

# Financial Statements

2018–2019

Be Stirling

BE THE DIFFERENCE

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# Principal's introduction

**The academic year 2018-19 saw the University of Stirling maintain its reputation both in the UK and globally.**

More than 4,000 students graduated – joining our global alumni family which now stands at more than 92,000 people in 170 countries around the world. Our position as an institution of excellence was further enhanced, as evidenced by an increase in research income.

We are continuing to transform our groundbreaking research activity, focusing even more closely on tackling some of the biggest global challenges. Our academics are carrying out cross-disciplinary research – in the thematic areas of: Living Well; Global Security and Resilience; and Cultures, Communities and Society – in order to improve the lives of people in communities around the world.

The University's outstanding learning and teaching environment continued to be recognised – with almost three-quarters of research activity rated either world-leading or internationally excellent (REF2014).

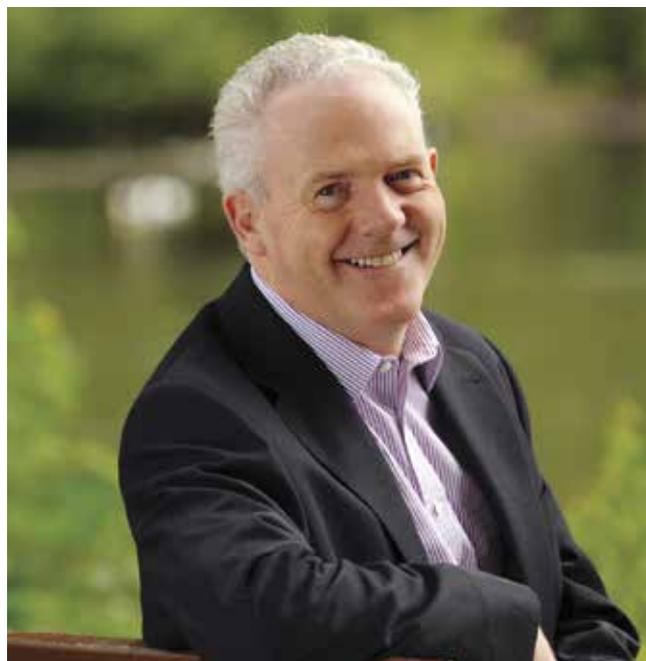
In the QS World University Rankings, we have a five-star rating as an institution and have also been awarded five stars for teaching, employability, internationalisation, facilities and inclusiveness.

We are making significant investment in the future of our beautiful Stirling campus, ensuring it will remain a much-desired study destination for many years to come. Our £41 million developments will create world-class fitness and high-performance sports facilities, as well as a new 'Campus Central' social and learning space.

The projects have been designed with input from our students, staff and local stakeholders and will transform the student experience on our campus at Stirling.

We continue to play a key role in delivering £39 million of government investment, through the Stirling and Clackmannanshire City Region Deal. Using our multi-disciplinary expertise, this investment will support our researchers to position the region as a global leader in tackling some of the key challenges facing the world, including climate change and sustainable economic growth.

It has been another good year and I look forward to working alongside our community of students, staff and alumni, to build on our existing successes and write the next chapter in the Stirling story.



A handwritten signature in black ink, reading 'Gerry McCormac'. The signature is fluid and cursive, with a large initial 'G'.

**Professor Gerry McCormac**  
Principal and Vice-Chancellor

# Strategic Report

## Overview

### Who we are and what we do

The University of Stirling is an outward-looking international university, with a global reputation for high-quality teaching and research. We are an agent for change, connecting people, innovating and transforming the lives of our students, staff and the local, national and global communities we serve. Our aim is to unlock the full potential of the 15,000 students that study across a range of undergraduate and postgraduate programmes each year, allowing them to use their knowledge and skills to shape the world in a positive way.

Our vision is to be recognised across the world as a university that addresses the needs of society through innovative interdisciplinary research. We are proud that our work is already making a positive impact on people's health, education and wellbeing, and we are working hard to do even more through research that is embodied within three major themes: Cultures, Communities and Society; Global Security and Resilience; and Living Well.

### Our governance structure overview

The University of Stirling was established by Royal Charter (RC 000669) in 1967, and is a charity registered in Scotland with the Office of the Scottish Charity Regulator (SC011159). All of its surpluses are reinvested to further the charitable aims set out in its Royal Charter.

The Charter outlines the role of the University and how the University should be governed. In accordance with the Charter, Court is the governing body of the University, and has overall responsibility for the management of resources, the ongoing strategic direction and the approval of major developments. University Court also receives regular reports from Executive Officers on the operations and delivery of the University's business.

Academic Council is the body responsible for the scholarly (teaching and research) work of the University and for the regulation and superintendence of the education, discipline and welfare of the student body. The University's corporate governance arrangements and a list of the members of the University Court and Committees during the year ended 31 July 2019 can be found on page 60.

### Our structure and students

The majority of operations are carried out at the University's main Stirling campus which is renowned for its naturally beautiful setting. To support effective delivery of learning, teaching and research activities, the academic structure is organised into five faculties. In addition, the Institute of

Advanced Studies provides a hub for Stirling's thriving research community, promoting cross-disciplinary research across the University, from postgraduate research students, post-doctoral and early career to Senior Researcher cohorts. Academic activities are supported by integrated professional services.

The University's academic delivery is broadened by a series of collaborative partnerships, based across the globe. A range of academic and English preparation courses for international students are offered through the INTO-University of Stirling joint venture, hosted at the purpose-built, on-campus INTO Centre. The University has also cultivated a number of overseas partnerships, facilitating delivery of University programmes at partner locations including Singapore (Singapore Institute of Management and Amity Global Education), China (Hebei Normal University), Oman (Muscat College), Vietnam (University of Social Sciences and Humanities) and the United Arab Emirates (Planet Core International Education FZE).

We have a dynamic community of staff and students on campus from more than 120 countries. In line with previous years, in 2018/19 the majority of our students came from within the United Kingdom, while representation from international students increased. An overview of the student population across faculties is presented in Table 1.

Faculty	Headcount 2018/19
Faculty of Arts and Humanities	3,789
Faculty of Health Sciences and Sport	2,983
Faculty of Natural Sciences	2,740
Faculty of Social Sciences	2,476
Stirling Management School	2,591
<b>Grand Total</b>	<b>14,579</b>

**Table 1** – Student headcount by faculty for academic year 2018/19 (all study locations).

The University is a place where everyone is treated with respect and where ability, not background, is valued. As such, recruiting students from a wide range of backgrounds is a priority. In 2018/19, 33% of Scottish-domiciled undergraduate entrants came from the most deprived (MD40) postcodes, and 13% of the same entrant group were from a more deprived (MD20) region – exceeding the 2021 target set by the Commission on Widening Access. Throughout 2018/19, the University continued to develop the internal infrastructures that support broader widening access ambitions, including the expansion of the portfolio of college articulation routes and contextualised offers for eligible applicants.

The University's Strategic Plan sets out the ambition to increase unregulated student recruitment to support institutional aims to diversify income streams. This requires significant growth in undergraduates from the rest of the UK (RUK), overseas and postgraduate-taught students. Reflecting this ambition of growth, the final 2018/19 unregulated student population shows a 38% increase against the Strategic Plan baseline position (2014/15). To increase overseas unregulated recruitment from these regions we are working with agents from within these areas, establishing partnerships with local colleges and universities and creating country-specific marketing materials. Ongoing recruitment activities are supported by an integrated Communications, Marketing and Recruitment directorate and by a transformed website which effectively guides potential students to key information and is more accessible across various platforms.

### Our strategic priorities

The University's current Strategic Plan 2016-2021 was approved by University Court in December 2015.

## The Strategic Plan can be accessed at [stir.ac.uk/about/our-vision/our-strategy](http://stir.ac.uk/about/our-vision/our-strategy)

The plan is ambitious, and at its launch we articulated that we were setting our aims high. Ambitions have not changed and we move forward each year seeking out further opportunities, overcoming new challenges, and proactively responding to risks.

The key underlying message of the Strategic Plan is that we aim to be a globally-connected university. We will continue to build and further strengthen our international links by connecting with partner universities, organisations and people around the world; producing research with world-wide relevance and impact; and graduating students as global citizens who will play a leadership role in their communities.

We have a set of overarching institutional objectives that will help us focus on the steps needed to achieve our goals. We aim to:-

- Be one of the top 25 universities in the UK
- Increase our income by £50 million
- Enhance our research profile by 100%
- Ensure internationalisation is at the heart of everything we do.

These objectives are underpinned by a detailed set of operational strategies and performance measures that are monitored by University Court.

### Strategic Plan Key Performance Indicators (KPIs) and associated 2018/19 performance

The University's Strategic Plan 2016-2021 set ambitious goals and "stretch targets" to drive institutional activity and progress. Underpinning the 25-50-100-i ambitions are a series of KPIs.



Each indicator is categorised using a red, amber, or green status (RAG) to indicate performance. At the end of 2018/19, based on the performance trajectory towards the 2020/21 target, 10 Strategic Plan indicators were assigned 'green' RAG status, 10 were assigned 'amber' RAG status and eight were assigned a 'red' RAG status.

## Be one of the top 25 universities in the UK

		Baseline	Actual	Actual	Actual	2018/19 performance		% change	Target
		14/15	15/16	16/17	17/18	18/19 Actual	18/19 Milestone	2014-2019	20/21
Student Satisfaction (overall satisfaction)	NSS	86%	89%	86%	84%	83%	91%	-3.5%	>91%
	PTES	90%	89%	87%	84%	84%	91%	-6.7%	>91%
	PRES	85%	-	85%	85%	85%	90%	0.0%	>91%
Teaching Satisfaction	NSS	88%	88%	87%	86%	84%	91%	-4.5%	>91%
Assessment and Feedback	NSS	69%	72%	71%	71%	74%	>80%	7.2%	>80%
Employability	Positive Destination	95.6%	96.8%	96.4%	97.1%		97.0%	1.6%	>97%
	Grad-level job	77.2%	77.9%	79.8%	79.2%		83.0%	2.6%	85%
Entry Tariffs	Guardian	376	386	389	158*	162	162	-57.0%	167
Student : Staff Ratio	SSR (CUG)	14.9	15.0	15.8	15.5	16.4	14.0	10.1%	13.5:1

### Ambition

The University measures success towards the aim to be “one of the top 25 universities in the UK” against a range of performance indicators measuring student satisfaction and student success. The individual metrics aim to retain or reach top quartile performance by the end of the strategic planning cycle in 2021.

### Performance

As the sector transitions to the Graduate Outcomes Survey, the University’s recorded student employability levels remain at an excellent 97.1% of graduates in a positive destination (achieving our 2020/21 target). The proportion of students entering a graduate-level job remains at 79.2%.

UCAS introduced a new tariff for the 2017 admissions cycle, re-profiled the number of tariff points associated with valid qualifications (A-Levels, Scottish Highers etc.) and broadened this list to accommodate a variety of qualifications. The University of Stirling’s entry tariff was 162 in 2018/19, placing Stirling in the UK’s top quartile for this measure for the second successive year and positively impacting domestic league table positioning.

The reported overall student satisfaction levels in the National Student Survey, the Postgraduate Taught Experience Survey and the Postgraduate Research Experience Survey decreased year-on-year and were below performance expectations.

### Selected enabling activities

The University formally agreed to create an **Institute for Advanced Studies (IAS)** in 2018/19. The IAS model is used in prestigious universities around the world and typically provides a focal point for postgraduate, postdoctoral and inter-disciplinary researchers. The Stirling IAS was founded on two main ‘pillars’ of activity:

1. To give a new cohesiveness and depth to the quality of PGR support provided across the University.
2. To promote cross-disciplinary research across the wider research community in the University, from post-doctoral and early career to senior researcher cohorts.

To date, the IAS has focused on reinvigorating particular elements of the postdoctoral provision across the University to improve the student experience. These include the PGR admissions process, induction, and the creation of a cross-university calendar of events to encourage interdisciplinary engagement. This work will be expanded in the 2019-2020 academic year to encompass a wider review of the PGR student journey.

A series of transformational capital projects to enhance the student experience and improve our competitive position are nearing completion, the flagship being the development of a cohesive on-campus centre for our community.

**Campus Central will be the dynamic heart and the social core of the University**, encouraging connections and engagements across our communities.

The enabling development of a new campus transport hub, involving closure of Queen’s Court to traffic has been completed. Refurbishment of the Andrew Millar Building, the Atrium and its connections was initiated in summer 2019 and is scheduled for completion in February 2020. The second phase will include a three-storey development that will support transformation of the student experience through integrated, welcoming and accessible services.

Planning for a **£20m redevelopment of the University’s sports facilities commenced in summer 2018**, with completion scheduled for summer 2020. These facilities will provide our students, staff and the wider community with an **even better environment in which to train, play and stay healthy**.

The enhanced facilities will deliver for all stakeholders – improved facilities for staff and students; greater provision for elite athletes and new facilities for industry and business partners such as SportScotland at the heart of the University’s sports village.

## Increase our income by £50m

		Baseline	Actual	Actual	Actual	2018/19 performance		% change	Target
		14/15	15/16	16/17	17/18	18/19 Actual	18/19 Milestone	2014-2019	20/21
University Income	Total (£k)	£109,341	£113,254	£117,388	£121,235	£125,530	£142,741	14.8%	£167,136
Research Income (spend)	Income (£k)	£11,529	£11,492	£10,227	£11,466	£11,881	£16,100	3.1%	£22,000
Commercial Services	Total (£k)	£16,840	£17,889	£19,078	£19,576	£20,693	£21,049	22.9%	£22,177
Sports Development Services	Total (£k)	£2,055	£1,986	£1,929	£1,907	£1,798	£2,601	-12.5%	£3,125
Philanthropic Income	Total (£k)	£1,600	£2,900**	£1,800	£1,090	£2,000	£2,900	25.0%	£3,900
Enterprise Income	Total (£k)	£2,862	£2,799	£2,001	£2,126	£2,072	£3,692	-27.6%	£5,109
Unregulated students recruitment	PGT Overseas (fte)	498	516	507	526	549	823	10.2%	1,100
	PGT Home (fte)	710	780	873	1,053	1,109	1,108	56.2%	1,340
	UG RUK (fte)	645	870	916	963	942	1,183	46.0%	1,431
	UG Overseas - Credit bearing (fte)	256	234	291	371	494	507	93.0%	709
	Off campus fee income (£k)	£1,613	£1,755	£2,097	£2,292	£2,507	£2,753	55.4%	£6,250

### Ambition

A key priority for the University is to diversify the institution’s income streams and to grow income from unregulated student recruitment, research income and commercial services.

### Performance

Institutional income increased for the fourth year in succession, with a year-on-year uplift of 4.0% delivering income of £126m. Commercial income of £20.7m reflects a 5.7% year-on-year increase and improvement for the fourth successive year. Research income, off-campus fee income and philanthropic income also increased year-on-year.

In 2018/19, a home PGT cohort of 1,109 FTE was achieved, surpassing the MiH target and representing the largest cohort achieved within the current Strategic Plan lifecycle. Following achievement of our largest ever UG RUK cohort in 2017/18 (963 FTE), a cohort of 942 FTE was enrolled in 2018/19 representing a substantial success against the context of a highly challenging recruitment environment.

### Selected enabling activities

To support the growth of the University’s postgraduate taught cohorts, a programme **portfolio review** aimed at creating an efficient and **sustainable portfolio that maximises appeal** in the UK market and key international territories, has been completed. The review has made recommendations to optimise and refresh existing programmes, remove existing programmes that are not attractive in-market nor recruiting well and propose the addition of new, innovative programmes that respond to the demands of the applicant pool and the wider market. All of the recommendations are being carried forward under designated lead individuals. New programmes are expected to make their first enrolments in September 2020. The review also provided competitor information to enable optimisation of fee-setting.

## Enhance our research profile by 100%

		Baseline	Actual	Actual	Actual	2018/19 performance		% change	Target
		14/15	15/16	16/17	17/18	18/19 Actual	18/19 Milestone	2014-2019	20/21
Academic Staffing	Teaching and Research (FTE)	380	380	392	376	401	435	5.5%	485
	PGR SSR	0.9:1	0.9:1	0.9:1	1.0:1	1.0:1	1.6:1	11.1%	2:1
Research Postgraduates	Home/EU (fte)	250	250	268	280	278	501	11.2%	692
	Overseas (fte)	110	100	82	87	105	257	-4.5%	362
Research Grant and Contract	Award Value (£k)	£13,264	£11,234	£10,307	£11,633	£14,842	£21,997	11.9%	£25,997
Employer Reputation	QS World Ranking	401	401	401	501	501	280	-25%	<200
Academic Reputation	QS World Ranking	401	401	401	501	501	280	-25%	<200
Citations	QS World Ranking	401	206	186	229	321	200	20%	<200

### Ambition

Stirling is one of the UK's smallest research-intensive universities, with ambitions to double our research profile by 2021. A suite of performance indicators underpin this ambition measuring growth in academic staffing, postgraduate research student recruitment, research income and international research reputation.

### Performance

The research income (spend) increased to £11.9m in 2018/19 with the value of new awards in 2018/19 increasing by £3.2m to £14.8m – a 27.6% uplift year-on-year.

The total number of postgraduate research students (PGRs) increased in 2018/19, but remains behind target.

### Selected enabling activities

The University is a central partner of the **Stirling and Clackmannanshire City Region Deal**, which presents a once-in-a-generation opportunity to position the city and surrounding area as an economic and cultural powerhouse. The aim of the Deal is to establish the region as a world-class, dynamic and enterprising destination, complementing the University's own ambitions to be recognised globally as an institution that can make a positive difference to people, communities and partners.

The Deal has established a new collaborative regional partnership, focused on a long-term strategic approach to improving regional economies. Stirling and Clackmannanshire Councils have joined together with the University, Forth Valley College and the business community. We have worked together to develop a coherent package of proposals that will deliver a transformative step change to the region's economy.

The vision is of a highly desirable place to live, work and visit: an attractive destination in which to invest financial, human and social capital. The Deal will provide the platform for the Stirling and Clackmannanshire City Region to thrive in new and emerging sectors, with a highly-skilled and flexible workforce prepared for the changing demands of emerging industries, supported by outstanding infrastructure.

The region's entrepreneurial ecosystem is one in which home grown talent is taking root, developing the area's key sectors to deliver inclusive growth and tackling the economic and social inequalities that exist between the most and least advantaged communities.

This Deal represents fresh investment in the regional economy and will be jointly funded by the Scottish Government and the UK Government with each investing £45.1 million. The innovation strand of the Deal is led by the University and accounts for £39 million of the Governments' investment. This is in two major programmes, the **National Aquaculture Technology and Innovation Hub (NATIH)**, and **Scotland's International Environment Centre (SIEC)**.

The **NATIH** will be located on the campus, and consist of a state-of-the-art experimental aquaria with a full suite of analytical laboratories. Full environmental and temperature controlled facilities, a biosecure disease challenge unit, industry-standard recirculating aquaculture systems, and emerging technologies and systems will be deployed. This will offer companies experimental, prototyping, test and demonstration capabilities across a wide range of aquaculture species. The design specification is being developed in partnership with businesses to ensure that NATIH directly addresses current gaps in the UK's research and innovation infrastructure. NATIH will also provide the capacity for Scottish and UK companies to develop products and services for the global aquaculture market. The laboratories will be constructed using a modular approach to ensure they can accommodate emerging technologies over the full programme of the build. The facilities will be complemented by new, dedicated business incubation and acceleration facilities at the University Innovation Park. This will create a large-scale business cluster and innovation community focused on aquaculture and related aquatic and supply chain technologies and services.

**SIEC** will consist of a research and policy centre on the University's Stirling campus and a new innovation campus located in Alloa. The Alloa campus will form the largest part of the physical infrastructure created through the SIEC project. It is deliberately being sited adjacent to some of the communities of greatest need in the region, in order that those communities can participate in, and benefit from, the Centre's programme as fully as possible. Both sites are components in a fully integrated programme and key to the realisation of regional economic and social benefits. The Research and Policy Centre will house a collaboration space where businesses, policy makers and regulators can design the new, sustainable sectoral strategies and interventions for sustainable growth, drawing directly on the University's research evidence, analytical and modelling capabilities. It will be located adjacent to the University Innovation Park, providing a direct link to existing business incubation facilities. The Alloa campus will provide the enabling infrastructure for companies to develop and deploy demonstrator-scale novel technologies. These will be supported during incubation and scale-up phases by the new business incubator that will be developed through the project, and the planned science and business park that will be leveraged through the Deal investment. It will be the hub for a unique full ecosystem environmental monitoring array and datacentre (ERA) which will have multiple business, community and environmental management uses. It will also enable the development of innovative demonstrator land management uses including wetland habitat creation and management, large scale community food production, and biodiversity enhancement. Sustainable construction materials and energy generation will be core features of the infrastructure development.

Delivery of the Stirling and Clackmannanshire City Region Deal programme will underpin major growth in research, teaching and commercialisation income over, at least, the next 10-year period.

### Our priorities for the future

The Strategic Plan clearly articulates the University's aims. While good progress has been made in 2018/19, the targets remain ambitious and challenging. A series of transformational projects will seek to support delivery of a step-change in institutional performance to support the 25-50-110-i ambitions. The following actions are being undertaken to enhance performance in 2019/20:

- **Learning, Teaching and Student Experience Strategy:**

A set of agreed priorities are being taken forward to the newly refreshed Learning and Teaching Strategy, led by the Deputy Principal (Education and Students).

These priorities are:

- Student voice – to improve early action and visible response to student feedback, and to ensure that students are engaged, heard and listened to, with the introduction of in-module formative evaluations and the emphasis on student-staff partnership.
- Organisation and management – to improve communication and personalisation of teaching (timing, facilities, staff and pedagogies).
- Learning spaces – to increase the number available to students.
- Student learning – further developments of our approaches to preparing students for their learning and transitions, including induction.

- Teaching and scholarship – enhancement of our academic staff development opportunities and activities.
- Improved student satisfaction will also be supported by implementation of the *Enhancing the Student Experience and Fostering Student Success* report and its strategic framework: Prepared; Connected: Supported; Developed; Organised.

● **Institutional internationalisation strategy:**

Internationalisation is at the heart of everything we do at the University of Stirling. An institutional internationalisation strategy will be developed during 2019/20 under the leadership of the Deputy Principal (Internationalisation) and the Director for Internationalisation & Partnerships, with the support of relevant professional services and academic teams. The strategy will cover all aspects of internationalisation, including student recruitment, alumni engagement, partnership development, research collaboration, brand and reputation enhancement, global engagement, intercultural and decolonial curriculum development, foreign-language provision, virtual and overseas mobility opportunities and enhanced offerings for summer school and extra curriculum programmes.

- **REF:** Based on the outcomes of a full mock REF exercise in 2018, preparations for participation in the 2021 exercise have been accelerated, with a focus on Unit of Assessment-level action planning and enhancement of impact case studies. A Code of Practice governing the University’s submission to the REF has been developed, designed to support the University’s commitment to promoting equality and diversity in research while optimising the submission.

- **Research culture:** With a focus on our distinctiveness and growing our profile in new areas, we will attract and retain our excellent researchers. Beginning with an innovative and engaged PhD community, this will develop our early and mid-career researchers through to the advancement of our research leaders. Coupled with positive academic and research leadership and active and inclusive recognition for all those undertaking and supporting research will allow the University to grow our ‘be the difference’ research culture.

- **Enhancing mental health and wellbeing is a strategic priority:** The 2018/19 Ministerial Guidance to the SFC places increased duties on universities to provide adequate support for student mental health, and to take an increasingly strategic, joined-up approach to mental health support provision. The University has responded

to these challenges and has developed a Mental Health and Wellbeing Strategy, in partnership with the Students’ Union, which is soon to be launched. The aim of this strategy is to implement activities and interventions that promote positive mental health and wellbeing across the University. This area is one of the University’s four published equality outcomes.

**Effectiveness and sustainability**

Due to increasing constraints on resources, the University is required to be more efficient and effective than ever before. To achieve this, we are seeking to deliver operational best practice, ensuring that it supports innovative learning and teaching. We also aim to generate new income streams to invest in institutional priorities to increase the University’s self-reliance. The University is prioritising growing unregulated student income and has seen success with regard to increasing numbers and enhancing the student experience for postgraduate taught students (PGT).

**Our staff**

The University values the skills, experience and involvement of its employees. Staff are informed about University activities and priorities through regular line management meetings, the University staff portal, weekly e-bulletins and open forums such as the staff assembly. Staff are also encouraged to participate in collaborative working at institutional, faculty and professional services levels through membership of formal committees and informal working groups.

**Trade Union (Facility Time Publication Requirements) Regulations 2017**

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on the University to collate and publish, on an annual basis the following data on the amount and cost of facility time. The data in the following tables covers the period April 2018 to March 2019.

**Relevant Union Officials**

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
7	7

**Table 2** Total number of employees who were relevant union officials during the relevant period.

### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1-50%	7
51-99%	-
100%	-

**Table 3** Percentage of working hours spent on facility time by relevant union officials during the relevant period.

### Percentage of pay bill spent on facility time

Provide the total cost of facility time	£20,465
Provide the total pay bill	£71,533,996* *excludes USS deficit contribution
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time/total pay bill) x 100)	0.029%

**Table 4** Percentage of the total pay bill spent on facility time during the relevant period.

### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours, calculated as: ((total hours spent on trade union activities/total paid facility time hours)x100)	0%
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**Table 5** Percentage of total paid facility time hours spent on paid trade union activities by relevant union officials.

### Equality and Diversity

At the University of Stirling, we are committed to promoting equality and diversity so that all staff, students and visitors to the University can be confident they will be treated with dignity and respect.

The University has a responsibility to ensure that no individual is disadvantaged as a consequence of their age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. We aim to maintain a culture inclusive of all sections of society which is free from discrimination and unfair treatment.

As well as being documented in the Strategic Plan, the University's commitment to equality is reflected in

the institutional Equality Outcomes 2017-2021, our Gender Action Plan produced in line with guidance from the Scottish Funding Council and in our commitment to the Athena SWAN Charter. The University is the holder of an institutional Bronze Athena SWAN award, as well as two departmental awards, for our work to promote gender equality in science, technology, engineering, mathematics and medical disciplines.

The University's approach towards equality and diversity, along with underpinning policies and frameworks can be found on a dedicated webpage: [stir.ac.uk/about/professional-services/student-academic-and-corporate-services/policy-and-planning/equality-and-diversity](http://stir.ac.uk/about/professional-services/student-academic-and-corporate-services/policy-and-planning/equality-and-diversity).

Equality and diversity best practice, awareness raising, events and activities are promoted through a variety of initiatives, including the Equality Action Forum and the network of 'Equality Champions' embedded throughout the institution.

### Understanding our risks

The University faces a number of strategic risks that could affect any aspect of its academic, professional or commercial business activities. Sound risk management is therefore required to achieve Strategic Plan targets.

The University Court is responsible for the University's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Court is of the view that there is an on-going process for identifying, evaluating and managing the University's significant risks that has been in place for the period up to the date of approval of the financial statements. This process has been reviewed and approved by Court and is in accordance with the Scottish Code of Good HE Governance guidance.

The University maintains a register of strategic risk that is reviewed on a regular basis by the Audit Committee on behalf of University Court. In 2016/17, the strategic risk register was revised to align risks with the three overarching aims of the Strategic Plan 2016-21. All academic faculties and professional service areas maintain their own respective risk registers that are considered live working documents, and are used as strategic planning tools.

The uncertainty over Brexit remains a risk to the University — in response to this a Europe Group has been convened and has been meeting since January 2019. Its role is to provide a forum where areas with responsibility for matters affected by Britain’s departure from the EU can share information on their planning and risk-mitigation strategies. The Group receives updates on the latest policy developments from the Universities UK International (UUKi), government and SFC sources, and has drawn on the check-lists provided by the UUKi and SFC to assist with Brexit preparations and planning. Attention has focused principally on the impact of a worst-case scenario ‘no deal’ Brexit on the University’s functions.

Risk exists as a consequence of uncertainty and is present in all University activities. The exposure to risk is normally expressed in terms of the operational, reputational and financial damage that may be incurred and the ability to transfer, tolerate, treat or terminate as a result. The register of strategic risk helps the University to measure and assess the most significant threats and opportunities that could impact on delivery of Strategic Plan targets. The risk register highlights a range of risks, some of which are summarised in Table 6. It should be noted that risks are not presented in rank order.

Strategic objective	Risk	Risk mitigation
<b>Be one of the top 25 universities in the UK</b>	Further changes to the political landscape in Scotland, UK and EU impacting on the recruitment of RUK students — including change to Westminster Cabinet representation and implementation of Augar Review recommendations concerning University fee levels.	Proactive approach to recruitment, marketing, and portfolio development, to ensure programmes are attractive to RUK students. Improved presence at UCAS events and enhanced conversion activities (e.g. scholarship schemes). Annual review of fees and scholarships led to revised fee structure being implemented for 18/19 to maximise income flow and from 2018-19 scholarship offer enhanced and more targeted.
	Changes to applicant / institution behaviour may result in a significant reduction in tuition fee income from international students.	Diversification of international student population, including Transnational Education (TNE) and digital delivery. Enhanced recruitment and marketing activity in key markets and for priority programmes. Monitoring and improvement of application/offer/acceptance ratio. Implementation of Marketing and Recruitment Strategy. Launch of strategic international TNE and articulation partnerships.
	Impact of Brexit on recruitment and retention of EU and international students, the fee position beyond 2020 and the future of the UK economy could discourage EU and international students from applying to Stirling or staying to complete their degrees.	Increase communications with current students and applicants. Review home student application numbers so there are sufficient numbers/quality to replace any potential losses from EU applicants. Work on increasing RUK application numbers. Scottish Government announced maintenance of 2020 fee levels for EU students (akin to Scottish students), providing stability. Continuation of EU students does, however, limit opportunity for increased fee income.
	Uncertainty caused by Brexit around future rights to live/work in the UK for staff which could affect recruitment and retention of staff. Risk of reduced access/no access to cross-EU research funding streams.	Increase communications with current staff, appraising of policy updates. Conducting regular analysis of staffing profile to inform future actions. Europe Group convened, engagement with SFC in relation to Brexit ongoing.
	Significant improvements to campus infrastructure through ambitious capital investment plan (especially Sports facilities and Campus Central) lead to disruption to staff/student experience on campus for prolonged period.	Focus on communication of activity and action, informed by engagement with staff/student body including Students’ Union. Provide temporary alternatives (e.g. relocation of sports facilities for duration of refurbishment). Manage schedule of work to have minimal impact on peak times (e.g. minimise disruptive activity during exam times).

<b>Increase our income by £50 million</b>	As a consequence of spending reviews, the Scottish Funding Council (SFC) have reduced funding for teaching and the number of funded places, with limited expectation for growth.	Continued working with SFC to deliver Outcome Agreement targets. Continued diversification of income streams to reduce reliance on SFC funding.
	Reduction in student fee income as a result of failure to recruit sufficient numbers of non-regulated undergraduate and postgraduate students.	Proactive approach to attract high-calibre applicants and improve the conversion rate. Student enquiry management and conversion service with QS Solutions. Regular monitoring, use of incentives and ensure that current processes are applicant-focussed and comply with legislation.
	Increased pay awards and pension costs become unaffordable and increase the deficit to unsustainable levels.	Monthly monitoring of expenditure and performance levels. Institutional position is made clear to UCEA and local unions. Business continuity planning in event of industrial action. Financial management and control of staff costs.
	Impact of Brexit on procurement activities including contracts being procured through EU regulations. Costs for contracts could be subject to higher costs due to devaluation of sterling. Suppliers may be subject to increased costs and are unable to deliver on agreed contracts.	Calculated increased burden and potential impact of more restrictive procurement regulation, to inform future representation. Secure fixed-price contracts where possible to transfer risk to third party.
<b>Enhance our research profile by 100 percent</b>	City Deal requirements are not met to receive committed funding from the Government/Stirling Council, or, the additional funding required is not secured. The complex political relationships and partnerships break down.	Appropriate governance structures have been put in place both externally and internally to manage the different strands of the process. Resource within Research & Innovation Services (RIS) established to provide effective project management and ensure delivery against stated outcomes.
	Failure to deliver in a timely manner against action plan set out following internal audit of cyber security to maintain and develop information infrastructure: creates negative student experience and impacts on research performance (including IT disaster recovery and cyber threat).	New Information Strategy. Business continuity plans in place and being refined. Programme of adding resilience where appropriate. Capital Investment Plan includes investment in IT. Action in response to cyber internal audit taken forward. Build upon award of Cyber Security Essentials Accreditation.
	Cut or change in methodology of allocating research funding, particularly the research and knowledge exchange funding, leading to an overall cut in funding.	Continue to lobby for investment in research and innovation as a key driver of economic growth and societal benefit. Successfully implement the Research Strategy. Developing thematic plans for key areas — e.g. ageing and dementia — to enhance knowledge exchange activity.

**Table 6** Risk Register Extract

## Financial performance

### Financial Statements

The financial statements comprise the consolidated results of the University and its subsidiary undertakings. The key subsidiaries are: University of Stirling Education Limited (UoS) and Stirling Hotel Services Limited (SHS). For commercial reasons these activities are channelled through limited companies. The University has also entered into two Joint Venture operations namely Stirling University Innovation Park Limited and INTO University of Stirling LLP. More information on these entities can be found at Note 13 of the Accounts.

The reported deficit after taxation for the year 2018/19 is £32.3 million which compares to £1.7 million in 2017/18. The 2018/19 position is exceptionally impacted by pension movements totalling £29 million; comprising the USS pension provision (£27.8m); the GMP equalisation on the USPS pension (£1.0m) and USPS expenses (£0.2m). Setting aside these pension movements, so as to allow like for like comparability, the underlying operating position for 2018/19 is a £3.3 million deficit, with a prior year comparable deficit of £2.7 million. This reflects the true operating performance of the University. Increased income across all categories (in particular, tuition fees are up 5%, with a 17% growth in overseas fees) offsetting increases in staff costs.

The University uses net cash inflow from operating activities as its critical measure of financial performance. Net cash inflow of £6.6 million is reported in 2018/19, compared to £10.1 million in 2017/18 - primarily due to an increase in debtors.

In late June 2019, the University estate was impacted by a flood event that caused water ingress and subsequent damage to a number of buildings. The University's insurers confirmed that the damage will be reclaimable and as such there is no significant I&E impact anticipated. Within these Financial Statements the impairment of impacted assets and estimated reinstatement works have been fully provided for. Teaching rooms impacted by the flood were reinstated prior to the start of semester, successfully mitigating the impact on teaching in 2019/20.

A post balance sheet update on the USS pension movement following the 2018 actuarial valuation can be found in Note 31. This results in a decrease of £17.2 million in the provision for the Obligation to fund the deficit on the USS pension which would instead be £24.3 million. In accordance with best accounting practice this adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2020.

### Financial health

The key financial ratios of the University are set out at Table 7, these have been stated excluding the aforementioned pension movements and taken together demonstrate the financial health of the University. Income generation is a key strategic priority and we have continued to expand our student numbers by pursuing our international partnerships and international marketing strategies while seeing minor retrenchment within our home market. In 2018/19, the University's income generation improved further with a positive movement of £4.9 million from 2017/18, to £126 million.

The University strategy of increasing income is clearly having some success, with a decreasing trend noted in the reliance on SFC grants and an increasing trend in our generation of tuition fees.

	Excludes pension movements				
	2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000	2018/19 v 2017/18
<b>Income ratios</b>					
Total Income	121,090	126,001	121,090	126,001	▲
Total Funding Council Grant as % of Total Income	37%	36%	37%	36%	▲
Total non-Funding Council Grant as % of Total Income	63%	64%	63%	64%	▲
Total Education Contracts and Tuition Fees as % of Total Income	30%	31%	30%	31%	▲
Total Research Grants and Contracts as % of Total Income	9%	9%	9%	9%	▲
Total Other Income as % of Total Income	23%	23%	23%	23%	▲
Total Endowment & Investment Income as % of Total Income	1%	1%	1%	1%	▲
<b>Expenditure ratios</b>					
Total Expenditure	122,094	157,874	123,120	128,880	▼
Staff Costs as % of Total Expenditure	58%	49%	58%	60%	■
<b>Operating position</b>					
Operating (Deficit)/Surplus	(1,004)	(31,873)	(2,030)	(2,879)	▼
Operating (Deficit)/Surplus as % of Total Income	(1%)	(25%)	(2%)	(2%)	■
Earnings Before Interest Tax Depreciation and Amortisation	8,817	7,051	8,817	7,051	▼
<b>Balance Sheet strength</b>					
Overdrafts, Loans, Finance Leases	79,914	79,880	79,914	79,880	▲
External borrowing as % of total income	66%	63%	66%	63%	▲
<b>Cash position</b>					
Cash and Current Asset Investments	63,525	51,663	63,525	51,663	▼
Days Ratio of Cash to Total Expenditure	205	126	188	146	▼

**Table 7** Financial Ratios

The University has taken advantage of historically low interest rates to secure funding and invest in schemes which enhance the student experience through a reimagining and reinvigoration of the University's core infrastructure. Currently, two larger schemes namely Campus Central and the sports facilities refurbishment are underway at a combined cost of c£41 million, and will be funded using a combination of £10 million of cash balances and funds already secured from a second successful private placement.

The University now has borrowings of £79.9 million, equating to 61.1% of total reserves, which will be fully repaid by 2048. Against that level of gearing, the University has non-current assets of £212.6 million, net current assets of £47.2 million and strong cash balances. It is anticipated that strong income generation towards the end of the planning period will maintain liquidity and support a strong balance sheet.

## Income

The University’s ambition, as set out in its Strategic Plan, is to increase income to more than £165 million by 2020/21. This is seen as a “stretch target” to drive institutional activity and progress. The reported result in 2018/19 shows total income has increased, for the fourth consecutive year, by £4.9 million — a 4% year-on-year increase to £126.0 million. In the current environment characterised by the more market-driven behaviour of applicants, combined with the uncertainty brought about by the looming impact of Brexit, the University welcomes that it is experiencing sustained growth. The Strategic Plan is ambitious and many of the developments put in place to grow income are expected to begin to have an impact later in the five-year timescale.

### Scottish Funding Council (SFC) grants

The University’s main grant allocation was announced in May 2018. For 2018/19, the University received £45.9 million in funding from the SFC, including a capital grant of £1.1 million. The funding received is £1.5 million higher than in 2017/18, with £0.5 million being a 1.7% inflationary uplift in Main Teaching Grant, and £0.7 million within Research & Knowledge Exchange which, for the first time ever, has arisen from the Barnett consequential of the increased Research England budget in 2018/19. The research grant increase should be seen as a temporary increase to funding allocations with no guarantee that Scottish Ministers will make a similar decision in future years. Audit Scotland’s Finances of Scottish Universities Report published in September 2019 noted that SFC funding to the sector reduced by 7.0%, in real terms, between 2014-15 and 2017-18.

## Tuition fees and education contracts

Tuition fee income increased by £1.8 million (5.0%) due to a substantial increase in non-EU recruitment. This was in part due to increased taught postgraduate recruitment and price increases associated with non-EU students. All other recruitment categories either remained flat year-on-year or contracted slightly as a consequence of the challenging operating environment.

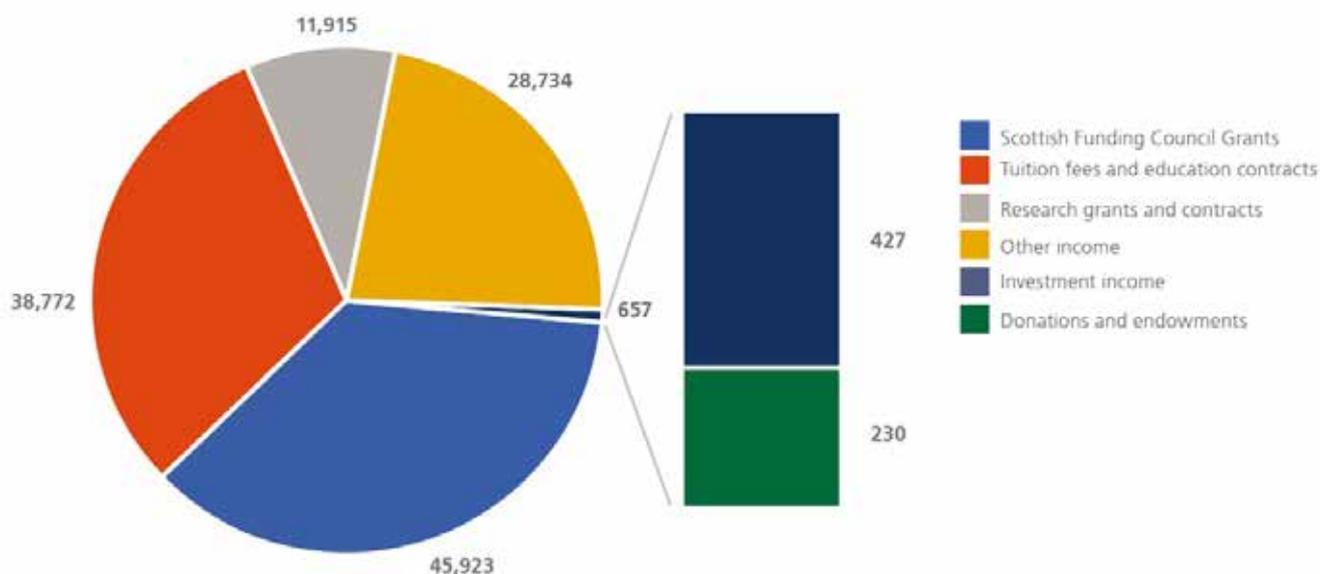
### Research grants and contracts

Stirling is currently one of the smallest research-intensive institutions in the UK. The Strategic Plan sets the ambition to enhance our research profile by 100% through a growth in research-active academics, research postgraduates and research grant and contract income.

The University has set a target to double Research Grant and Contract (RGC) income over the lifetime of the Strategic Plan from £11 million in 2014/15 to £22 million in 2020/21.

In 2018/19, research grant and contract income increased by £0.4 million. Also, in 2018/19, the University placed continued emphasis on the requirement for academic staff to submit applications for research contracts with a higher value, reducing the number of applications for small funding pots. The increase in research grant income is clear evidence of positive progress in 2018/19. The value of applications submitted rose by 1%, while the value of awards increased by 28% from 2017/18 to 2018/19. These are indications that the changes introduced in 2017/18 are beginning to deliver the target change.

### 2018/19 Income (£'000)



## Other income

At £28.7 million, other income sources provide 23% of the University's total income. Other income has increased by £1.2 million in 2018/19. This increase was driven by the Commercial and Accommodation Services areas from additional rental income by way of new leased accommodation, coupled with a number of one-off commercial events in 2018/19 increasing commercial revenues.

## Investment income

Investment income is in line with 2017/18 (increase of £35k).

## Donations and endowments

Donations and endowments are down by £48k, when compared to the previous year. The University remains committed to growing philanthropic income and building a dynamic alumni engagement programme to help maintain a sustainable University.

## Expenditure

### Staff costs

Staff costs excluding pension movements increased by £5.6 million. Staff costs reflect the impact of the 2018/19 pay settlement (an increase in costs of just over £1.4 million); increased pension contributions (£0.5m); investments in posts, and from filling vacant posts within our faculties and professional service areas (£3.7 million).

The movement on the University's share of the USS net pension liability has also increased by £28.1 million (from £13.4 million to £41.5 million) arising from the 2017 USS valuation. In responses to the scheme's weakening position there have been increased employer and employee contributions to the scheme and the updated liability following the 2018 valuation is contained in note 31. In addition, during the year, the Guaranteed Minimum Pensions (GMP) equalisation (to rebalance the inequality of GMP between men and women) relating to the USPS pension scheme has increased costs by £1.0 million.

### Other Operating Expenditure (OOE)

OOE has increased from £40.2 million to £40.3 million.

### Depreciation

Depreciation has reduced by £0.2 million. This was due to a number of fixed assets reaching the end of their useful economic life and having been fully depreciated.

## Interest and other finance costs

Interest and other finance costs have increased by £0.2 million. This occurred because there was a higher loan interest charge of £0.4 million for 2018/19 and a reduction in the net charge on the USPS pension scheme of £0.2 million.

## Balance sheet and cash flow

### Capital expenditure

The University has invested £16.6 million in capital additions for 2018/19, almost £9 million on two marquee redevelopment projects; Sports Redevelopment (£6.2 million) and Campus Central (£2.7 million). The new sports complex will include purpose-built studios, a fitness suite, a three-court sports hall, an indoor cycling studio, a new strength and conditioning area, as well as a new state-of-the-art high-performance suite. Users of the new building will also benefit from enhanced changing facilities and communal spaces. Campus Central will create new and refurbished study and social spaces at the heart of the campus for the benefit of students, staff and the wider community. Over £3 million has been invested across Airthrey Castle, the Pathfoot building and the University's water infrastructure, to maintain and protect our unique campus.

### Current assets

The net current asset position of the University decreased by £3.6 million. The University will continue to generate operating cashflows, with strong liquidity and current ratios, and forecast that this will continue within the strategic planning cycle.

### Long term borrowings

Long term borrowing stands at £79.9 million which is in line with last year.

### Provisions

The balance sheet includes a USS pension provision of £41.5 million. This compares adversely against last year's provision of £13.4 million with the increase being caused by the completion of the 2017 actuarial valuation. In 2017/18, the University showed a USPS pension asset of £4.7 million. During 2018/19, the Actuarial losses of £9.6 million offset returns on assets of £8.3 million. The scheme has been disclosed as a non-current asset with a balance of £3 million. Other provisions have increased by £7.1 million, mainly relating to the flood that impacted the University estate in late June 2019.

### **Prompt payment to suppliers**

It is the University's policy to abide by the agreed terms of payment with suppliers. Unless special terms apply, payment is made within 30 days of receipt of a valid invoice or after acceptance of the goods or services, whichever is later.

During 2018/19, the University paid 69% of its invoices within 30 days of receipt of a valid invoice.

### **Professional Advisors**

#### **External Auditor / Tax Advisor**

##### **KPMG LLP**

Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

#### **Internal Auditor**

##### **Ernst and Young LLP**

5 George Square,  
Glasgow  
G2 1DY

#### **Banker**

##### **Barclays Bank PLC**

83 Argyle Street  
Glasgow  
G2 8BJ

#### **Solicitor**

##### **Thorntons Law LLP**

Whitehall House  
33 Yeaman Shore  
Dundee  
DD1 4BJ



**S. Haldane**

Chair, Joint Policy Planning and Resources Committee  
16 December 2019



# Corporate Governance

**The University of Stirling was incorporated by Royal Charter (RC000669) in 1967 and is a charity registered in Scotland with the Office of the Scottish Charity Regulator (SC011159).**

## Governing Body

The Court of the University is, subject to the provisions of the Charter and Statutes, the executive governing body of the University and is responsible for the administration and management of the revenue and the assets of the University. This section outlines the University's corporate governance arrangements. A list of the members of the University Court and Committees during the year ended 31 July 2019 can be found on page 60.

In accordance with the University's Charter, the Court has overall responsibility for the management of the University's resources, the on-going strategic direction of the University, approval of major developments, and the receipt of regular reports from Executive Officers on the operation of its business. The Court meets formally five times per year including the Court Strategy Day.

On matters relating to the academic work of the University, Court will normally act on the recommendation or with the concurrence of the Academic Council — the existence and membership of which is provided for in the University's Charter and its allied instruments, the Statutes and Ordinances [stir.ac.uk/about/faculties-and-services/policy-and-planning/university-calendar](http://stir.ac.uk/about/faculties-and-services/policy-and-planning/university-calendar). This is partly facilitated by the Joint Policy, Planning and Resources Committee (JPPRC), a joint Committee of University Court and Academic Council which monitors and advises the University Court on policy, strategy and resource issues relating to the University infrastructure (physical, technological and human). JPPRC also scrutinises new or revised University policies and recommends their approval to University Court and/or Academic Council.

The membership of the Court — some of whom are ex officio — comprises lay members, who are in the majority, and the balance being made up of staff and student members as prescribed by Statute. The Chair of Court is a lay member and is supported by lay Chairs of the Joint Policy, Planning and Resources Committee and the Audit Committee. The University's Chief Executive is the Principal and Vice-Chancellor. The gender balance of all Court members as of 31 July 2019 was 58% men and 42% women and amongst the lay members the split was 45% men and 55% women.

In accordance with the Gender Representation on Public Boards (Scotland) Act 2018, the University has an objective of maintaining a gender representation of 50% of independent members who are women.

Lay members of Court have a range of skills and backgrounds. Current members have expertise in human resource management, social research, employment law, marketing, IT services, accountancy, internationalisation, creative industries, sports development, business development, social justice, consumer rights, healthcare, business and finance.

During 2018/19, changes have been implemented to comply with the Higher Education Governance (Scotland) Act 2016. These included the approval of two new ordinances relating to the election and nominations to Court and Academic Council members and the appointment of the Chair of Court. Work progressed during the year to amend the Charter and Statutes and this included consulting with Scottish Government to get their endorsement of the proposed changes and gaining approval from the Office of the Scottish Charity Regulator (OSCR). The proposed amendments were also endorsed by Academic Council and at its meeting in June, Court made a special resolution to make changes to both the Charter and the Statutes.

Inductions are held for new members of Court which provide members with an outline of their governance responsibilities and highlights some of the key issues of interest to Court members, particularly in relation to the external environment. Meetings of Court are preceded by presentations or visits to different academic and service areas of the University to help Court members improve their understanding of the operations of the University. Training is supplemented by members attending programmes offered by Advance HR for governor development as and when required.

Court has a Statement of Primary Responsibilities which lays out its responsibilities in relation to mission, vision and strategy; students and staff; financial systems and control environment; corporate governance, and senior management. A copy of the Statement can be viewed on the University website at: [stir.ac.uk/media/stirling/services/policy-and-planning/documents/Statementofprimaryresponsibilities.pdf](http://stir.ac.uk/media/stirling/services/policy-and-planning/documents/Statementofprimaryresponsibilities.pdf).

## Principal Committees

The Joint Policy, Planning & Resources Committee (JPPRC) considers issues relating to the University's finances, estates, information services, and staffing, and their integration with academic planning. The committees report matters for information and formal approval by Court as appropriate. The JPPRC also recommended to Court the University's recurrent budget and capital expenditure plans.

The monitoring of performance in relation to approved budgets is undertaken by the University Strategy & Policy Group on a quarterly basis through its consideration of management accounts, with periodic formal reporting to JPPRC.

The Remuneration Committee undertakes a review of professorial and senior University services staff salaries, including that of the Principal.

The Governance and Nominations Committee has overall responsibility for corporate governance, the conduct of Court members, and the appointment and election of members to Court and other committees. This Committee also has an important role to play in ensuring diversity among Court members and on other committees.

The Audit Committee is responsible for assisting and advising Court on the discharge of its responsibilities. It ensures that appropriate controls are in place to safeguard all funds received by the University and reviews and monitors accounting policies and practice. It oversees the remit and findings of both the internal and external auditors, and meets with them to review their reports. It also reviews the financial statements of the University prior to their submission to Court. While senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee may meet with the Internal and External Auditors on its own for independent discussions. During the year the Committee considered five separate internal audits reports and carried out detailed follow-up reviews of outstanding audit actions.

The Court receives regular audit updates throughout the year and an annual report from the Audit Committee, supported by documentation from senior management and the relevant committees, in order to complete its annual assessment for the year ending 31 July. The aim is to obtain the relevant degree of assurance and not merely report by exception.

## Good Governance

The University is committed to exhibiting best practice in all aspects of corporate governance.

In the opinion of the Governing Body, the University complies with all the principles and provisions of the 2017 Scottish Code of Good Higher Education Governance through the year.

## Going concern

The University Group incurred a deficit in 2018/19 of £32.3 million following a deficit of £1.7 million in the previous financial year. As noted in the financial performance report, the 2018/19 figures include significant movements in pension provisions. By excluding these pension provision movements, the underlying operating position for 2018/19 is a £3.3 million deficit which, on a like for like basis compares to last year's £2.7 million deficit. However, surplus generation alone does not ensure the going concern status of an organisation. The critical factor that management of the University have used to determine the going concern status of the University is whether it can generate cash and maintain sufficient working capital balances. In 2018/19 the University's net cash inflow was £6.6 million. In addition, the University has a strong balance sheet with a non-current asset figure of £212.6 million, net current assets of £47.2 million including a cash balance of £33.8 million at the balance sheet date.

The University's forecasts and projections to 2021/22, taking account of future developments and reasonable sensitivities in relation to the key risks, indicate that the University will also deliver an accounting deficit in 2019/20. Notwithstanding, the forward projections using net cash flow from operating activities as the key measure of financial performance, show the University remains compliant with lender covenants and has sufficient resources to maintain current operations while investing in new facilities as described elsewhere in this report. The balance sheet will also remain strong and, while the University plans continued strategic investment in its estate, it should maintain and will put in place measures to achieve healthy cash balances over the planning period. The Court therefore considers that the University will continue to have adequate resources to enable it to continue in operational existence for the foreseeable future. Accordingly, the University of Stirling continues to adopt the going concern basis in preparing the Group's financial statements.

## Membership of Court and Committees 2018/19

	C=Court A=Audit J=JPPRC	Membership dates	Attendance 2017/18		
			Court 5 in year #	Audit 3 in year	JPPRC 3 in year
*Ms Fiona Sandford	C, J		4 chair		3
*Mr Harry Adam	C, J		5		3
*Mr Simon Anderson	C		3		
*Mr Hamish Grossart	C, J		4		1
*Mr Scott Haldane	C, A		4	3 chair	
*Ms Lynne Marr	C		4		
*Ms Barbara McKissack	C, J		4		3
*Ms Catriona Morrison	C		5		
*Rev Maggie Roderick	C, A		3	3	
*Councillor Christine Simpson	C		5		
*Mr Andrew Sturgess	C, J		5		3 chair
*Mr Kenny Fraser	A			3	
*Ms Margaret Khnichich	A			3	
Ms Astrid Smallembroek	C, J	to 31/05/2019	4 of 4		3
Mr Jamie Grant	C, J	to 31/05/2019	3 of 4		3
Mr Nelson Maxwell Acquah	C, J	from 01/06/2019	1 of 1		
Mr Joshua Muirhead	C, J	from 01/06/2019	1 of 1		
Professor Alison Bowes	J				3
Professor George Burt	J				2
Mr James Dick	C		4		
Professor Jayne Donaldson	C		4		
Ms Alison Green	C		4		
Professor Malcolm MacLeod	C, J		5		3
Professor Gerry McCormac	C, J		5		3
Mr Stephen Morrow	J				1
Professor Holger Nehring	C		2		
Dr Gabriela Ochoa	J				1
Professor Richard Oram	J				3
Professor Judith Phillips	J				3
Ms Eileen Schofield	J				3
Professor Leigh Sparks	J				3
Professor Neville Wylie	J				3

\*Lay members

# including Court Strategy day

JPPRC = Joint Policy Planning & Resources Committee

# Accounting Responsibilities of the University Court

**In accordance with the University's Charter, the Court is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.**

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

In causing the financial statements to be prepared, the University 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 are followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on a going concern basis unless it is inappropriate to presume that the University will continue in operation. The Court is satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The University Court has taken all 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 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 economic, efficient and effective management of the University's resources and expenditure.

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic schools and directors of service;
- a comprehensive medium and short-term planning process supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks, and quarterly reviews of financial results involving variance reporting and updates of forecast out-turns;
- 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 level set by the University Court;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Court;
- a professional outsourced Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the University Court and whose head provides the University Court with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the system of internal control, including internal financial control.

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

# Independent Auditor's Report to the University Court

## Report on the audit of the Financial Statements

### Opinion

We have audited the financial statements of The University of Stirling ("the University") for the year ended 31 July 2019 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheet, the Consolidated and University Statement of Cash Flows and the 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's and the University's affairs as at 31 July 2019 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### Basis for opinion

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

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

### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by

the officers, such as in respect of the value of defined benefit pension obligations and the carrying value of fixed assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Group and the University's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### Going concern

The University Court has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the University Court's conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University will continue in operation.

## Other information

The University Court is responsible for the other information, which comprises the Court Membership, Principal's Introduction, Strategic Report, Corporate Governance Statement and Statement of Accounting Responsibilities of the University Court. 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 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.

## University Court of the University of Stirling responsibilities

As explained more fully in their statement set out on pages 28-29, the University Court is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at [frc.org.uk/auditorsresponsibilities](http://frc.org.uk/auditorsresponsibilities).

## Report on other legal and regulatory matters

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

In our opinion, in all material respects:

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

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

This report is made solely to the University Court of The University of Stirling in accordance with paragraph B of schedule 1 of the University of Stirling (Scotland) Order of Council 1993, and, in the University Court's role as charity trustees, in accordance with section 44(1) (c) of the Charity and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the University Court of The University of Stirling those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University Court of The University of Stirling for our audit work, for this report, or for the opinions we have formed.



**Hugh Harvie**

for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Saltire Court  
20 Castle Terrace Edinburgh  
EH1 2EG

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

Date 18 December 2019



# Statement of Accounting Policies

for the year ended 31 July 2019

## 1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). 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 and derivative financial instruments. All amounts in the financial statements have been rounded to the nearest £1,000.

The financial position of the University, including details of its long term borrowing facilities, is set out on page 36. The University's forecasts and projections, taking account of reasonably possible changes in performance, show that it will be able to operate within the level of its current facility. The financial statements continue to be prepared on a going concern basis as Court considers that the University has adequate financial resources to continue in operational existence for the foreseeable future.

## 2. Basis of consolidation

The consolidated financial statements include the University, its subsidiaries and jointly controlled entities for the financial year to 31 July 2019. Intra-group transactions are eliminated on consolidation.

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

## 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the University's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that

period, or in the period of the revision and future periods if the revision affects both current and future periods.

## Provisions

Provisions are recognised in the balance sheet when the University has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of cash flows and discount rates used to establish net present value of the obligations, if any, require management's judgement.

## Defined benefit pension scheme – Universities Superannuation Scheme (USS)

FRS102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control, typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as USS. The accounting for a multi-employer scheme, where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit, results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS102. The University is satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the Financial Statements.

In accordance with the requirements of the SORP, the University currently recognises a provision for its obligation to fund past deficits arising within USS. The recovery plan in the 2017 actuarial valuation requires employers to contribute 5% of salaries towards repairing the deficit over the period 1 April 2020 to 30 June 2034. Details of this provision, which has been discounted at a rate of 1.58% as at 31 July 2019, are included in note 19 to the Financial Statements.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions.

This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. Details of the resulting revised provision is given in note 31.

The principal assumptions used in the calculation of the liability are as follows:

	2019	2018
<b>Discount rate</b>	<b>1.58%</b>	2.16%
<b>Pensionable payroll growth</b>	<b>2.39%</b>	1.84%

The sensitivities regarding the principal assumptions used to measure the liability are set out below:

Assumption	Change in assumption	Impact on liability
<b>Discount rate</b>	Increase by 0.1%	Decrease by £0.1m
	Decrease by 0.1%	Increase by £0.1m
<b>Pensionable payroll growth</b>	Increase by 0.1%	Increase by £0.1m
	Decrease by 0.1%	Decrease by £0.1m

#### Accounting for the impact of flood damage

In late June 2019, the University estate was impacted by a flood event that caused water ingress and subsequent damage to a number of residential, teaching and commercial buildings. Within these Financial Statements an impairment to the carrying value of the University's fixed assets has been recognised for the damage to the value of £395k. The University's insurers confirmed that the damage will be reclaimable and an insurance claim receivable has been recognised within debtors, to an estimated total value of £6.97m, based on the current estimated costs of reinstatement works. The University engaged the services of an external project management company to manage the flood works and a team including Estates & Campus Services, Information Services, Finance, Loss Adjustors (appointed by the insurer) and the University's insurance broker have been reviewing and agreeing the damage and reinstatement works on a weekly basis. Works have only been progressed where all parties are in agreement. A provision has been recognised in relation to the costs agreed to be incurred in future years to reinstate the University to full operational capability that meets the test for a constructive obligation.

#### 4. Income recognition

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

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

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

Funds the University receives and disburses as the 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.

#### Grant funding

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

#### Capital grants

Capital grants are recognised in income when the University is entitled to the funds subject to any performance-related conditions being met. Where there are restrictions on the grant, the income is taken to the restricted reserve and a transfer between reserves takes place as expenditure relating to assets financed by the grant is incurred.

#### Donations and endowments

Non-exchange transactions without performance-related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income when 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 is recorded in income in the year in which it arises, and as either restricted or unrestricted income according to the terms or restriction applied to the individual endowment fund.

There are three 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. 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.
3. 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.

## 5. Accounting for retirement benefits

The two principal pension schemes for the University are USS, covering academic and related staff, and the University of Stirling Pension Scheme (USPS) covering other staff.

The University participates in USS. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

Because of the mutual nature of USS, its assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of USS on a consistent and reasonable basis. As required by Section 28 of FRS102 "Employee benefits", the University therefore accounts for the scheme as if it were a defined contribution scheme.

As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

USPS is a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). This fund is valued every three years by professionally qualified independent actuaries. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

## 6. 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 the University expects to pay as a result of the unused entitlement.

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## 7. Operating leases

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

## 8. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit.

## 9. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Certain items of fixed assets i.e. land and buildings were revalued to fair value on 31 July 2014 which was the date of transition to the 2015 FE HE SORP. Following this one-off revaluation, these assets are measured on the basis of deemed cost, being the revalued amount at the date of transition. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

### Land and buildings

Land and buildings are measured using the cost model. Under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised.

Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the items replaced is written-out and charged to operating expenses.

Properties in the course of construction are carried at cost, less any impairment loss. Cost includes professional fees and borrowing costs which the University has chosen

to capitalise where the costs are directly attributable to the acquisition, construction or production of an asset in accordance with Section 25 of FRS102.

Land, is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated on a straight line basis over their expected useful lives according to their constituent parts as follows:

	Max Life (years)
Structure	99
Roof	25
Windows / glazing	25
Services	30
Fit out (internal Fittings)	25

No depreciation is charged on assets in the course of construction or on assets held for sale.

At each reporting period end, the University checks whether there is any indication that any of its land and building assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount.

### Equipment

Equipment, including computers and software, costing less than £25,000 per individual item is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

<b>Computer hardware</b>	0-7 years
<b>Computer software</b>	5-7 years
<b>Equipment acquired for specific research projects</b>	depreciated over life of the research grant
<b>Other equipment</b>	0-15 years

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

### Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

### Investment properties

Investment properties are land and buildings held for rental income or capital appreciation rather than for use in delivering services. Investment properties are recognised initially at cost.

Subsequent to initial recognition:-

- i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
- ii. no depreciation is provided in respect of investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with section 17 until a reliable measure of fair value becomes available.

### **Heritage assets**

Works of art, artefacts and items held in the library collections are not recognised on the Balance Sheet, since reliable cost information is not available for items acquired many years ago and significant costs are involved in arriving at valuations. Where recent acquisitions are made and meet the capital threshold, they are recognised on the Balance Sheet at cost when purchased or at the best estimate of market value where the object is donated.

## **10. Investments**

Investments in jointly controlled entities and subsidiaries are carried at cost less impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised in Income and Expenditure. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

## **11. Stock**

Stock is held at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving or defective stocks.

## **12. Cash and cash equivalents**

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

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

## **13. Provisions, contingent liabilities and contingent assets**

Provisions are recognised in the financial statements when:

- a) the University has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

## **14. Accounting for joint arrangements**

Material entities over which the University has joint control with one or more other entities are classified as joint arrangements. Joint control is the contractually-agreed sharing of control of an arrangement. A joint arrangement is either a joint operation or a joint venture.

The University has a 50% share of the issued share capital of Stirling University Innovation Park Limited. This is a separate vehicle which is owned equally by the University and Stirling Council. The University holds a 50% share in the INTO University of Stirling LLP which is a separate vehicle owned equally by the University and INTO University Partnerships Limited.

Both of these companies are separate vehicles, they are considered joint ventures and the University accounts for its share in them using the equity method.

## 15. Taxation

The University is an exempt Charity within the meaning of the Trustee Investment and Charities (Scotland) Act 2005 and, as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue & Customs and is recorded on the index of charities maintained by the Office of 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 478-488 of the Corporation Tax Act 2010 (CTA 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.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to 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.

## 16. Financial assets

Financial assets are recognised when the University becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are de-recognised when the contractual rights have expired or the asset has been transferred.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

At the end of the reporting period, the University assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset is reduced directly through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

## 17. Financial liabilities

Financial liabilities are recognised on the statement of financial position when the University becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired. Loans are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

## 18. Reserves

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

# Consolidated Statement of Comprehensive Income and Expenditure

	Notes	2019		2018	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
<b>Income</b>					
Scottish Funding Council Grants	1	45,923	45,923	44,463	44,463
Tuition fees and education contracts	2	38,772	38,772	36,929	36,929
Research grants and contracts	3	11,915	11,915	11,466	11,466
Other income	4	28,734	28,734	27,562	27,562
Investment income	5	427	427	392	392
Donations and endowments	6	230	230	278	278
<b>Total income</b>		<b>126,001</b>	<b>126,001</b>	121,090	121,090

<b>Expenditure</b>					
Staff costs	7	76,917	76,917	71,307	71,307
Movement on pensions	7	28,994	28,994	(1,026)	(1,026)
Other operating expenses		40,342	40,342	40,192	40,195
Depreciation	11	8,561	8,561	8,781	8,781
Interest and other finance costs	8	3,060	3,060	2,840	2,840
<b>Total expenditure</b>	9	<b>157,874</b>	<b>157,874</b>	122,094	122,097

<b>Deficit before other gains losses and share of operating deficit in joint ventures</b>		<b>(31,973)</b>	<b>(31,873)</b>	(1,004)	(1,007)
Gain/(Loss) on disposal of fixed assets		54	54	(151)	(151)
Gain on investments	12	25	25	25	25
Share of operating deficit in joint venture	13	(489)	-	(543)	-
<b>Deficit before tax</b>		<b>(32,283)</b>	<b>(31,794)</b>	(1,673)	(1,133)

Taxation	10	(1)	(1)	(1)	(1)
<b>Deficit for the year</b>		<b>(32,284)</b>	<b>(31,795)</b>	(1,674)	(1,134)
Actuarial gain in respect of pension schemes	30	(1,370)	(1,370)	8,282	8,282
<b>Total comprehensive income for the year</b>		<b>(33,654)</b>	<b>(33,165)</b>	6,608	7,148

<b>Represented by:</b>					
Endowment comprehensive income for the year	20	54	54	11	11
Restricted comprehensive income for the year	21	99	99	159	159
Unrestricted comprehensive income for the year		(33,807)	(33,318)	6,438	6,978
		<b>(33,654)</b>	<b>(33,165)</b>	6,608	7,148

The notes on pages 38 to 58 form part of the financial statements.

# Consolidated and University Statement of Changes in Reserves

Consolidated Statement	Income and expenditure account			Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	
				£'000
<b>Balance at 1 August 2017</b>	<b>1,765</b>	<b>2,582</b>	<b>155,316</b>	<b>159,663</b>
Deficit from the income and expenditure statement	-	-	(1,674)	(1,674)
Other comprehensive income	-	-	8,282	8,282
Release of restricted funds spent in year	11	159	(170)	-
<b>Total comprehensive income and expenditure for the year</b>	<b>11</b>	<b>159</b>	<b>6,438</b>	<b>6,608</b>
<b>Balance at 1 August 2018</b>	<b>1,776</b>	<b>2,741</b>	<b>159,927</b>	<b>164,444</b>
Deficit from the income and expenditure statement	-	-	(32,284)	(32,284)
Other comprehensive income	-	-	(1,370)	(1,370)
Release of restricted funds spent in year	54	99	(153)	-
<b>Total comprehensive income and expenditure for the year</b>	<b>54</b>	<b>99</b>	<b>(33,807)</b>	<b>(33,654)</b>
<b>Balance at 31 July 2019</b>	<b>1,830</b>	<b>2,840</b>	<b>126,120</b>	<b>130,790</b>
University	Income and expenditure account			Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000
<b>Balance at 1 August 2017</b>	<b>1,765</b>	<b>2,582</b>	<b>155,316</b>	<b>159,663</b>
Deficit from the income and expenditure statement	-	-	(1,134)	(1,134)
Other comprehensive income	-	-	8,282	8,282
Release of restricted funds spent in year	11	159	(170)	-
<b>Total comprehensive income for the year</b>	<b>11</b>	<b>159</b>	<b>6,978</b>	<b>7,148</b>
<b>Balance at 1 August 2018</b>	<b>1,776</b>	<b>2,741</b>	<b>162,294</b>	<b>166,811</b>
Deficit from the income and expenditure statement	-	-	(31,795)	(31,795)
Other comprehensive income	-	-	(1,370)	(1,370)
Release of restricted funds spent in year	54	99	(153)	-
<b>Total comprehensive income for the year</b>	<b>54</b>	<b>99</b>	<b>(33,318)</b>	<b>(33,165)</b>
<b>Balance at 31 July 2019</b>	<b>1,830</b>	<b>2,840</b>	<b>128,976</b>	<b>133,646</b>

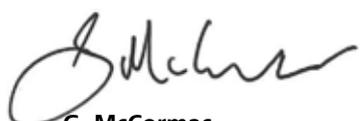
The notes on pages 38 to 58 form part of the financial statements.

# Consolidated and University Balance Sheet

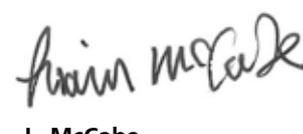
	Notes	2019		2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Non-current assets</b>					
Fixed assets	11	210,075	210,075	202,908	202,908
Trade and other receivables		105	105	120	120
Investment property	12	2,250	2,250	2,225	2,225
Investment in joint venture	13	124	-	96	-
<b>Total non-current assets</b>		<b>212,554</b>	<b>212,430</b>	205,349	205,253
<b>Current assets</b>					
Stock	14	268	268	318	318
Trade and other receivables	15	26,717	26,836	13,901	14,093
Investments	16	17,821	17,821	37,764	37,764
Cash and cash equivalents	22	33,842	33,608	25,760	25,444
		<b>78,648</b>	<b>78,533</b>	77,743	77,619
Less: Creditors: amounts falling due within one year	17	(31,497)	(31,394)	(27,036)	(26,927)
<b>Net current assets</b>		<b>47,151</b>	<b>47,139</b>	50,707	50,692
<b>Total assets less current liabilities</b>		<b>259,705</b>	<b>259,569</b>	256,056	255,945
Creditors: amounts falling due after more than one year	18	(79,826)	(79,826)	(79,879)	(79,879)
<b>Provisions</b>					
USS Pension Provision	19	(41,496)	(41,496)	(13,413)	(13,413)
Other provisions	19	(7,633)	(7,633)	(518)	(518)
Joint Venture Loss Provision	13	(2,992)	-	(2,476)	-
Pension Asset	30	3,032	3,032	4,674	4,674
<b>Total net assets</b>		<b>130,790</b>	<b>133,646</b>	<b>164,444</b>	<b>166,809</b>
<b>Restricted Reserves</b>					
Income and expenditure reserve - endowment reserve	20	1,830	1,830	1,776	1,776
Income and expenditure reserve - restricted reserve	21	2,840	2,840	2,741	2,741
<b>Unrestricted Reserves</b>					
Income and expenditure reserve - unrestricted		126,120	128,976	159,927	162,292
<b>Total Reserves</b>		<b>130,790</b>	<b>133,646</b>	<b>164,444</b>	<b>166,809</b>

The notes on pages 38 to 58 form part of the financial statements.

The Financial Statements were approved by the University Court on the 16 December 2019 and signed on its behalf by:

  
**G. McCormac**  
 Principal and Vice-Chancellor

  
**S. Haldane**  
 Chair, Joint Policy Planning  
 and Resources Committee

  
**L. McCabe**  
 Director of Finance

# Consolidated and University Cash Flow

	Notes	2019 £'000	2018 £'000
<b>Cashflow from operating activities</b>			
Deficit for the year		(32,284)	(1,674)
<b>Adjustment for non-cash items</b>			
Depreciation	11	8,561	8,781
Unrealised surplus on revaluation of investment properties	12	(25)	(25)
Revaluation of investments		(45)	(43)
Net change on USPS pension scheme less contribution		272	(466)
Decrease in stocks	14	50	22
Increase in debtors	15	(12,801)	(1,665)
Increase in creditors		5,826	4,395
Increase/(decrease) in provisions and employee benefits	19	35,198	(1,148)
Share of operating (surplus)/deficit in joint venture	13	489	543
<b>Adjustment for investing or financing activities</b>			
Investment Income	5	(349)	(349)
Interest Payable	8	2,900	2,574
Gain/(loss) on disposal of fixed assets		(54)	151
Capital grant income	1	(1,146)	(1,028)
<b>Net cash inflow from operating activity</b>		<b>6,592</b>	<b>10,068</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets	11	909	80
Capital grants receipts	1	1,146	1,028
Investment Income	5	382	392
Payments made to acquire fixed assets		(17,955)	(9,650)
Increase in non-current asset investments	16	19,943	(12,049)
Payments made to acquire investment property		-	(2,200)
		<b>4,425</b>	<b>(22,399)</b>
<b>Cash flows from financing activities</b>			
Interest Paid	8	(2,900)	(2,574)
Receipt of unsecured loans	18	-	30,335
Repayment of loans	18	(35)	(19,846)
<b>Net cash inflow from financing activities</b>		<b>(2,935)</b>	<b>7,915</b>
<b>Decrease in cash and cash equivalents in the year</b>			
		<b>8,082</b>	<b>(4,416)</b>
Cash and cash equivalents at beginning of the year	22	25,760	30,176
Cash and cash equivalents at end of the year	22	33,842	25,760

The notes on pages 38 to 58 form part of the financial statements.

# Notes to the Accounts

	Notes	2019		2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>1 Scottish Funding Council Grants</b>					
General Fund - Teaching		32,322	32,322	31,812	31,812
General Fund - Research and Knowledge Exchange		9,744	9,744	9,045	9,045
Strategic Funding		2,711	2,711	2,578	2,578
Capital Maintenance Grant		1,146	1,146	1,028	1,028
		<b>45,923</b>	<b>45,923</b>	44,463	44,463
<b>2 Tuition Fees and Education Contracts</b>					
Home		12,446	12,446	12,959	12,959
EU		2,011	2,011	1,799	1,799
Rest of the UK		7,324	7,324	7,234	7,234
Non EU Fees		15,845	15,845	13,550	13,550
Non Credit Bearing Course Fees		434	434	688	688
Other Contracts		712	712	699	699
		<b>38,772</b>	<b>38,772</b>	36,929	36,929
<b>3 Research grants and contracts</b>					
Research councils		4,155	4,155	3,907	3,907
Research charities		1,284	1,284	1,476	1,476
Government (UK and overseas)		2,939	2,939	2,667	2,667
Industry and commerce		319	319	235	235
European Commission		2,049	2,049	2,047	2,047
Other Overseas		744	744	732	732
Other		425	425	402	402
		<b>11,915</b>	<b>11,915</b>	11,466	11,466
<b>4 Other income</b>					
Consultancy and other services rendered		1,821	1,821	2,094	2,094
Commercial Services		7,111	7,111	6,617	6,617
Accommodation Services		13,582	13,582	12,948	12,948
Sport Development Services		1,765	1,765	1,907	1,907
Other income		4,455	4,455	3,996	3,996
		<b>28,734</b>	<b>28,734</b>	27,562	27,562
<b>5 Investment income</b>					
Investment income on endowments	20	33	33	15	15
Other investment income		394	394	377	377
		<b>427</b>	<b>427</b>	392	392
<b>6 Donations and endowments</b>					
New endowments	20	22	22	24	24
Donations with restrictions	21	143	143	195	195
Donationd with restrictions PRC		27	27	11	11
Unrestricted donations		38	38	48	48
		<b>230</b>	<b>230</b>	278	278

## Notes to the Accounts (continued)

	Notes	2019		2018	
		Consolidated	University	Consolidated	University
<b>7 Staff costs</b>					
Salaries		60,726	60,726	56,435	56,435
Social security costs		5,799	5,799	5,336	5,336
Apprenticeship Levy		284	284	263	263
Other pension costs		10,108	10,108	9,273	9,273
<b>Staff costs before Pension movements</b>		<b>76,917</b>	<b>76,917</b>	71,307	71,307
Movement on USS provision		27,792	27,792	(1,257)	(1,257)
USPS Expenses		251	251	231	231
USPS Past service cost in respect of GMP equalisation		951	951		
<b>Total</b>		<b>105,911</b>	<b>105,911</b>	70,281	70,281
		2019	2018	2019	2018
<b>Staff numbers by major category:</b>		<b>Number</b>	Number	<b>£'000</b>	£'000
Academic Schools		666	629	40,709	38,014
Academic Services		86	82	4,581	4,097
Administration and Central Services		280	264	12,951	11,625
Premises		119	139	3,051	2,939
Research Grants and Contracts		133	123	6,383	6,054
Catering and residence		112	108	5,401	5,245
Other		114	96	3,841	3,333
<b>Total</b>		<b>1,510</b>	1,441	<b>76,917</b>	71,307

	2019	2018
<b>Emoluments of the Vice-Chancellor:</b>	<b>£'000</b>	£'000
Salary	280	274
Benefits	1	1
Pension contributions to USS	6	6
<b>Total</b>	<b>287</b>	281

# Notes to the Accounts (continued)

## 7 Staff costs (continued)

### Pay Multiples

The University is required to disclose the relationship between the remuneration of their Vice Chancellor and the median remuneration of the University's workforce. The calculation is based on the full-time equivalent staff of the reporting entity at the reporting period end date on an annualised basis and relates to basic pay including contractual allowances, statutory holiday pay and including employer pension contributions.

	2019	2018
Median total remuneration of all staff	<b>£39,673</b>	£37,293
Remuneration Ratio	<b>7.2</b>	7.5

### Remuneration of other higher paid staff, excluding employer's pension contributions

	All staff 2019	2018
	Number	Number
£100,000 to £109,999	<b>15</b>	10
£110,000 to £119,999	<b>6</b>	2
£120,000 to £129,999	<b>3</b>	2
£130,000 to £139,999	<b>1</b>	1
£140,000 to £149,999	<b>1</b>	0
£150,000 to £199,999	<b>3</b>	3
<b>Total</b>	<b>29</b>	18

There was no compensation for loss of office payable to higher paid members of staff.

### Key management personnel compensation

The key management personnel are the Senior Executive team who are known as the University Strategy & Policy Group (USPG) and consists of ten positions:

1. Principal and Vice Chancellor;
2. University Secretary and Chief Operating Officer;
3. Senior Deputy Principal (Operational Strategy and External Affairs);
4. Deputy Principal (Research);
5. Deputy Principal (Education & Students);
6. Deputy Principal (Internationalisation);
7. Deputy Secretary and Director of SACS;
8. Executive Director of Finance;
9. Executive Director of HR & Organisational Development;
10. Executive Director of Communications, Marketing & Recruitment

	2019 £'000	2018 £'000
Salary, pensions and other emoluments	<b>1,659</b>	1,402

# Notes to the Accounts (continued)

## 7 Staff costs (continued)

### Court members

The University court members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Court, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Court may have an interest. All transactions involving organisations in which a member of Court may have an interest, including those identified below, are conducted at arms' length and in accordance with the University's Financial Regulations and usual procurement procedures.

Organisation	Individual Board Member	2019				2018			
		Income	Expenditure	Debtor	Creditor	Income	Expenditure	Debtor	Creditor
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carnegie Trust	Francis Gerard McCormac	-	-	-	-	-	11	3	-
Commonwealth Games Scotland	Leigh Robinson (until 2018)	-	-	-	-	17	7	-	-
Sports Scotland	Leigh Robinson (until 2018)	-	-	-	-	153	1	-	-
University of Stirling Students' Union	Barbara McKissack (until 2018); Astrid Smallenbroek; Jamie Grant; Nelson Maxwell Acquah; Josh Muirhead	47	348	-	-	42	325	14	-
<b>Total</b>		<b>47</b>	<b>348</b>	<b>-</b>	<b>-</b>	<b>212</b>	<b>344</b>	<b>17</b>	<b>-</b>

The only other expenses paid to court members in 2018/19 or 2017/18 were those paid to reimburse members for out-of-pocket expenses.

# Notes to the Accounts (continued)

		2019		2018	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
8	<b>Interest and other finance costs</b>				
	Loan interest	2,900	2,900	2,471	2,471
	Unwinding of USS pension provision	19	290	266	266
	Net charge on pension scheme		(130)	103	103
	<b>Total</b>		<b>3,060</b>	<b>2,840</b>	<b>2,840</b>
9	<b>Analysis of total expenditure by activity</b>				
	Academic Schools		49,691	47,418	47,418
	Academic Services		9,646	9,165	9,165
	Administration and Central Services		22,731	20,181	20,181
	Premises (including service concessions cost)		11,988	12,364	12,364
	Research Grants and Contracts		9,927	9,689	9,689
	Consultancy and other services rendered		1,274	1,539	1,539
	Commercial Services		6,145	5,731	5,734
	Accommodation Services		11,582	10,563	10,563
	Sports Development Services		3,008	3,018	3,018
	Early Retirement and Severance		265	618	618
	Pensions (USS and USPS)		28,355	(1,457)	(1,457)
	Other expenses		3,262	3,265	3,265
	<b>Total</b>		<b>157,874</b>	<b>122,094</b>	<b>122,097</b>
	Other operating expenses include:				
	External auditors remuneration in respect of audit services		67	71	71
	External auditors remuneration in respect of non-audit services		103	130	130
	Internal auditors remuneration		79	75	75
	USPS Contributions		800	800	800
	Operating lease rentals :-				
	Land and buildings		1,352	950	950
10	<b>Taxation</b>				
	<b>Recognised in the statement of comprehensive income and expenditure</b>				
	Current tax expense		1	1	1

The tax expense incurred in 2018/19 relates to withholding tax due to the Saudi Arabian tax authorities. The tax expense incurred in 2017/18 also related to withholding tax due to the Saudi Arabian tax authorities.

# Notes to the Accounts (continued)

## 11 Fixed Assets Consolidated and University

	Freehold Land and Buildings	Leasehold Land and Buildings	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2018	216,654	445	24,997	8,931	251,027
Additions	1,755	-	661	14,167	16,583
Transfers	1,501	-	1,484	(2,985)	0
Disposals	(1,081)	-	(978)	-	(2,059)
<b>At 31 July 2019</b>	<b>218,829</b>	<b>445</b>	<b>26,164</b>	<b>20,113</b>	<b>265,551</b>
<b>Depreciation</b>					
At 1 August 2017	28,269	67	19,783	-	48,119
Charge for the year	6,919	13	1,629	-	8,561
Disposals	(345)	-	(859)	-	(1,204)
<b>At 31 July 2019</b>	<b>34,843</b>	<b>80</b>	<b>20,533</b>	<b>-</b>	<b>55,476</b>
<b>Net book value</b>					
<b>At 31 July 2019</b>	<b>183,986</b>	<b>365</b>	<b>5,611</b>	<b>20,113</b>	<b>210,075</b>
At 31 July 2018	188,385	378	5,214	8,931	202,908

A revaluation of the University's land and buildings was undertaken at the balance sheet date of 31 July 2014 by the external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. In accordance with the University of Stirling's accounting policies, the fixed assets of the University will be held at this value under the historic cost model as allowed under the Statement of Recommended Practice (SORP). Since 31 July 2014 there have been no significant events that would indicate that the value of the land and building has altered significantly.

### Freehold Land and Buildings

Freehold Land and Buildings contains £9.90m of freehold land (2017-18: £9.65m) which is not depreciated.

### Assets under construction

Assets under construction as at the 31 July 2019 include the following building projects; the redevelopment of the sports facilities (£7.89m), the development known as Campus Central (£5.44m); the redevelopment of the Pathfoot building (£0.98m); the upgrade to fire detection and alarm system in the Cottrell building (£0.23m); Buckieburn experimental Hatchery Development (£0.56m); Online Learning – Imperial/Insendi project (£0.43m) and Cross Campus Printing (£0.34m).

### Software

Software with a net book value of £0.305m is included within equipment.

# Notes to the Accounts (continued)

## 11 Fixed Assets Consolidated and University (continued)

### Heritage Assets

The University has three collections of heritage assets. The collections are accounted for as follows:-

*Library collections:* The University does not consider that reliable costs or valuation information can be obtained for the vast majority of items held in the library collections. This is due to the diverse nature of the assets held, the number of assets held and the lack of comparable market values. The University does not therefore recognise these assets on its Balance Sheet, other than recent acquisitions which are reported at cost when purchased, or at the Special Collections Librarian's best estimate of market value where the object is donated in the current year.

*Artefacts:* As with the Library Collections, the University does not consider that reliable costs or valuation information can be obtained for the artefacts held. The University does not therefore recognise these assets on its Balance Sheet, other than recent acquisitions which are reported at cost when purchased.

*Art Collection:* The University holds a number of works of art which are not included in the Balance Sheet because they have either been loaned to the University or are owned by the University but under the terms of their gift are not eligible for re-sale. Those items which are owned without a re-sale condition are not held on the Balance Sheet since reliable cost information is not available for items acquired many years ago.

The University Art Collection operates under a Code of Ethics set down by the Museum Association [museumsassociation.org/ethics/code-of-ethics](http://museumsassociation.org/ethics/code-of-ethics). These ethics outline a code of practice which strongly advocates retention of items. It is therefore highly unlikely that the University would ever dispose of items from its art collection.

## 12 Investment Property

	2019		2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Balance at 1 August	2,225	2,225	-	-
Acquisition	-	-	2,200	2,200
Change in Fair Value	25	25	25	25
<b>Total</b>	<b>2,250</b>	<b>2,250</b>	<b>2,225</b>	<b>2,225</b>

The University purchased Scion House in March 2018. The purpose of the building is to earn rental yields. A revaluation of the property was undertaken at the Balance Sheet date of 31 July 2019 by the external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The change in the fair value of the asset was recognised in the statement of comprehensive income.

## 13 Investment in Joint Venture

### Stirling University Innovation Park Ltd (SUIP)

The University holds a 50% share of the issued share capital of Stirling University Innovation Park Limited. This is a jointly controlled entity owned equally by the University and Stirling Council. The principal activity of the company is the development, promotion and management of Stirling University Innovation Park. The arrangement is accounted for using the equity method, such that 50% of the company's gross assets and liabilities are incorporated into the consolidated balance sheet of the University and 50% of its (deficit)/surplus is reported in the University's consolidated income and expenditure account.

# Notes to the Accounts (continued)

## 13 Investment in Joint Venture (continued)

	Year ended 31 July 2019		Year ended 31 July 2018	
	£'000	£'000	£'000	£'000
<b>Income and expenditure account</b>				
<b>Income</b>		<b>359</b>		356
Surplus/(Deficit) before tax		<b>28</b>		(17)
<b>Balance Sheet</b>				
Fixed assets	<b>262</b>		287	
Current assets	<b><u>270</u></b>		125	
		<b><u>532</u></b>		412
Creditors: amounts due within one year	<b>(372)</b>		(241)	
Creditors: amounts due after more than one year	<b><u>(36)</u></b>		(75)	
		<b><u>(408)</u></b>		(316)
<b>Share of net assets</b>		<b>124</b>		<b>96</b>

### INTO Stirling LLP

The University holds a 50% share in the jointly controlled entity INTO University of Stirling LLP between the University and INTO University Partnerships Limited which was created in financial year 2013/14. The joint venture is creating a world-class international study centre in Stirling which will provide a range of academic and English language preparation course for international students. The entity is accounted for using the equity method, such that 50% of the company's gross assets and liabilities are incorporated into the consolidated balance sheet of the University and 50% of its deficit is reported in the University's consolidated income and expenditure account.

	Year ended 31 July 2019		Year ended 31 July 2018	
	£'000	£'000	£'000	£'000
<b>Income and expenditure account</b>				
Income		<b>2,416</b>		2,363
Deficit before tax		<b>(517)</b>		(526)
<b>Balance Sheet</b>				
Fixed assets	<b>359</b>		390	
Current assets	<b><u>1,523</u></b>		956	
		<b><u>1,882</u></b>		1,346
Creditors: amounts due within one year	<b>(3,624)</b>		(3,072)	
Creditors: amounts due after more than one year	<b><u>(1,250)</u></b>		(750)	
		<b><u>(4,874)</u></b>		(3,822)
<b>Share of net assets</b>		<b>(2,992)</b>		(2,476)

# Notes to the Accounts (continued)

## 14 Stock

	2019		2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
General consumables	268	268	318	318
<b>Total</b>	<b>268</b>	<b>268</b>	318	318

## 15 Trade and other receivables

Amounts falling due within one year:				
Research grants receivables	29	29	43	43
Other trade receivables	15,351	15,471	5,813	6,005
Prepayments and accrued income	11,337	11,336	8,045	8,045
<b>Total</b>	<b>26,717</b>	<b>26,836</b>	13,901	14,093

Amounts falling due after more than one year:				
Other receivables	105	105	120	120
<b>Total</b>	<b>105</b>	<b>105</b>	120	102

## 16 Current Investments

Short term investment in shares	631	631	482	482
Short term bonds	130	130	37,161	37,161
Short term deposits	17,060	17,060	121	121
<b>Total</b>	<b>17,821</b>	<b>17,821</b>	37,764	37,764

## 17 Creditors: amounts falling due within one year

Unsecure loans	54	54	35	35
Trade payables	10,829	10,784	7,127	7,065
Social security and other taxation payable	1,992	1,979	1,788	1,771
Accruals and deferred income	18,622	18,577	18,086	18,056
<b>Total</b>	<b>31,497</b>	<b>31,394</b>	27,036	26,927

# Notes to the Accounts (continued)

## 17 Creditors: amounts falling due within one year (continued)

### Deferred income

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	2019		2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Research grant received on account	4,059	4,059	3,722	3,722
Other income	4,894	4,894	3,419	3,419
<b>Total</b>	<b>8,953</b>	<b>8,953</b>	7,141	7,141

## 18 Creditors: amounts falling due within one year

Unsecure loans	79,826	79,826	79,879	79,879
<b>Total</b>	<b>79,826</b>	<b>79,826</b>	79,879	79,879

Analysis of secured and unsecured loans:				
Due within one year	54	54	35	35
Due between one and two years	54	54	54	54
Due between two and three years	161	161	107	107
Due in five years or more	79,611	79,611	79,718	79,718
<b>Total secured and unsecured loans</b>	<b>79,880</b>	<b>79,880</b>	79,914	79,914

Lender	Amount £'000	Term	Interest rate %	Borrower
Lloyds TSB	0	2027	0.19% above base rate	University
Private Placement	9,944	2033	3.65	University
Private Placement	19,886	2036	3.77	University
Private Placement	19,878	2048	3.96	University
Private Placement	19,914	2043	3.28	University
Private Placement	9,958	2048	3.32	University
Salix Loan	300	2025	interest free	University
<b>Total</b>	<b>79,880</b>			

# Notes to the Accounts (continued)

## 19 Provisions for Liabilities

### Consolidated and University

	Obligation to fund deficit on USS Pension Scheme £'000	Other Provisions £'000	Total £'000
At 1 August 2017	13,413	518	13,931
Change in expected contributions	28,556	-	28,556
Unwinding of discount factor	290	-	290
Deficit contributions paid	(763)	-	(763)
Utilised in year	-	(21)	(21)
Additions in 2018/19	-	7,286	7,286
Unused amounts reversed in 2018/19	-	(150)	(150)
<b>At 31 July 2019</b>	<b>41,496</b>	<b>7,633</b>	<b>49,129</b>

#### University Superannuation Scheme pension deficit (USS Pension)

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

The recovery plan to fund the deficit was established in 2014 and will run for 17 years until March 2031. The University annual employer's contribution has an element which contributes to the recovery plan.

#### Pension liability University of Stirling Pension Scheme (USPS)

The obligation to fund the past deficit on the University of Stirling's Pension Scheme (USPS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USPS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision. The value of the provision increased substantially in 2018/19 resulting from actuarial losses and lower return on investment.

Following the actuarial valuation, the University agreed to continue making contributions to the Scheme at the rate of £800k per annum until 31 July 2019 and at the rate of £824k per annum from 1 August 2019. Contributions are then scheduled to increase at the rate of 3% per annum from 1 August 2020.

#### Other Provisions

A provision of £6.7m has been recognised within other provisions due to the impact of the flood that the University suffered in late June 2019. Due the coverage and timing of the flood so close to the financial year-end, the reinstatement works are set to continue well into the next financial year. The University's insurers confirmed that the damage will be reclaimable and as such an insurance claim has been recognised within debtors and a provision recognised in relation to the costs agreed to be incurred in order to reinstate the University to full operational capability that meets the test for a constructive obligation. There is therefore no future I&E impact anticipated as the insurance recovery will only be realised when the works that have been provided for are undertaken, so that the insurance debtor and the cost provision would reduce equally. The remaining £0.9m within other provisions relate to various individual provisions that because of their commercially sensitive nature cannot be disclosed.

# Notes to the Accounts (continued)

## 20 Endowment Reserves

### Consolidated and University

Restricted net assets relating to endowments are as follows:-

	Restricted permanent endowments	Expendable endowments	2019 Total	2018 Total
	£'000	£'000	£'000	£'000
<b>Balances at 1 August 2018</b>				
Capital	203	1,285	<b>1,488</b>	1,488
Accumulated income	71	217	<b>288</b>	277
	<b>274</b>	<b>1,502</b>	<b>1,776</b>	1,765
New donations/transfer in to fund	-	22	<b>22</b>	-
Investment income	17	16	<b>33</b>	15
Expenditure	(1)	(0)	<b>(1)</b>	(4)
<b>Total endowment comprehensive income for the year</b>	<b>16</b>	<b>38</b>	<b>54</b>	11
<b>At 31 July 2019</b>	<b>290</b>	<b>1,540</b>	<b>1,830</b>	<b>1,776</b>
<b>Represented by:</b>				
Capital	203	1,285	<b>1,488</b>	1,488
Accumulated income	87	255	<b>342</b>	288
	<b>290</b>	<b>1,540</b>	<b>1,830</b>	1,776
<b>Analysis by asset:</b>				
Current and non-current asset investments	120	-	<b>120</b>	120
Cash and cash equivalents	170	1,540	<b>1,710</b>	1,656
	<b>290</b>	<b>1,540</b>	<b>1,830</b>	<b>1,776</b>

## 21 Restricted Reserve

### Consolidated and University

Reserves with restrictions are as follows:-

	Research Investments Funds	Departmental Discretionary Funds	Donations	2019 Total	2018 Total
	£'000	£'000	£'000	£'000	£'000
<b>Balances at 1 August 2018</b>	<b>90</b>	<b>324</b>	<b>2,327</b>	<b>2,741</b>	2,582
New donations/transfer in to fund	-	<b>0</b>	<b>143</b>	<b>143</b>	195
Expenditure	-	<b>(2)</b>	<b>(42)</b>	<b>(44)</b>	(36)
Total restricted comprehensive income for the year	-	<b>(2)</b>	<b>101</b>	<b>99</b>	159
<b>At 31 July 2019</b>	<b>90</b>	<b>322</b>	<b>2,428</b>	<b>2,840</b>	<b>2,741</b>

All restricted donations are general in purpose.

# Notes to the Accounts (continued)

## 22 Cash and cash equivalents

	At 1 August 2018	Cash Flows	At 31 July 2019
<b>Consolidated</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	25,760	8,082	33,842
	<b>25,760</b>	<b>8,082</b>	<b>33,842</b>

## 23 Financial Instruments

### Consolidated and University

#### Carrying amount of financial instruments

The carrying amount of the financial assets and liabilities include:

	2019		2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Financial Assets</b>				
Measured at fair value through Income and Expenditure	120	120	120	120
Assets measured at cost less impairment	78,260	78,145	77,306	77,181
	<b>78,380</b>	<b>78,265</b>	77,426	77,301

<b>Financial Assets</b>				
Liabilities measured at amortised cost	(31,442)	(31,341)	(27,001)	(26,893)
Loan commitments measured at cost less impairment	(79,880)	(79,879)	(79,914)	(79,914)
	<b>(111,322)</b>	<b>(111,220)</b>	(106,915)	(106,807)

### Risk Management

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

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

### Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the University.

The University's credit risk arises from bank balances, investments, student debtors and commercial organisations as customers. Management of credit risk is a prime objective of the Treasury Management policy. At 31 July 2019, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

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

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

# Notes to the Accounts (continued)

## 23 Financial Instruments (continued)

### Liquidity Risk

Liquidity risk refers to the risk that the University will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities.

The University will maintain cash facilities up to two months core operating and payroll costs, to allow for unforeseen liquidity requirements.

### Foreign Currency Risk

Foreign currency risk refers to the risk that unfavourable movement in exchange rates may cause financial loss to the University. The University's principal foreign currency exposure is to the Euro. On an annual basis after satisfying Euro denominated liabilities the University is left with a surplus of Euros. Surplus Euros are converted at spot rates or via forward contracts that are used to mitigate the risk of adverse exchange rate movements.

### Interest Rate Risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of the balance sheet items (i.e. price risk) or changes in interest income or expenses (i.e. re-investments risk).

The University has loans totalling £79.880 million. The interest rate attached to the private placements are fixed over the term of each loan. Due to the low interest environment such loans have limited risk.

## 24 Capital Commitments

Provision has not been made for the following capital commitments at 31 July 2019:

	31 July 2019		31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	30,235	30,235	8,121	8,121
<b>Total</b>	<b>30,235</b>	<b>30,235</b>	8,121	8,121

The University has entered into contractual commitments for various projects including the Campus Central Development (£14.6m) and the Sports Facilities Redevelopment (£9.2m) projects.

## 25 Contingent Liabilities

The University is a member of UMA (SR) Limited, a company formed to provide mutual association for terrorism risks. Under the terms of its membership, each member acts as insurer and insured. If the association as a whole suffers a shortfall in any underwriting year, the members are liable for their pro rata share (University of Stirling 0.2%); spread using a member's loan facility over seven years. No liability has yet arisen under this guarantee.

The University, through a shareholding agreement with Stirling Council, has — in effect — guaranteed 50% of a loan with RBS plc to Stirling University Innovation park Limited (SUIP Ltd). The purpose of the loan was to purchase two properties. The outstanding balance of the loan at 31 July 2019 is £0.127 million.

# Notes to the Accounts (continued)

## 26 Lease obligations

Total rentals receivable under operating leases as lessor:

	2019	2018
	<b>Land and Buildings £'000</b>	Land and Buildings £'000
<b>Receivable during the year</b>	<b>678</b>	522
<b>Future minimum lease payments due:</b>		
Not later than 1 year	<b>424</b>	353
Later than 1 year and not later than 5 years	<b>1,360</b>	1,253
Later than 5 years	<b>4,581</b>	4,617
<b>Total lease payments due</b>	<b>6,365</b>	6,223
Total rentals payable under operating leases as lessee:		
Payable during the year	1,352	950
<b>Future minimum lease payments due:</b>		
Not later than 1 year	<b>881</b>	904
Later than 1 year and not later than 5 years	<b>1,732</b>	2,183
Later than 5 years	<b>3,024</b>	3,456
<b>Total lease payments due</b>	<b>5,637</b>	6,543

## 27 Related Party Transactions

In addition to the transactions disclosed in note 7 there were additional related party transactions.

The University of Stirling Pension Scheme (USPS) is held for the benefit of employees of the University only. Although the USPS scheme is managed by an external party, control of the scheme rests with the University and so transactions between the University and the USPS scheme are considered related party transactions.

The University holds a 50% share of the issued share capital of Stirling University Innovation Park Limited (SUIP). SUIP has been accounted for as a jointly controlled entity and transactions between the University and SUIP do not fully eliminate on consolidation and should therefore be disclosed as related party transactions.

A member of the senior management of the University holds an office of significant responsibility at the Association of Research Manager and Administrators. By virtue of this influence transactions between the University and the Association of Research Managers and Administrators are considered to be related party transactions.

	2019				2018			
	Income £'000	Expenditure £'000	Debtor £'000	Creditor £'000	Income £'000	Expenditure £'000	Debtor £'000	Creditor £'000
<b>Pension Providers</b> University of Stirling Pension Scheme (USPS)	-	800	-	-	-	800	-	-
<b>University Companies/ Collaborations</b> Stirling University Innovation Park	359	19	491	-	19	208	4	-
<b>Senior Management</b> Association of Research Manager and Administrators	-	7	-	-	-	6	-	-
<b>Total</b>	<b>359</b>	<b>826</b>	<b>491</b>	<b>-</b>	<b>19</b>	<b>1,014</b>	<b>4</b>	<b>-</b>

# Notes to the Accounts (continued)

## 28 Subsidiary Undertakings

The subsidiary companies wholly-owned or effectively controlled by the University, are as follows:

The University owns 100% of the issued share capital of Stirling University Residential Accommodation Limited (SURA). The principal activity of the company is to design and construct residential accommodation for the residences project. The company's results have been consolidated into the University's financial statements. The registered office of SURA is University Of Stirling, Stirling, Scotland FK9 4LA.

The University owns 100% of the issued share capital of ordinary shares of Stirling Hotel Services Limited. The principal activity of the company is to operate the hotel services at Stirling Court Hotel. The company's results have been consolidated into the University's financial statements. The registered office of Stirling Hotel Services Limited is Stirling Court Hotel, University of Stirling, Stirling, Scotland, FK9 4LA.

The University owns 100% of the issued share capital of ordinary shares of UoS Education Limited. The principal activity of the company during the year was to be a member of and provide a revolving loan facility to INTO University of Stirling LLP. The University consolidates UoS Education Limited, all the transactions in year between the University and UoS Education Limited are eliminated on consolidation. The registered office of UoS Education Limited is Finance Office, Cottrell Building, University of Stirling, Stirling, Scotland, FK9 4LA.

The University owns 100% of the issued share capital of ordinary shares of Machrihanish Marine Farm Limited. The principal activity of the company was the farming of cod. The company is currently not operating and had no significant transactions in year. As a subsidiary the company is still required to be consolidated within the group accounts. The registered office of Machrihanish Marine Farm Limited is Finance Office, University of Stirling, Stirling, Scotland, FK9 4LA.

The University owns 100% of the issued share capital of ordinary shares in Stirling Salmon Limited, Stirling Aquaculture Ltd, SURE shelf Limited and IRIDIS Digital Limited. These companies have filed dormant accounts for financial year 2018/19. As dormant companies they still require to be consolidated within the group accounts. The registered offices of these companies is Finance Office, University of Stirling, Stirling, Scotland, FK9 4LA.

## 29 HE Support Funds

	2019					2018	
	Childcare	Undergraduate Discretionary	Postgraduate Discretionary	Nursing & Midwifery	Total	Total	
	£'000	£'000	£'000	£'000	£'000	£'000	
Allocation received in year	(272)	(431)	(75)	(40)	(818)	(818)	
Expenditure	230	458	94	40	822	820	
Bank Interest	(1)	(1)	-	-	(2)	(2)	
Virements between funds	42	(24)	(18)	-	-	-	
Previous Year loans repaid in academic year	-	(2)	(1)	-	(3)	(2)	
<b>Funds to be returned to SAAS</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1)</b>	<b>(2)</b>	

# Notes to the Accounts (continued)

## 30 Pension Schemes

The University participates in two pensions schemes: the Universities Superannuation Scheme (USS) and the University of Stirling Pension Scheme (USPS). USS is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. USPS is a defined benefit scheme. The assets of both schemes are held in separate trustee administered funds.

	2019	2018
	£'000	£'000
USS: Contributions paid	10,108	9,273
USPS: Contributions paid	800	800
Total Pensions Costs Note 7 and 9	10,908	10,073

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

For the USPS this equates to an increase in liabilities of £951k. For the University's other defined benefit scheme, the USS, the provision included within the financial statements at note 19 will only be impacted to the extent the change in benefits increases cash financing.

### University Superannuation Scheme

The total cost charged to the Statement of Comprehensive Income and Expenditure (SOCIE) is £38.19 million (2018: £8.282 million) as shown in notes 7 and 8.

The latest available complete actuarial valuation of the Retirement Income Builder section of the scheme is at 31 March 2017 ("the valuation date"), which was carried out using the projected unit method. The valuation as at 31 March 2018 is underway but not yet completed.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2017 valuation was the fourth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

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

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increase (CPI)	2.11%	2.02%

# Notes to the Accounts (continued)

## 30 Pension Schemes (continued)

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:-

	2019	2018
Mortality base rate	<b>Pre-retirement</b> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females
	<b>Post-retirement</b> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females	96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females

The current life expectancies on retirement at age 65 are:

	2019	2018
Male currently aged 65 (years)	<b>24.6</b>	24.5
Females currently aged 65 (years)	<b>26.1</b>	26.0
Male currently aged 45 (years)	<b>26.6</b>	26.5
Females currently aged 45 (years)	<b>27.9</b>	27.8
	<b>2019</b>	2018
Scheme assets	<b>£67.4 billion</b>	£63.6 billion
Total scheme liabilities	<b>£79.2 billion</b>	£72.0 billion
FRS102 Total scheme deficit	<b>£11.8 billion</b>	£8.4 billion
FRS102 Total funding level	<b>85%</b>	88%

### University of Stirling Pension Scheme

The University sponsors the University of Stirling Pension Scheme, a funded defined benefit pension scheme in the UK. The Scheme is set up on a tax relieved basis as a separate trust independent of the University and is supervised by a board of trustees. The Trustees are responsible for ensuring that the correct benefits are paid, that the Scheme is appropriately funded and that scheme assets are appropriately invested.

The University pays the cost of the Scheme as determined by regular actuarial valuations. The Trustees are required to use prudent assumptions to value the liabilities of the Scheme whereas the accounting assumptions must be best estimates.

A formal actuarial funding valuation was carried out as at 31 July 2018. Following the actuarial valuation, the University agreed to continue making contributions to the Scheme at the rate of £800,000 per annum until 31 July 2019 and at the rate of £824,000 per annum from 1 August 2019. Contributions are then scheduled to increase at the rate of 3% per annum from 1 August 2020.

The results of the 31 July 2018 valuation have been projected to 31 July 2019 with allowance for cash flows over the period and using the assumptions set out below. The figures in the following disclosure were measured using the Projected Unit Method.

# Notes to the Accounts (continued)

## 30 Pension Schemes (continued)

The amounts recognised in the statement of financial position are as follows:

	2018	2017
	£'000	£'000
Defined benefit obligation	<b>(80,611)</b>	(86,104)
Fair value of plan assets	<b>85,285</b>	82,030
Net defined benefit (asset)	<b>4,674</b>	(4,074)
<b>Net amount recognised at year end</b>	<b>4,674</b>	(4,074)

The amounts recognised in comprehensive income are:

The current and past service costs, settlement and curtailments, together with the net interest expense for the year are included in profit or loss. Remeasurements of the net defined benefit liability are included in other comprehensive income.

	2019	2018
	£'000	£'000
<b>Service cost:</b>		
Current service cost (net of employee contributions)	-	-
Administration expenses	<b>251</b>	231
Loss on plan introductions, changes, curtailments and settlements	<b>951</b>	-
Net interest expense/(credit)	<b>(130)</b>	103
<b>Charge recognised in profit or loss</b>	<b>1,072</b>	334
Remeasurements of the net liability:		
Return on scheme assets (excluding amount included in net interest expense)	<b>(8,252)</b>	(4,455)
Actual losses/(gains)	<b>9,622</b>	(3,827)
Charge/(credit) recorded in other comprehensive income	<b>1,370</b>	(8,282)
<b>Total defined benefit cost/(credit)</b>	<b>2,442</b>	(7,948)
<b>The principal actuarial assumption used:</b>		
	2019	2018
Liability discount rate	<b>2.40%</b>	2.90%
Inflation assumption – RPI	<b>3.30%</b>	3.20%
Inflation assumption – CPI	<b>2.30%</b>	2.20%
Rate of increase in sales	<b>2.30%</b>	2.20%
<b>Revaluation of deferred pensions:</b>		
	2019	2018
- in line with CPI inflation capped at 5% p.a.	<b>2.30%</b>	2.20%
- in line with CPI inflation capped at 2.5% p.a.	<b>2.30%</b>	2.20%

# Notes to the Accounts (continued)

## 30 Pension Schemes (continued)

	2019	2018
<b>Increase for pensions payment:</b>		
- in line with CPI inflation capped at 3% p.a.	2.00%	2.00%
- in line with RPI inflation capped at 5% p.a.	3.20%	3.10%
- in line with RPI inflation capped at 2.5% p.a.	2.30%	2.20%
- in line with CPI inflation capped at 5% p.a.	2.30%	2.20%
<b>Expected age at death of current pensioner at age 65:</b>	<b>2019</b>	<b>2018</b>
Male aged 65 at year end:	85.96	85.9
Female aged 65 at year end:	87.4	87.8
<b>Expected age at death of current pensioner at age 65:</b>		
Male aged 65 at year end:	87.2	87.3
Female aged 65 at year end:	88.9	89.4

### Reconciliation of scheme assets and liabilities:

	Assets £'000	Liabilities £'000	Total £'000
<b>At start of period</b>	85,285	(80,611)	<b>4,674</b>
Benefits paid	(3,635)	3,635	-
Administration expenses	(251)	-	<b>(251)</b>
Current Service Cost	-	-	-
Contributions from the employer	800	-	<b>800</b>
Interest income/(expense)	2,429	(2,299)	<b>130</b>
Return on assets (excluding amount included in net interest expense)	8,252	-	<b>8,252</b>
Actuarial losses	-	(9,622)	<b>(9,622)</b>
Gain/(loss) on plan introductions and changes	-	(951)	<b>(951)</b>
<b>At end of period</b>	<b>92,880</b>	<b>(89,848)</b>	<b>3,032</b>

### The return on plan assets:

	2019 £'000	2018 £'000
Interest income	2,429	2,169
Return on plan assets (excluding amount included in net interest expense)	8,252	4,455
<b>Total return on plan assets</b>	<b>10,681</b>	<b>6,624</b>

# Notes to the Accounts (continued)

## 30 Pension Schemes (continued)

The major categories of scheme assets are as follows:	2019	2018
	£'000	£'000
Return seeking	<b>53,006</b>	52,770
Bonds/LDI	<b>27,684</b>	23,541
Gilts	-	494
Index Linked	<b>4,060</b>	299
Property	<b>7,878</b>	7,881
Other Cash	<b>252</b>	300
<b>Total market value of assets</b>	<b>92,880</b>	85,285

The Scheme has no investments in the University or in property occupied by the University.

## 31 Events after the reporting period

As set out in Note 30 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £17.2m in the provision for the Obligation to fund the deficit on the USS pension which would instead be £24.3m. This adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2020.

# Composition of Committees concerned directly with Finance

In the year ended 31 July 2019

## Membership of Audit Committee

Mr K Fraser \*  
Mr S Haldane (Chair)\*  
Ms M Khnichich \*  
Rev M Roderick \*

## Membership of Joint Policy, Planning & Resources Committee (JPPRC)

Mr H Adam \*  
Mr N M Acquah (from 01/06/2019)  
Professor A Bowes  
Professor G Burt  
Mr J Grant (to 31/05/2019)  
Mr H Grossart \*  
Professor M MacLeod  
Professor G McCormac  
Ms B McKissack \*  
Mr S Morrow  
Mr J Muirhead (from 01/06/2019)  
Dr G Ochoa  
Professor R Oram  
Professor J Phillips  
Ms F Sandford \*  
Ms E Schofield  
Ms A Smallenbroek (to 31/05/2019)  
Professor Leigh Sparks  
Mr A Sturgess (Chair) \*  
Professor N Wylie

\* Lay member

# The University Court

For the year to 31 July 2019

## Ex-Officio Members:

### Professor (Francis) Gerard McCormac

BSc (Ulster), PhD (Southampton), FSA, FHEA, FRSA –  
Principal and Vice-Chancellor

### Professor Malcolm MacLeod

BSc, PhD (Aberdeen), FBPsS, FRSA –  
Senior Deputy Principal

### Councillor Christine Simpson

MA (Edinburgh), MSc (Stirling) – Provost of Stirling

### Ms Astrid Smallenbroek to 31 May 2019

BA (Stirling) – President of the  
University of Stirling Students' Union

### Mr Jamie Grant to 31 May 2019

BA (Stirling) – Vice President Communities,  
University of Stirling Students' Union

### Mr Nelson Maxwell Acquah from 1 June 2019

MSc (Stirling) - President of the University of Stirling  
Students' Union

### Mr Joshua Muirhead from 1 June 2019

Vice President Communities, University of Stirling  
Students' Union

## Appointed Members:

### Mr Harry Adam

BA (Stirling), MCIPD, MIOD – appointed by Court

### Mr Simon Niall Anderson

MA, MSc (Edinburgh) – appointed by Court

### Mr James Dick

Appointed by the Staff Assembly

### Professor Jayne Donaldson

BN, MN, PhD (Glasgow), PGCE, PGC, BOE, RN, RNT –  
appointed by Academic Council

### Ms Alison Green

LLB, Dip LP (Edinburgh), ACIBS, FHEA – appointed by  
Academic Council

### Mr Hamish Grossart

BA (Stirling) – appointed by Court

### Mr Scott Haldane

BA (Stirling), CA, FHFMA – appointed by the Court

### Ms Lynne Anne Marr

LLB (Edinburgh), DipLP – appointed by Court

### Ms Barbara McKissack

BA (Stirling) – appointed by Court

### Ms Catriona Morrison MBE

BSc (Glasgow), MSc (University of Alberta), PGDip (Stirling) –  
appointed by Court

### Professor Holger Nehring

MA (Tuebingen), DPhil (Oxon), FHEA, FRHistS –  
appointed by Academic Council

### Reverend Maggie Roderick

BA (Stirling), BD (St Andrews), DipCG (Strathclyde), DTS, DCA,  
FCTSI, FRSA – appointed by Court

### Fiona Sandford

BA (Stirling) - appointed by Court – Chair of Court

### Mr Andrew Sturgess

BA (Stirling) FCA, CA – appointed by the Court

University of Stirling  
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Scotland UK

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