

# REPORT AND FINANCIAL STATEMENTS

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31 MARCH 2023



Registered Number: SC103046  
Charity Number: SC003712

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## Principal's Report



In November, at a reception in the Scottish Parliament to mark ten years since the 2012 merger of the Scottish Agricultural College (SAC) with Barony, Elmwood and Oatridge colleges to form SRUC, I had the opportunity, along with colleagues from every part of the institution, to showcase our vision for becoming a world-class agri-food university.

Among the most vital enablers of SRUC's vision and mission in 2022-23 have been our capacity as an institution to be agile and responsive in the face of change that has sometimes seemed bewildering. The war in Ukraine quickly brought into focus many of the greatest challenges society faces, from rising energy prices to reduced global nutrition security, all

fuelling a sharp domestic cost-of-living crisis that has affected each and every one of us.

Yet in its strategic ambition to be Scotland's enterprise university at the heart of our sustainable natural economy, SRUC has been at the forefront of the drive for solutions to these problems. We have seen another great year of progress in demonstrating why we are right to keep that ambition as our unswerving focus.

A huge part of that progress has been due to the power of collaboration with others. We have made great strides through the year in showcasing the value of the so-called 'Green Quadruple Alliance' between academic and research institutions like SRUC and its partners in business, government and the communities in which we operate.

Unprecedented political change, with three prime ministers in Downing Street over a handful of months, a new first minister in Bute House this spring, and the crowning of the new King, hasn't in any way dimmed the relevance of our message or purpose. What we are seeking to achieve for economic growth and enhanced productivity in the natural economy has never been more widely recognised as vital to goals like achieving a just transition to net zero while ensuring that businesses and communities thrive, particularly in rural areas.

That's why, together with colleagues on SRUC's Executive Leadership Team, I have been delighted to spend time visiting each of our campuses and speaking in person with our staff teams about what our strategic plan may mean for them.

Having already been impressed by the ways in which SRUC came together as a community to support staff and students affected by cost-of-living pressures, it was heartening to hear how engaged and energised colleagues are about our shared future. Everyone has embraced the challenge of playing their part in delivering our strategic plan and I'm grateful for the feedback, enthusiasm, and passion that we have seen across the board.

One of the plan's most significant potential achievements moved several steps closer with the completion of our year-long assessment period for the granting of Taught Degree Awarding Powers (TDAP). My thanks to all who have helped to facilitate the TDAP process. We very much look forward to hearing the outcome later in 2023.

One of the feathers in SRUC's cap as both a teaching and research institution will be the new School of Veterinary Medicine, which saw the next step in its development with the appointment of Professor Jim Anderson as Head of Veterinary Education. Jim and his growing Vet School team will

play a leading role in shaping and growing Scotland's first tertiary model of veterinary teaching and learning in the years ahead.

We received an enormous boost when the assessment by the Research Excellence Framework (REF2021) – the system for evaluating the quality and impact of research power in the UK's higher education institutions – ranked a joint SRUC and University of Edinburgh submission as number one for Agriculture, Food and Veterinary Sciences.

All 11 impact case studies submitted – eight of which involved SRUC research – were classified as 'world leading' (receiving the top 4\* REF grading) or 'internationally excellent' (3\*) in terms of their impact on wider society. Moreover 100 per cent of our research environment was classified as world class or internationally excellent, highlighting the outstanding quality, capability and culture of our research base.

We also learnt that research at SRUC is being cited more than ever before – placing it third in Scotland and 121st globally (up from 254th in 2022 and 310th in 2021) – according to the latest Times Higher Education World University Rankings.

These were tremendous achievements, but I have never been more confident that we can and will go further, particularly by collaborating with others. In November SRUC convened a ground-breaking new Alliance for the Natural Economy at the Scottish Government's Scotland House base in London. A further Alliance round table event followed at Edinburgh's National Museum of Scotland in March, cementing the Alliance's capacity to bring together leading voices in academia, government and business from across the UK for in-depth discussions on themes like valuing and growing natural capital and the use of data and technology in doing so.

Of course, we haven't just been talking about innovation in the natural economy but acting through ambitious targeted investment. In September we marked the launch of the £21 million Digital Dairy Chain at SRUC's Barony Campus, which will see partners across South-West Scotland and Cumbria focussing on developing a fully integrated and traceable dairy supply chain. At the heart of the project is support for industry, which should see the creation of more than 600 jobs and generate £60m a year of additional value.

SRUC also led a consortium that attracted nearly £3 million from the UK Government through its Net Zero Innovation Portfolio (NZIP) to produce low-carbon fertiliser and has the potential to remove the equivalent of 237 tonnes of carbon dioxide per farm per year. Again, GreenShed provides a perfect working example of how researchers, businesses, government and communities can collaborate effectively to shape a more resilient, nature-positive producer supply chain that's aligned with national priorities like food security and climate change.

None of these activities would be possible without the dedication of everyone at SRUC who pull together to make our success a reality. There have been so many achievements – and too many to list here – so let me highlight the success of fourth year Agriculture student Rhona Campbell-Crawford, who was named Agricultural Student of the Year in the British Farming Awards. Successes like Rhona's are richly deserved by the individual but a testament to the work that everyone at SRUC does to prepare the next generation to thrive in our evolving natural economy.

Professor Wayne Powell

10 November 2023

## Strategic Report

The directors present the Strategic Report of SRUC for the year ended 31 March 2023. The aim of the Strategic Report is to provide stakeholders with the ability to assess how the directors have performed their duty to promote the success of SRUC.

The format of the financial statements is in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standards (FRS 102). SRUC is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102.

### Principal Operations

SRUC is a unique institution founded on world-class research.

In the recently published 2021 Research Excellence Framework (REF) – a peer assessment of the quality of UK universities' research across all disciplines – SRUC, with University of Edinburgh – our submission partner, reaffirmed its research strength by demonstrating the greatest research power (volume x quality) in Agriculture, Food and Veterinary Sciences.

SRUC's tertiary model delivers comprehensive skills, education, business support and consultancy services for Scotland's rural industries, and associated food and drink sector. The integration of these three complementary 'knowledge exchange' services is of significant value to all with an interest in land-based activities – be they students, businesses, communities or policymakers.

During the year to 31 March 2023 the main education and research activities operated from six campuses in Aberdeen, Ayr, Broxburn, Cupar, Dumfries and Edinburgh. Consultancy Services are delivered through a network of 24 Farm and Rural Business Services offices, five Veterinary Disease Surveillance Centres and the Central Diagnostic Laboratory. In addition, SRUC operates six farms, holiday-let wigwams, a golf course and Scotland's National Equestrian Centre (SNEC).

### Constitution, Governance and Regulation

SRUC is a private company limited by guarantee, registered in Scotland and has charitable status. The SRUC Board of Directors is responsible for the management and regulation of the financial affairs of the organisation, ensuring compliance with the Financial Memorandum and associated guidance of the Scottish Further and Higher Education Funding Council ("SFC").

The primary purpose activities of SRUC as the parent charitable company are transacted through that company with the trading activities transacted through SAC Commercial Limited. The profits of SAC Commercial are surrendered by way of gift aid through The SAC Foundation where possible.

A full statement of the Board's responsibilities is detailed on page 26, membership of the Board is detailed on page 14 and the Board's corporate governance arrangements are detailed on pages 23–25. The directors are also trustees and are referred to throughout this document as directors.

The Principal and Chief Executive is appointed by the Board and is directly accountable to the Chief Executive of SFC for the institution's proper use of public funds.

SRUC's educational activities are funded by SFC. SRUC continues to receive direct funding and contractual income for its research, veterinary and advisory activities from the Scottish Government.

In these financial statements SRUC Group at 31 March 2023 is taken to include SRUC and its directly controlled subsidiaries SAC Commercial Limited, Agrecalc Limited, and the SAC Foundation.

## SRUC Strategic Aims

SRUC's new model will deliver to the needs of society, developing a world class AgriFood University. As well as having alignment to the UN Sustainable Development Goals with environmental sustainability at our core, we will ensure translational impact focused on economic growth and productivity.

## Vision

To be Scotland's Enterprise University at the heart of our sustainable natural economy.

## Mission

Our mission is to create and mobilise knowledge and talent, partnering locally and globally to benefit Scotland's natural economy.

## Values

**Respect** – we will recognise that everyone in the organisation makes a contribution to our success.

**Innovate** – we don't wait for things to happen, we constructively challenge how things are done.

**Support** – we look beyond the boundary of our own roles to support others and share knowledge.

**Excel** – we take pride in contributions, we have high standards of excellence and always work to our core values.



## Financial Highlights

### Results for the year

*Reconciliation of total comprehensive income to operating performance.*

	2023	2022
	£m	£m
Total comprehensive income	5.5	10.7
Actuarial gain	(11.9)	(11.6)
Movement in fair value of investments	0.3	(0.3)
Impairment	1.2	3.3
Release of deferred grants relating to impairment	(0.8)	(2.2)
Pension deficit contributions	1.7	1.4
Pension FRS102 year end adjustment	(0.8)	0.1
Severance costs	0.3	0.2
(Gain)/loss on fixed asset disposals	(0.2)	0.4
Excess holiday accrual	-	(0.4)
Other non-recurring items	0.2	-
<b>Operating (deficit)/surplus</b>	<b>(4.5)</b>	<b>1.6</b>

The Statement of Comprehensive Income reports a total surplus on comprehensive income of £5.5m for the year (2022: surplus of £10.7m). The underlying operating position was a deficit of £4.5m (2022: surplus of £1.6m) as shown in the table above.

The Statement of Comprehensive Income shows an increase in turnover of £3.1m from 2022 (2022: £8.9m from 2021). When the figures are adjusted for deferred grants released in respect of fixed assets, turnover has increased by £6.2m (2022: £5.9m).

In what was a challenging year across the whole sector, SRUC delivered an underlying operating deficit. The deficit is the result of macroeconomic pressure whilst continuing the growth agenda as well as achieving strategic objectives. The controlled deficit demonstrates the strength and resilience of the SRUC model in a difficult macroeconomic environment.

SRUC is in the process of remodelling the long-term financial outcomes arising from the delivery of the Strategic Plan. A new balanced scorecard will be derived from this with a new set of Key Performance Indicator targets.

From a financial KPI perspective, these will ensure that the projected growth is achieved on a sustainable basis. As at 31 March 2023, the fundamentals remain positive:

- Growth in underlying revenues (8%);
- Strong balance sheet with £24.1m of cash and cash equivalents;
- Low-cost loans due to below prevailing market rate interest rates

The updated modelling will derive new targets which indicate how the SRUC operating model needs to adapt to drive growth sustainably, e.g. reassessing staff cost ratios, campus and estates costs and the role of digital.

For the year ended 31 March 2023, SAC Commercial Ltd made a loss of £865k and newly spin out agricultural software development company Agrecalc Limited, incorporated in July 2022, made a loss of £71k.

## Balance Sheet

	2023	2022
	£m	£m
Net assets	23.4	17.9

The main reason for the significant increase in net assets is the actuarial gain of £11.9m in respect of pension schemes.

## Fixed assets

The net book value of Intangible and Tangible fixed assets at 31 March 2023 was £75.5m (2022: £74.0m). Additions in the year amounted to £10.9m (2022: £6.8m) and include the construction of the Rural and Veterinary Innovation Centre in Inverness, SeedPod infrastructure in Aberdeen and Student welfare facilities at Tulloch farm near our Craibstone Campus. Other significant additions relate to digital technology.

The impairment that is recognised in the year of £1.2m is the result of review of useful life of our properties.

## Investments and Endowments

The value of investments and endowments decreased by £0.3m as the result of difficult market conditions created by the Covid crisis recovery followed by a surge in inflation and fast increase in interest rates.

## Cash and Treasury Management

The bank and cash balance (including short term deposits) held by SRUC as at 31 March 2023 was £24.1m, a decrease of £14m. This reflects the capital spend during the year, the receipt of a loan from SFC and the reported operating deficit.



## Pension Liability

The total pension liability as at 31 March 2023 was £3.5m, a decrease of £12.7m from 2022. The significant fall in pension deficit is caused by the discount rates increase arising from the economic environment (inflation and Ukraine crisis). The total pension liability relates to the four final salary pension schemes operated by SRUC. The liability continues to reflect the estimated impact of the Guaranteed Minimum Pension ruling (GMP) and the McCloud judgement.

Three of the schemes are Local Government Pension schemes with a combined surplus of £2.5m and the other scheme, Citrus, is a multi-employer scheme which had a deficit of £6.0m at the year end. A deficit recovery plan is in place. The impact of the Goodwin court judgement from June 2020 was considered and concluded to have an immaterial effect on the year end liability.

## Principal Risks and Uncertainties

In common with other Higher Educational Institutions (HEIs), SRUC has to understand, manage and mitigate key risks which could impact key strategic objectives.

### Significant Risks

- Cyber-security threats
- On-going economic volatility
- Failure to achieve Taught Degree Awarding Powers (TDAP)
- Staff and student wellbeing and mental health
- Public sector spending reductions and policy changes influenced by:
  - o External political and economic uncertainty
  - o Student funding uncertainty
  - o Common Agricultural Policy reform/Brexit.
- Failure to retain and attract high quality people across the organisation and related pressure on staff costs in terms of pay awards and pension provision.
- Reduced number of available students in Scotland, increasing competition in the sector.
- Viability/suitability of the large estate

These significant risks will be addressed through SRUC's integrated risk management systems.

SRUC has engaged pension advisors to perform a review of the pension schemes to assist in managing, and where possible, mitigating the liabilities to reduce future exposure and risk. Work is progressing on the assessment of the future estates operating model which supports strategic aims and is financially sustainable.

The COVID-19 pandemic significantly changed the world and the sector that SRUC operates in. The risks arising from this change are varied. From the very outset of the outbreak we maintained effective two-way communication with our staff, students and customers; and throughout the pandemic, a focus on collective safety, health and wellbeing was paramount.

The war in Ukraine continues to have a global impact on energy and food prices, with the subjects of inflation and cost of living regularly making the headlines. The expected inflation and cost of living pressures are included in our financial planning.

There is uncertainty about the total cost of the impact, but significant increases are embedded mainly in the forecast utilities costs. Meanwhile, capital budgets are reviewed regularly to monitor impact on the cost.

The identification and management of risks is firmly embedded within SRUC's structure and processes. The institutional Strategic Risk Register is formally reviewed by the Executive Leadership Team (ELT), the Audit & Risk Committee and the Board. SRUC has developed Risk Registers for each of the main operating areas.

In order to ensure the connected and holistic approach to managing risk and ensuring alignment between individual operational risk frameworks and the overall institutional corporate risk register, Risk Management Group (RMG) was established in 2021. RMG consists of 11 Senior Leadership members and one Executive Leadership member. The group's remit is to review and prioritise the main operational risks and make recommendations for the transfer of risks between the corporate risk register and the operational risk register.

### **Financial risk management policy**

The Group's principal financial instruments comprise cash, cash equivalents and loans. Other financial assets and liabilities, such as trade debtors and creditors arise directly from the Group's operating activities. The main risks associated with the Group's financial assets and liabilities are set out below.

#### ***Interest rate risk***

Interest is charged on a fixed rate basis on loans. Therefore, there is no exposure in this area.

#### ***Credit risk***

A significant percentage of the Group's income is derived from UK government departments in the form of grant-in-aid and other project funding.

SRUC's commercial activities are spread across a significant number of smaller customers and the Group therefore has a relatively low level of exposure to external credit risk.

#### ***Liquidity risk***

The Group aims to mitigate liquidity risk by managing cash generated by its operations. Flexibility is maintained by retaining surplus cash in readily accessible bank deposit accounts. Cash flow forecasts are reviewed monthly. At the year end SRUC group held £22.1m in cash and cash equivalents and £2.0m of current asset investments.

#### ***Foreign currency risk***

The Group's principal transactions in foreign currency are European Union research funding and foreign suppliers' payments. As a result, the Group's income can be affected by movements in the Euro exchange rate. Hedging activity is undertaken as appropriate for large receipts to mitigate this risk. There were no active hedging contracts in place during the financial year to 31 March 2023.

### Future Developments and Factors Influencing Performance

SRUC is growing its top line and benefiting from a diverse range of income streams as it pursues its strategy of becoming a new kind of Enterprise University focussing on the Natural Economy. The scrutiny period for achieving Taught Degree Awarding Powers (TDAP) is now complete and the plans for Research Degree Awarding Powers (RDAP) are also advancing. These strategic initiatives will provide SRUC with more flexibility and independence to create new innovative education models that address the changing needs of society and the wellbeing economy.

This will include diversification and expansion of our education portfolio which will include new Post Graduate Taught (PGT) programmes – both in person and via distance learning –to support our ambition for growth in markets beyond Scotland.

We have also grown our apprenticeships and work-based learning, reinforcing the importance of our identity as a tertiary institution.

In addition we have been building and growing our new School of Veterinary Medicine team and developing the degree curriculum, along with what will make us distinctive as a different kind of vet school – a Vet School that underpins Scotland's Food and Drink industry and supports communities that are struggling to attract and retain veterinary surgeons.

Key to that is a 'mission-led' application process which has been crafted to help identify those students with the aptitude and ability to succeed, particularly from rural backgrounds. We are seeking quite distinctive students and therefore we aim to keep the annual cohort small and focused on home students.

We will also be using a distributed Model of Clinical Training where we will develop a Network of Partner Practices from all across Scotland and work with them to support activities in the primary care arena.

The research and innovation landscape is also evolving rapidly as the Scottish, UK and International funding agencies are placing greater emphasis on business-led research to support economic growth and balancing national economic performance with regional economic diversity. SRUC is well placed to benefit and contribute to these developments due to our research power (being ranked number one in the UK: Agriculture, Food and Veterinary Sciences) our strong translational research focus and partnerships with industry provide opportunities for new commercial relationships and alliances. Furthermore, our place based strategy offers opportunities to leverage new sources of investment from regional economic agencies such as South of Scotland Enterprise (SOSE) and Highlands and Islands Enterprise (HIE).

An example of this strategy already in progress is the development of the Rural and Veterinary Innovation Centre (RAVIC), based at the Inverness campus of Highlands and Islands Enterprise.

Funded by a combination of an ERDF grant and SFC loan the building work is well progressed with construction scheduled for completion in the autumn of 2023.

The centre will harness expertise in big data and research into animal epidemiology to create and grow businesses. It will help develop products and services to better monitor, track and ultimately manage animal diseases.

The centre will offer medium-sized biotech businesses development laboratories and business facilities, and they will have access to expertise and the burgeoning life sciences community in Inverness.

RAVIC will also support the training of students at the new SRUC School of Veterinary Medicine.

Also key to SRUC's ambition is to grow new commercial revenue streams from outside traditional University models. This is exemplified by the significant investment in the South-West of Scotland.

Our proposed state-of-the-art Dairy Nexus at our Barony campus has moved a step closer with the signing of the Borderlands Inclusive Growth Deal and an anticipated investment of £8 million.

With a strong focus on collaborative innovation across the milk supply chain, it will drive down carbon emissions, accelerate productivity growth and develop new products from the dairy sector in Cumbria, Dumfries and Galloway, and across the Borderlands.

The Dairy Nexus initiative complements the Digital Dairy Chain, a hugely exciting project which received £21 million from UKRI's Strength in Places Fund.

It will provide a world-class platform for business innovation in advanced, sustainable, high-value dairy processing.

The south west of Scotland and Cumbria will become the "go to" region for future investment in high-tech dairy processing. Aligning with Scotland's Strategy for Economic Transformation, it is planned that the Digital Dairy Chain will eventually lead to the creation of more than 600 jobs and generate £60m a year of additional value.

Working with local and national businesses, the Digital Dairy Chain will transform the region's dairy production systems and establish it as a global leader in advanced, sustainable and high-value dairy manufacturing.

Like other organisations, SRUC must adapt, pivot and respond pro-actively to the global financial challenges facing Universities and businesses more generally. This will require Institutional innovation, agility and change leadership to navigate our way through considerable complexity and uncertainty. A focus on financial sustainability will mean:

- Building on our tripartite mission of research, education and consultancy to magnify our strategic distinctiveness.
- Maximising the full potential of Taught Degree Awarding Powers to: diversify our education offerings, create new CPD training and partnering with industry to meet national skills demand.
- Grow new commercial revenue streams based on contract research, spinouts, services, product development and Alliances/Joint Ventures.
- Pro-active management of our estate to reduce costs and where appropriate generate additional revenue streams.
- Seek and be open to collaboration, mergers and acquisitions that create and capture economies of scale that support our mission.

To ensure future financial sustainability and build on our strong foundations will require SRUC to review and indeed implement radical options that have not been considered previously. This will require a strong commitment to change leadership across all of SRUC to ensure that our staff, students and stakeholders are motivated, enthused and inspired to embrace a new future.

Wayne Powell  
Principal and Chief Executive  
10 November 2023

## Directors' Report

Registered No: SC103046

The directors present their report for the year ended 31 March 2023.

The current directors and those who held office during the year and to the date of approval of the financial statements are:

	Date of Appointment	Date of Retirement	Status of
Dr M Aitchison (union representative)	10 Dec 2019	Dec 2025	Non-Executive
Miss R Asli (student member)	1 July 2021	30 June 2023	Non-Executive
Mr D Bell	15 Dec 2020	Dec 2026	Non-Executive
Mrs A Boyle (union representative)	15 Dec 2022	11 July 2023	Non-Executive
Mrs A Bruton OBE	13 June 2019	29 Aug 2022	Non-Executive
Mrs J Craigie	15 Dec 2020	Dec 2026	Non-Executive
Mr J Cumming CBE (Chair from 1 August 2017)	1 Apr 2011	5 April 2022	Non-Executive
Mr Craig Davidson (staff member)	14 June 2022	Dec 2024	Non-Executive
Prof Sir P Downes	30 March 2021	March 2024	Non-Executive
Ms J Fortune (union representative)	10 Dec 2019	Dec 2025	Non-Executive
Mrs L Hanna MBE (Chair from 6 April 2022)	6 April 2022	April 2025	Non-Executive
Mr J Hume	6 Oct 2017	Sept 2023	Non-Executive
Mrs M Khnichich	13 June 2019	June 2025	Non-Executive
Ms E Murray CBE	3 Sept 2019	Sept 2025	Non-Executive
Mr A Peddie	30 March 2021	March 2024	Non-Executive
Professor W Powell	1 Jul 2016	n/a	Chief Executive
Mr Z Reilly (staff member)	14 Dec 2021	Dec 2024	Non-Executive
Mr W Ross OBE	6 Oct 2017	Sept 2023	Non-Executive
Miss C Sangster (student elected)	1 July 2020	30 June 2022	Non-Executive
Mr C Sayers	15 Dec 2020	Dec 2026	Non-Executive
Professor M Smith	14 Oct 2021	Oct 2024	Non-Executive
Dr C Williams	1 July 2022	30 Jun 2023	Non-Executive
Mr B Wood CVO (Vice Chair from October 2020)	6 Oct 2017	Sept 2023	Non-Executive

Non-Executive Directors are appointed for a term of up to three years. They are eligible for reappointment for one further term. The Board reviews appointments on a quarterly basis and appointments do not necessarily run to the full term. The Chair is elected for a period of three years and may be appointed for a further consecutive period of three years. Staff members are elected for a term of three years and can choose to run for re-election for one further three-year term. Union representatives are appointed for a term of three years and can be nominated by the relevant Trades Union for one further three-year term. Students are appointed for one year – i.e. the length of their elected office – but if they are re-elected to the co-President position they can choose to remain on the SRUC Board for a further 1 year term.

The Executive Leadership Team (ELT) is responsible for the day-to-day management and currently consists of:

Principal and Chief Executive	Professor Wayne Powell
Provost and Deputy Principal	Professor Jamie Newbold
Director of Finance	Hugh Anderson
Vice Principal External Relations and Student Experience	Caroline Bysh
Chief Operating Officer and Deputy Chief Executive	Gavin Macgregor
Vice Principal Commercial	Andrew Lacey
Vice Principal Skills and Lifelong Learning	Dr Mary Thomson
Vice Principal Enterprise & Knowledge Exchange	Dr Susannah Bolton

The Key Management remuneration in note 9 of the financial statements also includes Chief Digital and Information Officer who left SRUC in March 2023.

## Directors' attendance

Details of the Directors' attendance record at Board meetings and relevant Board Committee meetings in the period 1 April 2022 to 31 March 2023 are set out below. The number in brackets represents the number of meetings that the Director was eligible, as a member of the Board or Committee, to attend during the year.

	SRUC Board	SAC Commercial Board (SACC)	Remuneration & Appointments Committee	Audit & Risk Committee	Finance & Estates Committee
Number of meetings in period	5	4	4	4	4
Non-Executives SRUC					
Dr M Aitchison (union representative)	2(5)		0(3)		
Miss R Asli (student member)	4(5)				
Mr D Bell	5(5)				4(4)
Mrs A Boyle (appointed Dec 2022) (resigned 11 July 2023)	1(2)				
Mrs A Bruton OBE (retired Aug 2022)	0(1)			2(2)	
Mrs J Craigie	3(5)				
Mr J Cumming CBE (Chairman from 1 August 2017 to 5 April 2022)	0(0)				
Mr C Davidson	5(5)				
Prof Sir P Downes	4(5)		4(4)		
Ms J Fortune (union representative)	2(3)				
Mrs L Hanna MBE (Chair from 6 April 2022)	5(5)		3(4)	1(1) <sup>***</sup> 1(1) co-opted	
Mr J Hume	4(5)				4(4)
Mrs M Khnichich	5(5)				4(4)
Ms E Murray CBE	3(5)		4(4)	1(1) <sup>***</sup>	
Mr A Peddie	4(5)				4(4)
Mr Z Reilly (staff member)	5(5)		3(4)		
Mr W Ross OBE	3(5)			4(4)	
Miss C Sangster (student member) (retired 30 June 2022)	1(1)		1(1)		
Mr C Sayers	5(5)				
Professor M Smith*	4(5)	4(4)			
Dr C Williams (student member)	3(4)				
Mr B Wood CVO* (Vice Chair from October 2020)	5(5)	4(4)		4(4)	

	SRUC Board	SAC Commercial Board (SACC)	Remuneration & Appointments Committee	Audit & Risk Committee	Finance & Estates Committee
Number of meetings in period	5	4	4	4	4
Executive Directors					
Prof W Powell (SRUC and SACC)	5(5)	4(4)	4(4)**	4(4)**	4(4)**
Mr H Anderson (SACC)	5(5)**	4(4)		4(4)**	4(4)**
Mr A Lacey (SACC) (from 26 May 2022)	5(5)**	4(4)			
Prof J Newbold (SACC)	5(5)**	4(4)			

\* SAC Commercial Board Non-Executive

\*\* In attendance = attends meetings regularly and contributes, but is not a member of the committee/Board

\*\*\* By invitation = does not attend regularly, observing

In addition, Board members regularly attend other important committees, including the Student Liaison Committee, Transformation Steering Group, Health & Safety, Equality, Diversity & Inclusion and Trusts.

### Section 172(1) Statement – Companies Act 2006

This statement sets out how the Directors of SRUC have applied and complied with Section 172(1) of the Companies Act 2006 in accordance with The Companies (Miscellaneous Reporting) Regulations 2018.

The Directors of SRUC, as those of all UK companies, must act in accordance with a set of general duties set out in section 172 of the Companies Act 2006 (the Act). The Board of Directors of SRUC consider, both individually and together, that they have acted in the way, in good faith, that would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 March 2023.

### Decision Making

The Board of Directors' intention is to behave responsibly and ensure that the business operates in a responsible manner with the aim of maintaining a reputation for high standards of business conduct and good governance.

The Board is collectively responsible for the long-term success of the business and, as part of their induction programme, the Directors are briefed on their duties under the Act. Directors also have access to ongoing training and development to provide them with the relevant skills and knowledge to conduct their duties as Directors on the Board. The training and development programme is based on feedback received during the internal assessment the Non-Executive Directors undergo annually.



The Directors fulfil their duties partly through a governance framework that facilitates delegation of day-to-day decision making to Management of the Company. Delegation of all areas of the Company's activities below Board level, as well as the financial parameters of authority, are set out in the delegated authority framework. This framework ensures that unusual or material transactions are brought to the Board for approval.

The Board maintains oversight of the Company's performance including financial reporting, risk management, governance and internal control processes through quarterly Directors meetings with Senior Management.

Each year the Board undertakes an in-depth review of the Company's business objectives. In setting the business objectives, the Board has regard to a variety of matters including the interests of various stakeholders, the consequences of its decisions in the long term and its long-term reputation.

### **Overview of how the Board performed its Duties within the financial year**

The Board of Directors at SRUC communicates effectively with its stakeholders and understands their views in order to act fairly towards the different groups. The following outlines the impact of the Board's regard of stakeholders when making decisions during the financial year.

#### **Communication with Staff**

SRUC is conscious of the value of keeping employees informed of the progress and future plans of the organisation and of the mutual benefit that is engendered by good internal communications particularly in times of change.

Information on matters important to employees is given through the SRUC Engage website, through staff briefing sessions and regular communications from the Engagement Leadership Team and the Principal.

It is also important to listen to our colleagues about what has been happening. SRUC regularly runs surveys to look at how well we are articulating our change to internal audiences, how positive our people feel about the future of SRUC and how engaged they feel with SRUC.

#### **Communication with Students**

SRUC values the need to ensure effective clear communication with students. The students' association (SRUCSA) is represented formally on the SRUC Board, the Academic board and various other bodies, committees and groups within the institution. Informal consultation with SRUCSA takes place at many levels in respect of various relevant matters, while Board members regularly attend meetings of the Student Liaison Committee. The remit of the SLC together with associated governance arrangements were refreshed during the year.

SRUCSA runs 'Student Panel' meetings throughout the year to keep students updated through the Class Representative network. SRUCSA also uses email and social media to provide a variety of media for students to be updated and comment on the work of SRUCSA and their learning experience at SRUC.

MySRUC, a free app for students, is used to promote student voice opportunities, while SRUC's primary learning platform, Moodle, is used to keep students informed, as well as to promote surveys and student voice mechanisms.

In addition, SRUC's Communications team works with senior management and SRUCSA to update students on things such as any changes to term times and teaching arrangements.

### **Corporate Social Responsibility Policy**

Corporate social responsibility (CSR) represents a commitment by SRUC to behave fairly and responsibly, sustain economic development while improving the quality of life for staff as well as contributing to local communities and society. SRUC recognises that social, economic and environmental responsibilities to stakeholders in the land-based industries are integral to SRUC's mission, vision and values and business success.

SRUC's mission to enhance the sustainability of the land-based industries is at the heart of its CSR policy. SRUC aims to improve the competitiveness of the land-based sector and thereby enhance livelihoods. We are reducing our greenhouse gas emissions by introducing energy efficiency measures and adopting procurement policies that favour sustainably-produced goods. Whenever feasible, SRUC promotes the adoption of modern and cleaner technologies by actively assisting its clients in minimising the environmental impacts of their operations.

SRUC is committed to ensuring that its business is carried out in all respects according to rigorous ethical, professional and legal standards.

SRUC values its staff. Our employment policies are directed at creating an environment that will attract, develop, motivate and reward employees of high calibre. Alongside its financial success as a business, SRUC recognises its responsibility to work in ways that add value to the lives of stakeholders and improve the world in which they live.

### **Equalities Policy**

SRUC believes that excellence will be achieved through recognising the value of every individual. We aim to create an environment that respects the diversity of employees and enables them to achieve their full potential, to contribute fully, and to derive maximum benefit and enjoyment from their involvement in the business life of SRUC.

SRUC is committed to embedding equality, diversity and inclusion across all of its work. As a listed public authority, SRUC must comply with the Public Sector Equality General Duty, which requires us to pay 'due regard' to the need to:

- eliminate unlawful discrimination, victimisation and harassment;
- advance equality of opportunity between people who share a protected characteristic and people who do not, and
- foster good relations between people who share a protected characteristic and people who do not.

In Scotland, public authorities are supported to meet the public sector equality duty through compliance with the Equality Act 2010 (Scotland) (Specific Duties) Regulations 2012 (and subsequent updates),

SRUC is committed to a policy of equal opportunity for all employees and potential recruits irrespective of a person's sex, age, marital or civil partnership status, race, religion or belief, sexual orientation, gender reassignment or trans status, disability, or pregnancy or maternity status. We gather and analyse equality information across the employment cycle to understand the impacts of our policies.

SRUC is in the process of developing an organisation-wide equality, diversity and inclusion policy. This will be supported by our existing Human Resources Policies including our Dignity at Work policy and occupational health service.

### **Disability Policy**

SRUC is committed to ensuring disability equality in all our employment and operational practices, policies and procedures, and to a positive and pro-active approach to people who have a disability (e.g. a physical disability, sensory impairment, medical condition, learning difficulty or mental health condition). Our Human Resources policies are equality impact assessed, including through a disability lens, to help us remove any potentially negative impacts and maximise where our policies can advance equality of opportunity.

SRUC seeks to enable employees with any disability to pursue successfully their work in equality with all other employees, through recognition of the additional support they may need to achieve this. We take a person-centred approach to working with employees and potential recruits to provide reasonable adjustments where appropriate to do so. This may also involve input from our occupational health services and/ or external representative organisations.

### **Union representation**

During the year ended 31 March 2023 SRUC employed six staff who were relevant union officials which equated to 6.1 full time employees. They all spent between 1 and 17% of their working hours on facility time. The cost of this facility time was £7,457 which equalled 3% of the total relevant pay bill.

### **Modern Slavery Act 2015**

In line with the provisions of the Modern Slavery Act 2015 (the Act) SRUC has a zero tolerance policy towards slavery and human trafficking and we are fully committed to ensuring there are no instances of modern slavery or human trafficking within our organisation, or within our supply chains.

SRUC has a permanent presence in Scotland and carries out some activities in other countries, principally in England, and EU member states. Our business is conducted under the names of SRUC, SAC Commercial Limited and SAC Consulting and this statement covers all our activity.

During 2022/2023 we assessed the risk of Modern Slavery within SRUC'S activities conducted in Scotland and the rest of the UK, and concluded that the risk remains low.

When procuring goods and services we seek transparency and confirmation from potential and contracted suppliers that they maintain the highest ethical standards when conducting their business.

Every regulated procurement process, and when deemed appropriate below this threshold, requires tenderers (and any sub-contractor or supply partner on which they rely) to complete the Single Procurement Document (Scotland) (SPD). The SPD requires the tenderer to disclose details of its trading activity, and legal and environmental compliance. This includes disclosure of whether the tenderer or any member of their organisation with decision-making powers has been convicted within the previous five years of any offence under Part 1 of the Human Trafficking and Exploitation (Scotland) Act 2015, or under any provision referred to

in the Schedule to that Act. Tenderers that confirm such a conviction are excluded from the procurement process unless they can successfully demonstrate that they have taken sufficient and appropriate remedial action to demonstrate their reliability (self-cleansed).

Potential and new suppliers are also required to confirm their commitment to APUC's Supply Chain Code of Conduct. The Code of Conduct details SRUC's and suppliers' duties in respect of corporate social responsibility and sustainability across each identifiable supply chain.

All suppliers appointed as a result of a formal procurement action (not just those above the Regulatory thresholds) are required to commit to the Code's principles which includes a pledge that each party shall:

- not used forced, involuntary or child labour;
- provide suitable working conditions and terms;
- treat employees fairly;
- ensure ethical compliance and support economic development;
- ensure environmental compliance.

The submission of a completed SPD and/or Supply Chain Code of Conduct is considered a formal contractual commitment by a supplier/tenderer, and failure to disclose pertinent information in the SPD or comply with the provisions of the Code are therefore deemed to be a breach of contract, which may result in termination of any subsequent or existing contract.

SRUC encourages all employees to report in 'good faith' any issues or concerns about potential breaches of the Modern Slavery Act. Any employee that raises an issue is fully protected by our Whistle Blowing Policy. To support our staff and improve their understanding of the risks of Modern Slavery, SRUC provides a suite of online training modules which are completed by all staff during their induction period, one of which covers Modern Slavery.

SRUC's recruitment policies and procedures, and the consistent application and monitoring of them ensure that we meet the provision of the act as an employer.

### **Environmental Policy**

SRUC is committed to promoting sustainability in the land-based sector, helping to mitigate climate change and minimising any adverse impact of our activities, directly and through our influence on others. To achieve excellence in sustainable development we provide further and higher education to prepare future generations with the necessary skills, knowledge and understanding. Our main goal is to embed sustainability in learning and teaching, and supporting careers that contribute to sustainability both directly and through sparking debate on the complex issues surrounding a sustainable world.

We undertake world leading research on climate change mitigation and adaptation, particularly in the agricultural and wider land-based sectors. Through our consultancy and education functions, we foster collaborative relationships between research and education. This ensures that research is translated into impact as quickly and effectively as possible to support and inform Scotland's land-based sector.

The draft Climate Change Action Plan (CCAP) has been completed and outlines a pathway to deliver a further 20% carbon reductions over the period of the plan which runs from 2020 – 25. The new plan engages the whole SRUC community and outlines SRUC's ambitions in response to The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019.

SRUC's Board has approved a net Zero date of 2040 and we will be taking forward technical assessments and developing pathway projects to ensure resources and plans are implemented to ensure we can meet this challenging target.

### **Health and Safety**

Health, safety and well-being are an essential part of every function within SRUC and its subsidiaries, and we fully accept our responsibilities for the health and safety of our employees and stakeholders.

One of the cornerstones of the SRUC Health and Safety Policy Statement is to plan for continuous improvement of our health and safety management system, promoting best practice in all aspects of its services.

The Health and Safety Leadership Policy document reinforces the need for health and safety to be embedded into the culture of SRUC. This emphasises the leadership responsibility of managers whilst empowering staff to raise issues to ensure a safety conscious environment. The Health and Safety Policy Statement and Health and Safety Leadership Policy are reviewed annually.

The Health and Safety Team completed the revalidation audit to maintain our ISO 45001 Occupational Health & Safety Management System accreditation in February 2023. This standard demonstrates SRUC's Health and Safety Management System compliance with health and safety law and demonstrates SRUC's drive towards the highest standards of managing occupational health and safety performance. To ensure direct link to SRUC Board, one non-executive director is assigned the added responsibility of overseeing Health and Safety matters.

With COVID-19 legislations and restrictions now being lifted, SRUC is still promoting best practice to reduce cases of COVID-19 on our sites. The COVID-19 Policy statement is still in place and the COVID-19 intranet page still available and is kept updated to ensure the health, safety and welfare of its employees and stakeholders.

### **Quality Assurance**

SAC Consulting and SRUC Research are certified to ISO 9001:2015. As an organisation significant other parts of SRUC are also certified to ISO 45001:2018. The SRUC Environment & Design Team is certified to ISO 14001:2015 and the Veterinary Services Group holds ISO 17025:2017 accreditation for the SRUC Veterinary Services Group and SAC Commercial Ltd.

SRUC, as a Scottish Higher Education Institution, is compliant with the requirements of the UK Quality Code for Higher Education and the Scottish Quality Enhancement Framework. Quality is monitored by QAA Scotland, Education Scotland, Awarding Bodies such as Scottish Qualifications Authority and City and Guilds as well as the Validating Universities of Glasgow and Edinburgh.

### Creditors Policy

SRUC follows the Better Payment Practice Code. As a business our policy is to agree payment terms at the outset and stick to them; explain our payment procedures to suppliers; pay bills in accordance with any contract agreed with the supplier or as required by law; inform suppliers without delay when an invoice is contested and settle disputes quickly.

At 31 March 2023, there were 39 days (2022: 33 days) of creditors outstanding. Interest paid under the Late Payment of Commercial Debts (Interest) Act 1998 amounted to £Nil (2022 £Nil).

### Third Party Indemnity Insurance

SRUC has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

### Directors' Statement on Going Concern

In line with the Financial Reporting Council's guidance on going concern, the directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis. The Group's financial statements for 2022/23 have been prepared on a going concern basis which SRUC management believe to be appropriate for the following reasons:

SRUC is well-established and renowned for its excellence in teaching and research. As such the demand for learning at SRUC remains strong, as evidenced in the student cohort for 2022/23 as well as applications for the 2023/24 academic year. SRUC's ability to adapt its teaching model, with all lectures being delivered online, supplemented by face to face remote small group tutorials and seminars gives students the ability to learn on campus or remotely.

As at 31 March 2023 the group had a strong cash position of £24.1m (2022: £36.1m) and strong Balance Sheet with net assets of £23.4m as at 31 March 2023 (2022: £17.9m) which continues to 2023/24. SRUC has loan balances totalling £24.6m at the end of the financial year.

The 2023/24 budget and 2024/25 forecast are in place. They are derived from the SRUC 5 year plan amended for high level assumptions.

It follows a similar pattern in that volume growth is required across the board, particularly given the lack of value growth in the Scottish government income streams. Achieving this whilst managing cost base inflation is the challenging balance to strike. Tight control of both staff costs and operating costs is essential, plus the continued implementation of the broader operational change initiatives to drive efficiencies in the ageing physical estate.

To achieve this requires the ambition to deliver on Degree Awarding Powers and the reimagining of the operating model to "fix" the ageing estate and implement digital transformation in how SRUC operates and services its customers.

In the above context, the projected financial plan includes significant capital investment, mainly for earlier committed projects, most notably, RaVIC, Seedpod, and the Vet School and for work related to Central faculty development at King's buildings as well as expenditure related to SRUC digital strategy and infrastructure.

In support of this plan, cashflow projections have been prepared for at least twelve months from the date of approval of these consolidated financial statements, together with forecast subsidiary balances to reflect the consolidated group balance. On this basis, the Group is forecast to operate within its available committed facilities throughout the going concern period.

Based on the above analysis it remains wholly appropriate to prepare the SRUC and consolidated financial statements on a going concern basis.

SRUC provided a letter of support to SAC Foundation and its full subsidiary SAC Commercial Limited.

### **Auditor**

External audit services were put to competitive tender in 2020 and RSM UK Audit LLP were successful in securing the contract for three years to 31 January 2024. Internal audit services were tendered in 2022 and KPMG was reappointed for three years to 31 March 2025. RSM UK Audit LLP offer themselves for re-appointment as auditors in accordance with section 487 of the Companies Act 2006.

### **Directors' Statement as to Disclosure of Information to External Auditor**

The directors who were members of the Board at the time of approving the Directors' Report are listed in this report. Having made enquiries of fellow directors and of the company's external auditor, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's external auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's external auditor is aware of that information.

This report was approved by the Board on 10 November 2023 and signed on its behalf by:

Linda Hanna	Wayne Powell
Chair	Principal and Chief Executive
10 November 2023	

# Corporate governance statement

## Introduction

SRUC is committed to upholding best practice in all aspects of Corporate Governance.

This summary describes the manner in which the Board has applied the principles in the Annual Financial Statements Direction as issued by the Scottish Funding Council. The purpose of this summary is to help the reader of the reports and financial statements understand how the principles of good governance set out in the codes have been applied.

## Statement of Compliance with the Scottish Code of Good HE Governance

A revised Scottish Code of Good Higher Education Governance was published in 2017 (“the Code”) replacing the 2013 Scottish Code of Good Higher Education Governance.

In the opinion of the Board, SRUC complied with the principles and provisions of the 2017 Scottish Code of Good Higher Education Governance through the year.

Having fully implemented the requirements of the Higher Education Governance (Scotland) Act 2016 (“HEGA”) including formal adoption of new Articles of Association in March 2020, planning began for arrangements to elect a new Chair, and with effect from April 2022 these were finalised and an election held in accordance with HEGA. Linda Hanna was duly elected as the new Chair of SRUC, formally taking up the appointment in April 2022. Two new staff Board members were elected to represent academic and non-academic staff and Board inductions for new members was carried out during the year. New student members were appointed following elections by the student body and agreement on how SRUCSA co-presidents would interact with the Board.

## Board of Directors

The Board comprises non-executive directors and one executive director, who is the Principal & Chief Executive. The roles of Chair and Vice-Chair of the Board are separated from the role of the Principal and Chief Executive. The Board is responsible for the on-going strategic direction of SRUC, approval of major developments, and the receipt of regular reports from executive directors and managers on the day-to-day operations of its business and its subsidiary companies.

The current Articles allow for a maximum of 20 directors, up to 19 of whom may be non-executive directors. SRUC maintains a skills matrix which is used for the recruitment of non-executive directors and succession planning to ensure our diverse needs are adequately reflected in the skills of the Board.

## Board Committees

In order to be able to devote sufficient time to strategic issues, the Board delegates certain tasks to its standing committees as set out below. All of these committees are formally constituted with terms of reference and comprise (with the exception of the Academic Board) mainly non-executive directors and are attended as appropriate by members of the ELT. A staff member and a student member of the Board sit on the Remuneration and Appointments Committee. Each committee is chaired by a non-executive director. The decisions of these committees are reported to the Board and reports provided at every Board meeting on the activities of the committees. During the year, all committees reviewed their terms of reference, which were duly updated as required.



### **Academic Board**

The Academic Board has delegated authority from the SRUC Board to be responsible for the overall planning, development, co-ordination and supervision of the academic work of SRUC. Membership is drawn from across SRUC and includes elected academic staff and student representatives as set out in HEGA. The remit and related sub-committee arrangements of the Academic Board were arranged to reflect changes in the Academic structure over the last few years. The Academic Board meets at least once a term and is chaired by the Principal and Chief Executive or the Provost and Deputy Principal.

### **Remuneration and Appointments Committee**

The Remuneration and Appointments Committee, as part of its remit, considers nominations for new directors and makes recommendations on appointment to the Board. The Committee includes staff and student representatives in accordance with requirements of the 2017 Code and HEGA. The Remuneration and Appointments Committee determines the remuneration of executive directors including the Principal. It also considers overall pay and employment terms for the Group and makes recommendations to the Board for Professorial and Honorary awards. It receives quarterly reports on institutional Equality, Diversity, and Inclusion work. The Remuneration and Appointments Committee meets a minimum of four times each year and is chaired by a Non-Executive Director.

### **Audit and Risk Committee**

The Audit and Risk Committee reviews the effectiveness of financial and internal control systems, in particular those relating to risk management, corporate governance, internal and external audit as well as overseeing compliance with legislation. The Committee is chaired by the Vice-Chair of the Board, includes an external independent member and meets a minimum of four times each year, with the external and internal auditor in attendance. Following on from the risk workshop facilitated by the internal auditors the previous financial year, a risk appetite framework was confirmed.

### **Finance and Estates Committee**

The Finance and Estates Committee monitors the financial affairs of the Group and advises the Board on financial policy and planning. It also provides strategic direction for the Infrastructure Strategy and has responsibility for oversight of SRUC's estate. It is chaired by a non-executive member of the Board and meets a minimum of four times annually. As part of its remit, the Finance and Estates Committee discharges Trustee responsibilities with regard to the administration, investment and disbursement of trust funds and reviews these on an annual basis.

### **Statement of Internal Control**

The SRUC Board is ultimately responsible for SRUC's system of internal control and the Principal and Chief Executive is responsible for reviewing its effectiveness. Such a system 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 loss.

The ELT receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms.

The strategic planning process acts as a key control. The ELT meets annually with senior managers to consider progress over the last financial year and key drivers for the planning process for the forthcoming planning cycle. This informs the discussion with the SRUC Board at an annual board strategic planning session. Meetings are held with each operational section to discuss the specific group plans.

The Audit and Risk Committee's role in internal control is integral to managing the externally sourced internal audit function. The internal auditor monitors the systems of internal control, risk management controls and governance processes in accordance with an agreed plan, and report their findings to management and the Audit and Risk Committee. Management is responsible for the implementation of agreed audit recommendations and the internal auditor undertakes periodic follow-up reviews to ensure that such recommendations have been implemented. The Audit and Risk Committee considers summarised reports together with recommendations for the improvement of the SRUC's systems of internal control and management's responses and implementation plans.

It also receives and considers reports from the Scottish Funding Council as they affect SRUC's business and monitors adherence to the regulatory requirements.

Whilst senior executives attend meetings of the Audit and Risk Committee as necessary, they are not members of the Committee and the Committee meets the internal and external auditors, at least once a year, on their own for independent discussions.

The SRUC Board receives regular reports from the ELT and the Audit and Risk Committee.

The SRUC Board is of a view that there is an on-going process for identifying, evaluating and managing the SRUC's significant risks, and that it has been in place throughout the year ended 31 March 2023 and up to the date of approval of the annual report and financial statements.

Linda Hanna

Wayne Powell

Chair

Principal and Chief Executive

10 November 2023

### Statement of the Responsibilities of the Board of SRUC

The Board is responsible for ensuring that the affairs of SRUC are administered and managed appropriately including an effective system of internal control, and that audited financial statements are presented for each financial year.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of SRUC, and ensure that the financial statements are prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, the Statement of Recommended Practice on Accounting in Higher Education Institutions, and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between SRUC and SFC, the Board, through its designated Accountable Officer (Principal and Chief Executive), is required to prepare financial statements for each financial year which give a true and fair view of SRUC's state of affairs and of the surplus or deficit and cash flows for that year and comply with the principles of good governance set out in the 2017 Scottish Code of Good Higher Education Governance.

In causing the financial statements to be prepared, the Board has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Institution will continue in operation.

The Board has taken reasonable steps to:

- ensure that funds from Scottish Government and SFC and other public funding bodies are used only for the purposes for which they have been granted;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of SRUC and prevent and detect fraud;
- secure the economical, efficient and effective management of SRUC's resources and expenditure.

# Independent Auditor's Report to the Trustees and Members of SRUC

## Opinion

We have audited the financial statements of SRUC (the 'Charitable Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the Group and Company Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Group Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Charitable Company's affairs as at 31 March 2023 and of the Group's and the Charitable Company's deficit of income over expenditure and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## Opinion on other matters prescribed by the Scottish Funding Council

In our opinion, in all material respects:

- the requirements of the Scottish Funding Council's Accounts Direction for Universities have been met;
- monies expended out of Scottish Funding Council grants and other funds from whatever source administered by the Charitable Company for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation; and
- income has been applied in accordance with the Financial Memorandum with the Scottish Funding Council.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Financial Memorandum and the Accounts Direction issued by the SFC requires us to report to you if, in our opinion:

- proper accounting records have not been kept; 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.

## Responsibilities of the Board

As explained more fully in the Statement of the Responsibilities of the Board of SRUC, the Board is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Group or the Charitable Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

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

## The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;

- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, the Charities Accounts (Scotland) Regulations 2006, the Statement of Recommended Practice for Further and Higher Education (published 2019), and the Scottish Funding Council Accounts Direction for Universities 2022/2023. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and checking off matters in the financial statements to the Accounts Direction issued by the Scottish Funding Council.

The most significant laws and regulations that have an indirect impact on the financial statements are the Scottish Funding Council Financial Memorandum, the Data Protection Act 2018, and the Higher Education Governance Act 2016. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and contract revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates, and reviewing a sample of contracts to confirm whether revenue had been recognised appropriately in line with costs incurred.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Board, as a body, in accordance with the Financial Memorandum published by the Scottish Funding Council, Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005, Charities Accounts (Scotland) Regulations 2006 (as amended) and our engagement letter dated 30 March 2022. Our audit work has been undertaken so that we might state to the Board, as a body, those matters we are required under our engagement letter dated 30 March 2022 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 Board, as a body, for our audit work, for this report, or for the opinions we have formed.

*Dale Thorpe*

Dale Thorpe, BSc, FCA  
(Senior Statutory Auditor)  
For and on behalf of  
RSM UK AUDIT LLP  
Chartered Accountants  
Third Floor  
2 Semple Street  
Edinburgh  
EH3 8BL

Date: 21/11/2023

RSM UK AUDIT LLP is eligible to act as an auditor in term of section 1212 of the Companies Act 2006



## Group and Company Statement of Comprehensive Income – Year ended 31 March 2023

	Note	2023 Group £000	2022 Group £000	2023 Company £000	2022 Company £000
<b>Income</b>					
Scottish Government grants	1	16,905	16,454	12,903	13,619
Scottish Funding Council	2	31,339	33,533	31,339	33,533
Tuition fees and education contracts	3	7,463	6,065	7,455	6,053
Research grants and contracts	4	9,343	7,406	5,620	3,930
Advisory and consultancy contracts	5	15,650	16,068	912	952
Other operating income	6	10,614	8,927	3,160	3,567
Investment income	7	376	176	376	176
<b>Total income before endowments and donations</b>		<b>91,690</b>	<b>88,629</b>	<b>61,765</b>	<b>61,830</b>
Endowments and donations	8	-	-	-	-
<b>Total Income</b>		<b>91,690</b>	<b>88,629</b>	<b>61,765</b>	<b>61,830</b>
<b>Expenditure</b>					
Staff costs	9	54,533	48,805	52,788	47,188
Other operating expenditure	11	37,690	31,124	8,829	6,100
Depreciation and impairment	13,14,15	5,230	8,901	4,975	8,686
Interest and other finance costs	12	465	587	465	587
<b>Total expenditure</b>		<b>97,918</b>	<b>89,417</b>	<b>67,057</b>	<b>62,561</b>
<b>Deficit before other gains and losses</b>		<b>(6,228)</b>	<b>(788)</b>	<b>(5,292)</b>	<b>(731)</b>
Gain/(Loss) on disposal of fixed assets		196	(390)	196	(390)
Movement in value of investments		(310)	275	(310)	275
Deficit for the year		<b>(6,342)</b>	<b>(903)</b>	<b>(5,406)</b>	<b>(846)</b>
Actuarial gain in respect of pension schemes		11,851	11,640	11,851	11,640
<b>Total comprehensive income/(loss) for the year</b>		<b>5,509</b>	<b>10,737</b>	<b>6,445</b>	<b>10,794</b>
Represented by:					
Endowment comprehensive income/(loss) for the year		(221)	358	(221)	358
Unrestricted comprehensive income for the year		5,730	10,379	6,666	10,436
		<b>5,509</b>	<b>10,737</b>	<b>6,445</b>	<b>10,794</b>

All items of income and expenditure relate to continuing activities.

## Statement of Changes in Reserves – Year ended 31 March 2023

	Endowment	Unrestricted	TOTAL
Group	£000	£000	£000
<b>Balance at 1 April 2021</b>	5,414	1,755	7,169
Deficit from the income and expenditure statement	358	(1,261)	(903)
Other comprehensive income	-	11,640	11,640
Total comprehensive income for the year	<u>358</u>	<u>10,379</u>	<u>10,737</u>
<b>Balance at 1 April 2022</b>	5,772	12,134	17,906
Deficit from the income and expenditure statement	(221)	(6,121)	(6,342)
Other comprehensive income	-	11,851	11,851
Total comprehensive (loss)/income for the year	<u>(221)</u>	<u>5,730</u>	<u>5,509</u>
<b>Balance at 31 March 2023</b>	<u><u>5,551</u></u>	<u><u>17,864</u></u>	<u><u>23,415</u></u>
<b>Company</b>			
<b>Balance at 1 April 2021</b>	5,414	1,662	7,076
Deficit from the income and expenditure statement	358	(1,204)	(846)
Other comprehensive income	-	11,640	11,640
Total comprehensive income for the year	<u>358</u>	<u>10,436</u>	<u>10,794</u>
<b>Balance at 1 April 2022</b>	5,772	12,098	17,870
Deficit from the income and expenditure statement	(221)	(5,185)	(5,406)
Other comprehensive income	-	11,851	11,851
Total comprehensive (loss)/income for the year	<u>(221)</u>	<u>6,666</u>	<u>6,445</u>
<b>Balance at 31 March 2023</b>	<u><u>5,551</u></u>	<u><u>18,764</u></u>	<u><u>24,315</u></u>

## Balance Sheet at 31 March 2023

	Note	Group		Company	
		2023 £000	2022 £000	2023 £000	2022 £000
<b>Non-current assets</b>					
Intangible assets	13	2,700	2,262	2,105	2,262
Negative goodwill arising from College merger	14	(27,700)	(29,008)	(27,700)	(29,008)
Fixed assets	15	75,478	71,766	75,478	71,766
Investments	16	5,755	5,988	5,741	5,974
		<u>56,233</u>	<u>51,008</u>	<u>55,624</u>	<u>50,994</u>
<b>Current assets</b>					
Stocks	17	3,727	3,354	3,727	3,354
Debtors	18	24,041	15,976	21,775	12,505
Current asset investments	19	2,030	15,611	2,030	15,611
Cash and cash equivalents		22,058	20,495	21,204	20,045
Total current assets		<u>51,856</u>	<u>55,436</u>	<u>48,736</u>	<u>51,515</u>
<b>Creditors: amounts falling due within one year</b>	20	<u>(28,736)</u>	<u>(30,187)</u>	<u>(24,107)</u>	<u>(26,288)</u>
<b>Net current assets</b>		<u>23,120</u>	<u>25,249</u>	<u>24,629</u>	<u>25,227</u>
<b>Total assets less current liabilities</b>		<u>79,353</u>	<u>76,257</u>	<u>80,253</u>	<u>76,221</u>
<b>Creditors: amounts falling due after one year</b>					
Provisions for liabilities	24	(656)	(781)	(656)	(781)
Defined benefit pension liability	29	(3,484)	(16,167)	(3,484)	(16,167)
<b>Total Net Assets</b>		<u><u>23,415</u></u>	<u><u>17,906</u></u>	<u><u>24,315</u></u>	<u><u>17,870</u></u>
<b>Reserves</b>					
Restricted reserve					
Endowment reserve	26	5,551	5,772	5,551	5,772
Unrestricted reserves					
Income and expenditure reserve		17,864	12,134	18,764	12,098
<b>Total Reserves</b>		<u><u>23,415</u></u>	<u><u>17,906</u></u>	<u><u>24,315</u></u>	<u><u>17,870</u></u>

The financial statements were approved on 10 November 2023 and signed on behalf of the Board by:

Linda Hanna  
Chair

Wayne Powell  
Principal and Chief Executive

## Group Cash Flow Statement for the Year ended 31 March 2023

	Note	2023		2022	
		£000	£000	£000	£000
<b>Operating activities</b>					
Net cash absorbed by operating activities	27		(9,887)		(550)
<b>Investing activities</b>					
Bank interest received		376		41	
Purchase of investments		-		-	
Purchase of tangible fixed assets		(10,128)		(5,644)	
Purchase of intangible fixed assets		(725)		(1,165)	
Net proceeds from sale of assets		200		3,814	
Grants received		939		1,748	
Transfer from/(to) bank investments		13,581		(2,524)	
<b>Net cash generated from/ (absorbed by) investing activities</b>			4,243		(3,730)
<b>Financing activities</b>					
New loans		8,476		12,200	
Repayment of bank loans		(1,227)		(827)	
Capital element of finance leases repaid		-		-	
Interest paid		(42)		(25)	
<b>Net cash generated from financing activities</b>			7,207		11,348
Increase in cash and cash equivalents			1,563		7,068
<b>Cash and cash equivalents at start of reporting period</b>			20,495		13,427
<b>Cash and cash equivalents at end of reporting period</b>			22,058		20,495

### Reconciliation of net cash flow to movement in net debt

	At 1 April 2022	Cash flows	Non-cash movement	At 31 March 2023
	£000	£000	£000	£000
Cash in hand and at bank	20,495	1,563	-	22,058
Current asset investments	15,611	(13,581)	-	2,030
Loans	(17,372)	(7,249)	-	(24,621)
<b>Total</b>	18,734	(19,267)	-	(533)

## Statement of Principal Accounting Policies

### Statement of compliance

SRUC is a registered charity and company limited by guarantee incorporated in Scotland. The registered office is West Mains Road, Edinburgh EH9 3JG.

The group's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group for the year ended 31 March 2023.

### Basis of preparation

These financial statements have been prepared under the historic cost convention, modified to include listed investments at their market value, and have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The College is a public benefit entity and therefore has applied the relevant public benefit entity requirements of FRS 102.

### Going concern

In line with the Financial Reporting Council's guidance on going concern, the directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis. The Group's financial statements for 2022/23 have been prepared on a going concern basis which SRUC management believe to be appropriate for the following reasons:

SRUC is well-established and renowned for its excellence in teaching and research. As such the demand for learning at SRUC remains strong, as evidenced in the student cohort for 2022/23 as well as applications for the 2023/24 academic year. SRUC's ability to adapt its teaching model, with all lectures being delivered online, supplemented by face to face remote small group tutorials and seminars gives students the ability to learn on campus or remotely.

As at 31 March 2023 the group had a strong cash position of £24.1m (2022: £36.1m) and strong Balance Sheet with net assets of £23.4m as at 31 March 2023 (2022: £17.9m) which continues to 2023/24. SRUC has a loan balance of £24.6m at the end of the financial year.

The 2023/24 budget and 2024/25 forecast are in place. They are derived from the SRUC 5 year plan amended for high level assumptions.

It follows a similar pattern in that volume growth is required across the board, particularly given the lack of value growth in the Scottish government income streams. Achieving this whilst managing cost base inflation is the challenging balance to strike. Tight control of both staff costs and operating costs is essential, plus the continued implementation of the broader operational change initiatives to drive efficiencies in the ageing physical estate.

To achieve this requires the ambition to deliver on Degree Awarding Powers and the reimagining of the operating model to "fix" the ageing estate and implement digital transformation in how SRUC operates and services its customers.

In the above context, the projected financial plan includes significant capital investment, mainly for earlier committed projects, most notably, RaVIC, Seedpod, and the Vet School and for work related to Central faculty development at King's buildings as well as expenditure related to SRUC digital strategy and infrastructure.

In support of this plan, cashflow projections have been prepared for at least twelve months from the date of approval of these consolidated financial statements, together with forecast subsidiary balances to reflect the consolidated group balance. On this basis, the Group is forecast to operate within its available committed facilities throughout the going concern period.

Based on the above analysis it remains wholly appropriate to prepare the SRUC and consolidated financial statements on a going concern basis.

The financial statements of SRUC were authorised for issue by the Board of Directors on xxxx 2023. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £'000.

### **Basis of consolidation**

The group financial statements include SRUC and its subsidiary and quasi-subsidiary undertakings. Intra-group transactions are eliminated on consolidation. The activities of the Student Representative Council have not been consolidated as SRUC has no financial interest and no control or significant influence over policy decisions. ID Mapps LTD is an associate which was formed to fulfil a specific research grant. ID Mapps LTD is not treated using the equity method on the basis of immateriality.

### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. These judgements, estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the Group's key sources of estimation uncertainty:

#### ***Pensions***

The costs of defined benefit pension plans and unfunded pension benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds with at least AA rating with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. The impact on the of changes in the discount rate, life expectancy and inflation is included in note 29.

### **Goodwill**

The group established a reliable estimate of the useful life of goodwill arising on business combination by using external valuers. This estimate is based mainly on the remaining useful lives of the underlying assets and is reassessed annually to ensure the value to the business has not been impaired.

### **Stock valuation**

The group establishes a reliable market value of farm stocks by using external valuers. Farm stocks are valued at deemed cost using HMRC guidance which states the deemed cost is 60% of open market value for cattle and 75% of open market value for sheep and pigs.

### **Doubtful debt provision**

The group makes an estimate of the recoverability of trade and other debtors by considering the ageing of the outstanding debt, and the historic payment profile.

### **Income recognition**

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. This is typically in line with work done and hence costs incurred.

Where applicable, surplus is calculated on a prudent basis to reflect the proportion of work carried out at the year end. Full provision for losses is made in the year in which the losses are first foreseen.

Project Expenditure recognised over amounts invoiced is reflected within debtors as 'Amounts Recoverable on Contracts'. The excess of Project Income received over amounts recognised as revenue is reflected within creditors as 'Payments Received in Advance'.

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

Investment income is credited to the statement of income and expenditure on a receivable basis.

Funds SRUC receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of SRUC where SRUC is exposed to minimal risk or enjoys minimal to no economic benefit related to the transaction.

### **Grant funding**

Grant funding including Scottish Funding Council education and research grants and research grants from government sources are recognised as income when SRUC 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.

Grants (including research grants) from other sources are recognised in income when SRUC is entitled to the income and performance related conditions have been met.

Income received from the government Coronavirus Job Retention Scheme (CJRS) is recognised in the same period as the staff costs were incurred that the grant was intended to compensate and is included within other operating income. No such income was received in the year (2022: £132k).

### **Donations and endowments**

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income when SRUC 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 SRUC is entitled to the funds.

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

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

1. 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.
2. Unrestricted donations.

### **Capital grants**

Government capital grants are recognised in income over the expected useful life of the asset that the grant is funding. Other capital grants are recognised in income when SRUC 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 SRUC. Any unused benefits are accrued and measured as the additional amount SRUC expects to pay as a result of the unused entitlement.

Termination benefits are recognised immediately as an expense when SRUC is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### **Land and Buildings**

Land and buildings are stated at cost. Freehold land is not depreciated. Freehold buildings, including any subsequent capital expenditure, are depreciated over their expected useful economic life to SRUC of up to 50 years. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets. Leased buildings are depreciated at the lower of the lease term and the useful economic life of the asset of up to 50 years.

Buildings acquired on merger have been valued at depreciated replacement cost which is deemed to be fair value on acquisition. Land acquired on merger has been valued at market value.

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



Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 March. They are not reclassified as Buildings or depreciated until they are brought into use.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

The Scottish Government (via the SFC) maintains an interest in tangible fixed assets funded by capital grants from them.

### Equipment

Equipment costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. All capitalised equipment is stated at cost.

Capitalised equipment is depreciated on a straight-line basis over its useful life as follows:

- |  |              |
|--|--------------|
| • Motor Vehicles                                       | 4 years      |
| • Computer and other equipment                         | 5 – 10 years |
| • Equipment acquired for specific research or projects | Project Life |

### Software- Intangible asset

Software is capitalised at cost where the software is directly involved with the creation of an asset or is an identifiable support to the business. Capitalised software is depreciated over 5-10 years. Software that is not capitalised is instead treated as a consumable and is expensed during the year of purchase. Amortisation of intangible assets is included under "depreciation and impairment" in the Statement of Comprehensive Income.

### Accounting for Business Combinations and Associated Negative Goodwill

SRUC (which at the time was called SAC) merged with Barony College, Elmwood College and Oatridge College on 1 October 2012.

The merger was accounted for by the "acquisition method of accounting" in order to comply with the applicable financial reporting standard in effect at that time. At transition to FRS 102, the entity took the exemptions available to public benefit entities to not apply FRS 102.19 "Business Combinations and Goodwill" and therefore continues to recognise a negative goodwill balance in the year. Fair values are attributable to the net separable assets and liabilities.

The benefit arising as a consequence of no consideration having been paid by SAC for the net value of the assets acquired is included in the consolidated balance sheet as negative goodwill as a deduction from tangible and intangible fixed assets. The fair value of the benefit arising in relation to non-monetary assets is released to the income and expenditure account over the periods in which the non-monetary assets are recovered, whether through disposals or depreciation. The release is aligned with the corresponding depreciation charge relating to the assets.

### Investments

Endowment asset investments relate to restricted endowments held in Trusts controlled by SRUC and are included in the balance sheet at valuation. Income less expenditure and net

movements in the valuation are included in the Statement of Comprehensive Income and Expenditure.

Other listed investments are included at market value.

Investments in equity instruments which are not subsidiaries, associates, or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income.

Where the investment in equity instruments are not publicly traded and where the fair value cannot be reliably measured the assets are measured at cost less impairment.

### **Stocks**

Stocks are stated at the lower of their cost or net realisable value. Farm stocks are valued at deemed cost using HMRC guidance which states the deemed cost is 60% of open market value for cattle and 75% of open market value for sheep and pigs.

### **Financial Instruments**

#### ***Financial assets***

SRUC classes all its financial assets as basic. Basic financial assets, which include trade and other receivables, amounts recoverable on contracts and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets, other than those held at fair value through profit and loss (such as fixed asset investments), are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when SRUC transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Financial liabilities***

SRUC classes all its financial liabilities as basic. Basic financial liabilities, including trade and other creditors and accruals, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Financial liabilities are derecognised when, and only when, SRUC's contractual obligations are discharged, cancelled, or expire.

## **Concessionary loans**

SRUC has various loans with the Scottish Funding Council (SFC) through the University Financial Transactions Funding programme. These loans are regarded as concessionary in line with the HE SORP (paragraph 26.9) as they are at rates between 0.25% and 1%, below prevailing market rate. These loans, in accordance with the principles set out in FRS 102.34 'Specialised Activities' for public benefit entities, are recorded at cost and are not discounted at a market rate of interest accordingly.

## **Taxation**

SRUC is a charity within the meaning of Part 1, chapter 2, s7 of the Charities and Trustee Investment (Scotland) Act 2005 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA 2009 and sections 471, and 478–488 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

SRUC receives no similar exemption in respect of Value Added Tax, the irrecoverable element of which is charged to expenditure.

SRUC's subsidiary companies are subject to Corporation Tax and VAT in the same way as any commercial organisation. Surpluses where they arise are passed by way of gift aid to SRUC.

## **Cash Flows and cash equivalents**

Cash includes cash in hand and at the bank, deposits repayable on demand and bank overdrafts but excludes any assets held as endowment asset investments. Liquid resources include term deposits held as part of SRUC's treasury management activities but exclude any assets held as endowment asset investments.

## **Current asset investments**

Current asset investments include cash held on short-term deposits.

## **Foreign Currencies**

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

## **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when SRUC has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is 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 risk specific to the liability. Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than present obligation; a possible rather than a probable outflow of

economic benefit; or an inability to reliably measure the possible outflow. Contingent assets are disclosed by way of a note, where there is a possible, rather than a present, asset arising from a past event.

### **Agency Arrangements**

Funds which SRUC receives and disburses as paying agent on behalf of a funding body or other body, where SRUC is exposed to minimal risk or enjoys minimal economic benefit related to the receipt and subsequent disbursement of the funds, are excluded from the income and expenditure account.

### **Pensions**

Retirement benefits to employees of the SRUC Group are provided by seven superannuation schemes being: the Research Council Pension Scheme (RCPS), the SRUC Group Pension Plan, the Citrus Pension Plan, the Dumfries and Galloway Council Pension Fund (DGCPF), the Fife Council Pension Fund (FCPF), the Lothian Pensions Fund (LPF) and Scottish Teachers' Superannuation Scheme (STSS).

The RCPS scheme is a defined benefit scheme. Contributions to the scheme are made in accordance with an agreed funding model and recognised in the income statement as insufficient information is available to use defined benefit accounting in accordance with FRS 102.28.

The STSS is an unfunded multi-employer defined benefit scheme and is not possible to identify each institution's share of the liabilities therefore, contributions to the scheme are accounted for as if it were a defined contribution scheme. Obligations for contributions are recognised as an expense in the income statement in the periods during which service are rendered by employees.

The Group Pension Plan is a defined contribution scheme. Obligations for contributions are recognised as an expense in the income statement in the periods during which service are rendered by employees.

The Citrus Pension Plan and the local government pension schemes (DGCPF, FCPF and LPF) are defined benefit plans. Under defined benefit plans, SRUC'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 SRUC. SRUC recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method.

Where the calculation results in a net asset, recognition of the asset is limited to the extent to which SRUC is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

### **Leases**

Costs in respect of operating leases are charged on a straight line basis to the income statement over the lease term. Any lease premium or incentives are spread over the minimum lease term.

Leasing agreements which transfer to SRUC substantially all the benefits and risks of ownership of an asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability of the lease term. Any lease premium or incentives are spread over the minimum lease term.

### **Reserves**

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to SRUC, are held as a permanently restricted fund which SRUC must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore SRUC is restricted in the use of these funds.

# Notes to the Financial Statements

## 1. Scottish Government Grants

	2023 Group £000	2022 Group £000	2023 Company £000	2022 Company £000
Recurrent grant				
Research and development	6,869	5,858	6,759	5,827
Advisory	7,917	6,747	4,025	3,943
	<u>14,786</u>	<u>12,605</u>	<u>10,784</u>	<u>9,770</u>
Release from deferred capital grants				
Buildings (note 23)	690	2,365	690	2,365
Equipment (note 23)	1,429	1,484	1,429	1,484
	<u>16,905</u>	<u>16,454</u>	<u>12,903</u>	<u>13,619</u>

## 2. Scottish Funding Council

	2023 Group £000	2022 Group £000	2023 Company £000	2022 Company £000
Education teaching HE	11,596	12,541	11,596	12,541
Education provision FE	10,015	9,259	10,015	9,259
Research and innovation	5,815	5,846	5,815	5,846
Condition survey grant	2,102	2,684	2,102	2,684
Strategic funding	-	-	-	-
	<u>29,528</u>	<u>30,330</u>	<u>29,528</u>	<u>30,330</u>
Release from deferred capital grants				
Buildings (note 23)	1,054	2,656	1,054	2,656
Equipment (note 23)	757	547	757	547
	<u>31,339</u>	<u>33,533</u>	<u>31,339</u>	<u>33,533</u>

### 3. Tuition Fees and Education Contracts

	2023 Group £000	2022 Group £000	2023 Company £000	2022 Company £000
Home and EU higher education fees	2,325	2,168	2,325	2,162
Rest of UK	495	343	495	343
Non-EU students	107	70	107	70
UK further education students	66	11	66	11
	<u>2,993</u>	<u>2,592</u>	<u>2,993</u>	<u>2,586</u>
Education contracts	4,011	3,349	4,006	3,349
Short course fees	459	124	456	118
	<u>7,463</u>	<u>6,065</u>	<u>7,455</u>	<u>6,053</u>

### 4. Research Grants and Contracts

	2023 Group £000	2022 Group £000	2023 Company £000	2022 Company £000
European Union	1,041	629	1,022	587
Research councils	996	1,115	996	1,115
UK public bodies	5,797	3,946	3,252	2,040
Other	1,509	1,716	350	188
	<u>9,343</u>	<u>7,406</u>	<u>5,620</u>	<u>3,930</u>

### 5. Advisory and Consultancy Contracts

	2023 Group £000	2022 Group £000	2023 Company £000	2022 Company £000
Consultancies and subscriptions	11,162	11,590	146	154
Analytical services	3,638	3,651	766	798
Farm accounts scheme	837	784	-	-
Publications	13	43	-	-
	<u>15,650</u>	<u>16,068</u>	<u>912</u>	<u>952</u>

## 6. Other Operating Income

	2023 Group £000	2022 Group £000	2023 Company £000	2022 Company £000
Residences, catering and conferences	1,548	1,175	1,534	987
Sales of farm products	5,655	4,649	8	2
Rents	507	449	341	412
Government grants for CJRS	-	132	-	132
Other income	2,904	2,522	1,277	2,034
	<u>10,614</u>	<u>8,927</u>	<u>3,160</u>	<u>3,567</u>

## 7. Investment income

	Group and company	
	2023 £000	2022 £000
Investment income on endowments	130	135
Other investment income	246	41
	<u>376</u>	<u>176</u>

## 8. Donations and Endowments

	Group and company	
	2023 £000	2022 £000
New endowments	-	-
	<u>-</u>	<u>-</u>



## 9. Staff Costs

	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Wages and salaries	42,866	38,992	41,490	37,648
Social security costs	4,762	3,933	4,616	3,800
Other pension costs	6,640	5,685	6,417	5,545
	<u>54,268</u>	<u>48,610</u>	<u>52,523</u>	<u>46,993</u>
Severance costs	265	195	265	195
	<u>54,533</u>	<u>48,805</u>	<u>52,788</u>	<u>47,188</u>

The severance costs are in respect of redundancy payments to employees whose employment has ceased or is likely to cease which has been calculated in accordance with the SRUC redundancy policy which has been agreed with the trade unions and approved by the Board.

The average monthly number of persons (including Executive Directors) employed by SRUC during the period was:

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
Academic teaching departments	257	253
Academic support	133	132
Research grants and contracts	234	230
Administration and central services	144	134
Premises and estates	23	25
Residencies, catering and conferences	11	12
Other including income generating operations	426	406
	<u>1,228</u>	<u>1,192</u>

The average number of employees as expressed as full-time equivalents was 1,084 (2022: 1,117).

## 9. Staff Costs (cont'd)

Analysis of the previous staff costs by activity:

	£000	£000
Academic teaching departments	12,113	10,833
Academic support	4,493	3,691
Research grants and contracts	11,707	10,320
Administration and central services	7,508	6,568
Premises and estates	957	987
Residencies, catering and conferences	300	354
Other including income generating operations	17,190	15,857
	<u>54,268</u>	<u>48,610</u>
Severance costs	265	195
	<u>54,533</u>	<u>48,805</u>

The number of staff, including Executive Directors and Principal and Chief Executive, who received remuneration in the following ranges excluding employers' pension contributions was:

	Group 2023		Group 2022	
	Number Directors	Number Other Staff	Number Directors	Number Other Staff
£100,001 to £110,000	-	7	-	4
£110,001 to £120,000	-	-	-	1
£120,001 to £130,000	-	2	-	1
£130,001 to £140,000	-	-	-	2
£140,001 to £150,000	-	-	-	-
£150,001 to £160,000	-	2	-	-
£160,001 to £170,000	-	-	-	-
£170,001 to £180,000	-	-	-	-
£180,001 to £190,000	-	-	-	-
£190,001 to £200,000	-	-	-	-
£200,001 to £210,000	-	-	-	-
£210,001 to £220,000	1	-	1	-
	<u>1</u>	<u>11</u>	<u>1</u>	<u>8</u>

Included in the numbers of other staff is one staff member (2022: nil) who received severance payments.

## 9. Staff Costs (cont'd)

### Key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the college.

The costs below represent the costs of the members of the Executive Leadership Team (ELT) for the period. Staff costs include compensation paid to key management personnel. The ELT membership is listed on page 9.

	2023 £000	2022 £000
Key management personnel compensation	1,180	895
Number of staff	<u>9</u>	<u>9</u>

## 10. Directors' Remuneration

	2023	2022
The number of Executive Directors during the year including the Principal and Chief Executive	<u>1</u>	<u>1</u>

	2023 £000	2022 £000
Salaries (including benefits in kind)	218	215
Fees (Non-Executive Directors)	183	200
Pension contributions	<u>47</u>	<u>47</u>
	<u>448</u>	<u>462</u>

The emoluments of the Principal and Chief Executive (also the highest paid director)

	2023 £000	2022 £000
Salary	207	204
Taxable benefits	11	11
Pension	<u>47</u>	<u>47</u>
	<u>265</u>	<u>262</u>

The remuneration of the Principal in the year ended 31 March 2023 was £265k. This was 7.7 times (2022 – 7.2 times) the median of the total remuneration of the workforce and 6.5 times (2022 – 6.5 times) the median salary of the workforce.

A proportion of the Non-Executive Directors fees are recharged to a subsidiary undertaking, SAC Commercial Limited.

## 11. Analysis of total operating expenditure by activity

	2023 Group £000	2022 Group £000	2023 Company £000	2022 Company £000
Academic departments	22,529	19,971	18,277	15,726
Research grants and contracts	16,803	13,632	15,803	11,415
Administration and central services	13,576	12,391	11,105	11,520
Premises and estates	8,635	7,148	7,883	6,231
Residencies, catering and conferences	5,667	5,345	5,207	5,039
Other including income generating operations	25,015	22,774	3,343	4,689
Depreciation, amortisation and impairment	6,536	8,901	6,282	8,686
Release of negative goodwill	(1,308)	(1,332)	(1,308)	(1,332)
Interest	465	587	465	587
	<u>97,918</u>	<u>89,417</u>	<u>67,057</u>	<u>62,561</u>

### Other operating expenditure includes:

	Group and company	
	2023 £000	2022 £000
Operating lease rentals	1,178	1,139
Depreciation	5,085	5,317
Amortisation	288	313
Impairment	1,163	3,271
Release of negative goodwill	(1,308)	(1,332)
Fees charged by external auditor:		
SRUC and subsidiary companies		
Audit fee for the company	89	81
Audit-related assurance services	2	2
Other compliance work	-	-
Fees charged by internal auditor:		
Internal audit services	55	49
Tax compliance services	-	1
Tax advisory services	-	2
Other compliance work	-	-

## 12. Interest and other finance costs

	Group and company	
	2023 £000	2022 £000
Loan interest	42	25
Finance lease interest	-	-
Net interest charge – pension schemes	423	562
	<u>465</u>	<u>587</u>

## 13. Intangible Fixed Assets

	Group Software £000
Cost or fair value:	
1 April 2022	4,723
Additions	726
31 March 2023	<u>5,449</u>
Depreciation:	
1 April 2022	2,461
Charge for year	288
31 March 2023	<u>2,749</u>
Net Book Value:	
31 March 2023	<u>2,700</u>
1 April 2022	<u>2,262</u>

Included in intangible fixed assets is software under development of £418k (2022: £1,047k).

	Group Software £000
Cost or fair value:	
1 April 2022	4,723
Additions	726
Transfer	(595)
31 March 2023	<u>4,854</u>
Depreciation:	
1 April 2022	2,461
Charge for year	288
31 March 2023	<u>2,749</u>
Net Book Value:	
31 March 2023	<u>2,105</u>
1 April 2022	<u>2,262</u>

## 14. Negative Goodwill

	Group and company	
	2023 £000	2022 £000
At 1 April 2022	(29,008)	(30,340)
Release of negative goodwill to income statement	1,308	1,332
At 31 March 2023	<u>(27,700)</u>	<u>(29,008)</u>

## 15. Tangible Fixed Assets

	Group and company				
	Freehold land and buildings	Leased buildings	Equipment	Vehicles	Total
	£000	£000	£000	£000	£000
Cost or fair value:					
1 April 2022	104,246	5,037	29,362	1,688	140,333
Additions	7,050	-	2,329	749	10,128
Disposals	-	-	(885)	(44)	(929)
31 March 2023	<u>111,296</u>	<u>5,037</u>	<u>30,806</u>	<u>2,393</u>	<u>149,532</u>
Depreciation:					
1 April 2022	42,782	1,496	22,787	1,502	68,567
Charge for year	2,736	136	2,104	109	5,085
Disposals	-	-	(717)	(44)	(761)
Impairment	1,161	-	2	-	1,163
31 March 2023	<u>46,679</u>	<u>1,632</u>	<u>24,176</u>	<u>1,567</u>	<u>74,054</u>
Net Book Value:					
31 March 2023	<u>64,617</u>	<u>3,405</u>	<u>6,630</u>	<u>826</u>	<u>75,478</u>
1 April 2022	<u>61,464</u>	<u>3,541</u>	<u>6,575</u>	<u>186</u>	<u>71,766</u>

A detailed review of buildings was performed during the year which identified certain assets as at the end of their useful life. The assets were impaired and the charge to the income and expenditure account of £1.2m was matched by a release of deferred capital grant of £242k.

Included in freehold land and buildings is land of £14.3m (2022: 13.7m) which is not depreciated.

Included in freehold land and buildings are assets under construction amounting to £6,264k (2022: £2,986k) which are not depreciated.

### Post Balance Sheet date event

SRUC has been involved in a land tribunal hearing with the expectation of receiving compensation. In August 2023, a settlement has been agreed in respect of this. As this matter concluded post year end; as at the year end it was treated as a contingent asset and no amounts have been recognised in these financial statements.

## 16. Investments

	<b>Group 2023 £000</b>	<b>Group 2022 £000</b>	<b>Company 2023 £000</b>	<b>Company 2022 £000</b>
Listed investments				
At 1 April 2022	202	191	202	191
Movement on valuation	(12)	11	(12)	11
At 31 March 2023	<u>190</u>	<u>202</u>	<u>190</u>	<u>202</u>
Investments in associates				
At 1 April 2022	14	14	-	-
Additions	-	-	-	-
At 31 March 2023	<u>14</u>	<u>14</u>	<u>-</u>	<u>-</u>
Endowment investments				
At 1 April 2022	5,772	5,414	5,772	5,414
Donations	-	-	-	-
Income	130	135	130	135
Disbursements	(53)	(41)	(53)	(41)
Appreciation/(Depreciation) of asset investments	(298)	264	(298)	264
At 31 March 2023	<u>5,551</u>	<u>5,772</u>	<u>5,551</u>	<u>5,772</u>
Total investments	<u>5,755</u>	<u>5,988</u>	<u>5,741</u>	<u>5,974</u>

## 17. Stocks

	<b>Group and company</b>	
	<b>2023 £000</b>	<b>2022 £000</b>
Farm stocks	3,720	3,348
Goods for resale	7	6
	<u>3,727</u>	<u>3,354</u>

## 18. Debtors

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade receivables	5,758	5,890	1,525	2,209
Prepayments and other debtors	11,798	6,930	11,146	6,038
Amounts recoverable on contracts	6,485	3,156	4,607	1,752
Amounts due from fellow Group Companies	-	-	4,497	2,506
	<u>24,041</u>	<u>15,976</u>	<u>21,775</u>	<u>12,505</u>

## 19. Current asset investments

	Group and company	
	2023	2022
	£000	£000
Cash held on short term deposits	2,030	15,611
	<u>2,030</u>	<u>15,611</u>

## 20. Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade creditors	4,815	4,285	3,704	3,426
Other taxation and social security	2,210	1,972	2,180	1,972
Other creditors	971	2,445	960	2,440
Accruals	7,320	7,785	6,803	7,183
Payment received in advance	8,691	5,956	5,731	3,523
Loans (note 22)	1,651	1,227	1,651	1,227
Deferred capital grant (note 23)	3,078	6,517	3,078	6,517
	<u>28,736</u>	<u>30,187</u>	<u>24,107</u>	<u>26,288</u>

## 21. Creditors: amounts falling due after more than one year

	Group and company	
	2023	2022
	£000	£000
Deferred capital grants (note 23)	28,828	25,258
Loans (note 22)	22,970	16,145
	<u>51,798</u>	<u>41,403</u>



## 22. Loans

	Group and company	
	2023 £000	2022 £000
Due within one year (note 20)	1,651	1,227
Due between one and two years	1,651	1,227
Due between two and five years	4,951	3,680
Due in five years and more	16,368	11,238
Due after more than one year (note 21)	22,970	16,145
Total loans	24,621	17,372

The loans not wholly repayable within five years are loans from The Scottish Funding Council under the University Financial Transactions Funding arrangements. The following are unsecured and carry an interest rate of 0.25% per annum. £3,120k is repayable over equal annual instalments until 31 March 2029, £1,645k is repayable over equal annual instalments until 31 March 2040, £3,780k is repayable over equal annual instalments until 31 March 2041, and £7,600k is repayable over equal annual instalments until 31 March 2042. A further unsecured loan of £8,476 with an interest rate of 1.00% is repayable over equal instalments until 31 March 2043.

## 23. Deferred Capital Grants

	Group and company			
	£000 1 April 2022	£000 Receivable	£000 Released to SOCI (Notes 1 and 2)	£000 31 March 2023
Buildings	19,511	2,651	(1,744)	20,418
Equipment	12,264	1,410	(2,186)	11,488
	31,775	4,061	(3,930)	31,906

Disclosed as:	2023 £000
Creditors due within one year	3,078
Creditors due in more than one year	28,828
	31,096

Deferred capital grants receivable in the year are as follows:

	<b>Total</b>
	<b>£000</b>
Scottish Government	2,901
Scottish Funding Council	927
Other	233
	<u>4,061</u>

## 24. Provision for Liabilities

	<b>Group and company</b>	
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Unfunded pension liability		
At 1 April 2022	781	921
Paid in the year	(65)	(64)
Transfer to the income statement	(60)	(76)
At 31 March 2023	<u>656</u>	<u>781</u>

SRUC has an obligation in respect of former employees who have retired early or for whom an enhanced pension has been provided. A valuation of the unfunded liability was carried out at 31 March 2023 by Hymans Robertson LLP, an independent actuarial firm.

## 25. Financial Instruments

The Group and Company's income, expense, gains and losses in respect of financial instruments are as follows

	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fair value (losses)/gains on financial assets measured at fair value through income and expenditure					
	16	(310)	275	(310)	275
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

A total of £5.7m of investments (2022: £6.0m) were measured at fair value through the Statement of Comprehensive income.

## 26. Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Group and company			
	Restricted Permanent	Restricted Expendable	Unrestricted	Total
	£000	£000	£000	£000
At 1 April 2022				
Capital	5,014	274	484	5,772
New endowments	-	-	-	-
Investment income	113	6	11	130
Expenditure	(46)	(2)	(5)	(53)
Increase in market value	(260)	(14)	(24)	(298)
Total comprehensive income for the year	(193)	(10)	(18)	(221)
At 31 March 2023	<u>4,821</u>	<u>264</u>	<u>466</u>	<u>5,551</u>
Analysis by asset:			<b>2023</b>	<b>2022</b>
			<b>£000</b>	<b>£000</b>
Investments			5,149	5,437
Cash and cash equivalents			402	335
			<u>5,551</u>	<u>5,772</u>

## 27. Cash generated from operations

	2023	2022
	£000	£000
Operating deficit	(6,342)	(903)
<b>Adjusted for:</b>		
(Gain)/Loss on disposal of fixed assets	(196)	390
Unrealised movements on investments	310	(275)
Pension costs less contributions payable	(1,255)	(438)
Depreciation and amortisation	5,373	5,630
Impairment	1,163	3,271
Goodwill release	(1,308)	(1,332)
Deferred capital grant release	(3,930)	(7,051)
Interest received	(376)	(41)
Endowment income	(78)	(94)
Interest paid	465	587
<b>Movements in working capital:</b>		
(Increase) in stock	(373)	(288)
(Increase)/decrease in debtors	(4,720)	1,306
Increase/(decrease) in creditors	1,380	(1,312)
<b>Net cash absorbed by operating activities</b>	<u>(9,887)</u>	<u>(550)</u>

## 28. Obligations Under Leases and Hire Purchase Contracts

As at 31 March 2023, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	Land and Buildings		Equipment	
	2023	2022	2023	2022
	£000	£000	£000	£000
Within one year	631	644	41	143
In two to five years	1,934	1,825	14	49
In over five years	463	449	-	-
	<u>3,028</u>	<u>2,918</u>	<u>55</u>	<u>192</u>

## 29. Pensions

As an employer, SRUC has a number of differing pension arrangements for staff and the various schemes are listed below:

- a) The Research Councils' Pension Scheme
- b) The SRUC Group Pension Plan
- c) The Citrus Pension Plan
- d) The local Government Pension Funds: Dumfries and Galloway Council Pension Fund, Fife Council Pension Fund and Lothian Council Pension Fund
- e) Scottish Teachers Superannuation Scheme (STSS)

A summary of FRS102 pension liabilities is included at the end of section d) of this note. The total recognised in the Statement of Comprehensive Income in relation to defined contribution pension schemes was £4,017k (2022: £3,398k).

### 29. a) The Research Councils' Pension Scheme ("RCPS")

The RCPS is a defined benefit scheme which is an analogous scheme to the Principal Civil Service Pension Scheme (PCSPS) in which payments from the schemes are funded by current employee's and employers' pension scheme contributions with the difference between these contributions and the scheme expenditure financed by Grant-in-Aid provided from the Department for Business, Innovation and Skills. The RCPS is a multi-employer scheme and it is not possible to identify each participating institution's share of the underlying liabilities of the scheme hence contributions to the scheme are accounted for as if it were a defined contribution scheme. Employees provide 1.5% of their salary as widows or widowers benefit. Funding for the scheme comes primarily from Scottish Government with a monthly contribution from SRUC. From 1 October 1998 this scheme was closed to new employees of SRUC. The agreed contribution rates are 26% for employers and 4.6% to 8.05% for employees.

### 29. b) The SRUC Group Pension Plan

The Group Pension Plan is a defined contribution scheme. The assets are held separately from those of the Company in an independently administered fund through Standard Life Aberdeen. The contributions are set at 5% for employees and 10% for SRUC. The scheme was closed to new employees of SRUC from 1 January 2001 to 31 December 2004 and reopened to new employees from 1 January 2005.

### 29. c) The Citrus Pension Plan

The Citrus scheme is a defined benefit scheme and was offered to new entrants from 1 June 2001 until the scheme's closure to new entrants on 31 December 2004. The scheme is closed to new members. The assets of the scheme are held in a separately administered fund. The last formal triennial valuation was performed as at 31 March 2020 by a professionally qualified actuary. The contributions are set at 9% and 9.5% for employees. Employers' rates increased from 21.5% and 22% to 27% and 27.5% starting February 2022. An additional payment of £1,437k was made into the plan in the year and is recorded as employers' contributions.

The valuation used for FRS 102 disclosures has been based on the triennial actuarial valuation on 31 March 2020 and updated by Hymans Robertson in order to assess the assets and liabilities of the scheme at 31 March 2023. SRUC has been advised by the trustees as to the financial effects of this which need to be duly considered. Scheme assets are stated at their market values at the respective balance sheet dates. The annual charge reflects the estimated impact of the Guaranteed Minimum Pension ruling (GMP).

### Assumptions

The financial assumptions used to calculate the scheme liabilities under FRS 102 are:

<b>Weighted average assumptions used to determine benefit obligations</b>	<b>2023</b>	<b>2022</b>
Price inflation (RPI)	3.20%	3.55%
Price inflation (CPI)	2.85%	3.25%
Rate of pension increase (RPI capped at 5%)	3.10%	3.40%
Rate of pension increase (RPI capped at 2.5%)	2.20%	2.30%
Rate of pension increase (CPI capped at 2.5%)	2.05%	2.20%
Rate of salary increase	3.20%	3.55%
Discount rate	4.75%	2.75%

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments.

	<b>2023</b>	<b>2022</b>
Member Age 65 future life expectancy - male	22.1	22.0
Member Age 65 future life expectancy - female	23.3	23.2
Member Age 45 future life expectancy at age 65-male	23.6	23.5
Member Age 45 future life expectancy at age 65 - female	26.8	26.6

The assets and liabilities of the scheme at 31 March 2023 are:

<b>Assets</b>	<b>Fair value at 2023</b>	<b>Fair value at 2022</b>
Scheme assets at fair value	<b>£000</b>	<b>£000</b>
Equities	2,429	4,383
Liability-driven investments	10,550	7,430
Cash	1,557	2,654
Absolute bond return	3,168	3,927
Asset backed securities	3,551	10,753
Private lending/debt	3,051	2,524
Synthetic credit	2,692	3,344
Infrastructure	4,843	4,389
Insurance linked securities	2,723	3,531
<b>Total</b>	<u>34,564</u>	<u>42,935</u>
<b>Present value of scheme liabilities</b>	<u>(40,552)</u>	<u>(57,944)</u>
<b>Deficit in the scheme- net pension liability</b>	<u>(5,988)</u>	<u>(15,009)</u>

The Citrus deficit is sensitive to the actuarial assumptions used. The assumptions are set following advice received from a qualified actuary. The following table highlights the sensitivities regarding the principal assumptions used to measure the scheme liabilities.

	<b>£000</b>	
Base case		40,553
-0.5% decrease in real discount rate		44,527
1 year increase in member life expectancy		42,175
+0.5% change in salary increases		41,042
+0.5% change in inflation		42,927
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of the amount charged to operating surplus</b>		
Current service cost	1,604	1,844
Past service cost	-	-
Administration costs	88	95
	<u>1,692</u>	<u>1,939</u>

## Analysis of the amount charge to other finance income

Interest income on Plan assets	1,215	824
Interest charge on Plan liabilities	(1,587)	(1,252)
Net charge to other finance income	<u>(372)</u>	<u>(428)</u>

## Analysis of amount recognised in Other Comprehensive Income (OCI)

Actual return on assets excluding amounts included in net interest	(11,888)	744
Actuarial (losses)/gains on plan obligations	<u>20,000</u>	<u>6,038</u>
<b>Re-measurement (loss)/gain recognised in OCI</b>	<u>8,112</u>	<u>6,782</u>

## Analysis of movement in the deficit

Deficit at 1 April 2022	(15,009)	(21,890)
Contributions paid by the College	2,973	2,466
Current service cost	(1,604)	(1,844)
Administration cost	(88)	(95)
Past service cost	-	-
Other finance charge	(372)	(428)
(Loss)/gain recognised in comprehensive income	<u>8,112</u>	<u>6,782</u>
Deficit at 31 March 2023	<u>(5,988)</u>	<u>(15,009)</u>

<b>2023</b>	<b>2022</b>
<b>£000</b>	<b>£000</b>

## Change in benefit obligation

Opening defined benefit obligation	57,944	61,244
Current service cost	1,604	1,844
Past service cost	-	-
Administration cost	88	95
Interest cost	1,587	1,252
Scheme participants' contributions	17	16
Actuarial losses/(gains)	(20,000)	(6,038)
Benefits paid	<u>(688)</u>	<u>(469)</u>
<b>Benefit obligation as at 31 March</b>	<b>40,552</b>	<b>57,944</b>



	2023	2022
	£000	£000
<b>Change in scheme assets</b>		
Opening fair value of scheme assets	42,935	39,354
Interest income	1,215	824
Member contributions	17	16
Employer contributions	2,973	2,466
Actual return on assets	(11,888)	744
Benefits paid	(688)	(469)
<b>Fair value of scheme assets as at 31 March</b>	<u>34,564</u>	<u>42,935</u>
<b>Net amount recognised</b>	<u>(5,988)</u>	<u>(15,009)</u>

## 29. d) The Local Government Pension Schemes

The valuation used for FRS 102 disclosures has been based on the most recent triennial actuarial valuation which took place on 31 March 2020 and updated by Hymans Robertson in order to assess the assets and liabilities of the scheme at 31 March 2023. SRUC has been advised by the trustees as to the financial effects of this which need to be duly considered. Scheme assets are stated at their market values at the respective balance sheet dates. The annual charge reflects the estimate impact of the Guaranteed Minimum Pension ruling (GMP) and the McCloud judgement.

The following disclosures are required under FRS 102 for the local government pension schemes. Retirement benefits are recognised when they are earned and not when they are due to be paid. Employee contributions are applied in tiers depending on the rate of pensionable pay and start from 5.5% to a maximum of 12%.

### Fife Council Pension Fund ("FCPF")

The FCPF is a funded defined benefit pension scheme where contributions are held in a trust separately from SRUC and was closed to new members on 1 October 2012. A formal valuation of the scheme was carried out as at 31 March 2020. The employers' contribution rate is 20.2%

### Dumfries and Galloway Council Pension Fund (DGCPF)

The DGCPF is a funded defined benefit pension scheme where contributions are held in a trust separately from SRUC and was closed to new entrants on 1 October 2012. A valuation was carried out as at 31 March 2020. The employers' contribution rate is 36%.

### Lothian Pension Fund (LPF)

The LPF is a funded defined benefit pension scheme where contributions are held in a trust separately from SRUC and was closed to new members on 1 October 2012. A formal valuation of the scheme was carried out as at 31 March 2020. The employers' contribution rate is 42.5%. An additional payment of £200k was made into the plan in the year and is recorded as employers' contributions.

## Assumptions

The financial assumptions used to calculate the scheme liabilities for all three schemes under FRS 102 are:

<b>Weighted average assumptions used to determine benefit obligations</b>	<b>2023</b>	<b>2022</b>
Price inflation (RPI)	3.20%	3.55%
Price inflation (CPI)	2.85%	3.25%
Rate of pension increase (CPI)	2.95%	3.20%
Discount rate	4.75%	2.70%
Rate of salary increase	3.45%	3.70%

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments.

	<b>2023</b>	<b>2022</b>
Male Member Age 65 (life expectancy at age 65)	19.9 – 20.4 years	20.1 – 20.8 years
Male Member Age 45 (life expectancy at age 65)	22.9 – 23.1 years	21.2 – 21.8 years
Female Member Age 65 (life expectancy at age 65)	21.1 – 21.4 years	22.9 – 23.3 years
Female Member Age 45 (life expectancy at age 65)	24.7 – 24.9 years	24.9 – 25.2 years

The assets and liabilities of the three schemes at 31 March 2023 are:

	<b>2023</b>	<b>2022</b>
<b>Assets</b>	<b>£000</b>	<b>£000</b>
Scheme assets at fair value		
Equities	20,338	22,748
Corporate Bonds	11,418	10,996
Property	2,854	3,033
Cash	1,070	1,137
Total	<u>35,680</u>	<u>37,914</u>
<b>Present value of scheme liabilities</b>	<u>(27,041)</u>	<u>(39,072)</u>
<b>Asset/ (Deficit) in the scheme</b>	8,639	(1,158)
<b>Asset not recognised due to asset ceiling</b>	<u>(6,135)</u>	<u>-</u>
<b>Total asset/ (Deficit) recognised</b>	<u><u>2,504</u></u>	<u><u>(1,158)</u></u>

The LGPS deficits are sensitive to the actuarial assumptions used. The assumptions are set following advice received from a qualified actuary. The following table highlights the sensitivities regarding the principal assumptions used to measure the scheme liabilities.

	Approximate increase in scheme liabilities %	£000
0.1% decrease in real discount rate	1.82%	493
0.1% increase in the salary increase rate	0.14%	37
0.1% increase in the pension increase rate	1.72%	464
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of the amount charged to operating surplus</b>		
Current service cost	660	753
Past service cost	-	-
Total charged to operating surplus	<u>660</u>	<u>753</u>
<b>Analysis of the amount charge to other finance income</b>		
Interest income on Plan assets	1,020	704
Interest charge on Plan liabilities	<u>(1,071)</u>	<u>(838)</u>
<b>Net charge to other finance income</b>	(51)	(134)
<b>Analysis of amount recognised in Other Comprehensive Income (OCI)</b>		
Actual return on assets excluding amounts included in net interest	(3,041)	2,015
Other experience	-	-
Actuarial (losses)/gains on plan obligations	12,915	2,844
Movement in unrecognised plan surplus	<u>(6,135)</u>	<u>-</u>
<b>Re-measurement (loss)/gain recognised in OCI</b>	<u>3,739</u>	<u>4,859</u>
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of movement in the asset/ (deficit)</b>		
Deficit at 1 April 2022	(1,158)	(5,794)
Contributions paid by the College	634	664
Current service cost	(660)	(753)
Past service cost	-	-
Other finance charge	(51)	(134)
(Loss)/gain recognised in comprehensive income	<u>9,874</u>	<u>4,859</u>
<b>Asset/ (deficit) at 31 March 2023</b>	8,639	(1,158)

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Change in benefit obligation</b>		
Opening defined benefit obligation	39,072	41,058
Current service cost	660	753
Past service cost	-	-
Interest cost	1,071	838
Scheme participants' contributions	90	93
Actuarial losses/(gains)	(12,915)	(2,844)
Benefits paid	(937)	(826)
Benefit obligation as at 31 March	<u>27,041</u>	<u>39,072</u>

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Change in scheme assets</b>		
Opening fair value of scheme assets	37,914	35,264
Interest income	1,020	704
Member contributions	90	93
Employer contributions	634	664
Actual return on assets	(3,041)	2,015
Other experiences	-	-
Benefits paid	(937)	(826)
<b>Fair value of scheme assets as at 31 March before net asset restriction</b>	<u>35,680</u>	<u>37,914</u>
Restriction on net assets	(6,135)	-
Fair value of scheme assets as at 31 March	<u><u>29,545</u></u>	<u><u>-</u></u>

## Summary of FRS 102 net Pension liabilities

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Citrus Pension Plan	(5,988)	(15,009)
Local Government Pension Funds	2,504	(1,158)
Total net pension asset/ (liability)	<u><u>(3,484)</u></u>	<u><u>(16,167)</u></u>

## 29. e) Scottish Teachers Superannuation Scheme (STSS)

The STSS is an unfunded multi-employer defined benefit scheme and it is not possible to identify each institution's share of the liabilities therefore, contributions to the scheme are accounted for as if it were a defined contribution scheme. Benefits are funded through pension contributions deducted from members' salaries and a contribution from their employees. Contribution rates and benefits are set by Scottish Ministers on advice from SPPA and the scheme's actuaries. The cost recognised within the results for the year is the contribution payable to the scheme for that year. The agreed contribution rates for future years are 23% for employer and range from 7.2% - 11.9% for employees.

## 30. Investments in subsidiaries

The group and company hold 100% of the nominal value of ordinary share capital (or exercises control over) the following entities:

<b>Name of company</b>	<b>Nature of business</b>
SAC Commercial Limited trading	Commercial consultancy, research and
Equestrian Facilities Scotland Limited	Dormant throughout the year
The SAC Foundation	Charitable Trust

During the year the group, through SAC Commercial, obtained 100% of the nominal value of ordinary share capital (or exercises control over) the following entities:

Agrecalc Limited	Business and domestic software development
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The investment in Agrecalc Limited is held in SAC Commercial Limited.

The results of these entities are consolidated in the Group accounts.

SAC Corporate Trustee Limited is the trustee of The SAC Foundation which is a charitable trust of which SRUC is the sole beneficiary.

## 31. Investments in associates

The group holds a 45.6% holding in ID Mapps Ltd which is a collaborative project to fulfil a specific research grant. ID Mapps Ltd is not consolidated in using the equity accounting method of accounting on the basis of immateriality. As at the reporting date, 31 October 2022, ID Mapps Ltd had gross assets of £96,193 (2021: £127,412) and net liabilities of £71,526 (2021: £57,916).

The loss recorded for the year ended 31 October 2022 was £13,610. If the equity method were applied the impact of the results would be a loss of £6,206 and capital and reserves of £(32,616).

SRUC holds a 20% holding in MI:RNA LTD which specialises in the development of testing technology for veterinary disease. Nil consideration was paid for the shares so no investment is recorded. MI:RNA LTD is not consolidated using the equity accounting method of accounting on the basis of immateriality. At the reporting date 31 December 2022, MI:RNA LTD had gross assets of £179,487 and net assets of £136,847.

The loss recorded for the year to 31 December 2022 was £231,297. If the equity method were applied the impact of the results would be a loss of £46,259 and capital and reserves of £27,369.

## 32. Bursary and Other Student Support Funds

	<b>Bursary</b>	<b>Hardship</b>	<b>EMA's</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Total</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
1 April 2022	334	179	-	513	823
Received during the year	2,389	429	43	2,861	3,053
Refunded to SFC	(610)	(85)	-	(695)	-
Virement of funds	-	-	-	-	-
Expenditure	(2,098)	(296)	44	(2,438)	(3,363)
31 March 2023	<u>15</u>	<u>227</u>	<u>(1)</u>	<u>241</u>	<u>513</u>

Bursary and other student support funds are available solely for students; SRUC acts only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

## 33. Childcare Funds

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
1 April 2022	23	14
Received in year	89	91
Virement of funds	-	-
Refunded to SFC	(18)	-
Expenditure	(15)	(82)
31 March 2023	<u>79</u>	<u>23</u>

### **34. Related party transactions**

During the year the group and the company entered into related party transactions with wholly controlled undertakings in the ordinary course of business whose results are included in these group accounts, therefore the exemption under FRS102 on non-disclosure of those transactions has been applied.

During the year SAC Commercial Ltd, wholly owned subsidiary of SRUC, provided services of £49k (2022: £100k) to ID Mapps Ltd, the associate company under a subcontract agreement. At the year end, ID Mapps Ltd owed £70k (2022: £70k) to SAC Commercial.

No other material related party transactions have taken place.

### **35. Capital Commitments**

Amounts contracted for but not provided in the financial statements amounted to £6,029k (2022: £6,021k).

<b>Chair</b>	Ms Linda Hanna
<b>Chief Executive and Principal</b>	Professor Wayne Powell
<b>Company Secretary</b>	Devon Taylor
<b>Registered Office</b>	West Mains Road Edinburgh EH9 3JG
<b>External Auditor</b>	RSM UK Audit LLP Third Floor 2 Semple Street Edinburgh EH3 8BL
<b>Internal Auditor</b>	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
<b>Bankers</b>	Virgin Money 83 George Street Edinburgh EH2 3ES
<b>Solicitors</b>	Morton Fraser Quartermile Two 2 Lister Square Edinburgh EH3 9GL
<b>Actuaries</b>	Mercer 15 Lauriston Place Edinburgh EH3 9EN