July 2017	530,153	548	33,268	277	53,479	7,465	625,190
Depreciation							
At 1 August 2016	25,645	-	-	-	38,978	2,364	66,987
Charge for the year	13,209	-	-	-	4,918	439	18,566
Eliminated on disposals	-	-	-	-	(1,992)	-	(1,992)
At 31 July 2017	38,854	-	-	-	41,904	2,803	83,561
Net book value							
At 31 July 2017	491,299	548	33,268	277	11,575	4,662	541,629
At 31 July 2016	500,081	126	35,723	277	11,111	5,176	552,494

As part of the transition to FRS102, the University chose to no longer revalue land and buildings and to use the 31 July 2014 valuation figures as the deemed cost of assets. The 2014 valuation was performed by Mr A Donaldson BLE, MRICS, Director of Estates, University of Aberdeen. The basis of valuation is depreciated replacement cost as set out in the Royal Institute of Chartered Surveyors' Statement of Asset Valuation Practice and Guidance Notes. The 31 July 2014 valuation was externally reviewed by J & E Shepherd, Chartered Surveyors.

The University owns academic, academic related and recreational buildings which are located in Old Aberdeen, at Foresterhill, part of Marischal College and various Halls of Residence complexes. Part of the Hillhead Halls of residence complex is held under a finance lease, the net book value of assets held under finance leases by the University is £26.8m (2016: £28.1m).

Consolidated and University fixed assets net book value at 31 July 2017 respectively include £38.1m (2016: £41.4m) and £33.3m (2016: £35.7m) in respect of investment properties that are required to be revalued on an annual basis. This was carried out on 31 July 2017 and was performed by Mr A Donaldson BLE, MRICS, Director of Estates, University of Aberdeen.

Should any land and buildings financed by exchequer funds be sold, the University may be liable, under the terms of the Financial Memorandum with the Scottish Funding Council, to repay the proceeds.

The net book value of fixed assets is analysed between:

	Consolidated 2017	University 2017	Consolidated 2016	University 2016
	£000	£000	£000	£000
Tangible assets	542,689	536,690	553,877	547,041
Heritage assets	277	277	277	277
Intangible assets	4,662	4,662	5,176	5,176
	547,628	541,629	559,330	552,494

Notes to the Financial Statements continued
Year ended 31 July 2017

14. Non-current investments

	Endowments	Spin-Outs	Pensions	Other	Total
	£000	£000	£000	£000	£000
Consolidated					
At 1 August 2016	40,619	1,988	2,609	43	45,259
Additions	1,514	30	293	168	2,005
Disposals	(2,164)	(15)	(289)	-	(2,468)
Appreciation	4,270	(762)	289	-	3,797
At 31 July 2017	44,239	1,241	2,902	211	48,593
University					
At 1 August 2016	40,619	1,988	2,609	18,910	64,126
Additions	1,514	30	293	368	2,205
Disposals	(2,164)	(15)	(289)	-	(2,468)
Impairment	-	-	-	(736)	(736)
Appreciation	4,270	(762)	289	-	3,797
At 31 July 2017	44,239	1,241	2,902	18,542	66,924
			Consolidated	University	
			£000	£000	
Other non-current investments consist of:					
Aberdeen Sports Village Ltd (Joint Venture)			-	18,331	
CVCP Properties			43	43	
Epidarex Capital			168	168	
			211	18,542	

The Group's subsidiary undertakings are listed in note 29.

The Group has participating interests in spin out entities which exceed 20% of voting rights (at cost), however there is no board control over the entities and significant influence is not exerted over the operating and financial policies. As a result, the investees are free to implement policies that are inconsistent with the investor's strategy. The substance of the relationship between the investor and investee is that of a fixed asset investment with a view to a trade sale in the medium term. Therefore, these investments are disclosed as fixed asset investments and are not accounted for as equity.

The total value of endowments, spin outs and pension non-current assets carried at fair value in the consolidated balance sheet is £48,382,000 (2016: £45,216,000).

15. Investment in joint venture

The University holds a 50% share of Aberdeen Sports Village Limited, a company limited by guarantee and registered as a charity. The company provides premier sporting facilities to our students and the wider community, including the Aquatics Centre with an Olympic standard swimming pool. This is a joint venture company owned equally by the University and Aberdeen City Council. The arrangement is treated as a joint venture and is accounted for using the gross equity method, such that 50% of the company's gross assets and liabilities are incorporated into the consolidated balance sheet of the University and 50% of its net income is reported in the University's consolidated Statement of Comprehensive Income.

	2017		2016	
	£000	£000	£000	£000
Income and expenditure account				
Income		2,935		3,126
Deficit before tax		(834)		(198)
Balance sheet				
Fixed assets	20,878		21,813	
Current assets	3,287		3,860	
		24,165		25,673
Less: Restricted funding from SportScotland		(4,918)		(5,108)
Share of gross assets		19,247		20,565
Less: Creditors - amounts due with one year		(916)		(1,600)
Share of net assets		18,331		18,965

The movement in the share of net assets in the year comprises the capitalisation of the final £0.2m (2016: £8.5m) tranche of a loan previously recorded within debtors (note 17) and the University's share of the loss for the year.

Notes to the Financial Statements continued
Year ended 31 July 2017

	Consolidated 2017 £000	University 2017 £000	Consolidated 2016 £000	University 2016 £000
16. Stock				
Stock of finished goods	256	256	273	273
17. Trade and other receivables				
Trade debtors	5,469	5,469	5,658	5,658
Prepayments and accrued income	13,739	13,739	18,699	18,699
Amounts due from joint venture	-	-	200	200
Amounts due from subsidiary companies	-	53	-	-
	19,208	19,261	24,557	24,557

The prior year amount due from joint venture was capitalised as part of investment in joint venture during the current financial year (note 15).

Financial instruments included within trade and other receivables are carried at amortised cost.

18. Investments				
Short term deposits	1,385	1,385	1,368	1,368
19. Creditors: amounts falling due within one year				
Loans and leases	1,831	1,831	1,815	1,815
Research grants received on account	17,964	17,964	24,306	24,306
Other grants received on account	12,679	12,679	12,310	12,310
Trade creditors	4,945	4,945	3,502	3,502
Amounts due to subsidiary companies	-	-	-	33
Social security and other taxation payable	3,699	3,699	3,437	3,437
Accruals and deferred income	20,108	20,090	19,976	19,956
	61,226	61,208	65,346	65,359

Financial instruments included within creditors are carried at amortised cost.

20. Creditors: amounts falling due after more than one year

	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£000	£000	£000	£000
Loans	40,000	40,000	40,096	40,096
Finance lease obligations	28,382	28,382	30,144	30,144
Deferred income	96,226	96,226	94,965	94,965
	164,608	164,608	165,205	165,205
a. Loans are repayable:				
Less than one year	96	96	100	100
Between one and two years	-	-	96	96
Between two and five years	10,000	10,000	-	-
In five years or more	30,000	30,000	40,000	40,000
	40,096	40,096	40,196	40,196
b. Finance lease net obligations committed:				
Less than one year	1,735	1,735	1,715	1,715
Between one and two years	3,403	3,403	1,700	1,700
Between two and five years	3,778	3,778	4,600	4,600
In five years or more	21,201	21,201	23,844	23,844
	30,117	30,117	31,859	31,859
c. Deferred income				
Less than one year	3,438	3,438	3,084	3,084
Between one and two years	3,319	3,319	2,636	2,636
Between two and five years	8,518	8,518	7,295	7,295
In five years or more	84,389	84,389	85,034	85,034
	99,664	99,664	98,049	98,049

Deferred income relates to capital grants received from government bodies.

Included in loans are the following:

Lender	Amount	Term	Rate
	£000	Year	%
Barclays Bank Plc	4,600	2031	5.415
Barclays Bank Plc	15,000	2036	3.000
Barclays Bank Plc	10,000	2036	3.072
Barclays Bank Plc	10,400	2036	3.195
Salix Ltd	96	2017	-

As part of the finance leasing arrangement, Prudential Retirement Income Ltd have been given security over New Carnegie Court. In addition, in order to comply with financial covenants Barclays Bank plc have been given security over Adam Smith, Fyfe and Wavell Halls. Both of these securities can be discharged in December 2017.

20. Creditors: amounts falling due after more than one year - continued

Leases

The University has entered into a leasing arrangement with British Linen Leasing Ltd, in respect of two halls of residence over a period of 25 years. £2.7m is payable in less than five years under this agreement which expires in 2018.

In December 2012 the University entered into a finance leasing arrangement with Prudential Ltd, in respect of the New Carnegie Court Halls of Residence (previously owned and built by Unite Plc) over a period of 25 years, £27.4m is payable under this agreement which expires in 2037. As part of the finance leasing arrangement Prudential Retirement Income Ltd has security over the New Carnegie Court Halls of Residence for the first 5 years of the lease.

21. Provisions for liabilities

a. Pension provisions	USS Deficit Obligations	Defined Benefit Obligations	Enhanced Pensions	Total Pension Provisions
	£000	£000	£000	£000
Consolidated and University				
At 1 August 2016	26,798	39,119	4,100	70,017
Charged to staff costs	-	4,123	-	4,123
Movements in year	-	-	(200)	(200)
Interest payable	496	951	-	1,447
Employer contributions paid	(1,854)	(3,414)	-	(5,268)
Administrative expenses	-	330	-	330
Changes in expected contributions	2,055	-	-	2,055
Actuarial gain	-	(18,422)	-	(18,422)
At 31 July 2017	27,495	22,687	3,900	54,082

Further information regarding the USS pension scheme and defined benefit obligation schemes is available in note 27.

The University has an obligation in respect of former employees who have retired and for whom an enhanced pension has been provided. This liability is assessed by independent actuarial valuation (see note 27) and continues throughout the retirement period.

b. Other provisions	Student Accommodation	Waste Disposal	Restructuring Costs	Total
	£000	£000	£000	£000
Consolidated and University				
At 1 August 2016	-	60	1,254	1,314
Charged in year	2,500	-	-	2,500
Utilised in year	-	-	(661)	(661)
Released in year	-	-	(593)	(593)
At 31 July 2017	2,500	60	-	2,560

The University has provided for £2.5m in relation to external student accommodation contracts. Changes to the accommodation market in Aberdeen have resulted in a large number of voids with the University now unable to earn sufficient economic benefit to cover the costs of the contracts.

The University has an obligation under Scottish Environment Protection Agency regulations to provide for the removal of "High Activity Sealed Sources" held within the Institute of Medical Sciences Building. It is expected that these sources will be removed within the next 10-15 years.

Notes to the Financial Statements continued
Year ended 31 July 2017

22. Endowment reserves

Consolidated and University	Unrestricted Permanent £000	Restricted Permanent £000	Restricted Expendable £000	2017 Total £000	2016 Total £000
Balance at 1 August 2016					
Capital	14,789	21,174	159	36,122	33,276
Accumulated income	-	4,990	202	5,192	4,718
	14,789	26,164	361	41,314	37,994
New endowments	-	84	-	84	80
Investment income	291	497	8	796	842
Expenditure	(291)	(315)	(59)	(665)	(700)
Net expenditure	-	182	(51)	131	142
Increase in market value of investments	1,520	2,743	6	4,269	3,098
At 31 July 2017	16,309	29,173	316	45,798	41,314
Represented by:					
Capital	16,309	23,917	165	40,391	36,122
Accumulated income	-	5,256	151	5,407	5,192
	16,309	29,173	316	45,798	41,314
Analysis by purpose					
Bursaries				1,857	1,802
Prizes				1,572	1,524
Scholarships				4,489	4,354
Teaching foundations				3,630	3,510
Other restricted purposes				11,415	11,188
Unrestricted				16,309	14,789
Unallocated unrealised gains				6,526	4,147
				45,798	41,314

23. Cash and cash equivalents

	Consolidated £000	University £000
At 1 August 2016	21,208	20,368
Cash flows	5,813	5,991
At 31 July 2017	27,021	26,359

24. Capital commitments

	2017 £000	2016 £000
Consolidated and University		
Commitments contracted for	2,494	5,303
Authorised but not contracted for	2,335	3,914
	4,829	9,217

25. Amounts disbursed as agent

	Childcare Funds	Undergraduate Funds	Postgraduate Funds	2017 Total	2016 Total
Consolidated and University					
At 1 August 2016	1	2	3	6	2
Repaid as claw back	(1)	(2)	(3)	(6)	(2)
Allocation received in year	116	408	95	619	621
Interest earned	-	-	-	-	1
Expenditure	(168)	(379)	(65)	(612)	(616)
Transfer	52	(22)	(30)	-	-
At 31 July 2017	-	7	-	7	6

26. Disclosure of related party transactions

Due to the nature of the Group and 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.

The following transactions were identified for the disclosure:

Organisation	Relationship	Nature of Transaction	Receipts £000	Payments £000
Aberdeen City Council	Local Authority	Operations	205	979
Aberdeen Sports Village Limited	Joint venture	Operations/Grant	282	1,502
Aberdeenshire Council	Local Authority	Operations	28	36
Carnegie Trust	Charity	Operations/Grants	45	1
Cruickshank Botanical Gardens Trust	Charity	Operations/Grants	5	8
Miss Anne H Cruickshank Special Trust	Charity	Operations/Grants	10	5
University of Aberdeen Development Trust	Charity	Operations/Grant	3,210	1,212

Outstanding balances owed from/(to) the above related parties at 31 July 2017 were as follows:

	2017 £000	2016 £000
Aberdeen City Council	(24)	5
Aberdeen Sports Village Limited	24	7
University of Aberdeen Development Trust	238	131

Notes to the Financial Statements continued
Year ended 31 July 2017

27. Pension schemes

The principal schemes for the University's staff are the Universities' Superannuation Scheme (USS) and the University of Aberdeen Superannuation & Life Assurance Scheme (UASLAS). The University also contributes to the Strathclyde Pension Fund (SPF). The UASLAS and SPF schemes are defined benefit schemes, whilst the USS scheme has a combination of defined benefit and defined contribution elements. All three schemes are externally funded. Each fund is valued every three years by professionally qualified independent actuaries. A small number of staff remain in other pension schemes.

Scheme participation and pension costs

	Employer Contribution Rate	Employee Contribution Rate	Active Members	Pension Costs	
Pension Scheme	As at 31 July 2017			2017	2016
				£000	£000
UASLAS	17.5% ¹	7.05%	642	2,184	2,229
SPF	24.1%	Variable	27	160	157
USS	18.0% ²	8.0%	1,913	15,107	14,487
STSS	17.2%	Variable	7	65	80
NHSSS	14.3%	Variable	12	72	72
				17,588	17,025

¹ The UASLAS employer contribution rate includes a 5.8% contribution towards the elimination of the funding shortfall.

² The USS employer contribution rate includes a 2.1% contribution in respect of the deficit recovery plan.

Key actuarial assumptions, if appropriate

Pension Scheme	Discount Rate	Salary Increase Rate	Pension Increase Rate	Mortality Rate Current pensioners male	Mortality Rate Current pensioners female	Mortality Rate Future pensioners male	Mortality Rate Future pensioners female
SPF	2.6%	4.4%	2.4%	22.1	23.6	24.8	26.2
UASLAS	2.7%	3.4%	CARE 2.4% Final Salary 3.4%	21.3	23.6	22.8	25.2

In calculating USS pension provision, the University used the discount rate (1.85%) provided by the British Universities Finance Directors Group (BUFDG) and a future salaries increase rate of 3.4%.

27. Pension schemes – continued

The Universities Superannuation Scheme (USS)

The Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme. With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. 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 University 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 University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University 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.

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. Court is satisfied that the scheme provided by the 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 funding plan in existence at the date of approving the financial statements.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole. The 2014 valuation was the third 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 £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined liability numbers for the scheme have been produced using the following assumptions:

	2017	2016
Discount Rate	2.57%	3.6%
Pensions increases (CPI)	2.41%	2.2%
Male members' mortality	98% of SINA ["light"] YoB tables – No age rating	
Female members' mortality	99% of SINA ["light"] YoB tables – rated down 1 year	

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8

	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
Total scheme deficit	£17.5bn	£8.5bn
Total funding level	77%	85%

27. Pension schemes – continued

The University of Aberdeen Superannuation and Life Assurance Scheme (UASLAS)

The University of Aberdeen Superannuation and Life Assurance Scheme is 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 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 7.05% of pensionable salary and the University pays the balance of the cost as determined by regular actuarial valuations. The Trustees are required to use prudent assumptions to value the liabilities and costs of the Scheme for funding purposes whereas the accounting assumptions must be best estimates. The University contributes 5.8% of active members' pensionable salaries to eliminate the funding shortfall disclosed at the previous Scheme funding assessment, which had an effective date of 31 July 2013. This is in addition to contributions paid in respect of future service benefits and administration expenses.

A formal actuarial valuation was carried out as at 31 July 2013. The results of that valuation have been projected to 31 July 2017 with allowance for benefit accrual and cash flows in the intervening period.

The power to appoint Trustees is vested in the University Court. Trustee appointments cease if the Trustee ceases to be a member of the Scheme or resigns from the University. The Trustee body includes an independent chairman, two membership representative Trustees elected by the active and pensioner members of the scheme, two officers of the University. The arrangements for appointing membership representatives comply with the Membership Nominated Trustee requirements of the Pensions Act 2004.

Trustees are invited to attend Trustee meetings at which a minimum of two must be present for valid decisions to be taken. Decisions require the majority support of those Trustees present. Trustee meetings are normally held every three months, but can be called more frequently where necessary. During 2016/17 the Trustees met five times.

	2017	2016
	Fund Value	Fund Value
	£000	£000
Equities	91,660	83,029
Property	12,560	11,349
Government bonds	3,331	2,588
Corporate bonds	4,131	3,255
Index linked bonds	36,533	34,086
Secure pensions	1,170	850
Cash	120	206
	149,505	135,363

At 31 July 2017, the defined benefit liability of the scheme was £20.8m (2016: £36.4m). The outcome of the 31 July 2016 valuation exercise will be incorporated into the financial statements for year ending 31 July 2018.

The Strathclyde Pension Fund (SPF)

The Strathclyde Pension Fund (SPF) provides benefits based on a final pensionable salary for employees of local government and some other institutions. It is possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if they were a defined benefit scheme.

The last triennial valuation undertaken was at 31 March 2014. The employer's contribution rate payable on members' pensionable salaries is 24.1%. The accounting standard FRS102 is designed to produce a net pension asset or liability calculated according to a prescribed method of valuation. In particular, the discount rate applied to pension scheme liabilities differs from that used in normal actuarial valuations to determine, inter alia, the scheme's required funding rate, and generally produce a higher value for scheme liabilities. The pension costs are determined with the advice of an independent qualified actuary on the basis of triennial valuation using the projected unit method.

27. Pension schemes – continued

The Strathclyde Pension Fund (SPF)

	2017	2016
	Fund Value	Fund Value
	£000	£000
Equities	12,256	11,231
Bonds	2,417	2,462
Property	1,899	1,692
Cash	690	-
	17,262	15,385

At 31 July 2017, the defined benefit liability of the scheme was £1.9m (2016: £2.7m).

The Scottish Teachers Superannuation Scheme (STSS)

The STSS is an unfunded defined benefit scheme. Contributions on a “pay-as-you-go” basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional assets value is ascribed to the scheme for the purposes of determining contribution rates.

Under the definitions set out in FRS102, the STSS is a multi-employer pension scheme. The University of Aberdeen is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS102 and has accounted for its contribution as if it were a defined contribution scheme. The scheme is subject to a report by the Government Actuary every five years.

The National Health Service Superannuation Scheme (NHSSS)

NHSSS is a multi-employer defined benefit pension scheme. Historically the scheme has operated on the basis that it is responsible only for the cost of the basic benefits payable to members and their dependants, with the cost of pension increases being met by the Exchequer. However, from 1 April 2004, the cost of pension increases has been met by an increase in the employers' contribution rate.

Notes to the Financial Statements continued
Year ended 31 July 2017

27. Pension schemes – continued

Additional Pension Payments

Following the merger with Northern College in 2001 the University is responsible for the payment of enhanced pensions to a number of former employees of the College, most of whom have been granted premature retirement. An actuarial valuation of the liability was carried out as at 1 December 2001, the date of the merger between the University and Northern College. This valuation revealed a liability of £4,596,000, which was incorporated into the accounts of the University at merger.

The main assumptions made by the actuary are:

	2017	2016
Discount Rate	2.7%	2.4%
Pension Increases	2.4%	1.9%

In order to maintain consistency with the approach adopted for previous years, all other assumptions, including demographic assumptions adopted are those used for the University of Aberdeen Superannuation and Life Assurance Scheme (UASLAS).

Reserve for Northern College of Education pensions

Calculations are carried out in respect of the pensions paid by the University of Aberdeen for the former employees of the Northern College of Education.

Data

Membership statistics for former employees of the Northern College of education in receipt of a pension on 31 July are as follows:

		2017	2016
		£000	£000
Old Scheme	Academic staff	153	164
	Support staff	12	12
New Scheme	Academic staff	110	110
	Support staff	35	35
Total		310	321

Benefits to be valued

The pensions are paid to former employees of the Northern College of Education subject to the following terms:

- Pension increases are in line with statutory increases (currently CPI inflation);
- Spouses' pensions are 50% of members' pensions at date of death;
- Widowers' pensions are payable in respect of females whose pensions commenced after 5 April 1988

	2017	2016
Results	£000	£000
Liability on this basis at 31 July	3,900	4,100

27. Pension schemes – continued

Combined disclosures – Defined Benefit Schemes

The following amounts were measured in respect of UASLAS and SPF and have been recognised in the financial statements.

	2017	2016
	£000	£000
Analysis of amounts recognised in surplus/(deficit) for the year		
Employer service cost	4,123	4,057
Administrative costs	330	300
Net interest cost	951	1,086
	5,404	5,443
Analysis of other comprehensive income		
Actuarial gains/(losses)	2,642	(21,195)
Experience gains/(losses) on liabilities	-	227
Return on assets excluding amounts in net interest	15,780	13,560
	18,422	(7,408)
Analysis of amount shown in the balance sheet:		
Actuarial value of scheme liabilities	(189,455)	(189,867)
Fair value of assets	166,768	150,748
Defined benefit liability at end of year	(22,687)	(39,119)
Reconciliation to the balance sheet:		
Defined benefit liability at end of previous year	(39,119)	(29,833)
Current service cost	(4,123)	(4,057)
Net interest charge	(951)	(1,086)
Administrative costs	(330)	(300)
Employer contributions	3,414	3,565
Actuarial gain/(loss)	18,422	(7,408)
Defined benefit liability at end of year	(22,687)	(39,119)
Change in actuarial value of scheme liabilities:		
Scheme liabilities at prior year end	189,867	165,124
Employer service cost	4,123	4,057
Interest cost	4,530	5,890
Scheme participants contributions	93	86
Actuarial (gain)/loss	(2,642)	20,968
Benefits paid from scheme assets	(6,516)	(6,258)
Scheme liabilities at current year end	189,455	189,867

27. Pension schemes – continued

	2017 £000	2016 £000
Change in scheme assets:		
Fair value of assets at prior year end	150,748	135,291
Administrative expenses	(330)	(300)
Interest income	3,579	4,804
Actuarial gain on assets	15,780	13,560
Employer contributions	3,414	3,565
Scheme participants contributions	93	86
Benefits paid from scheme assets	(6,516)	(6,258)
Fair value on assets at current year end	166,768	150,748

Five-year history of assets and liabilities:	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000
Deficit in the schemes:					
Actuarial value of scheme liabilities	(189,455)	(189,867)	(165,124)	(151,674)	(147,192)
Fair value of assets	166,768	150,748	135,291	124,469	121,606
Deficit in the scheme	(22,687)	(39,119)	(29,833)	(27,205)	(25,586)

28. Lease obligations

Total rentals payable under operating leases:	2017 £000	2016 £000
Payable during the year	505	481
Future minimum lease payments due:		
Not later than one year	342	42
Later than one year and not later than five years	900	61
	1,242	103

The University entered into a new lease for multi-function devices on 1 August 2016, as a result future minimum lease payments have increased to reflect the new contract.

29. Subsidiary undertakings

The subsidiary companies, all of which are registered in Scotland, and are wholly owned by the University are as follows;

Company	Principal Activity
Rowett Research Institute Limited	Charitable research company
Aberdeen University Research & Innovation Services Limited	Dormant
King's College Conference Centre Limited	Dormant
Aberdeen University Press Limited	Dormant

30. Financial instruments

Risk management

The University operates a centralised treasury management function which is responsible for managing the credit, liquidity, interest and foreign currency risk. These financial risks are managed within the parameters specified by the approved treasury management policy. The treasury management policy adopts the key recommendations of the Code of Practice on Treasury Management in Public Service as issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and is reviewed, updated and approved annually.

The University's principal financial instruments are cash, investments, loans and finance leases. The core objective of these financial instruments is to meet the financing needs of the University's operations and capital investment. Additionally, the University has other financial assets and liabilities arising directly from its operations i.e. trade debtors and creditors.

	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£000	£000	£000	£000
Assets measured at fair value through income or expenditure				
- Amounts included in non-current assets (note 14)	48,382	48,382	45,216	45,216
- Current asset investments (note 18)	1,385	1,385	1,368	1,368
Assets measured at cost less impairment (note 17)	19,208	19,261	24,557	24,557
Liabilities (excluding loans) measured at amortised cost (note 19)	59,395	59,377	63,531	63,544
Loan commitments measured at amortised cost (note 20)				
- Loans	40,096	40,096	40,196	40,196
- Finance lease obligations	30,117	30,117	31,859	31,859

The fair value of financial assets at fair value through income or expenditure, is determined by reference to their quoted bid price at the balance sheet date.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the University. The University's credit risk arises from bank balances, investments, student debtors and commercial organisations as customers. Management of credit risk is a prime objective of the Treasury Management Policy. At 31 July 2017, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

The credit risk of liquid funds and financial instruments is limited because the counterparties are banks with investment grade ratings assigned by international credit-rating agencies. The University's exposure and the credit ratings of its counterparties are monitored regularly. The credit exposure is limited by counter party limits and minimum counter party credit ratings set within the Treasury Management Policy.

Student and commercial debtors are reviewed on an on-going basis and a bad debt provision is made if recovery becomes uncertain. If a debtor is deemed irrecoverable it is written off. The concentration of risk is limited due to a large number of diverse customers across both student and commercial customer populations.

Liquidity risk

Liquidity risk refers to the risk that the University will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities. Cash flow forecasts form part of the University planning process and are revised during the financial year with re-forecasts made as required. The University policy is to maintain an average cash balance equivalent to one month's core payroll and operating costs. Excess funds are invested to maximise the return whilst observing the Treasury Management Policy limits.

The long-term financing of the University has been secured by the Barclays Bank loan facility and finance leases in respect of student accommodation as detailed in note 20.

Foreign currency risk

Foreign currency risk refers to the risk that unfavourable movement in exchange rates may cause financial loss to the University. The University's principal foreign currency exposure is to the euro. The operating level of euros holding is reviewed on a monthly basis and after accounting for any forecast liabilities any surplus euros above this level are converted into sterling at spot rates.

Interest rate risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of balance sheet items (i.e. price risk) or changes in interest income or expenses (i.e. re-investments risk). The interest rate attached to the loan facility is fixed over the term. Due to the low interest rate environment most of the University cash deposits at the 31st July 2017 are on-call as these offer a competitive rates of return whilst offering liquidity. Such deposits have limited re-investment risk.

Financial instruments – fair values

The fair values of each category of the University's financial instruments are the same as their carrying value in the balance sheet.

Principal Advisors

Auditor – External	KPMG LLP 37 Albyn Place Aberdeen AB10 1JB
Auditor – Internal	PricewaterhouseCoopers LLP 141 Bothwell Street Glasgow G2 7EQ
Bankers	Bank of Scotland 39 Albyn Place Aberdeen AB10 1YN
Legal Advisors	CMS Saltire Court 20 Castle Terrace Edinburgh EH1 2EN
Taxation Advisors	Ernst & Young LLP 10 George Street Edinburgh EH2 2DZ

Glossary

AFGrica Unit	Our new AFGrica Unit in South Africa, in conjunction with the University of Cape Town (UCT), is the world's first international research centre for tackling fungal infections.
AHRC	Arts and Humanities Research Council
Alumni Chapters	Network which aims to keep graduates connected to the University and their fellow alumni
ASV	Aberdeen Sports Village
Athena SWAN	Charter to encourage and recognise commitment to advancing the careers of women in science, technology, engineering, maths and medicine (STEMM) employment in higher education and research
Audit Committee	A committee of Court that provides advice on the effectiveness of the University's procedures for audit, financial control, governance and risk management, and provides assurances in these key areas through its annual report to the Scottish Funding Council, which is approved by Court
Aurora Network	Network of nine European universities with similar missions to our own who will work together to enhance education, the student experience and research
BBSRC	Biotechnology and Biological Sciences Research Council
CMI Pension Mortality projections	Continuous Mortality Investigation – The CMI provides authoritative and independent mortality and sickness rate tables for UK life insurers and pension funds
DLHE Survey	The Destinations of Leavers from Higher Education (DLHE) is an annual survey of recent graduates aimed at discovering what they have gone on to do approximately six months after graduating.
EPSRC	Engineering and Physical Sciences Research Council
ESRC	Economic and Social Research Council
Explorathon	University organised event that brought together members of the public and researchers
FRS102	Financial Reporting Standard – single set of accounting standards developed by the Financial Reporting Council (FRC) that has replaced UK GAAP

Glossary

Gateway2Medicine	Our Gateway2Medicine (G2M) programme has been designed to transform the aspirations and ambitions of secondary school pupils from a widening access background in Scotland, and who may have considered that application to medical school is too ambitious, unrealistic and out of their reach. In our unique partnership with North East Scotland College (NESCOL), our G2M course will provide a novel, accessible and supportive route into medicine for these applicants, that will allow them to reach their full potential and become doctors
General Council	Established by the Universities (Scotland) Act 1858 and consists of graduates and certain academic staff
Governance and Nominations Committee	A committee of Court to advise on matters of governance and conduct reviews of the University's governance on its behalf
HERU	Health Economics Research Unit – a health economics research centre that delivers applied and methodological work to inform public health policy.
HESA	Higher Education Statistics Agency – agency for the collection, analysis and dissemination of quantitative information about higher education in the UK
HSRU	Health Sciences Research Unit – with a national remit to research the best ways to provide health care and to build capacity in health services research within Scotland
KPIs	Key Performance Indicators – a measurable value that demonstrates how effectively an organisation is achieving key objectives
May Festival	University organised event that welcomed over 13,000 people to 150 events
MRC	Medical Research Council
NSS	National Student Survey. A survey aimed at final-year undergraduates that gathers opinions about their experience of their courses
NERC	Natural Environment Research Council
NHSSS	National Health Service Superannuation Scheme (UK)
Operating Board	A committee of Court to integrate academic, financial, estate and human resources planning and policy making, advising Court and Senate on long-term strategic objectives; and to oversee the operational performance of the University
OSCR	Office of the Scottish Charity Regulator – independent regulator and registrar of Scottish charities
'Passivhaus'	'Passivhaus' buildings consume very little energy for heating or cooling

Glossary

Pension Mortality Tables - SINA [“light”] YoB	Standard Year of Birth mortality tables used for USS pension scheme. Tables are based on Normal Health pensioners
Project SEARCH	One Year Internship programme supporting young people with additional needs to gain skills and experience to go on to employment
RDEC	Research and Development Expenditure Credit – a UK tax incentive designed to encourage large organisations to invest in research and development
Remuneration Committee	A committee of Court to advise on matters relating to the pay and conditions of senior staff
Research Excellence Framework	System for assessing the quality of research in UK higher education institutions
RESAS	Scottish Government’s Rural and Environmental Sciences and Analytical Services Division
Risk Management Framework	Conforms to globally recognised standards in risk management and widely accepted best practice
Scottish Funding Council (SFC)’s Financial Memorandum	Sets out the formal accountability relationship between the SFC and institutions, and the requirements with which institutions are expected to comply in return of payment of grant by SFC
Statement of Intent on Diversity	Adopted by Court within its membership, which includes a goal of achieving and maintaining female representation of a minimum of 25%, with aspirations to achieve 50% over the longer term
Senate	Responsible for the regulation and superintendence of teaching and for the promotion of research
SPF	Strathclyde Pension Fund
STFC	Science and Technology Facilities Council
Stonewall Workplace Equality Index	Evidence-based benchmarking tool used by employers to assess their achievements and progress on LGBT equality in the workplace
Strategic Plan 2015-20	Outlines the University’s priorities for the next five years
STSS	Scottish Teachers’ Superannuation Scheme
UASLAS	University of Aberdeen Superannuation & Life Assurance Scheme
UK GAAP	UK Generally Accepted Accounting Principles
University Court	The executive governing body of the University that is charged with the administration and management of the revenue and property of the University
USS	Universities’ Superannuation Scheme

