



Contents

	Page
General Information	2
Court Membership	3
Principal's Foreword	5
Strategic Report	6
Corporate Governance	23
Statement of Responsibilities of the University Court	26
Independent Auditor's report to the Court of Edinburgh Napier University	28
Consolidated and University Statement of Comprehensive Income and Expenditure	32
Consolidated and University Statement of Changes in Reserves	33
Consolidated and University Balance Sheet	34
Consolidated Statement of Cash Flows	35
Notes to the 2021/22 Financial Statements	36

Scottish Charity Number – SC018373

Edinburgh Napier University

General Information

Chancellor	Will Whitehorn MA FRAeS FCILT FMS
Chair of Court	June Boyle FCIPD FCIBS ICF-PCC
Principal and Vice-Chancellor	Professor Andrea M Nolan OBE MVB FRCVS DVA PhD DipIECVA DipECVPT
Secretary	Michael Greenhalgh BSc
Director of Finance	Andy McGoff MA (Hons) CA
External Auditor	KPMG LLP 319 St Vincent St Glasgow G2 5AS
Internal Auditor	Ernst & Young LLP 5 George Square Glasgow G2 1DY
Banker	Royal Bank of Scotland plc 206 Bruntsfield Place Edinburgh EH10 4DF
Solicitor	Anderson Strathern LLP 1 Rutland Court Edinburgh EH3 8EY
Actuary	Mercer Limited G1 Building 5 George Square Glasgow G2 1AR

Edinburgh Napier University

Court Membership

The following persons served as members of Court during the year to 31 July 2022, and up to the date of approval of these Financial Statements. In the case of those who became or ceased to be members during the year, the appropriate dates are shown.

Court Member	Date of Appointment	Date of Retirement	Category
Mr R Adams			Non-Executive
Mr P Alonzi	01 December 2022		Non-Executive
Prof N Antonopoulos			Vice-Principal
Ms J Boyle			Non-Executive
Mr S Brannan			Non-Executive
Rt Hon Lord Brodie		31 July 2022	Non-Executive
Mr E Bumra	01 August 2022		Student
Mr J Chittleburgh			Non-Executive
Prof S Cross			Non-Executive
Mr G Cullen		11 April 2022	Staff
Ms E Divine	01 August 2021	31 July 2022	Student
Ms H Fyfe		03 June 2022	Student
Dr K Hewitson	01 April 2022		Non-Executive
Mr A Houghton			Non-Executive
Mr C Ibanez		31 July 2022	Staff
Prof A Machin	21 March 2022		Staff
Ms D Mohan		29 March 2022	Non-Executive
Dr S Moir		07 December 2021	Non-Executive
Ms J Morrison-Ross		02 September 2021	Non-Executive
Ms S Nairn			Staff
Prof A Nolan			Principal & Vice-Chancellor
Mr O Opaleye	01 August 2022		Student
Ms T Oyinlola	01 June 2022		Non-Executive
Dr H Patrick			Staff
Lady A Paton	01 August 2022		Non-Executive
Ms G Scholefield			Non-Executive
Prof A Scullion			Non-Executive
Mr P Sim	20 May 2022		Staff
Mr M Thomson		01 November 2021	Staff
Mr R Tomlinson			Non-Executive
Mr P Upton	01 April 2022		Non-Executive
Mr N Woodcock			Non-Executive
Prof L Yellowlees			Non-Executive

Edinburgh Napier University Court Membership

The following persons who served as members of Court during the year to 31 July 2022, are shown below with their attendance records at relevant Committees.

Member	Court	Audit & Risk Committee	Finance & Property Committee	Nominations Committee	Remuneration Committee
Ralph Adams	75%		80%		
Nick Antonopoulos	100%		100%		
June Boyle	100%			100%	100%
Stephen Brannan	100%		80%		
Philip Brodie	100%				
Jeremy Chittleburgh	100%	100%		100%	
Stuart Cross	100%	100%			
Grant Cullen	67%				
Emily Divine	75%				
Heloisa Fyfe	100%			100%	100%
Kirsty Hewitson	100%				
Andy Houghton	100%				
Carles Ibanez	25%				
Alison Machin	100%				
Devie Mohan	50%				
Stephen Moir	100%		50%		100%
Sharon Nairn	50%				
Andrea Nolan	100%	50%	80%	100%	100%
Tayo Oyinlola	100%				
Holly Patrick	75%				100%
Gwyneth Scholefield	100%	100%			100%
Adrienne Scullion	100%	100%		100%	
Paul Sim	100%				
Mike Thomson	0%			100%	
Rex Tomlinson	100%		100%		100%
Peter Upton	100%				
Neil Woodcock	100%	100%	100%		100%
Lesley Yellowlees	75%		80%		100%

University Leadership Team

Professor Andrea Nolan	Principal & Vice-Chancellor
Professor Nazira Karodia	Deputy Vice Chancellor and Vice-Principal of Learning and Teaching
Andy McGoff	Director of Finance and Operations
Carolann Begbie	Director of People and Services
Professor Nick Antonopoulos	Deputy Vice Chancellor and Vice-Principal of Research and Innovation
Naomi Graham	Vice-Principal, International
Michael Greenhalgh	Director of Strategy and Planning and Secretary to Court, and Interim Vice Principal, International

The academic year 2021/22 was a transitional year for the University as we navigated our way through the pandemic and a resurgence of infections through the appearance of the COVID-19 Omicron variant, which continued to disrupt our teaching, research and the operations of our campuses. In the spring and summer, in a more favourable public health context, the University was able to resume some activities and begin a journey of change to a post-pandemic context.

Despite the necessity of ongoing active management of pandemic conditions for most of the year, staff across the University continued to go above and beyond for our students, to deliver research and support our businesses, public and third sector stakeholders and ensure that our commitments to wellbeing and sustainability continued to be embedded.

There are many achievements for us to celebrate. This year we launched a new curriculum framework for the University, ENhance, to support curriculum design and enhancement built on five key themes: Inclusion; Employability; Global Outlook; Sustainability; and Research & Practice Integration. The University returned excellent scores from the Research Excellence Framework 2021 assessment: 68% of our research activity was assessed as “internationally excellent” and “world leading” and Edinburgh Napier was the top ranking Scottish modern institution for research power and impact. Most significantly we submitted over 50% of eligible academic staff which drove the large increase in research power. We also retained our position as the top university in Edinburgh for student satisfaction for the third year running.

We graduated c. 4,500 students in Edinburgh and 617 in online ceremonies internationally. I remain full of admiration for our students – the commitment and resilience that they have shown over the last year in the context of ongoing disruption to their learning have been truly remarkable.

Our prudent financial management during the pandemic and successful international student recruitment performance mean that the University continues to maintain a solid financial position. We expect this will be all the more important in light of the emerging and predicted economic challenges in the year ahead.

We embarked on a project to develop a new Infrastructure and Estates Strategy to ensure our campuses enable delivery of our University Strategy commitments. As part of this, we also embarked on a hybrid working trial in the spring of 2022, in order to establish suitable models of working for the University community in the long term.

Over the past academic year, the University opened six additional research centres reflecting our academic expertise, including the Tourism Research Centre, the Centre for Cardiovascular Health and the Centre for Mental Health Practice, Policy and Law Research.

As we look forward, new concerns have arisen; the geopolitical environment continues to present significant uncertainties and challenges, such as the tragic situation in Ukraine and its repercussions, the significant rise in the rate of inflation and the cost of living, and unfavourable forecasts for the performance of the Scottish and UK economies in the short term. There will be without doubt difficult and uncertain conditions to navigate over the coming year, but I remain confident that our Edinburgh Napier community is well placed to meet these challenges and deliver our strategic goals.



Professor Andrea M Nolan, OBE
Principal and Vice-Chancellor



July 2022 graduations

The University

The University Court was established under The Further and Higher Education (Scotland) Act 1992 for the purpose of governing Edinburgh Napier University. The University is an exempt charity for the purposes of the Charities and Trustee Investment (Scotland) Act 2005 (No.SC018373). The University Court considers that the University meets the 'Charity Test' set out in Section 7 of the Charities and Trustee Investment (Scotland) Act 2005. It will take such actions as are necessary to ensure continued full compliance with the legislation and retention of charitable status. A copy of these Financial Statements can be obtained from the principal address of the University, which is 219 Colinton Road, Edinburgh, EH14 1DJ.

Shaping our Future: *Driving Distinctiveness*

Our strategy, Shaping Our Future: Driving Distinctiveness, approved in March 2020, was drawn from a deep understanding of who we are and what we stand for, and through it we continue to build on the foundations and progress achieved through Strategy 2020: Building Success. Incorporating three strategic objectives focused on building careers, growing networks and advancing knowledge, underpinned by a commitment to sustainability, it outlines nine transformational actions to sharpen our focus, while remaining responsive to a rapidly changing external environment. Our purpose and strategy are as important as ever as we play our part in dealing with challenges and embracing opportunities to deliver for our communities, locally, nationally and internationally.

Delivery of our strategy is supported by regular review and renewal of a risk register, owned, and monitored by Court. Key developments during 2021/22, reflected in our risk register, have included management of the ongoing disruption of the COVID-19 pandemic and a range of other policy/external impacts, including Brexit, the changing market conditions for student recruitment and employment and other threats such as cyber security. Attracting, retaining, and engaging staff and balancing ambitious income targets against a challenging funding environment have also been of critical focus.

Operational Review

The priorities set out in our 2021/22 Annual Plan, as outlined in this document, were focused on driving distinctiveness aligned to our strategic transformational actions, adapting to and learning from the impacts of the pandemic, while ensuring a continued focus on student experience, widening participation, and staff engagement, inclusion and wellbeing. A core team from across the University continued to coordinate the response to the impact of COVID-19 and changing government regulations and guidance, with this model ultimately transitioning to a new operational model.

Campus Operations

Our campus operations continued to be impacted by COVID-19 through the first two trimesters of 2021/22, however, in line with the government relaxing various restrictions and guidance moving to 'COVID Sense', we were able to gradually transition to more general operations, removing our mitigations of capped class sizes and spaces timetabled up to 75% of their maximum capacity in our trimester 3 timetable, while retaining 30-minute gaps between classes.

We had an unprecedented demand from international students applying to join us in January and we were able to secure additional interim accommodation to help address the lack of capacity in private lets. We also continued to use and promote our student check-in app and associated engagement reporting to provide Personal Development Tutors with prompts to support students at risk of disengaging.

In line with the removal of the 'work from home if you can' guidance, we encouraged staff back to campus and began a trial of hybrid working arrangements for professional services staff in May. We rolled out new space configurations and technology initially in some areas where staff had been displaced while their offices were used for learning and teaching. Continuing to learn from the trial and roll out enhanced technology and improved space configuration across our campuses will be a focus through the next year, and outcomes will feed into our new Estates and Infrastructure Strategy.

We made good progress in our staff engagement, inclusion and wellbeing priorities. Year 1 of the Race Equality Action Plan was focused on enhancing learning and development provision in relation to Equality, Diversity and Inclusion and specifically ensuring that it incorporates anti-racism and cultural awareness. We were pleased to see an increase from 8.1% to 10% of staff who identify as from a Minority Ethnic background. The introduction of a Diversity Dashboard has helped ensure accurate identification of the diversity demographic of the organisation, while the introduction of the role of School Academic Leads for Inclusion will report on progress to the Inclusion Committee. A project, delivered by Business School students, has identified ways to improve the visibility and accessibility of the Report and Support tool (an online tool that enables anyone to report an incident anonymously or to a trained advisor), with key recommendations incorporated into the Gender Based Violence and Hate Crime Strategy for the forthcoming year.

Health and Wellbeing activity focused on supporting staff to return safely and with confidence to campus. Staff and managers have been encouraged to attend Mental Health Awareness sessions and a new Employee Assistance Programme, provides a counselling, resource and information service to support staff in terms of their mental, emotional, physical and financial health.

Another priority for this year was to apply learnings from the pandemic to our teaching practice, particularly from our successful Digital Support Partnership Project. We continued a programme of work focused on building capacity for blended learning, which produced a suite of resources and development events for staff underpinned by a set of principles and agreed taxonomy. We also made significant progress with our Curriculum Management project and in January 2023 we will launch a user-friendly single repository and one-stop platform for managing the lifecycle, quality, and governance of our provision. The new approach will bring greater transparency for all stakeholders involved with managing and delivering our curriculum.

Another key operational achievement has been the award of Cyber Essentials Plus accreditation, supported by the roll out of managed laptops across the staff community.

This was a good year in terms of external recognition. In the 2022 Times and the Sunday Times Good University Guide, Edinburgh Napier was ranked 57th in the UK, the highest placed of Scottish post-92 modern universities, and in the top ten of UK modern universities. We were also ranked a top 10 UK university for English, Art and Design, Drama Dance and Cinematics, and a top 10 UK Modern university for a further 17 subjects.

We scored 80% for the key overall satisfaction question in the 2022 National Student Survey (Scottish average, 79%; UK average, 75%) and retained our rank as top for student satisfaction in Edinburgh for the third year in a row. We scored 82% satisfaction in the postgraduate taught student experience survey (PTES) above the UK average of 78%.

The University's Marketing and External Relations department won the Marketing/PR Campaign of the Year for the #NapierNames graduation celebrations last summer as well as the Excellence in Digital Marketing award at the Edinburgh Chamber of Commerce Annual Business Awards.



#NapierNames city takeover

In terms of organisational structures, following approval at Academic Board, the University's School of Engineering, and the Built Environment (SEBE) and the School of Computing (SoC) agreed to integrate to form a new School of Computing, Engineering and the Built Environment (SCEBE), launched on 1 August 2022. The merger aims to enable growth while creating exciting opportunities to deliver greater synergies across the subjects; increase opportunities for innovative programmes of study; and an expansion of research and commercial activity. A full integration programme has been established to help realise the new vision for the new School, which will be a priority in 2022/23. The University's Strategy Hub, Planning & Business Intelligence and Governance teams, joined together as a directorate at the beginning of the academic year, reporting to the new post of Director of Strategy & Planning, and Secretary to Court.

Progress and achievements for this year against our strategic objectives are summarised below.

Build Careers – Create Opportunities

“Our culture of personal growth, coupled with our flexible, innovative and holistic learning environment, will enable students and staff to shape their development and flourish in their careers.”

The employability of our graduates and career development of our staff were both in our top ten University priorities. For our students, key to this has been the ENhance Framework, and development of our new Employability Strategy, whilst for our staff we have focussed on Early Career Academic (ECA) progression and laid the groundwork for systematic professional service career development.

The ENhance framework (previously named the Gold Standard Curriculum) was successfully developed and piloted, with employability as one of its five key themes. All credit-bearing programmes are now being enabled and required to engage with ENhance through the Quality Framework. ENhance focuses on embedding core curriculum components at all stages of all programmes to support and develop ENU graduate attributes. The wealth of case studies in the pilot programmes on employability, indicate we have much existing good practice to share.

A new Employability Strategy was developed and is now approved. Focused on four strategic pillars: Growing Employability Culture; Embedding Employability; Developing Experience; and Ensuring Legacy, the strategy will provide an outcome-focused plan to underpin delivery of our employability ambition. A Work-Based Learning (WBL) thematic review was completed and informed the strategy.

Our Student Futures team continued to support students’ professional development, with relevant work placements and through building strong relationships with local, national and international employers. The Graduate Outcomes survey data released this year (for the 2019/20 graduating cohort of UK domiciled undergraduate students) showed that overall, 74% of the Edinburgh Napier graduate population was in managerial/employment when surveyed, with 96%

in employment, further study or training, a welcome outcome considering the cohort graduated during the pandemic.



Student Futures Work Experience awards

In 2021/22 we ran 13 SFC-funded Upskilling courses, of which 12 were credit-bearing, adopting a partnership approach. For example, we ran our ‘Jumping In’ course in collaboration with Edinburgh College and New College Lanarkshire, which focused on helping students develop an entrepreneurial mindset and specific skills towards building a career in freelance. Our Leadership & Identity course was run in collaboration with Equate Scotland, and we worked with third sector organisations, such as Into Work, to offer our Fundamentals of Cyber Security course specifically for neuro-divergent learners. The School of Applied Sciences (SAS) launched a new short course in the field of advanced therapies, working closely with Charles River Laboratories, while the Business School delivered the Destination Leaders Programme as part of the Scottish Tourism Leadership Programme (Scottish Enterprise funding). We also recruited 142 Graduate Apprentices building our population on our degree programmes to 435.

We developed a new Early Career Development Programme designed to provide early career academics with structured and consistent support enabled by an individual Development Needs Analysis and Plan. Looking forward we have begun work to develop a career pathways framework for professional services staff, which will highlight potential career paths across different service areas and the developmental routes required to support progression. We were also pleased to have awarded 12 academic promotions and 43 professional services promotions during the year.

Our academic staff continue to grow in professional esteem. Our proportion of academic staff with doctorates rose to 73%, while 75% hold Fellowship of the Higher Education Academy, evidencing their professional recognition in Learning and Teaching. We are proud of the many staff who received individual recognition for outstanding work and esteem across all schools, such as via National Teaching Fellowship, Fellowship of the RSE, BAFTAs and a range of awards and senior policy positions. Our own annual Above and Beyond awards ceremony, a peer recognition process open to all staff, saw 282 nominations for the 10 award categories this year, along with 16 awards recognising long service.

With restrictions easing, we have seen a return to our students being able to showcase their work in person as a platform for career development, such as through our School of Arts and Creative Industries degree show (In Full Bloom) – a welcome opportunity to see our students' ideas and hard work on show. This year we also opened the Trimble Technology Lab at our Merchiston campus, an expanded facility to help the next generation of engineering and construction leaders.



In Full Bloom degree show 2022

Grow Networks – Connect Communities

“Creative collaborations locally, nationally and internationally will provide an educational and research portfolio that both shapes and responds to the needs of business and society.”

With a priority focus on Knowledge Exchange (KE), we launched the KE Concordat project, in line with our commitment to the Guiding Principles of the Concordat, which we signed in 2021, and identified five key areas to focus on over the coming year. Income from KE in 2021/22 increased from £2.5m to £2.9m, which although short of our target, £4.3m, represented a good achievement in light of

the economic challenges and uncertainties for many businesses caused by the pandemic.

A new Consultancy and Commercial Activity Framework was developed and launched in June 2022 to encourage and incentivise academic staff to support delivery of the University's strategic objectives and inclusive economic growth. We also developed and launched a 'Commercialisation Series' programme in collaboration with Queen Margaret, Heriot Watt and Stirling Universities with support from the Converge Challenge, to inspire academics and researchers towards innovation, partnering and growth of commercial activity, while creating network development opportunities across the partner institutions.

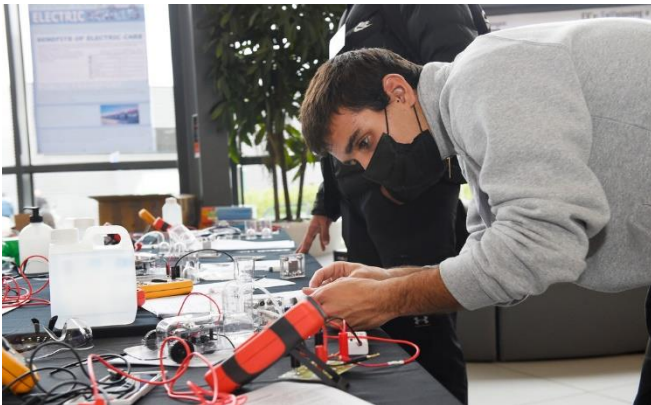
Development of our existing strategic partnerships made good progress through the year. For example, our long-running partnership with a large-scale employer has successfully delivered a bespoke continuing professional development programme over the next 3 years. Our long-term relationship with NHS/NES resulted in a successful bid for the contract to deliver the NHS Scotland Assure Research, Development, and Innovation Service with the associated fund launched.

Internationally we prioritised growing income from TNE and Global Online through strengthening our existing partnerships, enhancing our delivery models and expanding our portfolio; we delivered a new collaboration with Hong Kong Baptist University. Discussions also progressed with potential new and existing partners regarding International Centre opportunities, and we have used a strategic review of opportunities globally to inform the drafting of an updated Transnational Education (TNE) strategy. We grew our TNE income to £9.2m (target £8.6m) from £8.3m the previous year. Our Global Online (GO) new enrolments in 2021/22 declined by 5% but remained ahead of pre-pandemic levels.

Our international on-campus student population, which includes EU students as of this year (2021/22), grew significantly to 3,100 FTE from 2,029 FTE in 2020/21, against a target of 2,383 FTE. Our staff worked hard to support this significant increase in demand, and associated rise in pre-arrival work such as processing applications, credibility interviews, induction, matriculation and welfare and immigration support.

We were awarded funding of over £290,000 from the UK Government's new Turing Mobility scheme to support outgoing student mobility which complemented Erasmus+ funding that was rolled over from the previous academic year. This funding will support 145 learners, of whom more than half are from a widening participation background.

Closer to home, we continue to make progress with the Housing, Construction & Infrastructure (HCI) Skills Gateway collaboration as part of the city region deal, with two notable initiatives funded this year. Daydream Believers for secondary pupils, involved academics from the School of Arts and Creative Industries (SACI), working with Edinburgh College of Art and Edinburgh College to develop and deliver a new Creative Thinking Qualification. While 'Accelerating the electrical vehicle revolution' hosted by the School of Engineering and the Built Environment, involved widening participation students from S6 across different colleges.



Electric vehicle workshop

We prioritised increasing widening participation with a particular focus on building and strengthening our college partnerships and contextual admissions. Our proportion of students from widening participation backgrounds in September 2021 grew to 13.4%, up from 12.2% the previous year, although short of our ambitious target of 15%. In-person outreach work with Schools for Higher Education Programme (SHEP) schools and colleges resumed during the latter part of this cycle, enabling teams to work directly with students facing barriers to progression. Collaboration with the Scottish Government Young Person Guarantee (YPG) team is underway, and a range of interventions, such as changes to the portfolio/audition approach, has already resulted in an increase in offers students from SIMD20 areas.

In terms of strengthening college partnerships, a new Direct Entry bursary scheme was trialled to support students articulating into the University, and we increased our number of articulation agreements. Our ENCourage Scholarship is available for students who wish to study with us but face significant financial barriers to doing so and as active host for the Hub for SUCCESS, we continue to work with partners supporting individuals with care-experience to access and succeed in higher education.

In March 2022, the University's enterprise hub, Bright Red Triangle (BRT), opened a new start-up studio close to our student accommodation, to provide a space where student, staff and alumni entrepreneurs can connect and develop their enterprise skills, tapping into Edinburgh's wider entrepreneurial community. BRT, working with colleagues from the Business School, are also a key partner in a collaboration that won the 'Triple Helix Collaboration of the Year' at the Triple E Awards, for their entrepreneurship programme, 'Start For Future', co-developed with European Universities.

University spinout, Cyacomb, has been recognised as one of the UK's most promising tech ventures and was one of only two firms from Scotland selected to participate in the prestigious Tech Nation's upscale programme. Whilst our Centre for Offsite Construction & Innovative Structures won the Best Practice Sharing Award at the Ceed Annual Industry Awards.

Advance Knowledge – Deliver Impact

"Our research and knowledge exchange will address 'live' challenges, underpin our teaching and influence professional practice and policy, driving key societal, economic and environmental impacts."

A significant highlight of the year, and indeed evidence of our strategic focus over a sustained period were the results of the 2021 Research Excellence Framework (REF). The results showed that we are now the top Scottish modern university for both research power and research impact. Our improved power rating is a consequence of a major increase in the number of staff submitted alongside an increase in quality and has led to our research funding from government increasing significantly.

The REF exercise assessed 68% of our research and 80% of our impact as “internationally excellent” or “world leading”, up 15% and 25% respectively since 2014. We submitted 251 FTE staff, up significantly from 99 in 2014 and submitted research in 13 units of assessment, improving in all previously submitted, while also entering four new areas of research. Our Research Power metric, which takes into account the overall quality of the submission and the number of researchers whose work was submitted, rose from 250 to 718.

Aligned to our academic themes of wellbeing and sustainability, we established six new research centres: Cardiovascular Health; Mental Health Practice, Policy and Law Research; Military Research, Education & Public Engagement; Child & Family Law and Policy; Transport Research Innovation; and Tourism Research. These centres will be instrumental in helping to strengthen the University’s Research and Innovation networks.



Tourism research centre

Our income from research grants and contracts rose to £5.1m, which represents growth of around 40% from last year, only falling slightly short of our target of £5.5m. Our research funding success has spanned an array of different funders, including from Horizon Europe, the ESRC (as part of a wider £6.5m collaboration with a consortium of five other Scottish HEIs) and the Royal Academy of Engineering Industrial Fellowship in collaboration with Centrica Storage Limited.

Some further examples of our work include: plans were submitted for building the c. £13m mountain biking centre in the Scottish Borders as home for the new Mountain Bike Innovation Centre, for which we are a key partner, with the centre predicted to contribute £141m in Gross Value Added and create over 400 jobs in South of

Scotland over 10 years. Academics in the School of Applied Sciences (SAS) led a study backing the use of Naloxone nasal spray, which counters the effects of overdose from opioids such as heroin, as an independent evaluation of a pilot carried out between March and October last year. Naloxone packs are now being rolled out across Police Scotland’s workforce as part of their standard first aid equipment, as an important tool in tackling Scotland’s drug-related deaths.

Our approach to optimising postgraduate research student recruitment has improved the speed of our decision-making. Research Degree Funding opportunities are now available on new externally facing webpages and are designed to be more user friendly and engaging for prospective students. Our postgraduate research student population grew to 210 (FTE), exceeding target, and we were awarded c £1m funding by the EPSRC for a new Edinburgh Napier Doctoral Training Partnership.

We were shortlisted in two categories of the Times Higher Education (THE) awards, both reflecting the applied impact of our work. Bleedin’ Saor – the staff/student collective responsible for a three-year long campaign to raise awareness of period poverty - won the THE Outstanding Contribution to Equality, Diversity and Inclusion award. While a health professional academic was finalist for the Knowledge Exchange/Transfer Initiative of the Year, with research on the early detection and appropriate management of atrial fibrillation, impacting the field of cardiovascular health at a national, European and global level.

Our spin out companies have been recognised again this year for their impact. For example, MemCrypt, won the Leading Light Innovation category in the Scottish Cyber Awards, being honoured for its unique ransomware detection and privacy-protecting reporting product. The University was also shortlisted in two other categories in the same awards - Diversity Champion and Outstanding Leadership.

Further establishing our School of Computing’s credentials as a leader in cybersecurity, academics have created a new data set, called NapierOne, to support cutting-edge research into ransomware detection. The new openly accessible ready-to-use data can be used to help test and evaluate new detection methods, amid concerns that previous

data sets used in digital forensics research are outdated.

We continued to build on our success in innovation with three semi-finalists in the 2022 Converge Challenge, as well as a semi-finalist in the Kickstart Challenge, and two semi-finalists in the Create Challenge. Our successful entries span a wide range of areas including approaches to tackling the common cold, sustainable material products, inclusive underwear for insulin users, and adventurous menstruation. One entry - an initiative which aims to bring trust, transparency, and security to the software supply chain - was also the basis for a successful Bright Red Sparks Pitch Award.

Grow Sustainably

“Growing and diversifying our income and taking progressive action to achieve net zero carbon in our operations by 2030 at the latest. We will also seek to minimise both our wider and legacy carbon footprint and influence sustainable practices within and beyond our campuses”.

We developed and launched our new Environmental Sustainability Strategy (ESS), building upon our academic and research excellence, achievements and projects carried out to date, as well as our existing partnerships with a wide range of bodies within Scotland and beyond. Clear project plans for in-year deliverables have been progressed, including for example: launch of the cross-University module ‘Achieving Sustainability’; updating our waste contracts to ensure increased campus recycling; ensuring all new University vehicle leases are electric; and approval of a new ethical investment policy. An engagement plan was developed with workshops held with students on ‘Environmental Sustainability: Be a Difference Maker’.

The University community had a significant involvement ahead of and during the COP26 conference, held in Glasgow in November 2021. For example, ahead of the conference, we hosted a two-day ‘Beyond COP26’ event aimed at providing a forum for knowledge exchange and discussions for business about practical steps towards innovation in sustainability. Whilst during COP26, colleagues from SACI worked with partners to organise an extensive and wide-

ranging fringe programme with After the Pandemic at Strath Union Youth Hub. The ‘#GetOnWithIt’ programme included a range of high-profile keynote speakers and partners, involved facilitated visits from local schools, and also provided opportunities for our journalism students to capture news, stories and video from COP26.

During COP26, Celtic Renewables, an Edinburgh Napier spinout, announced that it had completed construction of its first plant at Grangemouth, where it will process a range of low value biological residues into high value low carbon biochemicals in the first biorefinery in the country. Colleagues from SEBE, funded by the Royal Academy of Engineering, were invited to showcase their bamboo-timber research in collaboration with the International Bamboo and Rattan Organisation and Built Environment – Smarter Transformation (“BE-ST”). Kenyan project coordinators from our REF impact case study projects, Mikoko Pamoja and Vanga Blue Forest, were funded by the RSE and hosted by the Association of Coastal Ecosystem Services and the University to share their stories about the impact of climate change, the role of community-led mangrove conservation and give a voice to the Global South at COP26. The University has since decided to invest in the expansion of the Vanga Blue Forest mangrove conservation project as part of its ESS commitment to ethical offsetting, to help achieve net zero carbon and address legacy carbon.



Celtic Renewables

Following COP26 we hosted a ‘Faith and the Climate Crisis’ event, chaired by the Moderator of the Church of Scotland, to discuss the role individuals and communities, inspired through their faiths and beliefs, can make towards addressing the climate change crisis.

Progress has been made in relation to our transformational action to align academic excellence around wellbeing and sustainability.

Key academics were appointed as coordinators for the underpinning themes of 'Health', 'Environment', 'AI & Technologies', and 'Culture & Communities' and have begun to form communities of practice. In line with our academic themes – many of our research successes have a strong sustainability focus. For example: colleagues in SEBE have worked with the University of Colorado to demonstrate what the optimal urban form should be when looking to reduce greenhouse gas emissions over whole life cycle; conducted a KTP with Mike Stoane lighting Ltd, to deliver a world-first Life Cycle Analysis approach focused on the lighting industry; and worked with distilleries to develop zero carbon solutions in powering the Scottish Whisky industry aimed at enabling use of green hydrogen as fuel. While colleagues in TBS; founded Everyone's Edinburgh charity in January following Edinburgh's selection to join the global Cities CAN B network a few years prior. Meanwhile colleagues from SACI won the Herald Partnership Award for INTER (Reimagining the Scottish Gas Network).



COP26

Our students have also continued to lead on sustainability issues, for example with one winning a COP26 competition organised by the Law Society with an essay on the concept of Ecocide and our student president leading a campus clothes swap initiative, helping to avoid fabric going to landfill and address the issues of fast fashion.

We were delighted to be assessed as the top university in Scotland by the People and Planet UK University League, based on our sustainability credentials and ethics, scoring particularly highly on our carbon reduction and carbon management.

Operational carbon emissions (electricity, natural gas, water, business travel, f-gas and waste) have increased slightly to 3,414.4 tCO₂e in 2021/22 compared to 3,133.9 tCO₂e 2020/21 but are 47% lower than the 2018/19 baseline of 6,422.6 tCO₂e. The continued reduction is primarily due to business travel in 2021/22 being only 10% of that recorded in 2018/19. In addition, electricity consumption remains 18% lower than 2018/19.

Our Environmental Sustainability Strategy Group continues to champion and oversee progress within and beyond our campus boundaries. Discussions are underway, linked to the development of our new Infrastructure & Estates Strategy, around collaborative options with partners such as sharing facilities and developing joint projects, for example through the Edinburgh Climate Compact, aligned with the 2020 Climate Strategy developed for the city.

Equality, Diversity and Inclusion

With inclusion as one of our core values, our aim is to create a community where everyone feels proud, confident, challenged and supported. We are required to evidence how we are mainstreaming equality, diversity and inclusion activity and progress against our Public Sector Duty requirements through the delivery of our Equality Outcomes (2021-25). These strategic objectives tackle key areas where we seek to challenge our practice as we better understand the lived experience of our students and our workforce, particularly those from marginalised groups.

Our Race Equality Action Plan was approved in June 2021. The action plan describes our aims across six themes – Education & Training; Visibility & Representation; Reporting & Wellbeing; Curriculum; and Data. Our priorities for action include ensuring race is fully addressed within our learning and development provision, aligning our recruitment processes with the Scottish Government Minority Ethnic toolkit and ensuring we have relevant health and wellbeing support for staff from ethnic minorities.

The Edinburgh Napier Gender Action Plan was also developed and approved in 2021, making commitment to tackle issues pertinent to gender inequality in the HE Sector, including the imbalance of women in senior leadership roles.

The University has six Staff Inclusion Networks, namely: LGBT+; Carer's Network; Women's Network; Armed Forces Network; BAMEish, launched in September 2020, and a new Interfaith Network launched in 2021. The networks continue to provide support and safe spaces for staff, have influenced the development of policies, and run regular events to bring people together.

Edinburgh Napier is committed to providing support and understanding to staff and students who wish to take steps, or have already taken steps, to change the gender with which they identify. We have developed Transitioning Gender guidance, with input from the Student Association LGBTQ+ student society, the University's LGBT+ Network and trade unions, to outline the support Edinburgh Napier can offer students and colleagues who are transitioning.



Celebrating Pride Month

Disability policy

Edinburgh Napier University welcomes those with visible or hidden disabilities, those with long term health conditions and specific learning difficulties and is committed to providing both students and staff with support in all aspects of university life.

We take a positive, flexible approach to encouraging full participation of disabled people and make every reasonable effort to anticipate and provide the necessary support, adaptations, equipment and development, in order to enable students and staff to fulfill their potential.

For students this is delivered by our Disability Inclusion Service which is also driving forward, together with students and staff and in particular the Department for Learning and Teaching Enhancement, our 'I'm In' inclusive practice programme that focuses on how we can mainstream existing good practice and remove

barriers to disabled staff and students by encouraging a universal design approach. Inclusion is now also a core element of our curriculum enhancement framework – ENhance.

For staff this is delivered through our participation in the Disability Confident scheme, which we have recently gained reaccreditation at Level 2 (Employer). This scheme encourages us to think differently about disability and take action to improve how we recruit, retain and develop people.

Tackling Gender-based Violence and Hate Incidents

In November 2021 the University approved a new strategy designed to direct our work to promote equality for staff and students, and to prevent and tackle all forms of harassment, discrimination and violence based on gender (GBV), and the characteristics set out in the Hate Crime and Public Order (Scotland) Act (2021). This strategy builds upon the work delivered over the period 2018 to 2021 and seeks to widen the focus to include all forms of hate incidents and to address the spectrum of GBV outlined by the Scottish Government in their Equally Safe Strategy.

Mental Health and Wellbeing Support

The University's Mental Health Strategy was approved in May 2021 and is overseen by the Inclusion Committee. Edinburgh Napier University is taking a collaborative institution-wide approach to mental health and wellbeing so that we provide the best possible experience for all our students and staff. We are committed to mental health permeating every aspect of our culture and it being part of the experience of learning and teaching.

Work to deliver this strategy includes the delivery of the annual staff Mental Health & Wellbeing Plan. This highlights the priorities and key areas of focus and brings together the existing resources and support available for staff in support of mental health and wellbeing. Staff have access to the Employee Assistance Programme, provided by MCL Medics, offering 24/7 counselling and support services alongside #togetherall and Silvercloud our online learning and support platforms.

Edinburgh Napier partners with Mental Health UK as the chosen supplier to deliver Mental Health Awareness training for staff, with both staff and

managers indicating that their level of understanding and knowledge of mental health issues has increased through attendance. The Mental Health First Aid at Work Champions network continues to grow and now comprises over 40 staff. The trained champions are a point of contact for employees who are experiencing a

a mental health issue or emotional distress. The champions have recently undergone a refresher programme and regular peer to peer support sessions have been set up to share experiences, learn from one another and provide an opportunity for ongoing development.

Key Performance Indicators

Our 2021/22 Performance	Academic staff with doctorates, 73%	Academic staff HEA accreditation, 75%
Key Performance Indicator	2021/22 target	2021/22 actual
TPG students (FTE)	3,747	4,412
RPG students (FTE)	195	210
International students on-campus (FTE)	2,383	3,100
TNE income (incl. online)	£8.6M	£9.2M
Proportion of SIMD20 entrants	15%	13.4%
NSS / PTES satisfaction	90%/85%	80%/82%
Year 1 continuation	90%	89.9%
Graduate level employability (positive destinations)	80% (95%)	74% (96%)
ENhance*	Pilot	Pilot
Research Active Staff with ≥3* publication (FTE) (Number of research active staff - REF census – FTE)	300	251
Knowledge Exchange income (excl. Graduate Apprenticeships)	£4.3M	£2.9M
Research & contract income	£5.5M	£5.1M
Net carbon emissions (tonnes)	5,459 tCO ₂ e	3,414 tCO ₂ e
Total income / surplus	£140.8M/£4.2M	£147.9M/£4.6M

*Terminology change from Gold Standard Curriculum

Financial Sustainability

The continued generation of an underlying surplus demonstrates the University's commitment to ensuring its financial health and sustainability. We will provide the platform to deliver our ambitious capital investment across our estate and digital environment enabling our teaching, learning and research strategies. Our finance strategy will effectively address key operational challenges which include maintaining high levels of student and staff satisfaction while planning and responding effectively to changes in the external environment.

To enable our strategy, we will:

- Ensure the basket of financial sustainability metrics is always at a weighted, acceptable level, maintaining access to liquidity that will allow us to meet our obligations, even under stress.
- Target a ratio of academic to professional staff of 1:1 (2021/22: 0.78:1) with our ratio of staff costs not exceeding 60% (2021/22: 60.0%). We will strive towards an underlying operating surplus of at least 5% of total income (2021/22: 3.1%).
- Look to reduce our reliance on SFC income to less than 50% (2021/22: 46.2%) by increasing the proportion of international, commercial and research income. This supports our academic strategy and aspirations to be a leader in applying our knowledge to wider stakeholders.
- Develop an estate that provides the best learning environment, is relevant to the modern workplace, linking seamlessly with the community and our industrial and other partners.
- Support an IT infrastructure that provides a first-class user experience and facilitates maximum efficiencies and access to relevant data.

Scope of the Financial Statements

The financial statements have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (SORP), and in accordance with applicable accounting standards. The University is a public benefit entity and therefore has applied relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of certain fixed assets).

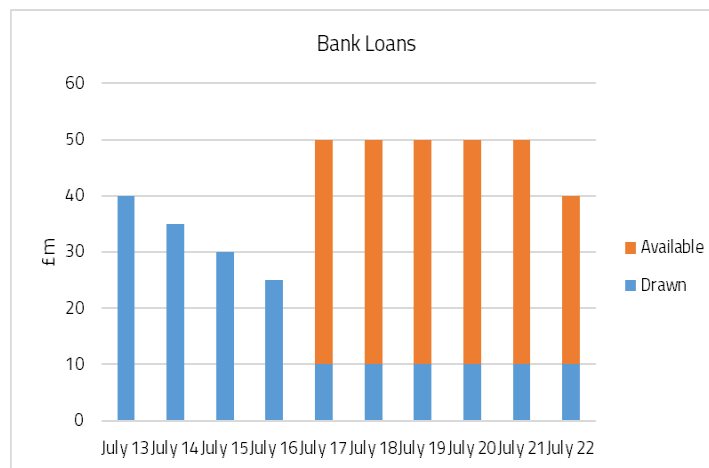
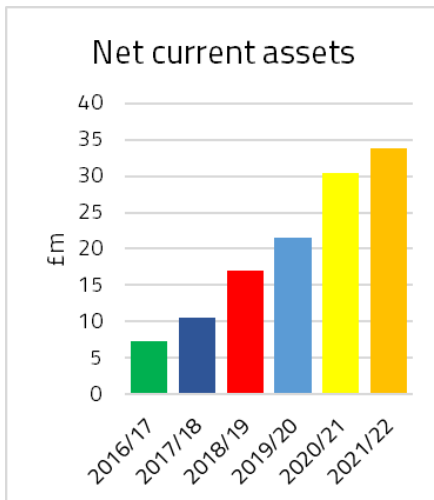
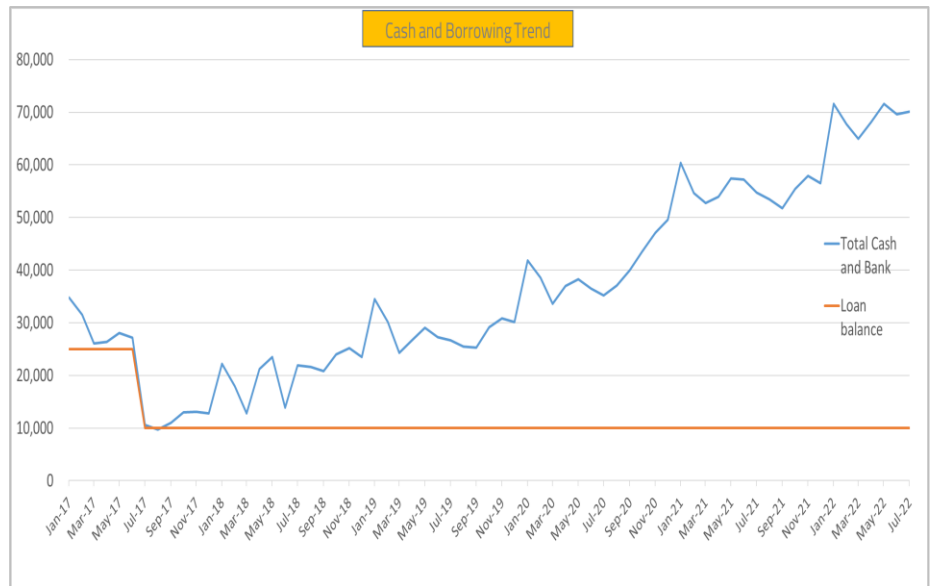
Financial Review

As described in previous reports, our financial strategy over the last 5 years has been on strengthening our balance sheet to provide both financial resilience but provide the platform to deliver our ambitious capital investment across our estate and digital environment.

The graphic overleaf describes our consistent and planned progress. Our net asset position has been significantly influenced by the large positive swing in our LGPS (Local Government Pension Scheme) pension valuation, whilst it can be seen that our liquidity, as measured by net current assets, has increased year on year from 2015/16 and now sits at a healthy £33.9m. This is also reflected by our cash balance which at the year-end was £70.2m whilst borrowing has been contained at £10m.

As a consequence of our prudent financial management, we now have funds available of over £100m to progress our investment plans, represented by our cash balance and our unused facility of £30m with the Bank of Scotland.

Our Balance Sheet (£000):		
	2022	2021
Non-current assets	118,821	118,620
Pension asset	24,725	-
Current assets	81,011	62,096
Current liabilities	(47,104)	(31,567)
Net current assets	33,907	30,529
Creditors >1 year	(10,000)	(10,021)
Provisions	(11,189)	(83,699)
Net assets	156,264	55,429



Funds Available of:
£70m cash
+ £30m loan facility

Income and Surplus

The University has delivered strong income growth during the year linked principally to international student recruitment. Income grew by some 13% from £131.1m to £148.3m.

£m	2020/21	2020/21	2021/22	2021/22
	Excl. Dev Trust	Inc. Dev Trust	Excl. Dev Trust	Inc. Dev Trust
Income	130.6	131.1	147.9	148.3
Expenditure before pension charges	(125.7)	(126.1)	(143.3)	(143.9)
Surplus before other gains / losses	4.9	5.0	4.6	4.4
Other gains / (losses)	2.3	2.6	-	-
Surplus before pension charges	7.2	7.6	4.6	4.4
Pension charges	(9.5)	(9.5)	(11.6)	(11.6)
Actuarial gain	28.7	28.7	108.0	108.0
Net surplus/ (deficit) for the year	26.4	26.8	101.0	100.8

Tuition fees grew by £6.0m to £57.8m, of which £2.5m is growth in international students coming to study in Edinburgh.

As the impact of COVID reduced over the year, we saw an improvement in the performance of income generated through our residences, catering and conference facilities which grew by £4.4m to £8.5m.

Building on last year's gains in Research and Knowledge Exchange activity, we saw research income grow by a further 40% to £5.1m and it should be highlighted that the improvement of the REF2021 compared to REF2014 will result in a significant increase in the University's allocation of Research Excellence Grant (REG) funding by 46% to £4.1m from next year.

Funded by the growth in income, we increased our staff costs by £8.7m, excluding pension adjustments, representing an investment in our staff base of some 105 (FTE) colleagues. Overall, we realised an operational surplus of £4.6m prior to one-off gains and the inclusion of the annual revaluation of our pension schemes in our accounts.

The positive movement in our pension valuation has meant that the LGPS scheme now shows an asset, capped under accounting standards, of £24.7m, a huge swing from the prior year liability of £71.2m. Our unfunded scheme now has a reduced liability of £11.2m. The overall change is represented by an actuarial gain of £107.9m offset by service and interest costs of £10.7m.

Income and Student Numbers

Despite the continuing impact of COVID-19 during the year our overall income (including the Development Trust) increased by 13% to £148.3m.

Our SFC grant income rose by £2.3m to £68.6m which now represents 46.2% of our total income (2020/21: 50.5%) Our strategic aim is still to reduce dependency on government funding by growing the diversity of our income streams although it is worth noting that while the University is reliant and is immensely grateful for the SFC income, payroll taxes and the irrecoverable VAT paid and contributed back to UK government totalled some £26.1m.

Tuition fees continued to grow driven by the growth in overseas students joining us in Edinburgh and totalled £57.8m for the year.

Research activity fully resumed during the year having been suspended or delayed during the pandemic and this recovery contributed to a strong increase in income by 40% to £5.1m.

Income from residences, catering and conferences reduced from £10.2m in 2018/19, to £8.2m in 2019/20 and then further to £4.1m in 2020/21. However, we have seen a strong recovery during the year with income of £8.5m and further growth anticipated in the current year as students and events return to campus.

2021/22 (Headcount)					
Delivery Location		Taught Undergraduate	Taught Postgraduate	Research Postgraduate	Total
On Campus	Scotland	9,264	1,268	141	10,673
	Other UK	611	308	42	961
	EU	597	188	17	802
	Overseas	534	2,724	65	3,323
On Campus Total		11,006	4,488	265	15,759
Off campus	Online	802	2,239		3,041
	TNE	2,673	272	8	2,953
Off Campus total		3,475	2,511	8	5,994
All Locations		14,481	6,999	273	21,753
2020/21 (Headcount)					
Delivery Location		Taught Undergraduate	Taught Postgraduate	Research Postgraduate	Total
On Campus	Scotland	8,906	1,343	111	10,360
	Other UK	520	295	30	845
	EU	1,093	436	20	1,549
	Overseas	281	1,752	57	2,090
On Campus Total		10,800	3,826	218	14,844
Off campus	Online	700	2,175	-	2,875
	TNE	2,811	351	20	3,182
Off Campus total		3,511	2,526	20	6,057
All Locations		14,311	6,352	238	20,901

Development and Alumni

Throughout 2021/22 we have warmly welcomed increased engagement by alumni and supporters. Their donations, volunteering and support-in-kind adds significant value for students and the research being progressed across our three campuses.

Thanks to the generous philanthropic donations made by alumni, friends, charitable trusts, foundations and corporates, Edinburgh Napier University Development Trust (“the Trust”) raised £0.7m in 2021/22. The funds raised supported student scholarships and bursaries, research, early-stage student entrepreneurship and citizenship programmes. Over the year, £0.6m was disbursed to help 201 students. 43 awardees successfully graduated summer 2022 and 158 continue their studies, fulfilling their ambitions and potential. During 2022 the Trust was able to establish 21 new four-year ENCourage scholarships due to the responsiveness of donors to help students with limited financial means.

Santander Universities continue to be a major funder, alongside committed individuals and corporates, supporting our student entrepreneurs establish their start-up ventures, assisted by grants that help prototype and test their innovations.



Partnership with Santander

Complementing the direct student funding, funds are raised for innovative development programmes like the HUB for SUCCESS which supports anyone who is care-experienced living in Edinburgh and SE Scotland, to get into, through

and move on from higher education. For this project, new funders have been engaged to support the expansion of a successful pilot, which will enable the team to reach and engage many more young people. This includes a programme with partnering junior and secondary schools to inspire and engage children from a much earlier age, which has been evidenced as critical to ensure many more care-experienced children access and benefit from higher education.

Over the year, net funds for the Trust have decreased from £2.5m to £2.4m due to a combination of reduced investment returns and distribution of funds that were donated in previous years.

Philanthropic support plays a critical role in the formation of collaborative partnerships that deliver solutions for individuals, society and the environment. The contributions made by our philanthropic funders were acknowledged in the Research Excellence Framework results when we climbed significantly up the rankings to become Top Modern University in Scotland for Research Impact.

Throughout the past year we have continued to stay true to being an applied university, to help facilitate cross-sector discussion, listen to industry partners, consider alternatives and innovate. Philanthropic funding now plays an increasing role to drive new research programmes that will deliver applied solutions to address identifiable gaps.

Alongside the University’s direct engagement with individuals and organisations, we held regular monthly meetings of the Impact Investment Symposium plus a two-day conference, Beyond COP 26, which was generously sponsored by WSP, one of the World’s largest engineering consultancies and Scottish law firm, Anderson Strathern. This contributed to Edinburgh Napier University being recognised as Top University in Scotland for Environmental Sustainability (The People & Planet University League 2021).

We continue to expand our engagement programme and welcome past, current and new supporters to be involved in some of Scotland’s most exciting, applied research programmes.

Balance Sheet

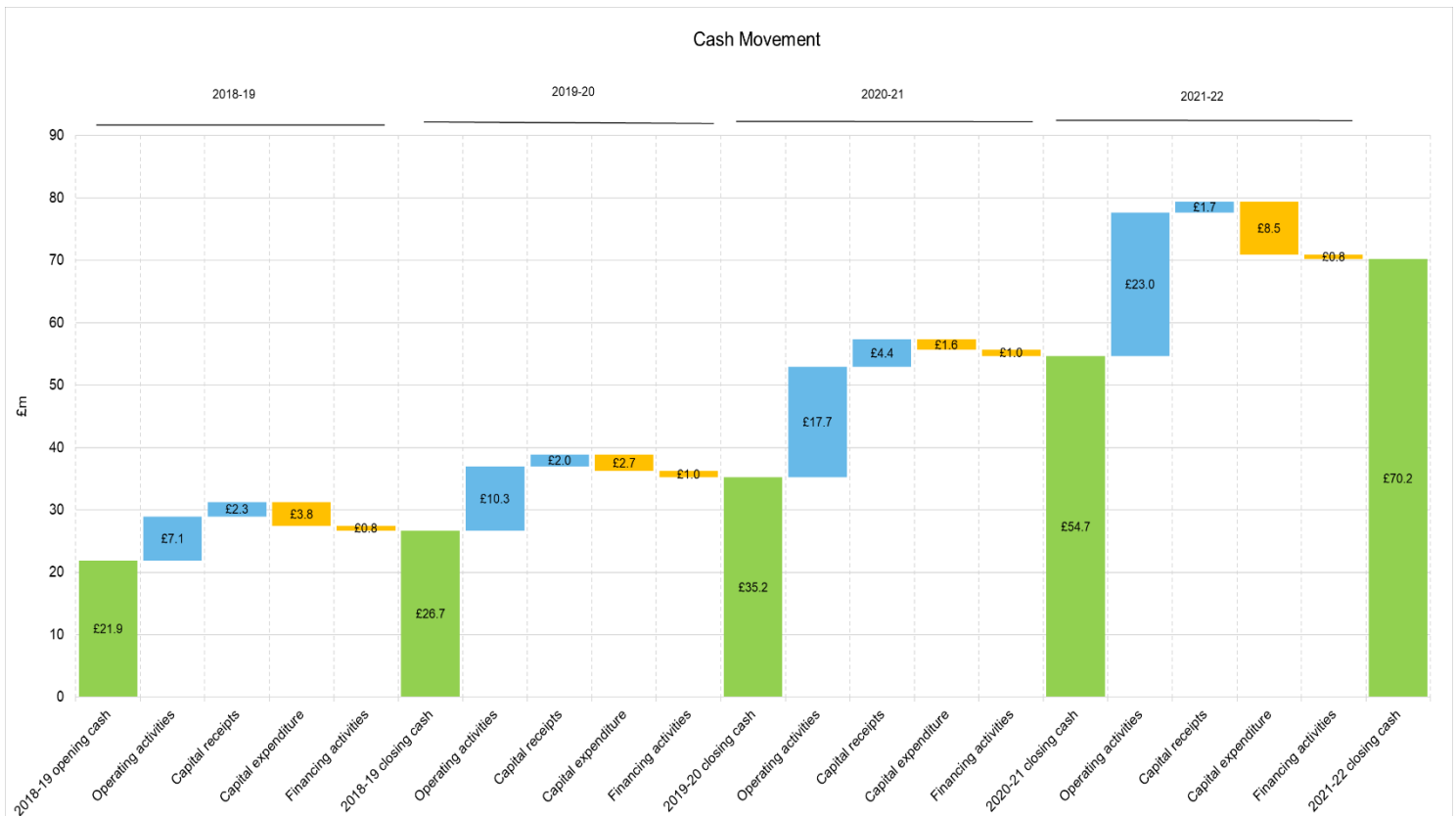
Our year-end balance sheet continues to strengthen.

Net Assets have grown to £156.3m primarily due to our operating surplus but more significantly related to our year end pension valuations that show a positive movement of £97.2m. Having been in deficit last year the LGPS pension asset is now £24.7m whilst our unfunded scheme has a reduced deficit of £11.2m.

Our net current asset position underpinned by growing cash reserves and low borrowings now sits at £33.9m which is inclusive of a cash balance of £70.2m.

	2017/18	2018/19	2019/20	2020/21	2021/22
Gearing – debt as a % of Net Assets	10.8	13.1	34.9	18.0	6.4
External borrowing as a % of income	8.4	8.2	7.8	7.8	6.7
Unrestricted reserves as a % of income	71.5	56.5	17.3	37.0	100.7
Total net assets (£000)	92,268	76,243	28,635	55,429	156,264
Income per staff FTE (£)	86,626	87,184	91,153	94,435	99,336

Cash, Cashflow and Loans



Cash and cash equivalents are £70.2m at 31 July 2022. This is an increase of £15.4m during the year and can be summarised as follows:

- Net cash inflow from operating activities was £23.0m.
- Investing in fixed assets totalled £8.5m. This was offset by asset sales, capital grant receipts and investment income totalling £1.7m, resulting in a net cash outflow from investing activities of £6.7m.
- Financing activities were consistent at £0.8m reflecting our continued low level of borrowings

During July 2022, the University successfully renegotiated and renewed its revolving credit facility (RCF) with the Bank of Scotland for a further 5 year term at a reduced quantum of £30m which aligns better to our forecast cash requirements. No drawdown has been made against this facility.

Suppliers

It is the University's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the University and its suppliers, providing that all trading terms and conditions have been complied with. At 31 July 2022, there was an average of 31 days purchases (2021 – 51 days) outstanding in trade creditors. No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

Pensions

The positive movement in our pension valuation has meant that the LGPS scheme now shows an asset, capped under accounting standards, of £24.7m a huge swing from the prior year liability of £71.2m. Our unfunded scheme now has a reduced liability of £11.2m. Further information about the University's pension schemes can be found at note 19 of the Financial Statements.

Taxation

Although the University is an exempt charity within the meaning of the Charities and Trustee Investment (Scotland) Act 2005, and recognised as a charity by HM Revenue & Customs (HMRC), it receives no exemption in respect of Value Added Tax (VAT). Commercial trading activities undertaken by the University are operated through its subsidiary companies and attract VAT where applicable.

The University's tax strategy outlines that we are committed to full compliance with tax laws and regulations, whilst taking advantage of reliefs and exemptions.

The University has made full provision for potential tax liabilities relating to its historic trading activities in overseas territories. The University is working closely with its advisors to ensure full compliance with local tax laws.

Sustainable Procurement

The Procurement service within the Institution continues to be delivered by Advanced Procurement for Universities and Colleges (APUC), the sector's Centre of Procurement Expertise, in the form of the Edinburgh Region Procurement Team (ERPT), a shared service with Edinburgh College. The shared service continues to provide improved leverage in the supply chain, and increased resilience in service provision for both institutions involved.

Delivering savings and improved value for money remains a focus for the team, whilst balancing the increased focus on the social, ethical and environmental impacts through the institution's supply chain.

Our total discretionary Procurement spend for academic year 2021/22 was c.£30m, of which 27% was through the use of collaborative sector wide agreements with negotiated pricing. In addition, 74% was spent with SMEs.

Responsible Procurement continues to be at the heart of Procurement activity. The procurement team works closely with the environmental sustainability manager on a number of projects and to encourage alignment with the University's environmental strategy. To support the analysis of the social, environmental and ethical impacts of the supply chain the University has adopted a sector developed tool with the objective to invite

all suppliers with over £50k contract spend. The University is an affiliate member of Electronics Watch and also an early adopter of Ecovadis, a global business sustainability ratings company. For high risk or high value suppliers, the goal is to encourage an Ecovadis assessment and certification.

Governance and Risk Management

Our Governance arrangements are outlined in the Corporate Governance Statement on page 23.

The University has an established risk management framework, incorporating a risk management policy, with oversight from the Risk and Resilience Committee. The University maintains a comprehensive risk register, supported by departmental level School and Professional Services risk registers.

The main risks facing the University are:

- Ensuring financial sustainability and effectively managing financial challenges
- Achieving student number and transnational education targets in an increasingly competitive international environment
- Growing research income and adjusting to the impact of leaving the European Union
- Planning and responding effectively to rapid changes in the external environment
- Ensuring adequate and appropriate cyber security, information security and data protection arrangements.

Our Audit and Risk Committee has oversight of our risk management process.

On behalf of the University Court,



June Boyle, Chair
19 December 2022

Introduction

Edinburgh Napier University is committed to exhibiting good practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in the Scottish Code of Good Higher Education Governance as directed by the Scottish Funding Council. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

Statement of full compliance

In the opinion of the Court, the University has complied with the provisions of the 2017 Scottish Code of Good Higher Education Governance throughout the year.

Effectiveness Reviews are conducted by the Court on a quinquennial basis, most recently in 2017/18, to ensure compliance and to ensure appropriate ongoing enhancement of governance arrangements at the University. The report of the 2017/18 Court Effectiveness Review is published on the University's website.

University Court

The University Court meets at least four times a year with up to two further strategy events held in conjunction with senior management and has a committee structure through which it conducts its business.

Each committee has formally constituted terms of reference and constitutions. These committees include: a Finance & Property Committee, a Nominations Committee, a Remuneration Committee and an Audit & Risk Committee.

Revisions to Court's constitution necessitated by the revised membership requirements introduced by the Higher Education Governance (Scotland) Act 2016 were made by the Privy Council through an amendment to the University's Statutory Instrument on 22 May 2018.

The Edinburgh Napier University Amendment Order of Council 2018 was laid before the Scottish Parliament on 24 May 2018 and came into force on 15 September 2018. In proposing these changes, Court ensured that its total membership remained at a maximum of 25 and sought to secure an appropriate balance of elected, ex-officio and appointed members which would ensure a range of skills and experience on the Court and its sub-committees sufficient to enable the effective discharge of its functions.

The Finance & Property Committee, in its range of responsibilities, recommends to the Court the University's annual revenue and capital budgets and monitors performance in relation to approved budgets.

In parallel with the Audit & Risk Committee, Finance & Property Committee also reviews the financial statements and makes appropriate recommendations regarding their approval to the Court. The Chair of Court ensures that Court fulfils its responsibilities as set out in the Statutory Instrument by means of its Statement of Primary Responsibilities, reserved powers and the scheme of delegated responsibility.

The Nominations Committee manages the process of filling vacancies in the external membership of Court and makes recommendations on the membership and convenorship of Court's sub-committees. The University fulfils its responsibility for ensuring that a process is in place to make appropriate training available to Court members as required. In the past year, a full induction to new members has been provided and members have been given the opportunity to attend governor development events run by Advance HE and other relevant externally organised development events. The University provides administrative and financial support to members to enable their attendance.

The Remuneration Committee determines the remuneration of the most senior staff, including the Principal. Details of the remuneration of senior post-holders for the year ended 31 July 2022 are set out in note 8 to the financial statements.

Meetings of the Audit & Risk Committee have the University's external and internal auditors in attendance. The Audit & Risk Committee advises the Court on the appointment of the internal and external auditors and the auditors' remuneration. In parallel with the Finance & Property Committee, it also reviews the financial statements and makes appropriate recommendations regarding their approval to the Court.

The University's internal auditors monitor 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 & Risk Committee. Management is responsible for the implementation of agreed audit recommendations and the internal auditors undertake periodic follow-up reviews to ensure that such recommendations have been implemented. The Audit & Risk Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management responses and implementation plans.

It also receives and considers relevant reports from the Scottish Funding Council (the SFC) as they affect the University's business and monitors adherence to the regulatory requirements.

It is the opinion of the University's internal auditors that the University has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks.

Whilst members of the University Leadership Team attend meetings of the Audit & Risk Committee as necessary, they are not members of the committee, and the convenor meets both the internal and external auditors on their own for independent discussions.

Corporate Strategy

In respect of its strategic and development responsibilities, the Court receives recommendations and advice from members of the University Leadership Team. The Court holds up to two annual conferences with the University Leadership Team and other senior managers to discuss strategic issues facing the University. It is the Court that approves the University Strategy and puts in place appropriate measures by which it can monitor progress.

University Court Statement on Internal Control

The University Court is responsible for the system of internal control and has delegated to the Principal the review of its effectiveness, as the nominated officer responsible to the SFC for propriety and regularity in the use of public funding and for the economic, efficient and effective use of all available resources. 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 Court and University Leadership Team receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units and reinforced by risk awareness activity. Ongoing improvements have been made to the institutional performance monitoring reports provided to the Court.

The University Leadership Team and the Court Committees also receive regular reports from internal audit and health, safety and environmental monitoring functions which include recommendations for improvement. The Audit & Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control.

The Court regularly considers risk and control and receives reports thereon from the University Leadership Team and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting the Court received the annual report from the Audit & Risk Committee covering the period to 31 July 2021. At its June 2022 meeting, the Court considered the annual risk assessment for 2021/22 as considered and recommended by the Audit & Risk Committee following the annual risk review process. The Court receives regular risk monitoring reports at its meetings throughout the year.

The Court is of a view that there is an ongoing process for identifying, evaluating and managing the University’s significant risks that has been in place throughout the year ended 31 July 2022 and up to the date of approval of the annual report and financial statements. This process is reviewed regularly by the Court and accords with current good practice of governance in the higher education sector of the UK.

Going Concern

The Court considers that the University has adequate resources to continue in operational existence for the foreseeable future, and at least 12 months from the date of the approval of the financial statements, as described in more detail on page 36.



July 2022 Graduations

On behalf of the University Court,

June Boyle, Chair



Open day October 2021

**Professor Andrea M Nolan, OBE,
Principal and Vice-Chancellor
19 December 2022**

The University Court has unambiguous and collective responsibility for the oversight of the University's activities and determining its future direction. In addition, in accordance with its Statutory Instrument, the University Court is responsible for the administration and management of the affairs of the University including ensuring an effective system of internal control and is required to present audited financial statements for each financial year. The Court, however, ensures that its functions relating to the organisation and management of the University are discharged by the Principal and may delegate such other of its functions and powers as the Court may from time to time determine. In discharging such functions, the Principal is subject to the strategic direction and control of the Court, but otherwise the Principal has all the powers and duties of the Court in relation to the implementation of such strategy. The full Statement of Primary Responsibilities of the University Court is published on the University's website.

The Court is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University's Statutory Instrument, the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant standards. In addition, within the terms and conditions of the Financial Memorandum agreed between the SFC and the Court of the University, the Court, through its designated Officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of its surplus or deficit and cash flows for that year.

The Court takes proper account of the interests of stakeholders, including students, staff, alumni, the wider community and funding bodies.

In causing the financial statements to be prepared, the Court 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 which comply with the Charities and Trustee Investment (Scotland) Act 2005;
- the ability to continue as a going concern has been assessed and matters relating to going concern have been disclosed, as applicable;
- financial statements are prepared on the going concern basis, unless they intend to liquidate the Group or University or to cease operations or have no realistic alternative but to do so. The Court is satisfied that it has adequate resources to continue in operation for the foreseeable future (at least 12 months from the date of approval of the financial statements): for this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

The Court has taken reasonable steps to:

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

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

- clear definitions of the responsibilities of, and the authority delegated to, Senior Managers, Deans of Schools and Directors of Professional Services, as set out in the University's Schedule of Delegated Authority;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks;
- periodic reviews of financial results involving variance reporting and periodic updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Court;
- comprehensive Financial Procedures and Regulations, detailing financial controls and procedures, approved by the Audit & Risk Committee and the Finance and Property Committee;
- a professional third-party Internal Audit team whose annual programme is approved by the Audit & Risk Committee and endorsed by the Court. Internal Audit provides the Court with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system

of internal control, including internal financial control.

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



In Full Bloom degree show 2022

On behalf of the University Court,

June Boyle, Chair
19 December 2022

INDEPENDENT AUDITOR'S REPORT TO THE COURT OF EDINBURGH NAPIER UNIVERSITY

Opinion

We have audited the financial statements of Edinburgh Napier University ("the University") for the year ended 31 July 2022 which comprise Consolidated and University Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheet, the Consolidated Statement of Cash Flows and related notes, including the Principal Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group and of the University's affairs as at 31 July 2022 and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves and of the cash flows for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), applicable law and the terms of our engagement letter dated 4 June 2020. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical

Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The University Court of the University has prepared the financial statements on the going concern basis as it does not intend to liquidate the Group or the University or to cease their operations, and as it has concluded that the Group's and the University's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the University Court's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group's and the University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the University Court's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
- we have not identified, and concur with the University Court's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the University will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE COURT OF EDINBURGH NAPIER UNIVERSITY **(CONT.)**

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the University Court, the audit committee, internal audit and inspection of policy documentation as to the University’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the University’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading University Court and audit committee minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet performance targets we perform procedures to address the risk of management override of controls, in particular the risk that Group and University management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because tuition fee income is mainly received in the period to which it relates with limited judgement in respect of recognition and other income amounts are substantially less material.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the University-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected journal combinations.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the University Court and management (as required by auditing standards), and discussed with the University Court and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related charities and higher education legislation), taxation legislation, pensions legislation, and higher education financial reporting related regulation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group’s license to operate. We identified the following areas as those most likely to have such an effect: compliance with requirements of the Scottish Funding Council, health and safety, and employment laws. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to

INDEPENDENT AUDITOR'S REPORT TO THE COURT OF EDINBURGH NAPIER UNIVERSITY **(CONT.)**

enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on the University's use of funds in the section of our audit report dealing with other legal and regulatory requirements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The University Court of the University (the members of which are the Trustees of the University for the purposes of charity law) is responsible for the other information, which comprises all of the information in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information

therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Strategic Report and Financial Review (which constitutes the Trustees' Annual Report for the financial year) is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

The University Court's responsibilities

As explained more fully in its statement set out on page 26, the University Court of Edinburgh Napier University is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the University or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE COURT OF EDINBURGH NAPIER UNIVERSITY **(CONT.)**

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Report on other legal and regulatory matters

We are required under the terms of our engagement to report on the following matters in relation to the Financial Memorandum with Higher Education Institutions (issued 1 December 2014) issued by the Scottish Further and Higher Education Funding Council ("the SFC").

In our opinion, in all material respects:

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

Memorandum with Higher Education Institutions.

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

This report is made solely to the University Court of the University in accordance with paragraph 6 of the Edinburgh Napier University Order of Council 2010, and in the University Court's role as charity trustees, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 and the terms of our engagement by the University. Our audit work has been undertaken so that we might state to the University Court of the University those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the University, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University Court of the University, for our audit work, for this report, or for the opinions we have formed.

Michael Wilkie
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
319 St Vincent St
Glasgow
G2 5AS

19 December 2022

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

Edinburgh Napier University

Consolidated and University Statement of Comprehensive Income and Expenditure Year to 31 July 2022

	Notes	Year Ended 31 July 2022 Consolidated £000	University £000	Year Ended 31 July 2021 Consolidated £000	University £000
Income					
Scottish Funding Council grants	2	68,577	68,577	66,293	66,293
Tuition fees and education contracts	3	57,797	45,478	51,770	39,932
Research grants and contracts	4	5,101	4,916	3,655	3,531
Other income	5	15,993	14,921	8,475	7,644
Investment income	6	277	246	193	163
Donations and endowments	7	564	7,908	690	5,176
Total income		148,309	142,046	131,076	122,739
Expenditure					
Staff costs	8	98,230	92,279	86,656	80,870
Restructuring costs		38	38	758	754
Other operating expenses		47,941	45,866	37,679	35,818
Depreciation	12	6,827	6,815	6,388	6,376
Interest and other finance costs	10	1,982	1,982	2,281	2,281
Total expenditure	9	155,018	146,980	133,762	126,099
Surplus / (Deficit) before other gains and losses		(6,709)	(4,934)	(2,686)	(3,360)
Gain / (loss) on disposal of non-current assets		-	-	2,268	(13)
Gain / (loss) on investments		(60)	9	261	26
Surplus / (Deficit) before tax		(6,769)	(4,925)	(157)	(3,347)
Taxation	11	(344)	(292)	(1,754)	(1,680)
Surplus / (Deficit) for the year		(7,113)	(5,217)	(1,911)	(5,027)
Actuarial gain / (loss) in respect of pension schemes	19	107,948	107,948	28,705	28,705
Total comprehensive income for the year		100,835	102,731	26,794	23,678
Represented by:					
Endowment comprehensive income for the year		(133)	(5)	135	40
Restricted comprehensive income for the year		49	-	246	-
Unrestricted comprehensive income for the year		100,919	102,736	26,413	23,638
		100,835	102,731	26,794	23,678

The accompanying notes form part of the financial statements

Edinburgh Napier University
Consolidated and University Statement of Changes in Reserves

Year to 31 July 2022

	Income and expenditure reserve			Revaluation Reserve	Total
	Endowment	Restricted	Unrestricted		
Consolidated	£000	£000	£000	£000	£000
Balance at 1 August 2020	778	1,497	22,035	4,325	28,635
Surplus / (deficit) from the income and expenditure statement	135	246	(2,292)	-	(1,911)
Other comprehensive income	-	-	28,705	-	28,705
Total comprehensive income for the year	135	246	26,413	-	26,794
Balance at 1 August 2021	913	1,743	48,448	4,325	55,429
Surplus / (deficit) from the income and expenditure statement	(133)	49	(7,029)	-	(7,113)
Other comprehensive income	-	-	107,948	-	107,948
Total comprehensive income for the year	(133)	49	100,919	-	100,835
Balance at 31 July 2022	780	1,792	149,367	4,325	156,264
University					
Balance at 1 August 2020	282	-	16,566	4,325	21,173
Surplus / (deficit) from the income and expenditure statement	40	-	(5,067)	-	(5,027)
Other comprehensive income	-	-	28,705	-	28,705
Total comprehensive income for the year	40	-	23,638	-	23,678
Balance at 1 August 2021	322	-	40,204	4,325	44,851
Surplus / (deficit) from the income and expenditure statement	(5)	-	(5,212)	-	(5,217)
Other comprehensive income	-	-	107,948	-	107,948
Total comprehensive income for the year	(5)	-	102,736	-	102,731
Balance at 31 July 2022	317	-	142,940	4,325	147,582
The accompanying notes form part of the financial statements					


	Notes	As at 31 July 2022		As at 31 July 2021	
		Consolidated £000	University £000	Consolidated £000	University £000
Non-current assets					
Fixed assets	12	116,210	116,153	115,828	115,759
Investments	13	2,611	1,364	2,792	1,359
		-----	-----	-----	-----
		118,821	117,517	118,620	117,118
		-----	-----	-----	-----
Pension asset	19	24,725	24,725	-	-
Current assets					
Stock	14	32	32	16	16
Trade and other receivables	15	10,818	7,596	7,374	5,431
Cash and cash equivalents	23	70,161	68,735	54,706	53,364
		-----	-----	-----	-----
		81,011	76,363	62,096	58,811
Less: creditors falling due within one year	16	(47,104)	(49,834)	(31,567)	(37,358)
		-----	-----	-----	-----
Net current assets		33,907	26,529	30,529	21,453
		-----	-----	-----	-----
Total assets less current liabilities					
Less: creditors falling due after more than one year	17	(10,000)	(10,000)	(10,021)	(10,021)
Provisions					
Pensions provision	18	(11,189)	(11,189)	(83,699)	(83,699)
		-----	-----	-----	-----
Total net assets		156,264	147,582	55,429	44,851
		=====	=====	=====	=====
Restricted reserves					
Income and expenditure reserve – endowment reserve	20	780	317	913	322
Income and expenditure reserve – restricted reserve	21	1,792	-	1,743	-
Unrestricted reserves					
Income and expenditure reserve – unrestricted reserve		149,367	142,940	48,448	40,204
Revaluation reserve		4,325	4,325	4,325	4,325
		-----	-----	-----	-----
Total reserves		156,264	147,582	55,429	44,851
		=====	=====	=====	=====

The accompanying notes form part of the financial statements

The financial statements were approved by the University Court on 19 December 2022 and signed on its behalf by:



Ms June Boyle, Chair



**Professor Andrea M Nolan, OBE,
Principal and Vice-Chancellor**

Edinburgh Napier University
Consolidated Statement of Cash Flows

Year to 31 July 2022

	31 July 2022 £000	31 July 2021 £000
Cash flow from operating activities		
Deficit for the year before tax	(6,769)	(157)
Adjustment for non-cash items		
Depreciation	6,827	6,388
(Gain) / loss on valuation of investments	60	(261)
(Increase) / decrease in stock	(16)	(16)
(Increase) / decrease in debtors	(3,445)	(279)
Increase in creditors	16,665	7,893
(Increase) / decrease in pensions provision	10,713	8,937
Adjustment for investing or financing activities		
Investment income	(277)	(193)
Interest payable	758	770
(Gain) / loss on disposal of non-current assets	-	(2,268)
Capital grant income	(1,190)	(1,335)
	-----	-----
Cash inflow from operating activities	23,326	19,479
Taxation	(344)	(1,754)
	-----	-----
Net cash inflow from operating activities	22,982	17,725
	=====	=====
Cash flows from investing activities		
Proceeds from disposal of tangible assets	-	42
Proceeds from disposal of non-current asset investments	266	2,783
Proceeds from disposal of current asset investments	-	-
Capital grant receipts	1,190	1,335
Investment income	277	193
Payments made to acquire fixed assets	(8,336)	(1,028)
Payments made to acquire non-current asset investments	(145)	(556)
	-----	-----
Net cash inflow / (outflow) from investing activities	(6,748)	2,769
	=====	=====
Cash flows from financing activities		
Interest paid	(758)	(770)
Repayments of amounts borrowed	(21)	(229)
	-----	-----
Net cash outflow from financing activities	(779)	(999)
	=====	=====
Increase in cash and cash equivalents in the year	15,455	19,495
	=====	=====
Cash and cash equivalents at the beginning of the year	54,706	35,211
Cash and cash equivalents at the end of the year	70,161	54,706

The accompanying notes form part of the financial statements

Edinburgh Napier University

Notes to the 2021/22 Financial Statements

1. Principal Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice: Accounting for Further and Higher Education 2019, (SORP) and in accordance with applicable accounting standards. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets).

Going concern

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The Strategic Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the University Court considers to be appropriate for the following reasons.

The University Audit and Risk Committee has reviewed cash flow forecasts for a period of 24 months from the date of approval of these financial statements. The University Court has discussed and endorsed the Committee's conclusion that, taking account of severe but plausible downsides, including the anticipated impact of Covid, the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The 2022/23 budget has been prepared and shows an operating surplus of £7.7m. The budget illustrates that the University will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval

of the financial statements (the going concern assessment period).

The University has a revolving credit facility of up to £30 million, which is currently unused and is not forecast to be utilised during 2022/23.

There is also a drawdown loan facility of £10m with covenants in place. The University Court does not anticipate any breaches of these covenants over the going concern assessment period.

Consequently, the University Court is confident that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2021. Intra-group transactions are eliminated on consolidation.

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

Recognition of income

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

Tuition fee income is stated gross and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which the students are studying. This represents a change in accounting policy compared to prior years, when the income was recognised when the University was entitled to it. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Edinburgh Napier University

Notes to the 2021/22 Financial Statements

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

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

a) Grant funding

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

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

b) Donations and endowments

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

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments are recorded in income in the year in which they arise as either restricted or unrestricted income according to the terms of any restriction applied to the individual endowment fund.

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

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

c) Capital grants

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

Accounting for retirement benefits

The two principal pension schemes operated for the University's staff are the Scottish Teachers' Superannuation Scheme ("STSS") and the Local Government Pension Scheme ("LGPS"). Academic staff join the STSS, whilst the LGPS provides similar benefits for other employees of the University. Both schemes are defined benefit schemes which are externally funded.

Contributions to the STSS are charged to the income and expenditure so as to spread the cost of pensions over the period during which the University benefits from the employee's services. Variations from regular cost are spread over the expected average remaining working lifetime of members of the scheme after making allowances for future withdrawals.

The contributions are determined by the STSS Trustees on the basis of advice provided by qualified actuaries.

Edinburgh Napier University

Notes to the 2021/22 Financial Statements

In the LGPS scheme the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University will recognise a liability for its obligations under the defined benefit scheme net of scheme 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 scheme assets. The calculation is performed by a qualified actuary using the projected unit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount which the University expects to pay as a result of the unused entitlement.

Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of a 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.

Service Concession Arrangements

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability.

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

Operating leases

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

Foreign currency

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 either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets which were revalued to fair value on the date of transition to the 2015 SORP are measured on the basis of deemed cost being the revalued amount at the date of that revaluation. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

a) Land and Buildings

Land is stated at deemed cost on the date of transition to the 2015 SORP. Land is not depreciated as it is considered to have an indefinite life.

Edinburgh Napier University

Notes to the 2021/22 Financial Statements

Buildings are stated at cost less accumulated depreciation. Costs incurred in relation to buildings after their initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University.

Buildings are depreciated over their expected useful life of 50 years. Certain items of infrastructure, including wiring and heating installations are depreciated over their expected useful life of 25 years. Temporary buildings are depreciated over the period in which they are granted planning permission.

No depreciation is charged on assets in the course of construction.

Property which is expected to be sold within one year of the Balance Sheet date is held within Current Assets as an Asset held for sale.

Investment property is initially measured at cost. Subsequent valuations will be at fair value and carried out at least every three years.

b) Vehicles and equipment

Equipment, including computers and software, costing less than £10,000 per individual item or group of related items, is written off in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is stated at cost and is depreciated over its useful economic life as follows:

Non-computer equipment	10 years
Furniture	10 years
Residences furniture and fittings	8 years
Computer equipment	3 years
Research equipment	2 years or project life

Investments

Investments are held at fair value, with movements recognised in the Consolidated Statement of Comprehensive Income and Expenditure.

Stock

Stock is held at the lower of cost and net realisable value. No account is taken of stock held in academic or professional service departments.

Cash and cash equivalents

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

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

Provisions

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

Taxation

The University is an exempt charity within the meaning of the Charities and Trustee Investment (Scotland) Act 2005 and as such is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes (ICTA) Act 1988. The University is recognised as a charity by HM Revenue & Customs and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA

1988 or sections 478 to 488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

Edinburgh Napier University

Notes to the 2021/22 Financial Statements

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

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as permanently restricted funds which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Estimation techniques

The preparation of the financial statements requires management to make estimations that affect the financial statements during the reporting period. Actual results could differ from those estimates. Estimates are principally used when accounting for defined benefit pension schemes and the carrying value and depreciation of tangible fixed assets. Details of the estimates used are set out in the relevant accounting policy and financial statement note.

Edinburgh Napier University
Notes to the 2021/22 Financial Statements

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
2. Scottish Funding Council grants				
Recurrent teaching grant	56,539	56,539	54,968	54,968
Research grant	2,298	2,298	2,843	2,843
Capital grants	1,190	1,190	1,335	1,335
Other grants	8,550	8,550	7,147	7,147
	-----	-----	-----	-----
	68,577	68,577	66,293	66,293
	=====	=====	=====	=====
3. Tuition fees and education contracts				
Scotland and EU fees	20,326	20,326	17,834	17,834
Other UK fees	4,888	4,888	4,380	4,380
Non-EU fees	29,295	20,264	25,800	17,718
Non-credit bearing course fees	3,288	-	3,756	-
	-----	-----	-----	-----
	57,797	45,478	51,770	39,932
	=====	=====	=====	=====
4. Research grants and contracts				
Research councils and charities	1,759	1,759	1,001	1,001
Industry and commerce	864	679	344	344
Government	1,215	1,215	927	927
Other	1,263	1,263	1,383	1,259
	-----	-----	-----	-----
	5,101	4,916	3,655	3,531
	=====	=====	=====	=====
5. Other income				
Residences, catering and conferences	8,484	8,484	4,083	4,083
Capital grants	1,900	1,900	-	-
Job retention scheme ('furlough') grant	47	47	552	552
Other income	5,562	4,490	3,840	3,009
	-----	-----	-----	-----
	15,993	14,921	8,475	7,644
	=====	=====	=====	=====
6. Investment income				
Investment income from endowments	8	8	8	8
Other investment income	269	238	185	155
	-----	-----	-----	-----
	277	246	193	163
	=====	=====	=====	=====

Edinburgh Napier University
Notes to the 2021/22 Financial Statements

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
7. Donations and endowments				
Restricted donations	526	-	484	-
Unrestricted donations	38	7,908	206	5,176
	-----	-----	-----	-----
	564	7,908	690	5,176
	=====	=====	=====	=====
8. Staff costs				
Salaries	67,184	62,306	60,515	55,772
Social security costs	7,010	6,642	6,181	5,823
Other pension costs (note 19)	24,036	23,331	19,960	19,275
	-----	-----	-----	-----
	98,230	92,279	86,656	80,870
	=====	=====	=====	=====
Emoluments of the Vice-Chancellor:			2022	2021
			£000	£000
Salary			219	209
Payments in lieu of pension contributions			44	42
			-----	-----
			263	251
			=====	=====

The remuneration of the Vice-Chancellor is 5.8 times the median remuneration of all other staff.

The number of other higher paid staff who received emoluments, excluding national insurance and pension contributions, but including payments in lieu of pension contributions, in the following ranges was:

	2022	2021
	number	number
£100,000 - £109,999	5	4
£110,000 - £119,999	1	2
£120,000 - £129,999	4	1
£140,000 - £149,999	-	2
£150,000 - £159,999	2	1
£170,000 - £179,999	1	-

Edinburgh Napier University
Notes to the 2021/22 Financial Statements

8. Staff costs (cont.)

	2022	2021
	number	number
The average number of staff by major category was:		
Academic departments	801	753
Academic services	269	259
Central administration	243	239
Other	180	137
	-----	-----
	1,493	1,388
	=====	=====

	£000	£000
Compensation for loss of office paid to former senior post-holders		
Compensation paid to no (2020: one) former senior post-holders	-	30
	=====	=====

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel. The University's key management personnel are the members of the University Leadership Team.

Key management personnel compensation	1,286	1,039
	=====	=====

Edinburgh Napier University
Notes to the 2021/22 Financial Statements

9. Analysis of expenditure by activity	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
Academic departments	52,133	52,133	46,576	46,576
Academic services	33,292	33,292	25,000	25,000
Central administration	20,265	20,265	19,086	19,086
Property	9,658	9,658	10,230	10,230
Research grants and contracts	7,121	7,121	6,157	6,157
Residences and catering	9,539	9,539	8,653	8,653
Napier University Ventures Ltd	7,596	-	7,325	-
Other expenditure	15,414	14,972	10,735	10,397
	-----	-----	-----	-----
	155,018	146,980	133,762	126,099
	=====	=====	=====	=====

Other operating expenses includes:

External auditor – audit services	91	85	90	84
External auditor – other services	93	90	112	112
Internal auditor – audit services	139	139	82	82
Operating lease rentals - buildings	6,208	6,208	5,845	5,845
Operating lease rentals - vehicles	19	19	10	10
	-----	-----	-----	-----
	6,550	6,541	6,139	6,133
	=====	=====	=====	=====

10. Interest and other finance costs

Loans interest	580	580	580	580
Non-utilisation costs	178	178	190	190
Net charge on pension scheme (note 19)	1,224	1,224	1,511	1,511
	-----	-----	-----	-----
	1,982	1,982	2,281	2,281
	=====	=====	=====	=====

11. Taxation

Corporate tax on overseas activities	344	292	1,754	1,680
	=====	=====	=====	=====

Edinburgh Napier University
Notes to the 2021/22 Financial Statements

12. Fixed assets - Consolidated	Assets under construction £000	Land and buildings £000	Vehicles and equipment £000	Total £000
Cost or valuation				
At 1 August 2021	1,653	149,693	27,342	178,688
Additions	1,975	3,782	1,452	7,209
Transfers	(1,653)	1,653	-	-
Disposals	-	-	(2,695)	(2,695)
	-----	-----	-----	-----
At 31 July 2022	1,975	155,128	26,099	183,202
	=====	=====	=====	=====
Depreciation				
At 1 August 2021	-	44,609	18,251	62,860
Charge for the year	-	3,994	2,833	6,827
Disposals	-	-	(2,695)	(2,695)
	-----	-----	-----	-----
At 31 July 2022	-	48,603	18,389	66,992
	=====	=====	=====	=====
Net book value at 31 July 2022	1,975	106,525	7,710	116,210
	=====	=====	=====	=====
Net book value at 31 July 2021	1,653	105,084	9,091	115,828
	=====	=====	=====	=====
Fixed assets – University				
Cost or valuation				
At 1 August 2021	1,653	149,693	27,180	178,526
Additions	1,975	3,782	1,452	7,209
Disposals	(1,653)	1,653	-	-
	-	-	(2,695)	(2,695)
	-----	-----	-----	-----
At 31 July 2022	1,975	155,128	25,937	183,040
	=====	=====	=====	=====
Depreciation				
At 1 August 2021	-	44,609	18,158	62,767
Charge for the year	-	3,994	2,821	6,815
Disposals	-	-	(2,695)	(2,695)
	-----	-----	-----	-----
At 31 July 2022	-	48,603	18,284	66,887
	=====	=====	=====	=====
Net book value at 31 July 2022	1,975	106,525	7,653	116,153
	=====	=====	=====	=====
Net book value at 31 July 2021	1,653	105,084	9,022	115,759
	=====	=====	=====	=====

Edinburgh Napier University
Notes to the 2021/22 Financial Statements

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
13. Non-current investments				
At 1 August	2,792	1,359	2,491	1,330
Additions	146	21	556	44
Disposals	(267)	(25)	(518)	(41)
Appreciation / (diminution) of investments	(60)	9	263	26
	-----	-----	-----	-----
At 31 July	2,611	1,364	2,792	1,359
	=====	=====	=====	=====
14. Stock				
Stock for resale	32	32	16	16
	=====	=====	=====	=====
15. Trade and other receivables				
Trade receivables	5,978	3,234	3,165	1,570
Prepayments and accrued income	3,194	2,771	3,244	2,943
Other receivables	966	911	489	442
Research grants receivable	680	680	476	476
	-----	-----	-----	-----
	10,818	7,596	7,374	5,431
	=====	=====	=====	=====
16. Creditors: amounts falling due within one year				
Trade payables	4,119	4,119	5,254	5,254
Taxation and social security	1,790	1,790	1,919	1,919
Other payables	2,821	2,692	2,301	2,189
Accruals and deferred income	36,227	35,260	19,443	18,594
Research grants received on account	2,126	2,126	2,421	2,421
Loans from Scottish Funding Council	21	21	21	21
Other loans	-	-	208	208
Amounts owed to subsidiary undertakings	-	3,826	-	6,752
	-----	-----	-----	-----
	47,104	49,834	31,567	37,358
	=====	=====	=====	=====

Edinburgh Napier University

Notes to the 2021/22 Financial Statements

17. Creditors: amounts falling due after more than one year	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
Unsecured loan repayable by 2039	10,000	10,000	10,000	10,000
Loans from Scottish Funding Council	-	-	21	21
	-----	-----	-----	-----
	10,000	10,000	10,021	10,021
	=====	=====	=====	=====

The University has an unsecured loan from Barclays Bank plc repayable by 2039. Interest is fixed at a rate of 5.80%.

The University has an unsecured revolving credit facility from Bank of Scotland plc expiring July 2027. To date, none of this facility has been used.

Loans from the Scottish Funding Council (SFC) are unsecured and interest-free, offered under the SFC's University Carbon Reduction Programme. The loans are repayable in line with the forecast energy savings which will benefit the University through the delivery of solar panels and LED lighting. The loan in relation to solar panels has now been fully repaid and the loan in relation to LED lighting will be repaid during 2022/23.

18. Provisions – Consolidated and University	Unfunded	Defined	Total
	pensions	benefit	
	£000	obligations	£000
At 1 August 2021	12,451	71,248	83,699
Income from investments	24	-	24
Early retirement pensions	(922)	-	(922)
Transfer to income and expenditure account	(364)	(71,248)	(71,612)
	-----	-----	-----
At 31 July 2022	11,189	-	11,189
	=====	=====	=====

Unfunded pensions

A valuation of the unfunded pension liability was carried out at 31 July 2022, by Mercer Limited, an independent firm of actuaries.

Defined benefit obligations

A valuation of the defined benefit obligations was carried out at 31 July 2022 by Hymans Robertson, an independent firm of actuaries (see note 19). For 2021/22 a defined benefit asset has been recognised. Recognition of this asset is capped under accounting standards. This cap is calculated by Hymans Robertson and will be reassessed at each balance sheet date.

Edinburgh Napier University

Notes to the 2021/22 Financial Statements

19. Pension schemes

There are two pension schemes operated for University staff. These are the Scottish Teachers Superannuation Scheme (STSS) and the Local Government Pension Scheme (LGPS). The total pension cost for the year was £24,036,000 (2021 - £19,960,000)

	2022	2021
	£000	£000
Total pension costs for the year (note 8)		
STSS – contributions paid	7,097	6,177
LGPS – charge to the income and expenditure account	16,939	13,783
	-----	-----
	24,036	19,960
	=====	=====

The Scottish Teachers Superannuation Scheme is the principal scheme for University academic staff. It is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purposes of determining contribution rates.

The UK Government's Public Service Pensions Act requires that a valuation of the STSS must be undertaken every four years to measure the costs of benefits being provided. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2016
Actuarial method	Projected unit
Discount rate	4.45%
Pension increases	2.00%
Long term salary growth	4.20%
Actuarial value of assets	£21.5bn
Proportion of members' accrued benefits covered by the actuarial value of the assets	94.3%

The notional value of assets at the valuation date was £21.5bn. The past service liabilities of the scheme were valued at £22.8bn, resulting in a notional deficit of £1.3bn.

The employer contribution rate was 17.2% during August 2020, and increased to 23% with effect from 1 September 2020, until 31 March 2023.

Under the definitions set out in FRS102 and the 2015 SORP, the STSS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in the SORP and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Edinburgh Napier University

Notes to the 2021/22 Financial Statements

19. Pension schemes (cont.)

The Local Government Pension Scheme is the principal scheme for non-academic staff of the University. It is a funded defined benefit scheme, with assets held in separate trustee administered funds. The University is one of many employers who participate in the scheme.

The most recent actuarial valuation was performed for the three year period to 31 March 2020. The following assumptions were made for actuarial valuation purposes:

Discount rate	3.0%
Pay increases	2.45%
Price inflation / pension increases	1.95%

As a result of change in advisors, the University's methodology used to derive the CPI assumption has changed. The market-implied RPI assumption (from which the CPI assumption is derived) is 5bps lower than it would have been using the previous methodology. The impact of this change in approach when setting the CPI assumption is a reduction of approximately £3.5m in the defined benefit obligation.

The University has also updated its approach to setting its CPI inflation assumption in light of the RPI reform joint consultation response published on the 25th November 2020 by the UK Government and the UK Statistics Authority. The University has proposed reducing the long term gap between RPI and CPI, resulting in an increase in the CPI assumption of 20 basis points compared with the prior year. The impact of this change in approach is an increase of approximately £14.1m in the defined benefit obligation.

The market value of the assets at the valuation date was £7,479m. The past service liabilities of the scheme have been valued at £7,071m resulting in a surplus of £408m, which is an improvement on the 2017 deficit of £145m. The 2020 valuation represents a funding level of 106%. For the year ended on 31 March 2022 employer contributions were 20.8% of pensionable pay. Future employer contributions are expected to be:

Year ended: 31 March 2023 20.8% of pensionable pay

The following information is based upon the full actuarial valuation of the fund at 31 March 2020, updated to 31 July 2022 by a qualified independent actuary.

	July 2022	July 2021	July 2020
Rate of increase in salaries	3.25%	3.2%	3.9%
Rate of increase in pensions	2.75%	2.7%	2.2%
Discount rate	3.5%	1.6%	1.6%
Inflation rate	2.75%	2.7%	2.2%

The University has updated the mortality base table assumptions as at 31 July 2022 following analysis undertaken by the Fund Actuary for the Fund valuation as at 31 March 2020. Life expectancy is based on the Fund's VitaCurves (2021: based on the Fund's VitaCurves) with improvements in line with the CMI 2021 model (2021: CMI 2020 model), standard smoothing (Sk7) (2021: standard smoothing), initial adjustment of 0.25% (2021: 0.5%) and a long term rate of improvement of 1.5% p.a. (2021: 1.25% p.a.)

Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2022		2021	
	males	females	males	females
Current pensioners (65 years of age as at last Triennial valuation)	20.3 years	23.1 years	20.5 years	23.3 years
Future pensioners (45 years of age as at last Triennial valuation)	21.6 years	25.0 years	21.9 years	25.2 years

No adjustments have been made to the mortality assumptions to account for the impact of COVID-19 as the actual plan experience from the period of the pandemic is not yet available and it is too soon to make a credible judgement on the impact of the pandemic on future mortality improvements.

Edinburgh Napier University

Notes to the 2021/22 Financial Statements

19. Pension schemes (cont.)

In calculating the scheme assets and liabilities, the fund's actuaries had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes, but it is possible that actual outcomes will differ from those included in the financial statements. Any differences between expected and actual outcomes are reported through experience gains and losses.

During the course of the year there has been exceptionally high inflation. There is a lag between when inflation is observed and when it impacts the members' pensions and therefore we call this difference "emerging inflation". The actuary's default approach has been not to allow for emerging inflation in their model. In previous years this has been a reasonable simplification as actual observed inflation has not been materially different from expected inflation. However, the impact this year is that this approach does not take account of the c. 9-10% increase expected to be paid in April 2023, even though the indices which are used to set the assumption are now known. The effect of recognising the 2023 PI order in the balance sheet as at 31 July 2022 is to increase the value of the obligations by c. £13.1m.

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly since 31 July 2022, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore while both gross defined benefit obligations and assets will have fallen, it is difficult to estimate the impact of these changes on the net balance sheet position.

	July 2022	July 2021	July 2020
	Fair value	Fair value	Fair value
	£000	£000	£000
Equities	195,433	185,082	169,649
Bonds	38,536	35,988	24,555
Property	19,268	15,424	15,626
Cash	22,021	20,565	13,393
	-----	-----	-----
Fair value of assets	275,258	257,059	223,223
Present value of scheme liabilities	(244,544)	(328,307)	(313,775)
	-----	-----	-----
Net pension surplus / (deficit)	30,714	(71,248)	(90,552)
	=====	=====	=====

The following amounts at 31 July were measured in accordance with the requirements of FRS102. As the University's share of the scheme is in a surplus position for 2021/22, there is a ceiling to which this can be recognised. The ceiling has been calculated by the scheme actuaries in line with accounting standards, and will be assessed at each balance sheet date.

	2022	2021
	£000	£000
Analysis of the amount shown in the Balance Sheet		
The University's estimated assets share	275,258	257,059
Present value of the University's scheme liabilities	(244,544)	(328,307)
	-----	-----
Surplus / (deficit) in the scheme	30,714	(71,248)
	-----	-----
Surplus / (deficit) recognised under ceiling	24,725	(71,248)
	=====	=====

Edinburgh Napier University
Notes to the 2021/22 Financial Statements

19. Pension schemes (cont.)

Analysis of the amount charged to staff costs (note 8) within the Consolidated Statement of Comprehensive Income and Expenditure

	2022	2021
	£000	£000
Current service cost	(16,939)	(13,689)
Past service (cost) / gain (including curtailments)	-	(94)
	-----	-----
Net charge	(16,939)	(13,783)
	=====	=====

Analysis of the amount charged to interest and other finance costs (note 10) within the Consolidated Statement of Comprehensive Income and Expenditure

Interest income on plan assets	4,132	3,587
Interest cost on defined benefit obligation	(5,356)	(5,098)
	-----	-----
Net charge	(1,224)	(1,511)
	=====	=====

Analysis of movements in the present value of scheme liabilities

Balance at 1 August	328,307	313,775
Current service cost	16,939	13,689
Employee contributions	1,925	1,794
Past service cost (including curtailments)	-	94
Benefits paid	(5,417)	(5,392)
Interest costs	5,356	5,098
Other experience	14,201	(26,620)
Changes in financial assumptions	(115,365)	26,558
Changes in demographic assumptions	(1,402)	(689)
	-----	-----
Balance at 31 July	244,544	328,307
	=====	=====

Analysis of movements in the fair value of scheme assets

Balance at 1 August	257,059	223,223
Employee contributions	1,925	1,794
Employer contributions	6,188	5,893
Benefits paid	(5,417)	(5,392)
Expected return on assets	4,132	3,587
Other experience	-	(3,788)
Return on assets excluding amounts included in net interest	11,371	31,742
	-----	-----
	275,258	257,059
	=====	=====

Edinburgh Napier University
Notes to the 2021/22 Financial Statements

19. Pension schemes (cont.)

Actuarial gain recognised in the Consolidated Statement of Comprehensive Income and Expenditure

Return on scheme assets	11,371	31,742
Changes in financial assumptions	115,365	(26,558)
Changes in demographic assumptions	1,402	689
Other experience	(14,201)	22,832
	-----	-----
Net gain	113,937	28,705
	-----	-----
Net gain recognised under ceiling	107,950	28,705
	=====	=====

History of experience gains and losses

	2022	2021	2020	2019	2018
	£000	£000	£000	£000	£000
Difference between the expected and actual return on scheme assets	11,371	27,954	(17,380)	13,212	2,503
% of scheme assets	4.1%	10.9%	7.8%	5.7%	1.2%
Experience gain / (loss) on scheme liabilities	(102,566)	(751)	(24,258)	(22,918)	15,844
% of the present value of the scheme liabilities	41.9%	0.2%	7.7%	8.3%	6.7%

20. Endowment reserve

	2022	2021
	£000	£000
At 1 August		
Capital	834	703
Accumulated income	79	75
	-----	-----
	913	778
Increase / (decrease) in market value of investments	(38)	138
Investment income	8	8
Expenditure for the year	(103)	(11)
	-----	-----
Total endowment comprehensive income / (expenditure) for the year	(133)	135
	-----	-----
At 31 July	780	913
	=====	=====
Represented by:		
Capital	796	834
Accumulated income	(16)	79
	-----	-----
	780	913
	=====	=====

Edinburgh Napier University

Notes to the 2021/22 Financial Statements

21. Restricted reserve

At 1 August	1,743	1,497
	-----	-----
New donations	526	484
Increase / (decrease) in market value of investments	(41)	140
Investment income	30	28
Expenditure	(466)	(406)
	-----	-----
Total restricted comprehensive income / (expenditure) for the year	49	246
	-----	-----
At 31 July	1,792	1,743
	=====	=====

22. Subsidiary undertakings

Napier University Ventures Limited, a company limited by guarantee, is not a legal subsidiary of the University. However, as the University exercises a dominant influence, it is treated as a subsidiary for financial reporting and consolidated in these accounts.

Edinburgh Napier Development Trust is not a legal subsidiary of the University. However, as the University exercises a dominant influence, it is treated as a subsidiary for financial reporting and consolidated in these accounts.

23. Cash and cash equivalents	At 1 August	Cash flows	At 31 July
	2021		2022
	£000	£000	£000
Consolidated cash and cash equivalents	54,706	15,455	70,161
	=====	=====	=====

24. Capital commitments

As at 31 July 2022 the University and its consolidated subsidiaries had contracted commitments amounting to £1,111,657 (2021 - £1,706,452).

25. Lease obligations	Buildings	Vehicles and equipment	2022	2021
	£000	£000	£000	£000
Future minimum lease payments due:				
Not later than 1 year	5,934	275	6,209	6,314
Later than 1 year and not later than 5 years	24,303	60	24,363	24,297
Later than 5 years	55,349	-	55,349	61,885
	-----	-----	-----	-----
	85,586	335	85,921	92,496
	=====	=====	=====	=====

Edinburgh Napier University
Notes to the 2021/22 Financial Statements

26. Discretionary, childcare and midwifery funds

	Discretionary	Childcare	Midwifery	All Funds	All Funds
	2022	2022	2022	2022	2021
	£000	£000	£000	£000	£000
Balance at 1 August	644	-	-	644	608
Grants received	596	202	175	973	2,003
Transfer between funds	100	(100)	-	-	-
	-----	-----	-----	-----	-----
	1,340	102	175	1,617	2,611
Disbursed to students	(1,268)	(102)	(175)	(1,545)	(1,967)
	-----	-----	-----	-----	-----
Balance at 31 July	72	-	-	72	644
	=====	=====	=====	=====	=====

Discretionary, Childcare and Midwifery Funds are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income and Expenditure.

27. Related party transactions

The University has taken advantage of the exemption available under FRS102, Related Party Transactions, not to disclose transactions with subsidiary companies that are eliminated on consolidation.

The University participates in the Lothian Pension Fund, which is a related party per FRS102, section 33. The transactions and balances at the end of the year are disclosed in note 19.

Edinburgh Napier University

Notes to the 2021/22 Financial Statements

28. US Department of Education Financial Responsibility Supplemental Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the University is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

Primary Reserve Ratio

Pg	Related disclosures	Description	Year ended 31 July 2022		Year ended 31 July 2021	
			£000	£000	£000	£000
		Expendable net assets				
33	Unrestricted reserves	Net assets without donor restrictions		153,962		52,773
33	Restricted reserves	Net assets with donor restrictions		2,572		2,656
n/a	n/a	Secured and unsecured related party receivable		-		-
n/a	n/a	Unsecured related party receivable		-		-
33	Fixed assets	PPE, net	(116,210)		(115,828)	
44	Balance of pre-implementation assets still held	PPE – pre-implementation		(105,481)		(110,714)
n/a	n/a	PPE – post-implementation with outstanding debt		-		-
44	19/20 and 20/21 additions and related depreciation	PPE – post-implementation without outstanding debt		(10,729)		(5,144)
n/a	n/a	CIP		-		-
n/a	n/a	Lease right-of-use asset, net		-		-
n/a	n/a	Lease right-of-use asset, pre-implementation		-		-
n/a	n/a	Lease right-of-use asset, post-implementation		-		-
n/a	n/a	Intangible asset		-		-

Edinburgh Napier University
Notes to the 2021/22 Financial Statements

27. US Department of Education Financial Responsibility Supplemental Schedule (cont.)

33	Pensions provision	Post-employment and pension liabilities	(13,536)	83,699
45	Note 17 and 'loans' from note 16	Long term debt for long term purposes	10,021	10,250
46				
45	Note 17 and 'loans' from note 16	Long term debt for long term purposes, pre-implementation	10,021	10,250
46				
n/a	n/a	Long term debt for long term purposes, post-implementation	-	-
n/a	n/a	Line of credit for CIP	-	-
n/a	n/a	Lease right-of-use asset liability	-	-
n/a	n/a	Pre-implementation right-of-use leases	-	-
n/a	n/a	Post-implementation right-of-use leases	-	-
n/a	n/a	Annuities with donor restrictions	-	-
51	Restricted expendable capital at 31 July	Term endowments with donor restrictions	-	-
n/a	n/a	Life income funds with donor restrictions	-	-
51	Restricted permanent capital at 31 July	Net assets with donor restrictions: restricted in perpetuity	(796)	(834)
		Total	32,743	32,716
		Total expenses and losses		
31, 46, 50, 51	Total expenses. less pension adjustments, less endowment and restricted expenses	Total expenses without donor restrictions	142,839	123,510
31, 46, 50, 51	See lines below	Non-operating and net investment loss	(96,357)	(18,855)
31, 51	Gain / loss on investments, less restricted gain / loss	Net investment losses	20	(15)
31, 46, 50	Actuarial gain / loss, plus unfunded pension provision transfer, plus pension interest and staff cost adjustment	Pension-related changes other than net periodic costs	96,337	18,870
		Total	142,839	123,510

Edinburgh Napier University
Notes to the 2021/22 Financial Statements

27. US Department of Education Financial Responsibility Supplemental Schedule (cont.)

Equity Ratio

			Year ended 31 July 2022	Year ended 31 July 2021
Page	Related disclosures	Description	£000	£000
Modified net assets				
33	Unrestricted reserves	Net assets without donor restrictions	153,692	52,773
33	Restricted reserves	Net assets with donor restrictions	2,572	2,656
n/a	n/a	Intangible assets	-	-
n/a	n/a	Secured and unsecured related party receivables	-	-
n/a	n/a	Unsecured related party receivables	-	-
		Total	156,264	55,429
Modified assets				
33	Non-current assets + current assets	Total assets	199,832	180,716
n/a	n/a	Lease right-of-use asset pre-implementation	-	-
n/a	n/a	Pre-implementation right-of-use leases	-	-
n/a	n/a	Intangible assets	-	-
n/a	n/a	Secured and unsecured related party receivable	-	-
n/a	n/a	Unsecured related party receivables	-	-
		Total	199,832	180,716

Net Income Ratio

			Year ended 31 July 2022	Year ended 31 July 2021
Page	Related disclosures	Description	£000	£000
32	Total comprehensive income, unrestricted	Change in net assets without donor restrictions	100,919	26,413
31, 51	Total income, plus gain / loss on disposal of non-current assets, less restricted and endowment income	Total revenues and gains without donor restrictions	147,745	132,822