

REPORT AND FINANCIAL STATEMENTS



31 MARCH 2021



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Principal's Report



We live in a time of change and huge opportunity. In November of this year, Glasgow will host the 26th UN Conference of the Parties (COP 26) where national governments and industry will lay out their commitments to climate change, net zero and a just transition.

Alongside this in February 2021, Professor Sir Partha Dasgupta published a landmark review of the economics of biodiversity. Commissioned by the UK Treasury, the review concludes that a reform of the measurement of economic success is needed. The use of GDP “is based on a faulty application of economics” because it measures the flow of money, not the stock of national assets. Dasgupta states that a different form of national accounting is needed that replaces GDP and one that reflects both the depletion and enrichment of our planet’s natural resources. As the former governor of the Bank of England, Mark Carney puts it in his 2020 Reith Lectures, it is an inflection point and a chance to “better align our values with what we value”.

These key strategic drivers have informed our institutional positioning and are reflected and embraced in our vision and mission to create Scotland’s Enterprise University at the heart of our Sustainable Natural Economy. We have contributed to and provided thought leadership in Scotland’s role in creating a sustainable future for people, communities and business that builds on Scotland’s natural assets. SRUC commissioned research through Biggar Economics¹ that quantified the contribution of natural capital to Scotland’s green economy.

The natural economy is an area of significant competitive advantage for rural Scotland, contributing to more than a fifth of Scotland’s Gross Value Added (GVA) and supporting 11 per cent of employment across Scotland. Such industries include food and drink, forestry, renewable energy, agri/aquaculture and tourism.

All of these industries are uniquely dependent on the geography and topography of Scotland and aligned to international investment and global research challenges. Our strategic focus on the natural economy has also come to the fore through our involvement and input to the Advisory Group on Economic Recovery (AGER) report and also the recent Scottish Funding Council (SFC) ‘Review of Coherent Provision and Sustainability’², with SRUC providing thought leadership on wider sectoral strategic issues. These include:

- **Local Focus – a distinctive place-based mission to drive a green economic recovery in less accessible and rural parts of Scotland.**
- **Differentiated tertiary education offering – an emphasis on practical and emotional skills developments with a strong focus on flexible learning whether on campus or online.**
- **Anchor institute – supporting Scotland’s more fragile communities through improved access to innovation, education, training and upskilling and reskilling.**
- **Global Research Powerhouse – built around the natural economy that attracts inward investment and fosters greater collaboration with institutions that share similar values. distinctive place-based mission to drive a green economic.**

The Covid-19 pandemic has accelerated the pace of change across the Higher Education sector and SRUC has responded superbly to these challenges. The character, resilience, flexibility and commitment of my colleagues over the past 15 months has been outstanding and has been the cornerstone of the successes recorded in this annual report.

This shared endeavour, built on a culture of teamwork, has not only sustained our operation but in some cases supported significant growth.

For example, our student application rates increased institutionally by an average of 10.5 per cent overall, and up to 23 per cent in some areas. This is testament not only to exciting new courses, but refreshed and targeted digital marketing campaigns, and closer attention to the 'customer journey' within our admissions processes.

Our academic excellence was also recognised, with SRUC listed as a new entrant in the Times Higher Education UK rankings, being named among the top 50 institutions nationally.

Six new professorial appointments alongside eight Challenge Fellows have been made to support and advance new areas of research built around new Challenge Centres. The Centres – focussing on Global Climate Emergency, Thriving Natural Capital, Delivering Data and Digital Innovation, Future Food Systems and Safe and Improved Food – are designed to support interdisciplinary, systems-based approaches to tackling complex local and global challenges. We anticipate that mission-led research will be an important feature of future research and innovation strategies adopted by UK Research and Innovation (UKRI) and SFC.

Given the restrictions enforced by the pandemic, it has been a challenging year for research activity. However, we have seen a continuous increase in both the number and value of applications being submitted by colleagues and it is pleasing to see renewed success occurring in the area of EU funding. Three significant projects involving SRUC have received funding over the period: DECIDE, exploring the role of data in the control and prioritisation of animal diseases; HoloRuminant, investigating how the role of microbial populations in and on the animal affects the health and productivity of ruminants; and SMART, studying the use of digital technology in the production of small ruminants.

During the year we have worked diligently to draft the critical self-assessment that was submitted to the Privy Council in early August as part of our application for taught degree awarding powers (TDAP). TDAP is a critical component of our advancement as a fully independent tertiary institution.

As such, it has received considerable focus and attention from our Board, Executive Leadership Team and academic community. We have revitalised our Academic Board to achieve a 50:50 balance of elected and appointed staff while also engaging a wider group of our student body. The Academic Board is at the heart of our academic thinking, ethos and decision making. This academic body sits at the epicentre of our TDAP preparation and is the primary forum for debating our current and future portfolio and academic models to be deployed across the organisation. We have elevated our engagement with our student body during lockdown, including regular and frequent communication with our students' association, SRUCSA. Our communication has embedded and reflected the views of our students that have been successfully channelled through SRUCSA.

Despite the pandemic, our students have continued to excel. Of particular note is their success in this year's Awards for Land-based and Aquaculture Skills (ALBAS). Niall Provan, a Modern Apprentice in Rural Skills at Oatridge campus was named Learner of the Year, while Ian Armstrong, who is studying for a Rural Business Management degree at Craibstone, and Lucy Philip, who is doing an HND in Equine Studies at Oatridge, picked up two of the three CARAS awards to recognise distinguished achievement in agriculture and related land-based industries. Further wins came for Kimberly Gallacher in the Equine category, and Robbie Gray, in the Land-based Engineering category. Further success came, in the Student Engagement Award for Muckers Nation – an online community created to provide a sense of community for SRUC equine students during lockdown.

Despite the challenges of Covid-19, we ended the year in a strong position financially. The balance sheet remains strong with £27 million of cash and short-term investments at year-end and an underlying net surplus of £0.1m is ahead of the prior year which, given the impact of the pandemic, is an exceptional result. A combination of strong cost management and innovative approaches across SRUC have mitigated the worst of the impact. An example of this innovation is provided by our Vet Services team (in collaboration with Moredun), which led a successful collaboration with NHS Lothian and NHS Scotland to set up extra capacity for SARS-COV-2 RT-PCR testing to support the national emergency to tackle Covid-19. This was the first national veterinary facility to undertake testing and a total of 34,764 samples were tested from hospitals, care homes and other health boards across Scotland. This is an outstanding example of collaboration between SRUC, Moredun and the NHS and its contribution to helping tackle the pandemic in Scotland and the team's efforts were recognised when they were named as finalists in the Scottish Knowledge Exchange Awards 2021.

Over the past year we have been able to attract and appoint high-calibre new Board members who share our values and passion for our identity and mission.

We were delighted to confirm existing Board member Bruce Wood as new Vice-Chair, while our new appointments include: Professor Sir Pete Downes, the former principal of the University of Dundee and one of the UK's top biochemists; Andy Peddie, a farmer and highly experienced board member at NFU Scotland, Quality Meat Scotland and former Chair of SAOS, as well as President of the Scottish Association of Young Farmers Clubs; David Bell, a farmer who studied for an HND in Agriculture at our King's Buildings campus in Edinburgh in 2001 and who, among his other roles, is chair of his local NFU Scotland branch and a member of AHDB's Research and Knowledge Exchange and Recommended List committees; marketing professional Jane Craigie and Chris Sayers, former Chair of the Board of Governors at Northumbria University.

As we welcome new members of the Board, we have also said goodbye to Fred Dinning, Professor Seamus McDaid, Dr Kate Richards and Caroline Millar, as well as Hayley Colbert and Katie Dubarry, whose places as student members of the Board were ably filled by Kevin Hamilton and Cara Sangster. We thank all departing Board members for their tremendous efforts and energy in support of SRUC.

We were also delighted this year to welcome Dennis Overton as the new Chair of the SAC Commercial Board. Dennis, who is also Chair of Scotland Food and Drink, has brought with him a wealth of experience in business, industry and enterprise.

It has been an extraordinary and challenging year, during which SRUC has demonstrated huge levels of adaptability, commitment, resilience, kindness and a sense of community. In many ways this experience has reinforced our identity, shared purpose and values. Perhaps most importantly, it has generated huge confidence and optimism about the future and SRUC's ability to make and absorb sustainable changes at pace. This appetite for change and ensuing momentum is built around our tripartite mission of education, research and knowledge exchange/commercial services and provides a resilient model to build both a sustainable long-term financial model and realise our ambitious vision and strategy.

Of course, none of these achievements or ambition would or will be possible without the full and untethered support and energy of my Executive Leadership Team, SRUC's outstanding community of staff, students, alumni, stakeholders and board members. It is the quality of these relationships that in turn supports our shared sense of identity and purpose that will enable SRUC to fulfil its full potential and ambition. Finally, I would like to thank publicly our Chairman, Mr Sandy Cumming CBE, for his guidance, leadership and wise counsel over the past twelve months.



Professor Wayne Powell
7 September 2021

¹ Scotland's natural economy valued at over £29 billion per annum | SRUC

² Coherence and Sustainability: A review of Scotland's Colleges and Universities Phase One Report: Insights to Develop Further (sfc.ac.uk)

Strategic Report

The directors present the Strategic Report of SRUC for the year ended 31 March 2021. 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 2014 Research Excellence Framework (REF) – a peer assessment of the quality of UK universities' research across all disciplines – it demonstrated the greatest research power (volume x quality) of any specialist institution offering land-based subjects in the UK.

SRUC's research impact scored particularly highly with 76 per cent of the impact case studies judged as being 'outstanding'.

SRUC 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 2021 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, seven Veterinary Disease Surveillance Centres and the Central Diagnostic Laboratory. In addition, SRUC operated six farms.

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 of the divisions transacted through SAC Commercial Limited. The profits of SAC Commercial are surrendered by way of gift aid through The SAC Foundation.

A full statement of the Board's responsibilities is detailed on page 32, membership of the Board is detailed on page 16 and the Board's corporate governance arrangements are detailed on pages 28–31. 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 2021, is taken to include SRUC and its directly controlled subsidiaries SAC Commercial Limited and the SAC Foundation.

SRUC Strategic Aims 2020–2025

SRUC's new model as outlined in the strategic plan, will deliver to the needs of the rural economy.

We will achieve this through our strategic aims as a new, successful 21st Century university.

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.

	2021 £m	2020 £m
Total comprehensive (loss)/income	(3.6)	3.8
Actuarial loss/(gain)	3.7	(7.6)
Movement in fair value of investments	(1.0)	1.0
Severance costs	-	2.2
(Gain)/loss on fixed asset disposals	-	(0.5)
Excess holiday accrual	0.9	-
Impairment	2.3	0.4
Release of deferred grants relating to impairment	(1.6)	-
Other non-recurring items	0.2	-
Operational surplus/(deficit)	0.9	(0.7)

The Statement of Comprehensive Income reports a total deficit on comprehensive income of £3.6m for the year (2020: surplus of £3.8m). The underlying operating position was a surplus of £0.9m (2020: deficit of £0.7m) as shown in the table above.

The Statement of Comprehensive Income shows a decrease in turnover of £2m from 2020 (2020: decrease by £1.4m on 2019). When the figures are adjusted for the deferred grants released in respect of fixed assets, turnover has decreased by £3.3m (2020: increase by £0.4m).

In what was an extremely challenging year across the whole sector, delivering an underlying operating surplus is a highly positive result. It is ahead of the expectation and approx. £1.7m ahead of the previous year. The result demonstrates the strength and resilience of the SRUC model as different areas' over delivery mitigate risk in other divisions; and the overall successful implementation of the mitigation plans pursued throughout the pandemic.

The performance against the financial KPIs as set by the operational plan to achieve the strategic plan goals was as follows:

As a % of turnover	Target	Actual 2021	Actual 2020
Underlying operating surplus	0%	1.3%	(1.4%)
Operating cash flow	4.5%	9.7%	(8.25%)
Staff costs	58.7%	61.5%	57.8%

Note: The turnover figure used to calculate the operating surplus and staff cost percentages excludes the release of deferred capital grants and endowment income.

For the year ended 31 March 2021, SAC Commercial Ltd made a profit of £1,153k and after payment of £1,200k of gift aid, had a retained deficit of £47k (2020: retained surplus of £31k).

	2021	2020
	£m	£m
Net assets	7.2m	10.8

The main reason for the decrease in net assets is as a result of the actuarial loss of £3.7m.

Fixed Assets

The net book value of fixed assets at 31 March 2021 was £77.3m (2020: £82.9m). Additions in the year amounted to £2.6m (2020: £2.6m) and relate to building additions and equipment. Included in additions in the year is the Veterinary nursing skill facility at our Craibstone campus but the majority of additions represent investment in classroom digital equipment and other digital technology.

The Covid-19 pandemic impacted the way SRUC provides its services. Given the SRUC business model and the measured response to the pandemic it was concluded that no group of asset's carrying amount is lower than its value in use and no impairment was recognised in the financial statements as the result of Covid-19.

The impairment that is recognised in the year of £2.3m is the result of review of useful life of our properties.

Investments and Endowments

The value of investments and endowments increased by £1.1m to £5.6m. The increase brought the value back to the level before the significant market drop at the previous financial year due to Covid-19.

Cash and Treasury Management

The bank and cash balance (including short term deposits) held by SRUC at 31 March 2021 was £26.5m, an increase of £6m, which reflects the cash generated from operating activities and movement in working capital.

Pension Liability

The total pension liability at 31 March 2021 was £27.7m. This was an increase of £3.7m from 2020 and relates to the four final salary pension schemes operated by SRUC. The liability was adjusted for 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 deficit of £5.8m and the other scheme, Citrus, is a multi-employer scheme which had a deficit of £21.9m at the year end. Deficit recovery plans are 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 manage its activities while facing significant pressures on its funding as well as its cost base.

Significant Risks

- **Covid-19**
- **Cyber-security risks**
- **Equal pay legal risks**
- **Loss of students and research customers as the result of social distancing measures**
- **Public sector spending reductions and policy changes influenced by:**
 - **External political and economic uncertainty**
 - **Student funding uncertainty**
 - **Common Agricultural Policy reform/Brexit**
- **Most research funding at significantly less than full economic cost.**
- **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.**
- **Funding sources for capital investment.**

These significant risks will be addressed through the restructuring and refocus from the implementation of the new strategy. 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 estates needs to match future aspirations.

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 communication with our staff, students and customers; their safety, health and wellbeing was paramount.

Throughout the pandemic crisis, SRUC took a collaborative and pro-active approach to both managing the operational impact of the immediate crisis, as well as taking an early focus on recovery planning and financial mitigation scenario-planning. SRUC continues with a weekly Covid-19 Strategic Group, which includes a wide range of senior operational managers from across SRUC as well as trade union, health & safety and student (SRUCSA) involvement. An early decision was made to develop a Covid-19 risk and mitigation log which provided a clear focus and accountability for immediate operational issues and risks. This log was further developed and incorporated into SRUC's corporate risk register systems and reviewed through our Audit and Risk Committee as well as by full Board(s). Planning and review measures also included a weekly institutional review through the Executive Leadership Team (ELT) on Covid-19 mitigation and recovery planning. In addition, in the early stages of the pandemic and at a point when significant 'ancient' universities were highlighting what was perceived as an "existential" financial threat, SRUC undertook detailed financial scenario planning to review and mitigate potential financial risks and threats.

A range of Covid-19 operational protocols and policies was developed and reviewed and a new intranet site developed to support effective communications on Covid-19 issues, e.g. this included an innovative 'cartoon' video on key safety messages. During the review of essential working practices within the pandemic, over 270 individual risk assessments were jointly reviewed by SRUC's safety team with trade union colleagues. When individual organisation's pandemic planning arrangements were reviewed and scrutinised by the Scottish Government, SRUC's practices were described as "sector-leading".

The outcome of the Brexit agreement may impact the free movement of persons which may have staff recruitment issues in respect of research staff and may also impact the recruitment of post graduate students. It may also impact our ability to collaborate in cross-European research projects which we have historically participated in. There is also a potential risk to the supply chain for certain of our consumables, particularly for the vets.

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 and Risk Committee and the Board. SRUC has developed Risk Registers for each of the operating areas.

Our internal auditors (KPMG) undertook a full review of SRUC's risk management systems during 2020. The effectiveness of the approach taken during the pandemic was recognised and welcomed.

In addition, some specific enhancement measures were identified and are now being implemented to ensure a connected and holistic approach to managing risk and ensuring alignment between individual operational risk frameworks and the overall institutional corporate 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.

Foreign Currency Risk

The Group's principal transactions in foreign currency are Single Farm Payments and European Union funded Research projects.

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.

Future Developments and Factors Influencing Performance

SRUC has a vital role to play in the green recovery and – as we have always done – to ensure that the next generation are equipped with the skills to address the ongoing challenges faced by rural industries.

Our position as an institution that delivers courses from further education to postgraduate level is consolidated by the Scottish Funding Council in its report on Coherence and Sustainability in the Higher Education sector.

Along with University of the Highlands and Islands, SRUC is named as one of the country's two most integrated tertiary institutions – confirmation that we already occupy the right space for the future of education in Scotland.

The fact we have a footprint across Scotland, both in terms of our campuses and our Consulting offices and Veterinary Services, also means we understand the importance of place, with SFC exploring a more balanced model for the distribution of funding.

The report argues that the country's social and economic recovery will be driven by a tertiary system which drives skills, innovation and knowledge exchange. Amongst other strategic decisions, we are demonstrating our leadership of a number of these areas with new senior appointments in the areas of digital, skills and lifelong learning and enterprise.

We will be making some considerable investments in the coming year.

We are currently seeking planning approval for our new £9 million Rural and Veterinary Innovation Centre on the Highlands and Islands Enterprise (HIE) Inverness Campus.

Due to open in the winter for 2022–2023, this will be central in supporting the development of small and medium-sized enterprises in the burgeoning biotechnology sector by drawing on our expertise in technology and big data.

Our new £850,000 Veterinary Clinical Skills Centre at our Craibstone campus in Aberdeen, meanwhile, will have strong links to our development in Inverness.

The ten-room centre will feature dedicated spaces for hands-on experience with cutting-edge equipment, a clinical skills laboratory and animal disease diagnostics laboratories.

This will coincide with the first Craibstone students working towards a degree in Veterinary Nursing, a programme which is also taught at Barony.

Similar investment in digital technology is planned for Barony to create opportunities for students across SRUC's campuses to learn together.

The centre will also form an important component of our plans to open Scotland's first new school of veterinary medicine in more than 150 years.

Based in Aberdeen but with a footprint across rural Scotland, it will be the first Scottish vet school based outside of Edinburgh or Glasgow.

The fact we have more animal and veterinary scientists than almost any other institution in Europe, as well as a national network of veterinary hubs and consulting offices, means we are able to provide a solid basis for a distributed model of learning. We are already the biggest provider of veterinary nursing, livestock husbandry and animal care training in Scotland, and will be able to offer a core veterinary programme to address existing shortages in veterinary provision, in areas such as rural veterinary practice, food production, food safety and animal and public health.

The Vet School will be very much dependent, of course, on our achieving Degree Awarding Powers (DAP) and I am extremely grateful to the team who have worked so tirelessly to ensure such a strong submission for Taught Degree Awarding Powers (TDAP).

The next stage of the process is our submission for Research Degree Awarding Powers (RDAP) and I am confident that, with our strong history of excellence in research, this is something that will be achieved and further our goal of becoming Scotland's enterprise university at the heart of the sustainable natural economy.

Also key to this ambition is working closely with industry, and this is exemplified with significant investment taking place in the Southwest of Scotland.

Our proposed state-of-the-art Dairy Nexus has moved a step closer with the signing of the Borderlands Inclusive Growth Deal.

As part of the deal, up to £8 million is set to be invested in Dairy Nexus, which will be based at our Barony campus.

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 right across the Borderlands.

Dairy Nexus dovetails with the Digital Dairy Chain, a hugely exciting project which has recently received £21 million from the UKRI's Strength in Places Fund.

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

These and other projects signal our intent for SRUC to be a key player in Scotland's economic recovery.

For SRUC to support the green recovery, we will need to demonstrate leadership to reduce our own impact on the climate.

Led by ideas from across our community, a new SRUC Climate Change Action Plan will shortly be published. This Climate Change Action Plan expands our thinking beyond just carbon emissions to a holistic view of climate change and the actions we need to take to move towards net-zero. It is ambitious and will cover all aspects of our operations from farms to classrooms.

This other major strategic piece is our investment in digital technology to create a step-change in how we work and what we can offer to students, clients, stakeholders and colleagues.

Published this summer, it sets out how SRUC will be a digital organisation at its core but with a personal touch.

Our digital experiences will present the best of ourselves to our customers and stakeholders, and will present a distinctive, seamless, caring and intelligent organisation in our learning, research and commercial offerings.

Finally, we are investing in the student experience. For the 2021-2022 academic year, we will be welcoming students at Barony and Craibstone to new catering, social and, study spaces to improve their experience. Across all of our campuses we are taking the lessons learnt from Covid-19 and installing lecture capture and live-streaming technology in all of our lecture spaces so we are ready to provide students with more choices in how and when they study through a blended approach to teaching.



Wayne Powell
Principal and Chief Executive

7 September 2021

Directors' Report

Registered No: SC103046

The directors present their report for the year ended 31 March 2021. 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 Appointment
Dr M Aitchison (union representative)	10 Dec 2019	Dec 2022	Non-Executive
Ms K Allison (staff elected)	13 Dec 2018	Oct 2021	Non-Executive
Mr D Bell	15 Dec 2020	Dec 2023	Non-Executive
Mrs A Bruton OBE	13 June 2019	June 2022	Non-Executive
Miss H Colbert (student elected)	3 Sept 2019	30 June 2020	Non-Executive
Mrs J Craigie	15 Dec 2020	Dec 2023	Non-Executive
Mr J Cumming CBE (Chairman from 1 August 2017)	1 Apr 2011	April 2022	Non-Executive
Mr R Dinning	11 Dec 2014	30 Sept 2020	Non-Executive
Prof Sir P Downes	30 March 2021	March 2024	Non-Executive
Ms K Dubarry (student elected)	1 Jul 2019	30 June 2020	Non-Executive
Ms J Fortune (union representative)	10 Dec 2019	Dec 2022	Non-Executive
Mr K Hamilton (student elected)	1 Jul 2020	30 June 2021	Non-Executive
Mr J Hume	6 Oct 2017	Sept 2023	Non-Executive
Mrs M Khnichich	13 June 2019	June 2022	Non-Executive
Professor S McDaid CBE (Vice Chairman from October 2015)	11 Oct 2013	30 Sept 2020	Non-Executive
Mrs C Millar	6 Oct 2017	30 Sept 2020	Non-Executive
Ms E Murray OBE	3 Sept 2019	Sept 2022	Non-Executive
Mr A Peddie	30 March 2021	March 2024	Non-Executive
Professor W Powell	1 Jul 2016	n/a	Chief Executive
Dr K Richards	11 Oct 2013	30 Sept 2020	Non-Executive
Mr W Ross OBE	6 Oct 2017	Sept 2023	Non-Executive
Miss C Sangster (student elected)	1 Jul 2020	30 June 2021	Non-Executive
Mr C Sayers	15 Dec 2020	Dec 2023	Non-Executive
Mr S Thomson (staff elected)	13 Dec 2018	Oct 2021	Non-Executive
Professor C Williams OBE	9 Oct 2015	Sept 2021	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 an annual basis and appointments do not necessarily run to the full term. The Chair is appointed for a period of three years and may be appointed for a further consecutive period of three years. In line with the Higher Education Governance (Scotland) Act 2016, the Chair will become an elected position upon the retirement of the current Chair in April 2022. 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.

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

Principal and Chief Executive	Professor Wayne Powell
Chief Academic Officer	Professor Jamie Newbold
Director of Commercialisation and Innovation	Colin MacEwan (resigned in June 2020)
Director of Finance	Hugh Anderson
Director of Marketing, Digital and Communications	Caroline Bysh
Chief of Staff	Gavin Macgregor

Directors' Attendance

Details of the Directors' attendance record at Board meetings and relevant Board Committee meetings in the period 1 April 2020 to 31 March 2021 are set out on the next page. 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+	5+	4	4	4
Non-Executives SRUC					
Dr M Aitchison (union representative)	1(1)				
Ms K Allison (staff elected)	5(5)		4(4)		
Mr D Bell	3(3)				
Mrs A Bruton OBE	6(6)			4(4)	
Miss H Colbert (student elected)	1(1)		1(1)		
Mrs J Craigie	3(3)				
Mr J Cumming CBE (Chairman from 1 August 2017)	6(6)	2(2)	4(4)		1(1)***
Mr R Dinning	2(2)			2(2)	
Prof Sir P Downes	1(1)				
Ms K Dubarry (student elected)	0(1)				
Ms J Fortune (union representative)	1(6)				
Mr K Hamilton (student elected)	3(5)		2(3)		
Mr J Hume	6(6)				4(4)
Mrs M Khnichich	6(6)				4(4)
Professor S McDaid CBE (Vice Chairman from October 2015)	2(2)		2(2)		2(2)
Mrs C Millar	2(2)	2(2)			2(2)
Ms E Murray OBE	4(6)		4(4)		
Mr A Peddie	1(1)				
Dr K Richards*	2(2)	6(6)			
Mr W Ross OBE	6(6)				4(4)
Miss C Sangster (student elected)	4(5)				
Mr C Sayers	3(3)				
Mr S Thomson (staff elected)	6(6)				
Professor C Williams	6(6)		4(4)		
Mr B Wood CVO (Vice Chair from October 2020)	6(6)	6(6)		4(4)	

	SRUC Board	SAC Commercial Board (SACC)	Remuneration & Appointments Committee	Audit & Risk Committee	Finance & Estates Committee
Number of meetings in period	5+	5+	4	4	4
Executive Directors					
Prof W Powell (SRUC and SACC)	6(6)	6(6)	4(4)**	3(4)**	4(4)**
Mr H Anderson (SACC)		6(6)		4(4)**	4(4)**
Mr C MacEwan (SACC)		6(6)			
Prof J Newbold (SACC)		1(1)*** 5(5)		2(2)***	1(1)***

* SAC Commercial Board Non-Executive

** In attendance

*** By invitation

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 2021.

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 monthly 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.

The Board is alert to the importance of communication and the Chair issues a concise summary to staff after each Board meeting of matters considered by the Board.

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.

Due to Covid-19 we ran a pulse survey in May, this survey had two purposes: The first was to help us learn about our institutional response to the pandemic to help respond better in the future. The second was to explore ideas around the "New Normal" and how we could create a more agile and blended working culture. The outcomes of the survey were very positive and we have used the data to review how we work in a more flexible and agile way.

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.

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, something particularly important during the Covid-19 pandemic.

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.

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/learning difficulty (e.g. a physical disability, sensory impairment, medical condition, learning difficulty or mental health condition).

SRUC seeks to enable employees with any such disability/learning difficulty to pursue successfully their work in equality with all other employees, through recognition of the additional support they may need to achieve this.

However, SRUC understand that many people are disabled by social, attitudinal and physical barriers and as such recognise a social model of disability that uses the following definition:

'There are societal barriers that prevent disabled people from achieving their full potential, hinder their personal development opportunities and limit access to a full role in society'.

In order to address this, SRUC will seek to overcome these barriers by providing any reasonable adjustments where appropriate to do so. SRUC acknowledge that disabled people are not all the same and that each person may have different needs. SRUC understand that disabled people and organisations which represent them are best placed to describe their individual needs and specific requirements.

Equalities Policy

SRUC is committed to a policy of equal opportunity for all employees and potential recruits irrespective of a person's gender, age, marital status, parental status, race, colour, nationality, ethnic origin, religious beliefs, sexual orientation, gender identity, gender reassignment, transsexualism or physical or mental disability, or any other discriminatory distinction. Information is maintained to enable appropriate data to be collated.

The aim of SRUC's policy is to ensure that the talents of all employees are used to the full and that each individual has the opportunity to fulfil their potential and achieve their career ambitions.

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.

Union Representation

During the year ended 31 March 2021 SRUC employed eight staff who were relevant union officials which equated to 7.1 full time employees. They all spent between 1 and 69% of their hours on facility time. The cost of this facility time was £33,292 which equalled 15% 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 2020/2021 we assessed the risk of Modern Slavery within SRUC'S activities conducted in Scotland and the rest of the UK, and concluded that despite the turbulence of Brexit and the Covid-19 pandemic, the risk is low. During the year we expanded our requirement for supplier 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, as a contractual obligation, 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.**

In addition, we continue to minimise risk by actively sourcing goods and services through collaborative contracts let by Advanced Procurement of Universities and Colleges (APUC), the Scottish Government, and other Public Sector centres of procurement excellence.

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.

Customers and Suppliers

SRUC is committed to fostering positive and successful business relationships with its customers and suppliers. Sales, Procurement and Engineering departments regularly communicate with these key stakeholders and this has been particularly evident during this financial year as SRUC prepared for Brexit. Sales and Governance departments provided regular updates to key customers, while the Procurement and Health & Safety departments helped to ensure that SRUC's key suppliers are prepared for the changes that Brexit would bring to their business.

The Board has visibility on developments to these relationships through presentations from Sales and Procurement Senior Management during monthly Directors' meetings, thus allowing the Board to consider customer and supplier needs when making decisions.

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 Policy

Health, safety and welfare are an integral part of every function within SRUC, and their successful management is as important as any other management activity. SRUC recognises that legal requirements define the minimum level of achievement. A cornerstone of SRUC's approach is to plan for continuous improvement in health and safety management systems.

It is SRUC's policy to provide and maintain a programme of continual improvement incorporating good Health and Safety practices into all aspects of its services. This was demonstrated by successful implementation of our Healthy Learning and Wellbeing Strategy over the past year.

The Health and Safety Leadership Policy document was issued in February 2017 reinforcing 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 have both been recently updated. Considering the current Coronavirus pandemic SRUC has issued a Covid-19 Policy Statement. This emphasises the actions SRUC have taken to ensure the health, safety and welfare of its staff, students, and visitors.

As part of the pandemic recovery planning the Scottish Government requested information from all Higher and Further education institutions to outline Covid-19 organisational contingency planning information. Feedback from follow up workshops indicated that SRUC's recovery planning processes were deemed to be an exemplar within the sector. This is a resounding acclamation of the hard work, professionalism, inter department collaboration and operational planning which all parts of the organisation contributed to.

We are in the process of transitioning to ISO 45001 Health & Safety Management standard which replaces BSI OHSAS 18001. This standard is an international standard that specifies the requirements for an occupational Health and Safety management system (OHSMS). ISO 45001 is an integral part of an SRUC's drive towards the highest standards of managing occupational Health and Safety performance.

Implementing an ISO 45001 OHSMS enables SRUC to:

- **Protect our workforce and others under our control**
- **Comply with legal requirements**
- **Facilitate continual improvement**

As part of the ISO 45001 transition we have carried out a gap analysis which has identified the requirement to introduce a Health & Safety manual as well as to set up a Health and Safety review group. Both of these initiatives have been implemented.

Quality Assurance

SAC Consulting and SRUC Research are certified to ISO 9001:2015 and as an organisation significant other parts of SRUC are also certified to OHSAS 18001:2007. The SRUC Environment & Design Team and Elmwood campus are certified to ISO 14001:2004 and the Veterinary Services Group (part of the Consulting Division) holds ISO 17025:2005 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 Scottish Quality Enhancement Framework. Quality is further monitored by 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.

As at 31 March 2021 there were 30 days (2020: 30 days) of creditors outstanding. Interest paid under the Late Payment of Commercial Debts (Interest) Act 1998 amounted to £Nil (2020 £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.

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

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 2020/21 have been prepared on a going concern basis. The uncertainty as to the future impact on the financial performance and cashflows on the Group, as a result of the Covid-19 pandemic, has been considered as part of the Group's adoption of the going concern basis in these financial statements and in developing a sustainable financial plan.

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 2020/21 as well as applications for 2021/22 academic year, even during the pandemic. 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, mitigating the risk of Covid-19 on teaching activity.

A financial plan for 2021/22 and 2022/23 is in place. 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. Management carefully monitors the impact of Covid-19 on its financial position regularly. At 31 March 2021, the group had a strong cash position £26.5m (2020: £20.4m) which has continued into 2021/22 despite the continued impact of the pandemic.

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

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 also tendered in 2015 and KPMG was reappointed for three years to 31 March 2019. The contract was extended to 31 March 2022. 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 7 September 2021 and signed on its behalf by:



James Cumming
Chairman

7 September 2021



Wayne Powell
Principal and Chief Executive

7 September 2021

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”) in the previous financial year, including formal adoption of new Articles of Association in March 2020, planning began for arrangements to elect a new Chair with effect from April 2022, when the current Chair retires. Board inductions for new members and ED&I training was carried out during the year with further training in ED&I and Finance matters currently in planning. Two new student members were appointed following elections by the student body and agreement on how SRUCSA co-presidents would interact with the Board. A planned public engagement event was cancelled because of Covid-19 considerations and pandemic related restrictions prevented the Board from undertaking campus visits. Efforts will continue to be made, where practicable, to hold Board meetings in different SRUC locations and to re-instate a programme of campus visits. A public engagement event is planned for late in 2021.

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. A new Vice-Chair was appointed following the retirement of the previous incumbent.

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. During the year, five new non-executive directors were appointed following a highly successful recruitment campaign.

Covid-19 Governance

All Board and Board Committee meetings during the year have been carried out successfully online. The impact of remote working on governance has therefore been limited with Board and Executive business having been moved quickly to online facilities, with particular emphasis on video enabled platforms. The successful move of governance related activity to an online basis mirrored the general success of a rapid institutional move to online working.

Authorisation of temporary measures to address potential coronavirus issues such as incapacitation of senior executives and the Chair, authorisation limits and document execution were included in these measures. The temporary measures have been reviewed at every subsequent virtual Board meeting and extended in time as required to ensure that they can meet continuing Covid-19 restrictions.

Health, safety and welfare of staff and students was, naturally, a major priority for the institution and therefore procedures and processes were kept under constant review or changed as required.

A Covid-19 planning group covering all area of SRUC was set up in advance of lockdown. Through this group communication of restrictions, procedures and all relevant information or guidance to staff and students was maintained. As time progressed much of the H&S effort moved from immediate contingency work to planning for a safe potential return to work by staff and for the safe return of students to studies. This effort has been guided throughout with reference to government requirements and participation in sector-related practice. The recognised trade unions and student association have been consulted throughout in all aspects of Health, Safety & Welfare.

A Covid-19 specific risk register was established early in the crisis with an operational risk mitigation log used to track implementation of mitigation measures. This register has been monitored by the Audit and Risk Committee, in conjunction with the general risk register.

Intensive efforts have been made throughout the crisis to ensure maximum, effective communications to staff, students and the Board. Daily updates from the Principal and the Executive Group were given for a number of months, then these became weekly. Monthly online question and answer sessions with ELT have been held with staff together with other online events.

Communications whether by email or video with staff and students have been extensively shared with the Board. A monthly meeting involving the Chair, the Principal and the Chairs of the Finance & Estates Committee, the Audit and Risk Committee, the Student Liaison Committee and the Remuneration and Appointments Committee has been established to provide further continuity of communication.

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 and Remuneration Committee. Each committee is chaired by a non-executive director. The decisions of these committees are reported to the Board. 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 Academic Director. A further review of the remit of the Academic Board and its sub-committees is planned during the autumn of 2021.

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. The Appointments and Remuneration Committee meets a minimum of three 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 three times each year, with the external and internal auditor in attendance. During the year, the A&R Committee had specific focus on pandemic related risk and mitigation actions. A risk workshop, facilitated by the internal auditors, was held, with several initiatives emerging from the output.

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 three times annually. During the year, the remit of the Committee, in common with the other two Board Committees was reviewed. 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 division 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 2021 and up to the date of approval of the annual report and financial statements.



James Cumming
Chairman

7 September 2021



Wayne Powell
Principal and Chief Executive

7 September 2021

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 2013 Scottish Code of Good Higher Education Governance and be working towards compliance 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 is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.**

The 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 2021 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 2021 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 2020/2021. 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 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 19 May 2021. 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 [date] 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.

RSM UK AUDIT LLP
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date 11 October 2021

Group and Company Statement of Comprehensive Income – Year ended 31 March 2021

	Note	2021 Group £000	2020 Group £000	2021 Company £000	2020 Company £000
Income					
Scottish Government grants	1	14,665	14,699	11,584	11,816
Scottish Funding Council	2	29,771	28,129	29,771	28,129
Tuition fees and education contracts	3	6,922	6,516	6,929	6,501
Research grants and contracts	4	6,510	7,356	3,525	3,538
Advisory and consultancy contracts	5	14,727	16,238	896	1,074
Other operating income	6	6,939	8,414	3,136	5,219
Investment income	7	209	347	209	347
Total income before endowments and donations		<u>79,743</u>	<u>81,699</u>	<u>56,050</u>	<u>56,624</u>
Endowments and donations	8	-	2	-	2
Total Income		<u>79,743</u>	<u>81,701</u>	<u>56,050</u>	<u>56,626</u>
Expenditure					
Staff costs	9	46,548	47,803	44,935	46,133
Other operating expenditure		25,654	30,491	3,693	7,236
Depreciation and impairment	13,15	7,858	5,876	7,694	5,756
Interest and other finance costs	12	565	764	565	764
Total expenditure	11	<u>80,625</u>	<u>84,934</u>	<u>56,887</u>	<u>59,889</u>
Deficit before other gains and losses		<u>(882)</u>	<u>(3,233)</u>	<u>(837)</u>	<u>(3,263)</u>
(Loss)/Gain on disposal of fixed assets		(23)	465	(23)	465
Movement in value of investments		1,015	(1,006)	1,015	(1,006)
Surplus/(Deficit) for the year		<u>110</u>	<u>(3,774)</u>	<u>155</u>	<u>(3,804)</u>
Actuarial (Loss)/Gain in respect of pension schemes		(3,713)	7,565	(3,713)	7,565
Total comprehensive (Loss)/income for the year		<u>(3,603)</u>	<u>3,791</u>	<u>(3,558)</u>	<u>3,761</u>
Represented by:					
Endowment comprehensive Income/(loss) for the year		1,030	(850)	1,030	(850)
Unrestricted comprehensive (Loss)/income for the year		(4,633)	4,641	(4,588)	4,611
		<u>(3,603)</u>	<u>3,791</u>	<u>(3,558)</u>	<u>3,761</u>

All items of income and expenditure relate to continuing activities.

Statement of Changes in Reserves – Year ended 31 March 2021

	Endowment	Unrestricted	Total
Group	£000	£000	£000
Balance at 1 April 2019	5,234	1,747	6,981
Deficit from the income and expenditure statement	(850)	(2,924)	(3,774)
Other comprehensive income	-	7,565	7,565
Total comprehensive (loss)/income for the year	<u>(850)</u>	<u>4,641</u>	<u>3,791</u>
Balance at 1 April 2020	4,384	6,388	10,772
Surplus/(deficit) from the income and expenditure statement	1,030	(920)	110
Other comprehensive loss	-	(3,713)	(3,713)
Total Comprehensive income/(loss) for the year	<u>1,030</u>	<u>(4,633)</u>	<u>(3,603)</u>
Balance at 31 March 2021	<u>5,414</u>	<u>1,755</u>	<u>7,169</u>
Company			
Balance at 1 April 2019	5,234	1,639	6,873
Deficit from the income and expenditure statement	(850)	(2,954)	(3,804)
Other comprehensive income	-	7,565	7,565
Total Comprehensive (loss)/income for the year	<u>(850)</u>	<u>4,611</u>	<u>3,761</u>
Balance at 1 April 2020	4,384	6,250	10,634
Surplus/(deficit) from the income and expenditure statement	1,030	(875)	155
Other comprehensive loss	-	(3,713)	(3,713)
Total Comprehensive income/(loss) for the year	<u>1,030</u>	<u>(4,588)</u>	<u>(3,558)</u>
Balance at 31 March 2021	<u>5,414</u>	<u>1,662</u>	<u>7,076</u>

Balance Sheet at 31 March 2021

	Note	2021 Group £000	2020 Group £000	2021 Company £000	2020 Company £000
Non-current assets					
Intangible assets	13	1,410	998	1,410	998
Negative goodwill arising from College merger	14	(30,340)	(31,693)	(30,340)	(31,693)
Fixed assets	15	77,311	82,923	77,311	82,923
Investments	16	5,619	4,540	5,605	4,526
		<u>54,000</u>	<u>56,768</u>	<u>53,986</u>	<u>56,754</u>
Current assets					
Stocks	17	3,066	2,674	3,066	2,674
Debtors	18	13,629	14,393	9,918	10,562
Current asset investments		13,087	8,051	13,087	8,051
Cash and cash equivalents		13,427	12,408	13,088	11,968
Total current assets		<u>43,209</u>	<u>37,526</u>	<u>39,159</u>	<u>33,255</u>
Creditors: amounts falling due within one year	19	<u>(28,155)</u>	<u>(21,184)</u>	<u>(24,184)</u>	<u>(17,037)</u>
Net current assets		<u>15,054</u>	<u>16,342</u>	<u>14,975</u>	<u>16,218</u>
Total assets less current liabilities		<u>69,054</u>	<u>73,110</u>	<u>68,961</u>	<u>72,972</u>
Creditors: amounts falling due after one year	20	(33,280)	(37,426)	(33,280)	(37,426)
Provisions					
Other provisions	23	(921)	(947)	(921)	(947)
Defined benefit pension liability	27	(27,684)	(23,965)	(27,684)	(23,965)
Total Net Assets		<u>7,169</u>	<u>10,772</u>	<u>7,076</u>	<u>10,634</u>
Reserves					
Restricted reserve					
Endowment reserve	25	5,414	4,384	5,414	4,384
Unrestricted reserves					
Income and expenditure reserve		1,755	6,388	1,662	6,250
Total Reserves		<u>7,169</u>	<u>10,772</u>	<u>7,076</u>	<u>10,634</u>

The financial statements were approved on 7 September 2021 and signed on behalf of the Board by:



James Cumming
Chairman



Wayne Powell
Principal and Chief Executive

Group Cash Flow Statement for the Year Ended 31 March 2021

	2021 £000	2021 £000	2020 £000	2020 £000
Operating activities				
Operating surplus/(deficit)		110		(3,774)
Adjusted for:				
Loss/(Gain) on disposal of fixed assets		23		(465)
Unrealised movements on investments		(1,015)		1,006
Pension costs less contributions payable		(543)		144
Depreciation and amortisation		5,531		5,421
Impairment		2,327		455
Goodwill release		(1,353)		(1,357)
Deferred capital grant release		(4,067)		(2,672)
Proceed to deferred grants		-		(3,443)
Interest received		(209)		(162)
Endowment income		(64)		(98)
Interest paid		565		764
Movements in working capital:				
(Increase)/decrease in stock		(392)		68
Decrease/(increase) in debtors		964		(975)
Increase/(decrease) in creditors		5,459		(1,433)
Net cash generated from operating activities		<u>7,336</u>		<u>(6,521)</u>
Investing activities				
Bank interest received	74		162	
Purchase of investments	-		(14)	
Purchase of tangible fixed assets	(2,574)		(2,621)	
Purchase of intangible fixed assets	(92)		(309)	
Proceeds from sale of assets	(15)		4,197	
Grants received	1,959		4,260	
Transfer to bank investments	(5,036)		(5,751)	
Net cash generated from investing activities		<u>(5,684)</u>		<u>(76)</u>

Group Cash Flow Statement for the Year Ended 31 March 2021

	2021 £000	2021 £000	2020 £000	2020 £000
Financing activities				
New loans	-		1,935	
Repayment of bank loans	(617)		(526)	
Capital element of finance leases repaid	-		(90)	
Interest paid	(16)		(12)	
Net cash generated from financing activities		(633)		1,307
Increase/(decrease) in cash and cash equivalents		1,019		(5,290)
Cash and cash equivalents at start of reporting period		12,408		17,698
Cash and cash equivalents at end of reporting period		13,427		12,408

Reconciliation of net cash flow to movement in net debt

	At 1 April 2020 £000	Cash flows £000	Non-cash movement £000	At 31 March 2021 £000
Cash in hand and at bank	12,408	1,019	-	13,427
Current asset investments	8,051	5,036	-	13,087
Loans	(6,615)	617	-	(5,998)
Total	13,844	6,672	-	20,516

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 2021.

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 2020/21 have been prepared on a going concern basis. The uncertainty as to the future impact on the financial performance and cashflows on the Group, as a result of the Covid-19 pandemic, has been considered as part of the Group's adoption of the going concern basis in these financial statements and in developing a sustainable financial plan.

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 2020/21 and applications for 2021/22 academic year, even during the pandemic. 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, mitigating the risk of Covid-19 on teaching activity.

A financial plan for 2021/22 and 2022/23 is in place. 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. Management carefully monitors the impact of Covid-19 on its financial position regularly. At 31 March 2021, the group had a strong cash position £26.5m (2020: £20.4m) which has continued into 2021/22 despite the continued impact of the pandemic.

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 7 September 2021. 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 Groups 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 27.

Goodwill and Intangible Assets

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

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, 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.

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.

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 £5,000 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 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.

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 invests 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; 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 (DGCPCF), 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 FRS102.28.

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

	2021 Group £000	2020 Group £000	2021 Company £000	2020 Company £000
Recurrent grant				
Research and development	5,804	5,734	5,776	5,733
Advisory	7,021	6,924	3,968	4,042
	<u>12,825</u>	<u>12,658</u>	<u>9,744</u>	<u>9,776</u>
Release from deferred capital grants				
Buildings (note 22)	694	910	694	910
Equipment (note 22)	1,146	1,131	1,146	1,131
	<u>14,665</u>	<u>14,699</u>	<u>11,584</u>	<u>11,816</u>

2. Scottish Funding Council

	2021 Group £000	2020 Group £000	2021 Company £000	2020 Company £000
Education teaching HE	11,264	11,660	11,264	11,660
Education provision FE	9,357	9,042	9,357	9,042
Research and innovation	5,511	5,182	5,511	5,182
Condition survey grant	1,413	1,444	1,413	1,444
Strategic funding	-	170	-	170
	<u>27,545</u>	<u>27,498</u>	<u>27,545</u>	<u>27,498</u>
Release from deferred capital grants				
Buildings (note 22)	1,988	383	1,988	383
Equipment (note 22)	238	248	238	248
	<u>29,771</u>	<u>28,129</u>	<u>29,771</u>	<u>28,129</u>

3. Tuition Fees and Education Contracts

	2021 Group £000	2020 Group £000	2021 Company £000	2020 Company £000
Home and EU higher education fees	2,392	2,166	2,392	2,166
Rest of UK	234	264	234	264
Non-EU students	86	58	86	58
UK further education students	-	38	-	38
	<u>2,712</u>	<u>2,526</u>	<u>2,712</u>	<u>2,526</u>
Education contracts	4,130	3,478	4,130	3,468
Short course fees	80	512	87	507
	<u>6,922</u>	<u>6,516</u>	<u>6,929</u>	<u>6,501</u>

4. Research Grants and Contracts

	2021 Group £000	2020 Group £000	2021 Company £000	2020 Company £000
European Union	704	872	668	858
Research councils	1,055	1,251	1,055	1,251
UK public bodies	2,951	3,203	1,532	1,298
Other	1,800	2,030	270	131
	<u>6,510</u>	<u>7,356</u>	<u>3,525</u>	<u>3,538</u>

5. Advisory and Consultancy Contracts

	2021 Group £000	2020 Group £000	2021 Company £000	2020 Company £000
Consultancies and subscriptions	10,596	12,006	221	355
Analytical services	3,303	3,271	673	719
Farm accounts scheme	788	920	-	-
Publications	40	41	2	-
	<u>14,727</u>	<u>16,238</u>	<u>896</u>	<u>1,074</u>

6. Other Operating Income

	2021 Group £000	2020 Group £000	2021 Company £000	2020 Company £000
Residences, catering and conferences	343	1,801	269	1,787
Sales of farm products	4,164	4,329	3	-
Rents	319	1,044	276	604
Government grants for CJRS	870	-	870	-
Other income	1,243	1,240	1,718	2,828
	<u>6,939</u>	<u>8,414</u>	<u>3,136</u>	<u>5,219</u>

7. Investment income

	Group and company	
	2021 £000	2020 £000
Investment income on endowments	135	185
Other investment income	74	162
	<u>209</u>	<u>347</u>

8. Donations and Endowments

	Group and company	
	2021 £000	2020 £000
New endowments	-	2
	<u>-</u>	<u>2</u>

9. Staff Costs

	2021 Group £000	2020 Group £000	2021 Company £000	2020 Company £000
Wages and salaries	37,998	37,261	36,658	35,871
Social security costs	4,682	3,756	4,540	3,632
Other pension costs	3,849	4,632	3,718	4,476
	<u>46,529</u>	<u>45,649</u>	<u>44,916</u>	<u>43,979</u>
Severance costs	19	2,154	19	2,154
	<u>46,548</u>	<u>47,803</u>	<u>44,935</u>	<u>46,133</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:

	2021 Number	2020 Number
Academic teaching departments	242	241
Academic support	127	127
Research grants and contracts	237	259
Administration and central services	120	106
Premises and estates	43	59
Residencies, catering and conferences	17	20
Other including income generating operations	399	443
	<u>1,185</u>	<u>1,255</u>

The average number of employees as expressed as full-time equivalents was 1,105 (2020: 1,054).

9. Staff Costs – Continued

	£000	£000
Analysis of the above staff costs by activity:		
Academic teaching departments	9,837	9,586
Academic support	3,264	2,741
Research grants and contracts	10,288	10,159
Administration and central services	7,221	5,655
Premises and estates	1,189	1,435
Residencies, catering and conferences	387	499
Other including income generating operations	14,343	15,575
	<u>46,529</u>	<u>45,649</u>
Severance costs	19	2,154
	<u>46,548</u>	<u>47,803</u>

The average number of employees as expressed as full-time equivalents was 1,105 (2020: 1,054).

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 2021		Group 2020	
	Number Directors	Number Other Staff	Number Directors	Number Other Staff
£100,001 to £110,000	-	1	-	1
£110,001 to £120,000	-	2	-	2
£120,001 to £130,000	-	2	-	1
£130,001 to £140,000	-	-	-	1
£140,001 to £150,000	-	-	-	-
£150,001 to £160,000	-	-	-	1
£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>5</u>	<u>1</u>	<u>6</u>

Included in the numbers of other staff are nil staff members (2020: two) who received severance payments. The value of the severance payment was £nil (2020: £180k).

9. Staff Costs – Continued

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 17.

	2021 £000	2020 £000
Key management personnel compensation	797	878
Number of staff	<u>6</u>	<u>7</u>

10. Directors' Remuneration

	2021	2020
The number of Executive Directors during the year including the Principal and Chief Executive	<u>1</u>	<u>1</u>

	2021 £000	2020 £000
Salaries (including benefits in kind)	211	212
Fees (Non-Executive Directors)	162	150
Pension contributions	46	41
	<u>419</u>	<u>403</u>

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

	2021 £000	2020 £000
Salary	201	200
Taxable benefits	10	12
Pension	46	41
	<u>257</u>	<u>253</u>

The remuneration of the Principal in the year ended 31 March 2021 was £257k. This was 7.5 times (2020 – 7 times) the median of the total remuneration of the workforce and 6.6 times (2020 – 6.5 times) the median salary of the workforce. A proportion of the Non-Executive Directors fees are recharged to a subsidiary undertaking.

11. Analysis of total operating expenditure by activity

	2021 Group £000	2020 Group £000	2021 Company £000	2020 Company £000
Academic departments	17,055	17,699	15,629	15,829
Research grants and contracts	13,597	14,730	11,378	11,847
Administration and central services	12,025	9,598	11,229	9,528
Premises and estates	6,116	7,898	5,532	7,244
Residencies, catering and conferences	3,570	3,961	3,331	3,773
Other including income generating operations	21,192	25,765	2,881	6,505
Depreciation and impairment	7,858	5,876	7,694	5,756
Release of negative goodwill	(1,353)	(1,357)	(1,353)	(1,357)
Interest	565	764	565	764
	<u>80,625</u>	<u>84,934</u>	<u>56,886</u>	<u>59,889</u>

Other operating expenditure includes:

	Group and company	
	2021	2020
	£000	£000
Operating lease rentals	250	223
Depreciation	5,179	5,186
Amortisation	352	235
Release of negative goodwill	(1,353)	(1,357)
Fees charged by external auditor:		
SRUC and subsidiary companies		
Audit fee for the company	76	72
Audit fee for fellow group entities	-	27
Audit-related assurance services	2	6
Other compliance work	58	-
Fees charged by internal auditor:		
Internal audit services	43	45
Tax compliance services	8	8
Tax advisory services	7	7
Other compliance work	-	-
	<u>-</u>	<u>-</u>

12. Interest and other finance costs

	Group and company	
	2021 £000	2020 £000
Loan interest	16	11
Finance lease interest	-	1
Net interest charge – pension schemes	549	752
	<u>565</u>	<u>764</u>

13. Intangible Fixed Assets

	Group and company
	Software £000
Cost or fair value:	
1 April 2020	1,233
Additions	92
Transfer (note 15)	2,233
31 March 2021	<u>3,558</u>
Depreciation:	
1 April 2020	235
Charge for year	352
Transfer (note 15)	1,561
31 March 2021	<u>2,148</u>
Net Book Value:	
31 March 2021	<u>1,410</u>
1 April 2020	<u>998</u>

Included in intangible fixed assets is software under development of £78k (2020: £94k). The fixed asset register was revisited during the year and intangible assets were identified in tangible assets categories. Transfer of £672k in the year represents transfer from Tangible asset categories.

14. Negative Goodwill

	Group and company	
	2021 £000	2020 £000
At 1 April 2020	(31,693)	(33,050)
Release of negative goodwill to income statement	1,353	1,357
At 31 March 2021	<u>(30,340)</u>	<u>(31,693)</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 2020	105,506	5,037	25,716	1,804	138,063
Additions	102	-	2,347	125	2,574
Disposals	-	-	(76)	(162)	(238)
Transfer (note 13)	711	-	(1,393)	-	(682)
31 March 2021	<u>106,319</u>	<u>5,037</u>	<u>26,594</u>	<u>1,767</u>	<u>139,717</u>
Depreciation:					
1 April 2020	33,990	1,224	18,273	1,653	55,140
Charge for year	2,961	136	1,995	87	5,179
Disposals	-	-	(71)	(159)	(230)
Transfer (note 13)	(483)	-	473	-	(10)
Impairment	2,323	-	4	-	2,327
31 March 2021	<u>38,791</u>	<u>1,360</u>	<u>20,674</u>	<u>1,581</u>	<u>62,406</u>
Net Book Value:					
31 March 2021	<u>67,528</u>	<u>3,677</u>	<u>5,920</u>	<u>186</u>	<u>77,311</u>
1 April 2020	<u>71,516</u>	<u>3,813</u>	<u>7,443</u>	<u>151</u>	<u>82,923</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 was matched by a release of deferred capital grant where applicable.

Included in freehold land and buildings is land of £13.7m which is not depreciated. Included in equipment are assets under construction amounting to £392k (2020: £94k) which are not depreciated. The fixed asset register was revisited during the year and Intangible assets and Buildings were identified in the Equipment asset categories. Transfers represent the re-categorised assets in the year.

16. Investments

	2021 Group £000	2020 Group £000	2021 Company £000	2020 Company £000
Listed investments				
At 1 April 2020	142	200	142	200
Movement on valuation	49	(58)	49	(58)
At 31 March 2021	<u>191</u>	<u>142</u>	<u>191</u>	<u>142</u>
Investments in associates				
At 1 April 2020	14	-	-	-
Additions	-	14	-	-
At 31 March 2021	<u>14</u>	<u>14</u>	<u>-</u>	<u>-</u>
Endowment investments				
At 1 April 2020	4,384	5,234	4,384	5,234
Donations	-	2	-	2
Income	135	185	135	185
Disbursements	(71)	(89)	(71)	(89)
Appreciation/(Depreciation) of asset investments	966	(948)	966	(948)
At 31 March 2021	<u>5,414</u>	<u>4,384</u>	<u>5,414</u>	<u>4,384</u>
Total investments	<u>5,619</u>	<u>4,540</u>	<u>5,605</u>	<u>4,526</u>

17. Stocks

	Group and company	
	2021 £000	2020 £000
Farm stocks	3,062	2,647
Goods for resale	4	27
	<u>3,066</u>	<u>2,674</u>

18. Debtors

	2021 Group £000	2020 Group £000	2021 Company £000	2020 Company £000
Trade receivables	4,891	5,017	999	1,169
Prepayments and other debtors	3,011	3,377	2,712	2,709
Amounts recoverable on contracts	5,727	5,999	3,435	2,609
Amounts due from fellow Group Companies	-	-	2,772	4,075
	<u>13,629</u>	<u>14,393</u>	<u>9,918</u>	<u>10,562</u>

19. Creditors: amounts falling due within one year

	2021 Group £000	2020 Group £000	2021 Company £000	2020 Company £000
Trade creditors	3,153	3,246	2,491	2,295
Other taxation and social security	2,256	1,670	2,257	1,670
Other creditors	1,346	948	1,336	822
Accruals	8,265	5,980	7,752	5,619
Payment received in advance	8,594	6,221	5,807	3,512
Loans (note 21)	617	617	617	617
Deferred capital grant (note 22)	3,924	2,502	3,924	2,502
	<u>28,155</u>	<u>21,184</u>	<u>24,184</u>	<u>17,037</u>

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

	Group and company	
	2021 £000	2020 £000
Deferred capital grants (note 22)	27,898	31,428
Loans (note 21)	5,382	5,998
	<u>33,280</u>	<u>37,426</u>

21. Loans

	Group and company	
	2021 £000	2020 £000
Due within one year (note 19)	617	617
Due between one and two years	617	617
Due between two and five years	1,850	1,850
Due in five years and more	2,915	3,531
Due after more than one year (note 20)	5,382	5,998
Total loans	5,999	6,615

The loans not wholly repayable within five years are loans from The Scottish Funding Council under the University Financial Transactions Funding arrangements. They are unsecured and carry an interest rate of 0.25% per annum. £4,160k is repayable over equal annual instalments until 31 March 2029, £1,839k is repayable over equal annual instalments until 31 March 2039.

22. Deferred Capital Grants

	Group and company			
	£000 1 April 2020	£000 Receivable	£000 Released to SOCl (Notes 1 and 2)	£000 31 March 2021
Buildings	26,810	400	(2,679)	24,531
Equipment	7,120	1,559	(1,388)	7,291
	<u>33,930</u>	<u>1,959</u>	<u>(4,067)</u>	<u>31,822</u>

Disclosed as:

	2020
	£000
Creditors due within one year	3,924
Creditors due in more than one year	27,898
	<u>31,822</u>
Deferred capital grants receivable in the year are as follows:	Total
	£000
Scottish Government	656
Scottish Funding Council	1,303
	<u>1,959</u>

23. Provision for Liabilities

	Group and company	
	2021 £000	2020 £000
Unfunded pension liability		
At 1 April 2020	947	1,145
Paid in the year	(62)	(64)
Transfer to the income statement	36	(134)
At 31 March 2021	<u>921</u>	<u>947</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 2021 by Hymans Robertson LLP, an independent actuarial firm.

24. Financial Instruments

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

	Note	2021 £000	2020 £000	2021 £000	2020 £000
Fair value (losses)/gains on financial assets measured at fair value through income and expenditure	16	<u>1,015</u>	<u>(1,006)</u>	<u>1,015</u>	<u>(1,006)</u>

A total of £5.6m of investments (2020: £4.5m) were measured at fair value through the Statement of Comprehensive income.

25. 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 2020				
Capital	3,781	212	391	4,384
New endowments	-	-	-	-
Investment income	116	6	12	134
Expenditure	(29)	(7)	(35)	(71)
Increase in market value	835	46	86	967
Total comprehensive income for the year	922	45	63	1,030
At 31 March 2021	4,703	257	454	5,414

Analysis by asset:

	2021 £000	2020 £000
Investments	5,162	4,185
Cash and cash equivalents	252	199
	5,414	4,384

26. Obligations Under Leases and Hire Purchase Contracts

As at 31 March 2021, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	Land and Buildings		Equipment	
	2021 £000	2020 £000	2021 £000	2020 £000
Within one year	607	508	150	157
In two to five years	1,970	1,203	152	79
In over five years	663	774	-	-
	3,240	2,485	302	236

27. Pensions

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

- I. The Research Councils' Pension Scheme
- II. The SRUC Group Pension Plan
- III. The Citrus Pension Plan
- IV. The local Government Pension Funds: Dumfries and Galloway Council Pension Fund, Fife Council Pension Fund and Lothian Council Pension Fund
- V. Scottish Teachers Superannuation Scheme (STSS)

A summary of FRS102 pension liabilities is included at the end of section iv) of this note. The total recognised in the Statement of Comprehensive Income in relation to defined contribution pension schemes was £2,826k (2020: £2,758k).

27.(I). 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 3.0% to 8.05% for employees.

27.(II). 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.

27.(III). 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 and 21.5% and 22% for the employer. Additional payments of £750k per annum were made into the plan.

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 2021. 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:

Weighted average assumptions used to determine benefit obligations	2021	2020
Price inflation (RPI)	3.25%	2.70%
Price inflation (CPI)	2.90%	1.80%
Rate of pension increase (RPI capped at 5%)	3.15%	2.65%
Rate of pension increase (RPI capped at 2.5%)	2.20%	2.00%
Rate of pension increase (CPI capped at 2.5%)	2.10%	1.55%
Rate of salary increase	3.25%	2.70%
Discount rate	2.05%	2.30%

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.

	2021	2020
Member Age 65 future life expectancy - male	22.5	23.4
Member Age 65 future life expectancy - female	22.8	24.6
Member Age 45 future life expectancy at age 65 - male	23.8	24.6
Member Age 45 future life expectancy at age 65 - female	26.6	26.7

The assets and liabilities of the scheme at 31 March 2021 are:

	Fair value at 2021	Fair value at 2020
	£000	£000
Assets		
Scheme assets at fair value		
Equities	2,955	5,195
Multi asset credit funds	-	10,750
Diversified growth and hedge funds	7,535	7,011
Liability-driven investments	6,697	8,214
Cash	2,076	115
Absolute bond return	3,745	-
Asset backed securities	5,299	-
Private lending/debt	2,555	-
Synthetic credit	1,841	-
Infrastructure	3,448	-
Insurance linked securities	3,203	3,333
Total	<u>39,354</u>	<u>34,618</u>
Present value of scheme liabilities	<u>(61,244)</u>	<u>(53,814)</u>
Deficit in the scheme- net pension liability	<u>(21,890)</u>	<u>(19,196)</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.

	£000
Base case	61,244
0.5% decrease in real discount rate	69,363
1 year increase in member life expectancy	63,694
+0.5% change in salary increases	62,217
+0.5% change in inflation	65,962

	2021	2020
	£000	£000
Analysis of the amount charged to operating surplus		
Current service cost	1,448	1,743
Past service cost	-	-
Administration costs	81	85
	<u>1,529</u>	<u>1,828</u>
Analysis of the amount charge to other finance income		
Interest income on Plan assets	813	798
Interest charge on Plan liabilities	(1,233)	(1,373)
Net charge to other finance income	<u>(420)</u>	<u>(575)</u>
Analysis of amount recognised in Other Comprehensive Income (OCI)		
Actual return on assets excluding amounts included in net interest	2,405	643
Actuarial (losses)/gains on plan obligations	(5,193)	5,108
Re-measurement (loss)/gain recognised in OCI	<u>(2,788)</u>	<u>5,751</u>
Analysis of movement in the deficit		
Deficit at 1 April 2020	(19,196)	(24,428)
Contributions paid by the College	2,043	1,884
Current service cost	(1,448)	(1,743)
Administration cost	(81)	(85)
Past service cost	-	-
Other finance charge	(420)	(575)
(Loss)/gain recognised in comprehensive income	(2,788)	5,751
Deficit at 31 March 2021	<u>(21,890)</u>	<u>(19,196)</u>

	2021	2020
	£000	£000
Change in benefit obligation		
Opening defined benefit obligation	53,814	56,375
Current service cost	1,448	1,743
Past service cost	-	-
Administration cost	81	85
Interest cost	1,233	1,373
Scheme participants' contributions	16	21
Actuarial losses/(gains)	5,193	(5,108)
Benefits paid	(541)	(675)
Benefit obligation as at 31 March	<u>61,244</u>	<u>53,814</u>
Change in scheme assets		
Opening fair value of scheme assets	34,618	31,947
Interest income	813	798
Member contributions	16	21
Employer contributions	2,043	1,884
Actual return on assets	2,405	643
Benefits paid	(541)	(675)
Fair value of scheme assets as at 31 March	<u>39,354</u>	<u>34,618</u>
Net amount recognised	<u>(21,890)</u>	<u>(19,196)</u>

27.(IV). 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 2017 and updated by Hymans Robertson in order to assess the assets and liabilities of the scheme at 31 March 2021. 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 2017. The employers contribution rate is 20.2% (GMP) and the McCloud judgement.

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 2017. The employers' contribution rate is 27.9%.

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 2017. The employers' contribution rate is 42.9%. Additional payment of £168k was made into the plan.

Assumptions

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

Weighted average assumptions used to determine benefit obligations	2021	2020
	3.25%	2.7%
Price inflation (CPI)	2.90%	1.8%
Rate of pension increase (CPI)	2.85%	1.9%
Discount rate	2.00%	2.3%
Rate of salary increase	3.35%	2.3%

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.

	2021	2020
Male Member Age 65 (life expectancy at age 65)	20.3 – 20.8 years	21.2 – 21.8 years
Male Member Age 45 (life expectancy at age 65)	21.5 – 21.9 years	22.6 – 24.7 years
Female Member Age 65 (life expectancy at age 65)	23.1 – 23.3 years	23.8 – 24.3 years
Female Member Age 45 (life expectancy at age 65)	25.1 – 25.3 years	25.8 – 27.5 years

The assets and liabilities of the three schemes at 31 March 2021 are:

	2021	2020
	£000	£000
Assets		
Scheme assets at fair value		
Equities	21,511	16,974
Corporate Bonds	9,874	8,770
Property	2,468	1,697
Cash	1,411	849
Total	<u>35,264</u>	<u>28,290</u>
Present value of scheme liabilities	<u>(41,058)</u>	<u>(33,059)</u>
Deficit in the scheme - net pension liability	<u>(5,794)</u>	<u>(4,769)</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
0.5% decrease in real discount rate	10%	4,053
0.5% increase in the salary increase rate	1%	308
0.5% increase in the pension increase rate	9%	3,666

	2021 £000	2020 £000
Analysis of the amount charged to operating surplus		
Current service cost	594	833
Past service cost	3	33
Total charged to operating surplus	<u>597</u>	<u>866</u>
Analysis of the amount charge to other finance income		
Interest income on Plan assets	648	711
Interest charge on Plan liabilities	(777)	(888)
Net charge to other finance income	<u>(129)</u>	<u>(177)</u>
Analysis of amount recognised in Other Comprehensive Income (OCI)		
Actual return on assets excluding amounts included in net interest	5,561	(2,069)
Other experience	987	-
Actuarial (losses)/gains on plan obligations	(7,473)	3,882
Re-measurement (loss)/gain recognised in OCI	<u>(925)</u>	<u>1,813</u>
	2021	2020
	£000	£000
Analysis of movement in the deficit		
Deficit at 1 April 2020	(4,769)	(6,206)
Contributions paid by the College	626	667
Current service cost	(594)	(833)
Past service cost	(3)	(33)
Other finance charge	(129)	(177)
(Loss)/gain recognised in comprehensive income	(925)	1,813
Deficit at 31 March 2021	<u>(5,794)</u>	<u>(4,769)</u>
Change in benefit obligation		
Opening defined benefit obligation	33,059	35,749
Current service cost	594	833
Past service cost	3	33
Interest cost	777	888
Scheme participants' contributions	95	113
Actuarial losses/(gains)	7,473	(3,882)
Benefits paid	(943)	(675)
Benefit obligation as at 31 March	<u>41,058</u>	<u>33,059</u>
Change in scheme assets		
Opening fair value of scheme assets	28,290	29,543
Interest income	648	711
Member contributions	95	113
Employer contributions	626	667
Actual return on assets	5,561	(2,069)
Other experiences	987	-
Benefits paid	(943)	(675)
Fair value of scheme assets as at 31 March	<u>35,264</u>	<u>28,290</u>

Summary of FRS 102 net Pension Liabilities

	2021 £000	2020 £000
Citrus Pension Plan	(21,890)	(19,196)
Local Government Pension Funds	(5,794)	(4,769)
Total net pension liability	<u>(27,684)</u>	<u>(23,965)</u>

27.(V). 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 17.2% for employers to 31 August 2019 and 23% from 1 September 2019 and range from 7.2% - 11.9% for employees.

28. Investments in Subsidiaries

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

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

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.

29. 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 2020, ID Mapps Ltd had gross assets of £7,641 (2020: £111,694) and net liabilities of £6,443 (2020: £39,259).

30. Bursary and Other Student Support Funds

	Bursary £000	Hardship £000	EMA's £000	2021 Total £000	2020 Total £000
1 April 2020	(317)	76	5	(236)	(17)
Received during the year	2,444	600	52	3,096	2,581
Refunded to SFC	1	(7)	-	(6)	(66)
Virement of funds	-	-	-	-	(12)
Expenditure	(1,638)	(339)	(54)	(2,031)	(2,722)
31 March 2021	<u>490</u>	<u>330</u>	<u>3</u>	<u>823</u>	<u>(236)</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.

Childcare Funds

	2021 £000	2020 £000
1 April 2020	(7)	(4)
Received in year	99	80
Virement of funds	-	12
Refunded to SFC	(23)	-
Expenditure	(55)	(95)
31 March 2021	<u>14</u>	<u>(7)</u>

31. 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 £62k (2020: £36k) to ID Mapps Ltd, the associate company under a subcontract agreement.

No other material related party transactions have taken place.

32. Capital Commitments

Amounts contracted for but not provided in the financial statements amounted to £1,875k (2020: £765k).

33. Contingent Asset

SRUC is involved in a land tribunal hearing with the expectation of receiving compensation. The case has not been concluded and the amount is not possible to reliably estimate.

34. Subsequent Events

On 1 April 2021 SRUC received a £4.2m loan from The Scottish Funding Council under the University Financial Transactions Funding arrangements for the Inverness Rural & Veterinary Innovation Centre. It is unsecured and carries an interest rate of 0.25% per annum. It is repayable over 20 years commencing June 2021.

After the balance sheet date, amounts contracted for by SRUC amounted to £972k.

General Information

Chairman	Mr James Cumming
Chief Executive and Principal	Professor Wayne Powell
Company Secretary	Colin Peebles
Registered Office	West Mains Road Edinburgh EH9 3JG
External Auditor	RSM UK Audit LLP First Floor, Quay 2 139 Fountainbridge Edinburgh EH3 9QG
Internal Auditor	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Bankers	Clydesdale Bank PLC 83 George Street Edinburgh EH2 3ES
Solicitors	Morton Fraser Quartermile Two 2 Lister Square Edinburgh EH3 9GL
Actuaries	Mercer 15 Lauriston Place Edinburgh EH3 9EN
Stockbrokers	Rathbone Investment Management Ltd George House 50 George Square Glasgow G2 1EH